



Government of Montserrat

CITIZENS GUIDE TO THE BUDGET

FOR FISCAL YEAR 2016/2017

“Now is the Season: Called to lead, Prepared to serve, Moved to change”

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MONTSERRAT'S VISION STATEMENT

“A healthy and wholesome Montserrat, founded upon a thriving modern economy with a friendly vibrant community in which all our people through enterprise and initiative can fulfil their hopes in a truly democratic and God-fearing society”.



Foreword by Honourable Premier Donaldson Romeo

In a democracy, it is very important for the ordinary man or woman “in the street” to understand how government raises money, what it is spent on, and to what results. (That is why our annual public budget debates are so important for everyone.)

So, here in Montserrat, from now on we will be presenting Citizens Guides to the annual Budget. This is also required under the new Public Expenditure and Financial Accountability (PEFA) recommendations.

Our 2016/2017 Budget is about building on the principles in the Sustainable Development Plan 2008 – 2020, through Government's Policy Agenda:

- First: prudent economic management,
- Second: enhanced human development,
- Third: sustainable environmental management and appropriate disaster management practices,
- Fourth: good governance and
- Fifth: increased population.

All of this helps us to focus our budgets on the path to a better life for our people. So, as I pointed out in the March 2016 Budget Speech, “Now is the Season: Called to lead, Prepared to serve, Moved to change”:

“ . . . as public servants, we must first ensure justice for all -- the citizens, residents and friends of Montserrat at home and abroad. Justice leads to good governance – a safe, crime- and corruption- free, fair nation . . . We will continue improving our governance as this is the key to unlocking funding from our development partners, as it will give them confidence that their funds will be spent wisely and with due care for value-for-money. It is the funding of key projects through our development partnerships that will spark self-sustaining growth, high quality jobs and sustainable prosperity.”

As a nation, let us continue to fulfill our national vision of a wholesome, truly democratic, God-fearing, healthy, green, entrepreneurial Montserrat with high quality jobs – a nation that can stand up firmly on its own two feet.. May God bless Montserrat and may God bless us all.



ABOUT MONTSERRAT

Montserrat is one of 14 UK Overseas Territories, governed by a locally elected Premier and Parliament. The UK Government works with Montserrat's Government to strengthen the island's economic planning, emergency management, and security. The UK Government appoints a Governor who lives on island, and functions as an Advisor.

Land area: 102 sq. km / 39 sq miles

Population (est): 5,000

GDP (PPP): US\$43.5 million

Per capita: \$8,500

Independence — Overseas territory of the UK

Constitution — Effective 27 September 2011

Legal system — English common law and statutory law

Elections: Last held on 11 September 2014 (next to be held by 2019)

HEAD OF STATE: Queen ELIZABETH II ; represented by Governor Elizabeth CARRIERE (since 5 August 2015)

HEAD OF GOVERNMENT: Premier Donaldson ROMEO (since 12 September 2014)

CABINET consists of the Governor, the Premier, 3 other Ministers, the Attorney General, and the Finance Secretary.

LEGISLATIVE ASSEMBLY is made up of 11 seats - 9 members popularly elected to serve five-year terms; the Attorney General and Financial Secretary sit as ex-officio members.

JUDICIAL SYSTEM - Eastern Caribbean Supreme Court (based in Saint Lucia); one Judge of the Supreme Court is a resident of the islands and presides over the High Court. Montserrat is also a member of the Caribbean Court of Justice (CCJ).

*Did you know?
The Public Finance (Management
& Accountability) Act 2008 is the
main Law governing government
financial activities?*

