



THE GOVERNMENT OF MONTSERRAT

BUDGET STATEMENT

2022-2023

Presented by:

The Premier, Minister of Finance

Hon. Joseph E. Farrell



**INVESTING TODAY
TO SECURE OUR FUTURE:
OUR MONTSERRAT, OUR PEOPLE**



DELIVERED IN THE LEGISLATIVE ASSEMBLY

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Table of Contents

GLOSSARY	3
ECONOMIC OUTLOOK	5
International	5
Regional	7
Local	8
BUDGET OVERVIEW AND HIGHLIGHTS	11
CAPITAL ACHIEVEMENTS AND PROJECT PROGRESS	11
KEY POLICY INITIATIVES	12
Access	12
Agricultural Services and The Environment	12
Land and Housing Development	13
Tourism Developments	13
Energy Initiatives and Incentives	14
ICT Strategies and Initiatives	15
Human Resource Development and Management	15
Education Sector	16
Library Services	16
Health and Social Services	16
Primary Health Care	17
Secondary Health Care	17
Social Services	18
Police & Fire & Rescue Service	18
Concessions and Incentives	19
BUDGET OUTTURN	19
FISCAL POLICY AND OUTLOOK	20
RECURRENT EXPENDITURE 2022/2023	20
BUDGET ESTIMATES 2022/2023	21
RECURRENT REVENUE 2022/23	22
RECURRENT EXPENDITURE	22
General Public Services	23
Procurement	23
Economic Affairs	23
Tax Administration	24

Access	24
Education, Social Protection, Housing, Health, Culture, and Recreation	25
Community, Youth and Sports	25
CAPITAL INVESTMENT AND PROJECT DELIVERY	26
OVERALL BUDGET-RECURRENT AND CAPITAL	27
ALLOCATION BY MINISTRIES AND PROGRAMMES	27
ACKNOWLEDGMENTS	29

GLOSSARY

BBC	–	British Broadcasting Corporation
CARICOM	–	The Caribbean Community
CARPHA	–	The Caribbean Public Health Agency
CDB	–	Caribbean Development Bank
CIPREG	–	Capital Investment Programme for Resilient Economic Growth
COP26	–	26 th Meeting of the Conference of Parties (United Nations)
ECCU	–	Eastern Caribbean Currency Union
EU	–	European Union
FCDO	–	Foreign, Commonwealth & Development Office
ICT	–	Information Communication Technology
IRENA	–	International Railway Energy Association
MSS	–	Montserrat Secondary School
MUL	–	Montserrat Utilities Limited
MMSA	–	Montserrat Motor Sports Association
NATO	–	The North Atlantic Treaty Organization
ODA	–	Official Development Assistance
OECS	–	Organisation of Eastern Caribbean States
PADI	–	Professional Association of Diving Instructors
PCR	–	Polymerase chain reaction (COVID 19 test)
PHE	–	Public Health England
PMO	–	Programme Management Office
RESEMBID	–	Resilience, Sustainable Energy and Marine Biodiversity
RMPS	–	Royal Montserrat Police Service
UK	–	United Kingdom

OPENING REMARKS

Madame Speaker, I am proud to present the budget for Financial Year 2022–2023 to this Honourable House on the occasion of its 70th year in existence.

Madame Speaker, we are operating in very challenging times, and I must admit that the past few years have presented us with unusual circumstances that we have had to navigate. This budget, Madame Speaker, is testament to our ability to manage in times of adversity successfully and confidently.

Madame Speaker, as I reflect on the journey we travelled as a people and a government over the last two years, and our achievements together, in spite of the pandemic, and how our people were protected during those turbulent months when COVID cases and COVID related deaths were increasing across the world, I am reminded of a song written by Albert A. Goodson, an African American, which states

“We have come this far by faith, leaning on the Lord. Trusting in His Holy Word. He’s never failed us yet.”

This is a budget, Madame Speaker, which arrives at a moment of hope and uncertainty.

Hope, because for the first time we are seeing the world turn a corner in the fight against COVID-19 and the beginning of a return to some kind of social and economic normality. Borders are opening, vaccination and booster rates are proving effective, and we are slowly adapting to living alongside COVID.

The people of Montserrat have been patient, Madame Speaker, and a new dawn is approaching. Despite the pandemic’s persistence, this Government has not been on standby. Not only have we protected our people and health service from major outbreaks, but on the initiatives that matter, we have delivered.

Whether it is the development of our new port, a new 21st century hospital, the roll-out of high-speed fibre optic broadband, the investment in our airport runway and control tower, our turbocharging of the renewable sector, or the investment in our basic infrastructure projects, my government has been positioning Montserrat for this very moment of renewal. Whilst we must remain vigilant, we must also look to a future, and plan our economic growth strategies accordingly.

But it is also a moment of some significant uncertainty, Madame Speaker. A moment in which the whole world watches the events in Ukraine with great concern, not only for the future of that fragile democracy, but for what it may mean for democracies everywhere.

Even if events in Eastern Europe appear to be far away, they send ripples to the shores of Montserrat in a variety of ways. These events lead us to reaffirm our principles of freedom and commitment to international law; they change the dynamics of international development aid funding upon which Montserrat still relies; they impact our already pressurized cost of living and the inflation of goods and services; and they create challenges in the international supply chain which impact our project planning and delivery, as well as our everyday lives and logistics.

While it is important, Madame Speaker, to remain fiscally responsible and alert to potential economic shocks on the horizon, Madame Speaker, my government is here for the people, to make the most of Montserrat's new dawn in a post-lockdown global economy, and to seek new partnerships and investments in our future.

