

# Government of Montserrat

# Citizens' Guide to the Budget

## For Fiscal Year 2022/23

"Investing Today To Secure Our Future: Our Montserrat, Our People"



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### MONTSERRAT'S VISION STATEMENT

"A healthy and wholesome Montserrat, founded upon a thriving modern economy with a friendly vibrant community in which all our people through enterprise and initiative can fulfil their hopes in a truly democratic and God-fearing society".

# INTRODUCTION

The purpose of the Citizens' Guide to the Budget is to provide a simplified, user-friendly version of the process of how our government collects and spends money. This guide concentrates on main areas of the estimates which include Recurrent Revenue and Expenditure, and Capital Expenditure. A synopsis of how budgetary resources will be allocated amongst the various Ministries and Departments along with the major projects and programs which will be implemented during the 2022-23 fiscal year is outlined.



# **RESPONSIBLE OWNERS**



**Joseph E. Farrell -  
Minister of Finance**

**The Minister of Finance is responsible for having the following prepared and laid before the legislative Assembly as soon as practicable, and not later than the commencement of each financial year:**

- Estimates of revenues and financing requirements of the Government for that year and the allocation of these between the Consolidated Fund and Development Fund**
- Estimates of the expenditure of the Government to be met through the Consolidated Fund or Development Fund for that year allocated between those expenditure votes or projects.**



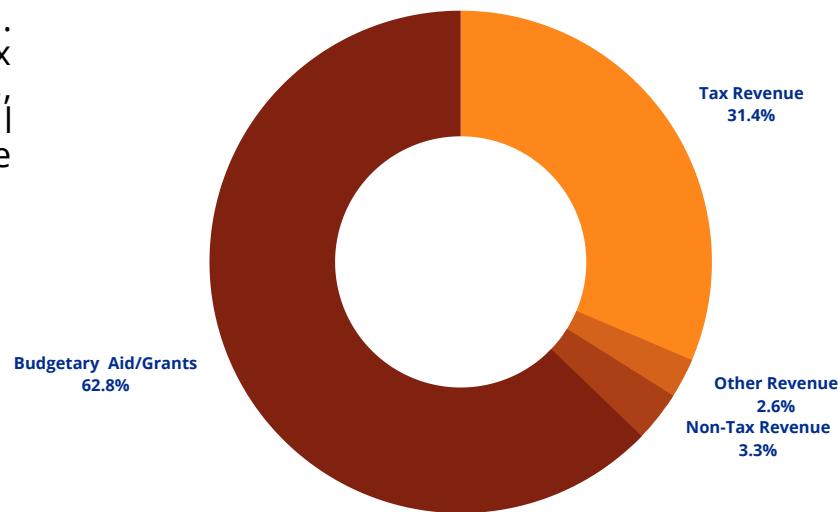
**Lindorna Lambert - Hon.  
Financial Secretary**

**The Honourable Financial Secretary is responsible for ensuring the preparation and submission of an economic and fiscal management plan and annual budget to the Minister as required by law.**

# WHERE DOES THE MONEY COME FROM TO FUND THE BUDGET

The Government of Montserrat expects to generate revenues totaling \$140.17 million. The projection is based on a combination of improvements in revenue collection and modest economic growth expectations.

