



GOVERNMENT OF JAMAICA

FISCAL POLICY PAPER

FY 2024/25

INTERIM REPORT

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PART 1

FISCAL RESPONSIBILITY STATEMENT

INTRODUCTION

The Jamaican economy had real GDP growth of 1.2% during the first quarter of calendar year 2024. This was followed by positive real growth of 0.2% in the second quarter of the calendar year which was lower than projected. The reduced second quarter growth rate reflects low tourism growth arising primarily from a travel advisory issued by the United States of America. In the third quarter of the calendar year Jamaica experienced Hurricane Beryl, the most devastating hurricane to impact Jamaica since Hurricane Dean in 2007, 17 years ago. The economy is therefore expected to register a decline of 2.1% in the third quarter of the calendar year as a result of the economic dislocation caused by the hurricane. These developments taken together represent a significant growth shock which is expected to result in a contraction of 0.2% for fiscal year 2024/25 down from the initially expected expansion of 1.8%.

The fiscal impact of this growth shock is reflected in the supplementary estimates. The GOJ has been able to make adjustments and to execute transactions that facilitate the continued downward trajectory of the public debt ratio toward achievement of the 60% of GDP by 2027/28, despite the challenges that arise from a growth shock as significant as the expected 2.0 percentage point deviation in the 2024/25 growth outcome.

Inflation of 6.5% has been recorded at end-August 2024 as reported by the Statistical Institute of Jamaica (STATIN). On a point-to-point basis, this inflation outturn is slightly outside the Bank of Jamaica's target range (4.0 to 6.0 percent). It reflects the negative impact on agricultural commodities as a result of Hurricane Beryl. At end June 2024, Bank of Jamaica's Monetary Policy Committee announced its decision to start to gradually ease its monetary policy stance through (a) the channelling of additional credit to the productive sector; and (b) gradual rate reductions in the money market. On August 20, 2024, the BOJ began to signal to the market that interest rates will be trending down as it reduced its policy rate by 25 basis points to 6.75 percent followed by a further reduction to 6.5% on October 1, 2024, partly reflecting the negative impact on agricultural commodities as a result of Hurricane Beryl.

STATIN published the results of the January 2024 Labour Force Survey on July 17, 2024. The revised survey represented a departure from the past, as the International Conference of Labour Statisticians (ICLS) introduced a number of recommendations which reflect the new standards (resolutions and guidelines) relating to concepts, definitions, classifications and other methodological approaches. The January 2024 unemployment rate stands at 5.4 percent. These

changes represent a deviation in the series and therefore should not be compared with previous quarters. The April 2024 results released on October 7, 2024 has the unemployment rate at 4.2 percent. The Central Government's Approved Budget for FY 2024/25 was formulated around the December 2023 projections for macroeconomic-indicators and the corresponding fiscal balance 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 remains committed to the achievement of the debt target, supported by prudent fiscal management.

Fiscal performance over the April-July 2024 period continued to be strong and robust with Revenue & Grants generating a \$12.9Bn excess over budget, attributable to (i) a Tax Revenue surplus of \$3.7Bn or 1.4 percent over budget (ii) a Non-Tax revenue surplus of \$7.0Bn or 34.2 percent over budget and (iii) a Grants surplus of \$2.4Bn over budget. However, Bauxite Levy did not register any inflows for the period.

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

- (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.

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 Expenditure for the next financial year and the medium-term.

The GOJ is committed to prudent fiscal management, economic/public financial management reform and will ensure that both current and medium-term fiscal targets are duly met.

FISCAL & ECONOMIC UPDATE

Central Government's operations for FY 2023/24 were executed on the basis that the economy had fully recovered from the impact of the COVID-19 pandemic. Revenue & Grants registered a shortfall when compared to the Fourth Supplementary Estimate of \$22.4bn. Expenditure (above-the-line spending) also had a shortfall of \$14.4bn below budget. Notwithstanding these shortfalls, the fiscal balance outturn, although missing the targeted surplus of 0.3 percent of GDP, still represented a "*balanced budget*" (0.0 percent of GDP). Secondly, despite the lower outturn, in percent of GDP, the country remains on course to meet the debt target of 60 percent of GDP by FY 2027/28. The primary surplus achieved was equivalent to 5.7 percent of GDP. The execution rate for Capital Expenditure was 94.6 percent.

Real GDP grew by 1.9 percent for the fiscal year (see Table 1a below). This robust outturn affirmed full recovery from the pandemic.

Net International Reserves (NIR) remained strong at US\$5,137.3mn, and the debt/GDP ratio at end March 2024 stood at 73.3 percent of GDP.

Table 1A: Summary of Economic Performance

	Unit	FY 2021/22 (Actual)	FY 2022/23 (Actual)	FY 2023/24 (Actual)
Real GDP Growth Rates	%	8.2	4.7	1.9
Inflation (Annual Pt to Pt)	%	11.3	6.2	5.6
BOJ Policy Rate (e-o-p)	%	4.5	7.0	7.0
Unemployment Rate (July Labour Force Survey)	%	7.1	6.6	4.5
Exchange Rate (weighted average selling rate)	J\$=US\$1	153.40	153.80	155.6
Treasury Bill (average 6-month)	%	2.90	8.70	8.1
Current Account	% of GDP	-0.7	1.9	3.1
Net International Reserves (NIR), (e-o-p)	US\$mn	3,675.9	4,146.7	5,137.3
Gross Reserves (Goods & Services Imports)	Weeks	22.6	24.7	26.7
<u>Fiscal Accounts</u>				
Central Government Primary Balance	%GDP	6.8	5.8	5.7
Central Government Fiscal Balance	%GDP	0.9	0.3	0.0
Public Bodies Overall Balance	%GDP	0.5	1.4	1.9
Public Sector Balance	%GDP	1.4	1.7	1.9
Debt Stock	%GDP	94.2	77.1	73.3

Source: MOFPS/BOJ/STATIN

NOTABLE FISCAL DEVELOPMENTS

First Supplementary Estimates

The First Supplementary Estimates for FY 2024/25, which is to be tabled in Parliament alongside the Interim Fiscal Policy Paper on October 8, 2024 contains proposals for an additional \$40.7bn in expenditure, financed by additional revenue resources of \$40.2bn, with the difference to come from cash resources of the government. The increase in Revenue & Grants in the revised fiscal profile largely reflects a Non-Tax Revenue gain of \$33.2bn or 1.0% of GDP, emanating from a securitization transaction. On the Expenditure side, additional Recurrent spending amounts to \$52.5bn, of which \$31.3bn is proposed for Programmes, \$11.6bn is for Compensation and \$9.6bn is for higher interest costs. The Capital budget is proposed to be reduced by \$12.1bn relative to the original budget level of \$80.0bn. Amortization payments are projected to increase by \$351.7mn. Consequently, total expenditure and payments are proposed to be \$1,381.8bn.

Central Government Operations

The April-July period of FY 2024/25 was yet another strong period for the operations of Central Government with Revenue & Grants registering an excess of \$12.9bn (4.5 percent) above Budget while Expenditure (above-the-line spending) registered a shortfall of \$6.2bn (1.8 percent) against the Budget. Contributing to the expenditure shortfall was capital expenditure at approximately \$1.0bn below budget.

Provisional data indicates that Central Government operations for the fiscal year to end-July 2024 generated a fiscal deficit that was 35.8 percent or \$19.1bn lower than the budgeted deficit. The surplus on the Primary Balance was \$19.4bn or 856.8 percent better than target. This robust fiscal outturn was driven mainly by a better than budget performance of Tax Revenue, Non-Tax Revenue and Grants.

Public Sector Compensation Restructure

The Public Sector Compensation restructure is in its final year of implementation for all Ministries, Departments and Agencies (MDAs), with only two entities remaining to implement the new structure. There has been a sharp decline in issues raised/reported by MDAs; and the Ministry of Finance & the Public Service stands ready to address any issues that may arise, going forward.

IMF PLL/RSF Programme

Jamaica has met all the targets for the Third Review period from January-June 2024 under the IMF Precautionary and Liquidity Line (PLL) and Resilience and Sustainability (RSF) Arrangements, including the relevant PLL quantitative indicative targets and structural benchmarks, and RSF reform measures, with the exception of the PLL quantitative indicative target for the end-March 2024 fiscal balance. The indicative target on the fiscal balance, with a lower than expected surplus, was marginally missed with a negligible impact on the debt consolidation plan. The main achievements under the IMF PLL/RSF arrangements over the period January-June 2024 include the following:

- i) Finalization by MOFPS of the General Government data for fiscal years 2021/22 and 2022/23, as well as for fiscal years 2019/20 and 2020/21, which were uploaded to the National Summary Data Page (NSDP) by end-March 2024;
- ii) Inclusion of the quantitative analysis of climate-related fiscal risks generated by climate change in the Fiscal Risk Statement for FY2024/25, which was published in the Fiscal Policy Paper 2024/25 that was tabled in Parliament on February 15, 2024;
- iii) Approval by Cabinet and tabling in Parliament, before the end of June 2024, of the Special Resolution Regime legislation, which will strengthen the resolution of non-viable financial institutions while protecting financial stability and the public funds.

- iv) Completion of the Non-Financial Corporations (NFC) survey by BOJ at the end of June 2024 to obtain data for Direct Investment Intercompany Lending positions for each quarter of 2023;
- v) Approval of legislation to incentivize investment in renewables through fiscal measures. This was approved by Cabinet and tabled in Parliament before the end of June 2024; and
- vi) Launching, by the Jamaica Stock Exchange (JSE) in June 2024, of the Jamaica Green, Social, and Sustainability+ Bond Guide, which provides an institutional framework for green-bond issuance and trading.


CONCLUSION

The Jamaican economy having fully recovered from the impact of the COVID-19 pandemic, suffered a setback following the July 3rd impact of Hurricane Beryl, disrupting the trend of consecutive positive quarterly growth. Preliminary estimates indicate that the July-September 2024 quarter will decline by 2.1 percent. The estimated real economic growth rate has been revised downwards from 1.8 percent to *negative 0.2* percent for FY 2024/25. The significant impact of this which is reflected in the First Supplementary Estimates is accompanied by resource side adjustments that enable maintenance of the downward trajectory of the public debt toward the legislated target.

The fiscal performance over the April-July 2024 period reflects strong / robust fiscal management. The inflation path since March 2024 has been within the BOJ's target range of 4-6 percent. The inflation rate increased in August due to the adverse impact of hurricane Beryl on agricultural supplies. Inflation is not anticipated to return to the 4-6 percent range, until November/December of this calendar year. Tourist arrivals have continued to increase, albeit at a reduced pace and is expected to hold despite the impact from travel advisories.

As Jamaica continues on the path of fiscal and debt sustainability, the Government is mindful that there is a need for more large-scale public sector projects to drive economic growth and further modernize the economy.

The GOJ's mission remains that of making Jamaica **the place of choice to live, work, raise families and do business.**



Nigel Clarke, DPhil., MP
Minister of Finance and the Public Service
October 8, 2024

PART 2

MACROECONOMIC FRAMEWORK

Real Sector Developments

FY 2023/24 – Update

The Jamaican economy recorded real GDP growth of 1.9 percent for FY 2023/24, following its full economic recovery from the external shock of the global health pandemic. Relative to the 4.7 percent growth recorded for FY 2022/23, this performance reflected a deceleration in the pace of economic expansion; however, economic output remains elevated above pre-pandemic outturns. Jamaica's economic stability reflects the commitment of the GOJ to implement prudent fiscal management strategies. The growth in real GDP for FY 2023/24 reflected expansion in both the Goods Producing and Services Industries, by 1.8 percent and 2.0 percent, respectively.

Figure 2(i): Contribution to Quarterly GDP Growth by sector



Source: STATIN

Growth in the Goods Producing industry was led by Mining & Quarrying (up 58.8 percent). This was attributed to an increase in the output of alumina as a result of increased production at the JAMALCO refinery. Manufacturing also contributed to the growth of the industry with a growth of 2.0 percent, influenced by an expansion in the Food, Beverage and Tobacco sub-industry driven mainly by increased food processing. Agriculture, Forestry & Fishing (down 2.3 percent), and Construction (down 2.0 percent) contracted during the review period, tempering the overall performance of the industry. The Agriculture, Forestry & Fishing industry was negatively impacted by drought conditions. The decline in Construction largely reflected lower capital expenditure on civil engineering activities.

Expansion in the Services industry was mainly driven by Hotels & Restaurants which grew by 7.8 percent. This performance reflected increased visitor arrivals, in light of improved economic conditions and spending capacity of persons in the Americas and Europe. All sectors within the Services industry registered growth, with the exception of Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (down 0.2 percent) and Producers of Government Services (down 0.5 percent).

FY 2024/25 First Quarter Performance

For the first quarter of the current fiscal year, the Jamaican economy grew by 0.2 percent when compared to the corresponding quarter of the previous fiscal year. This performance reflected growth in the Goods Producing industry of 1.5 percent and a contraction in the Services industry by 0.2 percent.

Within the Services industry, growth was recorded by Electricity & Water Supply (up 2.3 percent) and Finance & Insurance Services (up 2.4 percent). These performances were influenced by higher consumption in electricity and water and increased earnings from net interest income, fees and commission, respectively. Output from Hotels & Restaurants increased, by 1.0 percent, for the period. The sectors that recorded contraction include: Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (down 0.5 percent) and Producers of Government Services (down 1.9 percent).

Expansion in the Goods Producing industry was attributed to growth of 4.0 percent in Mining & Quarrying due to the increase in alumina production facilitated by increased capacity utilization at JAMALCO. Other sectors that contributed to the industry's growth are Agriculture, Forestry & Fishing (up 3.4 percent), primarily reflecting increased crop yield due to favourable weather conditions; and Manufacturing, influenced by higher output within the Food, Beverages & Tobacco sub-industry. The decline in Construction (by 1.9 percent) is attributable to a downturn in capital expenditure on civil engineering activities and reduced sale on construction related items.

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

INDUSTRY	FY 2021/22	FY 2022/23	FY 2023/24	FY 2023/24:Q1	FY 2024/25:Q1
GOODS PRODUCING INDUSTRY	3.7	2.3	1.8	2.7	1.5
Agriculture, Forestry & Fishing	11.1	4.9	-2.3	-8.0	3.4
Mining & Quarrying	-38.7	0.6	58.8	164.2	4.0
Manufacture	4.5	6.1	1.2	3.1	1.8
Construction	7.0	-4.3	-2.0	-0.7	-1.9
SERVICES INDUSTRY	9.5	5.4	2.0	2.3	-0.2
Electricity & Water Supply	2.9	2.1	6.2	6.2	2.3
Transport, Storage & Communication	10.3	6.1	4.2	5.5	0.7
Wholesale & Retail Trade; Repairs, Installation of Machinery & Equipment	10.7	4.2	-0.2	-0.1	-0.5
Finance & Insurance Services	2.4	1.3	2.4	2.2	2.4
Real Estate, Renting & Business Activities	2.2	2.1	1.1	1.8	-1.5
Producers of Government Services	0.3	-0.1	-0.5	-0.1	-1.9
Hotels and Restaurants	125.5	34.6	7.8	7.8	1.0
Other Services	13.8	11.5	2.9	2.2	0.1
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.8	2.7	3.1	3.5	3.7
REAL GDP GROWTH	8.2	4.7	1.9	2.3	0.2

Source: STATIN

FY 2024/25 Second Quarter and Fiscal Year Outlook

The economic forecast for the July to September 2024 quarter indicates a contraction in real GDP within a range of 0.1 to 1.0 percent. The negative outlook is predicated on the adverse impact of Hurricane Beryl on production activities. A downturn in output levels is projected for some industries, including the Agriculture, Forestry and Fishing; Mining and Quarrying; Electricity and Water Supply, as well as the Hotels and Restaurants industries.

Real GDP growth for FY 2024/25 is expected to contract relative to FY 2023/24, with real output growth projected within the -1.0 percent to 1.0 percent range. This forecast is based on the adverse impact of Hurricane Beryl on the economy, as well as weakened domestic and external demand.

The risks to the forecast are skewed towards the downside and include continued adverse weather conditions, plant downtime in the mining and manufacturing sectors due to relatively aged equipment, delays in the execution of major infrastructure projects and slower than expected growth in the economies of Jamaica's main trading partners.

Labour Market Developments

The January 2024 Labour Force Survey undertaken by the Statistical Institute of Jamaica (STATIN) was updated to include the recommendations from the 19th, 20th and 21st International Conferences of Labour Statisticians of the International Labour Organization. These changes

include amendments to definitions, concepts, classifications and methodologies.¹ The improved Labour Force Survey will provide more accurate, comprehensive, and timely labour market information

The unemployment rate was 5.4 percent, with male unemployment rate at 4.0 percent and female unemployment rate at 7.1 percent. In January 2024, there were 1,486,400 persons in the labour force, comprising 788,500 males (53.0 percent) and 697,900 females (47.0 percent). The number of youths not in employment, education, or training was at 20.5 percent, representing 100,700 youths not meaningfully engaged. Within the labour force, 1,405,700 persons were employed, comprising 757,200 employed males (53.9 percent) and 648,500 females (46.1 percent). The occupation group with the largest workforce was ‘Services and Sales Workers’ that employed 328,600 individuals, 65 percent of which are females. The industry with the largest number of employed personnel was Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles’, engaging 266,500 individuals - of which 55 percent are females.

Monetary Developments

On June 28, 2024, the Bank of Jamaica (BOJ) announced the decision to start a gradual easing of its monetary policy stance. The decision was predicated on the easing of inflationary pressures, with headline inflation becoming more anchored in the Bank’s target range of 4.0 to 6.0 percent. Additionally, there is adequate supply of foreign currency in the market. The two-step strategy employed by the Bank involved, firstly, gradually reducing BOJ’s liquidity absorption through open market operations. This facilitates the channelling of additional credit to the productive sector and the gradual reduction of rates in the money market. The BOJ, in the second step, reduced its signal rate by 25 basis points (bps) to 6.75 percent per annum, effective Wednesday, 21 August 2024. The rate was again reduced by 25 bps to 6.50 percent, effective October 1, 2024.

