

Introduction

On Monday January 29th 2018, the new Minister of Finance, Camillo Gonsalves, made his maiden presentation in Parliament, when he presented the 2018 Estimates of expenditure and revenue. Truly, it was an excellent presentation by the young Minister of Finance, as he took the House through the various aspects of the Estimates, and clearly outlined the developmental strategies of the ULP administration, and how the needs of the country will be met over the next twelve months.

Camillo Gonsalves presented a picture of the country, buffeted by the global economic winds, affected by the many elements of climate change, but still keeping its head above water. In the words of Luzette King, The NDP so-called activist, the country is “weathering the storm, and holding its own”. Now, as Camillo Gonsalves outlined in Parliament, we are not yet out of the woods, but there is light at the end of the tunnel.

The Estimates of revenue and expenditure total some EC\$993.5 million, an increase of one point seven percent over approved figure for 2017. The recurrent expenditure, inclusive of amortization and sinking fund contributions is EC\$776.8 million, while the capital expenditure is EC\$216.6 million.

New Initiatives

The government will introduce four new initiatives in the 2018 estimates which should be highlighted; as follows:

- 1) The Ministerial portfolio changes announced in 2017 are reflected in these Estimates.
 - a) The Ministry of Economic Planning, Sustainable Development, etc is now subsumed under the Ministry of Finance, Economic Planning, Sustainable Development and Information Technology.
 - b) The portfolios of Labour and Industry have been transferred to the Ministry of Agriculture, Rural Transformation, Forestry, Fisheries, Industry and Labour.
 - c) The portfolio of Information now falls under the Ministry of Education, National Reconciliation and Information. A new programme called Public Information Services was established for this portfolio. The API and subvention to NBC are consolidated under this programme.

- d) The responsibility for Postal Services has been transferred to the Ministry of Transport, Works, Local Government and Postal Services;
- 2) Under the Ministry of Education, budgetary provisions have been made to pay a total of 103 Graduate teachers who have been appointed across the Primary and Secondary levels with effect from January 1st 2018. It must be noted that the implementation of this initiative did not result in an increase in the **number** of teachers on the establishment or placed an undue burden on the budget. In fact the total number of teachers within the system declined marginally by twenty-two (22), a mere 1.2 percent. Similarly, the estimated cost to the consolidated fund for this measure inclusive of increments for all teachers is \$1.5 million. This was achieved by doing the following:
 - a) Utilising the savings from existing budgetary provisions at the Grades F and E level, where Teacher IV and Teacher V are paid, to fund some of the new Graduate Teachers that were appointed; and
 - b) Trading-off lower grade teaching positions, such as Teacher I and II that were vacant, for the additional Graduate Teacher positions.
- 3) All temporary clerks, a total sixty-four (64), previously paid by the Service Commission vote, have been confirmed as Junior Clerks and their salaries have been allocated to the various Ministries and Departments where they have been employed over the years.

This decision has not resulted in an increase in the number of public servants and has had a minimal immediate impact on costs.

- 4) Apart from the qualitative changes mentioned above, a total of ninety-eight (98) new positions have been created across the public service to enhance service delivery to the citizens of St. Vincent and the Grenadines.

The government will employ more constables to meet the needs of the Police Force, and more nurses, to meet the requirements of the new medical institutions that will become fully operational this year.

Compensation of Employees

The 2018 budget for **Compensation of Employees** is EC\$302.6 million, 1.6 percent higher than the estimated wage bill in 2017. There are two principal factors responsible for the movement of this item in this fiscal year. These are:

1. The cost associated with the new positions mentioned above; and
2. The automatic salary increments paid each year to public servants

Forty-eight cents of every revenue dollar collected in 2018 will be spent on the compensation of public service employees. This is significant. As a Government, the ULP administration has consistently implemented measures to improve the material condition of all workers, including public servants. In 2018, all must commit to lifting their game. While there are generally excellent performers within the ranks of the public service, there is still much room for improvement.

It is your individual and collective responsibility to raise the level of productivity within the public service to provide value to the citizens for the money they pay you.

Pensions

The amount of \$60.0 million has been budgeted to meet the payment of **Pensions** in 2018. The figure represents a 7.6 percent or \$4.4 million increase over the \$56.0 million provided in the 2017 Estimates for Pensions. This rate of increase outpaces the rate of growth in budgeted Current Expenditure for 2018 by 500 basis points. It is indisputable that this matter of pensions must be tackled and placed on a sustainable footing. If we do not, it will remain a significant threat to the future stability of the public finances. More will be said on this subject, including possible options for reform, in the 2018 budget address.