GOVERNMENT OF MONTSERRAT POLICY AGENDA 2016/17 – 2018/19

GOAL 1: PRUDENT ECONOMIC MANAGEMENT
To change the development focus from post-volcano mode to developing and implementing plans focused on sustainable self sufficiency that capture the spirit of Montserrat's past and preserve Montserrat's culture including enhancing relationships within the region and with key development partners.
Priority sectors for generating foreign direct investment identified including those that leverage Montserrat's unique assets and character and implement appropriate sector strategies.
Identification of obstacles to doing business and sequenced plans implemented for their removal and mitigation.
Priority infrastructure for generating economic growth identified and plans put in place to deliver.
Local resources unlocked to stimulate growth in domestic business.
The diaspora and the expatriate community engaged in national development.
GOAL 2: ENHANCED HUMAN DEVELOPMENT
Increased access to essential medical services through leveraging technology as well as direct service provision.
Increased and expanded health promotion services to reduce public health concerns, to reduce the incidence and effect of non-communicable diseases, and to improve the care of the elderly.
Strengthened community-based treatment programs for vulnerable groups of society.
Education provision improved to raise educational outcomes to be regionally and internationally competitive and equip people for sustainable livelihoods.
An equitable social protection framework which transitions those able to work back into the labour market while adequately supporting those unable to work.
Improved access to affordable housing for low and middle income residents.
Increased social housing stock supported by an equitable allocation policy.
Enhanced youth development through national programs including sports.
Increased protection of our children and vulnerable youth.
GOAL 3: SUSTAINABLE ENVIRONMENTAL MANAGEMENT AND APPROPRIATE DISASTER MANAGEMENT PRACTICES
Improved legislation, governance framework, capacity, scientific monitoring and outreach to sustainably manage environmental resources (terrestrial and marine) and make the island a centre of excellence in environmental and volcanic research.
Increased focus on mitigating disasters in addition to strengthening preparedness and emergency response.
Physical infrastructure, including housing, designed and built for resilience against disasters and climate change conditions.
GOAL 4: GOOD GOVERNANCE
Strengthened transparency, accountability and public-engagement within the national Governance Framework.
Public Service reformed to improve efficiency and effectiveness in the provision of essential public services.
Montserrat's reputation preserved as a just, safe and secure place to live and visit.
GOAL 5: INCREASED POPULATION
Rebuilt communities which embrace diversity and enable population growth to develop a sustainable Montserrat.
Essential skills attracted and retained through immigration management and training.

SELECTED KEY STRATEGIES – LINKED TO THE POLICY AGENDA

Item / COFOG	Key Strategy	Performance Indicator
Economic Affairs	Implement a financial strategy, focused on outsourcing of non-core functions, operational efficiency and revenue generation (1.5)	Number of revenue/cost savings/process improvement measures introduced
Health/Social Protection	Work with Programme area and other Stakeholder to conceptualize and deliver Health Education and Promotion Programmes in line with MOHSS Key Strategies (2.1, 2.2)	Increased number of persons reached through workplace screening
Health/Social Protection	Continue Efforts to safeguard and protect children of Montserrat by putting in place the necessary legislative and policy framework and programmes (2.9)	Increased percentage of child abuse referrals that have a completed Assessment and Care Plan – Need Actual for 15/16
Education	To apply sound performance management principles with respect to teachers. (2.4, 2.8, 2.9)	Number of students achieving higher grades than the national (pass) average for Mathematics and Language Arts for Grade 3
Security	Provide timely legal advice and services to Ministries, Departments and related agencies to guide in the lawful exercise of their functions (4.1)	Number of training sessions conducted for public officers on the law and legal issues

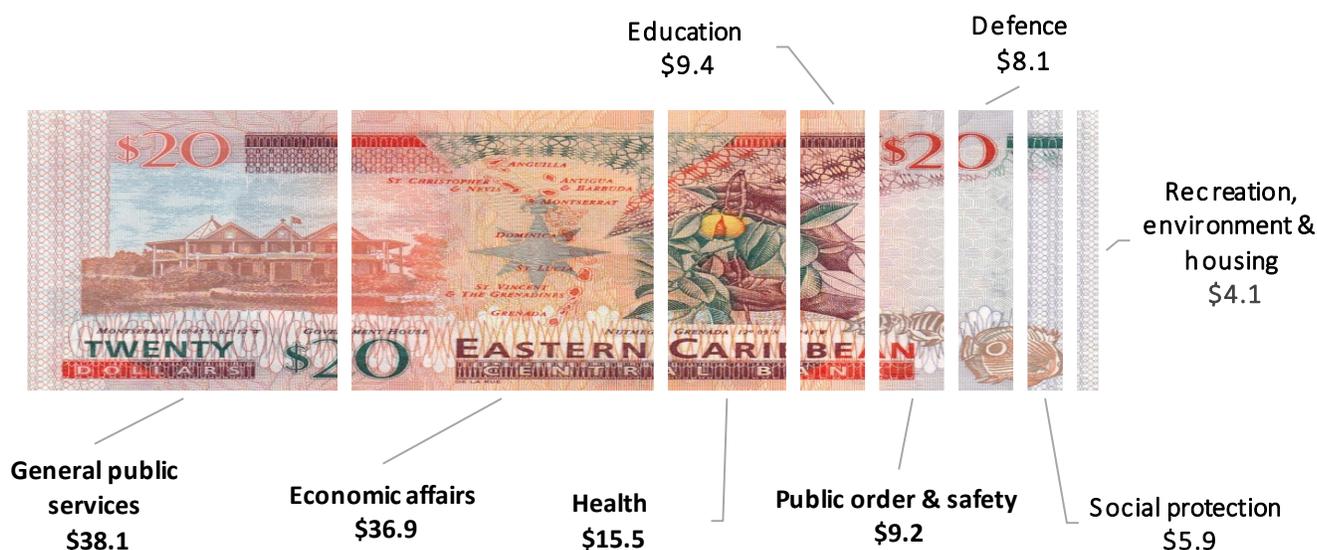
Did you know?
 Montserrat is assessed using the Public Expenditure & financial Accountability (PEFA) methodology? PEFA is an international standard for quality financial management.

