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BUDGET STATEMENT

Investing in a people-centered agenda

Mr. Speaker, I rise to move a motion for the second reading of a Bill shortly entitled the Appropriation Act 2005.

INTRODUCTION

1. It is my honour to present to the Legislative Council the main social, economic and financial policies of the Government of Montserrat.
2. I am presenting this budget against the backdrop of a spate of global disasters – record levels of hurricanes in the Caribbean and the United States, severe flooding in Guyana, war and famine in parts of Africa and the Indian Ocean tsunami which to date has claimed over two hundred thousand (200,000) lives. Our hearts and our prayers are for the recovery and relief of all who have suffered. Throughout the world today there are many people facing challenges beyond those we experience here on island. I am therefore thankful to God for his continued mercies on our Emerald Isle even though we have experienced and are still experiencing setbacks but we are gradually emerging from the effects of a prolonged natural disaster.
3. Although, we have endured much as a people, we have remained steadfast in the belief that Montserrat has a sustainable future and we are willing to work to achieve this. This is the compelling message we are sending – no matter the obstacles.
4. As we seek to chart our course in this new era, the global environment is not the same as we knew it in 1995 when the volcano first erupted. Many opportunities have been lost over the years and countries with whom we competed effectively, have moved on.
5. Further, Mr. Speaker, the mad rush by both companies and countries to become larger and to expand their sphere of control has placed tremendous pressure on small countries like ours to maintain their place in a dynamic world market.
6. The result for many small countries is increasing dependence, huge budget deficits, unemployment and a systematic erosion of pride and faith in their own abilities to survive the turmoil of our time. We must ensure that we are not casualties of this vicious game, by being resolute in our purpose and apply our minds to the mastery of this new environment. The opportunities are there and we must find them. We must recognise however, that we must pursue avenues that have been hitherto never explored.
7. Mr. Speaker, never before have training and exposure been so important. I do not mean training to work for someone else but one that will produce entrepreneurs, researchers and thinkers. The training, I speak of is one that will encourage innovation,

explore opportunities, anticipate and neutralize threats and most of all design and produce marketable products and services.

8. There are many educated and trained people who are walking the streets all over the world. We must realize that qualifications alone would not get us a job. The new world scenario also requires teamwork, a problem-solving attitude and good work ethics.

9. As a country poised to reposition itself in the market, we must be reminded that our interpersonal skills are as valuable as our degrees; respect is as important as the food that sustain us and loyalty to our country and its development is as essential as our individual successes. **The principle that must be borne in mind is that the consumers of our products and services have numerous alternatives available to them. There are no guarantees of purchase but we must always be available with a product or service to sell.**

10. Mr. Speaker, Her Majesty's Government (HMG) and the Government of Montserrat (GoM) are investing in programmes to first and foremost ensure that Montserratians have a home and a future. It can all be lost, if we do not act responsibly and if we leave our inheritance for the enjoyment of all who may come. It is possible that Montserratians can be marginalized in the new Montserrat if they do not actively seek out opportunities and invest now. Governments cannot do everything. Every Montserratian must be willing to do his or her part.

ECONOMIC CONTEXT

11. As we look at the year ahead, we do so understanding that Gross World Product (GWP)¹ is growing but at a slower rate in 2005. It grew by 2.8 percent in 2003, 4 percent in 2004 and is forecast to grow at 3.25 percent in 2005. While world economies, in particular, the United States and China show positive growth entering 2005, high oil prices and the resulting corrective policy measures are expected to slow down world growth during the year.

12. More importantly, the countries, United Kingdom, in particular and Europe generally, from which we obtain financial resources are expected to experience growth ranging between 2 percent and 5 percent. We remain hopeful about the potential for us to benefit from their success.

13. Closer home in the Organization of Eastern Caribbean States (OECS) countries experienced real Gross Domestic Product (GDP) growth rates ranging from 14 percent in Anguilla to negative 3.8 percent in Grenada in 2004. Except for Grenada, all the countries of the currency union showed positive growth. In fact, the entire currency union experienced real GDP growth of 4.3 percent.

¹ *World Economic Situation and Prospects 2005*, United Nations, New York.

14. Our own local situation is positive. In 2004, preliminary data indicated that Montserrat recorded its third successive year of economic growth. Preliminary estimates of GDP reveal a growth in GDP of 4.26% in 2004. This is an improvement to the revised 1.2 percent growth rate achieved in 2003. The increased economic activity was mainly influenced by increases in value added for the Banks & Insurance, Transportation, Real Estate and Housing, Construction, Hotel & Restaurants and Government sectors. In contrast, there was a contraction of economic activity in the Agriculture sector.

15. Worthy of note is the monetary survey carried out by the Eastern Caribbean Central Bank which shows that there is a high level of liquidity within the banking system. In fact, using the net foreign assets as an indicator of national savings, Montserrat's net foreign assets increased from one hundred and nineteen million dollars (\$119m) in 2000 to one hundred and seventy three million dollars (\$173m) in 2004. Most of these assets are held within the commercial banking system. The unfortunate situation is that domestic credit is shrinking and in particular business credit which has shrunk from approximately eight million dollars (\$8m) in 2000 to four million seven hundred thousand dollars (\$4.7m) in 2004 at a time when we are counting on private sector businesses to play a lead role.

16. The private sector activity has been assisted by the fairly stable consumer credit of twenty two million dollars (\$22m) lent to households. A considerable amount of this however, goes into financing imports rather than local production.

17. This is a structural issue which we must review more closely in 2005 and design specific policies and programmes to assist in the short to medium term.

Prospects

18. Mr. Speaker, economic growth is expected to increase significantly in 2005. It is estimated that GDP will grow by 6.5 percent, as a result of a number of planned public and private sector projects.

19. The completion of the new airport will be the most important single public sector project. The development of adequate external transport links is essential for the encouragement of tourism and private sector development. The tourism industry is expected to benefit greatly from the Tourism Development Project that is being implemented. This project is expected to be the impetus for growth for the other sectors in the economy. The Private Sector Development project, which is expected to commence in the second quarter 2005, will provide some well needed support to the private sector.

20. In addition, there are a number of private sector initiatives that are planned for 2005. These include: the Cultural Centre, Medical Schools and a major housing development project, Emerald Homes financed through CLICO Insurance Company and the St Patrick's Cooperative Credit Union and an ash manufacturing facility.

21. Other important projects that are likely to come on stream are a major road project and Little Bay Infrastructure project. The revised Lookout II project has been approved, and work has commenced on infrastructure. We anticipate that construction of houses on the available serviced lots will commence in the third quarter. The approval of funds to support the reoccupation of the former Daytime Entry Zone (DTEZ) is expected to generate growth in GDP through repairs to roads, and the building of a bridge over the Belham Valley that will provide all weather access to these areas. With favourable weather conditions, recovery in agricultural production is anticipated, particularly in the crops sub-sector.

