GOVERNMENT OF JAMAICA

FISCAL POLICY PAPER
FY 2023/24

(As Presented)

14th February 2023

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PART 1

FISCAL RESPONSIBILITY STATEMENT

Introduction

FY 2022/23 has been characterized by strong economic growth as Jamaica continued to visibly recover from the impact of COVID-19 as well as adapt to the international supply chain issues and associated inflation pressure arising from the Russia-Ukraine conflict. The Jamaican economy grew in real terms by 5.9 percent during the July-September 2022 quarter and is expected to record growth of 5.1 percent for the twelve-month period of FY 2022/23.

On the fiscal front, the Central Government's fiscal and primary balances have recorded better-than-programmed performance for the April – December 2022 period. This is due to higher-than-anticipated revenue alongside lower-than-budgeted expenditure. The shortfall in expenditure is expected to be eliminated during the last quarter of the fiscal year in line with the revision to the expenditure budget through the third supplementary. The fiscal and primary balances for the fiscal year are estimated at 0.3 percent and 5.8 percent of GDP respectively.

At end-July 2022 the unemployed labour force stood at 6.6 percent, 2.3 percentage points below the 8.5 percent recorded for July 2021.

During FY 2023/24 the government will continue to pursue its development initiatives for the public sector, including operationalizing the Fiscal Commission, obtaining approval for the National Natural Disaster Risk Financing Policy, continuing implementation of the public sector compensation restructure and support the full roll-out of the new currency notes by the Bank of Jamaica (BOJ).

Commitment to Fiscal Responsibility

Prudent fiscal management enables a government to be nimble in its response to a shock or crisis. This was demonstrated with the response to COVID-19 and again in the past fiscal year, when the government mounted its response to the inflation shock through the provision of assistance to consumers of electricity through the GOJ Energy Co-Pay Programme, Transport Operators Grant, Food Assistance for 75,000 non-PATH persons, and assistance to NIS and other pensioners. This is a central objective of government: to shield its economically challenged citizens from these shocks and to protect the vulnerable.

Prudent fiscal management demands that fiscal targets are met or exceeded each fiscal year so that the debt target of 60 percent of GDP by end-FY 2027/28 is attained. The GOJ is committed to being prudent and fiscally responsible.

Table 1A: Summary of Economic Performance

	Unit	FY 2021/22 (Actual)	FY 2022/23 (Estimate)	FY 2023/24 (Projection)
Real GDP Growth Rates	%	8.2	5.1	1.6
Inflation (Annual Pt to Pt)	%	11.3	7.1	5.2
BOJ Policy Rate (e-o-p)	%	4.50	Market Sensitive	Market Sensitive
Unemployment Rate (July Labour Force Survey)	%	8.5	6.6	Not Available
Exchange Rate (weighted average selling rate)	J$=US$1	153.45	Market Sensitive	Market Sensitive
Treasury Bill (average 3-month)	%	2.57	Market Sensitive	Market Sensitive
Current Account	% of GDP	-1.2	-0.6	-3.5
Net International Reserves (NIR), (e-o-p)	US$mn	3,675.9	3,987.4	3,898.8
Gross Reserves (Goods & Services Imports)	Weeks	23.5	25.5	22.9
Fiscal Accounts				
Central Government Primary Balance	%GDP	6.8	5.8	5.5
Central Government Fiscal Balance	%GDP	0.9	0.3	0.3
Debt Stock	%GDP	94.2	79.7	74.2

Source: MOFPS/BOJ/STATIN

Notable Fiscal Developments

First, Second & Third Supplementary Estimates

The First Supplementary Estimates (FSE) tabled on November 8th, 2022, reflected (i) adjustments to the compensation budget wherein approximately $18.3 billion was allocated to the public sector compensation restructuring, bringing the total provision to $39.3 billion and (ii) targeted social intervention measures to address the economic challenges arising from elevated fuel prices through measures such as: the energy co-pay programme; the back to school /transportation grants for PATH students; assistance to NIS pensioners and other pensioners;

The Second Supplementary Estimates (SSE) tabled in Parliament on December 6th 2022, reflected the movement of funds from the MOFPS Contingency to the Ministries, Departments and Agencies (MDAs) to facilitate payments by the MDAs under the compensation restructure.

The Third Supplementary Estimates for FY 2022/23 were tabled in Parliament on January 31st 2023 and reflected (i) the estimated cost of the new compensation structure for those employees not addressed in the Second Supplementary Estimates (ii) a one-time payment representing 10 percent of the annual travelling rates paid to employees for the period April 1, 2021 to March 31, 2022 (iii) an adjustment required to bring the minimum increase under the new compensation system to the first year portion of the 20 percent minimum established for the three year implementation period ending March 31, 2025 and (iv) further reallocations within the then existing approved budget of MDAs.

Independent Fiscal Commission

An individual has been selected to serve as Jamaica's first Fiscal Commissioner. The Independent Fiscal Commission Act requires that the Fiscal Commissioner be appointed by the Governor General, following consultations with the Prime Minister and Leader of the Opposition. Upon appointment, the Fiscal Commissioner will commence the process to finalize the structure of the Commission, to recruit staff and to identify accommodation for the Commission with a view to commencing operations during FY 2023/24.

Disaster Risk Financing Policy

The National Natural Disaster Risk Financing Policy (NNDRFP) has been approved by Cabinet as a Green Paper and is expected to be tabled in Parliament in February 2023.

IMF PLL/RSF Programme

The Government reached a staff level agreement with the IMF on the request for a Precautionary and Liquidity Line (PLL) and a Resilience and Sustainability Facility (RSF). The PLL gives Jamaica potential access to approximately US$ 963 million in the event of balance of payment shocks. Access to the PLL is limited to countries that have "*sound economic fundamentals*", that are "…*implementing and have a track record of implementing sound policies and (countries that) remain committed to maintaining sound policies in the future*". Successful access to this facility is demonstrative of Jamaica's macro-economic standing. The RSF provides access to US$763 million and is linked to policy actions designed to improve Jamaica's resilience to climate-related shocks. The RSF offers favourable financing terms and will assist Jamaica in the management of its exposure to external refinancing risk, while improving portfolio costs.

Fiscal Reporting

The fiscal accounts are compiled on a cash accounting basis.
It is important, however, to note the following:

(i) The actual Revenue and Grant figures referenced in this FPP represent actual collections by the revenue departments/agencies up to end December 2022. However, the revenue data contained in the Revenue Estimates represent actual transfers from the revenue departments/agencies to the Consolidated Fund. Transfers to the Consolidated Fund may differ from actual revenue collections because of a lag between receipt of revenue and the physical transfer of such revenue to the Consolidated Fund. The fiscal and primary balances shown in Table 1B and the remainder of the FPP are compiled on the basis of actual/projected revenue collections. Additionally, the estimated expenditure outturn for FY 2022/23 shown in Table 1B and upon which fiscal and primary balances are computed is based on actual cash expenditure to December 2022 and projections for the rest of the fiscal year.

(ii) In compliance with the enhanced fiscal rules, the MOFPS will continue monitoring and reporting on the Specified Public Sector (SPS) in FY 2023/24. Reporting on Central Government operations and on public bodies will continue as required by the FAA Act.

(iii) Due to the impact of the COVID-19 pandemic, the planned publication of General Government data has been deferred for implementation to FY 2025/26.

Table 1B: Medium Term Fiscal & Debt Indicators

(J$mn)	Act.	Act.	Act.	Est.	Proj.	Proj.	Proj.	Proj.
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Revenue & Grants	**649,759.2**	**575,401.1**	**720,224.5**	**842,552.4**	**896,257.6**	**926,670.5**	**1,022,576.8**	**1,079,763.3**
of which Tax Revenue	579,397.0	505,686.7	616,367.9	766,314.4	824,295.8	854,735.2	946,893.5	1,004,180.6
Expenditure	**630,354.4**	**635,911.3**	**698,895.6**	**835,619.3**	**887,683.7**	**918,137.7**	**965,711.9**	**1,011,069.9**
of which Wages & Salaries	195,935.5	208,002.2	222,484.2	308,708.3	338,693.8	352,550.2	377,228.7	403,634.7
of which Interest	131,487.3	129,037.9	137,047.8	151,194.7	155,157.6	151,999.9	139,976.1	133,700.0
Cent Govt Fiscal Balance	**19,404.8**	**-60,510.2**	**21,328.9**	**6,933.1**	**8,573.9**	**8,532.8**	**56,864.9**	**68,693.4**
Cent Govt Primary Balance	**150,892.1**	**68,527.7**	**158,376.7**	**158,127.8**	**163,731.5**	**160,532.7**	**196,841.0**	**202,393.4**
Domestic Debt	761,804.5	795,225.0	810,089.7	800,912.8	838,540.9	769,447.1	766,851.7	781,419.3
External Debt	1,184,995.0	1,295,272.7	1,345,803.5	1,338,872.0	1,358,213.4	1,404,477.8	1,391,057.7	1,341,453.5
Net Public Bodies	65,060.7	47,072.9	31,704.1	21,889.4	-2,267.6	-19,065.7	-25,333.2	-31,127.3
Total Debt	**2,011,860.1**	**2,137,570.7**	**2,187,597.2**	**2,161,674.1**	**2,194,486.7**	**2,154,859.2**	**2,132,576.2**	**2,091,745.4**
(% GDP)								
Revenue & Grants	**30.6%**	**29.5%**	**31.0%**	**31.1%**	**30.3%**	**29.3%**	**30.5%**	**30.4%**
of which Tax Revenue	*27.3%*	*25.9%*	*26.5%*	*28.2%*	*27.9%*	*27.0%*	*28.2%*	*28.2%*
Expenditure	**29.7%**	**32.6%**	**30.1%**	**30.8%**	**30.0%**	**29.0%**	**28.8%**	**28.4%**
of which Wages & Salaries	9.2%	10.7%	9.6%	11.4%	11.4%	11.2%	11.3%	11.4%
of which Interest	6.2%	6.6%	5.9%	5.6%	5.2%	4.8%	4.2%	3.8%
Cent Govt Fiscal Balance	**0.9%**	**-3.1%**	**0.9%**	**0.3%**	**0.3%**	**0.3%**	**1.7%**	**1.9%**
Cent Govt Primary Balance	**7.1%**	**3.5%**	**6.8%**	**5.8%**	**5.5%**	**5.1%**	**5.9%**	**5.7%**
Domestic Debt	35.9%	40.8%	34.9%	29.5%	28.3%	24.3%	22.9%	22.0%
External Debt	55.9%	66.5%	58.0%	49.4%	45.9%	44.4%	41.5%	37.7%
Net Public Bodies	3.1%	2.4%	1.4%	0.8%	-0.1%	-0.6%	-0.8%	-0.9%
Total Debt	**94.9%**	**109.7%**	**94.2%**	**79.7%**	**74.2%**	**68.2%**	**63.6%**	**58.8%**

Source: MOFPS

Conclusion

As we enter our third year of economic recovery since the outbreak of COVID-19, Jamaica still faces (i) the threat of outbreaks from variants of the virus, (ii) the potential for further inflationary impulses from the on-going Russia/Ukraine war and (iii) the possibility of further tightening of monetary policy in our source markets for exports and tourism. The local economy continues to be robust, facilitating strong tax revenue performances and higher employment and profitability. The GOJ will remain vigilant, keeping its eyes on the overarching debt target of 60 percent of GDP or less by FY 2027/28.

The GOJ's fiscal policy responses to the economic crisis induced by the COVID-19 pandemic and to the inflation shock caused by the Ukraine/Russian War have garnered international attention and accolades. Our economy has recovered pre-COVID levels of economic output, and both unemployment and debt are lower than pre-COVID levels. This troika of post-COVID macro-economic achievements is rare. Our fiscal consolidation efforts continue to be underpinned by a stable and resilient, macro-economic environment. Our external accounts and international reserves remain strong and inflation is expected to return to levels consistent with the target by the end of 2023.

As we recover from the shocks due to the pandemic and the on-going war, we must also be mindful of the potential for economic shocks from climate change. We must be vigilant in preparing for these eventualities. As we strive for continued economic growth, it must be both inclusive (equitable) and sustainable as we seek to make Jamaica**, the place of choice to live, work, raise families and do business.**

In this Fiscal Responsibility Statement, I hereby declare that, in pursuing the policy objectives of the Government, I will adhere to the principles of prudent fiscal management and seek to manage fiscal risks accordingly. In so doing, I hereby attest to the reliability, accuracy and completeness of the information contained in this Fiscal Policy Paper and its compliance with fiscal responsibility principles.

Nigel Clarke, DPhil, MP
Minister of Finance and the Public Service
February 14, 2023

PART 2

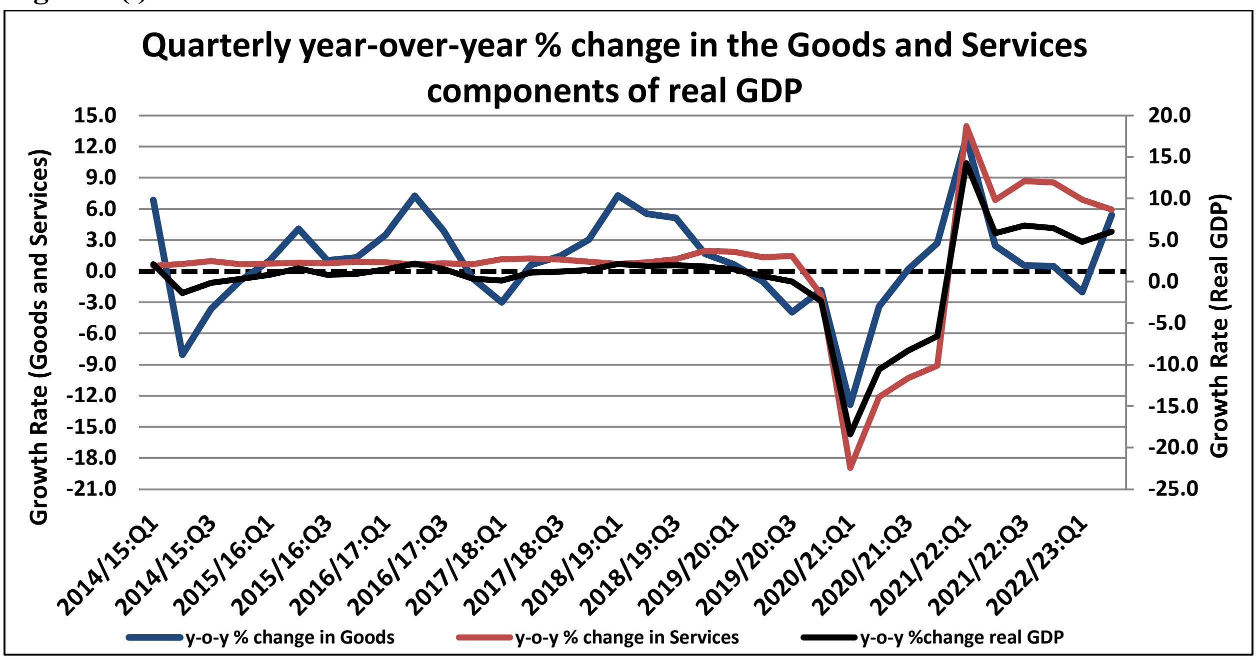
MACROECONOMIC FRAMEWORK

Overview of Macroeconomic Developments FY 2022/23

Jamaica's economic recovery from the COVID-19 pandemic remains strong. For the first half of FY 2022/23, the economy registered significant growth; with the result that real output is now comparable to pre-COVID levels. This positive performance reflects growth in both the Goods Producing and Services industries (see Figure 2(i)).

The Services industry predominantly accounted for the positive outturn of economic activity. Growth was recorded in all sectors within the Services Industry, with the exception of Producers of Government Services, which remained marginal for the review period. Expansion in the Services Industry was led by Hotels & Restaurants due to stop-over arrivals attaining pre-COVID levels. Growth was also recorded within the Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment sub-category. Expansion within the Transport, Storage & Communication sub-industry was due to an increase in the number of air transport passengers.

Figure 2(i)



Source: STATIN

Growth within the Goods Producing industry was led by Agriculture, Forestry & Fishing with supply increasing to meet growing demand, particularly from the Hotels & Restaurants industry. The Manufacturing sector also grew with increased production from the Food, Beverages &

Tobacco and Other Manufacturing sub-industries. Mining & Quarrying and Construction recorded a reduction in output over the review period.

In terms of quarterly outturns, the Jamaican economy expanded during the first and second quarters of the fiscal year. The pace of growth was weaker when compared to the corresponding quarters of the previous fiscal year, when the COVID-19 measures were progressively lifted.

With domestic inflation remaining elevated, the BOJ continued monetary tightening. The signal rate was increased on five occasions between May 2022 and November 2022, resulting in a two hundred and fifty (250) basis points cumulative increase in the policy rate to 7%. The tightening of the policy rate is aimed at containing the response of domestic inflation to the increases in international commodity prices and shipping costs.

Performance of the Labour Market remained strong, as the country continued to recover from the job losses associated with the COVID-19 pandemic. The employed labour force grew for both males and females. The improvement in employment was led by employment in the Agriculture, Forestry & Fishing industry.

Jamaica's economic performance during FY 2022/23 is detailed in subsequent sections of this Macroeconomic Framework, including developments in the real sector, labour market, monetary sector and the external sector. In addition, the medium term macroeconomic profile is provided, as well as an overview of international developments and changes in international commodity prices.

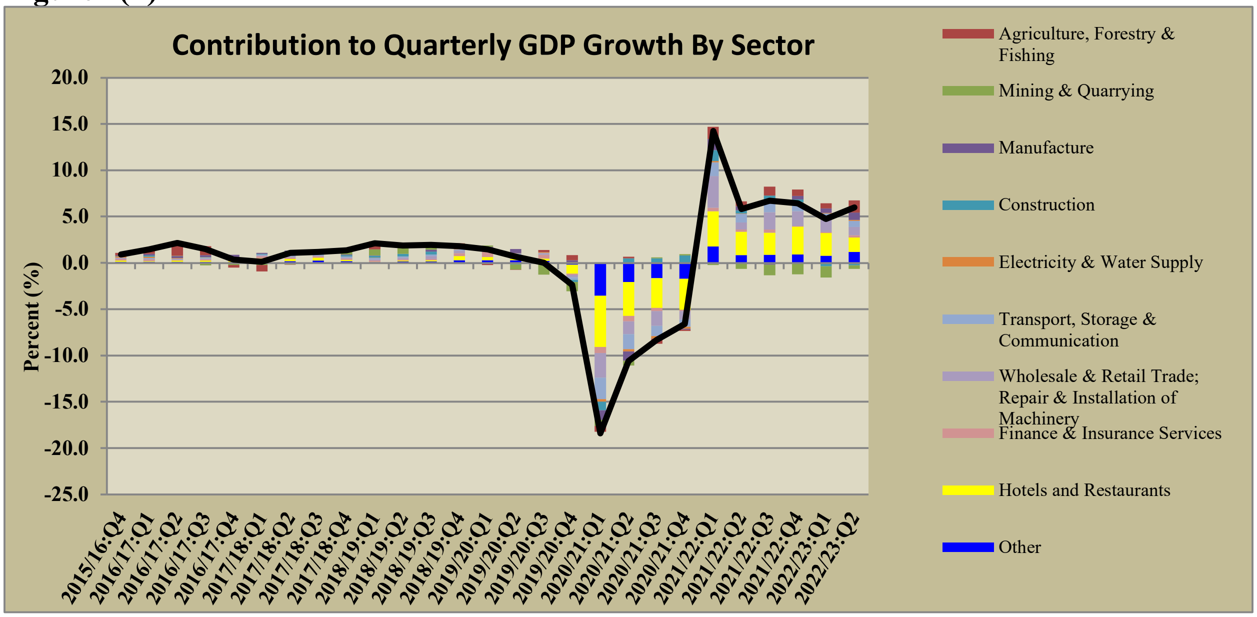
Real Sector Developments

Economic Performance for the period April to September of FY 2022/23

Real Gross Domestic Product (GDP) grew by 5.4% for the first half of FY 2022/23, reflecting a deceleration in the pace of growth relative to the 9.9% attained during the corresponding period in FY 2021/22. The slowdown primarily reflects the normalization of demand following the economic shock of the COVID-19 pandemic, in addition to the impact of tightened monetary policy. The Goods Producing and Services industries grew by 1.8% and 6.0%, respectively, over the period.

The main drivers of growth in the Goods Producing Industry were Agriculture, Forestry & Fishing and Manufacturing. The Agriculture, Forestry & Fishing industry grew by 11.2%, reflecting favourable weather conditions, improvement in land utilization to meet the higher demand of the Hotels & Restaurants industry as well as efficiency gains.

Figure 2(ii)



Source: STATIN

The Manufacturing industry expanded by 7.6%, reflecting continued expansion of the Food, Beverages & Tobacco sub-industry which grew by 11.6% and the Other Manufacturing sub-industry which grew by 1.8%. Growth in the Food, Beverages & Tobacco sub-industry was primarily attributed to higher production of Poultry Meat and Dairy Products. Expansion within the Other Manufacturing sub-industry was led by increases in the Non-metallic Minerals component, including cement and clinker. The performance, however, was tempered by reduced production of petroleum products.

The positive momentum in the Construction sector during the previous fiscal year waned during the first and second quarter of the current fiscal year. The decline in Construction (down 4.0%) was due to the contraction in the Other Construction component, resulting from a reduction in sales of construction-related inputs and lower capital expenditure on civil engineering activities.

The Mining & Quarrying industry declined by 47.5% and was impacted by lower alumina production from the two operating alumina refineries, JAMALCO and WINDALCO.

The Service Industry expanded by 6.0%, reflecting positive outturns for all sectors within the industry. The most significant contribution stemmed from Hotels & Restaurants (up 45.6%) due to increased activity in the tourism and entertainment sectors. This was followed by the contribution from Transport, Storage & Communication, which grew by 5.8% due to an increase in the number of air transport passengers, as evidenced by higher stop-over arrivals.

GDP growth for FY 2022/23 is projected to moderate to 5.1%, compared to the 8.2% economic expansion recorded for FY 2021/22. The risks to the growth forecast are skewed to the downside due to a slowdown of economic activities globally, ongoing inflationary pressures and deepening of geopolitical tensions.

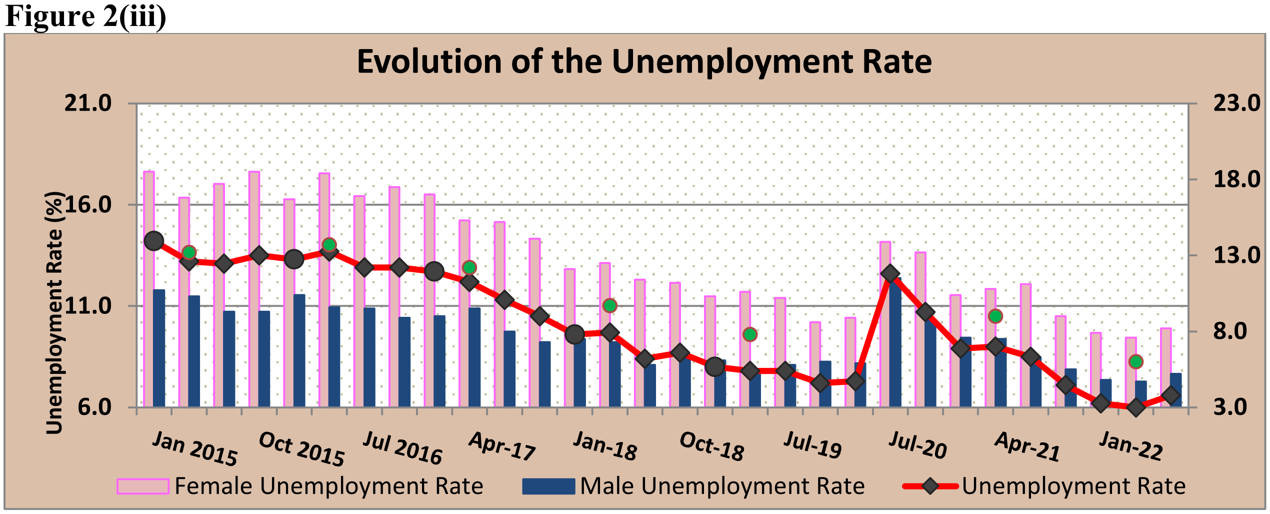
Labour Market Developments

The October 2022 Labour Force Survey was not conducted by the Statistical Institute of Jamaica (STATIN), as the Institute has been fully engaged in undertaking the 2022 Population Census. Consequently, this review will be based on the July 2022 Labour Force Survey.

The results of the July 2022 Labour Force Survey revealed that the labour force expanded relative to July 2021. The unemployment rate fell from 8.5% to 6.6% (Figure 2(iii)). This is among the lowest levels of unemployment recorded in Jamaica's history, reflecting the country's recovery from the job losses associated with the COVID-19 pandemic. This outturn reflects an improvement in both the male unemployment rate (from 6.3% to 5.2%) and female unemployment rate (from 11.1% to 8.2%), when compared to the corresponding period of 2021.

The size of the labour force grew by 30,200 persons when compared to July 2021, with females representing 90.7% of this increase. The employed labour force grew by 2.3% (53,000 persons), moving from 1,215,000 persons in July 2021 to 1,268,000 persons in July 2022. The industries that recorded the highest growth in employment were Real Estate and Other Business Services, up by 21,700 persons, and Accommodation and Food Service Activities, up by 12,400 persons.

Figure 2(iii)



Source: STATIN

Table 2A: Selected Labour Force Indicators

		2021		2022	
		Jul	CY Average Up to Jul	Jul	CY Average Up to Jul
BOTH SEXES	**TOTAL POPULATION**	2,738,800	2,738,000	2,741,900	2,741,100
	Population 14 years and over	2,095,000	2,094,400	2,097,400	2,096,800
	Labour Force	1,327,500	1,322,900	1,357,700	1,349,533
	Employed Labour Force	1,215,000	1,206,767	1,268,000	1,264,800
	Unemployed Labour Force	112,500	116,133	89,700	84,733
	Outside The Labour Force	767,500	771,500	739,600	747,200
	Employment Rate	91.5	91	93.4	94
	Unemployment Rate	8.5	9	6.6	6
	Job Seeking Rate	5.2	5	4.3	4
	Percentage of Population under 14 years	23.5	24	23.5	24
	Percentage of Population 14 years & over	76.5	77	76.5	77
	Percentage of Population 14+ Outside LF	36.6	37	35.3	36
	Labour Force as a % age of Total Population	48.5	48	49.5	49
	Labour Force as a % age of Population 14+	63.4	63	64.7	64
MALE	**TOTAL POPULATION**	1,355,200	1,354,800	1,356,800	1,356,400
	Population 14 years and over	1,028,300	1,028,000	1,029,500	1,029,200
	Labour Force	723,200	716,900	726,000	724,233
	Employed Labour Force	677,500	665,933	688,500	688,900
	Unemployed Labour Force	45,700	50,967	37,600	35,400
	Outside The Labour Force	305,100	311,100	303,400	304,900
	Employment Rate	93.7	93	94.8	95
	Unemployment Rate	6.3	7	5.2	5
	Job Seeking Rate	3.9	4	3.2	3
	Percentage of Population under 14 years	24.1	24	24.1	24
	Percentage of Population 14 years & over	75.9	76	75.9	76
	Percentage of Population 14+ Outside LF	29.7	30	29.5	30
	Labour Force as a % age of Total Population	53.4	53	53.5	53
	Labour Force as a % age of Population 14+	70.3	70	70.5	70
FEMALE	**TOTAL POPULATION**	1,383,600	1,383,200	1,385,100	1,384,700
	Population 14 years and over	1066700	1,066,400	1067900	1,067,600
	Labour Force	604300	606,000	631700	625,300
	Employed Labour Force	537500	540,833	579500	575,900
	Unemployed Labour Force	66800	65,167	52100	49,333
	Outside The Labour Force	462400	460,400	436200	442,300
	Employment Rate	88.9	89	91.8	92
	Unemployment Rate	11.1	11	8.2	8
	Job Seeking Rate	6.7	7	5.6	5
	Percentage of Population under 14 years	22.9	23	22.9	23
	Percentage of Population 14 years & over	77.1	77	77.1	77
	Percentage of Population 14+ Outside LF	43.3	43	40.8	41
	Labour Force as a % age of Total Population	43.7	44	45.6	45
	Labour Force as a % age of Population 14+	56.7	57	59.2	59

Source: STATIN Labour Force Survey Jul 2021-Jul 2022

Table 2B – Employed Labour Force by Industry

INDUSTRY GROUP	Jul-21	Jul-22	Change
	BOTH SEXES		
Agriculture Hunting Forestry and Fishing	191,600	183,400	8,200
Mining and Quarrying	5,900	4,800	1,100
Manufacturing	78,300	78,100	200
Electricity Gas and Water Supply	8,300	7,100	1,200
Construction	118,300	126,300	-8,000
Wholesale and Retail Trade; Repair of Motor Vehicles and M	225,800	227,700	-1,900
Transport and Storage	57,100	57,800	-700
Accommodation and Food Service Activities	97,300	109,700	-12,400
Information and Communication	15,100	17,000	-1,900
Financial and Insurance Activities	27,300	29,500	-2,200
Real Estate and Other Business Services	115,100	136,800	-21,700
Public Administration and Defence; Compulsory Social Secur	64,400	66,600	-2,200
Education, Human Health and Social Work Activities	104,000	107,800	-3,800
Arts, Entertainment, Recreation and Other Services	106,200	113,700	-7,500
Industry Not Specified (Incl. Extraterritorial Bodies)	300	1,700	-1,400
TOTAL EMPLOYED LABOUR FORCE	**1,215,000**	**1,268,000**	-53,000

Source: STATIN Labour Force Survey Jul 2021-July 2022

Monetary Policy and Financial Sector Developments

In November 2022, the Bank of Jamaica continued to tighten its monetary policy, as domestic inflation remained elevated above the target band of 4.0% to 6.0%. Given the Banks's mandate to maintain a low, stable and predictable inflation rate, the signal interest rate was increased by six hundred and fifty basis points (bps) cumulatively to 7.0%, since October 2021. As a result, liquidity conditions have tightened, making savings and bond investments more attractive compared to foreign currency assets, while credit has become more expensive. Overtime, these actions are expected to weaken consumption and investment activities and therefore dampen inflation. Domestic currency savings and lending rates have been moving at a slower pace compared to the increases in the policy rate. Notably, credit to both households and businesses increased, when compared to the corresponding period of last year, with the pace of growth being lower than pre-2021.

Liquidity conditions within the financial system remain fairly tight since the central bank started adjusting its policy rate upward.

Inflation

The All Jamaica 'All Divisions' Consumer Price Index increased to 127.9 in December 2022 from 117.0 in December 2021, representing a point-to-point increase of 9.3%. The main contributor to this movement was the heavily weighted Food and Alcoholic Beverage division, which increased by 13.7% for the period. 'Bread and Cereal', 'Meat and other parts of slaughtered land animals', 'Fish & Seafood' and Milk, Cheese & Eggs were the main contributors to the price increase within the Food and Non-Alcoholic Beverage division. Other notable contributors to inflation for the period included the 'Health' division, which recorded an increase of 11.6%, as a result of the general price increase in health services; 'Furnishings, Household Equipment and Routine Household Maintenance' division, up 13.9% due to increase in the price for household textiles. The Transport division grew by 8.1% due to the higher cost of fuel, while the price for Restaurants and Accommodation Services expanded by 7.1% when compared to the corresponding period in 2021.

The inflation rate for April to December 2022 was 6.2%, 1.1 percentage points lower than the 8.6% recorded for the similar period of FY 2021/22. As commodity prices are expected to fall, with no additional shocks, inflation, both international and domestic, is expected to fall towards the target band of 4.0%-6.0% in the latter part of FY2023/24.

Table 2C: Selected Labour Force Indicators

All Jamaica 'All Divisions' and Division Indices and Movements (Base period December 2019 = 100)	Dec 2021 Index	Mar 2022 Index	Nov 2022 Index	Dec 202 Index	Monthly % change for Dec 2022	FY 22/23 to Dec 2022 (%change)	CY 2022 to Dec 2022 (%change)
ALL DIVISIONS - ALL ITEMS	117.0	120.5	128	127.9	-0.1	6.1	9.3
1 Food and Non-Alcoholic Beverages	121.6	125.5	139.6	138.3	-0.9	10.2	13.7
2 Alcoholic Beverages and Tobacco	109.2	124.2	118.8	120	1.0	3.4	9.9
3 Clothing and Footwear	111.8	113.4	118.2	118.8	0.2	4.8	6.3
4 Housing, Water, Electricity, Gas and Other Fuels	119.7	123.5	122.2	123.1	0.7	-0.8	2.8
5 Furnishings, Household Equipment and Routine Household Maintenance	112.0	114	122.4	123	0.5	7.9	9.8
6 Health	111.2	112.5	115.6	115.8	0.2	2.9	4.1
7 Transport	114.1	116.4	119.4	118.3	-0.9	1.6	3.7
8 Information and Communication	99.3	99.4	99.5	99.5	0.0	0.1	0.2
9 Recreation Sport and Culture	110.9	112.3	118.7	118.8	0.1	5.8	7.1
10 Education	113.7	115.3	123.7	123.7	0.0	7.3	8.8
11 Restaurants and Accommodation Services	119	129.3	142.5	147.4	3.4	14.0	23.9
12 Insurance and Financial Services	104.3	108.2	108.2	108.2			
13 Personal Care Social Protection and Miscellaneous Goods and Services	112.2	113.8	120.3	120.7	0.1	6.1	7.6

Source: STATIN

Exchange Rate

The nominal exchange rate depreciated during the review period, relative to December 2021. The weighted average selling rate at end December 2022 was US$1.00 to J$149.46, compared to US$1 to J$155.09 in December 2021. This change reflects an appreciation of 3.3%, relative to the 8.7% depreciation in December in 2021. Foreign currency liquidity management was maintained by the BFXITT facility managed by the Bank of Jamaica, especially in times of high demand for the USD. The BOJ continues to intervene in the foreign exchange market, when necessary, to manage pressures that may emanate from imported inflation due to adverse movements in the exchange rate.

