

MINISTRY OF FINANCE, INVESTMENT AND TRADE

2016/17 Budget Presentation



“Continuing the Progress; Renewing the Prosperity for the Turks and Caicos Islands”

by

**HON. CHARLES W. MISICK, O.B.E.; J.P.
MINISTER OF FINANCE, INVESTMENT & TRADE**

“CONTINUING THE PROGRESS;

RENEWING THE PROSPERITY FOR THE TURKS AND CAICOS ISLANDS”

BY THE

HONOURABLE CHARLES WASHINGTON MISICK OBE, JP

MINISTER OF FINANCE, INVESTMENT AND TRADE

IN THE ANNUAL BUDGET DEBATE

2016 MARCH 17

Mr. Speaker,

Honourable Premier, Colleague Ministers, Honourable Members,
good day.

As I rise to present the 2016/17 budget I am patently aware of the moment in the history of our country at which we as a nation and as a government have arrived.

I am aware that this Budget Debate takes place in an increasingly volatile and uncertain complex world – a world of new challenges and opportunities, a world where the expression that “**change is the only constant**” has never been more true, Mr. Speaker.

Despite the many positive changes that the government has made, I am aware that TC Islanders want change to happen at a faster pace.

I am aware that within the chest of every resident and citizen of, this our beloved Turks and Caicos, beats a heart that is bound up with much hope and aspiration.

They are also filled with genuine concern and wonder as to his or her future within the scheme of national development upon which this government is well embarked.

I am therefore charged Mr. Speaker with a full understanding of the importance that will be placed on this presentation – not only by my government and those who support it – but by those who are

perhaps likely to be critical of the words I will express and of the details I will present.

Nevertheless I make the following commitments.

Firstly, that this presentation is reflective of that aspiration which unites all of us as Turks and Caicos Islanders; a desire that we will become in this our beloved country – our better selves.

That we will continue to be confident that we have a government that has our best interest at heart and a government in which is reposed the skills, expertise, experience and willingness to do what is right in the best interest of the Turks and Caicos Islands.

Secondly Mr. Speaker, that we are that government – and this is the presentation that places **premium value** on all that is best for the national interest of our people.

Mr. Speaker, this presentation will be pragmatic, truthful and appropriate.

This presentation focuses on the deliberately developmental approach of this government. It will outline **the roadmap** that will be used as Turks and Caicos Islanders determine together that we will be **“continuing the progress”**.

Mr. Speaker,

Before I proceed let me again place on record my gratitude to the following persons:

Firstly, to the Premier and Minister of Health, Agriculture and Human Services and District Administration – I express my sincere thanks to you for the confidence you have reposed in me to lead this important portfolio as part of your Government.

I similarly express my gratitude to my Ministerial Colleagues who have provided support and understanding as well as a rich partnership which has allowed this Government to score these achievements for our people.

Mr. Speaker, to you and the Deputy Speaker I am particularly grateful for the guidance which you provide to all of us and to me to make the process of doing the people's business an easier affair than otherwise it might have been.

I express my gratitude to the Governor, Deputy Governor, Chief Financial Officer (CFO), to the Accounting Officers and to the staff throughout the Civil Service.

To each of you I continue to express my sincere appreciation for assisting the government in carrying out our policies and programmes on the people's behalf.

To the Board of Directors and the Chief Executive Officers and their respective staff at the:

- Turks and Caicos Airport Authority
- Turks and Caicos Islands Port Authority
- National Insurance Board
- National Health Insurance Board
- Invest TCI
- And Civil Aviation Authority and the staff of all the areas for which I have direct Ministerial responsibilities, I am thankful for your continued investment of your service to this country.

Mr. Speaker – I especially express my gratitude to the hard working Permanent Secretary, and her dedicated team at the Ministry of Finance, Investment and Trade.

They have provided incalculable support throughout the year and in the preparation of this Budget. These successes were achieved with your contribution and as the Minister I am particularly grateful to each of you.

Of course Mr. Speaker we are here representing the people of the Turks and Caicos Islands and to them I express very special thanks and dedicate to them and for them this Budget which is designed with their interest at the very centre of our deliberations.

Mr. Speaker, this Budget for the Financial Year 2016/17 is historic in its very nature.

It is the first Budget being presented since we have paid off – in full – this past February – the 170 Million Dollar Bond that was guaranteed by the UK Government that had been incurred before this Administration came to office.

This singular achievement Mr. Speaker, has set in train a situation in which our government is able to not only continue the National Development Priorities – but by virtue of the repayment of that Debt – the threshold for which our Permanent Secretaries can commit resources to pursue our development now stands at \$75,000.00 Dollars.

Mr. Speaker, that amount is up from \$10,000.00 Dollars under the previous situation.

At the same time Mr. Speaker, arrangements are underway to repeal the CFO Ordinance and make redundant the position of the CFO in the short term.

Mr. Speaker, this achievement confirms that we are regaining autonomy to govern and direct our own affairs.

Mr. Speaker, that is Progress and we are intent upon “**Continuing the Progress**”.

The Situation we found in 2012:

Mr Speaker, when we came to office there had been a cut in the salaries of Public Sector Workers by a severe 10 per cent.

We were dependent not only on the 170 Million Dollars Bond and other debt, but our affairs were closely monitored and supervised by officials from the United Kingdom.

In a sense we had lost the autonomy to which we had become accustomed.

The very way of life, the subsidies, the allowances, the services that our people were accustomed to and which were important to enhance their quality of life had been reduced or jeopardized. (These are gradually being judiciously re-instated.)

Our International donors, sponsors and the rating agencies kept close watch.

In a sense it could have been said that we were in the Intensive Care Unit.

