



Government of Montserrat

CITIZENS GUIDE TO THE BUDGET

FOR FISCAL YEAR 2017/2018

“Moving Montserrat Forward towards Self-Sustainability and Inclusive Economic Growth ”

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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 2017/2018 Budget is about building on the principles in the Sustainable Development Plan 2008 – 2020, through Government’s Policy Agenda:

- Goal 1: prudent economic management,
- Goal 2: enhanced human development,
- Goal 3: sustainable environmental management and appropriate disaster management practices,
- Goal 4: good governance and
- Goal 5: increased population.

“Moving Montserrat Forward towards Self-Sustainability and Inclusive Economic Growth”, this theme reminds us of our vision, to return Montserrat to self-sufficiency, resilient, inclusive economic growth and sound, robust development. So, while we must face the urgent challenges of the moment, we must not lose sight of the long-term vision. “. . . we must make strategic investments to return Montserrat to self-sufficiency, we cannot and will not continue to be a welfare state receiving annual Aid for generations to come . . . There will no doubt be challenges but we must all rise and embrace the opportunities and responsibilities that come with these challenges; we must act with our vision ever before us, and with unity, whether citizens, friends of Montserrat or development partners. We must speak with one voice in the global and regional economic arena as we address the broader challenges and opportunities for Montserrat’s economic growth.



ABOUT MONTSERRAT

Montserrat is a one of 14 UK Overseas Territories in the Caribbean, 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
 Gen Elections: Last held 2014 (next held by 2019)
 By-Elections: 9 November 2016

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.

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).

GOVERNMENT OF MONTSERRAT POLICY AGENDA 2017/18 – 2019/20

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	Establish a project management function to improve the process through which priority infrastructure is being developed, assessed, managed and implemented	Project management office established
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	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	Increased percentage of child abuse referrals that have a completed Assessment and Care Plan
Education	To apply sound performance management principles with respect to teachers.	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	Number of training sessions conducted for public officers on the law and legal issues

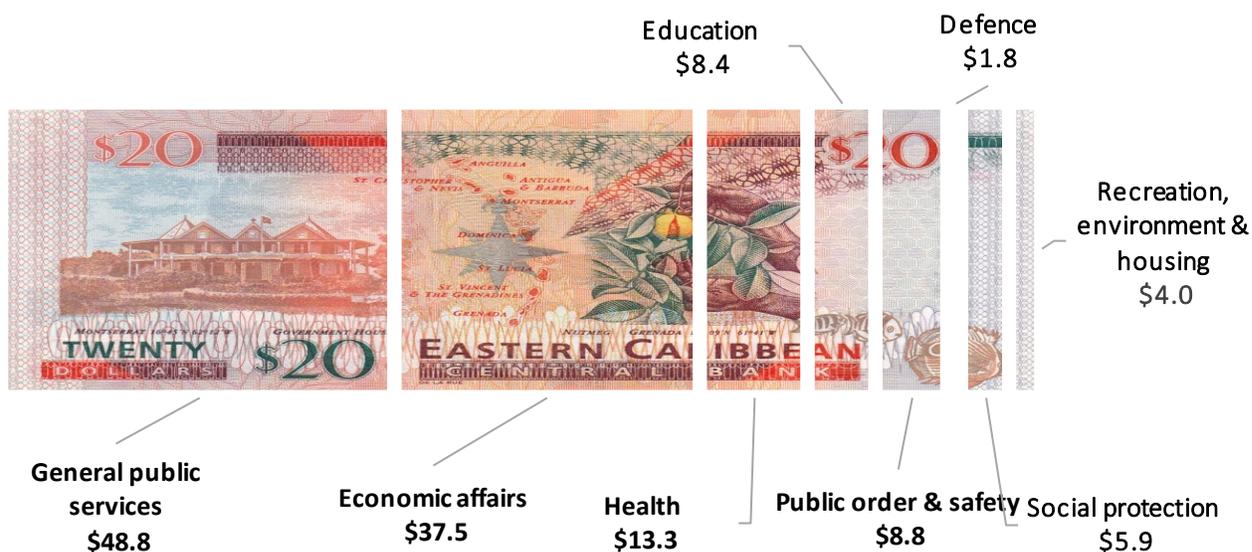
Achievements 2016/17

- ⇒ Negotiated the use of the UK/CIF funds to construct safe moorings in Little Bay, with construction due to start during this fiscal year, in 2018
- ⇒ Improved pay conditions for Public Servants with increased funding in the 2017/18 budget
- ⇒ Concluded long outstanding consultations on the Elderly care policy to begin implementation during fiscal year 2017/18
- ⇒ Implemented a fully resourced Social Services Department, including a new Child Protection Unit
- ⇒ Put in place a succession planning framework for the Department to ensure when the TCs leave, there will be locals with the capability to succeed them
- ⇒ Unplugged the backlog of Nationalization, registration and citizenship applications
- ⇒ Put in place an Honorary Consul for our citizens residing in Antigua & Barbuda
- ⇒ Delivered an equity study in partnership with UNICEF that will inform policies for further relief of non – nationals