Simply put, Madame Speaker, we present a budget that invests in our country today, which will allow us to safeguard the future. To build upon the best of Montserrat, to double-down on the redevelopment of our island—the most resilient island in the world—and to create meaningful opportunities for our people.

ECONOMIC OUTLOOK

International

Madame Speaker, we are living in troubling and unprecedented times. Last year, we saw countries across the globe grappling with the effects of the continually mutating COVID-19 virus and the economic implications of climate change.

As we enter the third year of this COVID-19 pandemic, Madame Speaker, the world is surrounded by considerable uncertainty and numerous risks. The global economy, after expanding 5.5 percent in 2021, the highest growth rate in over four decades, enters 2022 in a somewhat weaker position with a 4.1 percent rate of growth. Further downward revisions of the growth prospects for this year may yet happen depending on the continued impact of global events.

Madame Speaker, the invasion of Ukraine by Russia—a nuclear armed country—decried by all of NATO, has all the echoes of the very worst moments of the last century in Europe. Aftershocks from the invasion, Madame Speaker, carry huge risks for the global economy, which is making strides in its COVID-19 recovery efforts.

For the first time since 2014, Madame Speaker, a barrel of crude climbed past USD\$100 and if predictions hold true, may rise to as high as USD\$130.00. Russia is the third largest oil producer and the second largest oil exporter in the world. Tightening sanctions against Russia places pressure on energy users everywhere in the short to medium term.

Madame Speaker, the cost of moving goods across the world has significantly increased, and shipping companies are passing these increases onto customers across the Caribbean. The supply constraints and rising energy prices have resulted in a higher and more broad-based increase in consumer prices than anticipated. My government, Madame Speaker, is highly aware of the impact this will have locally and is formulating possible policy measures to cushion the effects on the most vulnerable.

This situation, Madame Speaker, has become a major political issue across the region, exposing the vulnerability of our economies to the uncertainty of fossil fuel markets. Over the next decade, Madame Speaker, one of the main challenges will be the transition toward decarbonization in response to climate change.

Last November, the COP26 conference in Glasgow provided the first opportunity for countries to submit enhanced pledges on emission cuts since the 2015 Paris Agreement.

Madame Speaker, countries including Montserrat will be expected to enhance their climate change resilience strategies and join in the phasing out of fossil fuel products by utilizing more renewable sources of energy. It will be incumbent on us, Madame Speaker, to mitigate the effects of severe climate change and protect our biodiversity—from forests to oceans to endangered animals. Madame Speaker, a safer economy is a greener and bluer economy.

Regional

Madame Speaker, the countries within the ECCU are expecting a gradual economic rebound. As the mainstay tourism sector regains pre-COVID momentum, real GDP growth is expected to be around 7.0 percent.

If this rate of growth is realized it would still not be sufficient to return the economies to pre-pandemic levels. The likelihood of new waves of COVID-19 subjects economic recovery to uncertainty.

This protracted pandemic, Madame Speaker, continues to increase hardship among the most directly affected economic actors and vulnerable groups across the region. In order to cushion the fallout, continued pressure is placed on public finances.

Appeals have been made across member states to the international community for additional financing to enable the governments to provide income support to their citizens and small businesses. There has been some traction on this, and a coordinated effort by our regional community advocating for fiscal support and debt relief may see progress in the upcoming years.

Madame Speaker, the COVID-19 pandemic has emphasized the urgent need to diversify the region's economies so that the shocks of such unprecedented events can be better handled. Countries across the region, as well as Montserrat, have been introducing initiatives to encourage the diversification of our economies as much as possible.

Madame Speaker, constraints to economic performance will also arise due to the changing climate. The region must prepare for the possibility of exacerbated losses and destruction caused by natural disasters, as was seen with the volcanic eruptions in one of our member states last year.

Experts warn that these calamities will be more frequent and disastrous. Climate action, climate risk management, and sustainable financing must go together.

Madame Speaker, persistent increases in global commodity prices are expected to create headwinds during this recovery phase for the ECCU and the Caribbean at large. This calls for heightened attention to food security and real action to de-escalate the implications for consumers.

The Caribbean region depends heavily on imports, especially food, of which most are net importers. Consequently, the rising food prices will worsen their balance of trade positions. With depressed tourism sectors and flailing economies due to the pandemic, food security is deeply threatened by any major disruption impacting the region since we are extremely vulnerable to these external shocks.

Sadly, Madame Speaker, international food and feed prices could rise by up to 20 percent as a result of the unrest in Ukraine and Russia.

The vulnerable will be negatively impacted as nutritional levels will be compromised due to a switch to more affordable products with less nutritional value. Health will be adversely affected in the long run.

This is why, Madame Speaker, our government will continue its efforts to boost local food production, which my colleague will expound on.

Local

Madame Speaker, uncertainty continues to loom over the growth prospects for our island. Through responsible public health policy and adherence to protocols by the majority of our people, we have kept Montserrat safe in uncertain times and therefore limited more severe economic impact. In keeping with the global and regional prospects, the growth rate for this year is expected to be between 3 and 4 percent while momentum builds. This positive resurgence in economic growth would be driven primarily by developments in the Construction, Transport and Communication and Public Administration sectors.

An uptick in construction of 4–5 percent is expected as the implementation of the port project is underway. This is the largest post-volcanic infrastructure project for the island, which provides a more efficient and resilient port facility. Port operations will be improved, downtime will be reduced due to unfavourable sea conditions, and larger ships will be berthed. Thirty-five point four million pounds will be expended during this first phase as we continue to advance efforts towards Montserrat's sustainable development. Employment opportunities will be created during this construction phase as residents and firms are expected to benefit from subcontracting and labour opportunities.

