

CLOSING BUDGET DEBATE PRESENTATION

Wednesday, May 25, 2016

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MINISTER OF FINANCE AND THE PUBLIC SERVICE



A. INTRODUCTION

I wish to once again thank the staff of the Ministry of Finance and the Public Service and other agencies for their assistance in the course of preparations for this Debate.

I also wish to thank the Prime Minister, Opposition Leader, and the Opposition Spokesman on Finance for their contributions.

Mr. Speaker, coinciding with the Budget Debate was an IMF review mission which ended on Friday last. I am pleased that the review went well. All targets for the quarters ended December 2015 and March 2016 were met.

The Mission in its Concluding Statement said:

*“The ongoing phased reform of the personal income tax is a **bold step** to rebalance the tax system towards indirect taxation. The shift from direct to indirect taxes will reduce the marginal and average tax rates for the majority of the income tax taxpayers, improve work*

*incentives, and encourage workers and employers to move out of the informal economy. The decision to take offsetting measures to safeguard revenues and avoid undermining debt sustainability was both **bold and essential.***”

Mr. Speaker, GDP growth rates have been so low in Jamaica for such a long time, that indeed we need to be bold in order to give Jamaicans the hope that their lot in life can be improved during our time.

B. THE BUDGET - SOME CLARIFICATIONS

Debt-to-GDP

Mr. Speaker, I will begin by bringing some clarification to various points that the Opposition Spokesman on Finance raised when he spoke during the budget debate. He critiqued the budget (which he should) but there were errors in many of the figures he presented, which need to be corrected for the record.

I will start with the Debt-to-GDP ratio.

The Opposition Spokesman on Finance said the debt to GDP ratio for 2016/2017 will remain flat to where they brought it to last year.

I agree that the Fiscal Policy Paper does indeed show that debt forecast for FY2016/17 is flat relative to that of FY2015/16. It is very important that we

understand what is behind these figures before making disingenuous remarks and drawing spurious conclusions.

Three critical factors have contributed to this flat profile of the debt-to-GDP ratio as follows:

- (1) Some budget support funding (US\$100 million) that was expected from multilaterals in FY2015/16 did not materialize and are now programmed in FY2016/17. Had those inflows materialized as expected, then the debt stock and the debt-to-GDP would have been higher in FY2015/16 and the debt trajectory would have shown a reduction in FY2016/17.
- (2) A portion of the planned borrowing for FY2016/17 is for pre-funding of maturities in May and June 2017. The Opposition Spokesman knows that it is prudent fiscal planning to secure resources ahead of when the obligation becomes due.
- (3) The fiscal deficit is expected to increase from 0.3% to 1.0% of GDP in FY2016/17, with the most significant contributor to the increase being higher External Interest Cost, due in large part to the take out of low cost PetroCaribe debt with high cost borrowing on the global financial market, moving from 1% interest cost to 7% interest cost.

Additionally, Mr. Speaker, the Opposition Spokesman on Finance boasts that the debt-to-GDP ratio has fallen from well over 140% in 2011 to current levels of 126.8%. Well Mr Speaker, the Fiscal Policy Paper dated 18th April 2013 has debt-to-GDP for Fiscal 2011/12 at **131.5%**, not “well over 140%” the Spokesman on Finance would have us believe.

Recurrent Expenditure Estimates

With regards to recurrent expenditure estimates, the Opposition Spokesman also said “*The Budget here is smaller in real terms*”.

He said, “*although in nominal terms it is 7.3 per cent more than the expenditure for last year. When we take account of projected inflation of about 5 per cent, the result will be less resources in real terms to provide the services needed by the people.*”

I want to clarify that actually if there is a nominal increase of 7.3 per cent and projected inflation of 5 per cent then Recurrent Expenditure would be larger in real terms by 2.3 per cent. Check your math again Mr. Opposition Spokesman on Finance.

