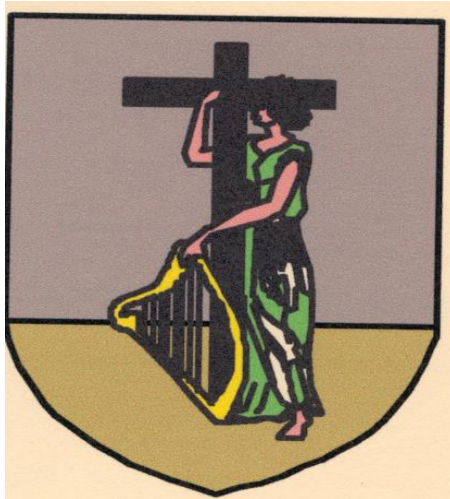


BUDGET STATEMENT

**NOW is the SEASON:
CALLED to LEAD
PREPARED to SERVE
MOVED to CHANGE**



**Presented by the Honourable Premier and Minister of Finance & Economic Management
Delivered in the Legislative Assembly**

Monday 21st March, 2016

Table of Contents

Table of Contents	2
OPENING REMARKS.....	5
ECONOMIC AND FISCAL REVIEW.....	7
Economic Review 2015-16.....	7
International & Regional	7
Local Economy.....	7
Sectoral Analysis.....	8
Fiscal Review 2015-16	8
Recurrent Revenue	8
Recurrent Expenditure.....	8
Capital Expenditure 2015-16.....	9
Public Debt.....	9
Achievements 2015-16.....	10
Human and Social Development	10
Health.....	10
Social Services.....	11
Education.....	11
HR and Training.....	12
Financial and Economic Development	13
Agriculture	13
Access.....	14
Financial Services and International Tax Obligations	14
Looking Forward.....	15
Tourism	16
Energy.....	17
Governance / PFM	18
Strategic Vision and Direction.....	18
Public Interest and Participation	18
Accountability and Transparency.....	19
Performance Management.....	19

Fairness and Rule of Law.....	20
MOU	20
Capital Expenditure Programme 2016-17	20
Infrastructure	21
Port Development	21
Energy sector	22
Housing.....	22
Health.....	23
RECURRENT EXPENDITURE 2016-17	23
Public order and safety and defence (increased by \$170k).....	24
Economic affairs (increased by \$1.65 million)	24
Food Safety and Environmental protection (increased by \$149k).....	25
Human Development and Well-Being	25
Education and Training (increased by \$718k)	25
Healthcare services and infrastructure (increased by \$1.9 million).....	26
Social Protection – Child Safeguarding (increased by \$1.81 million)	26
RECURRENT REVENUE 2016-17	27
OVERALL BUDGET - RECURRENT AND CAPITAL	27
Allocation by Ministries and Programmes	28
Allocation by Functional Classification.....	28
Public Debt.....	29
ACKNOWLEDGEMENTS	29
CONCLUSION	30

LIST OF ABBREVIATIONS

CAPE	Caribbean Advanced Proficiency Examination
CARICAD	Caribbean Centre for Development Administration
CARICOM	Caribbean Community
CARTAC	Caribbean Regional Technical Assistance Centre
CDB	Caribbean Development Bank
DFID	Department for International Development
ECCB	Eastern Caribbean Central Bank
ECG	Electrocardiogram
ECLAC	Economic Commission for Latin America and the Caribbean
EU	European Union
FATCA	Foreign Account Tax Compliance Agreement
FCAU	Financial Crime and Analysis Unit
FCO	Foreign and Commonwealth Office
GDP	Gross Domestic Product
GoM	Government of Montserrat
HMG	Her Majesty's Government
HOME	Home Ownership Motivates Everyone
HRMU	Human Resources Management Unit
ICT	Information Communication Technology
KPI	Key Performance Indicators
MATLHE	Ministry of Agriculture, Trade, Lands, Housing and the Environment
MoHSS	Ministry of Health and Social Services
MOU	Memorandum of Understanding
MSS	Montserrat Secondary School
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean States
PADR	Performance Assessment Development Report
PAHO	Pan American Health Organisation
PEFA	Public Expenditure Framework Assessment
SDP	Sustainable Development Plan
TC	Technical Cooperation
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Education Fund
UTECH	University of Technology
UWI	University of the West Indies
WHO	World Health Organisation
WICB	West Indies Cricket Board

2016 Budget Speech -- Now is the Season: Called to *lead*, Prepared to *serve*, Moved to *change*



OPENING REMARKS

Madam Speaker I rise to move a motion for the second reading of the Bill shortly entitled the Appropriation Bill 2016-17.

Madam Speaker,

I have the honour this afternoon to present to the Legislative Assembly the budget for the financial year 2016-17.

As a first step, let me say this budget speech is a CALL TO ACTION. I hope it will motivate all of us who carry out the work of Government which this budget funds in the year ahead. Budgets, in the end are about people, not just dollars; People, who work together in partnership inspired by a common vision.

That is why this Budget is entitled: *Now is the Season: Called to **lead**, Prepared to serve, Moved to **change**.*

We must all undertake a radical shift if we are to build a better tomorrow for Montserrat.

The power to change through partnership and vision is in our hands, The PDM Government, all other legislators, and the Public Servants; The public, too, which includes Montserratians and Friends of Montserrat at home and abroad and of course last but not least, the Governor, our development partners (DFID) and Her Majesty's Government. We are all together in one team that moves Montserrat forward.

This budget builds on the Government's Policy Agenda showing the direction and intent of our leadership, supported by the Civil Servants as we work as a team towards fulfilling our national vision of *a wholesome, healthy, green, entrepreneurial Montserrat with high quality jobs – a nation that can stand up firmly on its own two feet.*

Madam Speaker, this vision requires true leadership: ***“to act justly, to love mercy and walk humbly with our God.”***

So, as public servants, **we must first ensure justice for all** -- the citizens, residents and friends of Montserrat at home and abroad. Justice leads to **good governance** – a safe, crime- and corruption- free, fair nation. For this very reason, 800 years ago, the leaders of England forced King John to promise in the Magna Carta that *“to no one will we sell, to no one will we deny or delay right or justice.”*

Secondly, to love mercy we must focus on people, especially our youth and more vulnerable. That is why our **policy agenda** ensures the protection of children and vulnerable adults. But, mercy is balanced by justice, so while we must give people chances to address their mistakes, we must enforce integrity, performance and Civil Service ethics.

Thirdly, we walk humbly together under God – We are public servants, serving the people, not as masters in the way we behave or treat one another.

Prepared to serve means that we must give our best in our jobs, because it's actually about serving people; we ***are Prepared – and paid – to serve the public; so, serve we must!***

Moved to change – Montserrat is in desperate need of change; change to our economy, our society and for each of us. Only if we change can things become better, with a growing private sector led economy with high quality jobs for our people. So, let us embrace positive change in how we think, in how we work and in how we communicate as we work together under our national Vision.

