



# BUDGET STATEMENT 2021-2022



Healthcare



Sustainable Energy



Food Security



ICT Access



Air and Sea Access

**THEME: BEYOND THE NEW NORMAL: RECOVERY, GROWTH  
AND OPPORTUNITY IN THE AGE OF COVID-19**

Delivered in the Legislative Assembly

17 June, 2021

Presented by:

Premier & Minister of Finance, Hon. Joseph E. Farrell

## Budget Priorities 2021-2022

### **'BEYOND THE NEW NORMAL: RECOVERY, GROWTH AND OPPORTUNITY IN THE AGE OF COVID-19'**

- I. developing and implementing appropriate sector strategies for priority sectors:***
  - i. Renewable Energy***
  - ii. Tourism***
  - iii. Access***
  - iv. Agro-processing***
- II. managing projects to deliver priority infrastructure for economic growth:***
  - i. Hospital Project***
  - ii. Port Project***
- III. improving educational outcomes for regional and international competitiveness and sustainable livelihoods***
- IV. enhancing youth development through an improved Apprenticeship Programme***
- V. developing and implementing strategies to remove obstacles to doing business thereby enabling growth***
- VI. developing and implementing plans that elevate the island from recovery mode to sustainable self-sufficiency***
- VII. unlocking sectoral resources for business development, investment promotion and trade facilitation***
- VIII. preserving Montserrat's reputation as a just, safe and secure place to live and visit***
- IX. increasing access to essential and specialized medical services through leveraging of technology and direct service provision***
- X. increasing and expanding health promotion services to reduce public health concerns, to reduce the incidence and effect of non-communicable diseases and to improve the care of the elderly; and***
- XI. ensuring sustainability of the Social Security Fund***

## Contents

Budget Priorities 2021-2022 .....	2
Abbreviations .....	5
<b>BUDGET STATEMENT: BEYOND THE NEW NORMAL: RECOVERY, GROWTH AND OPPORTUNITY IN THE AGE OF COVID-19 .....</b>	<b>8</b>
Introductory Remarks .....	8
International, Regional and Local Economic Context.....	12
<b>International Context</b> .....	<b>12</b>
<b>Regional Context</b> .....	<b>14</b>
<b>Local Context</b> .....	<b>15</b>
Fiscal Measures Taken Due to COVID-19.....	17
Performance of Key Policies and Programmes for 2020/21 .....	19
<b>Economic Management</b> .....	<b>19</b>
<b>Project Capability Development</b> .....	<b>19</b>
<b>Port Development</b> .....	<b>20</b>
<b>Roads and Access Infrastructure</b> .....	<b>20</b>
<b>Energy Security</b> .....	<b>22</b>
<b>Information Communication Technology</b> .....	<b>23</b>
<b>Tourism</b> .....	<b>24</b>
<b>Physical Planning and Development</b> .....	<b>25</b>
<b>Agriculture</b> .....	<b>25</b>
<b>Private Sector Support</b> .....	<b>26</b>
<b>Human Development</b> .....	<b>27</b>
<b>Health</b> .....	<b>28</b>
<b>Education</b> .....	<b>30</b>
<b>Culture</b> .....	<b>33</b>
<b>Labour</b> .....	<b>33</b>
<b>Land and Housing Development</b> .....	<b>34</b>
<b>Environmental Management and Disaster Mitigation</b> .....	<b>34</b>
<b>Governance</b> .....	<b>35</b>
<b>Statistical Developments</b> .....	<b>35</b>
<b>Procurement</b> .....	<b>36</b>
<b>Strengthening our Legislative Frameworks to support the development thrusts</b> .....	<b>36</b>
<b>Transparency and Accountability</b> .....	<b>37</b>
<b>Growing efficiencies by Expanding our E-service Portfolio</b> .....	<b>38</b>

<b>Advancing the Public Service Management and Reform Agenda</b> .....	38
<b>RMPS, RMDF and HMP</b> .....	39
<b>External Affairs</b> .....	39
<b>Social Security Fund</b> .....	40
Fiscal Policy Measures .....	40
<b>Tax Administration</b> .....	40
<b>International Tax and Finance Obligations</b> .....	41
<b>Concessions and Incentives</b> .....	42
<b>Recurrent Revenue and Expenditures 2020/21</b> .....	45
<b>Recurrent Expenditure 2021/22</b> .....	45
<b>New Spend Areas in 2021/22</b> .....	46
<b>Recurrent Revenue 2021/22</b> .....	47
<b>Capital Items</b> .....	47
<b>Overall Budget – Recurrent and Capital 2021/2022</b> .....	48
<b>Allocation by Ministries and Programmes</b> .....	48
<b>Allocation by Functional Classification</b> .....	49
Acknowledgements and Thanks .....	50
Closing Remarks .....	51

## Abbreviations

ASYCUDA	Automated System for Customs Data
BESS	Battery Energy Storage System
BiPAP	Bilevel Positive Airway Pressure
CARICOM	Caribbean Community
CARTAC	Caribbean Regional Technical Assistance Centre
CEMA	Conservation & Environmental Management Act
CPAP	Continuous Positive Airway Pressure
CSSF	Conflict Stability and Security Fund
CDB	Caribbean Development Bank
CIPREG	Capital Investment Programme for Resilient Economic Growth
CROSQ	Caribbean Regional Organisation for Standards & Quality
CFATF	Caribbean Financial Action Task Force
DFID	Department for International Development
DMCA	Disaster Management & Coordination Agency
DITES	Department for Information Technology E-Government Services
DYCS	Department of Community Youth & Sports
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECPA	Enhanced Country Poverty Assessment
EDF	European Development Fund
EU	European Union
FATF	Financial Action Task Force
FCDO	Foreign, Commonwealth and Development Office
GDP	Gross Domestic Product
GoM	Government of Montserrat
GRID	Governance Reform & Institutional Development
HACCP	Hazard Analysis Critical Control Points
HMP	Her Majesty's Prison

HRMU	Human Resource Management Unit
ICC/LFS	Intercensal Count/Labour Force Survey
ICU	Intensive Care Unit
ILO	International Labour Organisation
IMF	International Monetary Fund
ICT	Information Communication Technology
LDA	Land Development Authority
M&E	Monitoring and Evaluation
MAC	Montserrat Arts Council
MCRS	Montserrat Customs & Revenue Service
MCWLE	Ministry of Communications Works Labour & Energy
MoFEM	Ministry of Finance & Economic Management
MoHSS	Ministry of Health & Social Services
MYACS	Ministry for Youth Affairs Culture & Sports
NDF	National Development Foundation
NHS	National Health Service
OECD	Organisation for Economic Cooperation & Development
OECS	Organisation of Eastern Caribbean States
PAHO	Pan American Health Organisation
PCR	Polymerase Chain Reaction
PMO	Project Management Office
PMP	Project Management Professional
PPE	Personal Protective Equipment
PV	Photovoltaic
RSPB	Royal Society for the Protection of Birds
RMDF	Royal Montserrat Defence Force
RMPS	Royal Montserrat Police Service
SAR	Search and Rescue
SCAF	Small Capital Asset Fund
SDP	Sustainable Development Plan

SLC/HBS	Survey of Living Conditions/Household Budgetary Survey
SRO	Statutory Rules & Orders
TSAC	Tourism Stakeholder Advisory Committee
UK	United Kingdom
UKCIF	United Kingdom Caribbean Infrastructure Fund
UN	United Nations
UNECLAC	United Nations Economic Commission for Latin America and the Caribbean
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNICEF	United Nation Children’s Education Fund
WTO	World Tourism Organisation
USA	United States of America
WHO	World Health Organisation

## BUDGET STATEMENT: BEYOND THE NEW NORMAL: RECOVERY, GROWTH AND OPPORTUNITY IN THE AGE OF COVID-19

### Introductory Remarks

1. Madam Speaker,  
Ministers of Government,  
Leader of the Opposition,  
Hon. Financial Secretary,  
Hon. Attorney General,  
Members of the Opposition,  
Sergeant-At-Arms,  
Clerk of the Legislative Assembly,  
Members of the local and international audiences listening by radio and on the worldwide web, and members present,  
Members of the Media,  
Good afternoon.
2. Madam Speaker, I rise to move a motion for the second reading of the Bill entitled **-Appropriation Bill 2021/2022**. This Bill presents the Draft Estimates of Revenue and Expenditure of the Legislative Assembly for financial year 2021.
3. Madam Speaker, it would be remiss of me to take this afternoon's proceedings forward without first thanking Almighty God for his continued blessings on Montserrat. Indeed, He continues to shower us with his grace and mercy in a time when the world seems to be faced with insurmountable challenges. Even in these times Madam Speaker, Montserrat can look to the light at the end of the tunnel, rest assured by his words stated in Job chapter 8 vs 7:  
  
*'Although your former state was ordinary, your future will be extraordinary.'*
4. Madam Speaker, during the last financial year, my Administration reaffirmed its commitment to 'Rebuild the Economy, Restore Hope, and Empower our peoples' as we pursued the ambitious 2020 Budget theme of '***Building Montserrat's Economy in a Digital Age***'. At the start of the fiscal year, we promised several transformational projects and today I am proud to report we have not failed the people of Montserrat.

5. Madam Speaker,

- *We are on track to deliver the new Little Bay port facility and a new fit for purpose 21<sup>st</sup> century hospital;*
- *We have completed resurfacing of the airport runway and are on track to complete construction of the new air traffic control tower;*
- *We are also on track for the refurbishment of Blocks L & M at the Montserrat Secondary School;*
- *We are on track to becoming 100% sustainable in renewable energy;*
- *We have improved beaches and trails and invested in training for tourism businesses; and taken this one step further with the launch of the Remote Workers Programme as Montserrat seeks to compete as a niche location in the new COVID sensitive global tourism environment*
- *We are developing designs and models for a sustainable future for social housing*
- *We are actively engaging the telecommunication service providers to improve our communications network and to create technology partnerships for our people's benefit.*

6. In short, Madam Speaker, the progress has been nothing short of remarkable when you place it against the context of COVID-19. Whilst some project milestones have been impacted, the talented men and women of the Public Service and private contractors have demonstrated impressive project management ability and agility in ensuring we keep up the momentum.