BUDGET ESTIMATES FOR 2015/2016 to 2019/2020						
Details	Actuals 2015-2016	Approved Estimates 2016-2017	Revised Estimates 2016-2017	Budget Estimates 2017-2018	Forward Estimates 2018-2019	Forward Estimates 2019-2020
REVENUE						
LOCAL REVENUE	46,350,524	47,267,900	47,267,900	50,380,300	50,243,400	50,604,900
BUDGETARY AID	75,929,259	79,224,900	79,224,900	78,000,000	78,000,000	78,000,000
TOTAL RECCURENT REVENUE	122,279,783	126,492,800	126,492,800	128,380,300	128,243,400	128,604,900
EXPENDITURE						
Salaries	35,006,481	39,636,600	37,765,100	37,529,400	38,238,000	39,227,600
Wages	796,210	688,100	746,100	661,800	664,700	667,400
Allowances	6,005,515	7,237,200	6,890,400	7,507,600	7,518,700	7,491,400
Benefits	12,043,769	11,455,700	11,799,100	11,797,200	12,027,000	11,834,000
Services	61,959,574	68,135,200	69,952,100	70,884,300	69,793,400	69,390,300
TOTAL RECCURENT EXPENDITURE	115,811,548	127,152,800	127,152,800	128,380,300	128,241,800	128,610,700
SURPLUS/(DEFICIT)	6,468,235	(660,000)	(660,000)	-	1,600	(5,800)
CAPITAL EXPENDITURE	24,762,338	38,715,300	39,680,300	31,137,000	-	-
TOTAL EXPENDITURE	140,573,886	165,868,100	166,833,100	159,517,300	128,241,800	128,610,700

2017/18 Budget: Where Your Money Goes

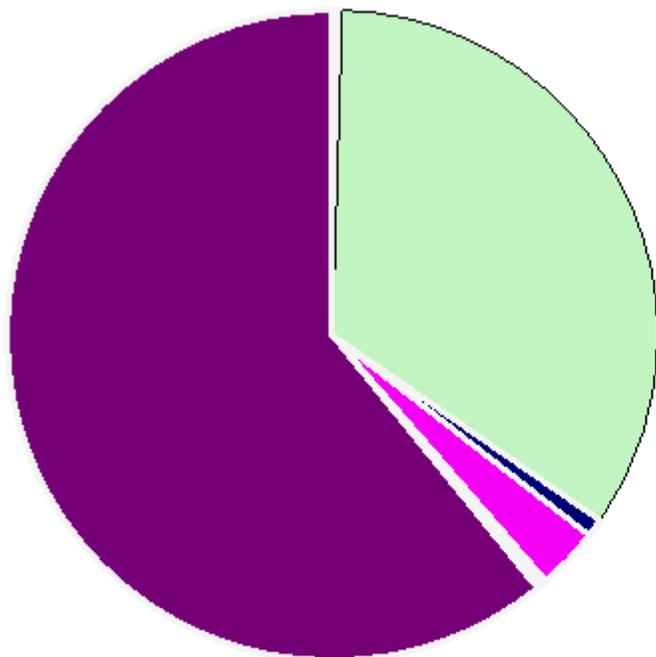
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BUDGET IN BRIEF - REVENUES

REVENUES	2016/17 Budget Actual collections	2017/18 Budget Estimates
Income tax	18,102,859	17,440,000
Property Tax	692,308	720,000
Taxes on Domestic Goods & Services	2,470,855	3,080,000
Licences	2,603,401	2,835,100
Taxes on Int'l Trade & Transactions	19,588,063	19,715,000
Arrears of Taxes	619,363	800,000
Fees, Fines & Permits	1,845,415	2,081,600
Rent, Interest & Dividends	788,235	1,125,500
Reimbursements	469,393	115,000
Other Revenue	2,407,409	2,468,100
TOTAL LOCAL REVENUE	49,587,299	50,380,300

REVENUE BY SOURCE: 2017/2018



- Police
- Magistrate
- Supreme Court
- Legislature
- Audit
- 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
- UK Budget Support

UK Budget Support remains the highest contributor to our revenues. HMG actually provided \$74.4 million in 2016-17 but this fell below the estimate of \$79.2 million. The unpredicted and dramatic fall in the value of the Pound Sterling accounted for most of this difference



∞ '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 funding approved for fiscal year 2017-2018:

Legal reform

- ◇ \$310,000 to carry out the required revision of Laws for Montserrat
- ◇ \$30,000 for electoral reform.