The Early Decisions we had to make:

When we came to office we found a situation of Economic Risk. We took the bold and correct decision to design a roadmap that moved us **from Economic Risk to Economic Resilience; FROM DISTRESS TO SUCCESS!**

Today we can proclaim that the mission of economic resilience has been accomplished.

Mr. Speaker, for the record it is important that I outline how we accomplished that Mission.

We utilized a multifaceted approach

1. We restructured the Revenue Base
2. We Improved our Revenue Compliance Measures
3. We increased our marketing activities, for the destination
4. We stimulated economic growth, by improved investment incentive - therefore moved from negative Growth to positive growth year on year of 4 per cent
5. We emphasized Transparency and Accountability measures through the Public Financial Management Reform Process
6. We restored Investor Confidence into the Economy
7. We expanded Providenciales International Airport to increase the airlift capacity contributing to a robust increase in Tourism Arrivals

In other words Mr. Speaker we performed a delicate balancing act – exercising Fiscal prudence while faithfully seeing to the needs of our citizens and putting in the required measures to fix the Economy.

Mr. Speaker, today we can proclaim that we have taken the Economy closer to where it should be. We can now proclaim that the Economy is at a point where we have achieved Progress.

That is an assertion that is supported by the certificates of approvals and accolades from the International Credit Agency which rates our Economy at Triple "B" Plus, The UK Government, the EU, and the IMF. The outcomes have confirmed that achieving a Culture of Productivity and of Business Transformation are key steps towards Economic Growth and Development.

Mr. Speaker, we must "**Continue the Progress**" in providing our residents with the tools, skills and environment which they need to support their own successes, their self-actualization and achieve that Prosperity which each and every resident of the Turks and Caicos Island deserves.

Mr. Speaker, the residents of this country would understand only too well that when we came to office there were some serious challenges. Challenges which we had to tackle and tackle immediately!

There were hard decisions that any responsible government would have had to make.

We chose the path of sustainability. We chose a path which would ensure economic growth and prosperity going forward. Others perhaps would have chosen the “path of least resistance”.

A path which perhaps may have helped in winning political rewards easily but in the long-run the country would have suffered. Some would have taken a path for political popularity. We took the path of long term progress and a pathway to prosperity.

The Budget which we are presenting here today to the people of these Islands therefore represents sustainability.

It represents the results of their sacrifice over the last three years and seeks to build on their support for this government in steering the correct course and **“continuing the progress”**.

Continuing the Economic Progress and Development

Mr. Speaker, I turn my attention to the economy and I will take some time to put everything into perspective.

In a release in January of this year, the IMF is projecting global growth at 3.4 percent in 2016 and 3.6 percent in 2017.

The IMF is projecting that economic growth in advanced economies will rise by 0.2 percentage point in 2016 to 2.1 percent, and hold steady in 2017.

Mr. Speaker, the IMF is forecasting that “overall activity will remain resilient in the United States, supported by still-easy financial conditions and strengthening housing and labour markets, but with dollar strength weighing on manufacturing activity and lower oil prices curtailing investment in mining structures and equipment.”

It is projected that growth in Japan is expected to firm in 2016, on the back of fiscal support, lower oil prices, accommodative financial conditions, and rising incomes.

Mr. Speaker, the IMF is projecting that growth in the emerging market and developing economies will “increase from 4 percent in 2015—the lowest since the 2008–09 financial crisis—to 4.3 and 4.7 percent in 2016 and 2017, respectively.”

Mr. Speaker, in turning to the domestic economy I again remind this Honourable House and the people of the Turks and Caicos Islands that when my government took office in November, 2012, we met an economy that was in an extremely fragile state, we met a bond that was set to retire in 2016.

We were partially aware of some of the conditions attached to this \$170 million bond, but we had no idea of what we were up against.

However, we were optimistic that if the people elected us, we would be the government that would be able to bring this economy to the point where the \$170 Million Dollar bond has been paid off and the economy is forecasted to grow by more than 4 percent over the next three years.

Hence, Mr. Speaker, we are now able to provide the necessary infrastructural needs and we have brought this economy to a position whereby the necessary programs which our citizens so badly need can be implemented.

Mr. Speaker, let us not forget that there were persons who felt that we should have defaulted on the loan agreement, there were persons who felt that we should not have implemented, nor continue the process of reforming this economy.

But Mr. Speaker, contrary to some person's belief, the loan was not just going to go away, so as a government we had to ensure that we provide the necessary needs of our people, while at the same time ensuring that we met our financial obligations.

Mr. Speaker, it would have been easy for us to take the path of least resistance, which would have led to failure in the long run but we did

not invest in the politics of failure, nor entertain the thought of inability.

This Administration understood that our people felt that we had what it took to turn the situation around and as a result of this confidence we applied ourselves to the task at hand.

We implemented the necessary reforms which best suited to our circumstances here in the Turks and Caicos Islands.

As a result of this Mr. Speaker, our people now have a chance to resume our march towards Prosperity. A march secured by the fact that we are a country that is economically viable and is destined for even more growth going forward. Moreover Mr. Speaker, we are now a country – stronger for the experiences we have overcome and a country that is now characterized by good and transparent governance.

Mr. Speaker, it is now widely accepted that we are now a country with an economy on the rise. Our International Partners, the UK Government, the Rating Agencies all feel that this success is partly attributed to the bold and correct policy interventions by the Turks and Caicos government in implementing the necessary reforms which helped to spur economic growth.

Mr. Speaker, economic growth, contrary to some person's beliefs does not just happen; governments have to implement the necessary reforms which spur economic growth.

If you would check most of our Caribbean neighbours Mr. Speaker, you will see that there are programs in place which is designed in most cases by the IMF to pay down on their debt and trigger growth in their economies.