Liquidity conditions were broadly unchanged during the June 2024 quarter compared to the previous quarter. This reflected a net injection of \$51.7 billion through BOJ operations, which was largely offset by net absorption from GOJ of \$50.9 billion, associated with debt raising operations. Foreign currency demand during the quarter and fluctuations in market conditions necessitated BOJ’s foreign currency intervention via the B-FXITT facility.

Generally, money market rates fell during the first quarter of FY 2024/25. Compared to the rates at end-March 2024, the overnight private money market rate (PMMR) declined by 52 basis points (bps). On the contrary, the yields on GOJ 90-day and 180-day Treasury bills at end-June 2024 were higher by 20 bps and 32 bps, respectively, compared to end-March 2024.

¹ It is important to note that these changes represent a break in the series, and as such, data comparability with previous quarters is not advised.

Inflation

The All Jamaica ‘All Division’ Consumer Price Index increased from 132.2 at end-August 2023 to 140.7 at end-August 2024. This represents a point-to-point inflation of 6.5 percent, which exceeds the upper bound of the inflation target band of 4.0 percent to 6.0 percent. The inflation rate was primarily driven by the divisions: Education (up 15.6 percent); Transport (up 10.3 percent); Housing, Water, Electricity, Gas and other Fuels (up 8.0 percent) and Food and Non-Alcoholic Beverages (up 6.3 percent).

Price increases in the Education divisions reflect rise in tuition fees, school contributions and school resources. Inflation within the Transport division was mainly influenced by fare increases for route and hackney carriage taxis. The elevation of prices within the Housing, Water, Electricity, Gas and other Fuels division was fuelled by increases in housing rental, property maintenance, water and electricity rate and higher fuel prices. The Electricity, Gas and Other Fuels sub-category was the main contributor to the increase within this division, with higher fuel rates impacting the electricity rate. The inflation for the Food and Non-Alcoholic Beverages division was largely driven by higher prices for ‘Fruits and Nuts’ and ‘Vegetables, tubers, plantain, cooking bananas and pulses’, as both categories were adversely impacted by drought conditions over the period.

Inflation for the fiscal year to August 2024 was 4.1 percent, and 2.9 percent for the calendar year to end-August 2024.

Exchange Rate

The weighted average selling rate of the Jamaica Dollar vis-à-vis the US dollar at end-August 2024 was \$158.03, compared to J\$155.42 at end-August 2023. This represents a 1.6 percent depreciation of the domestic currency over the twelve-month period, compared to a depreciation of 2.5 percent for the comparable period at end-August 2023. The strong two-way movement of the exchange rate demonstrates the BOJ’s commitment to achieving and maintaining low and stable inflation under a managed flexible exchange rate regime.

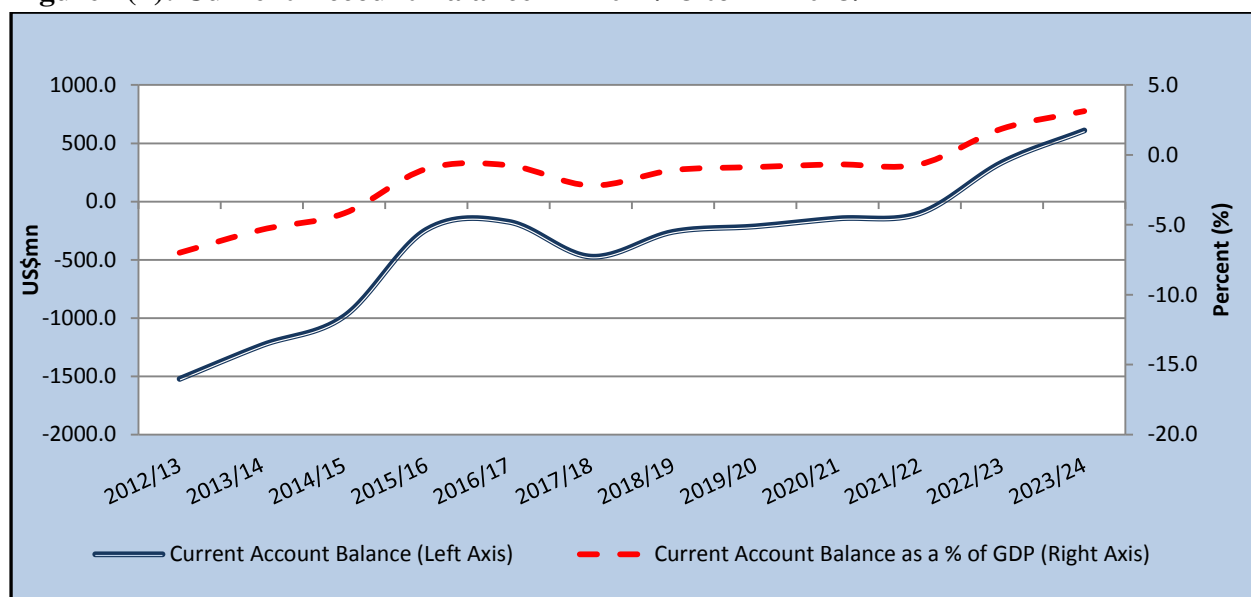
The twelve-month depreciation at end-August 2024 reflected increased portfolio-related demand by financial institutions. The Bank of Jamaica (BOJ), through its Foreign Exchange Intervention Trading Tool B-FXITT continues its liquidity management operations in the foreign exchange market to temper demand and supply imbalances.

External Sector Update - FY 2023/24

The current account balance improved relative to the previous fiscal year. The current account balance for FY 2023/24 recorded a surplus of US\$609.9mn, reflecting an improvement of US\$264.8mn compared to the surplus of US\$345.1mn in FY 2022/23. The current account surplus is equivalent to 3.1 percent of GDP, reflecting an improvement of 1.2 percentage points relative to the previous year. This performance is attributable to the surpluses recorded for the Goods and Services sub-account, driven by the reduced importation of goods, particularly fuel and nonfuel raw materials and increased export of services as demonstrated by continued strong tourism growth during FY 2023/24.

At end-FY 2023/24, the stock of Net International Reserves (NIR) stood at US\$5,231.8mn, reflecting an improvement by US\$990.6mn relative to the previous fiscal year.

Figure 2(ii): Current Account Balance FY 2012/13 to FY 2023/24



Source: BOJ

Table 2B: Balance of Payments - FY 2023/24 Compared to FY 2022/23

	FY 2022/23	FY 2023/24	Change
Current Account Balance	345.1	609.9	264.8
<i>Credits</i>	11,257.1	11,551.9	294.8
<i>Debits</i>	10,912.0	10,942.0	30.0
Goods & Services	-2,943.0	-2,547.6	395.4
<i>Exports</i>	7,011.3	7,305.3	293.9
<i>Imports</i>	9,954.3	9,852.8	-101.5
Goods	-4,578.1	-4,395.8	182.4
<i>Exports</i>	2,086.4	1,969.0	-117.4
<i>Imports</i>	6,664.5	6,364.8	-299.8
Services	1,635.1	1,848.2	213.0
<i>Credits</i>	4,924.9	5,336.3	411.3
<i>Debits</i>	3,289.8	3,488.1	198.3
Primary Income	-254.0	-286.1	-32.2
<i>Credits</i>	479.3	564.3	85.0
<i>Debits</i>	733.3	850.5	117.2
Secondary Income	3,542.0	3,443.6	-98.4
<i>Credits</i>	3,766.4	3,682.3	-84.1
<i>Debits</i>	224.4	238.7	14.3
Capital Account	-30.1	-18.7	11.3
<i>Credits</i>	19.1	30.4	11.3
<i>Debits</i>	49.1	49.1	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	315.0	591.1	276.1
Financial Account			
Net lending (+) / net borrowing (-) (balance from financial account)	140.0	1,177.6	1,037.6
Direct Investment	-338.1	-293.0	45.1
<i>Net acquisition of financial assets</i>	0.1	0.5	0.3
<i>Net incurrence of liabilities</i>	338.2	293.4	-44.8
Portfolio Investments	705.4	759.6	54.2
<i>Net acquisition of financial assets</i>	454.5	538.8	84.3
<i>Net incurrence of liabilities</i>	-250.9	-220.8	30.1
Financial derivatives	-0.5	0.0	0.5
<i>Net acquisition of financial assets</i>	-0.5	0.0	0.5
<i>Net incurrence of liabilities</i>	0.0	0.0	0.0
Other Investments	-587.6	163.8	751.5
<i>Net acquisition of financial assets</i>	-214.2	8.6	222.8
<i>Net incurrence of liabilities</i>	373.4	-155.2	-528.6
Reserve Assets	360.9	547.2	
Net Errors and Omissions	-175.0	586.5	

Source: BOJ

International Developments

Global Outlook

Global growth is expected to slow from 3.3 percent in 2023 to 3.2 percent in 2024 and 3.3 percent in 2025. The current projection for 2024 is consistent with the April 2023 publication of the World Economic Outlook (WEO), while the outlook for 2025 is slightly more optimistic with an upward revision of 0.1 percentage point. Though global growth is stable, it remains low relative to historical growth. The hard fought efforts of central banks to curb inflation are bearing fruit as inflation normalizes in some regions; however, tight monetary policy is having an adverse effect on economic growth globally. Central banks remain cautious as commodity prices are revised upwards for both fuel and nonfuel prices, particularly for oil prices, in addition to other upside risks to inflation. It is anticipated that global headline inflation will decrease from 6.8 percent in 2023 to 5.9 percent in 2024.

Advanced economies are projected to experience an estimated growth rate of 1.7 percent for 2024 and 1.8 percent for 2025. These forecasts are consistent with the April 2023 WEO. All regions within the advanced economies are expected to grow in 2024. Except for Japan and France, the pace of economic activity is expected rise relative to 2023 performance. For 2024, growth in the United States, Euro Area and United Kingdom is projected to increase to 2.6 percent, 0.9 percent and 0.7 percent, respectively.

For emerging market and developing economies (EMDEs), the pace of growth is projected to slow from 4.4 percent in 2023 to 4.2 percent in 2024 and 4.2 percent in 2025. Middle East and Central Asia and Sub-Saharan Africa are on track to rise to 2.4 percent and 3.7 percent in 2024 while growth in the developing markets across Asia and the Latin American and the Caribbean regions is expected to fall to 5.4 percent (down 0.2 percentage points) and 1.9 percent (down 0.4 percentage points), respectively. The Forecast for 2024 in Sub-Saharan Africa indicates a projected rise to 3.7 percent. Growth projections for Emerging and Developing Europe are expected to be 3.2 percent in 2024 and 2.6 percent in 2025.

Overall, risks to global growth are balanced. Notwithstanding, the upside risk to inflation could perpetuate contractionary monetary policies, further hampering growth prospects in the short to medium term.

Macroeconomic Outlook - FY 2024/25 and the Medium Term (to FY 2027/28)

Weakened domestic and external demand along with adverse weather conditions (including hurricane Beryl) have negatively impacted economic performance for the current fiscal year. Real GDP is projected in the range of -1.0 to 1.0 percent as output growth in many sectors slows. The economy is expected to improve in FY 2025/26, reflecting growth predominantly from ‘Agriculture, Forestry and Fishing’ and ‘Hotel and Restaurants’. Economic growth is projected over the medium term albeit at a slower rate. Growth in the economy is expected to be primarily driven by further improvements in tourism and the continued rebound in Agricultural production. A more accommodative monetary policy environment in the medium term, as inflationary pressures reduce, is 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.

Inflation is projected to normalize within the target range of 4.0 percent to 6.0 percent in FY 2024/25, declining from 5.6 percent in FY 2023/24 to 4.5 percent in FY 2024/25, following which it stabilizes at approximately 5.0 percent in the later years of the medium term. The current account deficit as a percentage of GDP is forecast to average 0.9 percent between FY 2024/25 and FY 2027/28, with Net International Reserves projected to remain adequate throughout the medium term to provide balance of payments support.

Table 2B: Medium Term Macroeconomic Profile

Macroeconomic Variables	2021/22 Actual	2022/23 Prov.	2023/24 Proj.	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Nominal GDP (J\$bn)	2,322.2	2,753.5	3,029.6	3,229.3	3,444.2	3,653.9	3,875.0
Nominal GDP growth rate(%)	19.2	18.6	10.0	6.6	6.3	6.4	6.4
Real GDP growth rate (%)	8.2	4.7	1.9	-0.2	1.9	1.0	1.0
Inflation: Annual Pt to Pt (%)	11.3	6.2	6.1	4.5	5.7	5.0	5.0
Interest Rates:							
180-day Treasury Bill (end-period)	6.4	8.3	8.1				
90-day Treasury Bill (end-period)	6.1	8.2	8.0				
Average Selling Exchange Rate (J\$=US\$1)	153.4	153.8	155.6				
NIR (US\$m)	3,674.4	4,146.7	5,137.3	5,415.7	5,320.2	5,588.9	6,703.6
Current Account (%GDP)	-0.7	1.9	3.1	1.8	0.1	0.9	0.8
Oil Prices (WTI) (Average US\$/barrel)	77.0	89.8	77.8	76.2	78.5	79.8	79.9

Source: BOJ/STATIN

PART 3

FISCAL MANAGEMENT STRATEGY

Background

The Government of Jamaica (GOJ) remains committed to the overarching objective of attaining and maintaining fiscal and debt sustainability. Prudent fiscal management has been an essential element to achieving long-term growth and economic development. Notwithstanding the widespread impact of the recently experienced hurricane Beryl, other climate and environmental related issues, constricted monetary conditions and ongoing-geopolitical tension, fiscal discipline was maintained during the April to July period of FY 2024/25. The GOJ met the requirements for the successful completion of all three IMF reviews under the Precautionary and Liquidity Line (PLL) and the Resilience and Sustainability Facility (RSF) arrangements. The successful attainment of the structural benchmarks, quantitative indicative targets (with the exception of the fiscal balance target that was marginally missed) and reform measures under these IMF agreements demonstrated that the GOJ is seized with the imperative to strengthen the country's institutions, increase climate change resilience and improve financial supervision.

The GOJ has been steadfast in its strategy to build fiscal resilience, recognizing the importance of safeguarding the macro-fiscal gains achieved through the implementation of various structural reforms. Beryl, the first hurricane of the 2024 Atlantic hurricane season, caused significant damages to the agricultural sector, road networks, healthcare facilities, public infrastructure and homes in early July 2024. The fiscal impact of the hurricane, however, was mitigated by the GOJ's strategic multilayered disaster risk financing instruments, including the Contingencies Fund, the National Natural Disaster Fund (NDF) and the Caribbean Catastrophe Risk Insurance Facility (CCRIF). In addition to payouts triggered by hurricane Beryl from the Tropical Cyclone and Excess Rainfall policies with CCRIF, funds were accessed from the Contingencies Fund and the NDF to finance the emergency response and recovery efforts relating to the agricultural sector, the rehabilitation of public infrastructure, assistance to society's most vulnerable and other key areas.

Prudent fiscal management has supported macroeconomic improvements and mitigated the fiscal risk of natural disasters. This contributed to the positive performance of key fiscal aggregates during the review period, namely, the fiscal and primary balances, that out-performed the respective targets. The fiscal outlook for the remainder of FY 2024/25 and the medium term has been revised downwards, however, reflecting the adverse macroeconomic impact of hurricane Beryl. Underpinned by the revised macroeconomic assumptions, the fiscal programme for FY 2024/25 and the medium term is designed to achieve the targets stipulated in the fiscal rule legislation.

The Fiscal Management Strategy provides an assessment of the fiscal performance for FY 2023/24, highlights key developments for FY 2024/25, and presents the current medium term fiscal profile. It reports on the following:

- An assessment of FY 2023/24 performance;;
- A summary of the FY 2024/25 Budget;
- A review of the Central Government's Performance: April - July 2024; and
- A revised Medium Term Fiscal Outlook.

Central Government Performance: FY 2023/24 Outturn

The analysis of the full year outturn for FY 2023/24 revealed an improvement in overall performance relative to the original budget but an underperformance when compared to Fourth Supplementary Estimates presented in the February 2024 Fiscal Policy Paper (see Table 3A).

Table 3A: FY 2023/24 Performance (\$mn)

Item	Original (Budget)	Fourth Supplementary Estimates	Actual Outturns	Difference between the Original Budget and Actual Outturns	Difference between the 4th Supplementary Estimates and Actual Outturns
Revenue & Grants	897,567.2	947,666.3	925,283.0	3.1%	-2.4%
Tax Revenue	824,295.8	856,372.3	831,573.9	0.9%	-2.9%
Non-Tax Revenue	65,228.5	82,395.1	83,780.8	28.4%	1.7%
Bauxite Levy	1,283.4	1,342.4	1,795.5	39.9%	33.7%
Capital Revenue	168.3	0.0	0.0	-100.0%	0.0%
Grants	6,591.1	7,556.4	8,132.9	23.4%	7.6%
Expenditure	887,683.6	938,524.0	924,110.8	4.1%	-1.5%
Non-Debt Recurrent	657,153.2	706,769.0	696,082.0	5.9%	-1.5%
Interest	155,157.5	172,727.7	172,165.3	11.0%	-0.3%
Capital	75,372.9	59,027.3	55,863.5	-25.9%	-5.4%
Fiscal Balance	9,883.6	9,142.3	1,172.3	-88.1%	-87.2%
Debt Service	280,609.5	311,354.8	309,736.9	10.4%	-0.5%
Interest	155,157.5	172,727.7	172,165.3	11.0%	-0.3%
Principal	125,452.0	138,627.1	137,571.6	9.7%	-0.8%
Overall Balance	31,193.2	84,404.2	73,787.5	136.5%	-12.6%
Primary Balance	165,041.1	181,870.0	173,337.5	5.0%	-4.7%

Source: MoFPS

Revenue & Grants

Actual collections for FY 2023/24 totaled \$925.3bn, representing a surplus of 3.1 percent relative to the original budget but a \$22.4bn or 2.4 percent shortfall compared to the Fourth Supplementary

Estimates. This shortfall was attributed to the under-performance of Tax Revenue by \$24.8bn or 2.9 percent. All sub-categories within Tax Revenue generated outturns below projections: Income & Profits, Production & Consumption and International Trade (below by \$15.7bn, \$3.6bn and \$5.4bn, respectively).