22. Mr Speaker, it is in this economic context that we seek to implement the relevant programmes and achieve the strategic objectives outlined below.

PROMOTING POPULATION GROWTH

23. Mr. Speaker, in June 2003 our population was approximately four thousand four hundred and eighty-three (4,483) persons. I am pleased to report that the preliminary figures released by the Statistics Department for 2004 have shown an increase of 207 or 4.65 percent growth to four thousand six hundred and ninety (4,690). You will recall last year when this budget was presented our target was for a 4 percent growth in population.

24. Many of the factors outlined last year as being key ingredients for population growth have been improved or are in the process of being developed. I am happy to report that these activities are starting to have the desired effects.

25. Clearly, although the economy is a challenging one, the message is getting out there and people are responding. However, the fact that the immigrant population is a significant component of our population there is a proportionately high outflow of funds. This is estimated at four million five hundred thousand dollars (\$4.5m) and coupled with the normal leakages experienced in small open economies have reduced the pace of our economic growth.

26. There are two strategies adopted by government which will be outlined in more detail in a Population Policy to be completed this year. The first is to encourage migrant workers to settle and invest locally and the second strategy is to encourage Montserratians to return home. This year, the latter strategy will be given a policy boost by targeting at least five (5) trained Montserratians annually to fill vacancies on island. Where these individuals do not own a home on island, housing will be provided for a specified period to enable them to resettle.

27. This policy will benefit from two million dollars (EC\$2.0m) included in the budget of the Department of Administration to cover the cost of recruitment of new and temporary staff. Also, a new subhead with one hundred thousand dollars (\$100,000) for rents has been included. In addition, an amount of one hundred and thirty-two thousand dollars (\$132,000) has been directly allocated to this objective. Of course the nature of this objective means that it will also benefit significantly from funds allocated under other programmes in housing, education, construction, tourism and social development.

28. Housing will however remain a major constraint on population growth and Her Majesty's Government (HMG's) response along with that of our mortgage institutions will determine the pace at which this issue is resolved.

INVESTING IN ECONOMIC GROWTH AND FINANCIAL STABILITY

29. Our task is to build a society of which we can all be proud; design an economy that is the envy of our peers and cultivate an environment in which accountability thrives. We have learnt how difficult it is to manage an economy where there is social disorder. We therefore commit to building the critical bridge between social and economic policy and to cherish the value of an integrated approach that will benefit the groups of people living on Montserrat. This year we have allocated seventy-nine million five hundred and eighty-five thousand five hundred and five dollars (\$79,585,505) in both the Recurrent and Development Budgets towards the achievement of this objective.

Private Sector Development

30. Mr. Speaker, we cannot achieve the economic growth and financial stability we desire without a strong and vibrant private sector. It is as critical as the air we breathe. Government has programmed through the Private Sector Development Project seven million five hundred thousand dollars (\$7.5m) to create opportunities for the Private Sector.

31. Our competitiveness and responsiveness to market forces will be of utmost importance if the Private Sector intends to take advantage of the opportunities afforded by CARICOM and the OECS. It is for this reason that we intend to develop a pragmatic strategy and action plan in support of private initiative to ensure that we maximize the benefits as a member of both organisations.

32. My Government continues to support private enterprise. We recognise that over the last 10 years, volcanic activity has created undue hardships on the local business community. They had to relocate several times at their own expense, suffered costly inventory losses in an environment where there was severely decreased domestic demand for goods and services.

33. The availability of finance is the core of the private sector problem because as pointed out earlier, even though there is substantial liquidity in the financial system, businesses are hard pressed to meet local borrowing requirements. In some cases, the persistently high levels of debt is debilitating to businesses. An economic and financial response to this situation in the face of scarce financial resources is not easy for any Government to resolve but a study of the problem is essential.

34. Government continues to provide assistance to the Private Sector through policy-based tax exemptions in agriculture, tourism, financial services, construction, mining and quarrying. In addition we have also given individualised exemptions based on circumstances such as hardship, and on innovative projects based on an acceptable business plan. Further, in 2004, we wrote-off over five million dollars (\$5m) in arrears as recommended by the Public Accounts Committee to give recipients a clean start.

35. Again, Mr. Speaker, businesses have been able to carry forward losses and offset them against future profits. Exemptions from property taxes on new buildings in the north, for a specified period, are measures adopted by this Government to allow local business to pull themselves out of the economic and financial quagmire.

36. We have also focused our attention on foreign direct investment – new money. Government has continued to grant concessions to international businesses wishing to set up on Montserrat, on the basis of business proposals, concessions recognise employment potential, technology base, skills transfer, capital outlay and local partnerships. Several businesses are in the process of being established on Montserrat and which will not only boost economic activity but create jobs. These include:

- i. Offshore Schools - two of which have acquired or are in the process of acquiring property.
- ii. Exploration and development of Geothermal Power – government is currently finalising the agreement with a company.
- iii. A German Water Bottling Company – representatives of the company will be on island to discuss the agreement. The Company already own property on island.
- iv. Mining and Quarrying – government is supporting a joint venture company, Montserrat Composites Limited to collect and process the ash deposits on island into a variety of products for export.
- v. Hotel development at Rendezvous proposed by the Property Owners.
- vi. Dive Operation - a number of proposals has already been received and processed by the Development Unit from potential investors in this area.

37. Having said this, my government is not satisfied with the whole process of facilitating and establishing businesses on island and we will implement changes in this area. The first step will be to review the current structure with a view to establish a unit

or organisation dedicated to this purpose and thereby reduce the process time to under six (6) months. The second will be to develop through policy and legislation, a robust but convenient process to attract and facilitate both local and foreign businesses.

38. We will continue to provide incentives where the initiatives proposed are in line with development strategies. We will of course continue to offer relief where proven hardships exist. However, we will be more vigilant in collecting taxes and revenues. Foreign nationals require work permits and trade licenses to do business. They are also required to file tax returns annually. Government is willing to support businesses but we must all be willing to contribute to the cost of developing and maintaining public goods and services.

39. The Government is also prepared to continue to work with the Private Sector to develop where possible areas of industrial development. Government will allocate land and factory space to facilitate the work of Montserrat Composites Ltd. The development of site infrastructure work has already been completed to relocate businesses in Little Bay. In addition, the consultants are now finalising design for Little Bay Town development and my Government will be spending over nine million dollars (EC\$ 9.0m) to provide additional space for Private Sector Development.

40. Finally Mr Speaker, my Government through a variety of ways seek to divest itself of public businesses and services that can be efficiently performed in the private sector. This we hope will lead to a smaller and more efficient and effective Government sector and more importantly, a more empowered and invigorated private sector.

