

# **BUDGET STATEMENT 2001**

*Building self-sufficiency and  
earning the right to choose.....*



**presented by the  
Honourable Chief Minister  
&  
Minister of Finance, Economic  
Development and Trade**

**Dr. John A. Osborne**

**Delivered in the Legislative Council  
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## BUDGET STATEMENT 2001

### *“ Building Self-Sufficiency and Earning The Right to Choose...”*

Mr Speaker, I beg to move the second reading of the Appropriation Bill, 2001.

#### INTRODUCTION

1. Mr. Speaker, on behalf of my Government, I wish to congratulate you on your appointment as Deputy Speaker of the Legislature. We also wish you the best in your role as acting speaker at this meeting.

2. I also wish to thank the people of Montserrat for their overwhelming support in the recent elections. I will continue to crave their support for our policies and plans over the next five (5) years.

3. Mr. Speaker, we have been elected at a time when Montserrat's economic development is in crisis. The main factors contributing to this situation are:

- Inadequate revenue generating capacity resulting in the need for budgetary aid totalling more than 50% of the recurrent budget.
- An ever-tightening Aid Framework imposed by Her Majesty's Government (HMG) which reduces total aid from £24.4 million in 2001 to £7.5 million in 5 years.
- A negative economic growth rate of 6.3% for the 2000 fiscal year.
- A struggling private sector that should normally be the engine of growth; and
- A slow rate of implementation of public sector projects.

4. As you can see, I have been given a ship that at the moment is **not** sea worthy. However, I am a resourceful captain and my government and I are prepared to repair this ship and sail it to a state of economic prosperity.

5. Mr. Speaker, building self-sufficiency is this government's long-term goal. However, in the short-term we must also focus on economic revival and stability. I am not saying this because the words sound good, but rather because we must restore our financial independence and national pride. In saying this, Montserratians will be called upon to pursue actions or make sacrifices that are in the national interest. I firmly believe that for the island to develop, especially the North, the approach must be a collective one.

6. In our manifesto my party outlined a variety of plans and programmes which we feel will address the needs of Montserratians. We recognise that it will be a challenge to execute this mandate in an environment where the needs are so many and the resources are so few. Nevertheless, we shall proceed secure in the knowledge that we have the support of a group of capable and committed civil servants, a willing and creative private sector, and an ambitious and hard-working Montserratian people.

7. This government sees its role as providing the enabling environment through Good Governance and Effective Leadership. We are confident that this would encourage our benefactor, the United Kingdom Government, to provide reasonable responses to our plans for sustainable development.

8. Mr Speaker, this budget recognises that our greatest long-term investment must be the development of our people. The forced relocation of Montserratians to all parts of the globe, whatever the benefits, has ripped the heart out of our development efforts. Nevertheless, our greatest asset is still, OUR PEOPLE. We intend therefore, to *place our people first*.

## **ECONOMIC CONTEXT**

9. Before I proceed to outline the details of my government's programmes for 2001, I wish to highlight some aspects of the economic situation in which we find ourselves today.

### **International and Regional Issues**

10. I will first mention a few points about the international and regional environment so that we may see where Montserrat fits into the picture. This is important because many of these issues have a direct or indirect impact on the local economy.

11. The global economy is presently undergoing a critical period of adjustment. Although it experienced growth of about 4.8% in 2000, there were signs of a slowdown towards the end of the year.

12. The engine of global economic growth is the United States economy, which itself expanded by a healthy 5.3% in 2000. However, it was in the United States that some fears were expressed at the end of last year about a possible impending recession. As a result, the Federal Reserve has reduced interest rates by up to 2% so far in 2001. It is thought that this will stimulate consumption and investment, and together with other measures, could serve to avert the danger of a recession. This would be a welcome result for Montserrat and the rest of the Caribbean since our economies are so closely tied to that of the United States.

**13.** In the European Union (EU), growth in 2000 was 3.3%, and the forecast is for a 2.5% growth rate in 2001. It is very worthy of note that the United Kingdom (UK) continues to experience a long period of sustained economic growth. The rate of growth in 2000 is estimated to have been around 3%, with private consumption remaining buoyant. The UK Government also achieved a significant budgetary surplus at the end of the last financial year.

**14.** Given some concerns over prospects for the world economy, the Bank of England has adopted measures aimed at forestalling a weakening of domestic economic activity. As an overseas territory, it is our hope that Montserrat will benefit from the present strong financial and economic position of the United Kingdom.

**15.** Economic performance among Caribbean countries varied in 2000, although most economies experienced some level of growth. High oil prices had a generally negative impact. Economic growth was highest in Trinidad and Tobago which benefited from highly improved prices for its oil products. That country's economy grew by 7.9%, while growth in Barbados was 3.7%, and in Jamaica it was minimal.

**16.** Some islands, such as Antigua and Barbuda and St. Lucia saw a decline in tourism activity, while others such as St. Vincent and the Grenadines experienced a decline in banana exports. The apparent settlement of the trade dispute between Europe and the United States would now make the situation with bananas more predictable. This is a good sign for the stability of our currency - the Eastern Caribbean Dollar.

### **The Domestic Economy**

**17.** One of the main issues affecting the local economy has been the recent dramatic increase in fuel prices on the international market. These prices almost tripled between 1998 and 2000. In 2001, we have continued to feel the effects of high fuel prices and their impact on charges for diesel-generated electricity. These have in turn produced undesirable consequences for inflation.

**18.** One of the main priorities of this government will be to implement measures aimed at mitigating the impact of these increases on our people and the economy as a whole. It is clear that such price movements on essential items can lead to high rates of inflation. This is one thing we must avoid.

### **Inflation**

**19.** At the end of last year the rate of inflation was one point seven percent (1.7%). The largest price increase was recorded in the category of "gas, electricity and water", which rose by nine point one percent (9.1%) on average.

20. During recent months there has been a thirty percent (30%) increase in water rates, a ten per cent (10%) growth in the basic electricity tariff, and a one hundred and twenty percent (120%) hike in the electricity fuel surcharge. This has led to a jump in inflation to 6.8% at the end of March. The avoidance of more immediate price increases is therefore not merely necessary, but vital to the achievement of economic stability.

## **Output**

21. During the 2000 fiscal year the economy of Montserrat suffered a negative growth rate in comparison to 1999. The rate of decline is estimated to have been 6.3%. This performance resulted in part from the slow pace of implementation of several public sector projects which should have brought important economic benefits to the island last year.