External Sector Developments

The Current Account Balance for the first quarter of FY 2022/23 registered a smaller surplus when compared to the corresponding period of FY 2021/22. A surplus of US$19 million was recorded, compared to US$ 210 million in FY 2021/22. This performance was largely driven by the

Secondary Income sub-account, reflecting healthy remittance inflows, though at a slower pace than FY 2021/22. All the other sub-accounts declined for the review period.

The Financial Account improved during the quarter. This is reflected in the expansion of net Portfolio Investment and Other Investment accounts.

The net international reserves remained substantial at approximately US$3,978mn at end December 2022 and it is projected that the gross reserves will continue to remain adequate in the medium-term.

Table 2D: First Quarter Balance of Payments

Balance of Payments (US$MN)	April - June FY2021/22	April - June FY2022/23	Change
Current Account Balance	**210.0**	**19.7**	**-190.3**
Credits	2159.0	2616.8	457.8
Debits	1949.0	2597.1	648.1
Goods & Services	-598.5	-766.8	-168.3
Credits	1124.9	1611.3	486.4
Debits	1723.4	2378.1	654.7
Goods	-556.6	-1194.4	-637.8
Exports	422.9	460.5	37.6
Imports	979.5	1654.9	675.4
Services	-41.9	427.6	469.5
Credits	702.0	1150.8	448.8
Debits	743.9	723.2	-20.7
Primary Income	-104.2	-96.8	7.4
Credits	64.8	74.6	9.8
Debits	169.0	171.4	2.4
Secondary Income	912.9	883.2	-29.7
Credits	969.4	930.9	-38.5
Debits	56.5	47.7	-8.8
Capital Account	**-9.0**	**-7.8**	**1.2**
Credits	3.3	4.5	1.2
Debits	12.3	12.3	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	**201.1**	**11.9**	**-189.2**
Financial Account	**201.1**	**11.8**	**-189.3**
Net lending (+) / net borrowing (-) (balance from financial account)	**-2.2**	**139.6**	**141.8**
Direct Investment	-36.6	-64.7	-28.1
Net acquisition of financial assets	22.8	4.3	-18.5
Net incurrence of liabilities	59.4	69.0	9.6
Portfolio Investments	-49.9	56.9	106.8
Net acquisition of financial assets	-149.9	70.0	219.9
Net incurrence of liabilities	-100.0	13.1	113.1
Financial derivatives	-0.1	-0.5	-0.4
Net acquisition of financial assets	-37.5	-0.5	37.0
Net incurrence of liabilities	-37.4	0.0	37.4
Other Investments	42.0	81.7	39.7
Net acquisition of financial assets	149.7	-121.9	-271.6
Net incurrence of liabilities	107.7	-203.6	-311.3
Reserve Assets	42.4	66.2	
Net Errors and Omissions	-203.3	127.8	

Source: BOJ

International Environment

The Commodities Market

With the exception of Cocoa and Aluminium, international commodity prices registered general price increases over the first three quarters of the fiscal year. This is reflected in the World Bank's International Commodity Price Index, Fuel Energy and Non-Fuel Price Indices, which increased by 54.3% and 6.1%, respectively. The high inflation environment which started in 2021, due to supply constraints associated with COVID-19, permeated into 2022, although at a slower pace when compared to FY 2021/22 (see Table 2E). Additionally, the war in Ukraine has dealt a major shock to energy and food commodity markets— products of which Russia and Ukraine are large producers. This shock is being intensified by a surge in restrictions in trade of food, fuel and fertilizers, particularly due to trade sanctions on Russia. Since the latter part of FY 2022/23, energy prices have been trending downwards. Energy and non-energy commodity price indices are projected to weaken in 2023 and 2024. The decline primarily reflects deteriorating global economic activity and concerns regarding a possible global recession. Though commodity prices are trending downward, they are likely to remain somewhat elevated due to the costly patterns of trade brought on by the Russia-Ukraine conflict.

Table 2E: Selected International Commodity Prices[1]

Commodity	Unit	Average Percentage Change	
		Apr-Dec FY 2021/22	Apr-Dec FY 2022/23
Non-Fuel Price Index		34.5	6.1
Fuel (Energy) Price Index		104.3	54.3
Select Commodities			
Cocoa	Cents per Kg.	5.1	-2.8
Coffee, Arabica	Cents per Kg.	41.8	15.0
Soybean meal	$/mt	14.7	16.8
Maize/Corn	$/mt	61.2	22.2
Wheat, US, HRW	$/mt	37.6	33.4
Sugar, EU, domestic	Cents per Kg.	1.5	-12.2
Sugar, World	Cents per Kg.	45.6	1.1
Crude Oil	US$ per Barrel	92.4	32.4
Aluminum	US$/Tonne	52.2	-3.0

Source: World Bank Commodity Prices

[1] Jamaica remains a price taker for a variety of internationally traded primary commodities (Table 2E) and spends considerable foreign exchange on commodities such as oil, soybean, corn/maize and wheat.

Global Outlook

Global growth prospects for 2023 are moderate, as a slowdown in economic activity is forecasted. Global growth decelerated from 6.2% in 2021 to 3.4% in 2022 and is projected to fall to 2.9% in 2023, according to the January 2023 publication of the IMF's World Economic Outlook (WEO). Despite the projection of an improvement from 8.8% in 2022, global inflation is forecast to remain elevated at 6.6% in 2023 – resulting in the continuation of tight monetary and financial conditions which will adversely impact economic activity. While a pronounced economic slowdown is projected for advanced economies, the outlook reflects a marginal acceleration for emerging markets and developing economies (EMDEs).

Growth in advanced economies fell from 5.2% in 2021 to 2.4% in 2022 and is projected to fall to 1.1% in 2023. With the exception of Japan, economic growth for the advanced economies is forecasted to decelerate in 2023. The United States and Euro Area are expected to grow in 2023 by 1.4% and 0.7% down from 2.0% and 3.5% in 2022, respectively. The United Kingdom, which grew by 4.1% in 2022, is projected to contract by 0.6%.

The pace of growth for emerging markets and developing economies (EMDEs) is forecast to improve from 3.9% in 2022 to 4.0% in 2023. This projection, however, is lower than the 6.7% recorded in 2021. Growth within the EMDEs is projected to be led by India and China, with forecast of 6.1% and 5.2%, respectively. Despite the existing COVID-19 challenges facing China, the acceleration of vaccinations and the lifting of the zero-Covid policy will contribute to stronger growth relative to the 3.0% expansion in 2022.

Economic growth for Latin America and the Caribbean is projected to slow from 3.9% in 2022 to 1.8% in 2023.

The risks to the economic forecast are skewed towards the downside and include weaker-than-projected global growth, resurgence of trade tensions, financial market volatility, heightened geopolitical tensions and higher incidence of extreme weather events, to which the Caribbean remains highly vulnerable. Overall, the rate for global growth remains uncertain due to the dynamic nature of the Coronavirus disease, persistent inflationary pressure and the impact of the on-going Russia-Ukraine war. Beyond 2023, global growth is expected to be marginal.

Macroeconomic Outlook- FY2023/24 to 2026/27

The pace of growth of the Jamaican economy is forecast to decelerate for FY 2023/24 and throughout the medium term. This is against the backdrop of elevated domestic and international inflation; a tightened monetary policy stance, elevated international commodity prices and expected weakened global growth. The Medium-Term Macroeconomic Profile (Table 2F) summarizes the key macroeconomic projections that underpinned the development of the FY 2023/24 budget and the medium-term fiscal profile.

Real GDP is expected to average 1.2% over the medium term, from FY 2023/24 to 2026/27. The projected moderate economic growth is predicated on expected positive performances from the Agriculture, Forestry & Fishing, Hotels & Restaurants, and the Transport, Storage & Communication industries.

Inflation is expected to normalize at around 5.0% over the medium- term, as inflationary pressures subside. The Current Account Balance is projected to deteriorate, averaging a 2.3% deficit over the medium-term. This forecast is largely driven by a projected worsening of Jamaica's trade balance, as imports grow faster than exports. Net International Reserves are projected to remain adequate throughout the medium-term to provide balance of payments support.

Table 2F: Medium Term Macroeconomic Profile

Medium Term Macroeconomic Profile

Macroeconomic Variables	2020/21 Actual	2021/22 Actual	2022/23 Est.	2023/24 Proj.	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
Nominal GDP (J$bn)	1,948.8	2,322.1	2,712.8	2,959.3	3,160.7	3,352.0	3,554.8
Nominal GDP growth rate(%)	-8.1	19.2	16.8	9.1	6.8	6.1	6.1
Real GDP growth rate (%)	-11.1	8.2	5.1	1.6	1.1	1.0	1.0
Inflation: Annual Pt to Pt (%)	5.2	11.3	7.1	5.2	5.0	5.0	5.0
Interest Rates:							
180-day Treasure Bill (end-period)	1.5	6.4					
90-day Treasure Bill (end-*period)*	1.2	6.1					
Average Selling Exchange Rate (J$=US$1)	145.60	153.45					
NIR (US$mn)	3,319.3	3,675.9	3,987.4	3,898.8	4,209.5	4,312.7	4,409.4
Current Account (%GDP)	-1.1	-1.2	-0.6	-3.5	-2.4	-1.9	-1.4
Oil Prices (WTI) (Average US$/barrell)	42.3	77.0	90.6	80.7	81.3	75.2	74.5

Source: BOJ/PIOJ/STATIN

PART 3

FISCAL MANAGEMENT STRATEGY

Background

Jamaica's fiscal operations remained positive during FY 2022/23, attributable to the continued expansion of the economy following the unprecedented COVID-19 economic shock. The strong rebound has, however, been tempered by the impact of the Russia-Ukraine conflict that led to increased energy and commodity prices, which has created downward pressures on capital investments and economic growth. Despite the headwinds, the Government of Jamaica's (GOJ) strong fiscal policies and financial support to vulnerable sectors have ensured that Jamaica continues to have a growing economy, with a positive medium-term outlook.

The positive performance of the economy continues to boost Central Government operations. The increased economic activity and labour market improvements, as evidenced by the 5.4% growth in real GDP for the first half of FY 2022/23 and the reduction in the unemployment rate from 8.5% in July 2021 to 6.6% in July 2022, underpins the tax revenue buoyancy that has facilitated execution of the GOJ's expenditure programme, including targeted social support.

The implementation of a new public sector compensation structure commenced during the third quarter of this fiscal year. The new structure is expected to improve the competitiveness of the public sector in the labour market thereby enabling the sector to attract the required skill levels while facilitating retention of current staff to ensure the delivery of public service at required levels.

The GOJ and the IMF staff have agreed on a Precautionary and Liquidity Line (PLL) and Resilience and Sustainability Facility (RSF), which together will provide access to US$1.7 billion. These financing instruments will provide valuable insurance against weather-related shocks and are structured to facilitate the implementation of further initiatives that increase resilience to climate change risks. The staff level agreement attests to the progress made by the GOJ in maintaining macroeconomic stability, as access to the PLL is limited to countries that have strong economic fundamentals.

While there remain several risks that threaten the attainment of targeted fiscal outcomes, the positive performance of Central Government's operations is programmed to continue, predicated on the GOJ's commitment to fiscal prudence. The fiscal programme for FY 2023/24 and the medium term are designed to ensure achievement of the medium term fiscal rule target of debt/GDP at or below 60% by end-FY 2027/28.

The Fiscal Management Strategy provides an assessment of the fiscal performance for FY 2022/23, outlines salient features of the upcoming budget, and presents the medium term trajectory. It reports on the following:

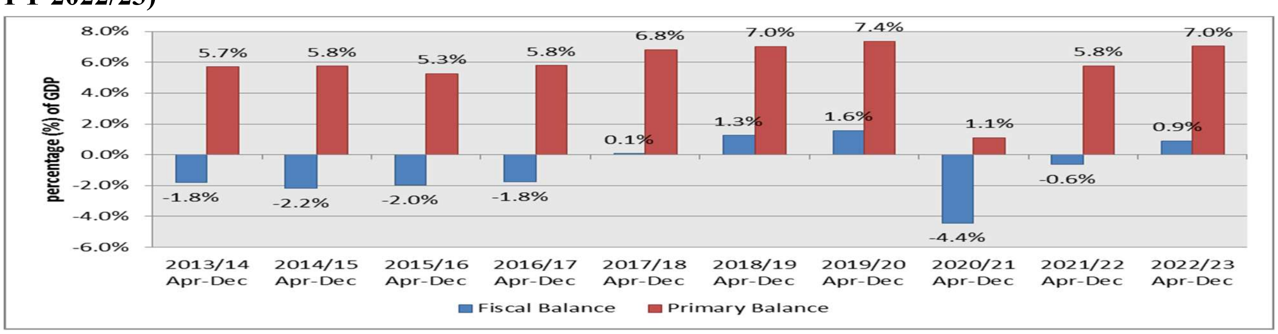
- Performance of the central government and public bodies: April – December 2022;
- FY 2022/23 Estimated outturn;
- Public Debt Stock to end-December 2022 and outlook
- FY 2023/24 Budget;
- Medium Term Fiscal Outlook.

Central Government Performance: April-December 2022 against Original Budget

The fiscal performance over the first three quarters of FY 2022/23 has been positive, with the fiscal and primary surpluses, far exceeding those programmed. The improvements relative to the corresponding period of the preceding fiscal year were substantial. This performance is accredited to the country's continued strong recovery from the effects of the COVID-19 pandemic as well as policies developed to address the economic impact of the conflict between Russia and Ukraine.

The fiscal balance generated for the April to December 2022 period was better than programmed in the March 2022 approved budget by \$55,532.2mn or 136.9%. As a percentage of GDP, the fiscal balance for the period represents the highest since the onset of the COVID-19 pandemic in Jamaica; although it remains below the outturn for the similar period of the pre-pandemic 2019/20 fiscal year (see Figure 3A). The positive fiscal performance resulted from higher than programmed Revenue and Grants (\$59,985.7mn above-budget) as Expenditure (excluding amortization) also exceeded the original budget projection. Central Government operations over the period also produced a primary surplus of \$119,267.1mn, which exceeded target by 110.4%.

Figure 3A: Primary & Fiscal Balance as a per cent of GDP (April to December 2013/14-FY 2022/23)[2]



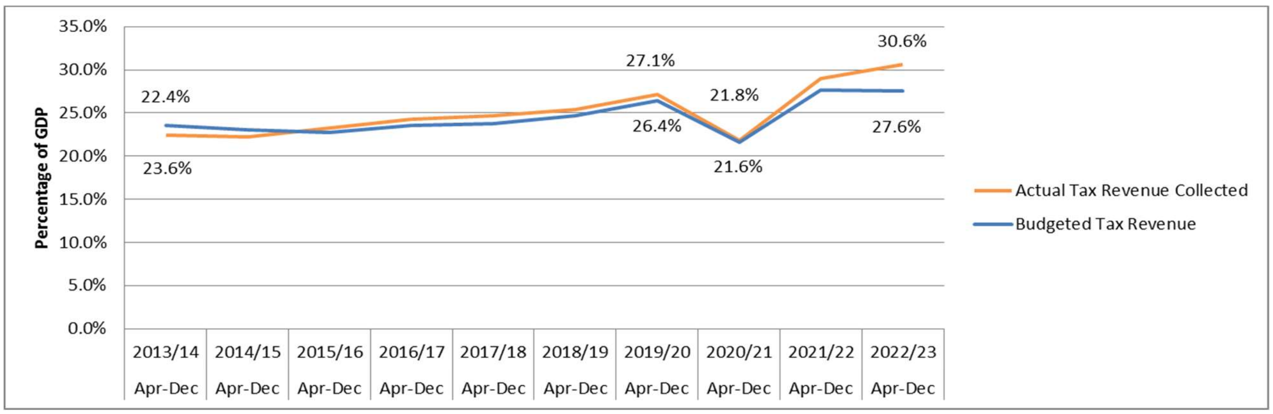
Source: MOFPS

[2] The GDP estimate for the April to December period of FY 2022/23 is based on two official quarterly outturns published by Statin and one quarterly estimate by the Bank of Jamaica (BOJ).

Tax Revenue

Tax Revenue for the April – December 2022 period out-performed the projected inflows of $467,205.4mn by 11.2%. As a share of GDP, the tax revenue for the period continue to out-perform the outturns for the pre-COVID period, following the fall off during the peak of the pandemic in FY 2020/21 (see Figure 3B). The positive performance relative to budget is attributable to higher than programmed outturns from the three tax categories: International Trade, Income and Profit and Production and Consumption (see Table 3A.2).

Figure 3B: April to December Actual vs. Budgeted Tax Revenue Performance to GDP Ratios from FY 2013/14 to FY 2022/23



Source: MOFPS

International Trade

Actual inflows of $213,053.9mn from International Trade were 11.2% above budget. This outturn was 25.8% and 72.6% better than the collections for the corresponding period of FY 2021/22 and FY 2020/21, respectively. All components of International Trade performed above programme. The above-budget outturn largely reflected the greater than anticipated value of imports. The strongest performance within the International Trade category emanated from Travel Tax, with receipts exceeding budget by 59.0% due to higher than projected visitor arrivals. This outturn was better than the corresponding period for FY 2021/22 by 69.7% and FY 2020/21 by 409.7%, reflecting recovery of the tourism sector.

Income and Profits

Outturns for April – December 2022 showed the Income and Profits category performing above budget by $15,419.7mn, mainly attributable to higher-than-programmed inflows from Other Companies and PAYE. The above-programme performance of Other Companies (by 15.5%) reflects increased profitability, within the context of improved economic activity over the period.

PAYE collections were 7.8% above budget, consistent with the increase in employment. Tax on dividends also exceeded projection, by 24.1%, signalling higher-than-expected dividend pay-outs following the pause on distribution by some entities due to the impact of COVID-19. The over-performance of Tax on interest by 24.4% was influenced by higher interest payments consequent on rising interest rates.

Production and Consumption

The Production and Consumption tax category outperformed projection by 9.6% and actual outturns for FY 2021/22 and FY 2020/21 by 22.2% and 39.9%, respectively. The better-than-programmed performance was mainly driven by GCT (Local) and Education Tax. GCT (Local), with receipts of $100,860.8mn exceeded budget by $12,208.7mn or 13.8%, fuelled by higher consumption associated with improvements in employment as well as by increased economic activities. The positive performance of Education Tax, which was higher than budget by 9.5%, primarily reflected labour market improvements. Quarry Tax, which was above budget by 65.1%, benefitted from increases in the building construction component, despite an overall decline in value added from the construction industry. The 34.3% above-programme performance of Accommodation Tax reflects the unanticipated increase in visitor arrivals over the period. Stamp Duty was higher than budget by 20.6%, reflecting an increase in stamp-required transactions associated with the higher than anticipated growth in economic activity.

In contrast to the positive performance of the other tax types within the Production and Consumption tax category, Environmental Levy and SCT (Local) were below budget by 7.6% and 9.3%, respectively. The shortfall in SCT (Local) resulted from lower-than-expected production at Petrojam, due to plant downtime during the review period.

Table 3A.1: Central Government Summary Accounts – April to December 2022 outturn against FY 2022/23 Original Budget (J$mn)

Item	Prov Apr - Dec	Original Budget Apr - Dec	Diff	Diff %	FY 2021/22 Apr - Dec	Diff	Diff %	FY 2020/21 Apr - Dec	Diff	Diff %
Revenue & Grants	**567,607.9**	**507,622.2**	**59,985.7**	**11.8%**	**492,223.4**	**75,384.5**	**15.3%**	**398,261.6**	**169,346.3**	**42.5%**
Tax Revenue	519,335.7	467,205.4	52,130.3	11.2%	416,057.1	103,278.6	24.8%	346,492.4	172,843.2	49.9%
Non-Tax Revenue	42,318.9	34,166.9	8,152.0	23.9%	67,918.3	-25,599.3	-37.7%	47,772.8	-5,453.8	-11.4%
Bauxite Levy	926.0	910.4	15.6	1.7%	2,155.4	-1,229.4	-57.0%	0.0	926.0	-
Capital Revenue	0.0	1,346.2	-1,346.2	-100.0%	875.8	-875.8	-100.0%	22.1	-22.1	-100.0%
Grants	5,027.3	3,993.3	1,034.0	25.9%	5,216.8	-189.6	-3.6%	3,974.2	1,053.1	26.5%
Expenditure	**552,649.8**	**548,196.4**	**4,453.5**	**0.8%**	**501,248.1**	**51,401.8**	**10.3%**	**468,514.9**	**84,134.9**	**18.0%**
Recurrent Expenditure	515,462.9	505,023.0	10,439.9	2.1%	466,354.9	49,108.0	10.5%	432,084.7	83,378.2	19.3%
Programmes	193,354.9	190,359.8	2,995.0	1.6%	193,510.6	-155.8	-0.1%	177,490.3	15,864.6	8.9%
Compensation of Employees	217,799.0	217,412.1	386.9	0.2%	180,994.7	36,804.3	20.3%	166,808.0	50,991.0	30.6%
Wages & Salaries	203,664.4	201,360.9	2,303.5	1.1%	166,299.7	37,364.8	22.5%	155,740.8	47,923.6	30.8%
Employers Contribution	14,134.6	16,051.2	-1,916.6	-11.9%	14,695.0	-560.5	-3.8%	11,067.2	3,067.4	27.7%
Interest	104,309.1	97,251.1	7,058.0	7.3%	91,849.6	12,459.5	13.6%	87,786.4	16,522.7	18.8%
Domestic	49,917.9	45,961.0	3,956.9	8.6%	39,351.5	10,566.4	26.9%	35,451.0	14,467.0	40.8%
External	54,391.1	51,290.1	3,101.0	6.0%	52,498.0	1,893.1	3.6%	52,335.5	2,055.7	3.9%
Capital Expenditure	37,186.9	43,173.3	-5,986.4	-13.9%	34,893.1	2,293.8	6.6%	36,430.2	756.7	2.1%
Capital Programmes	37,186.9	43,173.3	-5,986.4	-13.9%	34,893.1	2,293.8	6.6%	36,430.2	756.7	2.1%
Fiscal Balance (Surplus + / Deficit -)	**14,958.1**	**-40,574.1**	**55,532.2**	**136.9%**	**-9,024.7**	**23,982.7**	**265.7%**	**-70,253.4**	**85,211.4**	**121.3%**
Loan Receipts	**64,862.8**	**79,488.5**	**-14,625.7**	**-18.4%**	**97,080.8**	**-32,217.9**	**-33.2%**	**165,277.5**	**-100,414.6**	**-60.8%**
Domestic	48,286.6	55,047.6	-6,761.0	-12.3%	70,110.2	-21,823.6	-31.1%	139,114.0	-90,827.4	-65.3%
External	16,576.3	24,440.9	-7,864.6	-32.2%	26,970.6	-10,394.3	-38.5%	26,163.5	-9,587.2	-36.6%
Project Loans	16,576.3	19,725.5	-3,149.2	-16.0%	19,436.5	-2,860.2	-14.7%	11,572.1	5,004.2	43.2%
Other	0.0	4,715.4	-4,715.4	-100.0%	7,534.1	-7,534.1	-100.0%	14,591.4	-14,591.4	-100.0%
Other Inflows (inc'ds PCDF)	**4,024.1**	**3,574.2**	**449.9**	**12.6%**	**2,366.3**	**1,657.8**	**70.1%**	**2,210.9**	**1,813.2**	**82.0%**
Other Outflows	**0.0**	**0.0**	**0.0**	**0.0%**	**15,067.9**	**-15,067.9**	**-100.0%**	**31,903.6**	**-31,903.6**	**-100.0%**
Amortization	**52,595.1**	**57,005.2**	**-4,410.0**	**-7.7%**	**90,844.7**	**-38,249.6**	**-42.1%**	**139,649.3**	**-87,054.2**	**-62.3%**
Domestic	20,091.9	20,229.5	-137.6	-0.7%	50,867.2	-30,775.3	-60.5%	106,966.7	-86,874.8	-81.2%
External	32,503.2	36,775.7	-4,272.5	-11.6%	39,977.5	-7,474.3	-18.7%	32,682.6	-179.4	-0.5%
Overall Balance (Surplus + / Deficit -)	**31,249.9**	**-14,516.6**	**45,766.5**	**315.3%**	**-15,490.3**	**46,740.1**	**301.7%**	**-74,317.9**	**105,567.7**	**142.0%**
Primary Balance (Surplus + / Deficit -)	**119,267.1**	**56,676.9**	**62,590.2**	**110.4%**	**82,824.9**	**36,442.2**	**44.0%**	**17,533.0**	**101,734.1**	**580.2%**

Source: MOFPS

Table 3A.2: Details of Revenue – April to December 2022 outturn against FY 2022/23 Original Budget (J$mn)

Item	Prov Apr - Dec	Original Budget Apr - Dec	Diff	Diff %	FY 2021/22 Apr - Dec	Diff	Diff %	FY 2020/21 Apr - Dec	Diff	Diff %
Revenue & Grants	**567,607.9**	**507,622.2**	**59,985.7**	**11.8%**	**492,223.4**	**75,384.5**	**15.3%**	**398,261.6**	**169,346.3**	**42.5%**
Tax Revenue	**519,335.7**	**467,205.4**	**52,130.3**	**11.2%**	**416,057.1**	**103,278.6**	**24.8%**	**346,492.4**	**172,843.2**	**49.9%**
Income and profits	131,027.0	115,607.3	15,419.7	13.3%	103,305.7	27,721.3	26.8%	97,768.0	33,259.0	34.0%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	39,259.5	34,000.9	5,258.6	15.5%	34,051.3	5,208.2	15.3%	31,454.5	7,805.0	24.8%
PAYE	66,898.5	62,064.5	4,833.9	7.8%	52,194.7	14,703.8	28.2%	47,735.3	19,163.1	40.1%
Tax on dividend	2,499.9	1,555.4	944.5	60.7%	1,717.6	782.3	45.5%	2,063.4	436.5	21.2%
Individuals	3,136.6	2,527.2	609.4	24.1%	2,443.7	692.8	28.4%	2,187.2	949.4	43.4%
Tax on interest	19,232.6	15,459.3	3,773.3	24.4%	12,898.4	6,334.2	49.1%	14,327.6	4,904.9	34.2%
Production and consumption	175,254.8	159,925.8	15,328.9	9.6%	143,448.0	31,806.8	22.2%	125,268.7	49,986.0	39.9%
Min Business Tax	87.3	0.0	87.3	-	104.9	-17.6	-16.8%	88.0	-0.7	-0.8%
SCT	20,556.1	22,656.6	-2,100.5	-9.3%	21,289.4	-733.3	-3.4%	18,628.3	1,927.8	10.3%
Environmental Levy	505.1	546.5	-41.4	-7.6%	463.8	41.3	8.9%	446.3	58.8	13.2%
Motor vehicle licenses	4,333.3	3,829.5	503.8	13.2%	3,628.0	705.3	19.4%	3,311.7	1,021.6	30.8%
Other licenses	1,600.8	1,709.0	-108.2	-6.3%	2,704.7	-1,104.0	-40.8%	1,325.1	275.7	20.8%
Quarry Tax	75.3	45.6	29.7	65.1%	57.1	18.1	31.7%	75.0	0.2	0.3%
Betting, gaming and lottery	6,284.4	5,701.4	583.1	10.2%	5,384.8	899.6	16.7%	4,571.8	1,712.6	37.5%
Accomodation Tax	2,435.3	1,813.5	621.8	34.3%	1,527.4	908.0	59.4%	597.3	1,838.0	307.7%
Education Tax	28,468.2	26,008.2	2,460.0	9.5%	23,624.0	4,844.2	20.5%	21,386.9	7,081.3	33.1%
Telephone Call Tax	2,411.9	2,417.7	-5.8	-0.2%	2,531.8	-119.8	-4.7%	2,737.5	-325.5	-11.9%
Contractors levy	2,030.2	1,895.6	134.6	7.1%	1,517.7	512.5	33.8%	1,263.9	766.4	60.6%
GCT (Local)	100,860.8	88,652.1	12,208.7	13.8%	76,140.0	24,720.8	32.5%	67,175.1	33,685.7	50.1%
Stamp Duty (Local)	5,605.9	4,650.2	955.7	20.6%	4,474.3	1,131.7	25.3%	3,661.9	1,944.1	53.1%
International Trade	213,053.9	191,672.2	21,381.7	11.2%	169,303.5	43,750.4	25.8%	123,455.7	89,598.2	72.6%
Custom Duty	46,316.9	42,846.8	3,470.1	8.1%	37,380.2	8,936.6	23.9%	29,600.2	16,716.7	56.5%
Stamp Duty	3,237.4	2,670.1	567.3	21.2%	2,274.0	963.4	42.4%	1,427.7	1,809.7	126.8%
Travel Tax	18,420.8	11,586.7	6,834.0	59.0%	10,858.0	7,562.8	69.7%	3,614.2	14,806.6	409.7%
GCT (Imports)	88,558.0	86,838.4	1,719.5	2.0%	74,951.5	13,606.5	18.2%	56,456.3	32,101.7	56.9%
SCT (Imports)	52,178.6	44,347.6	7,831.0	17.7%	40,531.1	11,647.5	28.7%	29,892.6	22,286.0	74.6%
Environmental Levy	4,342.2	3,382.5	959.7	28.4%	3,308.6	1,033.6	31.2%	2,464.6	1,877.6	76.2%
Non-Tax Revenue	**42,318.9**	**34,166.9**	**8,152.0**	**23.9%**	**67,918.3**	**-25,599.3**	**-37.7%**	**47,772.8**	**-5,453.8**	**-11.4%**
Bauxite Levy	**926.0**	**910.4**	**15.6**	**1.7%**	**2,155.4**	**-1,229.4**	**-57.0%**	**0.0**	**926.0**	**-**
Capital Revenue	**0.0**	**1,346.2**	**-1,346.2**	**-100.0%**	**875.8**	**-875.8**	**-100.0%**	**22.1**	**-22.1**	**-100.0%**
Grants	**5027.3**	**3993.3**	**1,034.0**	**25.9%**	**5216.8**	**-189.6**	**-3.6%**	**3,974.2**	**1,053.1**	**26.5%**

Source: MOFPS

Non-Tax Revenue

Non-Tax Revenue for the review period exceeded target by 23.9%. The over-performance relative to budget largely reflects higher-than-projected inflows from the de-earmarked entities and miscellaneous revenue flows.

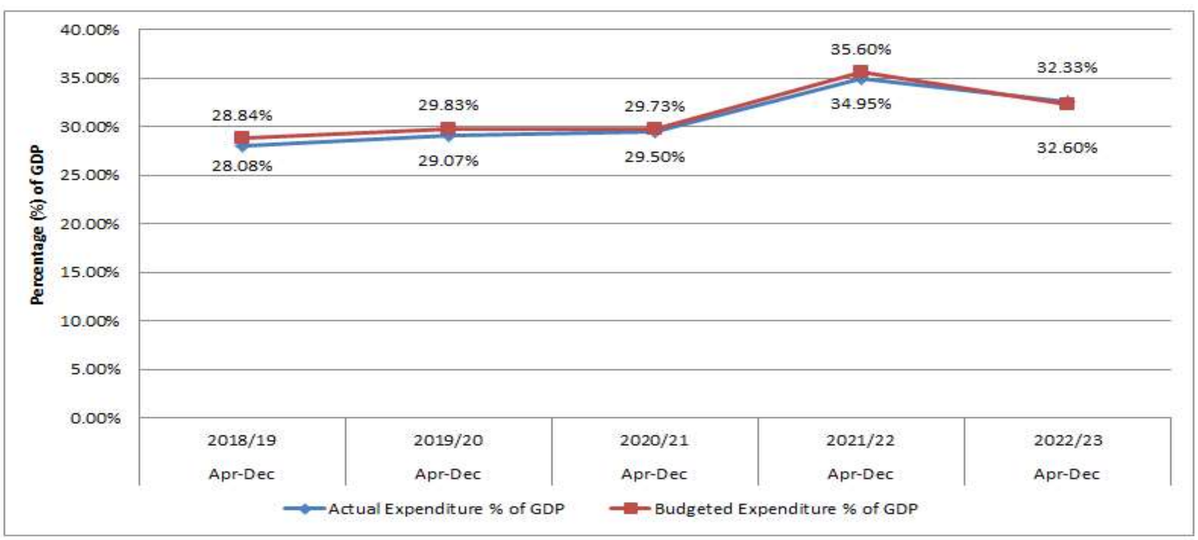
Bauxite Levy, Capital Revenue and Grants

Bauxite Levy collections for the period amounted to $926.0mn, which was 1.7% above target. Grants, totaling $5,027.3mn, exceeded budget by $1,034.0mn for April – December 2022, but fell short by 3.6% when compared to the corresponding period of FY 2021/22. The above-budget inflows from Grants largely reflected higher-than-projected disbursements from the European Union (EU) and the Caribbean Development bank (CDB). There were no Capital Revenue receipts for the review period, due to payment delays.

