



MINISTRY OF FINANCE AND
THE PUBLIC SERVICE

Opening BUDGET

PRESENTATION 2024

Tuesday, March 12, 2024

Leveraging Economic Stability in the People's Interest

➤ **HON. NIGEL CLARKE, DPHIL., MP**
Minister of Finance and the Public Service





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1.0 Salutations & Expressions of Gratitude

Madam Speaker, I am thankful and humbled once again for the opportunity to address this most Honourable House.

I would like to congratulate you, Madam Speaker, and thank you for your strong and effective leadership of this House.

I start my remarks by thanking Almighty God, from whom all blessings flow. Great are His mercies, faithfulness, and kindness.

The Lord is my strength and my shield, in Him my heart trusts. My heart exults, and I give thanks to Him.

I would not be here today and would not be able to make this presentation without the tremendous support, work, and effort of many persons, to whom I would like to extend my sincere gratitude and thanks.

To the Constituents of St. Andrew North Western. Thank you for placing confidence in me and my team. It is a privilege to serve you.

I am particularly grateful to the many workers and supporters, including the recently re-elected Councillors of St. Andrew North Western, the indomitable five-star general, senior Councillor, Vernon Mcleod, the suave family man Councillor Duane Smith and the man with his ears to the ground, Councillor Andrew Harris and other members of the Constituency Executive, several of whom are present in the Gallery today.

Thank you for your sacrifice, faithfulness, and support.

Madam Speaker, I consider it a privilege to serve in the Cabinet of the Most Honourable Prime Minister, Andrew Holness, the Builder. He is visionary, courageous, strong, empathetic, and wise and I am grateful for his counsel, advice, and confidence in me.

To my fellow members of Cabinet, I am honoured to serve with you in a spirit of teamwork, mutual cooperation, and a shared vision.

To my Parliamentary colleagues on both sides, thank you for dedication and contributions to helping make Jamaica a better place.

I also want to thank my colleague Minister in the Ministry of Finance and the Public Service, Minister, Hon. Zavia Mayne, for his efforts, commitment, and support. He has been very supportive of me and I thank him for this.

Jamaica is truly blessed to have an exceptionally talented and dedicated team who I am fortunate to serve with in the Ministry of Finance and the Public Service.

I thank them for their efforts, contribution, and sacrifices.

I thank the Financial Secretary Darlene Morrison and her team at the Ministry, as well as my advisory staff. I also thank the administrative and ancillary staff in my office and the security staff assigned to me who always go beyond the call of duty.

I also would like to thank the Board, management, and staff of the Bank of Jamaica (BOJ), Planning Institute of Jamaica (PIOJ), Statistical Institute of Jamaica (STATIN), and other financial agencies which play a key role in Jamaica's economy.

Most of all, Madam Speaker, I would like to thank my wife, Rupi and my children, who have kindly agreed to share me with North West St. Andrew and the people of Jamaica.

I will be forever grateful for your love, understanding, and support.

I am also grateful for the steady and kind support of my brother and sister.

I will always remain indebted to my parents, the late Justice Neville Clarke and Mrs. Mary Clarke, for instilling a commitment to excellence and service to others.

Last, but not least, to the members of the media, as well as all those who have taken the time to listen and participate on TV, radio, social media, in Jamaica and in the Diaspora, I thank you for your time and interest.

And to all the people of Jamaica, we work for you. You inspire us every day, and we are humbled and grateful for the opportunity to serve you.

2.0 Opening Statement

Madam Speaker, in this Budget presentation I will provide the data that supports the fact that Jamaica's macro-economic fundamentals today are stronger, better, and more favourable than at any time over the last 50 years.

I will define economic stability and demonstrate that this period is the only period in the last 50 years where we have enjoyed this.

I will advance the argument that economic stability is essential to the growth in investment and jobs, which in turn drive Government revenue.

It is from Government revenues that we finance public investment expenditure – on police stations, buses, schools, hospitals, roads, and other infrastructure – which all benefit the citizens of Jamaica over the long term. And, materially increasing the levels of public investment expenditure is necessary if we are to improve quality of life.

Therefore, Madam Speaker, economic stability is indispensable to increasing the ability of the Government to improve the quality of life and standards of living of the people of Jamaica.

But while macro-economic stability is necessary, it is by no means sufficient.

Madam Speaker, in February 2018, while I was campaigning house to house during the St. Andrew North Western By-Election, a lady greeted me at her gate and, said something to me that I will never forget.

She said, "You see all them ting dere, growth, debt, inflation etc.....dem important you nuh, dem very important, but dem not important fah wi. What is important fah wi is, is di garbage collected? Is di pothole dem fixed? Di streetlights dem a work? Dat is what is important to wi."

It was one of those moments that will always remain with me.

I shared this experience with a few people at the time, including the Most Honourable Prime Minister, and these words have remained close to me since then.

It was that conversation that was the motivating factor for me, in one of my first moves as Minister of Finance to collaborate with Minister McKenzie and pay down the streetlight \$7 billion bill with JPS, which at the time was more than 24 months overdue. And since then to have the central government contribute \$3.1 billion per year to pay for streetlights.

Madam Speaker, economic stability is very important, as my constituent rightly acknowledged. It must be achieved and preserved, but it is not an end in and of itself.

Rather, it must deliver for the people, not just the connected, the powerful, and the well-organised.

Economic stability must deliver for **ALL** the people of Jamaica.

Because many Jamaicans looking on, say alright, it is great that have achieved macro-economic stability, and all of these wonderful things, after so many decades.

But what about **my** issues?

- My roads are in a deplorable condition;
- My garbage is not collected on a regular basis;
- I have been waiting decades and still don't have access to water, or in some cases, electricity;
- It takes an hour for the bus to come and its timing is not reliable;
- Food prices have gone beyond my capacity etc,
- And I cannot go anywhere and hear reggae music in peace. Everywhere we go “dem tun off di music.”

The people of Jamaica want us to address these important, critical issues, and many others like them.

The people want to see that these issues are priorities in the fiscal policy choices of the Government.

The people want to see that the allocation of resources in our national budget is aligned with the pain points they experience.

The people want us to put the same energy into the “micro” that we put into the “macro”.

They want to see an acceleration in how quickly we can use public investment to address longstanding challenges.

Madam Speaker, I would like to use this opportunity to speak directly to my constituent who gave me such good advice as well as to all Jamaicans:

We hear you loud and clear.

This Government, headed by the Most Honourable Prime Minister Andrew Holness, is a listening government.

We listen to the people.

Let me say very clearly, that, **what is important to you, is also very important to us.**

Not only have we listened and have heard you, let me make it abundantly clear that we are also a Government that responds and acts.

As such, Madam Speaker, we will align our fiscal policy to address the pain points in our society.

Madam Speaker, we will preserve economic stability.

Madam Speaker, we will improve economic stability.

And, Madam Speaker, we will also leverage economic stability in the people's interest.

This Government has always listened and always responded in a manner that protects and preserves macroeconomic stability while also acting in the people's best interest.

We have endeavoured to do so every year since we were first elected in 2016, and will always do so.

It is abundantly clear, however, that the people of Jamaica want even more from us as a Government.

The people of Jamaica want to know and feel that they are benefiting and participating more directly in the macroeconomic advances that we have made, in a manner that improves their lives.

Madam Speaker, this has always been our commitment and we have a strong track record of quality-of-life-improving achievements that support this.

And, Madam Speaker, we renew, re-double and re-energise our commitment to "walk and chew gum". That is, to continue to improving Jamaica's macro-economic fundamentals, thereby creating an environment that is conducive to growth and jobs, AND, at the same time, leveraging the economic stability that emerges in the people's interest.

It is in the context that I am honoured to present this Budget for FY 2024/2025.

3.0 Deepening Jamaica's Economic Institutional Framework

Madam Speaker, we need economic stability to sustainably improve standards of living. So I will spend some time on this very important topic.

Madam Speaker, we can all be proud of Jamaica's strong democratic tradition.

This year marks eighty (80) continuous years of electoral democracy in Jamaica.

Jamaica stands among a small handful of countries in the world with such a long record of free and fair elections.

Indeed, Madam Speaker, we just completed an electoral exercise, the 2024 Parish Council elections.

I would like to thank all the citizens of Jamaica who participated in the elections and congratulate all of the winning candidates from both parties.

I am also pleased to report, Madam Speaker, that, despite the Local Government Elections, our fiscal, monetary, and economic processes were uninterrupted and we remained steadfast in continuing to address important business of the people of Jamaica before, during, and after the Elections.

3.1 Central Government Budgetary Process

As an example Madam Speaker, we tabled the National Budget on time, within schedule, and this Debate is being opened on time, and within schedule.

This was not always the case, Madam Speaker.

The General Elections of 1989 were held on February 9, and this delayed the National Budget until June of that year.

The General Elections of 2016 were held on February 25, and this delayed the National Budget until May of that year.

Some persons – I won't call any names – might be quick to point out that these examples were General Elections, while February 26 this year was Local Government Elections.

To those persons, I would point to the Local Government Elections held on February 4, 1981, which resulted in a delay of the Budget Debate until late May of 1981.

Madam Speaker, election or no election, the National Budget must be passed in the House of Representatives by March 31 of each year, by law.

This brings order, increases certainty, and allows citizens to plan. Election or no election, the people's business must go on.

And we are committed to ensuring that the people's business is addressed on time and on schedule.

3.2 PIOJ Quarterly Briefings

As another example, Madam Speaker, the Planning Institute of Jamaica (PIOJ) has an annual schedule of public economic briefings, and this schedule is decided in advance.

Despite the then-pending Local Government Elections, the PIOJ held their quarterly briefing on the scheduled date and, as they always do, updated the country on their economic projections.

Figure 1: Jamaica Gleaner, Wednesday, February 21, 2024



Election, or no election, the PIOJ updated the country, on time, on schedule with no delay.


3.3 BOJ Quarterly Briefings

Similarly, the Bank of Jamaica (“BOJ”) has monetary policy committee meetings on a scheduled basis each year. The dates of these meetings are published in advance and the minutes of these meetings are required, by law, to be made public after the meetings are held. In addition, the BOJ holds a scheduled monetary policy briefing and press conference after each monetary policy committee meeting.

Madam Speaker, Jamaica can be proud of the fact that, a few weeks ago, the BOJ held its monetary policy briefing and press conference where it updated the country on monetary policy developments and the outlook for inflation, on time, on schedule, election or no election.

BOJ says forex market still relatively stable

9:27 am, Fri February 23, 2024



BOJ Governor Richard Byles

Richard Byles

The Bank of Jamaica says the foreign exchange market has remained relatively stable.


loop Business 3 min read

Byles prepared to monitor market conduct with precision

FSC, BOJ staff trained by Toronto Centre

Shamille Scott

February 23, 2024 12:57 PM ET - Updated February 23, 2024 01:23 PM ET



BOJ Governor Richard Byles

Inflation to remain higher than targeted until 2025 – BOJ

Published: Wednesday | February 21, 2024 | 1:21 PM



BOJ Governor Richard Byles - File photo.

Inflation is to remain higher than targeted until next year, according to Bank of Jamaica (BOJ) Governor Richard Byles.

Madam Speaker, change can be difficult, but these are important developments.

The predictability of scheduled economic policy updates from our primary economic institutions taking place on time, and on schedule, is an essential feature of a modern market-based economy.

In a market economy, individual households and businesses, through their own economic decisions, in aggregate, allocate vast amounts of resources. This private allocation of resources exceeds what the Government has available to deploy.

Timely and credible economic data and information is indispensable to the efficiency of this process and to the maintenance of a vibrant and stable economy.

Credibility is enhanced by these data being provided in a predictable manner, impervious to perceptions of whether the data are convenient, or not, or to which segments of the society the data may appear convenient.

On the contrary, if our economic institutions pick and choose when to speak, and adjust according to a political cycle, their pronouncements become suspect and the service they deliver to Jamaican citizens, households, and businesses, as well as to overseas investors, is weakened.

As such, Madam Speaker, for our market-based economy to work properly, for it to have the capacity to deliver resources that the Government can spend to improve quality of people's lives, the publication of data by our economic institutions cannot be subordinated to political processes.

Jamaica lifted capital controls in 1993. Since that time, capital can flow into and out of Jamaica freely. In fact capital moves more freely than people do.

In such a system, confidence is extremely important because households and businesses are free to move their capital at any time.

And confidence can be irreparably damaged if people believe that economic data is provided in a manner that suits the government of the day or if pre-scheduled economic data releases are withheld or postponed during times of election.

As such, the practice is, once a schedule is set for economic data releases and public press briefings, it does not vary.

Why not this one time? Well, the problem is that if you do it once, you set the unfortunate precedent that it can be done again and again.

There is much too much at stake Madam Speaker.

For instance, Madam Speaker, for the past 62 years since Jamaica's Independence, Jamaica has been squeezed into borrowing in foreign currency overseas for much of its needs.

We demonstrated that with a credible monetary policy regime – which provides timely information – we were able to borrow internationally in Jamaican dollars, for the first time, with the prospect of reducing vulnerabilities and improving the quality of people's lives.

Madam Speaker, I propose that we formally implement a public protocol under which our major economic institutions continue to adhere to a fixed schedule of major data releases and commentary where the schedule is made public at the beginning of each calendar year, but restrict *discretionary* interviews or speeches *by invitation* during an election period which has been the practice

During the June 2016 referendum in the UK, a similar protocol was established.

Some will say, “*Oh that’s the big UK, what about small Jamaica?*”

Well, Madam Speaker, Jamaica and the UK are similar in that we are both politically democratic, market-oriented economic systems.

And as the Right Excellent Marcus Mosiah Garvey implied through his words and deeds, who becomes strong by imitating the weak? You want to be strong, you do what the strong do.

Madam Speaker, as with the National Budget, with PIOJ briefings and with BOJ quarterly updates, election or no election, the people’s business must go on.

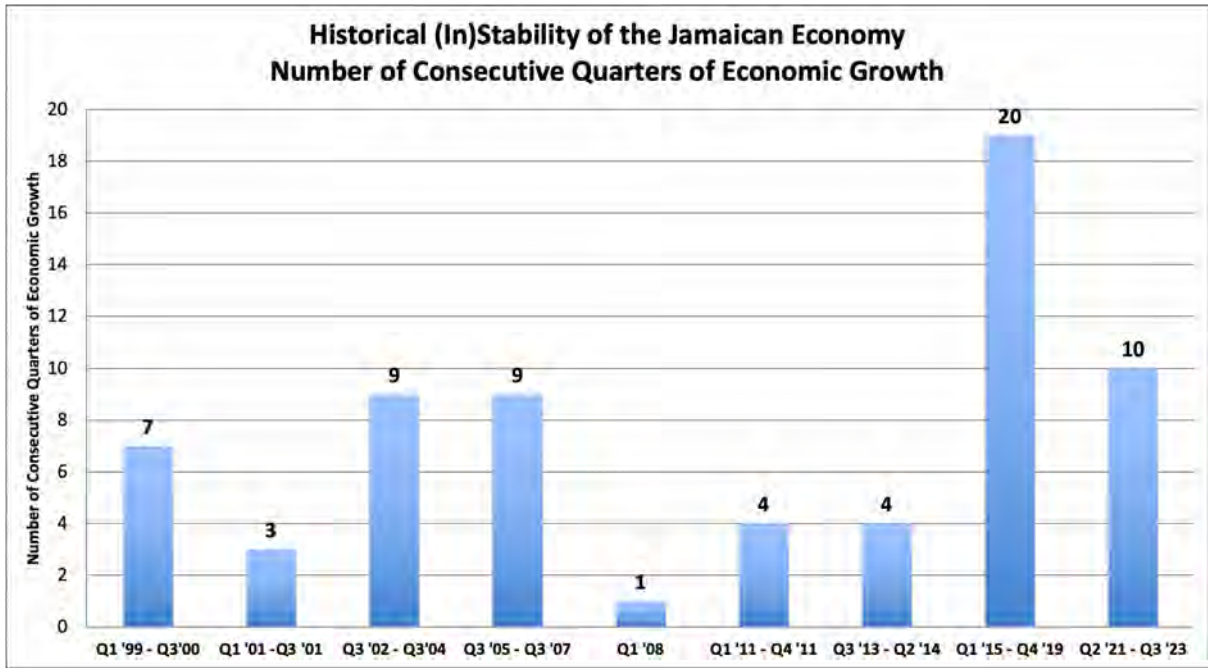
Madam Speaker, as I stated before, we are committed to ensuring that the people’s business is addressed on time and on schedule, all the time.

4.0 Macro Economic Overview

4.1 Growth

Madam Speaker, I am pleased to report that the Jamaican economy has grown for 10 consecutive quarters.

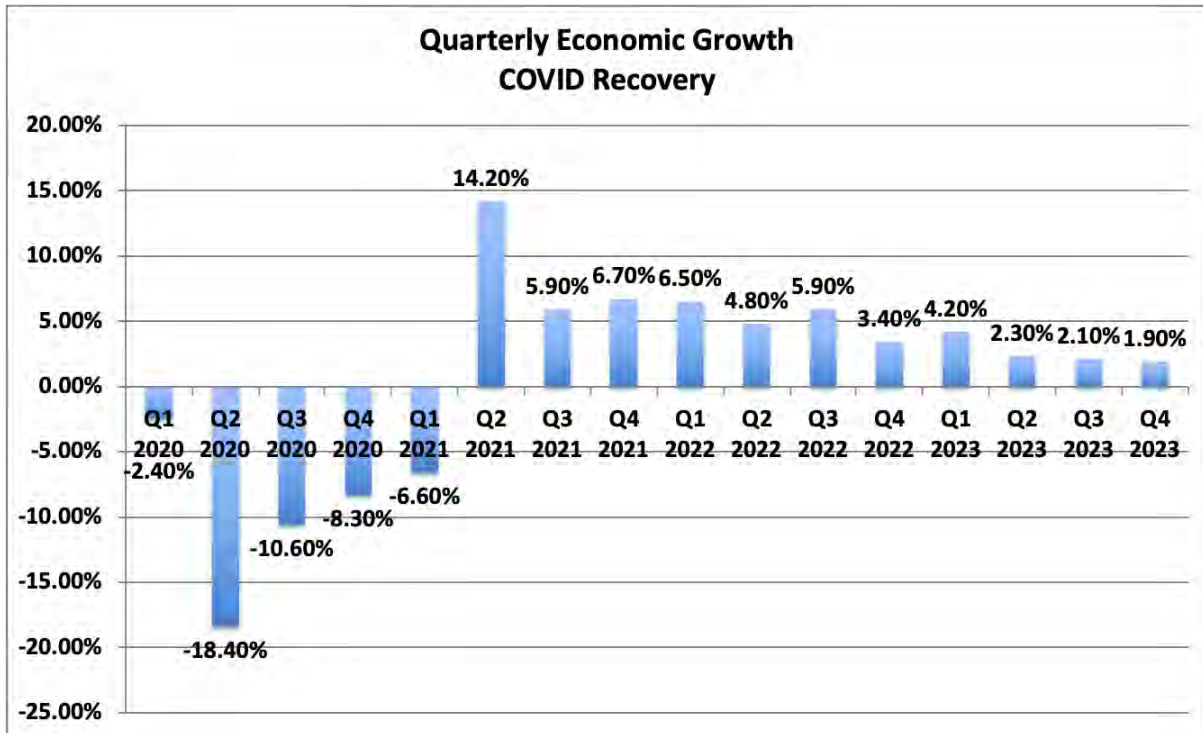
This is the second longest period of quarterly economic growth since we started measuring growth quarterly in 1997.



The longest period, Madam Speaker, was the quarters ending December 2015 to October 2019 when Jamaica experienced 19 consecutive quarters of growth (with the 20th quarter October to December 2019, flat).

Several observers have cited the fact that for 40 years, between the 1970s to the 2010s, and average economic growth in Jamaica averaged 1%.

That is true.



But that data point masks a deeper truth.

It is the variation of growth around that average where the problem has really been. Jamaica’s economy has been characterised by profound volatility, massive ups and downs in quick succession, and wild swings.

And, historically, when we have fallen into economic decline it has taken a long time to recover – 14 years between 1976 and 1989 and 11 years between 2008 and 2019.

This has not been good for investment and jobs which is why the unemployment rate was so high for so long.

It is that start and stop of the economy, and high unemployment that we aim to address.

We aim to have longer and longer periods of economic expansion, and quick recovery from economic shocks that result in economic contraction.

We aim to dampen economic volatility.

It is for this reason, Madam Speaker, that we celebrate 10 consecutive quarters of economic growth – because it has not been Jamaica’s norm.

4.2 Per Capita GDP

Madam Speaker, Jamaica's per capita GDP is a measure of economic output of each Jamaican. It is calculated as the ratio of Jamaica's GDP to the size of population and is a measure of average income.

Jamaica's nominal per capita GDP at the end of fiscal year 2023/24 is projected to be roughly US\$7,000, using GDP and population figures from STATIN, and closing exchange rate on March 11, 2024.

But Madam Speaker we have a lot of catching up to do. The nominal per capita GDP of both Barbados and Trinidad is now in the vicinity of US\$20,000.

To catch up, we will need longer and longer periods of growth – with greater resilience to, and quicker recoveries from, economic shock.

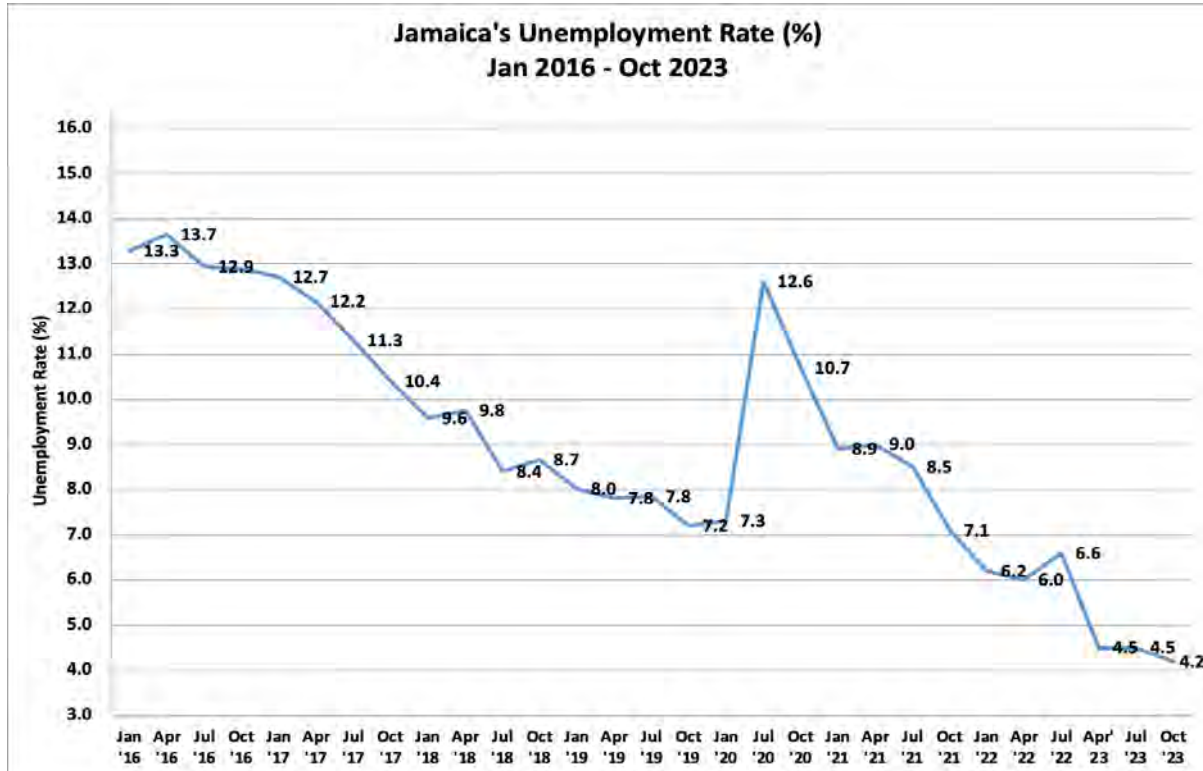
This requires entrenched economic stability, Madam Speaker.

