# MOFPS (In)sider

MINISTRY OF FINANCE AND THE PUBLIC SERVICE

April 2022 || Volume 1 || Issue 01

## THE NATIONAL BUDGET is EVERYBODY'S business because it impacts EVERY

# Jamaican

## **EDITORIAL**



MINISTRY OF FINANCE AND THE PUBLIC SERVICE

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s the global and local effects of the COVID-19 pandemic continue to impact the Jamaican economy, the Government of Jamaica (GOJ) has reprioritised its expenditure to maintain stability to restore the country to greater levels of economic activity.

The Central Government Budget presentation that opened on Tuesday, March 8, 2022 outlined the Expenditure Budget and the Revenue Estimates. This Budget affects all Jamaicans, as such the Ministry of Finance and the Public Service (MoFPS) has found innovative ways to engage stakeholders in discussions.

The Budget is effective from April 1, 2022 to March 31, 2023.

In this edition of the **MoFPS Insider**, we will share with you vital information on the COVID-19 Vaccine Incentive Programme, the Restructuring of the Public Sector Compensation and two Public Sector Bargaining Units' acceptance of the GOJ's wage increase. You will also see highlights of the third staging of the Ministry's Wealth Summit and the Public Expenditure Review for the Education Sector in Jamaica.

If you wish to share feedback on this publication, please send an email to <u>mofps.pr@mof.gov.jm</u>.



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## \$912 BILLION BUDGET SET FOR RECOVERY, REFORM AND RESTORATION



Minister of Finance and the Public Service, Hon. Nigel Clarke, DPhil., MP opened the 2022/23 Budget Debate at Gordon House on Tuesday, March 8, 2022 to outline how the Government of Jamaica (GOJ) plans to use the estimated \$912 billion budget to recover, reform and restore the Jamaica economy through various policies and programmes.

The budget for the upcoming financial year encompasses an allocation of \$539.5 billion towards Recurrent Expenditure, \$307.5 billion to Public Debt Servicing and \$65.1 billion to Capital Expenditure, meanwhile, the Revenue and Grants are estimated at \$749.8 billion.

## The presentation highlighted the following for the upcoming fiscal year:

Through the Ministry of Labour and Social Security, the GOJ is partnering with the Jamaica Red Cross, Food for the Poor, Council for Voluntary Social Services, Adventist Relief Association, and several other Non-Governmental Organisations to identify persons in need, who are not already on the PATH Programme, at a cost of \$200 million. Qualified families are set to receive a one-off grant of \$10,000 to assist in covering their food expenses.

- In April 2022, \$250 million will be disbursed in support for CARE packages to the most vulnerable through the Constituency Development Fund. \$3 million per Member of Parliament and the balance through the Ministry of Local Government for Municipalities.
- Brand new Customs regime in 2022/23 that will enhance productivity and efficiency of the Jamaican economy.
- A search committee has been established to identify a suitable candidate to head Jamaica's Fiscal Commission. The Fiscal Commission will be the guardian of Jamaica's fiscal rules and will assist in nurturing an environment that is conducive to fiscal responsibility long into the future.
- \$89 million in additional resources has been provided to the Office of the Auditor General for the Backlog Audit Project, which is aimed at clearing the number of unaudited Financial Statements prepared by Municipal Corporations, some Statutory Bodies, Executive Agencies and some Internationally Funded Projects, as well as the annual Appropriation Accounts of Ministries and Departments.
- Implementation of the Regulations for the Public Bodies Management and Accountability Act in respect of the Nomination, Selection and Appointment of Boards of Public Bodies will begin in the upcoming fiscal year.

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 Central Bank Digital Currency (CBDC) JAM-Dex is a legal tender that allows for the remote transfer of funds, anywhere and anytime, which can reduced the



Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP, transferring Central Bank Digital Currency during the Budget Presentation.

hassle faced with cash transactions today. You can transfer to anyone in Jamaica who has an electronic wallet anywhere and at any time.

CBDC is a digital form of Central Bank-issued currency, which is a legal tender. Jamaica's CBDC is called JAM-DEX which stands for Jamaica Digital Exchange.

The Proceeds of Crime Act allows the Bank of Jamaica to permit the creation of accounts with low risk and less stringent Know Your Customer (KYC) requirements for opening bank accounts, and with a maximum amount that can be held in the account. In addition, to incentivise and encourage the take up of these low risk, less stringent, KYC, nofee accounts, the GOJ will deposit \$2500 to each of the first 100,000 bank customers who open one of these accounts after April 1.

The SLB expects that up to 3000 students, who qualify based on needs, will benefit from \$150 million in grants. \$1.2 billion grant to the Student Loan Bureau.

Public Sector Compensation improvement will cost over \$100 billion over three years. Approximately \$17 billion of the \$100 billion relates to certain categories of allowances that up until the current fiscal year have been classified in programmes and not wages. The effective date of implementation will be April 1, 2022.



Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP, displays the current public sector compensation scale for Jamaica in comparison to the United Kingdom's pay grades.



Compensation of Employees accounts for \$290.2 billion or 53.8% of the Recurrent Expenditure Budget. It includes \$6.4 billion towards the payment of the Government's contribution of Public Sector Health Insurance and \$1.4 billion to settle arrears in Employers Contribution to the National Housing Trust.

## **Ministry of Finance**

- \$40 billion has been allocated for public sector pension payments.
- \$3.1 billion has been allocated to the Ministry of Finance and the Public Service, representing a grant to the Local Government Municipal Corporations to cover the annual cost of Street Lights.
- \$3.6 billion to the Statistical Institute of Jamaica (STATIN) of which \$2.4 billion represents the amount to be spent during this FY 2022/23 to cover the cost of Jamaica's 15th Population and Housing Census in 2022.

## Education

\$122 billion is allocated to education. Education expenditure will represent approximately 20.2% of non-debt expenditure.

