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CELEBRATE ACHIEVEMENTS OF 795 STUDENTS

THE ISSUE

On Friday February 9, 2024, at the St. Vincent and the Grenadines Community College (SVGCC), 795 students who sat the 2023 Examinations for their CSEC, CAPE, and Associate Degrees each received their \$500 incentive award for their commendable performances.

To be eligible for the award, the CSEC students have to get five passes (Grades I – III), including English A and Mathematics. The CAPE students are required to gain passes (Grades I – V) in at least 2 Two-Unit subjects as well as in the Single-Unit Communication Studies or Caribbean Studies in two consecutive years. Students in the various Associate Degree programmes are required to achieve at least a Grade “B” average; those in the Teacher Education programmes are required to get a Grade Point Average (GPA) of at least 2.75 — the approximate Grade Average of a “B”.

The aggregate cost of the incentive for 2023 is \$397,500. This is a relatively small sum out of the total payout of contributory NIS benefits in 2023 of \$90 million.

This incentive programme has been in place for 19 years now, since 2005. The monies are paid from the National Insurance Services (NIS) as part of its social responsibility to non-contributors. Such a non-contributory social responsibility exists in all NIS entities in the Caribbean, and elsewhere, in one form or another.

Since 2005, the aggregate cost to the NIS is \$6.7 million. This sum is intended to be netted from the National Provident Fund (NPF) portion of the NIS system to which contributions ceased to be made in 1987 when the NIS replaced the NPF. The simple actuarial fact is that, within seven-to-eight years’ time when the potential recipients of the NPF benefits are likely to dwindle to zero, there would be an estimated \$20 million to be transferred from the NPF pot of monies to the NIS system itself.

GENESIS OF THE \$500 INCENTIVE PROGRAMME

As Comrade Ralph has repeatedly stated, he noted at the end of 2004 that the NPF account contained just over \$54 million, and the interest payments to that Fund amounted to some \$875,000 for that year. He noted, too, the relatively small annual payments to the NPF retirees/beneficiaries. Upon appropriate enquiry it was clear that a significant number of NPF contributors died without receiving contributory benefits either because they did not claim or that insufficient/inadequate documentation denied them their potential benefit.

Thus, the Comrade concluded that if Peter, Paul, and Mary died without receiving, for whatever reason, their benefits, it cannot be unreasonable if their grandchildren and great-grandchildren receive a non-contributory incentive benefit through performance in their annual examinations.

In the earlier years of the incentive programme, the sum paid out annually was way below the interest earned on the capital sum at the NPF. Currently, the incentive payments are more than the interest earned; in 2023, the interest amounted to over \$100,000. At the end of 2023, the monies at the NPF account stood at over \$30 million. The annual payout in 2023 to NPF contributory beneficiaries was \$1.4 million, and declining as the beneficiaries die.

NDP INTRODUCED NON-CONTRIBUTORY BENEFIT AT NIS

The opposition NDP's criticism of the non-contributory incentive benefit to the students is misplaced on several grounds; and it is hypocritical and opportunist. The simple fact is that in the late 1990s the NDP government introduced a Non-Contributory Aged Pension at the NIS to some 2,000 banana farmers, aged 66 and over, who were impoverished on account of their inability to meet the increasingly-competitive requirements of the altered banana market regime in the United Kingdom consequent upon the UK's entry into the European Single Market and Economy on January 1, 1993, and the subsequent challenges at the World Trade Organisation (WTO) to the UK preferential market for our bananas.

The ULP government continued this commendable initiative from 2001 until the present time. Given the passage of time and the mortality of human beings, that original number of some 2000 has dwindled to just over 200 now. This non-contributory aged pension was fixed at \$75 per fortnight; it so remains.

This reasonable question is to be asked: If it has been a commendable idea to pay impoverished farmers a non-contributory aged pension from the NIS on a fortnightly

basis, how can it be wrong to pay a non-contributory incentive benefit to the grandchildren and great-grandchildren of NPF contributors in the circumstances outlined above?

MISPLACED NDP CRITICISMS

The NDP's misplaced and opportunistic criticisms of the incentive payment for students from NIS-NPF are being pushed in the context of the ULP government's admirable reforms of the NIS to ensure its continued sustainability for at least another two generations (36 years until 2060) without further substantial reforms, barring any prolonged cataclysmic event(s).

The NDP criticisms and the full answers to them can be summarized as follows:

1. The NDP states that non-contributory payments/benefits from the NIS should be avoided at all costs. This criticism has been answered in the preceding paragraphs of this article.
2. The NDP avers that the \$500 is a ULP "bribe" for votes. This is an insulting and absurd criticism. Does the NDP think so little of our students and their families to think that \$500 could "bribe" them? This incentive programme has been in place for 19 years and students, reasonably, look forward to it!

Further, the NDP adds scorn upon the students by claiming that most of them who benefit go overseas to study and ungratefully do not return to SVG. This is a facile assertion to a complicated issue. In any event, if they go away and do not return, they do not vote; thus, how then is the payment "a bribe to vote"?

3. Alternatively, the NDP asserts that it does not oppose the incentive payment, but it should come from the central government coffers. So, would it be less "a bribe" if it comes directly from the central government's funds? The validity of it to come from NIS-NPF has already been established above.
4. Absurdly, the NDP contends that the non-contributory incentive payment to students weakens considerably the NIS and puts contributory pensions and other benefits in jeopardy. This is absolute rubbish and outrageous demagoguery. In 2023, the total payments of contributory benefits amounted to \$90 million; the incentive payment to students is less than \$400,000 — a negligible sum in the overall scheme of things; in any event, it is factored through the NPF as outlined above.

5. The NDP swipes wildly and screams the falsehood that the incentive payment to students is part and parcel of “the ULP government dipping into NIS money”. The established fact is that NIS loans to the government is only 11 percent of the total NIS investment portfolio. This number is way below the prudential benchmark of 25 percent, and way below the average of 33 percent in the CARICOM region. The bulk of NIS loans/investments are to entities overseas, and outside of the government.

NIS: A GENEROUS INVESTMENT FOR WORKERS

There is no investment in SVG which provides a better and safer return to workers than the NIS. The lies and distortions by the Opposition NDP are demagogic, opportunist, anti-people, and anti-developmental. The NIS was generously designed for workers in two respects: Relatively low contribution rates; and generous benefits (pensions, sickness benefits, maternity benefits, disability benefits). Further, the ageing of the population and the maturation of the NIS mean that there are more pensioners for every contributor today than in the earlier years of the NIS. These are the fundamental facts of the NIS: the independent Actuary has so confirmed. It has been confirmed, too, that the NIS is actuarially sound. The NDP must stop its follies on the NIS.

SUMMATION

In all the circumstances, therefore, the payment of the non-contributory incentive benefit to the students is perfectly in order, and sound policy. Long may it continue!