



GOVERNMENT OF JAMAICA

Closing Presentation Budget Debate

2019

Dr the Hon. Nigel Clarke, MP
Minister of Finance and the Public Service



GROWTH WITH EQUITY

- Economic Independence
- Economic Opportunity for All
- Protection of the Vulnerable

GORDON HOUSE | Wednesday, March 20, 2019



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EXPRESSION OF GRATITUDE

Mr. Speaker, I once again thank the staff at the Ministry of Finance and the Public Service for their commitment and dedication to their jobs and for the excellence in the performance of their duties. Thanks to the advisory and administrative staff in my office.

Thanks to the Prime Minister, the Leader of the Opposition, and the Opposition Spokesperson on Finance for their contributions to the 2019/20 Budget Debate.

Thanks to the Members of Parliament, on both sides of the aisle, for your participation – even if some of the forms of expression are at variance with the wishes of the Speaker.

Thanks to the Speaker. A Trade Union leader, a former Minister of Government, a living legend who continues to serve Jamaica with distinction. Thank you for the way you have presided over these debates. I have a feeling that I may need your help today.

Thanks once again to our outstanding Parliamentary staff for your usual professional service.

Thanks to members of the media and civil society for your participation in this debate and for making your voices heard in social, print and electronic media.

My presentation in this closing budget presentation today will begin with a summary of the budget, followed by addressing certain inaccuracies and what I shall characterize as “misguided” from the Opposition, addressing other comments, incorporation of some of the suggestions made, and I will end with some concluding remarks.

INTRODUCTORY REMARKS

Jamaica is fortunate to have a robust and vibrant democracy. Our democracy is not simply electoral in nature characterized by free and fair elections. Our electoral democracy is complemented with the institutions of a free media, an independent judiciary, and a custom of abiding by the principle of the rule of law. This collection of institutions has provided Jamaica with a liberal democracy that is one of our most valued inheritances.

Jamaica is one of few countries in the world, over the last 75 years, with an unbroken record of (i) continuous democratic elections under universal adult suffrage, (ii) liberal institutions of a free media and an independent judiciary, and (iii) no coups, juntas, dictatorships nor any attempts of this kinds.

We belong to a very special group of no more than an estimated 20 out of 200 countries in the world who can make these simultaneous claims.

For example, Jamaica had unbroken universal adult suffrage decades before Australia, Brazil, Canada, Chile, Colombia, India, Italy, Japan, Portugal, Switzerland, Spain and many, many other countries.

Yet, Mr. Speaker the world does not have many examples of countries that have traversed the entire route from developing to developed using an exclusively liberal democratic political architecture. Most of the countries that have experienced economic transition to developed status have had illiberal regimes of one kind or another for at least part of their journey.

Even the United States did not have universal adult suffrage until long after it was an industrial economy and a world power.

I say this to say, Mr. Speaker, that for Jamaica to be among the first countries to make this transition from developing to developed status with an exclusively liberal democratic model, then liberal democracy on autopilot is insufficient.

Instead, we have to be conscious of our rich inheritance of liberal democracy but also of how easy it is to employ this marvelous gift for purposes other than economic and social development.

Like many tools, liberal democracy holds the seeds of its own subversion as the institutions and practices that make liberal democracy the most attractive political ideology for government can easily be, and sometimes are, undermined in the interest of political parties and other special interest groups.

We must commit ourselves to ensuring that our precious liberal democracy will be deployed to serving Jamaica's interests and the interests of all its people, not merely the narrow interests of our political parties and other special interest groups.

This requires a vigilant self-consciousness among all, myself included, that regardless of which side of the aisle you are on, our competition in the democratic space should always be focused on empowering, leading to advances and not reversals. Otherwise we run the risk of subverting and squandering our liberal democratic inheritance for short-term partisan political gain.

Mr. Speaker, it is my hope that all of us in this Honourable House will re-commit ourselves to ensuring that we rise above the political fray and keep our gaze firmly focused in this central objective of uplifting and advancing the development of all Jamaicans.

RECAP OF MAIN FEATURES OF THE BUDGET

Jamaica is experiencing the best economic times of any time in the last 50 years.

Things are by no means perfect as the Prime Minister said yesterday, but based on objective data, we have not had this alignment of economic variables in 50 years.

Indulge me to repeat a summary of the variables I pointed to in my budget presentation:

- * We have had low, stable inflation for four years and among the lowest inflation rates in our history as an independent country.
- * Domestic interest rates are at levels never before seen in Jamaica and will head lower with the changes introduced in this budget.
- * Mr. Speaker, Jamaica has enjoyed 15 consecutive quarters of economic growth, and based on the PIOJ forecasts that record is set to stretch to 16 consecutive quarters for the period ended December 2018. Since we started measuring economic growth quarterly in 1997, this is the longest unbroken stretch of quarterly economic growth that Jamaica has ever experienced.
- * Jamaica's Debt to GDP ratio is at the lowest level in almost twenty years.
- * Jamaica's credit rating is at the highest level in 10 years.
- * While the PIOJ's forecasted growth rate for 2018/19 1.9% still leaves room for improvement, I will again remind this House:
 - * This represents the highest growth rate in Jamaica in 12 years.

Mr. Speaker, there are more persons employed in Jamaica today than ever before in the history of Jamaica.

And our contract with you the people of Jamaica is that we will manage the economy in a way that encourages investment and expansion and that delivers jobs for you.

I have said it before, and I will say it again, Jamaica **is moving in the right direction**.

It is in this context that I presented a budget that emphasized that simultaneous pursuit of economic independence, economic opportunity for all and protection of the vulnerable.

And in the context of these three policy pillars this government is set on delivering growth with equity.

I presented the case that we have the capacity and duty to pursue both objectives simultaneously because the achievement of one goal directly reinforces the prospects for achieving the other. I will quickly summarise the main features of the budget:

I outlined our strategy of protecting the vulnerable with

- * A substantial increase in our major social safety net programmes, from \$16 billion this year to \$20 billion for 2019/20, a 25% increase.
- * This larger allocation increases PATH Cash grants by 16%, PATH examination support by 50%, and PATH Transportation – which now includes children at the early childhood level – a massive increase of 90%.
- * The cumulative increases in allocation to school transportation and school feeding since this Government came to office is over 70% to date.
- * And the cumulative increases in PATH cash grants to help the most needy in our society since this Government came to office ranges from an increase of 45% to 55%.
- * We have allocated \$558 million to the Poverty Reduction Programme, an increase of 174%.
- * We are funding an innovative social housing programme to upgrade tenement yards in communities across Jamaica and provide housing for the indigent and have allocated the substantial amount of \$1 billion.
- * We are funding a targeted programme to upgrade sanitation, water and electricity infrastructure in several economically and socially volatile communities and have allocated an even more substantial amount of \$2 billion.

National security is of universal significance to every Jamaican. An absence of security in many communities across Jamaica is a primary source of inequity. As such, we have allocated the largest percentage of capital expenditure in the 2019/20 budget to the Ministry of National Security, totaling over \$20 billion, a significant increase over the current year of 61%.

And what is included in this increased expenditure?

- * \$1.0 billion to renovate 60 police stations and construct new police stations in Savanna-La-Mar and Spanish Town, with another 100 police stations to be renovated by the NHT as announced by the Prime Minister yesterday.
- * \$1.8 billion to purchase 1,000 new police cars to ensure that all police stations have mobility to more effectively respond to the needs and safety of our citizens.