7. Madam Speaker, as we look ahead, this budget recognizes the global health and economic crises caused by the COVID-19 pandemic and the significant implications for Montserrat's development. The uncertainty of the duration of the crises and the global economic recession demand that we take stock of the lessons learned thus far and use them to build our resilience to withstand global shocks like this in the future while advancing our development agenda.

8. Madam Speaker, in order to become resilient to unprecedented catastrophes such as COVID-19, we must adopt new models of innovation, planning, project implementation; and to how we live, learn, work and engage with each other.

There must be a cultural shift in everything that we do – and our people have experienced this already.

9. Madam Speaker, COVID-19 is not going away anytime soon, we have entered a new normal in which we must live and grow alongside uncertainty and evolving scientific understanding. We must act now to advance our economic, environmental and social well-being development goals while building on the lessons of this recent crisis and those we have survived before. We can do it again as we march boldly into this next chapter, under the theme: **‘Beyond the New Normal: Recovery, Growth and Opportunity in The Age of Covid-19’**.

10. Madam Speaker, our pursuit of the development priorities for 2021/22 will ensure our recovery and lay the foundations that, in time, will secure Montserrat’s sustained economic growth. The priorities are:

*XII. developing and implementing appropriate sector strategies for priority sectors:*

- i. Renewable Energy*
- ii. Tourism*
- iii. Access*
- iv. Agro-processing*

*XIII. managing projects to deliver priority infrastructure for economic growth:*

- i. Hospital Project*
- ii. Port Project*

*XIV. improving educational outcomes for regional and international competitiveness and sustainable livelihoods*

*XV. enhancing youth development through an improved Apprenticeship Programme*

*XVI. developing and implementing strategies to remove obstacles to doing business thereby enabling growth*

*XVII. developing and implementing plans that elevate the island from recovery mode to sustainable self-sufficiency*

*XVIII. unlocking sectoral resources for business development, investment promotion and trade facilitation*

- XIX. preserving Montserrat's reputation as a just, safe and secure place to live and visit*
- XX. increasing access to essential and specialized medical services through leveraging of technology and direct service provision*
- XXI. increasing and expanding health promotion services to reduce public health concerns, to reduce the incidence and effect of non-communicable diseases and to improve the care of the elderly; and*
- XXII. ensuring sustainability of the Social Security Fund*

11. Madam Speaker, the end of 2020 signifies the end of the development period covered by the Montserrat Sustainable Development Plan (SDP), 2008-2020. This milestone also signals a time to reflect and a time to plan as a unified people. It is perhaps opportune that the formulation of our new national development plan coincides with the lessons being derived from the global pandemic. This pandemic has given rise to new niche markets and expounded the need to diversify; it has amplified the importance of food and energy security. Madam Speaker, it has tested the limits of our social protection systems and exposed new vulnerabilities. We have a unique opportunity to assess and reconfirm or revise our vision and goals so that we can turn obstacles into opportunity.

12. Madam Speaker, as we mobilize the local and overseas population for the formulation of the new sustainable development plan, a key piece of work has concluded, being the 2008-2020 SDP Review Report, which directly targets the general population to provide an overview of how we performed in our pursuit of the SDP goals.

13. Madam Speaker, in keeping with established practice, my presentation of the fiscal package will be preceded by the current international, regional and local economic context. This will be followed by an overview of the key achievements and planned activities within the purview of the national development goals thus presenting the rationale for the budget for the fiscal year 2021-2022. In closing, I will lay before this Honourable House, the Estimated Recurrent Revenue and Expenditures and Capital Items for 2021/22.

14. Madam Speaker, I reach out once more 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 and ask that you join with us. Join us to

build a green and inclusive economy, more resilient than before. Join us in being brave and big and bold to secure a future that is extraordinary. Together we can do it better!

## International, Regional and Local Economic Context

### International Context

15. Madam Speaker, the global economy has been under a sustained attack from the COVID-19 Pandemic. This virus has caused a global public health crisis and has led to a global recession. No country has been left unaffected by the crisis which first began in late 2019. The extent of the damage caused by the virus was not foreseen. Which has led to many countries being completely unprepared to deal with the health and financial fallout caused by the pandemic.
16. 2020 was a year characterized by the development of responsive policy initiatives to curb the transmission rate of the virus. Madam Speaker, developed countries such as China, the United States and the United Kingdom all implemented national shutdowns and curfews to varying success. The shutdowns led to a near-complete halt of economic activities within countries as citizens were told to stay home and avoid any non-essential human contact. “Social Distancing” has also been an important intervention to reduce the spread of the virus.
17. Madam Speaker, the closure of national borders and the imposition of quarantine protocols have sought to reduce global travel and prevent carriers of the virus from spreading to the wider community. Unfortunately, such measures have been completely disastrous for global travel and the tourism industry. The World Tourism Organization (UNWTO) data shows that 2020 was the worst year on record for Global Tourism. These restrictions, together with low traveller confidence and slow virus containment led to International tourist arrivals declining by 74% in 2020. This compares with the 4% decline recorded during the 2009 global economic crisis.
18. Madam Speaker, while these initiatives have been necessary to slow transmission of the virus, they have been accompanied by large economic costs. The World Economic Outlook (IMF) estimates that global growth contracted by -3.5% in 2020, 0.9 percentage points higher than initially forecasted. Specifically, the UK economy has experienced an estimated GDP growth rate of -10%. This economic decline was deeper than what was seen during the 2008 financial crisis and has also had specific adverse impacts on a larger cross-section of society. Women,

youth, the poor, the informally employed, and those who work in contact-intensive sectors have certainly faced the brunt of this public health crisis.

19. Madam Speaker, Policy Makers across the world have recognised these impacts and have attempted to develop expansionary fiscal and monetary measures to soften the economic blow caused by the virus. There has been a large expansion of social safety nets in most developed countries. For example, the UK Government has invested more than £280 billion into protecting jobs and livelihoods since the start of the pandemic. Many states within the USA increased the value of unemployment benefit. The Federal Government also implemented a fiscal stimulus package that provided direct monetary support to citizens through the provision of \$600 stimulus checks.
20. However, Madam Speaker, these initiatives come with large fiscal costs which have led to an increase in the Debt-to-GDP ratios of many economies. As highlighted in the previous budget, the health of the UK economy is critical for us. Not only does the UK provide aid, but they are also a key tourism market for Montserrat and other countries within the region. The UK current level of debt is around 99.4% of GDP and this is a potential concern for Montserrat. This is the highest debt ratio since 1962 and is forecasted to rise soon.
21. Madam Speaker, the increase in the UK's national debt and the readjustment of priorities considering the current pandemic has meant the country had to make tough financial decisions. This has led to their overseas aid budget being cut from 0.7% of national GDP to 0.5%, representing a fall of £10bn. While the GoM has gained reassurance that Montserrat will continue to be a priority, with confirmation of the same level of recurrent aid, these reductions in their overseas aid budget could potentially impact future negotiations with our development partner.
22. The future global economic outlook is still heavily dependent on how well countries can control the ongoing public health pandemic. There have been vaccine approvals and many countries have well advanced their vaccination programmes. However, there have been renewed waves and the discovery of new variants of the virus which are even more contagious. Considering this dichotomy, the strength of the recovery is certainly going to vary significantly across countries.
23. There is likely to be a large divergence between the recovery of advanced economies and developing economies. Those economies which are going to have access to the required medical interventions and provide effective policy will likely fair better. Amongst current uncertainty, the IMF forecasts that the global economy will grow by 5.5% in 2021 and 4.2% in 2022. Despite these positive figures, it will be sometime before we return to 2019 levels of output.

24. Madam Speaker, as vaccine uptake improves, and consumer confidence continues to be rebuilt, it is expected that countries will slowly remove their travel restrictions. These developments could potentially lead to travel slowly normalising during 2021. However, the recovery of the global travel and tourism industry remains uncertain. For example, most travel and tourism experts do not expect to see a return to pre-pandemic tourism levels before 2023. Despite this, the GoM will ensure that Montserrat's tourism product is well placed to take advantage of any increases in international travel in 2021.
25. Global commodity prices are relevant to Montserrat due to our need to import fuel for vehicles and energy. Therefore, it should be noted that oil prices are expected to rise in 2021 by over 20% from their 2020 lows. This will likely translate to an increase in the cost of fuel faced by the citizens of Montserrat. While the GoM has no direct control over this, the GoM intends to continue to invest in alternative sustainable energy sources. Initiatives such as the new Solar Farm in Lookout and the Geothermal Wells in Cork Hill will provide the island with a much-needed future buffer.
26. Montserrat is a part of a deeply connected globalised world. Due to these economic links, what happens globally has clear implications for our own island. This is why the GoM must continue to monitor global economic trends. This will allow us to mitigate as best as possible against global changes which could have adverse effects on our island.

### Regional Context

27. Madam Speaker, of course, our Member States within the Eastern Caribbean Currency Union have not been able to insulate themselves from the economic effects of the current global pandemic. Many of our neighbours already had weakened economies due to previous natural disasters and high levels of public debt. This has meant that the pandemic has further weakened economies that were already in a precarious position.
28. The Eastern Caribbean Central Bank had initially estimated a growth rate of 3.2% for the ECCU countries collectively. Unfortunately, the breadth and depth of the pandemic ensured that this growth rate did not materialise. The final recorded growth rate for ECCU countries in 2020 was -16.8%. Essentially, the ECCU has experienced a record-breaking decline in economic activity. It is clear at this stage that it will take years until ECCU countries can return to pre-pandemic levels of output.

29. The slowdown in economic activity has led to increases in poverty and the weakening of other macroeconomic indicators. Those within lower socio-economic groups have certainly been the main victims of this public health and economic crisis. ILO (2020) states that the crisis has caused unemployment within Latin America and the Caribbean to rise significantly, from 8.5% in 2019 to 10.2% in 2020. It is expected to rise further in 2021 as the coronavirus continues to halt economic activity.
30. Madam Speaker, uncertainty continues to plague the region and is likely to continue deeper into 2021.
31. Tourism, which is the most significant sector for many of our neighbours was completely decimated in 2020. The outlook for Tourism in 2021 remains very precarious and dependent on several factors. With many experts forecasting that Tourism is unlikely to return to pre-pandemic levels before 2023, the contribution of the sector to regional GDP will likely continue to be heavily subdued.
32. At the back end of 2020, many countries had taken steps to slowly reopen their countries as the number of cases declined. Despite being cautious, many ECCU countries had to re-implement restrictions due to the arrival of the second wave of coronavirus cases. Unfortunately, Montserrat was also unable to avoid this second wave and quickly had to follow our neighbours by re-implementing restrictions.
33. Currently, the ECCB has set a target growth rate of 5.0% for 2021. While this is a positive sign, there is still some uncertainty surrounding this figure. It will likely depend on the management of the pandemic and also access to vaccines.