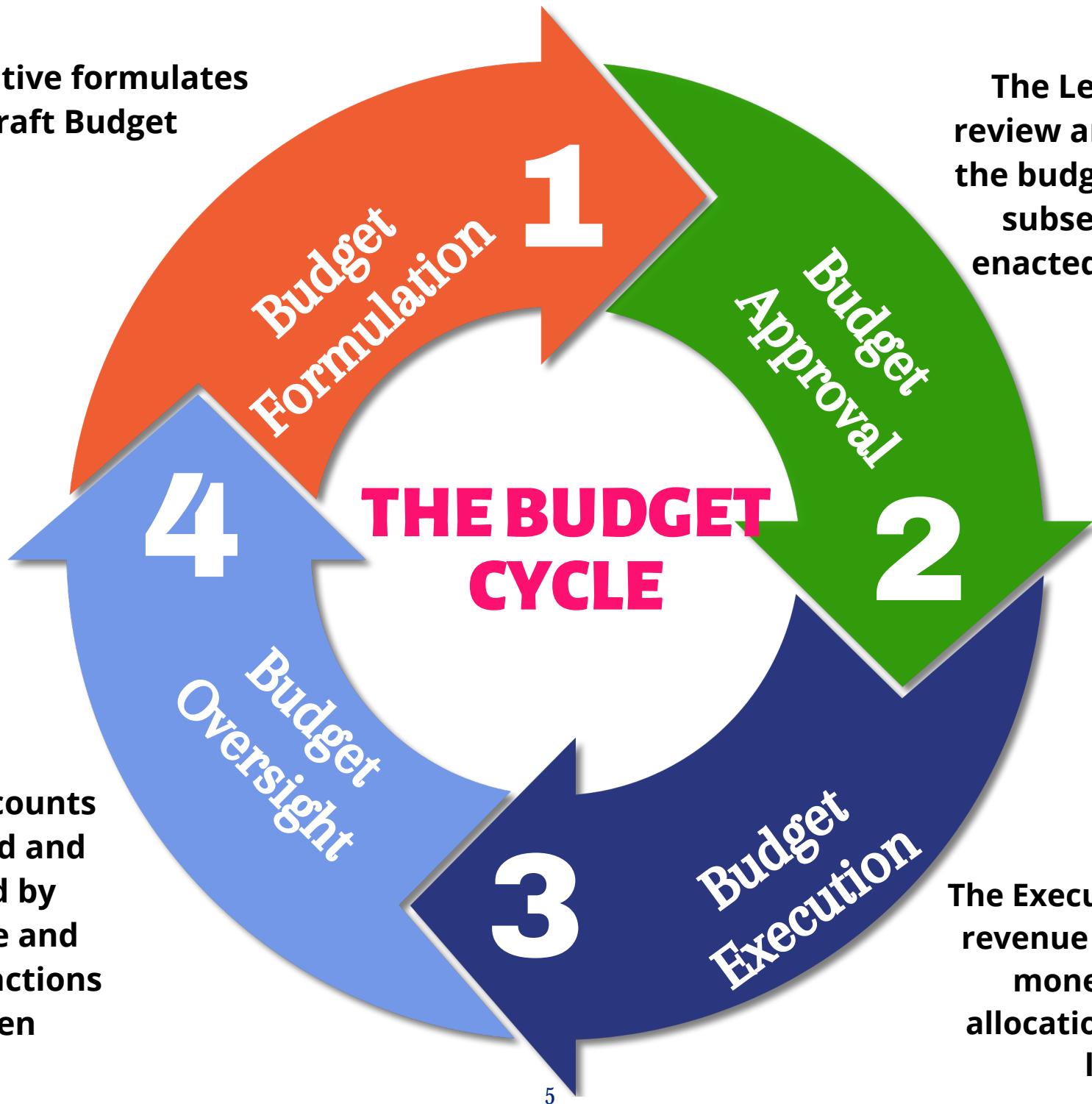
The estimated revenue from local sources is EC\$52.14 million. Total local revenues will be generated from two main areas: tax revenue and non-tax revenue (fees, fines, permits, rents, interests and licenses). Budget support from FCDO will contribute £24.11 million or EC\$88.03 million or 62.8% to the recurrent budget.



Of this support £0.52M or EC\$1.89 million will support a one-off payment to the Social Security Fund, £0.5M or EC\$1.8M for Access Subsidy and £2.70 million or EC\$9.7 million will go towards Technical Cooperation and Capacity Building.

The Executive formulates  
the draft Budget

The Legislature  
review and amends  
the budget and it is  
subsequently  
enacted into law.