4.3 Unemployment

The unemployment rate has fallen to 4.2%, which is the lowest unemployment rate in Jamaica's history.

There are more persons employed today – 1.3 million – than ever before.

And over 150,000 net new jobs have been created since 2016.



For 25 years, between 1990 and 2015, Madam Speaker, Jamaica’s unemployment rate **averaged 14%** and we measure unemployment in exactly the same way.

And I should point out that Jamaica’s labour participation rate is higher than the United States, higher than the UK, higher than Barbados, and higher than Trinidad & Tobago.

Now, we still have work to do.

We want to increase the value of jobs in Jamaica. The only way to sustainably do so is by increasing the skills and boosting the education outcomes of the Jamaican population.



4.4 Debt/GDP

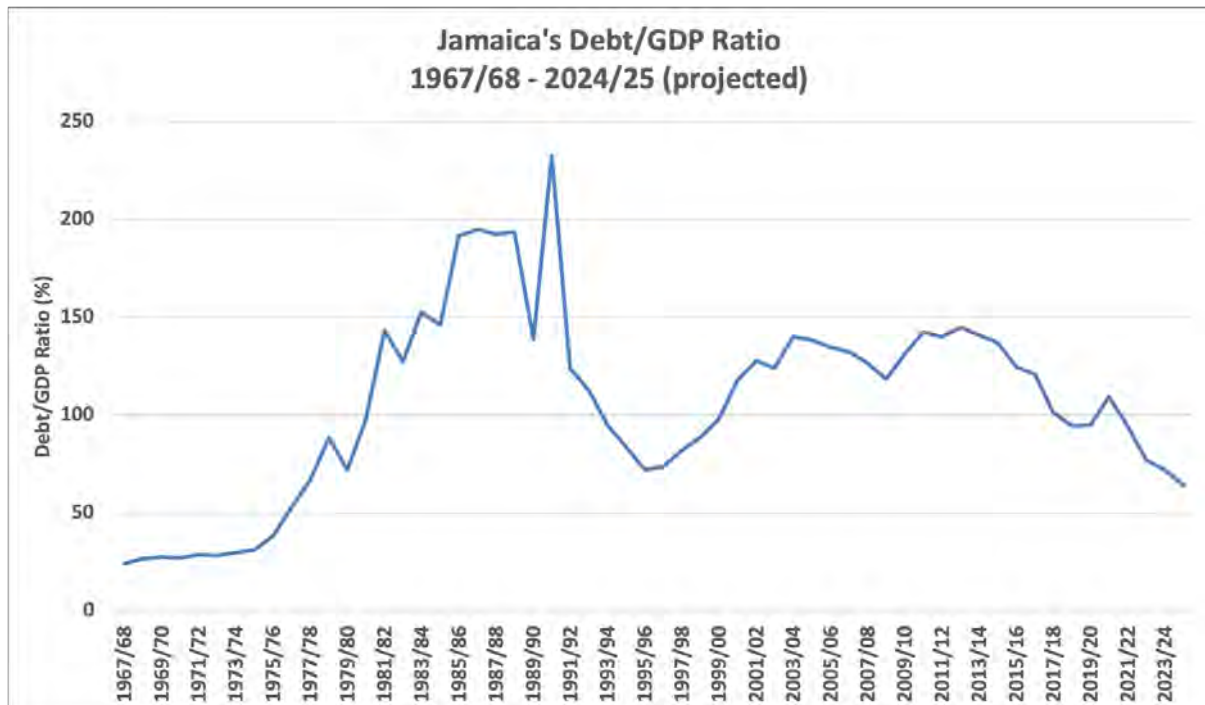
Madam Speaker, Jamaica’s debt to GDP ratio, which is the ratio of all the money Jamaica owes divided by the measure of all our economic production of goods and services a year, is projected to be **72%** by the end of March 2024.

For the first time, Madam Speaker, our debt ratio will be lower than prior to the FINSAC era and it has taken approximately 30 years to achieve this.

There are enduring and painful lessons from this experience.

Madam Speaker, Jamaica’s debt could be 64% of GDP by April 2025. If achieved this will be Jamaica’s lowest debt ratio since 1976, almost 50 years ago.

Madam Speaker, just some raw facts on the history of Jamaica’s debt ratio, tracing the broad contours without explanation or commentary.



- Jamaica’s debt ratio was 27.1% in 1970/71;
- By 1978/79, the debt ratio was 88.4%;
- And by 1989/90 debt was 138.7% in 1989/90;
- Debt ratio fell to 72.3% in 1995/96, its lowest in 15 years; and
- Climbed steadily from there and by the time Bruce Golding became Prime Minister the debt ratio was 126%.
- The rest is history with which we are all familiar.

Madam Speaker, we are proud of our commitment and successful efforts to so far reduce Jamaica’s debt ratio level to its lowest level in over 30 years, in the best interests of the people of Jamaica.

4.5 Absolute level of Debt

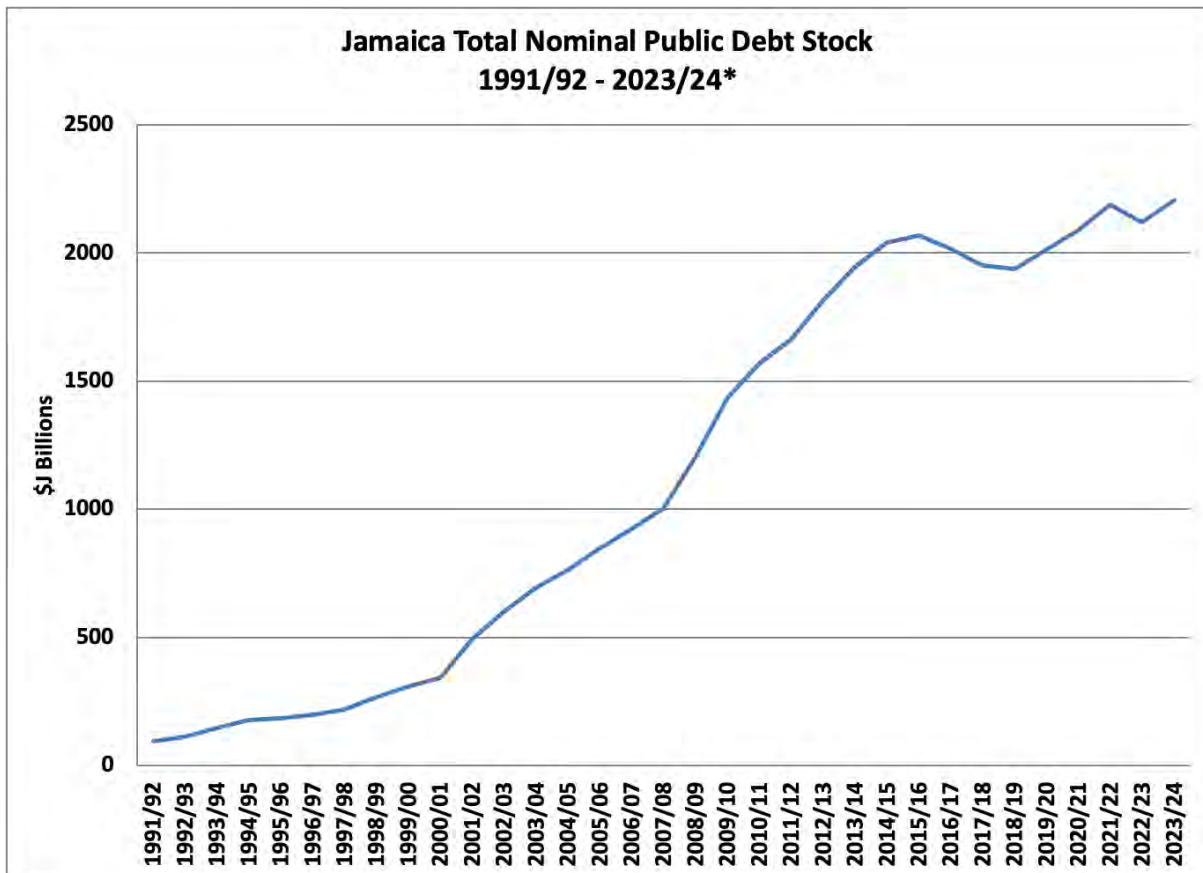
The debt ratio is a relative debt measurement. It measures the size of the debt relative to the size of the economy.

While this is being reduced, the absolute level of Jamaica’s debt has stayed relatively constant for the past several years hovering in the range of J\$2 trillion to J\$2.2 trillion.

So it's not that we are "paying down" the debt in a literal sense. We are managing the Government's finances so we do not *increase* the absolute size of the debt, while we grow the economy so that the ratio between the size of the debt and the size of the economy gets lower each year.

There is an important law that was passed by both Houses of Parliament that legislates that Jamaica achieve a debt ratio of 60% by the end of March 2028.

This date was initially set at March 2026, but was pushed back by two years due to the massive contraction in the economy caused by the COVID-19 pandemic.



Jamaica Total Public Debt Stock		
End of Period (Fiscal Year)	Public Debt Stock (J\$ Billions)	Year on Year Increase (%)
1991/92	95.3	
1992/93	112.3	18%
1993/94	146.1	30.1%
1994/95	177.8	21.7%
1995/96	184.5	3.7%
1996/97	197.6	7.1%
1997/98	219.6	11.2%
1998/99	265.6	20.9%
1999/00	307.0	15.6%
2000/01	341.2	11.1%
2001/02	491.7	44.1%
2002/03	601.2	22.3%
2003/04	693.9	15.4%
2004/05	759.7	9.5%
2005/06	847.4	11.5%
2006/07	923.2	8.9%
2007/08	1,000.7	8.4%
2008/09	1,200.3	20.0%
2009/10	1,434.8	19.5%
2010/11	1,570.4	9.5%
2011/12	1,662.6	5.9%
2012/13	1,812.6	9.0%
2013/14	1,946.0	7.4%
2014/15	2,041.7	4.9%
2015/16	2,068.8	1.3%
2016/17	2,018.0	-2.5%
2017/18	1,952.2	-3.3%
2018/19	1,938.0	-0.7%
2019/20	2,011.9	3.8%
2020/21	2,090.5	3.9%
2021/22	2,187.6	4.6%
2022/23	2,121.4	-3.0%
2023/24*	2,204.6	3.9%

4.6 Fiscal Credibility

Over the past ten years beginning in fiscal year 2013/14, Jamaica has achieved fiscal targets set in the budgetary process for all ten years: three years under the previous administration [2013/14, 2014/15 and 2015/16] and seven years under this administration [2016/17, 2017/18, 2018/19, 2019/20, 2020/21¹, 2021/22 and 2022/23]. This year, if we achieve our fiscal target, it would be the 8th under this administration and the 11th consecutive year overall.

Jamaica's fiscal credibility has improved dramatically as a result and the trust in Jamaica's economic policymaking environment has multiplied several-fold.

This, in turn, has made Jamaica a more attractive destination for investment which explains, in large part, the robust growth in jobs that we have experienced.

¹ The revised fiscal target, after the budget was revised in September 2020 as a result of the COVID-19 pandemic.

While we still have many challenges and problems, this track record of fiscal credibility must continue.

The more fiscally credible Jamaica is, the better our terms in trading with the rest of the world for the Government, for businesses, and for the people.

Madam Speaker, we are proud of our commitment and successful efforts to preserve and strengthen Jamaica's fiscal credibility in the best interest of the people of Jamaica.

4.7 Local Currency Debt Issuance

Madam Speaker, all countries need to borrow internationally to finance their operations.

However, when countries like Germany or Japan borrow, they don't need to borrow in US dollars or in any currency other than their own. Germany borrows internationally in Euros and Japan borrows internationally in Japanese Yen.

This means that Germany and Japan have little or no foreign exchange exposure on their international debt. In other words, foreign exchange risk is effectively eliminated. This helps to make them economically stronger and more resilient.

And international investors lending to Germany and Japan are content lending to them in Euros and Yen because they have trust in the stability of the economic environment in Germany and Japan, as well as in their institutional mechanisms such as independent central banks that guarantee price stability.

For a developing country like Jamaica, the picture is quite different.

Developing countries also need to borrow internationally – there are not enough resources domestically to finance government without crowding out the private sector.

But when developing countries choose to borrow internationally, they are compelled to do so in currencies other than their own. International investors want the comfort and safety of the US dollar or a similarly strong developed world currency when lending to developing countries.

This has the effect of adding a source of risk to the economies of these developing countries because borrowing internationally in a foreign currency like the US dollar, introduces foreign exchange risk vulnerability.

Madam Speaker, it was in 2019 that I publicly stated that Jamaica will launch its first local currency bond internationally within five years. The Gleaner newspaper captured my commitment as follows.

AVIA COLLINDER
Business Reporter

Clarke to take the Jamaican dollar to the world stage

Aims to borrow from the international markets in JMD in five years

THE VALUE of the Jamaican dollar is at historic lows, but Finance Minister Nigel Clarke is bullish about its future prospects.

Clarke said on Wednesday that the successful execution of an inflation-targeting regime should allow Jamaica, within five years, to be able to offer its first Jamaican-dollar bond to international borrowers – a goal that economic experts and strategists polled by the *Financial Gleaner* believe is realistic and would serve to further raise the country's economic profile.

The minister also reported that foreign holders of Jamaica's sovereign bonds denominated in US currency were receptive to the idea of a JMD issue at a roadshow he recently headlined overseas.

A Jamaican dollar float would require investor confidence, and economist Damien King believes Jamaica is headed in the right direction.

"The reason most countries cannot borrow in their own currencies internationally is that the lenders have no faith in the long-run value of their currencies. If a loan is denominated in Jamaican dollars for, say, \$1 million, when it matures many years from now, how much in US dollars will that Jamaican million be worth?" said King, who heads think tank CAPRI and lectures in economics at The University of the West Indies.

"Low, predictable inflation addresses that problem. Low inflation, which is the goal of inflation targeting, is the foundation of long-run exchange rate stability. It is therefore also the foundation of that potential international lender having confidence that the money he lends in Jamaica will have retained its (US dollar) value when the loan is repaid," he said on Thursday, when asked for comment on the minister's goal.

Economic Programme Oversight Committee EPOC, co-chair Keith Duncan also believes "if a can-do" once the fundamentals of low inflation and "fairly compact" interest rates are in place, and Jamaica holds to its fiscal targets.

"It's definitely doable to keep our fiscal targets in line, staying with the fiscal rules, keeping our inflation targeting in place and also building the institutional framework, such as the independent central bank. Other countries have done it, once they have increased confidence in their fundamentals and built confidence on the international market," said Duncan, who also heads large financial conglomerate JIMB Group.

"Brazil did it... I would say we can probably do it within five years," he said. The value of the Jamaican dollar to its main trading counterpart, the US dollar, fell to a historic rate of \$138.10 on July 18. The minister said the movement was



Dr. Adrian Stokes, executive vice-president of Scotia Group Jamaica.



Keith Duncan, co-chairman of EPOC and CEO of JIMB Group.



Dr. Damien King, executive director of think tank CAPRI.

market-determined. The JMD's best rate for this year was \$124.76 on March 13.

The value of the Jamaican dollar falls when the exchange rate rises. At the current rate, it is worth less than 1 US cent or US\$0.007.

Clarke, who spoke at the Foreign Exchange Market Development Symposium, staged by his ministry at the Bank of Jamaica Auditorium in Kingston, said the central bank cannot focus on inflation as the central goal of monetary policy without a flexible exchange rate regime. "The ministry is on a public

education campaign to counteract calls from private-sector members who want a more interventionist approach to the currency market, one that brings demand and supply conditions closer to equilibrium, to address the volatility in the exchange rate. The Bank of Jamaica's response has been two-fold: that businesses need to budget their foreign currency needs instead of purchasing cash at the point when bills become due; and that the volatility would be addressed by a forex trading platform that is being developed for banks and other dealers to trade among themselves. Currently, they trade with the central bank.

Bad outcomes

Clarke noted that the two-way movement of the exchange rate, as determined by supply and demand, was a companion policy to the search for low and stable inflation. He also cautioned businesses that their lobby for a different approach to the foreign exchange market could lead to bad outcomes, citing the experiences of Jamaica's neighbours.

"In other markets in the region where a flexible exchange rate is not in force, no matter what they say, people are still lining up for days, weeks, months. These of you who have exposure in the Caribbean know what I am talking about – the inability to obtain foreign exchange for months at a time, or weeks at a time," Clarke said.

He also said at the symposium that while Jamaica has been affected by runaway inflation for much of its history, the country has seen fit to put its fiscal house in order by recent years towards low, stable and predictable inflation as the primary goal of monetary policy.

Calling high inflation "the enemy", the finance minister said it "discourages investment, that leads to capital flight, that leads to the misallocation of resources, and that retards development and retards the standard of living".

Inflation erodes the value of money over time, which means that a \$100 spent today would buy fewer of the same goods and services next year in an inflationary environment. The higher the inflation rate, the more value that is lost.

Inflation in Jamaica climbed as high as 77.3 per cent historically in 1992. Annual inflation was tracking at 4.2 per cent in June, which is at the low end of the central bank's medium-term target range of 4 to 6 per cent. In calendar year 2018, annual inflation was 2.1 per cent. (See Page 18 for graphic produced by Statim on Consumer Price Index data for June.)

Clarke ticked off a series of other economic positives at the symposium, including: growth over 17 quarters; the lowest unemployment rate ever in Jamaica – now at 7.8 per cent; adequate reserves – now at US\$5.035 billion, which offers 20.5 weeks of import coverage; foreign direct investment inflows of about five per cent of GDP over the past three years; and a current account deficit that is now about three per cent of GDP.

These and other conditions, he said, placed Jamaica in a different paradigm. "Not only was a flexible exchange rate a prerequisite for inflation-targeting framework, the finance

minister noted, it was a goal with strategic intent – that of tapping the international capital markets for debt denominated in local currency.

"When Germany goes to borrow on the international markets, do they borrow in US dollars, or do they borrow in their own currency, euros? When Japan borrows on the international market does it borrow in US dollars or in yen?" said Clarke.

"Countries like Germany and Japan have credible internal policies that incentivise

international creditors to lend to them in their own currency. When a country has that credibility and it can borrow internationally in its own currency, the risk to that economy is greatly reduced, and its ability to be prosperous over a long period of time is greatly enhanced."

He added that Jamaica was on a similar trajectory but needed a credible inflation targeting regime and flexible exchange rate to get over the finish line.

He advised that investors who held billions of US dollar denominated Jamaican bonds and were part of his recent international roadshow, were "looking forward to the day that they can potentially lend to us in our own currency".

"I put it to you that Jamaica is on a path," said the finance minister. "Within the next five years, Jamaica will be able to borrow on the international market in Jamaican dollars," he said.

Dr. Adrian Stokes, group strategist for Scotia Group Jamaica, also believes the minister is on the right track, and that accomplishing the goal would be a significant economic accomplishment.

"I definitely think it's possible," said Stokes.

"You will get there over time if our monetary authority – in our case, the central bank – has the confidence of the market, and if the fiscal authorities – in our case the Ministry of Finance and the government apparatus – do a good job and continue on the trajectory that Jamaica is on, then it is definitely foreseeable that we could go on the international market and borrow in our own currency. That would be a very big accomplishment," he said.

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Minister of Finance
Dr Nigel Clarke.



I am particularly pleased, that, November 2023, prior to the expiry date of that commitment, the Government of Jamaica issued its first-ever Jamaican dollar currency denominated debt instrument on international capital markets.

Promise made, promise kept.

That is, Madam Speaker, international investors from London, Zurich, Frankfurt, New York, Boston and Los Angeles took local Jamaican dollar exposure in lending to the Jamaican Government in an amount equivalent to J\$46.6 billion.

Madam Speaker, international bond investors investing in a Jamaican dollar-linked bond, and accepting Jamaican dollar currency risk, would have been unimaginable only five years ago. This is an extremely significant transaction that opens new frontiers and offers new possibilities for Jamaica.

The development represents a substantial policy dividend emanating from:

- Jamaica's substantially improved macro-economic fundamentals;
- The deepening of monetary policy transparency, and
- The pursuit of low, stable, and predictable inflation as the objective of monetary policy through the law that established central bank independence.

The GOJ's new ability to tap international investors for local currency-linked debt broadens, deepens, and diversifies the GOJ's funding sources while providing the opportunity, over time, of altering the currency mix of the national debt.

This makes Jamaica more robust.

In addition, the more of our national debt that is denominated in, or linked to, Jamaican Dollars is the stronger, and more resilient Jamaica will be. This transaction, therefore, enhances Jamaica's resilience and paves the way for similar international issues in the future.

Today, Jamaica's foreign debt is 62% of our overall debt. We aim to improve Jamaica's resilience and economic strength by reducing this proportion to below 50% within a reasonable timeframe.

Madam Speaker, we are proud of our commitment and successful efforts to launch a historic Jamaican currency-linked international bond, and to reduce Jamaica's foreign currency-denominated debt in the best interest of the people of Jamaica.

4.8 Foreign Exchange Reserves

Jamaica's level of foreign exchange reserves currently stands at US\$4.7 billion.

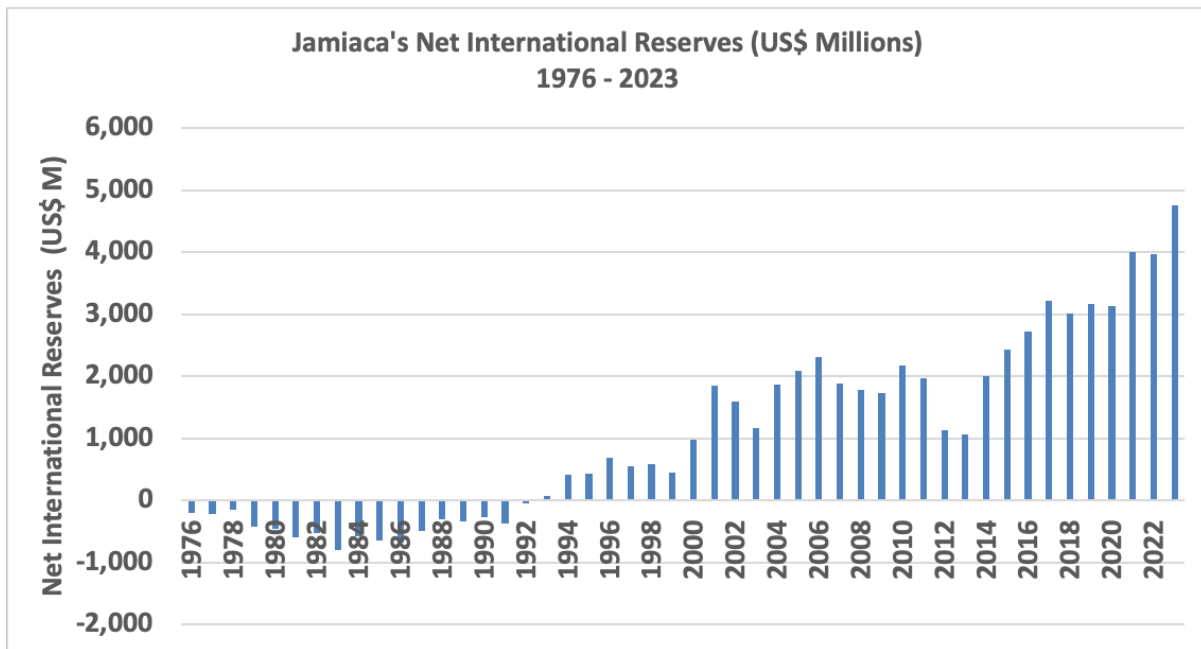
This is more reserves than we have had at any period in the past.