22. Mr Speaker, the *first order of business* for this government is to fully investigate this situation and remove the bottlenecks that have robbed the economy of the full benefits of these projects. It is clear that economic performance during recent years has been driven by construction and government services. Therefore, we must not tolerate any further delays in the implementation of these projects.

## **Construction**

23. A second factor that contributed to the negative growth rate in 2000 was a slight decline in construction activity. As we are all aware, many potential homeowners had been waiting for the approval of the Soft Mortgage Housing Scheme to finance the building of new homes. It was expected that at least 55 houses would have been built under this scheme at a value of \$7.5 million. However, by the end of the year very few loans had been approved.

24. This government will vigorously pursue a review of the scheme to make it more accessible to potential homeowners. Once the Department for International Development (DFID) and the Bank of Montserrat are willing to accept certain changes, I am sure that this would generate significant economic activity on the island.

25. Overall, there was little change in the *number* of building starts in 2000 when compared to 1999. The *completion value* of building starts last year decreased by eight percent (8%) to \$13.4 million. The fall in the overall estimated completion value of building starts is a reflection of the decrease in construction activity in the commercial and public sectors. There was an increase in the number of new residential buildings from seventy-six (76) to eighty-two (82), but the value remained at around \$11.0 million.

## **Tourism**

26. Although the present contribution of tourism to domestic economic activity is relatively small, the signs witnessed last year in the industry indicate that there are still good possibilities for expansion. During 2000, total visitor arrivals increased by 10.7%

over the 1999 figure to 14,356. This was influenced by growth in the number of excursionists and stay-over visitors to the island. The number of excursionists increased by 26.1% to 4,019, while stay-over arrivals expanded by 5.6% to 10,337.

27. Together with these signs of visitor interest in Montserrat, it is important to note that the United States economy, our major tourist market, continued to grow throughout most of 2000. Despite some fears of a slow-down in that economy during recent months, North Americans are still travelling, as indeed are residents of Montserrat's other tourism markets, for example the United Kingdom.

28. It is therefore my government's intention to seriously pursue the redevelopment of tourism, and to make this sector once again a major contributor to domestic economic performance.

### **Agriculture**

29. It is estimated that Agriculture contributed only 1.5% to economic output in 2000. This is a significant decline from 5.5% in 1995. The length of the current dry season is causing some concern with respect to the levels of production for 2001. Beginning this year Government intends to adopt measures to reverse this trend, some of which are outlined later.

### **Manufacturing**

30. Montserrat continues to experience very low levels of manufacturing activity. In 2000 the sector contributed less than 1% of GDP compared to almost 6% in 1996. Despite present difficulties, government will put the necessary infrastructure in place, provide appropriate incentives, and vigorously promote the island as a location for small-scale manufacturing activity.

31. Generally Mr. Speaker, due to the short time remaining in this financial year, we may not see the results of some of these policies in 2001. Our immediate goal must be to begin to put in place the strategies that would improve the prospects for our economy, and to start the process of building self-sufficiency for this island.

### **HUMAN DEVELOPMENT INITIATIVES**

32. Mr. Speaker, the term "human development initiatives" is used to discuss our approach to improving the living standards of our people. This is what this government considers development to mean and, as I have said before, we intend to place our people first. Let us now look at the components of these initiatives:

#### **Housing and Land Development**

33. In our manifesto, we stated that our top priority as a government would be housing because we thought that it was 'vital to our continued existence and

development.’ In trying to achieve our ‘collective vision’ as indicated during our campaign we need to foster partnerships with Montserratians at home and abroad, aid donors and the business sector, including financial institutions and other investors.

**34.** Mr. Speaker, in this regard we will:

- Put in place mechanisms for the transfer of ownership of government–built homes to residents;
- Review the current soft-mortgage scheme to make it more accessible;
- Support the private sector in its efforts to deliver more affordable mortgages.

**35.** This appears to be a realistic start given that four months have already gone in the current financial year.

**36.** Mr. Speaker, we have inherited allocations in the development budget of \$3.6 million for Materials Grant Phase II, \$5.0 million for Materials Grant Phase III, and \$1.3 million for Housing Development. We have also allocated the amount of \$1.0 million dollars to develop serviced lots in Look Out and to continue to develop an appropriate land and housing policy.

## **Education**

**37.** This government is committed to the development of education on Montserrat. We believe that education is a mechanism that provides access to opportunities otherwise denied our people. In addition, our drive for self-sufficiency and our limited resources demand that as far as possible our education system must develop the capacity to produce individuals with appropriate skills to meet our development needs. In an environment of declining aid, we must be able to produce students not only for the world of *Academia* but also for the local job market.

**38.** Government views a community college as essential to its education policy and our overall development objectives. The contribution of \$1.5 million dollars allocated towards the building of a Community College by the European Union is therefore welcomed. This will be supported by a further allocation from DFID for the land and site development.

**39.** The strides made in delivering secondary education are noted by this government. We will continue to support the efforts of all those involved to ensure that the standards established are maintained and improved where necessary.

**40.** We take note of the growth in the student population at the primary school level. Since this stage in the education process represents the formative and perhaps the most important years of a person's life, we shall ensure that adequate support is provided for both primary schools on the island. Government will also improve the nursery school facilities at Look Out at a cost of \$912,000.

**41.** Mr. Speaker, in total we allocate \$4.5 million in the Development Budget for educational facilities which also includes the construction of a nursery school at Look Out.

## **Health**

**42.** Government recognises that good health is a prerequisite for a productive community. The primary aim of our health policy therefore, is to ensure that everyone has access to a reasonable standard of health care regardless of his or her ability to pay. To this end, we have allocated over \$600,000 for overseas medical care and to cover visits by specialists to the island. Mr. Speaker, this government has the needs of the people at heart.

**43.** Our health policy will support health institutions and programmes that encourage those who can pay to do so. It will also support those that set aside funds to pay for the future cost of their health care. Mr. Speaker, we will pay close attention to the role of the social security and insurance companies in financing the cost of health care on island.

**44.** We recognise that there is a gap in the level of health care services. We intend to commit ourselves to the systematic development of the necessary facilities and improvements to the delivery of health care on island. The construction of a proper operating theatre and mental healthcare facilities are foremost in our health programme. We have allocated approximately \$4 million in the development budget to support these programmes.