Mr. Speaker, as indicated in the Fiscal Policy Paper, the Recurrent Programmes are budgeted to increase by approximately 5 percent, broadly in line with inflation and hence no reduction in REAL terms. The Capital Budget, which includes developing the country’s infrastructure are budgeted to increase by over 31 percent. In terms of providing the services (both Recurrent and Capital) needed by the people, the budget has been increased by 10%. That’s a real increase of about 5%, rather than a real

decrease, as incorrectly calculated by the Opposition Spokesman on Finance.

Mr. Speaker, let me give more specifics on the expenditure side of the budget in response to the Opposition Spokesman on Finance.

Continuing on the critique in terms of Opposition Spokesman on Finance saying:

1. *“...budget is smaller in real terms...less resources in real terms to provide the services needed by the people”.*

Mr. Speaker, the FY2015/2016 Recurrent Budget included the following expenditures totaling \$7.9 billion, which were not re-provided in FY2016/2017:

- Oil Hedge Payment - \$3.3 billion
- Cost of General Elections - \$2.1 billion
- Final Tranche of One-Off \$25,000 Salary - \$2.5 billion

Therefore, when adjusted for this \$7.9 billion, the baseline for FY2015/2016 actually falls to \$295 billion instead of \$303.0 billion.

So, when this \$295 billion is compared with the 2016/2017 Recurrent Budget of \$321 billion, the nominal increase in the Recurrent Budget

relative to the 2015/2016 is actually \$25.8b or 9%, well above the 5% inflation projected for 2016/2017. So, there was a real increase.

Furthermore, funding from Appropriation-In-Aid for Recurrent Programmes in FY2016/2017 has increased to \$25.8 billion up by \$2.7 billion from the 2015/2016 Revised Estimates of \$22.8 billion. This sum reflects an additional \$2.0 billion added to the Recurrent Budget of which \$1.7 billion is from the National Health Fund to the Ministry of Health (tabled as a Standing Finance Committee Amendment); and \$300m to the Ministry of Education Youth and Information from the Universal Service Fund (to be tabled in the Supplementary Estimates).

Turning now, Mr. Speaker, to the allocation for the Ministry of Security.

The Opposition Spokesman on Finance said, *“...it cannot be sound budgeting policy to cut spending on security....”*

Firstly, it should be clarified that the overall funding to the security forces in FY2016/2017, has not been reduced. The total resources provided for the national security portfolio in 2016/2017 Budget is \$59.2 billion up by \$2.4 billion from the \$56.8 billion provided in the Revised Budget of FY2015/2016. This is the second largest share of the Non Debt Budget after the allocation to the Education portfolio.

What seems to have incited this ‘criticism’ of the national security budget from the Opposition Spokesman on Finance and certainly from the Leader of the Opposition (since she identified the Activity by name in her

presentation), is the budgetary allocation reflected under the Activity “Purchasing of Stores and Armoury”.

The 2015/2016 Revised Budget Allocation for this Activity was \$800.0 million. The sum requested by the Police Department in FY2016/2017 for the Activity and supported by the Ministry of Finance is \$595.0 million.

I am advised that inadvertently, approximately \$229m was omitted from the Budget as tabled in April. I am further advised that the error has since been corrected and the Budgetary Allocation to the Activity has been fully restored to \$595m by way of a Standing Finance Committee Amendment.

Mr. Speaker, on the issue of the sugar industry. The Opposition Spokesman on Finance noted that there is “...no provision in either the Central Government Budget or Public Bodies for the take-over of the two sugar factories at Monymusk and Long Pond.”

Mr. Speaker, indeed, no provision was made in the 2016/2017 budget as it is not the intention of the government to provide any further support other than the Subsidy approved by the previous Cabinet. The then Cabinet had approved a subsidy of \$216.0 million to assist in transporting canes from Long Pond to other factories. The approximately \$186 million remaining from this Subsidy is what has been earmarked for the start-up of operations at Long Pond. The proceeds from the canes milled at the factory, (government will receive 38%) will be used to sustain operations. The Ministry of Industry, Commerce, Agriculture and Fisheries had explained

this at the Standing Finance Committee meeting and in subsequent media announcements.