Infrastructure

41. The Government of Montserrat is cognisant of the need for suitable accommodation for Government ministries and departments. My Government is making arrangements to provide suitable accommodation in Little Bay and at the Government Headquarters Site. Arrangements are in also in train for the allocation of a site to house the Ministry of Communication Works to ensure that they are in an environment conducive to delivering the infrastructure needs over the next five years and beyond.

42. We have also approved a organisational structure to take forward the huge infrastructure programme envisaged over the next five years. Notwithstanding this, the entire Ministry will be subject to the Public Sector Review scheduled for May this year.

Road Networks

43. Mr. Speaker, improving and maintaining the island's road network to a very high standard remain our major objective. In 2004, an amount of one million five hundred and thirty-nine thousand dollars (EC\$1,539,000.00) was spent on recurrent road maintenance, including road and drain cleaning. In addition, Government allocated three million five hundred thousand dollars (EC\$3,500,000) for reinstatement of roads.

Some of these funds were used to rehabilitate a major road in Olveston in 2004. In 2005 the remaining funds will be utilized on minor projects such as the Bishop's View Road in Old Towne, Runaway Ghaut Road and retaining wall, and the Cassava Ghaut to Cheap End Junction.

44. Government of Montserrat (GoM) has also recognised the existence of critical backlog maintenance north of Belham, which needs to be urgently addressed. To this end, GoM submitted to the Department for International Development (DFID), a project totalling twenty million dollars (EC\$20,000,000) to eliminate backlog maintenance over a period of five (5) years, with particular emphasis on capacity, safety, and drainage requirements. The scope of the project is to rehabilitate and improve the bridge and culvert structures on the road at Carr's Bay, the Barzey's Road linking Cudjoe Head and St John's; and to enhance the road network through the upgrade of selective housing estates to "C" or "B" Class standards. Several major junctions and shopping locations will also be improved to increase capacity and reduce accidents.

45. In response to our submission, it is expected that DFID will provide the first tranche of four million dollars (EC\$4,000,000) within the 2005 Development budget to address this critical situation. In addition, the construction of an access bridge to the former Day Time Entry Zone with a budget of about three million dollars (EC\$ 3.0 m) will enable all weather access to the former DTEZ and signal our move to reoccupy certain areas south of Belham.

Power

46. In 2004 Montserrat Electricity Services Limited (MONLEC) sought to improve service to its customers with the installation of two generating sets. Sales growth during 2004 increased by approximately 8 percent compared with an average 4 percent increase in the previous year. This was as a result of the increase in the number of new supplies to residences and offices. This growth has enabled the company to improve its operating position to the point that it is again able to retain some earnings for expansion. With the current decline in volcanic activity and the anticipated housing project for relocated persons, the utility looks to the future with great optimism and expectation that its operating position will continue to improve.

47. During 2005, MONLEC will be continuing its plans to build a modern power station in Brades, immediately west of the existing emergency unit. A study of the island's electricity requirements has been completed and arrangements for financing the estimated twenty million dollars (EC\$20m) project are currently in progress. The company expects to award contracts for the supply of a medium speed diesel engine, and construction of the power station later this year. This will be funded in part by a loan from the Caribbean Development Bank.

Water

48. In 2004, the Montserrat Water Authority carried out works to upgrade the distribution main from Nixon's to Banks, in Manjack, and Spring Catchment at Lawyers.

49. The Authority also commenced and completed construction of reservoirs at Lawyers and Baker Hill under the Water III Project which is being funded by DFID. This project also included the Belham Groundwater Development. The first phase, which included exploration and drilling of wells, was completed successfully. The Hydrologist confirmed that water is available in the area and that the yield could be as much as two hundred and eighty thousand (280,000) gallons per day. It is expected that the additional funds will be made available within the Water III Project during 2005 to complete the second phase, which includes the installation of infrastructure to transfer the water to Hope reservoir for distribution to the north of the island.

50. The Authority will seek to address recurring problems related to deteriorating distribution networks in Woodlands and Banks, and the pumping station at St. Peter's during 2005. The Authority will also work with the Caribbean Environmental Health Institute to bring the laboratory up to the required standard for accreditation. This means compliance with ISO 17025 to ensure that the local water is accepted by ships and the overseas market.

Seaport

51. The Montserrat Port Authority continues to demonstrate a commitment to supporting the economy of Montserrat by enhancing staff development, and maintaining security and facilities essential to the safe and efficient transportation needs of residents and visitors to Montserrat.

52. In 2004 the Montserrat Port Authority completed construction of warehouse facilities and the refurbishment of equipment. The Port also continued and completed landside developments to accommodate the related port services in a centralized area, for increased efficiency to users, and took up occupancy of their new operating quarters. Also, Mr Speaker, I am pleased to report that on July 01, 2004 the Port achieved SOLAS (ISPS Code) compliance.

53. Finally, we wish to state that within the next month a new manager will be appointed at the Montserrat Port Authority. My Government congratulates the outgoing manager, Mr. Jemmotte on a successful tour of duty and thank him for the hard work he has put into the port, especially to make us SOLAS compliant.

Airport

54. Mr. Speaker, my Government disbursed approximately nineteen million four hundred thousand dollars (EC\$19.4m) under the Gerald's Airport Project during 2004.

This project has contributed to an overall increase in economic activity on the island. The utilization of a substantial amount of local labour on the project was a positive outcome for Montserrat. Employment was generated for local truckers, suppliers, and a range of sub-contract services both in the building and related trades.

55. The installation of Airport's state-of-the-art Air Traffic Control System, and the commissioning of the new access road, tunnel, and new terminal building have added to customer comfort and satisfaction at the airport facility. The fire building has been completed and the delivery of the fire tender is being awaited. Meanwhile, the first group of local firemen has undergone training in Trinidad and the United Kingdom.

56. Completion of the project's main element, the six hundred (600m) metre runway platform has been re-programmed for completion to allow air services to commence by the end of May 2005. We have taken steps to select the preferred operator in readiness for the commencement of air services.

57. Mr Speaker, you would realise that the commencement of air services to Montserrat will have substantial benefits for our tourism sector and the general investment climate. An airport sends a signal to the world that Montserrat has indeed entered a redevelopment phase. Visitors to the island will be able to purchase tickets directly to Montserrat. The resumption of fixed wing service will also increase the number of overseas Montserratians who want to return to the island but who cannot travel by sea.

Agriculture

58. This year the Ministry of Agriculture, Lands, Housing and the Environment will benefit from a fourteen million four hundred thousand dollar (\$14.4m) budget. This excludes CDB and the European Union funded projects which will account for another thirteen million dollars (\$13.0m)

59. Mr. Speaker, a major highlight of the year was the Agricultural Exhibition, which was held from the 14th to 16th of April. Although the sector contributes less than 3 percent of GDP and its performance declined in 2004, the exhibition highlighted the potential that the Agricultural sector has and shows that it is poised to play a significant role in a revitalized Montserrat economy.