Did you know?
 The Legislative Assembly or the Minister of Finance may at any time request the Auditor General to make a special report on any matter.

BUDGET SUMMARY 2016/17 – 2018/19

Details	Actuals 2014-2015	Approved Estimates 2015-2016	Revised Estimates 2015-2016	Budget Estimates 2016-2017	Forward Estimates 2017-2018	Forward Estimates 2018-2019
REVENUE						
LOCAL REVENUE	46,063,147	48,558,300	45,777,300	47,267,900	48,013,200	48,766,400
BUDGETARY AID	75,349,758	79,680,000	75,929,300	79,224,900	77,984,600	77,671,300
TOTAL RECCURENT REVENUE	121,412,905	128,238,300	121,706,600	126,492,800	125,997,800	126,437,700
EXPENDITURE						
Salaries	34,457,042	38,094,700	36,643,200	39,636,600	41,291,600	41,894,700
Wages	538,125	694,500	698,500	688,100	690,800	693,500
Allowances	6,337,613	6,962,200	6,604,900	7,237,200	7,213,200	7,196,900
Benefits	14,142,815	13,074,700	12,458,300	11,455,700	11,632,100	11,459,100
Services	64,201,287	69,412,200	66,823,600	68,135,200	65,170,100	65,193,500
TOTAL RECCURENT EXPENDITURE	119,676,882	128,238,300	123,228,500	127,152,800	125,997,800	126,437,700
SURPLUS/(DEFICIT)	1,736,024	-	(1,521,900)	(660,000)	-	-
CAPITAL EXPENDITURE	33,696,027	43,421,800	57,936,239	38,767,500	4,115,900	-
TOTAL EXPENDITURE	153,372,908	171,660,100	181,164,739	165,920,300	130,113,700	126,437,700

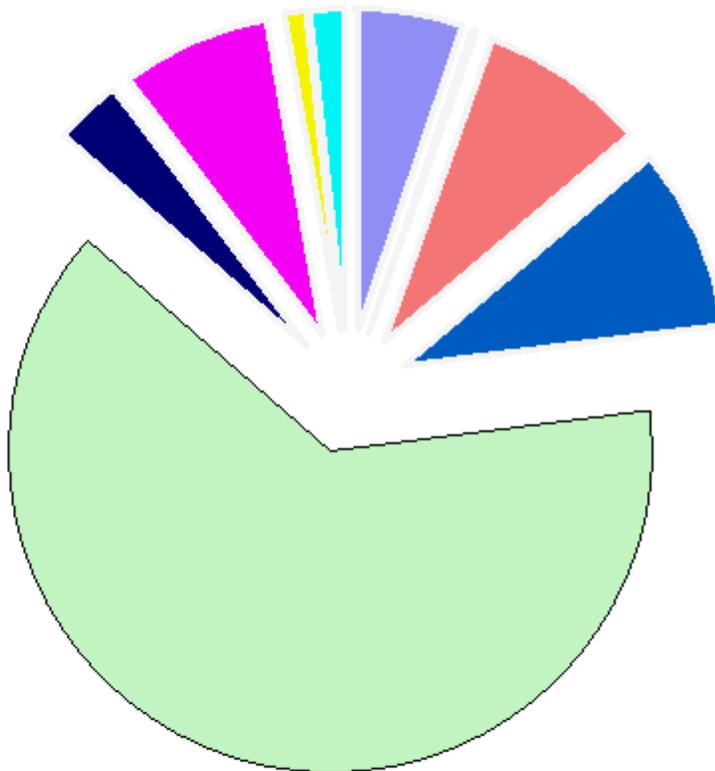
2016/17 BUDGET: WHERE YOUR MONEY GOES
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BUDGET IN BRIEF - REVENUES