- * \$11.8 billion to provide the security forces the means by which to better secure our borders reducing the opportunity for the illegal trade in weapons and contraband.

Mr. Speaker, this substantial increase in spending on security means (a) more mobility, (b) more patrols, (c) more efficiency, (d) less opportunity for criminals, and, as a result, (e) a safer society for our people.

There are also considerable increases for rural infrastructure. Agriculture is the lifeline of rural Jamaica and when agriculture grows, Jamaica grows. Mr. Speaker, there is a direct link between agricultural vitality and reduction in poverty levels.

- As such, we have allocated approximately \$800 million to rural water, which is eight times higher than in the current year. This will allow for 280 storage tanks and the upgrading of drains and gutters across many rural communities.
- We have allocated \$750 million to rehabilitate over 1,000 kilometres of rural farm roads. This will increase the efficiency of the supply chain and also reduce spoilage of produce en route to market.
- We have allocated \$1.1 billion to improve irrigation infrastructure in the Essex Valley and Pedro Plains, which will positively impact the earnings of farmers with an impact on growth. Increased agriculture spending means expanded opportunity for rural Jamaica.

The budget also includes projects designed to bring forward the new and modern Jamaica. Among these include the work towards a new Parliament building, new recreational park for the parish of St. James and the 110km South Coast highway project.

The budget introduces measures for the first time designed to stimulate innovation including direct budgetary support for research and development at the tertiary levels and a new \$200 million side car fund to finance early stage angel co-investing.

For decades, payments made on student loans were applied to penalties and interest first, and then to the outstanding balances. This made it difficult for many to service their loans. With the stroke of a pen, we are changing that. Going forward, payments on new student loans will be applied first to the most outstanding payment.

We also lowered the interest rates on student loans, and provided for loan principal reductions for people working full time in registered charities in good standing. This will provide necessary financial relief for these Student Loan Bureau customers.

We are broadening the ownership base of the economy and will be offering Jamaicans the opportunity to own stakes in the Wigton IPO, the Jamaica Public Service Company, and the Jamaica Mortgage Bank. These IPOs will be bottom up distribution ensuring that all small applications are filled before allocations made in favour of larger applications.

The budget places emphasis on micro, small and medium sized businesses providing approximately \$2 billion of funding for these entities with \$500 million dedicated to micro entities with revenues less than \$10 million.

As the Prime Minister stated in his budget presentation, this Government is greatly expanding access to housing, reducing interest rates for the 115,000 loan customers of the NHT and another several thousand who access NHT benefits through their building societies. This will provide necessary financial relief for these NHT customers.

As the Prime Minister announced:

- The budget increases the interest rate qualification bands and so now you can get a 0% mortgage if you make \$15,000 per week or less.
- The budget increases the amount that the NHT contributor can borrow from \$5.5 million to \$6.5 million, bringing home ownership closer for to tens of thousands and,
- For the first time in history, the intergenerational mortgage will become a reality, expanding the possibility for home ownership to many at the base of society.

Mr. Speaker the 2019/20 budget is one that represents economic opportunity for all.

It is in this context that the tax cuts are being made. The “tax give back” does not *literally* give cash back but rather it removes taxes that distort and impede transactions and business activity. Small and medium businesses employ the most people and account for the vast majority of transactions in Jamaica. Jamaica prospers when small businesses prosper, and the Revenue Measures are designed, in part, to relieve small business of some of the distortionary tax-related costs.

As such the minimum business tax and the asset tax for non-financial businesses are being abolished.

We need to rekindle *domestic* economic, business and transaction activity if we are to elevate domestic value-add and growth. By reducing the cost of transactions, the Government is empowering individuals and firms to transact which positively impacts growth. The measures *also* empower individuals and firms to seek the best possible financial terms for previous transactions for which financial contracts (e.g. mortgage, car, furniture, business and other loans) already exist—a liability management exercise that releases fiscal space in their own wallets.

In other words, Mr. Speaker, these measures provide necessary financial relief for many persons and firms in our country.

ADDRESSING INACCURACIES AND MISGUIDED STATEMENTS FROM THE OPPOSITION

Mr. Speaker there are several inaccuracies and misguided statements from the Opposition that in my capacity of Minister of Finance and the Public Service I am compelled to correct.

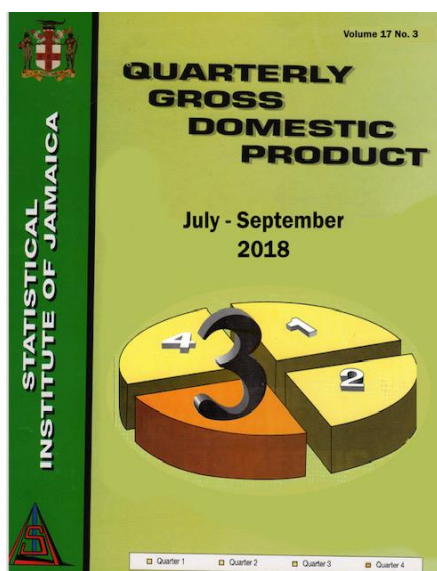
Mr. Speaker, I do not mean to be hostile. However these claims and assertions need to be addressed and it is my job to address them. Had the claims not been made by the Opposition, I would have no need for this section of my speech.

RECORD STRETCH OF QUARTERLY GROWTH

Mr. Speaker, one of the more unfortunate assertions in the presentation of the Opposition Spokesman was to challenge the fact that Jamaica has had 15 consecutive quarters of growth, soon to be 16, if PIOJ projections prove accurate.

To paraphrase the famous quotation, the Opposition Spokesman is entitled to his own opinion, but not to his own set of facts.

Here is the report from STATIN, in their Quarterly GDP report for September, that shows 15 consecutive quarters of growth along with the rate of growth of each quarter on page 14. Anyone can access it.



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TABLE 4: YEAR OVER YEAR CHANGE OF VALUE ADDED BY INDUSTRY
AT CONSTANT (2007) PRICES (Seasonally Unadjusted)

Industry	Years	Per cent				
		Quarter I	Quarter II	Quarter III	Quarter IV	Annual
Total Value Added at Basic Prices	2009	-3.9	-4.6	-2.5	-2.6	-3.4
	2010	-1.6	-2.6	-1.0	-0.5	-1.4
	2011	1.6	2.1	0.4	1.5	1.4
	2012	-0.6	0.0	-0.3	-1.2	-0.5
	2013	-1.2	-0.3	0.4	1.9	0.2
	2014	1.8	2.1	-1.4	-0.2	0.6
	2015	0.3	0.8	1.6	0.8	0.9
	2016	0.9	1.5	2.2	1.5	1.5
	2017	0.3	0.1	1.0	1.2	0.7
	2018	1.4	2.2	1.8		

This Mr. Speaker is the longest period of quarterly growth that Jamaica has experienced since we started measuring growth quarterly in 1997.

That is another fact.

I suspect that the Opposition Spokesman looked at quarter-over-quarter growth, which has seasonal effects rather than year-over-year growth, which overcomes seasonal distortions.

You see Mr Speaker, if you compare the fourth quarter GDP (Q4) with third quarter GDP, (Q3) eight times out of ten, Q4 will be less than Q3 which has the month of December usually a month of high economic activity. This is what is described as a seasonal trend.

As a result when we talk about quarterly growth we are interested in Q4 GDP this year compared with Q4 GDP last year, and Q3 GDP this year with Q3 GDP last year. That is year-over-year quarterly growth, which evens out seasonalities.