### Local Context

34. Madam Speaker, the outlook for 2021/22 and beyond, is still uncertain. While the COVID-19 pandemic remains a threat to economic activity in 2021, the roll out of Montserrat's vaccination program does provide hope. With the assumptions that uptake of the vaccine begins to make an impact in the latter half of 2021 and Montserrat can minimise the number of coronavirus cases, expectations are that the economy should return to growth.
35. The Government has also sought to maximise new opportunities created by the current pandemic and its changes to the ways in which we live and work. One such initiative has been the Montserrat Remote Worker Programme. This programme is expected to generate considerable revenue for Montserrat by allowing professionals and entrepreneurs to experience a work-life-vacation balance.

36. The construction sector is expected to show growth in 2021/22, as public sector construction speeds up on several of the CIPREG projects and the construction work on the Port is expected to commence. There remains a level of private sector construction activity but it is not expected to impact overall sector growth significantly.
37. The Agriculture sector is expected to return to growth in 2021, on the assumption that there will be no reoccurrence in the drought or supply chain issues that affected livestock production due to COVID-19. The Government has provided considerable support and investment to this sector in recent months. As this sector continues to be a priority, it is expected that previous investment will start to show some returns. This will be in comparison to the past several years, where this sector only experienced one year of growth. Previous poor performance has been attributed to several droughts and storms that have impacted production.
38. Madam Speaker, despite slowly reopening the economy, tourism continues to be the most heavily impacted sector in Montserrat. While not contributing significantly to overall GDP, it is still a sector that provides employment for a number of Montserrat citizens. The initial support programmes specifically targeted this sector, ensuring that businesses and jobs were protected. The Government also provided support to the sector in the most recent package. This is because tourism is still an important growth sector for the future sustainability of our island.
39. It is difficult at this point to forecast what the level of unemployment will be in 2021, but unless the situation around the tourism sectors changes, the employment levels in that sector are expected to remain subdued. There is a possibility that emigration by non-nationals from Montserrat who work in these sectors or auxiliary industries will cause a decline in both the population and the labour force.
40. Inflation levels are expected to increase into 2021 as global fuel and food prices are expected to rise. Montserrat is currently experiencing increased prices at the pumps and shops; this could potentially continue.
41. Madam Speaker, as previously indicated, overall economic activity for 2021 is expected to be robust but this hinges on the pace of implementation of several public sector projects, as well as the progress of the pandemic and the resultant restrictions on travel. The forecast beyond 2021/22 is also positive but with a far greater degree of uncertainty. However, this Government is committed to steering Montserrat effectively along the path to self-sustainability and leveraging our project success for greater investment.

## Fiscal Measures Taken Due to COVID-19

42. Madam Speaker, although the public health fallout from the coronavirus pandemic has been limited in Montserrat, the economic impact on the private sector has been significantly worse. Considering this, the GoM implemented a plethora of fiscal measures aimed at supporting vulnerable persons and businesses during the initial March 2020 to August 2020 lockdown.
43. To fund these fiscal measures, the GoM provided FCDO with a business case in late March 2020 requesting direct support. Successful negotiations resulted in an additional 2.5 million sterling being provided to tackle the crisis. This additional financing enabled the GoM to introduce the required Fiscal Measures in April 2020.
44. In total, \$9,355,280 was expended to support the healthcare system and also provide economic relief and stimulus to those who have been impacted during the first wave. What needs to be highlighted is that without this stimulus, it is likely the economy would have contracted by an even greater percentage than stated earlier.
45. On the 6th of February, it was announced that the Island had contracted two new cases of the coronavirus, prompting GoM to once again introduce a package to assist the population and stimulate the economy.
46. Madam Speaker in this package, the GoM provided an additional one-off cash payment of \$150 for every child in Montserrat. Approximately 1020 children were eligible for this programme and \$150,000 was allocated for these purposes. This cash payment went towards assisting parents who faced increased costs, due to the closure of schools for the period stated.
47. Further support was provided to every citizen on Montserrat through the provision of utility bills support. The GoM understands that ensuring that everyone stayed indoors, lead to an increase in the use of electricity and water. Therefore, the GoM spent \$413,000 to cover the fuel surcharge on electricity bills and also cover the costs of water sales. This represented around a 55% reduction in the cost of utility bills for every household for February.
48. The GoM has also provided direct financial support through the private sector grants for small businesses. This excluded the essential services, banks and supermarkets, but included almost all other forms of businesses. This programme assisted them in meeting their general administration costs such as rent and utilities. The cost of this program amounted to approximately \$120,000.

49. As part of the Government of Montserrat's plans to ensure the safety of all citizens as well as ensuring the safety and wellbeing of our elderly residents, further remedial work was required to be undertaken at the Golden Years Home. An allocation of \$235,000 was made available to cover the cost of these repairs.
50. Madam Speaker, the GoM is intent on further supporting private sector development and is committed to do everything that is required to support innovate businesses. To this end, preliminary work has begun to create a business financing facility in collaboration with the St Patricks Credit Union. This facility will provide further grant and loan support to existing and potential new innovative businesses and ideas on the island.
51. I will now turn to the key achievements and plans of my administration.

## Performance of Key Policies and Programmes for 2020/21

### Economic Management

52. Madam Speaker, the national goal outlined in the SDP states, ‘An environment that fosters prudent economic management, sustained growth, a diversified economy and the generation of employment opportunities.’ Despite the clear global challenges that we have faced over the last year, we have surpassed expectations with a steady stream of key achievements across our portfolio of investment. Despite our size, this Government has been big and bold in our commitment to tangibly deliver on our crucial work streams, including port development, roads and access infrastructure, air and sea connectivity, healthcare, information and communication technology, tourism, energy, and agricultural services. Because of the swift and decisive action of this Government in suppressing COVID-19 on island, together with improvements to our project management capability, we have created the environment to successfully develop, approve, tender, award and deliver across the full range of projects. Of this, Madam Speaker, any country would be proud, and I hope the whole House recognizes the significance of this achievement as we pivot into the new financial year.

### Project Capability Development

53. Madam Speaker, the Programme Management Office has remained a key function in enabling the successful execution of our broad portfolio projects and change initiatives, as it works with our Ministries to plan and deliver projects, facilitate funding approvals and effective project governance, whilst driving improvements in project management capacity and processes. The Project Management Office (PMO) has helped Government to unlocked progress on all work streams within the CIPREG Programme and ensured that we maintain critical momentum during the COVID-19 crisis.

54. The PMO will continue to lead our project interface with the CIPREG Programme Board and Montserrat Steering Committee. The year ahead will also see the PMO strengthen its resources through the recruitment of key project management roles so that this unit is able to deliver sustainable impact.

## Port Development

55. Madam Speaker, despite the challenges of the COVID-19 pandemic, the Little Bay Port Development Project, funded through the United Kingdom Caribbean Infrastructure Partnership Fund and the European Development Fund 11, has continued to make significant design development progress.
56. The Project, together with the engineering contractor Stantec Consulting International Limited, successfully revised the original concept design provide the people of Montserrat with the minimum size facility which can safely meet our development needs. This followed a very successful series of stakeholder engagement visits by the Project team to senior level stakeholders in the cruise and cargo industry in Florida.
57. In the early part of last year, we importantly completed the procurement process to pre-qualify prospective bidders from across the globe for the Detailed Design and Build contract.
58. Madam Speaker, I am pleased to report that the Project has now reached a pivotal and exciting stage. The tender documentation for the Detailed Design and Build Contract was issued to the pre-qualified bidders in January 2021, and we await the return of their submissions and cost proposals which will be evaluated with the hope of contract award in the Summer of 2021.
59. This Project will provide direct economic benefit to Montserrat through the creation of a long-overdue fit for purpose jetty facility in Little Bay, enabling safer docking for cruise and cargo vessels, reducing down-time, and opening up new opportunities in tourism, trade and access. Furthermore, it will act as a catalyst for future landside development in Little Bay.

## Roads and Access Infrastructure

60. Madam Speaker, the Public Works Department rose to the challenges of this year while foregoing 31% of the infrastructure maintenance budget and coping with disruptions of two lockdowns and damage caused by a flash flood in November. Nine (9) contracts were awarded for road, drainage and retaining wall construction with over 45 persons being employed. This meant that equipment operators along with local merchants benefitted from the programmes of the Ministry. The Ministry continued to work with private contractors to maintain the road verges.

61. Madam Speaker, I am pleased to report that of the two critical projects at the John A. Osborne Airport, funded under the CIPREG Programme - the Runway Resurfacing Project is now complete, and the Air Traffic Control Tower Project is advancing well. The design works were completed for both projects and the contracts for construction works were signed in November 2020 for a combined value of EC\$12.9 Million.
62. Madam Speaker, despite the impacts of COVID-19, the Ninth Basic Needs Trust Fund (BNTF 9) Project continued to provide critical support to infrastructure development, implementing all sub projects within their allocation, and before the stipulated Terminal Disbursement Date. Citizens benefited from the Cavalla Hill to Barzey's Road Rehabilitation and Mars Hill Road Rehabilitation projects and the Salem Water Mains Replacement project.
63. Madam Speaker, as we continue to develop and maintain the island's infrastructure, the major activities planned for 2021/22 include:
- completing the construction of the air traffic control tower and commissioning the new facility;
  - improving the road segment from Woodlands to the Cheap End junction;
  - road & drainage improvement works on the Jones Hill residential road; Date Palm Drive in Palm Loop; Mongo Hill road; and the Garlin Hill to Little Bay Road;
  - completion of the Drummonds sewage plant access road;
  - reconfiguration of the Brades Factory shell to house the ICT City and Innovation Centre; and
  - installation of a new hot mix plant.
64. Madam Speaker, we have approval for the BNTF 10 Programme and will be signing the Grant Agreement shortly. Under BNTF 10 some \$1.7 million will be provided to support social and economic infrastructure projects and programmes.

