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# Budget Statement 2020/21

Presented by: Premier & Minister of  
Finance

Hon. Joseph E. Farrell

**Theme: 'Building Montserrat's Economy in a Digital Age'**



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## **ABBREVIATION**

**CARICOM Caribbean Community**

**CARTAC Caribbean Regional Technical Assistance Centre**

**CDB Caribbean Development Bank**

**CIPREG Capital Investment Programme for Resilient Economic Growth**

**DFID Department for International Development**

**ECCB Eastern Caribbean Central Bank**

**ECCU Eastern Caribbean Central Union**

**OECS Organisation of Eastern Caribbean States**

**PAHO Pan American Health Organisation**

**PMO Project Management Office**

**SCAF Small Capital Asset Fund**

**UNECLAC United Nations Economic Commission for Latin America and the Caribbean**

**UNESCO United Nations Educational Scientific and Cultural Organisation**

**UNICEF United Nation Children's Fund**

# 2020/21 BUDGET STATEMENT

## BUILDING MONTSERRAT'S ECONOMY IN A DIGITAL AGE

1. Madam Speaker, I rise to move a motion for the second reading of the Bill entitled the Appropriation Bill 2020/21.

### OPENING REMARKS

2. Madam Speaker I begin by thanking Almighty God for the continued blessings bestowed upon Montserrat. And we are reminded of the words found Lamentations iii. 22, 23.

*It is of the LORD's Mercies that we are not consumed, because His Compassions fail not; they are new every Morning.*

3. Furthermore, I thank the people of Montserrat for bestowing upon me the privilege and responsibility to present this Budget, my first budget as your Premier,
4. Madam Speaker, it is my distinct honour to present the first budget of my Administration; a budget which heralds a new era in Montserrat's journey towards meaningful and sustainable development. A budget which is realistic and ambitious, which moves us closer to the promised mountaintop of our self-sufficiency, and which lays the foundation stones for the country we want to build together. Informed by our manifesto promise, this is also a Budget dedicated to the improvement in the quality of life for all of Montserrat's people, and which guarantees greater inclusivity in the allocation of our resources. It is a budget that aims to advance a progressive agenda, and which lays out our intention to seek greater engagement with the international community and private sector to capitalise upon the unparalleled capital investment that will be delivered by this Government in coming years.
5. But it would be remiss of me, Madam Speaker, not to underline that this budget is unlike any other in our history. As I speak, the world continues to be in the midst of a public health emergency, with the continued spread of the Covid-19 pandemic which has turned our world upside down. This presents challenges to governments everywhere, not only in terms of taking significant public health actions to protect our people, but also in terms of responding to a change in the global economic order. **These are not normal times, and the economic impact of Covid-19 is significant. Our revenue streams due to Covid-19 for the year have been significantly impacted and our budget presented here today stands at a deficit of nearly \$22m, as we await the confirmation of additional financial support from DFID, this is unprecedented and is due to the fact that we are living in unprecedented times.**
6. Madam Speaker, I will highlight further on in my speech the Fiscal Measures that my Government have implemented to support the economy of Montserrat which account for \$8.3m in spend following the support of the UK Government in providing an additional

2.5m in pounds sterling to support Montserrat in tackling Covid-19. As I have just stated further support will be required to fund the gap between spend and income.

7. Madam Speaker, Montserrat's post-volcano development has been long promised by successive Governments. However, I stand before you today to present a Budget that puts its money where its mouth is when it comes this pledge. By the end of the first term of my Administration we will have delivered the range of ambitious and transformative projects and programmes that Montserrat has been waiting for – and which are quite frankly overdue.
8. We will deliver a new port facility, with the investment of more than 21.4 million pounds from the UKCIF and EU, welcoming new trade and visitors to our shores.
9. We will deliver a new, fit for purpose, 21st century national hospital, fit for our doctors, nurses and medical staff, and patients, ready for the health challenges which face us. Today, we are more conscious than ever of the need for investment in our healthcare, and it is our commitment that we will make this project our priority within the CIPREG Programme.
10. We will have a refurbished airport runway and new control tower, inviting new opportunities and partnerships to land in Montserrat.
11. We will have improved our educational environment for our one and only secondary school, and ensure that we have the right infrastructure for our students to learn, and our teachers to teach.
12. We will have invested in our Tourism sector more than ever before, delivering a new Volcano Interpretative Centre, improved beaches, trails and overall visitor experiences. We will be competing as a niche location in the global marketplace for ecotourism.
13. We will be more energy efficient and greener than ever before, with power harnessed from our natural resources of the sun and wind.
14. We will have invested in our road network and road construction capability.
15. We will have secured our communications network, and secured private technology partnerships, through the implementation of fibre optic connectivity
16. We will be attracting new investments that build upon our unique characteristics and become a destination of choice for public-private partnerships.
17. Through investment in our PMO and Procurement teams, we will have secured a high quality, local project and programme management capability that can deliver large scale and ambitious projects, breeding confidence in our funders and prospective investors.

18. And this, Madam Speaker, is just the beginning. As I deliver this budget I reach out to each public servant, to each business leader, to each worker, to each parent and student, to each member of the diaspora, to each prospective investor in our country and I say this: join us in this march. Join us in seeking unparalleled opportunity. Join us in being brave and big and bold in building a Montserrat that we can all be proud of. Join us in building the foundation of our next century. Together we can.

## ECONOMIC CONTEXT

### International Context

19. Madam Speaker, I stand before this Honourable House, with a much changed budget speech presentation, from what I had initially prepared months before. At the time Madam Speaker, uncertainty had surrounded the global economic outlook for 2020 but still the global growth was forecasted to be 3.3% an increase on the estimated 2.9% growth in 2019. Madam Speaker, this was the forecast initially reported by the World Economic Outlook, prior to the widespread threat of the coronavirus.
20. We come to the present and one thing remains the same Madam Speaker, uncertainty still surrounds the global economic outlook. Madam Speaker, instead of a forecast of growth, all forecasts point to a global economic downturn in the region of 3%, or more, which when you are dealing in trillions of dollars, is an unheard of decline, beyond even those dark days of the Financial crisis of 2008, more comparable with the global depression of the 1930s.
21. Madam Speaker, we have all watched, in first sympathy and then growing concern as this virus, first reported in China, grew to a scale few of us would have reasonably imagined. While many of us, watched in concern, we comforted ourselves, falsely with the fact, that it was a world away, in China and like other viruses of the past, would not affect our daily lives much. We all learned very quickly, Madam Speaker, that this was not like any virus that has come before and the interconnectivity of global travel and trade, that has so facilitated growth, was the very means by which this virus spread so rapidly.
22. We watched, Madam Speaker, with the growing sense of inevitability, as our region's traditional tourism markets, were caught seemingly unprepared for the devastation of the virus, as they raced to take extreme measures to halt the spread of the virus and protect their people. Unprecedented curfews, lockdowns and international travel bans became the norm. Entire economies, ground to a halt and Governments moved to enact drastic fiscal and monetary expansionary measures, to protect lives and to provide income, for millions of persons forcibly unemployed due to Governments' stay at home orders and to provide relief to businesses, to ensure that business activity could pick up as quickly as possible after the lock down period had ended. It was uncertain for how long the lockdowns would last and most were extended well beyond initial forecasts. The economic losses were calculated to be immense with the dollar value of the economy of the European and US economies not expected to reach back to 2019 levels for several years. While, the virus has seemingly peaked in the European nations, it has by no means disappeared and most countries are slowly easing restrictions, balancing the health fears with the harsh reality of non-functioning economies.
23. Madam Speaker, the future remains unclear, countries are naturally cautious over the reopening of borders and the lifting of travel bans, coupled with the slow easing of restrictions. Economic activity is likely to remain low for immediate future. While,

Madam Speaker, growth is expected to return to the major economies in 2021, including the UK and the European Union countries, along with the USA, it is an uncertain forecast. The situation has shown that the virus cannot be predicted and the reopening of the economies, may cause a second or even third wave without the surety of a vaccine. Madam Speaker, this brings with it the strong possibility, that instead of growth next year, there may be further economic turmoil in the global economy. This will have ramifications of these countries' ability not only to maintain their own fiscal and monetary measures but their ability to help less wealthy countries, further exacerbating the economic crisis, globally.

24. Madam Speaker, even more critical for us, is the health of the UK economy and their ability to maintain their fiscal and monetary interventions to stabilise their economy, they have been providing aid not only to their own residents, but to others countries across the world including our region. They are not only a major tourist market for many countries in the region but also a significant provider of aid during this crisis both directly and through regional and international institutions. Their ability to continue to provide this aid, is dependent on the health of their economy and that remains clouded in uncertainty.
25. Madam Speaker, that being said, my government has been given the highest assurances that Montserrat will continue to be a priority and that needed assistance will always be forthcoming. We are in continuous dialogue with the UK government on the type of assistance we require to navigate the turbulent waters caused by this virus.
26. Madam Speaker, while the Coronavirus dominates the news, Brexit has taken the back burner, but it is front and foremost on this administration's agenda and the economic consequences that the United Kingdom and consequently Montserrat may have to endure because of it. My Government had discussion with UK officials on this issue and how to minimise the impact on our programmes on the ground and we will continue this discourse in the new fiscal year, as Montserrat cannot be disadvantaged.
27. Madam Speaker, while the UK has legally left the EU, my Government has obtained assurance that we will continue to benefit under the EDF 11 programme to its completion in 2022. Furthermore, it is my Government's intention to work with the UK, EU and our fellow OT countries, on how Montserrat may continue to benefit from a relationship with the European Union going forward. My government is also exploring options on how to utilise Brexit to further increase the flow of aid and trade between the UK and Montserrat.
28. Madam Speaker outside of the concerns and opportunities presented by Brexit and the UK and coronavirus, tensions between China and the US, remain high and the ongoing trade war remains a significant geopolitical issue. The economic health of China as the world second largest economy and its biggest trader, has implications for the world economy. The trade tensions with the United States coupled with the significant contraction in economic activity due to the Coronavirus, has seen China's growth decelerate by its most significant margin since the world financial crisis. Overall production and exports are down, which has knock on effects on large multinationals across the globe. Other major Asian economies

are expected to see a steep decline due to the spread of the virus, and the impact this will have on trade and production in the region.

