



**GOVERNMENT OF JAMAICA**

# **FISCAL POLICY PAPER**

**FY 2022/23**

**(As presented)**

**INTERIM REPORT**

**27<sup>th</sup> September 2022**

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# PART 1

## FISCAL RESPONSIBILITY STATEMENT

### INTRODUCTION

The Jamaican economy continues to rebound and recover from the COVID-19 pandemic albeit at a reduced pace of expansion, indicating a near or full return to pre-COVID normality. Economic growth in the first quarter of fiscal year (FY) 2022/23 is estimated at 5.7<sup>1</sup> percent compared to the corresponding quarter for FY 2021/22 which recorded real economic growth of 14.2 percent.

The macroeconomic fundamentals continue to be mixed with inflation remaining at elevated levels while real growth continues to be positive. On a point-to-point basis, inflation levels held firm for the months of June and July at 10.2 percent. The high inflation levels are due to the supply-chain crisis initiated by the COVID-19 pandemic and that have been further exacerbated by the Russia/Ukraine conflict. The central bank has been gradually adjusting its policy rate upwards in an effort to prevent the externally driven inflation from becoming entrenched in the domestic economy. The Bank of Jamaica has indicated that dependent on the future path of inflation policy adjustments could be eased. Economic growth is expected to be within the range of 2.0 percent to 3.0 percent for the September quarter, suggesting that the policy rate increases have not impacted the growth momentum. Another year of strong growth is anticipated in FY 2022/23.

The Central Government Budget for the current year was formulated around the then expectations for macro-indicators alongside the indicated fiscal target required to meet the medium term debt/GDP target of no more than 60 percent of GDP by end-FY 2027/28. The Government has maintained good fiscal discipline, while providing support to sections of the population given the inflationary pressures.

Fiscal operations over the April-July 2022 period exhibited a strong over-performance relative to the budget, with the generation of a tax-revenue surplus of \$18.7bn. Both Tax Administration Jamaica (TAJ) and Jamaica Customs Agency (JCA) contributed to this over-performance, with JCA being \$9.9bn (12.5 percent) and TAJ being \$8.7bn. (7.3 per cent) better than budget.

The Financial Administration and Audit (FAA) Act requires that the Interim FPP includes:

- (a) The economic outturn of the previous financial year;
- (b) The performance of the first quarter of the financial year;
- (c) Projections to the end of the current financial year; and
- (d) Projections for the succeeding financial year and the medium term.

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<sup>1</sup> PIOJ

The FAA Act stipulates that by September 30 of each financial year, the Budget Call should be issued to accounting officers in Ministries, Departments and Agencies (MDAs). The Budget Call contains the economic and fiscal parameters that inform preparation of the Annual Estimates of Revenue and Expenditure for the next financial year and the medium term.

The GOJ remains committed to fiscal discipline, economic reform and will ensure that both current and medium-term fiscal targets are satisfied.

## FISCAL & ECONOMIC UPDATE

Central Government's operations for **FY 2021/22** were conducted within a more relaxed environment as it relates to the COVID-19 measures, particularly post September 2021 when the measures were significantly relaxed and on March 18, 2022, when all remaining measures were removed<sup>2</sup>. The performance of Revenue & Grants resulted in a marginal excess over budget of \$2.8bn and Expenditure (above-the-line), was \$12.8bn below budget. Consequently, the fiscal balance target was met registering a higher surplus of 0.9 percent of GDP (*target 0.3 percent*) and the budgeted primary balance surplus was also exceeded at 6.8 percent of GDP (*target 6.3 percent*). The execution rate for Capital Expenditure was 93.2 percent.

Real GDP grew by 8.2 percent for the fiscal year (see Table 1a below). This robust turnaround confirmed that recovery was underway.

Net International Reserves (NIR) remained strong at US\$3,675.8mn, and the debt/GDP ratio at end March 2022 stood at 94.2 percent of GDP.

**Table 1A: Summary of Economic Performance**

	Unit	FY 2019/20 (Actual)	FY 2020/21 (Actual)	FY 2021/22 (Actual)
Real GDP Growth Rates	%	-0.1	-11.0	8.2
Inflation (Annual Pt to Pt)	%	4.8	5.2	11.3
BOJ Policy Rate (e-o-p)	%	0.5	0.5	4.5
Unemployment Rate (October)	%	7.2	10.7	7.1
Exchange Rate (weighted average selling rate)	J\$=US\$1	136.09	145.60	153.4
Treasury Bill (6-month; end of period)	%	1.75	1.25	2.87
Current Account	% of GDP	-1.7	-1.1	-1.0
Net International Reserves (NIR), (e-o-p)	US\$mn	3,237.7	3,319.3	3,675.9
Gross Reserves (Goods & Services Imports)	Weeks	33.9	27.2	24.1
<b><u>Fiscal Accounts</u></b>				
Central Government Primary Balance	%GDP	7.1	3.5	6.8
Central Government Fiscal Balance	%GDP	0.9	-3.1	0.9
Public Bodies Overall Balance	%GDP	-0.1	0.0	0.5
Public Sector Balance	%GDP	0.8	-3.1	1.4
Debt Stock	%GDP	94.8	109.7	94.2

Source: MOFPS/BOJ/STATIN

<sup>2</sup> Notwithstanding, persons were still encouraged to wear masks



## **NOTABLE FISCAL DEVELOPMENTS**

### ***Central Government Operations***

The April-July period of FY 2022/23 was a very robust period for the operations of Central Government with Revenue & Grants registering an excess of \$22.1bn (10.3percent) above budget while Expenditure registered a shortfall of \$1.1bn (*minus* 0.5 percent) against budget. Contributing to the expenditure shortfall was capital expenditure at \$733.3mn below budget. It is anticipated that the pace of execution will increase during the second half of the fiscal year.

Provisional data indicates that Central Government operations for the fiscal year to end-July 2022 generated a fiscal deficit that was 99.41 percent or \$23.2bn lower than the budgeted deficit. The surplus on the Primary Balance was \$23.8bn or 113.2 percent better than budget. This robust fiscal outturn was driven, mainly by a better than budget performance of Tax Revenue.

### ***Public Sector Compensation Restructure***

Discussions regarding restructuring of public sector compensation continue between the GOJ and the unions representing public sector workers. It is anticipated that these discussions will be concluded shortly facilitating implementation of the restructured compensation.

### ***Increased Social Assistance***

Special social assistance during FY 2022/23 has arisen primarily from the impact on Jamaica of increased global prices for oil and other commodities (including grain), stemming from the Russia/Ukraine conflict. Accordingly, the GOJ announced a package of assistance to Taxi Operators, Additional Transport Assistance to PATH students, an Energy Co-Pay Programme, Food assistance to seventy-five thousand persons not on PATH and a Cash Incentive to Low Know Your Customer (KYC) Account Holders.

### ***Fiscal Commission***

A recruitment team was appointed to execute the process of interviewing and identifying Jamaica's first Fiscal Commissioner. The post was advertised in August 2022 and shortlisted candidates have been interviewed. A recommendation for appointment is expected in the near future.

### ***Disaster Risk Financing Policy***

The Disaster Risk Financing (DRF) policy was approved by Cabinet for tabling in Parliament as a Green Paper. A communications strategy is being finalised by the Ministry prior to tabling.

### ***Population and Housing Census 2022***

The Statistical Institute of Jamaica (STATIN) launched its Population and Housing Census 2022, under the theme “Yuh Count, Mi Count, All A Wi Count”. This fifteenth (15<sup>th</sup>) census was delayed by a year, due to the COVID-19 pandemic. The Census exercise is normally conducted every 10 years.

## CONCLUSION

The Jamaican economy continues to recover, registering strong quarterly growth. It is projected that real economic growth should be approximately 4.1 percent for the FY 2022/23. The Monkey Pox virus has emerged in Jamaica and the Ministry of Health & Wellness continues to monitor the situation.

The fiscal accounts over the April-July 2022 period reflect prudent fiscal management. It is anticipated that the inflationary impulse in the economy will decline over time and return to the central bank's target range of 4–6 percent. Tourist arrivals have almost returned to pre- Covid-19 levels and continue to increase, as travellers seek to satisfy their pent-up demand.

A downside risk to recent tourism developments is the aggressive monetary policy of the US Federal Reserve with its most recent being a hike in benchmark interest rates by seventy-five basis points, and an indication of more increases in the pipeline.

As Jamaica rebuilds and recovers, the Government continues to pursue the process of modernizing the economy including the build out of a national broadband network.

The GOJ continues to strive toward making Jamaica **the place of choice to live, work, raise families and do business.**



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**Nigel Clarke, D.Phil., MP**  
**Minister of Finance and the Public Service**  
**September 27, 2022**

## **PART 2**

### **MACROECONOMIC FRAMEWORK**

#### **Real Sector Developments**

##### **FY 2021/22 – Update**

The Jamaican economy expanded by 8.2% in FY 2021/22. The preservation of macro-stability through the pandemic and the absence of balance of payments or fiscal sustainability crises arising from the 11% contraction in FY 2020/21 provided the foundation for economic recovery. In this context, the strong rebound, relative to the prior year contraction reflected the measures of the Government to facilitate an early recovery and prevent the generation of further crises. The strategy appears to have been successful, as with the exception of Mining & Quarrying, all sectors of the economy recorded growth. The Services industry increased by 9.1% and the Goods Producing Industry grew by 3.7%.

Expansion in the Services industry was mainly driven by Hotels & Restaurants which grew by 125.5%. This performance reflected the 230.1% increase in visitor arrivals as well as the upturn in social and entertainment activities following the withdrawal of the Disaster Risk Management Order that stipulated restrictions aimed at limiting the spread of the COVID-19 disease. All sectors within the Services industry registered growth, with significant contribution also emanating from Other Services as well as Transport, Storage and Communication which grew by 13.8% and 10.3% respectively.

Growth in the Goods Producing industry was led by Agriculture, Forestry & Fishing (up 11.1%). Construction (up 7.0%) and Manufacturing (up 4.4%) also contributed to the expansion. The performance of the Goods Producing industry was tempered by the 38.7% contraction in Mining & Quarrying, largely associated with the temporary closure of the JAMALCO alumina refinery during the fiscal year, due to damage caused by a fire, resulting in a decline in alumina production. The improvement in Agriculture, Forestry & Fisheries was facilitated by favourable weather conditions and increased demand from the Hotels and Restaurants sector, while the expansion in Manufacturing was driven by increased food processing as well as higher production of chemicals and petroleum products. The growth in Construction reflected increased capital expenditure on civil engineering activities and building constructions.

##### **FY 2022/23 First Quarter Estimated Performance**

For the first quarter of the current fiscal year, the Jamaican economy is estimated to have grown by 5.7%, compared to the corresponding quarter of the previous fiscal year. This performance was driven by a 7.7% expansion in the Services industry, as the Goods Producing industry contracted by 0.4%.

All sectors within the Services industry are estimated to have expanded, led by Hotels & Restaurants, reflecting a sharp increase in visitor arrivals.

The Goods Producing industry contracted primarily due to declines in the Mining & Quarrying and Construction industries. Mining & Quarrying has been negatively impacted by the continued closure of the JAMALCO alumina refinery. The decline in Construction reflects a downturn in capital expenditure on civil engineering activities undertaken by the National Works Agency as well as lower spending on the Southern Coastal Highway Improvement Project (SCHIP). Growth is estimated for Agriculture, Forestry & Fishing and Manufacturing, driven by increased demand associated with the Hotels & Restaurants sub-industry.

**Table 2A: Change in Real Value Added by Industry at Constant (2007) Prices (%)**

INDUSTRY	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2021/22:Q1	FY 2022/23:Q1*
<b>GOODS PRODUCING INDUSTRY</b>	4.8	-1.6	-3.4	3.7	12.7	-0.4
Agriculture, Forestry & Fishing	3.9	2.4	-3.8	11.1	15.0	12.6
Mining & Quarrying	29.1	-22.5	-10.9	-38.7	-9.1	-60.6
Manufacture	0.3	2.7	-6.2	4.4	13.0	2.8
Construction	3.8	-2.4	2.9	7.0	17.4	-4.2
<b>SERVICES INDUSTRY</b>	1.2	0.6	-12.7	9.5	14.0	7.7
Electricity & Water Supply	0.3	1.4	-8.0	2.9	4.0	2.0
Transport, Storage & Communication	1.4	-0.2	-13.5	10.3	13.6	10.0
Wholesale & Retail Trade; Repair & Installation of Machinery	1.3	0.4	-9.4	10.7	19.3	5.8
Finance & Insurance Services	1.7	2.7	-3.8	2.4	2.8	0.5
Real Estate, Renting & Business Activities	0.8	0.6	-2.9	2.2	5.2	0.8
Producers of Government Services	-0.1	0.4	0.1	0.3	0.4	0.2
Hotels and Restaurants	3.1	-1.1	-65.6	125.5	334.6	55.4
Other Services	1.3	0.4	-28.2	13.8	23.2	25.0
Less Financial Intermediation Services Indirectly Measured (FISIM)	4.6	3.5	3.8	3.8	3.8	4.5
<b>REAL GDP GROWTH</b>	1.9	-0.1	-11.0	8.2	14.2	5.7

Source: STATIN, PIOJ

\* PIOJ Estimates

## FY 2022/23 Second Quarter and Fiscal Year Outlook

The economic outlook for the July to September 2022 quarter is positive, with growth projected to moderate within the range of 2.0% to 3.0%. Growth is expected in both the Services and Goods Producing industries, led by Hotels & Restaurants and Agriculture, Forestry & Fishing, respectively.

The pace of growth for the remainder of the fiscal year is expected to slow relative to the estimated first quarter performance. Real GDP growth for FY 2022/23 is projected to be between 3.5% and 4.5%. This forecast is predicated on the continued economic recovery in most industries, strengthening of the global economy, increased domestic demand resulting from improvement in the labour market, and the expected reopening of the JAMALCO alumina plant.

Downside risks to the positive outlook include: adverse weather conditions, plant downtime in the Mining and Manufacturing sectors, and slower than expected growth in the economies of Jamaica's main trading partners.

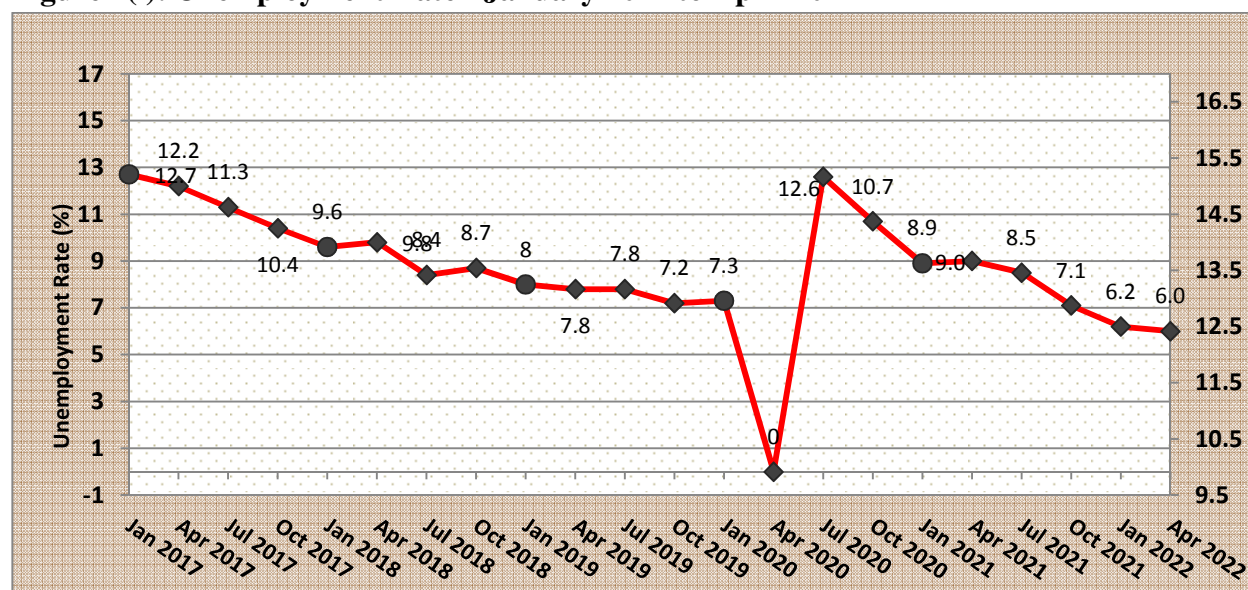
## Labour Market Developments

The solid economic recovery has positively impacted the labour market. The April 2022 unemployment rate of 6.0% is a historic low, reflecting a decline of 3.0 percentage points and 0.2 percentage points relative to April 2021 and January 2022, respectively. Improvements were recorded in the unemployment rate for both genders. The unemployment rate for males moved from 7.5% in April 2021 to 4.7% in April 2022, while the unemployment rate for females declined from 10.8% to 7.6%. The employed labour force increased by 63,300 persons, representing 29,700 males and 33,600 females.

The occupation group that led the improvement in employment was ‘Service Workers and Shop and Market Sales Workers’ which recorded an increase of 18,500 persons (6.5%), followed by ‘Professionals, Senior Officials and Technicians’ which grew by 16,200 persons (5.6%).

By industry, the largest increase in the employed labour force was 21,300 persons (20.3%), recorded by the industry group ‘Real Estate and Other Business Services’. This was followed by the Construction industry with 14,500 persons (12.2%). The Manufacturing industry registered the highest decline, with 3,600 less persons employed (down 4.2%).