Madame Speaker, the Hotels and Restaurant and Transport and Storage sectors' rates of growth are expected to pick up as the year progresses. Growth rates of 5 percent and 3 percent are anticipated for each sector, respectively.

With the borders reopening and COVID-19 protocols and restrictions being reduced, visitor hesitancy regarding travel will continue to wane. Madame Speaker, I will take this time to highlight that over 46 percent of the eligible population is fully vaccinated. We could not have achieved this without the invaluable commitment and support of our health care and frontline workers. Thank you, on behalf of the Government and people of Montserrat.

Madame Speaker, Montserrat was not spared the devastating effects of the pandemic. Government took the decision to close our borders to touristic traffic for 18 months, only reopening on October 1st, 2021. This closure has had very telling results on the destination's performance: For the period from January to December 2021, Montserrat recorded one thousand, five hundred and ninety-seven visitor arrivals, which represents an 81 percent decrease from the same period in 2020.

Even more poignantly, this translates into a massive 92 percent decline when compared to the same period in 2019 – the last year when travel was “normal” and the first time that Montserrat recorded over 20,000 visitors since the volcano era.

This means that for this period, none of our tourism stakeholders had a steady flow of business as their traditional means of earning a living, with the accommodation and transportation sectors enduring the most of that fallout. Government intervened during the height of the crisis to offer support to businesses and individuals in the sector. Madame Speaker, we will also provide initiatives to individuals and businesses in the sector to help prepare them for the eventual increase in tourist arrivals to the country.

Madame Speaker, growth is also expected in the agriculture sector of 2.75 percent, as my government continues its efforts to safeguard and promote production in this sector. We recognize the need for locally sourced alternatives to the food we import, as possible shortages and price escalations may occur in the future.

Madame Speaker, we are keeping a watchful eye on global prices as the surges filter through our economy. The implications of high and rising global prices for Montserrat are significant given our heavy dependency on imported goods. Price hikes in the US economy, from which most of our imports are sourced, are directly transmitted to Montserrat.

Madame Speaker, we will take every possible action within our capacity to cushion the effects should prices continue to escalate. Madame Speaker, I will reiterate that we will continue to redouble our efforts to build a resilient food security architecture that can mitigate the distressing impacts of these exogenous shocks.

In our thrust for greater food security, we will continue to support local farmers by improving their methods of food production and the quality and volume of output they produce.

Madame Speaker, with better connectivity through the Government-supported roll out of the Fibre Optic Project, an interconnected and empowered future awaits the people of Montserrat as we assume our position in the digital economy. Recognising the vulnerability of Montserrat as a small island in the development stage we forge ahead with renewable energy initiatives towards making Montserrat a more climate-smart economy.

Madame Speaker, the initial success and planned evolution of the Enterprise Development Scheme will be a major tool in assisting businesses and entrepreneurs to develop and diversify, as the year progresses. My Government believes in helping people to help themselves, and this is the cornerstone on which this programme is built.

Madame Speaker, I understand that while I speak about overall economic growth and the implementation of capital programmes, the people of Montserrat will face a difficult year. It is not speculation that inflation will come; it is already here and is expected to continue throughout 2022 unless something dramatically shifts in the geopolitical climate.

Madame Speaker, I will not detail the plans that are being developed to alleviate the difficulties, as it would not be prudent, but I want the people of Montserrat to know that we are aware and working towards providing as much assistance as we can while remaining fiscally responsible.

Madame Speaker, it is within this context that we look into this budget year with a sense of optimism despite the adversities we face. We remain committed to seeing the implementation and successful completion of our capital investment programs, which lay a solid foundation in our efforts to building a more sustainable and resilient country for the people of Montserrat. The lessons learnt – and resilience shown – during this pandemic and the ongoing global issues are invaluable tools on our journey to restoring prosperity to Montserrat.

BUDGET OVERVIEW AND HIGHLIGHTS

Madame Speaker, despite the challenges of the past year, I am proud of the achievements that we have made together. Here is a summary of some of the major highlights for 2021/22:

CAPITAL ACHIEVEMENTS AND PROJECT PROGRESS

Madame Speaker, the country can be proud of the progress that has been made in the delivery of our major capital projects over the last year, including but not limited to:

- The completion of preliminary design and the selection of the preferred option for the island's new national hospital.
- The procurement of the detailed design and construction contract for the Little Bay Port Development Project
- The resurfacing of the John A. Osborne airport within the pre-determined 10-day window, despite the challenges of COVID-19
- The main construction and cab installation for the new air traffic control tower
- The completion of the new 750kW solar energy plant, with battery storage, in Look Out.
- The manufacturing of our new asphalt production plant

Madame Speaker, these achievements are in spite of the COVID-19 challenges of contractor mobilisation, access, and global supply chain shortages.

Madame Speaker, we supported the successful presentation of investment proposals to the Montserrat Steering Committee for the funding of priority sewage works, geothermal well-head maintenance and the adaptation of MSS toilet blocks to be accessible for persons with disabilities—all now funded within the CIPREG Programme.

Madame Speaker, the Government of Montserrat has also successfully progressed a range of project investment proposals to the RESEMBID Programme facility, including in the areas of educational resilience, energy efficiency, and COVID-19 response.

The PMO continues to build capability in key areas of project and change management with local training across the public service, engagement with the international project management community, and opportunities for professional accreditation.