Similarly, the government does not intend to provide any budgetary support to the operations of the factory at Monymusk.

Mr. Speaker, the Opposition Spokesman on Finance also complained of cutting the budget of institutions such as the Children's Advocate.

For the Office of the Children's Advocate, the budget for goods and services has been cut from \$30m in 2015/16 to \$19m in this budget. And the Compensation Budget from \$65m in 2015/16 to \$56m in 2016/2017.

Mr. Speaker, it is difficult to identify the 'un-conscionable cuts' in the budget of the Office of the Children's Advocate (OCA) given the following:

- There is no reduction in the overall budget of the OCA. The Revised Budget in FY2015/16 was \$134.885M; in FY2016/17 the OCA requested a total budget of \$143 million and \$143 million was supported.

Revenue Measures

On the revenue side of the budget, the Opposition Spokesman claimed that (and I quote again):

“The financing programme for the 2016/17 Budget also lacks credibility. The projected increases in revenue, NOT INCLUDING NEW MEASURES, are over-stated. The numbers are suspect and

this makes the Budget presented unsustainable and unrealistic. The anticipated tax revenue of \$445.5bn is 8.2% or approximately \$34B higher than the out-turn in 2015/16.”

Mr. Speaker the facts are:

- (i) Tax revenue in 2015/16 increased by approximately \$41 billion, or 11.0% over 2014/15. This occurred within a context of record low inflation and low economic growth. Thus the projected increase for 2016/17 of \$33.6 billion is \$8 billion or 1.7 percentage points less than what obtained in 2015/16, even with expectations of higher inflation and real economic growth. This is quite conservative, Mr. Speaker.
- (ii) Mr. Speaker, over the last 4 years, tax revenue increased at an annual average of 9.2%. Thus the 8.2% projected increase for 2016/17 is actually more conservative than the 4-year annual average. Yet, the Opposition Spokesperson on Finance claims the forecast is over-stated.
- (iii) To their credit, Mr. Speaker, in FY2015/16, the technical staff at the Ministry of Finance and the Public Services forecast tax revenue to grow at 9.9 % to \$411.9B and actual tax revenue collections were right on target at \$411.9B.

This is the same technical staff who have now forecasted tax revenue at \$445.5B, for a lower rate of increase of 8.2% but yet the OPPOSITION SPOKESPERSON ON FINANCE says the forecast is unrealistic.

- (iv) While the Opposition Spokesperson on Finance seeks to bring the credibility of the forecast into disrepute, it is important to note that FY2015/16 Budget that was tabled by the former minister included compliance of \$12.3B (0.7% of GDP). During FY2016/17, critical administrative reforms are expected to be even further advanced to support greater compliance.

The Spokesman went on to question our projections of an \$18.33 Billion or 13.2% increase in GCT.

I quote:

*“You are projecting a 13.2% increase, inflation is projected at 5.8%, growth at 1.8% which means the rest is compliance; **we have not seen that level of compliance, not your time, not our time.** It is, I dare say, given what I know of the officials I cannot believe that they would give their imprimaturs to these estimates. **I cannot believe that these estimates of revenue are the result of the work done by the officials,** given the quality of work with which I am familiar and which they have demonstrated over the years.”*

Mr. Speaker, with respect to the claim by the Opposition of a projected increase of \$18.3 Billion or 13.2% for GCT the facts are as follows:

GCT (J\$bn)	ESTIMATES			
	2015/16	2016/17	Increase (\$)	Diff (%)
GCT (Local)	72.7	77.1	4.3	5.9%
GCT(Imports)	65.8	78.0	12.2	18.5%
GCT (Total)	138.6	155.0	16.5	11.9%

(1) Total GCT is projected to increase by 11.9% and not 13.2%;

(2) GCT on locally produced goods & services is forecast to increase by 5.9%, which is strictly in line with the projected increase in nominal GDP.