**Figure 2(i): Unemployment Rate - January 2017 to April 2022**



Source: STATIN

## Monetary Developments

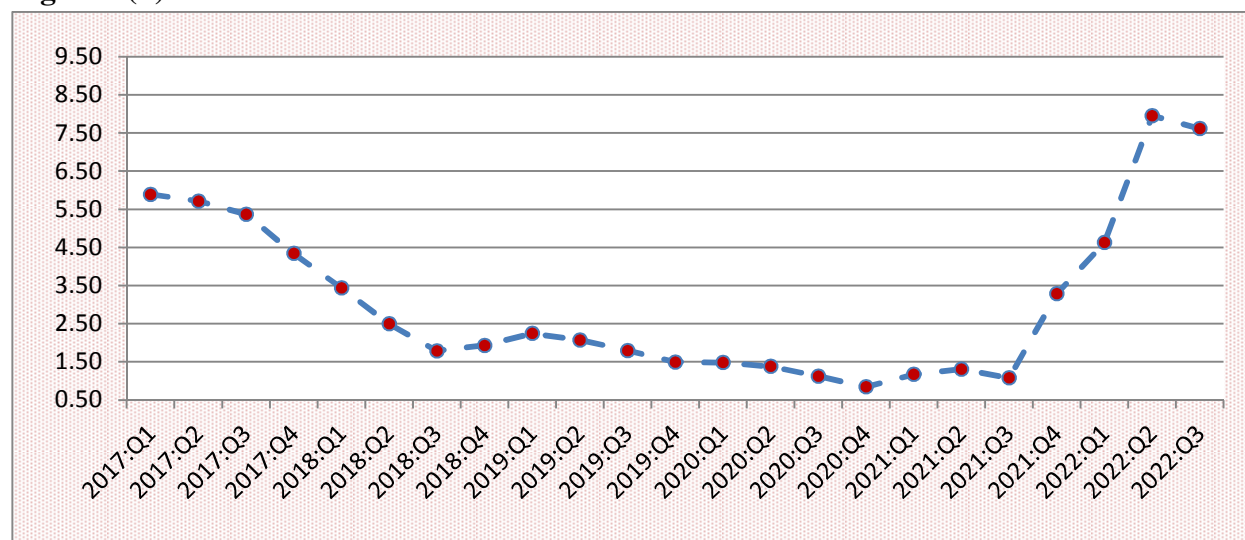
The Bank of Jamaica (BOJ) continues to tighten its monetary policy stance, given the continued high level of domestic inflation. The high inflation is fuelled by the prices of some international commodities, such as grains, oil, and shipping costs. Given BOJ’s mandate to maintain a low, stable and predictable inflation rate, the Bank responded by increasing its policy rate cumulatively by 550

basis points (bps) to 6.0%, since October 2021. As a result, liquidity conditions have tightened, while interest rates on bank deposits and loans have risen, making savings in Jamaica dollars more attractive relative to foreign currency assets and borrowing in Jamaica dollars more expensive. Over time, these constrictions on liquidity are expected to reduce demand in the economy generally and, consequently, dampen inflation.

Consistent with the tighter monetary policy stance of the Central Bank, market rates increased. Compared to September 2021, the August 2022 overnight (O/N) interbank rate, O/N private money market rate (PMMR) and the 30-day PMMR increased by 618 bps, 417 bps and 600 bps, respectively. Additionally, the average quarterly yields on the GOJ 90-day and 180-day Treasury bills in September 2022 increased by 649 bps and 663 bps to 7.61% and 7.9%, respectively, when compared to the corresponding period of 2021.

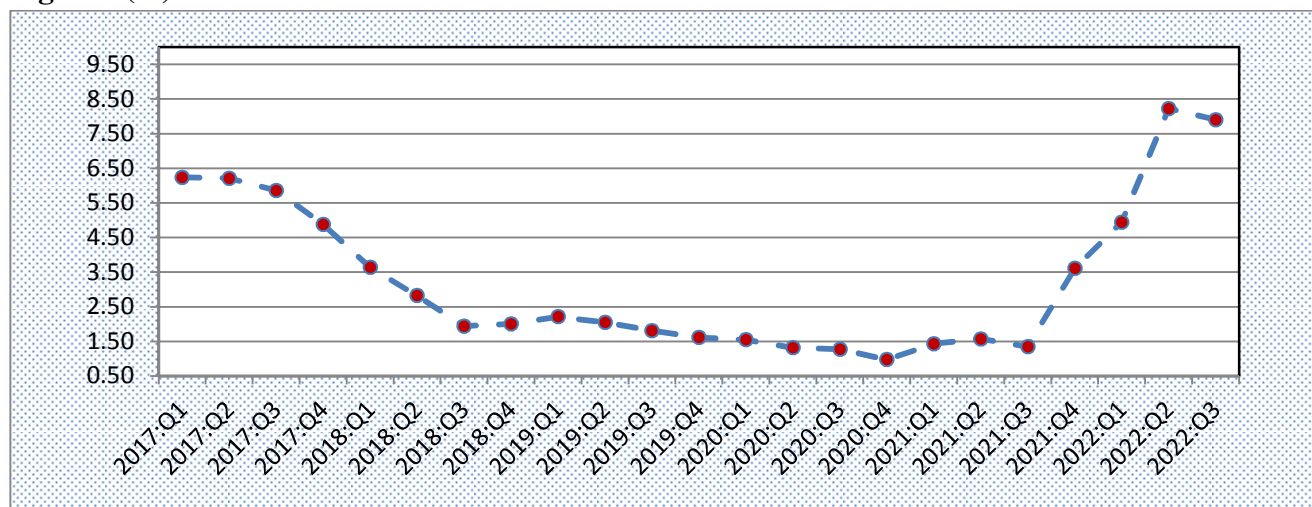
Demand for private sector credit and advances improved marginally during FY 2021/22, with loans and advances expanding by 9.6% compared to 9.1% for the previous fiscal year. However, continued increases in the policy rate are expected to weaken growth in private sector credit as demand falls.

**Figure 2(ii): Three-month T-Bill Rates**



Source: BOJ

**Figure 2(iii): Six-month T-Bill Rates**



Source: BOJ

## **Inflation**

The All Jamaica ‘All Division’ Consumer Price Index increased from 112.3 at end-August 2021 to 123.8 at end-August 2022, representing a point-to-point inflation of 10.2%. Since August 2021, headline inflation has remained above the inflation target band of 4.0% to 6.0%. However, the inflation rate has been trending down at a decelerating pace since peaking at 11.8% in April 2022. Over the twelve-month period to August 2022, the inflation rate was heavily influenced by ‘Food and Non-Alcoholic Beverages’ (up 12.6%), ‘Health’ (up 11.9%) and ‘Furnishings, Household Equipment and Routine Household Maintenance’ (up 13.3%).

Inflation for the calendar year to end-August was 5.2%, and 2.8% for the fiscal year to August 2022.

## **Exchange Rate**

The nominal exchange rate at end-August 2022 appreciated relative to end-August 2021. At end-August 2022, the weighted average selling rate of the Jamaica Dollar vis-à-vis the US dollar was J\$151.60 compared to J\$152.09 at the end of August 2021. The change reflects an appreciation of 0.32%, compared to the 1.9% depreciation at end-August 2021, when compared to August 2020.

The relative stability of the Jamaican currency is supported by the foreign currency liquidity management of the Bank of Jamaica during periods of increased demand pressures. Additionally, due to the BOJ’s tightened monetary policy stance, Jamaica dollar saving is more attractive relative to investment in foreign currency assets, thereby marginally reducing the demand for US dollar and enabling greater stability in the foreign exchange market.

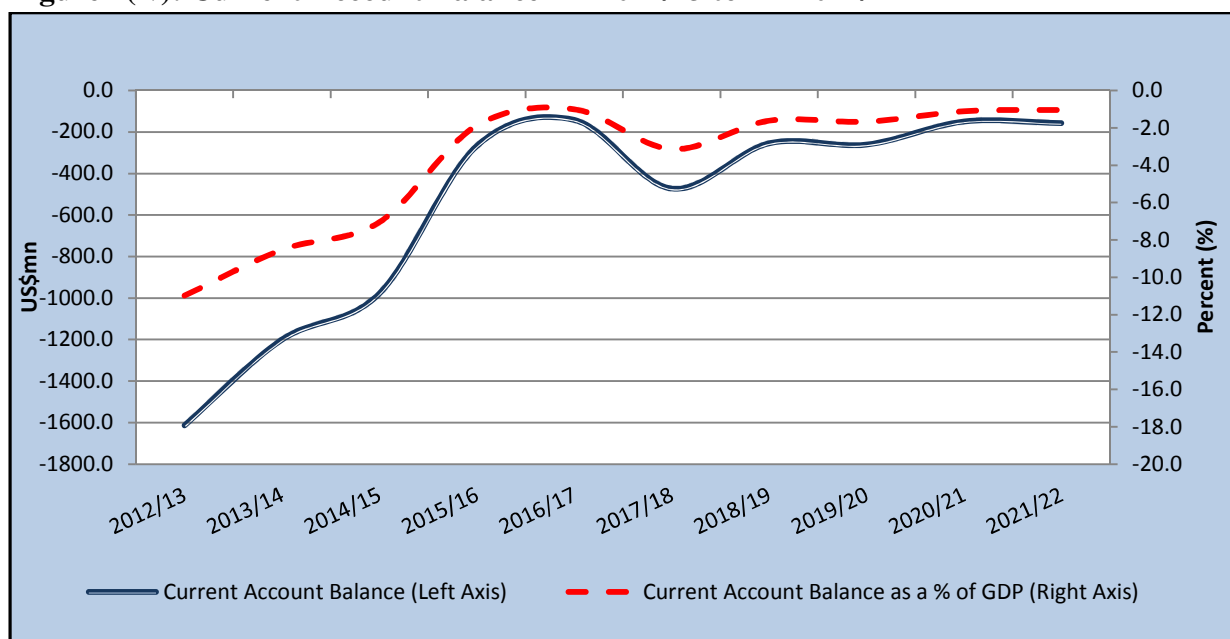
## External Sector Update - FY 2021/22

The current account deficit worsened by US\$7.8mn in FY 2021/22 compared to the balance in FY 2020/21. The current account deficit for FY 2021/22 of US\$157.2mn was equivalent to 1.0% of GDP, reflecting a decline of 0.1 percentage point relative to the previous year. The deterioration in the current account balance is attributable to a higher trade deficit and increased direct investment outflows, which adversely impacted the Goods and Services and Primary Income sub-accounts, respectively. The Secondary Income sub-account improved over the review period, reflecting higher general government inflows and continued growth in inbound remittances.

The balance on the Capital Account worsened relative to FY 2020/21, resulting in the net borrowing position deteriorating by 5.2%.

At end-FY 2021/22, the stock of Net International Reserves (NIR) stood at US\$3,675.8mn, reflecting an improvement by US\$356.5mn relative to the previous fiscal year.

**Figure 2(iv): Current Account Balance FY 2012/13 to FY 2021/22**



Source: BOJ



**Table 2B: Balance of Payments - FY 2021/22 Compared to FY 2020/21**

Balance of Payments (US\$MN)	FY 2019/20	FY 2020/21	Change
<b>Current Account Balance</b>	<b>-149.3</b>	<b>-157.2</b>	<b>-7.8</b>
<i>Credits</i>	6,510.9	9,078.1	2,567.2
<i>Debits</i>	6,660.2	9,235.2	2,575.0
Goods & Services	-2,937.3	-3,223.8	-286.5
<i>Exports</i>	2,728.2	4,882.5	2,154.3
<i>Imports</i>	5,665.5	8,106.3	2,440.8
Goods	-2,742.3	-3,332.3	-590.0
<i>Exports</i>	1,252.7	1,420.9	168.2
<i>Imports</i>	3,995.0	4,753.1	758.1
Services	-195.0	108.5	303.5
<i>Credits</i>	1,475.5	3,461.6	1,986.1
<i>Debits</i>	1,670.5	3,353.1	1,682.6
Primary Income	-412.3	-488.9	-76.7
<i>Credits</i>	351.5	389.6	38.1
<i>Debits</i>	763.8	878.5	114.7
Secondary Income	3,200.2	3,555.6	355.3
<i>Credits</i>	3,431.2	3,806.0	374.8
<i>Debits</i>	230.9	250.4	19.5
<b>Capital Account</b>	<b>-29.9</b>	<b>-31.4</b>	<b>-1.5</b>
<i>Credits</i>	19.2	17.7	-1.5
<i>Debits</i>	49.1	49.1	0.0
<b>Net lending (+) / net borrowing (-) (balance from current and capital account)</b>	<b>-179.3</b>	<b>-188.5</b>	<b>-9.3</b>
<b>Financial Account</b>			
<b>Net lending (+) / net borrowing (-) (balance from financial account)</b>	<b>-394.0</b>	<b>-608.7</b>	<b>-214.7</b>
Direct Investment	-180.9	-286.5	-105.6
<i>Net acquisition of financial assets</i>	37.5	78.7	41.2
<i>Net incurrence of liabilities</i>	218.4	365.2	146.8
Portfolio Investments	-162.8	-87.4	75.4
<i>Net acquisition of financial assets</i>	243.2	-60.0	-303.2
<i>Net incurrence of liabilities</i>	405.9	27.3	-378.6
Financial derivatives	7.3	0.3	-6.9
<i>Net acquisition of financial assets</i>	51.0	-52.7	-103.7
<i>Net incurrence of liabilities</i>	43.8	-53.0	-96.8
Other Investments	-611.8	-315.3	296.5
<i>Net acquisition of financial assets</i>	-50.0	77.4	127.4
<i>Net incurrence of liabilities</i>	561.8	392.6	-169.2
Reserve Assets	554.2	80.1	
Net Errors and Omissions	<b>-214.7</b>	<b>-420.1</b>	

Source: BOJ

## **Macroeconomic Outlook - FY 2022/23 and the Medium Term (to FY 2025/26)**

As the challenges related to the COVID-19 pandemic continue to wane, positive economic performance is expected to continue for the remainder of the fiscal year and throughout the medium term. This outlook reflects the expectation of continued recovery in the Jamaican economy, as well as expansion in the global economy, although the growth forecasts have been moderated relative to previous estimates due to persistent inflationary pressures and the impact of the ongoing conflict between Russia and the Ukraine. Growth in the economy is expected to be primarily driven by further improvements in tourism; a rebound in Mining based on increased capacity utilization resulting from the resumption of production at the JAMALCO alumina refinery and increased agricultural output supported by greater investment in the sector. Improving labour market conditions and a more accommodative monetary policy environment in the medium term, as inflationary pressures reduce are also expected to contribute positively towards Jamaica's economic performance. It is within this context that the projections for the key macroeconomic variables outlined in Table 2C were formulated.

Growth in real GDP is expected to decelerate from the 8.2% reported in FY 2021/22 to 4.1% in FY 2022/23, reflecting the normalization of economic activity. This gradual deceleration in the rate of expansion is forecast to continue through FY 2024/25, averaging within the range of 1.0% to 2.0% over the medium term.

Inflation is projected to decline in FY 2022/23 and to continue to trend downwards until it stabilizes at approximately 5.0% in the later years of the medium term. The current account deficit as a percentage of GDP is forecast to average 1.8% between FY 2022/23 and FY 2025/26, with Net International Reserves projected to remain adequate throughout the medium term to provide balance of payments support.

**Table 2C: Medium Term Macroeconomic Profile**

Macroeconomic Variables							
	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Proj.	2023/24 Proj.	2024/25 Proj.	2025/26 Proj.
Nominal GDP (J\$bn)	2,121.1	1,948.8	2,321.5	2,647.4	2,875.7	3,049.5	3,234.0
Nominal GDP growth rate(%)	3.3	-8.1	19.1	14.0	8.6	6.0	6.0
Real GDP growth rate (%)	-0.1	-11.0	8.2	4.1	1.7	1.0	1.0
Inflation: Annual Pt to Pt (%)	4.8	5.2	11.3	6.8	5.2	5.0	5.0
Interest Rates:							
90-day Treasury Bill (end-period)	1.8	1.5					
90-day Treasury Bill (average)	1.8	1.2					
Average Selling Exchange Rate (J\$=US\$1)	136.1	145.6	153.4				
NIR (US\$mn)	3,237.7	3,319.3	3,675.9	3,687.6	3,262.2	3,670.3	3,661.4
Current Account (%GDP)	-1.7	-1.1	-1.0	-1.8	-2.7	-1.7	-1.1
Oil Prices (WTI) (Average US\$/barrell)	54.8	42.3	77.0	102.6	91.3	80.3	72.3

Source: BOJ/STATIN

## PART 3

### FISCAL MANAGEMENT STRATEGY

#### Background

The positive fiscal performance of the Central Government continued over the April to July period of FY2022/23, as the economy continues to recover from the COVID-19 Pandemic. The strong rebound locally has resulted in significant improvements in employment, while global growth has bolstered tourism. Tax Revenue has been a beneficiary, demonstrating resilient buoyancy. Despite the rising inflation, and the hikes in interest rates in response, disciplined spending has kept expenditure within budget. Consequently, the key fiscal aggregates have outperformed their respective targets.

The fiscal operations of the Central Government are expected to continue yielding positive results in the short to medium term. However, downside risks exist. As strengthening demand propels economic growth, new challenges emerge. These include high inflation fuelled by supply chain inefficiencies and the geopolitical conflict between Russia and the Ukraine. The Central Bank's response, by tightening interest rates, has the potential to constrain real output, increase domestic debt service costs and, and potentially adversely impact revenue and fiscal performance generally. Fiscal prudence, therefore, remains imperative.

The fiscal programme for FY 2022/23 and the medium term is designed to achieve the targets entrenched in the fiscal rule legislation, demonstrating the GOJ's firm commitment to attaining fiscal and economic sustainability in the interest of all Jamaicans.

This Fiscal Management Strategy provides an avenue for the monitoring and evaluation of the performance of the budget and includes the following reports:

- An assessment of FY 2021/22 performance;
- A summary of the FY 2022/23 Budget;
- A review of the Central Government's Performance: April - July 2022; and
- A revised Medium Term Outlook.

## Central Government Performance: FY 2021/22 Outturn

Subsequent to the tabling of the FY 2022/23 budget documents, the overall fiscal performance for FY 2021/22 improved relative to the estimates provided in the February 2022 Fiscal Policy Paper (see Table 3A).

**Table 3A: FY 2021/22 Performance (\$mn)**

Item	Budget (Original)	Third Supplementary Estimates	Actual	Diff between Budget (Original) and Actual	Diff between Third Supplementary Estimates and Actual
<b>Revenue &amp; Grants</b>	<b>672,668.4</b>	<b>717,428.1</b>	<b>720,557.0</b>	<b>7.1%</b>	<b>0.4%</b>
Tax Revenue	572,461.2	606,239.6	616,368.0	7.7%	1.7%
Non-Tax Revenue	94,185.3	97,079.2	93,160.4	-1.1%	-4.0%
Bauxite Levy	148.7	2,155.4	2,461.7	1555.5%	14.2%
Capital Revenue	96.4	1,143.3	908.4	842.3%	-20.6%
Grants	5,776.8	10,810.5	7,658.5	32.6%	-29.2%
<b>Expenditure</b>	<b>667,247.9</b>	<b>711,771.6</b>	<b>698,895.5</b>	<b>4.7%</b>	<b>-1.8%</b>
Non-Debt Recurrent	487,059.9	521,147.8	511,337.6	5.0%	-1.9%
Interest	125,986.7	136,422.5	137,047.7	8.8%	0.5%
Capital	54,201.3	54,201.3	50,510.2	-6.8%	-6.8%
<b>Fiscal Balance</b>	<b>5,420.5</b>	<b>5,656.5</b>	<b>21,661.5</b>	<b>299.6%</b>	<b>283.0%</b>
<b>Debt Service</b>	<b>272,245.2</b>	<b>297,708.1</b>	<b>296,838.9</b>	<b>9.0%</b>	<b>-0.3%</b>
Interest	125,986.7	136,422.5	137,047.7	8.8%	0.5%
Principal	146,258.5	161,285.6	159,791.1	9.3%	-0.9%
<b>Overall Balance</b>	<b>-23,458.4</b>	<b>-32,597.6</b>	<b>-5,059.5</b>	<b>-78.4%</b>	<b>-84.5%</b>
<b>Primary Balance</b>	<b>131,407.2</b>	<b>142,079.0</b>	<b>158,709.3</b>	<b>20.8%</b>	<b>11.7%</b>

Source: MoFPS

### Revenue & Grants

Actual collections for Revenue & Grants for FY 2021/22 totalled \$720,557.0mn, which was \$3,128.9mn (or 0.4%) more than the revised budget<sup>3</sup>. Of this total, Tax Revenue amounted to \$616,368.0mn, performing \$10,128.4mn (or 1.7%) above the revised projection. The over-performance was primarily driven by higher than budgeted inflows from Income & Profit taxes, with total receipts of \$180,183.2mn exceeding target by \$10,347.8mn or 6.1%. Other Companies (Corporate Tax), Pay-As-You-Earn (PAYE) and Tax on Interest were the main contributors to the positive performance. Receipts from Other Companies were buoyed by improvements in company profits, resulting from the strong growth in economic activities following the decline during the previous fiscal year. The performance of PAYE was consistent with the improved labour market conditions, while Tax on Interest benefitted from lower refund payments.