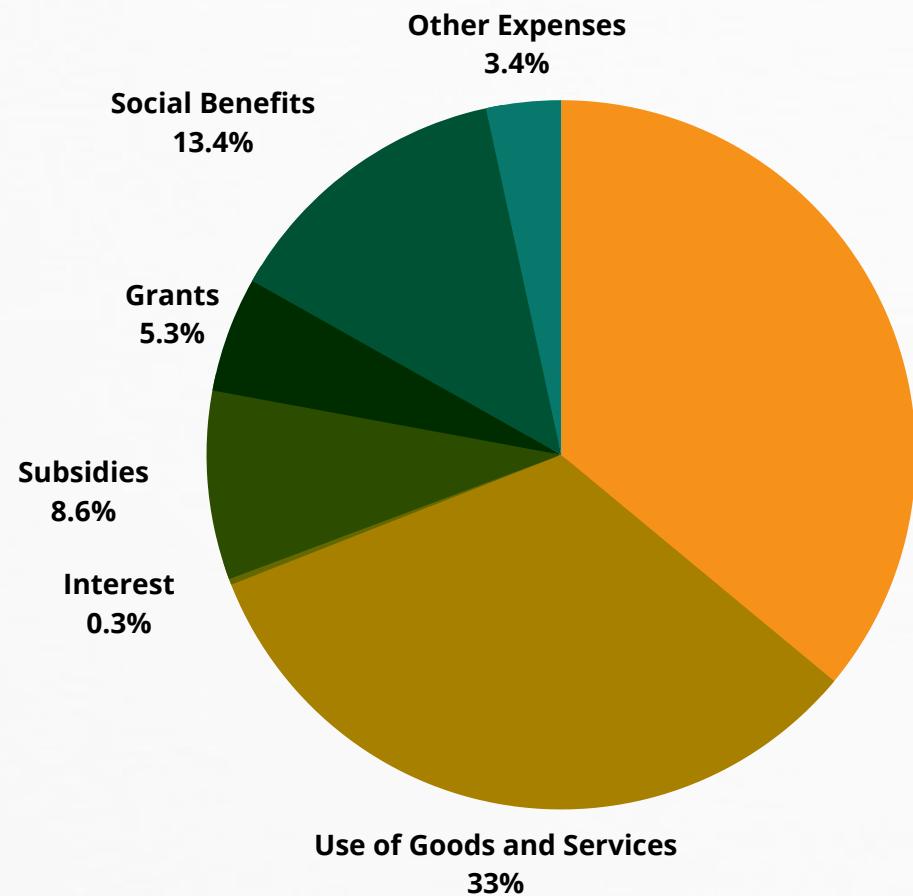
# Categories of Revenue

Tax Revenue		<b>43,992,000</b>
Taxes on Income, Profits	16,759,900	
Property Tax	745,000	
Taxes on Domestic Good and Services	1,839,000	
Licences	3,180,700	
Taxes on International Trade and Transactions	20,787,400	
Arrears of Taxes	680,000	
Non-Tax Revenue		<b>4,567,900</b>
Fees, Fines and Permits	2,115,400	
Rents, Interest and Dividends	1,480,000	
Reimbursements	972,500	
Other Revenue		<b>3,580,100</b>
Total Local Revenue		<b>52,140,000</b>
FCDO Budgetary Aid/Grants		
Budgetary Aid		<b>88,031,700</b>
<b>TOTAL REVENUE</b>		<b>140,171,700</b>



The major source of domestic/local revenue for the 2022-23 financial year is Taxes on International Trade and Transactions which accounts for 14.9% of total revenue. This revenue line comprises Import Duties, Consumption Tax, Customs Processing Fees and International Communication.