Table 3B: FY 2023/24 Notable Tax Performances (\$mn)

Item	Original Budget	Fourth (4TH) Supplementay Estimates	Actual Outturns	Difference between Original and Actual	Difference between Original and Actual (%)	Difference between 4th Suppl Estimates and Actual	Difference between 4th Suppl Estimates and Actual (%)
Other Companies	97,019.48	107,452.37	93,150.80	(3,868.7)	-4.0%	(14,301.57)	-13.3%
PAYE	115,971.52	135,105.27	134,619.92	18,648.4	16.1%	(485.35)	-0.4%
Tax on Interest	26,329.42	34,789.91	35,262.97	8,933.6	33.9%	473.06	1.4%
SCT (Local)	30,631.24	24,448.94	24,461.52	(6,169.7)	-20.1%	12.58	0.1%
Education Tax	48,119.13	48,662.39	47,739.85	(379.3)	-0.8%	(922.55)	-1.9%
GCT (Local)	156,438.50	157,739.85	158,818.85	2,380.4	1.5%	1,079.01	0.7%
Custom Duty	63,514.53	63,811.08	62,694.53	(820.0)	-1.3%	(1,116.55)	-1.7%
Travel Tax	28,674.79	30,755.54	28,838.74	164.0	0.6%	(1,916.80)	-6.2%
GCT (Imports)	122,598.16	122,867.71	122,315.72	(282.4)	-0.2%	(552.00)	-0.4%
SCT (Imports)	73,371.56	72,627.56	71,090.89	(2,280.7)	-3.1%	(1,536.68)	-2.1%

Source: MoFPS

The tax types indicated in table 3B account for the largest contributions to the Tax Revenue outturn for FY 2023/24 and together accounted for 93.7 percent of the overall total. The projection for these tax types were revised upwards in the Fourth Supplementary Estimates relative to the original budget, with the exceptions of SCT (Local) and SCT (Imports). Relative to the Fourth Supplementary Estimates, only three of these tax types exceeded projections: Tax on Interest, by 1.4 percent, SCT (Local) by 0.1 percent and GCT (local) by 0.7 percent. Other Companies generated the largest variance, a shortfall of \$14.3bn, largely reflecting a lower rate of growth in company profits. Changes to the International Financial Reporting Standards (IFRS) that resulted in lower taxes being declared by a number of financial institutions also contributed to the below-budget performance.

In comparison to the original budget projections, significant surpluses were recorded for PAYE (above by 16.1 percent) and Tax on Interest (above by 33.9 percent). In contrast, there was a shortfall in SCT (Local) receipts (below by 20.1 percent). PAYE collections benefitted from improved employment conditions generally, as well as the payment of salaries and arrears under the new compensation system specifically related to previously outstanding agreements relating to

the finalization of some agreements consistent with the increase in public/private sector wages and employment. The surplus for Tax on interest reflected continued strong growth in local currency time, savings and demand deposits. Inflows from SCT (Local) were negatively affected by the disruption in operations at the local refinery following a fire in early March 2024 that resulted in damages to sections of the refinery.

Non-Tax Revenue of \$83.8bn was 28.4 percent better than originally budgeted and marginally above the Fourth Supplementary Estimates. The positive performance relative to the original budget reflected higher than projected inflows related to: de-earmarked entities (above by \$1.4bn), financial distributions (above by \$8.5bn, the Public Sector Pension Scheme (above by \$4.5bn) and miscellaneous revenue (above by \$7.3bn). Similarly, Bauxite Levy outturns for the fiscal year surpassed both original estimates and revised estimates by 39.9 percent and 33.7 percent, respectively. This is primarily attributable to the receipt of US\$4.8mn from WINDALCO in February 2024, which represented part payment of arrears. Grants exceeded the original budget and supplementary estimates by 23.4 percent and 7.6 percent, respectively. The surplus for Grants, relative to the original budget, emanated from higher than programmed inflows from the Japan International Cooperation Agency (JICA) and the Caribbean Development Bank (CDB). There were no Capital Revenue collections for FY 2023/24.

Expenditure

Central Government Expenditure (above-the-line spending) was \$14.4bn lower than programmed. This primarily resulted from a shortfall in Recurrent Programmes expenditure (by \$10.3bn or 3.4 percent), mainly due to procurement delays. Capital expenditure was lower than programmed by \$3.2bn due to slower-than-planned project execution.

A fiscal balance of \$1.2bn and a primary balance of \$173.3bn were attained, equivalent to 0.0 percent and 5.7 percent of GDP. Despite not achieving the fiscal surplus target of 0.3 percent of GDP, no upward adjustment was required for FY 2024/25 given that the cumulative deviations from the required balance (as per the Fiscal Rules) remained positive and did not breach the thresholds specified in Section 48CA (1) of the FAA Act.

FY 2024/25 Original Budget

In compliance with the fiscal rule legislation, the Central Government budget for FY 2024/25 was crafted with the aim of achieving a fiscal surplus equivalent to 0.3 percent of GDP, and a corresponding primary surplus equivalent to 5.6% of GDP. Achieving a Public Debt-to-GDP ratio of no more than 60.0 percent by end-FY 2027/28 remains a key objective of the GOJ, in pursuit of fiscal and debt sustainability.

Revenue & Grants

Revenue & Grants for FY 2024/25 were programmed to total \$1,033.6bn. This projection reflected an \$85.9bn or 9.1 percent increase over the outturns for FY 2023/24 (see Table 3C). The increase largely reflected projected improvements in Tax and Non-Tax Revenue by 7.9 percent and 25.9 percent, respectively. The projection for Tax Revenue was underpinned by the macroeconomic framework which, at the time of the original budget, reflected a positive outlook for the fiscal year. The projected increase in Non-Tax revenue largely reflected the impact of expected inflows from a planned securitization transaction.

Bauxite Levy and Grant receipts were projected at \$887.5mn and \$4.6bn, respectively, both reflecting a reduction relative to FY 2023/24.

Revenue Measures

Revenue measures were announced during the budget presentation by the Minister of Finance in March 2024, following the February tabling of the Fiscal Policy Paper. The revenue neutral measures reflected a tax revenue loss of \$25.1bn, with an equivalent increase in Non-tax revenue. The tax measures announced included, et al:

- i) Increase in the Annual General Personal Income Tax (PIT) Threshold from \$1.5mn to \$1.7mn;
- ii) Reverse Tax Credit for individuals earning below \$3.0mn whose statutory payments were filed and paid for Calendar year 2023 by March 31, 2024;
- iii) Standardizing Jamaica's GCT tax treatment on raw foodstuff; and
- iv) Increasing the Pension Exemption and Age Relief Exemption.

The increase in Non-Tax revenue reflected additional inflows from the planned securitization of receivables during FY 2024/25.

Consequent on the adjustments for the revenue measures, the approved budget for FY 2024/25 indicates a Tax and Non-Tax revenue projection of \$899.2bn and \$128.8bn, respectively (compared to \$924.4bn and \$103.7bn, respectively, in the February 2024 FPP).

Table 3C: FY 2024/25 Revenue & Expenditure Budget vs FY 2023/24 Actual (\$mn)

Item	FY 2023/24 Actual	Budget Presented in February 2024 FPP	FY 2024/25 Approved Budget	Diff between Budget Presented in FPP and FY 2023/24 Actual	Diff between Budget Presented in FPP and FY 2023/24 Actual (%)
Revenue & Grants	947,666.3	1,033,594.6	1,033,594.6	85,928.3	9.1%
Tax Revenue	856,372.3	924,376.3	899,232.8	68,004.0	7.9%
Non-Tax Revenue	82,395.1	103,701.1	128,844.6	21,306.0	25.9%
Bauxite Levy	1,342.4	887.5	887.5	(454.9)	-33.9%
Capital Revenue	0.0	0.0	0.0	-	0.0%
Grants	7,556.4	4,629.7	4,629.7	(2,926.7)	-38.7%
Expenditure	938,524.0	1,023,725.1	1,023,725.1	85,201.1	9.1%
Non-Debt Recurrent	706,769.0	769,896.4	769,896.4	63,127.4	8.9%
Interest	172,727.7	173,828.7	173,828.7	1,101.0	0.6%
Capital	59,027.3	80,000.0	80,000.0	20,972.7	35.5%

Source: MoFPS

Expenditure

The FY 2024/25 projection for Expenditure (above-the-line spending) was \$1,023.7bn, 9.1 percent above actual spending for the previous fiscal year. This constitutes an amount of \$327.8bnn for Programme spending (up by 12.7 percent); \$442.0bn for Compensation of Employees (up by 9.5 percent); \$173.8bn for Interest Payments (up by 1.0 percent) and \$80.0bn for Capital Expenditure (up by 43.2 percent).

Central Government Performance: April – August 2024

The main fiscal indicators of the Central Government Operations have continued to demonstrate robust performance over the first five months of FY 2024/25. The fiscal deficit for the period under review was \$57.1bn, 15.5 percent better than budget but declined by 70.2 percent relative to April – August 2023. The primary surplus of \$17.4bn surpassed the original budget by \$10.6bn but was lower than the surplus achieved for the comparable period of the previous fiscal year by 50.0 percent. The outturn, relative to budget, resulted from higher than projected Revenue & Grants collections and lower than programmed Expenditures (above-the-line spending).

Revenue & Grants Outturns

Revenue & Grants for the April to August 2024 period amounted to \$369.0bn, \$9.5bn or 2.6 percent above projections. Tax Revenue, the main contributor to the category, was \$2.5bn better than budgeted, totaling \$333.6bn. Non-Tax Revenue (up by 23.4 percent) and Grants (up by 49.2 percent) also generated surpluses relative to budget while there were no inflows from Bauxite Levy and Capital Revenue. When compared to the corresponding period of the previous year, Revenue & Grants collections were higher by \$21.6bn.

Tax collections of \$333.6bn were 0.8 percent above target and higher than the outturn for the corresponding period of FY 2023/24 by \$16.6bn. The over-performance reflects higher-than-projected collections from Income & Profits.

Income & Profits recorded a surplus of \$5.8bn compared to the projection of \$93.0bn. This outturn surpassed collections for the similar period of the previous fiscal year by \$9.5bn. Surpluses were achieved for all tax types, with the exception of Tax on Dividend (down by 19.4 percent). Notable performances included Other Companies (Corporate Taxes), with receipts totaling \$20.2bn (up by \$2.1bn) and Tax on Interest, with collections of \$16.1bn (up by 25.0 percent). Corporate taxes were positively impacted by improved economic activities, while the performance of Tax on Interest reflects continued strong growth in local currency deposits. Lower Tax on Dividend over the period occurred within the context of a year-over-year decline in dividend per share of 7.6% for ordinary shares.

Production & Consumption inflows were below budget by \$1.8bn but exceeded outturns for the comparable period of FY 2023/24 by \$5.8bn. The disruption to services caused by hurricane Beryl that impacted Jamaica in July 2024, adversely affected the performance of this tax category. Betting, Gaming and Lotteries and Telephone Call Tax were negatively affected by the disruption to power supply and telecommunication networks. The slow pace of growth in visitor arrivals has impacted Accommodation Tax, contributing to the underperformance of this tax category. The below-budget outturn was tempered by surpluses from Other Licences, Environmental Levy and Quarry Tax. The surplus recorded for Other Licences reflect higher than anticipated inflows from telecommunication licences, through Spectrum Management Authority. Environmental Levy on locally manufactured goods and Quarry tax benefitted from continued strong growth in the Manufacture and Mining & Quarrying industries, respectively.

International Trade tax collections were \$1.4bn below the projection of \$125.0bn. Compared to the similar period of FY 2023/24, inflows marginally exceeded outturns by 1.1 percent. Travel Tax accounted for the largest variance, reflecting a shortfall of \$3.0bn. The slow pace of growth in tourist arrivals adversely impacted receipts from this tax type.

Non-Tax Revenue for the period recorded a \$6.0bn surplus over budget and surpassed FY 2023/24 outturns by 22.4 percent. The improvement relative to budget partly reflects the \$4.2bn payout from CCRIF following the passage of Hurricane Beryl that triggered the Tropical Cyclone and Excess rainfall policies.. The dividend payment of \$4.6bn by the Bank of Jamaica based on profits for FY 2023/24 also contributed to the over-performance of Non-Tax revenue. Grants exceeded the original budget by \$1.1bn but declined relative to receipts for April 2023 – August 2023 by 8.0 percent. The above budget Grant receipts reflect higher than projected inflows from the Caribbean Development Bank. There were no Bauxite Levy or Capital Revenue receipts for the period.

Expenditure

Expenditure (above-the-line spending), which totaled \$426.1bn, was \$946.5mn or 0.2 percent lower than budgeted, largely on account of shortfalls in Capital Spending (down by \$2.0bn). Relative to the corresponding period of FY 2023/24, total Expenditure (above-the-line spending) was \$45.2bn or 11.9 percent higher, reflecting increased Recurrent and Capital spending.

Compensation of Employees totaled \$184.7bn, marginally below budget by \$254.3mn. This reflected a 4.7 percent increase relative to the similar period of FY 2023/24. Recurrent programmes expenditure exceeded budget by \$1.1bn resulting from increased relief and recovery spending associated with the passage of hurricane Beryl. Interest payments amounted to \$74.5bn, exceeding budget by 0.3 percent due to higher than projected domestic interest payments by \$574.1mn. Interest payments exceeded those for the April – August period of FY 2023/24 by \$6.1bn.

Capital spending for the review period amounted to \$22.5bn, reflecting a shortfall of \$2.0bn relative to budget due to slower-than-planned pace of project execution. In comparison to the similar period of FY 2023/24, Capital expenditure increased by \$4.1bn or 22.1 percent.

Amortization payments of \$85.3bn were broadly in-line with budget (down by 1.1 percent) but were higher by \$28.8bn when compared to April – August 2023.

Financing

Loan receipts fell short of projection by \$37.8bn, totaling \$42.2bn for the review period. The shortfall emanated from External receipts, due to the delay in disbursement of the US\$257.8mn under the RSF arrangement with the IMF. Receipt of the funds was projected for August, but the disbursement (equivalent to J\$40.6bn) was made in September 2024 instead. Other inflows totaled \$3.9bn, outperforming the original budget by 86.3 percent due to higher than projected PCDF-related receipts.

Public Debt Stock

Jamaica's Public Debt stock at August 2024 stood at \$2,206.2bn, a decrease of \$15.8bn or 0.7 percent over end-March 2024. This decline reflected reductions in External and Net Public Bodies debt. Central Government External debt fell by \$17.9bn compared to the stock at end-March 2024, totaling \$1,377.7bn at end-August 2024; while Net Public Bodies debt fell by \$2.8bn, totaling \$219.4bn. Domestic debt grew by \$7.9bn to \$839.4bn. The GOJ continues to prioritize the re-profiling of the debt stock to reflect more domestic than external borrowing in an effort to mitigate foreign currency risk. At end-August 2024, Jamaica's Public Debt stock was \$26.1bn lower than the debt stock at end-August 2023.

Self-Financing Public Bodies Operations - FY 2024/25

April – June 2024

Summary

For the period April 1, 2024 to June 30, 2024, the group of self-financed public bodies (SFPBs) recorded an under-performance in operating revenues, which was negated by a reduction in operating costs; contributing to a net improvement in the group's net operating results. The SFPBs earned \$143.8bn in operating revenues which was \$5.7bn lower than target, while incurring a reduction of \$10.5bn in operating costs to \$116.3bn. Consequently, the current balance (net operating results) for the SFPBs amounted to \$27.6bn, \$4.7bn above the budgeted \$22.9bn current balance. The group's net flows from operations (operating balance) amounted to \$41.1bn (target: \$20.8bn) subsequent to non-cash adjustments, chiefly a net \$10.3bn inflow on receivables/payables.

Lower than planned capital expenditure contributed to the capital account of \$11.2bn being below the \$11.7bn target. The reduced capital expenditure coupled with net operating results, were the chief contributors to the group of entities recording an Overall Balance surplus of \$31.7bn, which was \$31.2bn more than the budgeted surplus of \$519.4mn.

Highlighted Performance

The main contributors to the higher-than-budgeted Overall Balance were: Petrojam Limited (up by \$12.5bn), National Housing Trust (NHT) (up by \$7.0bn), Airports Authority of Jamaica (AAJ) (up by \$5.5bn), Clarendon Alumina Production Limited (CAP) (up by \$2.3bn), and National Water Commission (NWC) (up by \$2.2bn).

During the period, Petrojam reported a \$14.9bn higher holding of net trade receivables/payables, contributing to the Overall Balance surplus variance of \$12.5bn. The reported holding of total payables at June 2024 was higher than budgeted, consequent on higher product prices and

unbudgeted procurement of products owing to the unplanned plant shutdown. Petrojam reported that its plant was taken offline from March 5, 2024, due to a fire at the entity. The incident investigation, repair works, inspection of pipelines, servicing of exchangers along with preventative checks and servicing of other equipment was undertaken and facilitated the restart of operations at the plant on May 8, 2024.

