

January 25th 2019

Presenting the 2019 Budget

Introduction

It's that time of year, when the government is getting ready to present to the nation the Estimates of expenditure and revenue, for the year 2019. Come next week, January 29th in fact, the Minister of Finance, Camillo Gonsalves, will present the Estimates in the House of Assembly, and by extension to the people of St. Vincent and the Grenadines.

That process, called the 2019 Appropriation Bill, will detail the expenditure of the government for the 2019 fiscal year, and where the funds will come from to meet this expenditure.

There are certain services that the State must provide for the people of St. Vincent and the Grenadines. These include health, education, transportation and security, agriculture, sanitation and the public service. The Estimate will show how much money is allocated for the provision of these services, and where the funds will come from.

Naturally, the Estimates will attract the attention of the business sector. This is an extension of the general policies of the government, and the business sector will want to see where government will focus its attention. The area of taxation, or the lack of new taxes, will also come in for some attention.

The Preparation

The preparation process for the budget is very important. The Ministry of Finance puts out the budget call around the middle of the year, and that's when the public servants in the independent ministries begin preparing their documents for discussion with the Ministry of Finance. These documents are called the "Advance Proposals", and basically, they describe the developmental activities that the ministries will be engaged in during the fiscal year, and how they will be financed.

Each ministry then meets with the full Cabinet for further discussions and fine-tuning of the "Advance Proposals" and when there is agreement on the plans, proposals and finances, these proposals go forward to the Government Printer, as the Estimates.

Basically, the ULP administration uses its election Manifesto as the main guide to what additional features to be included in the Budget. Every five years or so, the ULP presents a Manifesto to the people of St. Vincent and the Grenadines for their consideration. It is on this basis that the ULP is returned to office, a record four times in a row. It follows that since the manifestoes are presented at election time, that rejection at the polls must be a rejection of a manifesto.

Thus the rejection of the NDP by Vincentians in 2001, 2005, 2010, and 2015, is an indication that the people also rejected the plans of the NDP, as included in the various manifestoes presented for consideration. And the re-election of the ULP, four in a row, is an acceptance of the manifesto of the ULP, and the plans for the governance of the country over the next five years, to 2020.

From time to time, the relevant ministries have had to pay attention to policy statements coming from Prime Minister Dr. Ralph Gonsalves. For example, this year the Prime Minister made a policy statement in regard to a programme called "Sports against Crime". To give effect to this, the Ministry of Sports is expected to design programmes and strategies to be included in the Budget for 2019.

The Economy

Most important, the ULP administration has to consider the state of the economy when preparing the budget for any year. By and large, 2018 was a good year for the country's economy, with a growth rate of 2.5 percent (ECLAC figures show a 3.2 percent). The current account figures look good, the deficit is down, and the debt to GDP figure of 73%, while not optimum, is among the best in the region.

In 2001, when the ULP arrived in office, the economy of St. Vincent and the Grenadines was in shambles. The ULP administration had to re-set the economy, correct the mistakes of the NDP, and set the country on the road to sustainable development. Readers will recall that in 2001, sixty percent of our primary school children could not get into secondary schools. The ULP had to correct this and more, through the Education Revolution. The ULP had to address issues related to the infrastructure of the country, as well as health, agriculture, tourism, citizen security, and the list goes on.

On the presentation of the 2019 Budget, the ULP administration could feel upbeat about the economy. Except for any unforeseen natural disasters, or if the world economy creates undue pressure for our country, then the expectations for 2019, must be good. The tourism sector is booming, and agriculture is performing, thanks to the activities of the small farmers in the State.

Into this mix we must place the leadership exhibited by the ULP administration. Over the last seventeen years, the ULP has demonstrated a leadership that is pragmatic, realistic, bold and resourceful. This leadership has been tried and tested in extremely difficult circumstances, such as the worst global economic

crisis for the last 100 years, and multiple natural disasters. In all of this, the leadership exhibited by the ULP administration has made an immense difference for the better.

Conclusion

When neighbouring countries were forced to slash public sector workers and social safety nets, our country lost no jobs, and social protections were strengthened. When others had trouble paying salaries on time, ours arrived like clockwork. When countries across our region were forced into painful austerity, we creatively maintained our sovereignty and independence against the dangerous and destructive external imposition of heartless structural adjustment programmes.

Look out for the 2019 Appropriation Bill!!!