



MINISTRY OF FINANCE AND
THE PUBLIC SERVICE

Closing **BUDGET**

PRESENTATION 2024

Tuesday, March 26, 2024

Leveraging Economic Stability in the People's Interest

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





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1.0 Expression of Gratitude

Madam Speaker, I rise this afternoon to close the budget debate on the Appropriation Bill for the upcoming 2023/24 fiscal year.

I take the opportunity to welcome Jamaicans here in Jamaica and in the diaspora for tuning in on radio, television, or through YouTube, Instagram, Facebook, Twitter or other online platforms.

Thank you for your participation.

The debate has been vibrant, passionate and colourful.

On behalf of the people of Jamaica I thank the contributors to the debate, the Most Honourable Prime Minister, for delivering a presentation of substance, a presentation that demonstrates the achievement of this government and a presentation that delivered hope.

Born in a Spanish Town board house, studying hard at school, take out you student loan, and working for an NGO before rising to become prime minister, you are an inspiration to many millions of Jamaicans. You keep moving the ball forward for the Jamaican people.

I thank the Leader of the Opposition, for his presentation. Last year I said that there may have been a few “Yellow Card” moments but this year Madam Speaker, the Opposition Leader definitely earned a “Red Card”.

But we thank him for his contribution, nonetheless Madam Speaker.

I also thank the Opposition Spokesman on Finance for his budget presentation. For him, I have to use a cricketing analogy. He has bowled some full tosses Madam Speaker, not perfect, but he did not pitch the way I like Madam Speaker...either short or right outside the off stump.

But we thank him for his contribution, nonetheless Madam Speaker.

Thanks to the Speaker who has been doing an excellent job in maintaining the order of these proceedings.

They don't know how much Jamaica loves you Madam Speaker.

Thanks to the Parliamentary staff, the Clerk and Deputy Clerk, the Marshals, the Stenographers, and all who work at the House of Parliament for your dedication and professionalism.

Thanks to the Financial Secretary and the entire staff at the Ministry of Finance.

Thanks also to my security detail and driver.

And, of course, I again express thanks to my family, for their loving support.

Thanks, too, to the members of the media for following and reporting on the debate.

2.0 Comments about the Speaker

When the Leader of the Opposition made his contribution to the Budget Debate, he included the following words:

“When the former Speaker was forced to resign as a result of an Integrity Commission investigation, the move to replace her with the wife of the Prime Minister, so that the head of Parliament is now the spouse of the head of Government, does not sit well with the tradition that the Speaker must act independently of the government of the day.”

Madam Speaker, as others have pointed out, we on this side, and others outside think this was low.

Firstly, the Speaker of the House served as Deputy Speaker for three years from September 2020 to November 2023. During that time she acted as Speaker on several occasions.

So, it was the Deputy Speaker who was elected to replace the outgoing Speaker.... not the “wife”.

The fact that in your statement you refer to her as the “wife” not recognising her three year tenure as Deputy Speaker, and therefore

the natural successor, is, in my view, disrespectful to the highest degree.

Madam Speaker, women, like men, are individuals who ought not to be defined by their relationships with men.

When you do this, you subordinate the professional role of the woman or man.

Wife, sister, mother are roles women sometimes play, much like men are sometimes husbands, brothers and fathers.

But in a professional setting, it does not sit well with the tradition of respect on which our society has been built for you to refer to any female parliamentary colleague by her marital relationship with her husband.

By all means, talk about the Speaker's decisions, criticise if you must, but leave the wife alone.

It was out of order. The Opposition Leader can do better.

It reminds me of when the Member from East Portland campaigning for election in her own right was derogatorily referred to as the “wife” of Mr. Vaz. That she is, but in the context of the campaign she was the Jamaica Labour Party candidate for the seat.

It would have been better if the Opposition Leader had said:

*“the move to replace her with **the Deputy Speaker who happens to be the wife of the Prime Minister**”*

Furthermore, for three years the Member from East Rural St Andrew, Juliet Holness, served as Deputy Speaker and over that time she acted as Speaker on many, many occasions.

Over three years - never once, did any Member rise to his or her feet to provide any objection to that on account of marital relationship with the prime minister.

When the Deputy Speaker was nominated to fill the role of Speaker, to fill the vacancy that then existed, her nomination was seconded by the Leader of Government Business, the Member from East Kingston and Port Royal, Phillip Paulwell who rose to his feet and said:

“Madam Clerk I beg to second the motion.”

The Speaker was then unanimously elected by both side of this House with cheers and applause.

The former Leader of the Opposition, the Member from St Andrew East Central, Peter Phillips, a few sittings later, without invitation or solicitation rose to his feet, on his own accord, and addressed the Speaker directly saying:

“A major impulse that brought me here today was to see you in your elevated position”.

This was greeted with spontaneous and rapturous applause by both sides of the aisle, including many on that side who applauded that remark.

Madam Speaker, the Opposition welcomed the promotion of the Deputy Speaker to Speaker and expressed no issues of principle.

Now, Madam Speaker, principle is principle.

Principle is not something that changes with the wind.

Principle is not something that changes when circumstances get tough.

Principle is principle.

Principle is not something that changes because you disagree.

Principle is principle.

Principle is not something that changes because of political opportunity.

Principle is principle.

Given the Leader of Government Business's full throttled endorsement of the Deputy Speaker's elevation, the Opposition Leader's statement last week publicly undermined and emasculated the Member....and sends the unmistakable message that we cannot trust what anyone of them over there says.

Because the Opposition Leader is likely to, anyday, anytime, anywhere, just flip flop, contradict and undermine them.

That is not good for Jamaica.

Now that the Opposition Leader has a disagreement with the Speaker's position on a specific matter, rather than address that matter, he raises an objection *in principle* to her appointment – despite the Opposition having supported it in the past.

That, Madam Speaker, is unprincipled.

That, Madam Speaker, is flip-flop.

That, Madam Speaker, is not leadership that you can trust.

And what we find over and over again, even in the same speech, the Opposition Leader's presentation includes unprincipled positions time and time again.

He flip flops, he undermines his colleagues and he uses arguments that can best be described as deceptive.

This is not good for our country.

Madam Speaker, having met with Opposition MPs who shall remain nameless, on the principles of the salary reform for parliamentarians, I introduced the changes via statement to his House, days , in May 2023.

The Member from St. Andrew South Eastern, the Opposition Spokesman on Finance, Julian Robinson, rose to his feet and said

“the Opposition takes no issue with what the minister has announced”

Madam Speaker, without the Oppositions support in principle and their public support in the House, in response to my statement, that adjustment for parliamentarians would not have happened.

In fact, it is the failure of Oppositions and Governments of the day, in the past, that stymied previous efforts in relation to parliamentary compensation.

Madam Speaker, although the Opposition Member with finance portfolio responsibility got up and publicly gave support on behalf of the Opposition in response to my statement outlining the details....

.... days later the Opposition of Mark Golding issues a statement that completely contradicted the support offered by the Opposition finance spokesman.

Madam Speaker, seemingly for political gain, the Opposition Leader publicly undermined and emasculated the Member from St. Andrew South Eastern, Julian Robinson.

That, Madam Speaker, is unprincipled.

That, Madam Speaker, is flip-flop.

That, Madam Speaker, is not leadership that you can trust.

It sends the unmistakable message that we cannot trust what the Opposition Spokesman says over there says.

Because the Opposition Leader is likely to, any day, anytime, anywhere, just flip flop and contradict and undermine him.

Now, that is a problem Madam Speaker, because Government and Opposition have to work together, and the Opposition Leader contradicting and undermining members on his side who he has

appointed to senior positions, is inimical to a constructive working relationship.

For example, in this House, it is customary for the House Leaders from Government and Opposition benches to converse and to, in the moment, come to an understanding or agreement on how a matter ought to be dealt with.

The Leader of Opposition Business in the House has 30 years of parliamentary experience, inclusive of his days in the Senate. We have to be able to rely on his word in his capacity as Leader of Opposition Business in the House.

But how can we under these circumstances where the Opposition Leader flip flops, emasculates and undermines?

The Member from St Andrew South Eastern has been included in the shadow cabinet with portfolio responsibility for finance – how can we rely on his word given the public emasculation and undermining by the Opposition Leader?

Unprincipled.

Flip-flop.

That is not leadership that you can trust.

Madam Speaker, the Opposition Leader can publicly emasculate Phillip and Julian, they may not have people to speak up for them. But as all on this side will tell you, don't touch Juliet.