<sup>3</sup> The Revised Budget refers to the Third Supplementary Estimates approved in January 2022.

**Table 3B: FY 2021/22 Notable Tax Performances (\$mn)**

Item	Budget (Original)	Third Suppl. Estimates	Actual	Diff between Budget and Actual (J\$mn)	Diff between Budget and Actual (%)	Diff between Third Suppl. Estimates and Actual (J\$mn)	Diff between Third Suppl. Estimates and Actual (%)
Other Companies	68,513.55	69,695.08	73,310.71	4,797.16	7.0%	3,615.6	5.2%
PAYE	73,646.44	73,514.81	76,661.18	3,014.74	4.1%	3,146.4	4.3%
Tax on Interest	16,885.37	19,001.85	21,320.88	4,435.51	26.3%	2,319.0	12.2%
SCT (Imports)	52,681.75	57,979.15	60,132.38	7,450.63	14.1%	2,153.2	3.7%
SCT (Local)	31,305.99	28,898.22	25,815.51	-5,490.48	-17.5%	-3,082.7	-10.7%
GCT (Imports)	91,466.98	103,884.40	101,901.86	10,434.88	11.4%	-1,982.5	-1.9%
Customs Duty	47,200.48	52,222.90	51,757.80	4,557.32	9.7%	-465.1	-0.9%
Contractors Levy	2,119.44	2,309.10	2,048.35	-71.09	-3.4%	-260.8	-11.3%

Source: MoFPS

SCT (Local) recorded the highest nominal shortfall. The \$3,082.7mn under-performance was attributable to lower production levels at Petrojam.

Non-Tax Revenue of J\$93,160.4mn for FY 2021/22 was J\$3,918.8mn or 4.0% below the revised budget. Grant inflows under-performed when compared to the revised budget, with total receipts of J\$7,658.5mn reflecting a shortfall of \$3,152.0mn or 29.2%. Capital Revenue also under-performed compared to the revised budget. Inflows from the Bauxite Levy totalled J\$2,461.7mn, exceeding the revised budget by \$306.2mn.

## Expenditure

Central Government Expenditure (net of below-the-line spending) was \$12,876.1mn (or 1.8%) less than programmed. The shortfall in Recurrent Non-Debt expenditure by 1.4% was the primary contributor to this outturn. Compensation of Employees and Capital expenditure also fell short of budget, by 0.7% and 6.8%, respectively.

## FY 2022/23 Original Budget

The Central Government Budget for FY 2022/23 was developed around the achievement of the targeted fiscal balance (and corresponding primary balance), based on the fiscal rule legislation, that is consistent with the attainment of a Public Debt-to-GDP ratio of no more than 60.0% by

end-FY 2027/28. The Budget formulated in consideration of these imperatives reflected a programmed fiscal surplus of \$6,834.5mn and a primary surplus of \$145,243.6mn.

## Revenue & Grants

The target for total Revenue & Grants for FY 2022/23 was \$749,780.0mn, 4.1% above the actual receipts for FY 2021/22 (see Table 3C). The increase reflected projected improvements in both Tax and Non-Tax Revenue. Tax Revenue was programmed to increase to \$671,536.1mn, a variance of \$55,168.0mn (or 9.0%) over the collections for FY 2021/22. The projection for Tax Revenue was underpinned by the improved macroeconomic forecasts relative to the estimated outturns for the previous fiscal year.

Non-Tax Revenue of \$65,398.7mn was projected for FY 2022/23, \$27,761.7mn (or 29.8%) below the outturn for FY 2021/22. The higher receipts for the previous fiscal year largely reflect the distribution of dividend totalling \$33.2bn from the Bank of Jamaica in FY 2021/22, while the expected payment during FY 2022/23 was approximately \$1.0bn. The projected Bauxite Levy of \$4,908.3mn and Capital Revenue of \$1,477.0mn were higher than the actual receipts for FY 2021/22 by \$2,446.6mn and \$568.6mn, respectively. The higher projected Bauxite Levy receipts are predicated on the expected expansion in bauxite production, while higher Capital Revenue reflects increased principal payments of loans previously disbursed by the Central Government.

**Table 3C: FY 2022/23 Revenue & Expenditure Budget<sup>4</sup> vs FY 2021/22 Actual (\$mn)**

Item	FY 2021/22 Actual	FY 2022/23 Approved Budget	Diff between FY 2022/23 Approved Budget and FY 2021/22 Actual (J\$mn)	Diff between FY 2022/23 Approved Budget and FY 2021/22 Actual (%)
<b>Revenue &amp; Grants</b>	<b>720,557.0</b>	<b>749,780.0</b>	<b>29,223.0</b>	<b>4.1%</b>
Tax Revenue	616,368.0	671,536.1	55,168.0	9.0%
Non-Tax Revenue	93,160.4	65,398.7	-27,761.7	-29.8%
Bauxite Levy	2,461.7	4,908.3	2,446.6	99.4%
Capital Revenue	908.4	1,477.0	568.6	62.6%
Grants	7,658.5	6,460.0	-1,198.5	-15.6%
<b>Expenditure</b>	<b>698,895.5</b>	<b>742,945.5</b>	<b>44,050.1</b>	<b>6.3%</b>
Recurrent Non-Debt	511,337.6	539,469.1	28,131.6	5.5%
Recurrent Interest	137,047.7	138,409.1	1,361.3	1.0%
Capital Expenditure	50,510.2	65,067.3	14,557.1	28.8%

Source: MoFPS

<sup>4</sup> The FY 2021/22 projections reflect those presented in the Fiscal Policy Paper FY 2021/22.

## **Expenditure**

Total Expenditure (net of amortization) of \$742,945.5mn was programmed for FY 2022/23 representing an increase of 6.3% compared to the spending for FY 2021/22. This comprised Recurrent Programmes spending of \$249,226.0mn (down 7.6%); Compensation of Employees of \$290,243.1mn (up 20.1%); Interest payments of \$ 138,409.1mn (up 1.0%) and Capital spending of \$65,067.3mn (up 28.8%). The reduction in Programme spending mainly reflects the reallocation of compensation-related allowances to the category Compensation of Employees. Compensation of Employees for FY 2022/23 included provisions for the cost of implementing the first year of the Public Sector Compensation Restructure. Capital expenditure for the fiscal year included increased allocations towards the Programme of Advancement Through Health and Education (PATH) programme as well as higher provisions for the continued execution of the Southern Coastal Highway Improvement Project.

## **Central Government Performance: April-July 2022**

Central Government operations through July 2022 over-performed relative to budget, reflecting the continued economic recovery from the impact of the COVID-19 pandemic. The fiscal accounts reflected a lower fiscal deficit and a higher primary surplus than programmed, resulting from higher than targeted Revenue & Grants and lower than planned Expenditure.

## **Revenue & Grants Outturn**

Revenue & Grants for April to July 2022 totalled \$236,104.3mn, exceeding budget by \$21,659.4mn or 10.1%. Tax Revenue was the main contributor to the over-performance. Non-Tax Revenue also contributed positively to the surplus. On the contrary, Capital Revenue and Grants fell short of projection while Bauxite Levy was generally in line with budget. Compared to the corresponding period of FY2021/22, Revenue & Grants performed better by \$10,573.0mn or 4.7%.

Tax collections for the review period amounted to \$218,885.5mn, reflecting a surplus of \$18,679.3mn or 9.3% relative to budget. This outturn was \$42,218.4mn or 23.9% above the receipts for the similar period of FY 2021/22. The higher-than-targeted collection was driven mainly by the above-budget performance of International Trade, along with positive contributions from Income and Profits as well Production and Consumption.

Taxes of \$89,591.4mn collected from International Trade were above target by \$9,926.2mn or 12.5%. This performance reflects above-target receipts for all tax types within the category. The main contributors were Travel Tax with receipts of \$7,989.6mn (higher by \$3,044.0mn or 61.6%), SCT (Imports) with inflows of \$21,488.2mn (higher by \$2,848.3mn or 15.3%), GCT (Imports) with inflows of \$37,445.8mn (higher by \$1,868.8mn or 5.3%) and Custom Duty with collections of \$19,527.6mn (higher by \$1,433.3mn or 7.9%). The performance of GCT (Imports) and Custom Duty reflected higher than projected CIF value of imports. Above-budget collections from SCT (Imports) largely reflected higher than anticipated import value of goods including petroleum products and motor vehicles. Travel Tax was driven by higher than projected visitor arrivals.



Collections from Income and Profits amounted to \$53,470.2mn, which was \$6,480.4mn or 13.8% above target. This performance was attributable to the above-budget inflows from PAYE (higher by \$2,940.4mn or 11.2%), Other Companies (higher by \$1,261.1mn or 9.8%) and Tax on Interest (higher by \$1,365.3mn or 22.4%). The positive PAYE performance reflected improvements in the labour market, with the employed labour force in the first quarter of FY 2022/23 increasing by approximately 63,300 persons compared to the last quarter of the previous fiscal year. Higher-than-budget collection from Other Companies is attributable to increased company profits arising from the continued upsurge in economic activities. The performance of Tax on Interest mainly reflects the impact of higher than projected market interest rates.

Production & Consumption tax receipts totalled \$75,823.9mn, reflecting a surplus of \$2,272.6mn or 3.1%. This performance was primarily driven by GCT (Local), with receipts of \$42,513.4mn exceeding budget by \$2,030.1mn or 5.0%. Collections from GCT (Local) were boosted by higher consumption associated with improvements in employment as well as by increased economic activities generally. The positive performance of the Production & Consumption tax category was stymied by the shortfall in SCT (Local) inflows. Receipts from SCT (local) totalled \$8,720.7mn, falling short of budget by \$2,298.6mn or 20.9%. This resulted from lower than expected production at Petrojam, due to plant downtime during the review period and coincides with the higher than projected importation of petroleum products.

Inflows of \$15,494.8mn from Non-Tax Revenue were above budget by \$3,269.3mn or 26.7%, largely reflecting higher than programmed receipts from the de-earmarked entities: Tourism Enhancement Fund (TEF) and Jamaica Civil Aviation Authority.

Grants receipts of \$1,319.6mn were below budget by \$217.3mn or 14.1%. Bauxite Levy collections of \$404.5mn were in line with budget, while there were no Capital Revenue inflows for the review period.

## **Expenditure**

Expenditure (net of amortization), which totalled \$229,841.9mn, was \$7,325.5mn or 3.1% lower than programmed, largely on account of lower than planned Programmes spending. Relative to FY 2021/22, total Expenditure for the April to July 2022 period was \$17,188.71mn or 8.1% higher, reflecting increased Recurrent and Capital spending.

Programmes spending amounted to \$88,082.5mn, falling short of budget by \$6,151.9mn or 6.5%, mainly reflecting delayed procurement.

Compensation of Employees totalled \$78,439.1mn, which was \$946.5mn below budget and reflected Wages and Salaries of \$71,019.8mn which fell short of budget by \$1,484.6mn. Interest payments amounted to \$42,524.9mn, which exceeded budget by \$1,804.5mn or 4.4%. This reflects above-budget payments for both domestic (by \$832.7mn) and external (by \$971.8mn) interest. Domestic payments were impacted by the increased stock of Benchmark Investment Notes (BINS) on which interest payments were payable during the review period.

Capital spending for the review period was \$20,795.3mn, reflecting shortfall of \$2,031.5mn or 8.9% relative to budget due to a slower than planned pace of project execution. The expenditure for capital projects was \$5,269.7mn or 33.9% higher than the capital spending for the corresponding period of FY 2021/22.

Amortization payment of \$53,661.5mn was \$1,606.3mn or 3.1% above budget, mainly due to the higher than programmed value of external payments.

## **Financing**

Loan receipts totalling \$30,465.1mn were lower than budget by \$208.5mn or 0.9%. Higher domestic loan receipts (by \$814.7mn or 3.7%) were more than offset by lower than programmed external loan inflows (by \$1,095.2mn or 12.8%).

## **Public Debt**

At the end of the first quarter of FY 2022/23, Jamaica's Public Debt stock stood at \$2,165,342.92mn, a reduction of \$22,254.33mn or 1.0% over end-March 2022. This decline is mainly attributed to the reduction in Central Government External Debt which resulted from valuation changes associated with the appreciation of the Jamaica dollar.

The stock of total Central Government debt decreased by \$19,290.72mn or 0.9% to \$2,136,602.48mn, resulting from the reduction in the external portfolio. Central Government domestic debt at end-June 2022 was \$813,223.79mn, reflecting an increase of \$3,134.06mn or 0.4% compared to end-March 2022. The increase reflected higher outstanding debt from Benchmark Investment Notes (BINs).

Central Government external debt at end-June 2022 was \$1,323,378.69mn, declining by \$22,424.78mn or 1.7% compared to end-March 2022. The reduction is attributed to appreciation of the Jamaica dollar relative to the US dollar.

Non-Central Government Debt which includes Net Public Bodies debt declined by \$2,963.61mn from \$31,704.05mn at end-March 2021 to \$28,740.44mn at end-June 2022.

## **Self-Financing Public Bodies Operations - FY 2022/23**

### **April – June 2022**

For the April to June 2022 period, the self-financing public bodies (SFPBs) continued to demonstrate recovery from the negative impact of the COVID-19 pandemic on their operations. Notwithstanding the recovery, there were mixed financial results posted by the entities. The entities recorded net improvement in revenue of \$42,172.17mn but also recorded an increase of \$27,024.94mn in current expenses. Notably, the rate of increase in revenues was higher than that of expenses. Consequently, the PBs realized increases above budget of approximately \$15,147.24mn in current balance (operating results) and \$13,841.11mn in operating balance following net adjustments for receivables, payables and other non-cash items. Consistent with the general operating results, there were also mixed outturns by

the entities on capital expenditure, resulting in a net reduction of \$5,065.43mn compared to budget. Given the operating results and the capital expenditure the Group recorded an Overall Balance of \$16,710.63mn; this was an improvement of \$13,290.75mn on budgeted surplus of \$3,419.88mn.

While several entities realized improved current balances, such improvements do not always result in enhanced cash flows as receipts/payments related to revenues and expenses may be delayed, thereby impacting the actual cash flows/Overall Balance. In this regard, entities which contributed significantly to the improved Overall Balance included the National Insurance Fund (NIF, by \$4,044.24mn), Jamaica Deposit Insurance Corporation (JDIC, by \$2,046.73mn) and Petrojam Limited (by \$1,654.80mn).

The market value of investments held by both NIF and JDIC were lower than projected, generating losses on the values projected; these losses were expensed. Given that the losses were not realized they were adjusted for, thus reducing the negative impact on the operating balances and hence the contribution to the Overall Balance.

The Russia/Ukraine crisis, as well as the supply challenges, continued to impact the cost of the main products purchased by Petrojam.

The NWC, along with the Port Authority of Jamaica were the major contributors to the reduced capital expenditure, spending \$2,029.81mn and \$1,306.81mn lower than budget respectively as projects lagged behind budget. For the NWC, procurement issues impacted major projects including those related to metering and pipeline replacements. Similarly, PAJ experienced delay in implementation of projects due to lag in the procurement process. It is expected that actions will be taken to realign the projects to schedule.

**Table 3E: SFPBs' Performance April to June 2022 (\$mn)**

			Projected Jun-22	Actual Jun-22	Proj vs Actual Variance
<b>Statement 'A' Flow of Funds</b>					
1	Current Revenue		104,573.77	146,745.94	42,172.17
2	Current Expenses		(92,095.24)	(119,120.17)	(27,024.94)
<b>3</b>	<b>Current Balance</b>		<b>12,478.53</b>	<b>27,625.76</b>	<b>15,147.24</b>
4	Adjustments		6,658.29	5,352.17	(1,306.12)
	Change in Accounts Receivable/Payable		1,551.05	(4,870.35)	(6,421.40)
	Items not requiring outlay of cash:		0.00	0.00	-
	Depreciation		4,179.10	3,287.53	(891.57)
	Other Non-Cash Items		928.15	6,947.04	6,018.90
	Prior Year Adjustment		0.00	(12.05)	(12.05)
<b>5</b>	<b>Operating Balance</b>		<b>19,136.82</b>	<b>32,977.93</b>	<b>13,841.11</b>
<b>6</b>	<b>Capital Account</b>		<b>(7,546.91)</b>	<b>(5,008.22)</b>	<b>2,538.69</b>
	Revenue		11,685.00	10,915.26	(769.74)
	Expenditure		(21,268.58)	(16,203.15)	5,065.43
	Investment		(415.15)	15.54	430.69
	Change in Inventory		2,451.82	264.12	(2,187.70)
7	Transfers from Government		5,704.75	4,160.53	(1,544.22)
	Loans		-	-	-
	Equity		-	-	-
	On-Lending		-	-	-
	Other		5,704.75	4,160.53	(1,544.22)
8	Transfers to Government		(13,874.78)	(15,419.61)	(1,544.83)
	Dividend		(2,852.28)	(2,850.00)	2.28
	Loan Repayments		-	-	-
	Corporate Taxes		(365.09)	(200.30)	164.79
	Other		(10,657.41)	(12,369.30)	(1,711.89)
<b>9</b>	<b>OVERALL BALANCE (5+6+7+8)</b>		<b>3,419.88</b>	<b>16,710.63</b>	<b>13,290.75</b>
<b>10</b>	<b>FINANCING (11+15)</b>		<b>(3,419.88)</b>	<b>(16,710.63)</b>	<b>(13,290.75)</b>
* 10a	Total		801.40	(97.81)	(899.21)
	Capital Revenue		580.52	148.96	(431.56)
	Loans		(732.34)	(8.00)	724.34
	Equity		1,250.00	-	(1,250.00)
	On-Lending		429.41	-	(429.41)
	Loan Repayments		(726.19)	(238.77)	487.42
11	Total Foreign (12+13+14)		(5,353.53)	(13,438.93)	(8,085.40)
12	Government Guaranteed Loans		(1,035.83)	(1,233.04)	(197.22)
	Disbursement		0.00	14.08	14.08
	Amortization		(1,035.83)	(1,247.12)	(211.30)
13	Direct Loans		(4,317.70)	(13,143.56)	(8,825.86)
	Long Term:		220.16	(512.35)	(732.51)
		Disbursement	408.25	0.00	(408.25)
		Amortisation	(188.09)	(512.35)	(324.26)
	Short Term:		-	-	-
		Change in Trade Credits	(4,537.86)	(12,631.21)	(8,093.35)
14	Change in Deposits Abroad		0.00	937.68	937.68
15	Total Domestic (16+17+18)		1,132.25	(3,173.89)	(4,306.14)
16	Banking System		5,159.08	(2,163.54)	(7,322.62)
	Loans (Change)		1,447.59	(870.06)	(2,317.65)
	Overdraft (Change)		0.00	13.89	13.89
	Deposits (Change)		3,711.49	(1,307.38)	(5,018.87)
17	Non-Banks (Change)		0.00	145.75	145.75
18	Other (Change)		(4,026.84)	(1,156.10)	2,870.74

## **Fiscal Outlook**

Jamaica's fiscal performance has been boosted by the strong recovery from the impact of the COVID-19 pandemic. The fiscal position, up to July 2022 has been positive. Improvements have been recorded in the labour market, and international trade is expanding. These augur well for continued positive fiscal developments. However, risks remain, such as high inflation and rising interest rates. In light of this, it is imperative that the Government of Jamaica maintains its prudent management of its fiscal affairs.