KEY POLICY INITIATIVES

Access

Madame Speaker, Access continues to play a very critical role in our economic sustainability and the curbing of the impact of COVID-19 on our beloved Montserrat. We have taken the decision to continue passenger movement by air only while maintaining sea access for essential goods and services.

During this financial year, Madame Speaker, airline tickets were subsidized, and lifeline cargo services were delivered to our local businesses, facilitating imports and exports and ensuring value for money. Government will continue to assist the travelling public with subsidized air fares for as long as the budget will allow.

Agricultural Services and The Environment

Madame Speaker, the Department of Agriculture, has continued to work towards its' goal: "To redevelop agriculture (crops, livestock, aquaculture, and marine resources) to promote food security, satisfy local demand, and target specific markets for import substitution and export. "

This was achieved through a number of programmes geared toward increasing production of specialised products, such as plantains, white potatoes, and onions. It also improved irrigation methods by providing farmers with appropriate tanks at subsidized rates.

Madame Speaker, attention has also been placed on the promotion and support of semi-intensive small ruminant production, focusing on the use of the improved Boer goat species, an excellent breed for meat and high offspring numbers. We will continue to maintain our egg production levels significantly reducing our dependence on imports.

In the marine environment, Madame Speaker, 5 young people were successfully trained to scuba dive and received their PADI certificate, supporting data collection, disease identification, and treatment on the reefs. Stony tissue loss disease has been found on the coral reefs around our shores, and efforts to treat and limit the impact of this disease are ongoing.

Turtle conservation also took high priority, with the satellite tagging of turtles to monitor their movement and foraging patterns and protecting the eggs to improve survival rates. We will continue to remain committed to education and stakeholder engagement and training.

Madame Speaker, the Trade in Endangered Species Act was passed, and the Climate Change Policy and Action Plan were implemented to regulate the international trade of wildlife and wildlife products and to enable Montserrat to become more resilient to the pressures of climate change.

We will continue to promote the increase in production and consumption of local fruits and vegetables and also ornamental plant production by continuing to provide plants to members of the public at reduced rates during National Tree Planting Day.

Land and Housing Development

Madame Speaker, in 2021 we strengthened the structural integrity of several Force 10 homes in the Lookout area and improved the health and safety conditions for our citizens.

We continue to focus on the vulnerable and a review of the social housing management framework has been undertaken. This was followed up with detailed designs for social housing with the ultimate aim of promoting population growth and retention while providing solutions for the most vulnerable in our society.

Madame Speaker, the completion of both exercises will underpin the business case to fund the next phase of housing development in Montserrat.

Madame Speaker, out of the 15 Serviced Residential Lots that were allocated to qualified middle-income households as equity, I can proudly say that persons were able to access mortgages, resulting in 4 houses being completed within the previous year and another to commence construction shortly.

Tourism Developments

Never remaining stagnant, Madame Speaker, the Tourism Division pivoted towards destination management and marketing initiatives in 2021 to ensure that the island was competitive in its service delivery and marketing communications.

Madame Speaker, in partnership with the Caribbean Hotel & Tourism Association Education Foundation, we were able to improve the skills and knowledge of our local tour and taxi operators and tour guides to enable them to deliver quality service.

Several attractions were upgraded, Madame Speaker, including improvements to the network of hiking trails to improve the overall safety and user experience and the construction of washroom facilities on the main beaches, with one at Marine Village to be fully equipped for persons with disabilities.

Madame Speaker, Digital Marketing again featured very prominently in 2021, ensuring that Destination Montserrat enjoys a share of voice in the international marketplace through virtual tradeshows, Meet the Media, Meet the Trade, destination promotion webinars, and a virtual press trip for North America. These events attracted journalists, travel writers, and bloggers from the US and Canada.

Madame Speaker, the Tourism Division has successfully aligned itself with some very strong and targeted media brands, namely National Geographic Traveler UK, Wanderlust, and BBC Wildlife magazines in 2021. Advertising and editorial coverage in these publications will enhance the destination's promotion of the primary outdoor/soft adventure niche markets of hiking, birding, and scuba diving/watersports.

The Division continues to promote the Remote Worker Stamp via social media and is currently working on the development of a new campaign, which would combine the use of paid media, public relations, and social media. To-date, seven families (comprising twenty people) have visited the island, taking advantage of the extended stay feature.

Madame Speaker, it is imperative that we capitalize on these accomplishments and work of the tourism department with renewed efforts to increase visitor arrivals. During this year, government will re-instate the Tourism Board. In doing so, additional support would be provided to the current staff.

Energy Initiatives and Incentives

Madame Speaker, the Government remains committed to providing cheaper, cleaner energy to its citizens. Energy audits have been conducted, Madame Speaker, in private and public buildings to inform targeted strategies for more efficient energy consumption; we are also working towards the implementation of the appropriate regulatory framework to maximise our ability to develop indigenous energy resources.

Madame Speaker, the tax exemption on the importation of hybrid vehicles has been extended for a further 3 years and will end at the same time as the tax exemption on electric vehicles.

Madame Speaker, this Government has ensured that an Energy Task Force was established to recommend an optimised pathway for the development of green energy in Montserrat.

The findings and recommendations are now before cabinet for adoption. A new geothermal working group, with representation from the FCDO, OECS, and IRENA, aims to drive forward the next phase of geothermal energy for Montserrat.

ICT Strategies and Initiatives

Madame Speaker, work has continued to bridge the digital divide amongst our citizens on island. For example, Madame Speaker, phones and training in their use were provided to the elderly residents to support their technical abilities and connectivity, and the development of the ICT innovation Centre, a hub for innovation and technology development, is steadily progressing.