REVENUES	2015/16 Budget Actual collections	2016/17 Budget Estimates
Income tax	15,614,700	16,347,000
Property Tax	737,80	920,000
Taxes on Domestic Goods & Services	1,925,200	2,041,600
Licences	2,563,200	2,932,700
Taxes on Int'l Trade & Transactions	18,195,800	18,767,500
Arrears of Taxes	707,100	940,000
Fees, Fines & Permits	1,788,200	2,000,500
Rent, Interest & Dividends	1,132,400	884,700
Reimbursements	1,022,000	115,000
Other Revenue	2,090,900	2,318,900
TOTAL LOCAL REVENUE	45,777,300	47,267,900 Includes <u>\$81,600</u> in new revenue

REVENUE BY SOURCE: 2016/2017



- Police
- Magistrate's Court
- Supreme Court
- Legislature
- Audit Office
- Office of the Deputy Governor
- Office of the Premier
- Ministry of Finance
- Ministry of Agriculture
- Ministry of Communications & Works
- Ministry of Education
- Ministry of Health



∞ 'NEW' FUNDING APPROVED ∞

Annual Budget submissions present 'new spend' requests seeking additional funding for a particular/new project/ programme. As the finance 'pot' is finite, Ministries/Agencies are instructed to prioritize their submissions. Re-prioritizing is engaged utilizing the availability of funds and alignment with the Policy Agenda. The new fundings approved for fiscal year 2016-2017:

Technical Cooperation Programme

Technical Cooperation (TC) is a donor-funded provision of expertise in the form of personnel, technical advice, training, scholarships and research. TC is provided where these needs cannot be fully met from local resources and human capacity. TC Personnel may include long or short-term specialists, consultants, individuals and teams. Long-term TC is allocated for permanent GoM line posts, for which no suitably qualified Officer has been identified locally. Whilst short-term TC is allocated for roles, which cover a dedicated piece of work, or for consultancy/research to be undertaken, over a stipulated period. There is also an expectation that where TC support is provided to fill line positions, there would be a measurable element of transfer of skills to local staff (including any identified local counterpart) as reflected in the terms of reference.

- ◇ Long-term Technical personnel
- ◇ Short-term Technical personnel
- ◇ Child Safeguarding Specialists

Ministry of Education and Youth Affairs

- ◇ \$200,000 increase for scholarships, allowing for at least two (2) more new awards
- ◇ \$48,000 for more equipment and supplies in public schools
- ◇ \$20,000 increase for St. Augustine Primary School subvention
- ◇ \$30,000 increase for Lighthouse Community Academy subvention

Child Safeguarding

- ◇ Police – 1 additional Constable post
- ◇ Education services – 5 posts
- ◇ Social Services and New Child Protection Unit

Public order and safety and defence (increased by \$170,000)

- ◇ Police Services - \$60,000 for equipment and supplies
- ◇ Financial Crime & Analysis Unit (FCAU) – 1 new Constable post
- ◇ **Economic affairs (increased by \$1.65 million)**

Basic Needs Trust Fund \$605,000

- ◇ Tourism Division \$150,000

Debt Servicing

- ◇ Montserrat Port Authority
- ◇ MSSF
- ◇ MUL (on completion of new plant)

Food Safety and Environmental protection (increased by \$149,000)