Achieving the legislated debt target of 60% of GDP, or less, by end-FY 2027/28 and, ultimately, attaining fiscal sustainability remains a priority. In light of this, the GOJ is committed to fiscal discipline and good governance, while ensuring that the Government's programmes and policies are adequately funded.

## **Public Debt Service**

Public debt servicing costs are projected to total \$313,428.2mn for FY 2022/23, comprising \$184,285.8mn for domestic debt and \$129,142.3mn for external debt.

## **Public Bodies: Prospects for remainder of FY 2022/23**

The Group is programmed to generate an Overall Balance surplus of \$11,739.18 million for FY 2022/23. It is likely that this may change given that several of the entities have been performing above target. However, the financial performance of CAP and Petrojam could impact the actual outturn significantly. Operations at the JAMALCO plant restarted in August 2022, at a reported 30% capacity with an aim to gradually increase to 50% capacity by September/October 2022. However, there is still the risk that the Plant may not achieve the planned level of operations, thereby negatively impacting CAP's financial performance. Meanwhile, Petrojam's operating results could vary significantly given the uncertainties regarding the movement of prices of petroleum products.

## **FY 2022/23 and the Medium Term Fiscal Profile**

The medium term fiscal profile presented in Appendix I reflects updated projections that are consistent with the adjustments to the medium term macroeconomic forecasts. The revised macroeconomic assumptions for FY 2022/23 include, inter alia:

- Real GDP expansion of 4.1%;
- Annual inflation rate of 6.8%;
- Average Oil price (WTI) of US\$102.6 per barrel; and
- Core Imports increasing by 14.8% relative to FY 2021/22.

Revenue & Grants for FY 2022/23 are currently projected to total \$780,457.4mn (29.5% of GDP), representing an increase of \$30,677.3mn or 3.9% over the approved budget. Tax Revenue, totalling \$702,213.4mn, is projected to account entirely for the increase. Non-Tax Revenue, Bauxite Levy,

Capital Revenue and Grants remain at their original targets of \$65,398.7mn, \$4,908.3mn, \$1,477.0mn and \$6,460.0mn, respectively.

Over the medium term, robust growth in Revenue & Grants is expected, as the economic recovery continues. Over the three years from FY 2023/24 to FY 2025/26, inflows from Revenue & Grants are projected to average 29.4% of GDP and grow at an annual average of 6.8%. This performance is expected to be spurred mainly by Tax revenue, with a projected annual average growth of 7.4%.

Total expenditure (net of amortization) has been revised to \$773,737.6mn (29.2% of GDP) for FY 2022/23, reflecting an increase of \$30,792.1mn or 4.0% relative to the approved budget which results entirely from higher Recurrent spending. Recurrent Expenditure of \$708,670.3mn (26.8% of GDP) is programmed for the fiscal year, up 4.3%. The increase in Recurrent Expenditure reflects higher Programmes, Compensation of Employees and Interest payments by \$15,000.0mn (5.7%), \$5,000.0mn (5.7%) and \$10,792.1mn (7.2%), respectively. Capital Expenditure is maintained at \$65,067.3mn or 2.5% of GDP.

Total expenditure (net of amortization) as a percentage of GDP is projected to fall to 33.6% in FY 2023/24, 1.8 percentage points below the ratio for the current fiscal year, due mainly to the expected debt service spending. Over the medium term, total expenditure (net of amortization) is expected to average approximately 34.8% of GDP.

## Appendix I

**Table A1: Central Government Summary Accounts – Fiscal Monitoring Table FY 2022/23**  
(in millions of Jamaica dollars)

Item	Prov. Apr - July	Budget Apr - July	Diff	Diff %	FY 21/22 Apr - July	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>236,104.3</b>	<b>214,444.9</b>	<b>21,659.4</b>	<b>10.1%</b>	<b>225,531.4</b>	<b>10,573.0</b>	<b>4.7%</b>
Tax Revenue	218,885.5	200,206.2	18,679.3	9.3%	176,667.1	42,218.4	23.9%
Non-Tax Revenue	15,494.8	12,225.5	3,269.3	26.7%	45,010.4	(29,515.6)	-65.6%
Bauxite Levy	404.5	403.9	0.6	0.1%	0.0	404.5	-
Capital Revenue	0.0	72.5	(72.5)	-100.0%	778.2	(778.2)	-100.0%
Grants	1,319.6	1,536.9	(217.3)	-14.1%	3,075.7	(1,756.1)	-57.1%
<b>Expenditure</b>	<b>236,405.4</b>	<b>237,753.3</b>	<b>(1,347.9)</b>	<b>-0.6%</b>	<b>229,841.9</b>	<b>6,563.5</b>	<b>2.9%</b>
Recurrent Expenditure	219,964.9	220,580.7	(615.8)	-0.3%	209,046.6	10,918.4	5.2%
Programmes	86,050.2	86,613.6	(563.4)	-0.7%	88,082.5	(2,032.2)	-2.3%
Compensation of Employees	88,904.0	89,612.3	(708.4)	-0.8%	78,439.1	10,464.8	13.3%
Wages & Salaries	82,921.4	82,986.9	(65.5)	-0.1%	71,019.8	11,901.6	16.8%
Employers Contribution	5,982.5	6,625.4	(642.9)	-9.7%	7,419.4	(1,436.8)	-19.4%
Interest	45,010.8	44,354.8	655.9	1.5%	42,524.9	2,485.8	5.8%
Domestic	17,318.6	16,598.4	720.2	4.3%	13,142.6	4,176.0	31.8%
External	27,692.1	27,756.4	(64.3)	-0.2%	29,382.3	(1,690.2)	-5.8%
Capital Expenditure	16,440.5	17,172.5	(732.1)	-4.3%	20,795.3	(4,354.9)	-20.9%
Capital Expenditure	16,440.5	17,172.5	(732.1)	-4.3%	20,795.3	(4,354.9)	-20.9%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>(301.1)</b>	<b>(23,308.3)</b>	<b>23,007.3</b>	<b>98.7%</b>	<b>(4,310.5)</b>	<b>4,009.4</b>	<b>93.0%</b>
<b>Loan Receipts</b>	<b>30,465.1</b>	<b>30,745.7</b>	<b>(280.5)</b>	<b>-0.9%</b>	<b>49,364.0</b>	<b>(18,898.8)</b>	<b>-38.3%</b>
Domestic	23,014.7	22,200.0	814.7	3.7%	32,737.7	(9,722.9)	-29.7%
External	7,450.4	8,545.7	(1,095.2)	-12.8%	16,626.3	(9,175.9)	-55.2%
Project Loans	7,450.4	8,545.7	(1,095.2)	-12.8%	9,092.3	(1,641.8)	-18.1%
Other	0.0	0.0	0.0	0.0%	7,534.1	(7,534.1)	-100.0%
<b>Other Inflows (inc'ds PCDF)</b>	<b>2,231.8</b>	<b>1,834.8</b>	<b>396.9</b>	<b>21.6%</b>	<b>649.4</b>	<b>1,582.4</b>	<b>243.7%</b>
<b>Other Outflows</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>6,966.5</b>	<b>(6,966.5)</b>	<b>-100.0%</b>
<b>Amortization</b>	<b>28,768.1</b>	<b>29,494.4</b>	<b>(726.3)</b>	<b>-2.5%</b>	<b>53,661.5</b>	<b>(24,893.4)</b>	<b>-46.4%</b>
Domestic	11,129.9	11,040.8	89.0	0.8%	33,663.5	(22,533.6)	-66.9%
External	17,638.2	18,453.6	(815.4)	-4.4%	19,998.0	(2,359.8)	-11.8%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>3,627.7</b>	<b>(20,222.3)</b>	<b>23,850.0</b>	<b>117.9%</b>	<b>(14,925.2)</b>	<b>18,552.9</b>	<b>124.3%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>44,709.7</b>	<b>21,046.5</b>	<b>23,663.2</b>	<b>112.4%</b>	<b>38,214.4</b>	<b>6,495.3</b>	<b>17.0%</b>

Source: MoFPS

**Table A2: Details of Revenue - FY 2022/23**

(in millions of Jamaica dollars)

Item	Prov.	Budget			FY 21/22		
	Apr - July	Apr - June	Diff	Diff %	Apr - July	Diff	Diff %
<b>Revenue &amp; Grants</b>	<b>236,104.3</b>	<b>214,444.9</b>	<b>21,659.4</b>	<b>10.1%</b>	<b>225,531.4</b>	<b>10,573.0</b>	<b>4.7%</b>
<b>Tax Revenue</b>	<b>218,885.5</b>	<b>200,206.2</b>	<b>18,679.3</b>	<b>9.3%</b>	<b>176,667.1</b>	<b>42,218.4</b>	<b>23.9%</b>
Income and profits	53,470.2	46,989.8	6,480.4	13.8%	44,981.5	8,488.8	18.9%
Bauxite/Alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	14,104.3	12,843.2	1,261.1	9.8%	13,806.8	297.5	2.2%
PAYE	29,118.8	26,178.3	2,940.4	11.2%	23,229.7	5,889.1	25.4%
Tax on Dividend	1,332.6	514.0	818.6	159.3%	564.0	768.6	136.3%
Other Individuals	1,443.7	1,348.7	95.0	7.0%	1,304.1	139.6	10.7%
Tax on Interest	7,470.8	6,105.6	1,365.3	22.4%	6,076.8	1,394.0	22.9%
Production and consumption	75,823.9	73,551.2	2,272.6	3.1%	65,417.3	10,406.5	15.9%
Min Business Tax	44.9	0.0	44.9	-	53.7	(8.8)	-16.5%
SCT (Local)	8,720.7	11,019.3	(2,298.6)	-20.9%	11,362.1	(2,641.4)	-23.2%
Environmental Levy	313.8	331.7	(17.9)	-5.4%	281.5	32.3	11.5%
Motor Vehicle Licenses	2,203.2	1,899.3	303.9	16.0%	1,598.6	604.6	37.8%
Other Licenses	1,003.1	856.9	146.2	17.1%	2,119.7	(1,116.6)	-52.7%
Quarry Tax	13.7	22.4	(8.8)	-39.0%	28.2	(14.5)	-51.4%
Betting, Gaming and Lottery	2,906.8	2,751.4	155.4	5.6%	2,598.6	308.2	11.9%
Accommodation Tax	1,064.8	665.9	398.9	59.9%	560.7	504.1	89.9%
Education Tax	12,388.2	11,397.0	991.3	8.7%	10,352.3	2,036.0	19.7%
Telephone Call Tax	1,110.9	1,145.4	(34.5)	-3.0%	1,199.4	(88.6)	-7.4%
Contractors Levy	933.6	846.5	87.1	10.3%	677.7	255.9	37.8%
GCT (Local)	42,513.4	40,483.3	2,030.1	5.0%	32,533.5	9,979.9	30.7%
Stamp Duty (Local)	2,606.9	2,132.1	474.8	22.3%	2,051.5	555.5	27.1%
International Trade	89,591.4	79,665.2	9,926.2	12.5%	66,268.3	23,323.1	35.2%
Custom Duty	19,527.6	18,094.3	1,433.3	7.9%	15,349.6	4,178.0	27.2%
Stamp Duty	1,237.9	1,003.9	233.9	23.3%	855.0	382.9	44.8%
Travel Tax	7,989.6	4,945.6	3,044.0	61.6%	4,353.8	3,635.8	83.5%
GCT (Imports)	37,445.8	35,577.0	1,868.8	5.3%	30,707.0	6,738.8	21.9%
SCT (Imports)	21,488.2	18,639.9	2,848.3	15.3%	13,629.1	7,859.1	57.7%
Environmental Levy	1,902.3	1,404.3	497.9	35.5%	1,373.7	528.6	38.5%
<b>Non-Tax Revenue</b>	<b>15,494.8</b>	<b>12,225.5</b>	<b>3,269.3</b>	<b>26.7%</b>	<b>45,010.4</b>	<b>(29,515.6)</b>	<b>-65.6%</b>
<b>Bauxite Levy</b>	<b>404.5</b>	<b>403.9</b>	<b>0.6</b>	<b>0.1%</b>	<b>0.0</b>	<b>404.5</b>	<b>-</b>
<b>Capital Revenue</b>	<b>0.0</b>	<b>72.5</b>	<b>(72.5)</b>	<b>-100.0%</b>	<b>778.2</b>	<b>(778.2)</b>	<b>-100.0%</b>
<b>Grants</b>	<b>1,319.6</b>	<b>1,536.9</b>	<b>(217.3)</b>	<b>-14.1%</b>	<b>3,075.7</b>	<b>(1,756.1)</b>	<b>-57.1%</b>

Source: MoFPS



**Table A3: Central Government Summary Accounts – Fiscal Monitoring Table**  
**FY 2022/23**  
(in millions of Jamaica dollars)

Item	Prov	Approved Budget	Diff	Diff %	Actual	Diff	Diff %
	Apr - March	Apr - March			FY 2021/22 Apr - March		
<b>Revenue &amp; Grants</b>	<b>780,457.4</b>	<b>749,780.0</b>	<b>30,677.4</b>	<b>4.1%</b>	<b>720,224.5</b>	<b>60,232.9</b>	<b>8.4%</b>
Tax Revenue	702,213.4	671,536.1	30,677.3	4.6%	616,367.9	85,845.5	13.9%
Non-Tax Revenue	65,398.7	65,398.7	0.0	0.0%	92,828.0	(27,429.3)	-29.5%
Bauxite Levy	4,908.3	4,908.3	0.0	0.0%	2,461.7	2,446.6	99.4%
Capital Revenue	1,477.0	1,477.0	0.0	0.0%	908.4	568.6	62.6%
Grants	6,460.0	6,460.0	0.0	0.0%	7,658.5	(1,198.5)	-15.6%
<b>Expenditure</b>	<b>773,737.6</b>	<b>742,945.5</b>	<b>30,792.1</b>	<b>4.1%</b>	<b>698,895.6</b>	<b>74,842.0</b>	<b>10.7%</b>
Recurrent Expenditure	708,670.3	677,878.2	30,792.1	4.5%	648,385.4	60,284.9	9.3%
Programmes	264,226.0	249,226.0	15,000.0	6.0%	269,586.5	(5,360.5)	-2.0%
Compensation of Employees	295,243.1	290,243.1	5,000.0	1.7%	241,751.1	53,492.0	22.1%
Wages & Salaries	273,825.1	268,825.1	5,000.0	1.9%	222,484.2	51,340.9	23.1%
Employers Contribution	21,418.0	21,418.0	(0.0)	0.0%	19,266.9	2,151.1	11.2%
Interest	149,201.1	138,409.1	10,792.1	7.8%	137,047.8	12,153.3	8.9%
Domestic	67,936.4	61,385.1	6,551.4	10.7%	54,711.9	13,224.5	24.2%
External	81,264.7	77,024.0	4,240.7	5.5%	82,335.9	(1,071.2)	-1.3%
Capital Expenditure	65,067.3	65,067.3	0.0	0.0%	50,510.2	14,557.1	28.8%
Capital Expenditure	65,067.3	65,067.3	0.0	0.0%	50,510.2	14,557.1	28.8%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>6,719.7</b>	<b>6,834.5</b>	<b>(114.7)</b>	<b>-1.7%</b>	<b>21,328.9</b>	<b>(14,609.2)</b>	<b>-68.5%</b>
<b>Loan Receipts</b>	<b>132,809.4</b>	<b>124,130.1</b>	<b>8,679.3</b>	<b>7.0%</b>	<b>131,664.9</b>	<b>1,144.5</b>	<b>0.9%</b>
Domestic	92,047.6	92,047.6	0.0	0.0%	75,832.9	16,214.7	21.4%
External	40,761.8	32,082.5	8,679.3	27.1%	55,832.0	(15,070.2)	-27.0%
<b>Other Inflows (inc'ds PCDF)</b>	<b>32,514.6</b>	<b>32,514.6</b>	<b>0.0</b>	<b>0.0%</b>	<b>3,268.0</b>	<b>29,246.6</b>	<b>894.9%</b>
<b>Other Outflows</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>19,267.9</b>	<b>(19,267.9)</b>	<b>-100.0%</b>
<b>Amortization</b>	<b>164,227.0</b>	<b>169,057.9</b>	<b>(4,830.9)</b>	<b>-2.9%</b>	<b>159,791.1</b>	<b>4,435.9</b>	<b>2.8%</b>
Domestic	116,349.4	116,426.5	(77.1)	-0.1%	72,368.0	43,981.4	60.8%
External	47,877.6	52,631.4	(4,753.7)	-9.0%	87,423.1	(39,545.5)	-45.2%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>7,816.8</b>	<b>(5,578.7)</b>	<b>13,395.5</b>	<b>240.1%</b>	<b>(22,797.2)</b>	<b>30,614.0</b>	<b>134.3%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>155,920.9</b>	<b>145,243.5</b>	<b>10,677.4</b>	<b>7.4%</b>	<b>158,376.7</b>	<b>(2,455.8)</b>	<b>-1.6%</b>