Madame Speaker, under its ICT Policy, Government invested in the adoption and use of ICT tools within our communities, including donations to the Montserrat Secondary School, St. Augustine Primary School, and the Methodist Church. ICT tools were also distributed to the general public as part of its adoption drive during ICT Week of Activities.

Madame Speaker, work has also progressed towards the completion of the Data Protection Bill and the Copyright Bill to modernize the legal framework for our digital future.

Human Resource Development and Management

Madame Speaker, some government services have been digitally transformed to ensure business continuity, including the possibility of remote work.

Madame Speaker, we continue to invest in our own and have, over the past year, awarded 5 scholarships, provided financial support to more than 50 students, and introduced assessment centres and improved performance management across the service.

Madame Speaker, recognising the difficulties public servants who are pursuing studies while working have been experiencing, government provided them with increased financial support and study leave as an incentive to encourage studies in specialist areas which can be utilised in both the public and private sectors.

Education Sector

Madame Speaker, the education sector was tested this year with a variety of challenges to operations and continuity. The onset of the COVID-19 pandemic created many setbacks and paused several transformative projects and initiatives.

Madame Speaker, staffing continues to be a challenge, but staff and stakeholders have rallied and shown great agility, exemplifying their flexibility to respond to the needs of the country. Madame Speaker, we will be improving teaching and learning and providing a clear roadmap for the development of sports on island. This work will be premised on a National Curriculum and a National Sports and Recreation Policy.

Library Services

Madame Speaker, the Montserrat Public Library continues to contribute to literacy and numeracy development, the preservation of culture, and provide access to lifelong learning opportunities for the people of Montserrat and beyond.

Several programmes were on offer by the library throughout the year, Madame Speaker. These included the Summer Reading Program, the Alliouagana Festival of the Word, the Homework Help Program, and the “Bring Your Dad and Come Program.”

These programs are customized towards children and their perpetual development, so the library continues to provide a space for reading and re-enforcing curricula from early childhood to adulthood.

Health and Social Services

Madame Speaker, Health remains a priority for public policy worldwide, and that is no different here in Montserrat. This Government remains committed to transforming our healthcare sector to build resiliency within the system as well as ensure that the approaches used are robust, integrated, and equitable.

Madame Speaker, the Government along with FCDO, remains resolute in working collaboratively under the CIPREG Programme to move towards a more permanent home for the Glendon Hospital. Within the past year, Madame Speaker, Article 25, produced the 30 percent preliminary design after in-depth consultation with healthcare professionals, specialists, expert bodies and other stakeholders.

Additionally, Madame Speaker, to the Government launched the prequalification and invitation to tender for the detailed design phase of the Project. This Project will be awarded by the end of this financial year, with mobilisation expected very shortly in the first quarter.

In addition, Madame Speaker, the Ministry of Health and its partners have engaged with FCDO to ascertain the equipment required to outfit the new Hospital, and to identify the appropriate funding channels and potential procurement routes for this equipment.

Primary Health Care

Madame Speaker, we have risen to the challenge of managing the local impacts and complexities of the global pandemic. Following the emergence of the first case on island in March 2020, expert medical advice has been provided as well as assurance that the island was adequately prepared to manage any outbreaks among its population.

Subsequent to the dispatching of samples for testing at the CARPHA laboratory in Trinidad, Madame Speaker, and with the assistance of the FCDO and PHE, the island was eventually able to conduct on-island testing using the Closed PCR Testing platform. This was a major achievement for the island, and we are now able to produce results on an accelerated timeline.

Madame Speaker, at the onset of the second wave in February 2021, we were better placed to manage the testing of persons identified during contact tracing while at the same time ensuring that the needs of the travelling public were met.

Secondary Health Care

Madame Speaker, I am pleased to say that we have completed the work on the facilities to accommodate the Open System for COVID-19 testing within the fourth quarter of the 2020-21 financial year. The facilities are comprised of 3 shipping containers that were retrofitted to meet the standards required for the Open System modality. During the first quarter of the 2021/22 financial year, the PCR testing facility at the Glendon Hospital was officially commissioned, which coincided with the visit of two officials from PHE and FCDO. This heralded a milestone achievement for the Government of Montserrat as the island was better positioned to respond to its immediate and future testing needs, not only as they relate to COVID-19 but also the potential to introduce new tests such as Dengue, Chikungunya, and paternity testing.

Madame Speaker, this government has significantly invested in the care of its elderly residents. In order to facilitate the structural changes to incorporate the relevant testing and other requirements to deal with the outbreak, the Margetson Memorial Home was transferred to the Golden Years facility. We will continue, Madame Speaker, to ensure that all residents enjoy a safe environment.

Madame Speaker, the Government of Montserrat continues to build on its relationship with the Cuban Government to ensure that essential services are readily available through the island's healthcare system. We currently have access to a ten-member contingent consisting of an Obstetrician/Gynaecologist, a Paediatrician, a Physician Specialist, a Physiotherapist and 6 nurses. The impact of this professional augmentation, Madame Speaker, has resulted in

- clearing patient backlog.
- a reduction in the cases of overseas referrals, and
- filling of vacancies throughout the system as well as providing medical care for those specialists who were unable to visit the island.

This government, Madame Speaker, is keen to maintain this valuable cooperation agreement with the Republic of Cuba for key areas of our healthcare delivery.

Social Services

Madame Speaker, the Social Services Department responded to the needs of the most vulnerable in society during the outbreak.