## Health

\$93.1 billion is allocated to the Ministry of Health and Wellness including \$10.6 billion for drugs and medical supplies.

## **National Security**

 \$92.4 billion is allocated to the Ministry of National Security.

## Agriculture

- \$1 billion is allocated for production incentives for farmers.
- \$800 million for the maintenance of rural farm roads.

## Technology

\$1.8 billion is being allocated to facilitate the continuation of the GOJ's Broadband Initiative -\$1.0 billion and the Tablets in School Programme.

## **Social Spending**

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\$16.9 billion is being allocated to the PATH Programme, the GOJ's conditional cash transfer programme targeting vulnerable households within the population. Of this amount:

- \$9.2 billion is being allocated to the Ministry of Labour and Social Security. \$7.9 billion for the PATH cash grant, \$800 million for Social Pension for the Elderly, \$361 million for Rehabilitation Grants and \$119 million for Social Intervention/ Youth Empowerment Strategy.
- \$7.7 billion is being provided to the Ministry of Education and is included in the figures under Education. This is for allocations of \$6.3 billion for student nutrition support, \$1 billion for the provision of school textbooks and \$380 million for PATH school transportation.

## **Restoration - Upgrade/Redesign of Banknotes**

The introduction of a \$2000 note to bring greater efficiency to the currency structure allowing cash transactions to be settled easier.



- The Right Excellent Paul Bogle and The Right Excellent George William Gordon will appear together on the upgraded \$50 banknote.
- The Right Excellent Marcus Garvey will be restored and appear alone on the upgraded \$100 banknote.
- The Right Excellent Nanny of the Maroons and The Right Excellent Sam Sharpe will appear together on the upgraded \$500 note.
- The Right Excellent Sir Alexander Bustamante and the Right Excellent Norman Manley will be restored and will appear together on the upgraded \$1000 banknote.
- The Most Honourable Michael Manley and The Most Honourable Edward Seaga, will appear together on the new \$2000 banknote.
- The Most Hounourable Donald Sangster and the Most Honourable Hugh Shearer will appear together on the upgraded \$5000 banknote.

For the upcoming financial year, there will be **NO NEW TAXES** 

Hon. Nigel Clarke, DPhil., M.P. returned to the House of Representatives on Tuesday, March 22, 2022, to close the Budget Debate. The 2022-2023 National Budget is available at <u>mof.gov.jm/budget/</u>.



## THE CITIZEN'S GUIDE TO THE 2022-2023



KEY ACHIEVEMENTS OF FY 2021/ - PAGE 3

WHAT GOES INTO THE PREPARATION OF THE BUDGET? - PAGE 4

HOW BIG IS THE NATIONAL BUDGET

WHERE DOES THE MONEY COME FROM TO FUND THE BUDGET? - PAGE 8

WHERE DOES THE MONEY GO?

http://mof.gov.jm

The Citizen's Guide to the Budget contains basic information on the budgetary process and system of government's finances. Click on the link below to view the Citizen Guide to the 2022-2023 Budget:

https://mof.gov.jm/wp-content/uploads/citizens\_guide\_to\_the\_budget-publication\_2022\_WEB.pdf



## **CLOSING BUDGET PRESENTATION**



The Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP on Tuesday, March 22, closed the 2022-23 National Budget Debate.

Here are some highlights from his presentation:

#### **Regarding the Banknotes:**

Minister Clarke stated that the Bank of Jamaica, in its independent view, and without prompting, wrote to him about the need to upgrade Jamaica's banknotes. The problems the BOJ cited in its memo to the Minister were:

- i. the higher than necessary cost of producing the existing suite of notes
- ii. the higher than tolerable incidence of counterfeiting of existing suite of notes
- iii. the challenges of the visually impaired with distinguishing between denominations, and
- iv. the BOJ's independent assessment that Jamaica needs a \$2000 denomination among its banknotes.

The BOJ's independent technical assessment demonstrated the need for a \$2000 note. The \$5000 note is the least used note. It is often rejected in streetlevel transactions.

#### **Other Highlights:**

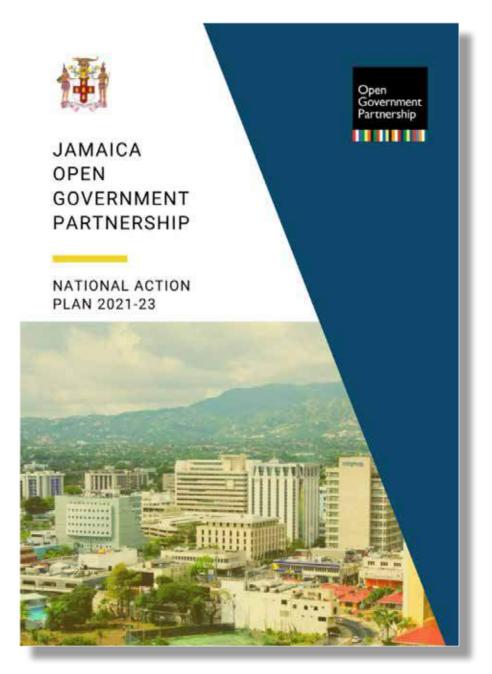
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- The Ministry has sought and obtained Cabinet's approval to exempt Lithium-ion batteries from GCT, to be implemented in the first quarter of FY 2022/2023.
- The GOJ will provide \$25000 in vouchers to

operators of public passenger vehicles, including route taxi operators and contract carriage operators, in recognition of the higher cost of fuel at this time. This programme will cost just under \$600 million. This voucher programme will begin towards the latter half of April and will be administered by the Transport Authority under the stewardship of Minister of Transport and Mining, the Hon. Audley Shaw, CD, MP.

