



Government of Montserrat

CITIZENS GUIDE TO THE BUDGET

FOR FISCAL YEAR 2018/2019

“Advancing our Journey to Self-Sustainability through Strategic Investments”

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Foreword by Honourable Premier Donaldson Romeo

The Government of Montserrat is committed to facilitating and promoting sustained economic growth, diversifying the economy and creating employment opportunities for locals. Energy and Transformative infrastructure projects are key areas of focus for the upcoming years. These projects are expected to have positive and long-term “catalytic” impact on the economy.



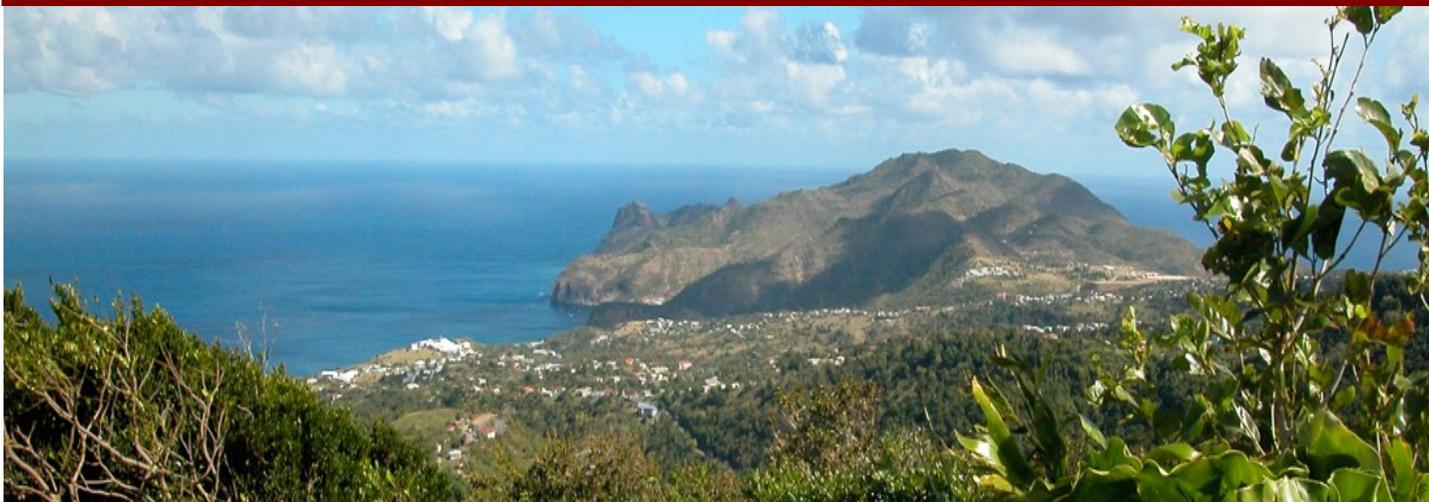
I have the honour this afternoon to present to the Legislative Assembly the budget for the financial year 2018-19. This budget day is significant in that it marks a change in the landscape of our economic development. This is the budget speech where we will be able to speak to a number of strategic breakthroughs on our path to realising our vision where Montserrat can return to self-sustainability.

Budget 2018-2019 is delivering a number of sound, economy-transforming investments but there is much more work to be done as redevelopment and the hoped for economic self-sufficiency will clearly not happen overnight. “ This is why our overarching theme for this budget is **Advancing our journey to self-sustainability through strategic investments**. Yes, our mission today remains the same - to rebuild our nation and to move Montserrat back to economic self-sustainability.

.....last year I concluded the budget speech by stating that Budget 2017/18 marks a crossroads; it is about making choices. The only intelligent choice is strategic investment in catalytic projects. I am happy to report that, This is why our overarching theme for this budget is Advancing in our journey to self-sustainability through strategic investments. We must stand shoulder to shoulder as a united people determined to rebuild and redevelop our homeland until we can stand on our own two feet once more. None of this is new; our challenge has long been how to move forward without further undue delays, road-blocks, and inadequate projects. It is my hope that as our economy recovers, as key infrastructure are put in place and as jobs are created, hundreds of Montserratians who have been forced to leave Montserrat can begin to come home. This, too, will further boost our economy, as these people will need to build or buy houses, make a living and will have skills that build up our capacity.