## **Recreation, Sports and Culture**

**45.** Mr Speaker, entertainment, relaxation and physical fitness all comprise an important aspect of good health and well being. They also contribute immensely to worker productivity. Furthermore, opportunities for this type of activity often serve as an added attraction to visitors and can play a role in the development of the tourism industry.

**46.** I wish to place on record my government's fullest appreciation and support for all the work that has been done by a variety of groups and personalities to establish a Montserrat Cultural Centre. While this is not directly a government undertaking, we recognize its importance to the community and would do all we can to facilitate its successful completion and subsequent operation.

**47.** The design has been completed and plans are being made for construction to begin later this year on the land provided by Government. It is envisaged that the building will be multi-functional and suitable for the performing arts, drama, music and dance. It will have a concert hall that will seat up to 400 people.

**48.** The Cultural Centre is now estimated to cost about \$4.3 million of which more than one-third has already been raised. Mr Speaker, no praise can be too high for Sir George and Lady Martin, Mrs Margaret Abbott, the trustees of the Music for Montserrat Charity, the Montserrat Cultural Committee, and all those other committed and enthusiastic individuals who have been working on this project.

**49.** The Cultural Centre will serve as a stimulus for cultural activity, and it is now incumbent on Government to design a sound and integrated policy for facilitating the role of culture in the overall development of Montserrat. The Department of Culture will be fully supported in its efforts to implement an annual calendar of cultural events. This will comprise the St Patrick's Week of Activities, the Year-End Festival, and a series of other activities including radio and television presentations. The Department will also be encouraged to develop relationships with regional organizations that possess resources that can be made available to Montserrat.

**50.** The recent hosting of a cricket match involving the South African team is an example of the manner in which sports and tourism can be successfully linked. The exposure that Montserrat has received is immeasurable. The Montserrat Cricket Association and the Government Sports Department are to be commended for their tremendous efforts in upgrading Salem Park and successfully hosting the match.

**51.** Government will remain involved in the maintenance of Salem Park as well as a number of other sporting facilities around the island. In 2001 much emphasis will be placed on training. This will involve training in a variety of sports for athletes and the coaching staff at the Sports Department. More attention will also be paid to the overseas promotion of events such as the annual Run Montserrat Road Relay. The intention is to attract participants and other visitors from overseas and to further develop the link between sports and tourism.

## **Employment**

**52.** Mr. Speaker, the people of Montserrat have a proud tradition of being independent minded, resilient and resourceful. We cannot lose sight of this fact because of the pressures brought on by this crisis. In fact, it should strengthen our resolve to be better people and a closer community. I believe that it is in these conditions that the greatest sacrifices are demanded, heroes made, and the temperament for nationhood forged.

**53.** Mr Speaker, we believe that government must lead. This we intend to do.

**54.** We believe that government cannot provide everything. It does not have the resources to do so, and even it did, government would still need to avoid undermining the role, power and creativity of private enterprise.

**55.** We believe that, in the context of sustainable development, good government leadership should not encourage increased public sector involvement, but rather provide the stimulus for increased private sector activity.

**56.** We see government as a catalyst, an enabler and a supporter of individual development and enterprise.

**57.** Our approach to employment is therefore to systematically create opportunities within the various economic sectors: construction, tourism, manufacturing, agriculture, financial services, information technology and so on. We ask all of our people to embrace the sectoral plans in our Country Policy Plan (CPP) and make them work for us individually, and ultimately for Montserrat as a whole. Let us think positively.

**58.** Mr Speaker, what we are saying is that we recognise that our people must be able to work. If they work, they become independent. If they become independent, they have freedom of choice. If they have freedom of choice, they are free.

### **Poverty and Community Development**

**59.** Mr. Speaker, as a British Overseas Territory we are guided by the contents of the *White Paper, Eliminating World Poverty: A challenge for the 21<sup>st</sup> Century*. In keeping with the aims of this document, this government intends to build on the findings of the Participatory Poverty and Hardship Assessment conducted in June 2000. This assessment provided a better understanding of the multi-dimensional causes and characteristics of hardship and poverty in Montserrat.

**60.** We intend to meet the challenge of tackling poverty and hardship through the development of consistent social policy principles, promoting partnerships with civil society organisations and providing support in a sustainable and targeted manner.

**61.** With this in mind, we will continue to embrace and improve the relationships developed between government and organisations such as the Montserrat Branch of the British Red Cross, the Rotary, Lions, senior citizens associations and other community groups.

**62.** Government will endeavour to provide reasonable housing for the poor. Rental assistance in the amount of \$300,000 has been included as an interim measure to help persons on social welfare including those who may still be seeking jobs. A further \$200,000 will also be made available to maintain current shelters.

**63.** We have allocated over \$1.0 million in the recurrent budget and \$5.8 million in the development budget to support the care of the elderly. We have further allocated \$1.7

million dollars under the Social Welfare Scheme to cater to the essential needs of those who qualify.

**64.** This is a government with a social conscience and we are prepared to support real needs. However, I must appeal to any citizen who benefits from these programmes, but who is working or has other sources of income, to act responsibly and give priority to someone less fortunate.

### **Social Security and Pensions**

**65.** Mr Speaker, our economy is small and therefore some businesses and schemes are more efficient and effective when merged. We believe that the Social Security and Civil Service Pensions are two such schemes.

**66.** The Social Security Scheme can be strengthened by the inclusion of civil servants. One advantage to civil servants is that they will qualify for pension earlier in the Social Security scheme than in the present scheme. Another is that the transfer also means that civil servants can move in and out of the public and private sector without any loss of benefits.

**67.** We are confident that this is the right move. In our bid to revive the private sector, it is necessary for civil servants to be able to move freely between jobs in the local labour market without losing the benefits normally attached to the years of service. This can be useful because most of our trained people are employed in the civil service.

**68.** The second point I wish to make is that this decision will take us to the point where we can realistically consider a national pension scheme so that those Montserratians who have reached a certain age can qualify for some benefit. In the longer term then, it would be possible for all Montserratians to be entitled to a national pension in their old age, which is the time when they need it most.

**69.** Mr Speaker, we are hoping that civil servants, trade unions and other relevant parties would work together with this government to make these changes possible.

### **AGRICULTURE, AGRO-PROCESSING AND FISHERIES DEVELOPMENT**

**70.** Mr. Speaker, this government acknowledges the need for increased agricultural production, and intends to put in place the measures that would lead to improvements in this sector. We believe that Montserrat should be self-sufficient in food production. Our policy would be to concentrate our efforts in the short-term on producing enough food to feed the local population. However, in the longer-term the focus will need to shift to producing items for the overseas market.