Mr. Speaker, in our case we decided that we would implement the necessary reform and we were successful in turning this economy around.

Mr. Speaker, I want to remind this honourable house again of the words of former President Ronald Regan when he said that a "rising tide floats all boats."

Mr. Speaker, we have an economy that is performing well and multiplier effect of this performance is now being felt by other areas of the economy.

We have the necessary safeguards in place and will be legislating and implementing more safeguards, to ensure that our citizens benefit from this economic performance.

Mr. Speaker, weaker oil prices should reduce the cost of energy imports, while at the same time keeping inflation subdued. The Strategic Policy and Planning Department has indicated that the

average rate of Inflation should remain at less than 2.5 percent in 2015 and 2016.

This will help to increase the level of household spending on non-energy goods and services in the upcoming years. Mr. Speaker, the brightest spot for the TCI economy is the Hotel and Restaurant sector, which will continue to be the main driver of economic growth in the next few years.

This sector was estimated to have contributed 39 percent to the economy in 2015.

Mr. Speaker, US citizens make up on average about 80 percent of total tourist arrivals to the Turks and Caicos Islands, and a stronger US economy should result in greater number of visitors to these Islands. This should also increase private consumption and boost investment in the hospitality industry as businesses expand their capacity.

Mr. Speaker, increased performance is being realised in Real Estate, property rental and associated business activities; mining and quarrying, manufacturing, Public Administration and Defence.

Construction output, which is closely linked to capital investment in the Tourism sector, is showing strong sign of increase going forward.

Mr. Speaker, we have however been warned that these projections for the Turks and Caicos Islands economy are hinged on the

government of the Turks and Caicos Islands continuing its focus on short-run macro-economic management which will complement its long-run development policy initiatives.

This stable macro-economic environment should involve maintaining fiscal surpluses and exercising financial prudence, diversifying the economy, low rates of inflation which is currently estimated at less than 2.5 percent and maintaining low levels of internal and external debt.

Mr. Speaker, this can only mean that this government must continue in the driver seat. Mr. Speaker NOW IS NOT THE TIME FOR IRRESPONSIBLE GOVERNANCE!

Mr. Speaker, this Budget must be linked to all the fiscal measures which was necessary over the last few years, which has allowed us to now be in a position to experience significant economic growth going forward.

This budget has therefore been designed to speed up the process of giving economic power back to the people of these beautiful islands.

Mr. Speaker, I am confident that the pledges made in this 2016/17 budget can and will be achieved because the people of these

beautiful Islands decided to put their affairs in safe and competent hands.

Mr. Speaker, the people decided in 2012 that they wanted a government who would be able to make the necessary tough decisions but make the decisions which would bring us to this point where we are today with having an economy that is on track to experience significant economic growth.

Mr. Speaker, during the 2015 calendar year, imports were estimated to have increased by approximately 1 percent, with fuel costs down by 30.8 percent, imports of food up by 8.3 percent, and imports of Machinery and Transport Equipment up by 54.6 percent.

The average rate of inflation as stated earlier is estimated to have remained below 2.5 percent, due to declining average prices for fuel.

My government has been focusing on building an environment of confidence, with the necessary safeguards where businesses and consumers have confidence in the economy.

Mr. Speaker, our focus has always been on providing a strong and sustainable economy. Because we know and we want our people to understand that if they have a strong economy with the necessary legislations and safeguards, then they would have better

prospects for jobs, better educational opportunities and a better overall standard of living.

Our people want improved business prospects and increased entrepreneurial opportunities. That is why Mr. Speaker, we have introduced Invest TCI and is increasing the opportunities for the SME sector, to provide greater opportunities for the people of these islands.

Mr. Speaker, there are persons who would seek to trivialize our efforts in being able to turn this economy around and in being able to pay off the \$170 million bond.

Mr. Speaker, we have been able to show the rest of the region and the world that the Turks and Caicos Islands through hard work and working together as a nation can achieve success even when the odds seem stacked against us.

The Design of the 2016/17 Budget:

Mr. Speaker, earlier I alluded to the fact that this Budget is a historic one. I highlighted the fact that the repayment of the 170 Million Dollars loan has led to the increase in the threshold which can be committed by our Permanent Secretaries.

It also means that this Budget, more than the previous ones, must reach if not surpass the established standards for:

1. Credibility
2. Transparency
3. Predictability and control in Budget Execution
4. Accounting, Recording and Reporting Mechanisms
5. Meeting External Scrutiny and Audit Functions
6. Achieving the continued support from our donors and partners including the European Union and the International Rating Agencies which now rates our Economy at Triple “B” Plus (BBB+)

Additionally Mr. Speaker, this Budget must reflect clarity and cohesiveness and must reflect Policy-based Budgeting.

I humbly, though confidently submit – that this Budget meets all of those conditions. It is a Budget designed for us to “**continue the progress**” already achieved over the last three Budget Years.

Mr. Speaker,

Government receipts are projected at \$ 255.7m; recurrent receipts \$250.9m and non-recurrent receipts - \$4.8m;

The Capital Budget for the 2016/17 Financial Year is estimated at a Total of \$37.0m. The Recurrent and Non-Recurrent allocation for the

financial year is \$215,181,289. As is customary it is broken out across the key Ministries as I will now summarize.

Ministry of Infrastructure, Housing and Planning

This Ministry has been allocated 10.6 per cent or \$26,873,902.61 of the total Budget.