Madam Speaker, this budget calls for reform, and that will have to start with us.

Such reform is only possible because, last year we took time to clarify policy objectives, and then ensured that those objectives were fed into Sector and Strategic plans. Those plans were aligned to the budget, which is all part of improving governance. We will continue improving our governance as this is the key to unlocking funding from our development partners, as it will give them confidence that their funds will be spent wisely and with due care for value-for-money. It is the funding of key projects through our development partnerships that will spark self-sustaining growth, high quality jobs and sustainable prosperity.

Madam Speaker, I will now set the economic context within which we operate.

ECONOMIC AND FISCAL REVIEW

Economic Review 2015-16

International & Regional

Madam Speaker, eight years after the 2008 – 9 global recession, growth across the advanced economies remains uneven and is potentially unstable. For example, the UK economy is growing at 2.2 percent and the US economy is growing a shade faster at 2.5 percent. These countries are two of the major sources for tourists coming into our region, and they are major development and trading partners for Montserrat and the rest of the region. However, in the past ten years since 2006, the US has not had any year with growth of at least 3 percent (with the average rate for 2006 – 2015 being 1.4 percent)¹; whilst, since the 1960's the average rate of growth during recovery from a recession in the US has reportedly been 3.9 percent. Consumption spending and cheap energy continue to be the main drivers behind growth in these major economies.

Germany and France, the two largest Euro Zone economies, experienced even lower growth during 2015. They grew at a slower rate than the 1.9 percent average for all advanced economies. Consequently, the Euro Zone as a whole saw a growth rate of only 1.5 percent. This is not surprising, as the much headlined economic woes and challenges facing the currency union persisted across 2015.

The recovery of the UK and the US economies is expected to continue into 2016.

Growth in our own EC Currency Union is being led by Tourism and tourism related construction, and it is supported by the economic recovery in these two major source markets. The region therefore experienced broad based growth due to the increased activity in these two major sectors. The growth is expected to last into the medium term but it must be highlighted that this growth is almost wholly externally driven and is vulnerable to risk of a slowdown in the recovery of our major partners, especially if the issues affecting the emerging economies persist.

Local Economy

Madam Speaker, although the global and regional economy experienced fair growth during the last year, Montserrat is estimated to have experienced growth of 0.5 percent. This was as result of a reassessment and rebalancing of the Capital investment objectives of Montserrat. While in the medium term to long-term, this rebalancing is expected to have a significant impact on the economy, it created an expected lag during the reprioritisation process. Madam Speaker, our Government is working diligently to ensure that projects that yield maximum socio-economic benefits are placed on the front-burner and these will be detailed later in my presentation.

¹ Cf US Bureau of Economic Analysis Tables of real growth for 1930 – 2015.

Madam Speaker, as a result of such efforts the forecast for growth in the Montserrat economy for the upcoming year is 1.4 percent.

Sectoral Analysis

Madam Speaker, growth in construction on our neighbouring islands has resulted in significant growth in our Mining & Quarrying sector here in Montserrat during the past year; we expect this growth to continue during the upcoming year. The Hotels & Restaurant sector benefitted from an increase in Tourists, especially day trippers. Public Administration continues to be the largest single contributor to local economic activity.

Fiscal Review 2015-16

Madam Speaker, we now turn to the Government's fiscal performance for 2015-16. This involves a review of recurrent revenue relative to recurrent expenditure, and combining this with capital revenue and capital expenditure to give a picture of the Government's overall fiscal balance in 2015-16.

Recurrent Revenue

We expect that recurrent revenue for 2015-16 will be \$122.5 million, down from the estimate made last March, \$128.24 million. This would be a small increase of around \$1.1 million or 0.91 percent over Government's collection in 2014-15; when \$121.41 million was collected.

UK Budget Support remains the highest contributor to our revenues. HMG provided \$75.93 million in 2015-16 but, this fell below the estimate of \$79.68 million. The fall in the value of the Pound Sterling accounted for most of this difference. Personal Income Tax, the second largest revenue item, is expected to yield \$11.42 million. This would be a 5.60 percent decrease on 2014-15 collections of \$12.1 million. Collections of Consumption Tax are expected to total \$10.88 million, \$450,000 below the March 2015 estimate (\$11.33 million).

This government continues to support the sand mining industry and exports from our Mining Sector are projected to yield \$0.51 million, 154 percent over the budgeted estimates. The growth of this sector is part of turning "ash to cash" and we will continue to provide the enabling environment within which the sector can grow.

Recurrent Expenditure

We expect recurrent expenditure to total \$115.8 million for 2015-16. This is \$12.44 million less than the budget estimate of \$128.24 million. Madam Speaker, this government has maintained a fiscally responsible approach to government expenditure. The recurrent balance, the difference between recurrent revenue and recurrent expenditure, is projected to yield a positive balance of approximately \$5.55 million (unaudited).

Capital Expenditure 2015-16

During this year, we received additional capital grants of \$26.26 million. These are additional funds approved after the Appropriation Bill was passed last March. As a result, the total Capital budget for 2015-16 was \$57.17 million. At the end of the fiscal year, March 31st 2016 there will be a positive balance which rolls over into the next fiscal period of \$4.26 million.

Given the \$5.55 million recurrent balance and the \$4.26 million capital balance, we have a total positive balance of \$9.81 million (unaudited).

Public Debt

International benchmarks suggest that debt to GDP levels should be at most 60 percent. Our government continues to maintain a very low debt to GDP ratio, 7.67 percent. This is so even after the first drawdown of the CDB Loan to support the MUL Power Project.

Achievements 2015-16

Madam Speaker, we need to highlight some of what was accomplished with the funds allocated for the current financial year.

Human and Social Development

Health

Madam Speaker, the Ministry of Health & Social Services (MoHSS) promotes health and well-being by providing access to quality preventative, curative and rehabilitative services to the people of Montserrat.

Despite challenges, a number of key pieces of equipment have been purchased to improve diagnostics, such as: a portable incinerator, a fixed x-ray machine, a chemistry analyser, a haematology analyser, and an ECG machine. Additionally, preventive maintenance was carried out for laboratory and other major equipment. We have commenced remedial repairs to the existing structure at Glendon and all health centres across the island. At times systemic issues threatened the existence of the visiting Specialist Programme, but we were able to provide the people of Montserrat with access to specialist services not ordinarily available on island for cardiology and gynaecology.

The dental programme has made strides, and remains focused on preventive care. The CARIES Prevention Programme continued and in addition to the usual dental checks all primary school children from grades 1 and 2 benefitted from a sealant application programme. The Unit has also launched a dental awareness campaign through radio programmes, "Smile Montserrat".