3.0 Fiscal Responsibility

Madam Speaker, under this Government, even after the worst economic crisis in our history, Jamaica's macro-economic fundamentals are the strongest that they have been for 50 years.

And we are leveraging that economic stability in the people's interest.

We are entrenching fiscal responsibility by strengthening fiscal rules and birthing a new institution, the fiscal commission, to increase the incentives for fiscal sustainability and magnify the disincentives for pursuing a path of fiscal recklessness.

We have paid a heavy price for the absence of fiscal responsibility, Madam Speaker, and it is my fervent hope that fiscal responsibility will become not only rooted institutionally but firmly anchored in hearts and minds.

Madam Speaker, the Opposition Leader advances a narrative of rescuing Jamaica in the 2012 to 2016 period to suggest that Fiscal Responsibility began then.

Madam Speaker, I have a lot of respect for former Prime Minister Portia Simpson Miller, for her work and her achievements and for Peter Phillips, the finance minister in her administration.

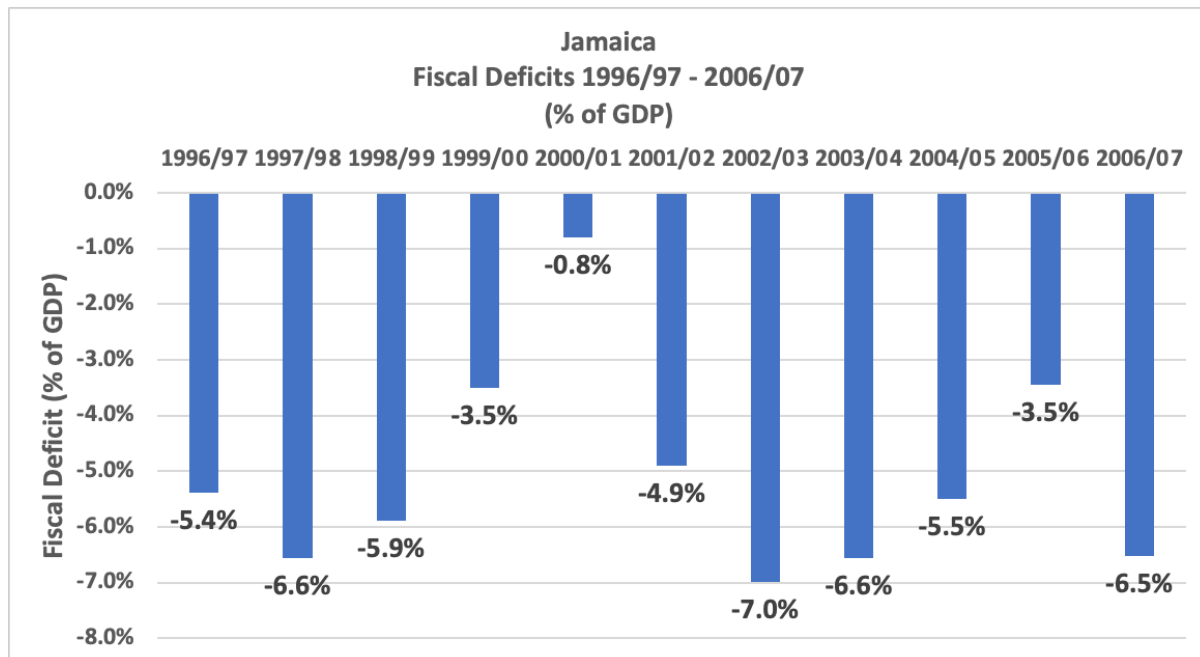
But I do not believe that this should be used to distort the facts.

It was Bruce Golding and Audley Shaw who had the audacity and courage to point out that the economic policies of the 1989 – 2007 administration were unsustainable and reckless.

Madam Speaker, for periods during that 18-year stretch, just two expenditure items – interest and salaries – exceeded tax revenues.

Just try to imagine that.

The PNP administration ran large fiscal deficits for 11 consecutive years between 1996/97 and 2006/07.



Madam Speaker, these deficits became unsustainable and it should not be surprising that this period was the period of the fastest rise in Jamaica's debt – a 5-fold or 500% increase in Jamaica's debt in 11 years.... from \$184 billion in March 1996 to \$923 billion by March 2007.

And if you start earlier, there was a greater than 9-fold or 950% increase in Jamaica's debt from March 1992 to March 2007

Madam Speaker – a 950% increase in Jamaica's debt Madam Speaker in 15 years.

That was the ferociously torrential and unsustainable fiscal current that the Bruce Golding administration stepped into.

They had the courage to call this out as unsustainable.

During this period of unsustainable fiscal deficits, Madam Speaker, the prevailing wisdom, was “Ta, Ta” ...that is a disengagement from cheap IMF and World Bank financing, along with sustainable policy prescriptions, in favour of expensive financing from capital markets.

It was Bruce Golding and Audley Shaw saw that “Ta Ta” and 500% increases in debt was destroying Jamaica and led the process to re-engage with the IMF and the World Bank.

The era of fiscal responsibility started with them.

It was under the 2007 – 2011 administration that:

- The Government owned Air Jamaica, which lost US\$1 billion under the PNP, was sold releasing the Jamaican people from this major source of debt escalation;

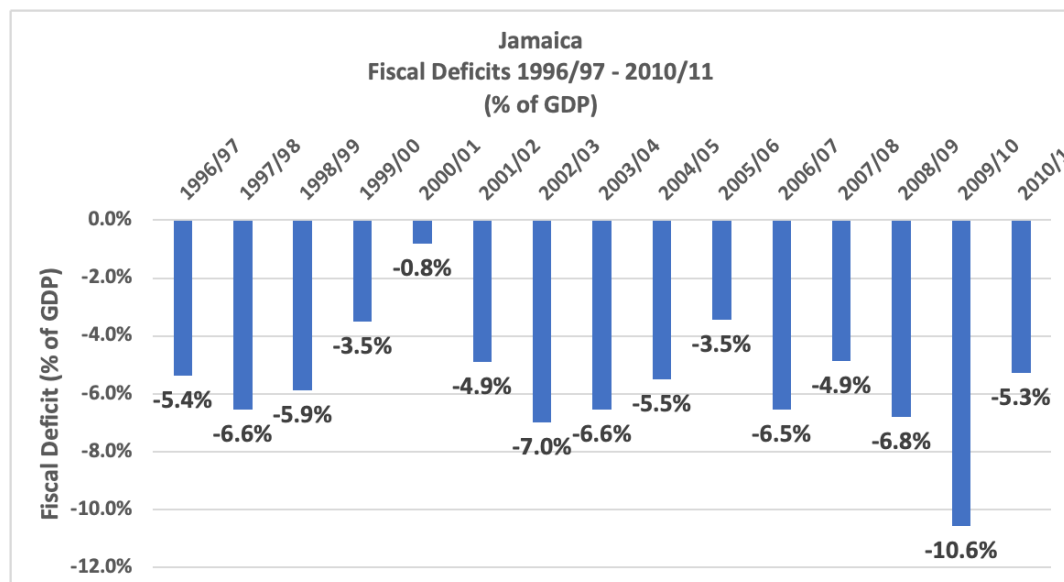
- The Government owned Sugar Company of Jamaica, which was also a major contributor to debt escalation through continuous losses, was also sold;
- The Financial Audit and Administration Act was significantly amended as part of a broader financial reform effort. These amendments were aimed at improving fiscal responsibility and introducing more stringent fiscal management and accountability frameworks.
- Introduced fiscal rules for the very first time.
- For the first time Tax Expenditure Statement was submitted to Parliament which has since become an annual practice.
- Implemented Jamaica's first debt exchange to address the unsustainability of debt.