60. Another industry that was given a boost was the Cassava Industry with the introduction of modern processing equipment designed to improve efficiency and remove the drudgery associated with processing this crop. A four-day workshop was held in collaboration with the Caribbean Agriculture Research Development Institution at which farmers and processors were taught to use the machinery and were also taught new ways of utilizing the cassava. We have taken an added step and have dedicated a building to this industry with the hope that this project will form part of our agro industry and export trade.

61. In an effort to keep our farmers abreast with modern technology we have commissioned a Farmer's Resource Centre. This centre is equipped with computers and current agricultural publications, which provide farmers with ready access to the most current agricultural information. The resource centre also serves as a meeting place and a venue for training activities.

62. Work on two major projects, the construction of an abattoir and the construction of the public market, are scheduled to commence in 2005. We have already made arrangement for the purchase of the land in Barzey's for the Abbatoir and the Public Market will be sited in Little Bay. These two projects will cost over three million dollars (\$3m) and will provide livestock and crop farmers with the opportunity to improve the packaging, presentation, and general marketability of their products to the consumer.

Housing

63. In 2005 my Government anticipates the completion of the Lookout Service Lots that will be made available to persons qualified for this scheme. In addition we anticipate the commencement of the sixty EU financed housing project at Lookout. The service lots are currently being done, while the EU housing is going through the tender process. We estimate that these two initiatives will cost approximately twenty seven million dollars (\$27m).

64. During last year there was a Housing Strategy Review done by a Caribbean Consulting Group. This Review is being considered and a DFID Housing Mission will be on island in April to assess future housing needs and possible interventions.

65. Government of Montserrat is also committed to private ownership of homes built under the previous public housing programmes. This was promised in our Manifesto. To this end my Government has been working with financial Institutions to facilitate the transfer of these homes to the occupants on affordable terms. Government of Montserrat has made available through the St Patrick's Cooperative Credit Union soft funds of approximately four million dollars (\$4m) to allow households on the Government Housing Schemes in Lookout, Davy and Shinnland to acquire a mortgage at interest rates lower the commercial rate.

Tourism

66. Mr. Speaker, my Government views Tourism as the sector that will provide long term economic regeneration for Montserrat. It is for this reason that we have allotted seven million dollars (EC\$ 7.0m) over a three-year period to fund tourism related projects. It will also benefit from a recurrent budget allocation of one million two hundred thousand dollars (\$1.2m), a 20 percent increase on the 2004 allocation.

67. A number of projects will commence in 2005 as part of the National Tourism Strategy/Plan. These projects and programmes include:-

- i. The establishment of a National Museum;
- ii. The establishment of Interpretive Centres at the MVO and the Montserrat National Trust
- iii. The development of Walking Trails;
- iv. The beautification of Communities;
- v. The erection of Tourism Signage;
- vi. The undertaking of Beach Improvements;
- vii. The conducting of a Beach Improvement Feasibility Study/Marina & Yachting Audit; and
- viii. The conducting of a Tourism Awareness Programme

68. Government will also assist the private sector in the establishment of a Golf Course in the Foxes Bay area. We deem this critical for the continued development of the tourism sector. We are in the process of assigning the necessary land and the private sector is taking forward the design of the course.

69. In order to make the public aware of our policies Government's Tourism Awareness Programme is currently ongoing and aims to educate everyone on Montserrat about Tourism, and what it means to the economy of the island, and to its people. It will also show how everyone can join in partnership with tourism officials, and those involved in the entertainment, hospitality and service industries to fully understand and interpret tourism in the present day context, and use such knowledge to promote Montserrat, share our culture, our lifestyle, and provide a memorable experience for all who come to visit us.

70. We will place special emphasis on our school population and other young adults, as they are our leaders and workers of tomorrow, and must be prepared to assume the responsibilities now held by us.

71. My Government has also embarked on a Media Project designed to promote Montserrat's positive image. This will involve the mounting of a Photographic Exhibition in the United Kingdom, a film production on Montserrat, training of Media Personnel and Photographers among other things. The entire project will cost nine hundred and fourteen thousand dollars (EC\$914,000) and will include the production of a Volcano Generation Documentary.

72. The "Montserrat on the Move" programme of activities will run alongside the Media Project and will offer thanksgiving and celebrate our resilience throughout the years of volcanic activity.

PROMOTING SOCIAL DEVELOPMENT

Social Policy

73. Mr. Speaker, this Government's social policies are based on some key principles. These include providing access to the basic necessities of life that is, housing, education, health, while at the same time implementing programmes aimed at reducing marginalization and social exclusion; tackling poverty and hardship, and most of all promoting the empowerment of our people. In the 2005 budget, nineteen million two hundred and eighty-five thousand eight hundred and sixteen dollars (EC\$19,285,816) has been allocated to promoting social development.

Health Services

74. The motto of this government continues to be, "in the health of the people is the wealth of the country." That is why Government is committed to a health care service that delivers high quality health care to all Montserratians at an affordable cost and access to specialist services where these are not available on island.

75. The total health development package was delivered at a cost of approximately seven million five hundred thousand dollars (\$7.5m). We have completed the upgrading of our primary care clinic facilities, and opened our new operating theatre and mortuary. We now have in Montserrat a theatre that is comparable to those in the region and elsewhere. In 2005, my Government has allocated approximately ten million nine hundred thousand (10.9M) to Health Care delivery.

76. In 2004, the St Peter's Clinic was opened at its new location. It is with a sense of satisfaction, that I report the appreciation of the people on the ambience of this new and improved facility. . Visiting specialists have complimented this Government on the quality of the facility and commented on the potential for its future use. The same is also true for the visiting ophthalmologists who have had the opportunity to use the St. Peter's facility.

77. These facilities are fundamental to our approach in expanding the surgical and eye care services that are available on island, as well as, the wider goal of making health an income earner and a positive contributor to efforts of economic growth and development on island.

78. As part of our expansion of this primary preventative care effort in 2004 we embarked on an initiative to promote occupational health and safety in the workplace and 2005 will see a continuation of this effort.

79. We will soon be spending two million and forty nine thousand dollars (EC\$2,049,000) on the renovation of the Elderly Care Facilities such as the Hill View and Margetson Memorial Homes.

80. We still have more work to be done especially in the case of mentally challenged persons. Further focus is being placed on the needs of this group with the provision of the Mentally Challenged Housing Project, being drafted by the Ministry of Education, Health & Community Services. This project will respond to both the housing and care needs of this group and provide permanent systems and solutions to ensure their welfare. Temporary measures have been implemented through the re-tenanting of Garling Hill House and a reviewed schedule of care giving. Mr Speaker you will note that starting in 2005 we have programmed just over two hundred thousand dollars (\$200,000) in this area but increasing by two million dollars (\$2m) in 2006 and another two million dollars (\$2m) in 2007 making a grand total of four million two hundred thousand dollars (\$4.2 m) in this area.

