

**BUDGET ADDRESS 2017**  
**Delivered By The Hon Premier, Sharlene Cartwright Robinson**  
**April 18, 2017**

***“The Building Blocks Of Our People Centered Development Program”***

**SALUTATIONS**

Mr. Speaker, Colleagues, Strangers in the Gallery especially my husband whose support I am eternally grateful for, Listeners and Viewers, Good Morning. I do not take for granted the opportunity afforded me to serve. I am grateful for the trust that you the people of the Turks and Caicos Islands have placed in me. I give God thanks for this opportunity and for these Islands in which we live.

I begin Mr. Speaker by offering heartfelt condolences to those that are grieving the loss of loved ones and to assure them that persons are remembering them in prayer.

I also pause to say congratulations to the Church of God of Prophecy (COGOP) Youth Brass Band who performed for five (5) nights at the recently held Church of God of Prophecy Annual Convention. It is now strong 50 youth in membership.

I must also say congratulations to Team Carifta who has done us proud over the past few days. Congratulations to all of our athletes especially our medalists: Colby Jennings, Wilkenson Fenelon and the members of the U20 4X100 Girls Relay Team: Akia Guerrier, HelcyAnn Selver, Sanadia Forbes and Shavell Dhat Sutherland. Congratulations as well to the TCAAA.

Mr. Speaker we have awoken to big news out of the UK today and that is the call for a Snap General Election for June 8, 2017 by Prime Minister Theresa May. Mr. Speaker I have already reported to the country in my Post Brexit update that there would have been continued dialogue for OTs in the month of June. We await the settling of the election issue and wish the UK well.

**EXPRESSIONS OF THANKS**

Mr. Speaker I wish to extend sincerest thanks to those who assisted in the preparation of this Budget: Thank you to all the accounting officers, the financial managers, the heads of

departments and heads of secretariats. I especially wish to thank the Ministry of Finance with special thanks to PS Finance, the Budget Director, the Deputy Budget Director and the Director of SPPD whose hard work is manifested in the production of this Budget. As stated before in this Hon House the Finance Team ran with the vision for an early Budget and even when I felt that it was sometimes too much pressure, they remained committed to the vision. To say anything else would be to cheat and rob this strong ladies team of hard workers of their well due praise. Contrary to what some have reported out there. The Budget Circular was approved in Cabinet on January 11, 2017 with a project date of May 13, 2017 to lay the Budget in this Hon House. The FSPS was approved in Cabinet on February 11, 2017 setting out the strategy, revenues and expenditures. Imagine our delight when the UK's approval came on March 9, 2017. This allowed the Finance Team to push ahead. We are grateful to the CFO for his assistance in the short term of our working together and to the FCO for their welcomed early response and approval.

Mr. Speaker, I wish to also thank those that continue to partner with the people of the Turks and Caicos Islands – regional and international – who continue to aid in the development of these Islands and I mention the UK Government through the OT Unit of Department for International Development and the OTs Department of the Foreign and Commonwealth Office (FCO), the Caribbean Development Bank (CDB) and the European Union (EU).

## **OPENING REMARKS**

Today, Mr. Speaker marks my first Budget Address. Each year, as Leader of the Opposition I chose a new Theme. In 2013, I themed my Address, “TCI: In the midst of uncertainty, struggle and challenges”. In 2014, I repeated the theme with a slight tweak, “TCI: In the midst of uncertainty, struggle and challenges. More of the same.” Mr. Speaker, last year I called for the Government to be stronger for its people, more visionary and to place the people at the center of its decisions, dialogue and development through a clarion call “A Call For Strong, Visionary, People – Centered Executive Leadership”. While it is fitting to repeat any of these themes, my team held the Government into account for its stewardship pointing out to our people why there was a need for a change. Mr. Speaker the people have spoken and change is here.

Mr. Speaker nonetheless it is important that I title my first Budget Address in a way that sums up the early priorities in this Budget document. I have therefore titled it simple “The Building Blocks Of Our People Centered Development Program”.

Mr. Speaker this also marks the 40<sup>th</sup> Budget for our country with the first being presented in 1977 following the General Elections of 1976. It is good to stand on the shoulders of those who have gone before and I remain grateful to those pioneers who blaze the trail especially our country’s first Chief Minister and only named National Hero, the Most Excellent The Hon James Alexander George Smith McCartney.

Mr. Speaker we have the opportunity as a newly elected Government to shape a Budget with our first four months and this affords us the opportunity to begin to set the people’s priorities in motion: the economy with a focus on job creation, national security, healthcare, youth and infrastructure.

Our people voted change on this platform and we must deliver.

## **ECONOMIC OVERVIEW**

Mr. Speaker the Turks and Caicos Islands Government Statistics Department is forecasting that the country will experience economic growth of more than 4 percent in 2017. This comes at a time when most of our regional counterparts are struggling to achieve growth of 1 percent. Mr. Speaker the Statistics Department feels that this growth will be facilitated by an “uptick” in public investment and other large-scale projects, and should stabilize at a potential rate of 3 percent over the medium term. However, my Government understands that any prospect for long-term growth will require a continuous, concerted effort to create an environment that is conducive for private sector investment. This can only be achieved by simplifying the investment approval process, and removing other barriers, which affect investment decisions and profitability.

### **Improving the Labour Market**

To this end Mr. Speaker, my Government will continue the process of enhancing labor market legislations and putting measures in place, which will target education programs that will help to improve labor productivity and mobility across all sectors of our economy, which will help to eliminate the issues of unemployment among our citizens. Mr. Speaker we campaigned on the need for a labour skills assessment and as shadow minister for Border Control, I continued the call for this exercise and we are grateful that the former Government began this exercise and this Government of “change” will ensure that National Skills Assessment Report is used to assist in building country.

### **Friendlier Business Environment In A Diversified Economy**

Mr. Speaker, my Government will continue the process of finding ways of reducing the cost of doing business in the Turks and Caicos Islands, specifically in terms of obtaining the different licenses to operate, obtaining critical work permit and labour clearances and obtaining construction permits. My Government will also explore the potential for expansion and diversification of our economy, which will help the country in achieving sustained economic growth going forward.

### **Sustainable and Beneficial Growth For All**

Mr. Speaker, the attainment of sustainable economic growth will be one of the main policy actions of my Government over the next four years. I want the people of the Turks and Caicos to know that their Government understand and has accepted that economic growth is not a sufficient condition for equitable development. Hence, the Government will ensure that the economic growth of this country is felt by all members of our society. Mr. Speaker, our GDP per capital may be considered high when compared to our regional counterparts, we understand that this is just an average and there are of the view that this GDP per capital figure does not represent adequately. Mr. Speaker, it is for this reason that my Government will put measures in place to address the recommendations outlined in the 2012 Country Poverty Assessment. This will ensure that all of our people prosper.

Mr. Speaker, the department of Statistics conducted its first labor force survey which was recently completed. As this was the first labor force, survey to be conducted, the process of

obtaining the labor indicators is taking some time. However, the results of this survey will be published in short order and we will get a clear indication of the unemployment rate for the Turks and Caicos Islands. This will help the Government in designing policies and programs going forward, which will ensure that our people are employed.

The Statistics Department has however indicated that preliminary results for the last quarter of 2016 showed an unemployment rate of less than 8 percent.

Mr. Speaker, my Government will be paying close attention to these labour indicators. To this end, you will notice that we have increased the survey budget for the statistics department from \$54,000 to \$100,000 in this fiscal year. This will enable the department to conduct two labour force surveys.

Mr. Speaker, during our first one hundred days with in Government we have been able to assist this department with the purchase of 16 tablets. Additionally, staff was trained on the use of survey solutions which would enable staff to conduct the labour force survey using tablets. This will ensure a faster delivery time on employment indicators.

Mr. Speaker, I am pleased to say that during the first quarter of this calendar year (January – March), imports increased by 10.5% and exports increased by 12.6%. This is a sign that something is happening in this economy.

## **FINANCIAL PERFORMANCE 2016-17**

Mr. Speaker as we continue to finalize the Turks and Caicos Islands financial data, the preliminary results for fiscal year 2016-17 shows a potential, Net Operating Balance of \$35.7 million. This is so, as Revenues for the year totaled roughly \$267.2 million and was approximately \$11.5 million or 4.5% above the budgeted amount while being marginally above the previous year's results. This positive variance is accredited to the positive movements in the real estate industry resulting in stamp duties on land transactions and strong performance in the tourism sector.

The preliminary results show that Operating Expenses and Staff Costs were approximately \$8 million or 4% below planned expenditure. In the case of the development fund expenditure for

the fiscal year, including projects that were noted for 2015-16 was \$23.4 million. That is approximately \$18 million below budget projects. However, I am happy to report that Cabinet has noted that the remaining projects for contracts will be signed shortly.

## **BUDGET 2017-18**

The planned expenditure for 2017-18 is \$267.9 million that is, 6.2% higher than the approved budget for 2016-17 and 5% higher than the revised budget.

Recurrent Expenditure of \$223.5 million is 83% of the total expenditure and 82% of recurrent revenue; Non-Recurrent Expenditure of \$6.0 million is 2% of expenditure. Capital expenditure is \$38.3 million or 14% of total expenditure.