### **Air and Sea Access Connectivity and Regulation**

65. Madam Speaker, the plan for Air and Sea access for the medium to long-term are being refined utilizing the Access and Connectivity Strategy of 2019. Given the global impact of the pandemic on passenger travel and the slowing of the global economies, these plans will be adjusted and phased until stability is returned to the global travel market. The strategic approach that is being adopted will serve to strengthen current Montserrat to Antigua routes and pave the way for gateway expansion and regional connectivity.

66. It is this Government's intention to: re-introduce twin-otter service facilitation to Montserrat; to increase payload and passenger carrying capability; build traveller confidence; and increase passenger traffic from neighbouring hubs. The re-introduction of twin otter services is a strategic positioning – going beyond just access to Montserrat, but rather providing true connectivity to the world.

### Energy Security

67. Madam Speaker, a future harnessed upon a green economy depends heavily on the successes we attain in the sustainable development of our natural energy resources. So far, the Ministry of Communications, Works, Labour and Energy has led the charge ably, delivering significant results within the scope of the Energy Policy & Action Plan 2030. During the last year, the Ministry reported:

- an increase in the number of **street lighting** on the island by 50% above 2017 installation level. This European Union (EU) Funded project featuring installation of energy LED lamps is expected to reduce the energy consumption via street lighting by over 30%.
- initially scheduled to be installed at the John A. Osborne airport, the **750 kW Solar Photovoltaic (PV)** with 1.088 MWH of Battery Energy Storage System (BESS) project is now being installed at Look Out. All of the required major material and equipment was procured in 2020 and work is ongoing on installing the PV system. On completion of this project, critical facilities such as the Glendon Hospital and DMCA would continue to receive power during an electrical outage on the local power grid. In combination with the existing 250kW system installed at Brades power station, both systems would provide 44% of the island's peak demand and supply about 12% of the annual electricity generation.

68. To further advance the push to fully realize the island's potential for 100% renewable energy, an EU Funded Wind Feasibility Study will be conducted to determine the most suitable location for the establishment of a wind farm. This study will include the installation of wind measuring equipment for a minimum of 12 months to collect critical wind data. Government will continue its push to increase the penetration of renewable energy locally and to diversify the island's energy mix to improve our energy security.

## Information Communication Technology

69. Madam Speaker, my Government has successfully delivered the **Montserrat Submarine Fibre Project on time and on budget**, taking the new system live in October 2020. Montserrat now has a vastly more resilient connection to the international telecommunication grid by moving away from above-ground, microwave dishes which are vulnerable during storms and hurricanes.
70. Madam Speaker, the amount of internet capacity now available in Montserrat has increased from less than 5 Gigabytes per second between the two telecommunications companies to 100 Gigabytes per second of initial capacity; and an overall system capacity of 8 Terabytes per second. The Government of Montserrat is directly connected to the new submarine fibre system, as are Digicel and FLOW both of whom are reporting that they can now provide more reliable and stable connections to their customers.
71. Madam Speaker, we recognise that all businesses and home consumers want to experience the full benefits of this new and improved connectivity. To address this, Government has been in discussion with the telecommunication providers on plans for upgrading the on-island distribution networks and rolling out better and faster service options.
72. Government has a 'Fibre First and Fibre for All' policy goal and is prepared to offer the appropriate fiscal incentives and concessions that will enable the installation of fibre connections to every premises on the island. This is an ambitious goal, but we believe that with the cooperation of our service providers, Montserrat will soon be able to boast of being the most connected island in the region. Once a reality, we will attract new businesses and investments. This first-world infrastructure will also underpin homegrown initiatives such as the Remote Worker Programme.
73. Madam Speaker, distance learning and new business opportunities which rely on high internet bandwidth are now possible. Montserrat is now in a position to explore investment avenues that were a nonstarter a few months ago. As such, a Fibre Optics Working Group has been established to examine and promote opportunities to maximize the use of the new fibre optic system for the benefit of the whole of Montserrat.
74. Work has begun on the ICT Innovation Centre to provide a space for innovative businesses and individuals in the tech field. This facility will also provide hot-desking and meeting facilities for Remote Workers who require it since there will

be direct fibre optic connectivity. The Centre will be positioned to serve as a tech hub and business incubator to support the diversification of our economy by creating a global service platform.

## Tourism

75. Madam Speaker, the effect of the global health crisis was perhaps nowhere more acutely felt than in our tourism sector. Throughout January and February 2020, we saw a positive trend of visitor arrivals from 2019, however the onset of the pandemic led to a sudden decline of visitor arrivals by more than 60%, and a reduction in visitor expenditure by over 50%. Despite this, the Government has sought to strengthen Montserrat's tourism offering for the reopening of our borders for returning and new visitors.
76. Madam Speaker, the Statistics Department has completed the Labour Force Survey 2020, which highlighted the true impact of the pandemic on the local tourism sector. However, looking ahead, regional and international tourism experts have determined that the advent of a vaccine to combat the virus would be the panacea for the sector. While this would undoubtedly give travellers more confidence to travel again, studies have also shown that we will not get back to 2019 levels of travel until 2023/24, after a slow resumption from the third quarter of 2021. Of course, this Government will do everything to support Montserrat beating this trend.
77. Madam Speaker, implementation of some of the European Union-funded projects continued in 2020, albeit at a slower pace due to the lockdowns that we were forced to impose. Training and capacity building played a prominent role in continuing the development of the tourism sector's human resources through a series of programmes that ran from June to January. A total of 154 persons received training in: Customer Service; Tour & Taxi Operations; Cruise Destination Preparedness; Housekeeping, and; Presentation and Packaging of Souvenir Items.
78. Madam Speaker, sometime shortly into this new fiscal year, the **Volcano Interpretive Centre**, will enter the design phase. This facility will offer an interactive experience to visitors, while educating patrons on the natural history of Montserrat and highlight the impact that the Soufriere Hills Volcano has had on the island.
79. Madam Speaker, my Government is committed to inclusive design and therefore a dedicated washroom and shower facility will be constructed at Marine Village to

accommodate persons with disabilities. Bunkum Bay and Little Bay will have outside showers installed and upgrades carried out on the Boardwalk at Marine Village. The **Trails Upgrade Project** will also be completed, with works being done to improve the signage, safety, accessibility and manoeuvrability at the Hope Ridge, Duberry/Cassava, Dry Waterfall, Underwood and Katy Hill trails.

80. Madam Speaker, in the coming months, the Tourism Division will facilitate additional training in Tour Guiding, Managing Social Media, Sites and Attractions Management, and host a Virtual Homeshare. Moreover, the Tourism Division will work closely with its industry partners through the **Tourism Stakeholder Advisory Council (TSAC)** to develop a set of approved operating standards for the transportation, tour guiding and accommodation sectors.

### Physical Planning and Development

81. Madam Speaker, high on the agenda of the Physical Planning Unit is to seek to **modernise its legislation**, making them more relevant and in line with other CARICOM jurisdictions by establishing new legislation for the mining sector and the enactment of the Montserrat Building Code.
82. The Planning and Development Authority will continue to facilitate the continued development of the sand mining industry on island. Fort Ghaut and the Upper Belham are the identified potential areas for expansion of sand mining. However, development in these areas are dependent on a risk assessment being undertaken by the Montserrat Volcano Observatory to ensure that the risks posed by the proximity of the volcano can be adequately mitigated to ensure the paramount safety of operators. Madam Speaker in moving forward it is expected that the people of Montserrat will receive their fair share of this valuable resource.

### Agriculture

83. Madam Speaker, the Department of Agriculture has continued over the past year to implement plans and programmes geared at supporting and achieving its goal “To redevelop agriculture (crop, livestock, aquaculture and marine resources) to promote food security, satisfy local demand and to target specific markets for import substitution and export.”
84. With the occurrence of the COVID-19 pandemic and its perceived detrimental impacts on the agricultural community and the country as a whole, the focus of the Department of Agriculture for a major part of 2020 was on mitigating against the negative impacts on the island’s food security.

85. The Veterinary Division in close consultation with stakeholders, continued to support the use of semi-intensive systems in small ruminant production and has facilitated the importation of new improved breeds on island. Although the Artificial Insemination (AI) project was impacted by the COVID-19 travel restrictions, the Department produced approximately 20 improved breed offspring which were sold to producers in an effort to improve the genetic composition of local small ruminants. To further stimulate growth in the subsector and to this initiative, GOM has reduced customs tariff rates on the importation of live farm animals.
86. Madam Speaker, during this financial year, the Government will focus on the agro-processing aspect of the Department. Emphasis will be placed on ensuring quality and standards for cottage products with an aim of initiating the production of semi-processed meats and meat products and adding value to some of our fruits and vegetables.

### Private Sector Support

87. Madam Speaker, one of the strategic thrusts for my Government is to improve the ease of doing business in Montserrat. As a starting point, it was important to document the legal procedures and requirements for business owners, and the supporting organisations with whom they would interact. To this end, in December of 2020, The Trade and Quality Infrastructure Division launched a **Business Compliance Guide**.
88. Madam Speaker, my Administration recognizes that the thrust for economic development lies in the creation of new and sustainable enterprises. However, access to finances has always been an issue for micro and small businesses, further exacerbated by the current global economic crises. Therefore, Madam Speaker, I am pleased to report that very shortly my Government in conjunction with the St. Patrick's Cooperative Credit Union will be rolling out a loan facility equivalent to five hundred thousand dollars (\$500,000) to assist micro, small and new innovative businesses.
89. This facility will be accessible to businesses requiring start-up financing or financing for expansion, to include: the purchasing of equipment and raw material. Additionally, Madam Speaker, we will be making a further six hundred thousand dollars (\$600,000) in the form of grants available to existing small and micro businesses for similar purposes.