The NHT recorded a higher than projected Overall Balance of \$7.0bn due primarily to cost savings related to the delay in the commencement and completion of construction on a number of housing solutions. During the period, the NHT commenced construction of 268 housing units (2,052 units were budgeted) and completed construction of 204 housing units (288 units were budgeted). Additionally, the creation of mortgages was 1,009 fewer than projected. The impact of the aforementioned delays decreased the capital expenditure of the NHT by \$4.9bn to \$6.8bn.

The AAJ reported operating revenues of \$7.5bn, \$3.5bn higher than forecasted. The more favourable results were primarily due to the generation of increased concession fee income consequent on the improved operations of the Sangster International Airport.

In respect of CAP, the reported Overall Balance deficit of \$291.8mn (US\$1.9mn) represented a \$2.3bn (US\$14.5mn) improvement on the forecasted deficit of \$2.6bn (US\$16.3mn). This result was achieved following CAP's realization of improved alumina sales volume and a 12.0 percent increase in the average alumina sales price. The improved operating performance was supported by the reported \$804.0mn inventory liquidation.

The NWC reported an Overall Balance surplus of \$584.3mn for the period, reflecting a \$2.2bn improvement on the forecasted deficit of \$1.6bn. The improved surplus resulted from the slowed execution (valued at \$2.5bn) of capital expenditure. The NWC highlighted delays in the execution of the Portmore Non-Revenue Water Project, Greater Mandeville Water Supply, Main Replacements and Meter Installation activities given the delays in securing project financing.

Table 3D: SFPBs' Performance April to June 2024 (\$million)

PUBLIC BODIES - (SPBs & OPBs)		Projected Jun-24	Actual Jun-24	Proj vs Actual Variance
Statement 'A' Flow of Funds				
1	Current Revenue	149,568.91	143,823.97	(5,744.94)
2	Current Expenses	(126,706.64)	(116,251.29)	10,455.35
3	Current Balance	22,862.27	27,572.69	4,710.41
4	Adjustments	(2,041.37)	13,500.01	15,541.38
	Change in Accounts Receivable/Payable	(4,709.64)	10,264.93	14,974.58
	Items not requiring outlay of cash:	0.00	0.00	-
	Depreciation	3,956.15	3,054.27	(901.88)
	Other Non-Cash Items	(1,287.87)	180.81	1,468.68
	Prior Year Adjustment	0.00	0.00	-
5	Operating Balance	20,820.91	41,072.69	20,251.79
6	Capital Account	(11,654.98)	(425.39)	11,229.59
	Revenue	8,207.59	8,357.14	149.55
	Expenditure	(20,816.19)	(9,826.06)	10,990.13
	Investment	(583.68)	(168.32)	415.36
	Change in Inventory	1,537.30	1,211.86	(325.44)
7	Transfers from Government	5,699.31	3,710.07	(1,989.24)
	Loans	-	-	-
	Equity	-	-	-
	On-Lending	-	-	-
	Other	5,699.31	3,710.07	(1,989.24)
8	Transfers to Government	(14,345.81)	(12,631.32)	1,714.49
	Dividend	(2,851.20)	(2,851.73)	(0.53)
	Loan Repayments	-	-	-
	Corporate Taxes	(486.56)	(338.44)	148.12
	Other	(11,008.05)	(9,441.14)	1,566.90
9	OVERALL BALANCE (5+6+7+8)	519.43	31,726.06	31,206.63
10	FINANCING (11+15)	(519.43)	(31,726.06)	(31,206.63)
* 10a	Total	(32.51)	(253.67)	(221.17)
	Capital Revenue	476.47	0.01	(476.46)
	Loans	512.85	-	(512.85)
	Equity	1,250.00	-	(1,250.00)
	On-Lending	420.83	-	(420.83)
	Loan Repayments	(2,692.66)	(253.68)	2,438.97
11	Total Foreign (12+13+14)	(13,341.39)	(9,857.96)	3,483.42
12	Government Guaranteed Loans	(994.55)	(1,034.99)	(40.44)
	Disbursement	0.00	0.00	-
	Amortization	(994.55)	(1,034.99)	(40.44)
13	Direct Loans	(12,346.84)	(8,189.08)	4,157.76
	Long Term:	(292.68)	(452.48)	(159.80)
	Disbursement	0.00	17.37	17.37
	Amortisation	(292.68)	(469.84)	(177.16)
	Short Term:	-	-	-
	Change in Trade Credits	(12,054.16)	(7,736.60)	4,317.55
14	Change in Deposits Abroad	0.00	(633.89)	(633.89)
15	Total Domestic (16+17+18)	12,854.47	(21,614.42)	(34,468.89)
16	Banking System	21,763.57	(1,934.84)	(23,698.41)
	Loans (Change)	90.32	(2,550.21)	(2,640.53)
	Overdraft (Change)	0.00	653.83	653.83
	Deposits (Change)	21,673.25	(38.45)	(21,711.71)
17	Non-Banks (Change)	0.00	0.00	-
18	Other (Change)	(8,909.11)	(19,679.58)	(10,770.48)

Fiscal Outlook

The fiscal discipline exhibited by the Government of Jamaica in the execution of its fiscal policies has yielded significant gains. The main macroeconomic and fiscal indicators have remained robust post-COVID, and continue to demonstrate resilience to adverse impacts including those emanating from climate change, geopolitical tensions, elevated inflation and natural disasters. Risks remain, however, that could derail the progress. It is therefore imperative that emerging and existing fiscal risks are effectively managed. The operationalization of the Fiscal Commission (scheduled to commence by the end of the third quarter of this fiscal year) is expected to strengthen accountability and promote greater transparency in fiscal operations.

Affirmed by the success of all reviews conducted to date under the PLL and RSF agreements with the IMF, the GOJ remains unrelenting in its commitment to the prudent fiscal governance needed to safeguard the macroeconomic and fiscal gains and anchor Jamaica on the path to fiscal and debt sustainability. Within this context, prudent fiscal management is expected to persist for FY 2024/25 and the medium term. This is necessary to ensure the achievement of the legislated debt target of 60 percent of GDP, or less, by end-FY 2027/28.

Public Debt Service

Public debt servicing costs are projected to total \$501.1bn for FY 2024/25, comprising \$245.6bn for domestic debt and \$255.5bn for external debt.

Public Bodies: Prospects for remainder of FY 2024/25

The group of SFPBs was programmed to generate an Overall Balance Surplus of \$34.4bn for FY 2024/25. However, the net effect of reduced revenue generated by the Airports Authority of Jamaica, and Special Financial Distributions from the Transport Authority and the Betting, Gaming and Lotteries Commission should result in a reduced surplus of \$32.6bn. There are upside risks to this projection, given that the group of entities has been performing above target. Some public bodies continue to operate below projections, prompting the need for subvention support in specific circumstances.

FY 2024/25 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 2024/25 include, inter alia:

- Real GDP contraction of 0.2 percent;
- Annual inflation rate of 4.5 percent;
- Average Oil price (WTI) of US\$76.2 per barrel; and
- Core Imports increasing by 5.9 percent relative to FY 2023/24.

Supplementary Estimates FY 2024/25

As a result of additional expenditures, including hurricane Beryl-related spending, which emerged subsequent to the approval of the original budget in March 2024, the First Supplementary Estimates have been formulated, to be tabled along with the Interim Fiscal Policy Paper. The First Supplementary Estimates reflect additional allocations, relative to the original budget, to Programmes (up by \$31.3bn or 9.5 percent), Compensation of Employees (up \$11.6bn or 2.6 percent), Interest (up \$9.6bn or 5.5 percent) and Amortization (up \$351.7mn or 0.1 percent). Capital expenditure is programmed to decline by \$12.1bn or 15.1 percent. The increase in Compensation reflects higher costs associated with wage settlements under the new public sector compensation system. The higher debt service costs largely reflect increased interest payments on the domestic debt.

Revenue & Grants – FY 2024/25

Revenue & Grants for FY 2024/25 are currently projected to total \$1,073.8bn (33.3 percent of GDP), representing an increase of \$40.2bn or 3.9 percent over the originally approved budget. Non-Tax Revenue, totalling \$162.1bn, is projected to account for 82.8 percent of the increase, rising by \$33.2bn or 25.8 percent. The increase reflects additional financial resources derived from the securitization transaction. Tax Revenue and Grants are projected to increase by 0.6 percent, and 23.8 percent to \$905.1bn and \$5.7bn, respectively. The projection for Bauxite Levy and Capital revenue remains unchanged.

With the exception of FY 2025/26, growth is projected for Revenue and Grants over the medium term, reflecting continued expansion in the economy. The projection of lower Revenue and Grants in FY 2025/26, reflects the expected significant reduction in Non-Tax revenue relative to FY 2024/25 which was boosted by the execution of the securitization transaction. Over the two years from FY 2026/27 to FY 2027/28, inflows from Revenue & Grants are projected to average 30.3 percent of GDP and grow at an annual average of 6.0 percent. This performance is expected to be driven mainly by Tax revenue, with a projected annual average of 28.0 percent of GDP.

Expenditure – FY 2024/25

Total expenditure (above-the-line spending) has been revised to \$1,064.1bn (33.0 percent of GDP) for FY 2024/25, reflecting an increase of \$40.4bn or 3.9 percent relative to the approved budget. Recurrent Expenditure of \$996.2bn (30.8 percent of GDP) is programmed for the fiscal year, up 5.6%. The increase in Recurrent Expenditure reflects higher Programmes, Compensation of Employees and Interest payments. Capital Expenditure at \$67.9bn (2.1% of GDP) is lower by \$12.1bn.

Over the medium term, total expenditure (net of amortization) is expected to average approximately 30.9 percent of GDP.

Appendix I

**Table A1: Central Government Summary Accounts – Fiscal Monitoring Table FY 2024/25
(April to August)**

(in millions of Jamaica dollars)

Item	Prov	Original	FY 2023/24				
	Apr - August	Apr - August	Diff	Diff %	Apr - August	Diff	Diff %
Revenue & Grants	368,998.1	359,504.0	9,494.1	2.6%	347,358.9	21,639.3	6.2%
Tax Revenue	333,568.0	331,032.8	2,535.2	0.8%	316,935.1	16,632.8	5.2%
Non-Tax Revenue	31,939.0	25,891.8	6,047.2	23.4%	26,091.3	5,847.7	22.4%
Bauxite Levy	0.0	239.6	-239.6	-100.0%	530.3	-530.3	-100.0%
Capital Revenue	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Grants	3,491.2	2,339.9	1,151.3	49.2%	3,802.1	-311.0	-8.2%
Expenditure	426,108.2	427,054.7	-946.5	-0.2%	380,920.5	45,187.7	11.9%
Recurrent Expenditure	403,572.7	402,544.6	1,028.2	0.3%	362,466.1	41,106.6	11.3%
Programmes	144,301.3	143,206.3	1,095.0	0.8%	117,638.0	26,663.3	22.7%
Compensation of Employees	184,733.9	184,988.2	-254.3	-0.1%	176,408.5	8,325.4	4.7%
Wages & Salaries	174,670.6	173,158.5	1,512.2	0.9%	164,775.2	9,895.5	6.0%
Employers Contribution	10,063.3	11,829.7	-1,766.5	-14.9%	11,633.3	-1,570.1	-13.5%
Interest	74,537.5	74,350.0	187.5	0.3%	68,419.6	6,117.9	8.9%
Domestic	31,464.7	30,890.7	574.1	1.9%	30,155.4	1,309.3	4.3%
External	43,072.8	43,459.4	-386.6	-0.9%	38,264.2	4,808.6	12.6%
Capital Expenditure	22,535.5	24,510.1	-1,974.6	-8.1%	18,454.4	4,081.0	22.1%
Capital Programmes	22,535.5	24,510.1	-1,974.6	-8.1%	18,454.4	4,081.0	22.1%
Fiscal Balance (Surplus + / Deficit -)	-57,110.1	-67,550.7	10,440.6	15.5%	-33,561.7	-23,548.4	-70.2%
Loan Receipts	42,249.7	80,069.0	-37,819.2	-47.2%	95,893.6	-53,643.8	-55.9%
Domestic	36,879.3	32,400.0	4,479.3	13.8%	36,992.4	-113.1	-0.3%
External	5,370.5	47,669.0	-42,298.5	-88.7%	58,901.2	-53,530.7	-90.9%
Project Loans	5,370.5	6,202.5	-832.0	-13.4%	10,428.2	-5,057.8	-48.5%
Other	0.0	41,466.5	-41,466.5	0.0%	48,472.9	-48,472.9	0.0%
Other Inflows (inc'ds PCDF)	3,932.4	2,110.7	1,821.7	86.3%	2,237.4	1,695.0	75.8%
Other Outflows	0.0	0.0	0.0	0.0%	5,000.0	-5,000.0	-100.0%
Amortization	85,347.4	86,273.9	-926.4	-1.1%	56,558.6	28,788.9	50.9%
Domestic	27,760.5	27,692.9	67.7	0.2%	9,813.9	17,946.6	182.9%
External	57,586.9	58,581.0	-994.1	-1.7%	46,744.7	10,842.2	23.2%
Overall Balance (Surplus + / Deficit -)	-96,275.4	-71,644.9	-24,630.5	-34.4%	3,010.7	-99,286.1	-3297.8%
Primary Balance (Surplus + / Deficit -)	17,427.4	6,799.4	10,628.1	156.3%	34,857.9	-17,430.5	-50.0%

Source: MoFPS

Table A2: Details of Revenue - FY 2024/25 (April to August)
(in millions of Jamaica dollars)

Item	Prov	Original	Diff	Diff %	FY 2023/24	Diff	Diff %
	Apr - August	Budget Apr - August			Apr - August		
Revenue & Grants	368,998.1	359,504.0	9,494.1	2.6%	347,358.9	21,639.3	6.2%
Tax Revenue	333,568.0	331,032.8	2,535.2	0.8%	316,935.1	16,632.8	5.2%
Income and profits	98,829.2	93,015.8	5,813.4	6.2%	89,366.8	9,462.4	10.6%
Bauxite/alumina	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Other Companies	20,235.8	18,145.8	2,090.0	11.5%	18,791.3	1,444.5	7.7%
PAYE	58,822.6	58,083.7	739.0	1.3%	54,782.7	4,039.9	7.4%
Tax on dividend	1,487.1	1,845.0	-357.8	-19.4%	1,347.7	139.4	10.3%
Individuals	2,216.4	2,087.4	129.0	6.2%	1,941.3	275.1	14.2%
Tax on interest	16,067.3	12,853.9	3,213.4	25.0%	12,503.7	3,563.5	28.5%
Production and consumption	109,787.1	111,583.1	-1,796.0	-1.6%	104,032.1	5,755.0	5.5%
Min Business Tax	33.0	0.0	33.0	-	41.2	-8.2	-19.8%
SCT	8,123.5	8,883.8	-760.3	-8.6%	8,747.9	-624.3	-7.1%
Environmental Levy	476.7	412.3	64.4	15.6%	385.8	90.9	23.6%
Motor vehicle licenses	2,182.9	2,107.1	75.7	3.6%	2,040.9	142.0	7.0%
Other licenses	1,014.0	606.2	407.9	67.3%	536.6	477.4	89.0%
Quarry Tax	115.4	12.3	103.1	837.8%	12.1	103.3	852.6%
Betting, gaming and lottery	3,289.8	3,951.0	-661.1	-16.7%	3,367.7	-77.8	-2.3%
Accommodation Tax	1,458.2	1,652.8	-194.5	-11.8%	1,476.6	-18.4	-1.2%
Education Tax	20,427.6	21,247.0	-819.4	-3.9%	18,542.5	1,885.1	10.2%
Telephone Call Tax	1,144.4	1,297.3	-152.9	-11.8%	1,231.9	-87.5	-7.1%
Contractors levy	1,202.7	1,320.9	-118.1	-8.9%	1,197.1	5.6	0.5%
GCT (Local)	66,855.2	66,872.1	-16.9	0.0%	63,655.0	3,200.1	5.0%
Stamp Duty (Local)	3,463.5	3,220.4	243.1	7.5%	2,796.7	666.8	23.8%
International Trade	124,951.7	126,433.9	-1,482.3	-1.2%	123,536.3	1,415.3	1.1%
Custom Duty	26,891.7	26,372.1	519.7	2.0%	25,325.3	1,566.5	6.2%
Stamp Duty	1,573.1	1,715.7	-142.6	-8.3%	1,602.5	-29.4	-1.8%
Travel Tax	12,100.6	15,120.8	-3,020.2	-20.0%	13,253.1	-1,152.5	-8.7%
GCT (Imports)	51,460.0	52,282.3	-822.3	-1.6%	50,509.3	950.7	1.9%
SCT (Imports)	30,610.8	28,507.3	2,103.5	7.4%	30,533.6	77.2	0.3%
Environmental Levy	2,315.5	2,435.7	-120.2	-4.9%	2,312.7	2.9	0.1%
Non-Tax Revenue	31,939.0	25,891.8	6,047.2	23.4%	26,091.3	5,847.7	22.4%
Bauxite Levy	0.0	239.6	-239.6	-100.0%	530.3	-530.3	-100.0%
Capital Revenue	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Grants	3,491.2	2,339.9	1,151.3	49.2%	3,802.1	-311.0	-8.2%

Source: MoFPS

Table A3: Central Government Summary Accounts – Fiscal Monitoring Table FY 2024/25
(in millions of Jamaica dollars)