- Staff costs account for \$89.2 million or 32.6% of recurrent revenue and 40% of recurrent expenditure. It is 10% over the Original Budget and 17.8% over the forecast outturn. Included in this budget are over (150) vacant posts of which approximately (100) are newly created vacancies.
  - 18 new police Officers
  - 7 immigration Officers
  - 19 Home Affairs - 10 prison officers (5 were approved in the fifth Sup).
  - 10 Officers in the Ministry of Finance - 5 customs Officers
  - 4 new positions in the AGC
  - 10 New positions Education
  - 6 New Positions in the Ministry of Tourism
  - 9 new positions in Ministry of Health
  - 5 Infrastructure, Housing and Planning
  - 1 for the DPP's office,

- 1 for DG's Office to support the Performance Appraisal Process
- 1 Judiciary
- Pensions and gratuities expenses account for \$6.2 million or just under 2% of recurrent revenue and 2.69% of recurrent expenditure. This is 6.92% over the previous year's budget allocation. In this budget, it is assumed that at least two former legislators will attain pensionable age during the period resulting in lump sum gratuity payments.
- Local Travel and Subsistence is \$2.6 million 1.5% lower than the revised budget of 2016-17 and 1.16% of the recurrent expenses. My Government will seek to put measures in place to reduce the local travel and hope to realize much needed savings in this area.
- International travel and subsistence has been reduced by 13.7% over the revised budget and accounts for 0.74% of recurrent expenses. Further savings will be realized as the year advances, as my Government commits to a review of the current travel policy inherited from our predecessors.
- Utility and communication expenses accounts for 2.4% of recurrent expenses and is 5.4% lower than the revised budget for 2016-17.
- Rental of Assets 3.18% lower than the revised budget for 2016-17 and 2.2% of total costs. Rental charges are expected to be reduced exponentially as the Government invest in the acquisition of properties. A further \$1m has been allocated for compulsory acquisition in the financial year. It is my Government's plan to invite Official Proposals later this year for the building of a Government Complex in Providenciales. It is so important to lift the image and establish a true Government presence in Providenciales.
- Subvention Charges (Excluding NHIB) is \$12.0 million is 4% of revenue and 5% of expenses. It is reflected as 5% lower than the 2016/17 revised budget because the National Audit Office has been removed from Subvention to a Department of Government.
- The Integrity Commission's budget has increased by 17.9% over the revised budget.

- The Community College's subvention has been increased by 22.5% over the original estimates of 2016-17.

FY 17/18 this Government has committed to undertake a review of the financial and governance structures and operations of all statutory bodies across the Turks and Caicos Islands.

- Hosting and Entertainment has been reduced by 20% over the 2016-17 revised budget. It now accounts for 0.32% of the recurrent expenses.
- Training expense across ministries, have been increased by 16.5% and now accounts for 0.33% of the budget.
- Approximately, \$23.9 million will be transferred to the NHIB to facilitate the treatment abroad programme, and subsidize the health care costs for Wards of the State, the indigent population and utility charges for the hospitals. Whilst this allocation is 9.0% lower than the revised budget for 2016-17 it accounts for 10.4% of the recurrent budget.
- Infrastructure unitary payments for the hospitals is budgeted at \$19.6m.
- Mr. Speaker overall transfer for the operations of the cumulative 30 bed health facilities in Grand Turk (10) and Providenciales (20) is a minimum of \$50.8 million.
- Maintenance allocation is \$8.6 million or 4% of recurrent expenses and 3% of recurrent revenue.
- The Contingency Fund is now at \$7m or 3% of the recurrent budget is \$2m higher than the approved budget for 2016-17.

The major areas of spending in the budget are:

1. \$66.7m or 25.0% of total expenditure for the Ministry of Health, Agriculture and Human Services and \$62.7 million of recurrent expenses. It is approximately 1% lower than the revised budget. This is primarily because the subvention to the NHIP has been reduced by approximately \$2 million.

2. \$41.0m or 15.3% of total expenditure for the Ministry of Education, Youth and Library Services. That is \$29.5m of recurrent expenditure or 5% over the revised budget of 2016-17 and 11.5 million in Capital Expenditure.
  - Capital Expenditure allocations for Long Bay Phase 3 - \$ 2m.
  - A new primary school in Providenciales is being funded through the EDF 11 programme.
3. \$24.5m or 9.3 % of the total budget for the Ministry of Infrastructure, Housing and Planning. That is \$16.4 million for recurrent expenses and \$8.2 million for Capital expenses. This amount includes \$4.0m for road repairs and improvements.
4. \$29.8m or 11% of total expenditure for the Royal Turks and Caicos Islands Police Force. Funding has been allocated to support the CCTV programme across specific areas and 18 new staff. That is 25.2million for recurrent expenses and 4.7 million for Capital expenses. This is 1.5% higher than the revised budget for 2016-17. Of note, \$1.2 million has been redirected from the SIPT programme to the operational budget for the Police.
5. \$20.3m or 7.6% for the Ministry of Finance, Trade and Investment; \$19.0 million for recurrent expenses or 6.7% above the revised budget for 2016-17. Capital expenses \$1.2. The portfolio ministry will oversee CDB Solid Waste Management program, Sea Defense, Rebasement of the National accounts and a national housing and listing exercise.
6. \$14.8m or 5.5% - can be announced for the Ministry of Home Affairs, Transportation and Communications including 10 new staff for the Prison and two for the Fire Department. A National Emergency Operation Centre is being proposed over the two years 2017-18 and 2018-19.
7. \$9.9m or 3.7% for the Office of the Deputy Premier and Ministry of Border Control and Employment. This is a 9.4% increase in recurrent expenses over the revised budget for

2016-17. The allocation to recurrent expense is \$8.2 million and \$1.7 million in Capital expenses.

8. \$9.5m or 3.5% for the Ministry of Tourism, Environment, Heritage and Culture. With recurrent budget allocation of \$7.5 million or 3.0% ahead of the revised budget for the prior year. Capital expenditure is \$2million
9. There will be a \$9.6m or 3.6% of the total budget for the Judicial Administration of which 9.5 million is being allocated for recurrent expenses. Allocation for the SIPT programme is \$5.4 million that is approximately \$1.1 million or 10.4% lower than the revised budget for the previous year.
10. Finally, there will be \$7m or 2.6% of the total budget for the Attorney General's Chambers. Recurrent expenses will account for \$6.4 million which is 1.3% lower than the revised budget. Capital Expenditure for the AGC is \$550,000.

Within the proposed budget there will also be:

- \$18.4m for pensions and gratuities, contingency fund and debt servicing.
- \$6.6m for the Governor's Office
- \$3.3m for the House of Assembly
- \$2.5m for the Premier's Office and District Administration
- \$2.3m for the Deputy Governor's Office
- \$1.6m for the Director of Public Prosecutions

### **The Capital Programme**

Mr. Speaker, the Green pages of the National Budget Booklet is the Public Sector Investment Programme (PSIP) or the capital expenditure section of the National Budget. The PSIP is very important to this government, as it is the budgeting and strategic planning tool that this

government will use to plan for the implementation of tangible projects and programmes. It is through this programme that our mandate for CHANGE will continue as we strive to improve the standard of living of the citizens of this country and provide for economic growth and sustainable development.

Mr. Speaker, when we took office in December of 2016, only nine (9) projects for FY 2016/17 were noted in Cabinet. Mr. Speaker, I am proud to say that approximately fifty-three (53) projects were noted in Cabinet for FY 2016-17 and the Civil Service must be commended for the hard work and diligence during the last three months of this financial year, I would like to make mention of the Contracts and Corporate Performance Management Unit which is under the Deputy Governor's Office, the Strategic Planning and Policy Department under the Ministry of Finance and the Public Works Department under the Ministry of Infrastructure, Housing and Planning for their assiduous work to ensure that the projects were noted in time before the end of the financial year.

Mr. Speaker the major projects noted in Cabinet for FY 2016/17 that exceeded \$500,000 were:

- Police Boats for the Marine Division
- Upgrading of Schools – Repairs to Clement Howell High School
- Construction of New Block – Eliza Simon's Primary School
- HJ Robinson High School Rebuilding Works
- Road Development Phase II
- Long Bay High School Phase III
- Mental Health Home GDT
- Wellness Centre Phase II
- South Caicos Sports and Recreational Centre
- Upgrade of Prisons

- Fire Hall for TCI
- Community Clinic – Bottle Creek
- CCTV Implementation
- Bight Fish Fry and Cultural Village
- Upgrading of the NJS Francis Building
- Agriculture Development Phase II
- Property Acquisition
- Post Office Development

Mr. Speaker, although commendable projects were initiated by the previous government in the 2016/17 Budget, these projects were approved to move forward on 22<sup>nd</sup> December, 2017 and is still more work to be done.

Mr. Speaker, I would now like to turn my attention to FY 2017/18. In Fiscal year 2017/18, the sum of \$38.3m has been allocated for the implementation of projects and programmes. This allocation represents a slight increase of \$1.5m over the 2016/17 budgeted expenditure of \$36.8m but is slightly higher than the revised expenditure for 2016/17 of \$37.7m by \$600,000.