81. Mr. Speaker, to ensure consistency in the long term development of health care, we intend to have a comprehensive review of the health care system with a view to improving access and the quality of health care delivery on island. This will look at the appropriateness of the current system in light of our development initiatives and to make recommendations and specify actions needed within the next five years to ensure that our people have high quality care on island.

82. These recommendations and actions will feed into a 5 year strategic Health Development Plan to be funded by DFID.

83. In 2005 Government will collaborate with the private sector to keep down the cost of health care to the people of Montserrat. We are aware that not all members of the public have access to the hospital pharmacy and we are also aware of the high cost of medication. As such we have been seeking ways of working with the private sector to access government's procurement sources and services. We expect this collaboration to substantially reduce the cost of medication offered through the private sector thereby reducing the reliance on the hospital pharmacy for these services.

Social Welfare Services

84. Mr Speaker, the demand for protection and care services continues to increase due to vulnerabilities resulting from factors such as continued resettlement efforts, old age and medical emergencies. To this end we have allocated three million nine hundred thousand (\$3.9m) in the 2005 budget.

85. Social Welfare Financial Assistance has been provided to an average of two hundred and eighty-seven (287) households on and off island at an average monthly cost of one hundred and seven thousand and seventy-one dollars (\$107,071.00). This provided assistance to an average of three hundred and thirty-five (335) persons including seventeen (17) children under the age of sixteen (16) years.

86. Rental assistance figures showed a gradual increase from ninety-seven (97) households at January 2004 to ninety-nine (99) households at December 2004. This

resulted mainly from continued efforts to empty all shelters and provide permanent housing solutions for the affected persons.

87. Foster Care allowance was being issued to a total of thirteen (13) children at December 2004, with a monthly cost of three thousand nine hundred dollars (\$3,900.00) to provide assistance with their daily living expenses.

88. One-off grants have been approved for over two hundred and fifty (250) persons this year to provide food packages, home requirements, school supplies, funeral expenses and medical costs. Medical cases have declined somewhat, with only forty-six (46) persons being assisted to date at a cost of approximately sixty thousand dollars (\$60,000.00). Total expenditure for one-off grants was in excess of two hundred and seventy-five thousand dollars (\$275,000.00).

89. Care services continue to be extended to vulnerable groups through the collaborative efforts of the Government of Montserrat and NGOS such as the Old People's Welfare Association, Meals on Wheels and Golden Years Home. The Government of Montserrat provided subventions totalling seven hundred and thirty-five thousand dollars (\$735,000.00) to ensure that the services provided were on going and effective.

90. Mr Speaker, my Governments sees some of these welfare measures as short-term solutions because we would wish to encourage our people to revert to the state of independence that was once the hallmark of our society. Therefore as the economic activity increases it is Government's intention to assist able-bodied people to graduate from the welfare scheme to gainful employment. Obviously this will require a series of programmes and interventions aimed at achieving this.

Education

91. Mr. Speaker, the Department of Education continued to implement the programmes outlined in the Five Year Education Development Plan -2002-2007 (EDP). Many of the major projects have been implemented and the needs are less. This year we have allocated approximately seven million dollars (\$7.0m) to the Department.

92. In the area of Early Childhood Education, efforts were made to increase access. This is an on-going activity as plans are afoot to establish another Early Childhood Centre, by the new school year, possibly sited in Salem, to help cater for the increased demand.

93. The School Lunch programme was extended to the Nursery Schools and there are plans to improve quality in this area.

94. At the secondary level, efforts continue to be made to improve achievement for all students. In the graduating class, all but one student did at least one overseas examination. Students' performance in the Caribbean Examination Council (CXC), Caribbean Advance Proficiency Examination continues to be commendable with an 88

percent pass rate. The performance at CXC Caribbean Secondary Education Certificate (CSEC) level yielded an 81 percent pass rate, a slight decrease from 2003.

95. The Montserrat Community College started operations in September 2004 on a budget of one million dollars (\$1.0m). We have disbursed six hundred thousand dollars (\$600,000), which included one hundred thousand dollars (\$100,000) to assist persons so inclined, to pursue academic and other research on issues facing the island. We hope this will provide an incentive for our people to investigate and compare the many things that remain undocumented and unexplored. In 2005, one million dollars (\$1.0m) have been allocated to the Community College.

96. Currently, the programme is limited to the CXC Advanced Proficiency Examinations, and part-time courses in two business subjects at the CXC Secondary Education Certificate level. This will be expanded to cover technical and science based programmes including nursing education and other skills necessary for the hospitality industry and more broadly skills suited to our development needs.

97. We also expect the Community College to offer courses in collaboration with established universities in the Region, Europe and the United States. It is hoped that over time this will give the College international recognition especially in areas of volcanology and disaster management.

98. Mr Speaker, the budget also includes funds for the expansion of educational infrastructure, the establishment of a Special Needs Unit at the secondary level, the purchase of furniture for the new Early Childhood Centre and the purchase of library books for the Montserrat Community College.

99. Mr Speaker, I am proud to say that for the first time in the budget there is an allocation for the training of an "Island Scholar". The Ministry along with the training division will be expected to make arrangements for a deserving citizen to be recommended to Government of Montserrat for the award. It must be in areas critical to the development of Montserrat, the region or the international agenda. We are looking for people who can reach the highest level of human endeavour.

100. My Government intends over the year to assist private schools as outlined in the recently passed Education Act. It is also in keeping with Government's belief that it should reduce its own involvement in providing public services where the private sector has the capacity to do so. Government would then focus its energies on the monitoring and regulation of institutions. It is only in doing so can we influence our environment.

101. These initiatives will help to ensure that our education system is able to meet the needs of not only the resident population but also to Montserratians preparing to return home.

Sports and Cultural Development

102. The Government of Montserrat continues to focus on Sports and Cultural Development. We have continued to increase the allocation to Sports in order that more young people can benefit from competitions and training opportunities. In addition, this year we continue to upgrade the Sporting infrastructure and this year we have budgeted some eighty thousand dollars (\$80,000) in the Budget for the upgrading of the Salem Park in time for the hosting of this month's Regional Cricket Tournament.

103. Culture will obtain a big boost from the construction of the six million dollar (\$6.0m) Cultural Centre now under construction at Little Bay. This will complement the Department of Culture own programmes for the development of Visual and Creative Arts.