The Zika concern brought together Health Ministers in the OECS; our Ministers took action to protect our people, international travel and trade in the region.

One component of our local public health intervention was an island wide cleanup campaign that targeted the *Aedes aegypti* mosquito, which spreads the Zika virus. This prevention project was pivotal, as there is no known medical treatment or available vaccine to combat the illness.

The cleanup exercise removed approximately 120 derelict vehicles and many other items that could collect stagnant water. This required 365 hours of heavy equipment effort and 507 trips to New Windward Landfill. 85 workers provided manual labor and administrative functions for a minimum of 12 hours for 5 days. This has accomplished approximately 85 percent of required cleanup of the island.

A multi-disciplinary technical committee was established to identify a suitable site for constructing the new Glendon Hospital; based on feasibility of development, cost-effectiveness and compliance with PAHO/WHO Smart Hospital standards. The resulting

preliminary site assessment identified eight (8) possible sites. The next phase of the process involves a detailed technical assessment, environmental scoping and cost-benefit analysis. A final report should be issued shortly, and it will inform the Business Case to be submitted to DFID for funding.

Social Services

Our children are our future, and we will continue to lay a solid foundation upon which they can grow, thrive and be happy. Madam Speaker, a great deal of effort was placed on the implementation of the Child Safety agenda and work plan coming out of a Child Safety Review conducted by the Lucy Faithful Foundation in collaboration with DFID in 2014. We have also worked in collaboration with UNICEF to draft a range of legislation to improve the way we safeguard our children.

We promised a better deal for our elderly and vulnerable and we have been doing our homework.

We have taken the time to conduct studies to ensure that we are targeting the real needs of our people. We will now turn our attention to creating concrete proposals and actions that fulfil our promise.

Education

In 2015-16, the Ministry of Education, Youth, Ecclesiastical Affairs and Sports continued to work towards realizing its vision of “Developing the ideal Montserrat citizen.” The main focus was on raising standards in learning and teaching so that students will be successful in the knowledge, functional skills and understandings, required for the pursuit of their career aspirations.

Madam Speaker, this government recognises that education is critical in repositioning Montserrat. Therefore, the investment in education has to be focussed on professional development, recruitment and retention. To this end we have provided a number of training scholarships in various subject areas, including teacher training.

Madam Speaker, the physical plant at most of the schools has undergone serious deterioration from years of inadequate maintenance. To help address this, Blocks G and H were demolished at the Montserrat Secondary School, and through an allocation of \$1.0 million we constructed Five (5) temporary buildings. Space was created for learning in Woodwork, Drama, Music, History, Geography, Art and Physical Education. The Brades Primary school was given a much needed face lift, and remedial works were undertaken at the Lookout Primary School.

We are also in the process of undertaking major repairs and much needed work on the parks, especially the Salem Park. When these are completed Montserrat will once again be in a position to host regional cricket tournaments. We have already been engaged in discussions with WICB on the hosting of a regional youth cricket tournament in 2016 in which both male and female cricket teams are expected to compete.

Once completed, Madam Speaker the park will also be better suited for hosting of events such as athletic meets, football tournaments, parades and physical exercises by the general public.

The MSS was able to achieve one of its key indicators of pupil performance of attaining 5 subjects including English and mathematics. The school achieved 42 percent last year, continuing the trend of upward movement over the last 5 years. In 2010 the performance level was at 23 percent but the Ministry has steadily been introducing new teaching and learning approaches which have contributed to the results we are now experiencing.

41 candidates sat the June 2015 Caribbean Advanced Proficiency (CAPE) Examinations. Montserrat recorded 110 subject passes from the 127 entries, achieving an overall pass rate of 90 percent.

Madam Speaker the Montserrat Community College in seeking to cater to the needs of the community and the labour market and has broadened the range of programmes on offer this academic year. These include Building & Construction, Cosmetology and Sociology. Consideration is also being given to the introduction of Hydroponics.

HR and Training

Annual evaluations show that there are gaps in the human resources capacity, and provisions are made to recruit skilled and competent professionals externally through a Technical Cooperation (TC) Programme. Dependency on external support is not sustainable, so the Technical Cooperation (TC) programme will going forward be complemented by a strategic training and development programme which provides locals with the opportunity to gain required qualifications and experience.

During this fiscal year \$679,000 was allocated to finance the award of new scholarships. This enabled our government to award 11 scholarships this year to pursue professional and academic qualifications, and to provide support to 15 Continuing students. This compares, Madam Speaker to 6 new awards for the last academic year.

While the Human Resources Department continues to focus on training within the public service, the Department of Labour has contributed to the training and development of the entire workforce. This is in keeping with our government's policy to develop a trained work force that will be positioned to fit within the overall development of the country. To this end, 16 persons were trained in basic computing skills, 60 in ethics in the workplace, and 30 in equipment operation and welding.

During the year Montserrat once again participated in the OECS/Canada Farm Program. 5 workers were recruited to the program and worked in the areas of apple picking, vegetable and tobacco harvesting, and tomato canning.

Financial and Economic Development

Agriculture

Madam Speaker, one of our major goals is to redevelop agriculture to ensure that it becomes a significant contributor to economic development. Madam Speaker, we need to be able to adequately feed our population.

Madam Speaker this year we have:

- commenced the development of a comprehensive 5 year Agricultural Strategy and Marketing Plan
- trained and equipped our fishers and farmers;
- successfully maintained our self-sufficiency in egg production;
- significantly increased our broiler production;
- commissioned and operated an abattoir;
- commenced an EU-financed project for agro-processing; and
- Improved the protection of our farmers' products through more effective management of trade in relation to import substitution.

We will continue to ensure that the concept of “back to basics” is brought to life within the Agricultural sector and we will continue to see growth in this sector as we focus on maintaining livelihoods.

The Fisheries Unit has also introduced modern technology in the form of a digital fisheries management system, and we are working closely with the WAITT Institute and Coral Cay to manage our marine biodiversity.

This Government has placed emphasis on providing adequate housing for its citizens through a number of programmes. After addressing various challenges, we have completed 3 houses so far, and another 17 are under construction through mortgage support financing, as part of our Affordable H.O.M.E programme. Government also provided material assistance for home improvement and finishing and we awarded 66 grants in this scheme. We have also provided 5 serviced lots which have led to the starting of 5 new homes financed by our commercial banks. Another 12 persons are now paying for their own piece of land as part of our preparation for the home ownership programme. Through a focus on reducing vulnerable situations we have also supported repairs and refurbishments to homes, to ensure that adequate toilet, kitchen and other basic facilities are available to our people.