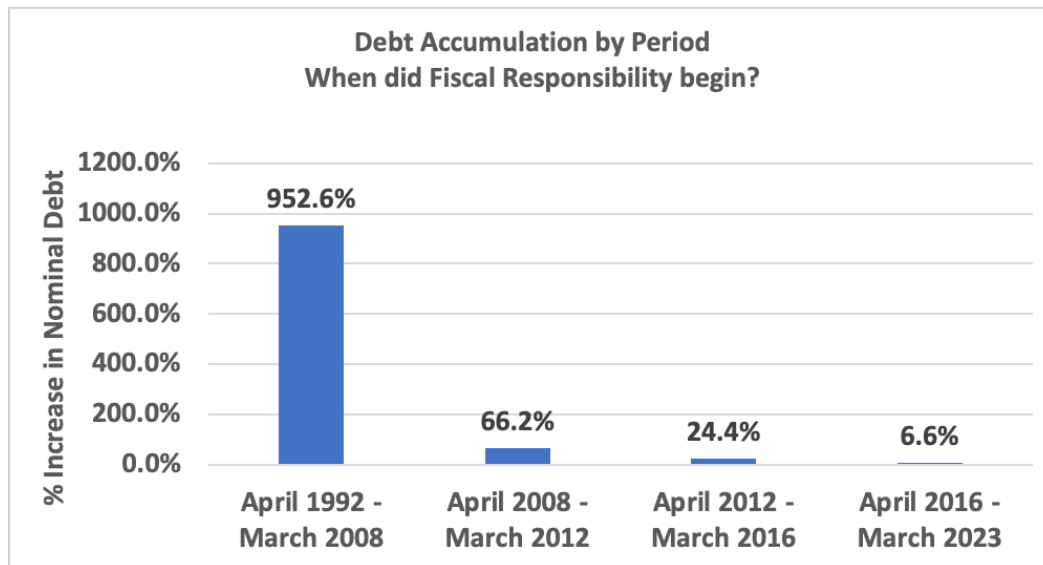
The era of fiscal responsibility started with the 2007 – 2011 administration.

Now, faced with what was then the worst economic crisis since the great depression, the fiscal accounts worsened but the pace of the debt accumulation slowed considerably.

From an approximate 1,000% increase in debt over the PNP administration, the debt grew by approximately 70% over the four years of the Bruce Golding administration....from \$1 trillion in March 2008 to \$1.7 trillion by March 2012.

That rapid deceleration in debt accumulation from 950% over 15 years to 66% over 4 years marked the beginning of the fiscal responsibility period.





Madam Speaker, the 2007 – 11 period was not perfect. The IMF agreement collapsed...not because of a lack fiscal responsibility but because of a lack of sufficient consensus in the society about the need for fiscal responsibility and wage agreements violated what was required for fiscal adjustment.

So, my position isn't that there wasn't a difference between 2007 to 2011 and 2012 to 2016.

There was a difference.

But the difference was not around the policy of fiscal responsibility of the government.

The fiscal responsibility thrust of Government started with the Bruce Golding administration.

This was continued in the 2012 to 2016 period but a major difference was in a much greater acceptance in the society of the need for fiscal responsibility.

The social conditions were entirely different.

And in large part, Madam Speaker, the social conditions were different because the Prime Minister Holness had the honesty and courage to tell Jamaica the truth about the need for fiscal discipline that would hurt.

And so, you had an outgoing government that lost on the platform of promising fiscal discipline and an incoming government that had no choice but to implement it.

Jamaica never had a better chance.

To the credit for the 2012 to 2016 administration they made use of that chance.

But to this day I cannot understand, if fiscal responsibility is your thing, and it was such a great achievement – why campaign on someone's house?

If you embrace and believe it, why didn't you speak it?

Madam Speaker, they did not speak about it because fiscal responsibility is not core to who they are as a party.

The facts are that in the 2012 to 2016 period, the PNP administration found itself in a position where there were no other options.

Time came for “Ta Ta”

Time came for “run wid it”

And they found themselves in a deeply intrusive Extended Fund Facility arrangement from 2013 onwards where they had to do as they were told.

So yes, the IMF is fiscally responsible, but the PNP cannot claim to be fiscally responsible as history will show that a PNP government has never been fiscally responsible when you have had a choice.

Examine the record 1972 – 1980 and 1989 – 2007.

Implementing fiscally responsible policies when you have no choice in the matter is not a demonstration of fiscal responsibility.

Jamaica ran out of options and you were under the watchful eyes of the IMF, thank God, and you had no choice whatsoever.

Under this government we have had choice.

We graduated from an IMF program in 2019.

And we went through COVID on our own steam and with homegrown policies, and homegrown ideas we displayed fiscal responsibility before the crisis, during the crisis and after the crisis leading Jamaica to one the fastest, most complete economic recoveries in the Western Hemisphere.

We piloted Jamaica through the worst economic storms in our history
– ON OUR OWN.

That is fiscal responsibility. You demonstrate fiscal responsibility when you have choice, lots of choice, and yet you still decide to do the responsible thing.

So don't come in here and tell anyone about fiscally responsibility when your party has never ever exhibited fiscal responsibility when it has had the privilege of choice.

The only thing you can point to is when you were locked in a vice made by 18 years of fiscal recklessness and you had NO CHOICE WHATSOEVER and thank God you had to implement policies from the IMF.

We demonstrated fiscal responsibility of our own free will. And we are not afraid to talk to the people about it.

Fiscal responsibility requires commitment to principle which doesn't change when the sun is out or when it rains...principle is principle.

With the kinds of leadership that have been demonstrated, the emasculation of senior people and the about-turns and U- turns....you cannot be trusted.

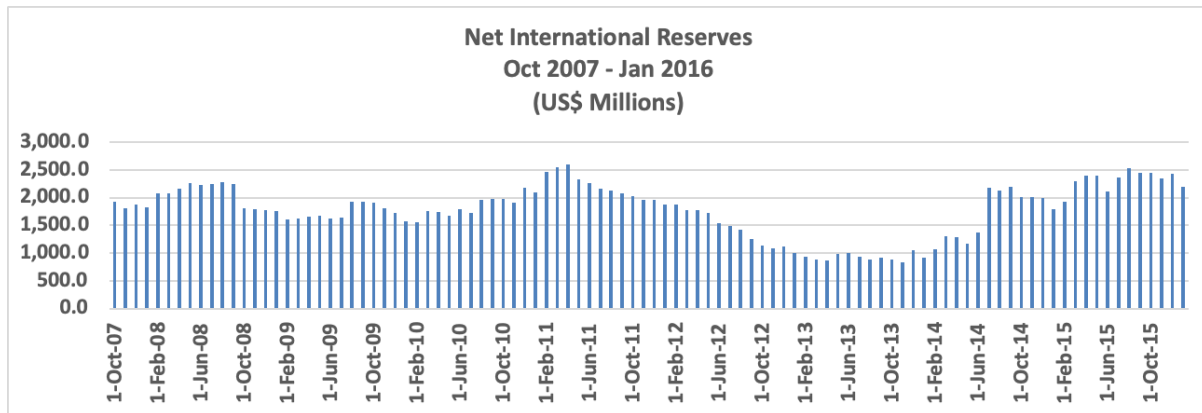
Because when it gets difficult and the pressure mounts and the NEC starts to bark you will turn on any principle.

As you have shown.

Even today, we accessed attractively priced funding from the IMF, under the Resilience and Sustainability Trust but due to the performance of Jamaica we have policy freedom and we still choose to be fiscally responsible.

4.0 Foreign Exchange Reserves

Now while I am on this point, I want to clear up a piece of misinformation that is often in the public domain from the other side.



Then Opposition Leader Portia Simpson Miller famously told Jamaica that she would have concluded an IMF agreement in two weeks.

Well, it took maybe 40 times longer than that.

Now, let us recall that, at the end of the 2007 – 2011 administration, Jamaica had just shy of US\$2 billion in foreign exchange reserves.

Madam Speaker, they took a long time to conclude a follow up agreement with the IMF and by November 2013, Jamaica's foreign exchange reserves had dwindled to US\$835 million.

They like to mis-remember this and believe that that administration started with US\$835 million.

Nothing nuh go suh at all.

They started with approximately US\$ 2 billion in Net International Reserves, Madam Speaker, and they ended with US\$2.2 billion.

And of that US\$2.2 billion, Madam Speaker, \$1 billion or nearly half, constituted borrowed reserves.... certificates of deposits or CDs.

Madam Speaker, we took the baton with US\$2.2 billion and now we have US\$4.7 billion in Net International Reserves and counting. And at the same time those CDs have reduced dramatically to only US\$85 million.

5.0 No New Taxes

There was a time when the three words that would confuse the Opposition were “Jamaica Labour Party”.

Madam Speaker, over the past 7 years that has changed.

Today, if you want to confuse the Opposition, Madam Speaker the three words you have to say are:

"No New taxes"

If you don't believe me Madam Speaker, take a look at their faces when I say it again....

“No New Taxes for seven consecutive years”

It makes them delirious, because, against Jamaica’s economic background they know the potency of that.

So it mek dem talk all kinda things that are simply not true or don’t make sense.

Madam Speaker, the Opposition Leader puts up a chart Madam Speaker that purports to show revenue growth over the period of this government.