Mr. Speaker, the largest portion under the uncommitted section of the 2017/18 Public Sector Investment Programme is for projects and programmes to be implemented in the areas of Education, Infrastructural Development and National Security. Mr. Speaker, my government is committed to spend approximately \$4.8m in the education sector to provide for the construction of a new primary School in Providenciales as well as the upgrading of the facilities at a number of schools throughout these islands.

Mr. Speaker, my government is committed to spend \$3.4m in infrastructural development throughout these islands. In our CHANGE document, we have articulated the need to have a four-year plan for the paving of major roadways in the Turks and Caicos Islands. We will begin

this year by investing some \$1.2m in road works and associated drainage works, and this will continue until there is an integrated, proper road network throughout this country. This Government will focus on procuring and installing metering systems for water and ensure that there are resources available to enhance the protection of the water system, which is being constantly vandalized in Grand Turk. The updating of our National Physical Development Plan is also a top priority for this Government.

Mr. Speaker as articulated in this Government CHANGE document, National Security is one of our priority areas and we have backed this commitment with resources to ensure that all residents and visitors to our islands feel safe. Mr. Speaker, on the topic of National Security, the Turks and Caicos Islands is a small country so the familiarization of faces is very easy. We live in a law-abiding country, but there are in few in the minority who have become a nuisance to this society. We must rid ourselves of this minority, and to this end, my Government has earmarked approximately \$3.1m to the Police to strengthen their surveillance activities and provide an appropriate and effective framework for an acceptable level of national security.

Mr. Speaker, other noteworthy projects to be implemented in FY 2017/2018 and 2018/2019 are:

- Population Policy- \$180,000
- Valuation of Government Fixed Assets - \$200,000
- Upgrading of Shelters - \$200,000
- Health Information System - \$200,000
- Equipment Upgrade for House of Assembly - \$210,000
- Furniture and Equipment for Wellness Centre Phase II - \$250,000
- Radar Tracking Software - \$300,000
- Refurbishment of Sammy Been Building – Phase 3 - \$300,000
- Furniture and Equipment for Morgue - \$300,000

- Dental Equipment for All Islands - \$340,000
- Craft Market for North Caicos - \$470,000
- Promenade for Bottle Creek, North Caicos - \$550,000
- Scanning of Documents and Registration and Citizenship - \$950,000.
- National Emergency Operating Centre - \$2.5m
- Purchase of Police Vehicles \$1,100,000
- Repairs to Police Buildings \$500,000
- CCTV Phase 2 \$1,600,000. We are especially proud of the acquisition of the Carlos Simons Building to provide critical additional space for the Police and for the housing of new crime fighting tools.
- Review of Local Government \$20,000
- Replacement of License Plates \$30,000
- Security Dogs for Customs \$28,400
- Water Enhancement Project for Grand Turk \$750,000
- South Caicos Government Complex \$500,000
- The purchase of Smart Boards \$50,000
- Heritage Sites \$153, 000
- Dental Equipment for all Islands \$340,000
- Critical Vehicle Purchases \$500,000
- National Physical Development Plan \$500,000

Mr. Speaker, since elected into office, I gained a better understanding of the Capital Programme, as well as to learn of the capacity constraints that the key departments are faced with in implementing the projects. My Government has taken a keen interest in this and has pledged our support to ensure that departments are adequately resourced with the work force needed to ensure that the projects are implemented in a timely manner. However, Mr. Speaker, there is another side to the equation. Our Contractors! Many of our contractors are not bidding for capital works and I would like to encourage them through this platform again, that nation building is every resident's business and they should take advantage of the Computerized Job Estimation Techniques (CJET) Workshop that is scheduled from 22<sup>nd</sup> to 26<sup>th</sup> May 2017 in Providenciales and from 29<sup>th</sup> May to 2<sup>nd</sup> June 2017 in Grand Turk. Contractors take advantage of the trainings that will follow this and attend the pre-bid meetings when they are scheduled. Log on to the government website so that you know when tenders are released and give yourself a chance to help to advance this our beautiful by nature, Turks and Caicos Islands.

Mr. Speaker we are especially proud that our Government have begun favourable dialogue with the Carnival in an effort to address the needs of Grand Turk. Both sides have left a favourable meeting to identify projects that could be funded through the Infrastructure Fund will provide jobs, improve the infrastructure and enhance the tourist experience. To this end, we have committed major road works for Grand Turk in TCIG's Budget: works that are not covered under the Infrastructure Fund. I am also pleased to publicly thank Mr. David Candid, of the Carnival Corporation, who personally phoned the day of the loss of the Library and offered to work with TCIG under the Infrastructure Fund for the rebuilding of the Library here in Grand Turk. We remain grateful and efforts in this area are advancing. I have had further meetings while other members of Government have had the opportunity to tour the site with Carnival representatives. The Ministry of Education announced publicly the generosity of Grand Turk businessman Mr. Franklyn Missick who has offered a temporary home to the Library free of cost. I wish to thank Mr. Missick who is a great example always of good corporate citizenship, on behalf of my Government and the people of the Turks and Caicos Islands and the people of Grand Turk in particular.

Mr. Speaker we intend to reintroduce the Works Program and expand it where there is needed. I am sure the people of North and Middle Caicos will be most thrilled by this news.

## **Funding of the Expenditure Plan**

Mr. Speaker, the expenditure plan will be funded primarily from existing revenue streams, Grants from the European Union for EDF 11 and a \$20 million loan specifically to fund the Development Agenda.

As we have indicated in the **'Change Document'** a comprehensive review of the cost of living and the cost of doing business in the TCI together with a full review of the existing, tax structure will be undertaken and measures will be introduced to reduce costs in order to ensure that the Islands retain a competitive advantage.

The Government has approved the introduction of administrative charges for printing of Citizen Status Cards recognizing approximately \$700,000 in revenue for this fiscal year.

In the 2017/18 budget year, there will be improved focus on enforcement and compliance. Particularly, the Compliance Unit of the Revenue Department will be concentrating on regulating the growing vacation rental by owner sector, to derive increased revenue. Mr. Speaker, we are in receipt of the final draft of the vacation rental development plan; we will work to ensure that many of the recommendations are implemented to maximize the revenue potential of this sector. Further, in the short to medium term, other areas of focus will include:

- a review of the maritime and aviation industry to establish relevant fees and charges
- review the financial services sector to identify new and improved product offers and
- Given the geographical outlay of the islands to North America, the option of medical and sports tourism will be seriously explored.
- With the first upgrade to the Standard Integrated Government Tax Administration System (SIGTAS) since its introduction in 2004, the new platform brings with it a multitude of possibilities. TCIG is taking advantage of the system with the impending introduction of E-Services including E-Filing in the Revenue and Immigration Department which will eventually roll out to all Revenue generating Departments. This initiative will serve to reduce the paper trail for both TCIG and the customers, reduce long lines and diversity in the way we do business.

Recurrent Revenue estimates are forecast at \$273 million is approximately 6% above the approved budget and 3% higher than the preliminary numbers for 2016-17 fiscal year. The major revenue streams are:

- Import and Other Customs Duties, will account for \$101.2 million approximately 37% of the planned receipts.
- Accommodation Tax is forecast at \$63.7 million, 23.3% of the projected revenue.
- Stamp Duties on Land Transactions is projected at \$29.4 million or 10.8% of planned revenue.
- Work permit and other immigration fees are planned at \$26.9 million or 9.8%.

As we plan to continue on the path of fiscal prudence and accountability, our plan is to have operating surplus of \$6.0 million. Our cash flow projections will be used to finance the National Wealth Fund and Principal Repayments on loans.

## **GOVERNMENT DEBT**

### **Debt Servicing, Principal Repayments and Loans**

Core Government Debt at the start of the fiscal year 2017-18 is \$32 million. You will recall that there were plans, in the 2016-17 budget cycle for the then Government to borrow \$20m in loans to fund specific capital projects. Due to greater than expected revenue performance and planned expenditure falling below budget, the loan facilities that were approved by the House of Assembly were not drawn down.

In this fiscal year, we are proposing to partially finance the development fund through a \$20m loan facility.

Given the plan to borrow the \$20m, the principal loan repayment is forecast at \$17.4 million in this fiscal year. The FY is forecast to end in an enviable position within the Caribbean, with Government Debt of approximately \$35m or 3.5% of GDP. This amount may be significantly

lower, as the performance of the Development Fund will determine the date when the loans will be drawn.

Provision for Debt Service interest is just over \$1 million, it remains below 1% of GDP.

Net Government debt is forecast to be positive in this fiscal year.

Contribution to the National Development Fund will be \$16m. It is being funded from cash flow.

### **Portfolio Ministry –Ministry of Finance Investment and Trade**

Turning to some specific activities that are being carried out by my portfolio ministry I would like to advise this Honourable House that my Government will continue to ensure that fiscal prudence and responsibility is exercised. Over the upcoming months, the Ministry of Finance will commission reviews of the following:

- Cruise Tourism sector and industry in TCI. We will aim to develop a sustainable cruise and responsible cruise tourism. This will aim to focus on the needs across the entire value chain and visitor experience.
- Continue the work regarding the Medium Development Strategy
- A review of the Arm's Length Bodies (Statutory Bodies) of the Turks and Caicos Islands Government.