In 2016-17 we will be fully rolling out a comprehensive housing policy and housing bill which will, among other things, ensure that the awards are evidence-based so that we can be just and fair to all and also attract further donor financing. The private sector is to be fully included; and a decent home agenda will be implemented. Finally, with such policy in place, this provides an opportunity for hundreds on island living in temporary hurricane unworthy housing and those living abroad wishing to return home who need decent housing; thus unlocking the path to repopulation.

Access

Madam Speaker, we continue to attract tourists to the island. Anecdotal evidence suggests that Montserrat has become a unique attraction to travellers. This is as a result, Madam Speaker of the product which we have to offer. Tourists are intrigued by our “modern day Pompeii”, our nature trails, and volcano. The sand, sea, and sun, which are the usual selling points for the tourism industry has become too commonplace and we are therefore ideally poised to take advantage of the renewed interest in our island.

The Windstar cruise line commenced a total of 14 calls to Montserrat from December to March, and we had a combined 13 calls between the Serenissima, Sea Dream 2, and the Voyager. Luxury yachts arrival was increased by 15 percent to 478 visits in 2015.

As we continue to take advantage of this surge in visitor arrivals, we recognise even more the urgent need to fix access issues. This government continued to ensure that adequate facilities are in place at the Bryson’s Pier in Antigua. These facilities now offer basic amenities such as sheltered seating and washrooms. The level of convenience for passengers has now been improved and processing times have been significantly reduced.

The online ferry booking system and Access Website are now complete and ready to be launched. This is extremely important, as we have witnessed an 11 percent increase in passengers utilising the ferry, from 18,000 to 20,000 per annum.

We are still pursuing the option of the use of a Twin Otter aircraft and are communicating with operators interested in providing the service to Montserrat.

Financial Services and International Tax Obligations

Madam Speaker, this year has seen significant developments in Montserrat’s compliance with its international tax obligations. In August 2015 the Tax Information Exchange Act was amended to allow the implementation in domestic law of international agreements providing for the automatic exchange of tax information.

In September 2015 we signed an intergovernmental agreement with the USA to facilitate the exchange of information with the US under their Foreign Account Tax Compliance Act (FATCA). In February of this year Cabinet approved the drafting of Regulations to permit the exchange of information under FATCA, with the U.K, and most importantly, on a global scale, under the OECD’s common reporting standard.

Montserrat continues to be represented at International Tax Forums. In May 2015 Montserrat was represented at the OECD’s competent authority conference in Rome. In October 2015 we were represented at the 8th meeting of the OECD’s Global Forum plenary meeting in Barbados and in January of this year representatives from Montserrat attended an OECD seminar in St Kitts on implementing the common reporting standard.

Work continues to equip the Montserrat Customs and Revenue Services (MCRS) to handle data exchange in a secure and confidential manner. A dedicated Tax Information Exchange

Officer post has been created and the procurement process has begun to source an affordable IT system to securely transmit and receive data.

Montserrat continues to demonstrate its commitment to be seen on the international stage as a compliant, transparent and cooperative tax jurisdiction and not a tax haven.

Looking Forward

Madam Speaker, Montserrat like many of the countries in the region is trying to recover from the economic crisis. The economic data suggests that currently, public administration or the government is the main driver of economic activity. This is not sustainable and it is our duty to provide the enabling environment for growth in the private sector.

Since the onset of the volcanic crisis Montserrat has been receiving budgetary support from the United Kingdom to assist with our recurrent and capital expenditure; this by extension has limited the extent to which Government on its own can provide relief without affecting the agreed targets for locally generated revenue.

Notwithstanding the constraint under which we have to operate, Madam Speaker, we have made an effort to stimulate the construction industry. Very early in the new financial year, government will be introducing a new policy which exempts most building materials, furniture and equipment from customs duty only. This plan, Madam Speaker will promote the construction and furnishing of many private homes. The construction industry Madam Speaker employs a significant proportion of the workforce and this will provide a boost to contractors and labourers who have struggled with continuous employment for some time now.

Similarly, in an effort to provide relief to the population Government of Montserrat will also be exempting all essential food items within the official "Basket of Goods" from import duty only.

Government administers a number of concessionary programmes which target specific sectors of the community. As a result, many persons cannot benefit. This government is determined that all should be able to benefit irrespective of status or the type and value of the building you intend to construct, while at the same time making the process simpler – removing the need to apply.

Presently, those investing \$300,000 and over can receive these concessions when they rent or sell their property. Under the new concessionary programme anyone can renovate or build at any cost and then sell or rent if they choose to. This is open to both local residents and returning Montserratians alike for a period of two years.

Madam Speaker furnishing and appliances will also be free of duty and not just restricted to home builders but also for persons who are changing or upgrading their appliances.

With regards to the Basket of Goods, Madam Speaker, we will provide relief to the residents most of whom have not had a salary increase for over 9 years. We will therefore apply the concessions to all items ordinarily consumed by all members of the population.

While we are unable to provide a direct increase in salary for this financial period, we have considered these innovative ways to increase the spending power of every resident of Montserrat and improve their standard of living.

These initiatives, Madam Speaker will not only provide the economic benefits but will streamline the current bureaucratic processes which tend to frustrate users. They will also have the desired effect of reaching the masses – so everyone can benefit.

Madam Speaker, I will now focus on the detailed plans for the upcoming year, followed by the budget we have negotiated to support these plans.

Over the next year we will be working with the people of Montserrat and our development partners to create an economic strategy. But the work does not stop while we wait for this to happen; preliminary work to transform the economy has been happening over this past year.

Tourism

The best way for Montserrat to revive its economy is through development of our Tourism sector. To this end, we have developed a new Tourism Master Plan. This Tourism Master Plan has been developed in a highly participatory way and will form the basis of how we deliver on tourism going forward. For this plan to work, we will improve connectivity, both sea and air.

We will provide more tourism accommodation; we will create better infrastructure for tourists and Montserratians. We will also provide more and better activities for tourists. We will vigorously promote our Island overseas. We have strengths we will build on. Montserrat is one of the undiscovered gems of the Caribbean. Our natural unspoilt environment, peaceful friendly people and distinctive culture provides the perfect recipe for people trying to escape overcrowded beaches and the 'super-size' all-inclusive resorts so common to our neighbours.

So, as part of this plan we will secure a new, fast ferry, to improve connectivity to the island. We will improve the terminal facilities and streamline processes, so people can get to and from the island more efficiently and comfortably. We will deliver safer mooring with the construction of a breakwater. In terms of air transport, we will make sure Montserrat is served by a Twin Otter and we will improve the airport facilities.

Once we have people here our vision is to give them somewhere to go. As such, we are considering the creation of three Tourism Development Areas on the island; Little Bay; Salem and St John's. These will be 'people places' for locals and tourists alike, Little Bay; with the

waterfront, beach and a new boardwalk, marina and fishing village. Salem will become our heritage village, with a plaza, retail outlets, eateries and host to our festivals. St Johns; with a mixture of houses and commercial properties, will become the access point to centre hills, and a possible golf site at Blakes and the football pitch.