(3) GCT on imports is projected to increase by \$12.2bn, or 18.5%. A significant portion of this increase (a third) is expected from the full implementation of the ASYCUDA, which the OPPOSITION SPOKESPERSON ON FINANCE agrees should assist with the level of inflows. As is customary, these figures are in the best judgment of the technical staff's prudent and sufficiently conservative estimates.

(4) The figures have been vetted and discussed as usual with the IMF.

Mr. Speaker, contrary to what Dr. Phillips said, SCT is projected to grow by 6.1% and not 9.7%.

SCT (J\$bn)	ESTIMATES			Diff (%)
	2015/16	2016/17	Diff(\$)	
				-
SCT (Local)	14.0	13.9	-0.1	0.7%
SCT(Imports)	37.3	40.5	3.2	8.7%
SCT (Total)	51.3	54.4	3.1	6.1%

Supported by the ASYCUDA, SCT (Imports) is projected to grow by 8.7%, while SCT (Local) is projected to decline by 0.7%, due to the budgeted reduction in oil price. Thus if oil price were to rise above the level budgeted, SCT would be expected to increase above the forecasted amount.

Mr. Speaker, we take exception to the Opposition Finance Spokesman's snide remarks that the figures presented might have been politically manipulated. This is an unfortunate characterization of the budget exercise as this is the pure work of the technical staff at the Ministry of Finance and the Public Service. Mr. Speaker regardless of which Government is in power, these men and women have consistently given of their professional service and they should be recognized and appreciated.

Wage Bill

Mr. Speaker, the former minister stated that the GOJ's wage bill is projected to grow by only \$300M in 2016/17. A simple perusal of the Fiscal Policy Paper would reveal that the GOJ wage bill increased by over \$12B as per the recently concluded wage negotiations when he was Minister. In addition, the Estimates of Expenditure that were reviewed in details by the entire House clearly specifies an amount of \$11.2B in the Contingency provision to cover the cost of the 2015/17 wage agreements and payment of arrears to groups with outstanding settlements. There is no way that the agreements the Opposition Spokesman on Finance signed last year could result in only a \$300M increase in the wage bill.

The incorrect computation of the wage bill and associated PAYE therefrom has led to an erroneous conclusion that the Income Tax "*numbers just do not compute.*"

The Tax Package

Mr. Speaker, I was at first astonished but then amused to hear the OPPOSITION SPOKESPERSON ON FINANCE fulminating on the tax package I announced at the start of this debate. During his four years at the wicket, he introduced four new tax packages – one every year:

2012	\$19.4B
2013	\$15.9B
2014	\$6.7B
2015	<u>\$10.3B</u>
Total:	\$52.3B

This in addition to \$34.2 billion taken from NHT for a total of \$86.5 billion -
With nothing given back!

In contrast, this new government has put in a tax package of \$13.8 billion and is giving back \$12.5 billion in the new unprecedented \$1.5 million plan. One is take and give, the other is take, take, take.

Fiscal Reforms

The OPPOSITION SPOKESPERSON ON FINANCE has taken credit for far-reaching fiscal reforms. He lacked the graciousness to acknowledge that the most significant of these – the Fiscal Responsibility Framework – was embedded in law and was passed in this House on February 23, 2010 during my tenure. Nor has he acknowledged the work that was done on other important reforms like the Central Treasury Management System, the Omnibus Incentives legislation and the Charities Act, all of which were significant features of the Green Paper on Tax Reform which I tabled in this House on May 10, 2011.

But the OPPOSITION SPOKESPERSON ON FINANCE has sought to over inflate his achievements, claiming credit for things with which he had absolutely nothing to do.

We had to deal with oil prices at US\$145 per barrel. He was lucky to experience oil prices of under US\$30 per barrel.