Mr. Speaker we will develop a Policy and legislation that will facilitate the growth and sustainability of trade for and within the Turks and Caicos. In addition, we will continue the work highlighted in the COSME Programme. The programme is mainly to improve the business environment for the small businesses, by:

- strengthening the capacity of the Government to service the business sector
- to improve the capacity of Business Service Organizations (BSOs) to engage in public-/private policy and administrative reform dialogue with Governments and provide services to their constituency of SMEs and

- To promote stronger collaboration, trade and investment relations among the EU, CARIFORUM and the Caribbean Overseas Countries and Territories.

The expected results are:

- The improvement of policies and the legislative and administrative framework for SMEs to establish and conduct business.
- improved capacity of business support organizations to deliver the necessary services to their members and engage in dialogue with Government and improved competitiveness of SMEs participating in the programme and
- improved collaboration, trade and investment relations among the EU, CARIFORUM and the Caribbean OCTs

The TCI Small Businesses have benefitted from several capacity building activities and Consultancy activities since 2016 and there is a packed agenda for 2017, that Islanders are being encouraged to capitalize on.

### **Exchange of Information**

Tax transparency has become a global phenomenon requiring countries to shared tax information under mutual legal instruments and agreements to enable countries to collect on taxes that are escaping the income tax net.

Organizations such as the Global Forum on Tax Transparency including the Financial Action Task Force are collaborating with international regulators and financial standards setting bodies to ensure that a level playing field is established in the global arena to share financial accounts information with treaty partners.

Turks and Caicos Islands are also a party to these international reporting requirements and our Financial Institutions have a part to place in collecting the required information to past on to the Competent Authority to meet these obligations. Domestic legislations along with Guidance Notes have been issued to help the Reporting Financial institutions in the Turks and Caicos Islands comply with the Global standard.

Beneficial Ownership legislation is also under review to comply with international reporting standards and will be tabled in parliament shortly. Such legislation is being used to assist law enforcement agencies in the fight against terrorist financing, money laundering, corruption, etc.

Mr. Speaker, 2017 is a significant reporting year, as the international community will see the commencement of the Common Reporting Standard actively exchanging financial accounts on a global scale with over 100 countries for automatic exchange of information. Turks and Caicos Islands will be in that group of Early Adopters reporting jurisdictions.

The Turks and Caicos Islands Government will continue to work with these international organizations in establishing and promoting tax transparency to combat all forms of illicit financial activities that will harm the jurisdictions reputation and image in the area of financial services.

## **STATUTORY BODIES**

### **Invest TCI**

2016/17 was Invest TCI's first full year of operations and was a busy one. The Agency grew its team to 10 staff and completed its move to its new offices in Courtyard Plaza on Leeward Highway. It launched a new brand to better reflect its two main activities of attracting foreign direct investment and supporting the growth of local business, and is working on a revamped website which will better reflect the services it provides to both local and international businesses.

The Agency has been working with developers and Government Departments on a number of significant investment projects and while the judicial process considering height restrictions has held up certain proposed and prospective investments, including the Ritz Carlton development, others are progressing and we expect to see the signing of two Development Agreements for projects in Providenciales very soon. The Agency is particularly pleased to also be working on potential developments in other islands as it pushes the benefits of the Family Islands to prospective investors. I have already as Minister with responsibility supported two projects and have submitted Papers to Cabinet and have received an approval for the Rock House Project (soon to break ground) and the Toscana Project. Both of which will see construction activity on

Providenciales. As Minister of Investment I have also received support from my Cabinet colleagues for the restart of the Royal Reef, a stalled project to North Caicos. We hope to see activity there soon.

### **MSME Programme**

Mr. Speaker, April 1<sup>st</sup> marked one year since the inception of the MSME programme having come into effect on 1<sup>st</sup> April, 2016. The importance of the MSME sector in generating employment and economic empowerment has long been recognized. In addition, this Government is committed to providing opportunities for existing and budding entrepreneurs within the Turks and Caicos Islands knowing that the promotion and growth of this sector invariably means that over 90% of all businesses can be impacted as by definition the majority of small businesses operating in the TCI will fall within the MSME sector.

Mr. Speaker, my Government commissioned a review of the programme administered through Invest Turks and Caicos, as we were keen to learn about the successes and challenges facing business owners - both nascent and experienced. The results for the first year indicate that significantly fewer concessions than anticipated were awarded. We have had awards of just under \$200,000 out of a \$1,000,000 fund. The lackluster uptake of the \$1 million in micro startup grants should not be taken as not an indication of indifference towards its offerings or lack of interest. At this point, like any new initiative, it has to take root in order to grow. I believe that potential abounds in all of the chosen sectors that the Ordinance allows Government's involvement. Certainly in the areas of music, arts, culture and of course, innovation, which in itself is a sufficiently broad category encouraging novel products and services in a plethora of industries. Opportunities are scattered, untapped and under-utilized. There is no need to for copying or cannibalizing those entities that are flourishing. We encourage entrepreneurs to dare to be different, take risks, be prepared to put some skin the game and the Government will continue to partner with you.

One of the issues facing small businesses is the development of business plans. That is, moving from a mere concept to progressing to design and executing a business model. Whereas the technical assistance grants were intended to fill these gaps, we have found that some

entrepreneurs still need someone to hold their hand, as it were. The provision of accessible, appropriate and timely business development support services is a key determinant to the success for first generation entrepreneurs and my Government is keen to augmenting and further resourcing the Centre for Entrepreneurial Development to meet this particular need either in-house or by outsourcing to other service providers in the market.

Mr. Speaker, my Government is cognizant of the concerns of entrepreneurs operating outside of the two main islands, Grand Turk and Providenciales, including the concerns that the exclusion of tourism related activities in the incentives schemes of the Government unduly penalizes those islands with already low levels of activity in the tourism sector or any sector for that matter. Moreover, who apart from dealing with the normal challenges such as limited access to capital and working cash flow issues, face high carriage and freight and transportation costs. The Government is also committed within the framework of a national policy on MSMEs to consider devoting special attention to islands and subsectors within islands and communities outside of Providenciales. This Government, Mr. Speaker will employ strategies to support the MSMEs to form cooperatives, and clusters that will engender collective self-help and increase their chances of survival.

I have met with the Agency and have together agreed expanded assistance, for expanded priority sectors and special considerations for Islands outside of Providenciales. Mr. Speaker you will receive Notice of the required legislated amendments as a matter of priority.

Mr. Speaker my Government supports youth enterprise; the Information and Communication Technology sector readily comes to mind as burgeoning – ripe for investment and pairing of ideas with funding; thus requiring private-public intervention that will coordinate and facilitate matchmaking mechanisms of young entrepreneurs with business angels, venture capitalists and larger firms.

Mr. Speaker, my Government will constantly scrutiny and review MSME programme. My vision is to develop a countrywide network of marketing, technical and other support services. However, this cannot be achieved by government intervention alone; it will require acts of volunteerism and active counselling and mentorship programmes to be steered by business community leaders in each of the localities.

## **Business Transformation Programme**

The Business Transformation Programme funded by the European Development Fund (EDF) 10 saw the TCIG receiving its third and final disbursement in December 2016. A total of \$10.6 million euros was awarded to the TCIG; representing 92% of the total expected donor support as per the financing agreement. There were two main objectives left outstanding that the TCIG continues to progress towards completion. They are the online application and payment of business licenses and processing and payment of work permits. These projects we expected to be on stream by the end of the financial year 2016/2017 but experienced delays pushing their implementation deadline to June 2017.

Mr. Speaker the Business Transformation Programme is centered on the implementation of legislation, policies and processes that would make doing business in the TCI easier. My Government is committed to enhancing the overall efficiencies in the public sector; not only the civil service, but between and among agencies and statutory bodies. This will include the launching of a Public-Private Sector Forum aimed at formalizing dialogue between TCIG and different groups of public and private stakeholders toward the implementation sound strategies and initiatives for mutual benefit and gain.

## **Financial Services Commission**

The Financial Services Commission recorded several important milestones during the 2016/17 fiscal year and in so doing, made considerable progress against those targets outlined in its published, Plans and Priorities 2016-17.

Among the Commission's various initiatives was a thrust to foster a regulatory environment conducive to growth and development of financial services in the Islands. Accordingly, the 2016/17 financial year saw a raft of enhancements on the legislative front including passage of new Domestic Insurance and Credit Union Ordinances, and a suite of legislation to govern the licensing, regulation and operation of trust services. Throughout the year, the Commission also made strides towards the goal of a fully risk based supervisory programme to strengthen the existing architecture for supervision of financial institutions. This will allow for more effective use of supervisory resources and enable the regulator to better identify and respond to emerging

risks. Full implementation of the framework should also do much to reduce the regulatory burden on licensees and strengthen ties with the regulated community.

### **FSC Plans for 2017/18**

Revenue of \$7.3 million is proposed from existing revenue streams. The main revenue sources of annual insurance license fees collection and annual returns filings are expected to grow by 5%.

Recurrent expenditure of \$7.0 million is driven by the continued effort to build regulatory capacity. Payroll costs is \$ 4.0million and other operating costs \$3.0 million.