If you want to be technically precise one would say 15 consecutive quarters of year-over-year economic growth, the longest such stretch since we started measuring economic growth quarterly in 1997. However dropping the “year-over-year” is customarily taken to be an equivalent statement.

GROWTH PROJECTIONS AND CAPITAL EXPENDITURE

The Opposition Spokesman spent time advancing a narrative that growth outturn in the current period is less than was originally forecasted in 2013.

Well Mr. Speaker, that is technically accurate. But what the Opposition Spokesman conveniently did not mention is that growth projection made in 2013 for 2014/15, just a year later, and for 2015/16 just two years later underperformed MUCH MORE SIGNIFICANTLY.

GDP Growth - Projected vs Actual 2013/14 - 2015/16		
	Projected¹	Actual²
2013/2014	0.8	0.9
2014/2015	1.4	0.2
2015/2016	1.8	1.0

¹ *Request for an extended arrangement
under the Extended Fund Facility, May 2013, IMF & GOJ*

² *Fiscal Policy Papers 2015/16, 2016/17*

In 2013, the then Government projected growth of 1.4% in the 2014/2015 year. The actual performance? 0.2%. The projection for 2015/16 was 1.8%. The actual performance? 1.0%, almost half the projected growth rate for 2019/2020.

Growth thrives on momentum. If you did not meet your own 2013 projections in 2014, and you did not meet your own 2013 projection in 2015, do you magically expect that those same 2013 projections would be hit in 2016 and 2017?

And Mr. Speaker I mention this is the context of the prior administration's track record of underperforming with respect to capital expenditure, which is one of the key influencers of future growth outcomes.

Let me remind this House that when the last administration entered into the Extended Fund Facility with the IMF they:

- forecasted capital expenditure of \$41 billion in 2013/14. The actual expenditure? \$37 billion, almost 10% less than budgeted.
- forecasted capital expenditure of \$54 billion in 2014/15. The actual expenditure? \$23 billion, or 57% less than budgeted.
- forecasted capital expenditure of \$71 billion in 2015/16. The actual expenditure? \$33 billion, almost 40% less than budgeted.

In the same 2013 agreement, they forecasted total capital expenditure of \$166 billion for 2013/14, 2014/15, and 2015/16 combined, but only managed to implement \$93 billion, or 44% less than budgeted.

Now we all know that capital expenditure today promotes growth tomorrow. What impact do you expect in subsequent years vis-à-vis your contemporaneous projections if you consistently fail to execute on capital expenditure targets?

**GOJ Capital Expenditure Execution
2013/14 - 2015/16**

	Projected¹ Capital Expenditure \$ Millions	Actual² Capital Expenditure \$ Millions
2013/2014	41,338	36,989
2014/2015	53,588	23,019
2015/2016	70,771	32,747
	<hr/> 165,697	<hr/> 92,755

¹ Request for an extended arrangement
under the Extended Fund Facility, May 2013, IMF & GOJ

Compare that with the execution against capital expenditure targets under the Andrew Holness's government 2016 program with the Fund:

- When we designed our own programme in November 2016, we forecasted capital expenditure of \$43 billion in 2016/17 and we executed \$42 billion, or 98% of the forecast.
- In the same 2016 IMF agreement, we forecasted capital expenditure of \$45 billion in 2017/18 and surpassed it, executing on \$47 billion.
- In the same 2016 IMF agreement, we forecasted capital expenditure of \$55 billion in 2018/19, and we have already surpassed this, executing on at least \$64 billion of capital expenditure.

Instead of under-performing on the critical area of capital expenditure like many previous administrations, we are over-performing with respect to the capital expenditure, which is critical to providing the support necessary to achieve growth.

So when you hear me talk about capital expenditure it is because we have made great effort in that area and have good results to show. We have made capital expenditure a priority. Our over-performance did not happen by accident. At the end of the first quarter of this year, it will be the first time in at least 12 years that we were running way ahead of capital expenditure targets.

CLAIMING UNDUE CREDIT

It is interesting how both the Opposition Leader and Opposition Spokesman seem to have an insatiable desire to claim credit and deny the unmistakable contribution of others.

Their logic escapes me in the light of overwhelming public evidence to the contrary.

The Prime Minister touched on this yesterday. But allow me to simply ask a few questions.

Where would Jamaica be, and what would the fiscal accounts of Jamaica be like, if the Bruce Golding administration had not divested Air Jamaica which had accumulated approximately US\$1.5 billion in debt?

Where would Jamaica be, and what would the fiscal accounts of Jamaica be like if the Bruce Golding administration had not divested five loss-making sugar factories that had accumulated billions more in debt and were losing billions of dollars per year?

Where would Jamaica be, and what would the fiscal accounts of Jamaica be like if the Hon. Audley Shaw had not conceptualized, negotiated, and successfully completed the first debt exchange, which many critics felt would never work?

Where would Jamaica be, and what would the fiscal accounts of Jamaica be if the Hon. Audley Shaw did not discontinue the disastrous policy of avoiding cheaper multilateral loans in favour of much higher market based loans?

Where would Jamaica be, and what would the fiscal accounts of Jamaica be, if the Bruce Golding administration had not turned to the IMF and begun the structural adjustment process?

Where did public sector reform gestate, if not in the public sector rationalisation report commissioned and completed under the Bruce Golding administration?

How would public pension reform have been achieved if it did not have a beginning? If it had not begun in the Bruce Golding administration.

How would the reform of the Bank of Jamaica, accomplished in 2014 and 2015, be achieved if it had not begun at some point? I served on the board of the BOJ then and I can attest to the fact that the policy development began then, in the Bruce Golding administration, under the 2010 IMF Stand-By Agreement.

The Fiscal Responsibility Framework also began under the Bruce Golding administration was strengthened under the Portia Simpson Miller administration and hopefully we can work together to add a fiscal council to that framework.

Now, it is an undeniable fact that the 2010 IMF Agreement collapsed and this collapse had consequences. However to attempt to deny the significant policy advances made by the Bruce Golding-led administration of 2007 to 2011, and to advance a narrative that suggests that “the world began in 2013” is to disregard the facts and not give credit where credit is due.

Even the claim by the Opposition Spokesperson on Finance that the previous administration was solely responsible for the emergence of Tax Administration Jamaica as an executive agency ignores the stubborn fact that the Bruce Golding administration launched a tax reform programme that led to the TAJ being established as a semi-autonomous revenue authority in May 2011 with the next step clearly articulated as becoming an executive agency.

There are several other similar examples.

How was the social consensus engineered, if not through the formation of the Social Partnership, first signed during the Golding administration, which itself benefited from the kernel called ACORN set up informally in the mid-1990's.

What was the impact on the consensus that later emerged of then-Prime Minister Andrew Holness in December 2011 telling a mass meeting of 20,000 in Mandeville Square, in full glare of all media, that "bitter medicine" would come?

Once the new Prime Minister Simpson Miller got up to speed with the realities she confronted, the wicket had been laid. The then-Opposition, by virtue of Prime Minister's Holness's honesty and frankness, had already committed itself.

And the Leader of the Opposition suggests that our Prime Minister was a late and reluctant participant in the consensus?

I am reminded of the advice my grandmother used to give me from the Book of James in the Bible, chapter 4 and verse 10: "Humble yourselves in the sight of the Lord, and HE shall lift you up." This is advice we can all do well to follow.

Prime Minister Holness was at the start of the consensus even while many others elements on the opposing side were still in denial.

The then Opposition may have opposed certain details of the consensus – just as the current Opposition is opposing our tax reductions.

