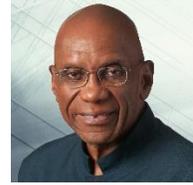




# Economic Letter May 2018

## The Renewal of the Barbados Public Sector



Fifty years ago, the Barbados public sector was the gold standard in the Caribbean, in health, education, policing, tax administration, social services, public utilities and road maintenance. For many years after its opening in 1964 the Queen Elizabeth Hospital attracted patients from the entire Eastern Caribbean, because of the high quality of its services. Barbados and Guyana were the champions in secondary school achievement in the Caribbean, and Barbadian teachers were highly sought after throughout the region. The same is true for policemen and judges. Barbados was reputed to be the only Caribbean country with an efficient, high yielding income tax; other countries relied on customs duties, which were easier to collect.

The contrast with the public service of today is stark: public services in the rest of the Caribbean have improved somewhat, while the quality of public service in Barbados has declined alarmingly. It is time to do something about it.

The first step is to institute a functioning system of reporting by every Government agency, department, ministry or state corporation. The reporting should be done at two levels: annually, published reports to inform the Parliament and the people of Barbados on their stewardship; and monthly, to the Treasury, for every entity that receives financial support from the Government budget.

The annual reports of all entities should be released to the public within three months of the end of their financial year, without fail. Timely publication of the annual report should be a key performance indicator for Permanent Secretaries, heads of departments and agencies, and CEOs of state-funded corporations. This straightforward measure would have an immediate effect on transparency and public appreciation of Government's budgetary limitations. Thoughtful commentators would have hard data with which to compare the costs of alternative policies, and their implications for delivery of services. Efficient public sector managers would have a vehicle to demonstrate how they have made effective use of the human and financial resources at their disposal.

The second essential level of reporting is internal, to the Accountant General, who heads Government's Treasury. Every quarter the Accountant General authorizes expenditure for that quarter only, for all spending approved by Parliament. The quarterly allocations are made with a view to ensuring that spending is kept within the budgetary limit. It is essential for financial control that spending is accurately reported on a monthly basis, within days of the end of each month. In this way, the Accountant General can guide spending units to make adjustments to stay within budget, before overspending becomes unmanageable.

The institution of timely financial reporting and published annual reports may be used to kick start a more comprehensive programme of public sector renewal. From the outset, our aim should be to have public services that are among the best in the world. That is no less than Barbadians deserve, having raised our living standards to the present enviable level. With the human and financial resources this country possesses, that goal is within reach. In addition, we should take example from wealthy countries like Singapore and Bermuda, who are not afraid to import the skills they need if there is insufficient world-class talent at home.