Business and Economy

- ◇ \$300,000 to MCRS to implement the new computerised tax system
- ◇ \$32,000 to complete the aerodrome obstacle survey
- ◇ \$120,000 for a new Energy Director position
- ◇ \$70,000 for a Senior Disaster Management Coordinator

Health

- ◇ \$210,000 for maintenance of hospital equipment
- ◇ \$70,000 for locum doctors to cover absences
- ◇ \$60,000 to increase resources for the bi-annual cleanup

Sports

- ◇ Two new posts for Sports and Physical Education
- ◇ \$200K for refurbishment of basketball courts in Salem and Lookout.

Public Employment

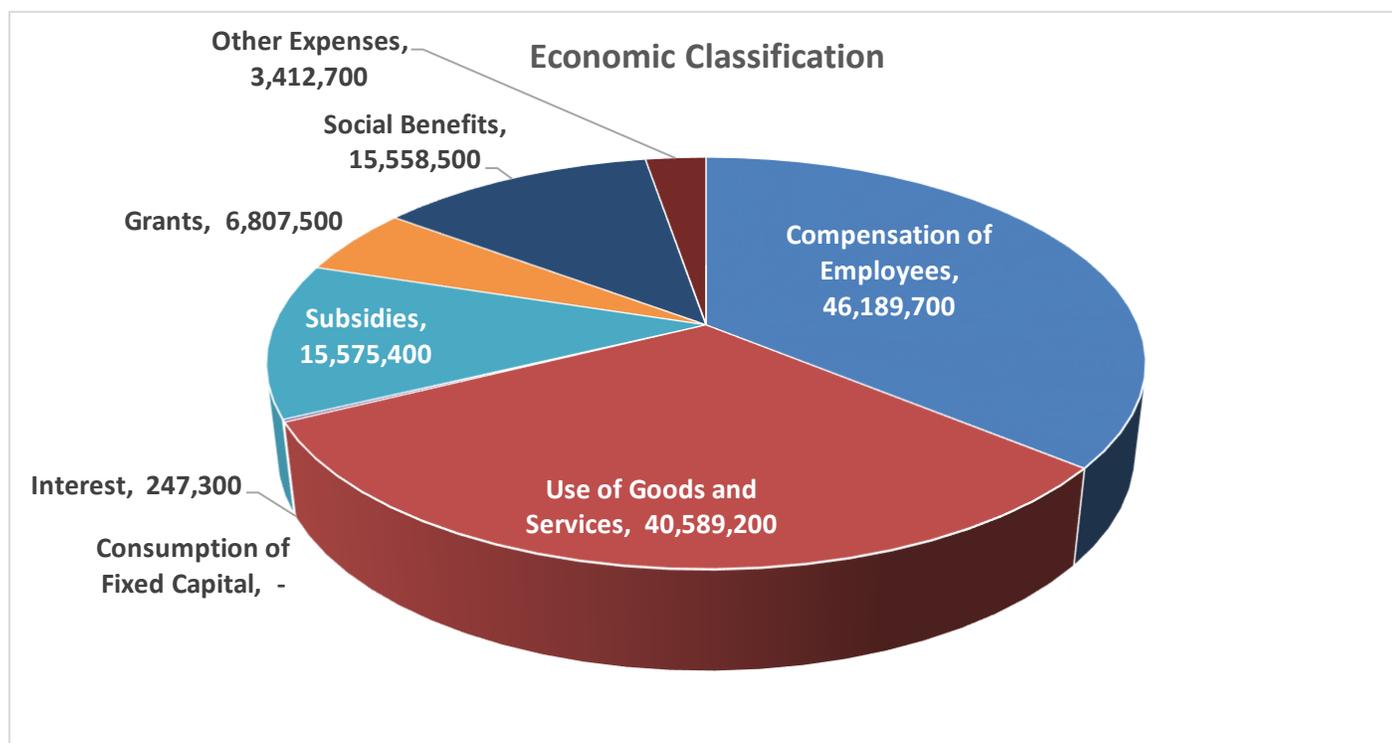
- ◇ \$1.54 million for a pay increase for public employees

Capital projects

- ◇ Media Exchange (\$1.03 million) for the completion of the ZJB Building,
- ◇ Roads & Bridges (\$0.63 million) under the Montserrat Priority Infrastructure Needs Project
- ◇ Energy (\$2.68 million)
- ◇ Geothermal Exploration (\$0.63 million) geared towards the testing phase
- ◇ \$5 million for the refurbishment of the Golden Years Home, improvement to Airport Facilities, repairing of the MPA Ferry Terminal Roof and refurbishment of the Brades and Salem Primary Schools.

