

# **2017 BUDGET PRESENTATION**

**DR. PETER D. PHILLIPS**

**OPPOSITION SPOKESMAN ON FINANCE AND PLANNING**

**MEMBER OF PARLIAMENT FOR EAST CENTRAL ST. ANDREW**

**TUESDAY, MARCH 14, 2017**

# Contents

- Section II..... 5
  - PORTIA SIMPSON MILLER ..... 5
- SECTION III ..... 7
  - THE BUDGET PROCESS ..... **Error! Bookmark not defined.**
  - Poor Management of the Process ..... 7
- SECTION IV ..... 10
  - Response to the Budget –The Expenditure Side..... 10
  - NATIONAL SECURITY ..... 11
  - EDUCATION ..... 13
  - HEALTH..... 16
  - REVENUE ..... 18
  - Impact of the New Revenue Measures..... 22
  - Tax on Health Insurance ..... 25
    - New Deal for Agriculture ..... 32
    - Land Titling..... 33
    - Housing ..... 33

**“BUILDING A JAMAICA  
THAT WORKS FOR  
EVERYONE”**

# ACKNOWLEDGEMENTS

---

Mr. Speaker...

Once again as I rise, I begin my presentation by recognizing the self-evident fact that my presence here in this Chamber and in this Debate is made possible by the support I enjoy from many others.

I want particularly, to recognize the contribution of my constituency which is represented here by Councillors Nenna Wilson and Dennis Gordon, along with members of the constituency executive and all others who have kept me as their Member of Parliament for six consecutive terms.

My colleagues and comrades in the PNP – both those in the Parliament and those outside whose advice, prayers and solidarity have been a constant source of inspiration.

My family, within this Chamber as well as those outside, and particularly my wife Sandra who is here, and who continues to make it possible for me to be here by her sustained support, and encouragement.

Finally, let me recognize and pay tribute to you Mr. Speaker, for your guidance to the Parliament and also to the Clerk and other members of the parliamentary staff.

Whatever our complaints, we need to recognize that the Jamaican Parliament has over the years gained a well-deserved reputation as one of the more important centres of Caribbean Democracy.

- A series of Standing Committees on Economic Production, Human Resources Development, and the like.
- We have pioneered the work of the Public Administration and Appropriations Committee (PAAC) and maintained the effective functioning of the Public Accounts Committee (PAC), all of which are chaired by Opposition members. These are traditions that do not exist elsewhere in the Caribbean, and we would do well to treasure them and protect them.
- In that regard, timely answers to questions are required by both to the letter and the law of our parliamentary democracy.

## **Section II**

### **PORTIA SIMPSON MILLER**

- The Budget Debate bears special significance particularly for us on this side, and I dare say for the Parliament as a whole.
- The Leader of the Opposition for the past ten years has led this side both in government and in opposition. She has indicated that she intends, within a few weeks to demit office

as leader of the People's National Party and I want to use this occasion to pay my personal tribute to her for her resolute and inimitable guidance to the affairs of this side during her tenure of leadership.

- It has also been widely acknowledged in Jamaica and outside that the Administration led by the Most Honourable Member from South West St Andrew laid the foundations for sound public finances in Jamaica, and established a firm platform for growth. As her Minister of Finance, I can personally testify to the value of her support and the importance of her credibility and goodwill among the Jamaican people in ensuring the effective implementation of the Economic Reform Programme.
- It is further to her credit that this programme was undertaken alongside a far-reaching commitment to advancing the social agenda with progress in education and training; the extensive land titling efforts, and I dare say the imaginative and innovative integration of community re-building efforts with crime-fighting strategies. Truly, her administration not only ensured that the Budget was balanced, but made progress in balancing people's lives as well.

## **SECTION III**

### **The Budget Process**

The entire Budget process is intended to provide the Parliament and the people of Jamaica with an accurate sign post of the country's social and economic progress. To this end documents are circulated including the Fiscal Policy Paper, the Estimates of Expenditure and Revenue and The Debt Strategy.

### **Poor Management of the Process**

However, I must bring to the attention of this Honourable House that the budget exercise this year has revealed the inadequacy of the government's management of the process and by extension its management of the economic affairs of the country. This is cause for concern.

The confusion was evident for example in the discussion of the Standing Finance Committee where it became clear that the right hand of the government did not know what the left hand was doing. Whereas the revenue books show zero intakes from the bauxite levy inflows, the statement by the Minister of Mining said something different. How can this be?