29. Madam Speaker, continuous issues with fuel in terms of availability and prices for which we have little control, is why my Government is continuing to pursue investments in alternate sustainable energy sources, which will provide a much needed buffer to any future global upheaval.
30. Madam Speaker, this Government intends to monitor and manage as much as it is able the global issues that will impact on Montserrat but we are also focused on taking advantage of any opportunities that present themselves on the international market to propel Montserrat's growth and development after this crisis has passed.

## **Regional Context**

31. Madam Speaker, as with the global economy, the original outlook for our fellow ECCU countries was positive with the ECCB estimating growth in 2020 to be around 3.2% for the Currency Union collectively. Fast forward, Madam Speaker and the Currency Union as a whole, is projected to see record declines in economic activity.
32. Madam Speaker, individual countries may have seen significant declines in economic output in a single year, due to natural disasters. But there was always the almost certainty, that as the country's recovery machinery was engaged, that growth would return. Madam Speaker, there is no such certainty, in the situation the region now finds itself. Tourism, by far the most significant sector in most of our regional neighbours, has been decimated. This has caused hotels, restaurants, taxis and other tourism related businesses to close down, some even permanently.
33. Madam Speaker, the resultant collapse in revenue, has left most of the region's countries without the fiscal space to meet their basic expenditures, such as salaries, much less extend any meaningful Covid-19 related relief packages. This has led to some, reaching out to international agencies such as the IMF for loans, reversing swiftly, the painful but proud progress many in the region had made to decrease their debt burdens.
34. Some, due to programmes such as the citizens by investment and others by implementing fiscal rules have been able to call down on their reserves to meet the shortfall in revenue and to extend relief programmes to businesses and residents. This has help to buffer the economic implications of closing borders and implementing curfews. If Tourism does not recover for 12-18 months, as some forecasts are suggesting, it may very well cause further fiscal tightening and economic distress.
35. Cautiously good news, Madam Speaker, is that some countries are taking steps to slowly reopen their borders, as the cases of Covid-19 within continue to decline. Obviously, this reopening comes with strict guidelines and are dependent on the restrictions not only easing in the tourism markets but tourist being willing and able to travel to our destinations. Furthermore, Madam Speaker reopening comes with the very real risk of introducing a

second wave of the coronavirus into these countries, as the virus is much more widespread in the European and North American countries. It's a difficult health, socioeconomic balance that our region is trying to strike. If you pardon my language, Madam Speaker, it is a situation where they are damned if they do, and damned if they don't.

36. Madam Speaker, even the countries in the region with commodity based industries are severely impacted. Due to the general decline in demand but also so to historically low fuel prices, has caused fiscal challenges for all of our commodity producing neighbours. The unpredictability of future demand and the external factors that determine prices, also leaves the timeline of recovery for these countries in doubt.
37. Madam Speaker, it paints a gloomy picture for our region, but we must never forget, that we, as region have survived many, many challenges both manmade and natural and we have always persevered and I firmly believe that this time will be no different. We have seen our financial institutions and Utility companies across the region put moratoriums on payments and disconnections in place without prompting by their governments, as they realised we were all in this together and businesses and people were desperate for relief.
38. Madam Speaker, even in the midst of the crisis, many of our regional governments' have seen opportunity for change and improvement. Many of them have already set up groups and programmes to come up with innovative strategies and initiatives to revive and revamp their economies, post Covid-19, using the opportunity, as it were to think differently and do better. Montserrat is seated at this table of new ideas.

## Local Context

39. Madam Speaker, what can I say about the state of Montserrat economy that the ordinary man does not know? We have all seen it, felt in varying degrees. Usually, this is the part of Budget Speech where I detail the sectors that will grow, but as of today, Madam Speaker, growth in any sector is unlikely.
40. It was with a sense of inevitability that we watched as Covid-19 spread across the world, knowing it was only a matter of time before it reached our shores. We put plans in place and my Government reached out to our donor partners long before our first case was reported to seek assistance in the management of Covid-19 both on the health and economic side. Madam Speaker, my Government took the necessary but difficult steps to curtail the spread of the virus but it was not without its cost. My Government knew this and was already in discussions with the UK about the assistance that would be necessary under various scenarios.
41. Although necessary, my Government, knew that there would be economic hardship due to the shutdown and curfews necessary to protect our people. We first were able to confirm the continued payment of salaries to all civil servants and statutory body workers. This was no small thing, Madam Speaker, as these workers represent a significant portion of our workforce and are critical contributors to the overall Montserrat economy. That being said,

my team in the Ministry of Finance and the Statistics Department were able to put forward forecast and evidence showing significant declines across all sectors of the Montserrat economy based on the length of the shut down and the prevalence of Covid-19 on the island. This was basis for the initial 2.5-million-pound sterling that was provided by the UK government for our locally designed relief efforts.

42. Madam Speaker, while tourism may not be a significant part of our economy, as it is in our neighbours, it is still a sector of strategic interest and importance. More importantly it provides a livelihood for a number of persons on the island and providing assistance for those businesses and persons involved in this, the most impacted sector was of critical importance. This is why the first two of our relief programmes were geared towards the industry, the salary support and the grant programmes.
43. Madam Speaker, based on the information gathered by the Office of the Premier and the forecasts and impact assessments provided by the Ministry of Finance, my Government further took the decision to expand the salary support to all businesses on island. We understood that the steps we were taking to curb Covid-19 were having ramifications on not just the tourism industry but all businesses and sought to insure that everyone, as many as possible would have a source of income through the worst of the lockdowns.
44. Madam Speaker, we were also aware that for various reasons some persons would not benefit from the salary programmes and put in place a wider social safety net programme that allowed persons who would not normally benefit under the established programme to benefit under this scheme. Madam Speaker, there were other programmes outside of the direct relief ones, such as the food package programme and the initiatives spearhead by the Ministry of Agriculture and Education, but my colleagues will go into those details in their presentations.
45. Madam Speaker, all of these measures may have had the side benefit of shoring up some of the decline in the Montserrat economy but that was not the main purpose behind our efforts. The protection of lives and the maintenance of our people's health, were the main objectives of all these programmes, the economic concerns while important were secondary.
46. Madam Speaker, now we must move away from the past and look towards the future and the efforts necessary to not only restart but revitalise the Montserrat economy. Every effort is and will be made to continue the implementation of all our capital projects, as this is critical. We have already started this with the continuation of the Fibre Optic project as it is vital for resilience and development purposes. We are fully committed to seeing all of the CIPREG programmes and our EU funded programmes being implemented this fiscal year, and much work has continued behind the scenes with the PMO and ministerial teams during the Covid-19 crisis. This will not only provide jobs and provide a much needed boost to the economy but it will set the stage for the development path that my Government has committed itself to.

47. Madam Speaker, the initiatives are not yet complete and there are more to come, some will be detailed further in this speech, some will be detailed in the weeks and months to come. Suffice to say, my Government intends to explore several avenues for economic recovery and development, through public sector facilitation and private sector development. This will be accomplished, Madam Speaker, by creating the facilitating environment in the public sector, while investing and expanding Montserrat capacity, in ICT, Renewable Energy, our Financial Sector, Agriculture and Manufacturing.
48. It is my Government's intention and resolve to navigate Montserrat through these turbulent economic and fiscal waters, with every tool and resource available to me, both public sector, private sector, diaspora and the input of every member of this house. The road not only to economic recovery but economic transformation is long but together with the leadership of my Government, it will be successfully travelled.

## **FISCAL MEASURES TAKEN DUE TO COVID-19**

49. Madam Speaker, The Government of Montserrat for several months now has faced a unique set of economic, social and health related conditions that have put large sections of the island's economy into hibernation and impacted across our society and on the services provided by my Government. Covid-19 has impacted the world and we have not been able to shelter from it.
50. Madam Speaker, in order to provide fiscal support to the economy my Government provided DFID with a business case in late March 2020 requesting direct support, which resulted in an additional 2.5 million sterling being provided to tackle the crisis. This allowed my Government to introduce a series of Fiscal Measures in April 2020, providing a raft of support to individuals and businesses to dampen the negative economic effect of Covid-19. The measures were supported and formally approved by Cabinet and by DFID.
51. Madam Speaker, spend on Fiscal Measures has been swift and over the past 12 weeks, we have seen an excellent take up of the measures introduced, and spend is ahead of our expectations.
52. For April and May we have spent over \$3.5m EC in Fiscal Support, further we aim to spend \$3.4m EC before the end of June, a total of \$6.9m on Fiscal Support. In addition to this we will be engaging the Cuba Medical Team for three months starting in July at a cost of \$1.4m EC. This is a total spend of \$8.3m on Covid-19 Support.
53. I will now highlight the main fiscal support measure that my Government implemented and the costs of providing that support.
54. To date we have provided fiscal salary support to all businesses, including tourism related businesses, of over \$1.5 million, supporting 117 business and ensuring that over 460 people remain in employment, by the end of June my Government will have provided over \$2.3m

in salary support. This is much need support to continuing paying staff and supporting families during the crisis.