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.

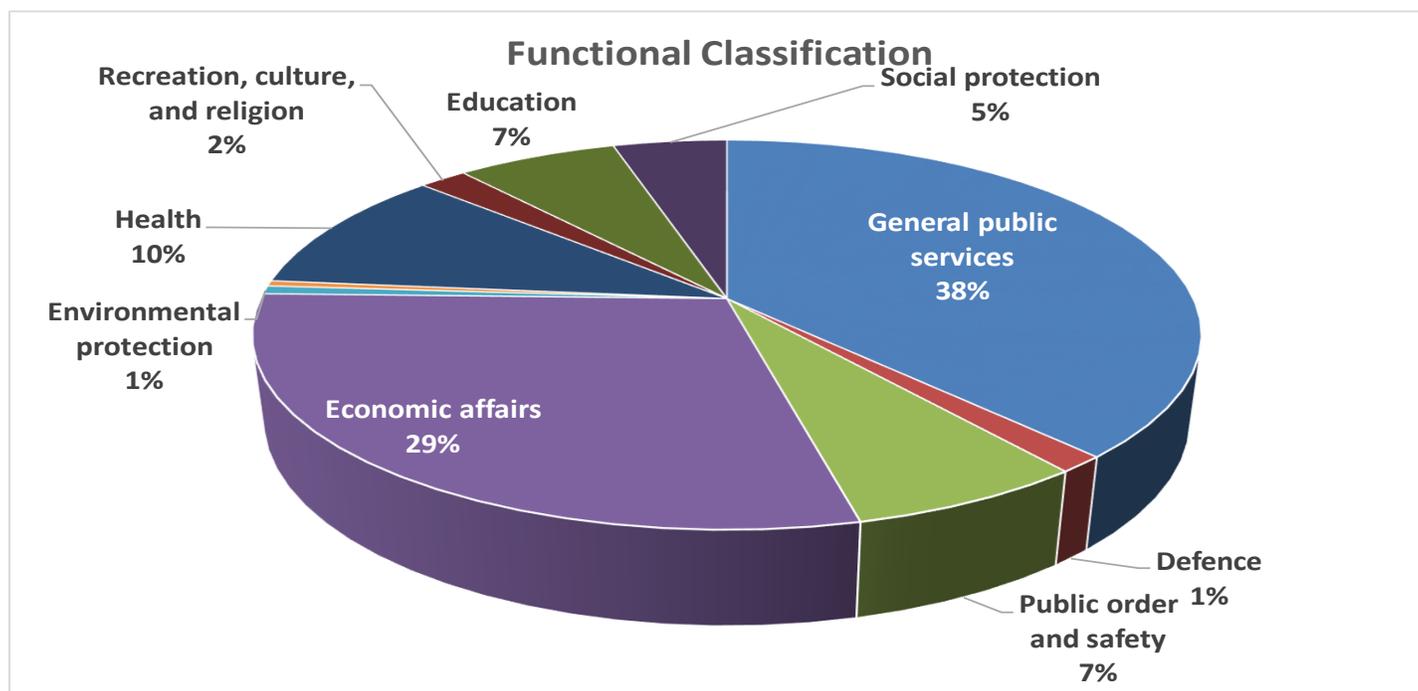
GFCF includes spending on land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases, the construction of roads, private residential dwellings, commercial and industrial buildings, schools, offices, hospitals buildings.