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”.



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 Andrew PEARCE (since 1 February 2018)

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 2018/19 – 2020/21

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.
Montserrat strives to promote gender equality, equity and social justice to improve the quality of life for all its citizens.
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	Improve efficiency and effectiveness of the procurement processes through the implementation and use of an electronic procurement system (e procurement)	Number of electronic procurements undertaken
Economic Affairs	Improve Airport Facility to extend useful life span of the asset	No. of passenger movements
Health	Improve the management of persons living with Non-Communicable Diseases through the development of individualized Care and Educational Plans and the continuous availability of relevant supplies and diagnostic tests.	Percent of registered diabetic patients who complete an annual physical Percent of registered hypertensives who complete an annual physical
Public Information	Enhance quality of decision making by providing timely, relevant and reliable data.	Number of statistical products distributed Survey response rates
Youth Affairs and Sport	Provide support to community organisations and sporting bodies which promote sporting and youth activities to help them to promote the adoption of healthy lifestyles by youths	No. of sporting competitions in which Montserrat fielded teams
Security	Strengthened marine and land based interdiction	No of Maritime and Immigration Patrols

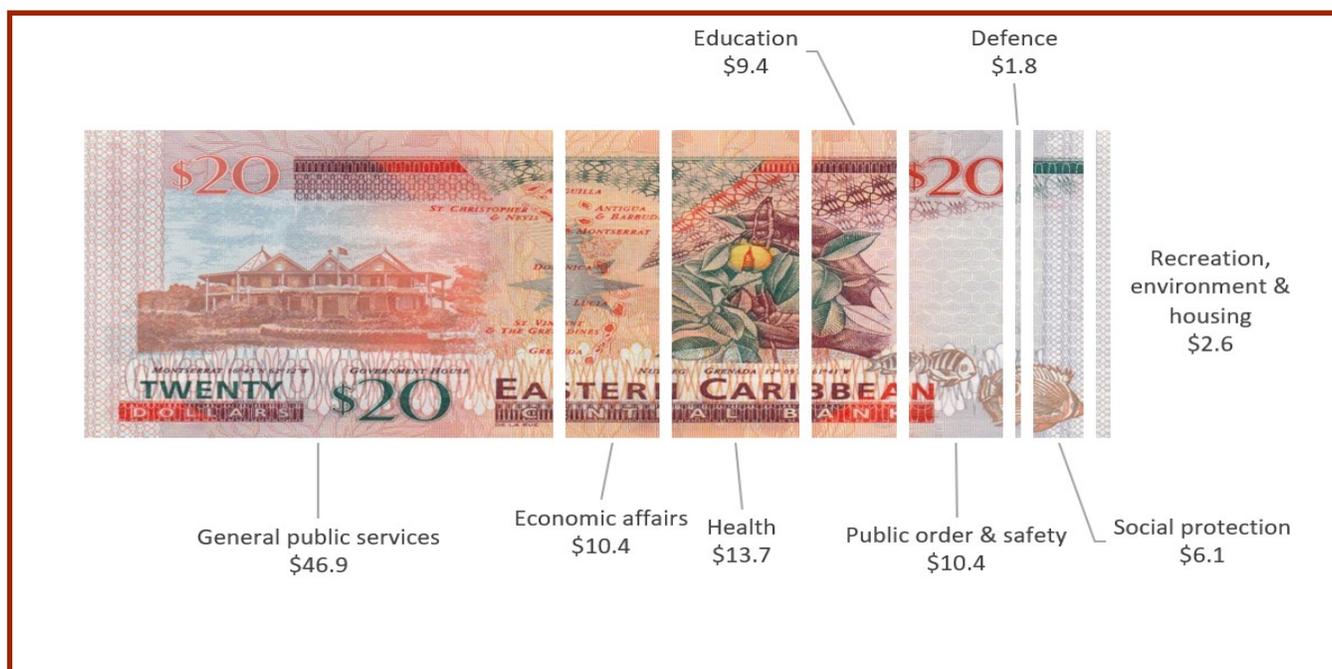
Achievements 2017/18

- ⇒ Power station project completed with a total investment of \$4.71 million
- ⇒ Major relief in customs duties through expansion of the Barrel Program, exemptions for disaster preparedness materials and for homebuilding materials for returning Montserratians and for building in Zone C and exemptions for new appliances.
