

A serious and deteriorating problem in the Turks and Caicos Islands
By Foreign & Commonwealth Office
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Minister for the Overseas Territories, Henry Bellingham and Minister of State for International Development Alan Duncan have updated Parliament on the situation in the Turks and Caicos Islands.

It has become clear to this Government since it assumed office that there is a serious and deteriorating problem in the Turks and Caicos Islands.

In August 2009, the previous government suspended the Turks and Caicos Islands ministerial government for an initial period of up to two years. A Special Investigation and Prosecution Team was appointed to undertake a criminal investigation into matters identified by Sir Robin Auld's report, which concluded that there was a high probability of systemic corruption in the former Turks and Caicos Islands Government. The Team is pursuing its work as rigorously and as quickly as possible.

On 1 July 2010, as an urgent initial response to the unfolding financial plight of the Turks and Caicos Islands Government, the Secretary of State for International Development stated that his department was having to step in to design and put in place a package of financial support with commercial lenders, as well as providing an immediate short term loan to help meet unavoidable commitments including staff salaries for the Islands' police, health and education services.

It has become clear to UK Ministers that the fiscal picture in Turks and Caicos Islands represents an unacceptable collapse in the fiscal governance of the Territory, which needs urgently to be addressed. Whilst funding the immediate unavoidable costs of the Turks and Caicos Islands Government, the Department for International Development has provided a Chief Financial Officer to the Turks and Caicos Islands Government, to meet the urgent task of addressing its structural deficit and putting it on a course towards a sustainable fiscal surplus in the financial year 2012/13. In addition, the Department is reaching the final stages of putting in place a medium term financial package.

In September 2010, I announced in the Turks and Caicos Islands that the UK Government did not want to postpone elections any longer than necessary, but that they could not be held in 2011. We intend to submit to the 15 December meeting of the Privy Council an Order in Council continuing in force the Turks and Caicos Islands Constitution (Interim Amendment) Order 2009 beyond 14 August 2011.

I undertook to set out milestones that would need to be met before elections could once again take place. The FCO and DFID currently jointly assess these milestones to be 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;
- * 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;
- * 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 its public finances;
- * 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;
- * implementation of a transparent and fair process for acquisition of 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;
- * implementation of a new Crown Land policy;
- * substantial progress in the reform of the Public Service.

Reaching these milestones will require time, care and hard work by the UK and the Turks and Caicos Islands Government, and particularly by the Turks and Caicos Islands Public Sector. It will need the encouragement of the community. There will be public consultation on a number of issues across Turks and Caicos Islands and, we hope, the engagement of the Island's political parties.

The milestones we have identified do not include everything that will have to be done before elections take place. In general the UK Government will have to be satisfied that the necessary reforms have been put in place to address the issues raised by the Commission of Inquiry, to prevent such maladministration being repeated, and to engender the confidence of the international community. It is our considered view at this stage, that the milestones listed above are the minimum preconditions before the Turks and Caicos Islands can return to elected government.

The UK Government has helped protect the Turks and Caicos Islands Government finances from complete collapse and intends to provide continuing financial support. However it is important that the Islands make good use of this period of UK financial support to address the deep crisis in public finance and to achieve a fiscal surplus. The UK Government currently intends to retain sufficient control over public finances following elections in order to ensure that the Turks and Caicos Islands Government emerges from its financial crisis as soon as possible, and that the temporary package of UK support is no longer needed.

We hope achievement of these milestones will also help any future Turks and Caicos Islands Government to continue to embed good governance, with full respect for the rule of law and human rights, and zero tolerance of corruption.

Achieving these milestones will be a great challenge. As we now see things, the UK Government will only be able to set a date for the elections when the milestones have been reached. We hope that this will happen in time for elections to take place in 2012.

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