We had to deal with the world food crisis of 2008 in which food prices skyrocketed and led to food riots in several countries (Bangladesh, Cameroon, Burkina Faso, Cote d'Ivoire, Egypt, Indonesia, Mozambique, Senegal, Yemen and – just north of us – Haiti). He enjoyed a significant fall in prices for commodities like wheat, corn, soybean and fertilizers – between 30% and 40% in last year alone, while we had to subsidize the cost of these imported commodities.

Performance of the Current Account

The OPPOSITION SPOKESPERSON ON FINANCE boasts about the reduction in the current account deficit from 11.1% to 2.4% - an improvement of 8.7%. Last year, Jamaica saved US\$1.4 billion on its oil bill compared to 2011, equivalent to 10.5% of GDP. Without that, the current account would not have been reduced to 2.4%; it would have increased to almost 13%.

This is not difficult to understand. But look at this; our merchandise exports have fallen from US\$1.7 billion in 2011 to US\$1.3 billion last year, a precipitous drop of 24%.

Performance of Inflation

The OPPOSITION SPOKESPERSON ON FINANCE claims credit for the low 3% inflation last year. He didn't even pause to take account of the fact that the cost of electricity and transportation which make up 25% of the total cost of living basket actually declined last year (they were the only two of the twelve categories in the basket to record decline) and primarily account for the 3% inflation – not his good auspices.

GDP GROWTH

Despite the stormy period we had to go through, we were able to restore the economy to 1.7% growth in 2011. Their best year (last year) was less than half of that. For their entire 4 years in office, the economy grew by only 1.2%. Raw material imports which is what drives production fell by 21%. Electricity usage in the industrial and commercial categories (Rates 20, 40 & 50) – another reliable indicator of economic activity – fell by 3% between 2011 and 2015. In their four years, agriculture inched up by merely 1.1%. In our last year (2011), it grew by 10.3%.

Since 2011, manufacturing has also inched up by 1.4%. Construction was flat and were it not for the North/South highway, would have been negative. Mining was down almost 5% which is understandable, given that the market conditions remain sour. The economy has simply not been working as it should despite the OPPOSITION SPOKESPERSON ON FINANCE's "wonderful management".

We are not going to allow the OPPOSITION SPOKESPERSON ON FINANCE to render his own dub version of history or present a photo shop image of his own stewardship, carefully touched up to make it look better than it really is. The budget is almost in balance after 18 years of fiscal deficit with the help of the NHT funds. If the Opposition Spokesperson on Finance wants to take credit for that, he can. We have no problems. That is something that this government is committed to sustain and build upon. But let him not seek to disparage the tremendous work of the JLP administration of 2007-2011 against the most horrendous odds. I have never heard the OPPOSITION SPOKESPERSON ON FINANCE

acknowledge in any way, shape or form the circumstances that we had to grapple with. At least the Leader of the Opposition did so in an interview in Canada in October 2012 although, uncharitably, she has never done it on her own soil.

We are proud of the fact that we shepherded Jamaica through the worst global economic crisis any of us has experienced in our lifetime. It is something that I pray no government and no Minister of Finance in the future will ever have to face. And we are humbled and vindicated by the fact that the people of Jamaica, in their wisdom, have entrusted us with the urgent task to now move Jamaica from poverty to prosperity.

The Southern Coastal Highway Improvement Project (SCHIP)

Mr. Speaker, regarding the Southern Coastal Highway Improvement Project, the Government has allocated \$40 million of its own resources in the 2016/2017 Estimates to facilitate preliminary works such as commencement of surveys to identify those parcels of land to be acquired for roadworks, undertake an environmental impact assessment (which has not yet been done) and any necessary review of the design. Funding for the remainder of the project is outlined in the 5 year Public Sector Investment Programme (PSIP) in the Fiscal Policy Paper (FPP) which was tabled with the Estimates of Expenditure on April 14, 2016.