Madam Speaker, the development of Montserrat's tourism product is a major goal of this Government. (We have all seen the weekly cruise ships and the larger number of yachts; Kudos to our hard-working Tourism Division and our local tour guides and operators). As part of our plan people will also need somewhere to stay and we are trialling the Tourism Accommodation Fund as we speak. The Vue Pointe is the first to receive funding and there will be more. The island needs a number of new rooms; we will help the private sector deliver this. We will beautify key tourism sites, and onwards we will create new attractions such as golf courses; a bio park, a marine park and a volcano reserve.

Also, Montserratians overseas are a significant tourism market. Between 1995 and 1997 Montserrat lost some three quarters of its population to various countries around the globe. Under this administration there has been a renewed vigour and interest from these and other Montserratians living abroad to come home more often. We have also seen significant investments in land and housing. Our festivals play a very significant role in this resurgence, as we have just seen with the very welcome surge of visitors for St Patrick's Week. We will continue to build on this through facility and product development.

Madam Speaker, I have to take this opportunity to thank all who continue to reside on island and who are committed to holding the fort as we rebuild our nation. Including, expats and our new Montserratians from around the region.

Delivering the tourism plan will not happen overnight. But over the next ten years, by 2025 Montserrat will be a much stronger economy, with far less reliance on UK aid, more jobs and better pay, which will attract people back to the island.

Energy

Another sector we expect to significantly impact the economy is the energy sector. Montserrat has an abundance of sustainable energy resources, namely solar, geothermal and wind energies. Our new Energy Policy the "Power to Change" seeks to have the Island at 100 percent renewable energy generation by 2020.

In the next four years the Montserrat sustainable energy transformation will be well and truly established. As a result, the island will benefit from cheaper electricity, where electricity is a significant expense for families and businesses alike at present. Such transformation of energy will enhance other sectors of the economy such as tourism, agriculture and ICT.

Our green energy policy, strategy and plan is not only a concrete example of Montserrat's ambition to protect its environment, but also means Montserrat will emerge as a world leader in energy sustainability; a green sustainable economy, Montserrat the Emerald of the Caribbean.

Governance / PFM

Reform, Madam Speaker, is not confined to the economy. The key to unlocking funding from our donor partners is giving them confidence that their funds will be spent wisely and with due care to value-for-money, and critical to attracting investors is creating an environment where there is stable government, no corruption and legal protection and registration of land and assets – in other words good governance.

In the 2015-16 budget I spoke of 5 pillars that need to be addressed to improve good governance, namely: Strategic Vision and Direction, Public Interest and Participation, Accountability and Transparency, Performance Management, Fairness and Rule of Law. This Government has made significant progress in putting in place these pillars.

Strategic Vision and Direction

Over the course of 2015-16 the Government has developed a Policy Agenda, which sets out the 23 priorities; these priorities are driving budget setting and we have invested resources into strengthening the strategic planning and budgeting process at the Ministry level.

This has improved the links between policy, planning and budget allocations and is a significant step towards developing a three year rolling budget. Furthermore, every Ministry in Government now has a fully developed Strategic Plan, with clear budget requests that enabled Government to prioritise spending.

Going forward we must clearly articulate what the SDP Vision looks like in practice, this is something we will work with our development partners to do and so work is being undertaken on a Joint Vision Statement. We will also be developing the economic business strategy for the Island.

From my discussion with HMG and more specifically FCO and DFID I know that all our partners want to see economic growth for Montserrat and agree it is the only route to sustainably improved social conditions. It is only with the commitment from us the leaders of this country, and our development partners, all working together that our joint vision for Montserrat will become a reality. Therefore, we are also working on a new GoM/HMG MoU.

Public Interest and Participation

Madame Speaker, this Government has produced a citizen's guide to the budget and this contains all the strategic plans completed under the new planning and budgeting process so that the public can see what this Government is committing to work on.

In addition, this Government has held public consultations on two significant policies and strategies, namely Tourism and Energy.

There is still much to do in this area and the public can expect a stronger policy development mechanism going forward as part of the work of the Policy and Planning Team for the next Fiscal Year will be to look at designing a more robust policy development and consultation process.

Accountability and Transparency

Accountability and transparency are critical and no-where more so than concerning Public Financial Management. Civil servants are working hard to improve Public Financial Management and with Technical Co-operation support we were able to have a well-structured and supported Financial Aid Mission. So much so that DFID's Senior Officer, Moira Marshall said "I have to say how impressed I have been and my team have been with the Government of Montserrat's preparation for these budget discussions."

In addition, Madam Speaker, The Ministry of Finance has produced – and will continue to do so twice a year – a Medium Term Economic and Fiscal Outlook. This document provides short to medium term forecasts and is used to set the government's budget. This is based on a macroeconomic model developed with and audited by the ECCB. The Ministry is also working on a new Capital Appraisal's process which will give greater accountability and transparency to how Government determines the projects it is going to fund.

Performance Management

This continues to be an on-going area of work. With the use of targeted TC, Ministries have received significant support in the development of Key Performance Indicators that align with the key strategies developed as part of the revised planning and budgeting process.

A full set of Key Performance Indicators (KPIs) with baseline data and targets have been developed and in the upcoming Fiscal Year we will be building on this further, by reviewing and strengthening the Monitoring & Evaluation Unit. Many of these new initiatives are essential to robust, accountable and transparent public financial management and should bode well in terms of the 2018 PEFA assessment.

HRMU has also undertaken work with the support of consultant's from CARICAD to further embed our Performance Appraisal and Development Review system (PADR) and this will help strengthen performance management at the individual level, ensuring individual performance contributes to the policy priorities.

We still have a great deal to do, in terms of improving performance. Project delivery needs strengthening; as only through investing in successful projects will the economy grow.

We also know that to strengthen performance we need to fill capacity gaps; as only by having the right people doing the right jobs will the economy grow. Therefore, a review and pilot of a new recruitment process was undertaken and HRMU will be looking at lessons learned from this to see how they can deliver on the performance target that they have set themselves to recruit persons to posts within 90 days.

Lastly, performance is impacted by in-efficient structures and processes. The structure of the civil service continues to be under review with several critical functional reviews having been completed.

Fairness and Rule of Law

This aspect of Governance is critical to maintaining a safe and equitable nation and one that attracts visitors and investors alike. Therefore, we will be working on legislations to support and enhance the business environment and corporate governance. We will continue to make this country safe, especially for our most vulnerable and so we will be introducing the Children and Adoption Bill, the Domestic Violence Bill, the Child Justice Bill and the Status of Children (Parentage Testing Procedures) Regulations during the next month.