Again, I don't know how else to say it other than to say it: I have not seen a more deceptive chart in this House.

FY	Tax Collected (J\$mn)	Increase over prior FY (J\$mn)	Increase over prior FY (%)	GDP (J\$bn)	Tax as % of GDP
2015/16	411,854	40,977	11	1,687,400	24.4
2021/22	616,368	110,681	22	2,322,000	26.5
2022/23	752,841	136,473	22	2,751,900	27.4
2023/24	856,372	103,531	14	3,047,400	28.1
2024/25	924,376	68,004	8	3,289,800	28.1
TOTAL		418,689			

He shows 2015/16,

does not show 2016/17,

does not show 2017/18,

does not show 2018/19

nor 2019/20

nor 2020/21.

When was COVID again? A chart for revenues over this administration that deliberately leaves out the COVID year?

And then he shows 2021/22, 2022/23, 2023/24 and projections for 2024/25.

Fiscal Year	Tax Revenues	Increase over prior FY (J\$Bn)	Increase over prior FY (%)	GDP (J\$ Bn)	Tax as a % of GDP
2015/16	411,854.0	40,976.5	11%	1,688	24.4%
Golding: "PEEK A BOO!"					
2021/22	616,367.9	110,681.2	22%	2,322	26.5%
2022/23	752,841.1	136,473.2	22%	2,752	27.4%
2023/24	856,372.3	103,531.2	14%	3,074	27.9%
2024/25	924,376.3	68,004.0	8%	3,290	28.1%

First two questions:

- Why would he do this Madam Speaker?
- Why would he hide these years 2016/17 - 2020/21?

He then says that revenues have doubled between 2015/16 and 2023/24 and are up by \$400 billion!

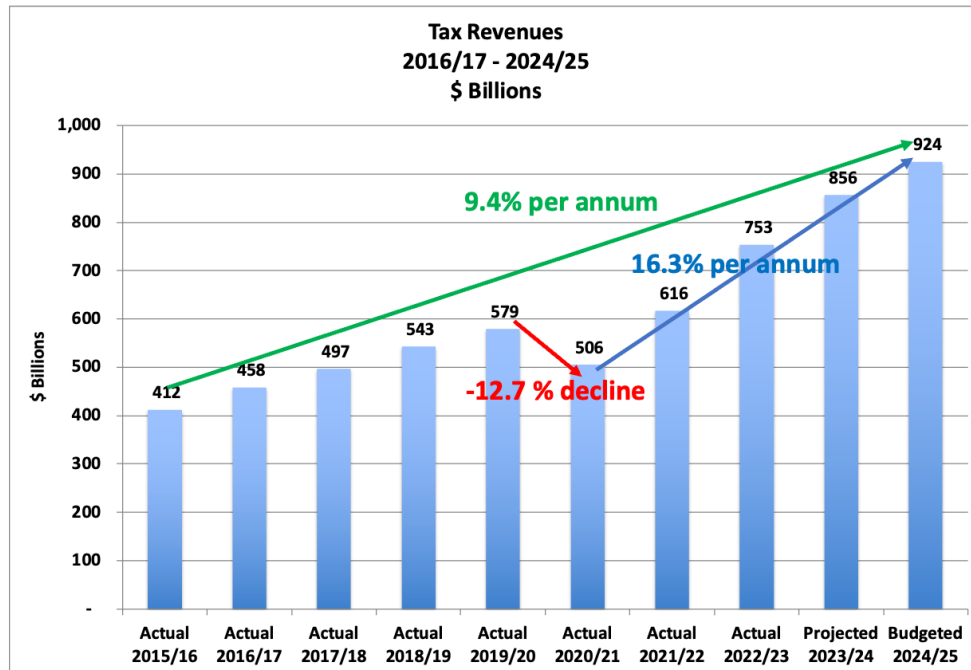
Well Madam Speaker, isn't that a good thing?

Isn't that the point? Revenues going up in an environment of no new taxes?

Madam Speaker there is no PNP government that has presided over a Jamaica with a nine year stretch of continuously increasing tax revenues, in real terms, without the imposition of any new taxes.

They are simply confused and, in their confusion, present charts that skip over years and are therefore deceptive.

Madam Speaker, the average annual rate of increase in tax revenues over the entire period in the chart is 9.4%. That is, tax revenues have improved by an average annual compounded rate of 9.4% per annum.



Source: MOFPS

Now let us go back and look at what that chart deliberately excluded

2016/17 - increase of 11% over 2015/16

2017/18 - increase of 8% over 2016/17

2018/19- increase of 9% over 2016/17

2019/20 - increase of 7% over 2018/19

2020/21 - decline of 13% with respect to 2020/21

So, Mr Golding presents a chart of revenue growth and deliberately leaves out all the years that are consistent with the average growth over that period and deliberately leaves out the historic revenue decline of the first COVID year!!

I don't know any other way to describe this than utter deception!!

So, **of course** revenues climbed in 2021/22 by 22% over 2020/21, the year of the major COVID economic contraction. But these 2021/22 revenues were only 6% higher than 2019/20, the year before COVID.

Thank God!

Fiscal Year	Tax Revenues	Increase over prior FY (J\$Bn)	Increase over prior FY (%)	GDP (J\$ Bn)	Tax as a % of GDP
2015/16	411,854.0	40,976.5	11%	1,688	24.4%
2016/17	458,323.4	46,469.4	11%	1,789	25.6%
2017/18	496,894.6	38,571.2	8%	1,933	25.7%
2018/19	542,919.4	46,024.8	9%	2,051	26.5%
2019/20	579,397.0	36,477.6	7%	2,121	27.3%
2020/21	505,686.7	(73,710.3)	-13%	1,949	25.9%
2021/22	616,367.9	110,681.2	22%	2,322	26.5%
2022/23	752,841.1	136,473.2	22%	2,752	27.4%
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2024/25	924,376.3	68,004.0	8%	3,290	28.1%
Source: MOFPS			Avg: 9.97%		

And, **of course**, they climbed again in 2022/23 by 22% over 2021/22. But these 2022/23 revenues only grew by 9.1% compounded if you compare with the pre COVID year 2019/20.

Fiscal Year	Tax Revenues	Increase over prior FY (J\$Bn)	Increase over prior FY (%)	GDP (J\$ Bn)	Tax as a % of GDP
2015/16	411,854.0	40,976.5	11%	1,688	24.4%
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2018/19	542,919.4	46,024.8	9%	2,051	26.5%
2019/20	579,397.0	36,477.6	7%	2,121	27.3%
2020/21	505,686.7	(73,710.3)	-13%	1,949	25.9%
2021/22	616,367.9	110,681.2	22%	2,322	26.5%
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So when Mr Golding states:

“Over the four FYs 2021/22 through 2024/25, tax collections have increased by J\$419 billion. J\$419 billion of additional taxes has been collected from the Jamaican people collected over the past four years!”

That’s just a barefaced deceptive statement. There aren’t additional taxes. There are additional tax revenues. The deception Madam Speaker is that he is counting from the depth of COVID when revenues declined by 13% in one year, the largest amount in Jamaican history – but he is not telling you that.

Thank God revenues recovered – or else:

- we could not have allocated \$200 billion more to public sector compensation.
- we could not be doing the SPARK Program
- we could not be buying 100 JUTC buses and 50 garbage trucks.
- we could not be giving raising the income tax threshold for pensioners.
- we could not be raising the income tax threshold.
- we could not be implementing the Reverse Income Tax Credit

Guess what Madam Speaker, under the PNP administration in 2015/16, when new taxes were introduced (up on top of new taxes in 2014/15, 2013/14 and 2012/13), tax revenues increased by 11% and the simple average revenue growth over the period 2016/17 to 2024/25 is 9.97% without any new taxes.

Madam Speaker, gaslighting is an insidious form of manipulation. Victims of gaslighting are deliberately and systematically fed false information that leads them to question what they know to be true. They may end up doubting their memory, their perception, and even their sanity.

So, Mr Golding's commentary and table represent gaslighting by misleading the public into thinking there is something going on with over-the-top revenue growth when - it is good news, it is entirely explainable and he needs to omit relevant information to present a distorted picture.

The Opposition Leader also advances the false argument that revenue increases are as a result of indirect taxation.

Clearly, he is forgetting that this administration decreased the rate of GCT by 1.5 percentage points!

Revenue increases Madam Speaker are as a result of increased economic activity.

Them just winging it Madam Speaker, Dem nuh understand it.