Priority Child Justice Legislation, which seeks to guide the treatment of youths who interface with the legal system, will be brought before this Honourable House in the coming financial year. Work has also advanced on the National Policy for Older Persons, which will also be brought for assent this year.

Police & Fire & Rescue Service

Madame Speaker, the safety of the citizens of Montserrat remains the top priority of our government, and it should not go unnoticed that the RMPS has made significant strides in combatting serious crime. Major improvements were recorded this year, including a 25 percent reduction in overall crimes and a 35 percent decrease in detected fraud.

In this age of technological advances, I am pleased to say that my government supports the modernization of key equipment and operations within the Police Service, as evidenced by the recent acquisition of state-of-the-art radio equipment that has operationalized the police radio room for the 21st century. It will also improve the response time to calls by the public to both the Police and Fire Departments for assistance.

Concessions and Incentives

Madame Speaker, over the course of this year my government introduced and extended programmes to benefit individuals and businesses, during challenging times. These include

- the Returning Montserrat Concession Programme
- Homes built for Sale or Rental
- Development of Private Homes
- Redevelopment of Homes in Zone C (Cork Hill, Richmond Hill, Foxes Bay, Delvins, Weekes)
- Christmas barrel programme
- Christmas decoration programme

Madame Speaker, each of these initiatives continue to bring relief to their intended audience and we will continue to review and improve as needs arise.

BUDGET OUTTURN

Madame Speaker, overall recurrent revenue for 2021/22 was budgeted at one hundred thirty-four million, four hundred thousand dollars (\$134.4m). Overall recurrent expenditure was budgeted at one hundred thirty-six million, four hundred thousand dollars (\$136.4m). This represented a budget deficit of two million dollars (\$2.0m).

However, total recurrent revenue is projected to be one hundred and thirty-four million, nine hundred thousand dollars (\$134.9m) and overall recurrent expenditure is projected to be one hundred and thirty-four million, nine hundred thousand dollars (\$134.9m) at the end of the year.

This represents a projected balanced budget, rather than the two million dollars (\$2.0m) deficit that was budgeted, Madame Speaker.

Madame Speaker, within the context of this balanced budget, my Cabinet took the decision to finance some programmes to support ongoing work within the government and to deal with some emergency items that were identified. Madame Speaker, it is instructive to note that any intervention made with these available funds must be able to be fully expended before the end of the financial year.

To this end, Madame Speaker, we were able to:

1. Initiate the procurement of a fire tender for the airport. The current piece of equipment is failing mechanically and must be replaced to ensure that the aerodrome remains functional.
2. Re-allocate funds from identified fiscal space within the budget to aid the vulnerable in meeting their electricity and water bills for one month;
3. Undertake an assessment of the MUL generation plant to enable us to derive a more sustainable solution to the electricity issues;
4. Support the maintenance of a number of social houses;
5. Provide an increase to the social protection and pension funds;
6. Increase the amount provided for revenue refunds; and
7. Increase the amount for hospital supplies.

FISCAL POLICY AND OUTLOOK

RECURRENT EXPENDITURE 2022/2023

Madame Speaker, we have been able to maintain the same level of aid for the upcoming financial year, and while this may seem a defeatist approach to some, it has taken a lot of dedication and commitment on the part of the local and FCDO teams to be able to present a case to, at a minimum, maintain this level of support within the context of an overall significant reduction in ODA funds.

We have been able, Madame Speaker, to negotiate twenty-three million, six hundred thousand pounds (£23.6m) for budget support and an additional five hundred and twenty thousand pounds (£0.52m) to support a one-off payment to the Social Security Fund. Madame Speaker, we wish at this time, to thank our benefactors and the FCDO for presenting the case and for this increased level of support to the island, and for understanding the need to maintain the integrity of the Fund and, by extension, provide the people of Montserrat with assurance of financial income during their retirement.

Having had an early indication that the best solution, in the circumstances, would be a flatline budget, Madame Speaker, we sought to make the best use of the resources that we have. We committed, Madame Speaker, to presenting a balanced and timely budget in line with our financial legislation.

A number of difficult decisions had to be taken, but we rose to the challenge and made those decisions. The budget was rationalised, and we were able to re-allocate up to 3.8 million dollars of funds within the current allocation to meet the cost of priority areas. These include:

1. **Funds for maintenance of the Heliconia Star** – two hundred and seventy-four thousand (\$0.2m). This is routine maintenance of the patrol vessel to ensure that it meets standards. Without this overhaul, we run the risk of having it deemed unsuitable, which will expose us to the risk of being unable to operate both ports of entry.
2. **Pensions** – eight hundred thousand (\$0.8m). A recurrent cost which shows a progressive increase as members of the service reach retirement age.
3. **Increases to utilities, rent, communication expenses, and emergency expenditure** – three hundred thousand (\$0.3m).
4. **Support to the Ministry of Health, staffing through the Cuban Program and local staff, social protection funds** (including social welfare—to deal with increased demand and support to the Quarantine Management Unit) – two million five hundred thousand (\$2.5m)

Madame Speaker, we are aware that there are a number of other needs across the government, and we will continue to source funds to deal with them, including continuing to negotiate for a larger aid package.

BUDGET ESTIMATES 2022/2023

Madame Speaker, I will now present the estimates of Recurrent Revenue and Expenditure for the 2022/23 financial year; a total of one hundred and forty million, two hundred thousand (\$140.2m).

RECURRENT REVENUE 2022/23

Madame Speaker, the revenue estimate for 2022/23 represents a 4.4 percent increase over the 2021/22 revised estimates of one hundred and thirty-four million, three hundred thousand dollars (\$134.3m).

