

**Statement by Chief Minister Dr. the Honourable D. Orlando Smith**  
**Territorial New Year's Address**  
**1 January 2005**

**A Year of Reform, A Future of Opportunity**

My fellow British Virgin Islanders, residents and visitors:

On behalf of my Government, I take pleasure in wishing all of you a Happy New Year.

As we come together as a community to celebrate the end of one year and the start of a new year of hope and possibility, I take great pride in coming before you the people of the BVI to review our accomplishments and to look ahead to the challenges and opportunities we will face together in 2005.

Before I reflect on 2004, let me say how saddened I am at the devastation and deaths in several countries following the recent Tsunami in the Indian Ocean. As a Government and a people, we sympathize with all those who suffered loss of life and property, and we stand in solidarity with regional initiatives aimed at restoration. Let us keep them in our prayers.

Ladies and gentlemen, 2004 was indeed a year of reform.

Together, we have reformed some of the most daunting issues facing our Territory: taxes, infrastructure development, education, healthcare, immigration, the face of Road Town and our economy.

My Government pledged to lead the BVI with conviction and resolve. We promised that we would not back away from the hardest challenges but would face them squarely. And that we would always consult with the people of this Territory and never forget that we work for you, that our budget comes from your hard-earned tax dollars, and, that above all, the primary role of Government is to provide opportunity for people.

We understand that the best answers for our future will not come from Government Ministers or from Civil Servants—they will come from you, the people of this Territory. Our economy will be lifted up by your ingenuity and hard work; our society will be strengthened by your dedication and commitment to the common good; and our Territory will develop and grow through your desire for change.

That is the fundamental belief of this Government—that there are few things we can provide the people that the people are not better equipped to provide for themselves. And that is why we have focused our efforts on creating a Government that listens and a Government that creates the necessary conditions for your success. Ladies and gentlemen, that is what our Opportunity Agenda is all about.

That is the standard we have tried to live up to every day—and that is why 2004 has been a year of reform so that we can now look ahead to 2005 as a year of opportunity. And no area is more important for creating opportunity and hope for our Territory than education. The basic challenge of the 21<sup>st</sup> century is the need to develop skilled individuals. The global marketplace offers enormous opportunities for those who have the ability to take advantage of new developments in science, technology, finance, medicine—virtually any field of human endeavour. But in order to seize the unique opportunities of this moment, our young people must have the skills and knowledge they need to compete with their peers from around the world.

My Government has committed itself to providing our teachers with the resources they need to provide our children the education they deserve. We have dedicated a major portion of our 2005 budget toward improving classrooms, purchasing new equipment, updating our textbooks and ensuring training for our teachers.

Beyond this major investment, we have also dedicated the skills and talents of some of our best and brightest to the task of improving education. Over the past year the leaders of our education community have been working tirelessly to modernize our Territory's curriculum. Their work is massive in scope—but the size of the task is matched by the dedication of those who are involved. And I am pleased to report that great progress has been made, and that over the course of the coming year students will begin to see the revised curriculum making its way into classrooms.

And our commitment to improving education goes beyond the classroom, because as we all know education is not just about knowledge—it is also about character. That is why the landmark establishment of our new Department of Youth Affairs and Sports stands as one of my Government's major achievements of 2004.

Already, this new department is providing after-school programmes, offering new opportunities in sports and creating initiatives that are giving our young people structure, discipline, and above all, a sense of leadership and responsibility. We expect even greater things from the Department of Youth Affairs and Sports in 2005.

Ladies and gentlemen, as we improve education and provide new outlets for development of our young people, we also understand that the foundation of a good society is good health. No family can thrive if they live in fear of sickness or disease. No business can succeed if its workers cannot get adequate medical care. No child can learn if his or her health is not protected.

That is why my Government has dedicated itself to improving our Territory's healthcare services and strengthening the quality of care throughout the BVI. Work is proceeding on the Peebles Hospital Expansion Project, which is already increasing the availability of beds for patients. We have acquired a new Multi-Purpose Vessel that will be available to provide ambulance services to our community. We are also sending badly needed equipment to our local clinics.

And beyond improving the healthcare infrastructure, we are also working to improve the quality of service. Toward that end, my Government established a Hospital Services Management Board that will be responsible for overseeing the operations at Peebles Hospital and ensuring that citizens and residents have access to the care they deserve. And as we continue to improve our healthcare services our eyes remain firmly fixed on the long-term goal of completing the new hospital.

But we recognize that accomplishing large-scale projects of this nature must begin by growing our economy. In order to do great things, we will need sufficient resources. And so we have focused from our first day on the job on the task of putting our financial house in order and strengthening every aspect of our economic base.