Madam Speaker, Jamaica's fiscal data is publicly available on the Ministry's website.

So, when you look at the growth in personal income tax, though we raised the threshold substantially to 1.5 million, income tax revenue

has grown by \$190 billion or 145% cumulatively or a compounded annual rate of 10.5% per annum Madam Speaker over the period!

Duh! duh!

If you only bothered to check before running off your mouth.

Revenues have increased substantially as unemployment declined from 13% to 4% AND we have had 30 quarters of economic growth.

Duh!

In case it has not occurred to you, there is no administration in 50 years that has presided over had collectively, 30 quarters of economic growth.

What you think happens in such an environment?

Income tax Revenues increase when economic activity increases.

There are 200,000 more cars on the road today than prior to COVID.

Similarly, Education Tax revenue increased by 152% or \$32 billion or a compounded annual rate of 10.8% for the same reason.

Madam Speaker, under our Minister of Tourism, travel tax is up 236% - comparing projections for 2024/25 with 2015/16. This is average annual compounded revenue growth of 14.4%. This is \$24 billion more in 2024/25 than 2015/16.

Tax revenue from Betting, Gaming, Lotteries increased by 313% over the same period or a compounded annual rate of 17% per annum delivering \$8.6 billion more to Govt coffers.

So, Madam Speaker these four-line items of revenue alone - income tax, education tax, travel tax - alone account for \$255 billion or more than 50% of the revenue growth experienced, and which exceeds the growth in revenue from GCT and Special Consumption Tax which grew at slower compounded annual rates.

5.1 GDP Growth

Then Madam Speaker the Opposition Leader ludicrously and misleadingly states that tax revenue by the population increasing it from 190,000 per person to 340,000 per person.

Madam Speaker, him winging it. He doesn't understand it.

Since this Government came to office the economy has doubled in size! From \$1.688 trillion to \$3.289 trillion.

If there is no new tax and the economy doublethen tax revenue nuh mus double to?

Who is he really trying to fool?

This aspect of Mr Golding presentation shows contempt for the Jamaican people with these deceptive claims that he advances by leaving information out.

Under this Government the average economic output of every Jamaican has nearly doubled from approximately \$614,936 to \$1,198,470 by March 2025.

So, of course, even with no new taxes tax revenues per persons doubles along with the doubling of economic output per person.

5.2 Tax Revenues/GDP

Madam Speaker Dem night understand it.

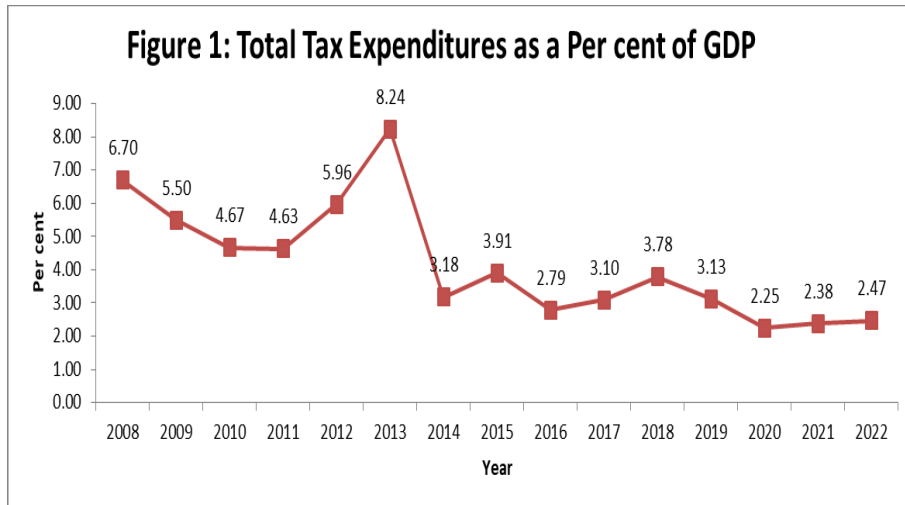
Let me begin this section by defining the words tax expenditure. Tax expenditures are defined in our Tax Expenditure statement as any revenue loss that occurs as a result of specific provisions that lead to a reduction of tax payable by a specific type of taxpayer or activity. The Tax Policy Centre defines tax expenditures as special provisions of the tax code such as the exclusions, deductions, deferrals and credits that benefit specific activities or groups of taxpayers.

The Opposition Leader's presentation also included that tax revenues as percentage of GDP moved from 24% in 2015/16 and is projected to be 28% by 2024/25 and tax expenditures are pertinent to the explanation of this observation.

There are three explanations Madam Speaker:

- (1) Tax compliance has increased, which is great.
- (2) Tax exemptions have largely been codified and put into law. There is increased transparency and predictability about tax exemptions, and in terms of tax exemptions, everyone knows what they can get and what they cannot. Madam Speaker, we have been very judicious with tax expenditures. Tax waivers over the past nine years have been limited to no more than \$10m per month. And long may this continue. As such Madam Speaker tax expenditures, which would normally reduce revenue, do not have as an ample an opportunity as would have existed in the past.
- (3) Structural changes in the economy

Madam Speaker, Jamaica is coming from an era of high tax expenditures. So, the tax rates exist but the associated revenue does not materialise because of exemptions, exclusions, deferrals and waivers.



Tax Expenditures were 3.91% in 2015 and declined to 2.47% in 2022.

Madam Speaker, here is how the tax revenue/GDP looks when you add back tax expenditures/GDP. Tax Revenues as a % of GDP prior to Tax expenditures is quite even over the period.

Fiscal Year	Tax as a % of GDP	Tax Expenditure as a % of GDP	Tax Revenues Before Tax Expenditures as a % of GDP
2015/16	24.4%	3.9%	28.3%
2016/17	25.6%	2.8%	28.4%
2017/18	25.7%	3.1%	28.8%
2018/19	26.5%	3.8%	30.2%
2019/20	27.3%	3.1%	30.4%
2020/21	25.9%	2.3%	28.2%
2021/22	26.5%	2.4%	28.9%
2022/23	27.4%	2.5%	29.8%

So, Madam Speaker what this illustrates is that the Government is doing the fiscally responsible thing by limiting and reducing tax expenditures.

6.0 Income Tax Threshold

Madam Speaker, in May 2023, Mr. Golding declares that Jamaica's income tax threshold should be increased by 40% to \$2.1 million.

No numbers.

No analysis.

No costings.

Golding wants 40% increase in income tax threshold

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Published: Wednesday | May 24, 2023 | 9:22 PM



The Opposition Leader made the declaration amid public outcry over the increases for members of the political directorate. - File photo

Opposition Leader Mark Golding has stated that Jamaica's income tax threshold should be increased by about 40 per cent to match the present realities of the country's working-class population.

Addressing a press conference at the People's National Party (PNP) headquarters on Wednesday, Golding noted that the current income tax threshold of \$1.5 million has not been adjusted since 2016.

Golding wants \$3m income tax threshold

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Published: Sunday | September 17, 2023 | 5:25 PM



Speaking at his party's national conference in St Andrew on Sunday, Golding said it's time for a revision, citing inflation. - Rudolph Brown photo

PNP President Mark Golding is calling for Jamaica's income tax threshold to be doubled to \$3 million.

The threshold is the figure above which workers are required to pay income tax.

Four months later, in September 2023 changes his mind, calling instead for a 100% increase in the income tax threshold to \$3m.

Again,

No numbers.

No analysis.

No costings.


Dem jus a wing it, Madam Speaker.

Unprincipled positions. Shifting in the wind. Flip Flop.

The whole country waited to hear how Mr Golding would finance this.

Commentators were public with their expectations that Mr Golding would outline how he would finance the doubling of the threshold.

Commentators: Golding Must Outline \$3m Income Tax Threshold Plan in Budget Presentation
Posted by Tauna Thomas | 19 Mar, 2024




Political commentator, Helene Davis Whyte, says she expects Opposition Leader, Mark Golding, to tell Jamaicans how a PNP administration would raise the income tax threshold to \$3 million, when he makes his contribution to the budget debate in the House of Representatives on Tuesday.

High expectations for Golding's Budget speech

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Published: Tuesday | March 19, 2024 | 12:12 AM | Edmond Campbell/Senior Staff Reporter



Opposition Leader Mark Golding

Economist and financial analyst Dr Adrian Stokes says he is expecting Opposition Leader Mark Golding to explain to the country, in his contribution to the 2024-2025 Budget Debate today, how he would fund his proposed increase in the income tax...