At some point in the near future our foreign exchange reserves will pass the US\$5.0 billion mark for the first time.

We have come a long, long way.

As a reminder, Madam Speaker, in 1980, Jamaica had negative foreign exchange reserves.

In fact, an economic fact that has not been sufficiently internalised, is that for the entire period 1976 to 1993 – a period of 17 years – Jamaica had consistently negative net international reserves.



Jamaica is a small island in a big world. We have to import much of what we need. And we need foreign exchange to do that.

An adequate supply of foreign currency reserves is a signal to suppliers of goods and services to Jamaica that they will get paid. Jamaica’s Central Bank has enough foreign exchange on hand that should there be a major disruption in the supply of foreign exchange to Jamaica, we would still be able to find foreign exchange to pay our overseas supplier bills as they come due.

The usefulness of a healthy foreign exchange reserves was thoroughly tested during COVID when Jamaica lost US \$4 billion of foreign exchange inflows!

Unlike previous foreign exchange supply shocks, this did not precipitate a crisis in our foreign exchange position.

We were able to endure the foreign exchange supply shock, still import goods and services from overseas, and pay those bills as they came due, all because we had a high level of foreign exchange reserves. Madam Speaker, we are proud of our commitment and successful efforts to build up our foreign exchange reserves to the highest level in history and to provide a buffer that serves the best interests of the people of Jamaica.

4.9 Credit Ratings

Given the variations in tax revenues throughout the year, as well as other reasons, governments have to borrow to finance the operations of countries.

The way the world works is that the more a country needs money, the more that money will cost.

That is a reality that existed before our time and will exist long after.

As such, since money costs more the more that a country is seen to be in need of it, the key is for a country to not be in need of money.

That is, the key for a country is to not be dependent on other people's money.

The better you are able to take care of yourself by yourself, the bigger the ratings you get in the credit world. The better able you are to pay back your loans the bigger the ratings you get in the credit world.

This is what is known as a credit rating.

I am pleased to report, Madam Speaker, that just last week, one of the largest credit rating agencies in the world which rates a country's ability to pay back its debt, Fitch, upgraded Jamaica to our highest rating in over 18 years.

But it is not just Fitch, Madam Speaker.

There are two other large global credit rating agencies, Standard & Poors and Moody's, which provide credit ratings for Jamaica.

Madam Speaker, I am also pleased to report that both of these agencies last year also upgraded Jamaica's credit ratings to historically high levels.

The upgrading of our credit ratings by these international credit agencies has a significant influence on the cost at which Jamaica can borrow relative to other countries.

In US dollars, Jamaica's borrowing costs today, for new loans, are between three (3) and five (5) percentage points, which is significantly lower than some of our peers in the region.

So, if tomorrow morning Jamaica goes to borrow US\$500 million and one of these peers also goes to borrow US\$500 million the same time in international capital markets, we will pay between US\$15 million (or J\$2.2 billion) and US\$25 million (or J\$3.9 billion) less than they do in interest every year.

The lower our cost as a country to borrow is the more that we can do with money in the best interests of the people.

And, in economic and financial terms, that is the fundamental primary difference between Jamaica and Germany, for example, or between Jamaica and Canada.

Everybody knows that countries like Germany and Canada have higher standards of living than we do here in Jamaica.

Part of the reason for this, my fellow Jamaicans, is that countries like these are able to borrow at much, much lower interest rates than Jamaica.

So they are able to do much, much, more with money.

Today it costs us, maybe, between two-and-a-half (2½) and three (3) times what it costs Germany to borrow, as an example.

When you apply that interest rate to billions and billions of dollars it adds up and makes a huge difference.

So the way the world works, is:

- The more you need other country's money, is the more you pay for it, which is the less you can do with it; and
- The lower your credit rating is the more you will pay for money, which is the less that you can do with it.

The more a country is in need of money from the outside world is the more dependent that country becomes.

So if you want to be able to do more with money, you have to put your country in a position where you lower your dependence on the outside world for money.

That is, you have to become more economically independent.

Madam Speaker, we are proud of our commitment and successful efforts to lower Jamaica's borrowing costs, relative to peers, which allows us space to do more which serves the best interests of the people of Jamaica.

4.10 Economic Strength

Madam Speaker, we are a small country in a big wide world. We don't make the economic rules of the world.

But we have to be smart enough, wise enough, and agile enough to "maths out" the rules of the world and use that knowledge to the advantage of the Jamaican people.

The rules of the world are such that countries which are economically strong and independent are able to do much more for their citizens. In part because they are not burdened by paying high interest.

That is why we want to be economically strong – with low debt, high foreign exchange reserves, long, continuous, periods of economic growth, and high credit ratings. That is why we want to be economically independent, so we can do more for Jamaicans.

Make no mistake about it – the primary lesson from 5,000 years of human civilisation is that strong countries and strong nations have always dominated weak ones.

We don't seek to dominate any other country. We just want to be economically strong enough so that we can offer our citizens a good quality of life and ensure that we are never dominated by others.

4.11 People of Destiny

Madam Speaker, as children of Her Excellency, the warrior Nanny of the Maroons, and as sons and daughters of Their Excellencies Sam Sharpe, Paul Bogle, George William Gordon, and Marcus Garvey, who paid with their lives and their freedoms, we have a duty and an obligation to fulfil the manifest destiny that is ours as a nation.

We are a people with a message for the world.

We are a nation that is destined.

There are some who may have very limited visions of what we can be.

My vision, our vision, is that we can achieve what any other country in this world has achieved, and more.

5.0 Historical Perspective on the Macro-Economy

Madam Speaker, I am pleased to report that Jamaica's macro-economic fundamentals are the strongest in 50 years.

Does that mean that all Jamaicans are "hunky dory" and well off?

No at all, Madam Speaker. Far from it.

And that is something that we have to address. It is something we have been addressing. And it is something that we will continue to address, in an even more focused and strategic manner.

But, we cannot afford to *throw out the baby with the bathwater*.

In other words, let us be careful not to make the tragic mistake of acting in a way that we lose the good parts of what we possess, because we reject it as a whole, instead of just fixing what needs to be fixed and keeping what is good.

Because it is a very good thing that our macro-economic fundamentals are the strongest in 50 years.

And it is important that we keep that strength, build on it, and get even stronger even as we address the pain points in the society.

But being aware of our economic history is important, and how conditions today compare with that history. So permit me a moment to place our current macro-environment in its proper historical context.

And when talking about history – let me first say that I have nothing but respect and deep veneration for all Jamaica's former leaders, Their Excellencies Alexander Bustamante and Norman Manley, and

the Most Honourable Michael Manley, Edward Seaga, P.J. Patterson, Portia Simpson-Miller and Bruce Golding, and the administrations they led.

Each of these administrations made huge contributions to Jamaica.

We truly stand on the shoulders of giants.

The purpose of historical references and comparisons is not to take anything away from their achievements or contributions. They were products of their times as much as we are.

The purpose, however, is to collectively learn from our economic history as all powerful societies do.

And by so doing we become stronger.

There are four primary pillars of macro-economic stability:

- Low debt which allows the country to have sustainable finances;
- High levels of foreign exchange reserves so you can ride our economic shocks;
- Low to moderate levels of inflation, and institutional mechanisms that preserve this; and
- Financial sector stability.

A country needs to have all four of these to be macro-economically stable.

We have already seen that Jamaica had high debt throughout the 1970s, 1980s, 1990s, 2000s and 2010s.

We have already seen that Jamaica had low or negative foreign exchange reserves throughout much of this period as well.

We are painfully aware of the financial sector instability of the 1990s.

And we are aware of the long history of double-digit inflation rate, with fiscal dominance and no means to sustainably tame inflation.

The current period is the only time in the last 50 years where all the following are true at the same time:

- We have low debt;
- We have adequate foreign exchange reserves;
- We have single-digit inflation with institutional mechanisms empowered and mandated to pursue even lower inflation; and
- We have financial sector stability.

This is the definition of macro-economic stability.

It has been hard earned, Madam Speaker. Literally, sweat, blood, and tears.

We must preserve and build on it.

Madam Speaker, we are proud of our commitment and successful efforts to ensure the strongest macro-economic stability that Jamaica experienced in 50 years, which serves the best interests of the people of Jamaica.

5.1 Leveraging Macro-Economic Stability to the People's Benefit

I want to make it clear, Madam Speaker, that we pursue economic stability in the people's interest.

It is stability that allows us to expand the capital budget even beyond the capacity of the public bureaucracy to implement – something we need to continue to address.

Stability allows the Government to plan years in advance and to share these plans publicly, which allows for steady, even development.

You will recall, Madam Speaker, that we informed this Honourable House about the SPARK infrastructure programme last year.

I am proud to announce, Madam Speaker, that we are now entering a period where we will leverage our economic stability to usher in the largest-ever period of public investment designed to address the problems experienced by Jamaicans every day.

Madam Speaker, when, through public investment, the GOJ:

- brings water to a community, the people benefit;
- brings access to sewer lines to a community, the people benefit;
- brings buses to the JUTC so people can plan their business and ride in comfort, the people benefit;
- builds new hospitals and schools, the people benefit;
- builds new tax offices, the people benefit;
- builds, public parks, new court houses and acquire garbage trucks, the people benefit.

5.2 Public Investment Programme

Madam Speaker, in my capacity of Chairman of the Public Investment Management Committee, the committee embedded in the Financial Audit and Administration Act responsible for considering, reviewing, and approving public investments, let me assure you that we will positively IMPACT the daily experience of Jamaicans with public investment expenditure designed to solve pain points.

Some of this investment will be financed by the Government and some by the private sector, by way of structured transactions such as Public Private Partnerships, or PPPs.

Madam Speaker, the Public Investment Programme will deliver well over J\$1 trillion of infrastructure expenditure over the next five years, including this year, inclusive of expenditure by way of PPPs on Highways, Roads, Bridges, Public Parks, Hospitals, Schools, Water, Sewerage, Irrigation Systems, Houses, Tax Offices, Court Houses, Buses, Garbage Trucks, Digital Infrastructure, and IT systems.

It will be Jamaica's largest expansion of infrastructure ever and it will greatly improve public services.

Almost every Minister of Government is involved and we are all working assiduously on your behalf, as these projects span the full breadth of ministries.

By the time he is done, the Honourable Prime Minister, the "Builder", will break ground and open more projects than any other Prime Minister before him.

Madam Speaker, let it not be lost on us that this is a reality that is only possible through the preservation of economic stability.

It is only financially feasible, Members of this Honourable House, if we preserve our current credit rating.

This is so, Madam Speaker, as central government capital expenditure will be about J\$500 billion over the next five years, as one can infer from the projections in the Fiscal Policy Paper, but our plans also include crowding in private investment, through structured Public Private Partnerships, to help accelerate the pace of delivery of improved public services for the Jamaican people.

These PPP's need to be financially feasible and the feasibility of many projects depend on the financing costs, especially the cost of interest, in particular the margin over United States Government Treasury rates that these projects have to pay to access capital.

Madam Speaker, with our current international credit rating, these large PPP projects can be made to be feasible and we will be able to multiple our five-year capital expenditure spending of J\$500 billion, twice over, and implement over J\$1 trillion of public investment over the next five years, to expand and accelerate the provision of public services, improve public service delivery, and address critical pain points experienced by members of the Jamaican public.

Madam Speaker, we are proud of the fact that we are on track to deliver the largest ever public investment programme in Jamaican history, designed to improve people's lives.

Madam Speaker, we are leveraging economic stability to benefit the people.

6.0 The Procurement & Public Investment Systems

Madam Speaker, we will not be able to implement such an ambitious programme of public investment with the procurement system as it is.

Make no mistake, Jamaica's procurement system has come a long way. We have made considerable improvements, but we need to go further.

Madam Speaker, procurement is integral to the functioning of government and an efficient procurement process is vital to the efficiency of Government and of the economy.

Now, procurement policy rests with the Ministry of Finance and the Public Service, through the Office of Procurement Policy, while the *implementation* of procurement is distributed across over 200 ministries, departments, and agencies.

Improving the productivity of Government requires us to take a good look at procurement processes, and the implementation and see where and how we can optimise.

But we are not at liberty to simply optimise one variable – the variable of time.

Procurement is undertaken with public money and, as such, our procurement system is obligated to optimise other objectives as well.

It has to be designed and implemented to ensure value for money for the taxpayer.

Given the sheer size of aggregate procurement, it needs to be also optimised to have economic benefits across the society.

Sometimes these latter two objectives conflict with the first objective of time efficiency, and, in a society bedevilled by low trust, this conflict can become even more intense.

However, with analysis based on data, we can make tweaks to the system that allow us to better optimise on all three objectives.

6.1 The Government of Jamaica Electronic Procurement System

Madam Speaker, I am pleased to update this house that Jamaica now has a fully functional electronic procurement system – the Government of Jamaica Electronic Procurement System (“GOJEP”).

We must recognise and express appreciation for the technical co-operation of the Inter-American Development Bank (IADB) and the European Union in this regard.

Through its several modules, GOJEP manages tender calls and bid submissions, aids in bid evaluation, contract award and contract management, and provides business intelligence reports, amongst other functions.

GOJEP enables standardised procurement processing, easy access to information, more robust audit functions, and greater procedural efficiency.

It is clear that a system such as this is instrumental in providing reliable data and other information on the functioning of the country’s procurement system. It should also increase the ease of doing business with Government and reduce the difficult and challenging bureaucracy.

Madam Speaker, in my FY2020-2021 budget presentation, I promised to unlock the power of electronic procurement through increased adoption, and as such, the Ministry has embarked on a series of stakeholder training since then.

If we want a more efficient procurement system we have to go digital, and in this case we have had a three-year transition period.

Over that time, we have invested in the production of easy-to-use manuals for suppliers and procurement practitioners, together with multimedia aids, and other similar tools.

These are all available on the GOJEP website, and on the website of the Office of Public Procurement Policy.

Further, a dedicated team at the Ministry of Finance and the Public Service has been providing the user support required to ensure seamlessness in the use of the system, and to report and escalate matters to the developers.

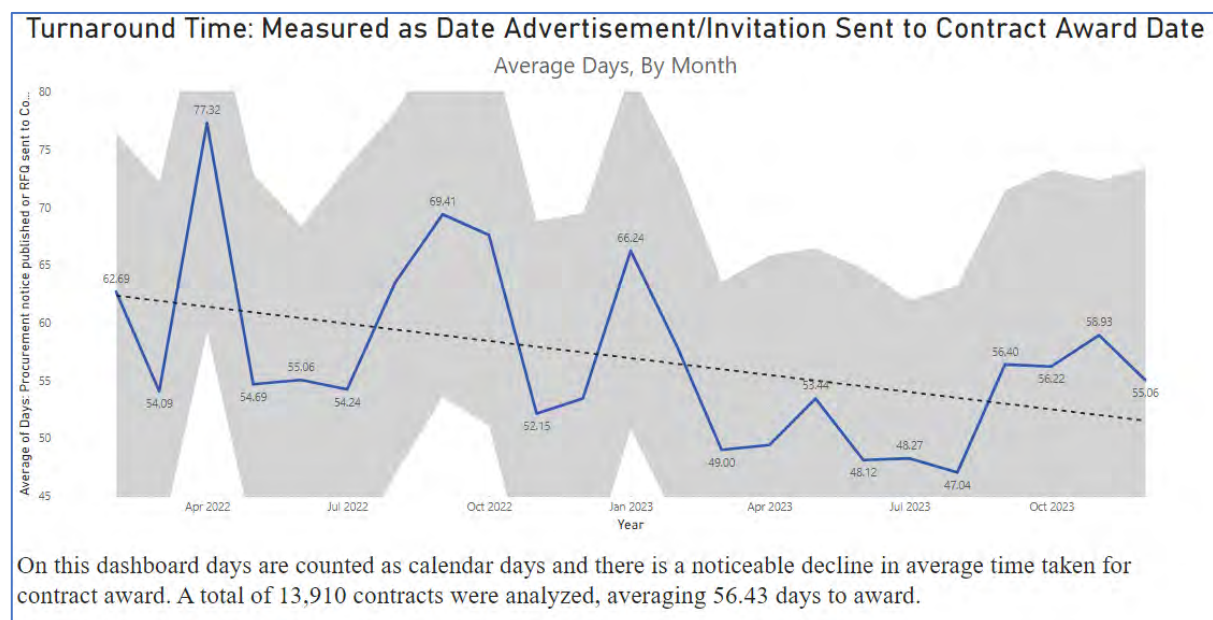
Madam Speaker, effective August 1, 2023, it has been mandatory to use GOJEP for procurement transactions above J\$1.5 million. Since then, we have on-boarded hundreds of suppliers, facilitated additional user training, and provided real-time support to both suppliers and procuring entities.

This has provided copious amounts of readily accessible data that we can now use for all Jamaicans to understand the procurement system and for us to make changes to optimise and improve it.

6.3 Analysis of Procurement Data

Madam Speaker, we analysed almost 14,000 procurements, which led to contract awards over the 20-month period February 2022 to October 2023.

We measured the average time that a procurement takes from the date of advertisement, in the case of competitively tendered contracts, or date of notification, in the case of restricted bidding, or date when quotes are requested in the single source methodology, to the date of contract award.



The first chart shows, for each month beginning February 2022, the average time for procurements for that month. Over the 20-month period, the average time varied from 47 days to 77 days with a firm declining trajectory over the period. As at October 2023, the average was 53 days, across all types of procurements and all types of goods procured.

Madam Speaker, we can look beyond the average at the time taken for each type of procurement method for each type of good procured.

The Single Source Methodology took an average of 35 days for goods, 37 days for services, and 33 days for works.

Restricted Bidding took an average of 44 days for goods, 59 days for services, and 85 days for works.

Open Bidding – National took an average of 152 days for goods, 202 days for services, and 193 days for works.

Open Bidding – International took an average of 284 days for goods and 218 days for services.

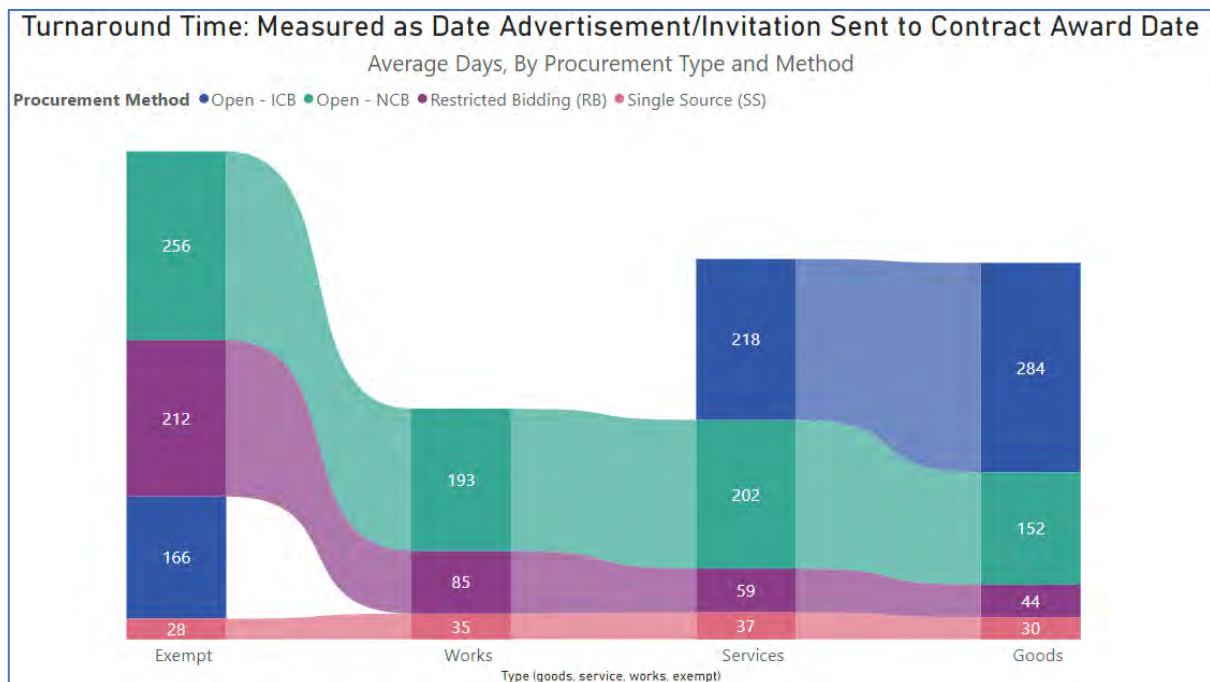


Table 1- Procurement Turn-around Time on average Feb 2022-present

	Avg. Time recorded			\bar{x}
	(Calendar days)			
	Goods	Services	Works	
Procurement Method				
Single Source	35	37	33	35
Restricted Bidding	44	59	85	60

Open Bidding- National	152	202	193	180
Open Bidding- International	284	218	No contract recorded	249

6.4 Procurement System Reforms

Among other things, Madam Speaker, we have found that procurement timelines are elongated, in part because of higher than tolerable rates of procurement failures.

Procurement failures occur when the procurement process is initiated and has to be abandoned sometime during the process, sometimes even after bids have come in.

We have also found that procurement timelines are also elongated because we have a higher than tolerable rate of procurement failures AFTER award of the bids.

In those cases the selected bidder is unable to perform, for example by an inability to post the required bond, and the procurement has to be redone.

So, by supplementing these results with qualitative investigations, we have been able to (1) identify these and other points of major delay, (2) issue new instructions that modify some procurement procedures, and (3) develop and issue tools that should increase the pace of decision making in Ministries, Departments, and Agencies.

There are several examples.

First, we have developed a pre-engagement checklist for procurement officers to correct for the experience where procurements have to be redone because of procurement officer error or oversight. We have found, particularly in large procurements, that properly thinking through the evaluation criteria would have prevented procurement failure. This checklist will assist procurement practitioners to properly think through the evaluation criteria prior to initiating the procurement.

Second, we have also developed a checklist and new guidance notes for procurement committees to optimise the decisions that they make. From observation, procurement committees sometimes get lost in questions that have no bearing on the decision they are called upon to make. By making those meetings more focused, we hope to get better outcomes.

And third, we are also revising the method for the evaluation of bids holding evaluation committees to strict time-lines. For too many, evaluation is not their day-job. It becomes a side activity that is not prioritised. We are looking at focusing the decision-making required of committees as opposed to full time procurement professionals.

Madam Speaker, using the data, the Ministry has also now published a series of time-efficiency benchmarks which will form the basis of our reporting going forward.

These benchmarks challenge the status quo by directing the expected time to be taken in each stage of procurement, correcting for contingent issues such as resources, contract volume etc.

The benchmarks will hold procuring entities to higher standards of efficiency, and stimulate internal or entity level reform.

Madam Speaker, what gets measured, gets done.

Our plan is to make all results available for members of the public to examine how various procuring entities are performing on the procurement metric and how we can therefore drive even more efficiencies.

In addition, Madam Speaker, we will introduce the GOJ Procurement Awards that celebrate excellence in procurement. We aim to change the culture around procurement, Madam Speaker.

This programme will award, among other things, procurement leadership, procurement efficiency, and procurement innovation.

In addition, we have reviewed the Public Procurement Act 2015 and its Regulations and have proposed new amendments to the legal and institutional framework.

These amendments include the revision of thresholds below which procuring entities can adopt more nimble contracting procedures, leading to increased pace of contract formation.

For example, Madam Speaker, in the case of contracts for goods and services, we will be increasing the threshold below which single source procurement is permissible from J\$1.5 million to J\$3 million. The \$1.5 million threshold has been in place for almost a decade. In the case of works, the J\$2 million threshold will be revised upwards to J\$5 million.