The confusion is compounded even more by the fact that at every session of the Standing Finance Committee the government has been forced to make corrections to its numbers and to submit

replacement documents. At the 11th hour, the Ministry of Finance was making adjustments to the Capital Expenditure of the Public Bodies showing an overall reduction of \$10.7B for the selected Public Enterprises. These adjustments include:

- a decrease of \$5B in the capital expenditure of the National Housing Trust;
- a decrease of \$4.5B in the capital expenditure of the Port Authority of Jamaica;
- \$100M decrease in the expenditure of the Civil Aviation Authority;
- a \$100M decrease in the Universal Access Fund; and
- A decrease of \$100M in the Capital Expenditure in the Student Loan Bureau – just to mention a few.

What can explain all these changes made between the laying of the Estimates and the start of the Budget Debate, except incompetence and poor management of the Budget process?

The total confusion with respect to the proposed draw-down from the National Housing Trust of \$11.4B goes beyond the simple matter of confusion and may involve a breach of trust. Mr. Speaker, you will recall that the JLP then in Opposition took the previous administration to court on the basis that a withdrawal



from the NHT was illegal, despite the Parliament clearly having passed the appropriate legislation. The Prime Minister, who was then Leader of the Opposition, declared openly that no future administration that he led would be withdrawing funds from the NHT.

The Prime Minister also indicated as recently as two weeks ago that no decision had been taken to withdraw funds from the NHT. Many interpreted this to mean that no funds would be withdrawn and said so. Up until the announcement of the proposed withdrawal of funds from the NHT there was no attempt by the government to clarify the situation. Mr. Speaker, it seems clear that this administration's approach to governance does not include taking the people into their confidence. They are more comfortable proceeding in a "samfi" way.

And then there is the question of how we impose taxation. On more than one occasion, I have urged the Minister to consider utilizing the Committee on Tax Measures that is provided for under the Standing Orders of this House. On the occasion when we on this side have utilized the Committee we have found it to be of great value.

- It has allowed the people's representatives an opportunity to consider options for revenue raising;

- It has allowed stakeholders in the wider community an opportunity to present their views and have them considered by the Parliament.

Yes, there are political risks, particularly for a government, but if we are to mature as a democracy, we can't persist in this approach of taxation by stealth or trickery.

#### SECTION IV

## Response to the Budget –The Expenditure Side

---

Looking at the Budget in more detail what does it reveal?

- Overall expenditure has been increased by approximately 22 per cent. However, the bulk of this increase is due to the growth in resources needed for the repayment of loans that have matured. Amortization has increased substantially (by over 120 per cent). If we take away Debt Servicing costs the overall increase in the Budget is a mere 6 per cent. If we take account of inflation the real increase in the budget is about 1 to 2 percent.
- So Mr. Speaker, despite all the talk about growth, this is **NOT** a growth Budget. After the J\$29B in taxes, the Capital Expenditure is only **J\$53B**, of which J\$40B - and the bulk of

this is – for debt repayment, leaving a mere \$13B for Capital investment;

- For completeness, we should take account of the proposals for an additional **J\$69.7b** by the selected public enterprises but this must be viewed with caution;
- By the end of this financial year, March 31, 2017, the estimates provided for J\$57B of expenditure for the selected Public Enterprises. Yet it is estimated that only J\$39B will be spent; Hopefully, that will not happen next year.
- And already even before the ink was dry on the 2017/18 Budget, the government moved funds from the Selected Public Enterprises into the Consolidated Fund. The cuts instituted last week included J\$5 B from NHT; J\$4 B from Port Authority; J\$100 M from Civil Aviation and most disturbingly J\$100M from the Students Loan Bureau.

## **NATIONAL SECURITY**

A further consequence of this flawed budget is that critical areas, where there is urgent national need, will be short-changed and under-financed. National Security is one such area.

There is no one in Jamaica today who is not painfully aware of the depth of the crisis that we face as far as the security of our citizens is concerned. Last year, despite the promise of the Honourable Prime Minister during the Election campaign that we were going to be able to sleep with our windows and doors open if his party won, Jamaicans now have never felt more insecure. For the current calendar year, the pace of criminal activity persists without relent. Murders are already up 22.7 per cent over last year, and shootings are up by 37.3 per cent.

The Prime Minister also promised last year that there would have been “unprecedented” provision of resources to deal with the security problems in this year’s Budget. Sadly, the budget documents circulated in the House indicate no such provision.