# Where Does the Money Go?



Compensation of Employees  
36%

**COMPENSATION OF EMPLOYEES**  
\$50,483,200

**USE OF GOODS AND SERVICES**  
\$46,280,900

**SUBSIDIES**  
\$12,064,300

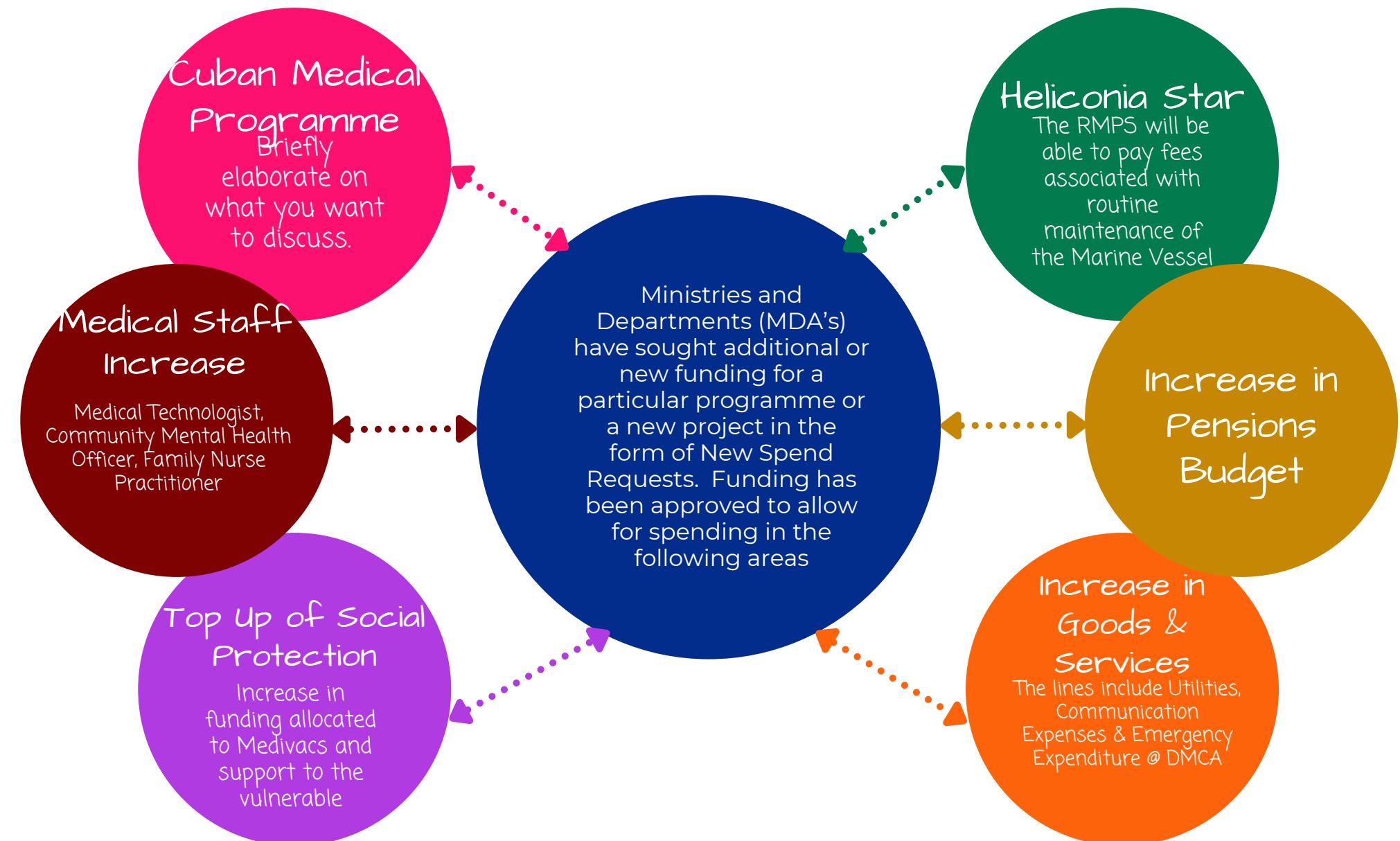
**GRANTS**  
\$7,363,700

**SOCIAL BENEFITS**  
\$18,832,700

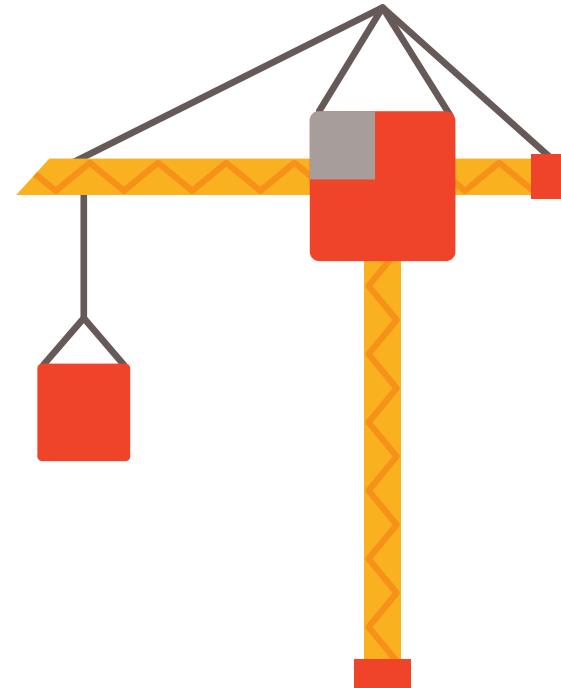
**OTHER EXPENSES**  
\$4,773,600

## Economic Classification of the Budget

# New Spend Approvals



# Capital Estimates



# Capital Budget

The Capital Budget is one of a Government's important Budget. It provides the necessary resources to implement projects on island.

## What is a Capital Project?

Simply put a project which helps to improve, replace or maintain a capital asset. These assets include: roads, lands buildings etc..

Due to the major funding involved, capital projects are usually debated at length, looking at all possible alternatives, before the investment decision is made. This analysis may include the use of outsourcing, using less-expensive purchases, and/or making do with the current asset level.

Approved Projects are usually assigned a specific project manager to monitor spend and progress of work.



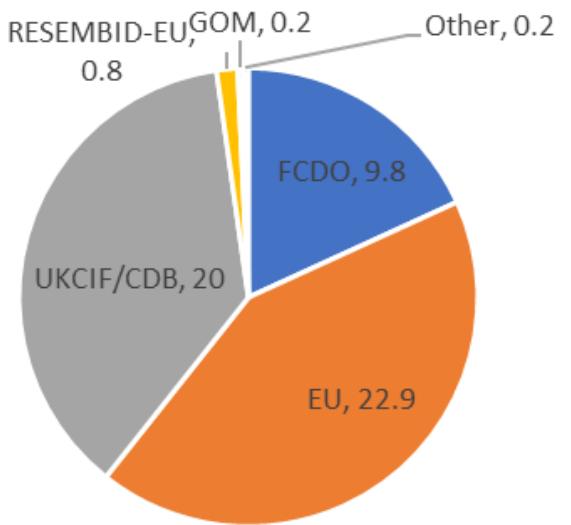
# Capital Estimates

*How big is the Capital Budget and where do the funds come from?*

The size of the Capital Budget is determined by the number of projects (new and continued) approved for implementation within the year. Additionally, the amount of funding received or will be programmed by a donor also determines its size.

The Government of Montserrat continues to receive funding from different donors to include UNICEF, EU, FCDO, CDB and many others.

Donor contribution to the budget



# Project Highlights 2022/23

This year's theme "***Investing today to secure our future: Our Montserrat, Our People***", clearly articulates just what the intentions are for all projects that were approved within the Capital Budget. This includes, housing security, health security, reliable internet services for households and businesses, reliable road network and much more.

## AGRICULTURE

Two new projects that will aid the community are Agriculture Development Programme and Housing Assistance Programme

### Agriculture Development Programme - \$0.46M

This project aims to put mechanisms in place to enhance food security on the island which will help to increase local production in a variety of foods.