- The GOJ will make available \$200 million in revolving loan financing to public passenger vehicle operators, which will be available through Microcredit and Approved Financial Institutions, by way of the Development Bank of Jamaica. This financing will be available for short term loans for tyres, batteries and spare parts required for public transportation operations.
- Increase the allocation towards transportation assistance for students on PATH by 40%.
- The GOJ will be implementing the We CARE Co-Pay.
- Energy Co-Pay where the GOJ will contribute 20% of the JPS bill for all households that consume 200 kWh of electricity or less, per month, for the months of April, May, June and July 2022.
- The We CARE Energy Co-Pay programme will assist these pre-paid customers as well. For the months of April, May, June and July every JPS electricity prepaid top up purchased will receive bonus credit from the GOJ representing 20% of the top-up amount.

## **OGP NATIONAL ACTION PLAN 2021-2023**



The Open Government Partnership (OGP) is a voluntary, international forum of countries working to be more open, accountable and responsive to citizens. The Government of Jamaica (GOJ) became a member of the OGP in December 2016. Participation in the OGP requires countries to deliver a National Action Plan (NAP) developed with public consultation with civil society with commitments that advance the OGP values of access to information, civic participation and public accountability.

The GOJ prepared Jamaica's first National Action Plan under the OGP and shared the NAP with stakeholders and the public for review and feedback.

The OGP NAP was available for review and feedback for the period Monday, January 3, 2022 to Wednesday, January 19, 2022.

The virtual launch and OGP explainer video is available on the MoF YouTube channel.



## MINISTER CLARKE TO IMPLEMENT EFFECTIVE LEGISLATION TO FACILITATE CAPITAL MOBILIZATION



Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil, MP during his address at the 17th Regional Jamaica Stock Exchange Investments and Capital Markets Conference held from January 25-27, 2022.

The Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil, MP said the Government plans to implement effective legislation to facilitate capital mobilization, as part of a post-COVID-19 strategy. This was disclosed during his address at the 17th Regional Jamaica Stock Exchange Investments and Capital Markets Conference, which was livestreamed from the Jamaica Pegasus Hotel from Tuesday, January 25 – Thursday, January 27, 2022.

In his bid for sustained economic resilience of the country, Minister Clarke called for banks to be more sensitive to the economic and social realities of Jamaicans. He said, "When it comes to the setting of bank fees, it would seem as if our commercial banks are tone-deaf. There seems to be a callous disregard for the economic circumstances for the plurality of Jamaicans."



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Minister Clarke further questioned the rationale of banks charging customers to use automated teller machines, "How else do you explain that the banks have introduced a fee of \$25 in one instance and \$30.85 in another instance to withdraw your money from an ATM that they have put in place and if you use another bank to withdraw your money, its \$60? I thought the idea was to graduate customers from inside the banking hall to using the digital channels."

This call is in response to the introduction of higher fees implemented by commercial banks. Minister Clarke has commenced discussions with local banks to ensure equitable and fair treatment of all individuals using the banking system. In his address, Minister Clarke also expressed his prediction that the country will return to post COVID-19 levels of economic output for the upcoming fiscal year through coherent policies. He noted, "If things continue the way they are, we will attain pre-COVID-19 levels of economic output in this upcoming fiscal year. If Jamaica is able to recover pre-COVID levels of economic output within this fiscal year it would be a record, but it would also be extremely good news for all Jamaicans."

The 17<sup>th</sup> Regional Jamaica Stock Exchange Investments and Capital Markets Conference was held under the theme, "Positioning Capital for Growth; Facilitating, Mobilizing and Expanding". The conference attracted an elite group of executives from different industries across Jamaica and the Caribbean.



Minister of Finance and the Public Service, the Hon. Nigel Clarke DPhil, MP (centre), Managing Director, Jamaica Stock Exchange (JSE), Dr. Marlene Street Forrest CD (left) and Business Development Manager, JSE Group, Andre Gooden (right).



## **EXPERTS TALK MONEY RESOLUTIONS AT THE**



## THIRD STAGING OF MOFPS WEALTH SUMMIT

The Ministry of Finance and the Public Service (MoFPS) hosted the third staging of its Wealth Summit under the theme, *"New Year, New Opportunities"* which focused on investment opportunities and money resolutions. The event was streamed live from the AC Hotel by Marriott in Kingston on Wednesday, February 9, 2022 and forms part of the MoFPS strategic communication message, ensuring that effort is made to improve the overall quality of life of Jamaicans.

Minister of State in the Ministry of Finance and the Public Service, the Hon. Marsha Smith, MP, challenged Jamaicans, in her address, to regularise, formalise and rectify their legal status, to tap into opportunities within the Jamaican economy. She stated, "There are thousands of Jamaicans who cannot be a part of the formal economy because they lack a birth certificate. There is a late registration process; I encourage persons to take advantage of it."

She further added, "Separate your personal and commercial finances. This may include a strategy of creating a company through which to operate your commercial activities. Another part of the formalization process is to regularize your employment status... to ensure certainty."

Speaking at the event, investment and business journalist, Kalilah Reynolds said, "You are losing money if you

are keeping your money in the bank. The most accessible form of wealth creation is stock market investing. So, when I say that I am looking at what the wealthy people bank. The most accessible form of wealth creation is stock market investing. So, when I say that I am looking at what the wealthy people were doing, a lot of them were doing this investing in the stock market."

"You are losing money if you

are keeping your money in the

convey the information about your business ideas and about your business in a succinct way. It is the first thing that will be used to evaluate the business idea, so as a result of that it is extremely important to have a winning pitch."

Senior Manager of Sales and Business Support at Victoria Mutual Property Services, Allison Morgan, urged Jamaicans to acquire real estate, "Real estate has



proven to be the one sure thing over time that has withstood any economic or fiscal event and continues to appreciate in value. Most persons that got

wealthy did so through investing in real estate. It is tried, it is proven and it is always good to get in early, hold and then you can sell and continue or you could just amass as many properties as possible."