C. RECENT DEVELOPMENTS IN THE FOREIGN EXCHANGE MARKET

Mr. Speaker, there has been a noticeable increase in the pace of depreciation of the Jamaican Dollar since mid-April 2016 following an almost unchanged exchange rate during March and early-April 2016. The faster pace of depreciation in recent weeks has been driven predominantly by large portfolio-related transactions and is not reflective of a deterioration in underlying economic fundamentals or confidence.

The Bank of Jamaica has assessed that underlying fundamentals remain positive. For FY2015/16, the current account deficit of the balance of payments is estimated to have been 2.2 per cent of GDP and the Bank of Jamaica's forecast is for it to remain within the range of 2.0 per cent to 3.0 per cent of GDP in FY2016/17. A current account deficit at these levels is sustainable. When taken together with foreign direct investments of 5.8 per cent of GDP in FY2015/16 and 5.6 per cent of GDP projected for FY2016/17, Jamaica is earning on a current basis what it needs in order to pay for its imports. FY2015/16 is the first time this has happened since FY1996/97.

Let me stress that there is no shortage of foreign exchange in the country. The country's international reserves have also remained healthy and continue to exceed benchmark levels. Jamaica's inflation is also very low by historical standards. Furthermore, the IMF, in its recent visit to Jamaica, has reaffirmed that in its view the exchange rate is now in line with fundamentals.

Against this background, Bank of Jamaica has acted to address the accelerating depreciation that has been occurring over the past few weeks. Beginning on Friday, May 20, the Bank has intervened by selling substantial amounts into the market and this continued yesterday with the effect that the pace of depreciation has now decelerated. The Governor of the Bank of Jamaica has advised me that the Bank will be maintaining a presence in the market until conditions settle. This presence underscores the Government's commitment to ensuring orderly conditions in the foreign exchange market within the context of a flexible exchange rate regime.

D. GREATER FISCAL RESPONSIBILITY

- **Oceana Hotel**

Mr. Speaker, all Ministers, Department and Agencies must take responsibility to protect revenues.

We note that the Oceana Hotel in downtown Kingston was languishing for a while with attempts to sell it. The UDC board finally approved the sale to the Downing Street Group for J\$385 million at its May 29, 2014 meeting. Through ***Cabinet Decision No. 21/14 dated June 9, 2014*** the sale was also approved.

Mr. Speaker, we note that the market value as at August 2011, 3 years prior to the sale, was J\$380 – J\$400 million, which suggests that values in downtown Kingston remained pretty flat. We find that hard to believe. But let's move on.

Mr. Speaker, the same building that the UDC, one arm of government sold to a private sector entity for J\$385 million, another arm of government turned around and is spending J\$400,089,841.20 for renovation and alteration for office space for the Auditor General's Office. We are not begrudging the AGD the space obviously. They need it. We are looking at the economic value of the transaction.

Mr. Speaker, the rent agreement is for 10 years at a rental rate of J\$1,774 per square foot, making it a total of J\$90,922,822 annually for the 51,253 square feet of space on the ground floor. The rent increases at 7.5% annually.

In addition to the monthly rental, the lessee must pay their proportionate share of Common Expenses (Maintenance). We don't have a figure for these expenses as according to the lease document this will be estimated by the Lessor at the beginning of each year and the lessee so notified.

The Lessee must also pay its own monthly parking of \$9,030 per stall with an annual increase of 7.5%.

Mr. Speaker, we ask the question, "Is this good value for the Jamaican people? Government mismanagement at its peak? Or is this a sweetheart deal?" To whom will all this value accrue after the government put in J\$400 million to renovate the ground floor of the Oceana that the UDC sold for J\$385 million?

The rental payment and the maintenance do not appear to be below market for the downtown area, which would be a way to compensate the lessee for all the improvements that are being made to the building.