These tax reductions occur in the context of an IMF programme and the IMF staff publicly welcomed every one of the tax cuts in their press release of March 8, and there is every expectation of Board endorsement.

Does the fact that the Opposition has presented weak arguments against these tax cuts, which shows a basic lack of understanding of economic realities, mean that they are against the debt reduction consensus? I would certainly hope not.

I would NEVER seek to deny the contribution of the Opposition nor the contribution of the last administration of which they were a part. I believe the Prime Minister uttered similar sentiments yesterday. Your efforts and results with fiscal consolidation, which we have continued, are noteworthy particularly given Jamaica's history. You received the highly respected Gleaner Award for that. I applauded it at the time and do so now.

However, to claim paternity of every reform is simply untrue.

As for this Andrew Holness administration, here are the facts.

First, we terminated the Extended Fund Facility you negotiated with the IMF within six months of coming into office. Second, we negotiated in its place a larger Stand-By Agreement, which accelerated the downward debt trajectory and emphasising fiscal choices that allowed for a reorienting of expenditure towards capital and social expenditure.

We said as much at the launch of the Stand-by Agreement. Check the press releases in November 2016. So when you see us talk about a 72% increase in allocations to PATH and School Feeding, a 100% increase in capital expenditure, and huge increases in security spending – we are particularly proud of this as we set out to do exactly that, the record supports this, and, most importantly, we successfully executed on our stated plan.

FALSE CLAIM RE: ACCELERATION OF DEBT REDUCTION

Another unfortunate claim from the Opposition Spokesman on Finance was that the Petrocaribe debt buyback was the reason that we are a year early on our 2020 debt reduction trajectory. This claim is made with no supporting data whatsoever.

You need to look no further than the November 2016 agreement between the GOJ and the IMF, on page 28, to see that at that time – a year after the Petrocaribe debt buyback in 2015 – the IMF and GOJ were projecting a Debt to GDP ratio of 96% being attained only in March 2020.

The fact that we have attained it in March 2019 is due to many factors including good debt liability management by the technical team by the Ministry of Finance. Certainly, however, the Petrocaribe buyback had nothing to do with it given that this 96% March 2020 target was set (or reset) in November 2016 having already consummated the Petrocaribe buyback, a year earlier, and having already incorporated those benefits in the projections.

Jamaica has bettered the November 2016 IMF projections, under the Precautionary Standby Arrangement, Mr Speaker.

We have lowered debt faster than the IMF projected at the start of the Stand-By Agreement in 2016.

We have achieved in March 2019 what was originally projected to be achieved by March 2020.

CONTRADICTIONS RE: REVENUE

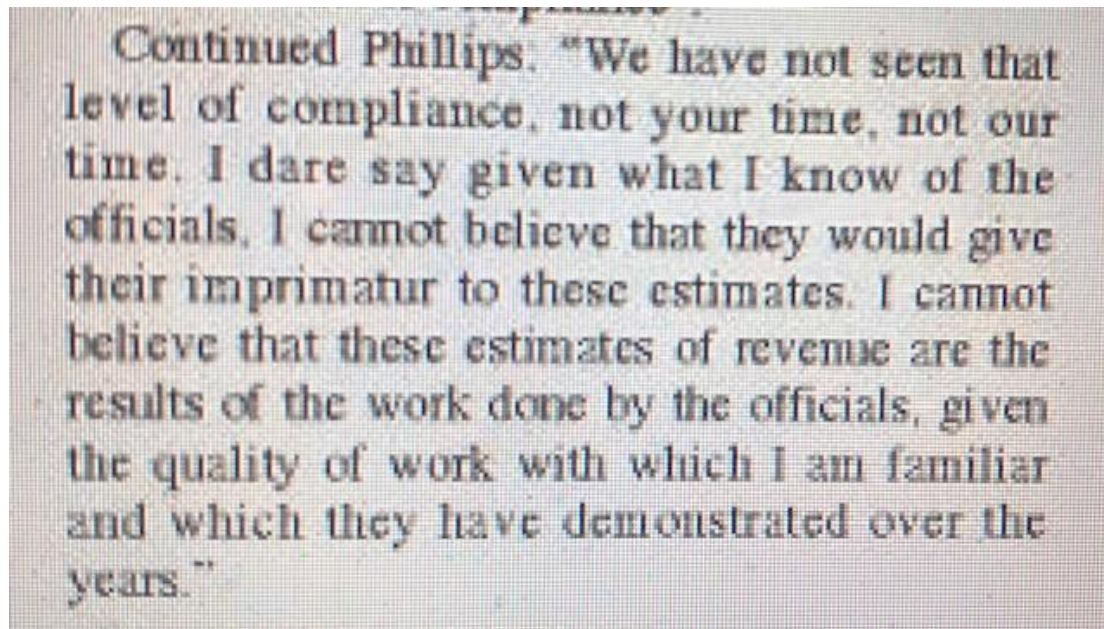
This administration implemented the bold tax reform, which we call “direct-to-indirect” that, among other things, improved the incentive to work by allowing the employee to take home all that they earned up to \$1.5 million.

Development partners recommended this policy shift of broadening the base with a move to greater reliance on indirect taxes for a long time.

Direct-to-Indirect improved the ability of government to forecast revenue with greater certainty and it created greater horizontal equity meaning that persons of similar income pay similar amounts in taxation.

The then-Spokesman on Finance, now the Leader of the Opposition, in his 2016 budget presentation questioned whether the revenue estimates were “contrived” and argued that the government technocrats could not have computed the “unrealistic” numbers.

His exact words were, and I quote, *“I dare say given what I know of the officials, I cannot believe that they would give their imprimatur to these estimates. I cannot believe that these estimates of revenue are the results of the work done by the officials.”*



Source: *The Jamaica Gleaner*, May 18, 2016

Imagine that Mr Speaker. He did not even believe the revenue estimates! Not only did we attain these revenue estimates, we surpassed them!

And now that we achieved the revenue estimates, now that we have surpassed them and now that we have surpassed revenue estimates three years in a row, he and his team are now saying *ohoops.....it was me, it was because of what I did.*

This is after not believing, and more, slamming the credibility of the revenue estimates in the first place.

He probably did not understand then, and seems to not understand even now, the tremendous economic efficiency that the shift from direct to indirect taxation has accomplished.

The Jamaican people can easily see through this double speak. Slamming something only to claim it later when it works.

My point in raising these facts Mr. Speaker is not to engage in the reverse of what the Opposition has engaged in. That would be to compound their error.

Unfortunately, I am compelled to give this account due to the distortions and inaccuracies in the presentations by the Opposition.

Furthermore, highlighting the achievements of the Bruce Golding administration with respect to the rehabilitation of Jamaica is not to diminish the achievements of the administration that followed.

The point Mr Speaker is that every success builds on an earlier achievement.

Every accomplishment builds on an earlier accomplishment.

A previous Minister of Finance once said.... *"No one can deny that an objective assessment of the Budget debates over the last two weeks reveal that we still have a far way to go in adopting a more meaningful and sincere approach to our political discourse. Rather than clarifying the realistic options facing the country..... we were too often treated to a repertoire of petty political point scoring"* I wonder which Minister of Finance said that?

However, this politics of the past - "petty political point scoring" - as the now Opposition Leader then referred to it, that tries to deny respective contributions does not advance us. It undermines the credibility of the political class as a group.

The fact, Mr Speaker, is that economic development of the type we seek takes a village, it takes a city, it takes a country.

