

January 31st 2020

The 2020 Budget Exercise

Introduction

By this time next week, (the week end of the 7th February, 2020) the House of Assembly, having debated the 2020 Estimates of Revenue and Expenditure, would have passed the 2020 Appropriation Bill, amounting to EC\$ 1,186,351,151. This is after the Minister of Finance, Camillo Gonsalves, moved a resolution under section 20(1) of the Financial Administration Act, chapter 25.

For ease of reference we shall refer to the budgeted figure as EC\$1.18 billion dollars. The recurrent expenditure of the budget, where salaries and other costs are met, is EC\$875 million, while the government will allocate EC\$310 million on its capital programme. The budget costs will be financed through EC\$684 million in current revenue, and capital receipts of EC\$506 million dollars.

This year, the government will create a number of new posts in the Public Service, to deliver the plans and programmes of the ULP administration, in a more efficacious manner. Thirty seven new positions will go to the Ministry of Finance, eight will go to the Internet Training Services Division, the ITSD. The Customs and Excise Department will get eighteen more positions mainly to improve the services at the international airport, and sixteen positions to the Ministry of Transport, for their role in the expanded capital works programme.

In preparation for the role of the State as the smallest country to become a member of the UN Security Council, the Ministry of Foreign Affairs will get ten more positions, mainly to assist with policy development and research. In addition there will be four new posts for the Audit Department, five for the office of the Attorney General and ten for the Ministry of Education.

Salaries and Wages

In 2020, the government will spend in the region of EC\$330 million on wages and salaries, to meet the provision of services for the public, an increase of 36 percent. Salaries will be EC\$269.7 million, wages EC\$23.1 million, allowances EC\$24.8 million, and NIS contribution at EC\$12.5 million.

The main contributor for the increase in salaries and wages is the two percent salary increase to public servants in 2020, and the filling of several critical positions within the public service, to carry out the functions of the Government.

We must remember that public servants received an increase in pay in 2019, a backdated one percent with an enhanced increase of one point five percent enhancement as of the start of 2019, plus the additional two percent from January this year. All told, government workers are receiving a four point five percent increase, over their 2018 salaries.

The issue of pensions and other retirement benefits continues to grow in the budget of the government. This year, the government will spend EC\$72.6 million on pensions. This is the single fastest growing item of recurrent expenditure in the budget.

It is clear to all and sundry that the current situation as it applies to pensions and other retirement benefits is unsustainable. Reform is clearly needed and must be the order of the day, going forward. This will involve discussions with the trade unions, other persons within the trade union movement, and relevant members of the general public.

Targeted strategic intervention

There are four functional areas of the economy which will receive targeted strategic intervention in the 2020 budget. Tourism takes pride of place given the spate of activity around the Argyle International airport, and the cruise ship industry. The other areas are energy, agriculture and construction. In terms of construction this will reflect the activities around the work being done on several hotel projects in the State, as well as projects related to roads, coastal and environmental protection and back walls.

The government will continue the process of transforming the Vincentian economy, from one that was based on a mono crop export and low skilled labour, to a post colonial one that is diverse, modern, competitive, and fully engaged with international commerce. This process began last year, and will continue with the 2020 budget.

Leadership

The preparation, coordination, presentation and execution of a budget require careful planning and leadership. A team of public servants are engaged in the preparation of the document itself, but the information that is displayed must reflect the vision, philosophy and strategies of the Unity Labour Party.

This is where the leadership is important. There must be a clear understanding of the process, a clear understanding of how the Vincentian economy functions, the possibilities and problems, and how these affect real flesh and blood people called Vincentians. There must be the knowledge and the experience to clearly analyze all the factors which will impact the budget, and to design a strategic pathway to ensure that the socio economic benefits accrue to all Vincentians.

This is a task for serious people, who have been tried and tested, like the leadership of the ULP, under Comrade Ralph.

Take the case of the NDP and its leader Godwin Friday. Faced with the clearly defined plans of the ULP, in the Estimates of Revenue and Expenditure, he could only lamely plead that there was nothing in the budget in an election year at that. Well, what can we expect from a political party that is not in communion with the people of St. Vincent and the Grenadines?

As a political party the NDP has failed, and continues to fail the people of this beloved country. All they can offer is timidity, learned helplessness, pessimism and non achievement. The ULP offers boldness, courage, faith, hope, love, optimism, and the grace of right reason which will lead to progress and a better life.