- **Noranda Letter of Credit**

Mr. Speaker, that same slackness in handling money and government affairs was applied to dealing with the troubled Noranda bauxite relationship. We were left completely incredulous, Mr. Speaker, to find that the former Minister of Finance apparently allowed a US\$5 million Letter of Credit, which was issued on behalf of Noranda to pay the government of Jamaica the company's bauxite levy, to expire December 2015 – without making a claim on that irrevocable letter of credit!

Mr. Speaker, the Noranda people expressed great surprise to our negotiators that the then government allowed the LC to lapse and thereby avoided being paid the US\$5M!

So because of that fiscal and managerial slackness the Jamaican people were short-changed to the tune of J\$625 million by previous government.

E. Enhancing the Capacity for Growth

Mr. Speaker, the task to invigorate economic growth and to sustain it is urgent. There must now be a mushrooming of private sector activity, and this requires partnership around a shared vision of the future.

Envisioning The Future – A Call To Action

- Starting today, the Government must be lean, efficient and effective, doing well the things that only Government should do and removing obstacles for the private sector. This implies a sustained focus on:
 - (i) Executing public sector transformation, for more effective public service delivery, greater efficiency in resource utilization and reduced bureaucracy; (The PM expounded on this in his budget speech.)
 - (ii) Building human capital and productivity, and encouraging higher rates of innovation and technological adaptation. These are activities that have extremely high growth returns but will invariably be plagued by private sector underinvestment because highly skilled labour, risk capital and technology are very mobile and the return on private investment in these areas are well below the social return.
 - (iii) Maximizing the impact of capital expenditures by targeting infrastructural gaps in our road networks, water and energy systems and port facilities.

(iv) Targeting and facilitating a significant improvement in domestic linkages. These linkages involve maximizing interdependence among key sectors which rely on our natural endowments in our labour, land, marine, coastal and other renewable energy resources.

It is this vision of integrated broad-based, sustainable development, which underpins the Government's promise to the people of Jamaica.

Doing what is Necessary – Filling The Implementation Gap

Realizing this vision will involve hard work and sustained effort in implementing specific programmes and projects, we note we must do the following:

Our 13 point plan is to:

1. Secure the baseline growth trajectory and realize the upside potential by strengthening the mechanisms for the coordination, implementation and monitoring of the Growth Agenda and strategic growth initiatives;
2. Closely track major project implementation and doing business reforms through programming responsibility and timelines and holding responsible MDAs accountable;
3. Leverage all available grant money (for example from the UK Government) for growth enhancing infrastructure.

4. Pursue labour market reforms to enhance productivity and create decent work.
5. Minimize downside risks by supporting irrigated agriculture through agro parks and irrigation schemes (Essex Valley and South St Elizabeth, etc; Use increased fiscal space for growth enhancing capital investment (farm roads, sea defences etc.).
6. Further strengthen the institutional framework including: Central Treasury Management System; Credit/collateral system; Business Registration processes; Development Approvals Reform process,
7. Undertake preparation of an Agriculture Diagnostic Study to facilitate the development of a comprehensive plan to transform the industry to meet its fullest potential;
8. Address short-term imperatives in key sub-sectors, including developing recommendations to address the issues of the island's sugar industry.
9. Strengthen engagement with the domestic and external private sector to facilitate expansion and modernize strategic industries such as the development of tech park facilities for the BPO industry (encourage private sector investments in building office space for BPO's) and retooling of the mining and sugar industries, etc.;

10. Expand development of MSMEs by enhancing greater access to financing; strengthening institutional and technical capacity through business support services; and facilitating participation in value chains.
11. Expand skills training programmes in targeted areas (e.g. BPO, logistics, animation) to meet the demand of these industries;
12. Coordinate the development and execution of an integrated communication and public education programme on the Government's Growth Agenda to provide current information on the main elements, achievements and benefits of the Growth Agenda, and to encourage growth-inducing behaviour by key stakeholders, including the private sector.
13. Support a holistic approach which addresses other constraints to economic growth, including: low labour productivity, high levels of crime and violence, and the impact of natural hazards and climate change.