Speaking at the event, Medical Doctor, Alfred Dawes, reminded participants that investing in health is as important as growing wealth. "Far too many people take their health for

STOCK MARKET

were doing, a lot of them were doing this - investing in the stock market." Reynolds went on to provide participants with additional strategies for creating passive incomes.

CEO of Point Global Marketing, Javette Nixon, told participants the importance of a winning pitch, "Pitching is the usual way that a business person gets to share their ideas with a third party investor or other institutions. So as a result of that, having a winning pitch helps you to granted while they are chasing wealth only to develop serious complications from diseases that could have been picked up and treated earlier and at a much lower cost than the considerable expense associated with these complications," he concluded.

Over 400 participants joined the virtual event on Zoom, the YouTube and Facebook pages of the MoFPS and Jamaica Information Service. Participants were allowed to field questions to the panellists on real estate and health investments and strategies for crafting a winning business pitch.

The third staging of Wealth Summit is available for viewing on the Ministry's website at <u>mof.gov.jm</u> or the YouTube channel at Ministry of Finance Jamaica. The event was hosted by Anna Smith from the Bank of Jamaica (BOJ).



## **MOFPS BACK TO SCHOOL SUPPLY DRIVE**



Camille Sinclair (right), Social Media Specialist at the Ministry of Finance and the Public Service presents Dorothy Mason Balmer (left), Principal at the Allman Town Infant School, with school supplies on Thursday, March 17, 2022.



Camille Sinclair (right), Social Media Specialist at the Ministry of Finance and the Public Service presents school supplies to Dorothy Mason Balmer (left), Principal, Allman Town Infant School, Star Walker (2nd left) and Joshua Barrett (2nd right), both students from Allman Town Infant School on Thursday, March 17, 2022.



Camille Sinclair (left), Social Media Specialist at the Ministry of Finance and the Public Service present school supplies to Thamar Russell-Brown (2nd left), Acting Vice Principal, Allman Town Primary School, Rehanna Rowe (2nd right) and Damarrie Bowen (right), both students at Allman Town Primary School on Thursday, March 17, 2022.



Camille Sinclair (left), Social Media Specialist at the Ministry of Finance and the Public Service shows off MoFPS branded school supplies with Thamar Russell-Brown (2nd left), Acting Vice Principal, Allman Town Primary School, Rehanna Rowe (2nd right) and Damarrie Bowen (right), both students at Allman Town Primary School on Thursday, March 17, 2022.

## THE RESTRUCTURING OF PUBLIC SECTOR COMPENSATION

Published in the Gleaner – Feb 6, 2022

Dr Nigel Clarke is Minister of Finance and the Public Service and Member of Parliament for St Andrew Northwestern. Send feedback to opedjamaica@gmail.com.

Jamaica is experiencing a rapid economic recovery from the sharp and historic COVID-19-induced economic contraction of 2020/21.



For economic growth to continue at levels higher than our historical average, however, it will be necessary for the Government of Jamaica (GOJ) to continue to implement reforms that reduce the cost of business, improve labour and capital productivity and increase resilience.

## TRANSFORMATION OF THE PUBLIC SECTOR

One of the central reforms aimed at boosting productivity is the transformation of the public sector. An efficient public sector is essential to sustain economic expansion. The GOJ is pursuing reforms to improve public sector efficiency through five pillars:

- i. rationalisation of public bodies;
- ii. introduction of enterprise systems for human resource management;
- iii. implementation of shared services;
- iv. digitising public sector services; and
- v. restructuring of public sector compensation.

Through the GOJ's public body rationalisation exercise, the number of public bodies has been reduced from approximately 190 in 2016 to 140 at the beginning of 2022. There have been mergers, divestments and closures of public bodies, as well as reintegration of some public bodies into parent ministries with net fiscal savings of approximately \$2 billion annually. Jamaica still has too many public bodies relative to the size of our economy and public body rationalisation needs to continue.

Our human resources represent the most important asset of the GOJ yet we continue to rely on manual, paperbased HR systems. This compromises strategic decisionmaking at the policy level, leads to poor people decisions

at the operational level and results in suboptimal employee experiences at the individual level.

As such, the GOJ is implementing **My HR+**, a web-based



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integrated human resource management and payroll system across 200 ministries, departments and agencies (MDAs). This will

bring synergies and efficiencies across MDAs, improve resource allocation and produce better outcomes.

Jamaica risks falling further behind if we do not accelerate digitalisation. We either seize the opportunities for

leapfrogging offered by this fourth industrial revolution or risk being outcompeted by other nations. Improving public sector efficiency, and therefore Jamaica's productivity will require that public services are accessible online, through digital and mobile platforms. The Jamaican citizen will then be able to file taxes, apply for and receive licences and permits, and trade across borders in less time, boosting productivity. To achieve this, the GOJ is investing in communication infrastructure to connect MDAs. This network, GovNet, will provide the platform for processes within the GOJ to be automated.

The GovNet infrastructure will also facilitate the implementation of shared services in the GOJ. Today, human resource administration, IT, internal audit, procurement and other services are replicated across all MDAs. With the technologies available today, this replication is unnecessary and costly. The opportunity exists to make the required investments to organise the delivery of these internal services more efficiently. Standalone shared service centres will specialise by service, eg HR, and will deliver this service across MDAs. This will offer greater professional scope for the service professional and better-specialised service for his/her customer in a GOJ MDA.

These are all critically important reforms that form part of the public sector transformation initiative. A most ambitious and challenging aspect of public sector transformation is the restructuring of public sector compensation.

#### **EXISTING SYSTEM UNSUSTAINABLE**

We know, anecdotally, that many nurses, teachers, doctors, police and others migrate annually, seeking better terms overseas. In addition, we have technical, analytical and managerial jobs across MDAs that are difficult to fill, and remain vacant for extended periods of time, due to uncompetitive compensation.