55. Further we have provided direct grants up to a maximum to \$10K to 74 business supporting them in paying rent, utilities and insurance costs, total spend to the end of June will be just under \$250k. This direct fiscal support has ensured that businesses remain solvent and are able to continue through the crisis.
56. The introduction of unemployment benefit during the crisis has provided direct support to over 1000 people on Island, my Government had stepped in to provide needed benefit to support the people of Montserrat. To date we have provided nearly \$1m in support and by the end of June we aim to allocate over \$2.88 million. This is direct financial support to people to enable them to pay rent, food and utilities.
57. Further, my Government has provided food packages to over 807 households at a cost of \$300k, providing direct food support to those who needed it during lockdown.
58. To date we have provided fiscal support to the agricultural sector of \$338k to provide direct support to back yard gardens, we will spend another \$278 by the end of June, further we will spend over \$330k in educational support procuring Laptops for teachers and pupils who cannot afford to purchase such devices in enabling the transition to greater online distance learning.
59. My Government has given direct Covid-19 support to the Health Minister, with some \$350k being spent to refurbish the Golden Years Home, retrofitting of Margetson Memorial wards and the purchases of PPE to provide protection for medical staff.
60. Madam Speaker, The Ministry of Health are now in the final stages of arranging medical support from Cuba, with 13 medical professionals being deployed for 3 months at a cost of \$1.35m, this will provide a massive boost to our medical team who have worked exceptional well during the Covid-19 crisis, and will help us in preparing for any future potential recurrence of the Covid-19 virus.
61. Overall my Government will spend \$8.3 million in responding to Covid-19.

## **BUDGET OVERVIEW & HIGHLIGHTS**

62. Madam Speaker, this budget seeks to implement the main policies of my government, these were highlighted in the 2019 Manifesto. The vote of confidence in the elections has given my party the mandate from the people of Montserrat to pursue the following agenda:

- rebuild the economy by negotiating additional funding from our traditional funders while at the same time seek foreign direct investment;
- include attracting light manufacturing that can add value to the thousands of pounds of natural resources which to go waste annually;
- expedite the implementation of approved projects for which funds are earmarked to immediately put people back to work;
- see us collaborating with the private sector to allow the re-investment of profits on a tax free basis, as long as these profits are ploughed back into the business;
- encourage and assist retirees to explore opportunities to utilize their financial and other resources to develop small enterprises;
- continue to pursue modernization of the Public Sector so that first class service can be offered to the general public;
- ensure green spaces and community centres and use effectively by our children, youths and seniors;
- release the creativity of our youths by allowing them to be part of the development process and by rewarding young innovators; and
- reconnect Government with the people and restore the spirit of trust that binds the Government to the people.

63. I now wish to highlight how my Government will seek to move to introduce those policies for the benefit of all on Montserrat, but not forgetting how we will tackle the impact of Covid-19.

## **INFORMATION COMMUNICATION TECHNOLOGY AND THE NEW ECONOMY**

64. Madam Speaker, the world has entered the Fourth Industrial Revolution; a new economy based on innovations that disrupts conventional business models. Artificial intelligence, the Internet-of-Things (IoT), 3D printing, drones, quantum computing, cloud storage and more, are transforming the world economy, as we know it. Montserrat must leap forward and embrace the paradigms if we are to prosper and become self-sufficient. Therefore, we are committed to the use of Information technology in all areas of our development. To this end, we will seek to leverage the improved bandwidth and connectivity we will have with the installation of the subsea fibre optic link, which is due for completion this Summer.

65. Madam Speaker, the Department for Information Technology and e-Government Services (DITES) has progressed terrestrial Fibre Optic connectivity, where all of the off-campus government departments will be connected to the main Data Centre at Government Headquarters via a combination of underground and overhead fibre optic cables. The fibre

connectivity between GoM and MVO Data Centers (Server rooms) also allows for redundant data storage and replication of essential data and services in multiple locations.

66. Madam Speaker, the Government of Montserrat secured approximately EC\$16 million dollars from DFID to implement the Subsea Fibre Optic Project, to increase the resiliency of the island with regard to the threat from hurricanes. This is a major accomplishment, which will result in Montserrat being reconnected to the international subsea communications grid. Despite the impacts of Covid-19, the Project has made considerable progress over these last few months, meaning that work is due to complete by August 2020. This is a major technological and symbolic landmark, as it is the last utility to be reinstated following the volcanic crisis 25 years ago. What this means in real terms, Madam Speaker is that government, businesses and consumers in Montserrat, will be able to access super-fast broadband access, to transform their operations with digital interactions and online services. 24 hours, 7-days a week.
67. Across our capital investments, we will also be leveraging the opportunities presented by new technology and connectivity. We are establishing a new taskforce to maximise the public and private impact from our new subsea fibre optic cable, such as improvements to e-services and distance learning; we will be ensuring that our new national hospital is fully enabled for a digital future and opportunities in telemedicine, health information systems, and digital health administration. Alongside our capital projects to improve our tourism sites, beaches and trails, we are also investing in our online and social media approach to ensure that we are 21st century in our outreach to the international visitor.
68. The New Media Centre in Davy Hill now provides fit-for-purpose accommodation and state-of-the-art equipment for the Broadcasting Services/ZJB and the Government Information Unit (GIU). Both ZJB and GIU are now positioned to deliver at a higher level in 2020, with plans in place for a number of exciting programmes.
69. Madam Speaker, we will continue updating our legislation, ICT Policies and Implementation Plans in order to ensure that our businesses and citizens are empowered and protected in this new era. We will continue to engage our youth in order to unlock the extraordinary power of their creative intellect as we seek to move from being net-consumers of ICTs to being producers and creators. The challenges ahead are diverse and dynamic, and we have no choice but to meet them head on.

## **TRANSPORT INFRASTRUCTURE AND ACCESS DEVELOPMENT**

### **Roads and Bridges**

70. This year, the Government will continue to invest in our road development. With support from the new DFID capital programme (CIPREG) – we will commence Phase 2 of the A01 Road Improvement Project. We are progressing with design and the procurement of a new hot mix plant which can support the improvement in road condition, width and safety for key sections of our road network for those who live, work and holiday in Montserrat.

71. As part of the terrestrial construction works of the fibre optic project, we have invested to install the additional ducting required for main utilities at the same time as installing the fibre optic cable, such that we do not need to dig up the road twice, and therefore limiting disruption to the public and roadside business. This has been progressed, insofar as possible, during the Covid-19 crisis.

## **The Port Development**

72. Nothing is perhaps more important, Madam Speaker, to the access and growth of a small island nation than the presence of a fit for purpose port facility for both cruise and cargo operations. Government have secured just over 21.4 million pounds from the UK Caribbean Investment Fund (14.4 million) and EU EDF 11 Programme (7 million) for the first phase of this project, and we are confident that we can deliver a significant change in our maritime access – stretching an open hand to the visitor economy and shipping market to a much greater degree.

73. That is why I am proud to announce that this Government, having now completed preliminary design for this new port, will be proceeding to the detailed design and construction phase of this project this year. Significant progress has been made over the last few months to maintain momentum and to move through the necessary procurement steps.

74. This Project will not only provide a new 130m jetty to accommodate improved cargo operations, but it will enable – for the first time – the docking of smaller cruise vessels which currently must wait out at sea, whilst ferrying passengers to our shores via small tenders. In leading this key project forwards, the Project team and PMO have engaged with cruise captains and senior industry representatives on these plans, and have received universally positive feedback about the future potential in the small-medium cruise ship sector, such that it improves visitor experience, economic impact for Montserrat, whilst maintaining an appropriate focus on quality, rather than quantity, tourism.

75. As well as these direct benefits, the new facility will significantly protect the current jetty which will remain in operation throughout construction and into the future. It will also dredge the existing jetty area, to reinstate the “roll-on roll-off” facility there. This will mean that our ferry, smaller cargo vessels, and police vessels etc., will experience much less frequent down time due to wave action, and provides a level of optionality for our service providers.

76. The impact upon the environment is at the core of this project. We will minimise impact upon our reef system and bat cave network, and we are also working with our fisheries sector to ensure that appropriate accommodations are made to enable their continued sustainable fishing off our shores.

77. The public will see visible action later this year, with the completion of geotechnical investigations and the mobilisation of the design build contractor.

78. We have garnered broad market interest to maximise the benefit of this project for all of Montserrat's people, and having kept momentum on this Project throughout the Covid-19 crisis, I look forward to making further announcements on this Project in due course.

### **Airport Development and Operations**

79. As well as improvements to our maritime access, Madam Speaker, we are investing in the improvement to our air access through progressing the project to resurface the runway at the John A. Osborne Airport. This Project will renew the pavement surface, improve surface friction and maintain the integrity of the airfield to ensure continued long-term safety and reliability. At the completion of this project, it is envisaged that the airport will maintain its aviation compliance certification through ASSI, provide the public with greater confidence in our air operations, and lay the foundations for future opportunities in improved air access. This Project has also remained on track throughout Covid-19 with the issuance of the construction tender, and works are scheduled to begin in early November 2020.
80. Beyond the runway, Madam Speaker we will also construct a new air traffic control tower, in order to meet modern regulatory requirements, and to improve accommodations for our air traffic control team. We will also increase airport security, improve administrative accommodations, provide suitable parking facilities and incorporate renewable energy systems at the airport.

### **Access**

81. Madam Speaker, air and sea access and connectivity continues to be an important enabler for the economic development of Montserrat. Cabinet in May 2019 approved the Access Strategy with the two broad principles of (i) owned ferry services, and (ii) the implementation of Twin Otter services to Montserrat. I am pleased to indicate that work is still ongoing, despite the impact of Covid-19, to consolidate the requirements for air and sea access and by the final quarter of 2020/21, the market is currently being engaged to provide the Government of Montserrat with the options and costings to take this forward.
82. In the area of ferry pricing and concessions, significant discounts have been made available on the regular Montserrat to Antigua route. In particular, sporting, cultural and school groups having completed a simple application process can now travel on the ferry at these reduced rates. Madam Speaker, we do encourage these exchange programmes and infusion of talents.
83. Madam Speaker, at times, unfavourable weather conditions, as well as the Covid-19 outbreak, have caused disruptions to travel plans and we take this opportunity to extend appreciation to the local community and visitors for their support and understanding of the Access Division, as we continue to improve connectivity to Montserrat for our future and development.