The key Capital Projects to be financed during the 2016/17 Financial Year include:

- Critical Physical Infrastructure Development Projects such as Roads and Culverts.
- The Green Initiative Programme
- The National Physical Development Plan

Ministry of Education, Youth, Sports and Library Services

This is an important Ministry that is key to the Human Development Potential of our nation. The services it provides are crucial to the continued training of our youth and emerging professionals. Mr. Speaker, it is they who will comprise the next cadre of professionals and the custodians of our future growth and development.

This year this Ministry has received 13.91 per cent or \$35,079,235.27 of the total Budget.

Capital projects covered will include:

- Continued Upgrading of the Physical Infrastructure of our schools
- Upgrading of Sporting Facilities
- Upgrading of the Training Curriculum

A further total of \$15 Million Dollars is to be invested through the European Union to strengthen our Primary Education Infrastructure.

Ministry of Finance, Investment and Trade

Mr Speaker,

This Ministry for which I have been entrusted the direct responsibility has received 10.0 per cent or \$25,339,915.81 of the total Budget. The projects to be financed out of this allocation during the 2016/17 Financial Year include:

- Property Acquisition
- Caribbean Development Bank related activities

Mr. Speaker, I believe it is important at every step of the way to inform and educate the citizens of this country as to the nature of some of the large scale projects which have been previously announced and for which monies have previously been allocated.

Many across the society will appropriately ask why these projects have not yet been completed. There are some key reasons for this and I will address them directly.

Large Scale Public Sector Projects (one such project was the North Ridge Road)

One is a genuine need for us, as a people and as a government, to continue to develop the capacity to implement the projects that are identified and approved to enhance our economic development.

Another key reason is that while we strive for rapid economic growth and development we must always bear in mind that being an Archipelagic State requires an ongoing focus on protecting our unique environment and achieving sustainable development.

Therefore, large scale hotel and related projects must be properly planned.

In some other cases – and linked to the previous point – there has been the need for facilitating legislation which have largely been dealt with in the previous two years.

Private Sector Projects

Let me emphasize that it is not an issue of confidence from foreign and local investors. Rather it is the very nature of large scale investments to move from concept development and appropriate

planning, through to ground breaking and then project completion that takes time.

My government intends to pursue these projects aggressively but we will do them properly in the best interest for the long term development of the Turks and Caicos Islands. We must carefully consider the longer planning cycles that these projects involve, the due diligence needed as well as consideration given to any environmental impact these projects may have.

I can however report to this House that by the end of the Second Quarter we will see the commencement of some of these projects.

Ministry of Health, Agriculture and Human Services

The Ministry of Health, Agriculture and Human Services has been allocated 26.37 percent or \$66,526,334.55 of the total Budget.

The capital resources, Mr Speaker, will go primarily to the continued upgrading of Health Infrastructure as well as for projects aimed at Agricultural Development.

Mr. Speaker, with respect to Health the objectives of the approach include:

- Provision of better quality health care services within the TCI

- Better coordination and monitoring of the types of services received by our nationals and the amounts to be remitted by the government for these services
- Better determine the sets of medical supplies and related inventory required to ensure that more of our people have access to quality primary health care before more serious and harder to treat illnesses develop

Mr. Speaker, with new illnesses such as Chik-V, Zika Virus and H1N1 becoming more frequent threats to the Health and Safety of our people – we as a government must be proactive and responsive.

These measures and the additional resources allocated will go a far way in “**continuing the progress**” already achieved in this critical area of Human Development.

Ministry of Home Affairs, Transportation and Communication

The Ministry of Home Affairs, Transportation and Communication has received 4.83 per cent or \$12,178,538.94 of the total Budget.

This amount include expenditure for the following projects:

- Upgrading and reconstruction of Fire Halls
- Acquisition of additional Fire Equipment
- Investments in reform programmes
- Upgrading of Post Office Infrastructure

Mr. Speaker, in addition, we have increased the minimum stipend for social welfare benefits by 50 per cent.

Contribution to Provo Children's Home nearly doubled.

For the first time TCIG is making a financial contribution to the Red-Cross.

Ministry of Tourism, Environment, Heritage and Culture

Mr. Speaker

As is well known in this Honourable House of Assembly, our Economy is heavily dependent on Tourism. The Budget for the 2016/17 Financial Year reflects an allocation of 3.28 per cent or \$8,272,286.09 of the total Budget.

The Development Fund allocation is specifically designed to finance the expansion and development of facilities and infrastructure.

This will be done to showcase cultural and heritage activities as we continue to diversify our offering to the visitors to our nation as well as to ensure that we retain the fabric of who we are as a people for the benefit of our youth and future generations.

It is also to be understood that the allocation in this Financial Year complement amounts previously allocated for projects that are in various stages of the Planning Cycle.

Ministry of Border Control and Employment Services

Mr. Speaker,

The Ministry of Border Control and Employment Services has been allocated 3.19 per cent or \$8,058,644.76 of the total Budget. This amount will be used to finance projects such as:

- Building and Skills Audit Assessment

Major Public Sector Expenditure 2016/2017

Mr Speaker the remaining \$69,912,431 or 27.72 per cent of the total Budget will be allocated to the non-ministry departments and grants.

The major capital projects earmarked for implementation over the next two years are:

- Mental Health Home Phase II - \$650,000
- Government Office Block – XSC - \$700,000
- National Physical Development Plan - \$1m
- Wheeland Civic & Recreational Centre - \$1m
- Post Office Redevelopment - \$1.1m
- Wellness Centre Phase II – \$1.4m
- Fire Halls for TCI - \$1.6m
- Bight Fish Fry and Cultural Village - \$1.7m
- Community Clinic – Bottle Creek - \$1.8m
- Construction of New Block- Eliza Simon's Primary - \$1.8m
- Police Boats - \$2m
- Blue Hills Master plan and Board Walk - \$2.1m

- HJ Robinson Rebuilding Works - \$2.2m
- Long Bay Phase III - \$3m
- Upgrading of Schools (Technical and Vocational Schools)-\$3m
- Lighthouse Road - \$3.3m
- Road Development - \$6.1m

Mr. Speaker, the overall capital programme is designed to contribute to increased Economic Growth and Employment throughout these islands.