A modern state needs to attract and retain first-class management, IT, accounting, engineering, legal, public policy, data analysis and other professionals. Among other staff needs, our hospitals need critical care nurses, our schools need math and science teachers and our police force needs detectives and patrol officers. We have shortages in these areas largely on account of remuneration levels.

Our public sector compensation system is burdened by 325 salary scales that evolved from using multiple job evaluation tools. By comparison, there are seven grade levels in the UK civil service. In addition, our compensation system incorporates 185 allowances! This is utterly unmanageable.

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This structure also leads to glaring real and perceived inequities, which are the source of much discontent. Our compensation system lacks transparency and employees need spreadsheets to calculate their total income. Given the complexities, the GOJ has difficulty determining its total wage bill and, during periods of negotiation, it is challenging to keep track of the aggregate increase in the wage bill implied by claims and responses. The system exposes Jamaica to fiscal risks and is untenable.

We did not get here overnight or by design. Decades of tinkering with the systems, putting in place shortterm measures to offset wage freezes and appeasing bargaining units through the use of allowances have contributed to this cumbersome compensation system.

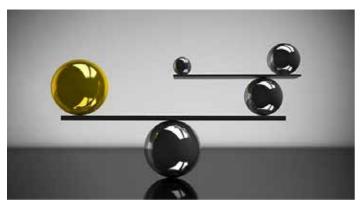
## The compensation system we have today is unsustainable and needs to be restructured.

To the credit of public sector unions, they have long realised and advocated for this. However, the two-year wage cycle, which had its origins in Jamaica's history of chronic economic instability, high inflation, and lack of fiscal prudence, worked against such substantial reform. Historically, by the time the GOJ concluded its engagement with 40 unions and bargaining groups the two-year period would have long expired and we would be halfway through, or at the end of, a new two-year cycle. Again, to the credit of Jamaica's public sector unions, they agreed to a four-year wage settlement with the understanding that the GOJ would use the time to hire the required consultants and build the internal capacity to undertake the necessary analysis, data mining, costing and planning towards a completely restructured compensation system.

#### **GUIDING PRINCIPLES**

There are four key principles that have guided this work:

First, the new compensation system must be simple and easily understood. This means that we make



compensation as clear, clean, and coherent as possible so that public sector employees can easily see the value of their total compensation package. This requires that we move away from a system based on allowances and towards a new structure that transparently contemplates total compensation. No longer will there be a basic salary and a plethora of allowances layered on top. That structure has not served the best interests of public sector employees nor the GOJ.

Second, the new compensation system must be fair and equitable. This means we must have a consistent way of determining pay across the public service which reflects the value we place on the work our public officers do. Consistency across the service requires that we significantly reduce the number of salary scales, eliminating the duplicity of scales that relate to what is essentially the same job function or jobs of equal value.

Third, it must recognise and reward performance. There should be a clear link between performance and pay progression with transparent mechanisms for recognising and rewarding good, and especially excellent performance. So, we must move away from incremental progression based on length of service to progression based on performance that is grounded in the provision of increased incentives to perform.

Finally, the system must be sustainable and affordable. While it is important to maintain competitive compensation levels, in order to build a strong public sector, we cannot defeat ourselves and throw away the fiscal sustainability we have achieved from 10 years of sacrifice. A restructured compensation system must therefore be fiscally consistent with the debt reduction objectives enshrined in our fiscal rules, which underpin the stability we enjoy, without compromising the levels of capital spending required to catalyse growth and improve the quality of life.

#### **IMPLEMENTATION TIME FRAME**

We had originally committed to begin the implementation of this reform in April 2021. However, COVID-19 intervened and the severe economic contraction and health crisis decimated and diverted resources. The GOJ, therefore, proposed a one-year delay to public sector unions with a modest increase in the interim.

The 2022-23 budget will be tabled in a few days. While the GOJ will continue to focus on economic recovery, restoring education and improving security, this year's budget will prioritise the implementation of restructured public sector compensation. We plan to complete consultations with unions and other stakeholders and to engage in sensitisation and information sessions with public sector employees. Thereafter implementation will begin, as soon as possible in the new fiscal year, with an effective date of Friday, April 1, 2022. It cannot all be achieved in one year, however, and will, in all likelihood, need to be phased in over three years. WAGE/GDP.

This reform is happening in a context where Jamaica is not yet out of the woods. Our debt is still very high and our economy remains vulnerable to potential shocks.

The implementation of restructured public sector compensation will lead to a significant rise in the wage bill which will likely breach the nine per cent wage/ GDP target in Jamaica's fiscal responsibility law unless growth surprises on the upside. However, if one were to incorporate the subset of allowances, (eg travel upkeep), which have not been previously included in the wage bill based on legal definitions, the breach would be smaller.

It is important to note that from debt sustainability modelling and analysis, the higher wage bill associated with the planned restructured public sector compensation will not compromise Jamaica's debt targets under the fiscal responsibility law. Furthermore, capital investments as a proportion of GDP will increase in the upcoming fiscal year and continue to increase across the medium term.

However, notwithstanding the above, the higher wage bill will significantly diminish fiscal buffers and room for error. The reduced fiscal flexibility implied by a higher wage bill makes it imperative that we accelerate the implementation of other pillars of the transformation agenda, among other initiatives, inclusive of the pursuit of higher growth, that can bring compensation as a percentage of GDP to more sustainable levels across the medium term.

The restructuring of public sector compensation is an ambitious, complex yet necessary reform.

I hope to elaborate further in my upcoming budget presentation.