## **SECURITY**

84. The Royal Montserrat Police Service (RMPS) is responsible to detect and prevent crimes and covers crime management through community engagement and partnership, safety management road, internal and external border security and improve efficiency and service delivery.
85. During 2019, the service has seen significant improvements in service deliver and these have been supported by funding to procuring achieving best evidence machine, automatic finger identification System, new bus and a new road painting machine.
86. The Service has been able to train a number of staff and have established the Child Safeguarding Unit (CSU). It is further pleasing to see that serious crime reported has decreased from 143 to 135 cases and minor offences from 827 to 735 cases. Their support during Covid-19 was exemplar in ensuring the safety of the Island and providing support to Health.
87. During 2020/21 the Service is looking at a number of service improvements, developing and implementing strategies to build information sharing between agencies, a Youth Crime Management strategy for incorporation into the National Youth Policy and increase community policing initiatives.
88. The Financial Crime Investigation Unit is now fully staffed and is not based in a different building from the RMPS. The focus of the unit going forward will be to develop and implement a public education and awareness programme, participate in the CFATF programmes including Mutual Evaluation and to achieve EGMONT membership.

## **PROCUREMENT**

89. The Procurement Department is, for the first time in two years, fully staffed, and now has two fully qualified MCIPS procurement professionals. In addition, the Government is providing financial support to the other members of the team to study for the MCIPS qualification. Both these staff members are experienced Montserratian civil servants.
90. In December we agreed a comprehensive procurement improvement programme, based on a CDB global assessment tool known as the MAPS assessment. The programme also addresses recommendations made by our internal audit service. In endorsing the programme the CDB noted that Montserrat Procurement was now “punching well above its weight” in the region.
91. We have also refocused the work of the procurement department to prioritize arrangements for contracting with local providers. Comments raised by people attending a series of supplier engagement forums are now leading to changes in practice that are encouraging more bidders and diversifying our supplier base. We now make far greater use of a simple quote system and this is receiving positive feedback and interest from local people.

92. The Procurement Department has also been given responsibility for developing a contract management framework for the Government as a whole. This will include criteria for determining performance measures, the level and frequency of contract management required, and contractual terms and conditions. This is a major piece of work which will be carried out by the Department alongside the implementation of the MAPS improvement programme.

## **SMALL CAPITAL ASSET FUND (SCAF)**

93. SCAF provides an avenue for procuring Ministries and Departments' critical operational assets under \$250,000. It is a key way to finance Government of Montserrat's assets.

94. During the financial year 2019/20, \$1.8 million dollars was allocated to the Fund.

95. Madam Speaker the funds are allocated using a vigorous assessment process guided by the Government's Policy Agenda of that fiscal year. Every effort is made to ensure all ministries that make a submission benefit from the funds but as in all things Madam Speaker, critical needs must be prioritised. This, is why Education and Health were the top beneficiaries of SCAF funds during 2019/20. Furthermore, the Police Service, Ministry of Agriculture and Ministry of Communication and Works also benefited with the purchase of critical pieces of equipment. Madam Speaker, this government intends to fund the SCAF with another \$1.8 million in 2020/21 and will lay down the guidelines for its allocation to the Ministries/Departments, we deem as having the most critical needs and which will be most beneficial to the wider Montserrat community. The focus for 2020/21 will be pandemic response and further preparation for hurricanes.

## **TOURISM**

96. Madam Speaker, visitor numbers increased by 14% in 2019 to 20,156 over the 2018 figures of 18,338. This represented the first time in the active volcanic era that our arrival numbers have topped the 20,000 mark. Cruise arrivals increased by 59% from 4,294 passengers in 2018 to 6,821 passengers in 2019. This is a significant increase for this segment and we will continue to develop this area with a focus on smaller cruise lines, which allows us to manage our growth in a sustainable manner. There was also a marginal increase in yacht calls to our shores in 2019. One of the more important metrics, visitor expenditure, rose to EC\$27.0 million, a 1% increase over 2018.

97. This was an encouraging start to our delivery of the Tourism Strategy, before the huge and negative impact that the Covid-19 virus has had on the tourism industry on Montserrat, in the region and the world.

98. Madam Speaker, "the Vision" for tourism is: "Sustainable Development Through Quality Tourism" must be embraced in the way we market Montserrat as a tourism destination, even during this crisis. Key to this is our product development which seeks to ensure that

there is a solid foundation of quality products and services that would have a positive influence on the overall destination experience, once we reopen for business.

99. Work has begun on projects being funded by the European Union, namely the rehabilitation of the island's trail network. Three of the seven trails identified – namely, the Oriole Walkway, Blackwood Allen and The Cot - have been enhanced and access made easier for those who have an affinity with the outdoors. In fact, hikers can now visit and see the ruins of the Cottage on the Cot Trail.
100. We are also upgrading our incredible, unspoilt beaches, with improvement works at Woodlands Beach already providing a better experience for visitors. These improvements will continue across a number of our beaches, together with improved tourism and directional signage.
101. Madam Speaker, a potential site in Little Bay has been earmarked for the construction of the much-anticipated Volcano Interpretive Centre. Survey work would commence in the coming month.
102. The professional training offered to our tourism stakeholders is paramount and with the advent of Covid-19, new protocols need to be observed as we deliver service to our customers. A series of training initiatives would be launched later this month, with a focus on housekeeping, tour guiding, taxi operations and customer service, all of which would incorporate best practices to ensure visitor safety, comfort and security.
103. There would also be social media management training to ensure that all stakeholders are better able to manage their customer relationships. In addition, there would also be training for our local artisans in the areas of presentation and packaging of souvenir items.
104. Another EU-funded project is the development of a new destination website. This project is underway and is expected to be launched at the end of July.
105. Other marketing initiatives going forward include:
  - An increase in digital marketing campaigns targeting outdoor and eco enthusiasts, travellers Visiting Friends & Relatives (VFR), seeking a wellness retreat and Caribbean travellers;
  - Hosting journalists and bloggers to enhance the destination's traditional and social media presence: and
  - Building and strengthening relationships with the travel trade in North America and Europe who sell the Caribbean.
106. Madam Speaker, what does the future hold for Tourism? It is undeniable that Covid-19 has dealt a serious blow to Montserrat's tourism sector. For the first quarter of 2020, our

stayover visitor arrivals fell by 12%, while cruise arrivals fell by 20.3% - an overall decline of 14%. And while visitor expenditure increased slightly (just under 1%) for this period, with the borders being closed for close to 3 months, the revenue stream for all tourism stakeholders has dried up for the short term.

107. Madam Speaker, the way in which we interact with customers and each other will certainly change. However, the essence of the Tourism Strategy provides a solid roadmap for the growth and development of the sector, so that when travel resumes our stakeholders would be in a good position to benefit from new business opportunities.

## **TRADE AND BUSINESS DEVELOPMENT**

108. Madam Speaker, this administration on assuming Office late last year has transferred the Trade function from the Ministry of Agriculture to the Office of the Premier. This strategic move will bring about streamlined operations and services for local businesses. It is this Government's aim to provide increased fiscal incentives and capacity development/building activities to micro//small businesses.

109. Support to the business community is paramount to Montserrat's overall development. The Duty Free Concessions Initiative facilitated by the Trade and Quality Infrastructure Division continues to attract much interest. Over the 2019/2020 period, businesses which benefited from this assistance amassed a total investment inflow of approximately \$1.2m. 60% percent of these businesses were start-ups, whilst the remaining 40% were seeking to further expand operations.

110. There were also business support services which brought together a number of our key stakeholders and industry specialists, as a means of educating and advising the business community on how businesses can attain and maintain compliance with local business enabling agencies. Contractors wanting to learning about GoMs tendering process also benefited from a separate specialized training enabling them to be more proficient in the submission of competitive bids.

111. Madam Speaker, the provision of essential information is critical when it comes to making business decisions- knowing where to go and who to talk can significantly help to reduce any hassles associated with doing business on Montserrat. Apart from capacity building, the development of a Doing Business Guide has been talked about for some time, and during this upcoming financial year, we will be able to provide that support tool kit to the business community as a first step in a series other support schemes.

112. Madam Speaker, the Trade Division will take on increase roll to provide business training and to expand its trade functions. In addition, Madam Speaker my government's short to medium plan is to move beyond focussing solely on domestic businesses. and to seek to

attract investors, and in the interim the Division will serve as the focal point for persons seeking information in relation to all kinds of business development on Montserrat.

113. Madam Speaker, Montserrat cannot continue to depend solely on grant in aid for its future development. It is for this reason that my administration is in discussion for the setting up of an Investment Promotion and Tourism Agency to assist us in attracting appropriate and sustainable investment to the island.

## **GOVERNANCE REFORM AND INSTITUTIONAL DEVELOPMENT PROGRAMME (GRID) AND HR DEVELOPEMNT**

114. Madam Speaker, the vision of the GoM's Governance Reform and Institutional Development programme is "To invest in our People to enable a thriving Montserrat" The critical part of this vision, is that it focuses on our "people". The GRID, which is a three year programme, has been established as a transformational change programme with people at its very core. The total allocated by DFID for the programme is EC\$ 12.25m.

115. With this people centric focus in mind, the GRID programme has been established to deliver change in 3 main areas, with good governance cutting across these areas:

- Enabling a better public service,
- Continuing to enable and support the open, transparent and effective and efficient management of our finances, and
- Enabling an effective business environment and investment climate.

116. In the next 12 months, GRID is seeking to build trust and encourage a collaborative environment across the GoM. In addition to establishing this environment to enable sustainable transformational change it will also be pursuing some quick wins across all of the 3 key change areas, and developing good governance. The climate that has resulted from the Covid-19 global pandemic will influence the scope and priorities within the programme with aspects such as enabling remote working and developing our digital systems expected to be an integral part of the success of GRID. Delivery partners, namely GPI and CDB will be supporting GoM and coordinated by GRID to deliver aspects such as:

- Building strategic capability profiles;
- Building an holistic leadership and development programme;
- Understanding how we can assess the contribution of the individuals in our workforce;
- Process efficiency and effectiveness across key areas such as whistleblowing policy and commission restructuring; and
- Supporting improvements in PFM and governance.