**71.** As mentioned earlier, the percentage contribution of the Agricultural Sector to the Gross Domestic Product (GDP) in constant prices was 5.5% in 1995. That contribution has now fallen to 1.5% in 2000. It is clear that agriculture is an important but struggling sector and unless efforts are put in place to assist its recovery, then all the small subsistence farmers are likely to lose their means of livelihood. They all have children and must be able to support them through the dignity of their own efforts and enterprise.

**72.** Mr. Speaker, this government's approach is first to provide a public market where farmers and fishermen can sell their produce. The second step is to construct an abattoir for meat production. These activities will encourage the farmers and fishermen to trade in an acceptable environment.

**73.** The next step would be to increase the shelf life of agricultural products and facilitate all year crop production. A review of the economic data reveals that manufacturing activity fell from as much as 5.93% of GDP in 1996 to 0.82% last year. Mr. Speaker, we will start to address the issue by reviewing our capacity to manufacture through the development of agro-based industries, and commissioning pilot studies in the selected areas. It is anticipated that over the next five years we would be able to benefit from the fruits of our labour.

**74.** Another area that needs attention is the low level of crop production. A major constraint is the lack of accessible agricultural land. It is the aim of government to bring more land under production, as well as to encourage the use of hydroponics and irrigation techniques to produce suitable crops for domestic consumption and possible export.

**75.** Again, this government recognises the cries of our fishermen for better facilities. We will begin to look at current facilities with the intention of upgrading them over the next three years to an acceptable level. The upgrade will include safe harbour for fishing boats, as well as mooring facilities for fishermen.

**76.** Mr. Speaker, we have allocated in the development budget the amount of \$305,000 for watershed and forestry management, \$957,000 for the construction of an abattoir, \$500,000 towards the establishment of a Marketing/Fisheries facility, and \$485,000 towards improvement of agricultural extension services. Later, Mr Speaker, we will need to consider the scope for a food-processing laboratory.

## **TOURISM**

**77.** Tourism has traditionally been one of the leading sectors of the Montserrat economy. After the 1997 crisis, the industry was as severely affected as all other aspects of social and economic life on the island. Despite this, many agencies, groups and individuals at home and abroad have maintained a keen interest in re-organising and re-establishing tourism as a major form of economic activity.

**78.** This government is prepared to lead the way in the achievement of this goal. With assistance from the Economic Commission for Latin America and the Caribbean (ECLAC), a Tourism Master Plan is being designed. This would help to re-define the Montserrat tourism product, identify the sites and services that need to be developed, recommend ways of improving access to the island, and outline new and creative ways of marketing Montserrat as a desirable destination.

**79.** All initiatives in the industry must be developed in conjunction with the Montserrat Tourist Board and other parties with vested interests. The Board has itself been pursuing a number of programmes aimed at bringing Montserrat squarely back into the marketplace. Projects valued at \$2.5 million have been submitted to DFID for funding. These include a tourist facility at Garibaldi Hill; improvements to the access road; development of a network of hiking trails; and development of the Tourist Board's website.

**80.** Another Board initiative is being undertaken through the Caribbean Program for Economic Competitiveness funded by the Government of Canada. This involves the assessment of training needs within the sector. Regional attachments will also be provided for local industry workers as a means of upgrading the domestic skills base. The Organisation of American States is also making available a consultant who will assist local operators in obtaining websites and making business information available on the internet.

**81.** Government is pleased to note that private operators are also using their own creativity and resources to improve some of the sites of attraction on the island. One such example is Jack Boy Hill which has become an increasingly popular site for day excursionists and stay-over visitors alike. Government highly commends this type of co-operation among business operators and will continue to support such efforts.

**82.** In addition, the role that the Montserrat Golf Course played in attracting visitors to the island is recognised by this Government. It formed a vital and integral part of the tourism product. We feel that there is much to be gained from the construction of a new golf course on Montserrat. We are prepared to consider any reasonable proposal from an investor or group of investors. It is however hoped that this can be achieved in partnership with the local private sector.

## **TRADE, COMMERCE AND INDUSTRY**

**83.** As I have previously stated, the economic strategy of this government regards the private sector as the primary engine of future economic growth. It is therefore necessary that we design appropriate strategies and programmes aimed at revitalising business activity on the island.

- 84.** In keeping with this objective, we will engage a private consultancy to examine the opportunities available for private sector development. Work is expected to start in the next three months. This consultancy is designed to ensure that all Montserratians can participate and make their views heard. I therefore urge all those members of the public who have ideas to participate fully in this exercise.
- 85.** Government fully supports the Business Survey that is currently being undertaken by the National Development Foundation (NDF). The survey will allow us an insight into the needs of the business community and will also be important in designing strategies specifically to support small and micro enterprise development.
- 86.** In the meantime, Government is concerned to see full and proper use made of the funds available under the Small Enterprise Development Project (SEDP). We would wish to ensure that maximum benefits are obtained under the scheme. An extra amount of \$1.8 million will be made available by DFID for on-lending to small businesses. These funds should be so distributed as to facilitate the start of new micro enterprises on Montserrat. Government will, through its representative on the Board of the NDF, seek to ensure that these objectives are achieved.
- 87.** It is also important that the retail units be constructed and made available as soon as possible. Government will do its part by speedily allocating the land for this activity. This project is vital to the economic future of the island.
- 88.** This year Government will begin working towards the erection of at least one more factory shell at Brades. This will be subject to funding availability. Consideration will also be given to a further sub-division of the existing factory shell. We intend to engage in investment promotion to attract new industries to Montserrat, and to work closely with local entrepreneurs who are interested in light manufacturing and similar activity. If we are to be successful at this, we must have space available.
- 89.** Government will also be seeking to get a number of specific businesses fully established and operational in the near future. For example, we are aware that Selsi Ltd. has been experiencing certain difficulties in exporting aggregate from the Belham Valley area. It is important that Government provides all reasonable assistance in order to ensure the viability of this undertaking.
- 90.** For some time now there has been much discussion and negotiation regarding the re-establishment of Radio Antilles. The enterprise has the potential to provide employment and generate government revenue. It would also provide business for other entities such as Montserrat Electricity Services (MONLEC). It is therefore government's intention to expedite the negotiations with a view to getting Radio Antilles operational as soon as possible.
- 91.** All Montserratians are familiar with the American University of the Caribbean (AUC) and all the economic benefits it brought to Montserrat before it was forced to leave a few years ago. The principals are now interested in returning to the island.