## THE MARCUS GARVEY PUBLIC SECTOR GRADUATE SCHOLARSHIP





The Awards Ceremony for the Marcus Garvey Public Sector Graduate Scholarship was held on Tuesday, August 17, 2021 under the patronage of His Excellency the Most Honourable Sir Patrick Allen, Governor-General. The event also commemorated the 134<sup>n</sup> anniversary of the birth of Jamaica's first National Hero, after whom the programme was named, the Rt. Excellent Marcus Mosiah Garvey. Thirty recipients participated in the hybrid event, with some physically in attendance at King's House and others virtually from their respective locations. The event was held in keeping with guidelines and rules established for the COVID-19 pandemic.

#### SCHOLARSHIP

The Marcus Garvey Public Sector Graduate Scholarship was established in 2020 by the Ministry of Finance and the Public Service to offer Jamaican nationals and citizens employed in the public sector, the opportunity to obtain a postgraduate degree from competitive, appropriately accredited universities in Jamaica, North America and Europe. Scholarship recipients pursue graduate studies in areas that align with Jamaica's national priorities and strategic objectives, and are obligated to return to continue serving in the public sector after completion of their programme.

#### Message from His Excellency the Most Honourable Sir Patrick Allen, ON, GCMG, CD, KStJ Governor-General

The Marcus Garvey Public Sector Graduate Schotarship Programme is a bold initiative that will provide an excellent opportunity for the recipients.

I was honoured to have been asked to serve as the Chairman of the Scholarship Selection Committee. If was a pleasure to work with the panel of experienced, skilled and talented individuals. All the candidates who were interviewed have excelled in their professions and demonstrate a clear vision of how this training will contribute to national development.

I commend the conceptualisers of the Programme, the Technical Societariat for their management of the process, and the peer review panel whose assessment assisted with the shortlisting of the candidates.

Congratulations to the public officers who have been selected to pursue further studies in their respective areas of work. I am confident that the knowledge they will

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acquire will redound to the benefit of the country's national development agenda.

#### Message from the Honourable Nigel Clarke, DPhil., MP Minister of Finance and the Public Service

The Marcus Garvey Public Sector Graduate Scholarship Programme is a core element of the Government of Jamaica's (GOJ's) human capital development strategy. Through this scholarship programme, the GOJ is building the human capital and organizational capacity of the public sector.

As such, the Marcus Garvey Scholarship Programme has been conceived to ensure that the next generation of leaders in the public service have the beat opportunities in the world to improve and add to their skills. As many as 150 public sector leaders will benefit from full graduate scholarships over the rest five years in areas aligned with GCU's poley profiles.

We are proud of the fact that the Manus Garvey Scholarship is the largest and most ambitious scholarship programme in Jamaica's history, it was Marcus Garvey whe exhibited us to "Accomption What We Will." In the design and implementation of this scholarship programme we are merely following this command.

We congratulate the first ophort of Marcus Garvey Public Sector Graduate Scholars. We



encourage them to take full advantage of the opportunity, to keen as much as possible, and to return and continue making their contribution to the development of Jamaica.



- + The Marcus Garvey Scholarships will cover 100% of tution costs for the eligible programmes al the participating universities.
- Scholarship awardees will be provided with a slipend to cover reasonable monthly cost for living expanses including meals and accommodation. These will be standard rates determined by the Technical Secretariat and subject to revision on an annual basis.
- For scholarships lenable at overseas universities, the programme will provide the scholarship awardee with transportation, including airlare, from Jamaica to the university and on completion of stadies, from the university to Jamaica.
- The Scholarship Programme will not cover the costs of spouses or other family members



















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## The first cohort of the Marcus Garvey **Public Sector Graduate Scholarship**

The Marcus Garvey Public Sector Graduate Scholarship will cover 100% of tuition costs for the eligible programmes at the participating universities. Scholarship awardees will be provided with a stipend to cover reasonable monthly costs for living expenses including meals and accommodation. Click on the link to apply: https://scholarshipjamaica. com/marcus-garvey-graduatescholarships/









St. Carry



## UPDATE ON THE COVID-19 VACCINE INCENTIVE PROGRAMME

#### Article Published Friday, February 18, 2022



The objective of the COVID-19 Vaccine Incentive Programme

The COVID-19 Vaccine Incentive Programme (the "Programme") was introduced by the Government of Jamaica ("GOJ") earlier in the 2021-2022 fiscal year to encourage citizens aged 60 and over to become fully vaccinated against COVID-19. The COVID-19 Vaccine Incentive Grant (the "Grant") is a grant payment of \$10,000 to citizens 60 years or older who are fully vaccinated against COVID-19 as evidenced by vaccination records at the Ministry of Health and Wellness.

#### **Update on Applications, Eligibility and Payments**

Since the launch of the Programme, 56,331 persons have applied for the COVID-19 Vaccine Incentive Grant through the online portal and 48,332 have been confirmed by the Ministry of Health and Wellness ("MOHW") as eligible by reference to vaccination records held by the MOHW. Thus far, COVID-19 Vaccine Incentive Grants have been paid to 45,550 eligible applicants.

#### **Issues Contributing to Delays**

 Confirmation of eligibility for the COVID-19 Vaccination Incentive Grant has been delayed for 7,999 applicants due to the non-validation of full vaccination status. That is, from electronic queries to the MOHW database, we have not yet been able to validate that these applicants are fully vaccinated. Grants cannot be paid to applicants without this validation of an applicant's vaccination status.

2. Of the 48,332 applicants whose vaccination status has been verified, for approximately 2,782 applicants, their bank account information does not match with the information held by their bank.

Grants cannot be paid to applicants if the banking information they provide is not verified by their bank.

#### **Resolution of the Issues**

To address these issues we have done the following:

 Sent text or email messages to persons who have not been validated via the MOHW database asking that they upload the information on their vaccination cards to the MOHW website at https://bit.ly/3rdZxhs; and

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2. Sent text or email

messages to persons whose commercial bank information could not be verified asking that they address the discrepancies identified.

We will continue to work with the MOHW and others to resolve the issues and will provide a further update in due course.