The Commission's planned work programme for 2017/18 continues this thread of emphasis on strengthening supervision. Upgrading legislation remains a cornerstone objective, with work planned – in partnership with the Attorney General's Chambers as well as industry and other stakeholders – to enhance laws related to international insurance, investment dealers, and the banking sectors. The Commission also intends to participate in the development of a bill to address insolvency within financial institutions, to support general insolvency provisions already in place for companies. In tandem with these legislative improvements, the regulator will maintain its thrust to modernize and streamline prudential supervision methodologies through continued focus on the risk-based supervision and Basel II capital adequacy projects.

Anti-money laundering, prevention of terrorist financing and ensuring transparency and exchange of information for tax purposes globally, will also feature heavily on the Commission's 2017/18 agenda. As a constituent member of the Anti-Money Laundering Committee (AMLC), the Commission will continue to support the national effort to prepare for the fourth Round Mutual Evaluation of the TCI by the Caribbean Financial Action Task Force (CFATF), scheduled for early 2018. The Commission will also continue to work with national authorities on matters relating to beneficial ownership and compliance with international standards on transparency and exchange of information handed down by the OECD Global Forum grouping. During this year the Commission will work with Turks and Caicos Islands Government as they undergo their peer review during the first half of the year.

These and several of the other initiatives the Commission has planned for 2017/18 underscore the regulator's strong commitment to fostering a vibrant and proactive tripartite engagement with the government, industry and other stakeholders, including within structures such as the Industry Financial Services Working Group, to strengthen, support and guide the development of financial services in the TCI.

Mr. Speaker as Minister of Finance, I have already sought and received support of my cabinet colleagues to the establishment of a Working Group that will assess the financial services sector and will make recommendations on how we can grow this sector. My Government remains committed to diversifying our economy with a greater focus on the financial services sector. We know that we can benefit more from this sector and we will pave the way for it.

### **The TCI Civil Aviation Authority (TCICAA)**

#### **Overview of the past year**

The aviation industry is under guarded and facilitated by the TCICAA (the regulatory arm of the aviation industry), through its oversight of all the aviation activity in the territory.

On a practical level, this function is critical to the safety and continuity of international flight operations in and out of our airports.

Mr. Speaker the Turks and Caicos Islands is continuing to meet its obligation to the UK and ultimately, the International Civil Aviation Organization, through the discharge of its regulatory responsibilities for oversight of the state civil aviation industry, and proudly, through its own local institution, the TCICAA.

The TCI Civil Aviation Authority marked its 10th anniversary in June last year, with the transfer of full responsibility for regulatory oversight of the aviation industry in the TCI from the UK over to the TCICAA.

The Authority is moving to consolidate this progress with the enhancement of the managerial, technical and administrative capacities within the Authority, and supported by upgraded technology and appropriate management systems.

#### **Current Initiatives:**

### ***Regulation of Drone activity***

The recent phenomenon of Drones is being widely embraced by the public for all sorts of reasons resulting in increasing proliferation in our skies.

This has given rise to concerns for the safety of aircraft operations. There are other, lesser concerns relating to a sense of invasion of personal privacy and public nuisance.

To ensure the protection of aircraft operating in and out of our airports, the Civil Aviation Authority has identified certain blocks of airspace around the airports and HM prison, to be designated as restricted airspace. These airspaces will be off limits to Drones

Legislation is already being prepared for passage, and this will be followed by an information campaign to inform residents and visitors, in to secure the highest degree of compliance.

It should be stated here, that under the Air Navigation Orders, the Aviation authorities are not vested with the powers or responsibility to regulate Drone activity simply for issues of privacy or nuisance, hence areas falling outside of the designated restricted airspace, might not benefit from the upcoming Drones regulation.

### ***Collaborative***

The Authority is looking forward to collaborating with neighboring countries and the UK on the restructuring of sovereign airspace to allow for the introduction of air navigation/overflight fees.

The Authority is looking forward to facilitating the establishment of a local flight school

### **Goals for the new financial year**

Income of \$ 1.8 million for the Civil Aviation will be funded through Subvention of \$1.3 million from TCIG and Revenues from air traffic control activities and flight operations. Expenditure of \$1.8 million will fund employment costs \$ 1.1million and operating costs of \$723k. Capital Projects to improve the aesthetics of the Office will be carried out for approximately \$37k.

The TCI Civil Aviation Authority continues to pursue a number of objectives that it hopes will be realized within the upcoming financial year, including:

- The establishment of an overseas aircraft mortgage register to tap into the lucrative and prestigious global aircraft market
- Hosting the regional Flight Operations seminar
- Modernization of the CAA management processes, through the implementation of an electronic management system
- Maintain the important United States FAA Category 1 status
- To achieve financial independence of the CAA
- To achieve the remaining targets for Civil Aviation regulatory performance as agreed in the Port of Spain Declaration.

## **NATIONAL INSURANCE BOARD**

April 6<sup>th</sup> 2017 marked the 25<sup>th</sup> anniversary of the Turks and Caicos Islands National Insurance Board. Despite the initial resistance to the program in 1992, this institution is undeniably one of the greatest success stories of our country to date. The National Insurance Board continues to provide comprehensive social insurance protection for the citizenry of the TCI whilst building strong reserves.

### **Contribution Income**

Due to increased compliance efforts, the increase in the ceiling and improvements in our economy, the National Insurance Board is projected to exceed its 2016/17 budgeted contribution income of \$27M and collect an estimated \$32M.

The projected contribution income for 2017/18 is \$33M.

### **Benefits**

The current NIB safety net covers over 90% of the population with 1,530 persons receiving Retirement, Invalidity, Survivors and Non Contributory Old Age Pensions throughout the TCI today.

The NIB paid in excess of 14M in benefits this fiscal year and has paid over \$131.5 M in benefit payments to date since inception in 1992.

## **Investments**

The value of the National Insurance Fund at the end of February 2017 was \$242.7M. The return on the Fund for the year to date was approximately 7.16%.

The Fund aims to remain fully invested having all asset classes at their strategic targets or within their upper and lower ranges as prescribed in the Investment Policy Statement (IPS). Keeping the Fund at the prescribed targets will give the best possibility of achieving the return objective of the Fund, which currently is inflation plus 3%.

Currently, there are no asset classes that are outside the prescribed ranges. In an effort to remain compliant with the IPS concerning asset allocation, rebalancing exercises are conducted periodically to bring the portfolio back in line with its strategic asset allocation. Factors affecting the misalignment of asset classes are gyrations in the markets and the consistent flow of net contributions into the Fund.

As the economic landscape has changed over the last few years, the NIB has recently undertaken a review of the IPS to adjust the strategic asset allocation to more accurately reflect the changes in the environment. The exercise may result in slight changes to the current policy.

The portfolio remains well diversified across asset class and styles. This continues to help us manage risk in the portfolio.

The Fund continues to scan the landscape for high quality domestic investments. Currently, the Domestic Investment sleeve is underutilized with approximately \$18.5M available for local investing.

Revenue from domestic investments is estimate at \$439K, which includes income from TCIG and Fortis Bonds.

## **Staff Training/Development**

As the Fund grows and operations expand, so does the complexities of the issues of the institution. The NIB remains committed to investing in the development of all its employees to

Associates, Bachelors, Masters and Certification level. The Board is now 100% staffed with a team of 53 well-qualified Belongers with one scholarship awarded this year to a member of the Legal Department to pursue Law.

### **Information Technology**

The Board is presently pursuing the procurement of its own enterprise system, tailored to meet the needs of the institution, sufficiently flexible to address future developments and compatible with TCIG.

Mr. Speaker, I was invited to share as the featured speaker at the NIB's Investment Conference that saw persons from around the region come to our shores as a part of the NIB's 25year celebrations.

At the Actuarial review of the National Insurance Board:

- Has assets of just over 50% of is liabilities as calculated in a closed group current salaries approach;
- Expenses were expected to equal contributions in 2030;
- A cash flow deficit was expected to be reached by 2039; and
- The fund was expected to be depleted by 2050.

However, since 2013 the NIB has made several adjustments. These include:

- reducing administrative expenses;
- altering our investment portfolio and asset allocation;
- Implement legislative changes
- increasing the ceiling contributions;
- lengthening the period over which pensions are calculated

### **Actuarial Review**

The NIB completed its Eight Actuarial Review in March 2017 and I am pleased to report that this report will be laid in this Honourable House shortly and that the Fund is sound.

A number of recommendations have been made by the Actuary in that Report and my Government will be considering those recommendations accordingly.

From every indication, the National Insurance Board continues to perform at a commendable level, and continues to be a beacon on the social and economic scene of our country.

As a government we are committed to the longevity of the National Insurance Fund and ensuring its posterity.

As Premier and Minister of Finance the National Insurance Scheme is dear to me. Over the next four years this institution will continue to be a priority for me and my government for the following reasons:

- National Insurance touches more people for a longer time than just about any other social program
- Thousands of Turks and Caicos Islanders currently receive Retirement, invalidity, disability or survivors pension.
- For many their National Insurance pension is their only form of income and their only chance of living with dignity when they are no longer able to ear for themselves and their family or when the primary earner in the family passes on.
- National insurance is becoming an intergenerational transfer of wealth

While my desire is to see today's contributions fund tomorrow's benefits, the simple fact is that this is not the way the scheme was planned and the contribution rates do not facilitate that desire.

What that means is that contributions from future generations will likely have to pay for the benefits of today's working class.