Additionally, given the developments in the use of e-Procurement and other capacity building outcomes, **we are moving the limits required for the Public Procurement Commission approval from J\$30 million to at least J\$60 million. Madam Speaker, we are leaving procuring entities to award higher value contracts without the need for external approval.**

These changes Madam Speaker, will speed up the pace at which the GOJ can deliver for the Jamaican people.

Given existing and past experience, we have a duty to ensure that the taxpayer benefits more quickly from the allocations made to the programmes of Government.

In addition, Madam Speaker, there was a mandatory standstill period of ten (10) days between the date of a procurement decision and the date of award. We will abolish this for all but the largest procurement awards.

Again, Madam Speaker, shaving unnecessary delay, speeding up the pace at which the GOJ can deliver for the Jamaican people.

Madam Speaker, I will add that the greatest improvement in efficiency that we will get is by removing the many layers that exist prior to the issue of a contract for award.

The largest procurements endure the following steps:

- Procurement Officer
- Procurement Committee
- Head of Procuring Entity
- Sector Committee
- Public Procurement Commission
- Procuring Ministry
- Cabinet Office
- Infrastructure Committee
- Cabinet
- Procuring Ministry via Cabinet Decision
- Procurement Officer

Madam Speaker, we will abolish the Sector Committee, removing an unnecessary layer from the procurement process.

The draft bill making these amendments is in advance stages of development and will be tabled in the first half of FY2024/2025.

Madam Speaker, with all of the changes above, for the larger procurements, those with the potential for impact, where we are currently in the 200+ days *on average*, we may need to make one more change.

Madam Speaker, the hard evidence suggests that the process of sending procurements to Cabinet sometimes takes up to 25% or more of the time for major procurements. This is because of the many micro steps involved in the Cabinet process such as preparation of the cabinet submission, submission to, and review by the Cabinet Office, presentation to the Infrastructure Committee, and Cabinet itself, and Procuring Ministry via Cabinet Decision a week after the Cabinet meeting.

Now there is a reason why this was instituted – again it’s the reverse side of the low trust society.

But Madam Speaker, if we want to dramatically improve outcomes, we have to be prepared to objectively look at the system and make the appropriate changes.

Something major in the process has to change for us to get major change in outcomes.

We could find other ways by providing the information to Cabinet and even in reconstitution of the Public Procurement Commission, to include other offices and by so doing, ensure 360 degrees of public trust. But we don’t need to clog the Cabinet’s agenda with procurements.

Madam Speaker, as we leverage macro-stability in the people’s interest and as we contemplate larger pace and scale of public investments, in resolving society’s pain points, these considerations will be very more important.

Madam Speaker, if we are not prepared as a society to make these changes then we cannot complain about outcomes.

Public Investment Management Process

We will need to ensure that our public investment process is both robust and efficient.

Public investment, which has the potential to transform quality of life, is investment by the Government of Jamaica in assets. However, public investments typically involve large sums and multi-year commitments. Weak public investment management systems can therefore imperil public finances, and compromise intended development outcomes.

Madam Speaker, Jamaica has been reforming and refining its public investment system to ensure adequate planning and consideration is applied to public investments so that citizens receive value for money and implementation is on time and on budget.

Madam Speaker, a robust public investment process is in the peoples' interest.

6.6 The Public Investment Management Exception Process

Madam Speaker, while we revise and improve the process, the people also need and deserve efficiency.

And there are areas in our public investment management process than be further refined to maintain robustness while improving efficiency.

In August 2023, the Ministry of Finance and the Public Service introduced adjustments to the established processes for the appraisal and approval of public investment projects (PIPs).

The adjustments introduced three (3) conditions under which some exceptions from the established process for the appraisal/approval of PIPs, may be allowed. These are in:

- 1) **Exigent Circumstances:** where the purpose of the PIP is to address situations that if not addressed, could:
 - (a) contribute to imminent loss of life and catastrophic destruction of property or key public infrastructure; or
 - (b) expose government to legal action for negligence; or
 - (c) damage the Government's reputation;
- 2) **Emergencies associated with Disasters:** as defined under the Disaster Risk Management Act, 2021 (As Amended); and
- 3) **Matters of National Security and Safety:** deemed to be sensitive and confidential by the Cabinet.

Where projects that are determined to have met these conditions along with criteria that establishes the lack of complexity, the Public Investment Appraisal Branch ("PIAB") will conduct 'rapid screening' of the concept and expedited assessment of the proposal.

Since the introduction of this exception process, we have had four (4) projects enter the appraisal process under these expedited procedures.

Where the project is defined as satisfying exigent or emergency circumstances, TRC and PIMC employs extraordinary meetings to deliberate on the recommended next steps in the Public Investment Management System.

The outcome of the appraisal and committee deliberations are communicated in writing to the relevant parties by the PIAB within 20 days of receiving an accurately completed Proposal Form.

Madam Speaker, the process exceptions have enabled greater flexibility in the appraisal process for these public investment projects (PIPs) that qualify.

Introduction of Appraisal Threshold

The Financial Audit and Administration Act stipulates that ALL public investments undergo appraisal and approval through the PIMS process. And that is now what obtains.

Madam Speaker, this is proving to be impractical in practice. The size of public investments ranges from J\$20 million to well over J\$20 billion.

The Government of Jamaica is considering the implementation of a cost threshold to determine where appraisal of a potential public investment project takes place and what is involved in the appraisal below the threshold.

This is with a view toward enhancing the timeliness of the appraisal of public investment projects as we seek to increase the level of public investment in the country.

6.5 Further Enhancements to GOJEP

Madam Speaker, we intend to further develop GOJEP and ensure that all suppliers have access to it. As such, we are exploring the development of a mobile application, which if proven feasible, will connect even higher numbers of suppliers with government opportunities. The application will improve the percentage of spend under management, by providing a platform to execute low value, high volume transactions. It will push notifications to suppliers' mobile devices, making them aware of new opportunities and provide other important procurement information.

6.6 Professionalisation of Procurement

Madam Speaker, this Government continues to take steps towards the professionalisation of procurement - a central component of our reform strategy.

Public procurement has traditionally borne the reputation of being a basic task-driven function without need for higher level thinking.

Madam Speaker, for Jamaica to derive the very best outcomes, significant investments must be made in developing the technical and professional skills of the cadre of public procurement officers in this country so that they are able to confront the complexities of this multidisciplinary field.

This development must be thoughtful, fit for context and goal oriented. Our vision is that public procurement will be a recognised profession in which officers will face standardised entry requirements to the profession, and possess suitable background knowledge and abilities.

Through funding from the Government of the United States of America, the Ministry has begun the development of a procurement professionalisation pathway which will modernise the procurement

function and according professional significance. We intend to ensure that while complying with the rules, procurement officers gain greater autonomy to make better decisions in the public interest.

6.7 Contractor and Consultant Performance Evaluation Programme

Madam Speaker, in this financial year, the Public Procurement Commission launched a new programme for the systematic measurement of the performance of contractors on contracts valued above J\$10 million.

This first of its kind programme is meant primarily to arrest value for money losses during the implementation of procurement contracts.

Jamaican taxpayers have no appetite to accept work of inferior quality, delivered out of time, and above budget.

The policy approved by Cabinet in February 2023 therefore requires the collection of objective evidence of the contractor's achievement of agreed contractual deliverables.

In the case of works contracts, reports are made on the quality of work - that is the extent to which the contractor delivers work that complies with the technical specifications.

Similarly, the contractor's ability to work within budget and within the agreed time are measured.

The contractor's safety practices, as well as its overall responsiveness to the procuring entity round out the metrics.

This programme was launched formally in November 2023, and since then, the PPC has been onboarding ministries, departments, and agencies on the technology platform.

Madam Speaker, very soon then, we will have the means to induce contractors to improve their performance or face risk of being debarred from earning government contracts in Jamaica. This is a positive development.

But Madam Speaker, the policy is not meant to be primarily punitive. Instead, through periodic interim evaluations, contractors will be given the opportunity to course correct. If contractors do well, the nation benefits.

7.0 Unemployment Insurance

Madam Speaker, when someone, on a lower income loses their job, it can have devastating consequences on their livelihood.

Just ask them.

Their lives unravel with profound, sometimes, long-lasting consequences.

Madam Speaker, Jamaica's experience in the COVID-19 pandemic laid bare a deficiency in our social security apparatus – the absence of a funded scheme that provides temporary income support in the event of unemployment.

Between March 2020 and June 2020, 150,000 Jamaicans lost their jobs, and were suddenly without income.

Many of the affected households would not have had meaningful resources to draw on to tide them over. And the Government had no pre-existing institutional mechanism with which to respond. We had to improvise.

Within weeks of the first COVID-19 case in Jamaica we launched the CARE Programme, accessible through an online portal with computer, tablet, or mobile phone.

Eventually 55,000 Jamaicans who lost their jobs benefited from monthly stipends from the GOJ for 13 months through the SET Cash and BEST Cash programmes.

This experience exposed a glaring gap in our social security arrangements.

In April 2020 the Most Honourable Prime Minister appointed a COVID Economic Recovery Task Force, and appointed me to chair it in my capacity of Minister of Finance and the Public Service.

This Task Force was very broad in its composition, spanning every facet of society. The final report which was published in June 2020, and tabled in Parliament shortly afterwards, recommended that the Government *“funds and completes a feasibility study on an Unemployment Insurance Scheme for specified categories of workers within the context of social security reform.”*

This was not the first time this recommendation was made. It was also made by the Labour Market Reform Commission chaired by the late Hon. Dr. Marshall Hall, OJ, few years earlier.

Madam Speaker, the Government wasted no time, and, as approved by Cabinet, the Ministry of Finance and the Public Service undertook the responsibility for getting the feasibility study done, through the Planning Institute of Jamaica, with technical and financial support from the International Labour Organization and the guidance of a Technical Oversight Committee. The intention was that it would be implemented by the Ministry of Labour and Social Security if it proves feasible.

Madam Speaker, I must thank the Planning Institute of Jamaica, and its Director General Dr. Wayne Henry, and staff and the Technical Oversight Committee, also chaired by Dr. Henry, for enthusiastically pursuing the feasibility study and coordinating the consultations required.

And I also thank the Ministry of Labour and Social Security who actively assisted and supported this effort.

Madam Speaker, I am also grateful to the International Labour Organization which actually conducted the feasibility study. Armed with this body of work and analysis we were able to have consultations with the Confederation of Trade Unions, the Private Sector Organisation of Jamaica, and various other business groups, representing employers, along with members from academia and civil society.

Madam Speaker, I am happy to report that macro stability makes it feasible for Jamaica to have an unemployment insurance scheme that benefits Jamaican workers.

A Jamaican unemployment insurance scheme can play a critically important stabilising role “*providing income security of the unemployed particularly during periods of economic shocks*”². Furthermore, as noted in the feasibility study, by “*partially compensating for loss of earnings*”, a Jamaican unemployment insurance scheme can help “*break the negative increased unemployment leading to reduced consumption, which leads to a further reduction in economic activity*”³.

In other words, with unemployment insurance, Jamaica can strengthen and deepen macro-stability allowing for faster recoveries and longer periods of growth, improving quality of life for the individual.

Socially, the impact of having unemployment insurance is even greater, Madam Speaker.

Jamaica’s average income is such that many persons live pay check to pay check. Having a job is much better than not having one, but if they lose that job – it can plunge that family or into disarray with untold social consequences, impacting the newly unemployed, their children, and the elders that depend on them. And this often leads to other social ills.

Madam Speaker, observers and commentators often point to the social stability of Barbados, over several decades, long preceding the current era.

Arguably, one of the principal reasons for this is that Barbados has had a solid social security system, with unemployment insurance as a very important pillar, for a long time. Historically, economic shocks therefore have not devastated the social fabric of the country, in the way we have experienced in the past.

Madam Speaker, the Bahamas also has unemployment insurance, and it is full time that Jamaica establishes an unemployment insurance scheme.

As I shared before it is my understanding that due to similar experiences in the COVID-19 pandemic several countries in the region have been exploring unemployment schemes with the ILO. These include: Belize, Dominica, St Lucia, Grenada, and Trinidad & Tobago.

Madam Speaker, the feasibility study indicates that Jamaica’s unemployment insurance scheme would work similarly as it does elsewhere:

- Eligible employees would be registered and included in the unemployment insurance scheme. For Jamaica, it is likely that the universe of employees who contribute to the National Insurance Scheme would be automatically included in unemployment insurance with the requisite obligations and benefits.
- On loss of job, confirmed by employee and employer, the newly unemployed would become eligible to receive an unemployment benefit representing a particular percentage of their previous weekly income, up to a maximum threshold, and for a fixed period of time.

² “Unemployment Insurance in Jamaica: Feasibility Study”, International Labour Organisation

³ Unemployment Insurance in Jamaica: Feasibility Study”, International Labour Organisation

- According to the feasibility study, in Barbados the unemployment benefit is 60% of previous average weekly earnings. In Bahamas the unemployment benefit is 50% of previous average weekly earnings.
- Furthermore, in Barbados the unemployment benefit is paid for 26 weeks, and in Bahamas it is paid for 13 weeks.
- Jamaica will have to work out the unemployment benefit and duration of payment parameters that work for us.

Madam Speaker, unemployment insurance schemes are not free, they cost money.

Usually, these costs are funded by employee and employer deductions, with the Government sometimes making an upfront initial fiscal contribution, on inception, to capitalise the scheme and treat with the possibility of major unemployment materialising before the scheme has amassed sufficient funds from contributions.

The feasibility study indicates that it could cost as little as 0.8% of salary, or as much as 1.5% of salary, with capital contribution from the Government of a few billion dollars, for this benefit to be provided, depending on parameters selected and other details.

However, Madam Speaker, Jamaica already has a plethora of separate statutory deductions - NHT, NIS, HEART, Ed Tax deductions and adding a fifth, replicating the collection, processing, and enforcement administration, while adding further complexity for small business is not optimal for employees, employers, or the Government.

As such, we are looking into administratively consolidating these statutory deductions into a single deduction, with the distribution to each entity of its share, enshrined in, and protected by, legislation. This not a new idea. But there are details and complexities to be worked through and this work continues.

However, the major advantage of consolidation of statutory deductions, in the context of introducing a new unemployment insurance benefit, is that *initial* calculations show that we could potentially introduce this new benefit without increasing the headline consolidated statutory deduction rate, and with no additional cost for up to 95% of persons enrolled in the National Insurance Scheme.

Madam Speaker, we are now at the point of implementation and within the first quarter of the financial year we expect to sign a US\$20 million loan agreement with the World Bank where they will provide the Ministry of Labour and Social Security with the technical support to, among many other things, implement unemployment insurance in Jamaica.

There are many details that the World Bank will assist us to work through, including:

- The legislative architecture for unemployment insurance;
- The institutional mechanisms for unemployment insurance, inclusive on installing the institutional capacity; and
- The administrative arrangements for unemployment insurance.

Madam Speaker, Minister Charles will have charge of this leg with the support of the Ministry of Finance and the Public Service while we continue to work in collaboration with others to refine the funding model to optimise efficiency, and lower costs, in the manner described above.

Madam Speaker, when Minister Newland piloted the debate on the National Insurance Act in 1965, a debate ensued about whether the scheme should include unemployment insurance.

The Opposition argued for it.

Minister Newland did not resist the arguments, in fact he embraced it and said:

“I would like to see the unemployment benefit granted but it is useless starting a Scheme today without any strong financial support.....I am sure that as soon as it becomes practicable this Government will come back with proposals to deal with ...the security of the unemployed.”⁴

60 years later, Madam Speaker, Time Come.

Time Come for unemployment insurance to be available to the people of Jamaica.

As I have said before, Madam Speaker, social security reform has been an indelible feature of the Holness Administration.

We introduced the social pension in which 12,000 elderly Jamaicans are now enrolled.

We introduced the Tourism Workers Pension Scheme.

And, Madam Speaker, I am proud to announce that we are working to introduce Unemployment Insurance to Jamaica to benefit the people of Jamaica.

8.0 Disaster Risk Financing

Madam Speaker, we live in a climatic zone that makes us vulnerable to hurricanes, tropical cyclones, excess rainfall, and earthquake risks.

Quite apart from exposure to physical harm, any one of these has the capacity to interrupt our economic stability, which in turn can destabilise Jamaican lives.

We have to take responsibility for our vulnerability.

The Canadians, in response to their vulnerability to freezing winters, have created huge underground cities in Montreal, for instance, that span 12 square kilometres, *underground*, Madam Speaker.

⁴ Hansard, 1965

Many shopping malls, apartment buildings, hotels, banks, offices, museums, and universities are connected by underground tunnels and this infrastructure is used by hundreds of thousands every day during the winter to keep warm every year.

Toronto's PATH is one of the largest underground shopping complexes in the world. With 16 miles of shopping concourses and 4 million square feet of retail space, it is one of the world's largest shopping malls – but it is underground.

The Canadians have taken responsibility for their vulnerability.

They are not alone.

The United States of America has an economy hugely dependent on oil, a commodity they produced little of in the 1970s. After the 1973-74 oil embargo the Americans built the Strategic Petroleum Reserve, which became the largest physical supply of emergency crude oil.

This protects the US economy from supply disruptions, reduces their vulnerability to the weaponization of oil, and provides a key foreign policy tool.

Madam Speaker, countries that achieve for their citizens take responsibility for their vulnerabilities.

They don't leave themselves exposed or wait for other countries to come to their assistance.

8.1 Catastrophe Bond

Given our vulnerability to natural disaster, the Government has put in place a multi-layered suite of instruments that provide fiscal resources in the event of significant natural disaster: annual contingency allocation in the budget, natural disaster fund, credit contingent claim with the Inter-American Development Bank, the Caribbean Catastrophe Reinsurance Facility, and a catastrophe bond.

Madam Speaker, in 2021, with the assistance of the World Bank, Jamaica became the first small island in the world to independently sponsor a catastrophe bond.

That bond covered us for three hurricane seasons – 2021, 2022 and 2023.

Madam Speaker, for this inaugural bond, we were kindly assisted by the Governments of the United States, the United Kingdom and Germany to pay 100% of the premiums associated with the bond. They did this through the USAID and the GRIF fund.

Madam Speaker, we again thank these partners for this support.

And I am pleased to announce, Madam Speaker, that we intend to renew Jamaica's Catastrophe bond in 2024.

8.2 Natural Disaster Fund

Madam Speaker, we are building buffers to assist in quick recovery from natural disasters.

We have tabled legislation in Parliament to create a National Disaster Fund which requires that the Government save towards this fund on an annual basis until the fund is capitalised at J\$10 billion.

Drawdowns from the National Disaster Fund will only be permitted in response to disasters, including pandemics, where the estimated impact on the GDP is beyond a designated threshold.

This Fund will be managed by the Central Bank and so will not require any additional management or governance infrastructure.

I am pleased to announce, Madam Speaker, that we are allocating J\$1 billion towards capitalising the National Disaster Fund in the 2024/2025 national budget.

9.0 Public Sector Transformation

Madam Speaker, I now turn my attention to public sector transformation.

We embarked on the construction of the public sector transformation programme in 2017 following the Prime Minister's announcement of the Government's policy position on modernising the State.

The Transformation Implementation Unit in the Ministry of Finance and the Public Service developed a six-year programme with funding support from our International Development Partners, the Inter-American Development Bank and the World Bank.

I would like to publicly thank our development partners for the continued support that they have provided to the Government and people of Jamaica in key areas of our development agenda.

As a part of loan agreements with our development partners, we agree certain measures that are to be achieved and these measures are used by the development partner to assess the performance of the project.

It is with a sense of pride Madam Speaker, that I stand here today and report that the Public Sector Transformation programme, funded by the IDB, is the first IDB-funded programme to have achieved **all** the measures agreed with the IDB within the agreed timelines and loan amounts.

A nuh me sey suh. This is from the IDB.

The Transformation Implementation Unit, its head, Mrs. Maria Thompson Walters, and the Financial Secretary are deserving of our recognition, Madam Speaker.

The audit and final evaluation of the programme will be conducted between April and June of this year.

What did we do differently?

Given Jamaica's long history with reform, we had to do things differently to get more positive outcomes.

We knew from experience that the programme had to be tight with realistic targets.

We also had to mitigate the procurement risk by ensuring agility of the programme with respect to design and implementation.

Importantly, we had to ensure adequate human and financial resources for implementation.

We were clear at the outset that this programme would be a hybrid one in that we were laying the foundation for transformation as a continuous activity in the public sector whilst implementing projects that would have a direct impact on how the public sector operates in the short term.

Therefore, Madam Speaker, the public sector transformation programme was built on five pillars:

- Expanding the use of Information and Communication Technologies in the public sector to drive efficiency and effectiveness;
- Building a shared services operation as a means of transforming the way government provides service internally;
- Transformation of human resource management practices;
- Compensation management; and
- Rationalising our public bodies.

9.1 Achievements to Date - Making Better Use of ICT for Efficiency

Under this programme, the Government of Jamaica has made significant strides in making better use of Information, Computing, and Technology, known as ICT, in the public sector.

I am pleased to announce, Madam Speaker, that at last, we now have a dedicated broadband infrastructure for the public sector.

This is a significant development because many of you would have been hearing about GovNet for quite some time and may have been wondering if it would ever become a reality.

As we speak, over 200 entities in the Kingston Metropolitan Area are now directly connected to the system. The system has also provided connectivity for an additional 500 entities including schools, courts, and police stations.

At the same time, under the IDB-funded Public Sector Transformation Programme, we upgraded the Data Centre at eGov Jamaica to expand data storage capacity by 260%.

We have also provided the public sector with additional cloud infrastructure and all the automated management tools and security components that are needed for eGov to operate a modern data centre on behalf of the rest of the public service.

I had the pleasure of touring the Data Centre recently and seeing the infrastructure first hand.

When you are able to have an expanded and upgraded government data centre, you are able to consolidate the disparate data centres across government into one location where you can apply consistent management protocols and ensure that data is secure and kept private and secure.

Under the Public Sector Transformation Programme, the Transformation Implementation Unit partnered with four governmental entities to implement systems that improve the way they deliver key services, that is, to improve their productivity.

We partnered with the Passport, Immigration and Citizenship Agency (“PICA”), to implement a customer relationship management system at the Agency. This major initiative will contribute to transforming the way the Agency interacts with its customers.

Madam Speaker, the system went live November 13, 2023 and all customer interactions are being processed through it.

At the National Fisheries Authority (“NFA”), we have enabled that entity to implement IrieFINS - a web-based fisheries licensing and registration system for fishers and fish farmers.

Madam Speaker, the system went live in February of this year and is a game changer for the NFA. Through IrieFINS, the NFA can now issue and retrieve licences, and permits, more efficiently.

They can also utilize the data generated by the system to inform reports and support proposals and decisions. Equally important is that the identity and licensing status of fishers will be more easily determined whilst at sea.

We expect greater compliance with the licensing requirements by active fishers to improve from 10% in 2018 to at least 60% by the end of the new fiscal year. I am sure the Minister of Agriculture will speak more on this in the sectoral debate.

At the Ministry of Labour and Social Security, the Public Sector Transformation Programme is supporting the implementation of an effective and user-friendly, web-based Work Permit System to improve the processing of Work Permit and CARICOM Skills Certificate applications.

We expect that this will result in a reduction in the time it takes to process these applications from 8 weeks to 2 weeks in the first instance.

Madam Speaker, we are particularly proud of the partnership with the Child Protection and Family Services Agency to modernise its ICT infrastructure, build out sensory spaces for children with special needs, develop and pilot a behaviour modification programme, enhance its mobile mental health unit and provide computing equipment. This project touches our most vulnerable children – the future of this country and the project is having the desired results.

9.2 Achievements to Date – Transformation of Human Resource Management thru MyHR+

Still on the ICT front, we have completed the first phase of the implementation of MyHR+ - an integrated HR and payroll management system.