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## 90% OF PUBLIC SECTOR EMPLOYEES HAVE NOW SIGNED AGREEMENTS WITH THE GOJ

Minister of Finance and the Public Service, the Hon. Nigel Clarke DPhil., MP (centre) signed the wage agreement for 2021/2022 along with Minister of State, the Hon. Marsha Smith MP (left) and President of the Jamaica Teachers' Association, Winston Smith (right). The event was hosted at the Ministry of Finance and the Public Service on Monday, February 21, 2022.

## Press Release dated: Tuesday, February 22, 2022

The Jamaica Teachers' Association (JTA) is the latest public sector unit to ink a new 12-month Heads of Agreement to accept the Government of Jamaica's offer of a 4% wage increase for the financial period April 2021 to March 2022.

32 public sector bargaining units have now accepted the GOJ's offer, which represents 90% of public sector employees.

Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP, during the ceremony noted, "We are pleased that we are able to reach an accommodation with the Jamaica Teachers' Association, with the understanding that we are in a pandemic, still emerging from and we plan in the next fiscal year to begin the implementation of the restructuring of public sector compensation."

"Jamaica is one of the few countries, in this region to offer increases in both 2020 and 2021 in the midst



of a pandemic. I remain committed to working with the Jamaica Teachers' Association. I pledge to work with you over the upcoming year and the years to follow

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Minister of Finance and the Public Service, the Hon. Nigel Clarke DPhil., MP (3rd right) and President, JTA, Winston Smith (2nd right) display the signed Heads of Agreement. Looking on is State Minister, the Hon. Marsha Smith MP (3rd left), Acting Permanent Secretary of Education, Maureen Dwyer (right), Secretary-General for JTA, Dr. Mark Nicely (left), and President-Elect, LaSonja Harrison (2nd left).

in the restructuring of the public sector compensation, in a way that is to the benefit of teachers today and in the future," he further explained.

Minister Clarke noted that all payments outstanding to the JTA relating to this agreement will be made before the end of the current fiscal year.

President of the Jamaica Teachers' Association, Winston Smith, is anticipating that the new compensation review will be in keeping with the economic conditions of the country.

"I want it to be abundantly clear that the teachers of Jamaica have always and will always put the interest of the country to the forefront of all that we do. Teachers are human beings that must exist within the economy framework within which a country operates and therefore, Minister [of Finance] we are expecting that as we move beyond this point that our deliberation, discussions and of course compensation would be more aligned with what the fiscal realities of the country are as it relates to our salary and compensation, as it relates to the inflation rate and of course the opportunity of sustainability within the profession."

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The Hon. Nigel Clarke, DPhil., MP along with State Minister, the Hon. Marsha Smith, Financial Secretary, Darlene Morrison, Acting Permanent Secretary of Education, Maureen Dwyer and representatives from the Jamaica Teachers' Association were present for the signing ceremony held at the Ministry of Finance and the Public Service on Monday, February 21, 2022.



Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP (left) engaged in dialogue with the President, Jamaica Teachers' Association (JTA), Winston Smith (right).

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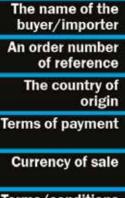
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## AFTER LENGTHY NEGOTIATIONS, GOJ AND THE JAMAICA POLICE FEDERATION SIGNED A NEW WAGE AGREEMENT

Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP greets Chairman, Jamaica Police Federation, Corporal Rohan James, during the Heads of Agreement Signing Ceremony held at the Ministry on <u>Tuesday, February 22</u>, 2022.

#### Press Release dated: Wednesday February 23, 2022

The Government of Jamaica and the Jamaica Police Federation have concluded negotiations and have signed at the Ministry of Finance and the Public Service a new 12-month Heads of Agreement, for a wage increase on Tuesday, February 22, 2022.

The Federation accepted the latest offer of the Government for the contract period April 2021 to March 2022 on behalf of the rank and file police personnel. Payments arising from the 4% agreement will be made by the end of March 2022.

Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil, MP said during the ceremony, "Today is a good day, it is significant because today we sign

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the Heads of Agreement for the 2021/2022 bargaining period with the Jamaica Police Federation and with this signing, it brings it to approximately 98%, the number of government employees who are now covered by wage agreements."

Minister Clarke lauded members of the police force for their contribution to national security saying, "The brave men and women who constitute the Jamaica Constabulary Force are on the frontline dealing with the most complex of matters that affects all Jamaicans. I use this opportunity to salute the brave men and women of the constabulary force. The Government of Jamaica places their issues, and their welfare at the centre of our consideration."



Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP (centre) and Chairman, Jamaica Police Federation, Corporal Rohan James (5th right), displayed the signed Heads of Agreement. Looking on is Minister of State, the Hon. Marsha Smith MP (5th left), Financial Secretary, Darlene Morrison (4th left) and other executive members of the Police Federation.

Minister Clarke also reassured them that they will be properly compensated under the Public Sector Compensation Restructuring.

"We thank you for the leadership the federation has shown and for the leadership members of the constabulary force has shown in coming to an agreement around this fiscal year, in light of the circumstances that we face in Jamaica. They can have every confidence that what we have discussed regarding the compensation restructuring, that is what we will be implementing."

Corporal Rohan James, Chairman of the Jamaica Police Federation told Minister Clarke that the Federation will be holding the Government accountable when the compensation review process begins. Today's signing represents over 98% of public sector employees that have accepted the Government's wage increase.

Participating in the signing ceremony which was held at the Ministry of Finance and the Public Service was the Hon. Nigel Clarke, DPhil., MP, Minister of State, the Hon. Marsha Smith, MP, Financial Secretary, Darlene Morrison, and Chairman of the Police Federation, Corporal Rohan James, along with eight (8) other executive members of the Jamaica Police Federation.