We are aware, as I have referred to earlier, that historically there are challenges related to the full implementation of the Capital Programme.

Therefore, as I alluded to earlier, we have proposed in the 2016/17 Financial Year to expand the Strategic Policy and Planning Department to include two new units.

Additional posts are to be established to enhance the “capacity to implement and successfully conclude large scale projects”. A Project Manager, Policy Analysts and Technical Assistants are among the posts to be filled.

That expansion is intended to provide better planning, sequencing and scheduling of the various aspects of key large scale projects. This will provide a “nerve centre” if you will that will determine the

types of skills sets that will be needed early to successfully complete these mega projects.

One of the benefits of this approach will be better coordinating mechanism that will help young people and emerging professionals to determine the areas through which they should pursue Tertiary Studies and other Professional Development and Skills Development Training Programme.

This will result in more Turks and Caicos Islanders being fitted and able to take up the better paying jobs that will emerge from these and other projects.

In other words, over time this unit will be able to ensure that the required human and technical resources are available within the Turks and Caicos Islands.

Or can be quickly identified and deployed to fast track and achieve successful project implementation.

My government is therefore very confident that the implementation challenges that have been experienced in the past will be overcome and that we will achieve at least more moderate success.

Support to Business Formation and Development:

Mr. Speaker, my government is mindful of the fact that when Micro, Small and Medium Sized Enterprises Grow the Economic Growth and Job Creation Performance is even stronger.

In an effort to support this critical area of the real economy we have provided an allocation in this 2016/17 Budget of a \$1.5 Million Dollars Fund to assist with the establishment of new businesses.

Mr. Speaker, this is separate and apart from the projected import duty concessions to be granted in this financial year, implemented specifically for the MSME programme to the tune of an initial \$1 million. Mr. Speaker, the somewhat flat projected revenue from custom's duty reflects this expectation as these concessions have been netted off any projected growth.

Therefore, a total of \$2.5M has been approved as direct financing toward the programme set to commence on April 1, 2016. Mr. Speaker, all in an effort to assist those businesses through their infancy.

Such a move not only unleashes the entrepreneurial spirit of Islanders but also provide a platform for job creation and to spur additional economic growth.

Mr. Speaker, this is an area in which we will be **“continuing the progress”**.

Recall that we had taken the decision previously to cut by 50 per cent the Business Licensing Fees. The reduced costs and greater efficiencies associated with doing business within the Turks and Caicos Island are catalysts for Growth, Development and Job Creation.

Mr. Speaker, we will be **“continuing the progress”** throughout this upcoming and subsequent Budget Cycles.

While at the same time allowing personnel across the Government to better monitor the deployment of skills and assets and keep track of the adherence to Planning Guidelines agreed prior to the start of large scale projects.

Improving access to information and the provision of seamless services will be a major enabler across all major policy areas and throughout Ministry, Departments and Agencies.

Central Information Technology Unit:

In this regard the work of the Central Information Technology Unit (CITU) is integral to our objectives.

Mr. Speaker many of the projects which were outlined in the 2015/16 Budget Year are being continued in the 2016/17 period. Most if not all are ongoing projects designed specifically to **“continue the progress”** of Transforming Government.

CITU is currently looking at all the systems in TCIG to gather information on their processes automated or manual to get an idea on where IT can bring increased productivity and efficiency.

Capital projects have been earmarked for the development of systems in a few ministries/departments such as Ministry of

Immigration Border Control and Labour and The Revenue Control Unit.

CITU is working closely with these developments which seek to bring a greater online presence for the services provided to the public by those offices.

Mr. Speaker, we have also re- launched the www.gov.tc portal so it is now the go to portal for all information. Very soon in addition to information – services of the Turks and Caicos Islands Government will also be available on this state of the art first class Digital Portal.

Many of the departments now have an online presence and we continue to expand the number of offices hosted so that their information is accessible to the public.

Some of the sites already completed cover information that will provide lifesaving information with respect to Disaster Mitigation, Prevention and Management as well as Public Health Resources.

Mr. Speaker, CITU has given specific attention to The Ministry of Education with concentration on IT in the schools.

We have implemented a standard across the IT learning platform for all public schools.

With the help of private donors and the Ministry we are **“continuing the progress”**.

Mr. Speaker, we are now experiencing a level IT infrastructure for all the public schools in TCI both primary and secondary.

For example, expansion on the Multipoint™ Server environment gives students access to the latest Microsoft software. They can now benefit from material which allows the students to develop new skills outside of the traditional curriculum which are offered in schools.

Mr. Speaker we intend to keenly champion this area as increasingly higher earning jobs across the Globe depends on the Cultural and Intellectual Industries.

Platforms and services such as this one locate the students of the Turks and Caicos Island at the centre of this Global Development.

CITU will to continue to work with Ministries/department to look for more efficient and productive ways for TCIG to conduct business with IT as the driving force.

Recent improvements in the ICT Systems the Internet Service has been better than it has ever been. The obvious benefits to the society and economy are evident.

Mr. Speaker this Government will “continue the progress” of Economic Growth and Development through the ongoing Transformation of Government Services.

Of necessity this includes a new array of Legislation that facilitates Economic Growth and Development, enhances the national identity

of our Turks and Caicos Islanders and communicates effectively to foreign investors that we are ready for Twenty First Century Business and Investment.