104. In addition, Mr Speaker, the Government of Montserrat is pursuing a programme of recognition of prominent persons who have contributed to the development of this country. To this end we will on St Patrick's Day name the Carrs Bay -Little Bay Road, the Robert W Griffith Drive.

STRENGTHENING PUBLIC ADMINISTRATION AND CIVIL SOCIETY

105. Mr. Speaker, my Government has on more than one occasion expressed our commitment to the modernisation of the public service and to moving towards a performance-oriented system. We continue to invest considerable sums of money in the public service and this year we have allocated sixteen million eight hundred and ninety-two thousand eight hundred dollars (\$16,892,800) to create a high quality and efficient team. We are also pleased to report that a consultancy firm has been engaged to take this review forward. It is expected that the contract will be awarded and the review commence as early as April this year, and will last for approximately eighteen months.

106. In taking forward this review it is essential that we identify the areas in which we wish to compete, develop competencies in these areas and provide **high** quality services. This will require a more responsive civil servant - one who is alert and who will ensure that Montserrat obtains maximum benefit from resources and opportunities, as they become available. In other words, Mr. Speaker, the Public Service must focus on results. Where persons have distinguished themselves in the achievement of their objectives, they should be rewarded and where they have failed they should be sanctioned.

107. Mr. Speaker, we also recognise that in this process, training is important. Training however, must improve the levels of productivity within ministries and departments. Over the past year, this has been the primary focus of our in-service training programme. Our training focus must now target the management system. This

will be designed to ensure that the full potential of the civil servant is developed and that each employee is placed where he or she can make the greatest contribution.

108. Again, we cannot modernise the service without the use of appropriate technology. Our efforts to date have cost over four million dollars (\$4m). My Government intends to support our E-government initiatives. At this point every ministry has the capability to make payments and manage their budget allocation electronically. There is a corporate email and other facilities to enable all public officers to communicate quickly and efficiently and to work on an electronic document from different locations without ever printing the document until it is necessary to do so. We are also, in the process of developing our government website.

109. We still need to introduce systems that will allow persons to file forms electronically and to pay their bills online. The Inland Revenue and Customs Department are targeted for these initiatives.

110. This Government is committed to the retention and welfare of public Servants. We are in the process of making arrangements for all remaining public servants to go to the Social Security Scheme with effect from **1 January 2005**. We have included an increase in salary to offset the increase in cost of living and to cover the cost of Social Security contributions so that civil servants will not have to pay this from their current salary. We have negotiated with DFID approximately four million seven hundred thousand (\$4.7m) to cover arrears in Social Security contributions for the past five (5) years. The Social Security has presented some alternative options, which are now being considered by Government.

111. Additionally, we are awaiting a proposal from the public service unions regarding a more flexible pension scheme that will not bind them to the public service in order to benefit. Once this is concluded, my Government will take steps to introduce an appropriate National Health Care Insurance Scheme to ensure that all our citizens have access to the health care they need whether or not they have the necessary funds.

112. This will bring us closer to the integrated Social Welfare system endorsed in the Social Welfare review and one to which you contribute while you work, and benefit when you are unable to do so.

113. During this year, my Government intends to take steps to build suitable accommodation for its public services. We are currently considering proposals from the private sector to construct some of these buildings on a lease purchase basis. We are also hoping that with commitments by DFID and the private sector our accommodation problems will be resolved by 2007.

Civil Society

114. Mr Speaker, we have always recognised the work of civil society that is, all the Non Governmental Organisations that have laboured to ensure that Government is

made aware of the issues facing various groups within our community and that Government is kept on track.

115. We recognise, in particular, the work of the Montserrat Branch of the British Red Cross, the National Trust, Community groups, Trade Unions and so on. We will continue to support your programmes through the various budgets of the Ministries. We will also continue our policy of providing exemptions in 2005 to churches where the items will be for collective benefit of members and in support of community based programmes.

BUILDING EXTERNAL RELATIONSHIPS

116. Mr Speaker, the integration movement among small Caribbean States must be seen in the context of globalisation. Montserrat cannot make it on its own. Hence the Government of Montserrat is proud of its Membership in the Regional institutions, such as CARICOM and OECS. We therefore intend to pursue entrustment from HMG to sign the revised Treaty of Chaguaramus.

117. As an Overseas Territory we also intend to explore ways to build stronger links with members of the European Union especially in areas of trade, investment and tourism but without detriment to our regional ties.

118. We also recognise that our status as an Overseas Territory sometimes limits our participation in a number of regional projects funded by multilateral agencies. We have been making a consistent effort to get the British Government to make interventions on our behalf but this has not always been done to our satisfaction. In saying this, we are not unmindful of the great strides that have been made in terms of budgetary and development support from HMG through DFID. Also, the appointment of an official to assist with tackling our issues in Brussels is welcomed but there is a long way to go yet.

119. As you aware Mr Speaker, the full committee of the Legislative Council have examined the recommendations of the Constitution Review Committee. During this sitting the final recommendations will be tabled in this Honourable House and will then be forwarded to the Foreign and Commonwealth Office for consideration.

120. We will be signalling in the review that Montserrat wants to pursue and improve its external relationships and in fact aim for better partnership arrangements with our key donors, multilateral agencies and fellow member states. To this end we have allocated three million three hundred and seventy-one thousand six hundred dollars (\$3,371,600).

ENCOURAGING ENVIRONMENTAL SUSTAINABILITY AND RISK MANAGEMENT

121. Mr Speaker, my Government is committed to the orderly use and development of our environment. We recognise that we live in an area that is prone to hurricanes and based our experience from 1995 to 2003 we are also susceptible to volcanic activity. We have consequently, allocated seven million four hundred and sixty thousand one hundred and one dollars (\$7,460,101) to the improvement and maintenance of the natural and artificial environment.

122. Government has continued to reduce our vulnerability through the enforcement of our building code and ensures that buildings constructed on island are able to withstand winds in excess of 200 miles per hour. While constructions costs may be higher than in some territories, the designs and construction methods are aimed at ensuring minimum damage during hurricanes. We believe that this is a critical factor in building investor confidence and I believe that it is for this reason that our residential homes are being sold so quickly at this point.

123. With respect to volcanic activity, Government sees this as an opportunity for research institutions. In fact several universities have already shown an interest in this area and several students have gained doctoral degrees from research done on island. The materials can also be used for a variety of purposes and we should see substantial growth in the mining and quarrying sector in the medium to long term. Our prospects in the area of geothermal energy are also quite good.

124. Notwithstanding the opportunities outlined, the overriding concern here is the monitoring and regulation of environmental matters. To this end, we intend to continue to engage and draw on the international expertise of the British Geological Society to monitor the activity of the volcano. This expertise combined with the technology of our world-class observatory is again rebuilding the confidence of the investing public. In fact people have started to clear properties in the former exclusion zone, a golf course is in the early stages of being established and the infrastructure needs are being discussed.