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## GOVERNMENT OF JAMAICA LAUNCHES PUBLIC EXPENDITURE REVIEW OF THE EDUCATION SECTOR IN JAMAICA



Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP (3rd right), Minister of Education and Youth, the Hon. Fayval Williams, MP, (2nd right), Minister of State, the Hon. Marsha Smith, MP (3rd left), UNICEF Country Representative, Mariko Kagoshima (right), Country Director for the Caribbean, Lilia Burunciuc (2nd left) and Human Development Programme Leader for the Caribbean, Timothy Johnston (left) both of World Bank listen to questions from the audience. The occasion was the launch of the Public Expenditure Review (PER) of the Education Sector in Jamaica held at the Ministry of Finance and the Public Service on Wednesday, February 23, 2022.

#### Press Release dated: Wednesday February 23, 2022

The Government of Jamaica, through the Ministries of Finance and the Public Service and Education and Youth, in collaboration with the World Bank and UNICEF Jamaica, launched today the Public Expenditure Review (PER) of the Education Sector in Jamaica. The Education PER analyses the adequacy, efficiency and quality of public spending on education in Jamaica.

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The Minister of Finance and the Public Service, Dr. the Honourable Nigel Clarke, said "Human capital development is a strategic priority of the Government. The development of education reform policies requires robust analytical input on how the government expends its resources in this sector. Jamaica's level of public education spending of approximately 5.2 per cent of GDP and 19 per cent of total Government expenditure is relatively high compared to regional peers as well as top-performing education systems globally. However, while the level of spending is adequate, there are challenges with efficient targeting and quality education outcomes. The PER presents an insightful analysis that will inform the government as it continues to focus on education transformation."



Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP delivers remarks at the launch of the Public Expenditure Review (PER) of the Education Sector in Jamaica.

The Jamaica Education PER is the second of recent reports to focus on Jamaica's education sector, following the launch of the Jamaica Education Transformation Commission's report. The Hon. Fayval Williams, Minister of Education and Youth, noted "We welcome this analysis from the World Bank and UNICEF Jamaica on public education spending. It is imperative that policies and initiatives are guided by empirical data and this report adds to others we have been using to help determine the Ministry of Education and Youth's Strategic Business Plan and policy direction in the short, medium and long-term."

Public Expenditure Reviews are one of the World Bank's well-established analytical tools used to help inform governments and stakeholders about the state of education financing in a country.

At the request of the Government of Jamaica, the World Bank, with support from UNICEF Jamaica, utilized local, regional and international data to inform its analysis of public spending in Jamaica's education sector.

The Government of Jamaica acknowledges the support of the World Bank and UNICEF.

Mariko Kagoshima, UNICEF Jamaica Country Representative noted, "UNICEF is extremely pleased to have worked with the World Bank and the Government of Jamaica on this timely and important review of education expenditure. The PER is critical to decisionmaking that will impact the education of Jamaica's children, as the country addresses a massive learning crisis exacerbated by COVID-19. Along with other stakeholders, UNICEF has already started working on some of the recommendations to help ensure public investments in education are adequate and accessible for all. The PER also complements our recent initiative to train close to 180 public officials in Results-Based Budgeting."

"We are pleased to partner with UNICEF to provide the Government of Jamaica with these insights and recommendations. The report shows how changes to the education system can result in better learning outcomes, higher labour force participation and reduced inequality," said Lilia Burunciuc, World Bank Country Director for the Caribbean.

She further added, "It is our hope that this Education PER will help to shape the transformation of Jamaica's education system and will substantially improve opportunities for current and future generations of children. The World Bank stands ready to support the government in addressing these challenges."

For further information on the Jamaica Public Expenditure Review, visit: <u>https://mof.gov.jm/wpcontent/uploads/Public-Expenditure-Review-of-the-</u> Education-Sector-in-Jamaica-2.pdf



Minister of Finance and the Public Service, the Hon. Nigel Clarke, DPhil., MP (3rd right), engage in dialogue with the Minister of Education and Youth, the Hon. Fayval Williams, MP, (3rd left), Minister of State, the Hon. Marsha Smith, MP (left), UNICEF Country Representative, Mariko Kagoshima (2nd left), Country Director for the Caribbean, Lilia Burunciuc (right) and Human Development Programme Leader for the Caribbean, Timothy Johnston (2nd right) both of World Bank.

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## MINISTRY MATTERS

## DFS JONES ACCEPTS A TOKEN OF APPRECIATION FOR HIS **PARTICIPATION IN THE SERVICE EXCELLENCE CONFERENCE**



Acting Principal Director from the Office of the Cabinet, Karlene McKenzie Spencer (left) handed over a token of appreciation to **Deputy Financial Secretary (DFS)** Wayne Jones on Wednesday, January 25, 2022 at the Ministry of Finance and the Public Service. for his participation at the Service Excellence Conference in October 2021.

## **OUTGOING CHIEF OF DEFENCE STAFF, LIEUTENANT GENERAL ROCKY MEADE'S COURTESY CALL TO THE MOFPS**



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**Outgoing Chief of Defence** Staff, Lieutenant General Rocky Meade, presented the JDF's 20year Strategic Defence Plan to the Minister of Finance and the Public Service the Hon. Nigel Clarke, DPhil, MP at MoFPS on Wednesday, January 19, 2022. The Strategic Defence Plan was originally produced in 2017 and updated in 2021 due to the **COVID-19** pandemic.



HELD ON JAMAICA DAY, FRIDAY, FEBRUARY 25, 2022



## LAUNCH OF THE MOFPS HEALTH FAIR AND FIT TEAM CHALLENGE





MEETING FOR NEW COMPENSATION SYSTEM FOR PUBLIC SECTOR HELD ON TUESDAY, JANUARY 25, 2022 AT THE JAMAICA CONFERENCE CENTRE





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SPECIAL PRIZE WINNERS OF THE MOFPS FIT TEAM CHALLENGE



## FIT TEAM CHALLENGE PARTICIPANTS



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