The success of Jamaica does not belong to any of us. It does not belong to any party. It belongs to the people of Jamaica.

THE STORY FROM THE BOOK OF 1 KINGS

The story is told in the first book of Kings of the two women who appeared before Solomon both claiming to be mother of the same baby.

King Solomon, in his wisdom, called for his sword and ordered that the baby be cut in two so that each of the claimants could have part of the baby.

One claimant remarked – “Your majesty I love the baby very much but give him to her, don’t kill him”

The other “ Go ahead and cut the baby and neither of us will have it”

We know the story, that Solomon determined that the first claimant was the true mother.

With respect to the recover of the Jamaican economy, Like the real mother, we say, go ahead take all the credit – just let us make sure that the baby is protected.

We are more interested in protecting the baby than in claiming credit.

We are more interested in looking forward than looking backwards.

I suspect that one of the reasons for this tendency is that over 40 years Jamaica really has not had sustained periods of positive economic results and so now that we are having it there is eagerness to lay claim. Relax. This can continue for a long time if we work together and there will be enough success to go around.

Right now, what is important to us is the future that we keep the baby and let it grow.

THE DANGEROUS MYTH OF INEVITABILITY

The real reason that I am concerned with the inaccuracies of the Opposition has little to do with partisan politics. My concern is far deeper and more fundamental than that. It is more about maintaining the vitality and vigilance of our liberal democracy and ensuring that this liberal democracy serves the people of Jamaica rather than only the parties of which we are members.

The arguments that seek to extend paternity into the future, long after you have demitted office, play into the dangerous myth of inevitability.

Nothing could so undermine our future prospects than for some of us, or for a large group of us, believing that the work has been done. It was not inevitable in 2013 that these successes would have occurred. It did not become inevitable in 2015, or 2016, or 2016, and it is still not inevitable in 2019.

My fellow Parliamentarians, that would be a very dangerous posture to adopt and I caution against it.

The forces they underestimate and cannot see ultimately defeat those who believe in the myth of inevitabilities in history.

There are few, if any, inevitabilities in history. It is comforting to think that there is some inherent logic in the course of human events. When we look at events in hindsight they provide apparent substance for this illusion.

However, it was not inevitable that the last administration would have passed ten consecutive IMF tests, even after it had passed seven.

It was not inevitable that we would have found a way to accommodate an election promise within the context of an IMF programme.

It was not inevitable that the new administration would have continued with the Extended Fund Facility and pass three tests under that program.

It was not inevitable that the Holness administration would have entered into a new programme with the Fund that was larger than the one that existed and that extended the relationship with the IMF for a further three years.

It was not inevitable that revenue would have overperformed for three consecutive years with accelerated debt paydown allowing for tax reductions.

And, Mr. Speaker, the future does not hold inevitabilities for us either irrespective of how well we have performed to date.

Belief in a deterministic course of events leads to complacency and ultimately to reversal and downfall. As a country, we cannot afford that.

Events in human history come into being through the work and advocacy of men and women who remain vigilant and who commit their energies and, sometimes their lives, to the causes they believe in, along with some luck, or blessings, as I prefer to believe..

Let us not play into the myth of inevitability by using deterministic arguments.

SOCIAL SAFETY NET

The Opposition Spokesperson divided the \$4 billion increase over 300,000 persons on PATH and then proceeded to devote several paragraphs to this erroneous calculation.

That calculation demonstrates a lack of understanding of dollars versus value.

When the PATH program expands school feeding to include, for the first time, children at the early childhood level, thereby increasing the likelihood of consistent school attendance at the critical early stages of life, increasing their life chances, what is the value of that service to the child?, To the child's family? To the society? Can it be measured in dollars? How do you put a value to that?

When school transportation is extended to 7,500 children attending 94 schools, who do not have school transportation, and now due to the effort of this government and this budget they will have transportation and therefore attend school – what is the value of that to the child? To the child's family? To the society? Can it be measured in dollars?

When almost 25,000 school children on PATH are now able to sit 8 CSEC subjects free of cost, up from 4, what is the value of this to that child in terms of the improvement in his or her life's chances? What is the value to the child's family? What is the value to society? Can it be measured in dollars?

We have made these substantial increases in PATH allocations because we believe every child matters. This administration is unapologetic about spending much more to ensure that more Jamaican children are able to attend and do well in school.

LABOUR MARKET COMPOSITION

The Leader of the Opposition stated *"We can all easily agree that some work is better than no work. But when we look closely at the employment numbers what we find is that a significant part attracts very low wages relates primarily to 'Other Community, Social and Personal Activities' like window wipers, vending, car washing. We can call this the "Hustling Sector" in Jamaica."*

Mr. Speaker, that is directly contradicted by the following quote directly from STATIN's Labour Force Survey – October, 2018:

The occupation group 'Professionals, Senior Officials and Technicians' had the largest increase in employment of 7,800 persons (3.1%), between October 2017 and October 2018 (261,800). Of the increase in employment in this group, females accounted for 7,600 persons.

The largest change in employment by industry group was in 'Real Estate, Renting & Business Activities' which increased by 9,700 persons, (11.9%) moving from 81,700 in October 2017 to 91,400 in October 2018.

Facts matter, Mr. Speaker.



Source: STATIN Labour Market Survey, October 2018

EMPOWERMENT VS EASE UP

Repeatedly throughout his presentation the Opposition Spokesman referred to "easing up" people.

He spoke about "ease up" several times. We believe in empowerment. We believe in providing economic opportunity for all that empowers Jamaicans.

When you apply the "ease up philosophy" instead of the "empowerment" philosophy you don't change the circumstances. Instead, you the MP, you the big man is still in control.

We don't believe in that. We don't want to control anybody. We want to **empower**.

"Empowerment" leads to permanent freedom, it leads to economic freedom, it leads to financial freedom, it leads to economic independence.

"Ease up" that you propagate leads to economic dependence.

National Hero, the Right Excellent Marcus Mosiah Garvey, once said, "*God and Nature first made us what we are, and then out of our own creative genius we make ourselves what we want to be*". Marcus then said "*follow always that great law*."

We follow that law and we want to empower the people of Jamaica to make themselves who they want to be.

That is why we found the comment of the Opposition Spokesperson about his constituents "never being able to buy a house" so unfortunate.

He may believe that, Mr. Speaker, by I do not.

I believe that every Jamaican has the ability to buy a house.

With a job, with a properly structured loan product, with access to cheaper financing, with a larger loan amount from NHT, with reduced government taxes on mortgage transactions, it is becoming easier and easier to obtain home ownership.

And that, Mr. Speaker, is a central objective of our budget and this administration, as the Prime Minister so eloquently explained in his presentation yesterday.

You remember I told you about Tracey. This is Tracey's actual stall. Tracey owns her own house.

[SEE PHOTO ON POWERPOINT SCREEN].

We believe in ambition. In fostering in people, ambition for themselves – that they can improve their lot if given the opportunity and we are focused on expanding that opportunity through implementation of a wide menu of policies. These include:

- building the largest number of homes, inclusive of affordable homes, than any government in the history of Jamaica is our aim and we are well on our way with 14,000 housing starts thus far;
- making the largest budgetary increases to social support than any government in at least twelve years;

- expanding the means by which children can stay in school;
- conducting economic policy so as to foster an environment where record jobs being are being created;
- unleashing the energy of micro business, small business and medium sized businesses;
- providing them with access to finance, with business support, and reducing the burden of distortionary taxation.