F. CONCLUSION

COMMITMENTS MADE, COMMITMENTS KEPT

- Mr. Speaker, upon forming government, we established the Ministry of Economic Growth and Job Creation, bringing together key agencies that will drive growth and create jobs for our people.

Commitment Made, Commitment Kept!

- Mr. Speaker, we have established a Council of Investment Ambassadors and have appointed representatives to seek out large investors globally and bring them to Jamaica.

Commitment Made, Commitment Kept!

- Mr. Speaker, we have restored the benefits under the Junior Stock Market so that small and medium-sized entities can access equity financing for business start-up and expansion.

Commitment Made, Commitment Kept!

- Mr. Speaker, we gave an undertaking to fix Jamaica's water infrastructure problems. We are well on our way in making strategic capital investments in water supply systems.

Commitment Made, Commitment Kept!

- Mr. Speaker, we are serious about ensuring access to education and expanding opportunities for upward social mobility. We are resolute therefore in removing barriers to access such as mandatory auxiliary fees and we have given our basic school teachers and 15% salary increase.

Commitment Made, Commitment Kept!

- Mr. Speaker, we are doing more for the poor and most vulnerable among us. Close to \$2 Billion more is being spent on social programmes this year than last year. Students on the PATH Programme will be receiving lunch 5 days each week instead of 3 days.

Commitment Made, Commitment Kept!

- Mr. Speaker, we have announced a master plan to open up housing opportunities to low income NHT contributors who fall below the present income tax threshold, to provide a range of new opportunities, some at zero percent interest rates.

Commitment Made, Commitment Kept!

- And of course Mr. Speaker, we have delivered on the now famous 1.5. The increase in the income tax threshold to \$1 Million this July and to \$1.5M next April will see over 250,000 P.A.Y.E. workers benefiting from income tax relief, including our pensioners.

Again Mr. Speaker, Commitment Made, Commitment Kept!

THE VOTE FOR CHANGE

Mr. Speaker, the people of Jamaica were presented with two options going into the elections of February 25. One option was to keep things as they were: unrelenting hardships, unending belt-tightening, lack of accountability in Government, arrogance in Government, negligible economic growth, and joblessness.

The other option was to enter into a Partnership for Prosperity with us and traverse the road to prosperity and a better life.

Mr. Speaker, the people chose prosperity.

Mr. Speaker, the path to prosperity is not an easy one, but we must face the task in a surefooted and purposeful way. There will be the inevitable obstacles, some of which are imposed by us from years of bureaucratic bad habits.

We have a plan to achieve prosperity as a people and we know that the plan must be inclusive, providing educational opportunities, proper health care, support for our entrepreneurs, provide decent housing for our people

and cleaning up our environment. In return, our plan calls for us to be more productive in everything we do.

We must be prepared to confront each obstacle with diligence and courage.

We must continue to take bold and essential decisions that will rescue our future by building prosperity first in our minds and then in our pockets. This is the essence of our partnership for prosperity.

Mr. Speaker,

As I close, there is a famous prayer that I feel moved to leave with everyone in our beloved country. In this prayer, there is a three-fold request to God for serenity, courage and wisdom.

SERENITY is a prayer for peace to accept what cannot be altered in oneself.

COURAGE is a request for fortitude to overcome obstacles to achieve what is possible and;

WISDOM is a prayer for discernment to know when to accept a situation and when to be bold and to challenge it.

And so, today let us pray to God that he will give us the strength of our conviction to provide good governance to our people, to be bold and courageous as we make decisions that are essential to our success.

The prayer that we should all commit to praying every day as we march to prosperity was written by an American Theologian and writer Reinhold Niebuhr, which first appeared in print form two years before I was born in 1950.

***“God grant me the serenity
to accept the things I cannot change;
courage to change the things I can;
and wisdom to know the difference.”***

- *Reinhold Niebuhr (1892-1971)*

May God bless you all, and may God bless Jamaica land we love.

Thank you.