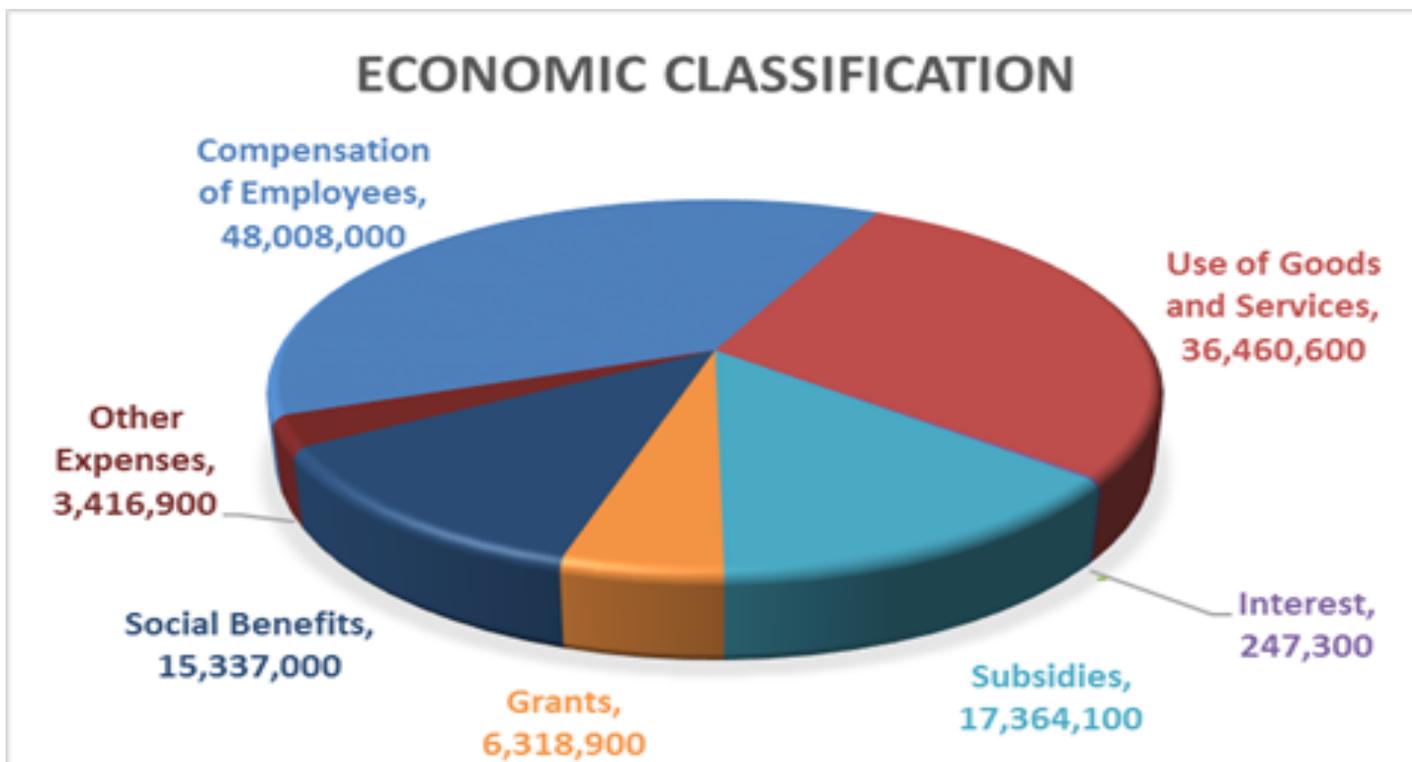
- ◇ Abattoir Operations
- ◇ Conservation Projects and Feral Livestock Control

Healthcare services and infrastructure (increased by \$1.9 million)

- ◇ Medical and Dietary Supplies \$0.82m
- ◇ Hospital Equipment \$0.4m
- ◇ Maintenance \$0.24m