117. During 2020/21 there will be a number of new HR initiatives and investment to support the further development of a modern Human Resources function. HR will be looking to

further develop the job evaluation process with the introduction of 360-degree evaluation, developing new grievance procedures and the leadership and development programme for senior officers will continue.

118. Pension reform will be a key area moving forward, and my Government is in discussion with various stakeholders in a view to making changes to the Pensions Act. New legislation is required to address the ever growing liability of Pensions, action now will ensure pensions for the future.
119. The key improvement are for HR will be the long awaited implementation of the Human Resources Information Systems (HRIS), namely InSync, has commenced, this will see the introduction of personnel management and attendance & leave modules.
120. Due to the people-focused nature of this Programme, it is envisaged there will be some delay from the coronavirus outbreak, as civil service operations are focussed on dealing with emergency issues. Planned workshops and stakeholder engagements have been postponed due to restrictions on gatherings, however these will be rescheduled using new and alternate means as soon as the medical situation calms down.

## **STATISTICAL DEVELOPMENT TO IMPROVE DECISION MAKING**

121. Madam Speaker, The Statistical Department within the MOFEM, has progressed well over the past year with a number of staff returning back from furthering their knowledge and improving their professionalism, we now have a full staff contingent as we move into a challenging year with a number of important reviews being carried out which will aid and be the foundation of future decision making.
122. The National Strategy for the Development of Statistics coordinates and harmonizes official statistics at the national level and involves and empowers all national stakeholders to work collaboratively in the processes of production of and promotion of the use of official statistics. With support from our national partners we will move toward the formulation of the strategy over the coming year.
123. Madam Speaker the results of the 2018 Labour Force Census are now being finalized. The census focused on key Socioeconomic and Demographic statistics covering the resident population of Montserrat. Other socioeconomic and demographic analyses are ongoing and will provide key inputs into economic and demographic forecasting.
124. Madam Speaker we plan to further develop over the coming year a dynamic website for the national statistical office to disseminate statistics. Working with the development partners, particularly with Statistics Canada, we have built a viable website for the purpose

of disseminating the department's statistical products. The website, was soft-launched in October, 2019 and work continues to further develop the website.

125. Madam Speaker, we are in discussion with the OECS in migrating to an automated system which captures all the requisite information about the traveller at source, and then shares this with the receiving countries. Barbados is now piloting this facility with region roll it out in 2022.
126. Finalization of the Environmental Statistics Report should be published by the end of the current financial year. This report, the first of its kind for Montserrat, documents several of the key environmental information for Montserrat.
127. Madam Speaker, the Standard of Living/Household Budgetary Survey has just started. This household survey, will yield a 'gold mine' of data and information that will be widely useful. It will provide key socio-economic and demographic information that will positively impact the planning processes across the public sector. Further, it will greatly assist in business and investment decisions. It is expected that the survey will run for a total of six (6) months and a sample of 800 households will be interviewed. A 'Key Findings' report focusing on the major indicators that can be generated from the results of this survey will be prepared and finalized by May 2021.

## **SOCIAL SECURITY**

128. Earlier in the year my Government laid on the table of this honourable house the most recent Actuarial review of the Montserrat Social Security Fund. The report provides stark reading and highlights the difficult financial position that the fund finds itself in. This Government does not shy away from the findings of the report or the action that is needed to be taken to address the issues.
129. The fund has been in deficit for the past eight years, with no contribution rate increases and minimal benefit reforms. We are now at a tipping point, and if no action is taken immediately then in less than six years the fund will not be able to meet its obligations.
130. Madam Speaker, there are no quick fixes to the problem we face with the fund, but action clearly needs to be taken and my Government will be discussing urgently with a number of stakeholders a series of interventions, which will include:
  - Increasing the contribution rate to 11% in 2020 and adopt a schedule of increases that would take the rate to at least 15%, possible more, by 2025;
  - Increase the wage ceiling to at least \$4,500 per month;

- Reduce the maximum age/invalidity pension percentage from 60% to 55%;
- Increase the age at which reduced age pension are payable and/or eliminate early/reduced age pensions; and
- Revise the formula for calculating average insurable earnings used for Age Grant to the one now in place for Age Benefit.

## **ENERGY AND UTILITIES**

131. Madam Speaker, this Government fully supports the quest to reduce the island's carbon footprint, and the need to develop indigenous, renewable energy sources. We will continue to lead on the up take of more efficient and effective energy usage. This is why we are promoting own use reduction schemes and proof of concept leads with the pilot study on the adoption of electric vehicles. We are also working with the Montserrat Utilities Limited (MUL) and other stakeholders to ween the island off fossil fuels and to transition to greener more environmentally sustainable and resilient technologies.
132. Madam Speaker, we are pushing ahead with the Public Lighting Improvement Project. The first project, Public Lighting, involves replacing all of the streetlights in the first instance along with designated Government of Montserrat compounds external lighting with LED lights. This initial target will be completed by the end of this month, and will save the Government significant sums on its annual electricity bills, this work is funded by the EU funding under the Minister of Finance.
133. Madam Speaker, our government is working to reduce the long-term costs of electricity generation and to minimise the impacts on the environment from diesel-generated power with the implementation of the Montserrat 750kW Solar PV plus Battery Storage Microgrid Project. This project builds on the previous 250kW Solar Photovoltaic (PV) plant taking the island to 1MW being generated from a renewable source. This increase will support MUL' electricity generation for normal day to day usage, however in power outages the John A. Osborne Airport, the Glendon Hospital, DMCA and the Silver Hill Antenna will be served by the battery reserves for up to 36 hours. The work is on-going and will be completed in the first quarter of 2020 financial year. This work is funded by the EU funding under the Minister of Finance.
134. Madam Speaker, our Government continues to support MUL in the completion of a long-term energy expansion plan in the form of an Integrated Resource Plan completed in 2019. This plan looks at both the demand-side and the supply-side of electricity for the next 20-years for Montserrat. As a result of this plan our Government has secured funding from EU to conduct a Feasibility Study to determine the actual potential of wind power development and integration for Montserrat.

135. Madam Speaker, our Government understands its responsibility to lead and leading we are. A project to conduct energy audits of all Government of Montserrat buildings is under way. The equipment required is on order and the actual audits will be conducted by the Energy Department starting in the second quarter of 2020.
136. This Government recognises that considerable investment has been made in the exploration of geothermal energy development, which yielded two functional wells. In fact, these wells were completed during our previous term in office. Exploration of a third well was managed by DFID and is still incomplete. My Government is not abandoning the prospect of harnessing geothermal power but is aggressively exploring other forms of renewable energy in order to meet the country's long term energy needs while at the same time protecting our environment by further reducing our carbon footprint. A new energy taskforce has been assembled to drive forward this agenda.

## **LABOUR, PUBLIC WORKS AND MARITIME**

137. Madam Speaker it is this Government's intention to secure a better deal and quality of life for all working people by promoting decent work at and above a living wage, we are intent on ensuring that the rights of workers on Montserrat are protected and promoted.
138. With this in mind, we are reviewing the consolidated Labour Code 2012, which is seven years old. The consolidation of legislation improved compliance with labour laws, it will address anomalies, further improve clarity and better aligning our Labour Code with international standards, in the interest of workers and employers alike.
139. Having a minimum wage in place will ensure that workers on Montserrat are being fairly paid for the work they do. To this end, we will be continuing work with the view to introducing minimum wage legislation later in the year. This has now become a priority area following the Covid-19 crisis and we must address the instances of extreme low paid work.
140. Madam Speaker, we are moving forward with the implementation of a new Drivers' Licensing system and Vehicle Licensing system. The new system will deliver multi-functional and machine-readable drivers' licenses. It will also allow for on-line renewal and payment of vehicle and drivers' licenses. The new system will afford drivers the option to register their vehicles with licence plates displaying numbers, letters and symbols. This will allow for more personalised vehicle licence plates.
141. In the upcoming months, we will be bringing forward legislation to update our Maritime laws. This update will ensure that Montserrat satisfies the International Maritime Organization (IMO) Instrument Implementation Code (commonly referred to as the Triple I Code). Once enacted Montserrat will be better able to meet its International Maritime

Organisation's (IMO) Convention obligations. Moreover, once the updates are in place Montserrat will maximise the legal protections available to seafarers, shipping, environment and the economy. Additionally, the updates will place us in a good position for an IMO audit of the UK and OTs that will take place in September 2020.

## **EDUCATION, COMMUNITY AND YOUTH INVESTMENT**

142. Madam Speaker, the Education system of Montserrat has seen its challenges and successes in the past years. But Madam Speaker, we are now in a "Time of Change". The development of our people must become a priority if we are to create a thriving economy, if we are to enhance our agriculture sector, if we are to develop our tourism product and if we are to ensure that Montserrat is ready for the future.
143. Madam Speaker, we must improve the development of our students and community to ensure we can deliver on the promises made here today. Education is the rock on which our society is built. We will no longer be the stone on which people stumble or fall because we disobey but rather the rock which this house of Montserrat can and will be built.
144. Madam Speaker the Education Sector on Montserrat has permanently evolved because of the impact of Covid-19. The coronavirus has resulted in us reexamining the manner in which we facilitate Teaching and Learning across all ages. The immediate immersion into e-learning has highlighted a need to review the ICT Policy and its application to the Education Sector.
145. Teachers, Principals and HQ staff, adjusted to provide a basic level of education despite restrictions, and work is ongoing on the development of the National Curriculum and School Improvement Plans. Covid-19 highlighted the varying needs of students, different learning styles, special needs, English as a second language and the need for mental health support.
146. Although we knew there were going to be some challenges, and their efforts are commendable, they rose to the occasion to support the development of our students and the future of Montserrat. The coming academic year will show the agility of the staff and Ministry to respond to the varying demands of human development. The sector now turns its energies to the following areas:
- Incorporating ICT at all levels to address the varying educational styles and needs while making a variety of supplemental resources more accessible,
  - Developing an Infrastructure Master Plan for the Montserrat Secondary School to define the future development of our students,

- Supporting differing learning styles and abilities; and
- Inculcating Vocational and Technical Education at all levels.