We will in 2016-17 review our immigration policies and procedures to ensure we continue to have a just and equitable society where everyone knows and recognises both their rights, but also their responsibilities because together – each and all that are here must build this nation.

Madame Speaker, as I said there is still some way to go in our governance reform efforts; but as an immediate step, GoM, supported by DFID are developing a Policy and Governance Action Plan to implement some essential governance reforms needed over the next year. This demonstrates that this government is serious about reforms and also a signal to our key development partners that we mean business in terms of reform.

Lastly, many of these activities were supported and managed through our Public Sector Reform Programme, Phase 2 and we are currently designing and developing a new Public Sector Reform Programme that will build on the work that has been undertaken and again demonstrate to our development partners that we are implementing Radical reform as “Now is the Season!”

MOU

Madam Speaker, by addressing issues like weak Public Financial Management, actions like we have taken this year, will help DFID, the EU and the CDB to build more confidence that we will spend money wisely. But true partnership will require that onwards we will work together with our development partners on our joint vision for Montserrat. Then we will take the responsibility together to meet this vision.

In 2016-17, as we develop the economic strategy for the Island, we will also write and agree a new MoU with DFID, outlining how we will work jointly towards realizing economic and social prosperity. All partners want to see economic growth and agree it is the only route to sustainably improved social conditions.

Capital Expenditure Programme 2016-17

Madam Speaker this Government is keen on improving the economic status of Montserrat. However, we have faced many challenges over the past year which has significantly delayed our plans for development. Notwithstanding, we have used this time to focus on the issues that have affected project delivery; we are committed to strengthening and improving Programme and Project Management.

Despite challenges, Government is proposing to allocate some \$38.77 million to its capital programme for the upcoming fiscal year. This is financed through approximately 70 percent DFID funding and 29 percent EU funding with a minor contribution of 1 percent from other donor agents.

We expect to bring to this Honourable house more funding for our capital programme, once the ongoing negotiations with our donor partners have been finalized. Such projects include:

Infrastructure

The major **infrastructure project**, budgeted for an estimated \$24.4 million accounts for an estimated 62 percent of the total budget. This is geared towards the continuation of infrastructure work as well as the development of the energy sector.

Madam Speaker, most of the infrastructure related projects fall under the **Montserrat Priority Infrastructure Needs Project**. The project entails but not limited to; the upgrading bypass roads and bridges, improving water mains and electricity distribution across the island, replacement of Government Housing stock and upgrading and refurbishing of existing emergency shelters.

Madam Speaker, we are cognizant of the fact that most of the projects during the fiscal year 2015/16 have been delayed for a number of reasons including for example procurement challenges, project management issues and changes to the way DFID operate. None-the-less, these projects will pick up momentum in this financial year. The sub projects included under this portfolio are;

- i) Roads & Bridges
- ii) Electricity Distribution Upgrade
- iii) Water
- iv) Solid Waste Management
- v) Liquid Waste Management
- vi) Sea Defenses
- vii) Social Housing

Port Development

Madam Speaker, a committee has been commissioned to look at options for the port development. This Government is determined to ensure that the location and design not only caters to current demand but takes into consideration the future needs of our country. Efforts are being made to ensure that after years of waiting for a port that our citizens, donor partners, investors, traders and visitors have access to a port of a very high standard which is built to accommodate heavy traffic. An allocation of approximately \$1 million is made available for this year to make the necessary preparations for the construction of a new port.

Madam Speaker, Montserrat will benefit from the recently launched UK Caribbean Infrastructure Partnership Fund (UKCIF). This fund in the amount of GBP£300million will be administered by the Caribbean Development Bank (CDB). According to the Indicative allocation by country, Montserrat has a top level allocation of GBP£14.4m or USD\$20.3million. The project runs for 4 years from March 2016 until April 2020. This is very good news for Montserrat and we are seriously considering this opportunity and are currently preparing at least 3 project concepts for consideration by the CDB who will be visiting during the month of March to agree a way forward. Montserrat is looking forward to this additional funding source to create economic activity and to meet our urgent infrastructure needs.

Energy sector

Madam Speaker, we will continue on our journey to source geothermal energy by drilling a 3rd well. This well should increase our potential of generating at least 3MW of installed capacity. We also plan to explore the use of solar energy. Both of these initiatives will reduce the heavy cost burden on consumers derived from diesel generation on the island. Due to a number of delays beyond our control, the drilling of the third well is now scheduled to commence in the first quarter of FY 2016-17.

We are pleased to say that *we will see the completion of the Power Station project before the end of the first quarter of 2016-17*. The end of this project will assist with the growing demand for electricity across the island and provide a more reliable service until we can tap into the Geothermal and Solar Energy.

Housing

Madam Speaker, during 2015-16, Social Housing was high on our list of priorities and that will continue through this fiscal year as this Government seeks to improve the standard of habitable dwellings on our island. Through the Ministry of Agriculture, Housing, Trade, Lands and the Environment (MATLHE) we will continue to not only provide affordable housing, but will cater especially for the most vulnerable people in our community. Backed by new legislation we propose to introduce and implement a strategy for the private sector to participate in the provision of housing on Montserrat.

The Emergency Housing and Social Housing Projects are being successfully implemented. The projects have granted and will continue to grant residents access to funding or building materials that will allow them to acquire and own their homes.

The records will show that at least 70 persons benefited under the Materials Grant and Financial Grant scheme for affordable housing in 2015-16; with work commencing on the new emergency homes in 2016-17. On the private sector side we have commitments of financing from all financial institutions and the Montserrat Social Security Fund to participate in our 2016-17 mortgage programmes for affordable housing to be incentivized by this Government of Montserrat.

Health

Madam Speaker, the Ministry of Health will continue to focus on improvement works for the existing hospital and the clinics which began in the last quarter of 2015-16. This will keep the health infrastructure at an acceptable operational standard while plans for new and more modernized facilities are being finalized.

Madam Speaker, I will now present the estimates of Recurrent Expenditure for the 2016-17 financial year.

RECURRENT EXPENDITURE 2016-17

Madam Speaker, the 2016-17 Estimates of Revenue and Expenditure provide for total expenditure (including principal and interest repayments) of one hundred and twenty-seven million one hundred and fifty-two thousand eight hundred dollars (\$127,152,800). This is a 0.85 percent decrease over \$128.24 million for fiscal year 2015-16.

There are varying degrees of changes across the various budget economic classifications for 2016-17 budgets when compared to 2015-16.