Government will immediately begin investigating the conditions which would make it feasible for the AUC to be re-established here.

**92.** In addition to these, Government will explore the opportunities for attracting certain service industries to the island. We believe one such opportunity is in the area of ship registration. This can provide much-needed government revenue and at the same time create the possibility for improving transportation arrangements to and from Montserrat.

**93.** Another opportunity is in the area of information technology. We firmly believe that we can make significant strides in our economic development if we are able to successfully target this as an area of economic activity. This is the direction in which the world is going and we must make sure that we make the necessary arrangements to become fully involved in the sector.

**94.** We are aware that the first condition for entering the information services industry is regular and adequate computer training both at home and abroad. My government is committed to investment in education generally, but especially to this type of training for our young people. This provides further justification for the Community College referred to earlier. Information Services is the type of industry that would allow the youth to develop a skill, and then to use that skill to earn a decent salary and to maintain a good standard of living.

**95.** Finally Mr. Speaker, the Caribbean Development Bank funded project for conducting an Infrastructure Audit and Area Action Plan for the Little Bay Area is now underway. Consultants have already started their work and we are awaiting the report. This would provide the opportunity for us to seriously consider transforming Little Bay into a vibrant business centre.

## **INFRASTRUCTURE DEVELOPMENT**

**96.** Mr Speaker, the development of infrastructure ranks among the most important needs of Montserrat for a number of reasons. First of all, we lost the greater portion of our infrastructure facilities in 1997, and we need to ensure that they are speedily and adequately replaced. This is vital for economic and social development. Secondly, the implementation of infrastructure projects provides income and employment for both public and private sector workers. This in turn has a positive impact on economic growth.

**97.** One of the first tasks facing this new government therefore, is to resolve the issues surrounding those projects that have been delayed for a variety of reasons. The Honourable Minister of Communication and Works has already accorded this the highest priority and we expect to see a significant improvement in the near future.

## **Ports**

**98.** Mr Speaker, it is the view of this government that the time has come for decisive steps to be taken to resolve the issue of air transport. The construction of a new airport facility on Montserrat is an essential condition for economic development. Over the past few weeks, ministers have been absorbing all the information that is available. We are aware that the EU have employed consultants to review the situation and we are awaiting that report.

**99.** It is clearly uneconomic to continue spending more than \$8 million a year on the ferry and helicopter service when this money could be used to build an adequate airport on the island. Our approach will be to consider both a short-term solution and a longer-term solution. The short-term solution would allow us to fulfil present needs while we make adequate preparations for a more permanent facility that would support the development of Montserrat for many years to come.

**100.** In the meantime, government will continue to make the heliport facility as convenient and effective as possible to facilitate the helicopter service. Most of the heliport operations have now been relocated to new and upgraded facilities, and in 2001 the general public can expect to see further improvements.

**101.** With respect to the seaport, government's approach will be as follows:

- (a) Prepare a comprehensive plan for port development.
- (b) Sub-divide the plan into discrete project components.
- (c) Systematically implement and finance each component as a project that fits into the overall plan.

**102.** Mr Speaker, the Little Bay Port is another one of those projects that has been delayed for too long now. Approval was obtained as long ago as 1998 for an amount of \$3.0 million to be spent on development of the port. Government is fully aware that there is a lot that needs to be done at Little Bay and that this level of funding is inadequate to achieve all that is required. However, we must make use of these funds within the context of an agreed comprehensive, prioritised plan. One of the most pressing needs is for warehouse storage to ensure that the goods imported by businessmen and ordinary people are properly secured and remain safe. This is a priority and must be pursued without delay.

## **Roads**

**103.** During 2000 the Public Works Department embarked on a project of road works which was approved by DFID around the middle of the year. The project is continuing this year and will see the completion of about thirty-eight different schemes with a construction value of \$3.4 million. The schemes include new drains, culverts and retaining structures, as well as a complete rebuild of some sections of road. One example

of the work being undertaken can be seen alongside Salem Park where a new drain is being installed.

**104.** The funding for a comprehensive road audit was released in October last year and the successful consultant mobilized to Montserrat in November to start work. His first objective was to provide a financial appraisal of the road network condition and this was completed in early December. It has greatly assisted PWD to substantiate its request for funding for road maintenance works in the 2001 budget. The amount to be spent is \$1.7 million.

### **Water and Sewage**

**105.** Mr Speaker, during 2000 the number of water supply connections increased by one hundred and forty (140). This is clear evidence that there is an increasing demand for water supply and specifically, a demand for water in areas where development is taking place but which have not yet been included in the distribution network. These areas include Mongo Hill, Peaceful Cottage and Mars Hill. It is therefore imperative that the Montserrat Water Authority (MWA) be placed in a position to satisfy this demand as soon as possible.

**106.** For some time now, MWA has been awaiting approval to proceed with the Water III project which would provide distribution branch water mains into those areas still lacking a proper supply of water. It also provides for the replacement of steel tanks which are more than 30 years old, and two reservoirs in new locations.

**107.** It is our understanding that the project was initially delayed by DFID until the previous government agreed to increase the water tariff. As we are all aware, that increase took effect earlier this year.

**108.** My government fully understands DFID's concern that the subsidies to MWA should be reduced and eventually eliminated. This is one of the main reasons why the Water III project is necessary. It would provide water in developing areas for potential customers. It would generate additional revenue for MWA, and eventually lead to a decrease in the level of subsidy required.

**109.** We shall be engaging DFID on this issue in the hope that they would see the need to release the funds and allow the project to proceed. We shall also be requesting MWA to take a closer look at their expenditure patterns and introduce cost-cutting measures.

**110.** The team responsible for sewage operations continues to provide an effective service to the areas of Davy Hill and Lookout. This is a new and expanding service and government will continue to seek ways of developing and improving it, including the feasibility of making the operation as self-supporting as possible.

**111.** I wish also to state that while government wishes to see all statutory bodies pursue a strategy of cost-recovery, this can only reasonably be achieved over a period of time, and must take into consideration any likely impact on the paying public.

## **Power Supply**

**112.** Montserrat Electricity Services faced many challenges during the year 2000. Shortages in generating capacity at the Brades Power Station led to a degradation of the high quality of service to which customers have grown accustomed. The procurement of a fourth generating set at the Brades Power Station, which would have prevented a lot of the problems experienced by customers, had been planned for 2000. This did not materialize due to delays in the approval of Power III Project.