147. The two key priorities in education are to raise the performance and academic competence of our students in primary education measured by the attainment tests and in secondary assessed by the CSEC performance. Both have seen a steady decline over the past decade. Literacy and Numeracy need to become priorities in the development of our future. Civics and ICT must be incorporated in the national curriculum review and we must strive to improve the abilities and imagination of our youth.

148. Over the last 5 months the Ministry of Education has increased its efforts to ensure we have Safe Schools and better conditions. Recent renovations include playgrounds being added Early Childhood Centres, repairs to fences and buildings as well as the remodelling of classrooms. Over the next year, several updates will be made to primary classrooms to complete the ICT Programs and meet the new requirements for CXC e-testing.

149. Madam Speaker, this government is committed to long term solutions to the countries needs and this include those of our children, to this end government is not in the business of constructing temporary class rooms at the Montserrat Secondary School. We are now in the process of renovating Blocks L & M so that they are structurally fit for continued use. This will take place in parallel to the renovation of the staffroom and library spaces, as we continue to improve the physical conditions of the MSS facility in a phased approach.

### **Regional and International Partners**

150. Education works collaboratively with a variety of regional and international entities to ensure quality of education is maintained, ensuring youth development in the community, the preservation of history and traditions as well as to facilitate sports development. Going forward the Ministry will utilize a multisector framework to manage these many requirements.

151. Montserrat has agreed to support the extension of the current OECS Education Sector Strategy. This programme provides support for the enhancement of key areas jointly agreed as priorities in the ECCU. Most notably this partnership has resulted in financial and technical support for the development of a framework for Early Childhood Curriculum Development.

152. The Ministry of Education has benefited greatly from partnerships and support facilitated by the Caribbean Development Bank. This has been enabled by the local office of the Basic Needs Trust Fund (BNTF). Most notably, our early childhood practitioners are currently enrolled in an academic access programme which will allow them future enrolment on an Associate Degree in Education for Early Childhood. The other project is the Steel Pan

Revival Programme which involved the training of instructors and students on best practices in musicianship.

153. UNICEF has been our most consistent international partner through their office based in Barbados. Their financial and technical support has resulted in \$250K for the National Curriculum development, Child Friendly Schools initiatives, Positive Behaviour Management Training, Convention on the Rights of the Child Programming and Disaster Risk Reduction Strategies.
154. In the coming year support will assist with the revision of the Special Education and Inclusion Policy, strengthening of data collection mechanisms and teacher training on updated curriculum

### **Library Services**

155. In 2018 Montserrat became the 100th member of the United Nations Scientific and Cultural Organization (UNESCO). Since then, minimal action has occurred to advance this opportunity for technical and financial support toward areas of Education, Technology, Heritage and Culture. Recent discussions with the Montserrat National Trust and the Secretary General of Antigua highlight Montserrat's missed opportunity.
156. Further work is needed and will be done with UNESCO and the MNT as we expand the services of the Museum. Many in the community do not realize but Library Services includes: Museum Services, Cinema Services and Archives and these element of the portfolio will be enhanced through staffing changes, collaborative initiatives and programming.
157. This year the Montserrat Public Library has refreshed its operations and expanded their services and programs. We saw the reintroduction of the homework help program and re-introduction of reading support programs in the primary schools. Their role will continue to evolve to support the need for education reform and support to differentiated learning.
158. Through partnerships with civil society groups, we saw the renovation of school libraries at the primary schools. This project will be completed in the 1st quarter of the new fiscal year as well as the renovation of the long awaited Secondary School Library.
159. My government is committed to advancing the necessary laws, structures and actions to bring the support to island. This partnership cannot be undervalued for it potential future impact on community development, history preservation and cultural product improvement.

## Community and Youth

160. Madam Speaker, The Department of Community, Youth and Sports has been a needed injection of excitement and community building to the Montserrat Ecosystem. They are charged with creating and maintaining an enabling environment for young people and community to maximize the benefits to all residents. Whether it's their career services in the secondary school, traditional food classes or rounder tournaments, the department continues to create synergy and island pride.
161. We have seen a significant increase in every deliverable and Key Performance Indicator over the past year. The number of youth engaged on HYPE has surpassed the target of 50 but more importantly 25% of these youths have transitioned to meaningful employment. They recognize and increased interest in technical and vocational areas and as a Ministry we must work together to ensure that this becomes a culture. For the first time we hosted an internship element in which individuals enrolled part time at the community college also gained part time employment. This has worked well in increased accountability but also the development of more focused and well-rounded youth.
162. In the area of Career Development, we saw the launch of an Air Cadet Programme in collaboration with the John A. Osborne Airport. The level of interest of resident youth in aviation shows us we have the ability to grow our people in industries needed to advance our country.

## Sports

163. Madam Speaker, Education have worked diligently to raise the profile and support of its sports and athletes. In 2019 we saw an increase in financial support to sports associations. Most notably, the local department focused on grassroots training and establishing consistent structure.
164. For the first time, Cricket West Indies President, Mr Ricky Skerritt and Leeward Islands Cricket Board President Enoch Lewis visited Montserrat. This exchange resulted in consultant resources for field and pitch preparation and a commitment to explore supporting roles in regional test and 20/20 matches.
165. Madam Speaker, while the Montserrat Football Association continue to invest in our youths, although not a government entity, this administration must recognise the significant investment it is making towards the development of football on island. Special mention must be made to the thirty-five bed facility which is been constructed at Blake's football field. Madam Speaker this vital piece of infrastructure will not only benefit football but will also contribute towards building sports tourism on Montserrat.

## **AGRICULTURE**

166. Madam Speaker, at the height of the Corona Virus pandemic countries were denied the benefit of purchasing essential and lifesaving personal protective equipment to safe guard their frontline workers from contracting the virus: This action by major producing countries highlighting the need for regional countries to seriously and urgently embark on a food security strategy to prevent its people from dying of starvation in the eventuality of a global food shortage.
167. Madam Speaker, the Department of agriculture has embarked on a sustained food production drive to ensure year round availability of local produce. At the same time Madam Speaker support is being provided to poultry and livestock farmers with a view towards encouraging growth in the poultry and livestock sector.
168. Additionally, Madam Speaker production and storage must go together and my administration is working with other stakeholder in solving the issue of waste due to the lack of a storage facility on island. In the meantime, farmers and private sector must work together establishing trust which will result in more local, produced are sold in local establishment.
169. The Department continues to work with the GB Non-native Species Secretariat to construct and review a biosecurity bill for Montserrat. This effort is in collaboration with stakeholders including Customs, Environmental Health and Department of Agriculture among others. Further detailed work will be carried out during this year, to introduce key policy and legislation to cover climate change, Convention on International Trade in Endangered Species and single use plastic ban.

## **HOUSING**

170. Madam Speaker, this administration will explore public private partnerships for increasing the islands housing stock. We will continue to seek solutions to meet the demand for housing for persons in the middle income groups and encourage those persons overseas to own a piece of the rock. Madam Speaker, in addition to private sector entities on island and within the region, it is my Governments intention to engage members of the Diaspora, challenging them to invest in their homeland. In addition to the incentives which are already in place we will seek to introduce others if they will result in increased housing stock and job creation.
171. Madam Speaker under the CIPREG programme my administration inherited two work streams designed to support intelligent future investment in social housing: they are: -
- An in-depth review of the current Social Housing Model in order to generate improvements in effectiveness and efficiency, and

- Commissioning a review of the designs of new social housing developments to provide for the most vulnerable and to promote population growth and retention.

172. It is our intention to expedite these two pieces of work with the expectation that DFID would provide funding support for social housing developments in future programme tranches.

## HEALTHCARE AND SOCIAL SERVICES

173. Madam Speaker, the Ministry of Health and Social Services (MoHSS) is on a path of building robust and transformative approaches to providing a better health and social systems for Montserrat, which is integrated and equitable. We have embarked on a period of development and change, exploring possibilities for innovative approaches to enhance the deliverable of health care on island.

### The New Hospital

174. Fundamental to these changes is the move towards permanent hospital accommodation which is designed to further strengthen the Ministry's provision of health services. Following on from where we left on in 2014, we have in no uncertain term identified the construction of a new hospital as **my administrations number one priority**.

175. This island's long awaited hospital project moved to the design phase after the Ministry of Health and Social Services signed a contract with Article 25 for the preliminary design of our island's new national hospital. This follows a successfully concluded globally competitive procurement process. Throughout the Covid-19 crisis, the PMO and Ministry team has continued engagement with the design team, providing key data, insights, and hosting stakeholder briefing sessions to inform the eventual architectural designs.

### Public Health

176. On this path of fundamental change, the Ministry has to continue its operations and must be ready for any public health threat. This budget year being no exception, as it had to tackle the dengue threat by strengthening its surveillance mechanisms and Madam Speaker, as you are aware Covid-19 has been declared a pandemic and as a result the ministry had to establish a quarantine authority and implement new procedures in accordance with the Act.

177. The government introduced several public health and suppression orders from since March to help contain the spread of Covid-19. As a result of these prudent and proactive interventions, there are currently no known active cases of Covid-19 on Montserrat but the population is still advised to remain vigilant and practice good hygiene and adapt appropriate social distancing measures.

## **Air Ambulance**

178. The MOHSS has an obligation to ensure that our patients are being provided with optimal healthcare services at all times, and to do this we must continually explore avenues through which we can expand and optimize healthcare delivery, for our patients on the ground and those we are transporting overseas. In some previous medevac cases, receiving hospitals, for various clinical and liability requirements, require that we transfer patients on a proper and fit for purpose air ambulance. The MoHSS has explored arrangements with airlines and in fact welcomed the arrival of St Barths Executive from St Barths, which can provide medical evacuation services for critically ill persons, from Montserrat to other countries with the specialist care that is needed. This air access development for our medical services links with the broader healthcare development and the new hospital, so that we maximize and improve our healthcare services and outcomes, stabilizing our health system now and for the future.