Again, I draw on Marcus Garvey for inspiration.

Garvey told his followers, many of who were landless, jobless, and education-less:

"Let the sky and God be our limit, and Eternity our measurement. There is no height to which we cannot climb by using the active intelligence of our own minds."

Mind creates, and as much as we desire in Nature we can have through the creation of our own minds."

That is a message of "empowerment". That is ambition right there. That is not a message of "ease up".

So we don't construct policy around the belief that residents of certain areas or from certain backgrounds can never own house. We nurture ambition in all, we construct policy to empower home ownership, and we remove the barriers from the artificial costs associated with home ownership.

If you listen to the Opposition's presentation, you don't hear empowerment. Empowerment is about increasing knowledge and understanding in the society – even if there is a risk that such an increase in understanding may be to your short-term political disadvantage.

Here we have the reduction in stamp duty on transactions and the Opposition would want you to believe that benefits only a certain segment of the population. That assertion is not data driven and is factually incorrect. As I will share later transaction taxes affect ALL who engage in transactions. Their assertion does not add to understanding. It does exactly the opposite.

In Jamaica an NHT loan is available to all contributing members of the NHT. All existing contributors are entitled to borrow from the NHT an amount that they can afford to repay up to a maximum of \$6.5 million effective April.

At the lowest rates of interest that NHT has, someone on a \$15,000 a week salary can borrow \$6.5 million over 25 years using the NHT's 0% loan for that salary bracket and committing no more than 36% of his or her salary to a mortgage payment.

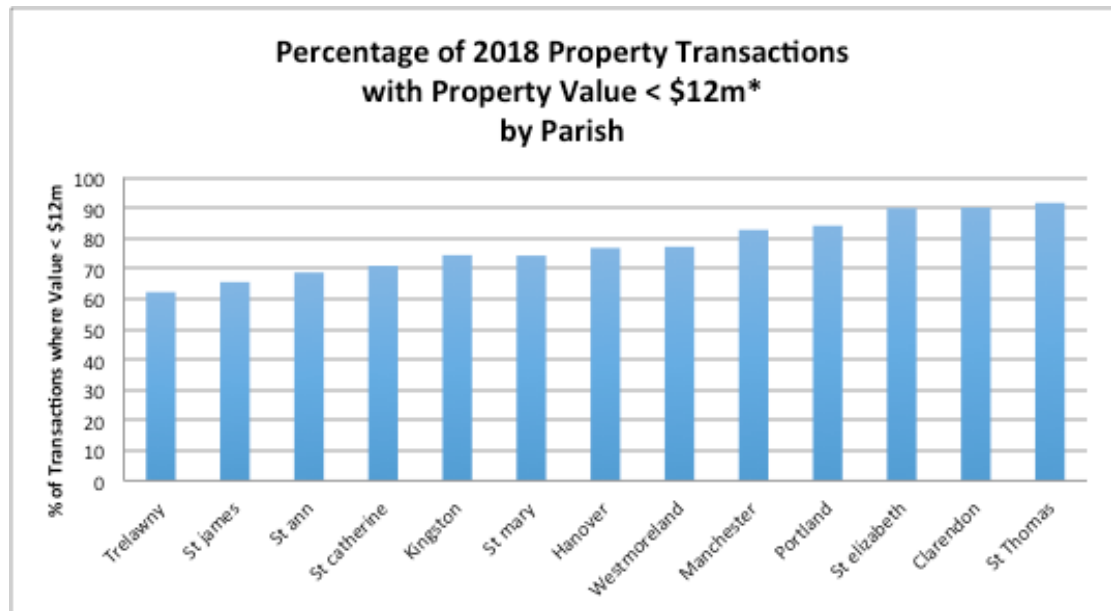
In addition two contributors can put together and purchase property.

We did not implement the policy of reducing stamp duty on property without looking on the data and seeing where and what levels the transactions are taking place in Jamaica.

Prior to the announcement of the stamp duty reduction, we examined the 2018 data on stamp duty on properties of all kinds including land across all parishes in Jamaica.

- Over 90% of the property transactions in St Thomas, Clarendon and St Elizabeth during 2018 were under \$12 million, i.e. you could purchase 90% of the properties sold in these parishes in 2018 exclusively with NHT mortgages by joint contributors. Those are everyday Jamaicans and not rich people.
- Over 80% of the property transactions in Portland and Manchester during 2018 were under \$12 million, i.e. you could purchase over 80% of the properties sold in these parishes in 2018 exclusively with NHT mortgages by joint contributors. Those are everyday Jamaicans and not rich people.
- In fact over 70% of the property transactions across all parishes during 2018 were under \$12 million, i.e. you could purchase 70% of all the properties sold in Jamaica in 2018 exclusively with NHT mortgages by joint contributors. Those are everyday Jamaicans and not rich people.

This is Jamaica's reality. You have alienated so many everyday Jamaicans with your propaganda, that only rich people benefit from or desire lower stamp duties on property purchases, which is out of touch with the aspirations of everyday working Jamaicans.



* Can be purchased with NHT mortgages by joint contributors

The Opposition has missed the Mark.

The Opposition is out of touch with the realities and aspirations of everyday ordinary Jamaicans.

Mr. Speaker there are 1.25 million people employed in Jamaica and every single one of them, who don't own a home, of which there are hundreds of thousands, would like to buy a home or a piece of property.

Our policy simply makes this possibility a reality for many more Jamaicans by removing the distortionary government taxes associated with purchasing a home.

Importantly the policy is likely to also increase the supply of these homes. As well as the NHT is doing they alone cannot build or finance all of the affordable homes required.

What they don't understand is that so many Jamaican families, especially those from rural Jamaica have a piece of a piece of "dead lef" land that they share with three, four, five, six, seven other relatives.

Aside from the estate tax to transfer the land to them as a collective, The cost of splitting up the land and transferring to each family member is so prohibitive that often time the land lays in its original undeveloped state for years, even decades.

Under the abolishment of stamp duty and the lowering of transfer tax those with “dead lef” that doing nothing can make something of that land.

The families across Jamaica with “dead lef” are everyday Jamaican households.

Again the Opposition has missed the Mark.

Miss K, upstairs, is such an example. A piece of land left for her and her four sisters has laid unused due to high transaction taxes.

This leads to an immobility of capital on a massive scale.

I get the letters Mr Speaker. I get them from police officers, tradespeople, small operators. Recently I received one from an unemployed young lady with a “dead lef” and due to unemployed status could not afford the transfer tax.

We want to empower all of these persons to make their own economic decisions and not to have to rely on writing the Minister for a “ease up”. We are offering them economic freedom and independence.

BUBBLE UP ECONOMICS

The Opposition has characterized our tax cuts as Trickle Down economics. Again, this is just factually incorrect. Propaganda plain and simple.

The Opposition is acting as if we are in the old days when knowledge and information were not abundantly accessible and available. When they could attach a false label in the hope it could be believed.

The times are changing and they are out of touch in 20th century Jamaica. Times are changing.

Everybody with a phone can google the phrase “trickle down economics” and see what it means and see for themselves that is NOT what we are doing. That claim misleads the public and is therefore disempowering. Opposition is not and should not be synonymous with misleading. The media should call the Opposition out on this.

The Opposition is free to disagree with what we are doing but to use a false description – which has a precise meaning – is not being intellectually honest with the people of Jamaica.

We have raised income taxes on higher earners making more than \$6 million a year and abolished personal income tax obligations for those earning \$1.5 million and less. That is the exact opposite of trickle down.

