

MINISTRY OF FINANCE
&
ECONOMIC MANAGEMENT



Guide to the Montserrat Budget
for the Financial Year 2012/13
“Securing a Sustainable Future”



European Union (EU)

INTRODUCTION

This guide summarises what is contained in the main Budget Statement and Estimates of Revenue and Expenditure. It is designed as an easy reference for persons wanting to know the key provisions of this year's budget.

The budget is the most important policy tool of government. It outlines Government's economic and fiscal policies and sets out the areas that government will be targeting as priority for the particular budget period. The budget documents the projected revenue and expenses for the day-to-day functioning of government (Recurrent) and the anticipated investment to be made to the island's infrastructure (Development or Capital).

This Budget is about making the Public Service work smarter, in a more disciplined way, and more creatively with respect to how we manage and reposition the island's economy for the future. This budget therefore is about "Securing a Sustainable Future" for the people of Montserrat.

WHAT'S IN THE BUDGET

The Budget outlines:

- GOMs plans to counter the impacts of a global environment that is economically uncertain.
- GOMs intention to create a local economy that can show sustained growth and development over the next five years as a result of expanding infrastructure and targeted investments in key productive sectors.
- How GOM will continue to strengthen our relationships internationally and regionally to ensure assistance and support of our development agenda.
- GOMs intention to provide a stronger and more focused leadership, aimed at creating an enabling environment and support for the private sector
- GOMs strategies relating to healthcare delivery, education, and poverty reduction programmes in our communities.
- GOMs strategy for ensuring a friendly and stable society that will be a distinguishing feature in name branding Montserrat.

PRIORITY POLICY AREAS

The budget seeks to support GoM's policy priorities over the medium term. These priorities include:

- Simplifying and creating a tax regime that is pro-business development.
- Containing the cost of public expenditure to ensure that long term fiscal sustainability can be achieved.
- Restructuring the institutions and systems of Government to obtain efficiency gains without detriment to private sector development including foreign direct investment.
- Identifying key infrastructure and negotiate the necessary funding.

KEY INITIATIVES

- Privatisation of Cleaning Services.
- Review the operation of school buses.
- A complete Organization and Management Review of the Public Service, including Police by an external Agency.
- Review immigration, investment and work permit policies to facilitate investment.
- Set up an online visa application system
- Set up special economic zones which will have a specific incentive regime.

- Review the RMDF
- Transfer Elderly Care to the Golden Years Foundation.
- Promote paperless government operations and use the electronic environment for publications.
- Finalise negotiations with the Government of Antigua to secure the use of Brysons Pier to facilitate our ferry operations.
- Centralisation of Procurement.
- Centralisation of the management of Software Licences.
- Centralisation of Maintenance Services as follows:
 - Upkeep of Grounds to be contracted out to the private sector.
 - Maintenance of Buildings to be contracted out with a Service Level Agreement. (This does not include electrical maintenance which will remain with MCW)
 - Vehicles – transfer of MALHE Tractor Services and Workshop
 - Roads, Bridges and drains
 - Equipment – DITES, Hospital

It has long been recognised that to transform the local economy, this is therefore a need to make significant investments in our economic infrastructure and the business environment to build the confidence of the investing community. GOM is in the process of providing justification to Her Majesty's Government for public sector investments in the following areas:

- Development of key infrastructure in creating a commercial and tourism port at Carr's Bay (\$3,700,000)
- Development of our town centre around Little Bay (\$828,600)
- Development of a first class tourism resort with associated amenities (\$9,838,000)
- Development of renewable energy and ICT related industries (\$14,500,000)
- Resolving the air and sea access issues, and
- Improving the policing system

FUNCTIONAL POLICY AREAS

Governance and Leadership - \$25.6 million

- Expenditure on programs related to the Legislature, Audit, Governor's and the Deputy Governor's Offices, External Affairs and Labour Management Services.
- Establishing of new constitution Commissions.

Strategic Management & Administration - \$14.9 million

- Expenditure on policy development, administration and management of the public services including the Human Resource Management services.
- Includes approximately \$6 million for training and technical assistance support over the period 2012 - 2015 to alleviate the lack of capacity to support the intentions of the Sustainable Development Plan.

Planning, Information & Policy Coordination - \$4.2 million

- Functions relating to national planning, policy coordination, information and e-government services have been brought together. The intent is to improve policy and information management and to use technology to drive the way the public service conducts its business.

Economic and Financial Management - \$7.6 million

- GOM sees a strong economic and financial management program as critical to our future development. Globally, the competition for resources is greater than it has ever been and the need to manage what is available must be a priority.
- Macroeconomic policy has been brought together with financial management to respond to the challenges of the local environment and to the demands of the ECCU.
- GOM has signed up to an 8 Point Stabilization and Growth Program (www.gov.ms/pubs/ministry-of-

[finance](#)) aimed at responding to the challenges of the financial crisis.

Infrastructure and Resource Development Services - \$31.5 million

- To fund the areas covered by the public works (physical infrastructure), agriculture services, land administration, environment and airport operations.
- This budget is expected to increase substantially as costs related to geothermal, port, town development and access projects are approved.

Administration of Justice & Internal Security - \$8 million

- This covers the Attorney General's Chambers, Director of Public Prosecution, Magistrate and Supreme Court Services and Police.
- Creation of the Director of Public Prosecutions enables the separation of public prosecution from the Attorney General Chambers.
- Review of the processes, structure and functions of the police services to enable it to respond to the crime and security challenges that we face.