- ⇒ ICT programme completed, designed to improve understanding of technology among Montserratians and increase Montserrat's presence in international and regional forums
- ⇒ Significant improvement in the quality of statistical information available to the public
- ⇒ The resilience of Broadcasting Services was strengthened through a change in tower location and other improvements
- ⇒ Information and communications within the local and diaspora communities was improved through increased staffing and presence on social media
- ⇒ Tourism expanded a key pillar of Montserrat's redevelopment through certification of additional taxi and tour operators and targeted advertising

BUDGET ESTIMATES FOR 2016/2017 to 2020/2021							
Details	Actuals 2016-2017	Approved Estimates 2017-2018	Revised Estimates 2017-2018	Budget Estimates 2018-2019	Forward Estimates 2019-2020	Forward Estimates 2020-2021	
REVENUE							
LOCAL REVENUE	49,587,299	50,380,300	50,380,300	52,689,300	53,624,200	54,578,000	
BUDGETARY AID	74,393,435	78,000,000	78,000,000	78,462,000	78,350,000	78,350,000	
TOTAL RECURRENT REVENUE	123,980,735	128,380,300	128,380,300	131,151,300	131,974,200	132,928,000	
EXPENDITURE							
Salaries	35,475,374	37,529,400	37,652,200	40,143,700	40,884,500	41,518,600	
Wages	519,566	661,800	465,700	433,000	434,100	435,300	
Allowances	6,349,489	7,507,600	7,121,100	7,468,700	7,411,800	7,416,800	
Benefits	12,198,589	11,797,200	11,764,500	11,811,100	11,933,400	11,812,100	
Services	66,846,137	70,884,300	72,014,800	71,294,800	71,310,400	71,745,200	
TOTAL RECURRENT EXPENDITURE	121,389,156	128,380,300	129,018,300	131,151,300	131,974,200	132,928,000	
SURPLUS/(DEFICIT)	2,591,579	-	(638,000)	-	-	-	
CAPITAL EXPENDITURE	17,748,260	31,137,000	32,923,300	33,628,600	10,772,000	1,673,000	
TOTAL EXPENDITURE	139,137,416	159,517,300	161,941,600	164,779,900	142,746,200	134,601,000	