Source: MoFPS

**Table A4: Central Government Summary Accounts**  
(in millions of Jamaica dollars)

Item	Act 2018/19	Act 2019/20	Act 2020/21	Proj 2021/22	Proj 2022/23	Proj 2023/24	Proj 2024/25	Proj 2025/26
<b>Revenue &amp; Grants</b>	<b>628,985.2</b>	<b>649,759.2</b>	<b>575,401.1</b>	<b>720,224.5</b>	<b>780,457.4</b>	<b>847,133.1</b>	<b>895,136.3</b>	<b>951,192.3</b>
Tax Revenue	542,919.4	579,397.0	505,686.7	616,367.9	702,213.4	768,488.2	818,185.9	869,726.3
Non-Tax Revenue	72,850.5	64,505.2	62,182.6	92,828.0	65,398.7	65,228.5	65,784.1	69,793.7
Bauxite Levy	136.5	(0.0)	0.0	2,461.7	4,908.3	7,966.5	5,615.1	5,782.7
Capital Revenue	2,531.7	1,200.2	352.1	908.4	1,477.0	168.3	179.9	190.8
Grants	10,547.0	4,656.8	7,179.7	7,658.5	6,460.0	5,281.5	5,371.3	5,698.7
<b>Expenditure</b>	<b>604,597.5</b>	<b>630,354.4</b>	<b>635,911.3</b>	<b>698,895.6</b>	<b>773,737.6</b>	<b>839,379.7</b>	<b>887,357.0</b>	<b>916,502.8</b>
Recurrent Expenditure	538,393.2	559,961.4	586,727.2	648,385.4	708,670.3	752,169.6	792,087.7	815,842.4
Programmes	209,079.7	216,856.6	234,693.0	269,586.5	264,226.0	269,377.4	282,846.3	296,988.6
Compensation of Employees	200,125.3	211,617.5	222,996.3	241,751.1	295,243.1	335,606.8	365,366.1	390,639.5
Wages & Salaries	183,505.5	195,935.5	208,002.2	222,484.2	273,825.1	311,339.6	339,042.7	362,736.7
Employers Contribution	16,619.8	15,682.1	14,994.1	19,266.9	21,418.0	24,267.2	26,323.4	27,902.8
Interest	129,188.1	131,487.3	129,037.9	137,047.8	149,201.1	147,185.4	143,875.3	128,214.4
Domestic	51,026.0	47,596.1	50,338.6	54,711.9	67,936.4	64,083.0	63,968.0	51,488.6
External	78,162.1	83,891.2	78,699.2	82,335.9	81,264.7	83,102.4	79,907.3	76,725.8
Capital Expenditure	66,204.3	70,392.9	49,184.1	50,510.2	65,067.3	87,210.2	95,269.3	100,660.3
Capital Programmes	66,204.3	70,392.9	49,184.1	50,510.2	65,067.3	87,210.2	95,269.3	100,660.3
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>24,387.7</b>	<b>19,404.8</b>	<b>(60,510.2)</b>	<b>21,328.9</b>	<b>6,719.7</b>	<b>7,753.4</b>	<b>7,779.3</b>	<b>34,689.5</b>
<b>Loan Receipts</b>	<b>114,180.1</b>	<b>126,060.1</b>	<b>221,924.9</b>	<b>149,635.3</b>	<b>124,130.1</b>	<b>86,722.6</b>	<b>230,965.0</b>	<b>82,630.9</b>
Domestic	76,553.2	74,978.7	166,092.9	75,832.9	92,047.6	61,484.1	159,075.2	68,197.2
External	37,626.9	51,081.4	55,832.0	73,802.4	32,082.5	25,238.5	71,889.8	14,433.6
<b>Other Inflows (inc'ds PCDF)</b>	<b>27,894.9</b>	<b>104,174.9</b>	<b>3,338.5</b>	<b>3,268.0</b>	<b>32,514.6</b>	<b>17,551.4</b>	<b>14,533.2</b>	<b>14,533.2</b>
<b>Other Outflows</b>	<b>35,164.5</b>	<b>37,933.2</b>	<b>36,967.0</b>	<b>19,267.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Amortization</b>	<b>132,990.1</b>	<b>169,046.6</b>	<b>159,085.5</b>	<b>159,791.1</b>	<b>164,227.0</b>	<b>125,703.9</b>	<b>276,024.8</b>	<b>136,615.7</b>
Domestic	80,008.1	70,480.6	112,778.2	72,368.0	116,349.4	21,901.5	168,764.1	47,680.7
External	52,982.0	98,565.9	46,307.3	87,423.1	47,877.6	103,802.4	107,260.7	88,935.0
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>(1,691.9)</b>	<b>42,660.0</b>	<b>(31,299.3)</b>	<b>(4,826.8)</b>	<b>(862.5)</b>	<b>-13,676.5</b>	<b>-22,747.4</b>	<b>(4,762.2)</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>153,575.8</b>	<b>150,892.1</b>	<b>68,527.7</b>	<b>158,376.7</b>	<b>155,920.9</b>	<b>154,938.8</b>	<b>151,654.6</b>	<b>162,903.9</b>
<b>Total Payments</b>	<b>772,752.1</b>	<b>837,334.1</b>	<b>831,963.8</b>	<b>877,954.6</b>	<b>937,964.6</b>	<b>965,083.6</b>	<b>1,163,381.8</b>	<b>1,053,118.5</b>

Source: MoFPS

**Table A5: Central Government Summary Accounts**  
(percent of GDP)

Item	Act 2018/19	Act 2019/20	Act 2020/21	Proj 2021/22	Proj 2022/23	Proj 2023/24	Proj 2024/25	Proj 2025/26
<b>Revenue &amp; Grants</b>	<b>30.6%</b>	<b>30.6%</b>	<b>29.5%</b>	<b>31.0%</b>	<b>29.5%</b>	<b>29.5%</b>	<b>29.4%</b>	<b>29.4%</b>
Tax Revenue	26.4%	27.3%	25.9%	26.6%	26.5%	26.7%	26.8%	26.9%
Non-Tax Revenue	3.5%	3.0%	3.2%	4.0%	2.5%	2.3%	2.2%	2.2%
Bauxite Levy	0.0%	0.0%	0.0%	0.1%	0.2%	0.3%	0.2%	0.2%
Capital Revenue	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Grants	0.5%	0.2%	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%
<b>Expenditure</b>	<b>29.4%</b>	<b>29.7%</b>	<b>32.6%</b>	<b>30.1%</b>	<b>29.2%</b>	<b>29.2%</b>	<b>29.1%</b>	<b>28.3%</b>
Recurrent Expenditure	26.2%	26.4%	30.1%	27.9%	26.8%	26.2%	26.0%	25.2%
Programmes	10.2%	10.2%	12.0%	11.6%	10.0%	9.4%	9.3%	9.2%
Compensation of Employees	9.7%	10.0%	11.4%	10.4%	11.2%	11.7%	12.0%	12.1%
Wages & Salaries	8.9%	9.2%	10.7%	9.6%	10.3%	10.8%	11.1%	11.2%
Employers Contribution	0.8%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%
Interest	6.3%	6.2%	6.6%	5.9%	5.6%	5.1%	4.7%	4.0%
Domestic	2.5%	2.2%	2.6%	2.4%	2.6%	2.2%	2.1%	1.6%
External	3.8%	4.0%	4.0%	3.5%	3.1%	2.9%	2.6%	2.4%
Capital Expenditure	3.2%	3.3%	2.5%	2.2%	2.5%	3.0%	3.1%	3.1%
Capital Programmes	3.2%	3.3%	2.5%	2.2%	2.5%	3.0%	3.1%	3.1%
<b>Fiscal Balance (Surplus + / Deficit -)</b>	<b>1.2%</b>	<b>0.9%</b>	<b>-3.1%</b>	<b>0.9%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>1.1%</b>
<b>Loan Receipts</b>	<b>5.6%</b>	<b>5.9%</b>	<b>11.4%</b>	<b>6.4%</b>	<b>4.7%</b>	<b>3.0%</b>	<b>7.6%</b>	<b>2.6%</b>
Domestic	3.7%	3.5%	8.5%	3.3%	3.5%	2.1%	5.2%	2.1%
External	1.8%	2.4%	2.9%	3.2%	1.2%	0.9%	2.4%	0.4%
<b>Other Inflows (inc'ds PCDF)</b>	<b>1.4%</b>	<b>4.9%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>1.2%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.4%</b>
<b>Other Outflows</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>0.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Amortization</b>	<b>6.5%</b>	<b>8.0%</b>	<b>8.2%</b>	<b>6.9%</b>	<b>6.2%</b>	<b>4.4%</b>	<b>9.1%</b>	<b>4.2%</b>
Domestic	3.9%	3.3%	5.8%	3.1%	4.4%	0.8%	5.5%	1.5%
External	2.6%	4.6%	2.4%	3.8%	1.8%	3.6%	3.5%	2.8%
<b>Overall Balance (Surplus + / Deficit -)</b>	<b>-0.1%</b>	<b>2.0%</b>	<b>-1.6%</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>-0.5%</b>	<b>-0.7%</b>	<b>-0.1%</b>
<b>Primary Balance (Surplus + / Deficit -)</b>	<b>7.5%</b>	<b>7.1%</b>	<b>3.5%</b>	<b>6.8%</b>	<b>5.9%</b>	<b>5.4%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Total Payments</b>	<b>37.6%</b>	<b>39.5%</b>	<b>42.7%</b>	<b>37.8%</b>	<b>35.4%</b>	<b>33.6%</b>	<b>38.1%</b>	<b>32.6%</b>
<b>GDP</b>	<b>2,053,279.2</b>	<b>2,121,087.3</b>	<b>1,948,842.0</b>	<b>2,321,517.1</b>	<b>2,647,370.6</b>	<b>2,875,714.6</b>	<b>3,049,518.8</b>	<b>3,233,953.7</b>

Source: MoFPS

## Appendix II

### FISCAL RISK STATEMENT

This report serves as an update to select elements of the Fiscal Risk Statement published in the February 2022 Fiscal Policy Paper (FPP). Among the risk sources identified in the 2022 FPP publication are: the macroeconomic assumptions used to prepare the FY 2022/23 budget and projections for the medium term, which include economic growth, inflation, interest rates, exchange rates, and changes in commodity prices, particularly that of oil; risks associated with contingent liabilities, arising from natural disasters, the operations of public bodies, public private partnerships and judicial awards; and specific risks such as wage settlements, monetary policy and government policy changes.

#### Macroeconomic Risks

##### *Economic Growth*

In September 2022, the real GDP growth forecast for FY 2022/23 was revised upwards from 3.5% at the time of budget to 4.1%, influenced by the faster-than-projected pace of increase in economic activities during the first quarter of the fiscal year. Real GDP growth in the first quarter is estimated at 5.7%, driven by a 55.4% expansion in Hotels and Restaurants, due primarily to the continued improvements in tourism. Output from Agriculture, Forestry and Fishing and Manufacturing also improved, with estimated growth at 12.6% and 2.8%, respectively (see **Part 2: Macroeconomic Overview**).

The higher than projected economic growth for the quarter positively impacted revenue collection. Tax revenue for the April to June quarter exceeded budget by \$12,411.1mn, or 8.2%, reflecting above-target inflows from the three tax categories: Income and Profits, Production and Consumption and International Trade.

##### *Inflation*

The annual point-to-point inflation rate in August 2022 was 10.2%, exceeding the fiscal year projection of 5.0% at the time of budget, and surpassing the upper limit of the BOJ's target band of 4.0% to 6.0%. The fiscal year projection was revised upwards to 6.8%, based on stronger-than-expected growth in domestic demand as well as higher-than-anticipated increase in international commodity prices. Over the medium term however, inflation is projected to moderate and stabilize around the mid-point of the target range. Inflation rates impact the GOJ expenditure budget as it relates to general housekeeping expenses, capital expenditure as well as the cost for servicing inflation-linked debt.

## ***Interest Rates***

Increasing interest rates are a risk to debt service costs. The extent of the Government's exposure to risks associated with changes in interest rates is measured based on the interest rate composition of the debt stock. In an effort to reduce this risk, the GOJ's debt management strategy features the issuance of mainly fixed-rate debt instruments.

The 3-month Treasury bill rate is the reference rate primarily used to reset interest rates on the variable-rate portion of the debt portfolios. In the second quarter of FY 2022/23, the 90-day Treasury bill rate averaged 7.61%, 298 basis points (bps) above the average recorded in the last quarter of FY 2021/22, influenced by the actions of the Central Bank which increased its policy rate by 150 bps over the first half of the fiscal year to address rising domestic inflation. This resulted in an increase in the cost to service domestic debt.

Interest rates on external variable-rate debt are primarily linked to the Secured Overnight Financing Rate (SOFR). For FY 2022/23 to end-August, the SOFR increased by 196 bps. This movement coincides with the tightening of the Federal Funds Rate by the US Federal Reserve by 275 bps between March 2022 and September 2022, in its quest to lower the US inflation rate. This adversely impacts the cost to service variable-rate external debt.

## ***Exchange Rate***

Over the first five months of the fiscal year, the Jamaica dollar appreciated by 1.1% relative to the United States (US) dollar, compared to the 4.4% of depreciation over the similar period last fiscal year. The average selling rate for the period was J\$153.77 to US\$1 (see **Figure II (a)**). The appreciation of the local currency reflects weakened demand for the US dollar as well as improved foreign currency liquidity, due in part to the BOJ's strategic interventions in the foreign exchange market through its B-FXITT<sup>5</sup> sales. The appreciation positively impacts the external debt stock and debt servicing costs, in Jamaica dollar terms.

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<sup>5</sup> B-FXITT is the acronym for the Bank of Jamaica's Foreign Exchange Intervention & Trading Tool.

**Figure II (a) Exchange Rate Movements of the Jamaica Dollar vis-à-vis the US Dollar**

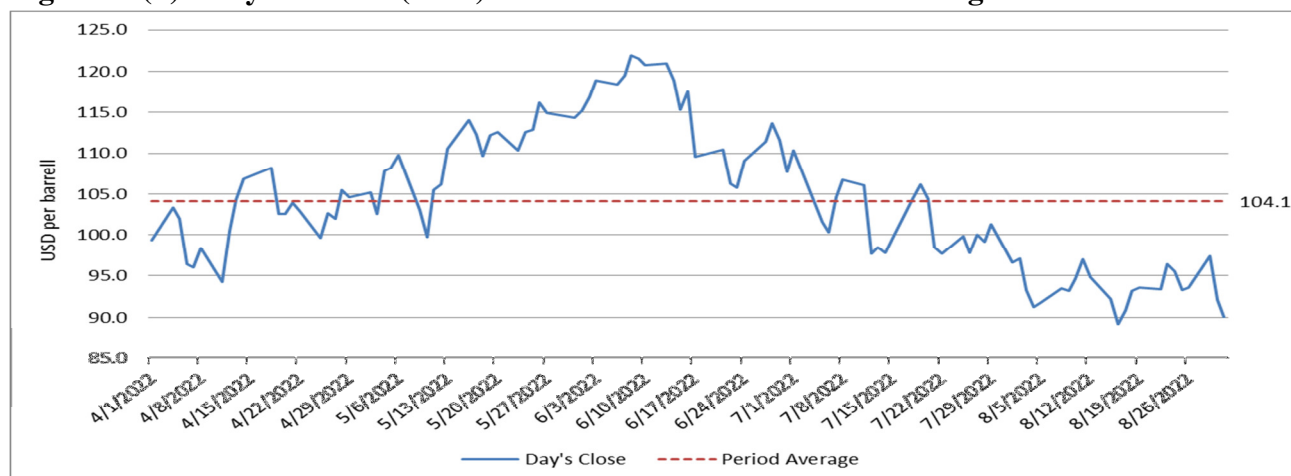


Source: Bank of Jamaica

### ***Oil Prices***

For the fiscal year to end-August, West Texas Intermediate (WTI) oil prices averaged US\$104.1/bbl (see **Figure II (b)**). Relative to the same period last fiscal year, this represents an increase of US\$36.45/bbl. This increase largely reflects the disruptions to global fuel supply due to ongoing geopolitical tensions between Russia and several Western economies associated with the ongoing war in Ukraine. Average oil price for the fiscal year thus far exceeded the projected fiscal year average of US\$67.49/bbl which was presented in the annual FPP in February 2022. The projection has since been revised to US\$102.64/bbl suggesting a marginal decline in oil prices for the remainder of the fiscal year.

**Figure II (b) Daily Oil Price (WTI) Movements FY 2022/23 to End-August**



Source: Federal Reserve Bank of St Louis

## **Contingent Liabilities**

### ***Natural Disasters***

In July 2021, the GOJ bolstered its financial protection from natural disasters through the issuance of a Catastrophe (Cat) Bond on the International Capital Market, with the assistance of the World Bank. The Cat Bond provides insurance coverage valued at a maximum of US\$185.0mn against named wind events, for a period of two and a half years, or three wind seasons. The Government has also maintained its parametric insurance coverage with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF-SPC) which insures against damage resulting from Tropical Cyclone (TC), Earthquake (EQ) and Excess Rainfall (XSR). Total coverage under this policy for FY 2022/23 amounts to US\$248.7 million. Additionally, US\$285.0mn remains available through the Inter-American Development Bank (IDB) Contingent Credit Line, while the GOJ's National Disaster Fund (NDF) and Contingencies fund are capitalized at approximately \$500.0mn and \$4.9bn, respectively.

### ***National Natural Disaster Risk Financing (NNDRF) Policy***

The GOJ's policy to guide disaster risk financing in Jamaica is slated to be tabled by end-FY 2022/23. The NNDRF policy proposes a risk layered approach to funding disaster relief, recovery and reconstruction without significant impact on the national budget. Cabinet approved the draft policy for tabling in the Houses of Parliament as a Green Paper. Preparations are underway for the tabling of the document in Parliament, following which public consultations will commence.

### ***Public Bodies***

The GOJ continues to monitor the operations of public bodies as possible sources of contingent liabilities, both explicit and implicit. Central Government accounts may be impacted if these entities are unable to service loans extended by the GOJ, or those which are government guaranteed. The Government may also face the moral obligation (implicit liability) to recapitalize public bodies in the event of failure. It is therefore important to monitor key developments which might impact the financial performance of these entities.

The Government remains committed in its efforts to reducing inefficiencies in the public sector through the strategic implementation of the Public Bodies Rationalisation Programme, in order to mitigate the risk of recourse to the Central Government budget.

### **Public Bodies with Arrears**

The GOJ remains cognisant that public bodies with significant arrears could present fiscal risks to the Government's operations. Therefore, arrears and liabilities are closely monitored to manage these risks. The Government continues to monitor closely the domestic arrears of seven (7) large public

bodies within the established ceiling of \$6,400.0mn. These public bodies are Clarendon Alumina Production Limited, National Water Commission (NWC), Housing Agency of Jamaica, the Jamaica Urban Transit Company Limited, National Health Fund, National Road Operating and Construction Company Limited and the Urban Development Corporation. The total domestic arrears for these entities totalled \$6,011.7mn as at August 31, 2022.

### **Public Private Partnerships (PPPs)**

PPPs remain important mechanisms to undertake infrastructure upgrade and development, while facilitating shared risks. They allow the Government to leverage private sector expertise and capital to facilitate the enhanced delivery of public infrastructure and services. While the Government continues to pursue PPPs, it is recognised that these may present fiscal risks if not appropriately designed and financed and the associated risks recognised and managed. The enhanced fiscal rules that were adopted through amendments to the FAA and PBMA Acts in March 2014 have put in place the institutional changes required to strengthen the development of projects and manage the risks associated with PPPs.