The estimated revenue from local sources is fifty-two million, two hundred thousand dollars (\$52.2m), compared to forty-eight million, two hundred thousand dollars (\$48.2m) in 2021/22. Total local revenues will be generated from two main areas: tax revenue and non-tax revenue (fees, fines, permits, rents, interests, and licenses).

Budget support from FCDO, Madame Speaker, is twenty-four million, one hundred thousand pounds (£24.1m) or eighty-eight million dollars (\$88.0m), which is 63 percent of the recurrent budget.

The ringfenced areas which includes the Access Subsidy with an allocation of five hundred thousand pounds (£0.5m) or one million eight hundred thousand dollars (\$1.8m) and Technical Cooperation and Capacity Building with an allocation of two million, seven hundred thousand pounds (£2.7m) or nine million and nine hundred thousand dollars (\$9.9m).

RECURRENT EXPENDITURE

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.

Our intention as a government, Madame Speaker, is to lay the groundwork by putting the relevant systems, policies, and legislation in place that will ensure that we have something to look forward to. As our theme suggests, Madame Speaker, investing today to secure our future.

So, Madame Speaker, it may not seem to be an explosion of events which are tangible and visible, but investment, Madame Speaker, is never short-term, but it is sustainable and that is our goal.

General Public Services

Madame Speaker, 30.7 percent has been allocated to general public services (this includes all functions related to Public Service Management, Legal Services and the Legislature). To guide these services, Madame Speaker, a new Sustainable Development Plan will be in place by the end of the upcoming financial year and will serve as the overarching document that will guide the development of Montserrat for the next 15 years. This plan encapsulates the vision, goals, and strategies espoused by the people of this island and is sustained by an implementation strategy and monitoring and evaluation framework, which will measure its progress.

We will continue, Madame Speaker, to compile the relevant statistical data to be able to report and inform policy. We will also be finalising plans to commence the implementation of the decennial Population and Housing Census (PHC).

Procurement

Strengthening procurement practices while increasing capacity across the remains one of this Government's top priorities. This is why the work continues, in collaboration with CDB, on finalising the procurement law and supporting regulations.

Madame Speaker, my government plans to re-establish the Departmental Tenders Board as part of its mandate to enhance procurement practices while allowing the Procurement Board to play a more strategic role, particularly in long-term planning and oversight of devolved purchasing.

The new procurement approach will also involve the reintroduction of the restricted tendering procedure, along with two-stage tendering, allowing the use of framework agreements, limited tendering, and reverse auctions.

Economic Affairs

Madame Speaker, a further 33.1 percent has been allocated to economic affairs (which includes access, physical development, trade and finance functions).

Tax Administration

Madame Speaker, in the last year we have seen challenges in the administration of income and corporation taxes due to the COVID pandemic and the implications for our workforce. My government remains committed to reducing the backlog of outstanding tax assessments and the migration of all taxpayer information from paper-based records to the tax administration computer system, which will continue in the coming year.

We will also continue, Madame Speaker, to improve all systems across government and advance legislation to facilitate the improved administration of income, company and withholding taxes on Montserrat, including the Tax Administration Bill, the Income and Corporation Tax Act Consequential Amendment Bill, and the Tax Compliance Act Amendment Bill.

Access

Madame Speaker, informed by a consultative process with the public on Montserrat's air and sea access, my government is committed to an Access Strategy that secures strategic and value-adding connectivity with the world. Madame Speaker, we will make every effort to do so:

- through a rapid recovery path with a higher capacity transportation mode—Twin Otter Service.
- by opening of a new and alternate gateway via St Maarten as a contingency access arrangement to Montserrat, and
- by establishing links to other neighbouring hubs, such as Nevis and Guadeloupe, with the expansion of the Islander Service.

Madame Speaker, as travel demand to Montserrat increases, the reintroduction of a value-driven passenger ferry service is also an integral part of the Strategy.

Education, Social Protection, Housing, Health, Culture, and Recreation

Madame Speaker, 25.4 percent of the budget has been allocated to this sector. We will continue, Madame Speaker, to train teachers and students to adapt to blended learning environments and have been successful in a bid for funds through the EU Resembid programme to assist in the transition to digital transformation.

We are investing in the MSS infrastructure, and resources will be mobilized, through the CIPREG to address teaching quality, science lab resources, and support positive student behavior.

Future developments from 2022/23 onwards will see the library seeking to complement its current literacy programmes through the expansion of the children's library space, improved places for individual and group study, as well as increased resources for our teachers and students. The design and further development of our proposed computer literacy program, with a state-of-the-art computer lab, will function as both an Internet café and a training site.

The library will also work to safeguard and preserve historical materials that are in jeopardy of deterioration. This will eventually lead to the establishment of an island-wide archival service, which will benefit Montserrat's cultural and economic development.

Community, Youth and Sports

Madame Speaker, we face the very real challenge of youth unemployment, exacerbated by the COVID pandemic, and the youth apprenticeship programme is targeted at ensuring that most of our young people can be gainfully employed.

The programme will be further developed to expose our youth to seeking employment in areas such as carpentry, masonry, air conditioning repair and plumbing.

Madame Speaker, a Community Development Unit will be established with a Gender Desk and a Disability Desk through projects and grants to advance support services and key policies for these important persons in our society.

Madame Speaker, we are currently considering a partnership with the MMSA to develop the first racetrack on island. This will give us a much-needed home for MMSA and create economic development and trade opportunities.