Item	First Supplementary Apr - March	Approved Budget Apr - March	Diff	Diff %	Actual FY 2023/24 Apr - March	Diff	Diff %
Revenue & Grants	1,073,771.4	1,033,594.4	40,177.0	3.9%	925,283.0	148,488.4	16.0%
Tax Revenue	905,059.3	899,232.6	5,826.7	0.6%	831,573.9	73,485.4	8.8%
Non-Tax Revenue	162,091.8	128,844.6	33,247.2	25.8%	83,780.8	78,311.0	93.5%
Bauxite Levy	887.5	887.5	0.0	0.0%	1,795.5	(908.0)	-50.6%
Capital Revenue	0.0	0.0	0.0	-	0.0	0.0	-
Grants	5,732.8	4,629.7	1,103.1	23.8%	8,132.9	(2,400.1)	-29.5%
Expenditure	1,064,083.0	1,023,725.1	40,357.9	3.9%	924,110.8	139,972.3	15.1%
Recurrent Expenditure	996,183.0	943,725.1	52,457.9	5.6%	868,247.2	127,935.8	14.7%
Programmes	359,116.9	327,848.7	31,268.2	9.5%	292,463.8	66,653.1	22.8%
Compensation of Employees	453,672.2	442,047.7	11,624.4	2.6%	403,618.2	50,054.0	12.4%
Wages & Salaries	424,509.1	414,197.8	10,311.4	2.5%	378,213.2	46,295.9	12.2%
Employers Contribution	29,163.0	27,850.0	1,313.1	4.7%	25,405.0	3,758.0	14.8%
Interest	183,394.0	173,828.7	9,565.3	5.5%	172,165.3	11,228.8	6.5%
Domestic	75,466.0	67,972.9	7,493.2	11.0%	70,905.9	4,560.2	6.4%
External	107,928.0	105,855.8	2,072.2	2.0%	101,259.4	6,668.6	6.6%
Capital Expenditure	67,900.0	80,000.0	(12,100.0)	-15.1%	55,863.5	12,036.5	21.5%
Capital Expenditure	67,900.0	80,000.0	(12,100.0)	-15.1%	55,863.5	12,036.5	21.5%
Fiscal Balance (Surplus + / Deficit -)	9,688.4	9,869.3	(180.9)	-1.8%	1,172.3	8,516.1	726.5%
Loan Receipts	191,440.4	195,247.0	(3,806.6)	-1.9%	199,888.6	(8,448.2)	-4.2%
Domestic	89,000.0	89,000.00	0.0	0.0%	57,977.1	31,022.9	53.5%
External	102,440.4	106,247.0	(3,806.6)	-3.6%	141,911.5	(39,471.1)	-27.8%
Other Inflows (inc'ds PCDF)	14,407.4	14,502.7	(95.3)	-0.7%	24,208.7	(9,801.3)	-40.5%
Other Outflows	0.0	0.0	0.0	-	13,919.3	(13,919.3)	-100.0%
Amortization	317,691.3	317,339.6	351.7	0.1%	137,571.6	180,119.7	130.9%
Domestic	170,089.1	170,678.8	(589.7)	-0.3%	21,692.9	148,396.3	684.1%
External	147,602.2	146,660.9	941.4	0.6%	115,878.8	31,723.5	27.4%
Overall Balance (Surplus + / Deficit -)	(102,155.2)	(97,720.6)	(4,434.5)	-4.5%	73,778.6	(175,933.8)	-238.5%
Primary Balance (Surplus + / Deficit)	193,082.4	183,698.0	9,384.4	5.1%	173,337.5	19,744.8	11.4%

Source: MoFPS

Table A4: Details of Revenue – Fiscal Monitoring Table FY 2024/25
(in millions of Jamaica dollars)

Item	First	Approved	Actual				
	Supplementary	Budget	FY 2023/24				
	Apr - March	Apr - March	Diff	Diff %	Apr - March	Diff	Diff %
Total Revenue & Grants	1,073,771.4	1,033,594.4	40,177.0	3.9%	925,283.0	148,488.4	16.0%
Total Tax Revenue	905,059.3	899,232.6	5,826.7	0.6%	831,573.9	73,485.4	8.8%
Income and profits	311,044.2	300,259.1	10,785.1	3.6%	274,142.1	36,902.1	13.5%
Bauxite/alumina	1,118.0	1,118.0	(0.0)	0.0%	0.0	1,118.0	0.0%
Other companies	115,853.8	120,262.3	(4,408.5)	-3.7%	93,150.8	22,703.0	24.4%
PAYE	144,776.2	129,152.7	15,623.5	12.1%	134,619.9	10,156.3	7.5%
Tax on dividend	3,392.3	4,757.2	(1,364.9)	-28.7%	3,182.2	210.0	6.6%
Other individuals	8,302.8	8,716.6	(413.8)	-4.7%	7,926.1	376.7	4.8%
Tax on interest	37,601.1	36,252.3	1,348.8	3.7%	35,263.0	2,338.1	6.6%
Production and consumption	289,389.0	289,614.4	(225.4)	-0.1%	262,976.7	26,412.4	10.0%
Minimum Business Tax	0.0	0.0	0.0	-	106.5	(106.5)	-100.0%
SCT (Local)	24,845.7	24,832.9	12.7	0.1%	24,461.5	384.2	1.6%
Environmental Levy	884.3	862.3	21.9	2.5%	829.5	54.7	6.6%
Motor vehicle licenses	5,210.4	5,496.3	(285.9)	-5.2%	5,220.8	(10.4)	-0.2%
Other licenses	2,473.8	2,621.5	(147.7)	-5.6%	1,613.2	860.6	53.3%
Quarry Tax	37.1	91.6	(54.5)	-59.5%	42.8	(5.8)	-13.5%
Betting, gaming and lottery	10,177.6	10,179.7	(2.1)	0.0%	8,140.4	2,037.3	25.0%
Accommodation Tax	3,672.4	3,979.4	(307.0)	-7.7%	3,448.6	223.8	6.5%
Education Tax	52,982.2	53,620.8	(638.5)	-1.2%	47,739.8	5,242.4	11.0%
Telephone Call Tax	3,082.7	3,199.4	(116.7)	-3.6%	2,891.8	190.9	6.6%
Contractors levy	2,955.5	3,137.8	(182.3)	-5.8%	2,784.2	171.3	6.2%
GCT (Local)	174,734.8	172,902.5	1,832.4	1.1%	158,818.9	15,916.0	10.0%
Stamp Duty (Local)	8,332.6	8,690.2	(357.7)	-4.1%	6,878.6	1,454.0	21.1%
International Trade	304,626.1	309,359.1	(4,733.0)	-1.5%	294,455.2	10,170.9	3.5%
Custom Duty	64,957.9	65,257.0	(299.1)	-0.5%	62,694.5	2,263.4	3.6%
Stamp Duty	4,685.4	4,451.5	233.9	5.3%	4,058.6	626.8	15.4%
Travel Tax	30,781.1	34,138.6	(3,357.5)	-9.8%	28,838.7	1,942.4	6.7%
GCT (Imports)	125,143.3	125,459.6	(316.3)	-0.3%	122,315.7	2,827.5	2.3%
SCT (Imports)	73,429.2	74,217.2	(788.0)	-1.1%	71,090.9	2,338.3	3.3%
Environmental Levy	5,629.2	5,835.2	(205.9)	-3.5%	5,456.7	172.5	3.2%
Non-Tax	162,091.8	128,844.6	33,247.2	25.8%	83,780.8	78,311.0	93.5%
Bauxite Levy	887.5	887.5	0.0	0.0%	1,795.5	(908.0)	-50.6%
Capital	0.0	0.0	0.0	-	0.0	0.0	-
Grants	5,732.8	4,629.7	1,103.1	23.8%	8,132.9	(2,400.1)	-29.5%

Source: MoFPS

Table A5: Central Government Summary Accounts – Medium Term Fiscal Profile
(in millions of Jamaica dollars)

Item	Act. 2020/21	Act. 2021/22	Prov. 2022/23	Est. 2023/24	Proj. 2024/25	Proj. 2025/26	Proj. 2026/27	Proj. 2027/28
Revenue & Grants	575,401.1	720,224.5	827,775.1	925,283.0	1,073,771.4	1,050,201.0	1,105,568.1	1,172,654.1
Tax Revenue	505,686.7	616,367.9	752,841.1	831,573.9	905,059.3	962,948.4	1,023,902.9	1,085,516.9
Non-Tax Revenue	62,182.6	92,828.0	67,327.4	83,780.8	162,091.8	75,824.9	69,372.1	73,625.3
Bauxite Levy	0.0	2,461.7	1,266.1	1,795.5	887.5	0.0	0.0	0.0
Capital Revenue	352.1	908.4	0.0	0.0	0.0	190.8	202.3	215.2
Grants	7,179.7	7,658.5	6,340.6	8,132.9	5,732.8	11,236.9	12,090.8	13,296.8
Expenditure	635,911.3	698,895.6	819,989.0	924,110.8	1,064,083.0	1,069,435.9	1,128,319.0	1,197,330.1
Recurrent Expenditure	586,727.2	648,385.4	766,804.5	868,247.2	996,183.0	1,000,378.9	1,055,641.4	1,118,143.3
Programmes	234,693.0	269,586.5	277,303.4	292,463.8	359,116.9	336,230.5	356,404.3	381,352.6
Compensation of Employees	222,996.3	241,751.1	338,126.1	403,618.2	453,672.2	495,421.8	535,906.3	579,267.3
Wages & Salaries	208,002.2	222,484.2	317,884.6	378,213.2	424,509.1	463,078.6	500,916.8	541,793.6
Employers Contribution	14,994.1	19,266.9	20,241.5	25,405.0	29,163.0	32,343.2	34,989.5	37,473.7
Interest	129,037.9	137,047.8	151,375.0	172,165.3	183,394.0	168,726.6	163,330.8	157,523.4
Domestic	50,338.6	54,711.9	67,986.8	70,905.9	75,466.0	62,900.2	62,473.1	61,157.8
External	78,699.2	82,335.9	83,388.2	101,259.4	107,928.0	105,826.4	100,857.7	96,365.6
Capital Expenditure	49,184.1	50,510.2	53,184.5	55,863.5	67,900.0	69,057.0	72,677.6	79,186.7
Capital Programmes	49,184.1	50,510.2	53,184.5	55,863.5	67,900.0	69,057.0	72,677.6	79,186.7
Fiscal Balance (Surplus + / Deficit -)	(60,510.2)	21,328.9	7,786.1	1,172.3	9,688.4	(19,235.0)	(22,750.9)	(24,676.0)
Loan Receipts	221,924.9	149,635.3	118,293.5	199,888.6	191,440.4	176,565.7	190,921.7	229,603.4
Domestic	166,092.9	75,832.9	96,516.4	57,977.1	89,000.0	93,198.7	101,416.5	123,931.0
External	55,832.0	73,802.4	21,777.2	141,911.5	102,440.4	83,367.0	89,505.2	105,672.4
Other Inflows (inc'ds PCDF)	3,338.5	3,268.0	4,876.6	24,208.7	14,407.4	5,906.2	5,661.8	5,481.7
Other Outflows	36,967.0	19,267.9	0.0	13,919.3	0.0	0.0	0.0	0.0
Amortization	159,085.5	159,791.1	161,630.7	137,571.6	317,679.8	163,237.0	173,832.6	210,409.2
Domestic	112,778.2	72,368.0	115,419.9	21,692.9	170,089.1	59,614.7	40,454.1	72,334.4
External	46,307.3	87,423.1	46,210.7	115,878.8	147,590.7	103,622.3	133,378.5	138,074.8
Overall Balance (Surplus + / Deficit -)	(31,299.3)	(4,826.8)	(30,674.4)	73,778.6	(102,143.7)	0.0	0.0	0.0
Primary Balance (Surplus + / Deficit -)	68,527.7	158,376.7	159,161.1	173,337.5	193,082.4	149,491.6	140,579.9	132,847.4
Total Payments	831,963.8	877,954.6	981,619.6	1,075,601.7	1,381,762.9	1,232,672.9	1,302,151.6	1,407,739.3

Source: MoFPS

Table A6: Central Government Summary Accounts - Medium Term Fiscal Profile
(percent of GDP)

Item	Act. 2020/21	Prov. 2021/22	Est. 2022/23	Proj. 2023/24	Proj. 2024/25	Proj. 2025/26	Proj. 2026/27	Proj. 2027/28
Revenue & Grants	29.5%	31.0%	30.1%	30.4%	33.3%	30.5%	30.3%	30.3%
Tax Revenue	25.9%	26.5%	27.4%	27.3%	28.0%	28.0%	28.0%	28.0%
Non-Tax Revenue	3.2%	4.0%	2.4%	2.7%	5.0%	2.2%	1.9%	1.9%
Bauxite Levy	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Capital Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	0.4%	0.3%	0.2%	0.3%	0.2%	0.3%	0.3%	0.3%
Expenditure	32.6%	30.1%	29.8%	30.3%	33.0%	31.1%	30.9%	30.9%
Recurrent Expenditure	30.1%	27.9%	27.9%	28.5%	30.8%	29.0%	28.9%	28.9%
Programmes	12.0%	11.6%	10.1%	9.6%	11.1%	9.8%	9.8%	9.8%
Compensation of Employees	11.4%	10.4%	12.3%	13.2%	14.0%	14.4%	14.7%	14.9%
Wages & Salaries	10.7%	9.6%	11.6%	12.4%	13.1%	13.4%	13.7%	14.0%
Employers Contribution	0.8%	0.8%	0.7%	0.8%	0.9%	0.9%	1.0%	1.0%
Interest	6.6%	5.9%	5.5%	5.6%	5.7%	4.9%	4.5%	4.1%
Domestic	2.6%	2.4%	2.5%	2.3%	2.3%	1.8%	1.7%	1.6%
External	4.0%	3.5%	3.0%	3.3%	3.3%	3.1%	2.8%	2.5%
Capital Expenditure	2.5%	2.2%	1.9%	1.8%	2.1%	2.0%	2.0%	2.0%
Capital Programmes	2.5%	2.2%	1.9%	1.8%	2.1%	2.0%	2.0%	2.0%
Fiscal Balance (Surplus + / Deficit -)	-3.1%	0.9%	0.3%	0.0%	0.3%	-0.6%	-0.6%	-0.6%
Loan Receipts	11.4%	6.4%	4.3%	6.6%	5.9%	5.1%	5.2%	5.9%
Domestic	8.5%	3.3%	3.5%	1.9%	2.8%	2.7%	2.8%	3.2%
External	2.9%	3.2%	0.8%	4.7%	3.2%	2.4%	2.4%	2.7%
Other Inflows (inc'ds PCDF)	0.2%	0.1%	0.2%	0.8%	0.4%	0.2%	0.2%	0.1%
Other Outflows	1.9%	0.8%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%
Amortization	8.2%	6.9%	5.9%	4.5%	9.8%	4.7%	4.8%	5.4%
Domestic	5.8%	3.1%	4.2%	0.7%	5.3%	1.7%	1.1%	1.9%
External	2.4%	3.8%	1.7%	3.8%	4.6%	3.0%	3.7%	3.6%
Overall Balance (Surplus + / Deficit -)	-1.6%	-0.2%	-1.1%	2.4%	-3.2%	0.0%	0.0%	0.0%
Primary Balance (Surplus + / Deficit -)	3.5%	6.8%	5.8%	5.7%	6.0%	4.3%	3.8%	3.4%
Total Payments	42.7%	37.8%	35.7%	35.3%	42.8%	35.8%	35.6%	36.3%
GDP	1,948,842.0	2,322,192.7	2,751,881.7	3,047,437.7	3,229,256.5	3,444,156.8	3,653,949.5	3,875,013.4

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 2024 Fiscal Policy Paper (FPP). Among the risk sources identified in the 2024 publication are: the macroeconomic assumptions used to prepare the FY 2024/25 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 and public private partnerships.

Macroeconomic Risks

Economic Growth

The forecast for real GDP growth in FY 2024/25 has been revised downwards, following the passage of hurricane Beryl, which impacted Jamaica in early July 2024. Relative to the forecast underlying the March 2024 Central Government Budget, the economic outlook has changed from an expected expansion in the economy to a contraction of 0.2% for the fiscal year. The adverse impact of the hurricane is expected to result in lower output levels from Agriculture, Forestry and Fishing; Mining and Quarrying; Electricity and Water Supply; as well as Hotels and Restaurants.

Real GDP grew by 0.2% in the first quarter, driven by a 1.5 percent expansion in the Goods Producing Industry. This growth reflected improved output from Agriculture, Forestry and Fishing, and Mining and Quarrying. The Services Industry contracted by 0.2 percent. The sectors that recorded contraction include: Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment and Producers of Government Services (see **Part 2: Macroeconomic Overview**).

Tax revenue remained buoyant during the first quarter, with inflows exceeding budget by \$5.7bn, or 2.8%, reflecting above-target collections from Income and Profits and International Trade. Deviations of actual economic growth from forecast influence revenue performance. Lower-than-projected growth adversely impacts revenue collections, while higher-than-projected growth has the opposite effect on revenue.

Inflation

The annual point-to-point inflation rate in August 2024 was 6.5%, surpassing the upper limit of the inflation target band of 4.0% to 6.0%. The fiscal year projection has been revised downwards from 5.8% to 4.5% as inflationary pressures ease. Over the medium term, inflation is projected to stabilize around the mid-point of the target range. Inflation rates impact the GOJ expenditure budget as it relates

to general housekeeping expenses 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 and the Secured Overnight Financing Rate (SOFR) are the reference rates primarily used to reset interest rates on the variable-rate portion of the domestic and external debt portfolios, respectively. Over the April to July period of FY 2024/25, the 90-day Treasury bill rate averaged 8.24%, 34 basis points (bps) above the average recorded in the first half of FY 2023/24, and exceeded the projection underlying the budget. The increase reflects unfavourable liquidity conditions around the time of the auctions. The higher-than-projected Treasury-Bill rate contributed to the above-budget Central Government domestic interest payments for the April to July period of FY 2024/25 by \$591.5mn.