Mr. Speaker – I will only list a few elements of this new Legislative Array.

This government recognizes the need for Law and Order and the protection of the citizens of this country. We are achieving this through the passage of a record number of Legislations.

The new Credit Union Bill that will come before the House before the end of the First Quarter is among the new Legislation being considered.

There are also:

- The Statute of Limitations Bill
- The Insolvency Bill
- The Consumer Protection Bill
- The Food and Safety Bill
- The new Companies Bill
- The Trust Bill among others

Mr Speaker, as a player in the Off Shore Financial Services Sector the TCIG remains committed to the objectives of the Global Forum. We are largely compliant to all of the requirements of the Global Forum.

Changes and Improvements at the Port Authority

Mr. Speaker, a key area to promote and support our Economic Growth Priorities is the development of our Ports and related facilities.

Over the 2015 /16 Financial Year, many improvements have been achieved. Many others will be continued as we **continue the progress** with the expansion of the Physical Infrastructure and supporting services at the Port Authority.

These include:

- The installation of new automatic gates and Providenciales and Grand Turk Ports
- The restoration of CCTV at the Providenciales Port – recall that these had been destroyed by Hurricane Ike in 2008
- The improvement of the Security requirements within the Port Facilities Security Plan
- Reinstatement of Ladder at Main Pier, Grand Turk which enhances the customer experience for Ferry users
- The South Dock Providenciales Redevelopment is ongoing

Mr. Speaker, the Ports Authority will continue its several initiatives to improve infrastructure and service delivery.

One such project which is critical to the operation of the Ports Authority is the dredging of a turning basin at South Dock Providenciales.

That project will commence during the first quarter of 2016/17. This turning basin will be dredged to 18 feet which would enable safer manoeuvring by larger vessels in particular.

South Dock Providenciales Redevelopment Project will continue to be the main initiative for the Authority 2015/2016 and subsequent two years.

The development will be partly funded from surpluses that are being retained by the Port Authority with additional funding from external sources.

Mr. Speaker, I am highlighting these improvements as collectively they place our Port Facilities at a state of higher utility and efficiency in keeping with Global trends in logistics and port facility management requirements.

A project has been identified to enhance Port Security for containers entering and leaving the Ports.

The additional works to “**continue the progress**” include:

- Expansion of the Administrative Building, piling, paving, drainage, lighting, fencing etc.
- Weigh Scales – Grand Turk Port The introduction of a weigh scale will improve efficiency in determining tonnage. When scale becomes operational all containers and loose cargo will be weighted. Significant revenue increase is anticipated.
- Conch Ground - South Caicos Port

Mr. Speaker, recall that In December 2014, the building at South Caicos sustained damage due to a fire.

US\$60,000 Dollars in funding was approved to not only repair the damaged facility but also to improve the user experience for employees and ferry passengers alike. Bids were sought and successful bid totalled US\$40,696.50. Contract was signed on February 9, 2016. The Building has been completely refurbished. New garbage bin erected, covered ferry shed, new pump house and introduction of CCTV form roved security coverage.

Mr. Speaker my government is determined to “**continue the progress**” with respect to Port Facilities Expansion and Development to enhance the user experiences as well as the revenue generated to the economy through these facilities.

Turks and Caicos Islands Airport Authorities

The Airport Authority has continued to perform well. The revenue generated by the Authority is being retained and reinvested in the expansion of the South Caicos International Airport.

As well as the maintenance of other airports across the Islands.

At the same time loan facilities which had been provided to the Airport Authority are being reviewed. The intention is to renegotiate better terms on these instruments.

Other Private Sector projects are happening – both in Grand Turks and Providenciales – a new Aircraft Maintenance and Services Facility at Providenciales International Airport

Civil Aviation Authority:

Mr Speaker the CAA has been upgraded and is now designated as the Regulatory Oversight agency for all regulatory services in the TCI. In the new Financial Year 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
- Modernization of the CAA management processes, through the implementation of an electronic management system
- Maintain the important United States FAA Category 1 rating
- To achieve financial independence of the CAA

To achieve the targets for Civil Aviation regulatory performance as agreed in the Port of Spain Declaration.

Invest TCI

Mr. Speaker, Invest Turks and Caicos became operational in this financial year. In recent months, the main focus has been on relocation of the operation recruiting the required staffing.

The Agency's core mandate is to attract new inward investment through the effective implementation of its strategic plan of action and proactive engagement with potential and existing investors.

However, Mr. Speaker it has been proven that a significant proportion of new investment comes from successful existing investors. With this in mind, our Government recognises that aftercare support will be a critical component in achieving its desired strategic objectives. As such, enhanced aftercare initiatives are intricately woven into the new organization's strategy for engaging with both foreign and domestic investors.

As a Government we recognize too, that the input of all stakeholders is necessary to achieve a positive result. We aim to promote a good investment climate for the further development of the islands through credible partnerships with both public and private stakeholders via a newly formed TCI Public Private Forum which will advocate for improved business processes within TCIG and will recommend and take initiatives and actions to instigate and support policy change and reform.

Mr. Speaker, advertising and promotions have been allocated at \$200,000.00 for this financial year and it's our intention to fully utilise these monies; this will be complimented with the professional and consultancy budget aimed at deriving a national branding programme.

Lastly Mr. Speaker, capacity building is critical for the Agency to be successful, therefore Mr. Speaker, at this embryonic stage, the Government has also hired an Investment Promotions Expert – a consultant accustomed to working internationally and is sufficiently knowledgeable about the TCI, to assist in recommending and implementing strategies conducive to the prevailing economic landscape of the TCI and would favourable to market stability and predictable future growth of the investment environment. This is funded through the Strengthening of Investment Project at a cost of approximately \$264,000.00 and will be a two-year project culminating April 2017.