125. Finally, in order to demonstrate our commitment to the environment, we have established a new Department of the Environment under the Ministry of Agriculture, Land and Housing. This will serve to bring environmental matters to the forefront of our planning.

CENTRAL GOVERNMENT FINANCES & PROSPECTS

126. Mr. Speaker, my Government continues to target its funding on the strategic objectives that we have set ourselves. This year we have paid greater attention to our people and development.

127. The total budget for 2005 is one hundred and twenty seven million eight hundred and twenty-eight thousand one hundred dollars (\$127,828,100) with recurrent expenditure accounting for eighty million one hundred and five thousand one hundred dollars (\$80,105,100) and development expenditure allocations totalling forty seven million seven hundred and twenty-three thousand dollars (\$47,723,000) (See annex 1). Also in annex one is the revised estimate for 2004 which has increased to ninety one million three hundred and sixty two thousand eight hundred dollars (\$91,362,800). This reflect additional budgetary aid received from DFID to cover the ash clearing programme and monies provided to cover government's social security arrears liability on behalf of civil servants.

Recurrent Revenue

128. Recurrent expenditure of eighty million one hundred and five thousand one hundred dollars (\$80,105,100.00) is expected to be financed by local revenues of thirty-two million seven hundred and forty-three thousand six hundred dollars (\$32,743,600.00) and a budgetary grant of forty-seven million three hundred and sixty one thousand five hundred dollars (\$47,361,500) from Her Majesty's Government. Revenues from local sources are expected to grow by approximately 7 percent and most of this increase will arise from the economic growth anticipated in 2005 and a general review of rates and charges.

Recurrent Expenditure

129. The figure quoted above for recurrent expenditure for 2005 covers Consolidated Fund Services (CFS) estimated at nine million eight hundred and ninety six thousand, six hundred dollars (\$9,896,600). This amount includes an 8 percent increase to pensioners and the annual cost of placing established public servants unto the Social Security Scheme. The amount included for CFS is approximately 19 percent higher than last year's approved estimate.

130. The remaining seventy-one million dollars (\$71m) has been allocated to Government ministries and departments (See Annex 1 - Supply Votes). This is approximately 14 percent less than the amount allocated for 2004. The reasons for this have been given earlier in my presentation.

131. The estimates for the Supply Votes also include the pay rise of 10 percent for civil servants discussed earlier and a general increase to ministry and departments to take account of the effects of inflation.

132. Mr. Speaker, primary and secondary health care and community services have had their programmes boosted by an additional four hundred thousand dollars (\$0.4m). The Department of Public Works will also benefit from an additional one million five hundred thousand dollars (\$1.5m) in their maintenance programmes and under the Department of Administration another two million dollars (\$2.0m) has been included to cover staff recruitment and substitution costs.

Development Expenditure

133. My Government is pleased to say that development expenditure has increased from forty-two million nine hundred and thirty-eight thousand four hundred dollars (\$42,938,400.00) in 2004 to forty-seven million seven hundred and twenty-three thousand dollars (\$47,723,000) in 2005. This is the trend we hope to encourage in that we spend less on the recurrent budget and more on development projects.

134. We have also placed six hundred thousand dollars (\$600,000) under locally funded projects to cover specialist services needed to support project implementation.

Aid Framework 2005/6

135. I am pleased to say, Mr. Speaker that 2005/6 will be the last year of the DFID Aid Framework established under the previous Government. According to this framework, budgetary and development aid were programmed at seven million two hundred thousand pounds (£7.2m) and five million three hundred thousand pounds (£5.3m) respectively. You will note however, that the amount approved for this year (2005/6) for budgetary aid is now nine million six hundred thousand pounds (£9.6m) and **new** development aid funds will be two million eight hundred thousand pounds (£2.8m). Additional funds required for transport subsidy from April to July 2005 are under discussion with DFID and have not been included in this budget.

136. Further, Mr Speaker, we are now in the process of discussing with a view to introducing a Memorandum of Understanding signed off annually to cover budgetary aid allocations. The intention is to discuss budgetary aid in line with the agreed objectives and programmes between GoM and DFID. This mode of approving aid will be more in keeping with the kind of partnership envisaged in the ***White Paper: Partnership for Progress and Prosperity***.

137. Finally, we are grateful to DFID in that while they continue to demand onerous justification, transparency and accountability, they have sought over the last few years to link aid more closely to our development priorities and needs. This, Mr Speaker, has

been made possible by the improved planning and economic management of the New People's Liberation Movement.

KEY MACROECONOMIC TARGETS AND FINANCIAL POLICIES

138. Mr. Speaker, we have looked at the private and public investments in the pipeline and while our acceptable long-term growth rate is 3 percent, we believe that growth rates in excess of 4 percent are achievable. The preliminary growth rate of 4.26 percent for 2004 has confirmed this and we are pleased because we would have almost achieved our 2004 target of 5 percent. This year our intention is to aim for a growth rate of 5.5 percent.

139. I have already indicated that we have exceeded our 2004 target population of 4 percent. This is partly due to a few returning Montserratians, regional persons seeking employment and a new surge in residential tourism. We are now seeing more European property owners especially from the United Kingdom. We expect that this trend will continue in light of the double taxation agreement with the UK and **our low tax on pension policy** announced in last year's budget. You will note that this is unlike pre-volcanic era where most of the property owners were Americans and Canadians. We anticipate that as housing and employment become available in 2005-2006 that an increasing number of our people will return. Our goal is to increase our population by 5 percent in 2005 and 6 percent in 2006.

140. The Consumer Price Index (CPI) has risen from 1.2 percent in 2003 to 3.6 percent in 2004. We have tried to control this index when we moved towards the international tariff system and introduced the CARICOM Common External Tariff. Generally, this was successful except on certain products. Government has since modified the tariff in response to submissions made with respect to hardships faced within the community. Unfortunately, items such as fuel and steel in particular increased on the international market which had a negative effect on local prices. While we recognise that we have little control over this Index, we will seek to implement measures that will maintain a CPI of less than 2.5 percent, which would be broadly in line with Montserrat's major trading partners.

141. General wage levels are expected to rise during 2005 in line with inflation and staff recruitment and retention policies. However, the increase is likely to be below 8 percent.

142. Our balance of trade will remain adverse with imports exceeding exports by over sixty million dollars (\$60m). We anticipate that this will change positively in the future as private sector investments establish themselves. We look forward to the construction of

the public market and increased local production thereby reducing the import bill. Further, we hope that the Private Sector Development project will look at export oriented mechanisms to ensure that the trade balance reduces by at least 10 percent over the next five years.