- The Recurrent Budget for the Ministry of National Security is less than that of last year in nominal terms.
- The Recurrent Budget for the Police Department is down from last year by more than \$1.5 B.
- MOCA which is supposed to deal with organized crime and anti-corruption efforts has its budget cut by more than half; and the Capital budget for the Ministry of National Security is down by approximately 30 per cent. This pattern covers almost all the agencies including the Correctional Service. So

not only do we not have the provision of “unprecedented” levels of resources, but in fact we have reduced resources.

I might add, Mr. Speaker that, as we all know, one of the most important deterrents to crime is the certainty that our Court System will deliver justice swiftly. Yet, the allocation for the Ministry of Justice, like that of the Police, has been decreased. The allocation for the Court of Appeal is reduced by \$218 M, and there is no provision for an increase in the number of Court of Appeal judges so that the third panel of judges that has already been approved by law can be appointed to sit.

Despite the talk, when we examine the provision in the Budget it is clear that there will be no improvement in either the Justice system or the state of National Security.

## **EDUCATION**

As is the case with National Security, so is it with Education. No well-thinking person would deny that in a context where routinely in Jamaica, more than 50 per cent of our students leave school without the minimum requirements for the world of work, education and training must be accorded the highest national priority. Yet, here too, the provisions in this Budget for the Ministry of Education Youth and Information are grossly inadequate.

The Recurrent Budget is essentially flat since the increase of \$5 B will only keep pace with inflation. Further, when you take account of the increases in salaries and other operating costs, like electricity, there is going to be less to spend on the delivery of quality education and training.

On the Capital side, particularly on Capital A the J\$58B reduction in the allocation for Primary Education is a major step backward. The provision of J\$100M for Secondary Education on the Capital side does not fill the gap especially when we consider that no school has been taken off the Shift System since the change of Administration, and only 12 schools are planned to be taken off this year against the 24 that the PNP Administration had planned to take off the Shift System in the same period.

- Under the School Feeding Programme, the assistance to students under PATH has been increased by J\$1.8B. However, the assistance to students under the traditional school feeding programme has remained constant. Taking inflation into account, it may well be that the assistance to students in these areas this year has declined in real terms.
- When we look at the Recurrent Provisions for Grants, Contributions and Subsidies, we note that there is a reduction in the provision of materials and goods to support curriculum development of Infant, Primary, All Age and Secondary Schools

and for the printing of text books. These have all remained at \$821M, which means that there is a real decline when inflation is taken into account.

- Another major step backward has been taken in education with the decision to effectively halt the continued rationalization of basic schools and their transformation into infant schools. The early years are the most critical in the education process and consequently the reduction in the funding for this vital area of early childhood education means that the government and therefore the country are going in the wrong direction.
- The Prime Minister should heed the words of his mentor, former Prime Minister Edward Seaga, who in a column published in last Sunday's Gleaner said ***“It may be said that it is already too late to find a way out to use early childhood education seriously into the system to begin a real transformation. “It would cost too much” would be the response but if we think that would be costly we should check the cost if it’s not done. It is the major part of the cost of fighting crime.”***
- In the face of rampant anti-social and violent behavior amongst our youths, one would have expected a major effort to expand the programme of behavior modification for

unattached youths which was introduced by the previous Administration.

## HEALTH

- The provisions for Health Services have moved marginally from \$5.53B in 2016/17 to \$5.61B in 2017/18 indicating that basic medical supplies such as gloves, bandages, needles etc. will still be in short supply at our public hospitals.
- The provision for the maintenance and upgrading of our facilities has been reduced from \$3.0B in 2016/17 to \$1B in 2017/18.
- Similarly, the provision for institutional strengthening to improve national surveillance and control of infectious diseases has also been reduced by \$5M from \$15M in 2016/17 to \$10M in 2017/18. Although the monetary reduction is only \$5M, one must question the rationality of this move given the recent history of Zik-V and Chik-V and the threat of malaria.
- We have heard statements attributed to the Honourable Minister of Health indicating that he would be looking towards the Trust Fund of the National Health Fund (NHF) to assist in financing the capital works for the Ministry of Health.