**113.** There were, however, some positive developments during the year. There was an improvement in the revenue base with the connection of one hundred and seventy eight (178) new customers to the system. MONLEC was able to complete the restoration of electricity supply to Isles Bay and Water Works, and construction work on a new Office and Control Centre at the Brades Power Station commenced during the latter part of the year. These developments were made possible through the support of the Government of Montserrat and DFID.

**114.** Improvements in the reliability of the service are expected during 2001 with the installation and commissioning of a fourth 1000KW generating set, upgrading of switchgear and protection systems, and the completion of a centralised control system for the operation of the generating set at the Brades Power Station. The recruitment of consultants for a new power station project is also expected during 2001.

**115.** Extensions and improvements to the Transmission & Distribution (T&D) system are also planned for 2001. These are to include provision of new distribution lines to new residential housing developments. It is hoped that distribution automation will be introduced for the first time on the T & D system. This would enable some switching operations to be done remotely from the control room at the power station, enabling shorter response times during emergencies on the system.

**116.** The efforts of the management and staff of MONLEC to provide a dependable service on Montserrat have not gone unnoticed. For this, I wish to express appreciation on behalf of the Government and people of Montserrat.

**117.** Every effort will be made by this government to merge the public utilities into one organisation. We expect MONLEC to lead in this process. We will be expecting significant progress to be made in this area by 31 December 2001. This will enable us to look strategically at the future of public utilities during the course of 2002.

## **BANKING, CAPITAL MARKETS & OFF-SHORE FINANCIAL SERVICES**

**118.** Mr. Speaker, this government is acutely aware of the large reduction in services in the local financial market. This has stifled our development as the economy is forced to rely on public expenditure for economic buoyancy.

**119.** As we see it, there are two fundamental problems involved. The first is the reduction in the level of financial services available to the public, for instance long-term mortgages and investment capital. The second is the acceptable level of risk which financial institutions are willing to take within this restricted economy.

**120.** The approach favoured by this government is to adopt policies that would create an environment that encourages banks and non-banking institutions to become fully involved in the development process.

**121.** Mr. Speaker, my immediate thoughts are on the revival of the Montserrat Building Society and the need for greater participation of the Royal Bank of Canada in our development. In the latter case, government expects that the institution would decide to become more fully involved in the reconstruction efforts as expected of all our corporate citizens. Government is however encouraged by the fact that the institution has started to open new accounts but we hope that other services would also be made available in the near future.

**122.** This government applauds the efforts of the Eastern Caribbean Central Bank (ECCB) to deepen our financial market. They have done so in many ways but the introduction of the Eastern Caribbean Stock Exchange (ECSE) is most valuable to us at this time especially when HMG's Aid Framework provides for a rapid reduction in aid over the next five (5) years.

**123.** The securities market will be limited to the islands of the Organization of the Eastern Caribbean States (OECS) and allows for the buying and selling of various financial products such as stocks and bonds throughout the region. This will help individuals and businesses to spread their risks by investing and owning businesses throughout the region. Montserratians would therefore have the opportunity to earn interest and dividend income from the region. On the other hand, they would also obtain inexpensive capital to finance businesses by offering shares to regional counterparts as an alternative to loan financing.

**124.** We are looking forward to the approval and support from HMG to join our neighbours in implementing the ECSE Agreement especially in the face of their declining aid policy.

**125.** Mr. Speaker, this government recognises that offshore financial services are a significant source of finance in the medium to long-term and is therefore committed to the development of offshore financial services. It is clear to us that much ground has been lost, as other countries have moved to the forefront in providing these services. I

am also aware that several international agencies such as the Organization for Economic Corporation and Development have established rigid deadlines for us to conform to international standards.

**126.** Montserrat has given an undertaking to implement the recommendations but has indicated its need for additional resources as it seeks to make the required adjustments to current legislation and structures. Let me state that as I speak the relevant legislation and business plans are being drafted.

**127.** Our approach to the provision of financial services is based on six primary objectives:

- i. create a strong regulatory environment;
- ii. establish an appropriately staffed autonomous agency to regulate the offshore business;
- iii. introduce systems that facilitate and modernise current approaches to managing and developing financial services including use of the internet;
- iv. effectively manage the current offshore banking sector and IBCs registered on island;
- v. Identify new financial products for development;
- vi. facilitate the exchange of information as a means of maintaining the integrity and probity of the offshore business.

## **EXPENDITURE MANAGEMENT**

**128.** We are a responsible government. We understand our roles in providing public goods and services and stabilising the economy when the private sector is in crisis. However, we know that if government continues to dominate the market the private sector will never develop.

**129.** Our public expenditure management policy is therefore based on the following themes:

- i. Government should engage only in those economic activities that it must provide for administrative, economic and social reasons and only for as long as absolutely necessary;

- ii. improve efficiency through simplification and modernisation of systems;
- iii. enhance financial management capacity at all levels;
- iv. try to balance recurrent budget over time through prudent expenditure control and enhanced revenue generation capacity.

**130.** Mr Speaker, the first theme will be elaborated below under the heading “Public Sector Restructuring”. The second is very important and embodies a review of our financial regulations and procedures at all levels. These will be introduced in this Honourable House before the end of the year. The third and fourth themes are dealt with in other sections of this budget statement.

**131.** A project has been recently introduced to improve government accounting. This is known as the Caribbean Overseas Territories Government Accounting Reform project or COTGAR. It will cost \$3.0 million. When this is completed the entire government accounting and human resource systems will be computerised. The project also includes significant training modules. The new system will cause some disruptions in the short-term but as the ministries and departments master the programme it will prove to be an invaluable resource. I wish to publicly thank all the organisations and public servants associated with implementing the programme.

## **PUBLIC SECTOR RESTRUCTURING**

**132.** Mr Speaker, much has been said about the need to graduate from a position of budgetary aid funding. Furthermore, DFID has stated that its *total* aid framework for Montserrat during the next five years contemplates financing of no more than £71.0 million pounds. Annual amounts are expected to decline from £24.4 million pounds this year to a mere £7.5 million pounds or less than \$30.0 million in 2005.

**133.** This means that, among other things, Government needs to examine options for increasing efficiency of certain public sector organisations. One option is to restructure and privatise these operations in order to make them self-supporting. In other words, they must not only be able to cover their operating costs, they must also be prepared to arrange their business in such a way as to contribute to capital requirements as well.