### Housing Assistance Programme -\$0.40M

The objective is to continue the work started in earlier years to improve and increase the number of habitable dwellings on the island.



# Project Highlights 2022/23 cont'd

## INFRASTRUCTURE



The Government continues to implement projects which ensures that the necessary infrastructures are in place to sustain economic growth/expansion.

### **Priority Sewage -\$1.07M**

Both the Drummonds and Davy Hill sewage treatment plants require urgent remedial works and or replacement of parts, to allow for their daily operations to continue. This project will see work such as decommissioning and replacement of a plant as well as the installation of a flow equalization tank.

# Project Highlights 2022/23 cont'd

## INFRASTRUCTURE CONTINUED

### Port Development - \$31M

This project financed by the EU, CDB UK Infrastructure and FCDO, is anticipated to commence work on the detailed design and initial construction work for the Little Bay Port Development Project works within the year.



### Fibre - \$0.73M

Work continues on the underground data connection between the Governments Information Unit backup system and other departments, to ensure adequate back up and connectivity is achieved. Additionally, this will allow for the completion of Project lightspeed, which support the connection of all households on island to the recently installed fibre optic broadband



# **Project Highlights 2022/23 cont'd**

## **EDUCATION**

### **Education Infrastructure Phase 2 - \$1.7M**

The structural and internal renovation of Blocks L and M at the Montserrat Secondary School, will also continue for the year along with the completion of toilet block renovations.

### **ICT Infrastructure UP Grade -\$0.80M**

Having continued access to an online learning environment is critical for students on the island during periods of disturbances. This project will furnish both teachers and students with laptops and other connectivity devices to ensure that this objective is achieved.



# Project Highlights 2022/23 cont'd

## HEALTH

### Hospital Development - \$2.1M



Project works for the year foresee, 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

# LOOKING TO THE FUTURE

## ECONOMIC OUTLOOK 2022 AND BEYOND



Montserrat's economic outlook for 2022/23 will be influenced heavily by its vulnerability to external shocks. As a small open economy, Montserrat will be affected by the ability of countries in the global economy to control the spread of the pandemic; the economic damage as a result of the humanitarian crisis between Ukraine and Russia and escalated prices for food and fuel.

Montserrat is expected to see growth between 3 and 4 percent. This positive resurgence in economic growth would be driven primarily by developments in the Construction, Transport and Storage and Public Administration sectors.

An uptick in construction of 4-5 percent is expected as the implementation of the port project is underway. Employment opportunities will be created during this construction phase as residents and firms are expected to benefit from subcontracting and labour opportunities.

The Hotels and Restaurant and Transport and Storage sectors are both expected to experience growth of 5 percent and 3 percent respectively, as the year progresses. With the borders being open and COVID-19 protocols and restrictions relaxed for vaccinated, visitor hesitancy regarding travel will continue to wane.

The Agriculture sector is anticipated to experience growth of 2.75 percent. Efforts to safeguard against the likelihood of a global food shortage and the associated added inflation will be made as far as possible through import substitution.

Public Administration will see an incremental growth of 2 percent as performance-based increments are realised and an increase in pension payments are incurred.

Mining and Quarrying, Wholesale and Retail, Real Estate, Renting and Business Activities, and Financial Intermediation are all expected to see an expansion in activity.

Overall, uncertainty continues to loom over the growth prospects for our island. Although positive growth will be experienced it will be less than 2021 and Pre-Covid19 levels. The Forecasts beyond 2022/23 is also positive, with hopes of greater recovery as living with Covid-19 becomes the new normal.

# **RESOURCES**

More information on the budget may be found in the budget documents and on the Ministry of Finance's website:  
<https://www.gov.ms/government/ministries/ministry-of-finance-economic-management/finance-publications-budgets>

1. Estimates of Revenue and Expenditure 2022/2023-25, For the Financial Year ending March 31, 2023
2. Government of Montserrat Policy Agenda, FY 2022/2023

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