Expenditure

Expenditure (excluding amortization) for the review period totaled $552,649.8mn, reflecting a 0.8% increase over the original budget. Recurrent Expenditure accounted for $515,462.9mn which was 2.1% above budget, while Capital Expenditure totaled $37,186.9mn, falling short of programmed spending by 13.9%. As a share of GDP, total expenditure (net of amortization) declined relative to the corresponding period of FY 2021/22 (see Figure 3C).

Figure 3C: April to December Actual vs. Budgeted Expenditure Performance to GDP Ratios from FY 2018/19 to FY 2022/23



Source: MOFPS

Recurrent Expenditure

Recurrent Expenditure exceeded budget by $10,439.9mn or 2.1%, reflecting higher-than-originally-programmed spending for Programmes, Compensation of Employees and Interest payments.

Programmes expenditure was higher than budget by $2,995.0mn or 1.6% due to the net effect of higher than projected social intervention spending, related to the measures implemented to cushion the impact of rising inflation on vulnerable individuals, and lower-than-planned expenditure by Ministries, Departments and Agencies (MDAs) due to procurement delays.

Compensation of Employees totaled $217,799.0mn, which was marginally above budget (by 0.2%). This amount included salary increases and retroactive payments related to the implementation of the first phase of the public sector compensation reform, based on groups that finalized agreements before December 2022.

Interest payments totaled $104,309.1mn and were 7.3% above budget. Domestic and external interest costs were higher than programmed by 8.6% and 6.0%, respectively. Domestic interest payments were influenced by higher than projected Treasury-Bill rates over the period, while the increased external interest payments resulted from increased Secured Overnight Financing Rates (SOFR) to which interest rates on external variable-rate debt are now primarily linked.

Capital Expenditure for the review period amounted to $37,186.9mn, falling short of budget by 13.9% due to the slower-than-programmed pace of execution of a number of the planned public investment projects.

Debt Financing Flows

Loan receipts for the April to December 2022 period were $14,625.7mn or 18.4% below budget. Domestic loan receipts, which accounted for 74.4% of total loan inflows, were 12.3% below budget due to lower than scheduled issuance of Benchmark Investment Notes (BINs). Inflows from external sources were 32.2% below budget resulting from the combined effect of lower investment loan inflows in line with the lower execution rate of capital projects and an adjustment to a World Bank loan.

Total Amortization of $52,595.1mn was below projection by 7.7% percent, largely reflecting lower external payments primarily as a result of lower exchange rates than were utilized for projections.

Central Government Performance: April-December 2022 against Second Supplementary Estimates

The Central Government performance against the Second Supplementary Estimates is outlined in Tables 3B.1 and 3B.2.

Table 3B.1: Central Government Summary Accounts – April to December 2022 outturn against FY 2022/23 Second Supplementary Estimates (J$mn)

Item	Prov Apr - Dec	Second Supplementary Estimates Apr - Dec	Diff	Diff %	FY 2021/22 Apr - Dec	Diff	Diff %
Revenue & Grants	**567,728.6**	**559,874.2**	**7,854.4**	**1.4%**	**492,223.4**	**75,505.2**	**15.3%**
Tax Revenue	519,335.7	512,711.6	6,624.1	1.3%	416,057.1	103,278.6	24.8%
Non-Tax Revenue	42,558.9	40,878.6	1,680.3	4.1%	67,918.3	-25,359.4	-37.3%
Bauxite Levy	806.8	908.1	-101.3	-11.2%	2,155.4	-1,348.6	-62.6%
Capital Revenue	0.0	1,078.1	-1,078.1	-100.0%	875.8	-875.8	-100.0%
Grants	5,027.3	4,297.8	729.4	17.0%	5,216.8	-189.6	-3.6%
Expenditure	**552,650.0**	**560,271.6**	**-7,621.6**	**-1.4%**	**501,248.1**	**51,401.9**	**10.3%**
Recurrent Expenditure	515,463.1	520,411.6	-4,948.5	-1.0%	466,354.9	49,108.1	10.5%
Programmes	193,043.0	196,421.2	-3,378.2	-1.7%	193,510.6	-467.6	-0.2%
Compensation of Employees	218,111.0	219,980.7	-1,869.6	-0.8%	180,994.7	37,116.3	20.5%
Wages & Salaries	203,976.5	204,545.8	-569.4	-0.3%	166,299.7	37,676.8	22.7%
Employers Contribution	14,134.6	15,434.8	-1,300.3	-8.4%	14,695.0	-560.5	-3.8%
Interest	104,309.1	104,009.7	299.3	0.3%	91,849.6	12,459.5	13.6%
Domestic	49,917.9	50,039.7	-121.7	-0.2%	39,351.5	10,566.4	26.9%
External	54,391.1	53,970.1	421.1	0.8%	52,498.0	1,893.1	3.6%
Capital Expenditure	37,186.9	39,860.0	-2,673.1	-6.7%	34,893.1	2,293.8	6.6%
Capital Programmes	37,186.9	39,860.0	-2,673.1	-6.7%	34,893.1	2,293.8	6.6%
Fiscal Balance (Surplus + / Deficit -)	**15,078.7**	**-397.3**	**15,476.0**	**3895.0%**	**-9,024.7**	**24,103.3**	**267.1%**
Loan Receipts	**64,862.8**	**65,180.8**	**-318.0**	**-0.5%**	**97,080.8**	**-32,217.9**	**-33.2%**
Domestic	48,286.6	48,318.8	-32.2	-0.1%	70,110.2	-21,823.6	-31.1%
External	16,576.3	16,862.1	-285.8	-1.7%	26,970.6	-10,394.3	-38.5%
Project Loans	16,576.3	16,862.1	-285.8	-1.7%	19,436.5	-2,860.2	-14.7%
Other	0.0	0.0	0.0	0.0%	7,534.1	-7,534.1	-100.0%
Other Inflows (inc'ds PCDF)	**4,126.6**	**3,699.8**	**426.8**	**11.5%**	**2,366.3**	**1,760.3**	**74.4%**
Other Outflows	**0.0**	**0.0**	**0.0**	**0.0%**	**15,067.9**	**-15,067.9**	**-100.0%**
Amortization	**52,595.1**	**52,733.8**	**-138.6**	**-0.3%**	**90,844.7**	**-38,249.6**	**-42.1%**
Domestic	20,091.9	20,271.3	-179.4	-0.9%	50,867.2	-30,775.3	-60.5%
External	32,503.2	32,462.5	40.8	0.1%	39,977.5	-7,474.3	-18.7%
Overall Balance (Surplus + / Deficit -)	**31,472.9**	**15,749.5**	**15,723.4**	**99.8%**	**-15,490.3**	**46,963.2**	**303.2%**
Primary Balance (Surplus + / Deficit -)	**119,387.7**	**103,612.4**	**15,775.3**	**15.2%**	**82,824.9**	**36,562.8**	**44.1%**

Source: MOFPS

Table 3B.2: Details of Revenue – April to December 2022 outturn against FY 2022/23 Second Supplementary Estimates (J$mn)

Item	Prov Apr - Dec	Second Supplementary Estimates Apr - Dec	Diff	Diff %	FY 2021/22 Apr - Dec	Diff	Diff %
Revenue & Grants	**567,728.6**	**559,874.2**	**7,854.4**	**1.4%**	**492,223.4**	**75,505.2**	**15.3%**
Tax Revenue	**519,335.7**	**512,711.6**	**6,624.1**	**1.3%**	**416,057.1**	**103,278.6**	**24.8%**
Income and profits	131,027.0	125,776.6	5,250.4	4.2%	103,305.7	27,721.3	26.8%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	39,259.5	38,368.4	891.1	2.3%	34,051.3	5,208.2	15.3%
PAYE	66,898.5	64,255.4	2,643.0	4.1%	52,194.7	14,703.8	28.2%
Tax on dividend	2,499.9	2,318.3	181.7	7.8%	1,717.6	782.3	45.5%
Individuals	3,136.6	3,090.2	46.3	1.5%	2,443.7	692.8	28.4%
Tax on interest	19,232.6	17,744.3	1,488.3	8.4%	12,898.4	6,334.2	49.1%
Production and consumption	175,254.8	173,643.2	1,611.6	0.9%	143,448.0	31,806.8	22.2%
Min Business Tax	87.3	81.9	5.4	6.6%	104.9	-17.6	-16.8%
SCT	20,556.1	20,806.7	-250.6	-1.2%	21,289.4	-733.3	-3.4%
Environmental Levy	505.1	505.7	-0.6	-0.1%	463.8	41.3	8.9%
Motor vehicle licenses	4,333.3	4,363.2	-29.9	-0.7%	3,628.0	705.3	19.4%
Other licenses	1,600.8	1,895.7	-295.0	-15.6%	2,704.7	-1,104.0	-40.8%
Quarry Tax	75.3	73.3	2.0	2.7%	57.1	18.1	31.7%
Betting, gaming and lottery	6,284.4	6,259.1	25.3	0.4%	5,384.8	899.6	16.7%
Accomodation Tax	2,435.3	2,428.1	7.3	0.3%	1,527.4	908.0	59.4%
Education Tax	28,468.2	27,959.7	508.5	1.8%	23,624.0	4,844.2	20.5%
Telephone Call Tax	2,411.9	2,430.7	-18.8	-0.8%	2,531.8	-119.8	-4.7%
Contractors levy	2,030.2	1,997.8	32.4	1.6%	1,517.7	512.5	33.8%
GCT (Local)	100,860.8	99,228.8	1,632.0	1.6%	76,140.0	24,720.8	32.5%
Stamp Duty (Local)	5,605.9	5,612.3	-6.4	-0.1%	4,474.3	1,131.7	25.3%
International Trade	213,053.9	213,291.8	-237.9	-0.1%	169,303.5	43,750.4	25.8%
Custom Duty	46,316.9	46,507.5	-190.7	-0.4%	37,380.2	8,936.6	23.9%
Stamp Duty	3,237.4	3,223.2	14.2	0.4%	2,274.0	963.4	42.4%
Travel Tax	18,420.8	18,701.5	-280.7	-1.5%	10,858.0	7,562.8	69.7%
GCT (Imports)	88,558.0	88,596.3	-38.4	0.0%	74,951.5	13,606.5	18.2%
SCT (Imports)	52,178.6	51,902.7	275.9	0.5%	40,531.1	11,647.5	28.7%
Environmental Levy	4,342.2	4,360.5	-18.3	-0.4%	3,308.6	1,033.6	31.2%
Non-Tax Revenue	**42,558.9**	**40,878.6**	**1,680.3**	**4.1%**	**67,918.3**	**-25,359.4**	**-37.3%**
Bauxite Levy	**806.8**	**908.1**	**-101.3**	**-11.2%**	**2,155.4**	**-1,348.6**	**-62.6%**
Capital Revenue	**0.0**	**1,078.1**	**-1,078.1**	**-100.0%**	**875.8**	**-875.8**	**-100.0%**
Grants	**5,027.3**	**4,297.8**	**729.4**	**17.0%**	**5,216.8**	**-189.6**	**-3.6%**

Source: MOFPS

Central Government Operations: Estimates to March 2023

Adjustments to the macroeconomic assumptions, along with the on-going impact on commodity prices of the Russia-Ukraine conflict and adjustments to the planned public sector compensation restructure arising from consultations, necessitated the revision of the fiscal projections for FY 2022/23. Better-than-programmed revenue inflows supported an increase in expenditure through three revisions, relative to the FY 2022/23 Budget approved in March 2022, with the most recent being the Third Supplementary Estimates approved in early February 2023 (see Table 3C). The First Supplementary Estimates made provisions that were primarily aimed at cushioning the impact of price increases, arising from supply chain disruptions and the on-going Russia-Ukraine conflict, on vulnerable Jamaicans. Additional allocations relating to the restructuring of the public sector compensation system were also included. The primary purpose of the Second and Third Supplementary Estimates was to allocate resources to facilitate payment of the first-year costs under the new GOJ compensation system, based on negotiations and agreements with unions and staff associations representing public sector workers.

Revenue and Grants

Revenue & Grants are projected to be $842,552.5mn, which is higher than the amount reflected in the budget approved in March 2022 (Original Budget) by 12.4% (see Table 3C) and above the First and Second Supplementary Estimates by 3.3% and 2.6%, respectively (see Table 3D). Tax Revenue is projected to account for the largest share of the increase, reflecting continued strong economic activity and improvements in employment, with inflows expected to be higher than the Original Budget by $94,778.4mn (or 14.1%) and the First and Second Supplementary Estimates by $29,778.4mn (4.0%) and $27,978.4mn (or 3.8%), respectively.

Non-Tax Revenue is projected to be $1,747.6mn (or 2.7%) higher when compared to the Original Budget, but significantly below the outturn for FY 2021/22. The higher receipts for the previous fiscal year largely reflect the distribution of dividends totaling $33.2bn from the Bank of Jamaica in FY 2021/22. Collections from Grants are expected to total $1,133.9mn or 17.6% more than originally budgeted. On the other hand, Capital Revenue has been revised downwards by $1,190.8mn (or 80.6%) while Bauxite Levy is estimated to be $3,696.6mn or 75.3% lower than originally projected.

A primary balance surplus of $158,127.9mn is projected for the fiscal year, equivalent to 5.8% of GDP. The current projection is $12,884.3mn (or 8.9%) higher than the Original Budget of $145,243.6mn. The fiscal surplus is also projected to improve by $98.6mn or 1.4%, with a current projection of $6,933.1mn.

Expenditure

Total Expenditure (less amortization) for FY 2022/23 has increased by $92,673.8mn or 12.5% relative to the Original Budget, with $835,619.3mn currently programmed for the fiscal year. Recurrent Expenditure accounts for $771,788.3mn (higher by $93,910.1mn or 13.9%), while Capital Expenditure amounts to $63,831.0mn (lower by $1,236.3mn or 1.9%). The increase in Recurrent Expenditure reflects higher Compensation of Employees by $44,180.2mn, primarily relating to the public sector compensation restructure, as well as higher Programmes spending by $36,944.2mn (14.8%), which includes provisions for the social intervention measures aimed at mitigating the impact of price increases on the most vulnerable.

The downward revision to Capital Expenditure reflects the slower-than-planned execution of several public investment projects.

Table 3C: Central Government Summary Accounts FY 2022/23 (J$mn)

Item	Third Supplementary Estimates Apr - March	Original Budget Apr - March	Diff	Diff %	Actuals FY 2021/22 Apr - March	Diff	Diff %
Revenue & Grants	**842,552.5**	**749,780.0**	**92,772.5**	**12.4%**	**720,224.5**	**122,328.0**	**17.0%**
Tax Revenue	766,314.4	671,536.1	94,778.4	14.1%	616,367.9	149,946.5	24.3%
Non-Tax Revenue	67,146.3	65,398.7	1,747.6	2.7%	92,828.0	-25,681.7	-27.7%
Bauxite Levy	1,211.7	4,908.3	-3,696.6	-75.3%	2,461.7	-1,249.9	-50.8%
Capital Revenue	286.1	1,477.0	-1,190.8	-80.6%	908.4	-622.3	-68.5%
Grants	7,593.9	6,460.0	1,133.9	17.6%	7,658.5	-64.6	-0.8%
Expenditure	**835,619.3**	**742,945.5**	**92,673.8**	**12.5%**	**698,895.6**	**136,723.7**	**19.6%**
Recurrent Expenditure	771,788.3	677,878.2	93,910.1	13.9%	648,385.4	123,402.9	19.0%
Programmes	286,170.3	249,226.0	36,944.2	14.8%	269,586.5	16,583.8	6.2%
Compensation of Employees	334,423.3	290,243.1	44,180.2	15.2%	241,751.1	92,672.2	38.3%
Wages & Salaries	308,705.3	268,825.1	39,880.2	14.8%	222,484.2	86,221.1	38.8%
Employer's Contribution	25,718.0	21,418.0	4,300.0	20.1%	19,266.9	6,451.1	33.5%
Interest	151,194.7	138,409.1	12,785.7	9.2%	137,047.8	14,146.9	10.3%
Domestic	68,099.8	61,385.1	6,714.8	10.9%	54,711.9	13,387.9	24.5%
External	83,094.9	77,024.0	6,070.9	7.9%	82,335.9	759.0	0.9%
Capital Expenditure	63,831.0	65,067.3	-1,236.3	-1.9%	50,510.2	13,320.8	26.4%
Capital Programmes	63,831.0	65,067.3	-1,236.3	-1.9%	50,510.2	13,320.8	26.4%
Fiscal Balance (Surplus + / Deficit -)	**6,933.1**	**6,834.5**	**98.6**	**1.4%**	**21,328.9**	**-14,395.7**	**-67.5%**
Loan Receipts	**123,688.7**	**124,130.1**	**-441.4**	**-0.4%**	**149,635.3**	**-25,946.6**	**-17.3%**
Domestic	99,185.0	92,047.6	7,137.4	7.8%	75,832.9	23,352.1	30.8%
External	24,503.7	32,082.5	-7,578.8	-23.6%	73,802.4	-49,298.7	-66.8%
Project Loans	24,503.7	27,367.1	-2,863.4	-10.5%	25,878.3	-1,374.6	-5.3%
Other	0.0	4,715.4	-4,715.4	-100.0%	47,924.1	-47,924.1	-100.0%
Amortization	**162,622.5**	**169,057.9**	**-6,435.4**	**-3.8%**	**159,791.1**	**2,831.4**	**1.8%**
Domestic	115,416.3	116,426.5	-1,010.2	-0.9%	72,368.0	43,048.3	59.5%
External	47,206.2	52,631.4	-5,425.1	-10.3%	87,423.1	-40,216.9	-46.0%
Other Inflows (inc'ds PCDF)	**4,134.3**	**32,514.6**	**-28,380.3**	**-87.3%**	**3,268.0**	**866.3**	**26.5%**
Other Outflows	**0.0**	**0.0**	**0.0**	**0.0%**	**19,267.9**	**-19,267.9**	**-100.0%**
Overall Balance (Surplus + / Deficit -)	**-27,866.4**	**-5,578.7**	**-22,287.7**	**-399.5%**	**-4,826.8**	**-23,039.6**	**-477.3%**
Primary Balance (Surplus +/Deficit -)	**158,127.9**	**145,243.6**	**12,884.3**	**8.9%**	**158,376.7**	**-248.8**	**-0.2%**
Total Payments	**998,241.9**	**912,003.4**	**86,238.4**	**9.5%**	**877,954.6**	**120,287.3**	**13.7%**

Source: MOFPS

Table 3D: Third Supplementary versus Second and First Supplementary Estimates (J$mn)

Item	Third Supplementary Estimates Apr - March	Second Supplementary Estimates Apr - March	Diff	Diff %	First Supplementary Estimates Apr - March	Diff	Diff %
Revenue & Grants	**842,552.5**	**817,109.4**	**25,443.1**	**3.1%**	**815,309.4**	**27,243.1**	**3.3%**
Tax Revenue	766,314.4	738,336.0	27,978.4	3.8%	736,536.0	29,778.4	4.0%
Non-Tax Revenue	67,146.3	67,775.8	-629.5	-0.9%	67,775.8	-629.5	-0.9%
Bauxite Levy	1,211.7	3,060.6	-1,848.9	-60.4%	3,060.6	-1,848.8	-60.4%
Capital Revenue	286.1	1,477.0	-1,190.9	-80.6%	1,477.0	-1,190.9	-80.6%
Grants	7,593.9	6,460.0	1,133.9	17.6%	6,460.0	1,133.9	17.6%
Expenditure	**835,619.3**	**809,473.8**	**26,145.6**	**3.2%**	**807,756.6**	**27,862.7**	**3.4%**
Recurrent Expenditure	771,788.3	743,101.4	28,686.9	3.9%	741,384.3	30,404.0	4.1%
Programmes	286,170.3	283,217.9	2,952.4	1.0%	280,793.8	5,376.4	1.9%
Compensation of Employees	334,423.3	310,682.4	23,740.9	7.6%	311,389.3	23,034.0	7.4%
Wages & Salaries	308,705.3	286,790.4	21,914.9	7.6%	287,445.5	21,259.8	7.4%
Employer's Contribution	25,718.0	23,892.0	1,826.0	7.6%	23,943.8	1,774.2	7.4%
Interest	151,194.7	149,201.1	1,993.6	1.3%	149,201.2	1,993.6	1.3%
Domestic	68,099.8	67,936.4	163.4	0.2%	67,936.4	163.4	0.2%
External	83,094.9	81,264.7	1,830.2	2.3%	81,264.7	1,830.2	2.3%
Capital Expenditure	63,831.0	66,372.3	-2,541.3	-3.8%	66,372.3	-2,541.3	-3.8%
Capital Programmes	63,831.0	66,372.3	-2,541.3	-3.8%	66,372.3	-2,541.3	-3.8%
Fiscal Balance (Surplus + / Deficit -)	**6,933.1**	**7,635.6**	**-702.5**	**-9.2%**	**7,552.7**	**-619.6**	**-8.2%**
Loan Receipts	**123,688.7**	**132,809.4**	**-9,120.7**	**-6.9%**	**132,809.4**	**-9,120.7**	**-6.9%**
Domestic	99,185.0	92,047.6	7,137.4	7.8%	92,047.6	7,137.4	7.8%
External	24,503.7	40,761.8	-16,258.1	-39.9%	40,761.8	-16,258.1	-39.9%
Project Loans	24,503.7	24,503.7	0.0	0.0%	24,503.7	0.0	0.0%
Other	0.0	16,258.1	-16,258.1	0.0%	16,258.1	-16,258.1	0.0%
Amortization	**162,622.5**	**164,227.0**	**-1,604.5**	**-1.0%**	**164,227.0**	**-1,604.5**	**-1.0%**
Domestic	115,416.3	116,349.4	-933.1	-0.8%	116,349.4	-933.1	-0.8%
External	47,206.2	47,877.6	-671.4	-1.4%	47,877.6	-671.4	-1.4%
Other Inflows (inc'ds PCDF)	**4,134.3**	**4,134.3**	**0.0**	**0.0%**	**4,134.3**	**0.0**	**0.0%**
Other Outflows	**0.0**	**0.0**	**0.0**	**0.0%**	**0.0**	**0.0**	**0.0%**
Overall Balance (Surplus + / Deficit -)	**-27,866.4**	**-19,647.7**	**-8,218.7**	**-41.8%**	**-19,730.6**	**-8,135.8**	**-41.2%**
Primary Balance (Surplus +/Deficit -)	**158,127.9**	**156,836.8**	**1,291.1**	**0.8%**	**156,753.9**	**1,374.0**	**0.9%**
Total Payments	**998,241.9**	**973,700.8**	**24,541.1**	**2.5%**	**971,983.7**	**26,258.2**	**2.7%**

Source: MOFPS

Public Debt Stock

At end-December 2022, the stock of Public Debt outstanding was $2,184,835.0mn, 0.1% less than at end-March 2022 (see Table 3E). The year-over-year change in the total public debt stock was a decline of 1.4%, reflecting reductions in both Central Government and public bodies' debt over the period.

Central Government debt at end-December 2022 was $2,162,231.2mn, representing a decline of 0.9% compared to end-December 2021 but above the end-March 2022 position by 0.3%. The decline, year-over-year, reflects a lower stock of external debt as the marketable securities portfolio was reduced by 5.9%. In contrast, the domestic debt at end-December 2022 was 2.6% higher than it was a year earlier. The increase reflects net financing inflows from Benchmark Investment Notes (BINs).

Net public bodies' (PBs) debt decreased by $11,436.2mn to $22,603.8mn at end-December 2022, representing a 33.6% reduction relative to end-December 2021.

The debt-to-GDP ratio is projected to be 79.7% at end-FY2022/23, representing a 14.5 percentage point reduction over the outturn at end-March 2022. The debt ratio is expected to continue on this trajectory towards the 60.0% debt-to-GDP target by FY 2027/28.

Table 3E: Stock of Public Debt (J$mn)

	End-December 2021	End-March 2022	End-December 2022	(%) Total SPS Debt End-December 2022
	J$ millions	J$ millions	J$ millions	%
Total Specified Public Sector Debt	**2,216,476.9**	**2,187,597.3**	**2,184,835.0**	**100.0%**
Total Central Government Debt	**2,182,436.9**	**2,155,893.2**	**2,162,231.2**	**99.0%**
Central Government Domestic Debt	**824,074.0**	**810,089.8**	**845,782.4**	**38.7%**
Marketable Securities	**824,073.9**	**810,089.6**	**845,782.2**	**38.7%**
Bonds	813,773.9	799,789.6	835,482.2	38.2%
Treasury Bills	10,300.0	10,300.0	10,300.0	0.5%
Loans (Commercial Banks, Public Sector)	**0.2**	**0.2**	**0.2**	**0.0%**
Central Government External Debt	**1,358,362.9**	**1,345,803.5**	**1,316,448.8**	**60.3%**
Marketable Securities	**795,264.3**	**756,535.0**	**748,034.5**	**34.2%**
Bonds	795,264.3	756,535.0	748,034.5	34.2%
Loans	**563,098.5**	**589,268.4**	**568,414.3**	**26.0%**
Bilateral	**108,757.3**	**106,031.4**	**108,877.4**	**5.0%**
OECD	2,211.7	2,229.8	1,855.4	0.1%
Non-OECD	106,545.6	103,801.6	107,022.0	4.9%
Multilateral	**454,341.2**	**483,237.0**	**459,536.8**	**21.0%**
IDB	244,692.9	253,890.9	244,569.7	11.2%
IBRD	164,670.7	162,193.4	156,849.8	7.2%
Other	44,977.6	67,152.7	58,117.3	2.7%
Non Central Government Debt	**34,040.0**	**31,704.1**	**22,603.8**	**1.0%**
Net Public Bodies	34,040.0	31,704.1	22,603.8	1.0%

Source: MOFPS

SELF-FINANCING PUBLIC BODIES OPERATIONS - FY 2022/23

Public Bodies[3], which comprise statutory bodies and authorities (with body corporate status) as well as government owned companies, collectively represent an important subset of the public sector. There are approximately 146 active public bodies and they perform regulatory, advisory, supervisory, research, technical, administrative or quasi-judicial functions of a governmental nature. Approximately 36 of these entities deliver public policy objectives while engaging in commercial activities, all of which are a subset of the self-financing public bodies (SFPBs).

<u>SFPBs Performance</u>

The group of Self-Financing Public Bodies (SFPBs) continues to show resilience within an environment of economic uncertainty caused by, among other issues, rising gas prices and the residual effects of the COVID–19 pandemic. The current balance (operating surplus) of $97,973.0mn estimated for FY 2022/23 is expected to exceed pre-pandemic results (FY 2018/19 and FY 2019/20). Further, the Group is estimating an overall balance surplus of $29,636.83mn at end- March 2023, compared with the initial projected surplus of $11,739.19mn. The additional estimated surplus ($17,897.64mn) is mainly due to positive overall balances for the National Insurance Fund, Petrojam Limited and the National Water Commission (NWC) which are expected to over-perform by $8,734.98mn, $5,658.27mn and $2,632.03mn, respectively. This is expected to be partially offset by results for the National Housing Trust (NHT) which is forecast to be $9,323.84mn below budget. The primary factors contributing to the outturn of these public bodies are highlighted below:

The National Insurance Fund (NIF) – Increased contributions and interest income compared with budget are the primary factors driving NIF's improved performance. The Fund had projected to receive $35,711.0mn in contributions; however, earnings are now estimated to be $43,393.53mn. Additionally $1,636.13mn in interest is projected, given higher amounts on investments.

Petrojam Limited – Petrojam's operations continued to benefit from the impact of oil price volatility consequent on the Ukraine-Russia crisis. The Company currently estimates average crude oil price of US$103.99/barrel for FY 2022/23 which exceeds the budgeted price of US$63.68/barrel. Given increased price as well as volume, Petrojam has estimated a net improvement of US$31.74mn in its current balance against budget.

National Water Commission (NWC) – NWC estimates that $4,003.42mn (45%) of its $8,851.46mn budgeted capital programme will be achieved. The implementation of NWC's capital programme has been impacted significantly by delays in the procurement of materials

[3] Defined in the Public Bodies Management and Accountability Act as Statutory Bodies, Authorities or Government Companies, but do not include Executive Agencies.

needed to execute projects, due primarily to global supply chain issues. Accordingly, the NWC is programming completion of these projects in FY 2023/24.

National Housing Trust (NHT) – NHT had mixed operating results contributing to an estimated Overall Balance deficit of $3,465.40mn, a deterioration of $9,323.84mn against budget. This outcome is primarily attributed to NHT providing its contributors with mortgages exceeding budget by $17,101.74mn consequent on the continued thrust to increase housing access to contributors. The increased housing expenditure was partially offset by an $8,978.79mn reduction in its operating expenditure, as increased mortgage subsidy costs were deferred.

Transfers to and From Government

Some public bodies continued to receive assistance from the Government particularly in the form of grants. These include the following:

- Jamaica Urban Transit Company
- Students' Loan Bureau
- Jamaica Agricultural Commodities Regulatory Authority
- Montego Bay Metro

Flows to the GOJ arising from SFPB financial distributions and corporate taxes are estimated at $22,542.10mn (budget: $22,614.95mn).

The estimated performance of the SFPBs for FY 2022/23 is shown in Table 3I.

MEDIUM-TERM FISCAL PROGRAMME

The continued improvement in Jamaica's economy following the unprecedented contraction in FY 2020/21 attests to the progress made by the GOJ in establishing a strong macroeconomic foundation prior to the COVID-19 shock. In addition, the policies and measures implemented to mitigate its effect on the economy subsequent to the onset of the disease have ensured that the gains achieved through fiscal responsibility were not eroded. As a result, the fiscal aggregates remain robust driven by buoyant tax revenue and the public debt-to-GDP ratio is firmly back on a downward trajectory. These developments have facilitated the implementation of a new compensation system without compromising fiscal sustainability. The GOJ remains unwavering in its commitment to the principles that have underpinned this success, and is reinforcing the country's economic resilience through climate change risk mitigation. It is essential that fiscal policy is conducted in a manner that is supportive of the continuation of economic growth. Within this context, the medium-term fiscal programme outlined in Tables 3G and 3H reflects the maintenance of fiscal discipline, while prioritizing social protection and growth enhancing capital expenditure.

The medium-term fiscal profile has been formulated within the context of the legislated targets under the Fiscal Responsibility Framework, and is underpinned by the macroeconomic assumptions provided in the Macroeconomic Framework. The overarching objective is the attainment of a debt-to-GDP ratio of 60.0%, or lower, by the end of FY 2027/28. A Central Government Primary Balance Surplus of 5.5% of GDP is programmed for FY 2023/24, with a similar average projected over the medium term. Fiscal Balance Surpluses of 0.3% of GDP is projected to be generated from the operations of the Central Government in FY 2023/24 and FY 2024/25. As a percentage of GDP, fiscal balance surpluses of 1.7% and 1.9% are projected for FY 2025/26 and FY 2026/27, respectively, as required by Jamaica's fiscal rules based on existing parameters. Given the forecasted decline in interest rate expenses on account of the declining debt stock these fiscal balance outcomes are projected to be achieved without expenditure adjusment.

Revenue Strategy

The GOJ continuously seeks to identify avenues that facilitate improvement to the revenue systems, particularly where those improvements contribute to the simplicity, equity and efficiency of the systems. Improvements to the tax system contribute to ensuring that public goods and services are adequately funded and fosters improved competitiveness of the business environment which is supportive of economic growth and development. Accordingly, strategic policies and administrative actions will be implemented across the medium term.

Tax Administration Reform

The principal revenue collection agencies, Tax Administration Jamaica (TAJ) and Jamaica Customs Agency (JCA), will continue to employ strategies aimed at improving the efficiency of the tax system. The following summarises the main initiatives to be undertaken during FY 2023/24, with details provided in Appendix V.

Tax Administration Jamaica (TAJ)

Over the medium term, TAJ will continue to implement key initiatives toward achieving the authority's strategic objectives. During FY 2023/24, the Agency will be prioritizing three strategic objectives spanning the Domestic Tax Administration and Executive Administration programmes. These strategic objectives are:

1. *To maximize efficiency and effectiveness of the authority* - TAJ will focus on *'Agile Business Transformation'*, to be spread across its two programmes, by pursuing digital solutions as well as exploring and applying the use of various business models that allow for increased operational efficiency;
2. *To foster a customer-centric culture* - TAJ will focus on customer satisfaction, through its ongoing project of simplifying the tax system and creating tools that make tax payments, declarations, appeals, queries, and other client interactions easy, safe, efficient, and reliable; and
3. *To improve voluntary tax compliance* - The Agency will focus on voluntary tax compliance, through strategic data management & analytics.