I am told, Madam Speaker, that MyHR+ is the first enterprise system successfully deployed in the public sector – serving all Ministries, Departments, and Agencies.

Madam Speaker, the system is now being used by approximately 70 Ministries, Departments and Agencies, which is putting the government on a path of better management of its most critical resource – our people.

The system has now enabled HR and payroll teams to maintain and access employee information allowing for a more efficient management of employee data and has contributed to:

- Better internal customer satisfaction;
- Better people decisions
- Better view of the organization and better internal controls; and
- Better reporting

Madam Speaker, MyHR+ allows public service employees to service themselves rather than wait 3 weeks for HR to get back with information or letters. Since the roll-out of MyHR+, over 84,000 self-service transactions have been processed.

MyHR+ is also the platform on which we were able to successfully pilot HR Shared Services. We have also conducted pilots for internal audit, payroll and finance and accounts shared services.

We are currently piloting the procurement shared service function. These pilots have confirmed that this approach for the provision of services is sound and feasible.

Our next step is to establish the Shared Service Department as a permanent feature of Government and we expect that this will become a reality during the upcoming Fiscal Year.

9.3 Achievements To Date and Next Steps - Restructuring of Public Sector Compensation

People are at the centre of the public sector transformation programme. We recognise that if we are to truly transform the way the public sector operates, as a Government, as a country, we must invest in our people. A fundamental component of the programme focuses on how employees are managed and developed. In this regard, we are far advanced in developing a new model for public sector HR management.

Madam Speaker, related to the human resource management transformation is the compensation of public sector employees. We undertook a significant initiative to restructure the public sector compensation system. We had to abandon the old system. It was not adequately serving the employees or the Government. We have introduced a system that is fair, simple, and sustainable. We knew from the outset that this was not going to be an easy journey. We were dismantling an age old system and rebuilding and implementing its replacement.

This, Madam Speaker, is why engaging with workers and their representatives has been a critical part of this change. We have to appreciate that we were dealing with over 40 bargaining groups, each with their own agreed terms for their members, as well as 140 public bodies.

9.3.1 What have we done with the compensation system?

We set out on developing the new compensation in a systematic way. Our overall objectives were to:

- Develop and implement a new job evaluation tool;
- Develop and implement a single compensation system for the public sector;
- Develop and implement a new performance management system to complement the compensation structure and incentivize performance;
- Introduce more modern policies governing areas of conditions of service; and
- Align the job classification system of the government to the new compensation structure.

These objectives are to be achieved over a number of years. This is a three-year exercise Madam Speaker, with multiple phases.

In the first year, the objective was to develop and implement a single pay system for the public sector.

Madam Speaker, it has not been easy, but we have done that. We have implemented a new, single 16-band pay system for the public sector, reducing the multiplicity of salary scales from 325 to 16 bands.

This was accomplished by:

- Developing and implementing a new job evaluation tool;
- Conducting a market survey to determine where the government falls within the Jamaican labour market;
- Using the data from the market survey to develop a new 16-band pay structure; and
- Converting all public sector workers to the new 16-band structure.

The coming fiscal year will mark the final year of transition to the new compensation structure.

In addition, we have rationalised allowances which put persons in a better position when they retire to get a better pension, and to simplify the payroll.

Madam Speaker, there isn't much precedent anywhere, for a country to engage in this kind of comprehensive restructuring of compensation – across all areas of government – at the same time.

As a result of these changes, the allocation to compensation of public sector employees has moved from J\$222 billion in 2021/22, or 9.6% of GDP, to J\$414 billion for 2024/25, or 12.6% of GDP. This represents an upward movement in compensation for public sector employees of approximately J\$200 billion over three (3) fiscal years.

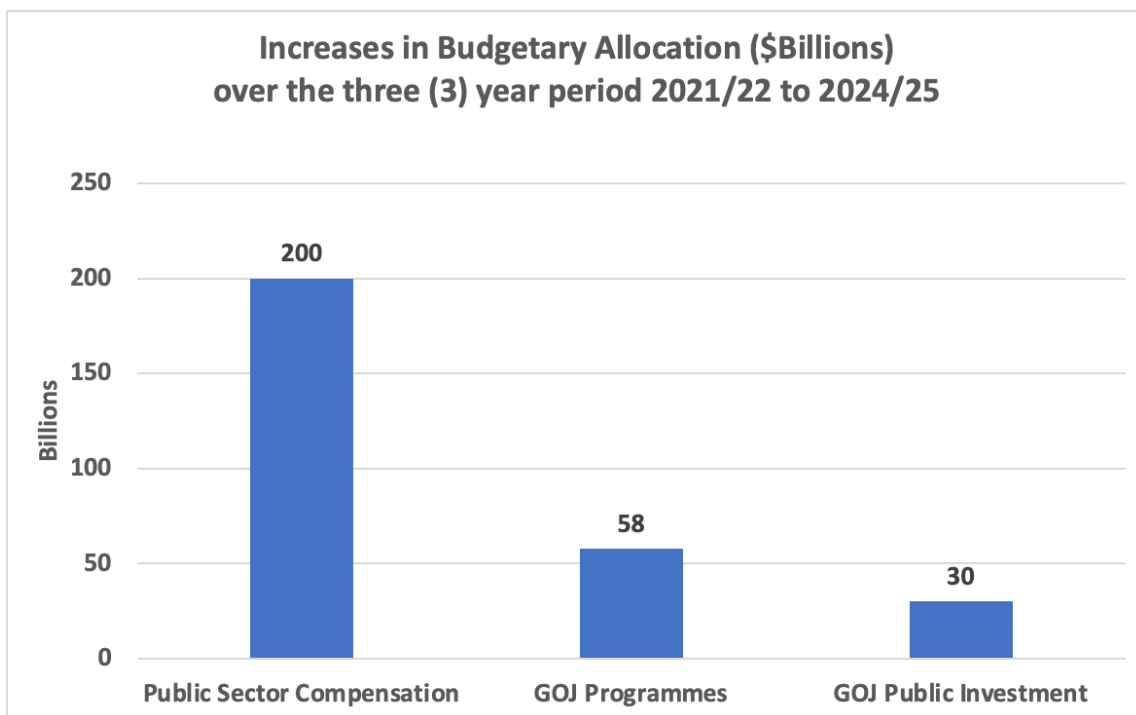
Madam Speaker, I believe this adjustment to be justified and deserved.

Madam Speaker, Jamaica’s finances are public. The Estimates of Expenditure are tabled in Parliament every year and placed on the Ministry of Finance’s website.

The following is just for information, and context:

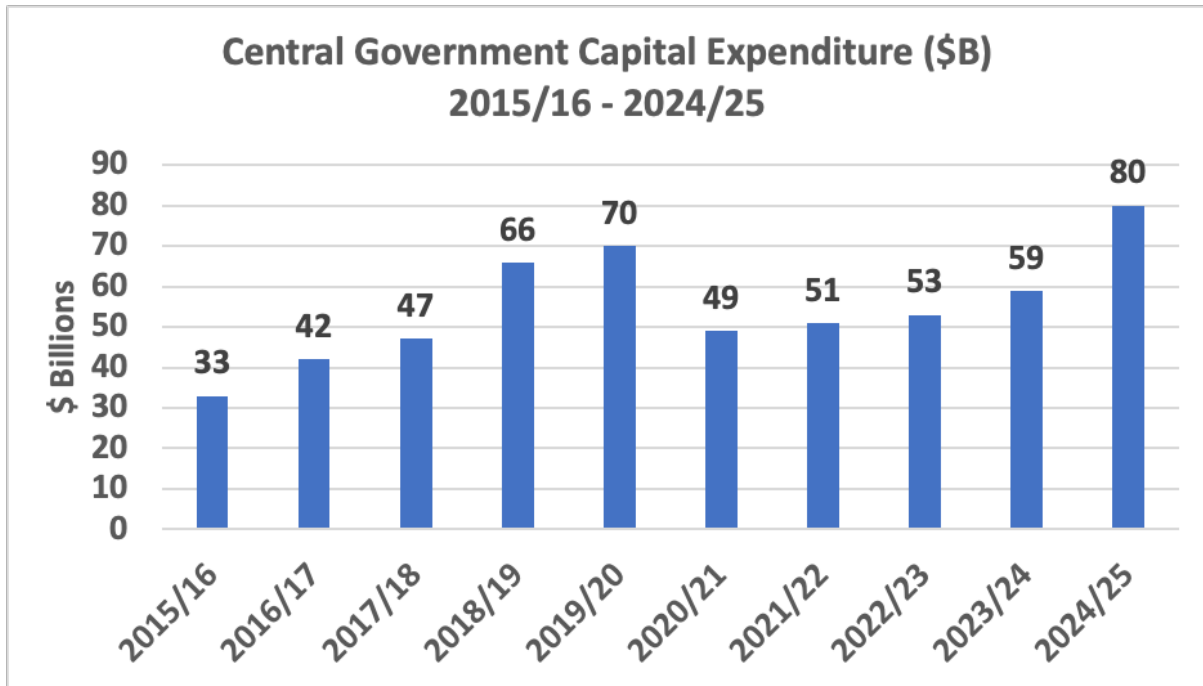
The combined increase in compensation allocation to just three ministries: The Ministry of National Security, civil servants and police, the Ministry of Education, civil servants and teachers, and the Ministry of Health, civil servants, nurses and doctors – over the period 2021/22 to 2024/25 was well over J\$100 billion.

However, Madam Speaker, I ask public sector employees, public sector unions and the public at large to consider the unprecedented scale of this \$200 billion effort and achievement, in the context of Jamaica’s resource levels.



- While public sector compensation has moved upwards by J\$200 billion over three years for 100,000 public sector employees, allocation to programmes that benefit approximately 2.8 million Jamaicans has increased by J\$58 billion over the same period.
- While public sector compensation has moved upwards by J\$200 billion over three years for 100,000 public sector employees, public investment expenditure that benefits approximately 2.8 million Jamaicans has increased by J\$30 billion over the same period.

In fact, Madam Speaker public investment reached J\$70 billion in 2019/2020 and, due to the impact of COVID, among other factors including the need to address compensation, five years later we allocated J\$80 billion in public investment for 2024/2025.



So, to accommodate these allocations to public sector compensation over this three-year period, we have had to subordinate other priorities. These are facts, Madam Speaker.

In the allocation of resources we have to consider the needs of all Jamaicans – and to do so transparently.

Many of the pain points in our society can only be sustainably solved by ramping up public investment expenditure. That gives us the best chances of improving quality of life for all Jamaicans.

Madam Speaker, at least one thing is clear.

Given Jamaica’s proximity to larger markets, the market for technical and managerial and other types of talent is global, not local. But it is not possible for us to compete on remuneration with those larger markets. Our competitive edge will have to be that Jamaica Nice Mon...that is our competitive edge will have to be quality of life....clean streets, reliable public transportation, an abundance of public parks, and the like. To do this we have to accommodate increasing levels of public investment.

9.3.2 Anomalies

Madam Speaker, I am painfully aware of some of the challenges that have been unearthed because of the implementation of the new compensation system. These in some cases have to do with inherent issues in the classification structure of the Public Sector.

For example, genuine anomalies were created that affected classification groups. We have a panel of classification experts currently reviewing these anomalies. Their work will be completed by the end of this month and corrective actions are to be implemented before the end of the first quarter in the new fiscal year.

Another pain point Madam Speaker is the appointment of officers acting in a higher post where on appointment that officer received less pay because they were appointed at the first point of the salary band. The Office of the Services Commissions, in collaboration with the Ministry of Finance and the Public Service, is currently addressing this matter and I expect that by the end of April this too will be corrected for the affected persons.

The team will continue to work assiduously to address all the residual issues.

9.3.3 Public Bodies

With regard to public bodies, implementation started January 2023. As at today, seven (7) public bodies are still working through implementation. Furthermore, the Team has been working with a few public bodies which have reported anomalies in order to address these.

9.3.4 Second Year of the Compensation Restructuring Reform 2023/24

In year two of implementation, we have focused on streamlining benefits and the policies that support the implementation of these benefits. Madam Speaker, prior to implementation of the new compensation system we had a benefits architecture which had become almost as unwieldy as the 325 salary scales. We had allowances that were for the same purpose but rates and conditions for payment were different. I just want to focus on two examples:

1. Payment for work done outside of normal working hours.

There are several ways that public officers are compensated for this work. Weekly paid staff are paid overtime at the prescribed rates. Other categories of staff may be paid a duty allowance or an honorarium or a special allowance. And, in some cases, the only compensation for work done outside of normal working hours is a supper and taxi allowance or a refreshment allowance.

What this means, Madam Speaker, is that in some cases there are two groups of employees both required to work overtime; one group works overtime routinely due to the nature of the job and the other works overtime only when required. However, both were in receipt of the same level of duty allowance. This is not equity!

2. Uniform Allowance.

Similar to payment for work done outside of normal hours, public officers who are required to wear uniforms in the execution of their duties or required to adhere to a dress code for specific circumstances are paid a uniform allowance.

However, Madam Speaker, there are several different rates and modalities that exist across the public sector. Some officers receive material and payment for tailoring while others are paid uniform or clothing allowances at widely varying rates. This is not equity.

We are currently in discussions with our union partners and expect to implement new policies for work done outside of normal working hours and for the provision of uniforms and the payment of uniform and clothing allowances in the new fiscal year.

We presented proposals on these and other benefits and conditions of work to the Confederation in June 2023. They have 11 member unions and each union has to do its own consultation. This takes time. As such, they wrote back to us in November 2023. We met in December 2023 and agreed on the vast majority outstanding matters.

What I hear public sector employees saying – is nice that you have agreed on all of these from December, but where is the implementation?

Madam Speaker, in planning the fiscal affairs of the country, I have been seeking to get full sight of costs before moving forward with implementation, as otherwise we run the risk of crowding out other necessary expenditure designed to benefit the wider public.

However, Madam Speaker, we will meet and sort it out in the interest of our highly valued public sector employees.

9.3.5 Third Year of the Compensation Restructuring Reform - Performance Management

In year 3 of implementation, 2024/25, the Government of Jamaica will introduce the performance management element of the new compensation system. We expect in the coming financial year to deepen consultations with our union partners on the implementation of this new system.

Whereas we have addressed the compensation system, we must, Madam Speaker, address issues of productivity as part of the conversation.

On full implementation of the new compensation system, our next step is to streamline the classification system in the public sector to ensure alignment with the new compensation system.

9.3.6 Employment by Contract

During the year we finalised the arrangements for contract officers employed in approved posts.

However, Madam Speaker, last year during my Budget presentation, I indicated that the government would be addressing the longstanding issue of employment by continuously renewed contracts in the public sector, outside of executive or special appointment, and outside of approved posts.

This is a problem that has been around for several decades, and got worse over time. I didn't cause the problem, Madam Speaker, but I committed that over a three (3) year period ending in Fiscal Year 2025/26 we will address it.

We have made progress and I now provide an update.

With regard to the 8,522 contract workers in the Ministry of Education and Youth, 5,300 posts were created at the request of that Ministry. We continue to work with the Ministry of Education to regularise this matter.

With regard to doctors, Madam Speaker, I gave an assurance that we would fix the problem and we did. At the Ministry of Health and Wellness, 1,600 posts were created and so the 1,400 hundred

doctors who were on contract are now permanently employed in the government. This is a significant boost for the healthcare system.

At the Ministry of National Security, 1,105 posts were created at the Jamaica Constabulary Force (Civilians) which covered all of the temporary employment posts.

In the Ministry of Local Government and Community Development at the National Solid Waste Management Authority and the Social Development Commission, we are awaiting the final review to inform us of the number of posts required. The next step, Madam Speaker will be for the portfolio ministry to complete the Cabinet Submission for final sign off.

9.4 Achievements to date - Rationalisation of Public Bodies

Madam Speaker, the fifth pillar of public sector transformation was rationalisation of public bodies. I have often spoken about the number of public bodies operating in Jamaica and the governance challenge that this poses.

At the start of the transformation programme, there were 190 public bodies in existence. The reality is that some public bodies have achieved their mandate; others have overlapping functions and responsibilities, and some public bodies are at a stage where they can be seamlessly integrated into their parent ministries.

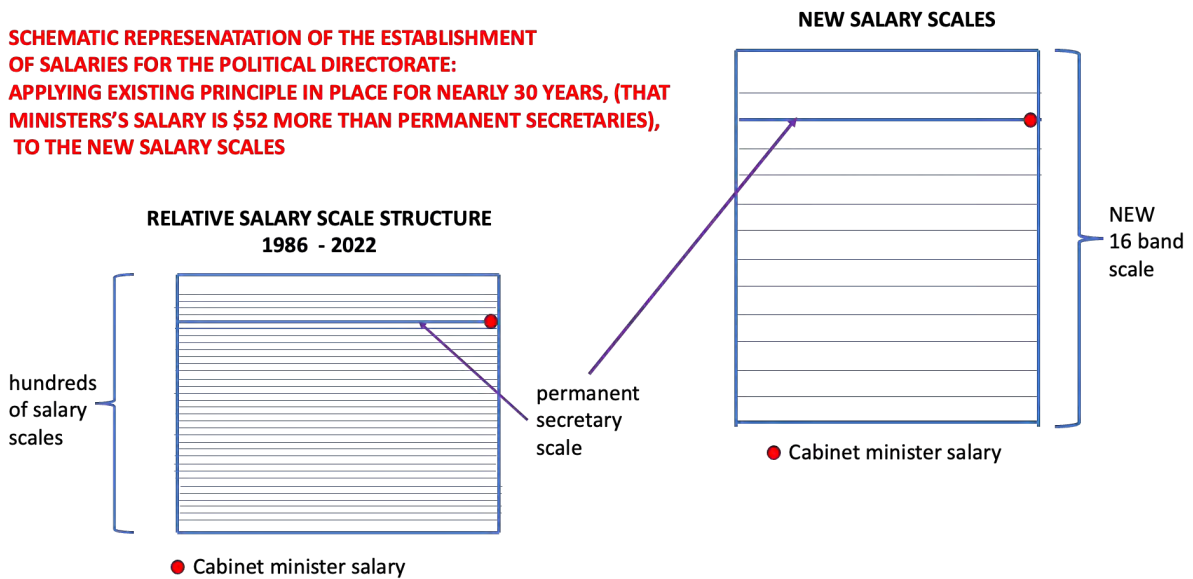
I am pleased to announce, Madam Speaker, that we have made progress and have reduced the number of public entities by 41. This has realised recurrent and capital savings of over J\$2 billion, a tangible outcome of public sector transformation.

It is without doubt, Madam Speaker that the transformation of the public sector is happening. It is a journey, and we are well on our way to building a better public sector for all.

In the next phase of the programme we will scale up the gains for greater impact and I look forward to working with Minister Dana Dixon Morris to support the government's digital transformation thrust.

And Madam Speaker, while I accept the criticism with respect to salaries of parliamentarians, the increased allocation to the Houses of Parliament for compensation of employees paid by the House of Parliament – members of parliament, senators, all members of administrative and ancillary staff and drivers assigned to parliamentarians – is also public information contained in the Estimates of Expenditure, available on the Ministry of Finance website. The annual allocation increased by \$1 billion over the period 2021/22 to 2024/25 ...approximately 0.5% of the overall upward adjustment in compensation.

SCHEMATIC REPRESENTATION OF THE ESTABLISHMENT OF SALARIES FOR THE POLITICAL DIRECTORATE: APPLYING EXISTING PRINCIPLE IN PLACE FOR NEARLY 30 YEARS, (THAT MINISTERS'S SALARY IS \$52 MORE THAN PERMANENT SECRETARIES), TO THE NEW SALARY SCALES



Following the 1980 Sasso Committee Report the Standing Finance Committee set the Cabinet Minister's salary was set at \$52.00 per annum above the maximum of the highest level Permanent Secretary effective 1st of July 1986. This was reaffirmed by the 1990 Fletcher Committee and has remained in place ever since. The restructuring merely retained this principle and applied it to the new salary scale.

10.0 Students' Loan Bureau

The Students' Loan Bureau continues in its mission to provide financing to students pursuing tertiary level studies across 34 approved tertiary institutions.

Madam Speaker, the life-time economic value of a university education, as compared with leaving high school and immediately joining the workforce, is immense.

Yet I have met too many young people in my constituency alone, who possess the qualifications for university, opt not to go on account of challenges with finances.

It pains me every time I encounter one of these cases.

It is even more painful because we have a well-capitalised institution, the Students' Loan Bureau, set up to provide financing to students seeking financing for tertiary education.

And many Jamaicans in position of leadership have used the products of the Students' Loan Bureau to get ahead in life. The current Managing Director of the Students' Loan Bureau is herself a former customer of the Students' Loan Bureau.

The Most Honourable Prime Minister has publicly volunteered that he too is a former customer of the Students' Loan Bureau.

The SLB works.

Over the past few years, we have made changes in how the Students' Loan Bureau is accessed and the results.

In the 2022/23 budget we removed the requirements for guarantors to be provided for applicants who are Wards of the State.

Within the twelve (12) months of that policy change the number of Wards of the State who applied to the SLB increased from 46, the previous year, to 98 an increase of over 100%.

Last year, in the 2023/24 budget we removed the requirements for guarantors to be provided for applicants from PATH Households.

Since we lifted the requirement for guarantors, Madam Speaker, within the last (12) months, the number of PATH beneficiaries accessing the SLB jumped from 192 in the previous year to 547 and the year is not yet finished. An increase of 185%, Madam Speaker.

Madam Speaker in the face of this staggering evidence as to the inhibiting effect of the requirement of a guarantor how do we keep it?

I will share with you a true story.

Days leading up to the Local Government Election I with met a member of my constituency.

She told me that her son had graduated from Jose Marti in 2019 and she wanted him to go to university.

I asked her how many subjects he got?

She told me, "him get seven subject."

I asked her, so, what do you do for work?

"I work at an ice cream shop", she said

I said, customer service?

She said "yes."

So, I ask her how much she made. And she told me.

I asked her, "what happen when you go to the SLB?"

She said "Dem tell me I don't earn enough to be a guarantor for my son and him well waan go a university. Him well want it, Nigel. Oh God me feel like cry now."

I looked her in the eye and said to her, "is people like you I have in mind, with a policy that I plan to announce shortly."

She said "nobada tell me dat you know Nigel and mek me feel good."

I took her name and her number and I told her I would call her when I was ready.

She is in the Parliament this afternoon with her son...Sheryl and with her son Malik.

And in her presence, Madam Speaker, **I am pleased to announce that effective April 1, the Students' Loan Bureau will no longer require guarantors for students to access tertiary financing from the Students' Loan Bureau.**

Going forward, no guarantors will be required for student loans accessed after April 1.

With this policy Malik will be the first in his family to go to university.

Under this Government, we want every youth to be a star.

Madam Speaker, the requirement of guarantors for student loans is a regressive policy that discriminates against low-income families who cannot as easily, if at all, find someone with the means and willingness to stand guarantee for them.

This policy has been in place for several decades and we are happy to abolish the requirement for guarantors for student loans.

Madam Speaker, from copious amounts of data available to the SLB, very, very rarely are payments actually made by guarantors. In all but a few instances, guarantors have served the purpose of locating students.

We anticipate that by the time the first batch of students who benefit from this policy graduate from university, the National Identification System, or NIDS, will be a reality. We will not need guarantors for that purpose as NIDS will suffice.

Madam Speaker, we signalled that this was under consideration with our changes in the guarantor requirements for PATH households last year and for Wards of the State the year before. It was useful to have the test cases on small sample sizes of the impact it would have in broadening access.

Madam Speaker, we are not doing this blind. Since inception, the SLB uses a tiny portion of loan repayments, 0.0005[%] of each payment, to make provision for loss of life of the borrower.