And that starts with tourism. Over this past year, thanks to the leadership of the BVI Tourist Board, we have taken some critical steps forward. We have begun to implement the Tourism Industry Service Standards Programme, which is working with tourism service providers starting at the Immigration Desk, through to the hotels and their staff to ensure that the experience of visitors to our islands is an unblemished pleasure.

We are taking decisive action to protect our environment in order to meet our obligation not just to the industry of today, but also the generations of tomorrow for whom clean waters and beaches are their rightful legacy.

And we are making a strategic investment in expanding our marketing efforts in North America, South America and Europe—because in today's competitive marketplace we cannot afford to rest on past accomplishments. The BVI tourism experience is the best in the world—it is our commitment to ensure that our efforts to bring visitors here is equal to this standard. And as we work to strengthen and protect our tourism base, we are also working with energy and resolve to make our second pillar—financial services—even more successful.

Over the past year the International Finance Centre has completed the development of a Strategic Development Plan. This plan was created through a unique partnership of government officials and private sector businessmen and women. Through this partnership, a range of creative ideas was generated all aimed at ensuring the long-term stability and growth of this vital industry.

My Government has accepted the recommendations of this committee and we are pleased to report that progress is already being made to implement many of their proposals and we anticipate an even greater effort over the coming twelve months.

But during this past year, the most pressing order of business for the financial services sector was the need to bring our Territory's tax code in line with international law. New developments in the European Union regulatory code required reform of our tax system in the BVI. Had we failed to act, our laws would not have been in compliance and as a result, our financial services sector, which contributes so much to our Territory's economy, would have been at risk.

And so we faced up to this challenge and reformed our tax system. Under the new system, income will no longer be subject to any taxation—either for businesses or for individuals. Instead, taxes will be deducted directly from payroll. This reform was a difficult decision for my Government. We carefully examined a number of options—and it was our conclusion that the payroll tax offered the best plan for protecting our economy.

Ladies and gentlemen, the new tax system meets the three crucial tests: sustainability, sufficiency and fairness.

The new tax system is sustainable because it will allow our economy to continue to grow and thrive. Payroll taxes are used in the United States and Europe without harming the ability of companies to grow and hire; therefore, we have every confidence that the same will be true here as well.

The new tax system is sufficient, because we have analyzed projected revenue and are confident that my Government will generate enough tax revenue to continue to meet our obligations to the people of the BVI.

And finally, the new tax system meets the test of fairness, because it ensures that those who earn more will pay more—and everybody contributes in proportion to their means. This is true for businesses, as well as for individuals. Under the new system small businesses will pay at a lower tax rate than large businesses. And importantly, workers will pay less in taxes under the new system than they did under the old system.

We understand that this important tax reform has created some concerns. We appreciate the close involvement of the business community. And it is our intention to continue to work closely with all stakeholders to manage this transition and to help make it as smooth as possible by organising seminars on the payroll tax. We are confident that the end result will be an economy that is stronger and more stable than ever. And more importantly, a standard of living that continues to rise for all the people of this Territory.

It is in that spirit of raising our standard of living that I am particularly pleased with the work that has been done to improve and beautify our Territory's capital. The recent announcement of the establishment of a City Manager for Road Town, who will be charged with preparing for the creation of a Town Council, is just the latest step toward the development of a Capital worthy of our Territory.

We have invested in making Road Town more beautiful through landscaping efforts—planting flowers, paving parking lots, and finally removing the eyesores of Mount Peebles and Mount Savage. And we have also moved to ensure that future development in Road Town and throughout the BVI can take place in an orderly and well managed fashion. Toward that end, we recently passed the Physical Planning Act which will allow people to move forward with construction plans with less hassle and less red-tape, while at the same time guaranteeing that environmental and aesthetic standards are strictly maintained.

Ladies and gentlemen, all of these accomplishments of 2004—from the curriculum review, to the tourism standards programme, from tax reform to the Physical Planning Act—all have been done with one goal in mind: creating more opportunities for the people of this Territory.

And so it is with great optimism that we look ahead to 2005 and the years to come – because it is our core conviction that when given the opportunity the people of the BVI can compete and win on the global stage.

That is why our Opportunity Agenda will continue to guide this Government moving forward. For there is still so much more we can do together.

In 2005 we expect to see work commence on a new five-star resort, as well as a golf course, so that our tourism industry can continue to raise its level and provide new jobs and opportunities.

In 2005, we look forward to another successful school year and graduations, with the great hope that more of our young people than ever will complete their high school studies and go on for higher degrees here in the BVI and abroad.

In 2005, we anticipate even greater growth in the financial services industry, and through close cooperation with the private sector, we will continue to work to ensure that all the people of this Territory feel this industry's success.

Ladies and gentlemen, quite simply, we look ahead to 2005 and see a moment of unique possibility and hope. But even as we celebrate the successes of 2004 and look forward to the next, we also recognize the great challenges that lie ahead. And among these none are more urgent or more critical to our future than the fight to end violent crime on our island.