Jamaica Customs Agency (JCA)

The Jamaica Customs Agency, in support of the GOJ's overarching revenue strategy, has established several medium-term strategic objectives, which include, inter alia:

- Modernizing customs administration for a sustainable contribution to economic development by 2024;
- Improving trade facilitation and revenue collection. This will involve, inter alia: (i) Improving customs clearance time for commercial and non-commercial goods to 24 hours and 2 hours, respectively, by 2024, and (ii) Achieving the annual revenue target; and
- Reducing outstanding arrears by 5% annually, in an effort to optimize revenue collection.

To facilitate the improvement in trade facilitation and revenue collection, the JCA will be undertaking and continuing a number of reform initiatives, including: ASYCUDA upgrade and enhancement and the Jamaica Single Window for Trade (JSWIFT) system project and border control operations.

Revenue Profile

Revenue and Grants are programmed at 30.3% of GDP in FY 2023/24, 0.8 percentage points lower than the 31.1% of GDP estimated for FY 2022/23. Over the medium term, Revenue & Grants as a percentage of GDP, are projected to average 30.1% (see Table 3H). Tax Revenue as a percentage of GDP for FY 2023/24 is projected to be 27.9%, 0.3 percentage points lower than the estimate for FY 2022/23, and is forecasted to increase to 28.2% by FY 2026/27. The Tax Revenue forecast over the medium term reflects the positive economic growth outlook and expected improvements in the labour market. Non-tax Revenue is projected to decline to 2.2% of GDP for FY 2023/24, and average 2.0% over the medium term. Inflows from Grants are forecasted to average 0.2% of GDP over the medium term.

Expenditure Strategy

The GOJ remains steadfast in its commitment to fiscal discipline and continued economic growth. Accordingly, above-the-line Expenditure is projected to decline gradually from 30.0% of GDP in FY 2023/24 to 28.4% in FY 2026/27. The declining expenditure ratio is influenced by the projected reduction in interest payments as a percentage of GDP, consistent with the targeted decline in the public debt to GDP over the medium term.

Capital expenditure is projected to increase from 2.5% of GDP in FY 2023/24 to average 2.8% over the medium term.

FY 2023/24 BUDGET – CENTRAL GOVERNMENT

The Central Government budget for FY 2023/24 is formulated to ensure achievement of the overarching medium term debt/GDP target. The fiscal programme aims to support the objective of reducing the public debt and debt servicing costs, thereby creating fiscal space to facilitate growth-inducing expenditure. Accordingly, achieving the required fiscal balance and the corresponding primary balance remains a priority as these are the operational instruments being utilized to attain a public debt of no more than 60.0% of GDP by end-March 2028. The fiscal surplus is budgeted at $8,664.3mn or 0.3% of GDP, while a primary surplus of $145,243.6mn, equivalent to 5.5% of GDP is projected for FY 2023/24.

Revenue and Grants

The Revenue and Grants projection for FY 2023/24 is $896,257.6mn, reflecting an increase over the Third Supplementary Estimates of $842,552.4mn by 6.4%, largely on account of Tax Revenue which is programmed at $824,295.8mn (27.9% of GDP). Tax Revenue is projected to account for 92.0% of total Revenue and Grants, compared to 91.0% of the estimated outturn for FY 2022/23.

Table 3F: FY 2023/24 Revenue Forecast

	FY 2022/23 (J$mn)	FY 2023/24 (J$mn)	% Change
Revenue and Grants	842,552.5	896,257.6	6.4%
Tax Revenue	766,314.4	824,295.8	7.6%
Non-Tax Revenue	67,146.3	65,228.5	-2.9%
Bauxite Levy	1,211.7	1,283.4	5.9%
Capital Revenue	286.1	168.3	-41.2%
Grants	7,593.9	5,281.5	-30.5%

Source: MOFPS

Expenditure

Non-Debt Expenditure

The Central Government Non-Debt (above-the-line) Expenditure Budget is projected at $732,526.1mn, of which Recurrent Expenditure accounts for $657,153.2mn or 89.7% and Capital $75,372.9mn or 10.3%. The projection for FY 2023/24 represents a nominal increase of $48,101.5mn or 7.0% relative to the Non-Debt expenditure reflected in the FY 2022/23 Third Supplementary Estimates.

Total Non-Debt Recurrent Expenditure comprises (a) Compensation of Employees of $367,346.8mn and (b) Recurrent Programmes of $289,806.4mn.

Recurrent Programmes

The $289,806.4mn allocated for Recurrent Programmes reflects increased allocations for the school feeding programme, including the Breakfast and Snack programmes administered by Nutrition Products Limited. In addition, provision is made for increased subvention to the University of the West Indies and the University of Technology.

Compensation of Employees

The $367,346.8mn allocation for Compensation of Employees takes account of provisions made in the FY 2022/23 Second and Third Supplementary Estimates to facilitate implementation of the first year of the new compensation structure.

Included in the provision for FY 2023/24 is approximately $33.0 billion related to the second year of the implementation cost.

An additional $1.6 billion related to the new compensation system is reflected in Recurrent Programmes, in the increased subvention to the University Hospital of the West Indies (UHWI).

Capital Programmes

The allocation of $75,372.9mn includes: approximately $1.8 billion for the procurement of an additional fifty (50) garbage trucks, which will complete the programmed two-year re-fleeting of the National Solid Waste Management Authority (NSWMA); and approximately $8.7 billion in the Contingency Provision under the Ministry of Finance and the Public Service to support new public investment projects that are currently in development.

Debt Servicing

Debt service costs for FY 2023/24 are projected at $280,609.5mn, equivalent to 34.0% of tax revenue compared to the 41.0% estimated for FY 2022/23. The debt service costs comprise amortization payments of $125,452.0mn, and interest payments of $155,157.5mn. Over the medium term, debt service costs as a percentage of tax revenue are expected to continue on a downward trend, falling to 30.6% in FY 2026/27.

Public Debt

Prudent management of the public debt is essential to safeguard the gains made in reducing the public debt and to maintain the current downward trajectory towards the legislated debt-to-GDP target of 60.0% or less by FY 2027/28. Over the medium term, the debt management strategy will continue to focus on realigning the debt portfolio in favour of local currency and, consequently, further mitigating foreign exchange risk. A debt-to-GDP ratio of 74.2% is projected for end-FY 2023/24 and is expected to continue to decline gradually throughout the medium term.

Table 3G: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (JM$)

Item	Act 2019/20	Act 2020/21	Prov 2021/22	Est 2022/23	Proj 2023/24	Proj 2024/25	Proj 2025/26	Proj 2026/27
Revenue & Grants	**649,759.2**	**575,401.1**	**720,224.5**	**842,552.5**	**897,567.2**	**926,670.5**	**1,022,576.8**	**1,079,763.3**
Tax Revenue	579,397.0	505,686.7	616,367.9	766,314.4	824,295.8	854,735.2	946,893.5	1,004,180.6
Non-Tax Revenue	64,505.2	62,182.6	92,828.0	67,146.3	65,228.5	65,784.1	69,793.7	69,338.6
Bauxite Levy	0.0	0.0	2,461.7	1,211.7	1,283.4	600.0	0.0	0.0
Capital Revenue	1,200.2	352.1	908.4	286.1	168.3	179.9	190.8	202.3
Grants	4,656.8	7,179.7	7,658.5	7,593.9	6,591.1	5,371.3	5,698.7	6,041.8
Expenditure	**630,354.4**	**635,911.3**	**698,895.6**	**835,619.3**	**887,683.6**	**918,137.7**	**965,712.0**	**1,011,069.9**
Recurrent Expenditure	559,961.4	586,727.2	648,385.4	771,788.3	812,310.7	838,672.1	868,403.7	906,727.2
Programmes	216,856.6	234,693.0	269,586.5	286,170.3	289,806.4	304,296.7	319,511.6	335,487.1
Compensation of Employees	211,617.5	222,996.3	241,751.1	334,423.3	367,346.8	382,375.5	408,915.9	437,540.0
Wages & Salaries	195,935.5	208,002.2	222,484.2	308,705.3	338,693.8	352,550.2	377,228.7	403,634.7
Employers Contribution	15,682.1	14,994.1	19,266.9	25,718.0	28,653.1	29,825.3	31,687.2	33,905.3
Interest	131,487.3	129,037.9	137,047.8	151,194.7	155,157.5	151,999.9	139,976.2	133,700.0
Domestic	47,596.1	50,338.6	54,711.9	68,099.8	65,546.8	63,904.4	53,986.4	51,780.1
External	83,891.2	78,699.2	82,335.9	83,094.9	89,610.8	88,095.5	85,989.8	81,919.9
Capital Expenditure	70,392.9	49,184.1	50,510.2	63,831.0	75,372.9	79,465.6	97,308.3	104,342.7
Capital Programmes	70,392.9	49,184.1	50,510.2	63,831.0	75,372.9	79,465.6	97,308.3	104,342.7
Fiscal Balance (Surplus + / Deficit -)	**19,404.8**	**(60,510.2)**	**21,328.9**	**6,933.1**	**9,883.6**	**8,532.8**	**56,864.8**	**68,693.4**
Loan Receipts	**126,060.1**	**221,924.9**	**149,635.3**	**123,688.7**	**139,472.5**	**218,309.1**	**84,981.8**	**97,197.4**
Domestic	74,978.7	166,092.9	75,832.9	99,185.0	62,075.3	100,000.0	56,058.5	55,460.3
External	51,081.4	55,832.0	73,802.4	24,503.7	77,397.2	118,309.1	28,923.3	41,737.1
Other Inflows (inc'ds PCDF)	**104,174.9**	**3,338.5**	**3,268.0**	**4,134.3**	**15,826.2**	**14,730.4**	**6,019.3**	**7,686.6**
Other Outflows	**37,933.2**	**36,967.0**	**19,267.9**	**0.0**	**8,537.0**	**0.0**	**0.0**	**0.0**
Amortization	**169,046.6**	**159,085.5**	**159,791.1**	**162,622.5**	**125,452.0**	**278,779.4**	**147,866.1**	**173,577.4**
Domestic	70,480.6	112,778.2	72,368.0	115,416.3	21,681.3	169,251.0	58,818.1	40,386.3
External	98,565.9	46,307.3	87,423.1	47,206.2	103,770.8	109,528.5	89,047.9	133,191.1
Overall Balance (Surplus + / Deficit -)	**42,660.0**	**(31,299.3)**	**(4,826.8)**	**(27,866.4)**	**31,193.2**	**(37,207.1)**	**(0.2)**	**0.1**
Primary Balance (Surplus + / Deficit -)	**150,892.1**	**68,527.7**	**158,376.7**	**158,127.9**	**165,041.1**	**160,532.7**	**196,841.0**	**202,393.4**
Total Payments	**837,334.1**	**831,963.8**	**877,954.6**	**998,241.9**	**1,021,672.6**	**1,196,917.1**	**1,113,578.1**	**1,184,647.3**

Source: MOFPS

Table 3H: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (% GDP)

Item	Act 2019/20	Act 2020/21	Prov 2021/22	Proj 2022/23	Proj 2023/24	Proj 2024/25	Proj 2025/26	Proj 2026/27
Revenue & Grants	**30.6%**	**29.5%**	**31.0%**	**31.1%**	**30.3%**	**29.3%**	**30.5%**	**30.4%**
Tax Revenue	27.3%	25.9%	26.5%	28.2%	27.9%	27.0%	28.2%	28.2%
Non-Tax Revenue	3.0%	3.2%	4.0%	2.5%	2.2%	2.1%	2.1%	2.0%
Bauxite Levy	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Revenue	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	0.2%	0.4%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
Expenditure	**29.7%**	**32.6%**	**30.1%**	**30.8%**	**30.0%**	**29.0%**	**28.8%**	**28.4%**
Recurrent Expenditure	26.4%	30.1%	27.9%	28.5%	27.4%	26.5%	25.9%	25.5%
Programmes	10.2%	12.0%	11.6%	10.5%	9.8%	9.6%	9.5%	9.4%
Compensation of Employees	10.0%	11.4%	10.4%	12.3%	12.4%	12.1%	12.2%	12.3%
Wages & Salaries	9.2%	10.7%	9.6%	11.4%	11.4%	11.2%	11.3%	11.4%
Employers Contribution	0.7%	0.8%	0.8%	0.9%	1.0%	0.9%	0.9%	1.0%
Interest	6.2%	6.6%	5.9%	5.6%	5.2%	4.8%	4.2%	3.8%
Domestic	2.2%	2.6%	2.4%	2.5%	2.2%	2.0%	1.6%	1.5%
External	4.0%	4.0%	3.5%	3.1%	3.0%	2.8%	2.6%	2.3%
Capital Expenditure	3.3%	2.5%	2.2%	2.4%	2.5%	2.5%	2.9%	2.9%
Capital Programmes	3.3%	2.5%	2.2%	2.4%	2.5%	2.5%	2.9%	2.9%
Fiscal Balance (Surplus + / Deficit -)	**0.9%**	**-3.1%**	**0.9%**	**0.3%**	**0.3%**	**0.3%**	**1.7%**	**1.9%**
Loan Receipts	**5.9%**	**11.4%**	**6.4%**	**4.6%**	**4.7%**	**6.9%**	**2.5%**	**2.7%**
Domestic	3.5%	8.5%	3.3%	3.7%	2.1%	3.2%	1.7%	1.6%
External	2.4%	2.9%	3.2%	0.9%	2.6%	3.7%	0.9%	1.2%
Other Inflows (inc'ds PCDF)	**4.9%**	**0.2%**	**0.1%**	**0.2%**	**0.5%**	**0.5%**	**0.2%**	**0.2%**
Other Outflows	**1.8%**	**1.9%**	**0.8%**	**0.0%**	**0.3%**	**0.0%**	**0.0%**	**0.0%**
Amortization	**8.0%**	**8.2%**	**6.9%**	**6.0%**	**4.2%**	**8.8%**	**4.4%**	**4.9%**
Domestic	3.3%	5.8%	3.1%	4.3%	0.7%	5.4%	1.8%	1.1%
External	4.6%	2.4%	3.8%	1.7%	3.5%	3.5%	2.7%	3.7%
Overall Balance (Surplus + / Deficit -)	**2.0%**	**-1.6%**	**-0.2%**	**-1.0%**	**1.1%**	**-1.2%**	**0.0%**	**0.0%**
Primary Balance (Surplus + / Deficit -)	**7.1%**	**3.5%**	**6.8%**	**5.8%**	**5.6%**	**5.1%**	**5.9%**	**5.7%**
Total Payments	**39.5%**	**42.7%**	**37.8%**	**36.8%**	**34.5%**	**37.9%**	**33.2%**	**33.3%**
GDP	**2,121,087.3**	**1,948,842.0**	**2,322,084.3**	**2,712,759.2**	**2,959,326.3**	**3,160,748.9**	**3,352,010.5**	**3,554,807.2**

Source: MOFPS

FY 2023/24 BUDGET – SELF-FINANCING PUBLIC BODIES

The Group of 54 SFPBs is expected to attain an overall balance surplus of $29,172.71mn, which is $464.12mn below the estimated surplus of $29,636.83mn for FY 2022/23. Mixed results are projected; however, capital expenditure is projected to increase by $2,413.75mn to $75,892.34mn.

The NHT ($36,164.81mn), Clarendon Alumina Production Limited ($7,673.98mn) and the NWC ($7,434.18mn) account for approximately 68% ($51,272.97mn) of the planned capital expenditure. Significant contributions are also projected from the Housing Agency of Jamaica (HAJ- $3,463.15mn), Port Authority of Jamaica (PAJ- $3,351.24mn), Petrojam Limited ($2,609.31mn), and the Airports Authority of Jamaica (AAJ-$2,230.21mn), accounting for a combined $11,653.91mn (15.0%) of projected capital expenditure.

National Housing Trust (NHT)

The NHT will continue its efforts to facilitate increased access to housing solutions by its contributors. Accordingly, the NHT will continue to disburse mortgages as well as seek to complete 4,141 units (FY 2022/23: 1,627 units). Total housing expenditure of $34,544.75mn is expected to account for 93.0% of the NHT's total capital expenditure.

National Water Commission (NWC)

The NWC will continue the implementation of strategic initiatives and capital projects geared towards improving operational efficiency, expansion of coverage areas as well as service reliability. Project focus will continue to include:

a. replacement of aged meters, metering of un-metered accounts and the installation of more accurate meters;
b. water supply and sewerage projects under the K-Factor Programme;
c. implementation of the water supply project for Greater Mandeville; and
d. water and sewerage upgrades required to support the infrastructural development plans for Port Royal.

Transfers from Government

Several public bodies are expected to receive transfers (grants, loans and equity) from the Central Government during FY 2023/24, totaling approximately $48,417.43mn, mainly for operational support and debt settlement. Entities which should benefit include: the National Road Operating and Constructing Company Limited (settlement of debt obligations - J$28,130.17mn), Clarendon Alumina Production Limited (loan for capital support - US$45.0mn), Jamaica Urban Transit Company (operational support - J$7,070.85mn), and the Students' Loan Bureau (tuition disbursements and Grant in aid - J$1,250.00mn). Table 3I outlines the financial projection of the group of self-financing public bodies for FY 2023/24.

Table 3I: Summary of Financial Forecast for FY 2023/24 - Self-Financing Public Bodies (J$mn)

		J$m			
		Actual 2021/22	Original 2022/23	Estimated 2022/23	Projected 2023/24
Statement 'A' Flow of Funds					
1	Current Revenue	470,371.99	460,219.79	574,565.70	581,302.19
2	Current Expenses	(383,235.73)	(399,677.42)	(476,592.70)	(494,753.37)
3	Current Balance	87,136.26	60,542.37	97,973.00	86,548.82
4	Adjustments	13,463.37	38,240.30	16,199.80	25,482.40
	Change in Accounts		0.00	0.00	0.00
	Receivable/Payable	(1,547.18)	19,473.68	(4,288.82)	16,643.28
	Items not requiring outlay of cash:	0.00	0.00	0.00	0.00
	Depreciation	13,639.15	16,783.14	14,276.08	16,289.03
	Other Non-Cash Items	1,371.40	1,983.48	6,212.54	(7,449.91)
	Prior Year Adjustment	0.00	0.00	0.00	0.00
5	Operating Balance	100,599.64	98,782.67	114,172.80	112,031.23
6	Capital Account	(48,336.94)	(35,465.55)	(29,224.28)	(53,169.25)
	Revenue	36,894.55	32,491.33	33,441.37	22,425.83
	Expenditure	(64,262.35)	(69,569.08)	(73,478.59)	(75,892.34)
	Investment	(397.72)	(1,102.11)	(538.51)	(1,071.71)
	Change in Inventory	(20,571.42)	2,714.31	11,351.43	1,368.96
7	Transfers from Government	14,311.94	14,553.74	12,752.07	37,407.69
	Loans	0.00	0.00	0.00	0.00
	Equity	0.00	0.00	0.00	0.00
	On-Lending	0.00	0.00	0.00	0.00
	Other	14,311.94	14,553.74	12,752.07	37,407.69
8	Transfers to Government	(61,824.71)	(66,131.66)	(68,063.75)	(67,096.95)
	Dividend	(17,894.06)	(16,815.56)	(17,173.22)	(16,817.81)
	Loan Repayments	0.00	0.00	0.00	0.00
	Corporate Taxes	(605.89)	(1,254.65)	(1,059.11)	(1,897.55)
	Other	(43,324.76)	(48,061.45)	(49,831.41)	(48,381.59)
9	**OVERALL BALANCE (5+6+7+8)**	**4,749.93**	**11,739.19**	**29,636.83**	**29,172.71**
10	**FINANCING (11+15)**	**(4,749.93)**	**(11,739.19)**	**(29,636.83)**	**(29,172.71)**
10a	Total	9,062.79	2,438.00	(407.86)	8,976.32
	Capital Revenue	544.92	4,481.92	1,689.30	3,947.57
	Loans	9,073.03	0.00	0.00	7,875.00
	Equity	0.00	1,250.00	1,897.05	1,250.00
	On-Lending	0.00	2,829.68	1,290.00	1,884.74
	Loan Repayments	(555.16)	(6,123.60)	(5,284.21)	(5,980.99)
11	Total Foreign (12+13+14)	3,680.58	(2,631.54)	(10,392.88)	(24,545.97)
12	Government Guaranteed Loans	(8,547.50)	(3,223.43)	(4,033.00)	(26,971.37)
	Disbursement	5,000.00	0.00	0.00	0.00
	Amortization	(13,547.50)	(3,223.43)	(4,033.00)	(26,971.37)
13	Direct Loans	12,228.08	591.89	(6,359.87)	2,425.40
	Long Term:	2,143.18	1,386.89	1,209.09	2,015.81
	Disbursement	5,273.07	2,033.00	1,722.42	2,975.19
	Amortisation	(3,129.89)	(646.11)	(513.33)	(959.38)
	Short Term:	10,084.90	(795.00)	(7,568.97)	409.58
	Change in Trade Credits	10,084.90	(795.00)	(7,568.97)	409.58
14	Change in Deposits Abroad	0.00	0.00	0.00	0.00
15	Total Domestic (16+17+18)	(17,493.30)	(11,545.65)	(18,836.09)	(13,603.06)
16	Banking System	4,494.61	4,625.61	4,556.41	(1,122.70)
	Loans (Change)	3,172.85	3,813.42	303.61	(2,573.61)
	Overdraft (Change)	0.59	0.00	(1.01)	0.00
	Deposits (Change)	1,321.17	812.19	4,253.81	1,450.91
17	Non-Banks (Change)	0.00	0.00	0.00	0.00
18	Other (Change)	(21,987.90)	(16,171.26)	(23,392.50)	(12,480.36)

Source: MOFPS

APPENDIX 1

Medium Term Expenditure Profile 2021/2022 - 2026/2027

Table IA - Non-Debt Recurrent Expenditure Profile

$’000

Heads	Revised Estimates 2021/2022	Revised Estimates 2022/2023	2022/2023 Provisional Expenditure Apr–Dec	Estimates of Expenditure 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
His Excellency the Governor-General and Staff	439,889	441,323	318,153	440,971	454,193	468,076	482,653
Houses of Parliament	1,328,161	1,448,616	1,030,630	1,492,637	1,522,219	1,553,280	1,585,894
Office of the Public Defender	168,612	301,744	175,694	397,925	363,153	370,744	378,712
Auditor General	962,137	1,202,201	712,242	1,205,325	1,217,207	1,229,683	1,242,783
Office of the Services Commissions	380,983	516,029	276,038	505,911	509,628	513,531	517,629
Office of the Children's Advocate	232,099	326,286	202,323	372,207	380,960	390,151	399,801
Independent Commission of Investigations	551,415	737,380	489,080	778,146	789,368	801,151	813,523
Integrity Commission	1,169,976	1,320,813	811,344	1,255,241	1,288,684	1,323,800	1,360,671
Independent Fiscal Commission	-	-		261,052	234,402	240,852	247,902
Office of the Prime Minister	8,149,002	10,897,497	7,400,248	9,580,956	9,864,622	10,162,513	10,474,841
Office of the Cabinet	779,598	947,986	621,741	911,554	922,513	934,020	946,102
Ministry of Tourism	11,085,774	11,925,110	8,592,334	11,956,828	12,427,143	12,921,167	13,437,022
Ministry of Economic Growth and Job Creation	14,397,113	18,773,260	12,803,408	15,944,027	16,674,074	17,257,690	17,879,264
Ministry of Finance and Public Service	103,371,071	89,628,130	60,009,784	137,421,871	147,062,668	177,426,998	210,048,473
Ministry of Housing, Urban Renewal, Environment ,Climate Change	2,387,535	-	-	-	-	-	-
Ministry of National Security	88,230,320	112,281,676	70,302,824	112,687,440	114,362,270	116,041,852	117,802,227
Ministry of Legal and Constitutional Affairs	90,837	728,558	415,875	875,397	904,226	934,497	966,281
Ministry of Justice	9,947,410	12,656,910	7,597,586	13,845,947	14,327,992	14,641,687	14,971,066
Ministry of Foreign Affairs and Foreign Trade	4,518,457	5,607,550	3,907,407	5,742,136	5,902,890	6,071,683	6,264,115
Ministry of Labour and Social Security	18,657,458	19,024,278	14,862,702	16,977,027	17,624,262	18,303,859	19,017,436
Ministry of Education and Youth	121,156,751	142,791,292	96,325,821	146,779,587	149,081,966	151,400,764	153,835,503
Ministry of Health and Wellness	100,333,883	119,851,646	79,117,470	118,668,532	121,284,946	123,936,632	126,720,903
Ministry of Culture, Gender, Entertainment and Sport	3,882,947	5,447,125	3,262,063	5,023,523	5,134,674	5,251,382	5,373,926
Ministry of Agriculture and Fisheries	8,906,943	11,989,148	7,716,810	12,506,356	12,812,337	13,133,617	13,470,961
Ministry of Industry, Investment and Commerce	3,777,891	5,113,633	3,307,310	5,390,490	5,484,588	5,583,390	5,687,132
Ministry of Science, Energy and Technology	7,982,559	12,229,487	5,864,644	10,505,874	10,765,600	11,038,314	11,324,664
Ministry of Transport and Mining	11,908,610	15,133,667	11,374,590	15,812,847	16,523,459	17,269,602	18,053,052
Ministry of Local Government and Rural Development	16,341,098	19,272,248	13,655,747	18,350,398	18,752,181	19,226,553	19,724,645
TOTAL RECURRENT	541,138,529	620,593,593	411,153,868	665,690,205	686,672,225	728,427,488	773,027,181

APPENDIX 1

Medium Term Expenditure Profile 2021/2022 - 2026/2027

Table IB - Non-Debt Capital

$'000

HEADS	Revised Estimates 2021/2022	Revised Estimates 2022/2023	2022/2023 Provisional Expenditure Apr–Dec	Estimates of Expenditure 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Office of the Prime Minister	4,970,247	3,879,871	1,689,532	3,734,943	4,705,324	4,271,536	1,435,930
Office of the Cabinet	-	-		-	-	-	-
Ministry of Economic Growth and Job Creation	28,308,109	34,268,494	24,865,967	33,012,991	20,062,539	16,557,355	10,691,837
Ministry of Finance and Public Service	4,186,615	3,711,056	1,782,477	12,703,152	33,732,627	64,096,954	83,008,992
Ministry of Housing, Urban Renewal, Environment and Climate Change	117,072	-		-	-	-	-
Ministry of National Security	8,003,269	6,277,057	2,205,907	5,936,000	4,604,661	1,560,500	-
Ministry of Justice	560,000	146,500	72,344	108,776	239,224	63,890	-
Ministry of Labour and Social Security	169,930	-		-	-	-	-
Ministry of Education and Youth	768,403	1,311,500	187,008	1,553,336	1,865,600	1,350,000	1,875,000
Ministry of Health and Wellness	2,217,624	4,900,454	2,083,037	6,428,704	10,979,928	8,100,835	7,330,979
Ministry of Agriculture and Fisheries	1,503,542	4,326,420	2,251,036	7,215,476	2,350,512	741,715	-
Ministry of Industry, Investment and Commerce	349,697	710,230	339,583	810,000	20,963	-	-
Ministry of Science, Energy and Technology	741,460	1,167,666	220,607	967,174	870,500	565,540	-
Ministry of Transport and Mining	-	1,178,912	-	689,400	-	-	-
Ministry of Local Government and Rural Development	2,305,350	1,952,838	1,489,397	2,212,938	33,682	-	-
TOTAL CAPITAL	**54,201,318**	**63,830,998**	**37,186,895**	**75,372,890**	**79,465,560**	**97,308,325**	**104,342,738**

APPENDIX 1

Medium Term Expenditure Profile 2021/2022 - 2026/2027

Table 1C: Economic Classification of Expenditure (Recurrent)

$'000

Object Classification	Revised 2021/2022	Revised 2022/2023	Estimates of Expenditure 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Compensation of Employees	**241,751,100**	**334,423,300**	**367,346,800**	**382,375,500**	**408,915,926**	**437,540,041**
Recurrent Programmes (of which:)	**299,387,429**	**286,170,293**	**298,343,405**	**304,296,725**	**319,511,562**	**335,487,140**
Travel Expenses and Subsistence	23,214,835	9,689,172	10,275,269	10,198,795	10,277,360	10,367,738
Rental of Property and Machinery	6,060,582	7,263,939	7,781,081	8,357,789	8,952,873	9,718,913
Utilities and Communication Services	11,696,583	15,036,464	15,743,236	17,589,014	18,747,620	20,613,024
Use of Goods and Services	75,408,850	76,592,964	75,505,923	81,219,137	86,197,823	91,024,081
Grants, Contributions and Subsdies	91,758,954	97,901,825	92,978,938	96,631,294	101,148,623	105,865,811
Retirement Benefits	39,074,406	41,309,383	43,055,206	44,188,172	46,422,293	48,767,878
Awards and Social Assistance	25,867,154	25,906,883	25,460,800	26,037,999	27,178,691	27,783,636
Others (Fixed Assets, Land Purchase, etc.)	6,315,405	12,469,663	19,005,952	20,074,525	20,586,279	21,346,059
Loans (Below the Line)	19,990,660	-	8,537,000	-	-	-
TOTAL RECURRENT	**541,138,529**	**620,593,593**	**665,690,205**	**686,672,225**	**728,427,488**	**773,027,181**

APPENDIX 1

Medium Term Expenditure Profile 2021/2022 - 2026/2027

Table 1D: Functional Classification of Expenditure (Recurrent & Capital)

$'000

		Revised Estimates 2021/2022	Revised Estimates 2022/2023	Estimates of Expenditure 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
1	**General Public Services**						
1	Executive and Legislative Services	6,131,481	7,578,932	8,197,550	8,433,556	8,305,989	6,992,267
2	Economic and Fiscal Policies Management	56,305,298	35,545,782	82,021,327	90,618,390	118,584,429	148,626,134
3	Personnel Management	8,033,610	8,589,653	8,650,114	8,764,941	8,807,584	8,904,507
4	Foreign Affairs	4,586,290	5,711,981	5,742,136	5,902,890	6,071,683	6,264,115
5	Economic Planning and Statistical Services	3,547,026	5,785,371	5,154,436	4,404,883	3,820,809	3,945,810
6	Public Works	388,558	474,615	1,058,955	465,228	388,237	388,253
7	Public Debt Management Services, Internal Debt	126,148,619	183,516,129	87,228,026	233,155,373	112,804,571	92,166,407
8	Public Debt Management Services, External Debt	171,559,536	130,301,243	193,381,524	197,623,974	175,037,698	215,110,928
99	Other General Public Services	55,939,596	67,056,631	71,698,888	95,718,133	129,741,983	150,280,552
	Total General Public Services	**432,640,014**	**444,560,337**	**463,132,956**	**645,087,368**	**563,562,983**	**632,678,973**
2	**Defence Affairs and Services**						
1	Military Defence	32,177,509	35,314,061	35,659,041	34,908,872	33,639,249	34,216,962
	Total Defence Affairs and Services	**32,177,509**	**35,314,061**	**35,659,041**	**34,908,872**	**33,639,249**	**34,216,962**
3	**Public Order and Safety**						
1	Police Services	55,382,556	71,516,129	71,510,509	72,432,236	72,156,751	71,589,357
3	Law Courts	10,598,247	12,803,410	13,954,723	14,567,216	14,705,577	14,971,066
4	Correctional Services	8,673,524	11,726,443	11,453,890	11,625,823	11,806,352	11,995,908
	Total Public Order and Safety	**74,654,327**	**96,045,982**	**96,919,122**	**98,625,275**	**98,668,680**	**98,556,331**
4	**Economic Affairs**						
1	Industry and Commerce	5,863,025	7,788,561	8,085,227	6,055,551	6,433,390	5,687,132
2	Labour Relations and Employment Services	2,195,855	3,137,091	3,378,156	3,441,604	3,487,337	3,569,947
3	Agriculture, Forestry and Fishing	12,330,651	17,604,938	21,558,490	17,022,579	15,755,860	15,377,449
4	Fuel and Energy	1,406,524	1,863,489	1,757,233	1,635,614	1,353,030	817,899
5	Mining, Manufacturing and Construction	189,206	339,063	356,865	372,762	379,749	388,543
6	Road Construction and Repairs	34,278,082	41,553,062	37,866,910	26,023,399	23,309,588	19,559,542
7	Road Transport	6,335,643	9,074,021	8,845,567	8,830,703	9,566,050	10,266,795
8	Rail Transport	254,000	250,000	237,209	240,000	261,000	274,000
9	Shipping, Ports and Lighthouses	285,516	356,995	301,845	304,597	307,028	310,091
10	Civil Aviation	4,389,946	5,351,823	5,829,609	5,833,479	5,833,069	5,832,710
11	Postal Services	2,436,970	3,118,626	3,251,189	3,289,236	3,329,186	3,371,133
12	Telecommunication Services	3,555,946	3,894,311	4,835,989	4,994,549	5,170,794	5,344,817
13	Tourism	11,165,627	12,011,777	12,041,850	12,514,949	13,011,405	13,525,671
14	Physical Planning and Development	1,411,727	754,048	982,396	2,485,907	1,917,937	1,100,082
15	Scientific and Technological Services	1,102,760	1,354,046	1,386,110	1,414,340	1,436,701	1,467,549
99	Other Economic Affairs	8,897	13,378	13,032	13,117	13,194	13,290
	Total Economic Affairs	**87,210,375**	**108,465,229**	**110,727,677**	**94,472,386**	**91,565,318**	**86,906,650**
5	**Environmental Protection and Conservation**						
1	Solid Waste Management	1,927,391	4,741,704	4,222,416	2,447,540	2,586,820	2,701,128
3	Pollution Abatement	29,859	27,848	30,620	32,778	34,040	37,306
4	Protection of Biodiversity and Landscape	1,741,948	1,688,340	1,610,246	1,073,429	1,090,634	1,109,561
99	Other Environmental Protection and Conservation	256,044	258,766	426,298	725,933	204,939	170,000
	Total Environmental Protection and Conservation	**3,955,242**	**6,716,658**	**6,289,580**	**4,279,680**	**3,916,433**	**4,017,995**