90. Madam Speaker, having reopened access to a business financing facility, our next step is to ensure that businesses can manage their finances and grow. The Trade and QI Division completed a QuickBooks® training which is likely to be an ongoing initiative given the immense interest from business owners. The Trade Team will continue to provide training to help businesses navigate global and regional change.
91. As part of the 11<sup>th</sup> EDF Technical Barriers and Trade Programme, a local light manufacturing business, through partnership with CROSQ will be the beneficiary of certification in Hazard Analysis Critical Control Points (HACCP). This business' products will be recognised as having gone through an extensive certification scheme, leading to access to regional and international markets. This will provide transferrable learning for other businesses and sectors.
92. Madam Speaker, I have already mentioned the work that is ongoing on retrofitting the factory shell in Brades, converting it into an innovation centre, providing business space for young and innovative entrepreneurs who would want to implement an idea but does not have the capacity to rent expensive office space to see their idea come to fruition.
93. Madam Speaker, this Government does not believe that Montserrat's economic future rests on Grant-in-Aid. We must encourage serious Private Sector Development to achieve some level of economic sustainability. To this end, Madam Speaker my Government has begun discussing with the Foreign, Commonwealth and Development Office (FCDO) on the creation of a private sector entity which would be able to drive private sector development on island. As the months go by we will seek to agree on such an entity which will work in the islands interest.
94. Madam Speaker, the move by the Bank of Montserrat to take over Royal Bank of Canada assets has placed the Bank of Montserrat in a very strategic position to contribute towards the island's economic development, and my Government will be working closely with the Bank to see how best we can work together to stimulate economic activity on island.

## Human Development

95. Madam Speaker, a nation's human resource is its greatest capital. My Government is committed to improving the quality of life for all people on Montserrat. Therefore, as we coped with the pandemic, it was important to ensure basic necessities and financial support were provided to the most impacted; it was also important to maintain key housing programmes to provide shelter and

maintain the integrity of our citizens. We strengthened capacities in the health sector; and ensured protection and accessibility for continued education of our children during island-wide lockdowns. These sectors touching on human lives were most impacted over the last few months and we were very responsive in addressing the issues that arose.

96. Madam Speaker, my Government is all too aware of the hardships faced by the people of Montserrat, especially given the recent impact of the COVID-19 pandemic on our economy. Moreover, Madam Speaker, Montserrat has been without a cohesive strategy that defines the vulnerable sectors of our population and targets their needs for the wider development of the island. As such, my Administration, with support from the CDB, will undertake an Enhanced Country Poverty Assessment (ECPA) which will verify the level of poverty on Montserrat and enable the Government and donor agencies to provide targeted support to those most in need.

## Health

97. Madam Speaker, I turn my attention to health and social services. The Ministry of Health and Social Services (MoHSS) is on a path of building robust and transformative approaches to providing better health and social systems for Montserrat.

98. Madam Speaker, fundamental to these changes is the progress of our flagship project to deliver a new and fit for purpose 21<sup>st</sup> century national hospital for Montserrat. This time last year, the Ministry of Health and Social Services began working with Article 25 for the preliminary design of our island's new hospital. Since then, the Government has collaborated closely with the design team throughout the COVID-19 crisis, to limit schedule impact to this important project. The designers have generated new and costed architectural options for a facility to cater for peak demands of up to 31 beds. They have also provided logistical plans for decanting from the current facilities and ensuring continuity of service whilst, demonstrating conformance to the highest clinical design standards for patients and medical staff. In light of the emerging pandemic, the Government has also examined the pandemic response strategies for the new facility. The MOHSS team has been engaging expert agencies to support the design development – such as the Pan American Health Organisation (PAHO), Public Health England, and the UK's National Health Service (NHS). We will shortly be moving into the detailed design phase.

## Primary Health Care

99. Madam Speaker, the Ministry of Health is expected to continue its operations and be always ready for any public health threat. During the last budget cycle the Ministry battled the evolving threats posed by COVID-19. In response, we strengthened surveillance mechanisms, contact tracing, legislation, and inter-agency working to help guard the population from COVID-19. We established a quarantine authority and implemented multiple new procedures in accordance with the Act, including stepping up our health procedures, quarantine protocols, communications, and the acquisition of technologies to support this important work. The Government introduced several public health and suppression orders to help contain the spread of COVID-19.
100. Madam Speaker, the emergence of COVID-19 pressed the Ministry to build capacity and improve in certain areas - from our isolation facility, through to PPE and protocols. This Government boosted the capacity of the health work force with assistance from the Cuban Government. We saw the arrival of thirteen medical personnel from Cuba who, working alongside our own health professionals, have been delivering great work and much needed specialist services to the people of Montserrat, in the fields of Paediatrics, Obstetrics and Gynaecology.

## Secondary Health Care

101. Madam Speaker, earlier last year, in response to COVID-19, the Ministry commenced works on facilities to accommodate the PCR testing capability on island. This included more recently, the 'open' type PCR system for COVID-19, in addition to the 'closed' type PCR system we commissioned last year on July 23rd. This lab facility comprises of three shipping containers retrofitted to meet the standards required for the open system modality. Technical Assistance from the UK's Public Health England helped with the commissioning of the facility and training of the lab technicians. This new facility strengthens our lab capability not just for COVID-19, but also for wider diagnostics on island.
102. Madam Speaker, Secondary Care received a boost in supplies and equipment receiving:
- two (2) cardiac monitors, nine (9) portable suction devices, six (6) vital signs monitors, 1 Arterial Blood Gas analyser, 20 beds, 1 portable ultrasound device and personal protective equipment (surgical and N95 masks, coveralls, surgical gowns, face shields). This was made possible by FCDO and Crown Agents;

- CPAP machines, portable handwashing stations and related supplies, in addition to some personal protective equipment;
- a new anaesthesia machine and endoscopy equipment
- The Government of Dominica provided a kind donation of BiPAP machines, PAHO supplied PPE, and the OECS also provided PPE and a ventilator;

103. Madam Speaker, the diagnostic capability of the St. John's Hospital has been further enhanced with the commissioning of a new endoscopy machine.

104. Madam Speaker, the Government of Montserrat intends to build on its partnership with Cuba so that we continue to enhance our healthcare services and improve access to key healthcare specialists for the benefit of our citizens.

105. The Ministry is shifting to a primary care centric model to reduce the onset of non-communicable diseases in response to statistics showing that the leading causes of death in Montserrat are diabetes, hypertension, heart disease, myocardial infarction and prostate cancer. We must collectively do our best to improve diagnosis and outcomes.

### **Social Services**

106. Madam Speaker, the Social Services team has played a central role in the COVID-19 response, providing relief to those impacted by the COVID-19 pandemic. This relief has been financial and in food package support, as well as in wellbeing and safeguarding during the difficult period.

107. Madam Speaker, the Social Services team filled and uploaded approximately 1270 applications for Unemployment / Income Support, with approximately 959 households receiving assistance. The total spent for the first phase of the Income Support (Unemployment Benefit) Programme was approximately \$3,607,200. In excess of \$1.0 million was spent under Phase II of the programme providing support to over 1,000 persons including children.

### **Education**

108. Madam Speaker, the Ministry of Education, Youth and Sports was tested this year with a variety of challenges to operations and continuity. However, staff and stakeholders have shown great agility, exemplifying their flexibility to respond to

the needs of the country. Hence, their theme for the coming year is “**Transforming education through innovation and resilience.**”

109. Madam Speaker, the impact of COVID-19 has redefined the education sector. Blended learning for online and face-to-face instruction has become the new normal. Therefore, Madam Speaker, my Government is committed to ensuring that every student, teacher and parent is ready for this transition.

### **Education Sector**

110. The education sector continues to work with a variety of regional and international partners to support its mission and function. These partnerships were key to acquiring needed resources to respond to the COVID-19 pandemic.
111. Madam Speaker, we have restarted the laptop programme and will continue to acquire and distribute devices to those most in need. We have provided custom training through the University of the West Indies Open Campus on remote instruction, and will offer improvements in line with the new fibre capability.
112. As we make these transitions, all initiatives will be tied to the development of Montserrat’s first National Curriculum which was commissioned in November 2020 with the UWI Arthur Lok Jack Global School of Business.
113. The development of our education sector is key to national transformation but an updated approach is necessary to meet the students where they are and transform this sector through innovation. Therefore:
- we will not only continue to train teachers but also students and parents to ably transition to the new normal. Online learning must become a standard practice as a response to disaster risk reduction.
  - additionally, the Student Support Services Program must become a priority. Government will allocate the necessary resources for the training of teachers, effective succession planning and the systematic transition to new approaches. This includes continued support to the Secondary Sector for teacher training, introduction of collaborations with UWI to begin the Diploma in teacher training programme and focus on in-service training to address knowledge gaps.

## Library Services

114. Madam Speaker, the Montserrat Public Library continues to make its contribution to the development of literacy, culture, and lifelong learning on the island of Montserrat. Staff delivered on key programmes: Reading Passport Literacy Program, Summer Literacy Program, support for the Allioukana Festival of the Word and Homework Help programme.
115. Madam Speaker, the Library will be seeking to expand its current literacy and numeracy Programmes. Further development of the Community Computer Literacy Program in collaboration with the Department of Community, Youth and Sports will target individuals who seek to raise their basic computer literacy skills and knowledge. The Library will also seek to formalize partnerships with national cultural organizations to protect and preserve historical materials in danger of deteriorating. This will eventually lead to the development of an island-wide archival service and contribute to the cultural and economic development of Montserrat.

## Community, Youth and Sports

116. Madam Speaker, the Department of Community, Youth and Sports (DCYS) continues to expand to meet the expectations of its far-reaching vision and mission. Despite the challenges of COVID-19, the Department has supported training and development in sports, youth professional development and community development activities.
117. Most notably, the Department continued to execute the Youth Apprenticeship program HYPE. Madam Speaker this programme was introduced just over ten years ago, and has gone through various changes. Madam Speaker, it is my Government's intention to support this programme but in doing so we believe that further modification is required to realize the full benefit of the programme.
118. Madam Speaker there is a huge skills gap in this country and it is my Government's intention to provide some of these skills through further modification of the programme.
119. To this end Madam Speaker, my Government intends to provide funding for a specific number of young persons to pursue a two-year supervised and certified apprenticeship attachment in specific skills areas which would eventually contribute to the island's growth and development.