We have increased property tax rates on the highest valued properties. That is the exact opposite of trickle down.

We have lowered transaction taxes for everyone. That is not trickle down. But it is what the Opposition would want you to believe.

So what are we doing?

Mr. Speaker, we are engaged in Bubble Up.

Bubble up is empowering working people and small business with economic opportunity while protecting the vulnerable.

Bubble up is when you raise taxes on those earning over \$6 million and you abolish taxes on those earning below \$1.5 million as we did in 2016 and 2017 because you want those on lower incomes to have full discretion over 100% of their earnings.

Bubble up is when you increase property tax rates on the highest valued property and ease rates on lower valued properties as we did in 2017.

Bubble up is when you abolish the minimum business tax allowing micro business and small business and medium sized business a chance to breathe and to grow.

Bubble up is when you abolish the asset tax on non-financial businesses and give small business a chance to grow.

Bubble up is when you raise the GCT threshold on from \$3 million to \$10 million cutting the administrative and operating costs of small business, giving small business the chance to breathe.... The dressmaker, the tailor, the barbershop, the restaurant operator, the mechanic business, the carpenter business, the hairdresser, the caterer, and many others.

Bubble up is when you put the first ever \$200 million early stage angel funding in place for start up enterprises.

Bubble up is when you make a direct budgetary allocation for micro business and allocation for SME's of \$2 billion helping those without credit support.

Bubble up is when you raise the minimum wage and you raise minimum pensions.

Bubble up is when you increase social support by \$4 billion or 25% in one year and by 72% over the previous administration.

Bubble Up is when you introduce inter-generational mortgages for the first time ever.

Bubble Up is when you lower interest rates on 115,000 mortgages and on 10,000 student loans releasing spending power in their personal economies.

Bubble up is when you reduce property transaction taxes and over 70% of property transactions in Jamaica can be bought with joint NHT mortgages.

Bubble up is when you reduce transaction taxes and obliterate the cost of registering land.

TAX CUTS AND GROWTH

Mr Speaker the banking market we have today arose out of our history. The history of the last 25 years in particular shaped the market today where a few players have large market share.

We have to design policy that suits our circumstances. We want competition in financial services that delivers the best prices to the customer and facilitates economic activity and growth.

One thing that can really stir competition and help with interest rate reductions being passed on to customers is by obliterating the cost of switching financial providers.

That is what the abolishment of Ad Valorem Stamp Duty on transaction documentation will achieve.

No longer will the government stand in your way when you want to switch and access lower cost solutions

We are empowering you to move your business. This gives financial freedom and economic independence.

I was speaking to the head of one financial institution after the announcement and I'm told that the banks are protecting their client base from poaching by offering their customers improved interest rates and terms so they don't think of moving.

This is economic opportunity in action.

Already in today's newspaper a prominent financial institution announced a mortgage rate reduction to 6.99%.

Scotia lowers mortgage rate to 6.99%

Source: Jamaica Observer, March 20, 2019

Mortgage Amount (\$)	Money Back (%)	Money Back (\$)
\$11,000,000	2.5%	\$275,000

Source: Jamaica Observer, March 20, 2019

Others will certainly follow suit.

This delivers financial relief to consumers.

This is how good economic policy creates economic opportunity for all.

The Government of Jamaica, like all other governments, relies on a menu of taxation to raise the revenue required to conduct the business of the State. However, not all taxes have the same effect on income and choices. Some taxes have a material impact on economic activity or the absence of it.

Efficient taxes are those that raise revenues with the least amount of distortion on the behavior of individuals and businesses. If the same revenue raised with less damage to the economy as a whole then all of Jamaica would be better off. Simplicity and fairness are other considerations. We raised taxes on higher income earners much to the displeasure of many in order to ensure some amount of fairness.

We began this quest for efficient taxation with the switch from direct to indirect which has improved revenue certainty and helped in ushering in this period of three consecutive years of

over-performance when the Opposition Leader in his then capacity is on the record for having seriously doubted the revenue projections from direct to indirect.

Direct to indirect achieves its efficiency through a broadening of the tax base – ensuring that taxation is not only paid by those on the PAYE system, but by all. It therefore introduces horizontal equity as those with same level of incomes in formal and informal Jamaica end up paying equivalent amounts of taxes assuming similar consumption patterns.

Since Government, if it is to exist, must impose taxes then good tax policy, ideal tax policy, taxes goods and services that are least elastic to price changes, i.e. behavior of the taxpayer is not changed by the fact that the activity attracts taxes. People still engage in the same patterns of investment and consumption.

Now of all the factors of production – labour, land, capital – capital is the most mobile. Whether the financial institution holds that capital, that provides the nurse with a mortgage, or the capital is the small credit union savings of the hotel worker or of the small business or of the large business. Irrespective of ownership, capital is highly mobile and therefore elastic to price changes.

Stamp duties therefore distort economic activity –

- Miss K delays the decision to split the land so all of the siblings can have their own title.
- The NHT contributing security guard delays the decision to purchase an affordable home even though the mortgage financing exists and it equates to the value of her rent because of the transaction taxes involved.
- The small business hesitates to switch financial providers for one offering at a lower rate because of the transaction costs of switching.

On an economy-wide basis high ad valorem stamp duties affect the decision to transact, affect the allocation of capital on a grand scale and result in a misallocation to where it is taxed less.

Several years ago while I was still in the private sector I met a hotel employee at a hotel in Washington D.C. who serviced the mini-bars on the top floors. She happened to be Jamaican and I struck up a conversation with her. She eventually told me that, over the course of many years, she and her husband did quite well, so much so that they own two homes in Florida. I asked her why not Jamaica?

She told me that transaction taxes were too high.

We want all members of the diaspora to consider Jamaica high among the options for purchasing of homes. Previously high property stamp duties have distorted this kind of activity.

Ironically, in the face of the Opposition's misleading rhetoric, is that high property transaction taxes have greater impact on those of smaller means than those of larger.

It should be recognized that transaction taxes impose a far greater burden on lower income persons from owning assets than those with higher income. A \$5 million home on the open market, financed with a 100% mortgage, serviceable on a \$15,000 a week salary, currently attracts transaction taxes of over \$150,000, for the buyer alone, for completion.

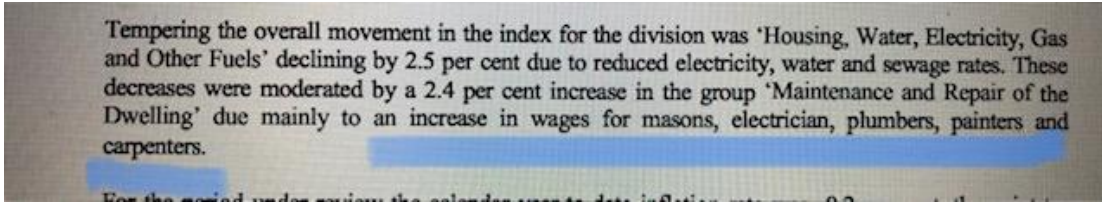
Though the individual may be able to service the mortgage, accumulating the closing cost at one time is often a barrier. Moreover, contrary to some public comments, abolishing high stamp and reducing transfer taxes reduces the cost of home ownership as a proportion of income for the hundreds of thousands on lower incomes. Much more so than it does for higher income persons.

This is an unprecedented period of opportunity in Jamaica. For example, as the lower transaction taxes for property take hold, plumbers, carpenters, masons, furniture makers, retailers and others will find even more opportunity than exists today, including opportunity to buy their own home. Expanding domestic transactions will increase and sustain our economic growth.