I believe that we have a moral obligation however to reduce the dependence on future generations and do as much as we can to make the scheme more efficient and lessen what we take from future generations.

### **1. Right Now the NIB has a lot of assets**

The National insurance fund with over 240M in assets is the largest reserve of liquid assets in the country.

The idea of that level of reserve may cause the Government to look at the fund and see opportunities for exploitation.

I therefore remind both the current and future boards of this scheme of their fiduciary responsibility to protect the interest of beneficiaries.

As I mentioned previously the fund, even at this level, pails in comparison to the obligations of the funds

**2. In 20 short years' cash expenses will exceed all source cash receipts, in the absence of any intervention or alterations to the scheme**

Given the short time horizon to equilibrium we must be deliberate in our actions to preserve the Scheme

**3. By 2050 the fund will be fully depleted absent any intervention or alterations to the scheme**

For these reasons we must, as an institution stick to our core business as outlined in the National Insurance Ordinance

The National Insurance Ordinance of the Turks and Caicos Islands places three main obligations on the Nation Insurance Board:

1. To collect contributions;
2. To pay benefits; and
3. To invest reserves

While I will expect our compliance divisions to continue to be vigilant to ensure 100% compliance and our benefits department to be both vigilant in scrutiny of claims and responsive to the needs of beneficiaries, this conference speaks to the 3rd of our obligations, to invest our reserves.

Once expenses equal contributions in 2030 (13 years from now) it is the returns on investment that will be required to fund a portion of the cost of the scheme, therefore prudence in our investment outlook is critical

During my term as Minister of Finance I am expecting our board to:

- update its asset allocation based upon changing capital market assumptions;
- To fully deploy its investment strategy; and

- Given that the TCI will be a growing economy, I expect the board to be more vigilant in its efforts to identify quality local investment opportunities.

## **THE PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS**

Mr. Speaker, FY 2016/17 was a record-breaking year for the Ports Authority of the Turks and Caicos Islands. Reflecting the economic recovery-taking place in the Islands, for the first time the container throughput surpassed 15,000, reaching 15,336, a 3.5% increase over FY 2015/16. All major categories of imports such as fuel, aggregates and vehicles also recorded growth. Reflecting the level of imports, the Ports Authority's revenue outturn for FY 2016/17 is forecast at \$5.3 million, compared with the approved budget of \$4.6 million for the year. This improved recurrent revenue performance is largely due to the increase in imports of aggregates for the construction sector.

During 2016/17, recurrent expenditure was slightly below the estimate for the year. The forecast outturn is \$2.5 million, compared to the approved budget of \$2.7 million. The reduced outturn is due to mainly several staff positions not being filled the years.

Turning our attention to the capital (development) budget, the Ports Authority was not in a position implement as many projects as planned for FY 2016/17. The capital expenditure outturn was only \$258,866, less than 15% of the approved capital budget of \$1.8 million. The low absorption rate of capital projects is due largely to delays in completing major studies, which are important for the appraisal, and tendering processes. It is important to note, however, that the several of the studies have recently been completed. As result, the Ports Authority should be in a position to tender several infrastructure projects throughout the islands soon after this budget is approved.

The Ports Authority expects FY 2017/18 to be another year of economic growth for the TCI and is forecasting a further 3.3% increase in recurrent revenue, which is estimate at \$5.4million. Recurrent expenditure (employment and operating costs) for FY 2017/18 is estimated at \$4.6 million. This amount includes a planned transfer of \$1.5 million to the government during the year. The Ports Authority is forecasting an operating surplus of \$802,462 for the year.

It is important that the TCI's port system is developed to support developments on each islands as well as economic diversification and employment. During FY 2016/17, the Ports Authority was successful in preparing a Medium Term Infrastructure Investment Plan (2017-2021) to guide the orderly development of the port system. This Plan is based on a Strength, Weakness, Opportunity and Threat (SWOT) Analysis and incorporates ongoing projects. It calls for total investment of over \$35 million to improve the TCI's port system during the medium term.

Financial Year (FY) 2017/18 represent the first year of implementation of the Plan. In accordance with the Plan, the capital budget is estimated at \$7.2 million. This represents nearly a 3-fold increase in capital development expenditure, and will be financed from retained operating surpluses from past years. Important projects earmarked for commencement during the year include:

- the dredging of 300 feet radius, 18 feet deep turning basin at South Dock Providenciales, with an allocation of \$3 million
- construction of a ramp and pavements at South Dock Grand Turk, with a combined allocation of \$1.9 million
- rehabilitation of the South Caicos Port (strengthening the wharf and pavement construction), which has been allocated \$700,000
- Construction of port building complex at Bellefield Landing, North Caicos, which has an allocation of \$500,000.
- \$210,000 has been allocated to preparing Master plan for future development of the Ports on Providenciales, North Caicos and South Caicos.

The Ports Authority is very confident that these projects will commence during the year since as previously noted most of the appraisal studies have been completed in accordance with the public procurement requirements.

Going forward, the Ports Authority will prioritize:

1. Maintaining the highest level of port safety and security in line with international Conventions and code
2. Building capacity to effectively enforce its mandate
3. Increasing port efficiency

4. Accelerated development of ports (especially South Dock Providenciales) in line with the master plans
5. Increasing preventative maintenance
6. Increasing awareness of investment opportunities in the ports sector for revenue generation and employment creation

### **THE TURKS AND CAICOS ISLANDS AIRPORT AUTHORITY (TCIAA)**

Mr. Speaker over the last few years the Turks and Caicos Islands Government has invested heavily in the TCI Airport Authority (TCIAA) by allowing this Statutory Body to retain all excess revenue owing to TCIG. During FY 16/17, the TCIAA recorded Revenue of over \$34 million. This was mainly due to an increase in traffic of tourists over the projected budget. The Expenditure for FY 16/17 was projected to come in at over \$22m.

In FY 16/17, the TCIAA focused its efforts mainly on the redevelopment of the South Caicos Airport. Over the past year, the TCIAA commenced the construction of the South Caicos Airside and Terminal Development. Mr. Speaker I am pleased to announce that the Air Traffic Control Tower in South Caicos is completed and the Airside works are scheduled to be completed by the end of April 2017 and commissioning is expected shortly thereafter.

The TCIAA has been regarded as one of the Turks and Caicos Islands Government's most valuable asset. In the upcoming FY 17/18, my Government will ensure that this asset is fully developed and utilized. The TCIAA is estimated to collect a total of \$39 million in revenue during FY 17/18. This increase is due to the projected 3% increase in both commercial and FBO passenger numbers over the previous year. The TCIAA is projecting that aircraft movement will increase by 10% in FY 17/18.

The expenditure to be incurred by TCIAA in FY 17/18 is estimated at \$24.3 million. This is exclusive of capital expenditure and debt servicing.

As FY 17/18, progresses the TCIAA will carry out the following:

- Continue the Construction of the South Caicos Airside and Terminal works. This is estimated to be completed within an 18-month period following the commencement.
- Resurface Salt Cay Runway and Apron and also refurbish the terminal building

- Strengthen the Aerodrome fire department through the replace of the Fire Turk in Providenciales and the hiring of 31 new fire fighters. This increase in firefighters will assist in meeting the minimum category requirements at the various Aerodromes.
- Increase the number of Air Traffic Controllers this is in reaction to the increase aircraft movements to Providenciales and to ensure that the TCIAA complies with the relevant regulatory requirements.
- Work in collaboration with a third party to develop either a flying school and/or FBO at the North Caicos Aerodrome.

## SOCIAL ISSUES

### **Legislative Agenda**

Mr Speaker the Legislative Agenda has already been submitted to the Attorney General's Chambers. I am certain Ministers will speak to their respective legislative agenda so I will draw attention to those areas not under Ministerial direction but contained in section 10 of the Change Document and I will address them in the order they appear there:

We promised a revisit and continued dialogue with the UK to secure amendments called for by the people of this country. During my visit to the UK in February, I have informed Baroness Anelay that my Government will move forward on this matter.

We committed to the reviewing of legislation and to introduce a comprehensive social legislative agenda.

Mr. Speaker we promised to review critical legislation as a matter of priority including, but not limited to the Crown Land Ordinance, Police Ordinance, Public Service Ordinances and Policies and the Immigration Ordinances. Mr. Speaker these are already in train.

Mr. Speaker, we promised to introduce new legislation to see the return and introduction of several Statutory Bodies. The following pieces of legislation remain priority but the Sports Commission Mr. Speaker has already gained the necessary approval to proceed and this will return this year.

Mr. Speaker following a review of the National Trust and the Road Safety Ordinance, a further determination will be made as it relates to the following:

- Culture and Heritage Commission
- Public Transportation Authority

Mr. Speaker we promised a structured system for consultation and Mr. Speaker as Premier I have already sought and secured the assistance of my Cabinet Colleagues for National Consultation Guidelines that will seek to involve valued stakeholders input in a structured, accessible and meaningful way in accordance with the Statement of Good Governance Principles.

We promised a review of legislation passed by the former PNP Government for which no resources were put in place to ensure its enforcement and delivery of services. We have already received the list to be reviewed and also secured a list of legislation passed in the House of Assembly but for which there is no commencement date. The review of both has already begun.