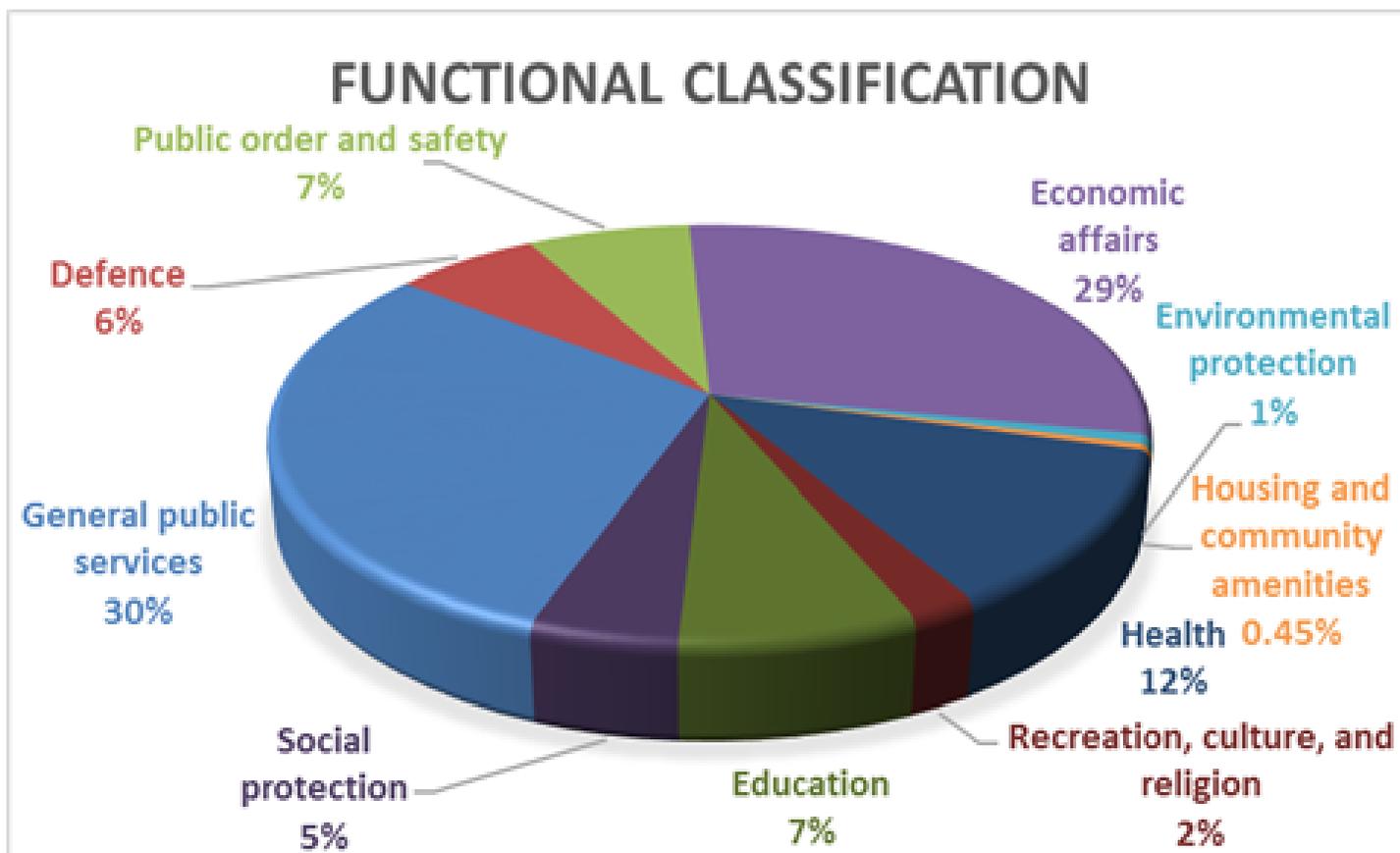
The Budget is classified in eight (8) economic functions based on the Gross fixed capital formation (GFCF) which is a macroeconomic concept used in official national accounts such as the United Nations System of National Accounts (UNSNA) and OECD. GFCF refers to the net increase in physical assets (investment minus disposals) within the measurement period. It does not account for the consumption (depreciation) of fixed capital, and also does not include land purchases. It is a component of the Expenditure method of calculating **GDP**.

GFCF includes spending on land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases, the construction of roads, private residential dwellings, commercial and industrial buildings, schools, offices, hospitals buildings.



Economic Classification	Revised Estimates 2015-2016		Budget Estimates 2016-2017		Forward Estimates 2017-2018		Forward Estimates 2018-2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Compensation of Employees	44,375,600	36.0%	48,008,000	37.8%	49,641,700	39.4%	50,231,200	39.7%
Use of Goods and Services	34,503,300	28.0%	36,460,600	28.7%	33,546,500	26.6%	33,569,900	26.6%
Consumption of Fixed Capital	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interest	133,000	0.1%	247,300	0.2%	247,300	0.2%	247,300	0.2%
Subsidies	17,178,100	13.9%	17,364,100	13.7%	17,238,100	13.7%	17,238,100	13.6%
Grants	6,948,200	5.6%	6,318,900	5.0%	6,318,900	5.0%	6,318,900	5.0%
Social Benefits	17,163,600	13.9%	15,337,000	12.1%	15,513,400	12.3%	15,340,400	12.1%
Other Expenses	2,926,700	2.4%	3,416,900	2.7%	3,491,900	2.8%	3,491,900	2.8%
Totals	123,228,500	100%	127,152,800	100%	125,997,800	100%	126,437,700	100%