CAPITAL INVESTMENT AND PROJECT DELIVERY

Madame Speaker, this budget incorporates both existing and new projects that will benefit this country immensely, up to a total of fifty-three million, nine hundred thousand dollars (\$53.9m).

Expenditure under these programmes is only possible through donor contributions from:

- the UK Government/FCDO of nine million, eight hundred thousand dollars (\$9.8m) or 18.3 percent,
- the European Union of twenty-two million, eight hundred thousand dollars (\$22.9m) or 42.4 percent,
- UKCIF through CDB of twenty million (\$20.0m) or 37.0 percent,
- RESEMBID-EU of eight hundred thousand dollars (\$0.8m) or 1.5 percent,
- our local budget of two hundred thousand dollars(\$0.2m) or 0.4 percent
- and other funding partners of two hundred thousand dollars(\$0.2m) or 0.4 percent.

The coming year will see further investment and progress in transformational projects across ministries and departments, including:

- The detailed design and initial construction work for the Little Bay Port Development Project.
- The completion of detailed design for the new national hospital at Glendon and early site preparation works. This will be supported by other health transformation projects, such as a new health information system
- The completion and commissioning of the new air traffic control tower project
- The structural and internal renovation of Blocks L and M at the Montserrat Secondary School, together with the completion of toilet block renovations
- The completion of Project Lightspeed – the customer voucher system to support all premises in Montserrat connecting to fibre optic broadband.
- The commissioning of the new asphalt plant to support future road projects
- The completion of social housing designs, to support the future business case for investment.
- The completion of urgent works at the Drummonds and Davy Hill waste treatment sites.
- The completion of the design for our new Volcano Interpretation Centre
- The completion of well-head maintenance on our geothermal assets.

Madame Speaker, as we continue to gain momentum with our capital programmes, I am pleased to announce that work has already begun on the development of our next transformational business case for UK investment.

This will build on the capabilities and outcomes of CIPREG 1 and seek to turbo-charge economic stimulus and growth through targeted investment in key sectors to build the Montserrat of tomorrow. We must move from an agenda of merely rebuilding lost or ageing assets and towards self-determined priorities of social ambition and economic pride—preserving what is best about our island, investing in our communities, whilst moving towards 21st century innovation and niche market investments.

We will use the next business case to engage the public in this new agenda for growth.

OVERALL BUDGET-RECURRENT AND CAPITAL

- The total recurrent expenditure for 2022/23 is budgeted at one hundred and forty million, two hundred thousand dollars (140.2m)
- Capital expenditure for 2022/23 is estimated to amount to fifty-three million, nine hundred thousand dollars (\$53.9m).
- Total budget allocation for the fiscal year 2022/23 is one hundred and ninety-four million, one hundred thousand (\$194.1m).

ALLOCATION BY MINISTRIES AND PROGRAMMES

The breakdown of the allocation for the 2022-23 recurrent budget by Ministry is as follows:

- The Office of the Deputy Governor - thirty-two million, one hundred thousand dollars (\$32.1m), or 22.9 percent of the overall budget
- The Ministry of Finance and Economic Development - twenty-six million, five hundred thousand dollars (\$26.5m), or 18.9 percent
- The Ministry of Health and Social Services - twenty-three million, two hundred thousand dollars (\$23.2m), or 16.6 percent
- Office of the Premier - thirteen million, one hundred thousand dollars (\$13.1m), or 9.4 percent
- The Ministry of Communication and Works - thirteen million, one hundred thousand dollars (\$13.1m), or 9.3 percent

- The Ministry of Education, Youth Affairs, and Sport - eleven million, four hundred thousand dollars (\$11.4m) million or 8.1 percent
- The Ministry of Agriculture, Lands, Housing, and the Environment – six million, four hundred thousand dollars (\$6.4m), or 4.5 percent
- The Royal Montserrat Police Force – eight million, one hundred thousand dollars (\$8.1m) or 5.8 percent, and
- The balance of six million, three hundred thousand dollars (\$6.3m), or 4.5 percent of the budget, is allocated among the other services of the government which include Legislative and Judicial services, as well as the Office of the Auditor General

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

Madame Speaker, the document presented is quite comprehensive and represents the following: a statement of macroeconomic outlook and policy; revenue and expenditure estimates; interest and debt service charges; and loan repayments.

Madame Speaker, we have also laid budget statements for a few arms-length agencies or Statutory Bodies for information. This is a legal requirement, and we will work hard to ensure that the documents for all agencies are included in the next budget. Madame Speaker, these agencies, most of whom are self-financing, pose a contingent liability to Government, and it is important that we are aware of their activities and financial and operational status.

Madame Speaker, this document also includes the goals and objectives, which aligns with Ministries and Departments' allocations, a report of measured progress on achieved goals, and an indication of targets for the upcoming years.

It is instructive to note, Madame Speaker, that based on the monitoring and evaluation framework and the detailed information on performance indicators presented, we have successfully achieved most of our targets.

ACKNOWLEDGMENTS

I wish at this time, Madame Speaker to record this government's appreciation to all those who supported us during this time. Many thanks to the United Kingdom Government, Foreign and Commonwealth Development Office (FCDO), European Union(EU), other Development Partners, Caribbean Community (CARICOM), Organisation of Eastern Caribbean States (OECS), His Excellency the Governor, Honourable Ministers of Government and Parliamentary Secretary, Honourable Attorney General, Honourable Financial Secretary, the Honourable Deputy Governor, all Accounting Officers and Heads of Departments, Managers of Statutory Organisations, private sector Organisations, and the general public service for their unwavering support in achieving these goals.

Together we can! Together we will!