1. Salaries, Wages and Allowances will increase from \$45.75 million to \$47.56 million. This minor 0.4 percent increase is mainly attributed to the reintroduction of increments, the filling and establishment of positions in critical areas such as in Education and Social Services.
2. Goods and services decreased from \$37.3 to \$36.5 million. This 2.3 percent decrease is basically the discontinuation of the Contingency Fund in favour of increases in the number of scholarships granted and increases to education and support the continued maintenance of our buildings and equipment and supplies and materials.
3. Interest Payments increased from \$0.23 million to \$0.34 million, 48.1 percent. This is to cover the cost of interest payments on a long outstanding debt the Montserrat Electricity Services Limited (MONLEC) now under Montserrat Utilities Ltd (MUL) for the generators purchased in 2006 and to the Montserrat Social Security Fund for the Davy Hill Housing Regeneration Programme.
4. Transfers and Subsidies which includes payments to our Statutory Bodies decreased from \$24.7 million to \$23.7 million. This 4.2 percent decrease comes from Montserrat paying up its dues to the Resolution Trust Corporation and its successor the Eastern Caribbean Asset Management Corporation.
5. Social Benefits (including Retiring Benefits) moved from \$16.9 million to \$15.3 million a decrease of 1.1 percent. This is mainly as a result of savings accruing from the transition from the retirement age from 55 years to 65 years. Spending on the

subcategory of Social Protection on the other hand has increased by 11.3% moving from \$5.3 million to \$5.9 million.

6. Other Expenses which includes principal debt payments increased from \$2.9 million to \$3.3 million for the same reason as sighted on for the increase in interest payments.

Madam Speaker, I will take the time now to highlight some of the programmes put forward by the individual ministries and departments that will be undertaken in 2016-17.

Public order and safety and defence (increased by \$170k)

Montserrat has the enviable position of having a low crime rate. This is an asset which we must leverage to drive economic interests and development. By the same token we need to ensure that the agencies which help to keep it have the resources to do so. The Police will receive additional funding for new equipment to ensure their safety, improve their investigative capabilities and for routine administrative activities.

The efficient administration of justice is important in ensuring that justice is not denied as the maxim on delayed justice implies. We have supported justice with a provision for additional staffing to efficiently manage the courts. We will also ensure that the Attorney General's Chambers has the resources necessary to provide the government with the best advice possible.

Montserrat must meet and maintain international standards in a number of areas including our prisons. We have therefore allocated additional resources to run our prison service and to ensure that the offenders are treated with the dignity and humanity guaranteed under the Constitution Order and the various treaties to which we are party.

The Royal Montserrat Defence Force has served Montserrat well for over 100 years, this Government is committed to ensuring that this institution remains fit for purpose. We are providing additional resources to improve both its capacity and capabilities to support the people of Montserrat in times of disaster and emergency.

Economic affairs (increased by \$1.65 million)

Madam Speaker, financial crimes to include Money Laundering and Terrorist Financing, drug trafficking, people trafficking and smuggling are all on the increase across the world. Montserrat must do its part to stem the tide. That is why we have approved an increase in the staffing of the Financial Crime & Analysis Unit (FCAU). Our island and a well-functioning FCAU will go a long way towards ensuring that Montserrat can meet the international standards which will ensure that we can continue to be open for business with the international community.

In addition, this budget includes a repayment of outstanding obligations to the Montserrat Utilities Ltd and Social and the Security Fund. These obligations were made in previous years and we have made provisions to ensure that there is a commitment to clearing the outstanding amount over the medium term.

Food Safety and Environmental protection (increased by \$149k)

Madam Speaker, we continue to be committed to developing an agricultural strategy aimed at self-sufficiency, agro-processing and exportation of vegetables, processed meat and fisheries. To this end we will ensure that the newly opened abattoir becomes fully operational and we will also take steps to protect our local flora and fauna.

The Ministry of Agriculture has completed the process of constructing and equipping an abattoir which when fully operational is expected to meet the objectives of:

1. providing high quality local meat products for use locally and possible export in the future;
2. reinstatement in monitoring meat production by public health officials;
3. improving consumer confidence in locally produced meat;
4. safe regulation of local meat production;
5. further diversification of the economy when meat products are produced and exported;
6. renewed interest in the butchering trade;
7. training of butchers in modern practices, techniques and equipment and
8. improving the sustainability of the butchering trade

This budget provides the relevant funds required for operating the facility.

Human Development and Well-Being

Madam Speaker, it is our aim to create opportunities through which our people can fulfil their hopes and enjoy a reasonable quality of life. That is why we have committed to a people first approach to our programmes and have increased the resources allocated to Education, training and youth development.

Education and Training (increased by \$718k)

We believe that our children are the future of Montserrat and that they must be taught well in preparation for the leadership roles they will undertake. As a result there is an increase in the budget for teaching and learning resources and supplies from Early Childhood right up to the Montserrat Secondary School. We will also enhance our partnerships with the two private primary schools, St. Augustine Primary School and the Lighthouse Community Academy.

We did not stop there, the Montserrat Community College (MCC) will also have its budget increased to enable it to continue to prepare our students for higher education while at the same time developing and strengthening its Technical and Vocational Training Programmes.

We must prepare our people with the range of skills and technical capabilities needed to provide for the medium and long term development of Montserrat. The MCC is poised to become the hub for the OECS-EU Eastern Caribbean Institute of Tourism. This will expand the educational services it now provides while generating some additional economic activity. While the main delivery method is online, students are expected to come on island for part

of the programme. Madam Speaker, this will benefit our taxi operators, hotels, guesthouses and restaurateurs.

Madam Speaker last year we increased the number of scholarships available to our people and this year we will continue with this trend. A greater number of persons will be able to pursue their dreams of higher education this year. Thanks to the Prime Minister of Antigua, I was able to secure 1 scholarship per year which can be pursued either at the College of Medicine or the American International College of Arts and Science in Antigua.

Healthcare services and infrastructure (increased by \$1.9 million)

Madam Speaker, this government has set out to address the perennial problems of the funds allocated to the health care system. The hospital supplies, pharmaceuticals and food budget lines have been increased to more appropriate levels. We will continue to address the replacement of obsolete and aging equipment in in the Glendon Hospital and our clinics as well as the purchase of new equipment in order to provide more and better services negating the need for some routine tests having to be done off-island. With all this equipment we are acquiring we are also being responsible and putting in funding to maintain it and the healthcare facilities.

Social Protection – Child Safeguarding (increased by \$1.81 million)

Madam Speaker, we committed ourselves to making sure that all vulnerable people who need reasonable assistance will get it – whether they live on their own or with relatives. The increased protection of our children and vulnerable youth has been prioritised within our Policy Agenda 2015-16 to 2018-19. To safeguard and protect children requires a holistic, integrated approach with all agencies working together. We have committed to ensuring that our agencies have the resources required to ensure that our children are protected and safe.

We are not only concentrating on corrective child safeguarding, but are also taking steps to support our youth in positive initiatives. That is in part why we have provided additional resources to the education system.

