

Foreign & Commonwealth Office

Written Ministerial Statement

12 June 2012

The Turks and Caicos Islands

The Secretary of State for Foreign and Commonwealth Affairs (William Hague): My right hon. Friend the Secretary of State for International Development and I wish to update

the House on progress on the restoration of good governance and plans to hold elections in the Turks and Caicos Islands (TCI), a British Overseas Territory.

Three years ago Sir Robin Auld's Commission of Inquiry identified a high probability of systemic corruption in government and the legislature and among public officers in TCI. This led us to suspend Ministerial government and set eight milestones for elections and a return to democratic government. I am pleased to inform the House that the interim government in TCI, led by the Governor and supported by TCI and UK public servants and specialist

advisers, has made significant progress with an ambitious reform programme. We now judge there has been sufficient progress, on the milestones and on putting in place robust financial controls, to set 9 November as the date for elections.

The Foreign and Commonwealth Office and the Department for International Development assess progress against the milestones as follows:

Implementation of a new Turks and Caicos Islands Constitution Order, in support of recommendations of the Commission of Inquiry, which underpins good governance and sound public financial management.

A new Constitution Order was laid before Parliament in July 2011. Once it is brought into force by the Governor, elections must take place within 30 days. The new Constitution includes a wide range of provisions to safeguard good governance and sound financial management.

Introduction of a number of new ordinances, including those making provision for: (i) the electoral process and regulation of political parties; (ii) integrity and accountability in public life; (iii) public financial management.

A revised Elections ordinance provides for clear and robust voting procedures and arrangements for conducting the ballot for the new 'all island' candidates. The Conduct of Political Parties Ordinance regulates funding of political parties and campaigns, campaign methods and accounting practices. The Integrity Commission Ordinance increases the number of those required to give personal and financial data about their interests to the Integrity Commission. The Public Financial Management (PFM) Ordinance and the National Audit Office Ordinance improve oversight and accountability and create a strengthened independent audit and investigation function over public finances. The Chief Finance Officer (CFO) ordinance enables the UK Government to retain sufficient control over public finances and so protect the interests of the UK as loan guarantor and so is in line with the WMS of 9 December 2010 [Official report, columns 40-41WS].

Establishment of robust and transparent public financial management processes to provide a stable economic environment and a strengthening of the Turks and Caicos Islands Government's capacity to manage their public finances.

The new Public Finance Management Ordinance introduced a wide ranging set of verifiable accounting and compliance requirements. It sets out a clear mechanism for budget control and specifies the delegation of financial responsibilities within ministries.

Implementation of budget measures to put the Turks and Caicos Islands Government on track to achieve a fiscal surplus in the financial year ending March 2013. This milestone has not yet been met as it is too early in the financial year to determine whether TCIG is on track to achieve a fiscal surplus. Significant progress has however been made in helping to put the TCI Government on track. While the US\$26 million deficit in 2011/12 was considerably worse than the US\$3 million originally budgeted, nevertheless this still represented a significant turnaround from a deficit in excess of US\$70 million in 2010/11. The Governor has now enacted a Budget for 2012/13 that projects a surplus of US\$20 million. Not only does this contain both prudent estimates of revenue and provision for contingencies, but these figures are the result of careful risk analysis led by the CFO and Permanent Secretary of Finance.

Achieving the surplus will be challenging. The UK Government's continued control over public finances means that we can, through the CFO, take steps during the year to correct the budget trajectory if it starts to go off course. This greatly adds to our confidence that the surplus can be achieved. We intend to keep progress on this milestone under close scrutiny.

Implementation of a transparent and fair process for acquisition of belongership.

A territory wide consultation reported strong support for a process for the acquisition of belongership (the status of Turks and Caicos Islander) based only on birth, descent and marriage to a believer for ten years. A revised Citizenship Ordinance will implement this policy. The TCI Government will have no discretionary power to grant belongership.

Significant progress with the civil and criminal processes recommended by the Commission of Inquiry, and implementation of measures to enable these to continue unimpeded.

Thirteen people, including four former Ministers, have been charged with corruption and money laundering offences. An international arrest warrant has been issued for former premier Michael Misick. It is now for the courts to decide whether the persons charged are guilty. The investigations and prosecutions will proceed independently of a future elected Government.

A civil recovery team was appointed to recover property and redress losses arising from corruption. The team has made significant progress including over 40 separate recoveries of money and/or land. Over US\$12million has been recovered, including payments already made, judgements obtained and still to be collected, and agreements to pay. More than 900 acres of land have been returned to the Crown – valued in the tens of millions of US dollars.

The team expects to recover significant further amounts of cash, land or other assets.

Implementation of a new Crown land policy.

The misappropriation of Crown land through questionable land allocations, under-reporting of land values and the avoidance of stamp duty were at the heart of the corrupt practices described in the Commission of Inquiry report. The new Crown Land Ordinance which came into effect in March sets out clear criteria for the allocation of Crown Land. To ensure the new arrangements for Crown Land are implemented successfully, the management of Crown Land has moved to the Attorney General's Chambers.

Substantial progress in the reform of the public service.

Public Sector reform continues to make good progress. The public service was reorganized into five new Ministries (reduced from nine) each headed by a new Permanent Secretary, recruited through open competition. The public service has been reduced by 400 people

(some 16%) through a voluntary severance scheme.

Conclusion

This is an impressive list of achievements. We judge seven of the eight milestones have been clearly met. The fiscal milestone has not yet been met but the PFM and CFO ordinances increase our confidence that the budgeted surplus will be achieved. Over the next few months, in the run up to elections, the Interim Government will continue with the implementation and consolidation of reforms, in particular to strengthen the public sector and public finances, develop the economy, modernise legislation and make practical preparations to enable the elections to take place.

The UK believes that democracy, whether in an independent country or in an Overseas Territory, provides a solid foundation on which to build an accountable and responsive state.

This belief underpins our work to advance democracy worldwide. We will support TCI to develop its democracy in line with our responsibility for security and good governance and our positive vision for our Overseas Territories.

I want to make clear this Government's determination to ensure that there is no repeat of the maladministration that led to the suspension of democratic government in TCI, either there or in any other British overseas territory. WILLIAM HAGUE