Golding to Outline \$3m Tax Threshold Funding Plan in Budget Debate - Tomlinson
Posted by Tauna Thomas | 1 Mar, 2024



PNP junior spokesperson on finance, Cleveland Tomlinson, says opposition leader, Mark Golding, intends to use the budget debate to announce how he would fund an increase in the income tax threshold to \$3 million.

He was speaking on *Nationwide This Morning* on Friday.

Madam Speaker, his junior spokesman promised that Mr Golding would outline his funding proposal in his contribution to the budget debate.

The Gleaner led with “High Expectations”.

But that's what happens when you have an Opposition that makes a habit of unprincipled positions. The expectations of them will always lead to disappointment.

Because Madam Speaker, when I explained that this move would cost nearly \$47 billion, all you could hear was silence.

Mouth zip. Not a peep. The Opposition Leader spoke for two hours Madam Speaker and not a word on how he would fund an increase in the income tax threshold that cost over \$45 billion.

It seems to be the case Madam Speaker that this was a cynical ploy to get the attention of Jamaicans, without any idea whatsoever of how to sustainably deliver on it.

They did not even know the cost.

Dem jus a wing it Madam Speaker. Unprincipled. They cannot be trusted.

7.0 Reverse Income Tax Credit

Madam Speaker, we proposed to increase the income tax threshold to \$1.7 million from \$1.5 million which will deliver \$50,000 more per year to Jamaicans who earn more than \$1.5 million.

We also introduced for the first time, a reverse income tax credit.

Madam Speaker, the Ministry Paper tabled included that this designed to increase compliance. Undoubtedly Madam Speaker, the Government providing a cash giveback to registered taxpayers will incentivise greater formalisation over the medium term. However, this not the only aim and certainly not the primary intention of the Reverse Income Tax Credit.

As such, Madam Speaker, there is nothing in my speech about compliance.

The words in my speech make my intention clear that the Reverse Income Tax Credit is a fiscal response to prevailing social and economic conditions, particularly for those on the lower end of the income threshold.

Madam Speaker, in an income tax system, the taxpayer pays money to the State.

We make such a system progressive, by having rates of income tax that increase with income and by establishing an income threshold below which no tax is paid at all.

Madam Speaker, negative income tax, is even more progressive by reversing the direction in which tax is paid for incomes below a certain level. Earners above that level pay money to the state, while earners below receive money from the state.

The Reverse Income Tax Credit is designed in that spirit, but as a one-off measure.

We have set the threshold at \$3 million because we wanted persons who are just above the current income tax threshold to also benefit.

However, Madam Speaker, it is targeted at those within that income bracket for 2023 from whom statutory contributions are deducted or who pay statutory deductions themselves.

It is only fair Madam Speaker that a benefit such as this goes to those who are contributing to the system, from monthly deductions are made.

This is fair as they are at a financial disadvantage as compared to those who are not contributing and take home less than those who are outside the system.

Yes, it is true that some people are not formalised due to no fault of theirs – their employers neither deduct nor pay over statutory deductions. Well, those persons have higher net incomes than others, who perform similar functions, from whom deductions are made.

That is, for most of these persons, by not having statutory contributions deducted, they are better off by more than the value of the Reverse Income Tax Credit given the aggregate consolidated percentage represented by statutory deductions.

So, Madam Speaker, the primary beneficiaries Madam Speaker will be those who earn below the income tax threshold, and in particular Jamaicans earning close to the Minimum Wage who are contributing

to the Jamaican system through statutory deductions from their pay check.

Madam Speaker, approximately 570,000 Jamaicans already, who earned less than \$3 million in 2023 contributed to the system through statutory deductions of Education Tax, NHT and NIS.

These are the persons who will qualify for the Reverse Income Tax Credit and anyone else regularised before the end of the fiscal year.

And there are 450,000 who earned less than \$1.5 million who contributed to the system through Education Tax, NHT and NIS.

These Madam Speaker include many security guards, room attendants, factory floor workers, machine operators, cooks and waitresses in restaurants, office attendants, messengers, janitors, drivers, sanitation workers, street cleaners, maintenance staff who toil every day and who contribute to the Jamaican system through statutory deductions.

Madam Speaker, the Reverse Income Tax Credit is intended for the mass of working people who make this country work and contribute

to the Jamaican system through monthly or regular statutory deductions.

We are leveraging economic stability to your benefit.

Now Madam Speaker, I heard Mr Golding cynically suggest that the \$11.4 billion from the income tax credit could be diverted towards those earning above the income tax threshold and by so doing increase the income tax threshold further.

Madam Speaker, I was appalled and shocked to hear that suggestion.

Madam Speaker, we are directing a benefit of \$11.4 billion to persons who earn at the lower end of the income spectrum, including hundreds of thousands of hard-working Jamaicans who earn at or just above the minimum wage level, and who contribute NIS, NHT and Ed Tax.

And you are suggesting taking that away from them and giving it to higher income earners???

Madam Speaker, when you increase the income tax threshold, EVERYONE above the threshold benefits including those way, way above the threshold.

So, the effect of Mr Golding's suggestion would be to take away the \$20,000 reverse income tax credit from the hundreds of thousands of minimum wage earners, and those just above, who are among the 570,000 Jamaicans earning less than \$3m and give it to the 70,000 Jamaicans earning above this amount.

Madam Speaker this is the approach of what we call champagne socialists.

And, Madam Speaker, that is what you get from an unprincipled, cynical, flip-flop, approach to policymaking.

Dem jus' a wing it Madam Speaker.

Dem DEFINITELY not ready.

Madam Speaker, not only would that suggestion be regressive, the opposite of progressive, it would also be fiscally questionable given

the source of funding for the one-off Reverse Income Tax credit is non-recurring.

8.0 Removal of GCT on Raw Foods

Madam Speaker, in 2012, Jamaica was in terrible fiscal shape and needed to raise a lot of revenue.

The Portia Simpson Miller administration therefore levied a tax package on May 24, 2012, to be effective June 1, 2012, which was designed to raise \$19 billion for the 2012/13 fiscal year, which, on an annualised 12-month basis, was a \$23 billion tax package representing 1.8% of GDP.

Included in that tax package was a broadening of the GCT base to include the application of GCT to raw foods, excluding chicken.

There was some protest on aspects of the measure.

On June 6, 2012 the then Government tabled Revised Revenue Measures that, among other changes, amended the application of GCT to raw foods by providing an exemption for domestic raw foods.

Madam Speaker, prior to June 2012, therefore, domestic raw foods and foreign raw foods were treated equally with respect to GCT. Neither category of goods attracted GCT.

We got to this position of a lopsided imbalance in the application of GCT on raw foods, because of the need for revenue, not protection.

Now Madam Speaker, this imposition of GCT of foreign produced raw foods but not on local produced raw foods violated binding trade agreements to which Jamaica is a party.

It was not and is not a grey area. It is black and white.

Madam Speaker, the General Agreement on Tariffs and Trade (GATT) is a multilateral legally binding agreement that regulates trade among more than 153 countries in the world.

It was entered into in 1947 and Jamaica became a contracting party to the GATT on March 9, 1963. Jamaica's accession to the GATT was part of Jamaica's broader efforts to integrate into the global economy and foster economic development through increased trade. The GATT was later replaced by the World Trade Organization (WTO) in 1995, of which Jamaica is also a member.

Madam Speaker, Article III of the General Agreement on Tariffs and Trade addresses National Treatment of Internal Taxation and Regulation. It is very clear Madam Speaker, that the Agreement, which is binding on Jamaica, forbids the application of GCT on foreign produced goods in a specific category while not also applying GCT to locally produced goods in the same category.

Here is an excerpt from Article III of the GATT:

“1. The contracting parties recognise that internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of products, and internal quantitative regulations..... should not be applied to imported domestic products so as to afford protection to domestic production.

2. The products of the territory of any contracting party imported into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products. Moreover, no contracting party shall otherwise apply internal taxes or other internal charges to imported or domestic

products in a manner contrary to the principles set forth in paragraph 1."

This is not debatable, nor is it up for negotiation. This is a crystallly clear provision, Madam Speaker. GCT is an internal tax.

It is against international trade law for it to be applied to foreign produced raw foods and not to local produced raw foods.

And the other side likes to talk about observing the law, and about observing international law.

But again, Madam Speaker, these days they operate without principle, flip-flopping, changing with the wind when it seems politically expedient to do so.

Madam Speaker, this is yet another example of their unprincipled approach.

Dem Juss a Wing it, Madam Speaker.