The more vulnerable elderly members of our community and those who struggle with poor mental health also require our help. We are providing additional care workers to support and protect these vulnerable persons.

RECURRENT REVENUE 2016-17

Madam Speaker, the revenue estimates for 2016-17 is \$126.49 million, which represents a 1.4 percent decrease over the 2015-16 estimates of \$128.24 million. This projection is based on a combination of new revenue measures, and a planned reduction based on a one-off increase for healthcare equipment received in 2015-16 and modest economic growth expectations of around 1.4 percent.

The new revenue measures for 2016-17 totalling \$81,600 are as follows:

1. Implementation of Tax Compliance Certificate Charge \$15,000
2. Increase Customs Officer Fees to cover quarantine service by \$37,000
3. Implementation of Livestock Slaughtering Fees \$20,000
4. Increase in Planning Application Fees \$600
5. Increase in Electrical Inspection Fees \$9,000

An estimated \$47.27 million (37.4 percent of total recurrent revenue), is projected to come from domestic revenues. Budget Support is expected to contribute \$79.22 million or 62.6 percent.

OVERALL BUDGET - RECURRENT AND CAPITAL

Madam Speaker, the total budget allocation for the fiscal year 2016-17 is \$165.92 million. This Appropriation Bill excludes certain new capital projects since negotiations are still ongoing and since the necessary stages of development projects often do not readily fit in with the annual budget process. Once the negotiation process is concluded, as has happened from year to year, we will return to this Honourable House to have these approved through a Supplementary Appropriation Bill.

The estimated revenue from local sources is \$47.3 million. Tax revenues are expected to account for approximately 83 percent of revenue generated locally. Fees, fines, permits, rents, interests and licenses will be expected to generate 12 percent of the total revenue. Grants for funding the recurrent budget are \$79.2 million for a total recurrent expenditure of \$127.15 million. This represents a 3 percent increase (3.4 million) on Her Majesty's Government's commitment from 2015-16 of \$76.6 million for the 2016-17 budget.

Allocation by Ministries and Programmes

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.

- The Police and Fire Services will receive \$6.2 million or 4.9 percent
- Legal will receive \$1.74 million or 1.4 percent
- Magistrate's Court will receive \$0.34 million or 0.3 percent
- Supreme Court will receive \$0.71 million or 0.6 percent
- Legislature will receive \$1.47 million or 1.2 percent
- Audit Office will receive \$1.26 million or 1 percent
- Office of The Deputy Governor will receive \$31.9 million or 25.1 percent
- Public Prosecution will receive \$0.65 million or 0.5 percent
- Office of The Premier will receive \$11.76 million or 9.2 percent
- Ministry of Finance and Economic Management will receive \$12.66 million or 9.96 percent
- The Ministry of Agriculture, Trade, Lands, Housing and the Environment will receive \$6.4 million or 5.0 percent
- The Ministry of Communication, Works & Labour will receive \$19.7 million or 15.5 percent
- The Ministry of Education, Youth Affairs and Sport will receive \$ 10.9 million or 8.6 percent
- The Ministry of Health and Social Services' will receive \$21.4 million or 16.8 percent

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

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

1. General Public services 30 percent;
2. Defence 6.3 percent;
3. Public Order and Safety 7.2 percent;
4. Economic Affairs 29 percent;
5. Environmental Protection 0.7 percent;
6. Housing and Community Amenities 0.4 percent;
7. Health 12.2 percent;
8. Recreation, Culture, and Religion 2.1 percent;
9. Education 7.4 percent;

10. Social Protection 4.6 percent.

Public Debt

Government of Montserrat's total debt obligation stands at just over \$12.2 million. The bulk of this debt is public guaranteed debt on behalf of the Montserrat Port Authority. The debt levels will be increased when the implementation of the MUL Power project is completed. Even though Montserrat may be incurring additional debt, our debt to GDP ratio will continue to be less than 10 percent. This is well below the fiscal benchmark of 60 percent set by the Eastern Caribbean Central Bank and by other international institutions. We want to keep it that way and therefore on the occasions when government deems it necessary to borrow, it will be done within an overall strategy with clear goals, outcomes and repayment plan.

ACKNOWLEDGEMENTS

Madam Speaker, before I conclude, let me acknowledge the efforts of not only my Ministerial Colleagues and the Ministry of Finance but of all Ministries, Departments and Offices across our Public Service, as well as Her Majesty's Government – in particular DFID and Her Excellency the Governor, the Foreign and Commonwealth Office – in providing a strategic steer with regards to budgetary and technical support and in taking forward our programmes.

Madam Speaker, we want to continue to recognise the continued budgetary support received from the Barbados Delegation, and the Director and Commission of the European Union; we look forward to working with the Delegation to progress the much needed support to enable us to program the funding for EDF 11.

Madam Speaker, we also want to express our appreciation for the support of our regional organisations in providing a sense of stability and enabling greater policy coordination.

In this regard, we acknowledge the inputs from the CARICOM and OECS Secretariats and the OECS Authority for their continued support, the CDB and CARTAC in the provision of technical and policy support and also the work of the Eastern Caribbean Central Bank through its Governor and staff in maintaining financial, monetary and fiscal stability for the region.

Madam Speaker I would also like to recognise the contribution of the Montserrat UK Office in coordinating events, and being the first point of contact on international, especially EU matters and diaspora engagements; Special thanks to the Lucy Faithful Foundation, the Carbon War Room, Statistics Canada, ECLAC and UNDP and UNICEF for providing support through funding, and technical assistance in a number of areas.

CONCLUSION

Madam Speaker, for governments, budgets are about choices. Budget 2016-17 is about making the choices that will enable us to positively impact the lives of our people, while facilitating investments in job creation, infrastructure, innovation, education, health and other social services. This is why, Madame Speaker, this Government articulated an overarching theme for this budget: “Now is the Season: Called to lead, Prepared to serve. Moved to change.” This is our window of opportunity when both the political will and the sentiment among the populace at large come together in times of great opportunity and challenges in laying the foundations to a secure and prosperous Montserrat for generations to come.

Now is the season for us to lead, serve, change, so that we have a society that is at peace with its self; citizens, residents, friends of Montserrat strengthened with the common purpose(vision) of building stronger foundations for a secure future; a public service that functions effectively; engaged professionals; our people having decent homes and incomes; opportunities for our children and young people, thriving businesses, progress in agriculture, construction, tourism, sports, trade and investment.

Lastly, but not least, we are forging stronger partnerships with HMG and our development partners so that there is greater scope and capacity to work more closely to progress and succeed in our endeavours. It is within our grasp to achieve this future. Together, let us make this country even greater.

Madam Speaker, I thank you.

May God bless Montserrat and May God bless us all!