## **Healthcare Financing Reform**

179. The MOHSS is on a path of health system reform – a key component being Healthcare Financing reform. In this financial year Government will re-tender for a Health Economist Consultancy that will build on the previous works. This is a key step in the Ministry's Roadmap to Health Financing reform, an analysis and work that hasn't been done previously in the MOHSS, that will direct our health system and the population's health planners towards a better footing for sustainability and quality provision for the coming months and years, especially important to maximize on the new hospital when it comes online.

## **Primary Care**

180. Primary Health Care is the branch of health services that covers a range of prevention, wellness, and treatment for common illnesses; and are organized under the guiding principles of equity, access, empowerment, community self-determination and inter-sectoral collaboration.

181. The statistics show that the leading causes of death in Montserrat are Diabetes, Hypertension, heart disease, myocardial infarction and Cancer of the Prostate. This means that the Government is keen to reverse this worrying trend and as a result it is shifting its focus to a broad primary centric model which would ultimately see a change in the statistical health of this island in later years. The Ministry is implementing a myriad of programmes and intensifying its efforts to reduce the onset of Non Communicable diseases in the community through expanded workplace screening and stepping up its management of persons already identified with diabetes and hypertension.

182. During the financial year 2020, there will be an increase in the capacity of medical officers assigned to the health centres. This means that our busiest clinic which is St John's will have a doctor providing services for more than one day of the week which is the current practise. This is in keeping with our Government's desire to strengthen the provision of primary care services and reduce the reliance on the medical officers within the Accident and Emergency Department in the hospital setting.
183. Madam Speaker Glendon Hospital is in a position to offer enhanced services through the acquisition of the Endoscopy suite which would enable us to restart our visiting Urology programme for the men and expand our cancer prevention support to men in our society. My Government is also pleased to announce the launch of our new Obstetrician and Gynaecological service through the full time appointment later this year of an Obstetrician and Gynaecologist.
184. Madam Speaker it has been established that early detection and treatment of cancers can reduce cost to government and save lives. To this end, in this fiscal year, we will be supporting the ministry of Health in its screening programme for all kinds of cancers. Additionally, we will support the Pink Ribbon Charity in its Breast cancer screening programme and will also subsidize the cost for testing and treatment for prostate and cervical cancers.

## **FISCAL POLICY MEASURES**

### **Concessions and Incentives**

185. Government of Montserrat continues to do what it can without detriment to the much needed revenue collection streams to extend or introduce programmes that could benefit a wide cross section of the community or to promote commercial activities that can create employment and revenue for our people. GoM is currently in the process of reviewing, updating and where necessary extending some of the main concessionary programmes that could benefit the people and the country by extension:
- i. Customs Duties and Consumption Tax (Alteration of Customs Duties and Consumption Tax) (Christmas Barrel) Order, SR&O 37 of 2019*
- The 2019 Christmas barrel programme was approved and operated from 15<sup>th</sup> November 2019 to 31 January 2020. There were 903 barrels (100 more than 2018) cleared under this programme and 624 families benefited. Once again, GoM continues to ensure that we preserve the tradition and Christmas spirit of receiving barrels of food and clothing from family and friends abroad at Christmas without detriment to our local business.

ii. ***Customs Duties and Consumption Tax (Christmas Decorations) (Exemption) Order, 2019 S. R.O. 36 of 2019***

The Office of the Premier again spearheaded efforts to promote the Christmas Spirit, we again supported a programme that exempted from the payment of Customs Duties and Consumption Tax the importation of Christmas trees and other Christmas Decorations. This programme was well received and again gave rise to the 2019 Christmas lighting competition promoted by the department of Tourism. The competition attracted participation from a number of businesses and households and some were able to win handsome cash prizes.

iii. ***Returning Montserrat Concession Programmes. SR&O 41 of 2014 and SR&O 29 of 2017***

These two orders continue to promote or incentivize Montserrattians living abroad to consider returning home permanently. My Government is currently reviewing the programmes and they will be merged into one programme to allow for easier management and efficient administration.

iv. ***Customs Duties and Consumption Tax (Zone C) (Exemption) Order 45 of 2017***

My Government continues to support the work that was started by the Cork Hill Reunion committee and other interest persons in their efforts to preserve, restore and we hope to eventual reoccupy their properties in Zone C to include villages such as Cork Hill, Weekes, Foxes Bay, Richmond Hill and Delvin's. The programme continues to exempt from Customs Duties and Consumption Tax on all materials imported for the sole use of building or repairing any structures. We are currently working to see what else can be done to provide further incentives to encourage others to invest in preserving or restoring properties in these areas.

v. ***Customs Duties and Consumption Tax (Property Developers) (Homes built for sale or rental) (Exemption) Order S. R.O. 15 of 2018***

My Government will continue to encourage property developers to take full advantage of the programme to increase our housing stock and economic activities on island. The last programme under SR&O 15 of 2018 expired the end of March 2020 and we are committed to have it updated, renewed and put it back to its original intention of promoting a certain standard of housing for Sale of Rental. This will be done as soon as possible.

186. Madam Speaker, with the onset of the Covid-19 pandemic my Government saw the urgent need to introduce SR&O 26 of 2020 which is "Customs Duties and Consumption Tax (Covid-19 Personal Protective Items) (Exemption) Order. Through this order we have reduced the Tariff Rates for Personal Protective Equipment and other Covid-19 related supplies.

187. My Government will always look at ways to support initiatives while at the same time safeguard or enhance Government Revenue streams. In this regard I can announce here today that we will be looking to introduce a series of review and updating to our major taxation and duty Legislation:

- With the support of Caribbean Regional Technical Assistance Center, work has recently begun to the updating of the Income and Corporation Tax Act to modernize it and make it more fit for purpose.
- The current Harmonized Commodity Description and Coding System Commonly referred to as “H S Coded” used by the Customs Division of the MCRS in the ASYCUDA system is to be updated and my Government will review the current tariff rates on some important items within the next six months.

188. Madam Speaker, my Government will focus on a number of key areas:

- The environment- this is a key concern for my Government, and we want to maintain our status as the green Island of the region, therefore we will be looking to increasing the tariff rates on single use plastic bags, single use food containers and Styrofoam food and drink containers for a period of one year. This to be achieved by the third quarter of 2020/21 financial year. This will then lead to a full ban on importation of single use plastic bags, single use food containers and Styrofoam food and drink containers by the first quarter of 2021/22 financial year;
- My Government has prioritised the Health of our people and with the development of the Hospital, we must support through taxation the health agenda. We will seek during the third quarter of 2020-21 the introduction of increases tariff rates on sugary drinks and alcohol drinks and seek to reduce rates healthy foods, and food supplements and over the counter health supplement; and
- We will also look to introduce specific legislation to better govern and regulate the sand mining industry, formalize Governments revenue from the industry and put in place a structured and coordinated form of support to the industry as this sector accounts for over 90% of Montserrat exports at this time.

189. We need to support local businesses and potential foreign and local investors, and my Government will continue to do so, but we need to balance the concessions that we provide to businesses against the loss of revenues to Government which can then be used to invest in education, health, youth, sports and other key Government services. We will look to provide concessions in the future to businesses that provide clear economic benefit to the nation, that will provide new jobs and lead to significant investment. We need to support game changes in investment. My Government will look to review and revise the current Micro and Small Businesses Act and the Fiscal Incentives Acts over the coming months

and replace them with something fit for purpose, to ensure they focus on the development of business, generation of employment and by extension enhance GoM revenue collections.

## **Tax Administration**

190. The Montserrat Customs and Revenue Service (MCRS) has responsibility among other things for the collection and accounting for over 86% of Montserrat's locally generated revenue. MCRS continues to modernize the administration and collection of the taxes:

- For Income and Company Tax - we have newly acquired Tax Administration Computer System and the department will be less reliant on the use of thousands of paper files; and
- For the administration of Property Tax - we will see the use of the newly acquired Property Tax Management System. This new system will serve to enhance the administration and collection of property tax and the keeping of property valuation records. The department will be less reliant on maintenance and use of thousands of Paper files.

## **International Tax matters**

191. Madam Speaker Montserrat's commitments relating to tax information exchange are administered through the Tax Information Exchange Unit in the MCRS and I am pleased to say at this time Montserrat is not part of any know adverse listing relating to Tax administration and Tax Information Exchange.

192. Montserrat is one of the 137 countries worldwide to include "All" UK territories that are part of OECD Inclusive Framework Base Erosion & Profit Shifting (BEPS) project. The project promotes some 15 international actions under this framework of the project of which Montserrat has committed to uphold the standards of four. They are:

- Action 5 – to have minimum standards in place to Counter Harmful Tax Practices;
- Action 6 – have in place minimum standards that will prevent Tax Treaty Abuse;
- Action 13- all for Country by Country Reporting to combat transfer pricing; and
- Action 14 – be able deal with Tax Treaty monitoring and dispute resolution.

193. My Government is committed to provide support to the MCRS and the MoF and is also keen to continue to work with our regional partners, other overseas territories and the UK Government to adhere to the ever-changing international standards set by organizations such as The Organization for Economic Cooperation and Development (OECD), Global Forum and Financial Action Task Force.

## **Recurrent Revenue and Expenditures 2019/20**

194. Madam Speaker, overall recurrent revenue for 2019/20 was budgeted at \$137.7 million. However, the recurrent revenue outturn for 2019/20 was \$134.19 million. This represents an increase of around \$4.64 million over Government's collection on the previous year, 2018/19, of \$129.55 million.
195. Budget Support from the UK remained the highest contributor to our revenues with support of \$78.69 million in 2019-20.
196. Local revenue collection for 2019/20 was \$55.5 million against a budget of \$58.17 million. The majority of which came from Personal Income Tax; and Consumption Tax.
197. Our approved, estimated expenditure for 2019/20 was \$137.77 million, and the revised figure being \$141.31 million.