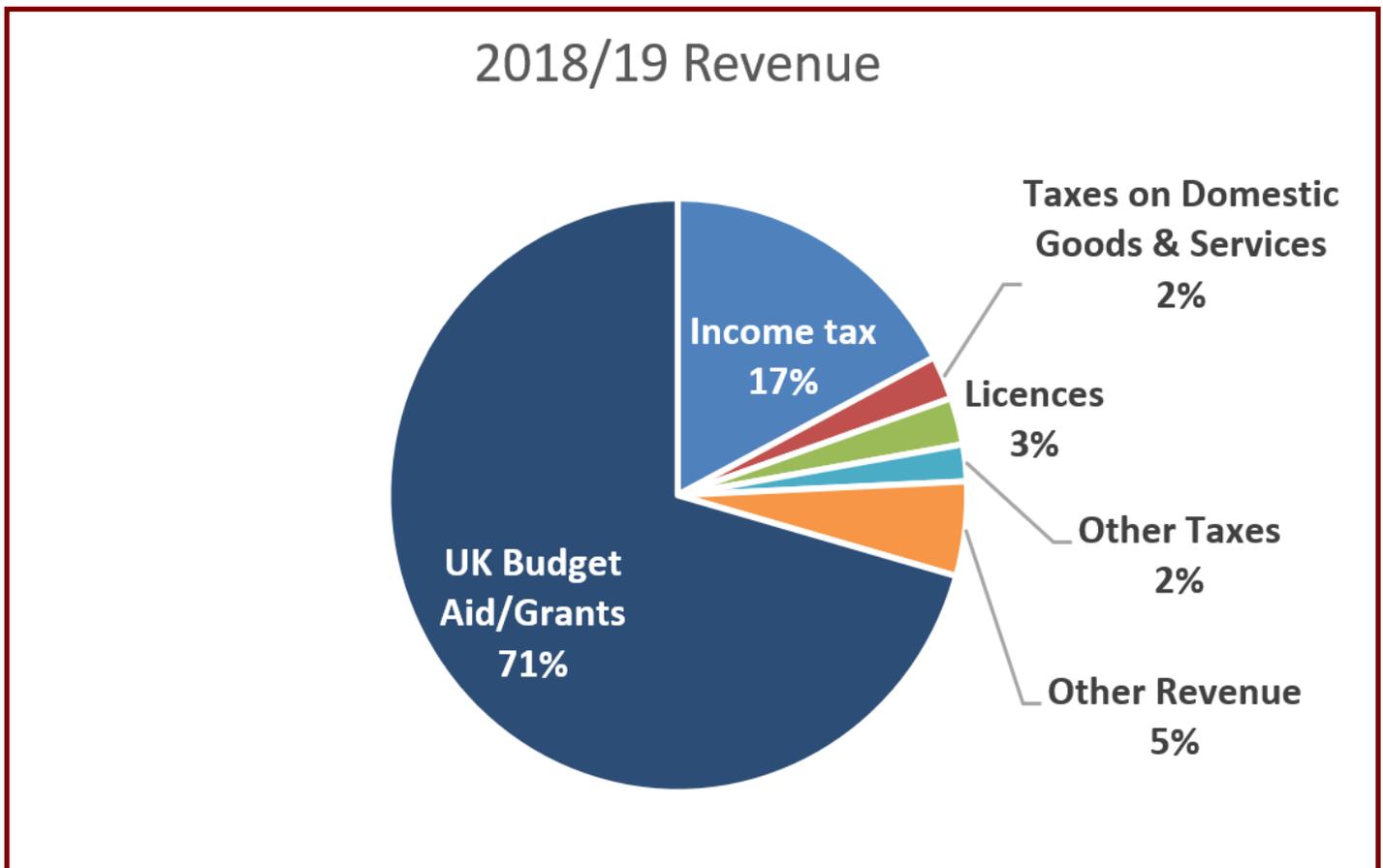
2018/19 Budget: Where Your Money Goes

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BUDGET IN BRIEF - REVENUES

LOCAL REVENUES	2017/2018 Actual Expenditure	2018/2019 Budget Estimates
Income tax	16,902,193	19,230,100
Property Tax	700,075	725,000
Taxes on Domestic Goods & Services	2,922,634	2,655,900
Licences	2,774,056	2,845,100
Taxes on Int'l Trade & Transactions	17,536,535	20,123,300
Arrears of Taxes	1,174,773	1,500,000
Fees, Fines & Permits	2,077,050	1,983,800
Rent, Interest & Dividends	1,067,436	1,125,500
Reimbursements	556,919	115,000
Other Revenue	1,995,735	2,480,100
TOTAL LOCAL REVENUE	47,707,407	52,783,800





∞ '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 2018-2019:

Public Safety

- ◇ \$1,645,000 to operationalise the marine unit to increase border security and safety
- ◇ \$65,000 to increase staffing for the Financial Crimes Analysis Unit
- ◇ \$18,200 for additional staffing in the prison

Public Information

- ◇ \$87,100 to re-establish the position of Director of Information and Communication in the office of the Premier

Business and Economy

- ◇ \$139,700 for increased staffing for land management and information management
- ◇ \$102,000 for essential airport maintenance

Education

- ◇ \$335,800 to establish the administrative hub of the Eastern Caribbean Institute of Tourism at the Montserrat Community College
- ◇ \$265,000 to provide new textbooks for schools
- ◇ \$152,700 to provide for new nursing graduates from MCC