And he rudely acts whose bidding am I doing? Madam Speaker, he is out of order. I am upholding the rule of law and having Jamaica honour our international, legally binding obligations.

That is the right thing to do. That is the principled thing to do.

So, Madam Speaker, Jamaica needed the revenue in 2012, and so, *presumably*, the decision was made on the basis of “catch me if you can”.

Well Madam Speaker, Jamaica indeed was caught.

First, by CARICOM.

CARICOM got wind of this breach of international law and wrote to Jamaica demanding that changes be made so that its members were not subjected to unfair trade practices.

Jamaica quickly complied.

The Portia Simpson Miller administration changed the law in 2014 to ensure that foreign raw foods produced in CARICOM member states were exempt from GCT.

Fast forward to 2023. Jamaica was caught again.

Representatives of the WTO visited Jamaica in November 2023 for a customary, scheduled review of our trade regime....and Madam Speaker they saw this breach and brought it to the attention of the current administration.

Madam Speaker, in the same way that when CARICOM pointed out the breach in 2014, GCT was promptly removed from imported raw foods originating in CARICOM, it is the same way that the WTO having pointed the breach out, we are obligated to address it.

And there are only two options to address this breach of international law. Either we apply GCT to locally produced raw food OR we remove GCT from imported raw foods.

We chose the more palatable option at this time of removing GCT from imported raw foods.

For good measure, I have noted suggestions about negotiations. Madam Speaker this is a black and white, founding principle of the GATT signed to by 153 countries. This is not negotiable.

8.1 Blacklisting

Madam Speaker, I used the term blacklisting as a term to mean sanctioned by the international community. There is no literal blacklist for breach of international anti money laundering or tax obligations yet we use the term.

What I also said is that Jamaica would be exposed to trade sanctions from other WTO member states.

8.2 Protection

So Madam Speaker, this differential treatment in the application of GCT on raw foods on the basis of origin did not exist when GCT was introduced in 1991 and did not exist for 21 years thereafter.

Its only for the past 12 years, where, due to the need for revenues, resulting from a deep fiscal crisis, that Jamaica ended up flouting international law with respect to the non-uniform application of GCT.

Now, member states of the WTO have the opportunity to apply duties and Additional Stamp Duties, provided that the maximum

duties that could be applicable are published in the country's WTO schedule.

Madam Speaker, Jamaica currently applies import duties and additional stamp duties on imported raw foods. For example, for tomatoes, cabbage and carrots, raw foods that we produce in Jamaica, import duty is 100% and additional stamp duty is 80% and these are compounded which results in an effective total duty rate of 260%.

Now Madam Speaker, as part of Jamaica's WTO agreements, Jamaica has committed to maximum levels of "duties" of 100% and maximum level of "other duties" i.e. additional stamp duty of 80% to be charged on selected imports.

And this is the maximum that Jamaica can apply now Madam Speaker.

However, unlike the internal taxes such as GCT, these maximum in-bound duty rates are negotiable, Madam Speaker. We must bear in mind though that re-negotiation can take years and Article XXVIII of the GATT on Modification of Schedule also explains how costly it can be for a country to renegotiate.

The Article reminds us that “in such negotiations and agreement, which may include provision for compensatory adjustment with respect to other products, the contracting parties concerned shall endeavour to maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade than that provided for in this Agreement prior to such negotiations”.

That is any favourable adjustment in maximum rates in one area would need to be traded with compensating adjustments elsewhere.

8.3 Adjusting ASD's rates within the maximum ceiling

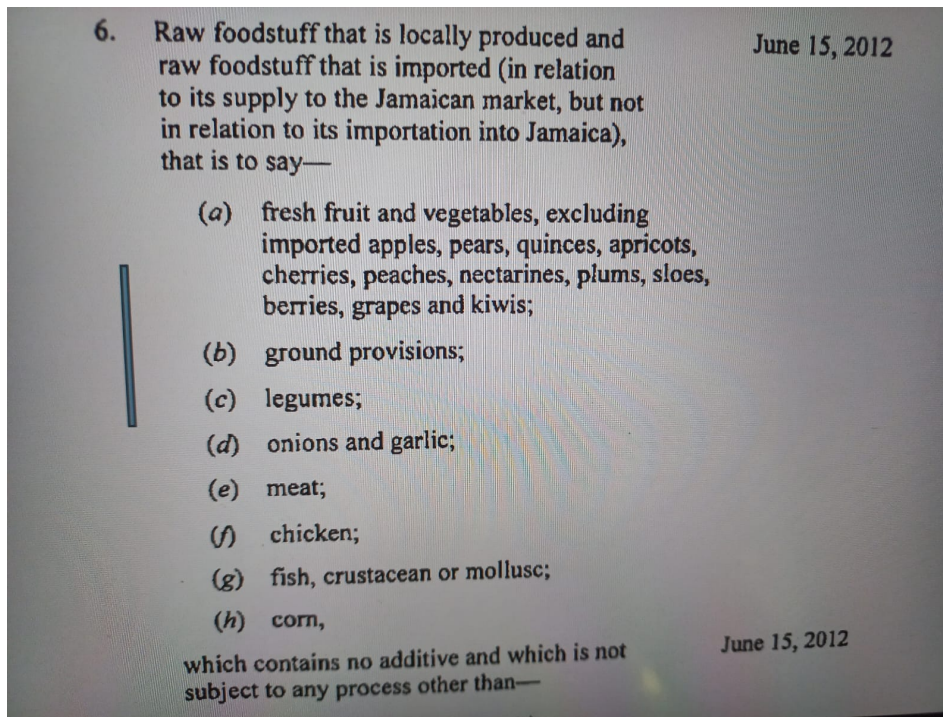
The Government is committed to quickly review the Additional Stamp Duty regime, including for raw foods, with a view of making necessary adjustments in consultation with all stakeholders.

We are putting together a working group in this regard, which includes the Ministry of Agriculture, Ministry of Industry, Investment and Commerce, and the Ministry of Finance and the Public Service inclusive of the Jamaica Customs Agency. Each of the parties to the working group will engage stakeholders in their sector. For the Ministry of Agriculture this include the Jamaica

Agricultural Society, RADA and other stakeholders in the agriculture sector.

The Third Schedule to the GCT Act, item 6, shows all the items exempted. In this schedule, it makes it clear the following items, whether domestically supplied to the Jamaican market or imported and supplied to the Jamaican market, do benefit from the GCT exemption. These are the items that will be relieved of the GCT when they are imported.

Let me make this clear that item 6 (a) since these items were not exempted from GCT, which means there was and is no differential in the GCT regime on the basis of origin for these items, it follows that GCT will continue to apply to these items.



9.0 Inaccurate Claims and Other Comments

9.1 PATH

Madam Speaker, the Opposition Spokesperson on Finance said “PATH Funds have not kept pace with inflation”.

This is not correct, Madam Speaker.

Allocations to PATH for the upcoming fiscal year increased by approximately 30% or \$2 Billion, which is four times the rate of inflation over the past 12 months.

Since 2016, the average real (adjusted for inflation) rate of increase in PATH allocations is 15%.

This means that increases to PATH were 15% higher than the rate of inflation on average over the period 2016/17 – 2024/25.

9.2 Poverty

Madam Speaker, the Opposition Leader falsely claimed *“There has been an upward movement in both poverty and inequality under this JLP Government. The prevalence of poverty increased to 16.7% from 11.0% in 2019”*.

Madam Speaker, this is false. It is inaccurate. And it is beneath the Leader of the Opposition to mislead in this way.

He knows that the rate of 16.7% was for 2021, three years ago yet he speaks as if it is a current figure.

Madam Speaker he knows that the Jamaica Labour Party government began February 2016.

And he knows that, in 2015, under the PNP, the incidence of poverty in Jamaica was 21.2%.

The incidence of poverty in Jamaica, even in the midst of the devastating COVID-19 pandemic, in 2021 was 16.7%. Madam Speaker this was still substantially lower than the incidence of poverty in Jamaica, under the PNP administration in 2015.

Poverty in Jamaica has fallen under the Jamaica Labour Party administration.