## Culture

120. Madam Speaker, in the last financial year, the Government, working in collaboration with key stakeholders, executed activities of national significance to commemorate Montserrat's three (3) National Heroes; The Most Excellent William H Bramble ONH, The Most Excellent Robert W Griffith OBE ONH and The Most Excellent Alphonsus "Arrow" Cassell ONH MBE. The photos of those national heroes were unveiled on Emancipation Day 2020 and are now on display in three strategic locations; namely John A. Osborne Airport, Montserrat Port Authority Ferry Terminal building and the National Museum.
121. We also, commemorated 25 years since the Volcanic Eruption; and 23 years of the June 25th fatal Volcanic Eruption
122. Madam Speaker, Montserrat Arts Council also made a valiant effort to keep up certain annual traditions such as, Calabash Festival and the Alliougana Festival of the Word. MAC also found new ways to celebrate our culture as we were transitioned to social distancing. COVID-19 Online Poetry and Song Competition (COPS); and MAC online Virtual Exhibition (MOVE) made good use of technology.
123. Madam Speaker, the matters for priority action for the Montserrat Arts Council going forward include:
- research into the creation of hallmark event(s) that result in large numbers of visitors from around the world annually; and
  - development of local artisans and artists, including youths to reduce the reliance on the importation of external cultural groups and increased opportunities for economic gain; and
  - formation of more creative industry groups.

## Labour

124. Madam Speaker, the Department of Labour has been working unrelentingly to ensure compliance with Montserrat's Labour Code; which has successfully gained the support of most stakeholders, whom now have a better understanding of their obligations and responsibilities.
125. The Department will work to update the Labour Code to improve harmonisation with International Labour Organization (ILO) Conventions

applicable to Montserrat. We will advance the Decent Work Agenda, and progress discussions on the introduction of a national minimum wage.

## Land and Housing Development

### Housing Unit

126. Madam Speaker, the tendering processes for the two work streams related to housing under the CIPREG programme have been completed.

- The first project includes an in-depth review of the current **Social Housing Model** in order to generate improvements in effectiveness and efficiency for a sustainable housing solution for Montserrat.
- The second project will provide new designs for **future social housing** developments to provide for the most vulnerable and to promote population growth and retention. This will also take into consideration an analysis of potential land use in specific areas such as Drummonds, Lookout and Davy Hill.

The completion of these two (2) reviews is a pre-requisite to this Government's building the business case for capital funding for future social housing developments under the MAHLE portfolio.

127. Madam Speaker, I am pleased to report that during the past fiscal year, fifteen (15) **Serviced Residential Lots** were allocated to qualified middle-income households as equity to enable them to secure mortgage financing for home construction. The construction of these homes has already commenced and will run into 2022.

## Environmental Management and Disaster Mitigation

128. Madam Speaker, the Department of Environment continues to formulate policies and programs to assist in the protection of the island's natural resources.

129. A Rehabilitation and Sand Mining Action Plan to ignite sustainability in sand mining activities in the Belham Valley was finalised with input from the Royal Society for the Protection of Birds (RSPB). The Wetland restoration project also implemented by RSPB and funded by Darwin is in full swing.

130. Madam Speaker, the 'Saving the Mountain Chicken' project continues, implemented by the Durrell Wildlife Conservation Trust. In April 2020, the island

saw its first cases of Chytrid infection at the Mountain Chicken enclosure. Scientists, field biologists and staff from Durrell and the Department of Environment quickly intervened and successfully eliminated the fungus from the semi-wild enclosures.

131. Madam Speaker, the Department will:

- continue to push for regulatory and clear policy provisions in respect of the Conservation and Environmental Management Act (CEMA), Climate Change, Convention on International Trade in Endangered Species and the Single Use Plastic Bag.
- Madam Speaker, it is worth mentioning that the Government is keeping with its pledge to protect the environment by restricting the use of single use plastics and other non-biodegradable plastic products. We have taken the first step by increasing the tariff on these products with a view towards a total ban in 2022.

## Governance

### Statistical Developments

132. Madam Speaker, despite the inevitable impact of COVID-19 on the work of the Statistics Department, valiant efforts were made, and substantive outputs were accomplished including:

- conducting the Montserrat Labour Force Survey 2020;
- completion of Initial Analyses and Reporting on the Results of the 2018 Intercensal Count and Labour Force Survey (ICC/LFS);
- building a Statistical Business Register for Montserrat;
- restoration of the Tourism Statistics System and the Merchandise Trade Statistics (MTS) System;
- finalization of the Environmental Statistics Report; and
- preparations for the Standard of Living Conditions/Household Budgetary Survey (SLC/HBS) of Montserrat

133. Madam Speaker, in the new fiscal year the Statistics Department will:

- resume implementation and complete analysis of the Standard of Living Survey, so that the key results are available in the new fiscal year 2022-23.
- commence the Decennial Population and Housing Census (PHC), a vital undertaking to inform policy planning, research and major Government decisions.

- build a National Strategy for the Development of Statistics on Montserrat, as endorsed by the United Nations Statistical Commission.

## Procurement

134. The improvements to Montserrat's procurement processes are continuing. Some 29 of the 35 high Level priority actions agreed with FCDO following the assessment by CDB under the global Methodology for Assessing Procurement Systems have been completed ahead of time, and we are now moving on to the detailed actions. All audit recommendations outstanding from 2018 and 2019 have now been addressed.
135. We are working with CDB consultants to develop a procurement law and accompanying procurement regulations. Supplier and stakeholder engagement have taken place to input into the design of a more effective procurement process which makes bidding easier for small suppliers, and which improves confidence in the evaluation system.
136. We have ensured that the Procurement Department is fully staffed continuously since our election, and this has provided the capacity for the developmental work to take place. This work included developing local capability for the long term. The local Montserratian civil servants recruited to the Department are continuing with their professional studies, with the support of CDB and GRID programme funding.

## Strengthening our Legislative Frameworks to support the development thrusts

137. Madam Speaker, the following advances have been made in respect of legislative reforms to support national development.
- The Domestic Violence Bill successfully passed through the Legislative Assembly in 2020 and is now signed into law.
  - Amendments were also made to several Acts during the last financial year to include:
    - The Banking Act
    - Eastern Caribbean Central Bank Bill, and
    - Volcano Relief Fund Bill
  - **A Penal Code (Amendment) Bill** which creates cybercrime offences is currently before the Assembly. The aim of the Bill is to provide protection to persons against violations which take place within the digital space.

- A Draft **Data Protection Bill** has been produced for regulating the collection, keeping, processing, use and dissemination of personal data; protecting the privacy of individuals in relation to their personal data; and related matters.
- There are planned amendments to the Pensions Act & Policy.
- We are also going to update the Info-Communication Regulations to improve the ease of doing business in this sector.
- The regulations governing amateur radio operations will also be tabled
- Draft updates to the **Road Traffic Act** and subsidiary legislation have been prepared to include: improving the practicality of the ticketing system to reduce citizens and court time commitment.
- School Bus Regulations are being looked at to improve safety.
- The **Draft Standards and Metrology Bills** which set the parameters for quality in Montserrat will also be brought before this Honourable House. We are hoping that through the passage of these Bills, businesses will commit more energies to their packaging and labelling; and consumers likewise will feel a heightened sense of confidence in the goods which are produced locally.
- In the agricultural sector, focus will be on a review of regulatory sanitary and phytosanitary measures, the animal trespass and pound legislation, the fisheries legislation and the Oceans Act geared towards guiding the implementation of the marine spatial plan.

### Transparency and Accountability

138. Madam Speaker, the Public Service as a whole has made great strides in institutionalizing accountability and transparency practices that build confidence in the service provided by the Government.
139. The **GoM Performance Report** for the period 2019/20 was completed and approved by Cabinet for publication. In addition to this, the Monitoring and Evaluation Unit continued its efforts at improving understanding of its role and embarked on promoting key positive national achievements via multiple media platforms. The M&E Unit will engage in further training both for the internal team and client ministries to build capacities and compliance
140. Madam Speaker, the Government Information Unit served as the central COVID-19 communications hub for information from Government in response to the COVID-19 outbreak providing top quality on-call coordination of media coverage throughout. Sincere thanks are extended to the Team. In August, 2020, GIU led cross sectoral collaborations to modernize and improve the public's access

to Government information. This came to fruition with the launch of a re-branded Government of Montserrat website and a monthly 30-minute video news package promoting a modern, progressive and transparent Public Service.

141. Madam Speaker, ZJB reported a 22 percent increase in airtime allocated to information and general education programmes. This was partly in response to the demand for information on the coronavirus pandemic, and policies and initiatives enacted by the Government of Montserrat.
142. We will continue to be accessible to the people of Montserrat and ensure improved standards for performance reporting and information dissemination. In addition, Madam Speaker, focus will also be placed on programming to appeal to a broader cross-section of the population

### **Growing efficiencies by Expanding our E-service Portfolio**

143. Madam Speaker, the Human Resources Information System project InSync was implemented and is being used by HRMU daily. This goes a long way in standardizing record keeping and enabling a paperless Public Sector.
144. The Traffic Division launched a new web-based system for Driver's Licenses and advanced development of a web-based citizen interface.
145. Madam Speaker, the Traffic Division will continue to expand its digital footprint in the new year with its transition to online renewals of driver and vehicle licences. Madam Speaker, it is Government's intention in the ensuing year to expand its e-services portfolio to facilitate the receipt of payments online.

### **Advancing the Public Service Management and Reform Agenda**

146. Madam Speaker, the Strategic Administration Section of the Office of the Deputy Governor continues to work towards the diligent execution of its mandate according to the Policy Framework for the Government of Montserrat.
147. The Office of the Premier has been prioritized for organizational review, this review is ongoing with completion expected in Quarter 2 of this year. It is hoped that the review will provide recommendations resulting in the establishment of a more strategic Office of the Premier.
148. Madam Speaker, the Learning & Development Division supported the return of GoM Scholarship Awardees who were overseas back to the island at the onset

of the COVID-19 Pandemic. Seven (7) new scholarships were awarded for academic year 2020/21 in several disciplines as per GoM priorities. Public Servants have shown great interest in personal development. 100 Public Officers pursued short courses on-line; while 63 individuals from the private and public sector received financial assistance towards continued education.

149. Madam Speaker, transformation and reform initiatives for 2021/22 include:
- development and operationalisation of a digital transformation plan that incorporates a remote workspace platform and e-services for internal and external customers;
  - incremental implementation of recommendations from organizational development reviews of key ministries and departments;
  - exploration of options to privatize road worthiness certification of motor vehicles; and
  - phased implementation of recommendations from the Building & Accommodation Strategy.