ECONOMIC CLASSIFICATION OF THE BUDGET

Function of Government	Revised Estimates 2016-2017		Budget Estimates 2017-2018		Forward Estimates 2018-2019		Forward Estimates 2019-2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Compensation of Employees	45,847,700	36.1%	46,189,700	36.0%	46,912,300	36.6%	47,877,300	37.2%
Use of Goods and Services	39,667,800	31.2%	40,589,200	31.6%	39,498,300	30.8%	39,095,200	30.4%
Consumption of Fixed Capital	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interest	247,300	0.2%	247,300	0.2%	247,300	0.2%	247,300	0.2%
Subsidies	15,842,100	12.5%	15,575,400	12.1%	15,575,400	12.1%	15,575,400	12.1%
Grants	6,170,800	4.9%	6,807,500	5.3%	6,807,500	5.3%	6,807,500	5.3%
Social Benefits	15,915,400	12.5%	15,558,500	12.1%	15,788,300	12.3%	15,595,300	12.1%
Other Expenses	3,461,700	2.7%	3,412,700	2.7%	3,412,700	2.7%	3,412,700	2.7%
Totals	127,152,800	100%	128,380,300	100%	128,241,800	100%	128,610,700	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.



FUNCTIONAL CLASSIFICATION OF THE BUDGET								
Function of Government	Revised Estimates 2016-2017		Budget Estimates 2017-2018		Forward Estimates 2018-2019		Forward Estimates 2019-2020	
General public services	43,799,700	34.5%	48,765,200	38.0%	48,063,600	37.5%	47,945,800	37.3%
Defence	7,780,600	6.1%	1,773,500	1.4%	1,727,100	1.3%	1,753,000	1.4%
Public order and safety	9,076,000	7.2%	8,813,900	6.9%	8,996,600	7.0%	9,221,400	7.2%
Economic affairs	31,331,400	24.7%	37,453,700	29.2%	37,570,000	29.3%	37,740,700	29.3%
Environmental protection	833,700	0.7%	871,800	0.7%	905,300	0.7%	873,900	0.7%
Housing and community amenities	529,300	0.4%	574,500	0.4%	570,000	0.4%	591,700	0.5%
Health	15,522,700	12.2%	13,270,700	10.3%	13,360,200	10.4%	13,447,000	10.5%
Recreation, culture, and religion	2,780,700	2.2%	2,507,300	2.0%	2,485,100	1.9%	2,520,300	2.0%
Education	9,413,600	7.4%	8,400,100	6.5%	8,582,800	6.7%	8,522,100	6.6%
Social protection	5,827,600	4.6%	5,949,600	4.6%	5,981,100	4.7%	5,994,800	4.7%
Total	126,895,300	100%	128,380,300	100%	128,241,800	100%	128,610,700	100%

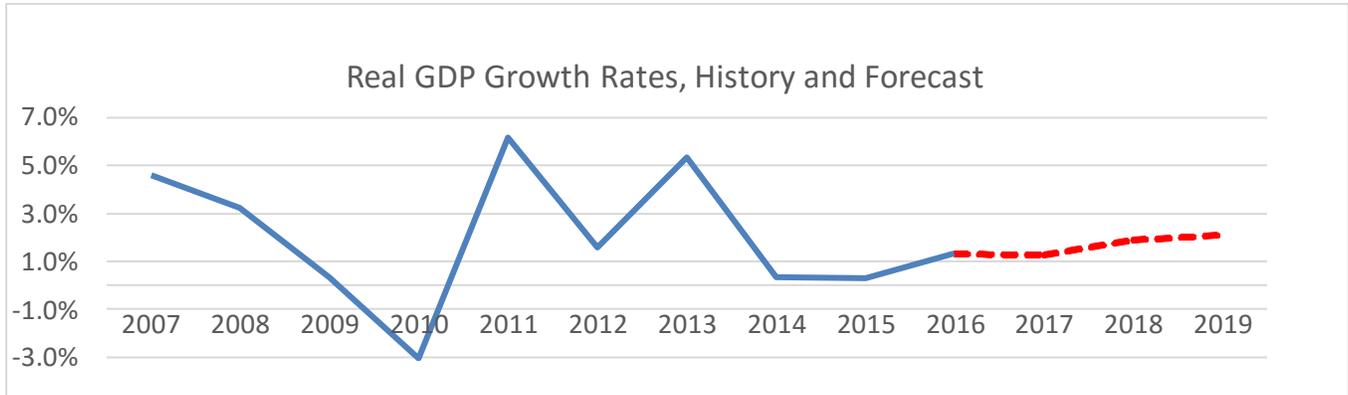
Did you know?

Budget classification is one of the fundamental building blocks of a sound budget management system, as it determines the manner in which the budget is recorded, presented and reported, and as such has a direct impact on the transparency and coherence of the budget.

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 1% growth in 2016/17. This will be as a result of the planned capital investment initiatives by the Government to push development forward including the new port.

Montserrat's also making advances in public financial management reform, with a new work plan based on the latest version of the PEFA (Public Expenditure and Financial Accountability) worldwide standards.



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



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