- The members on this side of the House would wish to warn the administration that we will not be party to a wholesale depletion of the Trust Fund which currently stands at J\$9.4B
- The Health Fund was established to provide a medication subsidy for persons suffering from high blood pressure, sugar, asthma, cancer, obesity, heart problems among others. In addition a public education programme was designed to promote life-style changes.
- The focus on subsidy and promotion to effect lifestyle changes as integral parts of the NHF was designed to take the pressure off hospitalization by the treatment of these chronic non-communicable diseases and so reduce the cost to the Budget.
- Approximately two-thirds of the Health Budget goes to secondary and tertiary care (hospitalization). Thirty five per cent of these patients that are hospitalized suffer from these critical non-communicable diseases.
- While we recognize the need for urgent funding to assist the ailing health sector, it is critical that this be done in a sustainable way.

## REVENUE

The most devastating part of this budget relates to the Revenue side. If we include the Tax Package of J\$13.5B announced by the Minister of Finance along with the additional amount of J\$4 B expected from the new valuation regime for property tax and the transfer of J\$11.5B from NHT. The additional revenues being used to fund the budget amount to J\$29B.

There are those who will be quick to point out that we on this side, raised substantial revenues too, and transferred resources from the NHT. Before we go too far down that road, let us be clear that we are talking about two very different contexts.

Let me make it clear that in 2012 and 2013, the Administration of which I was a part, inherited a national economic emergency which the Prime Minister admitted in the run-up to the 2011 elections when he promised “bitter medicine”.

- The JLP government had in reality abandoned the IMF Programme.
- Jamaica had no access to either domestic or international capital markets.
- In the absence of the IMF seal of approval, multilateral institutions such as the World Bank, the IDB and EU were not providing financing to Jamaica.

- By 2013, the country's international reserves had slipped below internationally recognized minimum levels.
- No contracts were in place for any of the public sector workers.
- The primary surplus target which was set at 5 per cent was breached.

This was the national economic emergency that we inherited. Before the IMF would consider re-establishing a programme for Jamaica, specific prior actions were required:

- A wage freeze
- A second national debt exchange; and
- Correction to the fiscal imbalance

Mr. Speaker, the stakeholders too recognized the danger to the country and bought into the programme.

- The workers accepted the wage freeze
- Creditors, including pensioners, re-scheduled their debts
- And the public endured serious revenue packages.

I say to them once again, thank you. The country owes you debt of gratitude.

Let us contrast that situation with the one that we left in place and which the JLP government has benefitted from.

- Relations with International and local capital markets had been restored

- Balanced budgets
- Inflation had been tamed and was at its lowest level in 50 years
- International reserves were healthy
- The relationship with the IMF was restored with Jamaica having the best record globally of meeting its commitments.
- 98 per cent of public sector workers had wage agreements in place.

The simple truth is that this onerous tax-package which has been forced onto the backs of the Jamaican people – is not caused by any national/economic crisis in the Jamaican economy, it is caused solely by the decision of the government – a decision rooted in ill-conceived partisan political interests.

The government during the election campaign had promised to raise the tax threshold without any taxes.

We said it couldn't be done – and that it would cost J\$30B of New Taxes. And that is the price that the Jamaican people are paying. We are not against raising the Tax threshold – we raised the income tax threshold three times, successively, but it should be done without causing undue disruption either to the economic stability of the country or imposing unnecessary hardships on the majority of the people.

There are a number of issues with this tax package:

- The first has to do with equity and fairness. Over the past two budget cycles the government has shifted the burden of taxation from direct taxes (and in particular individual income taxes) to indirect taxes on consumption. Because people with lower income consume a greater portion of their income than high wage-earners they will suffer more from any increased taxes

So for example –

- Only persons earning above the current J\$1M threshold will benefit from the threshold increase yet the burden of the new taxes will fall on a much wider net including workers and the poor.
- The increases announced to PATH benefits will help; but PATH only covers 320,000 persons and PIOJ numbers suggest that you have 540,000 persons below the poverty line, and may move on the borderline. These are the working poor.
- It would be useful to know if a tax incidence study was done to see what effect these taxes would have on the distribution of national income.
- Even without the benefit of such studies however, I suspect that based on the range of indirect tax increases imposed in the last two budget cycles, these policies will have resulted in one of the most significant re-distribution of income from the

poor to the rich in the history of this country on the basis of a policy choice by a sitting government.