## **Recurrent Expenditure 2020/21**

198. Madam Speaker, I will now present the estimates of Recurrent Expenditure for the 2020/21 financial year. The 2020/21 Estimates of Revenue and Expenditure provide for total expenditure (including debt servicing) of \$148.63 million.
199. Budgetary Allocations by economic classifications are as follows:
- Compensation of Employees \$50.47m or 34%
  - Goods and Services \$54.87m or 36.8%
  - Interest payments \$.38m or 0.3%
  - Subsidies \$10.98m or 7.4%
  - Grants \$6.55m or 4.4%
  - Social Benefits \$19.94m or 13.4%
  - Other Expenses \$5.44m or 3.7%
200. There are varying degrees of change across the various budget economic classifications for 2020/21 budgets when compared to the 2019/20 revised budget estimates.
- Salaries have been increased by \$2.02million or 4.99%;
  - Allowances have been increased by \$0.056 million or 0.75%;
  - Pensions & Gratuities reduced by \$0.48 million or 3.58%
  - International Travel & Subsistence reduced by \$0.57 million or 52.61%
  - Utilities reduced by \$0.15 million or 5.83%;
  - Furniture Equipment & Resources decreased by \$0.049 million or 1.36%

- Uniform/Protective Clothing increased by \$0.017 million or 5.18%
- Maintenance Services has been increased by \$0.29 million or 3.41%
- Rental of Assets reduced by \$0.13 million or 9.12%;
- Grants & Contributions increased by \$0.049 million or 0.76%;
- Social Protection reduced by \$1.17 million or 23.25%;
- Revenue Refunds reduced by \$0.29 million or 19.82%;
- Claims against Government increased by \$0.15 million or 6.15%;
- Sundry Expenses reduce by \$0.15 million or 25.54%;
- Programme Production & Promotion has been increased by \$0.043 million or 5.06%; and
- Debt Servicing – Interest increased by \$0.088 million or 30.5%.

## **Recurrent Revenue 2020/21**

201. Madam Speaker, the revenue estimate for 2020/21 is EC\$126.65 million. This represents a 9% decrease compared to the 2019/20 approved revised estimates of EC\$139.77 million. The projected decrease is as a result of the estimated dramatic fall in our domestic revenues during the Covid-19 pandemic. The estimated revenue from local sources is EC\$37 million compare to EC\$58.17 million in 2019/20, a 36% fall in local revenue.
202. The impact on Covid-19 on the estimate local revenues of Government is devastating, even with our Fiscal Measures in place. We are seeing and expect further major impact on our key revenue streams such as income tax, corporation tax and customs duty, and decreases across all revenue streams. Detailed work has been carried out by the economic team with overall revenues for April, May & June are down by 70%, and we estimate that July, August, September and October being 40% down and the rest of the year being 20% down.
203. We do not see our tourism industry recovering for the year, which will impact on the festivals in December and March, further we see ongoing pressures coming out of Covid-19.
204. Budget support from DfID will contribute £23.6 million (EC\$81.65 million) (64.4%) to the recurrent budget. Budget support from DFID includes £1.5 million or EC\$5.3 million as Access Subsidy and £2.8 million or EC\$9.7 million as Technical Cooperation and Capacity Building. An exchange rate of EC\$3.46 to £1.0 is used in the conversion.
205. In addition to the recurrent budget support from DfID there is an additional direct support for Covid-19 of £2.5million or EC\$8 million which has been included in this budget.
206. In order to address this deficit, we have requested further support from DFID to cover the estimated \$21.99 million deficit in the budget, discussions at this time are positive.

## Capital Items

207. Madam Speaker for the period 2020/21 my Government confidently presents a Capital Budget of EC\$79,045,100. We anticipate expending most if not all of this year's budget, which will have a spill off effect into the economy, ensuring a high level of job creation. The projects categories are:

- Economic Infrastructure development of EC\$64.55 million, 81.66%;
- Social Infrastructure, Research and Services EC\$8.56 million, 10.83%;
- Public Administration –EC\$3.51M, 4.44%;
- Agricultural Services-EC\$0.05M, 0.07%;
- Statistical Research-EC\$0.3M, 0.38%;
- Education-EC\$2.06M, 2.6%; and
- Child Protection-EC\$0.02, 0.02%

208. This Capital budget will be funded with the UK Government/DFID providing EC\$33.19 million, the European Union support amounting to EC\$20.84 million, UKCIF through the CDB providing EC\$23.90 million and the other EC\$1.12 million by other funding donors and using local resources. The budget will fund projects such as:

- Elements under the Capital Investment Programme for Resilient Economic Growth (CIPREG), to include Fibre Optic Cable, Airport Resurfacing, Improvements to the Montserrat Secondary School and will see the start of the construction of the New Hospital;
- Developing Visitors Attraction and Amenities (the Volcano Interpretive Centre), Protecting and Enhancing the Natural Environment (enhancing hiking trails and beaches), Expanding and Diversity; and
- The important and key economic development of the Port.

## Overall Budget – Recurrent and Capital

209. The total recurrent expenditure for 2020/21 is budgeted at EC\$148.63 million.

210. Capital expenditure for the 2020/21 is estimated to amount to EC\$79.05 million.

211. Therefore, the total budget allocation for the fiscal year 2020/21 is EC\$227.68 million.

## **Allocation by Ministries and Programmes**

212. The Recurrent Budget reflects a number of policies and programmes aimed at moving government towards fiscal sustainability. The recurrent budget is used to facilitate salaries, wages, and operational expenses of the Ministries and Departments across Government.

213. The breakdown of the allocation for the 2020/21 recurrent budget by Ministry is as follows:

- The Office of the Deputy Governor receives EC\$30.22 million or 20.34% of the overall budget;
- The Ministry of Finance and Economic Development EC\$28.41 million or 19.12%;
- The Ministry of Health and Social Services' allocation is EC\$23.52million or 15.83%;
- Office of the Premier EC\$21.31 million or 14.34%;
- The Ministry of Communication and Works EC\$13.83 million or 9.31%;
- The Ministry of Education, Youth Affairs and Sport EC\$11.76 million or 7.92%;
- The Ministry of Agriculture, Lands, Housing and the Environment is allocated EC\$6.1 million or 4.11%
- The Royal Montserrat Police Force EC\$7.32 or 4.93%; and
- The balance \$6.13 million 4.10% of the budget is allocated among the other services of government which include Legislative and Judicial Services, as well as the Office of the Auditor General.

214. For ease of reference, the full set of allocations is detailed in the Estimates of Revenue and Expenditure tabled in this Honourable House.

## **Allocation by Functional Classification**

215. Madam Speaker, the budget has been classified according to the ten Functions of Government developed by the Organisation for Economic Co-operation and Development (OECD) to allow for global comparisons. The recurrent budget resources are allocated as follows:

- General public services 28.9%
- Defence 1.2%
- Public order and safety 7.0%

- Economic affairs 37.5%
- Environmental protection 0.6%
- Housing and community amenities 0.4%
- Health 9.6%
- Recreation, culture, and religion 2.2%
- Education 6.4%
- Social protection 6.2%

## ACKNOWLEDGEMENTS AND THANKS

216. Madam Speaker, as I reflect on just the first few months of our Administration, I would like to give thanks to all of those who have made the transition into Government as smooth as possible, to ensure that we advance the operations and change programmes to deliver for the People of Montserrat.

217. I would first like to acknowledge the contribution of Her Majesty's Government and in particular DFID and the FCO in providing budgetary support and technical assistance in taking forward our programmes – including from the UK Caribbean Investment Fund We want to recognize the contribution of the Governor as we continue to work together in a manner that places the development of Montserrat and its people at the forefront.

218. We want to also recognize the substantial budgetary support received from the European Union. We applaud the efforts of the Commission to facilitate our development needs and welcome further development of this relationship in a post-Brexit world.

219. We also want to express our sincere appreciation for the support of our other international and regional organisations in providing a sense of stability enabling greater policy coordination. In this regard, we thank UNICEF, UNESCO, UN-ECLAC, Carbon War Room, Waitt Institute, PAHO CARICOM and the OECS Secretariat for their continued support. We applaud the continued work and support of CDB and CARTAC in the provision of technical assistance and policy advice. Last but more importantly, we want to publicly acknowledge, endorse and commend the work of the Eastern Caribbean Central Bank through its insightful Governor and staff in maintaining financial stability and providing fiscal policy support to the OECS region.

220. Very importantly the public officials at the various Ministries and Departments who have worked beyond the call of duty especially during the Covid-19 crisis. We all owe them a huge debt of gratitude. I cannot overemphasize the value of the work done by the small team of public officials at the Ministry of Finance. I wish to express my appreciation to them all.

## **CLOSING REMARKS**

221. Madam Speaker, I conclude the way I began, this budget is unlike any other in history. It is presented at a time when the world continues to be in the midst of a public health emergency, with the continued spread of the Covid-19 Pandemic in which the world has been turned upside down.
222. These are not normal times, and the economic impact of Covid-19 is significant and does presents a challenge to governments across the globe as they seek to recover from the harsh realities of economic destruction brought on by this virus.
223. Madam Speaker, in spite of the world’s economic turmoil, this budget is both realistic and ambitious: Realistic in that I have taken the situation at hand into consideration and have adjusted it accordingly. Ambitious in that it is a budget which still brings hope to our people in spite of the difficult times in which we are living.
224. It provides for the continuation of the services to our population while at the same time seeking to expedite the implementation of projects which will create jobs for our peoples.
225. Madam Speaker This “New Normal” in which we are called to live in and operate has brought challenges but it has also given us opportunities. It allows for the public and private sector to take a hard look at how services are being offered and compel them to find new ways of doing so.
226. Madam Speaker I close with a phrase by Robert Schuller. “Tough times don’t last, tough people do”.

**TOGETHER WE CAN! May God continue to bless our homeland!**

**END**