Public Sector Transformation

Mr. Speaker, last year you will recall that we completed the Re-grading Exercise across the Public Service.

This complimented the reversal of the 10 per cent pay cut that had been applied to Public Sector workers as an Austerity Measure prior to our Administration taking office.

Both of these steps have been matched with the proposed increases in all salaries by 2.5 per cent to protect the purchasing power of the people of the Turks and Caicos against the moderate inflation that has been recorded and which is projected to remain at or below 2.5 per cent.

Mr. Speaker, my government is committed to charting a pathway to a new Prosperity for the people of the Turks and Caicos Island.

As a result, we are maintaining the full subsidy for the provision of Health Care and Medical Treatment.

This will be maintained even as we review and expand the Health system to ensure the delivery of better quality Primary Health Care in our local hospitals.

Mr. Speaker, it is often repeated – “show me a prosperous nation and I show you a healthy people”. My government will “**continue the progress**” of providing first class health care services to our people as a pathway to achieving prosperity for the Turks and Caicos Islands.

Similarly Mr. Speaker the adage rings – “show me a prosperous nation and I will show you an educated people”.

My government's commitment to the ongoing education of our people is easily and visibly demonstrated by our financial commitments and allocations in this and previous Budgets.

We have maintained our subsidies for Tertiary Education for all Turks and Caicos Islanders who qualify. We have made significant allocations to ensure the expansion and rehabilitation of the Physical Infrastructure of schools across the Primary Education Network.

We have made significant allocations to achieve the same objective for schools within the Secondary Education network.

Mr. Speaker we have gone further.

When I listed the achievements of CITU, I made specific reference to the facilitation of Online Education and the benefits these platforms provide to our students and emerging professionals.

Mr. Speaker, these achievements are not coincidental nor are they incidental. These achievements arise from the deliberate course of action upon which we have embarked to secure the future development of our people.

As an illustration of this point, we have decided that the savings and surplus generated after the repayment of the 170 Million Dollar Debt will be placed in a Sovereign Fund.

Monies from that Sovereign Fund will forever be available to “continue the progress” in Health and Educational Services delivery for the people of the Turks and Caicos Islands.

Mr. Speaker monies from that Sovereign Fund will ensure that the people of the Turks and Caicos achieve the prosperity about which

we dream and which we richly deserve through Human Development, Better Health Care, Better Education, Better Paying Jobs, a more Secure Society, a Healthier Environment and a continuation of the progress that we have achieved with the Partnership of the people of the Turks and Caicos Islands.

Reduction of the National Debt Load:

Mr. Speaker, I believe that emphasis must be made for our people to understand the benefits which can now accrue from the Reduction of the National Debt Load.

All around us, throughout the Caribbean and beyond countries made up of older societies with larger economies are struggling to provide basic goods and services to their populations.

We have had challenges in the Turks and Caicos – we would not deny that fact.

Similarly we must proclaim the advantage which we enjoy among countries of the globe by achieving a Low Debt Load through Fiscal Prudence, Better Government, a more Transparent and Efficient Government Service and an Administration that places the interests of the people and our country ahead of any other consideration.

Mr. Speaker – that is progress and we must do all we can as a people to **“continue the progress”**.

Job Security and Economic Growth:

Mr. Speaker let me remind my honourable colleagues that jobs are not created by accident. They are created when consumers have confidence and when businesses have confidence. The confidence to invest, to grow and to hire.

Mr. Speaker, this Government has created over Four Hundred new jobs in the public sector since being in Office.

One Thousand, One Hundred and Thirty-Four new businesses have been created since 2012.

Utilizing the Development Fund – now at \$37 Million Dollars and expanded SPPD to better conceptualize, plan, implement and complete projects that will unleash new better paying jobs

- Capital Development Programme
 - A total of 85 contracts will be issued before the end of this FY
 - 115 Contracts are being proposed for 2016/17
- Investments in Education
 - To empower existing Civil Servants, close to \$ 1.5 million has been allocated for professional development training
 - Provision of Tertiary Scholarships etc.

Enhancing Safety and Security:

Mr. Speaker all of us agree that every developing society requires a safe environment into which its people can achieve their personal, community and national development targets.

As an Archipelagic State – we in the Turks and Caicos Islands have a unique challenge in securing all of the islands that constitute our nation home and protecting each resident within those islands.

We are fortunate that as far as the situation exists across the Caribbean and indeed the world beyond the Caribbean we live in a relatively peaceful society.

That achievement presents as many risks as it does benefits.

For one it makes us the most attractive destination for Family Vacation especially to American Citizens which constitute 80% of our visitors each year.

Our record as a peaceful society must therefore not be viewed with complacency. Even as we cherish it we must work earnestly to ensure that it is not tarnished.

To this end we have recently expanded the ranks of the Royal Turks and Caicos Police Force to allow some twenty additional officers.

In this Budget my government has provided for the procurement of two new vessels to patrol our waters and our shores and to improve our ability to prevent and respond to emerging threats.

These vessels are to be built to the specifications set out by the Commissioner of Police and his team and will be fitted for the purpose(s) determined, having analysed the risks which we face and the need to protect our people from.

The timeline for the procurement and actual deployment is eighteen months – the time it will take for the manufacturers to provide the units we require.

Mr Speaker, that decision is tangible evidence that illustrates our seriousness in protecting and securing our nation, its people and those who visit the Turks and Caicos Islands.

This is why my government invested heavily in establishing a Serious Crimes Unit as well as a Financial Investigation Unit – as we are aware that some keen on committing various types of crimes could attempt to pursue their mischief here.