APPENDIX 1

Medium Term Expenditure Profile 2021/2022 - 2026/2027

Table 1D: Functional Classification of Expenditure (Recurrent & Capital) (cont'd)

$'000

		Revised Estimates 2021/2022	Revised Estimates 2022/2023	Estimates of Expenditure 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
6	**Housing and Community Amenities**						
1	Housing Development	1,449,997	1,080,481	1,087,535	1,126,353	1,152,681	1,194,219
2	Community Development	11,208,366	10,369,226	11,106,430	11,161,711	11,283,996	11,427,292
3	Water Supply Services	683,389	813,386	732,135	700,197	716,152	726,108
	Total Housing and Community Amenities	**13,341,752**	**12,263,093**	**12,926,100**	**12,988,261**	**13,152,829**	**13,347,619**
7	**Health Affairs and Services**						
1	Health Administration	22,285,563	19,757,137	18,245,929	23,269,353	20,820,135	20,573,113
4	Hospital Services	7,470,065	10,051,734	10,028,490	9,144,785	9,244,785	9,344,785
5	Public Health Services	72,795,879	94,943,229	96,822,817	99,850,736	101,972,547	104,133,984
	Total Health Affairs and Services	**102,551,507**	**124,752,100**	**125,097,236**	**132,264,874**	**132,037,467**	**134,051,882**
8	**Recreation, Culture and Religion**						
1	Recreational and Sporting Services	609,773	759,713	707,185	713,384	733,864	785,862
2	Art and Cultural Services	1,619,965	2,522,494	2,136,510	2,184,415	2,235,652	2,176,679
3	Broadcasting and Publishing Services	1,142,983	1,413,480	1,607,511	1,638,221	1,678,301	1,709,882
5	Youth Development Services	239,246	261,093	247,250	255,201	262,505	271,235
	Total Recreation, Culture and Religion	**3,611,967**	**4,956,780**	**4,698,456**	**4,791,221**	**4,910,322**	**4,943,658**
9	**Education Affairs and Services**						
1	Education Administration	10,657,626	11,101,487	11,275,122	11,187,689	12,366,336	12,560,011
2	Pre-Primary Education	4,830,364	7,045,946	7,048,566	7,261,404	7,384,592	7,564,993
3	Primary Education	34,089,819	40,660,230	40,407,125	40,428,109	40,279,228	40,192,823
4	Secondary Education	36,062,030	44,409,363	46,179,148	46,830,261	46,598,122	47,881,090
5	Tertiary Education	22,474,852	23,206,814	24,073,288	25,055,084	25,931,670	26,977,408
6	Education Not Definable by Level	1,702,576	1,897,072	1,827,885	1,907,909	1,942,024	1,976,001
7	Subsidiary Services to Education	8,620,853	11,543,776	13,373,545	13,997,193	13,832,508	13,999,204
	Total Education Affairs and Services	**118,438,120**	**139,864,688**	**144,184,679**	**146,667,649**	**148,334,480**	**151,151,530**
10	**Social Security and Welfare Services**						
1	Sickness and Disabled	355,161	478,092	454,430	464,079	475,228	488,549
2	Senior Citizens	984,111	978,533	589,488	595,015	600,057	606,138
3	Survivors Assistance	385,066	445,831	540,386	622,674	725,793	809,510
4	Family and Children	3,092,384	3,977,011	3,900,994	4,024,716	4,153,779	4,287,738
99	Other Social Security and Welfare Services	19,650,467	19,423,568	16,552,500	17,125,062	17,835,464	18,583,719
	Total Social Security and Welfare Services	**24,467,189**	**25,303,035**	**22,037,798**	**22,831,546**	**23,790,321**	**24,775,654**
	Total	**893,048,002**	**998,241,963**	**1,021,672,645**	**1,196,917,132**	**1,113,578,082**	**1,184,647,254**

APPENDIX II
Developments in the Financial Sector
FY 2022/23

Introduction

During FY 2022/23, the Ministry of Finance and the Public Service (MOFPS) continued to pursue key reforms to strengthen the legislative and regulatory framework of the financial sector. This resulted in the amendment or enactment of several pieces of legislation. Among these was the amendment of the Bank of Jamaica (Amendment) Act to facilitate the national issuance of the Central Bank Digital Currency in June 2022. The Insurance (Amendment) Regulations were also approved for gazetting and subsequent tabling in Parliament. The Government has also announced the intent to pursue a twin peak regulatory model for the financial sector, with a single prudential regulator for deposit-taking institutions and non-bank financial institutions with a separate regulator for market conduct and consumer protection across the financial sector. This policy position will change the direction of some key pieces of legislation that were already being developed.

The Financial Investigations Division (FID) continued to pursue its mandate of dealing with matters relating to financial crimes, including money laundering while scaling down continued for the Financial Sector Adjustment Company (FINSAC) Limited and Financial Institutions Services Limited (FIS).

Bank of Jamaica (BOJ) Act

The **Bank of Jamaica (Amendment) Act** to facilitate the national issuance of the Central Bank Digital Currency was passed in both Houses of Parliament and assented by the Governor General in June 2022.

The **Bank of Jamaica (Amendment) Bill** regarding proposals to address the eligibility criteria for appointments continued, with the receipt of the latest Bill from the Chief Parliamentary Counsel (CPC) in October 2022. The Bill was forwarded to stakeholders for comments. The MOFPS received comments from the AGC in December 2022 and forwarded it to the BOJ for feedback.

Private Sector Pensions Reform

The **Pensions (Repeal and Replacement) Bill** and the **Income Tax (Amendment) Bill** continued through the iterative process, with the issuing of additional instructions to the CPC to revise the Bills in September 2022. The MOFPS received the revised Income Tax (Amendment) Bill from the CPC in November 2022 and is awaiting the revised Pensions (Repeal and Replacement) Bill from the CPC. The second phase of private sector pension reform seeks to ensure adequate levels of pension benefits, foster security of benefits for participants and ensure an effectively regulated private pensions industry.

Insurance Act and Regulations

The MOFPS issued initial instructions to the CPC in March 2022 and additional instructions in October 2022 to draft the **Insurance (Amendment) Bill.** The MOFPS received the first draft of the Insurance (Amendment) Bill from the CPC in December 2022, which seeks to, among other things, amend the Insurance Act to facilitate the creation of a micro-insurance legislative framework.

The **Insurance (Amendment) Regulations** were approved for gazetting and subsequent submission to Parliament for tabling. The amendments are comprehensive and pertain to the Minimum Capital Test (MCT), Risk Management Procedures, Capital Requirements for Insurers and Brokers, Insurance Investment and Market Conduct for Insurers & Intermediaries.

Securities (Conduct of Business) Regulations

The **Securities (Conduct of Business) (Amendment) Regulations** continued through the iterative process, with the latest draft of the revised Regulations received from the CPC in January 2023. The proposed amendments seek to strengthen the market conduct requirements for securities dealers in order to strengthen the standards of market and professional conduct in the securities industry.

Financial Services Commission (FSC) Act

The **FSC (Amendment) Bill** continued through the iterative process, with the issue of additional instructions to the CPC to revise the Bill in September 2022. The proposed amendments seek to facilitate the development of the regime for consolidated supervision of non-deposit taking institutions (non-DTIs) groups.

Virtual Assets and Virtual Assets Service Providers

The MOFPS received comments on draft proposals for a regulatory framework for **Virtual Assets and Virtual Assets Service Providers** from the CPC in November 2022.

Motor Vehicle Insurance (Third Party Risk) Act

The MOFPS received comments on draft proposals to amend the **Motor Vehicle Insurance (Third Party Risk) Act** from the CPC in August 2022.

Proposed Credit Union (Special Provisions) Act

The **Credit Union (Special Provisions) Bill** advanced through the iterative process, with the latest draft of the Bill received from the CPC in November 2022 and shared with stakeholders for comments. The MOFPS subsequently received comments from the BOJ in December 2022 and the AGC in January 2023. The Bill seeks to enact legislation to place credit unions under the regulatory purview of the BOJ.

Banking Services (Prevention of Money Laundering Terrorism Financing and Proliferation of Weapons of Mass Destruction) Rules

The MOFPS received comments on the revised draft **Banking Services (Prevention of Money Laundering Terrorism Financing and Proliferation of Weapons of Mass Destruction) Rules** from the CPC in August 2022 and this is currently being reviewed.

Proposed Financial Institutions Resolution Act

Two meetings were held with the Minister and stakeholders in December 2022 to address pertinent issues relating to the revision of the policy regarding the **Financial Institutions Resolution Bill.** The proposed legislation for the special resolution regime for financial institutions is intended to enhance the resilience and stability of the financial system in Jamaica by providing a framework to address the resolution of non-viable financial institutions in an orderly way that minimizes resorting to public funds whilst preserving vital economic functions.

Financial Sector Adjustment Company Ltd and Financial Institutions Services Ltd

FINSAC continued the scaling down of its legacy operations as follows:

1) The audited financial statements for FINSAC and FIS for the year ended March 31, 2022 were completed and submitted to the MOFPS in July 2022. The annual general meeting (AGM) had to be rescheduled to November 2022, as the previous Auditors gave notice of their intention not to seek reappointment. At the reconvened AGM, Baker Tilly Strachan Lafayette was appointed to replace KPMG for both companies.

2) FINSAC's 72% shareholding in Ciboney Group Limited remained unsold, but an offer was received and a submission made to Cabinet for consideration. Sale of the remaining *bona vacantia* shares was delayed due to adverse price movements.

3) There are three litigation matters active, namely:
   a) **YP Seaton**
   The claimant sued for wrongful withdrawal of funds from the company's account. The Privy Council heard the matter in May 2022 and ruled in December 2022 that the accounts should be reconstructed as if no withdrawal was made.

   b) **Eagle Litigation – Paul Chen Young**
   The claimant sought a ruling on the preliminary matter of whether the government should bear his costs. Due to the inordinate delay of the Court of Appeal in delivering its judgment, the claimant filed an application seeking, inter alia, (i) to set aside that hearing, (ii) for a new hearing to be scheduled and (iii) for the government to cover all his costs to date. He won on counts (i) and (ii) but no ruling was made on (iii) and so he took this preliminary matter to the Privy Council. However, the Privy Council dismissed it, as it was a claim that was brought in the wrong court.

c) **Thermoplastics (Jamaica) Limited**

The company sued FINSAC and its subsidiaries for selling its property below value to a connected government company. When this case started, there was a Court Order, in a different matter, to wind-up Thermoplastics and hence, it had no legal status to bring the case against FINSAC et al. The winding-up order was appealed and a decision is being awaited. The case against FINSAC et al is therefore on hold pending finalisation of the winding-up order.

4) The required mandatory advertisements to locate members of the Jamaica Mutual Life Staff Superannuation Schemes were completed and the remaining balance for the persons who were not located is to be paid to the Accountant General.

5) In relation to FIS, there are two matters to be resolved before an application may be filed to delist the company. The first relates to two unsold properties for which Cabinet approval has now been received to transfer them to the Commissioner of Lands. The second relates to the winding-up of Jamaica Grande Limited for which FIS is a 49% shareholder. Outstanding management accounts for the company are being prepared and are expected to be received before end - March 2023.

Financial Investigations Division (FID)

During the review period, the FID continued to pursue its mandate under the Financial Investigations Division Act and the Proceeds of Crimes Act (POCA) to take the profit out of crime. Notable achievements of the FID include:

1) **Status on Financial Action Task Force's (FATF) deficiencies in relation to money laundering investigations**

The FID successfully demonstrated to the FATF's International Co-operation Review Group (ICRG) that Jamaica's money laundering and transnational organized crimes investigations and the increased utilization of financial intelligence in money laundering investigation deficiencies previously identified in the 2016 Mutual Evaluation Report were largely addressed.

2) **Jamaica won the** Caribbean Financial Action Task Force **(CFATF) best case competition for 2022**

The FID on behalf of Jamaica submitted two cases to the CFATF best case competition. Jamaica finished with first place and third place, and was the proud recipient of the inaugural trophy. The winning case was the result of a Major Organized Crime Agency (MOCA) led joint investigation with FID, Integrity Commission, and Jamaica Customs Agency that was prosecuted by Office of the Director of Public Prosecution (ODPP). Both cases highlighted the use of financial intelligence and joint investigation in complex financial crime cases.

3) **goAML reporting under POCA, TPA and UNSCRIA.**

For the year ended December 31, 2022, 514 entities were registered under goAML and the FID received and processed 89,760 reports as follows:

Under POCA

i. Suspicious Transaction Report - 3,406
ii. Threshold Transaction Report - 84,165
iii. Authorised Disclosure Reports (Request to Consent) - 39

Under TPA

iv. TPA compliance report - 1,174

Under UNSCRIA

UNSCRIA reports - 976

4) **Asset Recovery Action (ARA)**

The FID pursued multiple actions that led to forfeiture and disposal of assets. During the year, forfeited cash and forfeited bank accounts yielded $36.0mn.

On August 8, 2022, pursuant to Section 57 of the Proceeds of Crime Act, the court ruled in favour of ARA in the matter of **ARA v Hamilton et al**., which resulted in properties valued at over $500.0mn being vested in the Crown. This success was the result of a joint money laundering and civil recovery investigation with the United States Drug Enforcement Administration (DEA), the FID and the MOCA.

The Division was also successful in the forfeiture of six (6) pieces of real estate valued at over $103.0mn in the matter of **ARA vs Eva Mae Sterling,** following her conviction for stand-alone money laundering in the Parish Court.

Proposed Areas of Focus for Fiscal Year 2023/24

Financial Regulations Division

1) The second phase of private sector pension reform to address issues such as vesting, portability and indexation.

2) The enactment of legislation for:
   i. The supervision of credit unions by the Bank of Jamaica;
   ii. The development of a special resolution regime for financial institutions; and
   iii. The development of a regulatory framework for virtual assets and virtual asset service providers.

3) Legislative amendments to:
    i. The Insurance Act to facilitate the creation of a micro-insurance legislative framework;
    ii. The Financial Services Commission Act for the establishment of group-wide supervision of non-deposit taking financial groups;
    iii. The Bank of Jamaica Act to develop the framework for eligibility criteria for appointments; and
    iv. Motor Vehicle Insurance (Third Party Risk) Act.

Financial Sector Adjustment Company / Financial Institutions Services Limited

Legacy operations will continue to be managed with particular focus on:-

1) *For FINSAC*:
    i) Preparation of audited accounts for the year ending March 2023;
    ii) Disposal of remaining assets, including shares in Ciboney Group (if not achieved by March 2023);
    iii) Liaising with attorneys on the litigation matters, as applicable; and
    iv) Arranging the transfer of residual pension funds to the Accountant General.

2) *For FIS:*
    i) Preparation of audited accounts for year ending March 2023;
    ii) Transfer of the two unsold properties to the Commissioner of Lands; and
    iii) Following up to receive management accounts for Jamaica Grande Limited to ultimately enable strike-off of the company.

Financial Investigations Division

In fulfilment of its international obligations, expand the use of the Proceeds of Crime Act across law enforcement agencies.

APPENDIX III

STRATEGIC HUMAN RESOURCE MANAGEMENT

The strategic management of human resources during FY 2022/23 was substantially focused on finalization and implementation of the public sector compensation restructure alongside the overall public sector transformation that is underway. Various aspects of the strategic human resource management activities over the fiscal year and plans for FY 2023/24 are outlined below.

HR POLICY AND INFORMATION MANAGEMENT

During FY 2022/23 the programme priorities focused on, inter alia:

- Providing technical support to the Public Sector Transformation Programme by researching, consulting and developing general leave policy options. This resulted in a major policy change based on the development of the proposal for the introduction of Paternity and Adoption Leave and the amendment of Maternity Leave in the Staff Orders for the Public Service, 2004.
- Developing the Public Sector policies on Absence Management and Flexible Work Arrangements. The draft policies are under review.

HUMAN CAPITAL DEVELOPMENT

The Government of Jamaica (GOJ) continues to make a significant commitment to human capital development through policy and structural reforms. The strengthening of strategic linkages between key stakeholders such as the Ministry of Finance and the Public Service, the Office of the Services Commissions, and the Office of the Cabinet is expected to ensure policy cohesiveness and the comprehensiveness of structural adjustments.

An Employee Performance Management Policy (EPM) has been developed. And the GOJ will also be pursuing the development of a Strategic Workforce Planning Framework, leveraging technology to enable a more data driven approach to human capital development and management.

The Marcus Garvey Scholarship Programme is expected to award the third cohort of this initiative in FY 2023/2024. To date, forty-four (44) public sector employees have received awards to pursue higher level studies in GOJ priority areas.

During FY 2022/23 the automation of core business processes in workforce planning was significantly advanced, and is expected to be completed during FY 2023/24. This will result in improved efficiency and effectiveness in the application and administration of scholarships, grants, bonds and compliance.

ESTABLISHMENT, COMPENSATION AND BENEFITS

Compensation Restructure

Core Civil Service Groups

The Government of Jamaica implemented the new Compensation Restructure in December 2022 consequent on the signing of Memoranda of Understanding with twenty-three (23) Public Sector Unions/Staff Associations that cover approximately 60% of public sector employees. The Compensation Restructure is being implemented over three (3) years effective April 1, 2022 and each ensuing April thereafter until full implementation in FY 2024/25. The Government continues to engage other Public Sector Unions/Staff Associations who have not yet signed Memoranda of Understanding with the GOJ in respect of the new compensation restructure.

Executive Agencies and Public Bodies

Executive Agencies and Public Bodies have also been engaged by the Government in respect of the Compensation Restructure with a view to implementation before the end of FY 2022/23.

Industrial Harmony

Industrial Harmony was maintained at approximately 97% as projected. The continued engagement of all stakeholders remains key to the maintenance of harmony in the Public Sector.

Benefits

Amendments were made to the Leave Chapter (seven) of the Staff Orders for the Public Service, 2004 to reflect improved policies and benefits to public sector workers. The major changes became effective on January 1, 2023 and include:

- **Vacation Leave (Schedule A – New rates):** Amendment to Schedule A to reflect a marginal increase in vacation leave entitlement for employees who joined the Public Service after January 2002;
- **Maternity Leave (7.7):** Increase in paid maternity leave entitlement from forty (40) to sixty (60) working days; and
- **Paternity (7.18) and Adoption Leave (7.19):** Introduction of twenty (20) working days paid Paternity Leave and twenty (20) working days paid Adoption Leave.

CORPORATE MANAGEMENT & ESTABLISHMENT

During FY 2022/23 focus was on, inter alia:

- Conducting research and providing technical support for public sector transformation including implementation of the GOJ Restructured Public Sector Compensation. This included, inter alia:
    - Public Sector Transformation support - continued robust support to implementing the staffing and structural recommendations emanating from the Public Sector Transformation process to give effect to recommendations regarding the merger/divestiture/dissolution (winding up) of certain Public Bodies;

- Providing relevant information on organization charts, job descriptions and other supporting documentation on MDAs as requested; and
- Providing feedback on Job Evaluation and proposed structural changes.

- Organizational and staffing reviews for Ministries, Departments and Agencies (MDA) including:
  - Streamlining posts and enhancing manpower capacity for the Ministry of Health and Regional Health Authorities, and the Ministry of Education and Youth and its affiliate organizations; and
  - Phased restructuring and major staffing reviews of service-wide entities such as Jamaica Fire Brigade, Department of Correctional Services, Major Organized Crime and Anti-Corruption Agency (MOCA), National Water Commission, National Housing Trust & HEART TRUST NTA, & Local Authorities.

- Establishment Management and Control
  - Preparation and Publication of the Civil Service Establishment (General) Order 2022;
  - Preparation and Publication of the Local Authorities Establishment 2022; and
  - Preparation and Publication of the Executive Agency Establishment 2022.

- Expanding and Strengthening GOJ Job Description Database to include ALL MDAs

The Priority Areas for FY 2023/24

Constitution of Offices – Establishment of MDAs

- Continued organizational review and management services for the following entities, *inter alia*:

  - Ministry of Foreign Affairs and Foreign Trade;
  - National Water Commission;
  - Jamaica Fire Brigade;
  - Programme of Advancement through Health and Education (PATH);
  - Jamaica Library Service; and
  - Post and Telecommunications Department.

Supporting Public Sector Transformation Initiatives

- Effecting the new Public Service Classification System based on the GOJ Compensation Review recommendations;
- Provide continued support to the GOJ Compensation Restructure activities;
- Provide continued support for the implementation of systems and structures for Shared Services;
- Continuation of GOJ Job Description (JD) collection and the development of a GOJ JD Database;
- Increasing the number of post-audits conducted; and
- Review, represent and seek approval for new/enhanced/adjusted organizational arrangements necessary to support GOJ's mandate to create more robust, agile, effective and responsive Public Service entities.

Establishment Control
- Publication of the General Order 2023/24
- Publication of Amendment to the General Order 2023/24
- Public of Educational Institutions Establishment 2022

PENSION ADMINISTRATION

Public Sector Pension Reform

In order to facilitate improvements in the pension administration process, the following activities were undertaken during FY 2022/23:

- Commencement of the pre-auditing of pension files in thirteen (13) MDAs during April 2022.
- Twenty-one (21) sensitization sessions on Pension Policy and Administration were conducted with Human Resource Practitioners from varying MDAs.

Priority areas for FY 2023/24

- Coordination of Phase 2 of the streamlined pension payment process which will result in the Accountant General's Department assuming responsibility for pension payments for all Local Authorities/Municipal Corporations. This transition is expected to become effective on April 1, 2024;
- Training and certification of One Hundred (100) Human Resource Practitioners in Pension Administration by the Management Institute of National Development;
- The establishment of a Pension Administrators Network. The network will seek to serve as a communication channel between the MOFPS and the Human Resource community in the dissemination of pension information;
- The revision of the Pension Administration forms to be more client friendly (e-fillable);
- Advancing the development of legislation for amending the Pension (Public Service) Act;
- Continuation of the pre-audits of files in Ministries, Departments and Agencies; and
- Enhancement of PEPAS to allow for integration with the new pension payment system (My Pension Plus) that will be utilised by the Accountant General's Department.

Appendix IV

TAX PROGRAMME

TAX ADMINISTRATION JAMAICA

INTRODUCTION

Tax Administration Jamaica (TAJ) collects taxes due on the domestic side of the economy in addition to other payments due to Government Bodies. TAJ has been focused on improving tax compliance and, to this end, has sought to facilitate the ease and cost effectiveness of tax compliance as well as to treat with tax compliance gaps identified for particular areas (i.e. registration, filing, payment, and reporting) through designing and implementing specific compliance risk programmes for each area. These programmes reflect the Authority's mandate to use taxpayer education and responsible enforcement strategies to promote awareness of/and compliance with the relevant tax laws.

The increased use of technology has supported programme development in the achievement of TAJ's main strategic objective- to improve taxpayers' voluntary compliance.

FY 2022/23 PERFORMANCE (AS AT DECEMBER 31, 2022)

Collections

For the period April to December, net collections amounted to $306.3bn, representing 67.8% of the annual target**.** This was $6.9bn or 2.3% above target and $59.5bn or 24.1% above the comparative period last year.

Compliance

Results of the compliance programmes are as follows:

- **Taxpayer registration**: This increased by 3.2%, with the taxpayer population moving from 267,725 (end FY 2021/22) to 276,265.
- **On-time-filing rate**: This was 61.7% at end-December, reflecting a 0.6 percentage point increase when compared to the same period last year. This increase was influenced by micro taxpayers across all tax types.
- **On-time payment rate** examines the value of the tax liability that is paid on time. The on-time payment rate at end December of 93.6% decreased marginally by 0.6 percentage points when compared to last fiscal year (94.2%). Comparative analysis shows less persons paid SCT on time in the upper-medium segment.
- **Stock of arrears:** At end-December 2022, approximately 86% of targeted arrears were collected ($12.74bn of $14.81bn). Compliance effort accounted for $11.76bn (approximately 92 %). The stock of arrears decreased by $1.36bn, moving from $192.0bn at the start of the FY to $190.69bn.
- **Audit coverage:** From a targeted audit coverage of 10% and 6% for large taxpayers and medium taxpayers, respectively, as at December 2022, approximately thirty-eight per cent (38%) and fifty-

nine per cent (59%) of the targeted taxpayers were audited for large and medium taxpayers, respectively. This translates to 3.8% coverage for the large taxpayers and 3.6% coverage for the medium taxpayers.

- **Products and Services**
  For FY 2022/23, TAJ remained focused on expanding and enhancing its digital services to improve efficiency and effectiveness. The primary focus was on improvements to RAiS (TAJ's primary system for registered taxpayers), as well as web-based solutions to meet the needs of the general public. The expansion of taxpayer payment options saw a major upgrade which improved convenience for taxpayers.

Principal among these payment options were:

- Direct Funds Transfer (service feature promoted on all advertising collateral and continues to show significant take-up by clients)
- Scotia Online and Mobile Application soft launch in December 2022.

TAJ continued with the opening of select tax offices on "Month-end Saturdays" in order to extend its services during the month-end rush period.

With regard to taxpayer interactions and/or education, the agency continues to use the "virtual space" to engage stakeholders, mainly through webinars. This has proven to be an effective communication tool in addressing various technical topics that may pertain to specific taxpayer groups. This format also allows for basic Q&A's that is beneficial to both TAJ and the taxpayer audience.

During the fiscal year, TAJ participated in several outreach activities which addressed:

- Compliance
- Accessing online services
- Taxpayer Registration Number (TRN) registration
- Employment Tax Credit

The Agency continues to improve the expansion of its service standards through the ISO certification. For FY 2022/23, three new locations (Spanish Town, May Pen and Falmouth) were approved in December and St. Andrew Revenue Service Center maintained the certification from the National Certification Body of Jamaica (NCBJ).

Structural Improvements (conducive work/customer environment)

TAJ has seven offices[4] scheduled for structural renovation in FY 2022/23. As at end – December 2022, consultancy work has begun for Mandeville RSC, Nuttall Property (Cross Roads) and Montego Bay RSC. The Christiana site has been handed over to the contractor and demolition has commenced. The procurement process for consultancy services has begun for Kingston RSC (former BNS Building). Of the ten renovation/upgrading projects earmarked for this fiscal year, four have been completed. The remaining projects are underway.

[4] Montego Bay RSC; Mandeville RSC; Kingston RSC (BNS Building); Browns Town Office; Christiana Office; Portmore Office; Air Jamaica Building (Stamp Duty) and the Nuttall Property.

Legal Framework

In FY 2022/23, legal services continued to provide support to TAJ's strategic objectives by guiding and providing legal opinions and advice upon requests, in support of initiatives and programmes alike, which enables the organization to act within the context of the law. Technical support and guidance was also provided internally and externally, especially in the passage and amendment of legislation, which remains in progress.

Three of the legislative priorities are:

- *Review and update of the Income Tax Act* - this is done to reduce ambiguity in interpretation, and ensure Jamaica remains up to date with international standards.
- *The Large Scale Projects and Activities Pioneers Act* - this regime will give effect to a suite of fiscal incentives designed to attract beneficial investments from large scale entities with new ideas and development.
- *Review and update of the GCT Act & Excise Act* - this is to ensure that Jamaica's consumption law is able to address new changes in the international landscape and also eliminate ambiguity when interpreting the law.

In relation to treaties in FY 2022/23, Jamaica's Double Taxation Agreements (DTAs) with the United Arab Emirates was signed on October 20, 2022, with finalization work in progress. Morocco has also expressed a renewed interest, and talks are ongoing.

The Organization for Economic Cooperation and Development (OECD) continues to promote the use of a 'whole of government' approach to mitigate against tax evasion and other financial crimes. To better address these issues, Jamaica has signed on to the Base Erosion and Profit Shifting (BEPS) Multilateral Convention Treaty (a Convention that seeks to reduce opportunities for tax avoidance by multinational enterprises). TAJ ensured that all the BEPS standards were maintained, which included drafting legislation and conducting reviews in relation to the aforementioned Actions, especially Action 5 - *Countering Harmful Tax Practices* & Action 13 - *Country-by-Country Reporting*.

The organization is also a part of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), which facilitates international cooperation for better operation of national tax laws, while respecting the fundamental rights of taxpayers. This cooperation ranges from exchange of information, including automatic exchanges, to the recovery of foreign tax claims. The Multilateral Competent Authority Agreement (MCAA) - which is a multilateral framework agreement that provides a standardised mechanism to facilitate the automatic exchange of information in accordance with the standard for Automatic Exchange of Financial Information in Tax Matters, was signed and a copy sent to the OECD. Jamaica is now up-to-date with international standards, as the Automatic Exchange of Information system was fully implemented and facilitates exchanges as of September 2022.

FY 2023/24 and Beyond

For FY 2023/24, TAJ will continue to pursue the main components of its mission. In pursuance of this, TAJ has prioritized three strategic objectives spanning both of TAJ's programmes of Domestic Tax Administration and Executive Administration:

1. *To maximize efficiency and effectiveness of the authority*. TAJ will focus on *'Agile Business Transformation'* spreading across its two programmes.
2. *To foster a customer-centric culture.* TAJ will focus on *'Customer Satisfaction'*
3. *To improve voluntary tax compliance.* TAJ will focus on *'Voluntary Tax Compliance'*

Domestic Tax Administration Programme: TAJ will enhance the health of the tax system across the continuum of taxpayer registration, filing, payment and accurate reporting by (i) meeting domestic revenue target (ii) broadening tax compliance risk identification (iii) expanding the National Compliance Plan to include critical sectors (iv) strengthening the application & ease of domestic tax laws (i.e. proactive taxpayer education & outreach), and (v) promoting voluntary compliance through strategic data management & analytics.

Executive Direction and Administration Programme: TAJ will improve the agility of the Authority. The Agency is exploring and pursuing numerous digital solutions, exploring and applying the use of various business models that allow for increased operational efficiency, as well as a healthier balance between work and personal life for its employees.

Secondly, TAJ will also focus on improving customer satisfaction. Efforts will be placed on fulfilling/addressing customer needs. This includes simplifying the tax system and creating tools that make tax payments, declarations, appeals, queries, and other such client interactions easy, safe, efficient, and reliable, while still maintaining a human touch. TAJ will also empower our internal teams by fostering a customer-centric culture, to enable growth, diversity, accountability, & partnerships.

Legal Framework FY 2023/24

For FY 2023/24, TAJ's legal services will continue to provide support to the 'Review and update of the Income Tax Act'; 'The Large Scale Projects and Activities Pioneers Act'; and the 'Review and update of the GCT Act & Excise Act'. Other activities will include:

- Embarking on a programme to increase the use of liens, garnishments and set offs as a collection mechanism for the FY 2023/24 and beyond;
- Increasing prosecution of tax evasion cases and increased collaboration with Financial Investigation Division to drive the process;
- Standardizing the Data Sharing/Partnership Arrangements pursuant to the Data Protection Act; and
- Utilizing the multinational tax arrangements with specific emphasis on Transfer Pricing and Exchange of Information.

JAMAICA CUSTOMS AGENCY

Introduction

The JCA's mandate embodies collecting the revenue due to the Government of Jamaica, facilitating trade and travel and protecting the legitimate borders of the country. This mandate is integral to the economic and social development of Jamaica, to securing the resources needed by the government to meet its policy and delivery priorities and contributing to the welfare of society.

Operating Environment

The JCA endeavours to secure the international trade supply chain ecosystem, thereby supporting the business environment, and as such contributes to the sustainability of businesses. Promoting good ethics in business conduct amongst all stakeholders leads to greater integrity that facilitates smoother cross-border movement of people and cargo.

Achievements: April 2022 to December 2022

Revenue Collection

Improvements through the employment of strategic and operational mechanisms, coupled with the leveraging of the technological capabilities of the Customs Management System have resulted in increased taxpayer compliance. Further, growth in the trade volume of specific commodities and higher commodity prices or values have positively influenced the revenue collection programme of the JCA over the review period. These outcomes suggest strong recovery from the impact of the global COVID-19 pandemic. The agency's strategies to support the core mandate of revenue collection resulted in an overall flat outturn against the period's target recording a negligible 0.1% below-target performance. For the period April 1- December 31, 2022, tax revenue collected was \$213.053bn which increased by \$43.75bn or 26% in comparison to the similar period in 2021. As it relates to non-tax revenue, collections for April 1- December 31, 2022, were \$15.995bn, increasing by \$1.709bn or 12% in comparison to April 1- December 31, 2021. Net revenue collected for April 1- December 31, 2022, was \$229.003bn, recording a growth of \$45.418bn or 25% in comparison to April 1- December 31, 2021. The main commodity drivers by tariff categorizations for the revenue uptick for the period included petroleum products, motor vehicles and related parts/accessories, beverages, spirits and vinegar, machinery and mechanical appliances, electrical machinery and equipment, miscellaneous edible preparations and tobacco and manufactured tobacco substitutes.