Furthermore, Madam Speaker, in its quarterly report for August 2023, the PIOJ reported that it was projecting a fall in the poverty rate from 16.7% in 2021. The PIOJ said:

“While the Jamaican economy recorded growth of 4.6 per cent in 2021, and employment increased by 8.3 per cent in July 2021 relative to July 2020, real GDP (gross domestic product) was still 5.8 per cent below its 2019 level and employment was 3.3 per cent below what it was in July 2019. These factors explain the higher poverty rate in 2021 relative to 2019,” The quarterly report further stated that:

“Similar to most economies, Jamaica was still recovering from the COVID-19 pandemic in 2021. Going forward, the poverty rate is expected to fall, given the continued improvement in the economy, as reflected in the improvement in real GDP and employment¹”

¹<https://jis.gov.jm/pioj-projects-fall-in-poverty-rate/#:~:text=The%20Full%20Story,point%20increase%20relative%20to%202019.>

Furthermore, in October 2023, the World Bank estimated that “The national poverty rate is estimated to have declined to 12.6 per cent in 2022²”

9.3 Employment

The Opposition Leader, again falsely claimed: “The Government has been boasting of low unemployment, when many of those jobs are below the International Labour Organization’s standard of decent work.” – Opposition Leader

Madam Speaker, let me quote from the Caribbean Policy Research Institute’s (CAPRI’s) 2023 Report “Growthless Jobs quotes the following:

“Employment data from the Labour Force Surveys between 2015 and 2022 shows that most of the newly created jobs have been full-time jobs. In Jamaica, the number of employees working more than 35 hours has risen substantially alongside a simultaneous, but less dramatic fall in those working fewer than 35 hours, indicating a shift towards full-time jobs.”

² <https://www.worldbank.org/en/country/jamaica/overview>

“The rise of formal work is displayed by the occupation composition of employment growth. Two of the strongest occupational growth categories were “clerks”, accounting for 24 per cent of the new jobs, and “professionals, senior officials, and technicians”, which added 21 per cent. Combined growth in those two categories represents half of the growth across occupations, and 84 per cent of those were formal workers.”

“The rise in formal employment has been fueled by increased employment of educated workers. Just 23 per cent of unskilled workers in Jamaica work in the formal economy, compared to 69 percent of semi-skilled workers, and 91 per cent of skilled workers. On average 44 per cent of all workers are in the formal economy. Seventy-five percent of new jobs were filled by more than 89,000 semi-skilled workers gaining employment between 2015 and 2021, causing their unemployment rate (which is higher than unskilled and skilled workers) to plummet from 27 per cent to just 14 per cent. So many educated workers gaining employment underlines the source of growth of formal work and offer further evidence that a significant number of new jobs are decent jobs.”

9.4 Bank of Jamaica Modernisation

The Opposition Spokesman stated, *“Furthermore, we initiated reforms to grant the Bank of Jamaica operational independence in setting monetary policy, primarily focusing on inflation targeting to ensure price stability.”*

Madam Speaker, in this country we like to grab ideas and think we can own them. Ideas are dime a dozen. In the context of countries and policies there are few unique ideas.

And furthermore the Opposition confuses ideas and talk, with action, achievements and results.

I know by experience that the idea of operational independence of the central bank pre-dates even the Simpson Miller administration and dates back to the 2010 IMF program.

I know that as I was a member of the BOJ board at that time. It is an idea that I found very attractive at the time and I was inspired by the discussion that ensued.

However, Madam Speaker, Jamaica was grappling with suffocating fiscal dominance with unsustainable fiscal arrangements.

As tangible evidence Madam Speaker, in 2009 former Minister in the Ministry of Finance, Don Wehby, proposed that the BOJ set up a monetary policy committee to determine interest rates.

And he wouldn't have been the first.

So these ideas existed from then and indeed were being pursued, but in reality they could not be implemented as we eventually did in 2020. Other reforms had to be pursued first.

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Financial Gleaner
NOVEMBER 6, 2009

Restructure BOJ
Wehby proposes new central bank model

Split chairmanship and governor's position
Set up committee to determine interest rates

Why did Latibeaudiere really resign?
— Page 12

THE MARKETS
November 5, 2009, at 3:00 p.m.

Regional Indices

Index	Value	% Change
BSE Local	5,360.76	-34.74
JSE Select	80,526	-0.05
JSE Select	1,789	-0.2
TST Composite	1,548.81	0.21%
Dow Jones	64,373.23	0.72%
Nikkei	2,230.14	0.55%

Global Indices

Index	Value	% Change
Dow Jones	9,560.48	1.62%
S&P 500	1,081.97	1.48%
S&P 500	11,552.81	0.2%
FTSE 100	5,155.64	0.38%
Hong Kong	21,479.08	0.63%
Shanghai	3,155.05	0.86%
Nikkei 225	9,717.44	1.29%

Foreign Exchange

Pair	Value	% Change
USD/USD	89.27	0.0%
USD/Euro	132.35	0.0%
USD/JPY	148.35	0.0%
USD/GBP	85.6	0.0%

Don Wehby, chief operating officer at GraceKennedy Limited.

THE CHANGE in the leadership of the Bank of Jamaica (BOJ) should be used to review the governance structure of the central bank, says Don Wehby, who suggests that the chairmanship be divorced from the governorship and that a monetary committee be put in place to set interest rate policy.

PLEASE SEE **BOJ** 4

Madam Speaker, anyone can review the Extended Fund Facility agreements and all 10 reviews under the PNP government between 2013 and the end of 2015. Madam Speaker, none of the many structural benchmarks in those documents addressed monetary policy operations of the central bank nor modernisation of the central bank.

During this period, the GOJ's economic policy framework was set out in these documents and particularly in the structural and quantitative targets.

Madam Speaker, in my capacity of Ambassador of Economic Affairs, and with the support of the prime minister, I negotiated the Precautionary Standby Arrangement with the IMF in 2016 and the structural benchmarks under the Precautionary Standby Arrangement represent the very first-time monetary policy operations or modernisation of the central bank is listed as an agreed policy objective. The 6th structural benchmark read as follows:

“To enhance the BoJ's governance framework, submit revisions of the BOJ Act to Parliament to improve central bank governance and independence, in line with IMF recommendations. The revisions will

modernize arrangements for paying dividends, appointments to the BOJ Board, and provisions of central bank financing to the government.”

Madam Speaker, to get there required technical assistance mission from the IMF consisting of monetary policy experts who visited Jamaica, met with officials, including myself, and delivered their report in 2017.

That formed the basis of more than one cabinet submission and even in advance of the law coming into effect in 2020, Jamaica officially began its transition to full-fledged inflation targeting in 2017.

Inflation targeting regime is not a secret. If it is secret it is, by definition, not inflation targeting.

Inflation targeting is a public structure. It requires publicly setting inflation targets and updating the public about progress towards or deviations from that target.

Inflation targeting requires, as a pre-requisite, a transparent competitive mechanism for the central bank to engage with the foreign exchange market in its purchases and sales of foreign exchange where the BOJ did not set the price.

This is a pre-requisite for inflation targeting Madam Speaker, and that pre-requisite was only achieved in 2017 with the launch of the Bank of Jamaica's Foreign Exchange Intervention Trading Tool (B-FXITT.) B-FXITT is a rules-based competitive multiple-price FX tool that has improved the Bank's interaction with Authorised Dealers (ADs) and cambios for buying and selling foreign exchange.

With B-FXITT in place, the Bank of Jamaica officially began its transition to full-fledged inflation targeting in 2017.

This was a public thing.

The Central Bank governor gave a speech at a quarterly press briefing titled "modernising Jamaica's foreign exchange market: the pivot to inflation targeting."



Quarterly Press Briefing

MODERNISING JAMAICA'S FOREIGN EXCHANGE MARKET: THE PIVOT TO INFLATION-TARGETING

Brian Wynter

Governor

Bank of Jamaica

27 November 2017

In the speech the Governor announced: *“we can together take note of the significant milestone passed in September 2017 with the approval by the Minister of Finance and the Public Service for the first time of a medium-term inflation target for Bank of Jamaica. The target has been set by the Minister at 4.0 per cent to 6.0 per cent.”*

That is when the BOJ inflation targeting began in Jamaica.

And then of course we tabled sweeping legislation, the BOJ Amendment Act, in 2018 to make the central bank independent, modernise its governance and strengthen its capital. In this we benefited from a joint select committee process in which the opposition participated fulsomely and made good contributions. The BOJ Amendment Act was then passed in 2020.

Early in this process, with the consent of the prime minister, I went and met with Peter Phillips, to seek his agreement on this policy change, which after discussions, he gave without hesitation. If you had initiated it in the way that you are describing, I would not have needed to do that.

And I don't doubt that had the PNP won in 2016, they may have done similarly.

However, that is no excuse. The current Opposition can do better than claim work that they did not do.

10.0 Concluding Remarks