### **RMPS, RMDF and HMP**

150. Madam Speaker, I must acknowledge and express my personal thanks to the uniformed bodies that ensure Montserrat keeps its reputation as safe and crime free. I make mention of the Royal Montserrat Police Service (RMPS), the Royal Montserrat Defence Force (RMDF) for their exemplary services during the COVID-19 lockdowns helping to keep compliance high and getting essential items to residents. I also want to acknowledge the work of Her Majesty's Prison (HMP) who work assiduously to protect the human interests of our prisoners; and the DMCA and Fire & Rescue Service for safe guarding against hazards and natural disasters.

### **External Affairs**

151. Madam Speaker, our Government has made significant progress in our regional and international affairs, including:
- development of modern approaches for targeted Diaspora Engagement via an inaugural virtual diaspora meeting; piloting of a Diaspora Focus Group and an online survey to support the development of a tailored Diaspora Programme. We have also created an integrated Diaspora Database & Skills Bank.
  - execution of mutually beneficial regional cooperation agreements and strategic collaborations to include the Cuban Medical Cooperation

Agreement 2020; Barbados Medical Internship scholarship; and 2021 agreement with Amber Group, for wearable tracking and tracing solutions to help contain the spread of COVID-19.

### Social Security Fund

152. Madam Speaker, the protection of all benefits due to the hardworking residents of Montserrat is of paramount importance to my Government and the continued financial stability of the Social Security Fund is pivotal for this reason.
153. Madam Speaker, it is no secret that the Fund is in dire need of Government's intervention to ensure its long-term survival. The volcanic crisis which fundamentally altered the population demographic on the island due to the mass exodus of working age Montserradians/residents, has caused the inevitable reality of the Fund paying out more in benefits than it is generating in income, that is through contributions and investments.
154. Madam Speaker, my Government has been in discussion with both the Board of the Fund and FCDO on the best ways of ensuring the Fund's sustainability and will inform the people of Montserrat on the decisions taken in due course.

### Fiscal Policy Measures

#### Tax Administration

155. Madam Speaker, despite the challenges we have gone through and continue to face, as a Government we reiterate, that we will do all we can to avoid implementing any major changes in our tax structure. Instead, our focus will be placed on improving revenue collections to ensure that all persons who are liable to pay tax make their fair contribution.
156. MCRS continues to modernize the administration and collection of income tax, company tax, property tax, and embarkation and port security charges. We expect derived benefits from investment in technology in all three areas and can report:
- with the recent acquisition of a tax administration computer system the Department is working assiduously to reduce backlog of tax assessments; and at the same time continuing the project to migrate Taxpayer information from paper-based files to the new computer system;

- the 2021 property tax bills will be generated from a new property tax computer administration system for the first time and these bills will include up-to-date amounts in arrears for each property – a feature which was lacking in the old system. MCRS is now poised to generate regular reports on arrears and provide regular reminders to property owners as to the state of their tax arrears;
- I am pleased to report that as announced in my budget presentation last year from June 2020 Embarkation Tax and Port Security Charge have been included in the cost of a ticket to travel out of Montserrat. The actual taxes are then paid over to the Government revenue agency after the passenger would have travelled. This is a vast improvement in the administration and collection of those taxes

### International Tax and Finance Obligations

157. Madam Speaker, having regard to our commitments arising from membership in regional/international organizations we are currently preparing for the following:
- a. The next Caribbean Financial Action Task Force (CFATF) mutual evaluation review slated for second half of 2024. Montserrat is expected to have in place the necessary provisions to satisfy the Anti-Money Laundering and Terrorist Financing policies and procedures; and an effective legal framework subject to implementing the requirements in the Financial Action Task Force (FATF) 40 Recommendations.
  - b. OECD/ Global Forum – Review on Transparency and Exchange of Information for Tax Purposes - for Montserrat this is due to take place during the second half of 2023.
  - c. Membership of Egmont Group - Montserrat is still pursuing its longstanding application for Membership of Egmont Group which was created to provide a forum to exchange information confidentially to combat Money-Laundering, the Financing of Terrorism and other predicate offences in all its member countries.
  - d. To establish a publicly accessible Beneficial Ownership Register - by the end of 2021

- e. To have the following UN Conventions that were extended to Montserrat become operational: -
- UN Convention on Suppression of Terrorism
  - United Nations Convention against Transnational Organized Crime
  - UN Convention against Corruption
  - OECD Bribery Convention

### Concessions and Incentives

158. Madam Speaker, Members of this Honourable House, I am pleased to announce that we were able to keep all the promises I made in my last budget speech to extend or introduce some major concessionary programmes to benefit a wide cross-section of the community without detriment to the much-needed revenue collection streams.

- In April 2020 we introduced the Customs Duties and Consumption Tax (Covid-10 Personal Protective items) (Exemption) Order SR&O 26 of 2020 in order to make personal protection items (PPEs) affordable for all. This exemption ran from 17<sup>th</sup> April 2020 to 15<sup>th</sup> July 2020.
- In July 2020 we introduced SRO No 45 of 2020 to renew the – Customs Duties and Consumption Tax (Property Developers) (Homes Built for Sale or Rental) (Exemption) Programme – The main objective for continuing this programme is to increase our housing stock to stimulate economic activity and population growth.
- In July 2020 we introduced SRO No 47 of 2020 – this served to extend the Customs Duties and Consumption Tax (Development of Private Homes) (Exemption) Programme - This programme replaces the material grant programme which was financially unsustainable. Under SRO 47 of 2020 a first-time resident Montserratian home builder can make application for support in the form of exemption from the payment of Customs Duties and Consumption Tax of up \$40,000 on items imported for the construction of a home.
- In July 2020 we also approved Customs Duties and Consumption Tax (Zone C) (Exemption) SR&O 65 of 2020. Through this order GoM continues to support the redevelopment of ‘Zone C’ - Cork Hill, Delvin’s, Weekes, Richmond Hill and Foxes Bay. This order serves to exempt from Customs Duties and Consumption Tax all materials imported for the sole use of building or repairing any structure in ‘Zone C’.

159. Madam Speaker, we have gone further than previous Governments in order to stimulate activity in the Cork Hill, Delvin's, Weekes, Richmond Hill and Foxes Bay areas with introduction of the following supporting programmes:
- SRO No 56 of 2020 Stamp (Fees) (Amendment) Order - Where the conveyance or transfer on sale of land in 'Zone C' between relatives or between resident Montserratians requires payment of only \$10.00 to the Government as Stamp Duty. This will be in place until August, 2025.
  - SRO No 57 of 2020 Physical Planning (Fees) (Amendment) Regulations – 'Zone C' where planning application fee for the processing of planning applications with respect to 'Zone C' is \$50.00 and will be in place until August, 2025.
  - SRO No 58 of 2020 – Registered Land (Amendment) Rules - On application for registration of any transfer with respect to land located in 'Zone C' – the most payable to Government is \$10, this is in place until August, 2025.
160. In August we approved the renewal of the Returning Montserratian Concession Programme (SR&O 69 of 2020). By consolidating the previous two Returning Montserratian programmes and renewing them, we continue to encourage Montserratians living abroad to consider returning home permanently. This updated programme restarted in September 2020 and will run for a period of 10 years.
161. Madam Speaker, notwithstanding that SR&O 69 of 2020 is in place to facilitate returning Montserratians, the number of Montserratians returning home permanently is very small. To this end Madam Speaker to attract more diaspora investment in housing on island it is my Government's intention to grant concessions to Montserratians overseas who do not wish to return home currently but wish to purchase or build a house in their homeland.
162. In November 2020 we again put in place the Customs Duties and Consumption Tax (Alteration of Customs Duties and Consumption Tax) (Christmas Barrel) Order (SR&O 83 of 2020). Despite the much-reduced number in visitors to the island we still facilitated the popular barrel programme as a way of assisting households. Records show that 971 barrels were imported and cleared under the programme and 710 families benefited.
163. We introduced the Customs Duties and Consumption Tax (Christmas Decorations) (Exemption) Order (SR&O 84 of 2020). The SRO enabled the annual

Christmas lighting competition which attracted participation from a number of businesses and households. With the absence of most of the usual Christmas activities this was one of the activities that stood out as preserving the Christmas spirit among the population.

164. Madam Speaker, my Government is cognizant of the difficulties faced by our country and is determined to use creative fiscal policies to stimulate economic activity, provide employment, support increase to our housing stock and population growth. In my last budget presentation, I alluded to the following issues and I can now confirm:

165. That a long overdue update to the Automated System for Customs Data (ASYCUDA) World System was completed and there is planned transition to the most recent version of the HS Code. These improvements will increase the efficiency of the customs clearance process and allow for the proper classification of imported goods.

166. I also can confirm that from April 2021 we have **increased** tariff rates on the following:

- Single use plastic bags, single use food containers, Styrofoam food and drink containers and drinking straws - for a period of one year. After this period, these items will be banned from importation into Montserrat. To be clear Madam Speaker we intend to ban these items from Montserrat at the end of March 2022.
- Sugary drinks - in keeping with the Ministry of Health's goal to reduce the incidences of non-communicable diseases, and in an effort to discourage persons from using them as the preferred drink of choice and encourage the choice of healthier alternatives.
- Tobacco products - to deter persons from smoking and to encourage them to adopt healthier habits.

167. Madam Speaker, I am pleased to announce that at the same time we **reduced** Custom Tariff rates on the following items:

- Pure natural juices - to encourage a healthy alternative to sugary drinks
- Health food supplements - to encourage persons to consume healthy foods

- Live farm animals – in an effort to promote the livestock and animal husbandry industry on Montserrat
- Most items of clothing and sanitary pads.

### Recurrent Revenue and Expenditures 2020/21

168. Madam Speaker, overall recurrent revenue for 2020/21 was budgeted at \$126.64 million. However, the outturn of recurrent revenue for 2020/21 was \$142.34 million. This represents an increase of around \$8.33 million over Government's collection on the previous year, 2019/20 of \$134.01 million. This increase was attributable to the COVID support that was received from FCDO for FY 2020/21.
169. Budget Support from the UK remained the highest contributor to our revenues with a provision of \$81.65 million in 2020/21 for the recurrent budget and an additional \$12.1 million for COVID-19 support.
170. Our approved, estimated expenditure for 2020/21 was \$148.63 million, and the expenditure outturn was \$145.45 million.