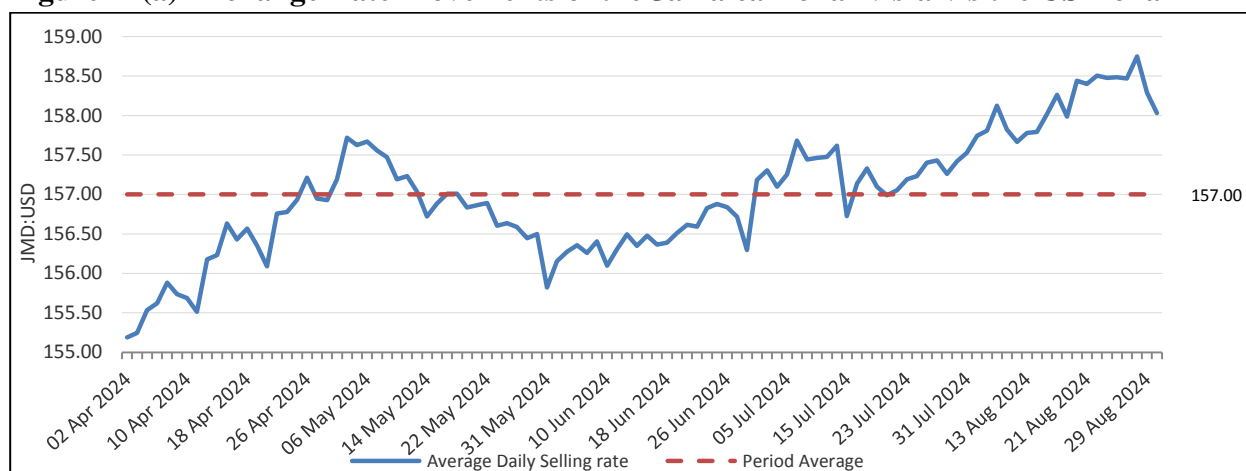
The SOFR averaged 5.32% for the April to July period of FY 2024/25, reflecting an increase by 32 bps relative to the outturn for the corresponding period of the previous fiscal year. The Federal Funds Rate was maintained at 5.5% by the US Federal Reserve over the April to August period of FY 2024/25, but was lowered by 50 bps in September 2024. The impact of the increase in the SOFR rate on Central Government external interest payments was offset by the lower-than-projected average foreign exchange rate outturn. This contributed to lower external interest payments, by \$247.3mn, for the April to July period of FY 2024/25 relative to budget.

Exchange Rate

The weighted average selling rate of the Jamaica dollar depreciated by 1.3% relative to the United States (US) dollar for April to August 2024, compared to the corresponding period of 2023. The average selling rate for the period was J\$157.0 to US\$1 (see **Figure II (a)**). The depreciation of the local currency reflected increased portfolio-related demand by financial institutions, necessitating the BOJ's strategic interventions in the foreign exchange market through its B-FXITT² operations to attenuate the demand pressures. Over the period, the exchange rate depreciated at a slower pace relative to projection and contributed to the below-budget Central Government external interest payments for the April to August 2024.

² 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

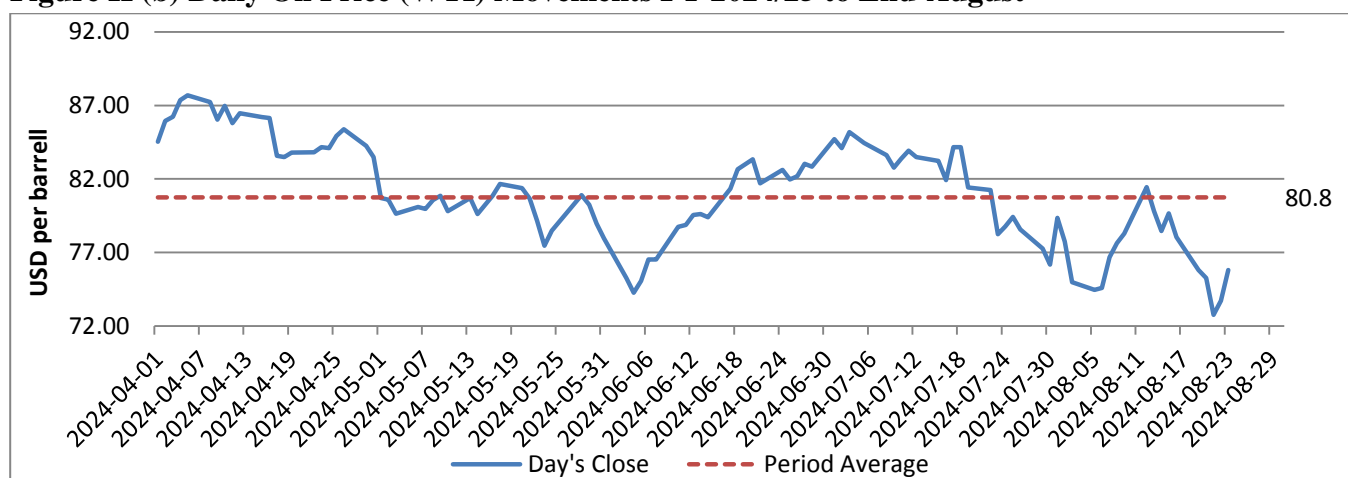


Source: Bank of Jamaica

Oil Prices

Oil prices directly impact both revenue and expenditure. Revenue is impacted through the SCT on petroleum and petroleum products, whereas expenditure is impacted through the Government's housekeeping expenses. For the fiscal year to end-August 2023, West Texas Intermediate (WTI) oil prices averaged US\$80.8/bbl (see **Figure II (b)**). Relative to the similar period last fiscal year, this represents an increase of US\$5.10/bbl. The average oil price for the fiscal year thus far is above the projected fiscal year average of US\$77.35/bbl which was presented in the annual FPP in February 2024. The projection has been revised to US\$76.22/bbl reflecting an expected marginal reduction in oil prices for the remainder of the fiscal year.

Figure II (b) Daily Oil Price (WTI) Movements FY 2024/25 to End-August



Source: Federal Reserve Bank of St Louis

Contingent Liabilities

Climate-related Fiscal Risks

Climate change creates fiscal risks through physical and transition risks. Physical risks are those associated with the impacts from climate change, and can either be event-driven (including increased severity of extreme weather events) or arise from longer-term shifts in climate patterns (including sustained higher temperatures, sea level rise, and changing precipitation patterns). These physical risks can translate to fiscal risks through increased exposure of assets to disasters and the associated recovery costs (such as replacing damaged infrastructure after a disaster occurs) as well as through adaptation costs (such as the additional costs of building infrastructure to be more resilient to climate change). Transition risks are the risks arising from the shift to a low-carbon economy due to policy changes (e.g., carbon pricing), technological changes, and changes in consumer and investor preferences. Transition risks include: loss of government revenue derived from: fossil fuels, including taxes on fossil fuels such as petroleum; vehicles as the transport sector transitions to electric vehicles; and the loss of value of publicly owned oil refineries, among others.

Climate-related fiscal risks impact public finances through a range of transmission channels. Macroeconomic risks from climate change indirectly impact public finances through the impact of disasters on government response and recovery spending, on tax bases and government revenues and, hence, on the deficit and debt levels. Climate change can also create risks to long-term fiscal sustainability.

Jamaica is located in a multi-hazard zone, and is therefore significantly exposed to climate-related fiscal risks. The island is vulnerable to the effects of climate change, most notably extreme natural hazards such as hurricanes and excess rainfall. Realisation of a disaster caused by any of these hazards could lead to significant infrastructural damage, disrupt the GOJ's expenditure programme, and adversely impact revenue flows.

The GOJ has implemented several strategies to reduce and manage the fiscal risks associated with climate change, while others are underway. These include:

- strengthening the Public Investment Management (PIM) system, including climate-sensitive project appraisal and selection (including for PPPs);
- strengthening oversight of public bodies from a climate-aware perspective;
- climate-risk informed land use planning and building codes;
- use of geographic information systems (GIS) in the mapping of hazards and of existing and proposed asset exposures;
- the planned introduction of Climate Budget Tagging in budget preparation and reporting;
- development of asset registers with valuations; and
- building the capacity of MDAs on climate-aware planning.

Additionally, the GOJ has prioritized disaster risk financing (DRF) to mitigate the fiscal impacts of natural disasters, proactively implementing strategies aimed at building fiscal resilience to such shocks. During the first quarter of FY 2024/25, the GOJ issued a new Catastrophe (CAT) Bond on the International Capital Market, following the maturity of Jamaica's first CAT Bond. The instrument provides insurance coverage valued at a maximum of US\$150.0mn against named wind events, for a period of three and a half years, or four hurricane seasons. The Government has also renewed 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 2024/25 amounts to US\$210.3 million. Additionally, the GOJ may access up to US\$385.0mn through the Inter-American Development Bank (IDB) Contingent Credit Line. Financial resources are also available through the GOJ's National Disaster Fund (NDF) and Contingencies fund, which were capitalized at approximately \$500.0mn and \$5.1 billion, respectively, at the start of FY 2024/25.

Hurricane Beryl

In early July 2024, the centre of hurricane Beryl passed within close proximity to Jamaica's southern coast, resulting in significant damages in sections of the island. The impact of the hurricane on the Central Government total expenditure (above-the-line spending) for FY 2024/25 is approximately \$11.8bn, arising from emergency response and recovery costs. For the Month of July 2024, tax revenue fell short of budget by \$2.0bn or 3.1 percent, reflecting the impact of Beryl. Similarly, for August 2024 there was a tax revenue shortfall of \$1.2bn or 1.8 percent.

There has also been a macroeconomic impact, with the outlook for real GDP growth for the fiscal year revised downward from 1.8 percent to a contraction of 0.2 percent. The fiscal impact of the hurricane was mitigated by the triggering of a pay-out under the GOJ's Tropical Cyclone (US\$16.6mn or J\$2.6bn) and Excess Rainfall (US\$10.3mn or J\$1.6bn) policies with CCRIF. Additionally, financial resources were utilized from the Contingencies Fund and the National Disaster Fund to assist in financing the emergency response and recovery efforts.

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 that might impact the financial performance of these entities.

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

Public Bodies with Arrears

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 \$6.4bn for arrears over 90 days. These public bodies are Clarendon Alumina Production Limited, National Water Commission, Housing Agency of Jamaica, the Jamaica Urban Transit Company Limited, National Health Fund, National Road Operating and Constructing Company Limited and the Urban Development Corporation. The over 90-day domestic arrears for the seven entities totalled \$7.5bn at August 31, 2024. The reported over 90-day domestic arrears for CAP, NWC and the Urban Development Corporation remain above the original individual benchmark balances.

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

NMIA and SIA Airports

Claims submitted by PAC Kingston Airport Limited, operators of the NMIA and MJB Airports Limited, for relief under the force majeure clause for the respective concession agreements were approved by Cabinet on December 14, 2020. Cabinet, on 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. The proposals submitted by the airport operators were examined and a Submission was presented to Cabinet on the recommended strategy for the airports' concession agreements. Consequently, on May 22, 2023, Cabinet approved the recommended positions and the operators of the Airports have accepted the proposed positions. Further approval was obtained from Cabinet on September 11, 2023 for the NMIA Concession Agreement to be updated to reflect the approved reduction in concession fees to facilitate the runway extension and the implementation of the Runway End Safety Area. Commencement was scheduled for the first quarter of 2024 and completion within 36 months, by first quarter of 2027.

Subsequently, the Cabinet gave approval on June 24, 2024 for an adjustment to the commencement and completion dates for the 300-metre runway extension and the Runway End Safety Area implementation works at the NMIA from the first quarter of 2024 to the third quarter of 2024 and to be completed 36 months thereafter.

Jamaica North South Highway Company (JNSHC)

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

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) is pursuing the development of a 25-year Water Purchase Agreement for the financing, construction, operation and maintenance of a Water Treatment Plant in Content, St. Catherine with a capacity of 15 million gallons per day (mgd). The Water Purchase Agreement (WPA) was approved by Cabinet on November 14, 2022. Consequently, the WPA between the NWC and the private investor was executed on November 29, 2022, and activities are currently being pursued to achieve financial closure.

Schools Energy Efficiency and Solar Project

The Ministry of Education and Youth through the National Education Trust (NET) is pursuing an energy efficiency and solar energy pilot project in 30 secondary schools by way of an Energy Savings

Performance Contract (ESPC). Under the arrangement, the private investor is to undertake the financing, installation and maintenance of photovoltaic generation systems and energy efficiency retrofits to reduce the cost of electricity at the schools selected as part of the pilot project. Consequent on Cabinet's approval of the terms of the ESPC, the contract between the NET and the private investor was executed on March 29, 2022.

Subsequent to this approval, the private investor undertook an investment grade audit which revealed that several schools in the pilot had already undertaken energy efficiency retrofits. In light of the aforementioned, the investor has requested a revision of the ESPC. The NET has engaged a transaction advisor to review and update the current financial model as well as assess the merits and feasibility of the request from the investor.

Appendix III

DEVELOPMENTS IN THE FINANCIAL SECTOR

FY 2024/25

Introduction

During FY 2024/25, the Ministry of Finance and the Public Service (MoFPS) continued to pursue key reforms to strengthen the legislative and regulatory framework of the financial sector. A notable achievement was the tabling of the Financial Institutions (Resolution and Winding Up) Bill in June 2024. Several other pieces of key legislation are at an advanced stage of the drafting process, some of which, it is anticipated, will be ready for tabling by the end-FY 2024/25.

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

Financial Regulations Division

Proposed Financial Institutions (Resolution and Winding Up) Act

The Financial Institutions (Resolution and Winding Up) Bill was tabled in the Senate on June 28, 2024. The proposed legislation for the special resolution regime for financial institutions (FIs) is intended to enhance the resilience and stability of the financial system in Jamaica by providing a framework to address the resolution and winding up of non-viable FIs in an orderly way that minimizes the resort to public funds whilst preserving vital economic functions.

Financial Investigation Division Act

The Financial Investigations Division (Amendment) Bill is anticipated to be tabled in the third quarter. The proposed amendments seek to ensure that the Financial Investigations Division Act is consistent with the Financial Action Task Force/ Caribbean Financial Action Task Force (FATF/CFATF) standards and guidelines of the Egmont Group relating to information sharing.

Twin Peaks Model of Financial Sector Regulation and Supervision

The MOFPS received comments on the draft Cabinet Submission regarding proposals for the Twin Peaks regulatory model from the Attorney General's Chambers (AGC) and the Legal Reform Department (LRD) in early September 2024. The comments were forwarded to the BOJ for their feedback on September 9, 2024. The Twin Peaks regulatory model seeks to address the regulation of the financial sector into two broad functions: prudential supervision and consumer protection and market conduct supervision, with distinct authorities for each function.

Insurance Act and Regulations

The Insurance (Amendment) Bill and the accompanying Insurance Regulations continued through the iterative process, with the receipt of the latest draft from the Office of the Parliamentary Counsel (OPC) on July 30, 2024. The draft was subsequently forwarded to the Financial Services Commission (FSC) for comments. The proposed amendments seek to, inter alia, amend the Insurance legislation to facilitate the creation of a micro-insurance legislative framework.

Private Sector Pensions Reform

The latest draft of the Pensions (Repeal and Replacement) Bill and the Income Tax (Amendment) Bill is being reviewed. The second phase of private sector pension reform seeks to ensure there is adequate level of pension benefits, foster security of benefits for participants and ensure an effectively regulated private pensions industry by the FSC.

Bank of Jamaica Act

The Bank of Jamaica (Amendment) Bill regarding proposals to address the eligibility criteria for appointments continued through the iterative process.

The MOFPS received the non-objection of both the AGC and OPC for the Cabinet Submission regarding proposals to amend the Bank of Jamaica Act to deal with Money or Value Transfer Services (MVTs).

Proposed Credit Union (Special Provisions) Act

The Credit Union (Special Provisions) Bill is delayed due to protracted resolution of outstanding policy matters. The Bill seeks to enact legislation to place credit unions under the regulatory purview of the Bank of Jamaica (BOJ).

Payment Clearing Settlement Act

Subsequent to the receipt of the first draft of the Payment Clearing Settlement (Amendment) Bill from the OPC in April 2024, further drafting instructions were issued to the OPC to revise the Bill on September 12, 2024. The proposed amendments seek to enhance the legal and regulatory framework for payment service providers (PSPs).

Virtual Assets and Virtual Assets Service Providers

The MOFPS received Cabinet's approval of the Cabinet Submission pertaining to proposals for a regulatory framework for virtual assets and virtual assets service providers on September 2, 2024.

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

The MOFPS anticipates the feedback of the BOJ on the Banking Services (Prevention of Money Laundering Terrorism Financing and Proliferation of Weapons of Mass Destruction) Supervisory Rules in the third quarter.

Financial Sector Adjustment Company Ltd and Financial Institutions Services Ltd

The scaling down of the legacy operations of FINSAC and FIS continued, as follows:

Achievements of FINSAC/FIS during Fiscal Year 2024/2025:-

- 1) The audited financial statements of both companies for the year ended March 31, 2024 were completed and submitted to the Ministry of Finance on July 30, 2024. The annual general meeting is scheduled for October 17, 2024.
- 2) FINSAC's 72% shareholding in Ciboney Group Limited was sold to Innovative Energy Company Limited during the year ended March 2024, and all but one small shareholding of 641,000 units have been transferred.
- 3) Sale of the NCB *bona vacantia* shares has been completed..

Financial Investigations Division

During the review period, the Financial Investigations Division continued to pursue its mandates under the Financial Investigations Division Act, the Proceeds of Crimes Act (POCA), the Terrorism Prevention Act (TPA) and the United Nations Council Resolutions Implementation Act

(UNSCRIA) to strengthen Jamaica's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework.