We believe that an effective and efficient Civil Service is critical to the growth and management of the country. This is why as matter of priority, I have begun a structured bilateral with the Governor and the Deputy Governor during which will address matters affecting the civil service. I have also met with the Executive of the CSA and will meet with the Public Service in short order. We believe as we promised in the Change Document that it is vital to have a healthy dialogue between a Government and its civil service and will therefore support the effective operation of the Civil Service Association (CSA) and will hold structured periodic meetings with this body. We will provide the much needed resources and partner with the head of the public service to secure service level agreements throughout the service in a corruption free environment. We will also address the lingering issue of gratuity, outstanding disputes with former civil servants, payment options, and other issues of interests for civil servants. We commit to open and honest dialogue with the Public Service.

We promised a review of the local Government and I am pleased to say that that review has been budgeted for the first year. We are also committed as stated in the Change Document to identifying a local government model that will seek to strengthen local Government through an elections process in order to have a more efficient and effective micro level management that will allow a decentralization of the Government in a more meaningful way.

And Mr. Speaker we will fulfill our promise to bring the Freedom of Information Legislation.

### **Policy Agenda**

Mr. Speaker I am pleased to say that since coming to Office as Premier, I have sought and received the approval of my cabinet colleagues for the approval of a Central Policy Registry. Mr.

Speaker this will aid in consistency and transparency in policies as promised in the Change Document. This pilot project is now being finalized by staff of the Premier's Office.

Mr. Speaker for the first time Ministers will also be required to provide a Policy Agenda for passage. This Mr. Speaker is long overdue and this Mr. Speaker is a necessary change.

### **People Centered Development**

Mr. Speaker we are committed to people centered development.

We recognize that there is an urgent need for change in all aspects and my Government is committed to realizing change as a matter of urgency and have begun to lay the blocks so that we can impact lives in much more meaningful lives.

Mr. Speaker when I see the suffering of our people I really do wish that I had a magic wand to effect the desired change right away but we will give all in our power to deliver on the change that our people voted for. We are also committed to being open and transparent Government, to fulfill our commitment to meet with you in Town Hall Meetings and in other forums.

Mr. Speaker nothing we face as a people is insurmountable. Many require a little effort, a little resource but all require a change in mind set by us. We must see our responsibility as citizens. We must take ownership and be more responsible in our own life decisions and choices and then as a stakeholder in this country.

We remain committed to nation building and visionary leadership that is people centered.

We remain committed to Island development as many along the chain do not even require much, just a little attention.

We remain committed to community and the addressing of issues by our community.

We remain committed to each individual citizen. We cannot afford to leave any one citizen behind.

We are committed to providing opportunities, the protections and a prosperous future, but it is for you to avail yourself of the opportunity.

## **People Centered Vision Ministry by Ministry**

In the area of border control while there is much to do to address fundamental issues, the vision to elevate the ministry of border control to national security is to have the urgent impact that it is important and when engaged in illegal or corrupt activities, one is putting the national security of this country at risk. We believe that every citizen has a role to play as well be it the national that you have taken out a visa for that you have not seen return, or the labour who you have no work for or the temporary work permit holder who has fallen out of status. Immigration and labour is no game and if we continue along the path that we are on, we will only have ourselves to blame. We are committed to returning students through the Partnership soon to be introduced; we are committed to the employee and employer once you fulfill your legal obligation; we are committed to those who are being wronged on the job be it employee or employer and will make the necessary changes to protect you and ensure that your rights are not trampled on. We remain committed to ensuring that persons are legally residing in this country and that persons who are willing and able to work are able to do so in a free and conducive environment.

We are committed to the building of a healthier nation. We are committed to ensuring that healthcare is not only affordable but accessible to our people. We will strengthen our primary healthcare and begin a nation - wide healthy lifestyle campaign reaching into the schools with a School Nutrition Policy, reaching out to valuable partners and encouraging more physical activity and better diets for all citizens through a new relationship with sports and a strong agricultural policy.

We remain committed to our youth and will strengthen partnerships to ensure that we give them the best opportunity to be the most productive citizens. We are committed to modernizing the curriculum, teaching methods and tools and school plants. We are committed to giving youth the opportunity to develop, showcase and sharpen their creative talents. I especially liked the Education Week's theme "*Success For Every Learner*" In bringing remarks at the start of the week, I shared that "*We must recognize the need to create strategy to achieve the goal – success for every learner. We must acknowledge and realize the fact that people learn differently. We must meet each learner where they are – be it the special need student, the school age or adult learner or the student who learns better with his hands.*" We remain committed to vocational

education, adult training and a College that will address our national educational needs. We cannot ignore trade and certifications for our people.

We have inherited a country with crumbling infrastructure and we remain committed to aggressive road and building repairs. We are committed to addressing the area of energy and to ensuring that we do right by our people.

We are committed to those in prison, under the social services program and other vulnerable of society.

We are committed to the road users and those are crying out for safe, reliable public transportation.

We are committed to the diversification of our tourism product and to ensuring that our product is sound and unique while ensuring that our people are greater benefactors and participants in this number one industry. Make no mistake we are the only Party that truly represents our people in this industry.

## Crime

We are committed to providing a safe place to live and work and I again wish to repeat my report at the First 100 Days Press Conference to ensure that residents get another opportunity to hear of our efforts.

We must address the root causes of crime and to address crime merely by responding to it is to address the effects and not the symptoms. I am convinced that we must tackle the root causes of crime, focus on prevention and rehabilitation if we are to make any headway in dealing with crime.

Since coming to office I have been busy over the past few months talking to inmates, former inmates and young people on the causes of crime.

A few years ago, the Police placed the youth of this country squarely at the center of crime in this country and I recall responding and calling for all hands to be on deck. I made this call from Church platforms afforded me and other platforms that I created. We need to put all hands on

deck and I wish to again as I have for the past four years wish to plead with the people of this country to be a part of the crime fighting initiatives.

Your Government has been holding fast to carrying out the parts of the 12 Point Plan that we can.

### **Police Support Provided and Legislative Agenda Approved**

National Security has been a priority for my Government from day one and my first trip to the UK as promised I made representations on the need for UK support. The UK responded favorably and contracted a team to assess our security needs. Whilst other OTs were included, we were among one of the first and we are grateful. The team came to the Islands and met with various stakeholders and we await the report. We await a response and we are cautiously hopeful. Nonetheless we must learn to sail our own ship and you will see if you looked at the Throne Speech, Blue Print and our 12 Point Plan that those points that are directly under our remit has made considerable strides:

As promised, we have already agreed as a National Security Council the need for a Comprehensive National Security Strategy. This we believe is critical as we seek to share our limited resources in a most effective way by unifying efforts.

As promised, we have already met with the Senior Police Officers in Grand Turk and Providenciales and many ideas were shared and our vision was likewise shared.

As promised we have already agreed to provide the Police with much needed equipment, laws and modern tools. The purchase of the Carlos Simmons Building will provide the Police the adequate space to house modern crime fighting initiatives and a more strategic approach to crime fighting. We have agreed new vehicles, more manpower and a legislative agenda that will see the use of biometrics, fingerprinting, CCTV and data protection, public order, matters addressing communication and a review of the Police Ordinance.

### **Rehabilitation of Offenders**

Whilst we will provide the necessary resources for enforcement, we have also stated over and over again that prevention is critical and so is rehabilitation. We believed four years ago as we do

strongly today and we must ascertain the reasons for crime and that we have done. I have spoken and met with a representative group of those who are incarcerated and those who were former inmates and I have concluded that unemployment, frustration and drugs are at the root of the majority of crimes. My Government has therefore taken a hands on approach and have already prepared an Information Paper for a national rehabilitation and prevention policy which will address skills, employment, entrepreneurship, health and rehabilitative programs for those incarcerated and those with criminal records who find it hard to find employment and support on release. In fact, the Premier's Office already support the CED Entrepreneurship Training for inmates named "Gateway to Hope" and a separate Program for former inmates named "Change Our Future". The public and the private sector will be clear and defined roles on how we can help to reduce the rate of reoffenders and this is near launch. We can no longer shun those who have already paid their debt to society and expect all to be well. We must also recognize the level of drug use in this country from our Schools and up. There are social issues that we must address head on and drug use and abuse is another.

We are committed to supporting the Police and we will do just that through our own efforts and through strategic crime fighting and modern tools all enveloped in a national security strategy. Mr. Speaker, I have elevated the Ministry of Border Control to a national security level to change the mind set of workers and the public as to the seriousness of the work of this Ministry and our commitment to ensuring that we bring the much needed change to this Ministry in terms of resources and reputation.

With a recent lull in crime and recent incidents over the past few days, my mind is settled that we must address the root causes identified as unemployment, drugs and gang related activity.