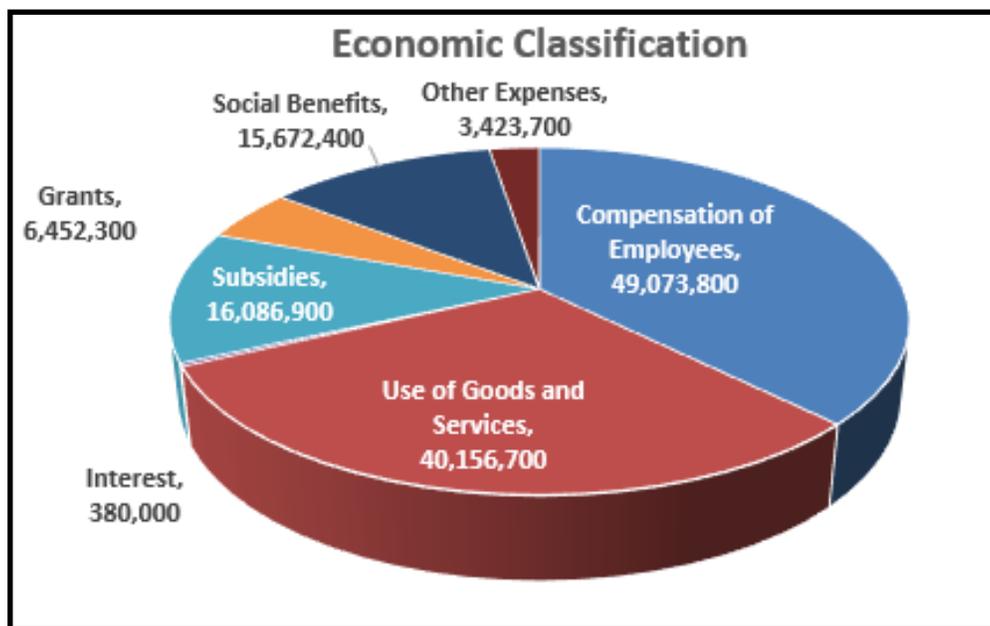
Sports

- ◇ \$59,800 to fund a new sports therapist position to support youth engaged in sporting and community activities.

SUMMARY OF CAPITAL EXPENDITURE 2016/2017 - 2020/2021				
VOTES & DETAILS	Actuals 2016-2017	Approved Estimates 2017-2018	Revised Estimates 2017-2018	Budget Estimates 2018-2019
OFFICE OF THE DEPUTY GOVERNOR	938,674	2,194,000	180,800	180,800
OFFICE OF THE PREMIER	909,997	4,189,300	4,440,300	3,741,900
MINISTRY OF FINANCE	8,271,551	12,679,300	9,844,700	13,631,400
AGRICULTURE	863,974	3,806,600	4,421,100	2,453,700
COMMUNICATIONS, WORKS & LABOUR	6,745,788	7,620,300	11,554,000	11,915,900
EDUCATION, YOUTH AFFAIRS AND SPORTS	-	111,800	1,848,900	1,546,700
HEALTH AND SOCIAL SERVICES	18,277	535,700	633,500	154,400
TOTAL CAPITAL EXPENDITURE	17,748,260	31,137,000	32,923,300	33,624,800

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.