Proposed Areas of Focus for Fiscal Year 2024/25

Financial Regulations Division

- 1) The second phase of private sector pension reform to address issues such as vesting, portability and indexation.
- 2) The enactment of legislation for
 - a) The supervision of credit unions by the Bank of Jamaica;
 - b) The development of a regulatory framework for implementation of the Twin Peaks regulatory model;
 - c) The development of a regulatory framework for virtual assets and virtual asset service providers.
- 3) Legislative amendments to:
 - a) Bank of Jamaica Act to develop a framework for eligibility criteria for appointments;
 - b) Bank of Jamaica Act to develop a framework for money or value transfer services;
 - c) Payment Clearing Settlement Act to enhance the legal and regulatory framework for PSPs;

Financial Sector Adjustment Company (FINSAC) / Financial Institutions Services Limited (FIS)

- 1) The management of the legacy operations of FINSAC and FIS, with particular focus on:-

For FINSAC:

- a) preparation of audited accounts for the year ending March 2025;
- b) liaising with attorneys on the litigation matters, including payment of the judgment sum and costs in one case and settlement or pursuing appeal in the Court of Appeal in another matter; and
- c) pursuing the additional advertisement and arranging the transfer of residual pension funds to the Accountant General

For FIS:

- a) preparation of audited accounts for the year ending March 2025;
- b) effecting sale or transfer to the Commissioner of Lands of the two unsold Century properties; and
- c) follow-up regarding the appointment of a Trustee who will undertake liquidation of Jamaica Grande Limited and distribute surplus funds to shareholders, and thereafter, apply to strike-off the company.

Financial Investigations Division**Anti-Money Laundering/Combating the Financing of Terrorism/Countering Proliferation Financing (AML/CFT)**

- 1) Enhance Jamaica's Anti-Money Laundering/Counter Financing of Terrorism/Counter Proliferation Financing (AML/CFT/CPF) framework and prepare for CFAFT Mutual Evaluation in 2026 including: -
 - a) Updating the National Risk Assessment for AML/CFT, including undertaking a proliferation financing assessment for the first time.
 - b) Continuing stakeholder engagement in an effort to educate and increase their reporting requirements under the relevant legislation.
 - c) Continuing to expand the use of the POCA across law enforcement agencies.
 - d) Improving the mechanism for the disposal of the approximate \$2B portfolio of forfeited assets being managed by the Department.

Appendix IV

TAX PROGRAMME

TAX ADMINISTRATION JAMAICA

Tax Administration Jamaica (TAJ) administers Jamaica's domestic tax laws that accounts for more than 60% of Jamaica's total tax revenues. In alignment with the MoFPS policy direction, TAJ continues to pursue and monitor its programmes and initiatives against its intended results. Guided by its Domestic Tax Administration Programme, TAJ focuses on strengthening its compliance programmes, to improve the performance of domestic tax revenues and through its Executive Direction and Administration Programme, TAJ provides the necessary support in keeping with its mandate, through agile business transformation and customer satisfaction initiatives.

The performance of the Authority with respect to its main initiatives, are presented below.

Performance FY 2024/25 (April-July)

Collections

Collections at end -July 2024 stood at \$171.8bn. This is approximately 2.5 percent above target and an 8.5 percent improvement of domestic tax revenues over the same period last fiscal year.

Compliance

Results of compliance programmes are as follows:

- **Taxpayer registration:** 1.2 percent increase in taxpayer population moving from 294,694 (end April 2024) to 298,257. These were identified via third-party data.
- **On-time-filing rate:** Improved from 62.0 percent to 63.0 percent over the same period last fiscal year. This was influenced primarily by an increase across all taxpayer segments for PAYE.
- **On-time payment rate:** Improved from 93 percent to 95.9 percent over the corresponding period last fiscal year. The YTD payment rate (value of the tax liability that is paid on time) of 93 percent increased by 2.9 percent.
- **Stock of arrears:** Approximately 22 percent of targeted arrears were collected (\$10.9bn of \$50.0bn). Enforcement action accounted for \$7.6bn (approximately 70 percent) of arrears

collected. However, the stock of arrears increased by \$6.3bn, moving from \$230.8bn at the start of the fiscal year, to \$237.1bn. 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:** As at end-July 2024, there was 1.04 percent coverage for both large and medium taxpayers. This compares to targeted annual audit coverage of 10.0 percent and 6.0 percent for large taxpayers and medium taxpayers, respectively.

Products and Services

Since the beginning of FY23/24, the primary focus of TAJ's public education campaign has been:

1. Property Tax programme
2. Promotion of TAJ's payment options
3. Promotion of TAJ's digital products for motor vehicle and driver licence transactions.

TAJ's Property Tax campaign leveraged both traditional and social media to reach a wider audience, in addition to targeting communities with high delinquency rates, through special education outreach activities.

The response to the Scotia online payment option has been positive. In an effort to increase the number of clients who use TAJ's online products to either purchase or initiate motor vehicle or driver licence transactions; a mini campaign was launched to address the public's most frequently asked questions concerning motor vehicle and driver licence transactions. During the period, TAJ continued to extend its opening hours at select tax offices, via its "Month-End Saturday Opening".

Regarding the more specific tax audience, TAJ had various engagements with partner organizations, addressing numerous agendas and topics of concern. Engagement with partner organizations and various stakeholders continued through participating or hosting various outreach events including:

- A one-week Dispute Avoidance and Resolution (MAP/Arbitration) Workshop (May 1-5, 2023);
- Collaborating with the Ministry of Finance and the Public Service (MoFPS) to host a World Bank Mission Team visit;
- The Exchange of Information Peer Review (June 1st and 2nd);

- A General Consumption Tax (GCT) and Excise Modernisation Workshop (June 12-15, 2023); and
- Facilitating an Organisation for Economic Co-operation and Development (OECD) four-day technical training exercise (July 4-7, 2023)

With respect to improvements to TAJ's processes, for the most part, the Authority's digital services continues to be one of the main focus, to improve relations with stakeholders through continuous improvements to Revenue Administration Information Systems (RAiS) and other digital services. This includes the ability for users to request taxpayer registration number (TRN) Letter/ TRN data sheet on e-Services; the creation of IT03 Returns for Year of Assessment 2023 and later; and the creation of a new deferment case to manage inline and online GCT deferment application (this also introduced the ability to request deferment of packaging materials online).

TAJ is now ISO 9001:2015 Quality Management System certified for four (4) of its tax offices. These are St. Andrew Revenue Service Centre, May Pen, Spanish Town, and Falmouth.

Improved Business Environment

The Agency continues to undertake a number of renovation and capital projects. The organization aims to maintain staff morale and continue to further improve productivity by enhancing not only where business is done, but also how it is administered to customers.

For FY24/25, TAJ will be overseeing and managing 13 infrastructure projects (6 major capital projects and 7 renovation projects). As at end July 2024, construction has started on the Christiana Tax Office which is approximately 75 percent completed, with the remaining projects (Montego Bay Revenue Service Centre; Mandeville Revenue Service Centre (Megamart building); Kingston Revenue Service Centre (former BNS Building) to relocate, Browns Town Tax Office; and the Nuttall Property are all at either the preliminary or consultancy stage.

Legal Framework

The legislative framework continues to provide support to TAJ's strategic objectives, through legal guidance and technical advice, which augments the results of initiatives and programmes, enabling the organization to fulfil its mandate, within the rule of law. The framework also facilitates and negotiates international agreements that aim to relieve double taxation from cross-border business activities.

Currently, the Agency is pursuing amendments to a plethora of legislations to strengthen the judicial framework in keeping with international standards, and in support of the shift towards a digital environment and revenue enhancement. Some of the key legislations include:

- General Consumption Tax (GCT) Act - to introduce GCT on digital services, in accordance with Base Erosion and Profit Shifting (BEPS) Action 1, as well as general modernization of the legislation to facilitate ease of reading and administration.
- Excise Act - modernisation of the act, to ensure compliance with international best practices.
- Income Tax Act - to introduce rules to the corporate migration regime, introduction of BEPS Pillar 1 GloBE Rules, and amendments to the Income Tax regulations for Country-by Country reporting.
- Special Economic Zone (SEZ) Act –to comply with Jamaica’s international obligation to implement BEPS Action 5 (Countering Harmful Tax Practices), to create a fit for purpose regime, for monitoring intellectual property activities in keeping with international standards.

JAMAICA CUSTOMS AGENCY

Introduction

The Jamaica Customs Agency (JCA), historically collects between **thirty-four to thirty-nine percent (34.0 percent - 39.0 percent)** of the government's revenue and as such remains an essential arm of the Government of Jamaica's (GOJ) as a key enabler in achieving the objectives of the National Development Plan, 'Vision 2030'.

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

Operating Environment

The JCA endeavours to secure the national and global trade supply chain ecosystem, thereby supporting the business environment. The Agency enables the sustainability of businesses by promoting ethics in business conduct and facilitating the cross-border movement of people and cargo.

Achievements: April 2024 to July 2024

Revenue Collection

As at July 2024, the Jamaica Customs Agency (JCA) recorded tax revenue outturns of \$98.9Bn, of which \$89.5bn or 90.0 percent were in respect of merchandise trade while \$9.5bn or 10.0 percent were from international travel. The international trade taxes generated outturns marginally below budget by \$553.8mn or 0.6 percent due to a major shortfall in travel and passenger taxes.

In comparison to the same period of FY 2023/24, the revenue from merchandise trade grew by \$970.6mn or 1.0 percent, from the \$97.9bn recorded, with modest growth registered by Import Duty and General Consumption Tax of 7.5 percent and 3.1 percent, respectively. At the commodity level, this performance was buoyed largely by motor vehicle importation, arising from a higher trade volume and CIF value.

The CIF value of imports grew by \$12.3bn or 3.0 percent to \$406.3bn from the \$393.9bn registered for the same period of FY 2023/24. In addition to higher commodity prices, the growth in the CIF value may be attributed to a one-percentage point increase in the contribution of freight charges to the total CIF value of imports.

The travel tax outturn of \$9.5bn was 18.0 percent behind budget and 7.5 percent lower than the prior year. The data revealed a 6.0 percent reduction in the number of flights reported from 9,216 to 8,648. The number of arriving passengers declined by 17.0 percent from 1,311,866 to 1,082,354. Adverse weather events and unfavourable travel advisories negatively impacted the passenger numbers.

Non-tax revenue of \$7.8bn outperformed budget by \$1.1bn or 15.0 percent, due largely to the container scanning fees collected on behalf of the Port Authority of Jamaica. Year over year, the non-tax revenue items grew marginally by \$0.2bn or 2.0 percent from the \$7.7bn recorded for FY 2023/24. The Customs Administration Fee, driver of the non-tax revenue, performed negatively due largely to lower importation of the major petroleum and building products.

Trade Facilitation

Under this mandate, it is imperative that the Agency provides stakeholders with updated and timely information concerning the business and ensures efficiency in service delivery. The JCA ended the period with twenty-seven (27) **stakeholders' engagements** and utilized several mediums including the use of technology to reach its clients. April 25th, 2024, the Agency participated in the St. Elizabeth Parish Court Public Education Day. In June 2024, the Agency continued its dedication to community outreach by participating in the Clearing Charitable items and Charities Sensitization sessions held in Manchester. Additionally, there was collaborative effort with the Department of Cooperative and Friendly Society (DCFS) aimed at raising awareness of the requirements and processes relating to Charitable Goods importation.

The JCA continued its support for National engagements, while leveraging the opportunities to market the Agency's Customs Mobile App and demonstrate corporate social responsibility. Other external stakeholder initiatives/engagements included, Authorized Economic Operator (AEO) sessions with multiple stakeholders, post clearance audits as well as an exposition at the Wolmer's High School. Ending the period, the Agency facilitated four (4) Quality Assurance meetings with international trade supply chain stakeholders in Kingston and Montego Bay. The target for the fiscal year is thirty (30) stakeholder engagements. However, the target is likely to be increased in the mid-year review period.

Trade Facilitation as a mandate of the JCA is underpinned by strategic initiatives geared toward making it easier to do business. In light of this, the Agency as the lead implementing entity and operator of the **Jamaica Single Window for Trade (JSWIFT)** continues to digitize the international trade-related business services of the Border Regulatory Agencies (BRAs). For the April to July 2024 period:

- **The Sugar Industry Authority (SIA)** - *successfully launched its new services (Brown Sugar Import Permit; Specialty Sugar Import Permit and Brown Sugar Export License) on April 8, 2024. The SIA team, in partnership with the Trade Board Limited (TBL), also offers the following services: Refined Sugar Import Permits for Marketing Agents and Sugar Export Permits.*
- **Jamaica Dairy Development Board (JDDDB)** - *Additional services and first time services for the National Compliance and Regulatory Authority (NCRA) became mandatory. This facilitated the digital approval process for the Milk Powder Import License for manufacturers. Further, twelve (12) Import Permit services were on-boarded on June 1, 2024, for the Pharmaceutical and Regulatory Affairs Department (PRAD).*

The Jamaica Customs Agency also hosted a delegation from the St. Vincent and the Grenadines Customs & Excise Department, along with Public and Private Sector entities from the island for an extensive benchmarking mission geared toward sharing best practices as St. Vincent and the Grenadines seeks to implement a Single Window for Trade. The agenda included detailed discussions on system integration, stakeholder collaboration, and the strategic steps required for the successful implementation of a Single Window environment as employed by the JCA.

For the period April 1 - July 31, 2024, the Agency's commercial declarations documentary processed 54,188 commercial declarations of which 49,326 or 91.0 percent were documentarily processed within 20 hours of submission. Comparatively, from April 1 – July 31, 2023, commercial declarations documentary processed within the same standard timeframe were 48,056 or 88.8 percent of the 54,147 commercial declarations submitted for the period. The Agency continues to perform above the targeted standard of 85.0 percent of commercial declarations documentary processed within the standard timeframe. Additionally, there has been a 0.1 percent increase in the number of commercial declarations submitted for the reported period compared to the same period previous fiscal year.

Across the three (3) International Airports, the Donald Sangster International Airport (DSIA), Norman Manley International Airport (NMIA) and Ian Flemmings International Airport (IFIA), main **passenger terminals** for the April 1 – July 31, 2024, the period saw passenger arrivals totaled 1,084,838. This represented a decrease of 75,050 passengers or 6.5 percent when compared to the previous year's same period of 1,159,888 arriving passengers. The direct contributing variable was the decrease of 556 arriving flights or 5.9 percent (April – July 2024, 8,736 flights compared to April – July 2023, 9,292 flights). Overall, the average passenger processing time (Customs contact time) netted 2 minutes and 20 seconds for the red channel and 29.6 seconds for the green channel. The Agency has a passenger processing time charter standard of on average, 3 minutes for the red channel and 30 seconds for the green providing no irregularities are identified during processing or detailed examination of luggage required due to dutiable items declared or found.

Border Protection

The Jamaica Customs Agency recorded approximately 14.2 percent or 22 increases in seizures from 155 in April to July 2023 to 177 in April to July 2024. Narcotics seizures accounted for Sixty-Five (65) seizures from April to July 2024. Additional, seizures included firearms and other related ammunition and accessories.

Jamaica Customs hosted a high-level regional risk management working group meeting on June 11, to discuss and support the development of effective risk management strategies within the respective Customs Administrations and promote a collaborative environment. The initiative was held under the partnership of the World Customs Organization (WCO) and International Narcotics Law Enforcement Affairs (INL) of the United States of America. The meeting marks a significant step forward in regional cooperation and underscores the importance of a unified approach to risk management and border protection. It also signifies the Government of Jamaica support to the Agency's transformational enhancements.

In relation to the modernization of the Non-Intrusive Inspection (NII) programme, the Non-Intrusive and Security Management Branch (NISMB) continued preparatory work for the deployment of eight (8) new pallet scanners to be housed at Marine Warehouses across Kingston. Recruitment and training activities were continuous over the period towards meeting the July 1, 2024, deadline for full transition of the NII programme from the Port Authority of Jamaica (PAJ) to the JCA. Six (6) pallet scanners were procured by the PAJ and the installation of 2 commenced at Kingston Wharves Limited (KWL) in July 2024. Activities regarding research and exploration of remote image analysis applications/software were undertaken and discussion initiated with United States Customs and Border Protection (CBP) surrounding a study tour.

The NII programme was transitioned from PAJ to JCA on July 1, 2024, giving the Agency full operational control of the NII equipment. Other matters such as ownership of the equipment remained to be finalized. Further work continued regarding the transition agreement between PAJ and the Agency.

Legislative Reform (Customs Act, Regulations and Rules):

Customs Bill 2024

The next step in the parliamentary process to repeal and replace The Customs Act 1941 is the final passage of the Bill in the Houses of Parliament. Once the Bill is approved by both Houses of Parliament and the Royal Assent is granted by the Governor-General, a new Customs Act will be enacted.

A meeting was held with the Minister of Finance and the Public Service (MOFPS), the Legal Affairs Division (LAD) of the JCA, and the MOFPS team, culminating in attending Parliament on May 29, 2024. Additionally, research was conducted on Non-Intrusive Inspection (NII) and Contactless Clearance, leading to the drafting and circulation of information regarding further proposed amendments to the Customs Bill. A response was provided to the Jamaica Special Economic Zone Authority (JSEZA) addressing potential questions about the new Customs Act raised at the Jamaica Manufacturers and Exporters Association (JMEA) Conference held in May 2024. An overview of the new Customs Act was also provided to the Tax Administration Jamaica (TAJ) upon their request.

The Agency also liaised with CARICOM IMPACS and Joint Regional Communication Centre (JRCC) regarding any outstanding concerns relating to the proposed new Act and the Passenger Name Record (PNR) Information provisions contained in it.

Regulations

The development of the regulations is essential in supporting the principal legislation and such is being undertaken with technical assistance provided by the World Bank. Three (3) Special Economic Zones (SEZ) Regulations meetings were held with the World Bank and the JSEZA (an additional one held with the Ministry of Industry, Investment and Commerce) to discuss the development of SEZ regulations and the proposed schedule for their development..