That fund was actuarially assessed Madam Speaker and found to be J\$1 billion in excess of the provision required for the risk it was set up to insure against.

So, with this new NO GUARANTOR policy we will move this J\$1 billion excess from the life insurance reserve into a new Guarantor Reserve Fund as backing for this new policy.

Madam Speaker, Malik, along with 4,199 other beneficiaries, will qualify for a free grant of J\$60,000 on loan approval.

Madam Speaker: 4,200 grants of \$60,000 each will be available to low-income applicants of the Students' Loan Bureau.

11.0 Governance

Madam Speaker, Jamaica is small society that is growing in its transparency, formality and in the rigour of its governance arrangements.

This too is for the benefit of the people.

We have shown that whatever we focus on we achieve.

Over the past few years the matter of conflicts of interest in the public sector has surfaced and there have been publicised cases of abuse of the basic tenets.

Madam Speaker, I think it is fair to say that 99% of public servants wish to be compliant and make an effort to comply but in this area there are no appropriate standards or guidelines that can capture the practical experience of a small society, short on professional and technical talent.

In the absence of guidelines, persons have had the experience of doing what they think is right, only to be told that they are wrong.

Madam Speaker, the GOJ intends to appoint a committee to engage in broad consultations with political parties, unions, business groups, academia, the Integrity Commission, among other stakeholders to develop a set of guidelines that are appropriate for Jamaica. The panel will be tasked to develop guidelines that take the challenges of size, developmental status, technical capacity and resource levels into account and also to take into consideration the views and experiences of stakeholders.

Madam Speaker, we are improving governance to benefit the people.

12.0 The Government's 2024/25 Budget

I now turn to this year's budget. The Central Government Expenditure Budget of J\$1,341 billion or 1.3 trillion dollars is comprised of:

- Non-Debt Expenditure of approximately of J\$849.9 billion; and
- Debt Service of approximately J\$491.2 billion;

Non-Debt Expenditure, in turn, is comprised of:

- Compensation of Employees J\$442 billion;
- Recurrent Programmes J\$327.8 billion; and
- Capital Expenditure J\$80 billion.

12.1 Compensation of Employees

The J\$442 billion allocation for Compensation of Employees includes provisions for employer contributions as well as provisions to facilitate the implementation of the third and final year of the new agreed scales that comprise the new 16-band compensation system.

The sum also includes J\$8.1 billion for the Government's contribution to the public sector health insurance scheme for current employees and government pensioners for FY 2024/25.

Madam Speaker, this is a 24% increase over this year's allocation of J\$6.5 billion for public sector health insurance scheme.

12.2 Recurrent Programmes

Madam Speaker, the allocation on the recurrent budget to ministries has been published and is available on our website. Some key items for which provisions are included in the budget are listed below under the respective ministries, departments, and agencies.

12.2.1 Ministry of Culture, Gender, Entertainment and Sport

Madam Speaker, veteran Minister Olivia "Babsy" Grange, would like all of Jamaica to know that the necessary funding of \$120 million has been included to complete the rehabilitation of Jam World and Fort Rocky as fully functional 24-7 Entertainment Zones.

Minister Grange is a strong advocate and wants musicians to have spaces where they can earn their livelihood in peace while affording Jamaicans the opportunity to enjoy reggae music in peace.

Fort Rocky is in Kingston.

Madam Speaker, I want to tell Protoje, that this Government, of Prime Minister Holness, is a government that listens.

Madam Speaker, tell Protoje that, with this government, reggae music will play in Kingston 24 hours a day, 7 days a week.

Madam Speaker, we are leveraging economic stability in the people's benefit.

Minister Grange also wants you to know that we are honouring the commitment to support the development of Jamaican cricket over the medium term with an allocation of \$100 million across three years, starting with \$40 million this year.

Minister Grange believes in Jamaica's potential and capacity in cricket.

12.2.3 Ministry of Finance and the Public Service

J\$44.9 billion to provide payment of pensions and retirement benefits to retired public officers, including military and police personnel, civil servants, teachers, nurses, and legislators.

J\$3.2 billion to support to Local Authorities for Street Lights. The Central Government continues to meet 100% of billing submitted by the JPS for street lighting.

J\$2 billion as previously disclosed to support pre-investment activities of public investment projects including, planning, design and the conduct of feasibility studies for the development of public investment projects, whose concepts have been approved by the Public Investment Management Committee (PIMC) to proceed with proposal development.

J\$1 billion to support the second year of the GOJ 5-year Science, Technology, Engineering and Mathematics (STEM) scholarship programme tenable at the Mico University College and the University of Technology (UTECH). The programme targets applicants from disadvantaged groups and communities across Jamaica. As at January 2024, two hundred and forty-one (241) students have been registered to pursue degrees in STEM related fields.

12.2.4 Ministry of Economic Growth and Job Creation

J\$4.3 billion for the Maintenance of Roads, Repairs to Roads, including patching, and bushing of verges.

J\$825 million for Disaster Mitigation, Cleaning of Gullies and River Training.

J\$600 million for Rural Water Supply to support the construction/rehabilitation and maintenance of water systems in rural communities. This will be a high priority as an activity to reallocate resources to if implementation runs ahead of schedule.

12.2.5 Ministry of Science, Energy and Transport

J\$9.3 billion to support the operational expenses of the JUTC and includes \$1 billion to support the temporary reduction in fares to the public.

12.2.6 Ministry of Education and Youth

We continue to allocate the largest share of our budget, outside of interest, to education.

J\$164.4 billion is allocated to education in the upcoming fiscal year which is 5.3% of GDP.

Of this amount:

J\$13.6 billion in subvention for the University of the West Indies, the University of Technology and the Caribbean Maritime University.

J\$800 million to provide broadband connectivity in infant, primary /high schools and places of safety.

12.2.7 Ministry of Health and Wellness

J\$19.7 billion for pharmaceuticals and medical supplies.

Madam Speaker, allocation for expenditure on pharmaceutical and medical supplies has increased from J\$8.8 billion in 2021/22 to J\$19.7 billion in 2024/25. Madam Speaker, this a more than doubling i.e. 124% increase in the allocation to pharmaceuticals and medical supplies in three fiscal years. The increase of 124% in this major expenditure line over three years reflects the response to increased demand in the usage of public pharmacies. However, it is not sustainable. The Minister of Health has long sounded the alarm. We will need to work together to explore complementary approaches.

Budgetary Allocation	
Pharmacuetical & Medical Supplies	
Fiscal Year	\$Billions
2021/22	8.8
2022/23	12.7
2023/24	14.7
2024/25	19.7

J\$10.4 billion for the University Hospital of the West Indies.

J\$1.4 billion to fund the outsourcing of diagnostic services.

12.2.8 Ministry of Labour and Social Security

J\$10.4 billion to support payment of cash grants to PATH beneficiaries. The allocation represents an increase of J\$2.0 billion, or 28.7% increase to support an increase in the amount of PATH payments. Specific levels of increases to the various benefit categories will be announced by Minister Charles but beneficiaries can expect these to be effective by June 2024.

J\$672 million to provide social assistance to the elderly through the Social Pension. This represents an increase of 64% when compared to the 2023/24 revised budget.

12.2.9 Ministry of Mining, Agriculture and Fisheries

J\$1.2 billion in productivity incentives to farmers.

J\$670 million to rehabilitate 37 kilometres of farm roads.

12.3 Capital Expenditure

The Central Government Capital Expenditure budget for FY 2024/25 is programmed at J\$80 billion.

Highlights of key public investments to be undertaken this year by the Central Government are listed below:

12.3.1 Health

Madam Speaker, this year, we allocated J\$11.5 billion to support the construction of three hospitals at the same time!

You tell me the last time you heard that happening in Jamaica. To the best of my knowledge, there is no parallel for this volume and pace of health infrastructure investment over the past 50 years.

This is yet another example of leveraging macro-stability to the people's benefit. Without the stability we enjoy this would not be happening.

Madam Speaker, in this year's capital budget we are also allocating:

- J\$3.4 billion to support construction of the Spanish Town Hospital, commence civil works at the Greater Portmore, St. Jago and Old Harbour Health Centres, and the procurement of furniture and equipment for the named facilities;
- J\$5.8 billion to finalise design and construction works related to Phase 3 of the redevelopment of the Cornwall Regional Hospital and attain 30.0% completion;
- J\$1.1 billion to support the National HIV/AIDS Response in Jamaica by continuing activities aimed at reducing infections through effective biomedical and supporting interventions; and
- J\$800 million to facilitate ongoing activities in the construction and equipping of the Western Adolescence Hospital on the grounds of the Cornwall Regional Hospital.

12.3.2 Physical Infrastructure

Madam Speaker, the Government continues to build out Jamaica's infrastructure. The expansion of the South Coast Highway to Williamsfield opened this year.

In the upcoming fiscal year, we plan to build on this work with the allocations of:

- J\$6.3 billion to complete the construction of the Harbour View to Port Antonio section of the Southern Coastal Highway Project and commence works on Phase 3 of the local roadworks construction packages;
- J\$10.2 billion for the Montego Bay Perimeter Road to complete land acquisition activities and design for the 11-kilometre, 4-lane carriageway along the Long Hill Bypass corridor, and continuation of construction works on the 15 kilometre, 4-lane carriageway from Ironshore to Bogue;
- J\$600 million to continue and complete the widening and dualization of Grange Lane along with the upgrading of water supply and telecommunication infrastructure; and

- J\$500 million to complete construction and rehabilitation works on the Montego Bay Waterfront Protection Project including southern groynes and the shoreline areas in the vicinity of Harmony Beach Park.

In addition, J\$713.3 million to continue the retrofitting of selected government buildings with energy efficient lighting and air conditioning systems; as well as implementation of an Urban Traffic Management System in the Kingston Metropolitan Area.

12.3.3 National Security

Madam Speaker, this Government continues to support the security forces with major investments in security infrastructure designed to improving outcomes.

In the upcoming fiscal year, we are also allocating:

- J\$882 million to commence construction works on the Westmoreland Police Divisional Headquarters;
- J\$990 million to commence construction of the St. Catherine North Police Divisional Headquarters;
- J\$1 billion to complete the acquisition of (4) new marine patrol vessels; and
- J\$645 million to support ongoing capacity building activities to improve the investigative capacity of the police.



12.3.4 Acquisition of Buses & Garbage Trucks

Madam Speaker, again, it is because of the macro-stability we enjoy, and our leveraging of this to the people's benefit, why we can say with confidence that within a three year period we will substantially re-fleet the JUTC with brand new buses.

In this fiscal year we provided the deposit Madam Speaker and in the upcoming fiscal year we are making the additional allocation of J\$2.6 billion for the delivery of 100 new buses prior to back to school later this year which will improve the experience of the commuting public.

Madam Speaker, again it is because of our leveraging of stability why we can say with confidence, that at some point in the near future, there will be no need for the NSWMA to rent garbage trucks from anyone.

In this fiscal year we are allocating J\$916 million to facilitate the procurement of 50 compactor trucks, known as garbage trucks.

12.3.5 Education

- J\$300 million to support work towards the construction of five (5) STEM academies and one visual and performing arts secondary level institution;
- \$846 million to continue the construction of classrooms at seven (7) schools, electrical upgrading at 11 schools, installation of sewage treatment facilities at one school and installation of security fencing at 11 schools; and
- J\$514 million to support the construction of additional classrooms and sanitary facilities to alleviate the shift system and over-crowding.

12.3.6 Irrigation

- J\$1.9 billion to continue activities aimed at providing access to irrigation on lands formerly used for sugar cane production in South Clarendon & South St. Catherine to increase agricultural production and productivity.
- J\$1.6 billion to continue activities that will enhance the production and productivity of farmers in Essex Valley, St. Elizabeth by increasing the area under irrigation and yield of crops by a minimum of 90% in a socially inclusive gender equitable and climate sensitive manner.

12.3.7 Spark Programme

Madam Speaker, this is a government that listens, responds, and acts.

In the last two Constituency Debates, the condition of our road network dominated the discourse.

Over the past several years, Member Warmington has been consistent, every single year without fail, that we need to apply more than J\$4 billion for secondary roads.

Member Phillips on the other side has also been vocal.

Moreover, Madam Speaker, for our constituents, the citizens of Jamaica, poll after poll places the condition of roads near the top of their list of priorities.

In the recent election, Madam Speaker, we all experienced some amount of discontent on the question of roads.

Madam Speaker, we have heard all of those voices and we have been preparing ourselves to respond with action.

Madam Speaker, this is also a Government that pursues macro-economic stability, not as an end in itself, but because it allows for the generation of resources in a sustainable manner that can be leveraged for the people's benefit.

In my opening Budget presentation last year, I shared the Government's plans to implement the Shared Prosperity through Accelerated improvement to our Road network or SPARK Programme, a J\$40 billion programme to be implemented across two fiscal years.

Madam Speaker, there has never been a larger road rehabilitation programme financed with Jamaica's funds.

Well, Madam Speaker, I spoke about it last year, and I am pleased to announce that we have made the allocation this year.

In this capital budget, we have allocated J\$20 billion for the implementation of the SPARK Programme this year to address the condition of roads across Jamaica.

It is currently under the Contingency for Public Investment Projects and will be reallocated to the specific SPARK Programme Project.

The most Honourable Prime Minister will provide further details on this Project.

12.3.8 Contingency

Madam Speaker, we are absolutely serious about leveraging the hard-earned stability Jamaica enjoys for the people's benefit through many avenues, and particularly through increasing the pace and volume of public investments.

In addition to the above, Madam Speaker, we have an allocation expecting new public investment projects, to be approved for implementation during the year.

Madam Speaker, to give us the best chance of executing capital at the budgeted level we will be revising, amending, and optimising our procurement and public investment processes.

We won't stop there in attempting to maximise use of capital expenditure space. What we will also do is develop a portfolio of public investment projects, above and beyond the aggregate allocation for the year. This will give us the option of substituting, in the event of public investment execution falling behind.

So, I say to Minister Vaz, you know those additional 100 buses, above and beyond the 100 for this year, and the 70 for last year.... we had programmed this second 100 batch for the 2025/26 fiscal year, let's get that project ready for this year, just in case.

I say to Deputy Prime Minister Chang, you know the 500 to 1000 police cars, the building infrastructure out west, and the expansion of JamaicaEye that you were planning for 2025/26, let's accelerate these just in case.

Madam Speaker, we are determined to maintain and leverage macro stability for the people's benefit.

13.0 Housing and Population Census

Madam Speaker, data collection for the 2022 Population and Housing Census began in September 2022. This census marked a significant departure from traditional methods by embracing innovative

technology. For the first time, data was collected using tablet computers. Monitoring the census, recruitment, and human resource management were also intended to be digitally enabled.

However, the Statistical Institute, STATIN, experienced resignations and retirements of key personnel at the head office and challenges in recruiting suitable candidates for Information Technology (IT) and Human Resource (HR) posts. The staffing and recruitment issues were further compounded by the very tight labour market in which the Census was executed.

The challenges in these two (2) areas had a cascading effect on the operations of the Census, including delays in recruitment, training, and payment at the start of data collection. The Statistical Institute was able to make adjustments to cope with and treat most of these issues, however, the negative publicity of the initial challenges, along with the impact of the payment delays, have had a significant impact on the progress of data collection.

The STATIN Director General reports that another issue that affected the Census was heightened concerns about privacy, security, and the proliferation of gated communities. Access to gated communities was a significant problem. Additionally, respondents in affluent communities were not very cooperative with Census takers and Supervisors. The COVID-19 pandemic also adversely impacted the planning phase of the Census, as several adjustments had to be made in response. This included the implementation of virtual training among others.

Madam Speaker, it is public information that, globally, the 2020 round of Censuses has been challenging, and several countries across the Latin America and Caribbean Region and the world also faced similar challenges. This led to coordinated response from the global statistical community led by the United Nations Statistics Division, which implemented several strategies in response to the issues faced during the 2020 round of Censuses. This includes new methodological guidelines for assessing under coverage, enhanced technical support for small area estimation, and several workshops on assessing data quality.

STATIN has been involved in several of these initiatives at the global and regional levels and has already hosted one (1) technical assistance mission on this census. Several steps are being taken to assess the extent of the under coverage, and appropriate action will be taken to address the issues encountered using statistically sound techniques, guided by United Nations Statistics Division standards, and that will stand up to scrutiny.

13.1 Data Collection

Madam Speaker, the Census started on a phased basis in September 2022 and was expected to last four months. However, data collection was extended with face-to-face data collection by contracted census workers ending in December 2023 for the reasons mentioned previously.

Again, Madam Speaker, although the extended data collection period is unprecedented for Jamaica, it is a feature of the global 2020 Round of Population and Housing Censuses.... the same post-COVID forces have been at play.

Unlike previous census rounds, data collection in most countries has exceeded six (6) months and, in some instances, has been extended well beyond one year, even for countries with smaller populations than Jamaica.

Given the difficulties, the focus of the STATIN during the latter part of 2023 was to rapidly ramp up data collection using the Census short-form (questionnaire) and the deployment of travelling teams for enumeration.

13.2 Data Processing & Analysis

Madam Speaker, the next phase the Census includes a number of Post-Enumeration activities such as data cleaning, editing, and analysis. A post-data collection survey using the web and in field work by internal staff will be launched to assess the under coverage of data collection especially in areas where additional information is required.

The extended data collection and the short form will introduce certain technical challenges for the Census. Note that, with the introduction of the short form, there will be data loss, as certain indicators will no longer be available at the Enumeration Districts and community levels.

However, this is a necessary compromise as we seek to preserve the most important aspects of the Census. However, STATIN is receiving technical support from the United Nations Fund for Population Activities (UNFPA), the Latin American and Caribbean Demographic Centre (CELADE) and the Statistics Division of the Economic Commission for Latin America and the Caribbean (ECLAC) concerning these matters. The global statistical community has also released technical documentation and guidance, working groups, and south-south cooperation related to some of these issues.

13.3 Payment of Census Workers

With the completion of face-to-face data collection, efforts are now focused on the processing of all outstanding payments to census workers. This process is taking longer than anticipated primarily due to some census workers not completing processes needed to facilitate payments. STATIN has however put in place internal measures to correct the outstanding work but this will take some time to complete.

13.4 Issues Relating to Finalising Payments by Census Workers

Payment for work done is based on the approval of census questionnaires by Census HQ. Madam Speaker, STATIN has pointed out, that, as outlined in the training manual and several correspondences sent to the Census Field Staff, the questionnaire approval process includes (i) a first approval by the Census Supervisor and (ii) a second review and approval by persons stationed at Census HQ. This process allows for adequate checks and balances, especially in light of the volume of persons employed. A critical component in the completion of work is the submission of the Visitation Record.

The Visitation Record is a listing of all buildings within the assigned Enumeration District (ED) and forms part of the quality check for data collection.

Madam Speaker, STATIN reports that issues with the Visitation Records explain the vast majority of instances of non-payment.

Specific issues include:

- Non-submission of Visitation Records (which must be synchronised); and
- Information on the Visitation Records is not consistent with the questionnaires submitted.

Madam Speaker, a critical component of the supervisor's job function is the review of the questionnaire to ensure the quality of the work undertaken by the census taker. If issues are found, the questionnaire is returned to the census taker for corrections. Once the supervisor is satisfied with the questionnaire, it is submitted to the census office for review and final approval. At this point, the questionnaire can be returned if it does not meet the quality criteria for completion.

All census workers were advised of the criteria for payment as per their employment contract and during training.

Census workers with remaining queries are encouraged to utilise the channels that have been established to raise their concerns. Queries can be sent to censuspaymentqueries@statinja.gov.jm.

14.0 Financial Investigations Division

14.1 Current State and Proposed Mechanism to dispose of Forfeited Properties

The Financial Investigations Division, or FID, is a Department of Government located in the Ministry of Finance and the Public Service. It is mandated to implement Jamaica's anti-money laundering and countering the financial of terrorism regime (AML/CFT), utilizing a raft of legislation including the Proceeds of Crime Act (POCA), the Financial Investigations Division Act (FIDA), United Nation Security Council Resolution Implementation Act (UNSCRIA) and the Terrorism Prevention Act (TPA). The FID is also designated as Jamaica's Asset Recovery Agency (ARA).

As the Asset Recovery Agency, the FID is responsible for the management and disposal of restrained and forfeited assets. These assets are derived from investigations utilizing either civil or criminal provisions pursuant to POCA. The Department also exercises responsibilities under the Sharing of Forfeiture Property Act in managing properties restrained and forfeited in keeping with a foreign forfeiture order registered in Jamaica pursuant to Mutual Assistance (Criminal Matters) Act (MACMA). Upon the completion of the disposal of the foreign forfeited properties, the net proceeds are shared between Jamaica and the foreign country, in the ratio of 50:50, after the Department recoups its expenditure associated with the investigation and management of these properties.

Currently, the Department manages a portfolio of one hundred and eighteen (118) real properties with a combined market value of J\$2.6 billion.

Sixty-seven (67) real properties with an estimated market value of approximately J\$2 billion have been forfeited by the Courts. Of the 67 forfeited properties, twenty-six (26) with an estimated market value of J\$685 million are the subject of foreign forfeited orders and the proceeds of any sale will be subject to the asset sharing agreement.

The remaining forty-one (41) properties valued at J\$1.2 billion were forfeited pursuant to the domestic Proceeds of Crime Act.

Fifty-one (51) properties with an estimated market value of \$682,834,491.00 are currently restrained by the Courts. It should be noted that the valuation of properties under management were last undertaken between 2018 and 2022, therefore the actual current valuation of the FID's portfolio of forfeited and restrained properties, is likely to be higher than these figures.

14.2 Mechanism for the Disposal of Forfeited Real Properties

In keeping with the POCA, when a property is forfeited by the Courts, it is vested in the Crown, the Commissioner of Lands. The sale of these properties are currently conducted by the National Land Agency on behalf of the FID.

The process to sell forfeited properties commences after the FID obtains a Certificate of Title with the Commissioner of Lands endorsed as the registered owner. Upon request, the NLA will commence advertising the property for sale by way of requests for submission of bids from the public. The advertisement is normally placed in a printed media on two days per week for two consecutive weeks and also advertised on their website for two weeks.

The shortlisted bidders are sent to the FID for background checks. Subject to no adverse findings, the highest bidder is recommended. The GOJ manages the rest of sale process to include preparation of sale agreements and instruments of transfer as well as collection of sales proceeds.

Madam Speaker, under the present arrangements, the average disposal process takes up to three (3) years. During the period 2012 to present, 29 properties valued at J\$750 million were submitted by FID for advertisement and sale. To date, only 3 of the properties valued at J\$108 million have been sold.

14.3 Challenges with the Management and Disposal of Real Properties

Significant operational expenditure is incurred by the FID in the management of its portfolio of real properties. Its Asset Recovery Branch expended J\$150 million managing properties over the last five fiscal years ended March 2023. Despite FID's best efforts in securing and maintenance the properties, a few have been vandalized, burglarized and are depreciating through normal wear and tear. This obviously results in the loss of market value.

In the last mutual evaluation of Jamaica, the country got "substantial rating" for asset forfeiture; however, the Financial Action Task Force (FATF) has advised that in the next round of mutual evaluation of countries for their effectiveness re: FATF's AML/CFT International Standards, emphasis will be on the management of forfeited and restrained properties.

Hence, Jamaica needs to ensure effectiveness in not only forfeiting the assets but disposal of them in a timely manner. Failing which, the country will be downgraded from the coveted rating that it currently holds in asset forfeiture, which was only achieved by a few countries worldwide.

Moreover, it augurs well for good international relations between Jamaica's law enforcement partners if the country disposes of the foreign forfeited properties and remits its share of the net proceeds as quickly as possible. Given the slow pace of sale of the assets, the level of unease by our foreign partners on this issue is imminent.