There are currently five (5) user pays (commercial) concession agreements in operation. These are the agreements for the Norman Manley International Airport (NMIA), Sangster International Airport – managed by the Airports Authority of Jamaica; Kingston Container Terminal (KCT) – managed by the Port Authority of Jamaica; North South Highway and the East West Highway 2000 – managed by National Road Operating Construction Company Limited. Four of the concessionaires have submitted claims or notice of their intent to claim, under the provision of the respective concession agreements given the negative impact of the COVID-19 pandemic.

#### ***NMIA and SIA Airports***

The claims submitted by PAC Kingston Airport Limited, operators of the NMIA and MBJ Airports Limited, for relief under the force majeure clause for the respective concession agreements are to be reviewed and negotiated. On December 14, 2020, Cabinet approved the claims and subsequently, April 12, 2021, approved the appointment of a negotiating team to review the proposals submitted by the concessionaires for economic recovery and long-term sustainability. A consultant engaged by the negotiating team in July 2022 is in the process of reviewing these proposals.

#### ***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). The magnitude of the claim submitted by TJH on October 19, 2021 indicates an increase in value compared to the previous submission. At the time of submission, TJH indicated that the claims are continuing. Therefore the claims are expected to increase further, given the date on which the DRMA was withdrawn. However, NROCC has indicated that the claims have been submitted to the Attorney General’s Chambers for review and for a determination to be made on the validity.



## ***Jamaica North South Highway Company (JNSHC)***

The JNSHC has advised NROCC of the occurrence of a Force Majeure event consequent on the prolonged impact of the COVID-19 pandemic on its operations. However, JNSHC has not yet quantified the revenue losses to facilitate the validation of claims and a determination of the extent of any remedy that may be required.

## **PPPs In progress**

PPP transactions for the Rio Cobre Water Treatment Plant and the Schools Energy Efficiency and Solar project are at advanced stages of completion. An update on these PPP projects is provided below:

### ***Rio Cobre Water Treatment Plant***

The National Water Commission (NWC) continues to pursue the development of a 25-year Water Purchase Agreement for the financing, construction, operation and maintenance of a 15-million gallons per day (mgd) Water Treatment Plant in Content, St. Catherine. The negotiated Water Purchase Agreement was approved by Cabinet on April 19, 2021. Subsequent to Cabinet's approval there were further negotiations; a draft submission is being reviewed for presentation to Cabinet to facilitate the consideration and approval of the final negotiated Water Purchase Agreement.

### ***Schools Energy Efficiency and Solar Project***

The Ministry of Education, Youth and Information, through the National Education Trust (NET) is pursuing an energy efficiency and solar energy pilot project in 30 secondary schools by way of an Energy Savings Performance Contract (ESPC). The terms of the ESPC were approved by Cabinet on December 14, 2020. To facilitate execution of the ESPC, the preferred bidder was required to establish a Special Purpose Vehicle. Although this was incorporated on March 25, 2021, it did not comply with the requirements as outlined in the Request for Proposals (RFP). Therefore in order preserve the original intent of the RFP, as well as to allow the GOJ to have legal recourse to the parent company of the SPV, the preferred bidder was required to execute a Form of Guarantee to facilitate execution of the ESPC. The ESPC was subsequently executed on March 29, 2022. The NET has commenced the process to achieve financial closure by the last quarter of FY 2022/23.

## Appendix III

### TAX ADMINISTRATION JAMAICA

Tax Administration Jamaica (TAJ/the Authority) administers Jamaica's tax laws with respect to domestic taxes (which account for more than 60% of Jamaica's tax revenues). In ensuring achievement of the revenue targets, TAJ continues to pursue and monitor its programmes and strategies geared towards collecting the revenue.

**Under TAJ's Domestic Tax Administration Programme,** TAJ has continued to focus on strengthening its compliance programmes in order to improve the performance of domestic tax revenues. This is especially relevant now given the current global challenges.

**Under TAJ's Executive Direction and Administration Programme,** the entity continues to pursue its mandate through enhanced governance of the Authority, as well as improving its business environment, processes, and human capital.

The performance of TAJ with respect to its main strategic targets over the first four months of the fiscal year is presented below.

#### *PERFORMANCE FY 2022/23 (APRIL – JULY 2022)*

##### **Collections**

Preliminary net collections for the period April – July 2022 was \$129.3B. This is approximately 7.3% above projections and a 17.1% improvement of domestic tax revenues over the same period last fiscal year.

##### **Compliance**

The results of compliance programmes are as follows:

- **Taxpayer registration:** There was a 1.79% increase in the taxpayer population, moving from 267,725 (end FY21/22) to 272,526.
- **On-time filing rate:** This improved from 59.1% to 61.1% over the corresponding period last year. This was influenced primarily by an increase across all taxpayer segments but mainly large and upper medium segments.
- **On-time payment rate:** The value of the tax liability that is paid on time performed with a YTD payment rate of 94.3%, which decreased marginally by 0.3% when compared with the payment rate of 94.6% for the similar period last year.
- **Stock of arrears:** For the period under review, approximately 65% of targeted arrears were collected (\$7.2B of \$11.1B). Enforcement action accounted for \$6.5B (approximately 90.3%) of

arrears collected. However, the stock of arrears increased by \$1.3B, moving from \$192.0B at the start of the FY to \$193.3B. This is mainly attributed to outstanding payments on current returns, the time frame to settle waivers, outstanding penalties, and the time to finalize debt write offs.

- **Audit coverage:** From an annual targeted audit coverage of 10% and 6% for large taxpayers and medium taxpayers respectively, for the review period, approximately 15% and 35% of the targeted taxpayers were audited for large and medium taxpayers respectively. This translates to 1.5% coverage for the large taxpayers and 2.1% coverage for the medium taxpayers.

## **Products and Services**

TAJ has seen an increase in the number of face-to-face interactions with clients over the period under review. Although TAJ has improved its online services since the onset of COVID-19, there remains for digital solutions to significantly impact the number of face-to-face interactions required to do business with TAJ. During the review period, TAJ continued to promote its products and services, reminding taxpayers of tax obligations, filing and payment deadlines. To this end, Property Tax was TAJ's focal message, locally and in the diaspora. Similarly, emphasis was also placed on statutory and GCT filing.

Since the beginning of FY22/23, the primary focus of TAJ's public education campaigns has been:

1. Property tax programme
2. Promotion of TAJ's digital services
3. Promotion of TAJ's payment options
4. Relocation of the Montego Bay Revenue Service Centre

Under the property tax programme, communities with high delinquency rates are targeted for special education outreach activities. To date, 10 communities have been visited.

During the period under review, TAJ continued to operate month-end Saturday services at select tax offices. Also, during this period TAJ provided information, advice and services targeted at select taxpayer groups, through various outreach events, local and international.

With respect to improvements to TAJ's processes, for the most part, the Authority's digital services continue to be one of the main focus areas to enhance relations with stakeholders, through continuous improvements to RAiS and other digital services. The Direct Funds Transfer payment facility continues to attract 'early adopters' who are technologically savvy. During the reporting period, TAJ added Scotiabank as a payment option for receiving payments. Further, another payment type, Stamp Duty (Composition) was added to the suite of payment types offered. These payment options (direct banking, direct funds transfer and other online payments) account for approximately 75% of revenue collections.

**Implementing ISO 9001: 2015 Quality Management System:** The National Certification Body of Jamaica (NCBJ), which has responsibility for ISO Certification Audits, concluded the final stage of

audits for the Spanish Town, May Pen and Falmouth Tax Offices on June 30, 2022. These audits were a success, with minor non-conformities identified, corrected and submitted to the ISO Auditors for verification. An annual Surveillance Audit, which is a requirement for continuous certification, was conducted at the St. Andrew Revenue Service Centre (RSC) during the same period of the Stage 2 Certification Audit for the three tax offices. This audit was also a success and St. Andrew RSC will retain the ISO 9001 certification status (previously attained in 2021).

### **Improved Business Environment**

TAJ continues to improve its office environment to ensure that it is conducive to work and doing business. The organization aims to improve staff morale and to continue to boost productivity further by addressing not only where business is done, but also, how it impacts customers.

For FY22/23, TAJ planned to undertake 10 renovation projects. Currently, two projects have been completed (repainting of the May Pen RSC and relocation of staff at the Montego Bay RSC). The remaining eight slated for structural renovation are: 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. At the end of the period under review, schematic drawings were completed, a Bill of Quantity was pending for Mandeville RSC, and the others are still at the preliminary stage, where interactions with stakeholders are still ongoing.

### **Legal Framework**

The Legal Services branch continues to provide support to TAJ's strategic objectives through guidance and technical support of initiatives and programmes, which enable the organization to fulfil its mandate within the context of the law. Support from Legal Services included:

- Legal opinions and advice provided as requested
- Technical advice provided to the Commissioner General and staff, Ministries, Departments and Agencies, business professionals and individual taxpayers on the application of revenue laws, and accounting principles in the determination of tax liabilities
- Technical advice and guidance was provided with respect to legislation. Current amendments being done include:
  - Special Economic Zone (SEZ) Act which speaks to the Base Erosion and Profit Shifting (BEPS) Action 5: Countering Harmful Tax Practices, which should strengthen the Bill, in its aim to mitigate tax evasion and other financial crimes
  - [National Identification System \(NIDS\)](#) Bill, on the assignment of registration numbers
- Large Scale and Pioneers Projects Act, which should provide tax incentives/tax relief to large projects on tax types such as GCT, customs charges, Income Tax. The authority was represented at various tribunals and Parish Courts on both civil and criminal matters.

- Double Taxation Treaty between Jamaica and United Arab Emirates negotiations are complete, and the treaty is ready to be signed.
- New training materials were developed and training programmes delivered (internal and external stakeholders) as needed or upon request, to ensure stakeholders are kept abreast of all legislative changes/amendments and refresher programmes, in areas pertaining to tax laws.
- Relationships with international partners such as the Organisation for Economic Co-operation and Development (OECD), United Nations (UN), International Monetary Fund (IMF) were strengthened with TAJ's participation in meetings and workshops.

## Appendix IV

### Developments in the Financial Sector

#### Introduction

During Fiscal Year 2022/23, the Ministry of Finance and the Public Service (MoFPS) continued to actively pursue key reforms to enhance the resilience and stability of the financial sector. Of note, the much-anticipated Bank of Jamaica (Amendment) Act to facilitate central bank digital currency was passed in both Houses of Parliament and assented by the Governor General in June 2022. In addition, other key pieces of legislation have advanced and are at different stages of progress, as detailed below.

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).

#### Legislative Amendments

##### Bank of Jamaica (BOJ) Act

The **Bank of Jamaica (Amendment) Bill** was passed in both Houses of Parliament and assented by the Governor General on June 13, 2022. The amendments have facilitated the national issuance of a central bank digital currency (CBDC) and have empowered the Bank of Jamaica (the BOJ) to be the sole authority to issue CBDC as legal tender.

Efforts to revise the **Bank of Jamaica (Amendment) Act** to implement the framework for the eligibility criteria for appointments are ongoing as are steps toward amending the **Bank of Jamaica Act** to implement a framework for Money or Value Transfer Services (MVTs).

##### Payment Clearing Settlement Act

The MOFPS is also pursuing amendment of the **Payment Clearing Settlement Act**. The proposed amendments to this Act seek to enhance the legal and regulatory framework for payment service providers (PSPs).

##### Private Sector Pensions Reform

The **Pensions (Repeal and Replacement) Bill** and the **Income Tax (Amendment) Bill** continued through the iterative process the revised Bills currently with key stakeholders for comments. This second phase of private sector pension reform seeks to ensure adequate levels of pension benefits, foster security of benefits for participants and provide for an effectively regulated private pensions industry by the FSC.

### **Financial Services Commission (FSC) Act**

The FSC (Amendment) Bill which has been several iterations seeks to facilitate the development of the regime for consolidated supervision of non-deposit taking institutions(non-DTIs) groups.

### **Insurance Act**

A comprehensive approach is being undertaken to address additional policy proposals to amend the **Insurance Act** subsequent to the 2019 draft Bill. The revised Bill is currently being drafted by the CPC.

### **Third Party Risk Insurance Act**

Amendments are being proposed to the **Third Party Risk Insurance Act** to address deficiencies in the legislative framework. Work on this is ongoing.

### **Financial Investigations Division (FID) Act**

Work has continued with respect to policy proposals to amend the Financial Investigations Division Act to ensure that the Act is consistent with the Financial Action Task Force/ Caribbean Financial Action Task Force (FATF/CFAFT) standards and guidelines of the Egmont Group relating to information sharing.

### **New Enactment**

#### **Proposed Credit Union (Special Provisions) Act**

The MOFPS is pursuing preparation of the **Credit Union (Special Provisions) Bill** which seeks to enact legislation to place credit unions under the regulatory purview of the BOJ.

### **Consumer Protection Framework for deposit taking institutions**

The MOFPS is awaiting feedback on the **Bank of Jamaica (Financial Services Consumer Protection) Bill** from key stakeholders. The proposed new legislation seeks to provide for financial consumer protection for customers of deposit taking institutions and other institutions regulated by the BOJ.

### **Virtual Assets and Virtual Assets Service Providers**

Work on proposals for a regulatory framework for virtual assets and virtual assets service providers has continued with a review of stakeholder comments currently underway.

### **Proposal for the enhancement of the Resolution Framework for Financial Institutions**

The MOFPS continued to collaborate with the Technical Working Group to develop the relevant drafting instructions to revise the **Financial Institutions (Special Resolution Framework) Bill**. The proposed legislation 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 the recourse to public funds whilst preserving vital economic functions.

## **Financial Sector Adjustment Company Ltd and Financial Institutions Services Ltd**

FINSAC continued the scaling down of legacy operations with two members of staff, as follows:

- 1) The audited financial statements of both companies for the year ended March 31, 2022 were completed and submitted to the Ministry of Finance on July 25, 2022. The annual general meeting occurred on September 22, 2022.
- 2) FINSAC's 72% shareholding in Ciboney Group Limited remains unsold, but efforts continue to identify an investor for these shares.
- 3) The remaining *bona vacantia* shares have not yet been sold but this matter will be pursued in short order with the net proceeds paid over to the Accountant General.
- 4) There are two litigation matters that were recently heard at the Privy Council. A decision is awaited on one matter. A judgment was handed down in the second matter dismissing the claim, as it was a claim for constitutional redress which was initiated in the wrong court. The Privy Council suggested that the claimant should pursue the substantive matter which is an appeal against a Supreme Court decision and not await the outcome of the constitutional matter.
- 5) The five annual mandatory advertisements to seek to locate members of the Jamaica Mutual Life Staff Superannuation Schemes have been done and there are still over 160 persons who have not been located. In line with the relevant statute, the funds for these persons will be paid into the Supreme Court within six months of the final advertisement.
- 6) For FIS, there are two matters to be resolved before an application may be filed to delist the company, i.e. two unsold properties for which approval will be sought to transfer them to the Commissioner of Lands and the winding up of Jamaica Grande Limited for which management accounts are being prepared for the period December 2005 to 2021.

## **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 taking the profit out of crime. Notable achievements of the FID include:

### **1) Preparations for conversion from a Division to a Department of Government**

The Financial Investigations Division has been recognized as a Department in accordance with the provisions of FID Act following approval of a new structure

### **2) Jamaica's success in addressing FATF's deficiencies in relation to money laundering investigations**

The FID was able to successfully demonstrate to the Financial Action Task Force's (FATF) International Co-operation Review Group (ICRG) that deficiencies previously identified in the 2016 Mutual Evaluation Report on Jamaica's money laundering and transnational organized crimes investigations have been addressed. This was achieved by sustained coordinated efforts with the Jamaica Constabulary Force (JCF), Major Organized Crime and Anti-Corruption Agency (MOCA) and Jamaica Customs Agency (JCA).



### **3) goAML facilitates report under POCA, TPA and UNSCRIA**

As of July 31, 2022, 509 entities were registered and the FID received and processed 49,762 reports as follows:

#### **Under POCA**

- i. Suspicious Transaction Report - 2,261*
- ii. Threshold Transaction Report - 45,938*
- iii. Authorised Disclosure Reports (Request to Consent ) – 23*

#### **Under TPA**

- iv. TPA compliance report - 770*

#### **Under UNSCRIA**

- v. UNSCRIA reports - 636*

### **4) Asset Recovery Agency (ARA) Actions**

In line with its mandate of taking the profit out of crime, the FID pursued multiple actions that led to the forfeiture and disposal of assets. During the period, the sum of \$16.2m was received from forfeited cash and forfeited bank accounts.