In addition:

- lower property transaction taxes increase labour mobility as persons are more willing to move for jobs knowing they can enter and exit the property market with less friction. The primary beneficiaries include every Jamaican who will now be empowered to work in a free Jamaica, wherever they want, to do what they want.
- lower property transaction taxes make down-sizing and up-sizing according to life cycle associated with family expansion and later aging more attractive allowing for more efficient allocation of resources in the country.
- lower property transaction taxes will lead to greater property turnover, greater supply of affordable and other homes and therefore greater access to home ownership opportunity.
- lower property transaction taxes will lead to more work for masons, carpenters, builders, plumbers, electricians, welders, furniture makers, and others. It will therefore contribute to growth and job creation.
- In fact Mr Speaker the construction buoyancy which is only expected to increase with these changes is already having an impact on wages of masons, electricians, plumbers,

painters and carpenters due to the increased demand for their services and limited supply.



STATIN Consumer Price Index Press Release dated March 2019

REDUCING GCT THROUGH POLITICALLY ADVANTAGEOUS...IS BAD POLICY AT THIS TIME

I have heard the Opposition's call for GCT to be reduced.

Mr. Speaker, we have been here before, with a Debt to GDP ratio of 96% and even lower. The last time we had this level of Debt to GDP was in 2000/01. The Opposition Leader was a Senior Cabinet Minister at the time. I don't recall any suggestion then by him or anyone else in the Government to reduce the rates of GCT or SCT or to reduce any tax at all.

It is necessary to remind this House Mr Speaker that, in fact, in 2000/01, when Debt/GDP was last at 96%, the then Government decided to **raise** taxes on the Jamaican people and proceeded to impose over \$26 billion of taxes over the next three years.

Just a historical fact, Mr. Speaker.

We are again at 96% Debt to GDP and this government has implemented the first net tax reduction in Jamaica in living memory.

However, Mr. Speaker, let me return to GCT. Reduction of GCT was considered but analysis suggested that this would have less of an impact on the Jamaican economy than removing distortionary transaction taxes for the following reasons:

- First Mr. Speaker GCT (on local and imported items combined) is Jamaica's single largest source of tax revenue. We are projected to collect about \$200 billion in GCT in the current financial year.

With a Debt/GDP level of 96%, Jamaica remains among the top 25 highest indebted countries in the world and therefore very vulnerable to external shocks.

In that position of vulnerability you don't start tax reduction with reducing your biggest source of taxes as it is too risky to do so.

- The second and related reason for reducing distortionary transaction taxes instead of GCT at this time is that GCT is much more robust to, God forbid, an economic downturn than transaction taxes are. That is, in an economic downturn the number of property transactions falls faster than overall GCT as they are easier to delay and ad valorem yields fall as values retreat. Ad valorem stamp duty on property is fickle and sensitive to overall economic health. Therefore, when you are heavily indebted, it is far less risky to reduce your fickle tax than reducing your more robust tax.
- The third reason Mr Speaker is that in a year where we are abolishing minimum business tax for small business, abolishing asset tax for small business, raising the GCT threshold and reducing financial transaction taxes the impact of applying some of the space to a GCT reduction would be negligible in the context of approximately \$200 billion intake from GCT. You would be talking about a very small reduction in the rate that would not be meaningful. Maybe it would be popular and would make one feel good but it wouldn't be impactful. Such a small change would easily be reclaimed by businesses as prices adjust over time and the consumer wouldn't benefit.

Instead we have chosen to remove a distortionary tax, where we can make meaningful, bold, impactful reductions that won't get lost but will have a decisive catalytical impact on transaction and economic activity.

- The fourth reason Mr Speaker is that almost half of our GCT intake comes through GCT on imported items. Reducing the GCT rate would therefore be passing our tax cut stimulus to other economies.

At this time of 96% Debt to GDP that would just be bad economic policy.

However, Mr. Speaker, let me return to SCT. Reduction of SCT was also considered but analysis suggested that this would have less of an impact on the Jamaican economy than removing distortionary transaction taxes.

We consider reduction of distortionary taxes at this time to be better for Jamaica than a reduction in SCT rates for a very fundamental reason.

Mr. Speaker, any commodity that you reduce the price of, by an appreciable degree, you encourage more consumption of that item. At a time when we are in the top 25 most indebted countries in the world, making every attempt to grow, we do not need to encourage more consumption of imported petroleum. Again we would directing a stimulus to other oil producing economies.

The objective of this Government is to help Jamaicans in a fair, equitable, and sustainable manner.

INCORPORATING COMMENTS FROM THE OPPOSITION

The Opposition Spokesman made the point that given the current ad valorem stamp duty rate on using primary property as security for a loan is 0.625%, then if you use such a title to get a loan of \$150,000 now you would pay \$937.50 and to apply the flat rate of \$5000 in that specific example. This is a valid point.

Ad Valorem Stamp Duty payable on any instrument pursuant to the Stamp Duty Act will be replaced with a flat Stamp Duty of \$100 per document/parcel related to transactions valued below \$500,000 and \$5,000 per document related to transactions valued at \$500,000 or more. To be clear, the Ad Valorem calculation for Betting and Gaming tickets will remain unchanged.

The Opposition Spokesman also raised the point that the current GCT Act requires all persons/entities below the threshold - as it exists now of \$3 million - to deregister, and if we raise the threshold to \$10 million, then this clause would mean that ALL persons/entities below \$10 million would by law be required to deregister.

While freedom from the burdens of filing will benefit the overwhelming majority of businesses with sales less than \$10 million there will be some who may prefer to remain registered.

We will therefore reinstate the provision in the GCT Act which empowers the Commissioner to re-register an applicant under the voluntary registration regime should that be the preference of the business. The Commissioner will retain the discretion to accept

All other aspects of the GCT regime will remain in force.

CONCLUDING REMARKS

Jamaica is a country of ambitious people all trying to get ahead. From the church sister who sews on the side, to teacher who provides extra lessons on weekends as a business, to the nurse who bakes and sells. We all want better for our own lives and for our families, and we all want to get ahead, and rightly so.

This Government has prepared a historic budget that that is focused on empowering every Jamaican, providing them with greater economic freedom, opportunity and independence, while protecting the most vulnerable in our society, especially our young people.

We have increased our capital expenditures as an investment in future growth, and we have allocated the largest part of that expenditure to ensuring that provide our security forces with the resources and tools necessary to reduce crime and provide a safer society.

We have reduced distortionary taxes to ease the yoke of taxation that has strangled so many businesses and individuals in our society for so long, and, in so doing, have provided a further mechanism through which to stimulate economic growth and prosperity.

We have given credit where credit is due, corrected the record to ensure accuracy and fairness, and accepted the constructive suggestions for improvement offered by the Opposition.

We want and expect that economic growth and prosperity will “bubble-up” in our society!

We are moving in the right direction, Mr. Speaker, and we fully intend to continue to build on these achievements as we seek to build a society that promotes both growth and equity.

Let me end with the words of Marcus Garvey:

“Ambition is the desire to go forward and improve one’s condition. It is a burning flame that lights up the life of the individual and makes him see himself in another state. To be ambitious is to be great in mind and soul. To want that which is worthwhile and strive for it. To go on without looking back, reaching to that which gives satisfaction. Lift up yourselves... take yourselves out of the mire and hitch your hopes to the very stars themselves . . . ”

Thank you and may God bless Jamaica.