14.4 Proposed Solution for the Disposal of Forfeited Real Properties

The national, strategic and economic circumstances cited above, warrant the FID, finding an alternative mechanism to dispose of the properties in a timely, effective, transparent and fair manner. Any such mechanism should result in significant cost savings to the Government, assist with compliance to the FATF AML/CFT Standards, contribute to the national Budget, and also support the operational activities of the FID.

One such option would be for the FID to engage a private company of professional realtors in keeping with the procurement rules to market and sell the portfolio of properties, collectively or individually.

It is likely that the most competitive real estate brokerage companies will have a wider reach to attract both local and international investors/purchasers, than that currently enjoyed by the NLA.

The expected revenue inflows from this activity is likely to be in the region of approximately J\$1.5 billion based on the present value of the forfeited properties on the books of the FID and after deducting reasonable transaction costs as well as the 40% of the proceeds of the sale of foreign forfeited properties remitted to Jamaica's overseas counterpart in keeping with the Sharing of Forfeited Property Act. Restrained real properties will not, however, be subjected to this arrangement.

14.5 Cash Seizure Cases

In addition to the real properties on the books of the FID, the Department is also managing the proceeds of over 800 cash seizure cases pursuant to the Proceeds of Crime Act. POCA authorises a constable, customs officer or an officer of the FID, to seize cash of J\$100,000 or more where there is reasonable suspicion that the cash was obtained from unlawful conduct or intended for use in unlawful conduct.

The aggregate value of the cash seizure cases is approximately J\$1 billion, comprising US\$4.5M, J\$108 million, £220,000, €220,000, and CAD370,000. The majority of the cases, over 600 or 75% of the total number of cases, were seized more than five (5) years ago, between 2007 and 2018. Madam Speaker, this is across 800 cases before the courts.

At the current rate, 25 to 30 cases are being disposed of per year and the number of new cases continues to grow exponentially. This pace puts a burden on the Courts, the State, the FID and the defendants from whom the cash was seized.

The FID has been exploring options to improve the regime, which will require dialogue with the Ministry of Justice, Ministry of National Security, Jamaica Customs Agency, Jamaica Constabulary

Force and the Courts. As these discussions progress regarding solution to dispose of these aged cases, more information will be provided to the general public.

14.6 SSL Investigations

The magnitude of the case and length of time that the alleged fraudulent scheme occurred at the SSL, warrant a long, thorough investigation. The investigation is progressing as planned. A file was submitted to the Office of the Director of Public Prosecutions for the consideration of criminal charges against individuals linked to the SSL network of companies and/or the companies pursuant to the Proceeds of Crime Act, Larceny Act and financial sector legislations.

There has been ongoing dialogue between the team of investigators and the prosecutors, led by a Deputy Director of Public Prosecutions. Madam Speaker, I am informed that a ruling from the Office of the Director of Public Prosecutions is imminent.

14.7 Engagement of Kroll in the SSL matter

Madam Speaker I summarised our policy in the SSL matter: Leave no stone unturned, follow the evidence wherever it leads, and seek international assistance.

Madam Speaker, I will quote what I said in my Opening Budget Presentation last year, with respect to the investigation into SSL:

“The policy position of the Government is that we will make available whatever resources are required to ensure a thorough, fair, complete, and independent investigation. We will also:

- *Leave no stone unturned;*
- *Follow the evidence wherever it may lead; and*
- *Seek international assistance.”*

Madam Speaker, that has been the policy that has been implemented.

In last year’s Budget presentation, I announced that after consultation with the UK British High Commission, KROLL Associates UK Limited, an international investigations firm, was engaged to undertake an independent forensic audit to understand the facts relating to the fraud perpetrated at Stocks and Securities Limited over the period 2010 to 2023.

The company was selected because it did not have any connection in Jamaica and because of the complexity of the matter, the volume of transactions, the number of accounts held by clients, and the number of bank accounts held by the SSL network of companies.

The KROLL team, working with the support of government agencies, including the FID and FSC, utilized technology, data analytics and forensic expertise to produce a comprehensive and independent

report of its findings in November 2023. The KROLL report has confirmed that the suspected fraudulent activity and mismanagement at SSL and its related parties were much broader than initially understood.

The investigative authorities now have a much clearer picture of what took place and those involved and they are committed to bringing those who are involved to justice.

The FID will use all the powers at our disposal to attempt to recover as much of the dissipated client's monies.

In regard to the fees paid to KROLL, the UK provided US\$50,000 as an initial retainer for the engagement. The remaining portion inclusive of reimbursable expenses amounted to US\$1.2 million, and this has been paid from the Civil Recovery Fund held by the Financial Investigations Division.

In addition to the payment to KROLL, the FID transferred J\$100 million from this Civil Recovery Fund to the Consolidated Fund as budgetary support, including support for national security.

The Civil Recovery Fund maintained by the FID is funded from the proceeds of crime forfeited via the civil recovery provisions under the Proceeds of Crime Act (POCA). The funds in the account are designated for use by the FID in the furtherance of its mandate to investigate financial crimes and money laundering.

15.0 Other Public Investment Projects

15.1 North Coast Highway Project

Madam Speaker, during the past year we have made significant progress with the International Finance Corporation, or IFC, in developing a Public Private Partnership for the expansion of the North Coast Road.

In the 2022/23 fiscal year, we signed a Financial Advisory Services Agreement with the IFC and the required due diligence studies have been carried out to allow the project to be advanced to the stage that we expect to issue the Request for Qualification & Information Memorandum this year, with the selection and announcement of pre-qualified bidders next year. If all goes well, we could have the final bidder selection by the end of 2025.

Madam Speaker, this project will involve an investment of approximately US\$650 million or over J\$100 billion at the current exchange rate. It is likely to be the single largest government capital expenditure project in Jamaica.

Although it will soon be passed by others, Madam Speaker.

It will add thousands of jobs, directly and indirectly, and make a meaningful contribution to economic growth.

More importantly, it will facilitate continued investment on the North Coast while easing the flow of traffic for commuters.

Madam Speaker, the macro-stability that Jamaica enjoys makes it feasible for us to place a project of this scale in the marketplace with confidence that we will attract multiple credible investors with the track record and capacity to execute.

15.2 Tax Office Upgrades

Madam Speaker, a visible way of using Jamaica's hard earned economic stability in the peoples' interest is by improving public services that all citizens have to use, such as the tax offices.

In last year's budget presentation, I stated that our tax offices were mostly built a long time ago, for a smaller population, and far fewer transactions. Also, at the time they were built, there were far fewer cars and hence our tax offices suffer from lack of parking and the conditions don't often lead to a comfortable experience for the citizen.

Madam Speaker, because of our economic stability, we plan, over a number of years, to upgrade tax offices across Jamaica to provide a more comfortable, timely, and efficient experience for the taxpayers.

By 2027, Tax Administration Jamaica is expected to have invested more than J\$11 billion in capital projects to modernise and upgrade existing tax offices and construct new tax offices across the length and breadth of Jamaica.

I want to give a brief update on where these project stands.

15.2.1 Christiana Tax Office

The Tax Office acquired the land, completed designs, obtained approvals, procured contractor and commenced construction. This brand-new tax office building is 52% completed and should be 100% completed in the upcoming fiscal year. Total cost is projected to be in the region of J\$760 million.

15.2.2 Mandeville Revenue Centre

Madam Speaker, there will soon be a brand-new tax office for the people of Mandeville. The TAJ has leased the property, designs have been completed, the initial procurement failed, and the project is being re-tendered. With successful procurement, the second time around, construction should start in the upcoming fiscal year. Total costs are projected at approximately J\$953 million.

15.2.3 Montego Bay Revenue Centre

This is an extensive modernisation and upgrade, the images of which I showed last year. The building has been vacated, consultants engaged, design approved, NEPA approvals received. Now awaiting approval of the Municipal Corporation. Madam Speaker, I would like to see construction commence this fiscal year. This, Madam Speaker, the all-in cost is expected to be in the region of J\$2.4 billion.

15.2.4 Brown's Town Tax Office

Madam Speaker, there will soon be a brand-new tax office for the people of Brown's Town. The property has been purchased, NWA and other professionals have been engaged. The next stage is to approve designs, obtain approvals and procure contractors. Total costs are projected at J\$930 million.

15.2.5 Santa Cruz Tax Office

There will be a brand new tax office for the people of Santa Cruz. This is at the very initial stages. The land for the new Santa Cruz Tax Office is in the process of being acquired. Initial estimates is that this project will have all-in costs of approximately J\$920 million.

15.2.6 Annotto Bay Tax Office

This tax office is slated to undergo renovation and refurbishment in the upcoming fiscal year and the contractor is currently being procured.

15.2.7 Portmore Tax Office

Madam Speaker, the TAJ is building a brand-new tax office for the people of Portmore.

Land was acquired long ago, and my understanding is that for several years, at least since 2018, the TAJ has entertained discussions with the Portmore Municipality about a land-swap. Madam Speaker that eventually fell through in August 2023 due to the inability of the Municipality to produce the title of the land to be swapped.

So TAJ will go ahead on the land that it had acquired. We still have some way to go as designs have to be completed, approvals to be obtained, etc., but eventually there will be a first-class Tax Office complex for Portmore. This project is expected to cost J\$1.9 billion.

15.2.8 Kingston Revenue Service Centre

TAJ acquired the BNS building in King Street. Designs have been approved and TAJ is now in the process of engaging a contractor to renovate, upgrade and modernise. I expect construction to begin in the upcoming fiscal year and the total all-in costs to be approximately J\$900 million.

15.2.9 Cross Roads Tax Office and Business Centre

Madam Speaker, the Cross Roads Tax Office is out of space. Sometimes the lines extend outside the building, onto the sidewalk, and bend around the building.

This is not acceptable. This Tax Office is one of the busiest.

Madam Speaker, TAJ has acquired property, in Cross Roads, part of the Nuttall lands, where the TAJ will construct an 8-storey full service tax office and business centre, with underground and surface parking, large enough and spacious enough to accommodate the tax paying public who use Cross Roads.

This project is expected to cost J\$2.3 billion.

15.2.10 Online Payment of Taxes

Madam Speaker, even as we make plans to invest J\$11 billion over the next three (3) fiscal years, we are also planning on dramatically improving the online channels for the payment of taxes.

Madam Speaker, Tax Administration Jamaica TAJ facilitates online transactions using its web Portal and mobile app that is available in the Google PlayStore.

Madam Speaker, 80% of tax types can now be paid online, and for some tax types, online filing is mandatory.

However, for the tax types where it is discretionary whether to pay online or in person, the vast majority opt to come in to a tax office in person.

There are many reasons for this. However, Madam Speaker, we are taking responsibility for our areas – on a scale of 1 to 10, the user-friendliness of the online portal is certainly not even a 7.

As such, Madam Speaker, we have heard the complaints from customers, and we intend to ensure that in the near future, taxpayers have a better experience. With the support of Minister Dana Morris Dixon, under whose guidance eGov Jamaica Limited falls, the TAJ and eGov Jamaica will continue to engage with members of the public to ensure that the applications that are being built truly serve our customers' needs and ensure that we can put online the transactions with the highest volume of users.

The TAJ Portal will be redesigned in the 2024-2025 fiscal year to improve ease of access to the various types of tax transactions and provide for a better user experience.

The online renewal of motor vehicle registration is currently in the testing phase, and we expect to implement this feature in the upcoming fiscal year.

Madam Speaker, we are going further as we focus on ensuring that there are multiple ways for customers to interact with the TAJ. The Mobile App is also being expanded in the new fiscal year to facilitate payment of additional types of transactions including the payment for police records.

16.0 Marcus Garvey Scholarship

Madam Speaker, the Marcus Garvey Post Graduate Scholarship is now three (3) years old and it is easily the largest scholarship programme that Jamaica has ever had.

Through this scholarship programme, members of the Jamaican public sector have, and are pursuing, graduate degrees in areas aligned to national priorities at leading universities around the world including Harvard University, Oxford University, Johns Hopkins University, UWI and UTECH.

We congratulate these students and look forward to their contributions.

17.0 FINSAC Commission

Madam Speaker, the FINSAC Commission was established on January 12, 2009, by proclamation from the Governor-General. The appointed Commissioners were Hon. Justice Boyd Carey (Chairman), Charles Ross (Member), Worrick Bogle (Member) and Fernando dePeralto (Secretary).

The Commission was tasked to:

- *“Examine the circumstances that led to the collapse of several financial institutions in the 1990s with particular regard to: (i) the extent to which these circumstances were directly influenced by domestic or external factors; (ii) Government’s fiscal and monetary policies; (iii) the management practices and role of the Board of Directors of the failed institutions; and, (iv) the performance of Government’s regulatory functions.*
- *Consider what actions if any could have been taken to avoid the occurrence of the financial crisis and to evaluate the appropriateness of the actions which were taken by the authorities in the context of Jamaica’s economic circumstances and in comparison to intervention by the State in other countries which have had similar experiences.*

- *Review the probity and propriety in FINSAC's management, sale and/or disposal of assets relating to delinquent borrowers.*
- *Review the terms and conditions of the sale of non-performing loans to the Jamaica Redevelopment Foundation.*
- *Review the practices of the Jamaica Redevelopment Foundation in the treatment of delinquent borrowers and, in particular, the management, sale and/or disposal of their assets.*
- *Assess the long term impact of the collapse of these institutions on the economy and on the businesses and individuals whose loans were involved as well as the economic and social impact of the actions taken by the Government with regard to the savers, depositors and investors of the failed institutions.*
- *Review the steps that have subsequently been taken and make recommendations as to what further steps should be taken to prevent a recurrence of such widespread collapse of financial institutions and resulting hardships."*

The FINSAC Commission of enquiry got going in 2009, and though there were stops and starts, hearings were held and data and evidence collected.

Between 2009 and 2012, the expenditure on the Commission was approximately J\$107 million. In 2012, then Minister of Finance, Honourable Peter Phillips stated that no further funds would be allocated to the Commission as hearings had ended and the Commission had not furnished its report.

There were no allocations to the Commission in 2012/13 budget, and only J\$4.4 million allocated in the 2013/14 budget. Between 2012/13 and 2015/16 only J\$7 million was spent on the Commission, J\$3 million of which was rent to the PIOJ.

The FINSAC Commission therefore ground to a halt.

In June 2016, Cabinet approved the re-establishment of the FINSAC Commission. The appointed Commissioners were Worrick Bogle (Chairman) and Charles Ross (Member).

The approved budget for the re-establishment of the FINSAC Commission was J\$35.7m and was approved with the expectation that the FINSAC Commission Report would have been available "*in six months*".

However by December 2016, the FINSAC Chairman submitted a revised budget for staffing in the sum of J\$57.4 million to the Ministry of Finance and the Public Service. By way of Cabinet Decision No. 2/17, dated January 16, 2017, the Cabinet approved a revised budget of J\$43.6 million.

Cabinet approved a further upward revised budget of J\$58.4 million for completion of the report.

When I became Minister of Finance and the Public Service in March 2018, there was still no FINSAC Commission Report, and given the multiple upward revisions in the estimated cost of producing the Report, Cabinet lost confidence in the ability of the Commission to actually produce the report within any meaningful timeframe and within any reasonable cost.

Between 2009 and 2017 approximately \$150 million was allocated to the Commission. Since the 2018, however, there has been no further allocation of resources to the FINSAC Commission.

In 2019, given the absence of further funding the remaining Commissioners resigned and turned over the drafts of chapters of a report, in electronic form, along with thousands of pages of transcripts of evidence and submissions placed before the Commission, also in electronic form.

And in 2020, our focus shifted to the managing the COVID pandemic and recovery.

Madam Speaker, the FINSAC period was a defining period in Jamaica's economic life. This was a financial sector crisis of a scale rarely seen in the world. It cost 40% of GDP.

By comparison the Global Financial Crisis of 2009 in which global banks collapsed, cost the United States 9% of GDP. Our financial sector crisis was 5x times worse than the impact of the worst global financial crisis in 100 years in the United States.

Madam Speaker, tens of thousands of businesses failed and hundreds of thousands of individuals were adversely affected. Thousands lost homes, lost their livelihoods, and some lost their lives.

The FINSAC crisis plunged Jamaica into deeper macro instability and resulted in a rapid build-up in our debt ratio that has taken us 30 years to reduce. It had the effect of obliterating opportunity as for decades interest costs consumed national resources.

The material gathered by the Commission consists of contributions from then government officials, economists, academics, former leaders of failed financial institutions, customers of those institutions including those who found themselves with ballooning debts, among many other stakeholders.

These perspectives on a defining period of the Jamaican story need to be made available to the public.

We owe it to the victims of that era, to ourselves, and to future generations to do our best to record for posterity the evidence gathered from the Commission, make it publicly available, and have it inspire the production of research reports and cultural creative output.

But the cost of achieving this cannot be a constantly escalating one.

Madam Speaker, next year, 2025, will be 30 years since the establishment of Fiscal Institution Services Limited, the precursor to FINSAC, which was set up to implement the Scheme of Arrangement pursuant to the Temporary Management of the failed Blaise and Century Financial entities.

The data and evidence submitted by the Commission is public information and ought to be available to the public. It is a treasure trove of information, from various perspectives, that will add to public understanding of that period.

Madam Speaker, considering all of the above, the Government will take the necessary steps to achieve the following:

- Publish on a specially curated website the FINSAC Commission Archives, consisting of all of the evidence provided and the submissions made to the FINSAC Commission. This archived data, submissions and testimony will be available to the public and academics in perpetuity.
- On publication of the FINSAC Commission Archives, the MOFPS will issue a special call for scholarly research into the FINSAC Commission Archives for the purposes of producing scholarly articles, books and other publications on the any or all of the context, causes, consequences and lessons of the financial sector crisis as well as an assessment of the response. This call will be supported by research grants awarded to research teams which in aggregate will not exceed J\$40 million, across multiple

research grants. These grants will be structured such that a majority of the funds are paid on submission of the final article, book, or scholarly publications.

- On publication of the FINSAC Commission Archives, the MOFPS, working in collaboration with the MCGES and the Screen Development Initiative, will also issue a special call to the creative community for proposals for documentaries on the financial sector collapse, its causes and effects, produced from the FINSAC Commission Archives. This call will be supported by grants awarded to two documentary film-making teams to produce documentaries from which future generations can learn.
- On publication of the FINSAC Commission Archives, the MOFPS working in collaboration with MCGES, will also issue a special call to the creative community for proposals for a theatrical production on the financial sector collapse, its causes and effects, produced from the FINSAC Commission Archives. This call will be supported by a grant.

More details will be provided once we accomplish the first task of publishing of the FINSAC Commission Archives.

It is important that as a society we internalise the context, causes, consequences and lessons from this critical period of Jamaica's history.

HMPS BUDGET PRESENTATION

2024/25

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17.0 Revenue Measures

17.1 Removal of General Consumption Tax on Armoured Cash Courier Industry

Madam Speaker, the Armoured Cash Courier Industry plays an integral role in the financial services industry in Jamaica. Business owners and operators, financial institutions, and multi-branch bank operations rely heavily on the armoured car courier companies which oversee the cash logistics, cash movement, and case management services of these enterprises.

The well-publicised gun attacks, ambush, and robbery attempts on the Armoured Cash Courier Industry during 2023 have negatively impacted the industry and exposed weaknesses. In addition, these attacks have significantly impacted the mental health of the security officers, employees in the industry, and citizens at large.

Given the gravity of the situation, increased fear, and the negative spillover effects throughout the society, the Government is proposing to increase support for the Armoured Cash Courier Industry and to enhance the security of courier operations.

Madam Speaker, effective the first quarter of the upcoming fiscal year, and for twenty-four months thereafter, any company that operates an approved cash courier business will be able to import free of General Consumption Tax (GCT) on the added cost of armouring vehicles.

To be clear, Madam Speaker, duty and GCT will still be payable on the cost of the underlying vehicle being imported. What will be exempted is the duty and GCT on the cost of the armour, which is often almost as costly as the vehicle itself.

This measure is intended to encourage companies operating in the Armoured Cash Courier industry to invest in more resilient equipment for the function they carry out by upgrading their fleet.

The estimated Revenue losses associated with the customs duty reduction for the Armoured Cash Courier Industry is \$50 million. This measure is expected to take effect in the first quarter of fiscal year 2024/25 for 24 months.

Madam Speaker, this Government is committed to ensuring that we provide greater safety and protection for all citizens, and, in this case, those who play a critical role in the movement of cash.

17.2 Clarify the 25% income tax rate for companies providing trust and corporate services

Madam Speaker, the International Corporate and Trust Providers Act of 2017 was amended in 2021 to, among other things, change the name of the Act to the Trust and Corporate Service Providers (TCSP) Act and to expand the scope of the legislation to be generally applicable to both international and domestic trust and corporate service providers.

The amendments to the Act were in keeping with Jamaica's overall push to improve its Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) framework based on the Caribbean Financial Action Task Force (CFATF) Mutual Evaluation Report on Jamaica in 2017 and it allowed for an improvement of the regulatory requirements for providers of trust and corporate services.

By virtue of the amendments to the TCSP Act, all entities providing trust and corporate services are now regulated by the Financial Services Commission (FSC) and therefore obligated to the registration and licensing provisions as stipulated in the TCSP Act.

Consequently, given that these companies are now regulated by the FSC, they are now considered a regulated company pursuant to the Income Tax Act and therefore subject to the corporate income tax rate of 33 1/3%.

Madam Speaker, this was not the policy intent.

The amendments to the TCSP Act, including the requirement for regulation by the FSC, were intended solely to strengthen the AML/CFT regulatory framework. Subjecting these companies to the 33 1/3% corporate income tax rate would be disproportionate and contradicts the prevailing tax policy intent.

As such, an amendment to the Income Tax Act has become necessary in order to clarify the 25% income tax rate for providers of these services in order to reduce ambiguity and to dispel anxiety amongst the industry.

It should be noted that the reduced rate will not apply to companies engaged in both the provision of trust and corporate services and any other regulated activities within the meaning of the Income Tax Act.

Estimated Revenue losses associated with the clarification of the 25% income tax rate for companies providing trust and corporate services is expected to be revenue neutral. Companies providing these services would be previously subject to an income tax rate of 25%. Therefore, clarifying the 25% income tax rate for the provision of these services simply maintains the status quo. The measure is to take effect for the year of assessment 2023.

17.3 Increasing the maximum participating voting share capital for the Junior Stock Exchange from \$500 million to \$750 million.

Madam Speaker, this Honourable House is asked to note that the maximum participating voting share equity capital for companies listed on the Junior Stock Exchange, the Junior Stock Exchange, is currently capped at J\$500 million.

This cap has been in place since the reinstatement of the Junior Stock Exchange by the Administration in 2016. The imposition of this limit was consistent with the approximate sizes of medium-sized enterprises and the corresponding value of total sales revenue.

The House should also note that micro, small, and medium-sized enterprises (MSMEs) listed on the Junior Stock Exchange benefit from a range of tax incentives such as the conditional relief from income tax payments, in addition to the exemption from transfer tax and stamp duty on transfer of shares over the exchange.

Madam Speaker, in an effort to further facilitate growth of the MSME sector, the Income tax Act will be amended to increase the maximum participating voting share capital of companies listed on the Junior Stock Exchange from J\$500 million to J\$750 million. This adjustment is consistent with the cumulative movement in the CPI from over the past eight (8) years since 2016.

This increase will positively impact the MSME sector as it will broaden the scope for more MSMEs to benefit from the suite of incentives afforded to these entities by going public.

Further, the increase will provide much-needed fiscal room for these entities to raise capital and improve productivity. This policy is in recognition of the pivotal role that MSMEs play in driving economic growth while promoting and encouraging local entrepreneurship.

This measure is revenue neutral given that it merely increases the upper limit for the maximum participating voting share capital. Further, the rules governing the Jamaica Stock Exchange Main Market prevent companies from migrating from the main market the Junior Market. Thus, these companies would be unable to benefit from the upper limit increase. The measure is expected to take effect in the year of assessment 2024.