For generations, the people of the BVI lived in blessed isolation from the twin plagues of drugs and violence that haunted so many parts of the world. But in our modern age where the international media pipes in images of questionable moral values; where criminals know no restraints and crime recognizes no borders; and where the social problems of one country quickly spread to all its neighbours, we can no longer count on our small size or isolated geography to keep us safe.

The reality is all too clear: the seeds of violence and moral decay are here—and they are trying to take root in the hearts of our young people. No cause is more important, no challenge more urgent and no battle more crucial than the fight to protect our young people and to steer them in the right direction. We cannot overstate the danger. We need only look at the terrible price that drugs and crime have taken on communities throughout the world. We need only look at the price they have already exacted here in the BVI.

The choice for us is clear: either we will devote every measure of energy and effort toward giving our young people the hope, opportunity and moral guidance they need to make the right choices in life. Or we will sit idly by, choose to do nothing, and through our inaction doom our children and ourselves to a future rife with violence and degradation.

The choice is ours to make. And I know that I speak on behalf of every parent and every teacher, every community leader and every citizen when I say that I choose to fight. I will not sit by and let a generation lose its dreams. I will not be idle while unthinkable acts of violence become common occurrences. I will not rest easy and allow the BVI to become a jaded society.

Ladies and gentlemen, I remain committed to a zero-tolerance policy on crime. That is why in 2004 I convened a high-level meeting as a first step to determining the causes of crime in our community and developing a multi-sectoral approach to reducing it.

I know that we can and we will beat drugs and crime if we all commit ourselves to this effort. But it must be a common cause. This is not just about the police, although they surely have an important role. It is not just about our schools, although that is surely where much work must be done.

Ladies and gentlemen, it is about partnership. It is about teachers and parents and clergy and community leaders and neighbours and friends all joining together and recognizing that any child in the BVI is a child of us all. We are all as responsible for that child's well being as are his or her own parents. If we see them doing wrong, then it is up to all of us to try to set them right. If we see them in need, it is up to all of us to give them a hand. If we see them in danger, it is up to all of us to act as their shield and defender.

That is the true meaning of community. And it will take a community to win the war against crime. But I know that when we join together as a community there is no challenge that we cannot overcome. Whether it is raising our children or raising our standard of living; whether it is addressing the issue of immigration, or reforming our Constitution; whether it is protecting our environment or growing our economy, the big issues of tomorrow all demand a shared effort.

Ladies and gentlemen, as we look to 2005 as a year of opportunity, we expect to see a work started on a new high school. In 2005, we expect to see the beginning of a new hospital. We expect to move from Category Two to Category One Shipping Registry. In a few days, I will host a Global Mega-Yacht Industry Seminar to stimulate further growth in the BVI's mega-yacht sector.

In 2005, we expect to see the appointment of a City Manager for Road Town and in 2005 we expect to continue working on liberalizing the telecommunications sector.

We may not always agree on how to deal with these issues. That is normal and positive. But we must be committed to working together in a spirit of communal responsibility and Christian charity. We must be respectful of one another. We must listen to each other. And we must never forget that when all is said and done, the things that divide us are never as large or as important as the enduring bonds that unite us all.

I have said this in the past and will say it again: here in the BVI we are as one family. That has always been the fundamental truth of this community. It remains so to this day. And like any family we have our trying moments. I understand that in these challenging times, it sometimes seems as if we have drifted apart and that the spirit of community has disappeared from our lives.

But for those who feel that way, I urge you to take a closer look.

Think about how people respond at times of natural emergencies—how they reach out to their neighbours and open their homes. Think about all those who offer their time and labour for everything from putting together our annual Festival to holding one of the almost weekly events that brings our community together. Think about the teachers who work so hard to educate our young people and provide them with the life lessons they will need. Think about the ministers who don't just provide the Word of God but are always there to offer a helping hand.

Think about all those who are never too busy to lift up someone in need, never too tired to lend a hand, never too poor to be charitable. That is where you see the true face of the BVI. And it is a source of hope and inspiration to me everyday. Because I know that a community this strong can meet any challenge. We can overcome any obstacle. And we can scale any height.

And so I call on all who are part of this community to use this New Year as a moment to give thanks for this blessed BVI family. Let us all give our humble praise to our Creator who bestowed upon us this great gift of unity. And together, let us all resolve to honour his blessing upon us by making 2005 a year of great achievements. Let us build on the success of this past year to forge an even brighter future. And let us never stop believing in the power of all of us to change our world for the better.

Ladies and gentlemen, 2004 was a year of reform for my administration and for the Territory, and now, we forge ahead in 2005 embracing a future of opportunity.

Thank you. God bless you this year. And may God continue to bless the British Virgin Islands.

Happy New Year!