# Appendix V

## PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

APPENDIX V PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)							
PROJECTS	Funding Agency	Revised Allocation 2021/2022	Estimates 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)	Projection 2026/2027 (\$'000)
<b>OFFICE OF THE PRIME MINISTER</b>							
Implementation of the National Identification System (NIDS) for Economic Growth	IDB	1,661,324	2,360,264	2,095,000	2,500,000	-	-
Jamaica Disaster Vulnerability Reduction Project	IBRD	1,279,952	673,542	-	-	-	-
Jamaica Integrated Community Development Project II	GOJ	455,187	796,200	353,800	-	-	-
Rural Economic Development Initiative (REDI II)	IBRD	188,759	677,452	607,190	1,381,700	1,850,000	-
Youth Employment in Digital and Animation Industries	IBRD	258,500	-	-	-	-	-
Poverty Reduction Project IV	EU	227,626	-	-	-	-	-
Basic Needs Trust Fund (BNTF9)	CDB	698,899	-	-	-	-	-
Jamaica Integrated Community Development Project	IBRD	200,000	-	-	-	-	-
<b>TOTAL OFFICE OF THE PRIME MINISTER</b>		<b>4,970,247</b>	<b>4,507,458</b>	<b>3,055,990</b>	<b>3,881,700</b>	<b>1,850,000</b>	<b>-</b>
<b>MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>							
Establishment of United Nations (UN) House	GOJ	60,500	103,500	120,000	120,000	-	-
Credit Enhancement Programme for MSMEs	IDB	620,950	789,700	-	-	-	-
Access to Finance for MSMEs	IBRD	400,000	750,000	-	-	-	-
Boosting Innovation, Growth & Entrepreneurship Ecosystem	IDB	270,000	849,975	1,000,000	550,000	850,000	-
Electronic Land Titling Project	GOJ	40,000	900,000	1,173,955	1,129,181	207,770	-
Southern Coastal Highway Improvement Project	GOJ/CEXIM	25,567,750	20,744,525	23,229,000	3,227,649	-	-
Construction of Ministry of Foreign Affairs Head Office	GOJ/PRC	67,833	104,431	-	-	-	-
Montego Bay Perimeter Road	GOJ	600,000	4,889,522	10,686,000	12,600,000	14,664,000	10,500,000
Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco)	UNEP	150,930	106,736	-	-	-	-
Montego Bay Waterfront Protection Infrastructure (Groynes) Project	GOJ	224,000	321,905	-	-	-	-
Montego Bay Closed Harbour Beach Park Development Project	GOJ	91,954	-	-	-	-	-
Plastic Waste Minimization Project	UNEP	19,900	-	-	-	-	-
Green Climate Fund Readiness Support Project	G/Climate Fund	-	65,000	-	-	-	-
PPCR II - Adaptation Programme & Financing Mechanism	CIF/IDB	149,272	60,000	-	-	-	-
Developing a Comprehensive Bush Fire Warning Index for Effective Bush Fire Management	CDB	1,425	-	-	-	-	-
Conserving Biodiversity and Reducing Land Degradation Using an Integrated Approach	GEE/UNDP/GOJ	43,595	80,000	277,809	277,809	277,809	-
<b>TOTAL MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>		<b>28,308,109</b>	<b>29,765,294</b>	<b>36,486,764</b>	<b>17,904,639</b>	<b>15,999,579</b>	<b>10,500,000</b>
<b>MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>							
Contingency Provision - Public Investment Management System	GOJ	-	5,317,137	23,847,242	61,350,217	75,265,746	85,992,738
Strategic Public Sector Transformation	IBRD	1,031,824	353,055	285,000	-	-	-
PPCR II - Improving Climate Data & Information Management	CIF/IBRD	187,548	43,322	-	-	-	-
Enhancing the Resilience of the Agri Sector and Coastal Areas	Adaptation Fund	200,000	253,495	-	-	-	-
Strengthening the Institutional Capacity of Financial Services Commission (TC)	IDB	7,750	-	-	-	-	-
Jamaica Foundation for Competitiveness and Growth	IBRD	550,000	290,500	-	-	-	-
Support to the Public Sector Transformation Programme	IDB	1,998,162	2,286,698	1,600,120	-	-	-
A Jamaican Path from Hills to Ocean	EU	35,000	142,753	275,000	360,000	210,000	-
Jamaica Business Environment Reforms Project	GOJ/IBRD	50,000	330,000	950,000	630,000	-	-
Technical Cooperation Facility (TCF) VI	EU	110,831	-	-	-	-	-
Public Sector Transformation - Support to the MoFP Transformation Programme	UNDP	15,500	-	-	-	-	-
<b>TOTAL MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>		<b>4,186,615</b>	<b>9,016,960</b>	<b>26,957,362</b>	<b>62,340,217</b>	<b>75,475,746</b>	<b>85,992,738</b>
<b>MINISTRY OF HOUSING, URBAN RENEWAL, ENVIRONMENT AND CLIMATE CHANGE</b>							
PPCR II - Adaptation Programme & Financing Mechanism	CIF/IDB	95,667	-	-	-	-	-
Developing a Comprehensive Bush Fire Warning Index for Effective Bush Fire Management	CDB	-	-	-	-	-	-
Green Climate Fund Readiness Support Project	Green Climate Fund	21,405	-	-	-	-	-
<b>TOTAL MINISTRY OF HOUSING, URBAN RENEWAL, ENVIRONMENT AND CLIMATE CHANGE</b>		<b>117,072</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MINISTRY OF NATIONAL SECURITY</b>							
Acquisition of Aircraft		2,336,000	-	-	-	-	-
Cyber Security Initiatives	GOJ	1,726,136	2,243,649	1,500,000	-	-	-
Acquisition of Equipment - Coast Guard	GOJ	2,236,704	2,700,000	2,000,000	-	-	-
Development of the Jamaica Defence Force Western Bases	GOJ	419,000	-	-	-	-	-
Construction of the Forensic Pathology Autopsy Suite	GOJ	246,827	319,050	250,000	-	-	-
Construction of the Westmoreland Police Divisional Headquarters	GOJ	180,000	700,000	900,000	250,000	-	-
Acquisition of vehicles - JDF		435,000	-	-	-	-	-
Security Strengthening Project	IDB	423,602	1,009,358	1,100,000	-	-	-
<b>TOTAL MINISTRY OF NATIONAL SECURITY</b>		<b>8,003,269</b>	<b>6,972,057</b>	<b>5,750,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>

PROJECTS	Funding Agency	Revised Allocation 2021/2022	Estimates 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)	Projection 2026/2027 (\$'000)
<b>MINISTRY OF JUSTICE</b>							
Construction and Improvement of Courthouses	GOJ	320,000	-	-	-	-	-
Establishment of Family Courts	GOJ	200,000	-	-	-	-	-
Renovation and Upgrading Works at the Clarendon Parish Court	GOJ	40,000	95,000	-	-	-	-
<b>TOTAL MINISTRY OF JUSTICE</b>		<b>560,000</b>	<b>95,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
			-	-	-	-	-
<b>MINISTRY OF LABOUR &amp; SOCIAL SECURITY</b>							
Integrated Support to Jamaica Social Protection Strategy	IDB	169,930	-	-	-	-	-
<b>TOTAL MINISTRY OF LABOUR &amp; SOCIAL SECURITY</b>		<b>169,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
			-	-	-	-	-
<b>MINISTRY OF EDUCATION, YOUTH &amp; INFORMATION</b>							
Education Transformation Programme I	GOJ	40,000	250,000	-	-	-	-
Renovation & Modification of Caenwood and Heroes Circle Premises	GOJ	60,000	-	-	-	-	-
Promoting Quality Education and Advancing the reality of a Child Friendly Environment	UNICEF	1,403	-	-	-	-	-
Primary & Secondary School Infrastructure Project		404,000	899,500	850,000	-	-	-
Establishment of Diagnostic Centres (Special Education)	GOJ	263,000	110,000	-	-	-	-
Education System Transformation Programme (Phase 2)	GOJ	-	52,000	1,500,000	2,000,000	3,000,000	3,500,000
			-	-	-	-	-
<b>TOTAL MINISTRY OF EDUCATION, YOUTH &amp; INFORMATION</b>		<b>768,403</b>	<b>1,311,500</b>	<b>2,350,000</b>	<b>2,000,000</b>	<b>3,000,000</b>	<b>3,500,000</b>
			-	-	-	-	-
<b>MINISTRY OF HEALTH</b>							
Redevelopment of the Cornwall Regional Hospital	GOJ	545,370	1,141,122	1,500,000	1,200,000	-	-
Western Adolescence Hospital	GOJ	125,000	83,000	-	-	-	-
Support for the Health Systems Strengthening for the Prevention & Care Management of Non-Communicable Diseases Programme	IDB/EU/G OJ	554,000	2,335,141	3,319,147	3,450,000	-	-
Support to the National HIV/AIDS Response in Jamaica		904,440	1,041,191	872,739	882,739	985,000	-
Technical support to Reduce Teenage Pregnancy	IDB	13,814	-	-	-	-	-
Programme for Reduction of Maternal and Child Mortality (PROMAC)	EU	75,000	-	-	-	-	-
Redevelopment and Modernisation of the University Hospital of the West Indies	GOJ	-	300,000	1,800,000	2,500,000	2,500,000	3,500,000
<b>TOTAL MINISTRY OF HEALTH</b>		<b>2,217,624</b>	<b>4,900,454</b>	<b>7,491,886</b>	<b>8,032,739</b>	<b>3,485,000</b>	<b>3,500,000</b>
			-	-	-	-	-
<b>MINISTRY OF AGRICULTURE &amp; FISHERIES</b>							
			-	-	-	-	-
Bodles Redevelopment Project	GOJ	150,000	105,000	-	-	-	-
Promoting Community Based Climate Resilience in the Fisheries Sector	IBRD	77,322	99,642	-	-	-	-
Essex Valley Irrigation Infrastructure Development Prog.	CDB	723,097	2,677,000	200,000	-	-	-
Southern Plain Agricultural Development Project	CDB	243,981	1,371,228	125,000	-	-	-
Soil Fertility Mapping Project	Kingdom of Morocco	28,000	65,000	60,000	10,000	-	-
Agricultural Competitiveness Programme Bridging Project	GOJ	215,429	-	-	-	-	-
Feasibility Studies for GOJ Public Investment Projects - South St.Catherine - South Clarendon Irrigation Feasibility Study	CDB	65,713	-	-	-	-	-
Modernisation of the Agricultural Sector Programme	IDB	-	150,000	650,000	850,000	850,000	850,000
<b>TOTAL MINISTRY OF AGRICULTURE &amp; FISHERIES</b>		<b>1,503,542</b>	<b>4,467,870</b>	<b>1,035,000</b>	<b>860,000</b>	<b>850,000</b>	<b>850,000</b>
			-	-	-	-	-
<b>MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>							
			-	-	-	-	-
Global Services Skills Project	IDB	337,858	710,230	810,230	-	-	-
Implementation Support for Skills Development for Global Services	IDB grant	11,839	-	-	-	-	-
<b>TOTAL MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>		<b>349,697</b>	<b>710,230</b>	<b>810,230</b>	<b>-</b>	<b>-</b>	<b>-</b>
			-	-	-	-	-
<b>MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>							
Energy Management and Efficiency Programme	IDB	704,010	1,167,666	1,250,000	-	-	-
Upgrade to the International Postal System Project	Universal Postal Union	37,450	-	-	-	-	-
<b>TOTAL MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>		<b>741,460</b>	<b>1,167,666</b>	<b>1,250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
			-	-	-	-	-
<b>MINISTRY LOCAL GOVERNMENT &amp; RURAL DEVELOPMENT</b>							
Improvement of Emergency Communication System in Jamaica	JICA	373,856	300,000	170,000	-	-	-
Fixed Asset Acquisition - Jamaica Fire Brigade	GOJ	1,930,350	-	-	-	-	-
Climate Change Adaptation and Risk Reduction Technology and Strategies to Improve Community Resilience	CDB	1,144	-	-	-	-	-
Acquisition of Compactor Trucks		-	1,852,838	1,852,938	-	-	-
<b>TOTAL MINISTRY LOCAL GOVERNMENT &amp; RURAL DEVELOPMENT</b>		<b>2,305,350</b>	<b>2,152,838</b>	<b>2,022,938</b>	<b>-</b>	<b>-</b>	<b>-</b>
			-	-	-	-	-
<b>TOTAL CENTRAL GOVERNMENT</b>		<b>54,201,318</b>	<b>65,067,327</b>	<b>87,210,170</b>	<b>95,269,295</b>	<b>100,660,325</b>	<b>104,342,738</b>

PUBLIC ENTERPRISES - SELF-FINANCED PUBLIC BODIES							
PROJECTS	Funding Agency	Revised Allocation 2021/2022	Estimates 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)	Projection 2026/2027 (\$'000)
<b>Airport Authority of Jamaica</b>							
NMIA Capital Development Programme (CDP)	AAJ	118.97	218.93	160.22	329.38	276	-
Aerodromes	AAJ	224.26	508.32	350.76	667.50	1,039	741
Shoreline Protection	AAJ	543.64	133.86	32.84	-	170	339
<b>AAJ Sub-Total</b>		<b>886.87</b>	<b>861.11</b>	<b>543.82</b>	<b>996.88</b>	<b>1,484.07</b>	<b>1,080.33</b>
<b>Betting, Gaming and Lotteries Commission</b>							
Gaming Management Information System (GMIS)	BGLC	175	233	62	-	-	-
<b>BGLC Sub-Total</b>		<b>175</b>	<b>233</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Factories Corporation of Jamaica</b>							
Garmex Redevelopment Project	FCJ	248,880	888,260	672,010	85,000	-	-
<b>FCJ Sub-Total</b>		<b>248,880</b>	<b>888,260</b>	<b>672,010</b>	<b>85,000</b>	<b>-</b>	<b>-</b>
<b>Financial Services Commission</b>							
Enterprise Information Management ( Integrated Regulatory System)	FSC	60,000	60,000	60,000	-	-	-
<b>FSC Sub-Total</b>		<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>National Housing Trust</b>							
<b>SMALL CONTRACOTRS PROGRAMME</b>							
Windsor	NHT	-	320,000	-	-	-	-
Darliston, Westmoreland	NHT	6,118	-	-	-	-	-
Masemure, Westmoreland	NHT	66,241	-	-	-	-	-
Monymusk 2	NHT	86,736	-	-	-	-	-
Shrewbury Ph 1, Westmoreland	NHT	-	200,000	105,000	-	-	-
Humming - Sevens, Phase 1	NHT	232,781	70,000	-	-	-	-
Colbeck Castle, Ph 1 & 2	NHT	-	470,000	240,000	-	-	-
Colbeck Castle, Ph 4	NHT	-	350,000	286,000	200,000	200,000	-
Projects to be determined	NHT	-	-	397,840	-	100,000	-
Colbeck Castle, Ph 5	NHT	-	-	-	-	-	167,250
Bromley	NHT	-	-	-	-	250,000	375,000
Negril Spots	NHT	-	-	-	-	150,000	225,000
Minard	NHT	-	-	-	-	100,000	175,500
Colbeck Castle Ph3&4							183,100
<i>Sub-Total</i>		<b>391,876</b>	<b>1,410,000</b>	<b>1,028,840</b>	<b>200,000</b>	<b>800,000</b>	<b>1,125,850.00</b>
<b>DEVELOPERS PROGRAMME</b>							
Ridge Estate, St. Ann	NHT	-	10,200	-	-	396,000	1,988,800.00
Negril Spots	NHT	-	421,900	1,552,000	1,241,600	1,396,800	-
Mount Nelson, Manchester	NHT	-	2,800	-	-	1,017,000	2,796,000.00
Longville Ph 4	NHT	-	3,500	-	-	-	6,400,000.00
Luana	NHT	-	-	2,547,000	-	-	-
Minard	NHT	-	-	-	2,664,000	-	-
Galina	NHT	-	-	-	837,000	-	-
Dry Valley	NHT	-	-	-	-	1,062,000	2,865,600.00
Ruthven Road Ph2	NHT	-	-	-	-	2,457,000	-
Fontabelle	NHT	-	-	-	-	530,870	2,217,790.00
Surbion Apartments	NHT	-	-	-	-	966,000	-
Barrett Hall	NHT	-	-	-	-	761,400	2,370,000.00
Projects to be determined	NHT	-	-	-	-	960,000	1,600,000.00
<i>Sub-Total</i>		<b>-</b>	<b>438,400</b>	<b>4,099,000</b>	<b>4,742,600</b>	<b>9,547,070</b>	<b>20,238,190.00</b>
<b>NHT JOINT VENTURE</b>							
The Villages of Colebeck Castle - Ph 1 & 2, Clarendon (Inf)	NHT	158,485	924,000	1,000,000	413,550	59,500	-
The Villages of Colebeck Castle - Ph 3 & 4, Clarendon (Inf)	NHT	23,164	102,000	400,000	173,790	29,000	-
The Villages of Colebeck Castle - Ph 5, Clarendon (Housing & Inf)	NHT	-	276,500	1,000,000	810,000	800,000	170,000.00
The Villages of Colebeck Castle - Ph 6, Clarendon (Housing & Inf)	NHT	-	11,000	-	-	-	-
Estuary - Phase 2, St. James	NHT	1,718,396	352,100	710,000	-	-	-
Estuary - Phase 1, St. James	NHT	-	1,077,000	-	-	-	-
Penwood, Olympic Gardens	NHT	5,652	360,000	260,000	178,900	6,820	-
Irwin Housing Development	NHT	74,658	8,400	67,020	34,200	-	-
<i>Sub-Total</i>		<b>1,980,356</b>	<b>3,111,000</b>	<b>3,437,020</b>	<b>1,610,440</b>	<b>895,320</b>	<b>170,000.00</b>
<b>NHT PROJECTS - GENERAL</b>							
Albion, Manchester	NHT	-	21,910	71,470	810,020	821,730	828,590.00
Dry Valley, Trelawny	NHT	-	-	-	-	-	1,380,000.00
Dundee, Trelawny	NHT	-	26,000	750,000	720,000	1,250,000	1,400,000.00
Bromley, St. Ann	NHT	-	25,000	387,000	1,190,400	1,936,000	-
Monymusk Country Estate 2, Clarendon Houses	NHT	1,319	605,950	75,000	-	-	-
Monymusk Glades, Clarendon Houses	NHT	418,426	-	-	-	-	-
Friendship - Phase 1, St. Elizabeth	NHT	418,697	382,500	-	-	-	-
Friendship - Phase 2, St. Elizabeth	NHT	-	223,580	734,360	925,410	1,211,970	616,430.00
Passley Gardens, Portland	NHT	-	9,700	276,350	310,400	138,570	20,590.00
Perth 1A, Manchester	NHT	20,117	-	-	-	-	-
Perth 2, Manchester	NHT	4,230,566	1,093,900	300,000	-	-	-
Humming Meadows Phase 1, (Housing) Clarendon	NHT	14,311	-	-	-	-	-
Humming Meadows Phase 2, Clarendon	NHT	1,274,736	1,294,000	300,000	-	-	-
Twickenham Park, Phase 4, St. Catherine	NHT	575,954	39,500	90,000	-	-	-
Ruthven Road, Phase 1, St Andrew	NHT	855,550	50,410	-	-	-	-
Ruthven Road, Phase 2, St Andrew	NHT	-	-	-	-	-	-
Shrewsbury 2, Westmoreland	NHT	-	16,810	33,000	4,000	-	-
Vineyard Town - Central Avenue & Third Avenue	NHT	-	26,230	-	-	-	-
Windsor, Duncans	NHT	38,554	31,300	-	-	-	-
Malvern, St. Elizabeth	NHT	16,939	26,000	-	-	-	-
Industry Cove, Hanover	NHT	14,818	-	-	-	-	-
Projects to be determined	NHT	-	-	-	240,000	256,690	1,563,600.00
Jacksonville	NHT	6,892	-	-	-	-	-
Point, Hanover	NHT	84	-	-	-	-	-
<i>Sub-Total</i>		<b>7,886,964</b>	<b>3,872,790</b>	<b>3,017,180</b>	<b>4,200,230</b>	<b>5,614,960</b>	<b>5,809,210.00</b>