The second issue that should be emphasized is the impact of these tax policies on the cost of doing business, and by extension, on the general competitiveness of the Jamaican economy. One of the primary determinants of competitiveness in the local economy is the cost of energy consumed in the production of goods and services; yet the Government of Jamaica has chosen to target taxes on energy to offset the lion's share of the revenue shortfall created by its redistributive tax policies. Is this consistent with the Government of Jamaica's emphasis on economic growth and job creation?

The final point to be noted is that the current budget is not the last in which we will count the cost of the government's disastrous policy choices. As pointed out in Minister Shaw's presentation, because the new threshold takes effect on April 1 when the Tax year starts January 1 the effective threshold will average J\$1.375M and not J\$1.5M. It is not until 2018/19 that the full cost of the increase to J\$1.5M will be fully absorbed in the government's accounts and in the economy. Look out for more taxes.

### **Impact of the New Revenue Measures**

Among the more unacceptable aspects of the revenue package are:

- the increased tax on energy will push electricity prices, stifle businesses and penalize all households.
- The taxes on fuel will also affect everyone – drivers, businesses and other users of transport services, etc.
- The package will be particularly devastating to the young.
- Tertiary students, workers, as well as young entrepreneurs, are trying with their businesses and are barely making ends meet. The question is to what extent will the newly announced revenue measures create further unemployment, instability and hopelessness among the youth?
- Let us take the case of Jubbi, who after leaving school was not able to find employment and with the assistance of extended family finally managed to get a loan from the Credit Union to buy a taxi. Last year he was hit with a \$7 increase on every gallon of fuel. The revenue measures announced for this year will hit him with another increase in the cost of fuel as well as an increase in license fees. Predictably, he is requesting a 25 per cent increase in fares. Can his customers afford to pay? And if they can't, what is his future in the Taxi business?
- Jubbi is from an average working class family, and his mother is a single parent with another child at school. She is presently not paying income tax and will therefore not be among the beneficiaries of the new income tax relief measures,

but will have to bear the new tax burdens that have been imposed.

- Next, let us take the case of Chris a 20-year-old student at the University of Technology studying Hotel & Research Management who lives in West Prospect, a community near Bog Walk and travels to school daily. His present daily bus fare is \$100 from West Prospect to Bog Walk another \$130 from Bog Walk to Spanish Town then \$100 from Spanish to Halfway Tree and another \$100 from Halfway Tree to UTECH. If he has a patty and a box drink for lunch that is another \$260. Taxi drivers are demanding a 25 per cent increase in fares, and this will inevitably be the demand throughout by other providers of public transportation. Chris's mother can hardly cope with the present transportation cost of nearly \$600 per day. Will she be able to afford the impending increase?
- Finally, let us take the case of Kamisha who after leaving school could not find employment and got help to start a little hair-dressing business at her home. She is already faced with an electricity bill which reached \$5,000 per month. She will now have to contend with another substantial increase in her monthly light bill. Kamisha is deeply worried about the future of her small business.
- At another level let us take the case of an elderly couple, both of whom are pensioners, who will now face an increase



in the cost of medicines, which they will be unable to pay. They now face an uncertain future.

We on this side, while in government made provision for annual increase in pension payments. In this case, the JLP government is imposing a tax burden with no relief for pensioners.

### **Tax on Health Insurance**

A particularly pernicious element of this Tax Package is the Tax on Health Insurance Premiums:

- In a country where the public health system is still grossly inadequate, it must be an obvious part of the country's strategy of Health Care delivery to facilitate citizens to buy Health Insurance coverage, that is why no government in the past have ever taxed Health Insurance Premiums.
- The effect will be immediately to raise the costs of premiums to firms and individuals (see examples):

**IMPACT OF GCT ON EXISTING GROUP HEALTH PREMIUMS  
(SAMPLE CLIENTS)}**

	Current Rate	Company A GCT	New Rate
<b>EMP ONLY</b>	\$ 5,107.00	\$ 842.66	\$ 5,949.66
<b>EMP + 1</b>	\$ 10,095.00	\$ 1,665.68	\$ 11,760.68
<b>FAMILY</b>	\$ 14,220.00	\$ 2,346.30	\$ 16,566.30
<b>Total monthly premium based on current membership</b>	\$ 27,043,676.00	\$ 4,462,206.54	\$ 31,505,882.54
<b>Annual Premium</b>	\$ 324,524,112.00	\$ 53,546,478.48	\$ 378,070,590.48
<b>Total # employees</b>	<b>2,591</b>		