Further work continued with the World Bank and JSEZA regarding SEZ Customs Regulations Guidelines development

Business Continuity Plan (BCP)

Over the reported period the drafted Business Continuity Plan (BCP) was reviewed by the JCA's management team and feedback provided. Furthermore, additional work was conducted on the associated Crisis Communication Plan (CCP), a key element in finalizing the recovery strategies of the BCP. A final meeting was held with the consultants in July 2024 to close out the project engagement.

Enterprise Risk Management (ERM) Framework Implementation

The commencement of the fiscal year saw the JCA embarking on the 2nd phase of the implementation of ERM across the Agency. A key activity pursued was the development of the job descriptions to facilitate the operationalization of the ERM function in the Agency. Notably, capacity building of the Executive Management Team and the Risk Management Committee by virtue of a training/workshop on Strategic Risk Management was achieved.

Human Resource Management and Development

The Agency's staff structure or establishment at the commencement of the fiscal year stands at 1,745 posts. At the end of July 2023, 366 or approximately 21.0 percent of posts remain to be filled. Ending July 2024, the Agency administered and/or facilitated 60 training interventions (local and overseas) on different functional or technical areas geared toward enhancing customs-related skills and improving the soft and emotional skills of staff. The participation rate of staff declined by 63.1 percent relative to the previous fiscal year. The downward reported performance is likely due to increased operational workloads or urgent priorities that constrained staff availability for training, as focus shifts to meeting day-to-day operational needs over professional development. In addition, the potential shortage in staffing levels might have made it difficult to release employees for training without impacting essential services.

Appendix V

CENTRAL GOVERNMENT NON-DEBT EXPENDITURE FY 2024/25

Table V(a) Non-Debt Recurrent Expenditure Performance April-July 2024 (\$'000)

Heads	Estimates of Expenditure 2024/2025	Budget Apr-July 2024/2025	Provisional Expenditure Apr-July 2024/2025
His Excellency the Governor-General and Staff	532,852	209,634	158,969
Houses of Parliament	2,439,963	880,335	699,811
Office of the Public Defender	394,357	112,137	78,729
Auditor General	1,404,352	463,214	444,849
Office of the Services Commissions	518,977	175,958	157,531
Office of the Children's Advocate	386,655	141,391	133,932
Independent Commission of Investigations	837,299	288,154	276,403
Integrity Commission	1,851,371	529,226	461,395
Independent Fiscal Commission	273,482	-	-
Office of the Prime Minister	12,020,362	4,730,261	4,668,971
Jamaica Information Service	1,167,489	435,564	430,813
Registrar General Department	516,078	298,900	298,430
Post & Telecommunications Department (new)	3,502,373	1,510,548	1,354,371
Office of the Cabinet	418,803	169,586	142,182
Management Institute for National Development	274,923	93,932	93,932
Ministry of Tourism	13,847,655	5,965,286	5,897,204
Ministry of Economic Growth and Job Creation	12,439,289	7,712,057	7,162,470
Forestry Department	1,731,204	586,918	559,208
National Land Agency	1,568,816	580,954	567,925
National Environment and Planning Agency	1,633,004	619,084	604,228
National Works Agency	1,288,476	510,739	510,703
Ministry of Finance & the Public Service	90,947,481	14,354,499	14,347,740
Accountant General	1,771,755	616,956	568,052
Pensions	44,000,000	13,796,974	13,586,031
Tax Administration Jamaica	22,149,337	6,815,000	6,614,160
Financial Investigations Division	1,461,711	336,731	132,404
Revenue Protection Division	369,030	144,940	65,764

Table V(a) Cont'd**Non-Debt Recurrent Expenditure Performance April-July 2024 (\$'000)**

Ministry of National Security	47,390,535	17,536,949	17,258,639
Police Department	69,973,343	27,494,005	27,043,769
Department of Correctional Services	11,092,342	4,100,788	4,069,415
Passport, Immigration and Citizenship Agency	1,032,106	344,000	344,000
Institute of Forensic Science and Legal Medicine	1,404,509	427,669	354,493
Major Organized Crime and Anti Corruption Agency	2,886,099	1,155,138	979,076
Ministry of Legal & Constitutional Affairs	1,367,378	391,080	313,943
Ministry of Justice	3,690,999	1,096,928	955,648
Director of Public Prosecutions	820,874	311,594	269,043
Administrator General	438,367	192,027	178,026
Attorney General	1,672,923	475,098	470,887
Judiciary	9,431,721	2,620,000	2,450,086
Ministry of Foreign Affairs and Foreign Trade	6,651,435	2,643,447	2,457,592
Ministry of Labour and Social Security	20,015,027	5,869,928	5,633,999
Ministry of Education, Youth and Information	159,692,923	63,058,000	62,862,995
Child Development Agency	4,756,586	1,705,981	1,673,962
Ministry of Health and Wellness	133,605,851	47,299,614	46,896,513
Bellevue Hospital	2,770,476	1,031,652	1,001,468
Government Chemist	128,529	57,294	47,376
Ministry of Culture, Gender, Entertainment and Sport	5,856,463	2,354,385	2,252,414
Ministry of Agriculture and Fisheries	14,084,411	5,532,817	5,397,066
Ministry of Industry, Investment & Commerce	6,134,940	2,712,866	2,526,825
Companies Office of Jamaica	679,042	330,980	219,939
Ministry of Science, Energy, Telecommunications & Transport	23,793,602	7,203,628	6,903,828
Ministry of Local Government and Rural Development	20,778,896	8,300,909	8,214,130
TOTAL RECURRENT	769,896,471.00	266,325,755.00	260,791,339.00

Table V(b) Non-Debt Capital Expenditure Performance April-July 2024 (\$'000)

Heads	Estimates of Expenditure 2024/2025	Budget Apr-July 2024/2025	Provisional Expenditure Apr-July 2024/2025
Office of the Prime Minister	5,481,262	1,019,940	830,912
Ministry of Economic Growth and Job Creation	20,868,547	9,758,688	9,188,208
Ministry of Finance and Public Service	26,360,452	569,892	531,317
Ministry of National Security	3,616,422	1,684,497	1,642,241
Ministry of Justice	234,365	9,285	-
Ministry of Labour and Social Security	62,239	4,914	-
Ministry of Education and Youth	1,947,645	248,336	219,441
Ministry of Health and Wellness	11,532,491	1,230,479	1,204,973
Ministry of Agriculture and Fisheries and Mining	3,927,059	1,798,214	1,783,263
Ministry of Industry, Investment and Commerce	359,269	129,269	118,852
Ministry of Science, Energy, Telecommunications and Transport	3,347,950	3,353,597	3,302,069
Ministry of Local Government and Community Development	2,262,299	555,624	555,262
TOTAL CAPITAL	80,000,000	20,362,735	19,376,538

Table V(c) Capital Performance by Project April-July 2024 (\$'000)

	FUNDING SOURCE	Estimates of Expenditure 2024/2025	Budget Apr–July 2024/2025	Provisional Expenditure Apr–July 2024/2025
OFFICE OF THE PRIME MINISTER				
Jamaica Disaster Vulnerability Reduction Project	GOJ/IBRD	221,139	131,139	122,561
National Identification System (NIDS) Project	IABD	1,340,402	221,995	218,204
Rural Economic Development Initiative II	IBRD	1,294,821	197,566	110,007
Integrated Community Development Project II	GOJ	1,000,000	336,997	329,170
School Infrastructure Improvement Project	GOJ/CDB	726,710	87,801	33,430
Rural Community Access and Drainage Improvement Project	GOJ/CDB	61,102	17,850	395
Capacity Building for Education and Livelihoods Development Project	CDB-Grant	837,088	26,592	17,145
TOTAL OFFICE OF THE PRIME MINISTER		5,481,262	1,019,940	830,912

Table V(c) Cont'd

Capital Performance by Project April-July 2024 (\$'000)

MINISTRY OF ECONOMIC GROWTH & JOB CREATION			-	
Establishment of United Nations House	GOJ	195,000	19,500	
Electronic Land Titling	GOJ	150,000	49,129	
Pilot Programme for Climate Resilience II (PPCRII)- Adaptation Programme and Financing Mechanism	GOJ/IADB	6,955	6,955	6,955
Southern Coastal Highway Improvement Project	GOJ/CEIXM	6,297,709	955,630	949,465
Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco)	GOJ	95,223	42,644	5,946
Credit Enhancement Programme for MSMEs	IDB		-	
Access to Finance for MSMEs	IBRD	822,329	275,053	31,998
Montego Bay Perimeter Road	GOJ	10,200,000	7,424,183	7,337,117
Montego Bay Waterfront Protection Infrastructure (Groynes) Project	GOJ	500,000	160,000	126,000
Boosting Innovation, Growth and Entrepreneurship Ecosystems	IBRD	1,286,331	263,469	192,602
Widening and Dualization of Grange Lane, St.Catherine	GOJ	600,000	340,000	330,000
Troy Bridge	GOJ	80,000	20,000	8,000
Construction of Portmore Resilience Park	GOJ	550,000	188,125	188,125
Rural Water Supply Improvement Project	GOJ	85,000	14,000	12,000
TOTAL MINISTRY OF ECONOMIC GROWTH & JOB CREATION		20,868,547	9,758,688	9,188,208

Table V(c) Cont'd

Capital Performance by Project April-July 2024 (\$'000)

MINISTRY OF FINANCE & THE PUBLIC SERVICE			-	
Contingency Provision - Public Investment Management System	GOJ	24,524,372	-	
Enhancing the Resilience of the Agri Sector and Coastal Areas	GOJ	441,484	67,574	64,585
Jamaica Foundation for Competitiveness and Growth	IBRD-LOAN		-	
Strategic Public Sector Transformation	GOJ		-	
Support to Public Sector Transformation Implementation Project	GOJ/IADB	10,953	10,953	16
A Jamaican Path from Hills to Ocean	GOJ	224,933	37,772	28,791
Jamaica Business Environment Reforms Project	GOJ/IBRD	717,030	266,070	251,396
Construction of Christiana Tax Office	GOJ	441,680	187,523	186,529
TOTAL MINISTRY OF FINANCE & THE PUBLIC SERVICE		26,360,452	569,892	531,317
			-	
			-	
MINISTRY OF NATIONAL SECURITY			-	
Cyber Security Initiative	GOJ		-	
Purchase and Overhaul of Ships/Coastal Surveillance	GOJ	1,049,497	1,049,497	1,033,402
Construction of the Forensic Pathology Autopsy Suite	GOJ	50,000	17,000	12,695
Construction of the Westmoreland Police Divisional Headquarters	GOJ	882,000	293,500	281,018
Security Strengthening Project	IDB-LOAN	644,925	96,521	93,863
Construction of St.Catherine North Police Divisional Headquarters	GOJ	990,000	227,979	221,263
TOTAL MINISTRY OF NATIONAL SECURITY		3,616,422	1,684,497	1,642,241

Table V(c) Cont'd

Capital Performance by Project April-July 2024 (\$'000)

MINISTRY OF JUSTICE			-	
Construction of St Andrew Justice Centre	GOJ		-	
Renovating and Upgrading Works at the Clarendon Parish Court	GOJ		-	
Construction of the Hanover Justice Centre (Sandy Bay)	GOJ	180,000	7,749	-
Construction of the Clarendon Justice Centre (Sunnyside Drive)	GOJ	54,365	1,536	-
TOTAL MINISTRY OF JUSTICE		234,365	9,285	-
			-	
MINISTRY OF LABOUR			-	
Social Protection for Increased Resilience and Opportunity (SPIRO)	IBRD	62,239	4,914	-
			-	
TOTAL MINISTRY OF LABOUR		62,239	4,914	-
			-	
MINISTRY OF EDUCATION & YOUTH			-	
Education Transformation Programme I	GOJ	514,000	8,981	427
Establishment of Diagnostic Centres (Special Education)	GOJ	180,000	700	-
Primary and Secondary Infrastructure Programme	GOJ	845,600	187,272	178,047
Education System Transformation Programme (I I)	GOJ	300,000	28,612	23,938
Jamaica Education Project (JEP)	GOJ	108,045	22,771	17,029
TOTAL MINISTRY OF EDUCATION, YOUTH & INFORMATION	-	1,947,645	248,336	219,441

Table V(c) Cont'd

Capital Performance by Project April-July 2024 (\$'000)

MINISTRY OF HEALTH			-	
Support to the National HIV/AIDS Response in Jamaica (formerly New Funding Mechanism)	GOJ	1,092,148	377,950	373,572
Western Adolescence Hospital	GOJ	800,000	25,200	13,743
Prevention & Care Management of Non-Communicable Diseases Programme	GOJ/IDB/EU	3,349,862	491,158	490,328
Redevelopment and Modernisation of the University Hospital of West Indies	GOJ	481,000	146,000	146,000
Redevelopment of Cornwall Regional Hospital	GOJ	5,809,481	190,171	181,330
Total MINISTRY OF HEALTH		11,532,491	1,230,479	1,204,973
			-	
			-	
MINISTRY OF AGRICULTURE AND FISHERIES			-	
Rehabilitation of Research Centres	GOJ		-	
Essex Valley Irrigation Infrastructure Development Programme	CDB-GRANT/GOJ	1,899,469	1,467,111	1,463,708
Southern Plains Agricultural Development Project	CDB-GRANT	1,585,668	246,174	245,483
Promoting Community Based Climate Resilience in the Fisheries Sector	IBRD Grant		-	
Soil Fertility Mapping Project	GOJ	35,922	14,736	5,162
Agricultural Competitiveness Programme Bridging Project	IDB		-	
Rehabilitation of Research Centres Phase 2	GOJ	406,000	70,193	68,910
TOTAL MINISTRY OF AGRICULTURE AND FISHERIES	-	3,927,059	1,798,214	1,783,263
			-	
MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE			-	
Global Services Skills Project	IADB-LOAN	359,269	129,269	118,852
TOTAL MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE	-	359,269	129,269	118,852

Table V(c) Cont'd

Capital Performance by Project April-July 2024 (\$'000)

HEAD 69000C - MINISTRY OF SCIENCE, ENERGY, TELECOMMUNICATIONS AND TRANSPORT			-	
Energy Management and Efficiency Programme	IDB LOAN/ EU- GRANT	713,290	71,827	32,517
Acquisition of Buses	GOJ	2,634,660	3,281,770	3,269,552
Sub - Total MINISTRY OF SCIENCE, ENERGY, TELECOMMUNICATIONS AND TRANSPORT	-	3,347,950	3,353,597	3,302,069
			-	
MINISTRY LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT			-	
Improvement of Emergency Communication System in Jamaica	GOJ	1,346,165	37,696	37,334
Acquisition of Compactor Trucks	GOJ	916,134	517,928	517,928
TOTAL MINISTRY OF LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT	-	2,262,299	555,624	555,262
			-	
GRAND TOTAL CAPITAL C		80,000,000	20,362,735	19,376,538

Table V(d) Non-Debt Recurrent Expenditure: First Supplementary Estimates 2024/2025
(\$'000)

Heads	Estimates of Expenditure 2024/2025	Revised Estimates 2024/2025
His Excellency the Governor-General and Staff	532,852	706,557
Houses of Parliament	2,439,963	2,689,115
Office of the Public Defender	394,357	394,357
Auditor General	1,404,352	1,492,916
Office of the Services Commissions	518,977	594,220
Office of the Children's Advocate	386,655	444,492
Independent Commission of Investigations	837,299	1,015,707
Integrity Commission	1,851,371	2,046,747
Independent Fiscal Commission	273,482	273,482
Office of the Prime Minister	17,206,302	19,477,020
Office of the Cabinet	693,726	758,611
Ministry of Tourism	13,847,655	15,677,548
Ministry of Economic Growth and Job Creation	18,660,789	29,693,813
Ministry of Finance and Public Service	160,699,314	119,517,539
Ministry of National Security	133,778,934	156,666,760
Ministry of Legal and Constitutional Affairs	1,367,378	1,583,222
Ministry of Justice	16,054,884	16,542,722
Ministry of Foreign Affairs and Foreign Trade	6,651,435	6,696,838
Ministry of Labour and Social Security	20,015,027	21,199,448
Ministry of Education and Youth	164,449,509	187,088,933
Ministry of Health and Wellness	136,504,856	145,806,444
Ministry of Culture, Gender, Entertainment and Sport	5,856,463	6,660,502
Ministry of Agriculture and Fisheries and Mining	14,084,411	17,447,265
Ministry of Industry, Investment and Commerce	6,813,982	7,410,526
Ministry of Science, Energy, Telecommunications and Transport	23,793,602	26,799,164
Ministry of Local Government and Community Development	20,778,896	24,105,070
TOTAL RECURRENT	769,896,471	812,789,018

Table V(e) Non-Debt Capital Expenditure: First Supplementary Estimates 2024/2025 (\$'000)

HEADS	Estimates of Expenditure 2024/2025	Revised Estimates 2024/2025
Office of the Prime Minister	5,481,262	5,481,262
Ministry of Economic Growth and Job Creation	20,868,547	20,983,707
Ministry of Finance and Public Service	26,360,452	13,233,881
Ministry of National Security	3,616,422	3,616,422
Ministry of Justice	234,365	234,365
Ministry of Labour and Social Security	62,239	62,239
Ministry of Education and Youth	1,947,645	1,947,645
Ministry of Health and Wellness	11,532,491	11,532,491
Ministry of Agriculture and Fisheries and Mining	3,927,059	4,245,208
Ministry of Industry, Investment and Commerce	359,269	359,269
Ministry of Science, Energy, Telecommunications and Transport	3,347,950	3,999,756
Ministry of Local Government and Community Development	2,262,299	2,203,755
TOTAL CAPITAL	80,000,000	67,900,000