**134.** It is the intention of this government to adopt this approach as soon as possible. However, we shall also have to study all the implications so that we may all be able to prepare ourselves in advance and make any necessary adjustments.

**135.** One of those areas that must be returned to the private sector in the near future is the purchase and distribution of fuel. Government was forced to take over the operations when the privately owned plant and equipment in Plymouth were either destroyed or

made inaccessible in 1997. It has put a severe strain on both the government budget and its human resources.

**136.** We shall therefore be requesting the relevant departments to start the tender process for privatisation of the operations in Carr's Bay. It is anticipated that one of the major regional companies would take over both the supply and distribution of fuel. It is also expected that the successful bidder would involve local Montserratian business interests in the overall arrangement.

**137.** It is important to note that divestment of the operations will not necessarily lead to price increases. A company which operates on a regional basis may be able to find ways of cutting expenditure thus reducing the need to raise fuel prices.

**138.** Another operation that calls for close examination is the housing activities presently carried out by the Land Development Authority (LDA). One of the major difficulties faced by that organisation is that housing maintenance costs are extremely high. The rents that are collected are presently insufficient to cover these costs as well as other overheads. Government will make it a priority to sell as large a portion of the housing stock as soon as possible. This would not only create a higher level of home ownership, but would reduce the maintenance burden and the need for significant levels of subsidy to the LDA.

**139.** Beyond this, however, we shall be considering the possibility of re-organising the LDA itself into a self-supporting corporation. Such an entity would be able raise its own financing. A combination of private and public sector persons will be appointed to look at the mechanisms for making this transition. This arrangement can be used to take forward the Little Bay Development and similar infrastructure development projects.

## **PUBLIC FINANCES**

### **Fiscal Review**

**140.** Mr Speaker, I now turn to the state of public finances, and I wish to start by briefly reviewing fiscal performance for last year. Preliminary indications are that total recurrent expenditure during fiscal 2000 amounted to \$50.6 million. This represents a reduction of 15% in comparison to 1999 when recurrent expenditure totalled \$59.3 million. It is also \$3.8 million or 7% lower than budgeted for 2000. It is my understanding that this decline has resulted largely from efforts by the previous administration and DFID to exercise tight control on expenditure. Some of the major areas which experienced cut-backs were Subventions, as well as allocations for Remedial Works, Purchase of Equipment, and Emergency Expenditure.

**141.** With respect to recurrent revenue, the total amount raised during 2000 was approximately \$27.4 million. This represents an increase of 4% over the 1999 total and is

quite close to the budget estimate of \$27.2 million. The increase in revenue was due partly to certain measures introduced in the 2000 budget by the previous administration. These include increases in departure taxes and work permit fees. There was also a one-off windfall payment of company tax during the year. In addition, the Inland Revenue Department has been implementing a combination of standard and creative measures to improve the collection of tax arrears. These have so far produced fairly satisfactory results.

**142.** The outturn for fiscal 2000 therefore shows a deficit of \$23.2 million. As in the recent past, this has been financed by aid funds received from DFID. This deficit is \$10.1 million or 30% lower than the 1999 deficit of \$33.3 million. It is important that we continue to seek feasible options for reducing the annual deficit.

### **Fiscal Projections**

**143.** Mr Speaker, before I proceed to discuss the estimates of revenue and expenditure for the 2001 financial year, I wish to place the recurrent budget in its proper perspective. In the first place, we are bound by law to prepare and present a budget before the end of April. As a result of the timing of the recent general elections, this meant that we had a timeframe of a mere three weeks in which to do so.

**144.** Secondly, we have discovered that since the budget of the United Kingdom government has already been passed in the UK parliament, a fixed amount has already been allocated to Montserrat as budgetary aid for 2001.

**145.** Thirdly, just prior to the announcement of elections in February the previous government had negotiated certain other budgetary arrangements with DFID that now allows us little flexibility.

**146.** There are many things we would wish to change, but because of these quite serious constraints, we have been able to introduce only a few of the proposals we would have wanted to include in this budget. Nevertheless, we accept our responsibility to conduct the business of government as effectively as we can, and to make the best use of the resources available for 2001.

**147.** Mr Speaker, I propose to spend this year the amount of \$55.3 million under the recurrent budget. This figure shows an increase of \$0.9 million over last year's budget, and an increase of \$4.7 million over the actual expenditure for 2000.

**148.** Three of the main factors which have led to the increased expenditure are:

- i. The amount of \$1.0 million will be spent on additional road maintenance and upgrading during the course of this year. As we are all aware, people not only need to build new homes, but they must have proper access to their properties. Sections of the main road and many of the secondary roads will therefore be upgraded.

- ii. Like all the other Caribbean islands, Montserrat will be conducting a population census in the month of May. This will require expenditure of about \$0.5 million, but it is important to note that this expenditure will not be repeated in next year's budget.
- iii. The amount of \$0.6 million has been allocated for the maintenance of Montserratian prisoners, who had to be sent to other Caribbean islands which have better security than we do. Previously, this item was covered under project expenditure.

**149.** I propose the allocation of \$16.0 million to the Ministry of Health, Education and Community Services. This represents 29% of the overall budget, but it includes wages and salaries in departments containing large numbers of workers such as nurses and teachers. The amount to be spent on primary and secondary health care is \$6.6 million. Some of the important items include financial assistance to the Golden Years Home, continued improvements in sanitation, and allocations to finance the visit to Montserrat of health specialists. The allocation to this ministry in the 2001 budget is 4% lower than that for 2000. The main reason for this is that certain changes have been made to the social welfare scheme that have led to a reduction in cost.

**150.** The allocation to the Ministry of Communication and Works for this year is \$5.7 million. As previously pointed out, this includes an additional \$1.0 million to be spent on road maintenance this year.

**151.** The Ministry of Agriculture, Housing and Lands accounts for 8% of the budget, that is, \$4.7 million. This represents an increase of \$0.5 million over last year's amount. The main reason for this is an increase in the subvention paid to the LDA to assist with the maintenance of houses under their control. This government is prepared to implement a programme of divestment that would allow occupants of the houses in Lookout, Davy Hill and other areas to take over ownership. This would also have the effect of reducing the subvention that is currently necessary.

**152.** The amount to be spent on personal emoluments and wages this year is \$23.6 million. While this figure already represents 43% of the total recurrent budget, my government is of the view that public service workers must be adequately and properly compensated for the work they have been doing during this difficult period. The job evaluation review is still ongoing and we do not wish to pre-empt the results. However, in light of recent price increases, we believe that every effort must be made to ensure that public servants and workers in general are able to maintain a reasonable standard of living.