Trade Facilitation

Trade Facilitation is underpinned by strategic initiatives geared toward making it easier to do business. In light of this, the Agency is the lead implementing entity and operator of the **Jamaica Single Window for Trade (JSWIFT).** The on-boarding of primary services through the **JSWIFT** system continued with the following services being available for **public consumption or utilization** for the period:

- **Sugar Industry Authority (SIA) –** *The refined sugar import license process services for marketing agents, manufacturers and distributors' mandatory use came into effect on August 8, 2022.*
- **The Jamaica Dairy Development Board (JDDB)** – *The milk powder import license process services for manufacturers' mandatory use came into effect on August 8, 2022.*
- **Certificate of Origin – Trade Board Limited (TBL)** – *The additional services to include the refined sugar and the milk powder import license process for manufacturers became mandatory on August 8, 2022.*
- **Veterinary Services Division (VSD) -** Two *(2) core services pertaining to aquatic processes: Fish and Fishery Products, and Ornamental Fish were developed and deployed to the JSWIFT Production environment on December 10, 2022. The piloting of the services is in progress with anticipated mandatory use in February 2023.*

Since the initiation of the onboarding process nine (9) Border Regulatory Agencies (BRAs) have commenced utilization of the services. A total of fifty-three (53) services have been made available, netting **7,000 registered users** of the system. This has seen over one hundred and thirty thousand (130,000) transactions facilitated or processed accounting for over $**1.3 billion in collections** for permits, licenses and certificates processed and approved.

On the 29th of November 2022, Jamaica received full approval from the Council for Trade and Economic Development (COTED) for the issuance of the Electronic Certificate of Origin. Jamaica is the first in the region to offer an electronic certificate of origin services.

For the period April 1 - December 31, 2022, the Agency's commercial declarations documentary processed 110,801 commercial declarations of which 99,520 or 89.8% were documentarily processed within 20 hours of submission. Comparatively, from April 1 – December 31, 2021, commercial declarations documentary processed within the same standard timeframe were 93,276 or 91% of the 102,413 commercial declarations submitted for the period. The Agency continues to perform above the targeted standard of 85% of commercial declarations documentary processed within the standard timeframe. Additionally, there has been an 8.2% increase in the number of commercial declarations processed for the reported period compared to the same period previous fiscal year.

Registered passenger arrivals totaled 2,107,803 across the two main international airports, the Donald Sangster International Airport (DSIA) and Norman Manley International Airport (NMIA) **main passenger terminals** for the April 1 – December 31, 2022. This represented a significant increase of 732,422 passengers or approximately 53.3% when compared to the similar period of the previous year. This continuous increase year over year in terms of the absolute number of arriving passengers is a representation of the post-pandemic recovery on the air travelling side coupled with increased tourism marketing activities of the Government and tourism industry stakeholders.

The piloting of the Contactless Clearance Programme (CCP) "project" was launched across all marine public bonded warehouses in October 2022. The pilot included 25% of Less than Container Load (LCL) Simplified/Non-Commercial IMS4 declarations for selected agents and all door-to-door shipments. The CCP intends to facilitate increased efficiency in the clearance of shipments without the requirement for an importer or declarant presence.

Border Protection

The Jamaica Customs Agency recorded a 56% or 530 decrease in seizures from April to December 2022 over April to December 2021. Four hundred and fourteen (414) seizures were reported for April 2022 to December 2022 period in comparison to nine hundred and forty-four (944) for the period April 2021 to December 2021. Narcotics accounted for two hundred and twenty-three (223).

As part of the Agency's Border Protection and Security Programme, Radiation Protection and Safety Programme, and Emergency Preparedness and Response Programme, the JCA in collaboration with the United States Department of Energy (USDOE) hosted a radiation incident tabletop simulation exercise over the period June 28-30, 2022 in Kingston. The exercise was facilitated under the Nuclear Smuggling Detection and Deterrence Programme.

The Agency's implementation of the Global Travel Assessment System (GTAS) for passenger targeting developed by the World Customs Organization (WCO) is progressing on schedule. In December 2022, the agency successfully installed the application in the production environment. The next steps will involve end-users' configuration and training for use of the system.

On strengthening its governance framework, the JCA's Security and Vetting Guidelines for external stakeholders was developed and disseminated to warehouse operators, couriers, consolidators, port and terminal operators and shipping agents. Also, the policy to scan 100% of all containers was reinforced by the JCA in the latter part of the month based on the security risk in the environment. The JCA is now the Chair of the United Nations Office on Drugs and Crime (AIRCOP) programme. The programme is a global initiative for strengthening the capacities of law enforcement entities to prevent and combat organized crime in the aviation industry.

Legislative Amendments

The Agency, in consultation with stakeholders will continue the development of draft rules and regulations under the Customs Act through its internal technical committee to support the New Customs Bill and further the implementation of international best practices.

On matters relating to The Customs Bill 2020, the Joint Select Committee (JSC) held meetings on June 23, 2022, and July 21, 2022, to further review and deliberate on areas of the Bill. Subsequently, the JSC report on the Customs Bill 2020 was tabled in Parliament on September 27, 2022. Consequently, on October 4, 2022, the Minister of Finance and the Public Service and chair of the JSC requested Parliament's approval of the report of the JSC's consideration of the Customs Act 2020. Parliament approved the JSC Report on that date.

Stakeholder Engagement

The JCA ended the period with twenty-nine (29) stakeholder engagements through utilizing several mediums including the continued use of technology to reach its clients. Accordingly, the Agency's Triple C' Online Forum " Click, Connect & Converse with Customs" under the theme "Your Invoice Matters" was held on April 28, 2022, aimed at raising awareness of the importance and benefits of submitting proper invoices and improving value declaration compliance. The JCA's Trade Facilitation & Special Projects Unit also held a sensitization session with e-Commerce and courier operators to discuss the findings of the e-Commerce Survey that was administered.

Strategic Objectives for FY 2023-2024 and the Medium-Term

The JCA's medium-term strategic objectives and strategies for FY 2023/24 to FY 2026/27 are outlined below:

Customs Management Programme

- To modernize customs administration for sustainable contribution to economic development by 2024.

Trade Facilitation and Revenue Collection Sub-Programme

- Improve customs clearance time of commercial goods to 24 hours by 2024;
- Improve customs clearance time of non-commercial goods to 2 hours by 2024;
- Maintain the average customs processing time of 30 seconds and 3 minutes respectively for green and red channels at the international airports annually;
- Achieve the annual revenue target forecasted in contributing to attainment of the fiscal balance target as determined under the fiscal rules;
- Reduce, by 5% annually, outstanding arrears in optimizing revenue collection.

Border Control Operations Sub-Programme

- Reduce, by 20%, cross-border movement of contraband incidences of seizures and breaches by 2024.

Executive Direction and Administration Programme

- To improve the effectiveness of the implementation of key policies, projects, and administrative services that support organizational strategies to advance the achievement of the organization's goals and objectives.

Policy, Planning and Development Sub-Programme

- To improve the quality of planning, research, and governance mechanisms, as well as the JCA's responsiveness to policy formulation to better, respond to sector issues by 2024.

Central Administration Sub-Programme

- To improve the operational effectiveness, efficiency, and resource management capacity of the JCA by 2024.

Reform Initiatives for FY 2023-2024 and the Medium Term

Trade Facilitation and Revenue Collection Sub-Programme

ASYCUDA Upgrade and Enhancement Projects – Trade Facilitation and Compliance Modules

- Develop and implement a Queen's Warehouse Module to enable timely disposal of overtime goods from transit sheds to support revenue optimization;
- Upgrade system and implement an additional eight (8) modules to further improve trade facilitation and strengthen operational monitoring and control.

Jamaica Single Window for Trade (JSWIFT) System Project

- Enable cross-border traders to submit regulatory documents at a single point to improve coordination between border agencies and trade facilitation.

Advance Ruling Programme

- Implement advance ruling to mitigate inconsistent classifications and origin decisions by traders to foster greater compliance and trade facilitation.

Border Control Operations Sub-Programme

Canine Detection Programme

- Combat trafficking by deploying detection dogs and their handlers to key airports and seaports.

Non-Intrusive Inspection Programme (NIIP)

- Expand and Enhance Customs Non-Intrusive Inspection Program (NIIP).

ASYCUDA Enhancement Projects – Border Protection Modules

- Develop and Implement an Enforcement Module to improve intra-agency information and intelligence sharing;
- Develop and Implement an Advance Passenger Information System (APIS) Module to improve the efficiency of risk assessment in passenger processing.

Joint Marine Bases

- Establish Joint Marine Bases at key locations across the Island to reduce smuggling activities at various points.

Policy, Planning and Development Sub-Programme

Revised Customs Regulations and Rules

- To develop Customs Rules and Regulations aligned with international standards.

ISO 9001:2015 Project

- Attain ISO 9001:2015 certification and maintenance of the standard.

Time Release Study (TRS)

- Assess the average clearance time for importing and exporting shipments to unearth the bottlenecks within the business processes to facilitate further improvements and re-engineering for efficiency.

Enterprise Strategic Planning Software/System

- Streamline and strengthen the strategic planning, monitoring, and evaluation through automation of the planning process and reporting mechanism.

Forensic Audit Software

- Bolster the investigative and analysis capabilities in determining facts during auditing proceedings in support of strengthening internal controls.

ASYCUDA Enhancement Project – Appeals Process Automation

- Develop and implement an Appeals and Decision Module to reduce the time taken to resolve issues stemming from transactional conflicts.

Business Continuity Plan (BCP)

- Develop and implement a Business Continuity Plan to mitigate delays in the event of disruption of standard business processes ensuring the permanence of service delivery and business sustainability.

Central Administration Sub-Programme

Change and Culture Management Programme

- Provide structured support to staff and stakeholders in dealing with the dynamism of the changing environment, adopting to new paradigms, and enabling positive return on investments.

Data Warehouse System

- Enhance data analytics capabilities enabled and supported by structured ICT frameworks enhancing the provision of business intelligence.

Appendix V

PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

The Government of Jamaica (GOJ) Public Sector Investment Programme (PSIP) is a rolling five-year plan of Cabinet-approved new and on-going prioritized public investment projects.

The PSIP is a key output of the Public Investment Management System (PIMS) which seeks to improve the implementation efficiency and effectiveness of public investment projects as part of the Government of Jamaica's Public Financial Management Reform Programme. The PIMS processes cover all stages of the project life cycle and are applicable to all public investment projects within the Specified Public Sector, irrespective of the source of funding, type of procurement and implementation modality.

Financing of the PSIP 2023/24-2027/28

The PSIP is financed through a combination of government funds, loans and grants from International Development Partners as well as from equity provided by Self-Financed Public Bodies. The table below shows the projected expenditure by Central Government and the Public Bodies over the medium term.

Summary of PSIP Financing

Financial Year	Loan/Debt ($'000)	Grant ($'000)	Consolidated Fund ($'000)	Equity ($'000)	Total ($'000)
2023/2024	26,722,283	6,975,148	51,149,114	15,664,262	100,510,807
2024/2025	13,293,699	2,597,504	69,587,897	16,487,767	101,966,867
2025/2026	6,528,402	1,148,568	89,950,701	24,138,019	121,765,690
2026/2027	1,910,227	403,980	102,028,531	34,825,591	139,168,329
2027/2028	611,742	0	110,278,978	0	110,890,720

For fiscal year 2023/24, a combined sum of $100.51 billion has been allocated to facilitate the implementation of 139 public investment projects across the Central Government (CG) and Self-Financed Public Bodies (PB). Three (3) of the investment projects are being implemented through public private partnerships (PPPs).

The CG will commence/continue the execution of 50 investment projects utilising an allocation of $75.37 billion in FY 2023/24. This allocation includes a contingency provision of $7.97 billion under Head 20000C: Ministry of Finance and the Public Service which represents the fiscal space available within the Central Government Expenditure Budget to support implementation of new projects following the screening and appraisal process required by the Financial Administration and Audit Act.

In the CG investment programme, 43.8% of the allocation has been earmarked for the Ministry of Economic Growth & Job Creation (MEGJC); 16.8% - Ministry of Finance & the Public Service (MOFPS); 9.6% for the Ministry of Agriculture & Fisheries (MOAF); and 8.5% for the Ministry of Health and Wellness.

Public Bodies are scheduled to commence/continue implementation of 86 investment projects (excluding those to be implemented via Public Private Partnerships (PPPs), utilising an allocation of $18.91 billion. These public investment projects will be implemented by nine (9) Public Bodies.

Approximately $15.66 billion (82.8%) of the funding for projects being implemented by the PBs will be provided from internal revenues or the Consolidated Fund. Approximately $3.16 billion (16.7%), will be from loans and the remaining $84.42mn (0.45%) from grants.

The National Housing Trust accounts for 50.6% of the PB investment budget, the National Water Commission (NWC), 29.7% and the Airport Authority of Jamaica (AAJ), 6.9%.

Three (3) projects with a combined investment of $6.23 billon will be implemented via the Public Private Partnership modality.

Highlights of planned investments in key areas of the public sector during fiscal year 2023/2024 are indicated below.

NATIONAL SECURITY

With the continued focus on the reduction of crime and violence, improvement in public security and the maintenance of the rule of law, several projects are being undertaken by the Ministry of National Security to enhance the efficiency and effectiveness of the Jamaica Constabulary Force (JCF) and the Jamaica Defence Force (JDF). These include:

Security Strengthening Project – The focus of the project is to increase the number of police investigation of murders that result in prosecution and training of police officers in the use of technology in crime fighting.

During the 2022/23 fiscal year, the project was allocated $1.0 billion for the procurement of equipment, software and modern technological devices to improve the capacity and capabilities of the JCF in response to violent crimes, and improving investigative capability through the use of technological devices and improved records management systems.

For the 2023/24 fiscal year, the project has been allocated $770 million which will be used to continue the procurement of hardware, software and various management information systems aimed at improving the investigative capacity of the police.

Construction of the Westmoreland Police Divisional Headquarters **-** For fiscal year 2022/23 the sum of $700 million was provided in the Estimates of Expenditure. However, construction of the facility did not commence as planned and is rescheduled to start in fiscal year fiscal year 2023/24 and achieve 20% completion.

Construction of the St. Catherine North Police Divisional Headquarters **–** An allocation of $315 million has been provided for the fiscal year 2023/24 to commence construction of the facility and achieve 5% completion.

Construction of the Forensic Pathology Autopsy Suite – The objective of this project is to increase the forensic capacity of the Jamaica Constabulary Force and to reduce the backlog of criminal and other cases.

During the 2022/23 fiscal year the project was allocated $319 million to continue construction activities. However, there were several delays including inclement weather, shortage of skilled labour and community violence which negatively impacted the project completion date. The project has been allocated $323 million in the 2023/24 budget to facilitate completion of construction.

Cyber Security Initiatives Project – This project is geared towards increasing the capacity and ability of the security forces to better respond to and ward off cyber-attacks, using technology and technological devices and equipment thus enhancing national security.

During the 2022/23 fiscal year the project received budgetary allocation of J$2.24 billion to procure hardware and software for building out the system and enhancing the country's cyber security capabilities. For fiscal year 2023/24 the sum of $900 million has been allocated to continue the build out of the system.

Purchase and Overhaul of Ships/Coastal Surveillance – This project seeks to facilitate the procurement of radar, marine offshore patrol vessels, and other equipment to enhance the JDF's capacity in securing Jamaica's borders.

During fiscal year 2022/23 the project was allocated $2.57 billion to facilitate payment for two of the four marine patrol vessels and associated equipment for the JDF.

For fiscal year 2023/24, the project has been allocated $3.16 billion to honour obligatory payments for the marine vessels and equipment.

SOCIAL SECTOR

The ***Jamaica Social Investment Fund (JSIF) -*** The JSIF has been mandated to manage the implementation of projects developed to address some of the socio-economic needs of at-risk communities across Jamaica.

In fiscal year 2022/23 the allocation to JSIF of $2.19 billion supported the implementation of three (3) projects – Integrated Community Development, Jamaica Disaster Vulnerability Reduction and Rural Economic Development Initiative, and the completion of the Basic Needs Trust Fund Nine (BNTF 9) Project.

For 2023/24 the allocation of $1.8 billion is a reflection of the projects maturity and closeness to completion. JSIF projects under implementation are identified below.

Integrated Community Development Project II is expected to enhance access to basic urban infrastructure and social services in seven (7) communities across four (4) Parishes. Construction of safe passages for schools in Greenwich Town and Anchovy, rehabilitation of schools in Salt Spring, August Town and Lethe, and creation of community green spaces were among some of the achievement in fiscal year 2022/23.

The objectives for fiscal year 2023/24 are to successfully close out this phase of the project which will include road works in August Town and Treadlight and make retention payments on other works that are currently in their defects liability period.

Rural Economic Development Initiative seeks to enhance access to markets and to climate resilient approaches. The project has encountered a slow start due to delays in engaging business development facilitators (BDF) to assist with the development of business plans. During fiscal year 2022/23, capacity building for Agriculture and Community Tourism Enterprises targeting over 200 beneficiaries was the main achievement; and procurement for works to rehabilitate St. Mary Multipurpose Cold Storage & PV System, Plumwood pumping station and Hanover Bee Honey Bottling Facility were close to contract award.

It is anticipated that for the 2023/24 fiscal year, works will commence on the initiatives as identified prior, and BDF's can be engaged to move forward with the more than 55 agricultural and tourism investment opportunities identified.

EDUCATION

In fiscal year 2022/23 the Ministry of Education and Youth received a budgetary allocation of $1.31 billion mainly focused on the following four (4) projects: 1) Education Transformation Project; 2) Primary and Secondary School Infrastructure Project, 3) Establishment of Diagnostic Centre and 4) Education System Transformation Project II. The allocation in fiscal year 2023/24 will enable the Ministry to continue with the implementation of these projects.

Establishment of Diagnostic Centre - For fiscal year 2022/23, the Ministry was provided with a budget of $110 million to complete construction of a diagnostic center and bio -digester at the College of Agriculture, Science and Education (CASE). For fiscal 2023/24, the project has been allocated $30 million to finalize the construction of the diagnostic centre.

Primary and Secondary Infrastructure Programme (PSIP) – The focus of the project is to remove the shift system from high schools by constructing additional classrooms and improving the security of school campuses by erecting perimeter fencing. For fiscal year 2023/24 the objective is to complete construction of classrooms at ten schools; carry out electrical upgrades at fourteen schools; install sewage treatment facilities at two schools; complete installation of security fencing at eight schools.

Education Transformation Programme (ETP) - This project is to facilitate the building of additional classrooms and sanitary facilities to alleviate the shift system and over-crowding at the Mount Saint Joseph High School in Manchester. For fiscal year 2023/24, the project has been allocated $305.65 million to complete the build out of the 3rd and 4th form blocks and the administrative offices.

HEALTH

Health System Strengthening for the Prevention & Care-Management of Non-Communicable Diseases - The project seeks to upgrade and integrate primary and secondary health facilities to enable efficiency and provision for delivery of higher quality of care.

During fiscal 2022/23, a reformulation exercise was proposed to the implementation and financing of this project and is still under review. Designs for the Spanish Town Hospital (STH) and health centres within that hospital's catchment area were completed. Activities that commenced include: corrective and maintenance works and relocation works to facilitate the pending construction in fiscal year 2023/2024. Implementation of an information platform for Electronic Health Records (EHR) storage also commenced and is targeted for 107 facilities.

For fiscal year 2023/24, the project has been allocated the sum of $2.65 billion to commence construction works at STH and procurement of civil works for the Greater Portmore, St. Jago and Old Harbour health centres. Corrective and maintenance works will be carried out at the May Pen Hospital and laundry equipment at Spanish Town Hospital will be commissioned. Sewage studies will also be carried out in ten health facilities and implementation of the Electronic Health Record Management System and the Managed Network Services continued in 85 health centres.

Redevelopment of the Cornwall Regional Hospital
During fiscal year 2022/23, the project was allocated $1.14 billion to complete Phase 2b of the works at the Cornwall Regional Hospital.

For fiscal year 2023/24, $2.04 billion has been allocated to commence Phase 3 works and attain 30% completion.

Western Children and Adolescent Hospital – In fiscal year 2022/23, the Chinese contractor resumed work on the construction of the building. For 2023/24, an allocation of $365.5 million has been provided to complete Phase 2 of the car park, upgrade the sewage system and strengthen the security apparatus for the proposed hospital premises. The major works are scheduled to be completed by April 2024.

Redevelopment and Modernisation of the University Hospital of the West Indies - The purpose of this project is to transform the University Hospital of the West Indies (UHWI) through the redevelopment programme into a modern facility with improved patient experience. This will be done in phases. During fiscal year 2022/23, an allocation of $300 million was provided for the commencement of Phase 1 but the project was affected by significant delays.

For fiscal year 2023/24, the project has been allocated $530 million to commence the re-routing of the Ring Road, a new car park and to begin designs for the upgrading of the electrical grid, potable water supply, sewage network and IT infrastructure.

AGRICULTURE

Rehabilitation of Research Centres - In fiscal year 2022/23, the project was allocated $105 million to support the (i) construction of dairy workers housing, (ii) installations of domestic water tanks, pond liners and irrigation for the fruit tree nursery, and (iii) renovation of small ruminant house and milk testing laboratory. Approximately 73% of the activities programmed were achieved.

For the fiscal 2023/24, $39.6 million has been allocated to facilitate the renovations of office space, complete small ruminant house and yard, installation of security paraphernalia at renovated spaces, survey and design animal performance testing facility and commence the procurement process to establish a herd management system. The project is scheduled to end during the fiscal year with phase 2 scheduled to commence thereafter.

Southern Plains Agricultural Development Project – The objective of this project is to provide access to irrigation on lands formerly used for sugar cane production in South Clarendon & South St. Catherine in an effort to increase agricultural production and productivity. The project focuses on the construction of wells, conversion of existing canal supplied irrigation water to pressurized systems and the construction of agricultural buildings for packaging, storage and offices. Road and drainage infrastructure will be constructed/upgraded in the arable areas of Amity Hall and Bridge Pen in St. Catherine and Parnassus in Clarendon.

During the 2022/23 fiscal year the project received an allocation of $1.37 billion for rehabilitating farm access roads, installation of irrigation infrastructure and rehabilitation of the canal network. During the fiscal year 50% percent of road infrastructure works was completed and the installation of irrigation infrastructure in the early stages of execution.

For fiscal year 2023/24, the sum of $2.3 billion has been allocated to the project to complete farm road rehabilitation, irrigation infrastructure installation and irrigation canal rehabilitation in both Amity Hall/Bridge Pen in St Catherine and Parnassus in Clarendon.

Essex Valley Irrigation Infrastructure Development Programme – The objective of the project is to enhance the production and productivity of farmers in Essex Valley by increasing the area under irrigation and yield of crops in Essex Valley by a minimum of 90% in a socially inclusive gender equitable and climate sensitive manner.

The project was allocated $2.68 billion during fiscal year 2023/24 to implement agricultural focused activities. The achievements during the period include: i) the development of a gender responsive economic inclusion plan for women and vulnerable groups involved in farming; ii) award of four major contracts valued at approximately $5.131 billion to supply and install irrigation pipelines and appurtenances and carry out farm road rehabilitation; iii) supply and installation of pumps and meters; iv) supply and install renewable energy equipment for powering the irrigation system.

For the fiscal year 2023/24, the project has been allocated $4.48 billion which will be used to i) install irrigation pipes, fittings and meters; ii) supply and install of pumps, switchgears and other equipment; iii) supply and install equipment for the renewable energy plant to power the irrigation system; iv) construction of global gap agricultural buildings; and v) develop operational plans for Essex Valley and Southern Plains Agricultural Development Projects.

ENHANCING COMPETITIVENESS AND GROWTH

Credit Enhancement Programme for MSMEs – The purpose of this project is to provide loan guarantees to Micro, Small & Medium-size Enterprises (MSMEs) which have limited or no access to collateral needed to secure loans. Funds from this project are used to capitalise the Credit Enhancement Fund (CEF) managed by the Development Bank of Jamaica (DBJ) for providing loan guarantees to MSMEs. In fiscal year 2022/23, the project was allocated $789.7 million but this was increased to $1.1 billion. This facilitated the issue of 302 loan guarantees during the fiscal year. A total of 1,059 MSMEs have benefitted from loan guarantees under the CEF up to December 31, 2022.

For fiscal year 2023/24 the project has been allocated $24.3 million, which will be used for closing-out activities including a final audit.

Access to Finance for MSMEs
The objective of the project is to improve access to finance for Micro, Small and Medium-size Enterprises (MSMEs). Specifically the project aims to: 1) enhance the Credit Enhancement Facility (CEF) for guarantees to MSME loans; 2) support the establishment of an SME Fund for risk capital financing to SMEs; 3) improve the enabling environment for access to finance and business development services for MSMEs.

The project was allocated $750 million for fiscal year 2022/23; however, the allocation was reduced to $450 million due to administrative delays. A total of 248 MSMEs were supported through the DBJ's Voucher for Technical Assistance Programme, while 580 Guarantees were provided through the CEF as at December 31, 2022.

For 2023/24, the sum of $750 million has been allocated to the project to fully satisfy obligations to support capitalisation of the SME Fund which provides private equity and access to risk capital through private equity funding for SMEs. The project is scheduled to end during the 2023/24 fiscal year.

ENERGY EFFICIENCY AND CONSERVATION

Energy Management and Efficiency Project - The objective of this project is to promote energy efficiency in state entities and fuel conservation in road transportation. The focus of activities include the retrofitting of selected government buildings with energy efficient lighting and air conditioning systems and the implementation of an Urban Traffic Management System (UTMS) in the Kingston Metropolitan Area (KMA).

For the fiscal year 2022/23, the project was allocated $1.17 billion, which supported the full installation of the UTMS to include CCTVs and electronic message boards across the KMA. For fiscal year 2023/24, a total of $967.17 million has been allocated to procure equipment for maintenance of the UTMS physical structures, and commence deep retrofitting activities at seven (7) hospitals.

INFRASTRUCTURE

Infrastructure-type projects aimed at developing and improving the country's infrastructure constitute over 40% of the 2023/2024 capital budget. The major infrastructure-type projects in the Central Government capital programme for fiscal year 2023/24 include: the Southern Coastal Highway Improvement Project; Montego Bay Perimeter Road; Widening and Dualization of Grange Lane and the Montego Bay Waterfront Protection Infrastructure (Groynes) Project.

Southern Coastal Highway Improvement Project - The project as designed envisages the development of a new highway along the south eastern section of the island, commencing in Harbour View, St Andrew and to Port Antonio, Portland and an extension of the existing east-west highway westward to Williamsfield, Manchester.

During fiscal year 2022/23, the project received a budgetary allocation of $20.74 billion which was later increased to $25.84 billion due to the higher than programmed expenditure. At the end of the third quarter of the fiscal year 2022/23, the extension of the East-West Highway was approximately 80% complete while the leg between Harbour View and Port Antonio was approximately 55% complete.

For fiscal year 2023/24 a budget of $22.13 billion has been allocated to complete the Manchester leg of the east west highway and achieve 85% completion on the Harbour View to Port Antonio section.

Montego Bay Perimeter Road – The objective of this project is to create a safe and reliable alternate route/road for motorist travelling across and within Montego Bay, thus reducing congestion within the city and open up new lands to facilitate structured development. The focus of the project is the construction of a 15 km 4 lane carriageway from Iron shore to Bogue in Montego Bay, an 11km 4 lane divided carriageway to by-pass the Long Hill Road corridor and the rehabilitation/improvement of intersections within the city of Montego Bay over a four-year period.

During the 2022/23 fiscal year, the approved allocation of $4.89 billion was utilised for land acquisition and completion of the outline design for the Ironshore to Bogue leg.

For fiscal year 2023/24, the project has been allocated $7.2 billion to facilitate completion of land acquisition, the outline design on the 11km - 4 lane divided carriageway along the Long Hill Bypass corridor; and to commence construction of the 15km - 4 lane divided carriageway from Ironshore to Bogue.

Widening and Dualization of Grange Lane - This project was designed to improve mobility & connectivity through the reduction of congestion and loss of time, improve safety, and facilitate conditions for future economic development through the widening and dualization of the carriageway; improved water infrastructure and fibre optics ducts for broadband connectivity along Grange Lane in Portmore, St Catherine.

During fiscal 2022/23, the project received an allocation of $400 million to complete designs, award a contract and mobilize the contractor to undertake the works. The designs were completed as planned and a letter of award was issued to the successful bidder.

For the 2023/24 fiscal year, the Project has been allocated $878 million to commence and complete the widening and dualization of Grange lane

Montego Bay Waterfront Protection Project – The objective of this project is to reduce the loss of beach front acreage to coastal erosion and protect valuable coastal resources along the Montego Bay Waterfront and the marine ecosystem in that area.

During fiscal year 2022/23 the project received an allocation of $321.9 million to complete the construction/rehabilitation of the northern and southern groynes along the Montego Bay coastline. The northern groynes were successfully constructed / rehabilitated during the year and a contract was awarded to commence works on the southern groynes.

The project has been allocated $405.65 million in fiscal year 2023/2024 to complete construction/rehabilitation works on the southern groynes including the shoreline areas in the vicinity of Harmony Beach Park.

ENVIRONMENTAL RESILIENCE & CLIMATE CHANGE

Jamaica Disaster Vulnerability Reduction Project (JDVRP) – The focus of this project is to enhance Jamaica's resilience to disaster and climate vulnerability.

During fiscal 2022/23 the project underwent a restructuring exercise which will result in the loan agreement being extended by 23 months. The allocation of $673.54 million was geared at undertaking works on the Big Pond/Myton Gully drains, completion of the Port Royal street coastal revetment works and the fire stations in Montego Bay, Port Maria and Yallahs.

For fiscal year 2023/24, the sum of $868.5 million has been allocated to commence coastal works in Annotto Bay, continue works on and around the Big Pond/Myton Gully drains and facilitate training by institutions such as the HEART, MIND and UTECH in the new building codes.

Enhancing the Resilience of the Agricultural Sector and Coastal Areas – This project is a grant financed initiative of the Adaptation Fund that seeks to strengthen coastal protection and build capacity against climate change risks. The target area for the project is along the North Eastern Coastal Towns of Annotto Bay, Buff Bay and Orange Bay. During fiscal year 2022/23 shoreline protection works were completed at Buff Bay Site 1: coastal works commenced at Annotto Bay Site 3: and over 21,000 trees planted to support ecosystem restoration.

For the 2023/24 fiscal year, the project will seek to complete revetment works at Orange Bay; Buff Bay Site 2 and Annotto Bay Site 4 and Site 5.

PPCR II - Adaptation Programme and Financing Mechanisms – The overall objective of the project is to increase Jamaica's resilience to climate change through enhancing adaptive capacity across priority sectors. To achieve this goal the project focuses on: i) mainstreaming climate change into development planning; ii) providing information on novel approaches, including climate financing, to overcome the challenges of climate change; and iii) disseminating lessons learned from adaptation interventions.

During the 2022/23 fiscal year the project was allocated the sum of $60 million, however, this sum was subsequently increased to $138.1 million. During the fiscal year, the Vulnerability Assessment of 5 priority sectors was completed and reconnaissance activities were undertaken for the construction of two (2) aquaponics systems, fifty (50) check dams, installation of ten (10) rainwater harvesting systems, planting additional hectares of urban forestry, providing support to a mangrove nursery and farmer field school training.

For the fiscal 2023/24, the sum of $36.6 million has been allocated to conduct final evaluation, ex-post economic analysis, final audit and other close-out activities.

PUBLIC SECTOR TRANSFORMATION

There are two projects that currently support the thrust of public sector transformation across government - the ***Strategic Public Sector Transformation Project (SPSTP)*** and the ***Public Sector Transformation Implementation (PSTI) Project***.

The projects aim to strengthen public resource management, enhance efficiencies and information communication technology that will not only reduce transactional costs but also improve aspects of service delivery.

Major achievements under the SPSTP include the design and development of a Public Investment Management System (PIMS), strengthening of the budget preparation process with the introduction of medium term results based budgeting and fostering industrial growth and trade facilitation through support provided to the Bureau of Standards Jamaica.

Under the PSTI, the major achievements include the implementation of: MyHR+ - a new compensation system across the public sector, a government network - GOVNET and Shared Corporate Services for the Public Sector.

For the fiscal year 2023/24 a total allocation of $2.5 billion has been provided to both which will primarily facilitate the continued implementation of services with a view to transitioning these into the formal public sector, including;

- Shared Corporate Services which entails the consolidation of administrative and supportive function across seven (7) service lines: Human Resource Management; Information and Communication Technology; Internal Audit, Procurement; Asset Management; Finance and Accounts; and Public Relations and Communication;
- Public Sector Compensation restructure;

SELF-FINANCED PUBLIC BODIES (SFPBs)

Public bodies continue to contribute to the infrastructural and economic development of the Jamaican economy. For FY 2023/24, the Group projects $18.91 billion (2022/23; $14.59 billion) for Public Sector Investments, with approximately $15.66 billion or 82.8% being financed from the internal resources of the entities. The SFPBs with expected significant contribution to Public Sector Investment are highlighted below:

National Housing Trust (NHT) - The NHT will continue to pursue the increased delivery of housing solutions in the medium term, consistent with Government's policies effected in 2017. Consequently, the NHT plans to commence construction on 39,035 new housing solutions and to deliver a total of 20,021 solutions, comprising a mix of residential lots and houses, by March 31, 2026. For 2023/24, the NHT will continue construction and completion of 4,141 units (2022/23: 1,627 units) including Perth Phase 2, Manchester. Projects will include housing solutions with small contractors, developers programme, joint ventures, inner city housing and NHT's own projects to the value of $9.57 billion.