17.4 Reduction in the Corporate Income Tax rate for Independent Power Producers (“IPPs”) producing energy from renewable sources from 33 1/3% to 25%

Madam Speaker, Jamaica’s energy system is highly dependent on imported fossil fuels, primarily oil. Fossil fuels have been the primary source of energy for much of human history, powering industrialization, transportation, and electricity generation.

However, their use has significant environmental drawbacks. The finite nature of fossil fuel reserves and the environmental concerns associated with their use have led to a growing emphasis on transitioning to cleaner and more sustainable energy sources, such as renewable energy, to reduce the reliance on fossil fuels and mitigate their environmental impact.

The use of fiscal measures to incentivize the energy sector is consistent with the global thrust to reduce the dependence on fossil fuels, using renewable energy sources. This continues to be the main objective of the legally binding Paris Agreement which was ratified by Jamaica in 2017.

Further, Jamaica has committed to achieving a 50% target for the use of renewables in its power generation mix by 2030.

Independent Power Providers, known as IPPs, are private entities that own and operate facilities to generate electricity for sale to the national grid. IPPs invest in generation technologies and recover their cost from the sale of electricity. IPPs play an integral role in ensuring a sustainable energy sector in areas such as solar energy and wind energy.

Madam Speaker, to facilitate further investments in renewable energy, the Income Tax Act will be amended to exclude IPPs producing energy from renewable sources from the definition of “regulated company” for the purpose of section 30 of the Income Tax Act.

These amendments will reduce the corporate income tax rate for IPPs from 33 1/3% to 25%. This reduction will be limited to IPPs who produce 75% or more of renewable energy from wind and solar and who are regulated by the Office of Utilities Regulation. They will not benefit from the Employment Tax Credit.

The objective of the reduction in the corporate income tax is to promote the growth of the renewable energy sector, reduce greenhouse gas emissions, and enhance energy independence. It is intended to give investors more confidence in the sector, provide more capital that can help finance investments in renewable energy technologies, and ultimately lead to greater economic growth and development.

Reduction of the corporate income tax rate payable for IPPs producing 75% or more of their energy from renewable sources will result in an estimated revenue impact/loss of J\$31 million. The amendments shall be effective from the year of assessment 2023 (including any basis period permitted by Tax Administration Jamaica in respect of this tax year pursuant to section 6 of the ITA).

17.5 An increase in the *de minimis* value for imported goods from US\$50 to US\$100

Madam Speaker, there has been significant public sentiment concerning the customs *de minimis* value and passenger duty-free allowances. This increased discourse has particularly been fueled by changes in the global macro-economic environment, in addition to a general increase in e-commerce activities.

Retail e-commerce sales amounted to approximately US\$5.2 trillion worldwide and is forecasted to grow significantly over the next few years. Jamaica continues to benefit from the increased growth of e-commerce facilities as more citizens utilize online marketplaces to purchase goods and services for consumption.

The increased growth is attributable to the convenience, accessibility, and vast product selection offered by e-commerce facilities, driving its popularity among consumers both locally and

internationally. Also, mobile devices, improved internet infrastructure, and secure payment systems have further fueled the expansion of e-commerce adding to the increased usage.

Increasing the *de minimis* value on imported goods will facilitate access to a wider variety of goods to local consumers and will facilitate more activity in the local economy by way of intermediaries and shipping companies eager to capitalize on the increased activity.

This includes the shipping and logistics sub-sector, which has benefitted from the growth of e-commerce providing direct and indirect benefits to the economy. An increase in the *de minimis* value for imported goods could potentially result in further growth of the sub-sector, resulting in productivity, labour and revenue gains as the sub-sector positions itself to accommodate the expected surge in low-value imports.

Importantly, Madam Speaker, the *de minimis* value represents a minimum value and/or a minimum amount for which no duties and taxes will be collected because it would not be considered economically feasible to collect duties/taxes on items below this value.

This House and the public should be aware that items valued at US\$100 or less account for less than 0.5% of the overall share of fees/charges collected by the Jamaica Customs Agency (JCA) on imports but account for almost 20% of the total declarations processed for imports.

Madam Speaker, for items less than US\$100 there is evidently a huge disparity between the large volume shipments processed and the relatively small amount of revenue collected from these shipments. Increasing the *de minimis* value for imported cargo should increase administrative efficiency and productivity allowing for a redirection of resources to focus on higher value items.

Madam Speaker, effective April 2024, the *de minimis* value for imported goods will be increased from US\$50 to US\$100. This is expected to cost J\$864 million in lost revenue.

17.6 An increase in the passenger duty-free threshold for personal/household effects not imported for sale or commercial exchange from US\$500 to US\$1,000

Madam Speaker, for every category of revenue, we have to always balance revenue yield with the administrative burden of realizing that yield. We also look at the consequential impact of making significant changes.

With increasing passenger inflows into our country, our airports are more crowded than ever, especially in the high season. It can take time to make one's way through the lines, including the line to clear customs if there are goods to declare. This is not the fault of the customs officers who are only doing their job.

As we aim to improve productivity and efficiency, we took a look again at the length of these lines and the revenue yield. Madam Speaker, if the passenger duty-free threshold for personal/household effects was US\$1000, we would lose J\$331 million or 0.05% of the overall customs revenue, which is mostly collected at seaports.

And with this higher threshold, passengers travelling with dutiable items with a value not exceeding a US\$1,000 duty-free threshold would be able to enjoy expedited processing, significantly improving passenger flow through our international airports and providing immeasurable value to the Jamaican travel experience.

Madam Speaker, effective April 2024, the duty-free threshold for personal/household effects will be increased from US\$500 to US\$1,000.

[17.7 Standardizing Jamaica's GCT Tax Treatment on Raw Foodstuff](#)

Madam Speaker, currently, the standard rate of the General Consumption Tax, or GCT, is charged on the imported raw foodstuff and no GCT is charged on the domestically-produced raw foodstuff.

The intention of this policy at the time was to bolster domestic production and act as a safeguard for domestic industries and markets. Unfortunately, this policy could be interpreted as Government-sponsored protectionism and distorts the conditions of competition between imported markets.

While the Government remains committed to supporting domestic agricultural production, Jamaica is also obligated to the conditions set out by virtue of our membership in the World Trade Organization or WTO.

Based on the national treatment principle set out in the General Agreement on Tarriff and Trade or GATT, Jamaica is categorically not permitted to implement policies or measures that are designed to protect domestic products. The fact that GCT is an internal tax that is charged on only imported raw foodstuff and not on locally produced raw foodstuff may be interpreted as a

measure that gives protection to domestic production. If the policy is not amended, then trade sanctions are liable to be imposed on Jamaica.

Therefore, in keeping with Jamaica's trade obligations, the GCT on all raw foodstuff, imported or domestic, will be removed. This measure will be revenue negative and will result in foregoing J\$2.4 billion in revenue. The measure will take effect in the 1st quarter of FY 2024/25.

Madam Speaker, though this is a measure that emerges from trade-related matters, it will mean the opportunity to provide more affordable imported raw foodstuff to Jamaican consumers. To increase the chance of these gains flowing to consumers, I had a conversation with the Minister of Agriculture where I suggested to him that in light of this change it would be good if the cost of import licences were increased to assure more competition to the benefit of consumers.

17.8 Increase in the Personal Income Tax Threshold – Part I

Madam Speaker, there have been calls for an increase in the threshold for personal income tax. These calls have been made on the basis that the threshold was last adjusted in the 2017/18 fiscal year, seven fiscal years ago.

It is, and has always been, the policy of this administration, to abolish distortionary taxes – and we have done plenty of that – and to make a decided break from our past of imposing new tax increases upon new tax increases every year.

Madam Speaker, for the 26 years between 1989 and 2015, new taxes were introduced in 22 of these years.

Madam Speaker, we have broken that cycle.

I am not finished my speech yet....but so far we have had six consecutive years of no new taxes. Do I hear, seven, anyone?

No longer do you have to fear the introduction of new tax measures at Budget time because you have a Government that believes that Jamaica deserves a long period of No New Taxes.

In addition, Man-a-Yaad, Audley Shaw, dramatically increased the tax threshold in 2016/17 and again in 2017/18.

He phased it in. And he presided over the transition from direct to indirect taxes.

Madam Speaker, raising the income tax threshold is our policy.

We did it responsibly the first time and we will do it responsibly again.

Now, we have been running the numbers on raising the income tax threshold.

Based on the 2023 numbers, Madam Speaker,

- Increasing the income tax threshold from J\$1.5 million to J\$2.1 million would cost approximately J\$23.6 billion;
- Increasing the income tax threshold from J\$1.5 million to J\$2.5 million would cost approximately J\$34.6 billion;
- Increasing the income tax threshold from J\$1.5 million to J\$3.0 million would cost over J\$45 billion.

Now, Madam Speaker these are HUGE numbers – it stands to reason that no administration in Jamaica’s history has implemented any single net tax reduction of that magnitude.

When we increased the tax threshold from J\$592,800 to J\$1.5 million it was done in a revenue neutral manner, that is, there were other accompanying measures and so the Government’s overall revenue did not change. And we increased social spending materially, as documented, to compensate for these accompanying measures.

Madam Speaker, the Financial Audit and Administration Act requires that Jamaica pursue a fiscal balance – meaning the difference between revenues and expenditure each year – that is derived from a formula written into the law which produces a result for that year consistent with the debt target set in the law.

When there is a negative deviation from that fiscal balance target, the same law, the Financial Audit and Administration Act, requires a correction in the subsequent year. During COVID, when we escaped fiscal rules, the extent of the correction required could not take place in a single year, so the law was amended.

The amended law allowed for deviations beyond a particular threshold, which the COVID deviation met, to take place more gently over three years. The law sets fiscal balances over each of the three years in that three-year correction period.

We are currently in the third year of that correction period and the Financial Audit and Administration Act requires that our expenditure does not exceed our revenues. Effectively, this means that we do not borrow to pay interest on our debt.

As such, Madam Speaker, given the estimates of expenditure tabled in Parliament, and the details announced today, which our projected revenues just about meets, it is not feasible to accommodate a net expenditure of **these magnitudes** this year.

Doing so would result in a breach of the Financial and Administration Audit Act.

Madam Speaker, even if we could increase the income tax threshold by these amounts without any accompanying measure, with a NET COST to the public purse of between J\$23 billion and J\$45 billion, we would have to think carefully about the distribution of who benefits.

- Madam Speaker, for this discussion, it is important to recall that the income tax threshold of J\$1,500,096 is equivalent to J\$28,846 per week.
- Jamaica's per capita GDP or average income is approximately US\$7,000 or J\$1,092,000 at the prevailing exchange rate, so it shouldn't be a surprise that 70% of persons, or approximately 450,000 Jamaicans, on the tax database have incomes below the income tax threshold, and as a result, do not pay any personal income tax. So, spending J\$20 billion to J\$45 billion, on a NET BASIS, to raise the threshold as per above, would not benefit a single one of these Jamaicans on the lower end of the income spectrum.

Madam Speaker, before we increase the income tax threshold in a manner that affects those who are relatively better off by being above the threshold, it is important that we address other categories of persons on the tax database.

17.9 Increase in the Threshold for Pensioners and persons over the age of 65

Madam Speaker, we are living in a time where Jamaica's macro-fundamentals are the best they have been in 50 years and we want to improve these even more over time.

We pursue these objectives in the peoples' interest and want to make sure they benefit from this profound improvement in Jamaica's circumstances.

Madam Speaker, as a Member of Parliament, I am acutely aware of the fact that many hardworking Jamaicans who retired over the past few decades and have been on pension since then have had their pensions eroded by the chronic macro-economic instability over most, if not all, of that period.

They look on now and see that we are turning the corner, and conditions of pay and of service in the public service are much better than in their time.

Madam Speaker, the instability of the period wasn't the individual fault of these Jamaicans, but they surely have paid a high cost for it.

This has led to, for example, various persons from across the society, advocating for the linking of pensions of certain high offices to the salary of the current officer holder.

Madam Speaker, I have opined that that would become completely unsustainable over time and as such would be an unwise course for Jamaica.

The real solution, Madam Speaker, is to ensure that Jamaica's fiscal policy framework is sustainable, that the Central Bank is independent and charged to pursue low and stable inflation.

This framework preserves purchasing power, Madam Speaker, and if we do this, those who are retiring now and those who will retire in the future, will have a much better experience than those who retired before.

However, Madam Speaker, we cannot be immune to the circumstances of these pensioners and as they look around and see the skyscrapers going up, which didn't happen in their time, and other signs of economic buoyancy, it is important that they know that they are not left behind.

Madam Speaker, the House is asked to note the following exemptions that apply to individuals in receipt of a pension:

Individuals under 55 years of age receiving a pension from an approved statutory pension scheme or an approved superannuation scheme are entitled to a tax exemption of J\$80,000 restricted to the pension income only. If the pensioner is 55 years and over, the J\$80,000 tax exemption can also be applied to their other sources of income. This is known as the Pension Exemption.

Madam Speaker, this threshold was last adjusted in 2009.

Individuals 65 years and over, who are in receipt of a pension, are entitled to an Age Relief Exemption of J\$80,000. This is in addition to the Pension Exemption enabling persons 65 years and over to be entitled to a total of J\$160,000 in exemptions.

Madam Speaker, this threshold was introduced in 2009 and has not been adjusted since.

This Government remains committed to ensuring the adequacy of social protection systems, improving equity and social resilience, and reducing poverty.

We recognize the significant financial challenges facing individuals receiving a pension and their vulnerability to the increasing cost of goods and services, resulting from inflationary pressure.

Madam Speaker, in an effort to provide further protection of this vulnerable group, it is proposed that the annual Pension Exemption and the Age Relief Exemption each be increased from J\$80,000 to J\$250,040, respectively.

So, Madam Speaker, the pensioner aged 65 years and over will now enjoy a total income tax threshold of J\$1,500,096 plus the Pension Exemption of J\$250,040 plus the Age Relief Exemption of J\$250,040 resulting in a total income tax threshold of J\$2,000,176.

And, Madam Speaker, the pensioner aged 55 years and over will now enjoy a total income tax threshold of J\$1,500,096 plus the Pension Exemption of J\$250,040 resulting in a total income tax threshold of J\$1,750,176.

Madam Speaker, the estimated Revenue losses associated with the increase in the pension exemption is J\$1.0 billion. The measure is to take effect in the 1st quarter of FY 2024/2025.

Madam Speaker, we are leveraging macro-economic stability to the people's benefit.

And Madam Speaker, there is also J\$1 billion in the budget of the Ministry of Finance for increases in public pensions for 2024/25.

Madam Speaker, with change in threshold we will, for this year, devote all of that \$1 billion increase to public pensioners who earn less than the J\$1.5 million threshold.

Again, Madam Speaker, we are leveraging macro-economic stability for the people's benefit.

17.10 Reverse Tax Credit

Madam Speaker, this Government understands that the Jamaican people have experienced, and continue to experience significant difficulties, over recent years.

The COVID pandemic, increase in the cost of living, and inflation. We understand. We know we cannot leave anyone behind. We understand that many of you are suffering and feeling pain. We see and recognize the inequality. We realize that sending your children to school has become more expensive. We know that paying for meals and other basic expenses has become harder.

This Government has managed these crises carefully and responsibly without sacrificing macro-economic stability. Very few nations in the world can make that claim. We did so before the pandemic, during the pandemic, and after the pandemic.

And we will do so again. We feel your pain. We have thought long and hard to find ways in the Budget to help alleviate this pain. And to do so in a careful and responsible manner, not just "running with it", but doing so in a manner that is careful, prudent, and sustainable.

So what are we proposing to help ease the burden on hard working Jamaicans who need to see their hard-earned money go further to meet their critical needs?

There are approximately 450,000 Jamaicans who fall below the J\$1.5 million threshold and even some at higher thresholds, for example J\$3 million, who have been adversely affected by this unusual period.

As such, Madam Speaker, **I am pleased to announce the implementation of a reverse tax credit for all Jamaicans who earn under J\$3 million.** What does this mean? The reverse tax credit means that for every registered taxpayer who earns under J\$3 million, the Government will provide a tax refund of J\$20,000 this fiscal year.

We have a total of 570,000 Jamaicans today, who contribute to the Jamaican society through statutory deductions, and some through personal income tax who will benefit from this measure. The cost of the programme will be \$11.4 billion. We consider this money very well spent because it eases the pain and puts more money in the pockets of many who need it.

There will be an established system for the processing and payments of the Reverse Tax Credits through Tax Administration Jamaica. This will take some time to set up before its ready. We wish to set it up in a durable way so that this mechanism can be potentially available again in the future.

Madam Speaker, we are leveraging our macro-economic stability to the people's benefit.

17.11 Increase in the Personal Income Tax Threshold – Part II

Now that we have first addressed relatively more vulnerable groups on the tax database, as is our Godly duty, let us return to the topic I addressed moments ago.

Madam Speaker, moments ago I shared some of the facts and figures related to the cost of increasing the general income tax threshold.

We are not able to deliver the large increases in the income tax threshold in one go for reasons mentioned earlier.

But, Madam Speaker, that does not mean we cannot do it likkle by likkleand phase it in.

What you sey about that?

So Madam Speaker, in that spirit, effective April 2024, the income tax threshold for personal income tax will move from J\$1,500,096 to J\$1,700,088.

This will cost approximately J\$9.0 billion.

17.12 No New Taxes

Madam Speaker, this is the 7th consecutive year in which the Government has introduced No New Taxes.

Madam Speaker, this has not been easy.

But we are interested in outcomes where the people benefit. Against the background of a period of 26 years, prior to this Government, characterized by continuous tax packages each year, for all but 4 of those years, the people benefit from no new taxes.

18.0 Securitization of Receivables

During FY 2024/25 the Government will execute the securitization of some receivables. This transaction will involve the discounting of receivables due across future periods to provide a current flow of resources. It is estimated that this will generate a flow of approximately \$45 billion. Of this amount \$20 billion has already been factored into the 2024/25 budget. The additional \$25 billion is indicated on the Revenue Measures Ministry Paper being tabled today.

19.0 CONCLUDING REMARKS

Madam Speaker, please permit me to make a few concluding remarks.

I am pleased to report that Jamaica's macro-economic fundamentals today are stronger, better, and more favourable than at any time over the last 50 years.

This Government understands that while macro-economic stability is critical to improving the quality of life and standard of living of our people, it is by no means sufficient.

We hear you. We have listened. And, as we have always done, we have responded and acted.

We are committed to ensuring that we protect and preserve our hard-fought macroeconomic stability in the people's best interest.

We want the people of Jamaica to know, feel, and participate in the significant macroeconomic advances that we have made, in a manner which makes their lives better, and to benefit from these advances in a meaningful and material way.

Madam Speaker, all Jamaicans should be grateful and proud to know that:

- The Jamaican economy has grown for 10 consecutive quarters, the second longest period of quarterly economic growth since we started measuring quarterly growth;
- Jamaica's unemployment rate has fallen today to 4.2%, the lowest unemployment rate in Jamaica's history;
- More Jamaicans are employed today – 1.3 million – than ever before. And over 150,000 net new jobs have been created since 2016;
- Jamaica has achieved its fiscal targets set in the budgetary process for ten consecutive years;
- In November 2023, Jamaica launched the first-ever Jamaican-dollar linked global bond issuance, the first time in our history and ahead of the target that I set in 2019;
- Jamaica's foreign exchange reserves currently stands at US\$4.7 billion, the largest reserves in Jamaican history; and
- The three largest international credit agencies have upgraded Jamaica's credit rating to our highest ratings ever, which has significantly reduced our international borrowing costs;

This Government is committed to leveraging our macro-economic successes to help benefit the daily lives of all Jamaicans, in the people's interests.

- This Government's projections for public investments over the next five years is laid out in the budgetary documents and in combination with planned structured transaction we are poised to deliver over J\$1 trillion of infrastructure expenditure through public and private investment to improve our highways, roads, bridges, hospitals, schools, parks, houses, water, sewage, irrigation, garbage trucks, digital infrastructure, and IT systems. This will be the largest period of public investment in at least 50 years In Jamaica ;

- We will implement an unemployment scheme in Jamaica to provide additional protection to those Jamaicans who have lost their jobs and need a “bridge” until they find new employment;
- We have increased public sector employee compensation to J\$414 billion in the next fiscal year, which represents an increase of over J\$200 billion over three (3) fiscal years, the largest increase in compensation to public sector workers in Jamaican history;
- We are no longer requiring guarantors for students to access tertiary financing from the Students’ Loan Bureau, which will increase the ability for our young people to advance and improve their education;
- We are working to reduce transaction fees on bank machine transactions for all Jamaicans;
- We are spending J\$4.3 billion for the maintenance of roads and road repairs, including patching and bushing;
- We are spending J\$600 million to provide and improve supply of water to rural communities;
- We are spending J\$9.4 billion to support the JUTC, including capital to reduce bus fare costs to the public, including J\$2.6 billion for the delivery of 100 new buses prior to back to school;
- We are spending almost J\$1 billion to acquire 50 compactor garbage trucks, to improve garbage collection;
- We are spending the largest amount of our budget outside of interest to education, J\$164 billion including 5 new STEAM academies and a new performing arts institution;
- We are spending almost \$20 billion to help provide pharmaceutical and medical supplies, more than double the amount allocated three years ago;
- We are spending J\$11.5 billion to support the construction of three hospitals in Jamaica;

- We are spending J\$6.3 billion to complete the construction of the Harbour View to Port Antonio leg of the Southern Coastal Highway Project;
- We are spending J\$10.2 billion to extend the Montego Bay Perimeter Road;
- We are spending J\$2.5 billion to build new divisional police headquarters in St. Catherine North and Westmoreland, to acquire four (4) new marine patrol vessels, and to improve the investigative capacity of the police;
- We are spending over J\$3.5 billion to increase access to irrigation on lands, improve agricultural productivity, and crop yields;
- We are spending over J\$11.0 billion to upgrade, improve and add new tax offices across the island to make it easier and more comfortable to provide high quality service to the people of Jamaica;
- And, Madam Speaker, we are spending J\$40 billion over two years on the largest and most ambitious programme, the SPARK Programme, to include the quality of our roads nationwide.

In addition, Madam Speaker, we are also:

- Reducing GCT on armoured vehicle coverings to improve safety and security;
- Increasing the threshold for listing on the Junior Stock Exchange so that more smaller companies can access public markets, grow, and provide more jobs;
- Reducing the corporate income tax on renewable energy independent producers to help make our environment safer;
- Increasing the threshold on personal imported items from US\$50 to US\$100 and on personal and household effects from US\$500 to US\$1,000;
- Removing the GCT on imported raw foodstuff, which will reduce the cost and increase the availability of food for all Jamaicans;

- Increasing the tax threshold for our pensioners over 55 and 65 to ease the regulatory burden and provide more money in their pockets for their families and daily lives;
- Introducing a Reverse Tax Credit of \$20,000 for all Jamaicans earning less than \$3 million;
- Increasing the income tax threshold from “1.5” to “1.7” so that more Jamaicans will be able to put more money in their pockets;
- And we are doing all of this, Madam Speaker, without introducing any new taxes for the seventh year in a row.

Madam Speaker, we are protecting, preserving, and strengthening our macro-economic stability.

At the same time, we are leveraging this macro-economic stability to the people’s benefit.

Madam Speaker, it is an honour and privilege to serve the people of Jamaica. I have done so with all my strength and capability, and because I believe that we are people of destiny.

I thank all those who have supported and guided me on this journey, without you, it would not have been possible.

And I continue to ask for God’s guidance, favour, and blessings as we seek, together, to improve the quality of life for all Jamaicans and make our country a better, safer, and stronger place. May God continue to bless Jamaica, land we love.

Thank you.