**153.** I wish to turn now to the revenue estimates. Mr Speaker, it is estimated that revenue collection will amount to \$26.6 million in 2001. This figure \$0.8 million less than the revised revenue estimate for 2000. The main explanation for the apparent decrease is that the 2000 revised figure of \$27.4 million included a one-off "windfall" payment of \$1.5 million in company tax.

**154.** The largest source of income continues to be taxes on imports. These comprise Import Duties, Consumption Tax and Customs Service Tax. Together, they are expected to raise \$10.6 million or 39% of total revenue. Personal Income Tax, Company Tax and Property tax are estimated to contribute \$7.2 million, \$1.6 million and \$0.8 million respectively.

**155.** Despite the fact that a good number of taxpayers have recently made some attempts to deal with outstanding taxes, I want to encourage all who are still in arrears to make some arrangement with the Inland Revenue Department to minimize their current tax liability. I understand that many of us are still experiencing difficult times, but if we seriously wish to return Montserrat to a healthy financial and economic state, we have to meet our tax commitments.

**156.** DFID have recently agreed to provide technical assistance to Inland Revenue and a tax adviser is expected on island soon. One of the things I hope he will be able to do is to assist the government in finding ways to improve revenue collection without necessarily increasing the overall tax burden.

**157.** Based on the estimates of revenue and expenditure that I have presented, the expected outturn for 2001 is a deficit of \$28.6 million. This will be financed by budgetary aid from Her Majesty's Government. The amount is \$4.8 million higher than the expected outturn for 2000.

**158.** DFID has sought to make it clear that its approach to aid for Montserrat will no longer consider the island to be in a state of crisis. Less emphasis would therefore be placed on "emergency expenditure". For our part, Government of Montserrat feels that it is the crisis situation which has dictated the nature of our long-term needs, and the process of change from emergency aid to greater self-sufficiency must necessarily be a gradual one. In fact, while it may not appear that we are still facing a physical emergency, it cannot be claimed that Montserrat has already emerged from the economic crisis which resulted from it.

### **Development Fund Expenditure**

**159.** Mr Speaker, I have already expressed my government's concerns about the pace of implementation of projects during the year 2000 and the first quarter of 2001. In the 2000 budget the previous government proposed to spend the sum of \$95.0 million on Development Expenditure. This year we are proposing to spend \$77.8 million on development projects. A total of \$71.8 million or 92% of the funds are to be provided by DFID. The major projects have already been outlined.

**160.** I have to say that I feel it makes no sense for us to come here each year and say to the country that vast sums of money are available for spending if these funds are not going to be actually spent. Despite the short time we have been in government, my ministers have discovered that the project implementation process is cumbersome. We are determined as a government to deal with this issue, and to ensure that no stone is left

unturned in our efforts to see approved projects successfully and expeditiously completed.

## **Public Debt**

**161.** Mr. Speaker, the only significant change in the debt situation during the 2000 fiscal year has been a reduction in the liability with respect to government treasury bonds. A portion of these bonds matured in 2000 and the amount of \$2.0 million was paid to bondholders. The amount outstanding on these bonds has now declined from \$6.0 million to \$4.0 million.

**162.** The foreign debt now stands at around \$20.0 million. Total debt outstanding is therefore approximately \$24.0 million. This will be confirmed when the public accounts are audited.

**163.** Mr Speaker, I have mentioned that DFID have indicated to us the limits of their financial support to Montserrat over the next five years. I strongly suspect that they have not considered our debt situation in arriving at their decision. It is my hope that they would now review the situation.

## **PROSPECTS**

**164.** Mr Speaker, this budget is a tax-free budget. Its primary purpose is to provide a platform from which to restructure the economy through reorganisation of the public sector and the rebuilding of the private sector.

**165.** This budget is therefore one of making adjustments for the medium to long-term viability and stability of Montserrat. Future financial and economic measures will be based on the analysis and recommendations of the local private sector, as well as those resulting from the public finance consultancies mentioned earlier. As I have mentioned before, these consultancies will be conducted in such a manner that every Montserratian will be able to make a contribution.

**166.** We are also encouraged by HMG's recent policy to provide £250 million in investments to Rolls Royce to safeguard 7000 jobs. It is our hope that HMG and Government of Montserrat can, in the spirit of our partnership agreement, find similar creative ways to stimulate growth and development in Montserrat over the next five (5) years.

## **ACKNOWLEDGEMENTS**

**167.** It is necessary for us to recognise the contribution of several organisations and individuals to our beloved country. However, when we attempt to do so the list is either too long or we run risk of leaving someone out. Let us therefore, say thank you to all those who have made any contribution to our recovery effort.

**168.** We must specifically mention the vital role played by our main benefactor, DFID for their significant contribution and without which life on Montserrat would have been unbearable. We thank them and Her Majesty's Government in General for their support. We must recognise also, the efforts of the Foreign and Commonwealth Office under whose administration Montserrat falls, for bringing to the fore issues relating to the Governance of the Overseas Territories.

**169.** It would be remiss of my government not to commend the work of the Eastern Caribbean Central Bank in enhancing the quality of financial and economic information and services available to its members. Montserrat is exceedingly grateful for their assistance.

**170.** Finally, as the tour of duty of His Excellency, the Governor, Anthony Abbott comes to an end, my government and I wish to thank him for the contribution he has made to community organisations and the underprivileged here on island throughout the crisis. We wish him and his wife all the best in their future endeavours.

## **CONCLUSION**

**171.** What is the vision of this budget, Mr Speaker? This budget is one that sets the stage for us to move towards greater self-sufficiency. It appreciates the fact that the closer we are to achieving this, the more choices will be available to Montserratians at home and abroad. This budget accepts the premise that to reach a greater level of self-sufficiency, the private sector must be the 'driving force' within the economy and government the 'enabler'. This budget indicates that this government believes that our people are our greatest asset and therefore encourages individual development and enterprise. However, this budget is also mindful that the economy is in still in crisis and that we are locked into a stringent aid framework that will retard the pace of our recovery. Nevertheless, this budget is suggesting that we can overcome, if we pool our resources and do it together.

**172.** In short, Mr Speaker, this is a budget that blends fiscal prudence with our development goals, but does not ignore the human-side of our development.

**Mr Speaker, I so move.**