143. My Government is concerned about the unsustainable debt levels in the region. Clearly, from the figures Montserrat does not have a problem however, it is important to enforce a level of fiscal discipline that will permeate all levels of Government and become the norm. We will seek to keep the level of debt over the next five years to under 20 percent of GDP through innovative means of financing services.

144. Again, Mr Speaker, budgetary aid has been falling as a percentage of GDP except for 2003 and 2004 when additional budgetary aid was required to finance the ash-clearing programme and revitalise the battered tourism infrastructure. We expect budgetary aid to fall below 50 percent of GDP in 2005 and 40 percent of GDP in 2006/7.

FINANCIAL POLICIES

145. Mr. Speaker, as mentioned before over the last four years a variety of incentives and exemptions have been provided to individuals and businesses to bring relief to them or encourage business development. In 2005, we intend to revisit these policies to see how we can make them more effective without detriment to public revenues.

146. We have recognised also, that there are fundamental weaknesses within the economy. These include a weak financial market, comparatively high prices, small domestic demand, proportionately high migrant outflows and an unhealthy reliance on government to drive the economy. While my Government accepts government's role in economic regeneration and we find it reasonable to continue do so given the impact of volcanic activity on island, it is an unsustainable position in light of our intention to seek the highest level of self determination possible.

147. In response, we encourage our financial institutions to look over the next five years for opportunities to lower risks associated with the local and external market. It would be also useful to seek to overcome the high operational costs associated with small organizations in order to withstand the inevitable and imminent competition resulting from the liberalisation of the financial market.

148. Government of Montserrat is also prepared to support efforts by financial institutions aimed at restructuring and re-organising themselves to meet future challenges and offer cheaper financial products.

149. Government intends in 2005 to look at ways in which it can assist small businesses formally located around the Belham that have suffered losses as a result of the volcano to re-establish themselves. We will assess these businesses to see what exactly can be done and design an appropriate assistance programme. We have allocated an initial sum of \$200,000 for this purpose.

150. We also continue to recognize tourist accommodation and housing as a major issue and will provide incentives to property developers involved in constructing residential homes for resale. A set of criteria will be developed to determine who will qualify for such support.

151. Training has been pointed out as being critical for future development. This year my Government will make available a Student Loan Programme with an element of grant funding included. We intend to have this ready by July 2005. This is to ensure that a wider cross-section of the population have access to tertiary education. We would encourage persons to borrow for skills that are marketable and in areas that will help them to establish businesses for themselves.

152. Later this year, we will also review the fees and rates for the provision of public services. The Public Finance Review revealed a number of these charges to be nuisances and administratively costly to collect. Also, those rates that have not been changed for over 30 years will be reviewed.

153. As mentioned earlier, Government recognises the erosion of income of persons living on island as a result of high fuel prices, rents and costs in construction industry. As a result, with effect from 1 January 2005, personal income tax rates will be as follows:

Income Group	Rate
a. 0 – 15,000	0%
b. 15,001 – 20,000	15%
c. 20,001 - 26,000	25%
d. 26,001 – and Over	30%

154. This reduction in taxes from the above rates along with the increase in civil service salary will place approximately four million five hundred thousand dollars (EC\$4.5m) in the hands of individuals. If this is spent locally, it will help local businesses to keep individuals and their families employed. In short, if you spend all this money abroad, the economy loses the benefit and the job lost might be your own.

155. Mr Speaker, we note that many foreign nationals have developed businesses and in some cases have not complied with local regulations. Also, many avoid local taxes and this year we intend to monitor this market more closely. My Government has also decided to increase the fees relating to landholding license and those related to

undeveloped properties owned by foreign nationals from July 2005 and January 2006 respectively.

ACKNOWLEDGEMENT

156. Mr. Speaker, I wish to thank the Almighty Father for sparing Montserrat from the disasters that have ravaged some of our neighbouring Islands and the East Asian countries last year, and pray that this year we may likewise be spared from natural and human disasters.

157. We also want to thank the people of Montserrat and other residents who have chosen Montserrat as their home. We are grateful for the investment and the commitment you have all made to keep this beloved country afloat.

158. I would like to express our deepest appreciation to Her Royal Highness, Princess Anne for gracing our shores with her presence just over a week ago. We believe that this visit will serve to give confidence to tourist, investors and others that Montserrat is open and ready for business.

159. We must make special mention of the important part played by our major finance partners, HMG especially FCO and DFID and the European Union. Our development would not have progressed as well as it has without the major investment of both Donors.

160. Thanks also to the regional and local organizations who have continued to work closely with us to improve the social and economic environment on Montserrat. We are also grateful for their contributions to the development of our systems as we move towards greater regional harmony.

161. I wish to place on record our thanks to all those persons and institutions that have supported the efforts of lobbying the United States Government on behalf of Montserratians who were on the TPS Programme. I must specifically mention the efforts of Mrs Vera Weekes who remained unwavering in her efforts to the end.

162. It would be remiss of me not to mention special thanks to Sir George Martin and his wife for raising the funds to build the new cultural centre now under construction in Little Bay. We know they did not do it alone and therefore our thanks are extended to all those who have contributed in any way.

163. Finally, as the first year of the tour of duty of Her Excellency the Governor, Mrs. Deborah Barnes Jones approaches, I wish to thank her for her efforts in supporting our development efforts and her commitment to good governance. We look forward to continued collaboration for the remainder of her term in office.

CONCLUSION

164. In closing, Mr Speaker this budget recognises that development means nothing without people. This budget places one hundred and twenty seven million eight hundred and twenty-eight thousand, one hundred dollars (\$127,828,100) in a variety of programmes that we hope will be implemented in a timely manner. It is up to our people and those whom we have recruited to ensure that it is spent economically, efficiently and effectively and that the highest level of economic activity possible is achieved so that those who depend on public expenditure may be able to earn a livelihood.

165. It is for this reason that this budget is focusing on the development of our people in the hope that they will be able to take command of these resources and overcome the challenges of 2005 and the future. My Government is however, convinced that this can only be done if our people:

- i. adopt the right attitude, work ethics and respect for the investing and consuming public;
- ii. reduce reliance on public programmes and seek to take up employment and investment opportunities as they emerge. Some of these opportunities are listed in this budget;
- iii. take up the opportunities for training created by this budget especially in areas that are in demand and would lead to self employment.

166. We have throughout our term in office, demonstrated our commitment to the poor, indigent, children and other cases of special need. We have indicated our intention to review our health policies and programmes to ensure that we can respond to the health challenges associated with our development. Also, we have indicated our intention to boost our social programmes to ensure that those who need assistance are helped.

167. Mr Speaker, as you can see, this budget is about facilitating people – housing, employment, training, targeted assistance to the vulnerable, divestment of public services to create private sector opportunities, improvement to sport and recreation facilities and it's about supporting those who wish to invest and enjoy the beauty and tranquillity of Montserrat.

I thank you.