PROJECTS	Funding Agency	Revised Allocation 2021/2022	Estimates 2022/2023 (\$'000)	Projection 2023/2024 (\$'000)	Projection 2024/2025 (\$'000)	Projection 2025/2026 (\$'000)	Projection 2026/2027 (\$'000)
<b>INNER CITY HOUSING / COMMUNITY RENEWAL PROG.</b>							
Rasta City	NHT	16,403	311,000	520,000	576,000	213,000	-
White Wing	NHT	42,936	95,000	240,000	39,200	-	-
Maxfield Park (Frog City)	NHT	12,453	127,500	327,000	208,200	-	-
Cantebury	NHT	-	186,500	-	-	-	-
St. Pauls Lane	NHT	-	49,000	390,000	-	-	-
Bellrock	NHT	-	73,500	15,000	6,400	-	-
81 Bayfarm Road	NHT	-	35,550	330,000	-	-	-
Industry Pen	NHT	-	-	920,000	148,500	-	-
Mona Common	NHT	-	-	710,000	188,400	210,150	175,000.00
Majesty Gardens	NHT	57,407	-	-	-	-	-
Denham Town	NHT	773	-	-	-	-	-
Mount Salem	NHT	-	-	236,250	1,200,000	900,000	-
Loith Hall	NHT	-	-	300,000	-	-	500,000.00
Juno Crescent	NHT	8,723	-	-	-	-	-
<i>Sub-Total</i>		138,694	878,050	3,988,250	2,366,700	1,323,150	675,000.00
<b>NHT Sub-Total</b>		<b>10,397,890</b>	<b>9,710,240</b>	<b>15,570,290</b>	<b>13,119,970</b>	<b>18,180,500</b>	<b>28,018,250.00</b>
<b>National Water Commission</b>							
		-	-	-	-	-	-
KMA Water Supply Programme	IDB	509,210	-	-	-	-	-
Caribbean Regional Fund for Wastewater Management (CRoW)	CRoW	74,930	-	-	-	-	-
Spanish Town Road Mains Replacement	Loan	1,252,690	730,000	1,600,000	1,600,000	-	-
Other Mains Replacement	Loan	230,390	1,080,700	-	500,000	500,000	-
Greater Mandeville Water Supply	NHT loan	176,590	50,000	200,000	800,000	-	-
Port Royal Mains Replacement and New Sewerage System	Grant	153,620	1,050,000	200,000	600,000	-	-
<b>K FACTOR PROGRAMME</b>							
Customer Water Meter Installation	NWC	-	3,500,000	-	2,800,000	2,100,000	-
Baron Hill/Samuel Prospect Water main	Loan	144,460	-	-	-	-	-
Essex Valley W/S Distribution	Loan	73,100	-	-	-	-	-
Hounslow W/S Hopewell Well to Fort Charles	Loan	-	110,000	-	-	-	-
Western Spanish Town/St John's Road W/S Upgrading	Loan	-	-	-	-	-	-
Kencot Sewerage	Loan	31,200	-	-	-	-	-
Horizon Park WWTP Rehab	Loan	132,380	50,000	-	-	-	-
Eltham Park WWTP Rehabilitation	Loan	-	68,000	-	-	-	-
Greater Portmore WWTP Rehabilitation Phases 1 & 2	NWC	175,820	200,000	-	-	-	-
Seymour/Fairway Sewerage	Loan	-	-	-	-	-	-
Dillsbury/Millsborough Sewerage	Loan	50,710	-	-	-	-	-
Duhaney Park/New Haven Sewerage Force Main replacement & Upgrade	Loan	-	-	-	-	-	-
Bay Farm Road Sewer Extension	Loan	47,350	-	-	-	-	-
Tanks and Pumps	Loan	-	-	-	-	-	-
University Crescent Sewerage	Loan	-	-	-	-	-	-
Mona Heights Sewerage	Loan	60,000	160,000	163,000	160,000	-	-
St Catherine NRW	NWC	-	-	241,000	863,000	797,000	-
<b>Rural Water Projects</b>							
Agualta Vale/Richmond Highgate	Loan	87,400	-	-	-	-	-
Dornoch WTP to Baron Hill Main Replc.	Loan	-	70,000	155,000	-	-	-
Jericho Well to Ewarton/York St Pipe upgrade	Loan	-	50,000	-	-	-	-
Martha Brae WTP intake upgrading	Loan	147,190	220,000	150,000	-	-	-
Moravia WTP Manchester	Loan	-	-	-	-	-	-
Black River Pipeline replacement	Loan	37,800	201,000	-	-	-	-
Shettlemwood-Anchovy Water Supply St James	Loan	-	115,000	-	-	-	-
<b>NWC Sub-Total</b>		<b>3,384,840</b>	<b>7,654,700</b>	<b>2,709,000</b>	<b>7,323,000</b>	<b>3,397,000</b>	<b>-</b>
<b>Port Authority of Jamaica</b>							
Port Royal	Loan	264,370	292,740	83,590	-	-	-
Business Process Outsourcing	Loan	90,100	86,110	65,000	-	-	-
MV Bury Tender JA. II Repl	PAJ	1,260,030	1,368,190	-	-	-	-
Port Community System	PAJ	65,000	163,350	42,050	42,340	46,730	-
Logistics	PAJ	68,380	132,080	-	-	-	-
Montego Freeport	PAJ	-	491,460	1,102,000	300,000	-	-
Ocho Rios Cruise Terminal	PAJ	95,810	157,500	980,790	-	-	-
<b>PAJ Sub-Total</b>		<b>1,843,690</b>	<b>2,691,430</b>	<b>2,273,430</b>	<b>342,340</b>	<b>46,730</b>	<b>-</b>
<b>Spectrum Management Authority</b>							
ASMS/RMDFS Equipment	SMA	-	116,200	-	-	-	-
<b>SMA Sub-Total</b>		<b>-</b>	<b>116,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Urban Development Corporation</b>							
Hellshire Sewage Treat Plant	UDC/NH T	-	-	-	-	-	-
Dunn's River Falls and Park Renovation	UDC	59,030	47,200	-	-	-	-
<b>UDC Sub-Total</b>		<b>59,030</b>	<b>138,510</b>	<b>6,690</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SELF-FINANCED PUBLIC BODIES</b>		<b>15,995,392</b>	<b>21,260,434</b>	<b>21,292,026</b>	<b>20,871,307</b>	<b>21,625,714</b>	<b>28,019,330</b>
<b>TOTAL CENTRAL GOVERNMENT &amp; SELF-FINANCED PUBLIC BODIES</b>		<b>70,196,710</b>	<b>86,327,761</b>	<b>108,502,196</b>	<b>116,140,602</b>	<b>122,286,039</b>	<b>132,362,068</b>
<b>PUBLIC PRIVATE PARTNERSHIPS</b>							
Norman Manley International Airport (NMIA)	PPP	356,546	2,720,490	831,708	752,670	876,384	1,098,392.00
Ministry of Education - Schools Solar	PPP	-	333,900	342,468	-	-	-
National Water Commission- Rio Cobre 15MGD WTP	PPP	-	4,863,753	4,863,753	-	-	-
<b>TOTAL PPPs</b>		<b>356,546</b>	<b>7,918,143</b>	<b>6,037,929</b>	<b>752,670</b>	<b>876,384</b>	<b>1,098,392</b>
<b>TOTAL PSIP</b>		<b>70,553,256</b>	<b>94,245,904</b>	<b>114,540,125</b>	<b>116,893,272</b>	<b>123,162,423</b>	<b>133,460,460</b>

## Appendix VI

APPENDIX 6: CENTRAL GOVERNMENT NON DEBT EXPENDITURE				
Table IA - Recurrent Expenditure Performance April - July, 2022				
\$'000				
Head No.	Heads	2022/2023 Approved Budget	Budget April - July	Provisional April -July
01000	His Excellency the Governor-General and Staff	407,675	149,549	121,301
02000	Houses of Parliament	1,341,391	418,900	387,048
03000	Office of the Public Defender	190,178	82,591	74,730
05000	Auditor General	1,087,007	340,361	309,588
06000	Office of the Services Commissions	406,749	125,266	110,415
07000	Office of the Children's Advocate	273,004	86,362	79,487
08000	Independent Commission of Investigations	612,308	206,230	191,404
09000	Integrity Commission	1,150,532	314,360	332,155
15000	Office of the Prime Minister	7,561,107	2,723,985	2,730,615
15010	Jamaica Information Service	680,846	233,154	226,135
15020	Registrar General Department	659,370	258,521	294,997
16000	Office of the Cabinet	561,109	170,795	152,725
16049	Management Institute for National Development	274,923	92,164	89,777
17000	Ministry of Tourism	11,507,204	3,847,482	3,691,041
19000	Ministry of Economic Growth and Job Creation	8,927,891	3,893,834	4,112,223
19046	Forestry Department	1,090,013	353,703	361,970
19047	National Land Agency	858,517	365,678	316,680
19048	National Environment and Planning Agency	1,192,291	395,547	386,157
19050	National Works Agency	873,915	291,094	291,094
20000	Ministry of Finance & the Public Service	49,576,488	10,231,511	9,899,960
20011	Accountant General	1,572,648	424,980	402,206
20019	Pensions	40,011,884	12,438,550	12,256,592
20056	Tax Administration Jamaica	14,045,294	4,730,008	4,848,894
26000	Ministry of National Security	34,248,397	11,407,112	11,075,408
26022	Police Department	46,117,077	15,009,539	15,149,268
26024	Department of Correctional Services	8,903,647	3,133,168	3,172,850
26053	Passport, Immigration and Citizenship Agency	1,121,806	406,250	406,250
26057	Institute of Forensic Science and Legal Medicine	959,761	266,044	253,097
26059	Major Organised Crime & Anti-Corruption Agency	1,073,547	337,350	256,502
27000	Ministry of Constitutional & Legal affairs	572,205	175,531	171,159
28000	Ministry of Justice	2,567,834	746,589	733,958

APPENDIX 6: CENTRAL GOVERNMENT NON DEBT EXPENDITURE				
Table IA - Recurrent Expenditure Performance April - July, 2022				
		\$'000		
Head No.	Heads	2022/2023 Approved Budget	Budget April - July	Provisional April -July
28025	Director of Public Prosecutions	516,721	177,810	198,400
28031	Attorney General	1,320,942	384,010	356,010
28058	Judiciary	5,585,079	1,767,586	1,619,231
30000	Ministry of Foreign Affairs and Foreign Trade	5,030,141	1,693,943	1,632,856
40000	Ministry of Labour and Social Security	14,219,814	4,660,968	4,656,492
41000	Ministry of Education, Youth	119,225,217	41,408,502	41,913,425
41051	Child Development Agency	3,136,230	1,060,365	1,000,045
42000	Ministry of Health and Wellness	91,011,996	32,162,336	31,695,684
42034	Bellevue Hospital	2,021,814	640,272	600,244
42035	Government Chemist	91,670	33,076	18,829
46000	Ministry of Culture, Gender, Entertainment and Sport	4,407,217	1,677,742	1,574,684
51000	Ministry of Agriculture and Fisheries	10,224,964	3,321,125	3,277,008
53000	Ministry of Industry, Investment & Commerce	4,290,996	1,347,409	1,354,032
53038	Companies Office	8,860	2,000	-
56000	Ministry of Science, Energy & Technology	6,480,924	1,513,515	1,358,167
56039	Post and Telecommunications Department	2,415,192	772,628	725,371
68000	Ministry of Transport and Mining	12,880,983	4,178,297	4,473,840
72000	Ministry of Local Government and Rural Development	15,776,327	5,641,660	5,490,020
	<b>TOTAL</b>	<b>539,469,143</b>	<b>176,225,910</b>	<b>174,954,176</b>

**APPENDIX 6: CENTRAL GOVERNMENT NON DEBT EXPENDITURE**
**Table IB - Capital Performance April - July, 2022**

\$'000				
MINISTRY/PROJECT	FUNDING SOURCE	2022/2023 APPROVED BUDGET	BUDGET' APRIL - JULY	PROVISIONAL APRIL - JULY
<b>OFFICE OF THE PRIME MINISTER</b>				
29488 Jamaica Disaster Vulnerability Reduction Project	GOJ/IBRD	673,542	85,998	85,998
29532 National Identification System (NIDS) Project	IABD	2,360,264	358,746	358,746
29564 Rural Economic Development Initiative II	IBRD	677,452	26,497	26,497
29567 Integrated Community Development Project II	GOJ	796,200	356,005	349,706
<b>TOTAL OFFICE OF THE PRIME MINISTER</b>		<b>4,507,458</b>	<b>827,246.00</b>	<b>820,947</b>
<b>MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>				
22068 Establishment of United Nations House	GOJ	103,500	-	-
22726 Electronic Land Titling	GOJ	900,000	40,500	-
29083 Offices of the Ministry of Foreign Affairs and Foreign Trade	GOJ	104,431	78,707	-
29475 Pilot Programme for Climate Resilience II (PPCRII)-Adaptation Programme and Financing Mechanism	GOJ/IADB	60,000	942	942
29501 Southern Coastal Highway Improvement Project	GOJ/CEIXM	20,744,525	10,485,196	10,940,015
29505 Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco)	GOJ	106,736	27,241	27,241
29537 Credit Enhancement Programme for MSMEs	IDB	789,700	768,047	768,047
29546 Green Climate Readiness Support	Green Climate	65,000	10,686	10,686
29550 Access to Finance for MSMEs	IBRD	750,000	62,306	62,306
29555 Montego Bay Perimeter Road	GOJ	4,889,522	764,015.00	-
29557 Montego Bay Waterfront Protection Infrastructure (Groyne) Project	GOJ	321,905	119,054	119,054
29565 Boosting Innovation, Growth and Entrepreneurship Ecosystems	IBD	849,975	113,989	113,989
29579 Conserving Biodiversity and Reduction and Reducing Land Degradation Using an Integrated Approach Project	GOJ	80,000	-	-
<b>TOTAL MINISTRY OF ECONOMIC GROWTH &amp; JOB CREATION</b>		<b>29,765,294</b>	<b>12,470,683</b>	<b>12,042,280</b>
<b>MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>				
21686 Contingency Provision - Public Investment Management System	GOJ	5,317,137	115,942	-
29394 PPCR II - Improving Climate Data & Information Management	GOJ/IBRD	43,322	38,622	41,331
29399 Enhancing the Resilience of the Agri Sector and Coastal Areas	GOJ	253,495	41,301	31,844
29462 Jamaica Foundation for Competitiveness and Growth	IBRD-LOAN	290,500	132,104	132,104
29463 Strategic Public Sector Transformation	GOJ	353,055	93,492	92,588
29536 Support to Public Sector Transformation Implementation Project	GOJ/IADB	2,286,698	212,802	193,521
29571 A Jamaican Path from Hills to Ocean	GOJ	142,753	27,107	26,465
29572 Jamaica Business Environment Reforms Project	GOJ/IBRD	330,000	42,823	42,181
<b>TOTAL MINISTRY OF FINANCE &amp; THE PUBLIC SERVICE</b>		<b>9,016,960</b>	<b>704,193</b>	<b>560,034</b>



**APPENDIX 6: CENTRAL GOVERNMENT NON DEBT EXPENDITURE**
**Table IB - Capital Performance April - July, 2022**

\$'000

MINISTRY/PROJECT	FUNDING SOURCE	2022/2023 APPROVED BUDGET	BUDGET' APRIL - JULY	PROVISIONAL APRIL - JULY
<b>MINISTRY OF NATIONAL SECURITY</b>				
20596 Cyber Security Initiative	GOJ	2,243,649	-	122,042
21431 Purchase of Overhaul of Ships/ Coastal Surveillance	GOJ	2,700,000	841,286	841,286
22724 Construction of the Forensic Pathology Autopsy Suite	GOJ	319,050	74,056	86,626
22725 Construction of the Westmoreland Police Divisional Headquarters	GOJ	700,000	1,595	1,595
29538 Security Strengthening Project	IDB-LOAN	1,009,358	104,626	104,626
<b>TOTAL MINISTRY OF NATIONAL SECURITY</b>		<b>6,972,057</b>	<b>1,021,563</b>	<b>1,156,175</b>
<b>MINISTRY OF JUSTICE</b>				
29573 Renovating and Upgrading Works at the Clarendon Parish Court	GOJ	95,000	84,269	48,423
<b>TOTAL MINISTRY OF JUSTICE</b>		<b>95,000</b>	<b>84,269</b>	<b>48,423</b>
<b>MINISTRY OF EDUCATION, YOUTH</b>				
20778 Education Transformation Programme I	GOJ	250,000	11,797	12,380
20780 Establishment of Diagnostic Centres (Special Education)	GOJ	110,000	-	-
29566 Primary and Secondary Infrastructure Programme	GOJ	899,500	32,037	32,995
29575 Education Transformation Programme (II)	GOJ	52,000	17,587	833
<b>TOTAL MINISTRY OF EDUCATION, YOUTH</b>		<b>0</b>	<b>61,421</b>	<b>46,208</b>
<b>MINISTRY OF HEALTH &amp; WELLNESS</b>				
29481 Support to the National HIV/ AIDS Response in Jamaica (formerly New Funding Mechanism)	GOJ	1,041,191	197,383	217,186
29540 Western Adolescence Hospital	GOJ	83,000	33,200	43,842
29552 Prevention & Care Management of Non-Communicable Diseases Programme	GOJ	2,335,141	121,095	75,808
29576 Redevelopment and Modernisation of the University Hospital of West Indies	GOJ	300,000	-	-
29568 Redevelopment of Cornwall Regional Hospital	GOJ	1,141,122	488,596	276,877
<b>Total MINISTRY OF HEALTH &amp; WELLNESS</b>		<b>4,900,454</b>	<b>840,274</b>	<b>613,713</b>

**APPENDIX 6: CENTRAL GOVERNMENT NON DEBT EXPENDITURE**
**Table IB - Capital Performance April - July, 2022**

\$'000				
MINISTRY/PROJECT	FUNDING SOURCE	2022/2023 APPROVED BUDGET	BUDGET' APRIL - JULY	PROVISIONAL APRIL - JULY
<b>MINISTRY OF AGRICULTURE AND FISHERIES</b>				
20172 Rehabilitation of Research Centres	GOJ	105,000	13,166	13,166
29510 Essex Valley Irrigation Infrastructure Development Programme	CDB-GRANT/G	2,677,000	112,988	112,538
29562 Southern Plains Agricultural Development Project	CDB-GRANT	1,371,228	185,429	185,429
29480 Promoting Community Based Climate Resilience in the Fisheries Sector	IBRD Grant	99,642	43,626	43,626
29570 Soil Fertility Mapping Project	GOJ	65,000	2,374	5,473
29577 Modernisation of the Agricultural Sector Programme	GOJ	150,000	-	-
<b>TOTAL MINISTRY OF AGRICULTURE AND FISHERIES</b>		<b>4,467,870</b>	<b>357,583</b>	<b>360,232</b>
<b>MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>				
29554 Global Services Skills Project	IADB-LOAN	710,230	138,740	138,740
<b>TOTAL MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE</b>	<b>0</b>	<b>710,230</b>	<b>138,740</b>	<b>138,740</b>
<b>MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>				
29533 Energy Management and Efficiency Programme	EU-GRANT	1,167,666	94,920	94,920
<b>MINISTRY OF SCIENCE, ENERGY &amp; TECHNOLOGY</b>	<b>0</b>	<b>1,167,666</b>	<b>94,920</b>	<b>94,920</b>
<b>MINISTRY LOCAL GOVERNMENT &amp; RURAL DEVELOPMENT</b>				
29509 Improvement of Emergency Communication System in Jamaica	GOJ	300,000	31,880	31,880
29578 Acquisition of Compactor Trucks	GOJ	1,852,838	539,760	526,915
<b>TOTAL MINISTRY OF LOCAL GOVERNMENT &amp; RURAL DEVELOPMENT</b>	<b>0</b>	<b>2,152,838</b>	<b>571,640</b>	<b>558,795</b>
			-	-
<b>GRAND TOTAL CAPITAL</b>		<b>65,067,327</b>	<b>17,172,532</b>	<b>16,440,467</b>