The challenge of crime is not insurmountable but it can very well be addressed if we all played our part: UK, the Governor, the Police, the Government and you the people. At the heart of much of the success is the role of the people. It has become easy to point fingers at the Police (And let the record reflect no member of this Government while in the Opposition blamed the former Administration for crime. We maintain that Governments can and should do more as this is our home). My Grammy use to say when we point fingers, four points back at us and I will welcome accountability on the part of my Government and I will also seek to keep us as a people accountable. With at least three fingers pointing back, I challenge us on three points:

1. Take charge of your homes and your children. Know where they are; who are their friends and questions where they get things from that you have not purchased;
2. In the words of Bishop CN Williams, “stop buying stolen products”. We will like to assume that all these stolen goods are shipped out of the country but we are part of the problem as we are the ready market for stolen products.
3. Stop shunning those persons who may have committed an offence and who have served time in Prison. Our actions and inactions as it relates to them too often lead them to a life of crime out of sheer frustration, rebellion for a society who has sentenced them to another state of imprisonment forever and their sheer need to live; and
4. Finally, if you know something, say something. Always remember you or your relative or friend can be next.

### **Relationship Building**

Very little can be achieved in these times in this beautiful country without real partnerships and real engagement among critical stakeholders.

I commit to continue to visit and meet with Government ministries and departments, statutory bodies, members of the private sector, professional and civic associations and groups, employees in resorts and generally. We must talk to each other and I look forward to sitting with many of our valued residents in two important meetings: the review of the Investment Policy Statement in such order and the National Symposium in a few months.

I was at a place in TCI a few years ago because I got real tired of hearing the word unity from persons who continued to preach disunity in actions. I am one that can say this boldly as representative politics has been said by many to be a tool of separation. That could not be further from the truth: differences will only be a sign of disunity when immaturity sets in and motives are marred with hate and jealousy. I listened Sunday evening to the General Presbyter of the Church of God of Prophecy (COGOP) on unity and was captured as I felt that he captured what it truly is and is not. Unity ties you and I together but does not call for us to disappear in our

opinions but to realize that differences will happen but we ought never to allow it to deepen enough to affect unity.

### **Danger of disunity**

There is a national danger when immaturity prevails and when persons set out to be destructive in their criticism and not constructive. Motives are often worn on sleeves and the tone and spirit is oft times revealed.

Mr. Speaker, I am seriously concerned that the flagrant rhetoric of the PNP Party. Criticism for passage of early supplementary bills and Bribery Bill when their earliest passage of legislation was financial regulations and laws including proceeds of crime amendments, taxes and more taxes and the ever important Dog Bill and Holidays Bill. It is also sad that the approach taken is so contrary to the approach we took. Our first act in Parliament was to make representation on behalf of the Premier as it related to benefits to the Office and then to join the Government in the fight against VAT all within the first 100 days. Oh what a sad difference. We are calling on the Opposition to reconsider its strategy for the good of the country. We are not discouraged by these acts but are saddened for our people who are being misled in too many respects and overwhelmed with misinformation and immature political tactics.

There was a recent criticism of my Government for approving for continuance projects that we supported while in the Opposition and the implied suggestion is that we should not have kept former Government Projects. Changing projects that we agree were important is petty and immature. How do we tell the people of Bottle Creek that their Clinic cannot progress because it was a PNP Project?

Change can never happen overnight and in fact even a change of Government did not. We must continue to manage expectations when the PNP has now chosen to toy with our people's emotions by calling for changes in 100 days that their government did not do in at least 1,460 days.

The 'us' versus 'them' rhetoric as it relates to developers demonstrates immaturity. We are elected to make life better for our people and we know that this can be achieved through open and transparent engagements with the business community. We cannot as visionary leaders believe

that we cannot and must not engage investors and developer. There may have been in the immediate past the fear that deals will be made in the dark and our people will be left out, but it is so important to recondition our minds and know that things are different and while it may appear that the former Government were just marking time on spot, any movement now is seen as suspect even by the PNP.

## **NEW GOVERNMENT'S MESSAGE**

### **On The People's Job**

I wish to send a strong message as the elected leader of this Government. Mr. Speaker, my Government be about the people's business and on the people's We will shortly announce dates for our first set of Town Hall Meetings and we welcome residents to attend when we are in your Islands.

My doors are open and there will be clearer notices on how to meet with me as there are too many choosing winding paths to a wide open door.

Since coming to office I have met with scores of people: residents, investors and potential investors. No one seeking an appointment has been turned away but may have been subjected to an unusually long wait as one can imagine the request for meetings with a new Premier has been in high demand. Too many were surprised and honored to have been given the opportunity to meet the Premier and in the majority of cases someone that they voted for and sent to this Office: that cannot continue to be the norm.

### **TCI Is Open for Business**

Likewise the doors of this country are open.

My Office is committed to the review of pending development together with new proposals and through Invest TC is keen to ensuring that the process is an inviting and not frustrating one. The Premier's office will in short order fulfill our campaign promise and appoint a Business Liaison person in the Premier's Office.

As Premier of the Turks & Caicos Islands, I chose today to respond to a letter published on the Caribbean News Now Website on 31 March, 2017 and again last weekend.

Whilst I have strong reasons to believe that this is a fictitious person, I believe the content requires a response as our Islands deserve a fair opportunity to grow and certainly with the aid of investors. This approach certainly can have a negative impact on the future of our country and so I chose to respond on this platform.

As the Head of elected Government and as Minister of Investment, my Government has been working hard to ensure that Turks and Caicos Islands is not just said to be open for business but is truly open for business which means that our policies, procedures and processes should be friendlier and not onerous.

As Premier and Minister for Investment, I am personally committed to making sure that all consumers of Government services are served at the highest standards ensuring efficiency and excellence in services offered.

I must turn my attention to the references made to the AG's Chambers who one would know only acts in accordance with the instructions given to them by Ministers. Their role is, like any lawyer, to give advice to Ministers and then act on instructions. It is notable that although the writer criticizes the Government and its lawyers for failing to honor agreements, she does not identify a single example of this supposed approach the Government is alleged to have taken. It is certainly true that the former Government has, following the Commission of Inquiry Report, had to act to set aside or modify certain development agreements and other land transactions made by a previous administration; but in the light of the findings of the Commission, the Government hardly had a choice in doing so, and if it had not acted, it may have been subjected to justifiable criticisms regarding its failure to act against such "bad" deals. The Government's success in litigation involving such deals has been good, with another case won in the Privy Council just last week, and millions of dollars and thousands of acres of land recovered, and a number of bad agreements highlighted by the Commission either set aside completely or re-written to the benefit of the Islands. Regrettably the writer is not as well informed as she should be and I wish to offer a correction to the assertion in the Article that the money under the 5th supplementary estimate brought my Government to settle litigation had nothing to do with a development agreement or dispute with a developer. In fact, it was a longstanding matter in respect of a Government employee who had sustained injuries during the course of his employment.

It is my hope and the hope of my Government that Investors would not be discouraged in any way by the writings of some anonymous and identified writers and would seek to invest in our Islands as we better the experience and create an even more favourable and supportive economic climate which is the Turks and Caicos Islands. We can promise any law abiding investor whose plan includes dealing fairly with the people of these Islands that they will be welcomed with open arms.

## **Conclusion**

The 2017/18 Budget and FSPS are representational of the priorities of the TCIG. Rome was not built in a day but a foundation had to be laid. We know that we are off to a great start and will over the next 3 years and 9 months will address each promise in the Change Document and Throne Speech one by one, ministry by ministry. These are not mere words as each Ministry will be positioned to share its four year plans in short order.

This Budget provides an overview of the Government's revenue and expenditure plan for the fiscal year April 1, 2017 to March 31, 2018.

Accounting Officers are being reminded to ensure that the Government's policies are appropriately executed and that they remain within the amounts approved by House of Assembly. Likewise, this is a document that we too should be held accountable to. We must hold ourselves accountable and we must not become upset when people seek to hold us into account even when and if it is done out with the wrong motives.

I consider this an honor and a privilege to have presented this country's 40<sup>th</sup> Budget.

I believe that God requires much of us -- and I believe that He is hearing the prayer of the faithful. But I believe that to whom much is given much more is expected and that we must make those decisions that seek to elevate God to His rightful place in this country.

We reach out to our people and ask that we ready our minds for the change that will come. We are all in this together either we hang together or we will hang separately.

There is too often too much discord among us and this is more personality than anything else. There is equally too much discord among us as a people likewise. But I can say one thing that is

certain and it is that those who have made their role known as a distractor or a strife maker or those who are quick to sow discord will be shocked when the change happens around them because it will come. These times call for serious work and the need to avoid distractions.

With God's help - His guidance and protection we must serve our people with our very best. We must serve with fear and reverence as unto God because the fear of God is the beginning of wisdom. I pray for us all and these Islands that we will move with conviction, remove ourselves from acts that will bring us down, recognize the power of choice and the responsibility to make decisions that will impact us as individuals or from positions of leadership decisions that impact us all. The weight of being a part of running a country must rest heavy on us in this Hon House likewise must the weight of the parent of raising a country, we must see why we cannot allow petty differences to cause our country to lose. Unity does not mean we disappear in opinions or that one role is more important than the other but that we respect each other's opinion and respectfully disagree and compromise when possible and above all help each other.

To serve in this Hon House is a privilege and an honor. We must all step up and prepare ourselves for this critical role that we have been asked to play. We extend the olive branch to the Opposition and look to the many times that you will be called upon to share your opinion, give your input or critique.

*He  
shown*

*has  
you, O*

*mortal, what is good. And what does the LORD require of you? To act justly and to love  
mercy and to walk humbly<sup>[a]</sup> with your God.*

May God bless us all and may God bless these Turks and Caicos Islands