

**Statement from the Government's Negotiating Team on the current state of affairs with respect to negotiations with the Public Workers Union and the Grenada Technical and Allied Workers Union and their call for strike action.**

The Government Negotiating Team (GNT) is indeed disappointed that the leadership of the Public Workers Union and the Grenada Technical and Allied Workers Union has rejected the mediation effort of the Minister for Labour to settle the dispute of the one-off payment to public service employees. The GNT is further disappointed that the leadership instructed its members to withdraw their labour with effect from today, 16 October 2017. Such withdrawal will adversely affect service delivery to the general public including vital areas such as healthcare, revenue collection and the payment to the private sector for goods and services.

The following is a backdrop of facts to this current situation:

In 2013, the state spent 70 cents of every dollar earned on public service salaries, wages and pensions. Today, through various structural measures under the Structural Adjustment Programme (SAP), government has been able to reduce public service human resource expenditure to 49 cents of every dollar.

Government has always been deliberate in safeguarding jobs in the public service and has kept its promise, even while some of our neighbours with stronger economies, sent home thousands of public sector employees. Indeed, in some of these very countries, public sector employees have not received any salary increases for more than seven years.

Further, it is important to note that during the period 2013 to 2014, Government honoured existing commitments for 6% salary increase and one-off payments to public officers for the period 2010-2012 in the amount of \$40.5 million.

Against the backdrop of economic difficulties, government embarked on a 3-year Homegrown Structural Adjustment Programme, which has been successful and yielded tremendous benefits. The programme has received recognition by major multilateral organizations, such as the International Monetary Fund, the World Bank and the European Union. This achievement has resulted in grants, concessionary loans and debt forgiveness to the State of Grenada — all of which were predicated upon fiscal discipline and the passage into law of a Fiscal Responsibility Act to ensure that Grenada does not return to the crisis from which we have just emerged.

The Government Negotiating Team explained to the leadership of the unions that there are mandatory limits which the government must take into account in its expenditure on wages, salaries, fringe benefits and other matters.

In the face of all these constraints and difficulties, government has extended significant relief to its public service employees. For the first time, future wage increases were settled well ahead of its schedule, such that government agreed with the unions for wage increases amounting to 10% for the contract term 2017 to 2019. That sum would cost the people of Grenada \$22.9 million.

Further, another \$6 million was paid to public service employees in April of this year, as a one-off payment, with a clear understanding that more might be paid if the fiscal space allowed for it.

The government has therefore proposed an additional \$4 million as a one-off payment, bringing the total one-off payments to over \$10 million. The Unions, having already received \$6 million, are now demanding an additional \$9 million, bringing their total demand to \$15 million.

Let us therefore recap: payments to workers under the last collective agreement and short payments amounted to \$40.5 million; plus the \$6million paid earlier this year as a one-off and the \$4 million on offer now, plus the increases for the current contract term of \$22.9 million. Added to that figure, government's ongoing regularisation programme of extending permanent employment to public officers; as well as its efforts to settle other human resource matters amounts to \$2.7 million. Additionally more money is to be paid to public officers in the form of annual increments.

Therefore the total additional amount of money paid to public service employees since 2013 is more than \$106 million. Moreover, government has committed a further \$6 million to meet the additional one-off payment for the regularisation of public officers as this is all the fiscal space allows. All of this has been done while government has paid salaries on time.

The claim therefore that 'government's offer is insulting' is an unfortunate statement. Meanwhile, the unions have failed to provide any scientific basis for their demands. Moreover, the state's expenditure on its public service employees will be significantly increased as the government executes its commitment to the restoration and reform of pensions, which will cost the people of Grenada hundreds of millions of dollars. Negotiations on pensions are currently ongoing.

Faced with all of these financial commitments, it is just not possible for the state to pay more without seriously damaging the fiscal recovery programme and violating the Fiscal Responsibility Act, which could jeopardise the debt forgiveness of over \$400m and return the country to the economic state prior to the Structural Adjustment Programme.

The fact that government, in addition to these substantial payouts, has moved to provide more relief to public sector employees and other workers by the removal of income tax on retrenchment pay and on pensions, in addition to regularising temporary employees appointed by the Public Service Commission, as well as the regularisation of nurses together with other initiatives, demonstrates that government cares for its employees and earnestly has their best interest at heart.

Whilst we recognise that the union leadership may demand more for its members, government has to be guided by its responsibility to the nation, which includes all other workers in the economy who also shared in the sacrifice for recovery. Workers in the private sector — banking and telecommunications, for example, have lost jobs, while government has protected the jobs of its employees. Unlike what occurred in other islands, the Grenada Government has not retrenched a single employee.

The Government Negotiating Team therefore appeals to the unions' leadership to accept the recommendation of the Minister for Labour and to remember that the total amount secured for the workers by them since February of 2013, would amount to over \$110 million.

The next stage in the process should rightfully be arbitration rather than industrial action, and the Government Negotiating Team affirms that it is agreeable to taking the matter to an arbitration tribunal. We hope that the unions will rethink their position and we trust that there is still room for reaching an amicable settlement.