	Current Rate	Company B GCT	New Rate
<b>EMP ONLY</b>	\$ 9,504.00	\$ 1,568.16	\$ 11,072.16
<b>EMP + 1</b>	\$ 24,806.00	\$ 4,092.99	\$ 28,898.99
<b>FAMILY</b>	\$ 24,806.00	\$ 4,092.99	\$ 28,898.99
<b>Total monthly premium based on current membership</b>	\$ 9,546,666.00	\$ 1,575,199.89	\$ 11,121,865.89
<b>Annual Premium</b>	\$ 114,559,992.00	\$ 18,902,398.68	\$ 133,462,390.68
<b>Total # employees</b>	<b>476</b>		

	Current Rate	Company C GCT	New Rate
<b>EMP ONLY</b>	\$ 5,473.00	\$ 903.05	\$ 6,376.05
<b>EMP + 1</b>	\$ 10,946.00	\$ 1,806.09	\$ 12,752.09
<b>FAMILY</b>	\$ 15,000.00	\$ 2,475.00	\$ 17,475.00
<b>Total monthly premium based on current membership</b>	\$ 656,557.00	\$ 108,331.91	\$ 764,888.91
<b>Annual Premium</b>	\$ 7,878,684.00	\$ 1,299,982.86	\$ 9,178,666.86
<b>Total # employees</b>	<b>103</b>		

- In many instances, firms will not increase their budgets – and the result will be lower levels of coverage.
- In some cases the effect will be devastating for individuals
- Take the case of Monica – a cancer survivor who took early retirement
- She remains a part of a special group plan for retirees in the firm she used to work with and she pays insurance premiums of \$14,000 per month.
- Her income is fixed
- Her medication, without insurance is more than \$40,000 per month
- With her Insurance coverage, she pays only \$8,000 for medication
- With this new tax, her \$14,000 per month premium will go up, but her income is fixed, and she is unable to find the increase. She is literally looking at the doors of death if she is unable to

secure the medication which her insurance coverage used to provide for her.

- Mr. Speaker the best we can say for this whole package is that the government should withdraw it:
  - It was ill-conceived
  - It was motivated by partisan concerns rather than national interest.
  - It is too burdensome especially on the majority, especially on the poorest.
  - The government should “wheel and come again”.

## SECTION VI

# Advancing the Economic Reform Programme to Achieve Stability, Equitable Growth & Prosperity

---

Mr. Speaker,

In 2012, we embarked on an Economic Reform Programme. I introduced it in my Budget as **“a new and binding covenant for stability, equitable growth and prosperity”**.

During my tenure as minister of finance I consistently spoke to the importance of a national “consensus around the essentials of our development path and the strategies to achieve developmental goals”. Today, I am even more convinced that only **“continuity of effort and fixity of purpose”** will see us through.

Consistent with this view I welcome any initiative by the JLP administration to continue the implementation of the Economic Reform Programme (ERP). I note that the Minister of Finance no longer disparages the passing of IMF tests and no longer draws a line of demarcation between “the IMF test” and “the Peoples test”. It should be apparent to all that passing the IMF tests laid the foundation for economic success for the benefit of the people.

We, on this side of the House, rejoice in his repentance for as the Good Book says, **“Joy shall be in Heaven over one sinner that repenteth more than over ninety-nine just persons who need no repentance”**.

## CONCLUSION

---

We remain convinced that the Jamaican economy will not achieve the requisite levels of high rates of economic growth unless and until we tackle the problems of stemming from social and economic inequality. We need to bring the hundreds of thousands who have been living on the margins of the economy and society into the mainstream of the social and economic life of the country.

To achieve this objective, we will have to complete the reform of our Educational system, to ensure that the 50 per cent of our students who are being left behind each year after leaving school are adequately prepared for the world of work.

- We will have to modernize our security forces to effectively control crime and anti-social behaviour.
- We will have to directly confront the poverty and inequality that is embedded in our economic and social reality. And this will require three critical initiatives.
  - i) A New Deal for Jamaican Agriculture
  - ii) A Resolution of the Land Question; and
  - iii) A New Approach to housing for the majority of our people

## New Deal for Agriculture

The creation of a more competitive exchange rate as part of the Economic Reform Programme (ERP) provided a vital push for Jamaica's agriculture. The new deal will go much further to provide:

- i) Improved infrastructure – especially water and irrigation
  - ii) An expansion of the Extension Services to provide both advice in Agricultural technique and in marketing
- The marketing possibilities are limitless. Mr. Speaker I would like to bring to the attention of the House that tomorrow one local producer is sending off a shipment of sweet potatoes, pumpkins, yam, etc. in his first shipment to mainstream supermarkets in the U.K. The demand for Jamaican cuisine is now global.
  - Most of all though we will need a new approach Land Titling, to enable the more than 40 per cent of our agricultural producers who have no land title to become titled landowners for the first time. This will enable them to enter the formal financial system and economy.