National Water Commission (NWC) - The NWC will continue to undertake significant investments aimed at facilitating required infrastructure rehabilitation and coverage. PSIP expenditure should amount to $5.62 billion and is targeted at projects to improve the availability of potable water, the accuracy of customer metering and sewerage operations. An amount of $2.42 billion is budgeted for expenditure under the K-factor Programme including $1,000.00mn for customer water meter installation.

Airports Authority of Jamaica (AAJ) - The development efforts of AAJ will focus on continued work in respect of domestic aerodromes (inclusive of the Vernamfield Aerodrome, as well as at the Ian Fleming International Airport) to the value of $625.94 million. AAJ will also continue the pursuit of projects related to carry over development works at the Norman Manley International Airport (NMIA - $242.68 million) and NMIA shoreline protection ($447.15 million). Expenditure in respect of AAJ's PSIP forecast ($1.31 billion) should account for 59% of the budgeted capital expenditure of $2.23 billion.

GOVERNMENT OF JAMAICA PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP) 2023/24 - 2027/2028							
			$'000				
PROJECTS	Funding Agency	Revised Allocation 2022/23	Estimates 2023/2024	Projection 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028
CENTRAL GOVERNMENT							
OFFICE OF THE PRIME MINISTER							
National Identification System (NIDS) for Economic Growth	*IDB*	1,692,677	1,958,185	2,000,000	1,662,815	-	-
Poverty Reduction Project IV		3,000		-	-	-	-
Basic Needs Trust Fund		215,230	-	-	-	-	-
Jamaica Disaster Vulnerability Reduction Project	*IBRD*	673,542	868,488	179,150	-	-	-
Jamaica Integrated Community Development Project II	*GOJ*	796,200	276,508	1,389,002	1,167,188	-	-
Rural Economic Development Initiative (REDI II)	*IBRD*	499,222	631,762	1,137,172	1,441,533	1,435,930	611,742
TOTAL OFFICE OF THE PRIME MINISTER		3,879,871	3,734,943	4,705,324	4,271,536	1,435,930	611,742
MINISTRY OF ECONOMIC GROWTH & JOB CREATION							-
Establishment of United Nations (UN) House	*GOJ*	62,500	207,000	53,000	-	-	-
Credit Enhancement Programme for MSMEs	*IDB*	1,099,700	24,306	-	-	-	-
Offices of the Ministry of Foreign Affairs and Foreign Trade		104,431		-	-	-	-
Access to Finance for MSMEs	*IBRD*	450,000	750,000	-	-	-	-
Boosting Innovation, Growth & Entrepreneurship Ecosystem	*IDB*	749,975	1,110,431	550,000	850,000	-	-
Electronic Land Titling Project	*GOJ*	21,123	160,000	1,631,890	1,043,355	191,837	-
Southern Coastal Highway Improvement Project	*GOJ/ CEXIM*	25,844,525	22,130,773	5,227,649	-	-	-
Montego Bay Perimeter Road	*GOJ*	4,889,522	7,200,000	12,600,000	14,664,000	10,500,000	979,600
Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco)	*UNEP*	106,736	110,232	-	-	-	-
Montego Bay Waterfront Protection Infrastructure (Groynes) Project	*GOJ*	321,905	405,649	-	-	-	-
PPCR II - Adaptation Programme & Financing Mechanism	*CIF/IDB*	138,077	36,600	-	-	-	-
Green Climate Readiness Support	*GCCF*	65,000		-	-	-	-
Conserving Biodiversity and Reducing Land Degradation	*GEF/UN*	15,000					-
Widening and Dualization of Grange Lane, St Catherine	*GOJ*	400,000	878,000	-	-	-	-
TOTAL MINISTRY OF ECONOMIC GROWTH & JOB CREATION		34,268,494	33,012,991	20,062,539	16,557,355	10,691,837	979,600
MINISTRY OF FINANCE & THE PUBLIC SERVICE							-
Contingency Provision for New Public Investment Projects	*GOJ*	-	7,969,320	32,232,822	63,892,015	82,838,992	103,271,118
Strategic Public Sector Transformation	*IBRD*	353,055	149,880	-	-	-	-
Enhancing the Resilience of the Agri Sector and Coastal Areas	*Adaptati*	159,560	195,400	501,000	-	-	-
Jamaica Foundation for Competitiveness and Growth	*IBRD*	500,000	435,862	-	-	-	-
Public Sector Transformation Implementation Project	*IDB*	2,286,698	2,374,860	-	-	-	-
A Jamaican Path from Hills to Ocean	*EU*	99,206	230,898	224,933	204,939	170,000	-
Jamaica Business Environment Reforms Project	*GOJ/IBR*	140,500	676,141	696,872	-	-	-
Construction of Tax Offices - Christiana	*GOJ*	73,168	670,791	77,000	-	-	-
PPCR II - Improving Climate Data & Information Management		98,869		-	-	-	-
TOTAL MINISTRY OF FINANCE & THE PUBLIC SERVICE		3,711,056	12,703,152	33,732,627	64,096,954	83,008,992	103,271,118
					-		
MINISTRY OF NATIONAL SECURITY					-		
Acquisition of Aircraft		125,200		-	-	-	-
Cyber Security Initiatives	*GOJ*	2,243,649	900,000	-	-	-	-
Purchase and Overhaul of Ships/Coastal Surveillance	*GOJ*	2,574,800	3,163,000	1,850,000	-	-	-
Construction of the Forensic Pathology Autopsy Suite	*GOJ*	319,050	323,000	54,736	-	-	-
Construction of the Westmoreland Police Divisonal Headquarters	*GOJ*	5,000	465,000	1,215,000	1,015,000	-	-
Construction of St. Catherine North Police Divisonal Headquarters			315,000	840,000	545,500	-	-
Security Strengthening Project	*IDB*	1,009,358	770,000	644,925	-	-	-
TOTAL MINISTRY OF NATIONAL SECURITY		6,277,057	5,936,000	4,604,661	1,560,500	-	-
MINISTRY OF JUSTICE							
Renovation and Upgrading Works at the Clarendon Parish Court	*GOJ*	95,000	20,000	-	-	-	-
Construction and Improvements of Courthouse		51,500		-	-	-	-
Construction of St. Andrew Justice Centre	*GOJ*		88,776	239,224	63,890	-	-
TOTAL MINISTRY OF JUSTICE		146,500	108,776	239,224	63,890	-	-

PROJECTS	Funding Agency	Revised Allocation 2022/23	Estimates 2023/2024	Projection 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028
MINISTRY OF EDUCATION & YOUTH							-
Education Transformation Programme I	*GOJ*	250,000	305,649	250,000	-	-	-
Primary & Secondary School Infrastructure Project		899,500	1,058,637	850,000	-	-	-
Establishment of Diagnostic Centres (Special Education)	*GOJ*	90,000	30,000	-	-	-	-
Education System Transformation Programme (Phase 2)	*GOJ*	52,000	159,050	765,600	1,350,000	1,875,000	865,000
Renovation/Modification of Caenwodd & Heroes Circle Facilities		20,000		-	-	-	-
TOTAL MINISTRY OF EDUCATION & YOUTH		1,311,500	1,553,336	1,865,600	1,350,000	1,875,000	865,000
MINISTRY OF HEALTH & WELLNESS							-
Redevelopment of the Cornwall Regional Hospital	*GOJ*	1,141,122	2,042,811	3,291,700	-	-	-
Western Adolescence Hospital	*GOJ*	191,000	365,549	-	-	-	-
Prevention & Care Management of Non-Communicable Diseases	*IDB/EU/*	2,335,141	2,651,414	4,240,488	4,510,934	3,577,593	3,663,260
Support to the National HIV/AIDS Response in Jamaica		1,041,191	838,930	947,740	1,089,901	1,253,386	-
Redevelopment & Modernisation - University Hospital of the West Indies	*GOJ*	186,076	530,000	2,500,000	2,500,000	2,500,000	1,500,000
Reduction in Teenage Pregnancy		5,924		-	-	-	-
TOTAL MINISTRY OF HEALTH & WELLNESS		4,900,454	6,428,704	10,979,928	8,100,835	7,330,979	5,163,260
MINISTRY OF AGRICULTURE & FISHERIES							-
Rehabilitation of Research Centres	*GOJ*	113,550	39,577	-	-	-	-
Promoting Community Based Climate Resilience in the Fisheries Sector	*IBRD*	99,642	313,650	95,000	65,000	-	-
Essex Valley Irrigation Infrastructure Development Prog.	*CDB*	2,677,000	4,481,896	1,808,534	624,815	-	-
Southern Plain Agricultural Development Project	*CDB*	1,371,228	2,305,000	361,756	-	-	-
Soil Fertility Mapping Project	*Kingdom*	65,000	66,586	85,222	51,900	-	-
Modernisation of the Agricultural Sector Programme	*IDB*	-	-	-	-	-	-
Agricultural Competitiveness Programme Bridging Project	*GOJ*	-	8,767				
TOTAL MINISTRY OF AGRICULTURE & FISHERIES		4,326,420	7,215,476	2,350,512	741,715	-	-
						-	
MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE						-	-
Global Services Skills Project	*IDB*	710,230	810,000	20,963	-	-	-
TOTAL INDUSTRY, INVESTMENT AND COMMERCE		710,230	810,000	*20,963*		-	-
MINISTRY OF SCIENCE, ENERGY & TECHNOLOGY							-
Energy Management and Effciency Programme	*IDB*	1,167,666	967,174	870,500	565,540	-	-
TOTAL MINISTRY OF SCIENCE, ENERGY & TECHNOLOGY		1,167,666	967,174	*870,500*	*565,540*	-	-
MINISTRY OF TRANSPORT & MINING							
Purchase of Buses	*GOJ*	1,178,912	689,400				
TOTAL MINISTRY OF TRANSPORT & MINING		1,178,912	689,400	-	-	-	-
MINISTRY OF LOCAL GOVERNMENT & RURAL DEVT							
Improvement of Emergency Communication System in Jamaica	*JICA*	300,000	360,000	33,682	-	-	-
Acquisition of Compactor Trucks		1,652,838	1,852,938	-	-	-	-
TOTAL MINISTRY OF LOCAL GOVERNMENT & RURAL DEVT		1,952,838	2,212,938	*33,682*		-	-
TOTAL CENTRAL GOVERNMENT		63,830,998	75,372,890	79,465,560	97,308,325	104,342,738	110,890,720

PROJECTS	Funding Agency	Revised Allocation 2022/23	Estimates 2023/2024	Projection 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028
SELF-FINANCED PUBLIC BODIES							
Airport Authority of Jamaica							
NMIA Capital Development Programme (CDP)	AAJ	65,229	242,684	82,135	270,464	439,821	-
Aerodromes	AAJ	852,749	625,940	912,305	1,077,935	755,390	-
Shoreline Protection	AAJ	125,288	447,150	71,776	168,970	253,560	-
	AAJ		-	-	-	-	-
AAJ SubTotal		1,043,267	1,315,775	1,066,217	1,517,369	1,448,771	-
Betting, Gaming and Lotteries Commission							
Gaming Management Information System (GMIS)	BGLC	172,533	282,000	-	-	-	-
BGLC Sub-Total		172,533	282,000	-	-	-	-
Factories Corporation of Jamaica							
Garmex Redevelopment Project	FCJ	304,350	780,950	40,800	-	-	-
Boundbrook Urban Centre	FCJ	-	-	-	-	-	-
Hayes, Clarendon	FCJ	-	-	-	-	-	-
Morant Bay Urban Development Centre	FCJ	-	-	-	-	-	-
FCJ Sub-Total		304,350	780,950	40,800	-	-	-
Jamaica Bauxite Mining Limited							
Replacment of Western Trestle	JBM		140,000	-	-	-	-
Industrial Park - Warehouse	JBM		395,000				
Commercial Park (BPO)	JBM		213,900				
Orange Park Housing Development	JBM	-	100,000	-	-	-	-
Water Store	JBM	-	40,700	-	-	-	-
JBM Sub-Total		-	889,600	-	-	-	-
National Housing Trust							
SMALL CONTRACTORS PROGRAMME							
Windsor	NHT	251,758	117,000	-	-	-	-
Shrewbury Ph 1, Westmoreland	NHT	216,503	44,000	-	-	-	-
Humming - Sevens, Phase 1	NHT	190,319	20,000	-	-	-	-
Monymusk	NHT	21,835	-	-	-	-	-
Colbeck Castle, Ph 1 & 2	NHT	-	400,000	-	-	-	-
Colbeck Castle, Ph 4	NHT	-	100,000	150,000	200,000	-	-
Colbeck Castle, Ph 3	NHT	-	-	500,000	-	-	-
Sub-Total		680,415	681,000	650,000	200,000	-	-
DEVELOPERS PROGRAMME							
Ridge Estate, St. Ann	NHT	-	-	-	-	-	-
Friendship Phase 2, St. Elizabeth	NHT	-	15,000	-	819,000	800,000	-
Galina, St. Catherine	NHT	-	3,000	450,000	526,500	300,000	-
Luana 2	NHT	-	3,000	700,000	532,350	350,000	-
Ridge Estate, St. Ann	NHT		22,000	-	585,000	550,000	
Sheckles 2	NHT		4,000	-	585,000	500,000	
Minard, St. Ann	NHT		5,500	-	819,000	550,000	
Dry Valley	NHT		3,000	-	1,206,560	3,314,830	
Johnson Hill, St. Catherine	NHT		-	-	342,230	2,400,000	
Norwich, Portland	NHT		3,500	-	197,440	200,000	
Barrett Hall, St. James	NHT		9,000	-	1,425,940	3,951,160	
Albion, Manchester	NHT		4,000	-	-	-	
Sandy Ground, St. Elizabeth	NHT		2,500	-	263,250	500,000	
Surbiton Apartments	NHT		-	-	327,600	500,000	
Point 2, Hanover	NHT		10,000	-	870,190	2,490,700	
Gilmock, St. Elizabeth	NHT	-	3,000	-	658,130	500,000	-
Lot 39, Bellevue, St. Catherine	NHT		3,000	-	155,760	100,000	
Lot 35 & 36, Bellevue, St. Catherine	NHT		3,500	-	186,470	250,000	
Succabba Pen / Old Harbour Glades, St. Catherine	NHT		3,000	-	234,000	500,000	
Greater Bernad Lodge	NHT		5,000	-	987,190	2,400,000	
Negril Spots	NHT		3,000	800,000	1,404,000	1,900,000	
Longville Ph 4	NHT	-	12,460	-	438,750	250,000	-
Mount Nelson, Manchester	NHT	297,781	80,000	450,000	1,711,130	4,649,130	-
Passley Garden, Portland	NHT	-	7,000	-	1,167,080	500,000	-
Bromley, St. Ann	NHT	-	13,400	-	936,000	2,571,500	
Sub-Total		297,781	217,860	2,400,000	16,378,570	30,027,320	-
NHT JOINT VENTURE							
The Villages of Colebeck Castle - Ph 1 & 2, Clarendon (Inf)	NHT	13,315	1,015,900	141,530	29,640	-	
The Villages of Colebeck Castle - Ph 3 & 4, Clarendon (Inf)	NHT	3,292	439,100	195,280	30,870	-	-
The Villages of Colebeck Castle - Ph 5, Clarendon (Housing & Inf)	NHT	-	413,440	1,141,540	306,500	170,000	-
The Villages of Colebeck Castle - Ph 6, Clarendon (Housing & Inf)	NHT	-	316,600	600,070	235,420	250,000	-
Estuary - Phase 2, St. James	NHT	1,824,667	-	-	-	-	-
Estuary - Phase 1, St. James	NHT	37,936	723,000	-	-	-	
Irwin, St. James	NHT	137,370	840,000	335,000	15,000	-	-
Penwood, Olympic Gardens, Kingston	NHT		-	-	-		
Orolands, Westmoreland	NHT	-	-	2,300,000	1,800,000	1,200,000	-
Sub-Total		2,016,579	3,748,040	4,713,420	2,417,430	1,620,000	-

PROJECTS	Funding Agency	Revised Allocation 2022/23	Estimates 2023/2024	Projection 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028
NHT PROJECTS - GENERAL							
Albion, Manchester	NHT	-	-	-	-	-	-
Barett Hall, St. James	NHT	-	-	-	-	-	-
Dry Valley, Trelawny	NHT	-	-	-	-	-	-
Dundee, Trelawny	NHT	-	25,700	250,000	800,000	-	-
Bromley, St. Ann	NHT	-	-	-	-	-	-
Monymusk Country Estate 2, Clarendon Houses	NHT	423,414	362,430	60,000	-	-	-
Monymusk Glades, Clarendon Houses	NHT	-	-	-	-	-	-
Friendship - Phase 1, St. Elizabeth	NHT	120,971	223,420	500,000	420,000	-	-
Friendship - Phase 2, St. Elizabeth	NHT	-	-	-	-	-	-
Fontabelle, Westmoreland	NHT	-	-	-	-	-	-
Galina	NHT	-	-	-	-	-	-
Hectors River	NHT	-	-		-	-	
Passley Gardens, Portland	NHT	-	-	-	-	-	-
Perth 1A, Manchester	NHT	131,412	-	-	-	-	-
Perth 2, Manchester	NHT	3,351,418	1,674,710	172,590	-	-	-
Humming Meadows Phase 1, (Housing) Clarendon	NHT	1,233,662	-	154,000	-	-	-
Humming Meadows Phase 2, Clarendon	NHT	-	414,510	40,000	-	-	-
Twickenham Park, Phase 4, St. Catherine	NHT	4,156	-	-	-	-	-
Negril Spots, Westmoreland	NHT	-	-	-	-		
Ridge Estate	NHT	-	-	-	-	-	-
Longville Phase 3	NHT	-	-	130,000	135,000	-	-
Ruthven Road, Phase 1, St Andrew	NHT	179,595	-	-	-	-	
Ruthven Road, Phase 2, St Andrew	NHT	-	-	-	-	-	-
Shrewsbury 2, Westmoreland	NHT	-	59,000	10,000	3,000	-	-
Vineyard Town - Central Avenue & Third Avenue	NHT	3,247	151,260	6,000	-	-	-
Twickenham Park, Phase 4, St. Catherine	NHT	-	-	-	-	-	-
Windsor, Duncans	NHT	8,624	107,950	149,000	6,000	-	-
Malvern, St. Elizabeth	NHT	4,185	59,860	7,000	-	-	-
Industry Cove, Hanover	NHT	-	-	-	-	-	-
Minard	NHT	-	-	-	-	-	-
Point, Hanover	NHT	-	-	577,500	840,000		-
Sub-Total		5,460,685	3,078,840	2,056,090	2,204,000	-	-
INNER CITY HOUSING / COMMUNITY RENEWAL PROG.							
Rasta City	NHT	15,708	501,000	625,000	342,210	310,000	-
White Wing	NHT	152,801	430,500	310,000	64,820	-	
Maxfield Park (Frog City)	NHT	225,081	262,000	810,000	269,410	345,000	
Cantebury	NHT	-	167,000	348,000	70,030	-	-
Majesty Garden Ph 1A	NHT	145,842	-	-	-	-	-
St. Pauls Lane	NHT	-	170,000	14,500	-	-	
Bellrock	NHT	-	67,100	37,000	1,400	-	-
81 Bayfarm Road	NHT	37,909	250,500	230,000	29,750	15,400	-
Industry Pen	NHT	-	-	35,000	5,740	-	-
Mount Salem	NHT	-	-	360,000	5,250	-	
Leith Hall	NHT	-	-	1,500,000	422,040	1,059,100	-
Juno Crescent	NHT	5,560	-	-	-	-	-
Sub-Total		582,900	1,848,100	4,269,500	1,210,650	1,729,500	-
NHT Sub-Total		9,038,360	9,573,840	14,089,010	22,410,650	33,376,820	-
National Water Commission				-			
KMA Water Supply Programme	IDB	104,550	-	-	-	-	-
Spanish Town Road Mains Replacement	Loan	729,940	-	-	-	-	-
Other Mains Replacement	Loan	-	738,000	190,000	-	-	-
Greater Mandeville Water Supply	NHT	47,200	780,600	-	-	-	-
Port Royal Mains Replacement and New Sewerage System	Grant	-	360,000	-	-		
K FACTOR PROGRAMME		-				-	
Customer Water Meter Installation	NWC	280,200	1,000,000	-	-	-	
St Catherine NRW - Portmore	NWC	755,220	-	-	-	-	
Hermitage Dam Rehabilitation Works Phase1	Loan	-	183,370	-	-	-	
Essex Valley W/S Distribution	NWC	53,620	190,000	-	-	-	
Hounslow W/S Hopewell Well to Fort Charles	Loan	-	51,000	-	-	-	
Jacks Hill Water Supply	NWC	-	150,000	-	-	-	
Kencot Sewerage	Loan	70,440	-	-	-	-	
Horizon Park WWTP Rehab	NWC	-	30,000	-	-	-	
Eltham Park WWTP Rehabilitation	NWC	68,000	40,000	-	-	-	
Greater Portmore WWTP Rehabilitation Phases 1 and 2	NWC	51,550	200,000	480,000	60,000	-	
Duhaney Park/New Haven Sewerage Force Main replacement &	Loan	72,300	-	-	-	-	
Bay Farm Road Sewer Extension	Loan	61,310	-	-	-	-	
Tanks and Pumps	Loan	1,020,080	50,000	-	-	-	
Munroe/Wellington Road Sewerage	NWC	-	368,500	-	-	-	
Mona Heights Sewerage	NWC	-	160,000	-	-	-	

PROJECTS	Funding Agency	Revised Allocation 2022/23	Estimates 2023/2024	Projection 2024/2025	Projection 2025/2026	Projection 2026/2027	Projection 2027/2028
RURAL WATER PROJECTS				-	-	-	
Agualta Vale/Richmond Highgate	NWC	50,000	180,000	100,000	150,000	-	
Dornoch WTP to Baron Hill Main Replc.	NWC	-	145,000	-	-	-	
Jericho Well to Ewarton/York St Pipe upgrade	Loan	40,000	75,000	39,500	-	-	
Martha Brae WTP intake upgrading	Loan	76,380	-	-	-	-	
Moravia WTP Manchester	NWC	-	99,000	-	-	-	
Black River Pipeline replacement	NWC	-	218,000	200,000	-	-	
Rhyne Park Water Supply upgrading, Pipeline construction	NWC	73,500	230,000	302,000	-	-	
Morant Bay W/S Seafort/Springfield	Loan	56,200	375,000	70,000	-	-	
		-	-			-	
NWC Sub-Total		3,610,490	5,623,470	1,381,500	210,000	-	-
Port Authority of Jamaica				-	-	-	
Port Royal	PAJ	280,660	90,000	-	-	-	-
Business Process Outsourcing	Loan	-	-	-	-	-	-
MV Buoy Tender JA. II Repl	PAJ	-	-	-	-	-	-
Port Community System	PAJ	-	-	-	-	-	-
Logistics	PAJ	-	-	-	-	-	-
Montego Freeport	PAJ	-	-	-	-	-	-
Ocho Rios Cruise Terminal	PAJ	-	-	-	-	-	-
PAJ Sub-Total		280,660	90,000	-	-	-	-
Spectrum Management Authority							
ASMS/RMDFS Equipment	SMA	-	89,490	-	-	-	-
Renewable Energy System (Head Office)	SMA	-	20,752				
Renewable Energy System (RMDFS Sites)	SMA	-	29,740	-	-	-	-
SMA Sub-Total		-	139,982	-	-	-	-
Urban Development Corporation				-		-	
Hellshire Sewage Treat Plant	UDC/ NHT	91,310	168,830	39,480	-	-	-
Dunn's River Falls and Park Rennovation	UDC	47,200	47,200	-	-	-	-
UDC Sub-Total		138,510	216,030	39,480	-	-	-
TOTAL SELF-FINANCED PUBLIC BODIES		14,588,169	18,911,647	16,617,007	24,138,019	34,825,591	-
PUBLIC PRIVATE PARTNERSHIPS							
Norman Manley International Airport (NMIA)	PPP	1,282,451	1,173,270	831,300	319,346	-	-
		-					
Ministry of Education - Schools Solar	PPP	-	403,000	403,000	-	-	-
		-					
National Water Commission- Rio Cobre 15MGD WTP	PPP	-	4,650,000	4,650,000	-	-	-
TOTAL PPPs		1,282,451	6,226,270	5,884,300	319,346	-	-
TOTAL GOJ PUBLIC SECTOR INVESTMENT PROGRAMME		79,701,618	100,510,807	101,966,867	121,765,690	139,168,329	110,890,720

APPENDIX VI

FISCAL RISK STATEMENT

Introduction

The positive performance of the Jamaican economy continues, following the severe disruption precipitated by the COVID-19 pandemic. Real GDP growth has been recorded for the first half of FY 2022/23, continuing the positive performance for the corresponding period of the previous year and reflecting a significant contrast relative to the historic double-digit contraction for the comparable period of FY 2020/21. The strong rebound from the economic shock precipitated by the COVID-19 pandemic has been underpinned by the solid macroeconomic foundation and improved resilience of the economy to such shocks, anchored by the risk management strategies that have been implemented by the GOJ, particularly to mitigate fiscal risks.

Limiting the exposure to fiscal risks requires a comprehensive understanding of the sources of these risks; transparency in their disclosure; and the execution of effective risk management practices. This allows the Government to safeguard the fiscal and macro-economic gains and entrench their irreversibility. Failure to appreciate and appropriately address fiscal risks may adversely expose the country to fiscal shocks, requiring the Government to undertake unplanned and disruptive policy actions to maintain credibility and long-term sustainability.

This Fiscal Risk Statement outlines and assesses the GOJ's exposure to fiscal risks originating from sources such as: deviations from the macroeconomic assumptions used in preparing the FY 2023/24 budget and medium term projections; contingent liabilities which may arise from natural disasters, the operation of public bodies, public private partnerships and judicial awards; wage settlements; and monetary policy. The statement also highlights measures already taken and underway, as well as those being explored by the GOJ to address and mitigate these risks.

Fiscal Risk Sources and Disclosure

The major risks that the GOJ, through the MOFPS, actively monitors and manages are highlighted in **Table VII (a)**.

Table VII (a): Fiscal Risk Sources

Risk Factor	Implications for Fiscal Position
Macroeconomic Risks	
Economic Growth	Deviation of actual economic growth from forecast is expected to impact key fiscal variables, including revenue. Slower than budgeted growth will likely lead to a shortfall in revenue.
Inflation	Lower than programmed inflation can have a negative impact on revenue collection and nominal growth, thereby thwarting the achievement of fiscal and debt targets. Higher than programmed inflation could negatively impact the Government's expenditure bill.
Interest Rates	Increasing interest rates are a risk to debt service costs, based on the interest rate composition of the debt stock. That is, the higher the percentage of the portfolio that is contracted on a floating rate basis, the greater the risk from an increase in the interest rate.
Exchange Rates	Jamaica dollar depreciation could contribute to the external debt stock, debt service, and imports increasing in J$ terms. However, a depreciation of the J$ will have a positive revenue effect through increased earnings primarily from international trade taxes and external grant receipts (in J$ terms).
Commodity Prices	Oil Prices - Oil prices directly impact both revenue and expenditure. Revenue is impacted through the SCT on petroleum and petroleum products, whereas expenditure is impacted through the Government's housekeeping expenses.
Contingent Liabilities	
Natural Disasters	Jamaica is located in a multi-hazard zone, and is therefore susceptible to natural disasters such as hurricanes, flooding, excess rainfall and earthquakes. Realisation of any of these disasters could lead to significant infrastructural damage and the need for an increase in and/or adjustment of the GOJ's expenditure, as well as lower revenue from economic disruption and fallout.
Public Bodies	Public Entities may require support from the Central Government to cover operating costs or pay debt, adding pressure to the Central Government's budget.
Public Private Partnerships (PPPs)	PPP Projects have to be carefully designed, taking into account the probability of losses that may have to be assumed by the Government.
Judicial Awards	Court judgements made against the GOJ pose a risk to fiscal targets, through increased unplanned expenditure.
Other	
Wage Settlements	Uncertainty surrounding the final settlements, compounded by the protracted nature of wage negotiations can lead to higher than planned costs to the budget.
Monetary Policy	The Bank of Jamaica Act outlines that the Central Bank should maintain a Reserve Fund consisting of net profits transferred at the end of each fiscal year. When the fund exceeds the Bank's authorised capital, the excess should be transferred to the Consolidated Fund. Likewise, if the Bank realises net losses exceeding the amount held in the Reserve Fund at the end of the Bank's fiscal year, the excess is to be paid to the Bank from the Consolidated Fund. The operations of the Central Bank therefore entail upside and downside risks.
Government Policy Changes	Government policy changes have the potential to adversely impact both revenue and expenditure and ultimately key fiscal targets, in the absence of compensatory measures.

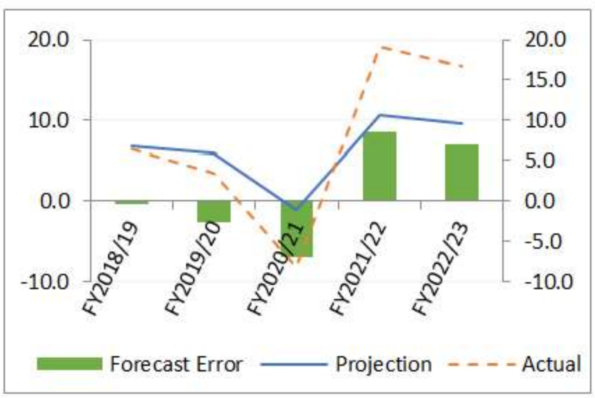
Source: MOFPS

Macroeconomic Risks

Economic Growth

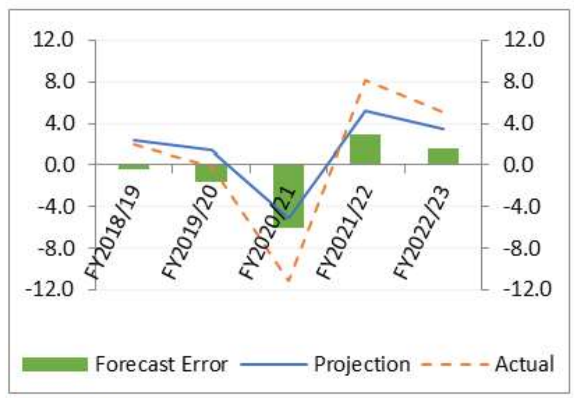
The main risk to fiscal and debt sustainability in Jamaica is slower-than-projected GDP growth. Deviations from GDP growth forecast reduce the accuracy of fiscal projections, particularly for revenue, and may undermine the achievement of key fiscal targets since they are often expressed as a percentage of nominal GDP. **Figure VII (a)** and **Figure VII (b)** below show the difference between the growth projections underlying the original budget[5] and actual outturns for both nominal and real GDP over the period FY 2018/19 to FY 2021/22, and estimated outturns for FY 2022/23. The diagrams illustrate a generally positive forecast bias for both nominal and real GDP prior to FY 2021/22, which means that the actual outturns are often below the original forecasts – leading to negative forecast errors. Since FY2021/22, the forecast errors have been positive, demonstrating a faster-than-expected recovery from the economic impact of COVID-19, with nominal GDP growth for FY 2022/23 estimated at 16.8 percent, and real GDP growth estimated at 5.1 percent.

Figure VII (a): Nominal GDP Projections vs. Actual Outturns



Source: MOFPS
Note: Projections and actual outturns are read in percentage (%) and forecast errors are read in percentage points (pp).