The Budget was classified in ten (10) functional areas, as developed by the Organization for Economic Co-operation and Development (OECD), the Classification of the Functions of Government (COFOG), allowing for global comparisons.

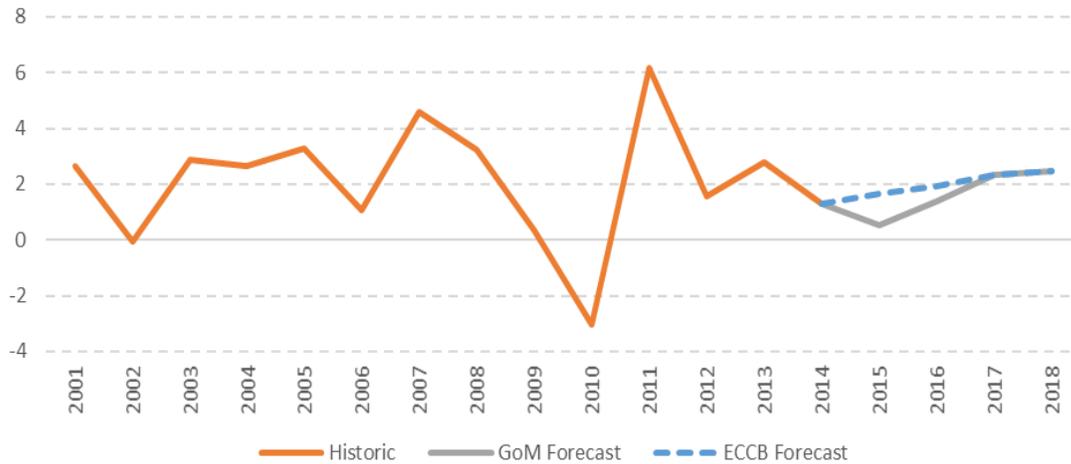


Function of Government	Revised Estimates 2015-2016		Budget Estimates 2016-2017		Forward Estimates 2017-2018		Forward Estimates 2018-2019	
	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage
General public services	37,962,700	30.8%	38,084,500	30.0%	37,912,200	30.1%	37,952,300	30.0%
Defence	7,905,800	6.4%	8,068,700	6.3%	8,085,700	6.4%	8,086,200	6.4%
Public order and safety	8,583,600	7.0%	9,211,700	7.2%	9,435,300	7.5%	9,542,200	7.5%
Economic affairs	35,351,300	28.7%	36,888,400	29.0%	37,348,300	29.6%	37,541,700	29.7%
Environmental protection	869,900	0.7%	946,300	0.7%	983,100	0.8%	952,500	0.8%
Housing and community amenities	505,300	0.4%	566,800	0.4%	595,600	0.5%	601,000	0.5%
Health	15,824,100	12.8%	15,487,700	12.2%	13,488,900	10.7%	13,431,600	10.6%
Recreation, culture, and religion	2,495,000	2.0%	2,638,700	2.1%	2,595,200	2.1%	2,602,800	2.1%
Education	8,477,300	6.9%	9,397,400	7.4%	9,573,400	7.6%	9,635,900	7.6%
Social protection	5,253,500	4.3%	5,862,600	4.6%	5,980,100	4.7%	6,091,500	4.8%
Total	123,228,500	100%	127,152,800	100%	125,997,800	100%	126,437,700	100%

LOOKING TO THE FUTURE

Over the next fiscal years 2016/17, 2017/18 & 2018/19, Montserrat's growth prospects are expected to return to the long term trend of roughly 2% when compared to the estimated 0.5% growth in 2015/16 (Graph 1). This will be as a result of the planned capital investment initiatives by the Government to push development forward.

Graph 1—Historic and forecast real annual GDP growth, ECCB and GoM, %



The National Museum of Montserrat
image: www.shelf3d.com



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