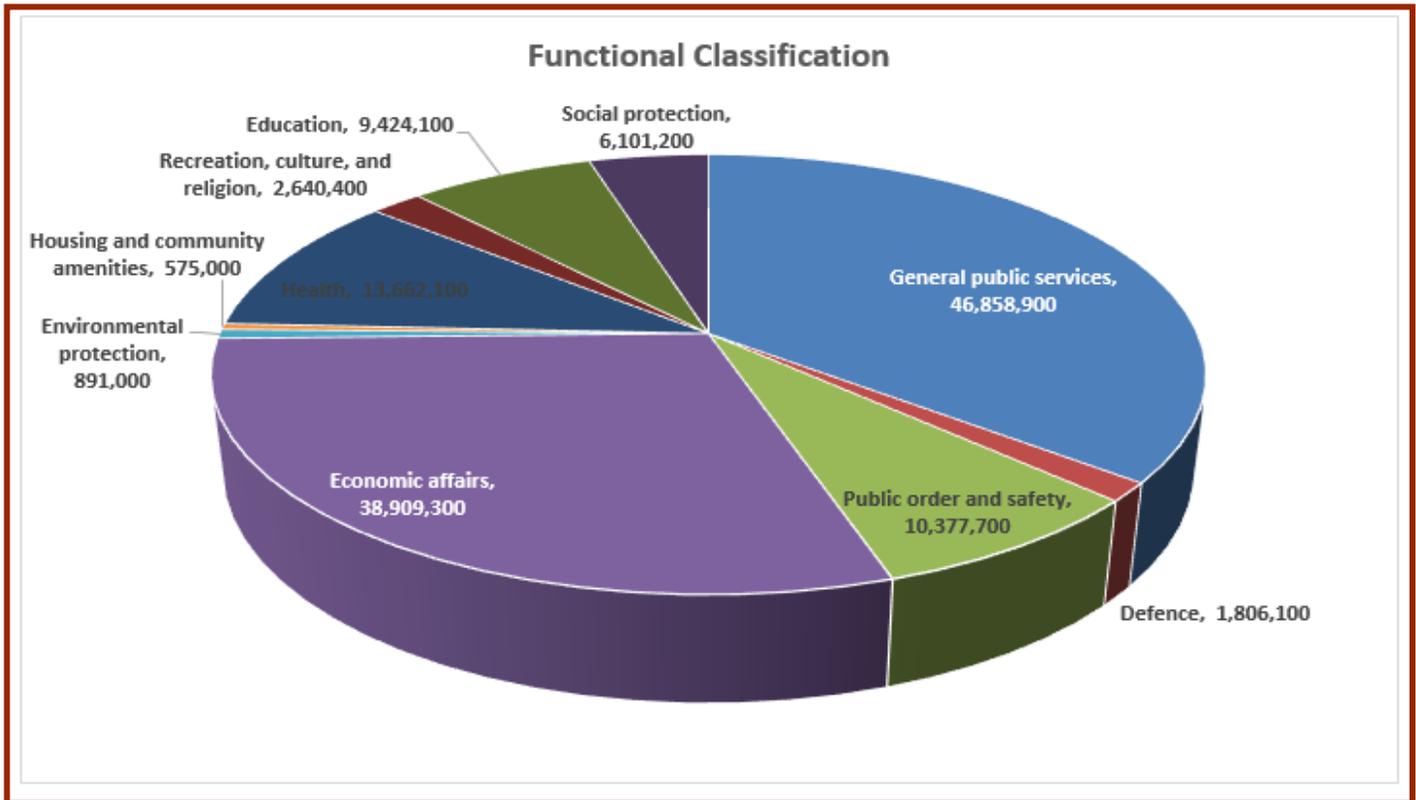
GFCF includes spending on land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases, the construction of roads, private residential dwellings, commercial and industrial buildings, schools, offices, hospitals buildings.



ECONOMIC CLASSIFICATION OF THE BUDGET

Function of Government	Revised Estimates 2017-2018		Budget Estimates 2018-2019		Forward Estimates 2019-2020		Forward Estimates 2020-2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Compensation of Employees	45,731,700	35.4%	49,073,800	37.4%	49,786,100	37.7%	50,433,300	37.9%
Use of Goods and Services	42,138,100	32.7%	40,156,700	30.6%	40,146,800	30.4%	40,447,100	30.4%
Consumption of Fixed Capital	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interest	244,800	0.2%	380,000	0.3%	380,000	0.3%	380,000	0.3%
Subsidies	15,619,600	12.1%	16,086,900	12.3%	16,086,900	12.2%	16,086,900	12.1%
Grants	5,690,800	4.4%	6,452,300	4.9%	6,461,500	4.9%	6,461,500	4.9%
Social Benefits	15,804,800	12.3%	15,672,400	11.9%	15,794,700	12.0%	15,673,400	11.8%
Other Expenses	3,788,500	2.9%	3,423,700	2.6%	3,412,700	2.6%	3,540,300	2.7%
Totals	129,018,300	100%	131,245,800	100%	132,068,700	100%	133,022,500	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.