Figure VII (b): Real GDP Projections vs. Actual Outturns

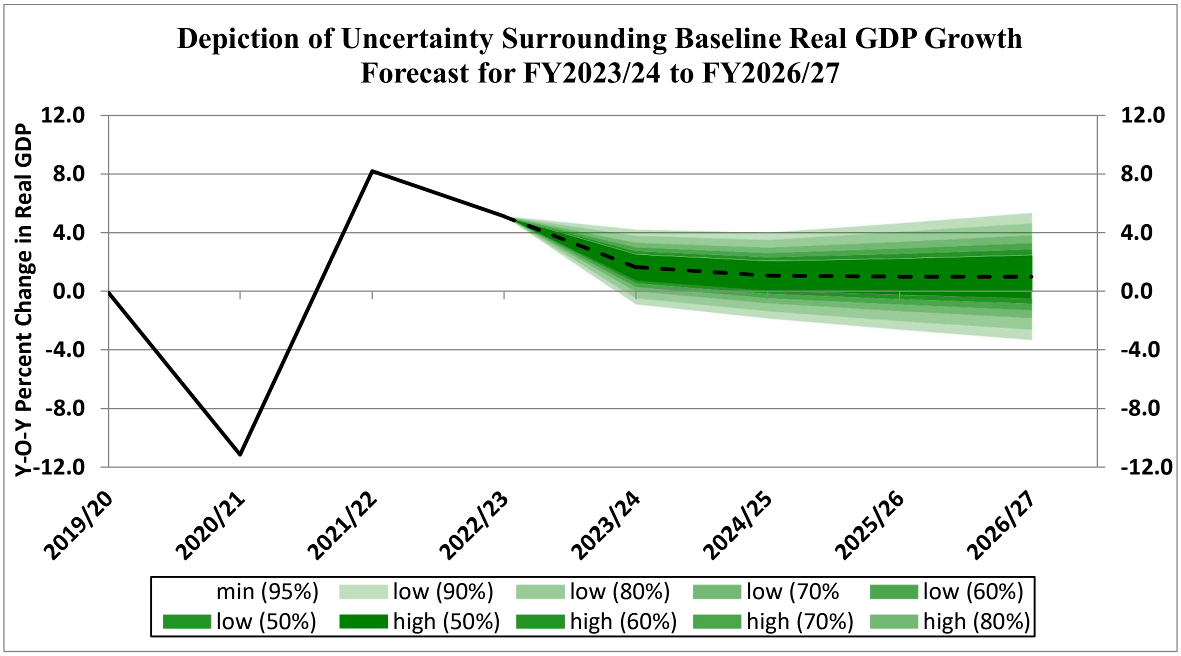


Source: MOFPS
Note: Projections and actual outturns are read in percentage (%) and forecast errors are read in percentage points (pp).

[5] The GDP growth projections used for FY 2020/21 reflect those underlying the First Supplementary Estimates and not the original budget, since there was an early revision of the budget due to the onset of the COVID-19 pandemic.

Real GDP growth for FY 2023/24 is projected at 1.6%. The fan chart in **Figure VII (c)** captures the level of uncertainty surrounding the medium-term projections for real GDP growth. For FY 2023/24 there is a 50.0% probability that the real GDP growth outturn will be between 0.8% and 2.5%.

Figure VII (c): Fan Chart Showing Real GDP Growth Uncertainty



Source: BOJ, MOFPS

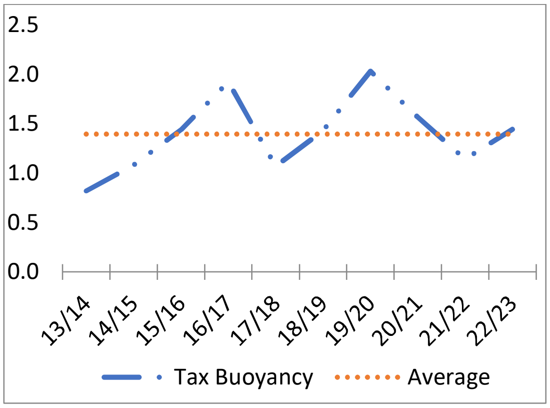
Box VII (a): Depiction of Uncertainty Surrounding Baseline Real GDP Growth Forecast

The solid line in **Figure VII (c)** shows actual fiscal year Real GDP growth for the 3-year period from FY 2019/20 through to FY 2021/22 and the estimated growth for FY 2022/23, while the broken line represents the 4-year medium-term baseline projections (from FY 2023/24 to FY 2026/27). The fan chart utilises the standard deviation of the forecast errors to determine the spread of the fan opening around the projected baseline values at different confidence levels. The blades nearest the centre of the fan chart in dark green define the range of projections corresponding to a 50.0% probability of occurrence, based on historical outturns. As the probability of occurrence increases, the colour is progressively less saturated and the spread between the maximum and minimum values rise.

The relationship between tax revenue and nominal GDP can be measured using tax buoyancy, where a buoyancy of 1.0 suggests that a 1.0% increase in GDP would result in a 1.0% increase in tax revenue. Buoyancy greater than 1.0 would result in a more than proportionate increase, whereas buoyancy less than one would lead to a less than proportionate increase in tax revenue. **Figure VII (d)** shows buoyancy estimates for the period FY 2013/14 to FY 2022/23 and the average estimate for the period. The average buoyancy of 1.4 suggests that where nominal GDP increases (decreases) by 1.0%, tax revenue is expected to increase (decrease) by 1.4%. This result was used to inform a shock scenario in which nominal GDP growth for FY 2023/24 is

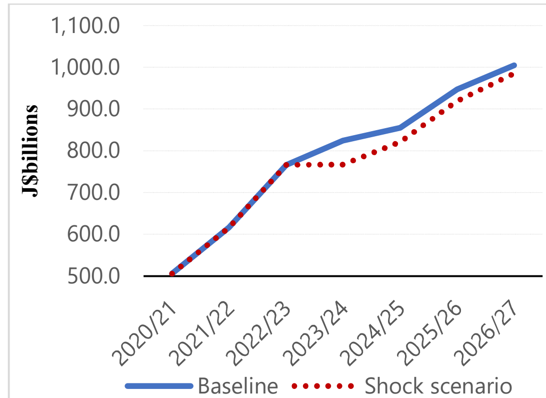
3.5 percentage points lower than projected (see **Figure VII (e)**). In the year of impact (FY 2023/24) tax revenue would fall by $57.3 billion or 7.0% relative to the baseline.

Figure VII (d) Buoyancy of Total Tax Revenue Relative to Nominal GDP



Source: MOFPS

Figure VII (e) Impact of a Shock to Nominal GDP on Tax Revenue



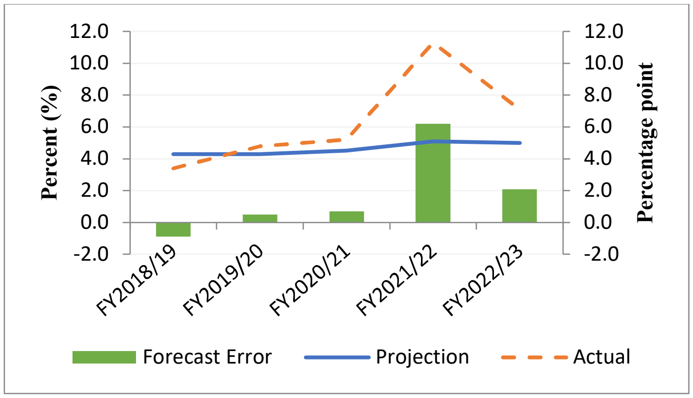
Source: MOFPS

The January 2023 World Economic Outlook Update published by the IMF projects that global economic growth will moderate from 3.4% in 2022 to 2.9% in 2023. On the downside, risks including worsening of the health crisis in China, escalation of the Russia-Ukraine conflict and tighter financial conditions could result in a sharper decline in the pace of growth or possibly global economic contraction. Jamaica's main trading partner, the United States, is projected to grow by 1.4% in 2023, reflecting a slow-down from the 2.0% growth in 2022. Given the implication of the economic performance of the country's main trading partners on the domestic economy, the GOJ will continue to monitor developments in the global economy to gauge possible spill-over effects.

Inflation

Inflation rates impact the GOJ expenditure budget as it relates to general housekeeping expenses as well as the cost for servicing inflation-linked debt. At end-December 2022, the annual point-to-point inflation rate was 9.4%, indicating a likely missing of the fiscal year target of 4.0% to 6.0%. The fiscal year target is currently estimated at 7.1%. **Figure VII (f)** highlights the variance between inflation projections and the actual outturns for FY 2018/19 to FY 2021/22 and the estimated outturn for FY 2022/23. For FY 2021/22, actual inflation exceeded projection by 6.2 percentage points while the estimate for FY 2022/23 is 2.1 percentage points above forecast.

Figure VII (f): Annual Point to Point Inflation Projections vs Actual Outturns



Source: STATIN, BOJ, MOFPS

Note: Projections and actual outturns read in percentage and forecast errors read in percentage point.

Interest Rates

The Government's exposure to changes in interest rates is measured by the share of variable-rate, and near-to-maturity fixed-rate debt in the debt portfolio. In an effort to reduce this risk, the GOJ's debt management strategy features the issuance of mainly fixed-rate debt instruments. At end-December 2022, the share of variable-rate debt in the GOJ's portfolio was 27.2 percent, a 0.7 percentage point increase relative to end-March 2022 (see **Table VII (b)**).

Table VII (b): Variable-Rate Composition of Debt Stock

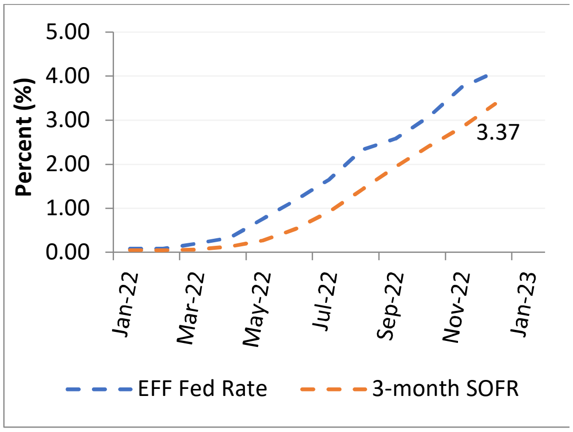
	end-March 2022	end-December 2022	Change
Domestic Debt	22.9	22.2	(0.7)
External Debt	32.25	30.0	(2.2)
Total Debt	**28.8**	**27.0**	**(1.8)**

Source: MOFPS

The 3-month Treasury-Bill rate and the Secured Overnight Financing Rate (SOFR)[6] are the reference rates primarily used to reset interest rates on the variable-rate portion of the domestic and external debt portfolios, respectively. For FY 2022/23 to December 2022, the US Federal Reserve tightened their monetary policy, increasing the target range for the Fed Funds rate by 400 basis points (bps) to 4.25% to 4.75%. Consistent with this tightening, the 3-month SOFR increased by 324 bps to 3.37% at end-December 2022 (see **Figure VII (g)**). Similarly, the BOJ increased its policy rate by a total of 250 bps throughout the fiscal year to address the high rates of inflation. This resulted in an increase in the cost to service domestic debt, with the 3-month Treasury bill rate increasing by 395 bps year-over-year to 8.04 percent in December 2022 (see **Figure VII (h)**

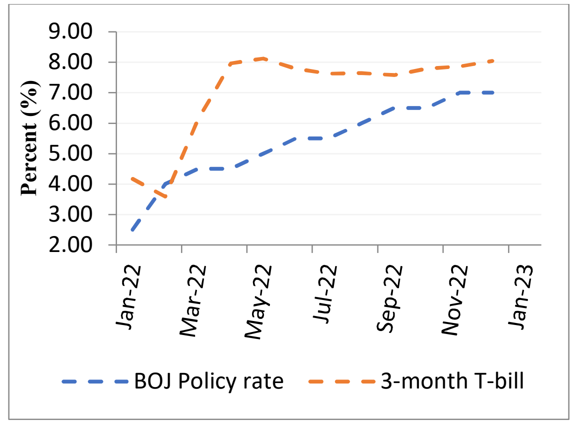
[6] The Secured Overnight Financing Rate (SOFR) replaced the London Inter-Bank Offered Rate (LIBOR) as a referencing rate in the GOJ's external financial contracts in January 2022.

Figure VII (g): External Market Reference Rates



Source: Federal Reserve Bank of St. Louis

Figure VII (h): Domestic Market Reference Rates



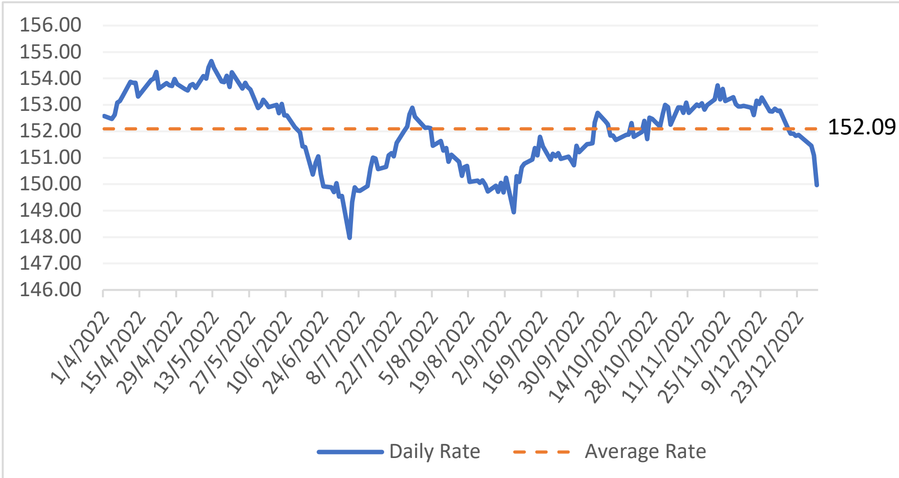
Source: BOJ

Exchange Rates

The GOJ's fiscal accounts are impacted by changes in the exchange rate on both the revenue and expenditure sides. An increase in the exchange rate beyond what was forecasted poses an upside risk to international trade revenues as imported goods and services, and the taxes applied to them are worth more in Jamaica dollar terms. The Jamaica dollar value of grant receipts denominated in foreign currencies also increases as a result of the depreciation of the Jamaica dollar. On the expenditure side, foreign currency debt service and housekeeping expenditure become more expensive in Jamaica dollar terms, posing a downside risk.

For the fiscal year to end-December 2022, the Jamaica dollar appreciated by 1.1 percent relative to the US dollar, and the exchange rate averaged J$152.05:US$1.00 (see **Figure VII (i)**). At end-December 2022, 60.1% of Central Government debt was denominated in foreign currencies. The appreciation of the Jamaica dollar relative to the US dollar accounted for J$14,779.5 million or 52.7% of the reduction of the external debt stock in Jamaica dollar terms relative to end-FY2021/22. Going forward, the GOJ's debt management strategy will continue to focus on realigning the debt portfolio in favour of local currency in order to mitigate foreign exchange risk.

Figure VII (i): Daily Exchange Rate Movements of the Jamaica Dollar vis-à-vis the US Dollar



Source: BOJ

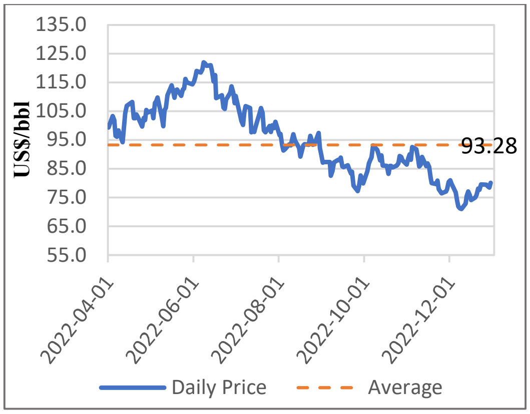
Oil Prices

Above (below) budget oil prices result in increased (decreased) GOJ housekeeping expenditure in areas such as transportation and energy. On the other hand, revenue from the ad valorem portion of SCT on petroleum and petroleum based products would see positive (negative) effects from an increase (decrease) in oil prices. The SCT is structured in such a way that a fixed portion acts as a buffer to price volatility.

The average price for West Texas Intermediate (WTI) crude oil rose during FY 2022/23 to end-December 2022, compared to the corresponding period of the previous fiscal year. The price for the WTI averaged US$93.28/bbl for the period, reaching a high of US$121.94/bbl in June 2022 (see **Figure VII (j)**). For the comparable period of FY 2021/22, the WTI averaged US$71.34/bbl. The year-over-year increase in the average price is attributable to the impact of the Russia-Ukraine conflict. Notwithstanding, oil prices have been trending downwards since the second quarter of FY 2022/23, resulting mainly from weakened global demand. **Figure VII (k)** highlights the difference between oil price projections and actual outturns for FY 2018/19 to FY 2022/23, and the estimated outturn for FY 2022/23. The projected average for FY 2022/23 was US$67.95/bbl, US$23.1/bbl lower than the estimated outturn of US$90.6/bbl.

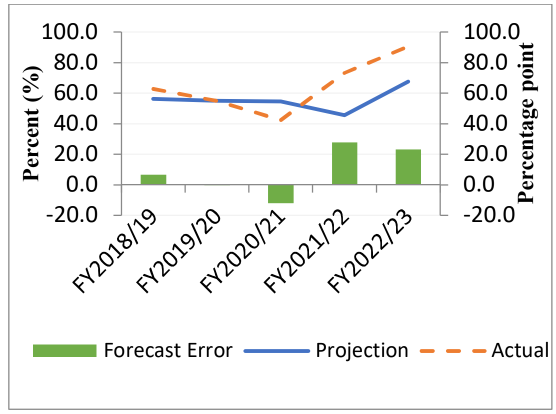
The GOJ continues its Energy Efficiency and Conservation Programme (EECP) and Energy Management and Efficiency Project (EMEP) aimed at promoting energy efficiency and conservation to lower government bills and reduce oil imports.

Figure VII (j): Daily Oil (WTI) Prices FY 2022/23 to end-December



Source: Federal Reserve Bank of St. Louis

Figure VII (k): Average Oil (WTI) Price Projections vs Actual Outturns



Source: BOJ/MOFPS

Contingent Liabilities

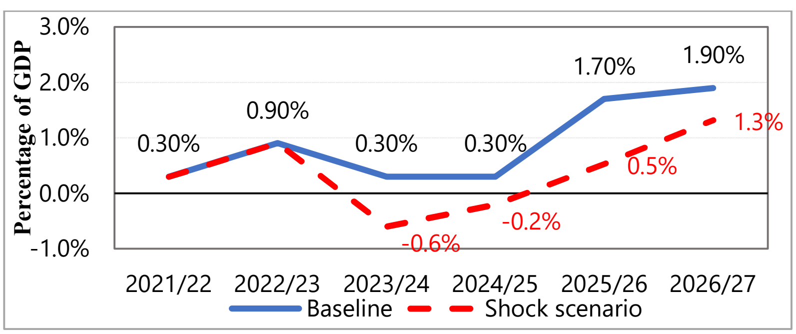
The Public Debt Management Act (PDMA) defines a contingent liability as: *"an obligation (whether explicit or implicit) that materialises if a particular event occurs; or a potential liability that may occur depending on the outcome of an uncertain future event."* In the case that a financial obligation materialises, fiscal resources could be subject to severe strain as the Government is met with unexpected expenditure requirements over a short period of time. The GOJ's exposure to contingent liabilities may arise from various sources such as, inter alia: natural disasters (including health shocks), public bodies, public-private partnerships, and judicial awards.

Natural Disasters

Jamaica's geographic location in a multi-hazard zone means that the country is highly susceptible to the impacts of climate change and natural disasters. These disasters often disrupt economic activity, resulting in a loss of income and revenues, and damage to infrastructure, necessitating increased spending by the Government. Given the fiscal burden that may result from the occurrence of natural disasters, it is imperative that the Government maintains a suite of both ex-ante and ex-post financing instruments to boost its capacity to respond to these disasters.

Figure VII (l) shows the results of a shock to baseline revenue and expenditure, resulting from the occurrence of a natural disaster in FY 2023/24.

Figure VII (l): Effect of a Natural Disaster Shock on Projected Fiscal Balance as a Percentage of GDP



Source: MOFPS

The fiscal deficits in FY 2023/24 and FY 2024/25 result from below-baseline revenue projection in those years, due to a slowdown in economic activity, and increased expenditure for recovery and reconstruction efforts. Thereafter, it is expected that revenues would exceed expenditure, consistent with output recovery and slowdown or completion of relief and reconstruction activities. This would result in a return to fiscal surplus, although remaining below the baseline projection.

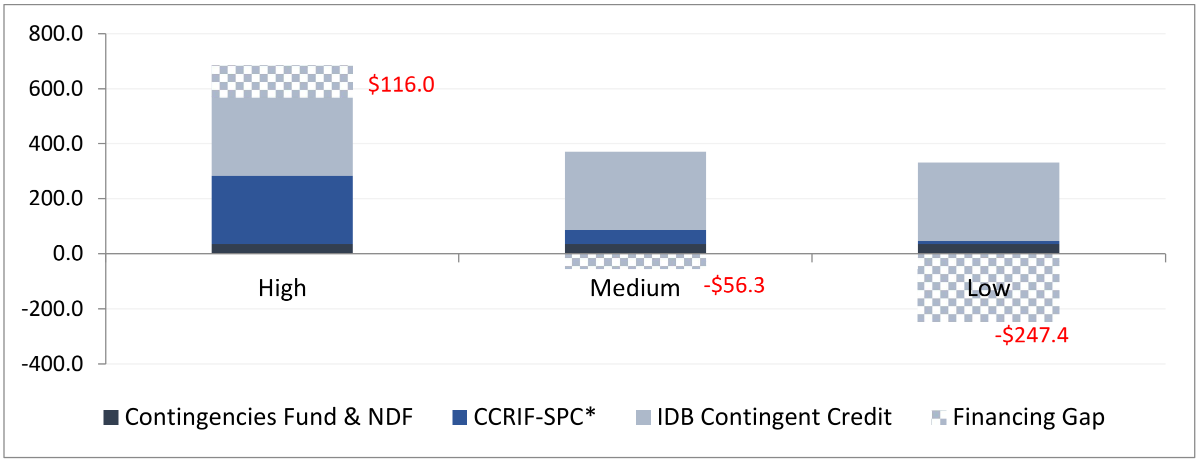
The Government has adopted a risk layering approach to financing risks from natural disasters. This involves establishing adequate funds and reserves to retain the costs associated with high frequency, low severity events such as floods or heavy rainfall, and transferring risks related to low frequency, high severity events such as major hurricanes and earthquakes through insurance facilities. The GOJ maintains a National Disaster Fund (NDF), capitalized at $460.1 million as at end-December 2022, and may also utilize funds held in the Contingencies Fund which, as at end-December 2022, amounted to $4,904.2 million. The Government may also access US$285.0 million from an IDB Contingent Line of Credit in the event that the country is affected by a disaster of a specified magnitude. In July 2021, with support from the World Bank, the Government further advanced Jamaica's disaster risk management strategy with the historic launch of a US$185 million Catastrophe Bond (CAT bond) in the global capital markets. The instrument provides financial protection against losses from named storms for three Atlantic tropical cyclone seasons, ending December 2023. Pay-outs to Jamaica will be triggered if a named storm event meets the parametric criteria for location and severity in accordance with the terms of the bond.

The Government intends to renew the existing insurance policy with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF-SPC) during FY 2023/24. The policy provides financial protection against Tropical Cyclone (TC), Earthquake (EQ) and Excess Rainfall (XSR) events. Total coverage under the FY 2022/23 policy amounts to US$248.7mn.

The GOJ and the IMF reached a staff-level agreement in December 2022 on a Precautionary and Liquidity Line (PLL) and Resilience and Sustainability Facility (RSF), which together will provide access to US$1.7 billion. The PLL gives Jamaica potential access to approximately US$ 963 million in the event of balance of payment shocks. The RSF will provide insurance against weather-related shocks and are structured to facilitate the implementation of further initiatives that increase resilience to climate change risks.

A 2018 assessment conducted by the World Bank Group estimated emergency losses resulting from disasters of varying severities. Financing gaps were estimated for each level of severity, taking into account financing instruments available to the GOJ (see **Figure VII (m)**). Results show that, with the addition of the catastrophe bond, the current suite of disaster risk financing instruments provides adequate protection for emergency losses associated with disasters of low to high severity.

Figure VII (m): Estimated Financing Gaps for Emergency Losses



Source: WBG & MOFPS

Notes: High severity – Category 5 hurricane and a major earthquake; Medium severity – Category 3 hurricane; Low severity – Category 1 hurricane.

*CCRIF payments are estimated and may differ from actual pay-outs.

National Natural Disaster Risk Financing Policy

The National Natural Disaster Risk Financing Policy (NNDRFP) has been approved by Cabinet as a Green Paper and is expected to be tabled in Parliament in February 2023. The policy proposes a risk-layered approach to disaster risk financing. It emphasises the need for an up-to-date GOJ asset register to facilitate the insurance of public assets, as well as the importance of private insurance to limit the implicit liability of the Government in the event of debilitating private losses.

Public Bodies

The operations of public bodies (PBs) pose a risk to the Central Government budget to the extent that these entities are unable to service debt, whether government guaranteed or otherwise, cover their operating expenses or satisfy their investment needs.

Subject to the Public Bodies Management and Accountability (PBMA) Act, public bodies may only access loans with the approval of the GOJ. The Public Debt Management Act (PDMA) legislates, among other targets, that government guaranteed loans (GGLs) should be no more than 3.0% of GDP at end- FY 2026/27. Consequently, the GOJ actively monitors the trajectory of the GGLs-to-GDP ratio to determine its capacity to guarantee public bodies' debt without compromising the targets established in the PDMA.

The operations of most of the entities continue to rebound from the effects of the COVID-19 pandemic. Accordingly, entities that received Government's assistance during the critical two-year period of the pandemic have, during FY 2022/23, been able to utilise their cash flows to meet operational costs. The Government, over the years, has continually supported some PBs by supplementing the inadequate cash flows generated from their operations. This is particularly so where the entities' operations are geared towards achieving certain economic or social objectives in accordance with GOJ's policy priorities. This group includes the Jamaica Urban Transit Company (JUTC), which continues to provide service at subsidised fares to students and the elderly, while those for adults remain below the economic level. The Jamaica Agricultural Commodities Regulatory Authority, Montego Bay Metro and the Students' Loan Bureau are also among the entities receiving Government support.

Table VII (c) provides projections for FY 2023/24 in respect of some public bodies which are programmed to receive support from GOJ to assist with operational activities/costs.

Table VII (c): Public Bodies Support from GOJ

Public Body	FY 23/24 Proj. $mn	FY 22/23 Est. $mn
Jamaica Urban Transit Corporation	7,070.85	6,829.05
Students' Loan Bureau*	1,250.00	1,250.00
Montego Bay Metro	247.19	245.00

Source: MOFPS

* Includes Grant-In-Aid of $150mn

Public Bodies with Arrears

The GOJ is cognisant that public bodies with significant arrears are a major source of fiscal risk. As such, the Government continues to manage and monitor these arrears, and ensure they are settled within certain parameters. The GOJ will continue to monitor the domestic arrears of Clarendon Alumina Production Limited (CAP), National Water Commission (NWC), Housing

Agency of Jamaica Limited (HAJ), National Health Fund (NHF), National Road Operating and Construction Company Limited (NROCC), the Urban Development Corporation (UDC) and the JUTC, within an established ceiling of $6,400.00mn. In seeking to manage this risk, the Government may encourage PBs to settle within negotiated terms and/or seek to renegotiate payment schedules.

Other Public Body Activities

The Government continues to monitor the operations of CAP with a view to contain the risks that its participation in the Jamalco joint venture operation presents to the fiscal operations. The fire at the Jamalco Refinery on August 22, 2021 and the delay in full resumption of plant operations continue to present further fiscal risks. Jamalco commenced phased start up in July 2022, and at December 31, 2022 achieved 50% capacity. The achievement of full capacity is contingent on the adequate replacement of assets that were destroyed by the fire. In this regard, a loan of US$45mn is to be allocated by the Government to CAP.

Public Private Partnerships[7]

PPPs represent an important mechanism to undertake infrastructure upgrade and development in partnership with the private sector. This mechanism allows the Government to leverage private sector expertise and capital to facilitate the enhanced delivery of public infrastructure and services. Nonetheless, PPPs may present fiscal risks to Government if not appropriately structured and managed. The enhanced fiscal rules which were adopted through amendments to the Financial Administration and Audit (FAA) Act and PBMA Acts in March 2014, have put in place the institutional changes required to ensure fiscal responsibility in the development and implementation of PPP projects. The PPP Units of the Development Bank of Jamaica and the Ministry of Finance and the Public Service continue to collaborate in reviewing and assessing PPP transactions.

There are currently five (5) commercial/user-pays concession agreements in operation. These are the agreements for the Norman Manley International Airport (NMIA), Kingston Container Terminal (KCT), Sangster International Airport, the North-South Highway and the East West Highway 2000. Consequent on the impact of the COVID-19 pandemic, four (4) of the existing concessionaires have submitted claims or notice of their intent to claim under the provisions of the respective concession agreements.

[7] A public private partnership is a long-term procurement contract between the public and private sectors, in which the proficiency of each party is focused in the designing, financing, building and operating an infrastructure project or providing a service, through the appropriate sharing of resources, risks and rewards (GOJ Policy and Institutional Framework for the Implementation of PPPs, 2012).

NMIA and SIA Airports

On December 14, 2020, Cabinet approved claims submitted by PAC Kingston Airport Limited, operators of the NMIA and MBJ Airports Limited, operator of the Sangster International Airport for reliefs under the force majeure clause for the respective concession agreements. Further, on April 12, 2021, Cabinet approved the appointment of a Negotiating Team for the airports concession agreements, consequent on proposals submitted by the concessionaires for economic recovery and long-term sustainability arising from the impact of the COVID-19 pandemic. During FY 2022/23, the negotiating team reviewed the proposals submitted by the airport operators and a Submission is being prepared for presentation to Cabinet on the recommended strategy for the airports' concession agreements.

TransJamaica Highway (TJH)

TJH has submitted a notice of claim under the "Applicable Change in Law" provision of the concession agreement arising from the implications of the Disaster Risk Management Act (DRMA). This included a provisional amount for compensation; however NROCC sought legal guidance on the validity of the claim. Legal opinion provided to NROCC indicated that the claim submitted by TJH was not valid.

Jamaica North South Highway Company (JNSHC)

The JNSHC has advised NROCC of the occurrence of a Force Majeure event and the remedy of an extension of time to the concession terms provided in the concession agreement. However, the JNSHC has not yet quantified the revenue losses. The quantification of revenue losses is required to determine the period of extension.

PPPs In Progress

The following PPP transactions are currently in progress:

- Rio Cobre Water Treatment Plant

The NWC is pursuing the development of a 25-year Water Purchase Agreement for the financing, construction, operation and maintenance of a Water Treatment Plant in Content, St. Catherine with a capacity of 15 million gallons per day (mgd). The Water Purchase Agreement was approved by way of Cabinet Decision No. 38/22 dated November 14, 2022. Consequently, the WPA between the NWC and the private investor was executed on November 29, 2022 and activities are currently being pursued to achieve financial closure.

- Schools Energy Efficiency and Solar Project

The Ministry of Education and Youth through the National Education Trust (NET) is pursuing an energy efficiency and solar energy pilot project in 30 secondary schools by way an Energy Savings Performance Contract (ESPC). Under the arrangement, the private investor is to undertake the financing, installation and maintenance of photovoltaic generation systems and energy efficiency retrofits to reduce the cost of electricity at the schools selected as part of the pilot project. Consequent on Cabinet's approval of the terms therein, the ESPC between the NET and the private investor was executed on March 29, 2022 and activities are being pursued to facilitate financial closure.

<u>Terminated PPPs</u>

Jamaica Ship Registry

The Maritime Authority of Jamaica (MAJ) is pursuing a PPP for the management, operation and promotion of the Jamaica Ship Registry. Cabinet, by way of Decision No. 6/21 dated February 8, 2021, gave approval for the limited bidding tender methodology to be utilised in the transaction phase of the project. However, following the unsuccessful effort to identify a bidder for the transaction, Cabinet by way of Decision No. 24/22 dated July 11, 2022 gave approval for the termination of the JSR PPP.

Judicial Awards

Legal claims against the GOJ may have costly and unexpected implications if judgements are made in the favour of plaintiffs. Judicial awards pose a risk to the Government's fiscal position, as an unplanned increase in expenditure could crowd out planned expenditure, resulting in new revenue measures, or necessitating additional borrowing.

The MOFPS collaborates with the Ministry of Justice (MOJ) to monitor the progress of current and pending cases against the GOJ. Close monitoring ensures that proper expenditure planning is executed, and included in the budget should there be a ruling against the Government.

Other Specific Risks

Wage Settlements

The public wage bill can pose a risk to GOJ expenditure in the event that wage settlements exceed budget and/or are not concluded in time for the budget. As such, the Government is seized with the importance of properly managing the attendant wage bill pressures, in order to minimize any potential fiscal risk. The Government commenced implementation of a new public sector compensation structure during the third quarter of this fiscal year, replacing the previous system that presented fiscal risks due largely to its complexity. In addition to being simple the new compensation system was designed to be affordable and sustainable.

Negotiations are on-going with unions and staff associations representing some public sector workers. It is critical that the finalization of these wage negotiations does not expose the Government to undesirable fiscal risks.

Monetary Policy

The Bank of Jamaica Act outlines, in Part III - Capital and Reserve, that net profits in excess of five times the Bank's authorized capital or losses exceeding the amount of the General Reserve Fund, at the end of each financial year, are transferrable to the Central Government. Consequently, the operations of the Central Bank represent a source of fiscal risk. This risk, however, is expected to be mitigated through the implementation of the Bank of Jamaica (Amendment) Act, 2020.
The Act became effective in April 2021, entrenching price stability as the Bank's primary objective while strengthening its governance, accountability and financial arrangements.

Government Policy Changes

While changes in government policy might be necessary in response to changing economic conditions and developments, the GOJ is cognizant that its fiscal position and targets are sensitive to policy changes implemented post-budget. The GOJ will continue to actively monitor possible policy impacts on revenue and expenditure, and stands ready to take the necessary compensatory measures to minimize or prevent fiscal fallout.