A National Security Council jointly chaired by the Governor and the Premier with members from the private sector, and other senior public officials has been established.

Over the last three years and again in this Budget we have allocated significant resources to strengthen our capacity within the Immigration Services and Border Control.

CONCLUSION

Mr. Speaker, I want to personally thank the hardworking people of the Turks and Caicos Islands for entrusting the economy in my care as their Minister of Finance for the last three years.

Mr. Speaker, this was a job I do not take lightly.

I believe that when the dust is finally settled every resident of the Turks and Caicos Islands will be able to set aside the political rhetoric that we sometimes hear, from persons either out of genuine ignorance, or because of a lack of knowledge or worse an intention to confuse or mislead.

It is my belief, and one that I know is shared by many - that the people of the Turks and Caicos Islands will thank this government for the hard work which, along with their partnership, has done a great job in bringing this economy to the point where we are now able to forecast growth going forward.

Mr. Speaker, not only are we forecasting growth – but we can proclaim – and it must be repeated for emphasis that we have successfully repaid our debt which was guaranteed by the UKG.

Mr. Speaker, we have successfully repaid our debt guarantee. We have successfully replaced that debt with a Sovereign Wealth Fund – a Legacy Fund if you will.

This Fund will in essence securitize the future development of our nation. It will see finances being available to protect against many unforeseen circumstances as well as to finance new initiatives to spur more rapid growth, creation of new higher paying jobs and to achieve that Prosperity for the people of the Turks and Caicos Islands about which we all dream and which our people richly deserve.

Mr. Speaker, it is worthy for us to note that this is a first for the Turks and Caicos Islands. It is also the first such Fund of its kind in any Tourism Dependent Country within the Caribbean.

While it is also true that the logistics and specifics of how this Fund will be managed, invested and sustained are still being worked out – it is equally true that this is an achievement not only of this Government but for all the people of the Turks and Caicos Islands.

This is an achievement of which every resident can and should be justly proud.

Mr. Speaker I want to thank my hardworking staff in the Ministry of Finance and across the public service. I want to also thank the

statutory bodies and the private sector partners for their full support which I have received.

Their support has significantly assisted me in leading these achievements on behalf of the people of the Turks and Caicos Islands.

Mr. Speaker, my government has struggled since we came to office because of the fragile state of the economy we inherited. We have struggled because of the financial commitments that existed at the time we came to office.

We did not complain.

No – we did not.

Instead we toiled hard!

We forged new and sincere partnerships!

We engaged our collective wisdom and expertise – supported by the watchful but ever present partnership of our donors and our people!

We deepened our commitment to having a better paid more efficient Civil Service!

We performed a delicate balancing act – exercising Fiscal prudence while faithfully seeing to the needs of our citizens!

Mr. Speaker, today we can proclaim that we have taken the Economy closer to where it should be. We can now proclaim that the Economy is at a point where we have achieved Progress.

That is an assertion that is supported by the certificates of approvals and accolades from the International Credit Agency which rates our Economy at Triple "B" Plus.

Mr. Speaker, we must "**Continue the Progress**" in providing our residents with the tools, skills and environment which they need to support their own successes, their self-actualization and achieve that Prosperity which each and every resident of the Turks and Caicos Island deserves.

Mr. Speaker, the residents of this country would understand only too well that when we came to office there were some serious challenges. Challenges which we had to tackle and tackle immediately!

There were hard decisions that any responsible government would have had to make.

We chose the path of sustainability. We chose a path which would ensure economic growth and prosperity going forward. Others perhaps would have chosen the “path of least resistance”.

A path which perhaps may have helped in winning political rewards easily but in the long-run the country would have suffered. Some would have taken a path for political popularity. We took the path of long term progress and a pathway to prosperity.

The Budget which we are presenting here today to the people of these Islands therefore represents sustainability; it represents the results of their efforts over the last three years and seeks to build on their efforts in steering the correct course and **“continuing the progress”**.

A progress toward a healthier growing economy in which the dreams and aspirations of all our people can and will be attained.

Mr. Speaker, Whitney Houston sang,

“Give me one moment in time, when I'm more than I thought I could be. When all of my dreams are a heartbeat away and the answers are all up to me. Give me one moment in time when I'm racing with destiny. Then in that one moment of time I will be, I will be free.”

Mr. Speaker, I want to say to the hardworking People of the Turks and Caicos that this is our defining moment.

This is our “moment in time”. We are well on our way – thanks to this government – in our “race with destiny”.

Your government has laid the plans and in the next few months it will be all left to the people of the Turks and Caicos Islands to decide whether they want to build on that foundation which has been laid or to throw it all away in an experiment.

It will be their time to decide whether as a people we **“continue the progress”** or see all of their sacrifices go down the drain.

It will be their time to decide whether we stay on this path to “Prosperity”; or gamble with “promises”.

It is in fact true Mr. Speaker that ***“the answers are all up to each and every resident”***.

I will however say to the people of these islands stay on the right course!

Let us answer that crucial question with the decision that together with this government we will be **“Continuing the Progress”**.

Let us steer the right course toward our collective Prosperity.

Do not be deterred or distracted by those who do not understand government.

Mr. Speaker, we have laid the plans. The route we take now, is not in my hands, but in the hands of the people of these beautiful islands.

Now is not the time for us to be complacent.

Now is not the time to turn back.

Mr. Speaker, we have to continue to build on the plans that have been laid. We must **“Continue the Progress”**.

May the good Lord continue to bless our beautiful country as we march toward a level of prosperity that will make all Turks and Caicos Islanders proud.

A level of prosperity – well within our grasp – as long as we steer the right course and decide to **“continue the progress”**.

Mr. Speaker – this is truly our moment in time – I Thank You.