### Recurrent Expenditure 2021/22

171. Madam Speaker, I will now present the estimates of Recurrent Expenditure for the 2021/22 financial year. The 2021/22 Estimates of Revenue and Expenditure provide for total expenditure (including debt servicing) of \$136.34 million.
172. Budgetary Allocations by economic classifications are as follows:
- Compensation of Employees \$51.54m or 37.8%
  - Goods and Services \$44.97m or 33%
  - Interest payments \$0.38m or 0.3%
  - Subsidies \$12.06m or 8.8%
  - Grants \$5.66m or 4.2%
  - Social Benefits \$17.06m or 12.5%
  - Other Expenses \$6.99m or 3.4%
173. There are varying degrees of change across the various budget economic classifications for 2021/22 budgets when compared to the 2020/21 revised budget estimates.
- Salaries has been increased by \$2.03million or 4.88%;
  - Allowances has been increased by \$0.077 million or 1.03%;
  - Pensions & Gratuities reduced by \$0.631 million or 4.61%

- International Travel & Subsistence reduced by \$0.57 million or 52.61%
- Utilities reduced by \$0.069 million or 15.36%;
- Furniture Equipment & Resources decreased by \$0.523 million or 12.19%
- Uniform/Protective Clothing decreased by \$0.135 million or 25.74%
- Maintenance Services has been decreased by \$1.47 million or 17.22%
- Rental of Assets reduced by \$0.125 million or 7.73%;
- Grants & Contributions reduced by \$1.60 million or 22.11%;
- Social Protection reduced by \$5.03 million or 55.68%;
- Revenue Refunds reduced by \$0.6 million or 45.96%;
- Claims against Government reduced by \$2.22 million or 50.68%;
- Sundry Expenses increased by \$0.045 million or 13.7%;
- Programme Production & Promotion has been increased by \$0.038 million or 4.52%; and
- Debt Servicing – Foreign increased by \$0.147 million or 29.18%.

### New Spend Areas in 2021/22

174. Madam Speaker, new spends include:

#	Vote/Min	New Spend Proposals	Year 1
1	05	Staff - One (1) New Fire Fighter	54,000
2	05	Operation of MV Heliconia Star	150,000
3	05	Training	50,000
4	09	Top Up of Votes	71,100
5	10	Electoral Reform Exercise	75,000
6	15	Montserrat National Trust - Curator	36,000
7	20	Systems Administrator	84,400
8	20	Due Diligence Procedures	18,900
9	20	Maintenance of MVO Building	150,000
10	30	Sanitary Improvement for the Vulnerable -Toilets & Baths	100,000
11	30	Maintenance of Family Housing	90,000
12	30	Species Management	60,000
13	30	Agro-Processing Unit	250,000
14	45	Maintenance of Oriole Villa	85,000
15	45	Annual Licence Fees for the electronic Health Information System (electronic health records)	160,000
16	45	Professional Services - Cuban Medical Brigade	400,000
17	45	Increase in Supplies (PHC)	200,000
		<b>Total</b>	<b>2,034,400</b>

## Recurrent Revenue 2021/22

175. Madam Speaker, the revenue estimate for 2021/22 is EC\$134.34 million. This represents a 6.1% increase over the 2020/21 approved revised estimates of EC\$126.64 million. The estimated revenue from local sources is EC\$48.20 million compared to approved estimate of EC\$36.99 million and outturn of \$48.7 million in 2020/21. Total local revenues will be generated from two main areas: tax revenue and non-tax revenue (fees, fines, permits, rents, interests and licenses).
176. Budget support from FCDO will contribute £23.6 million or EC\$86.14 million or 64.12% to the recurrent budget. Of the budget support £0.493 million or EC\$1.8 million will go towards Access Subsidy and £2.9 million or EC\$10.7 million will go towards Technical Cooperation and Capacity Building. An exchange rate of EC\$3.65 to £1.0 is used in the conversion.

## Capital Items

177. Madam Speaker, at the beginning of my presentation I shared a number of capital projects my Government will continue to pursue in the new year. In support thereof, I now share that the total Capital Expenditure for 2021/22 is estimated to be EC\$69.75 Million. It is our continued expectation that expenditures in this area will spill off into the economy thereby stimulating the private sector. The classifications are as follows:
- Economic Infrastructure Development of EC\$54.91 million, 78.72%
  - Social Infrastructure Development of EC\$10.43 million, 14.95%
  - Education of EC\$2.15 million, 3.08%
  - Public Administration of EC\$1.73 million, 2.49%
  - Statistical Research and Miscellaneous Projects of EC\$0.30 million, 0.44%
  - Agricultural Services of EC\$0.23 million, 0.32%
178. This Capital Budget will be funded with the UK Government / FCDO providing EC\$23.36 million or 33.49%; the European Union support amounting to EC\$25.51 million or 36.57%; UKCIF through CDB providing EC\$20 million or 28.67% and the remaining EC\$0.88 million, 1.27% from our local budget and other funding partners. Capital expenditure for the 2021/22 budget is estimated to be EC\$69.75 million.

## Overall Budget – Recurrent and Capital 2021/2022

- The total recurrent expenditure for 2021/22 is budgeted at EC\$136.34 million
- Capital expenditure for the 2021/22 is estimated to amount to EC\$69.74 million.
- Therefore, the total budget allocation for the fiscal year 2021/22 is EC\$206.09 million.

## Allocation by Ministries and Programmes

179. 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.

180. The breakdown of the allocation for the 2021/22 recurrent budget by Ministry is as follows:

- The Office of the Deputy Governor receives EC\$31.24 million or 23.09% of the overall budget;
- The Ministry of Finance and Economic Development EC\$24.22 million or 17.91%;
- The Ministry of Health and Social Services' allocation is EC\$21.57 million or 15.95%;
- Office of the Premier EC\$14.15 million or 10.46%;
- The Ministry of Communication and Works EC\$12.78 million or 9.45%;
- The Ministry of Education, Youth Affairs and Sport EC\$11.57 million or 8.56%;
- The Ministry of Agriculture, Lands, Housing and the Environment is allocated EC\$6.65 million or 4.92%
- The Royal Montserrat Police Force EC\$7.55 million or 5.58%; and
- The balance \$6.55 million 4.84% 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.

181. 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**

182. 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 31.9%
- Defence 1.3%
- Public order and safety 8%
- Economic affairs 32.5%
- Environmental protection 0.7%
- Housing and community amenities 0.6%
- Health 11.2%
- Recreation, culture, and religion 2.4%
- Education 6.8%
- Social protection 4.7%

## Acknowledgements and Thanks

183. Madam Speaker, the past year has been unprecedented. We can no longer operate as though we are in a protective bubble, a safe haven, isolated from the impacts of global crises. COVID-19 has shattered all such illusions and shown we are as vulnerable as our regional counterparts. However, Madam Speaker, I believe as a people we have showed great fortitude and resourcefulness in our response to COVID-19, and furthermore, we are one of the few nations on earth that can claim to have been COVID-free for so many months of the previous year. Such strength and resilience cannot go unacknowledged. Therefore, I pay tribute to all the residents of Montserrat for working together for our collective safety during the last year.
184. I also acknowledge the contributions of Her Majesty's Government through FCDO and UK Caribbean Investment Fund for providing budgetary support and technical assistance in advancing our development and relief programmes. I 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.
185. Madam Speaker, my Government recognizes the substantial budgetary support received from the European Union. We applaud the efforts of the Commission in continually facilitating our development needs and recovery efforts and welcome our further partnering in a post-Brexit world.
186. We express our sincere appreciation for the support of international and regional organizations in providing a sense of stability enabling greater policy coordination. In this regard, we thank UNICEF, UNESCO, UN-ECLAC, 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. Finally, we want to publicly acknowledge, endorse and commend the work of the ECCB through its insightful Governor and staff in maintaining financial stability and providing fiscal policy support to Montserrat and the wider OECS region.
187. Most importantly, Madam Speaker, my Government wishes to express sincerest gratitude to all frontline workers, essential service workers, officials in the various Ministries and Departments, the private sector, service clubs and organisations who continue to work beyond the call of duty during this ongoing crisis. Thank you very much.

## Closing Remarks

188. Madam Speaker, one year ago I stood in this house and spoke of the unprecedented risk and uncertainty for our world and economy in the early stages of the COVID19 crisis.
189. Today, whilst much of this uncertainty remains, Madam Speaker, we know so much more, and with today's budget my Government presents a vision for the new normal for Montserrat, in which we can keep our population safe, deliver our major transformational projects, and realise opportunities that position Montserrat to be more agile and growth-ready than ever before.
190. It is in Montserrat's DNA to take adversity, and to turn it into opportunity. It is a fate that has been forced upon us too many times in the last century. Through storm, volcanic disaster, and now a new microscopic enemy, Montserrat's path to self-sufficiency is never without its turmoil. On the bright side, Madam Speaker, we are perhaps more attuned and resilient than any other country on earth in facing this task. Our journey towards a sustainable economy may seem long, but we never stop moving forwards, and with this budget, I predict a giant leap towards that future.
191. It is no small task, Madam Speaker, when our budget is reliant upon reducing aid budgets and constrained external funding agencies, to provide an excellent level of service to our people, whilst investing in critical infrastructure.
192. This coming year will see the completion of the two major airport projects, the transition of our hospital and port from detailed design to commencement of construction, the commissioning of our 750KW solar energy plant, the restoration of critical buildings at the secondary school, and the completion of social housing work streams. All of this means better jobs for our people, opportunities for growth, and a signal to the world that our small island can achieve big things.
193. As John F. Kennedy reminded us, Madam Speaker, the word crisis in Chinese is comprised of two characters. One meaning danger. The other meaning opportunity. I believe crisis means the same thing for us here at home. As we continue to keep our guard against the dangers of our time, we will relentlessly seek out opportunities for recovery, growth and inspiration for this generation, and for those who look back in the future to how we collectively rose to this moment.

Madam Speaker, May God continue to bless and protect Montserrat.

**A Publication of the Ministry of Finance & Economic Management**

Government Headquarters  
Brades, Montserrat, W.I.  
Tel: 664 491 2356/2777  
Fax: 6664 491 2367  
Email: [minfin@gov.ms](mailto:minfin@gov.ms)