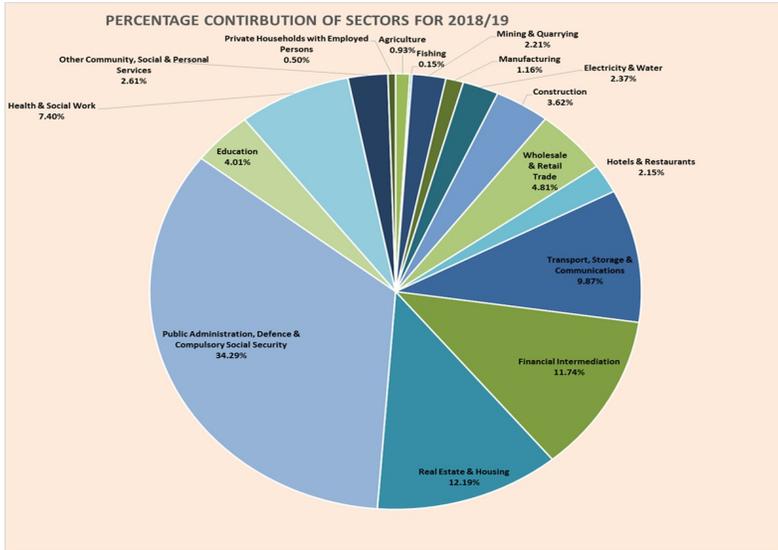
FUNCTIONAL CLASSIFICATION OF THE BUDGET								
Function of Government	Revised Estimates 2017-2018		Budget Estimates 2018-2019		Forward Estimates 2019-2020		Forward Estimates 2020-2021	
	General public services	47,967,000	37.2%	46,858,900	35.7%	47,318,300	35.8%	47,234,800
Defence	1,768,900	1.4%	1,806,100	1.4%	1,792,300	1.4%	1,807,600	1.4%
Public order and safety	9,643,300	7.5%	10,377,700	7.9%	10,311,000	7.8%	10,396,100	7.8%
Economic affairs	37,319,300	28.9%	38,909,300	29.6%	39,188,500	29.7%	39,928,500	30.0%
Environmental protection	861,600	0.7%	891,000	0.7%	914,900	0.7%	907,300	0.7%
Housing and community amenities	739,500	0.6%	575,000	0.4%	579,500	0.4%	585,200	0.4%
Health	13,552,300	10.5%	13,662,100	10.4%	13,758,400	10.4%	13,847,500	10.4%
Recreation, culture, and religion	2,593,300	2.0%	2,640,400	2.0%	2,649,100	2.0%	2,658,300	2.0%
Education	8,548,600	6.6%	9,424,100	7.2%	9,421,100	7.1%	9,505,600	7.1%
Social protection	6,024,500	4.7%	6,101,200	4.6%	6,135,600	4.6%	6,151,600	4.6%
Total	129,018,300	100%	131,245,800	100%	132,068,700	100%	133,022,500	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 coming fiscal years, Montserrat's growth prospects are expected to improve through the implementation of our new



Economic Growth Strategy. The Mining and Quarrying sector is expected to continue to grow, as will Agriculture and Fisheries as it rebounds from the recent storms. Tourism is a key component of the Economic Growth Strategy, and improvements in the port and airport as well as other initiatives will help this sector expand. The Strategy also anticipates an expanded role for the private sector in the nation's development, that facilitated in part by a new subsea fibre cable. The graph to the left shows estimated contribution of sectors to the economy for the coming fiscal year.

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.



Ministry of Finance and Economic Management
 Government of Montserrat
 Telephone: (664) 491-2777/2356/3057
 Fax: (664) 491-2367
 Email: minfin@gov.ms
 Website: www.finance.gov.ms