## Land Titling

The land problem has been with us since Emancipation.

- At the present time – some 700,000 Jamaicans are categorized as squatters, living an uncertain existence, with no legitimacy of tenure in their own land.

This endures to our collective shame.

We created the Land Administration Management Programme LAMP to advance the solution to this problem, but its pace is obviously inadequate

The PNP is committed to creating a new legal framework to rationalize the over 100 pieces of legislation which currently impact directly or indirectly on land ownership and use. The new legal framework must reflect the Jamaican reality and facilitate the regularization of persons who have occupied registered land for years, particularly in our inner-city communities where, despite possession for decades, occupants are unable to obtain titles.

## Housing

Successive governments of Jamaica have grappled with the housing problem, and a number of institutions have been created to deal with this challenge - A Ministry of Housing; the Jamaica Mortgage Bank; the Housing Agency of Jamaica; The Greater Portmore

Project. The National Housing Trust was created in 1976 and it has since borne the brunt of financing the country's housing needs.

As I speak, the NHT has provided around 200,000 housing mortgages which, depending on what figure one uses for the average size of families, impacts between 25 per cent to 33 per cent of the population. When we left office in February 2015 the NHT was in the process of implementing some 9,300 solutions in 10 parishes and locations. I was happy to note that the current Prime Minister broke ground for the Project in Friendship in St James, which will provide a mix of 1,500 housing solutions. I expect that he will be breaking ground for a good number of the remaining 8,000 which were planned before we demitted office and, I would expect some new ones initiated by his government.

Despite Jamaica's best efforts in addressing the housing situation, we are challenged by the economic reality that the costs of materials of construction itself outpace the increase in wages; and therefore consequences for affordability and the income stream to NHT through contributions and mortgage repayments.

Another major challenge is the time frame for implementing many housing solutions. Planning, Procurement Design, and Design Approvals takes up to two years; with Procurement taking as much as 46 weeks for even relatively small Projects. This will have to be radically revised without impairing transparency.

If we are to provide adequate and affordable housing solutions for the Jamaican people, we will have to:

- Drastically reduce the 'lead time' from initiation to start, and of course speedier construction
- Find a way to encourage self-building initiatives for low-income persons through a micro-financing scheme financed by NHT institutions like the Credit Unions.
- Explore the possibility of providing some level of insurance to private institutions or firms to invest in low-income housing; and
- Follow-up on a proposal we had before we left office to amend the law to enable us to upgrade shelter and/or infrastructure of poor communities and indigent homes operated by the State, NGOs or the Private Sector

**Finally, Mr. Speaker, we must state quite frankly that this budget does not advance Jamaica's economic reform programme. It offers no hope that it will solve the fundamental challenges that face our people:**

- The country has treated to litany of broken promises;
- The people were promised a 1.5million tax break without any new taxes – that did not happen;

- They were promised that there would be no further draws-down of funds from NHT – that promise has been broken;
- They were promised unprecedented Resources to confront the spiraling crime rate – this promise has not materialised;
- They were promised more resources for Education – that is not evident in the budget;
- Healthcare has been set back not only by the limited resources provided in the Budget, but by the ill-considered plan to tax Health Insurance Premiums;
- The government runs the risk of squandering the economic gains made during the previous administration in laying an economic foundation that offers hope to the people;
- We need to make the democratic process of Parliament work by utilizing the Committee on Tax Measures and stop this approach of taxation by surprise;
- Our vision is of a Jamaica that works for all the people;
- A Jamaica in which no Jamaican citizen will be a squatter in the land of their birth;
- A Jamaica in which every Jamaicans will have access to affordable housing;

- A Jamaica where agricultural is finally transformed into a modern sector of the economy;
- We can achieve these goals if we are more honest with each other;
- We can create a better Jamaica if cooperate more and compete less;
- Let us move forward together to the better Jamaica that was the dream of the Founding Fathers and Mothers of this nation.

Thank you

God Bless Jamaica, Land We Love