Education, Youth & Sports - \$6.4 million

- Continued implementation of the Education Development Plan. (www.gov.ms/pubs/ministry-of-education)
- Implementation of the youth and sports programs for increased involvement at the local, regional and international levels.
- The Community College will expand and develop partnerships with other institutions to improve its programme delivery capacity, enrolment and revenue.

Health and Social Services - \$26.6 million

- Completion of a health plan for improvement in infrastructure, personnel development, and the introduction of additional services.
- Establishing a telemedicine system within the hospital to enable the medical professional to access external specialist advice in a range of areas.
- An electronic system to ensure improved clinical care and confidentiality.
- Consideration of outsourcing hospital catering, cleaning and laundry services.
- The total covers public assistance, public housing, and care of the elderly.

Tourism

- Putting in place a clear tourism plan that also drives economic growth and provides another platform for sustained development
- Revision of the National Cultural Policy with a view of strengthening our tourism product

KEY REVENUE AND SPENDING PROPSALS APPROVED

Revenue:

- Quality certification of domestically produced building materials must be implemented immediately and charged accordingly by MCW.

Expenditure:

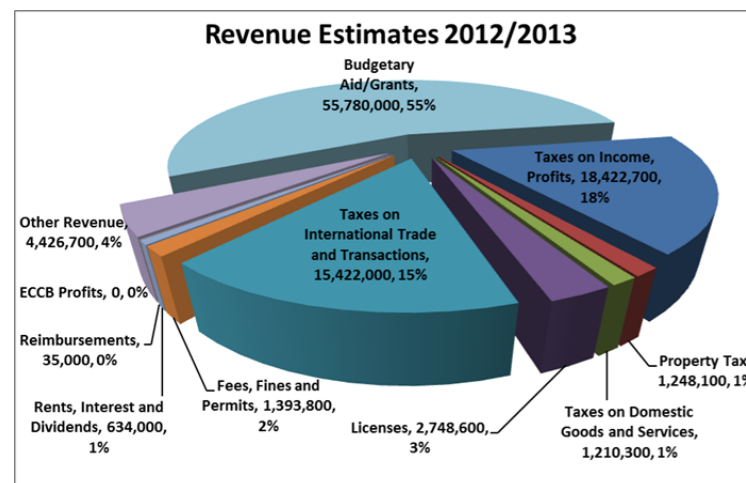
- Utilities - A 5% increase will be included to cover the increased cost of utilities.
- Implementation of Constitution related Agencies totalling \$1.9 million:
 - Commissions, National Audit Office, and Director of Public Prosecutions
- Other approved proposals from Ministries and Departments included: Personal Emoluments; Wages; Search and Rescue; Subscription to Regional Organisations; Insurance for Cultural Centre; Overall Utilities; Rental; Introduction of CVQ (Caribbean Vocational Qualification); Locum Doctors.

THE BUDGET

The total recurrent and capital budget for 2012/2013 is just over \$126m of which \$101m is for normal operations of the public service, and capital budget (\$25m) for development projects. The total estimated local revenue that is expected to be generated over the period is just over \$45m. Budgetary Grants (aid) is expected to remain fixed at \$55.8m.

SUMMARY OF REVENUE 2010/2011 - 2014/2015

CATEGORIES	Approved Estimates 2012/2013	Projected Estimates 2013/2014	Projected Estimates 2014/2015
Taxes on Income, Profits	18,422,700	18,791,300	19,167,000
Property Tax	1,248,100	1,273,000	1,298,500
Taxes on Domestic Goods and Services	1,210,300	1,306,650	1,336,800
Licenses	2,748,600	2,670,600	2,698,100
Taxes on International Trade and Transactions	15,422,000	15,155,800	15,765,550
Fees, Fines and Permits	1,393,800	1,510,050	1,449,150
Rents, Interest and Dividends	634,000	635,500	640,000
ECCB Profits	0	0	0
Reimbursements	35,000	30,000	35,000
Other Revenue	4,426,700	4,399,400	3,803,400
Total Local Revenue	45,541,200	45,772,300	46,193,500
Budgetary Aid/Grants	55,780,000	55,780,000	55,780,000
TOTAL REVENUE	101,321,200	101,552,300	101,973,500



SUMMARY OF RECURRENT EXPENDITURE - 2010/2011 - 2014/2015

VOTES & DETAILS	Approved Estimates 2012/2013	Projected Estimates 2013/2014	Projected Estimates 2014/2015
Police	6,145,900	6,105,300	6,105,300
Legal	1,578,400	1,543,800	1,543,800
Magistrate's Court	340,700	321,900	321,900
Supreme Court	571,600	571,600	571,600
Legislature	2,736,200	2,728,800	2,728,800
Office of the Deputy Governor	26,238,900	27,179,700	27,709,800
Public Prosecution	683,500	683,500	683,500
Office of the Premier	5,100,000	5,257,100	5,198,100
Cabinet Secretariat	4,970,600	4,410,200	4,416,200
Ministry of Finance & Economic Mgmt	9,012,500	9,081,500	9,065,000
Agriculture	5,792,900	5,793,000	5,785,900
Communications, Works & Labour	13,658,500	13,609,500	13,554,500
Education, Youth Affairs and Sports	8,441,600	8,275,200	8,365,100
Health and Social Services	16,049,900	15,991,200	15,924,000
TOTAL EXPENDITURE	101,321,200	101,552,300	101,973,500

