



**MINISTRY OF FINANCE
AND THE PUBLIC SERVICE
JAMAICA**

THE CITIZEN'S GUIDE TO THE 2021 -2022 BUDGET

<http://mof.gov.jm>

INTERACTIVE EDITION

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MESSAGE FROM THE MINISTER OF FINANCE AND THE PUBLIC SERVICE



As Jamaica continues to endure the global and local impact of the **COVID-19** pandemic, the Government of Jamaica is assiduously implementing efforts to contain its spread, provide social and economic support and restore higher levels of economic activity.

We are experiencing the worst economic contraction in our history due to the measures necessary to slow the spread of the coronavirus. Economic output is projected to decline by approximately **11.6%** in this **2020/21 fiscal year**. When compared with performance in **2019/20**, Government revenues are expected to decline by **\$73 billion**, even as expenditure pressures from the necessary health and economic crisis response exacerbated the fiscal challenges. The magnitude and impact of this economic shock has no historical precedent.

During **2020/21**, we suspended the Fiscal Rules and employed buffers accumulated from prudent policy, inclusive of cash buffers from privatisations, fiscal over-performance, public body reintegration and disaster contingency provisions, to support declining **GOJ** revenues.

From the very outset of this economic crisis we positioned ourselves to absorb the shock and to recover faster and stronger than we have before. To provide the best chances of a quick recovery, even as our revenues remain compromised by the **COVID-19** pandemic, we need to continue to prioritise within priorities.

Our priorities for social and economic recovery include:

- Making adequate provisions to finance the procurement, storage, and distribution of vaccines. For economic recovery it is essential that the financing exists for Jamaica to purchase sufficient vaccines to reach herd immunity, with respect to the coronavirus, in the quickest possible time;
- Providing social support to assist vulnerable persons and those who are most affected by the pandemic;
- Continued financing of the provision of the public goods and services on which our society and economy depends;
- Financing an infrastructure programme that can catalyse economic activity;
- Economic support to business that aids economic recovery and
- Preserving macro-economic stability in the economy.

The 2021-2022 Citizen's Guide to the Budget provides an important platform to inform Jamaicans of the Central Government's budget for the upcoming fiscal year which begins on **April 1**. The Ministry of Finance and the Public Service welcomes your engagement and feedback and looks forward to continued dialogue as Jamaica recovers stronger.

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

MESSAGE FROM THE FINANCIAL SECRETARY



The Citizens Guide to the FY 2020/21 Budget provided information on the Government's original plans for the year as it sought to continue to move the country forward on its quest to achieve the 2030 Vision.

Fiscal year 2020/21, however, sustained an unprecedented economic shock from the **COVID-19** pandemic which required an extensive adjustment of the original budget to ensure that the impact of the pandemic could be effectively addressed through provision of the necessary resources in the health sector, the security sector and for social protection.

The legislation, policies, and procedures put in place by Jamaica during the decade just concluded enabled the country to be at a point where it was able to quickly redirect resources to address the impact of the pandemic while maintaining the provision of critical government services.

Building on the **2020/21** efforts to weather the **COVID-19** pandemic the Government plans to boost economic and social recovery and has formulated the **2021/22** budget around achieving that recovery. **The Citizens Guide to the FY 2021/22 Budget** outlines some of the programmes developed to aid in facilitating the country's recovery from the **COVID-19** pandemic.

Citizens are encouraged to review the Guide to identify the areas that cater to job opportunities or assistance to create avenues for self-employment as we work together to recover from the effects of the pandemic and once again pursue Jamaica's **Vision 2030** and beyond.

Darlene Morrison
Financial Secretary

PART I - KEY ACHIEVEMENTS OF FISCAL YEAR 2020/2021

Fiscal Year (FY) 2020/21 has been dominated by the **COVID-19** pandemic which triggered not only a health crisis but also an unprecedented economic crisis. Notwithstanding the challenges, significant achievements were made during the year. These include:

a) The GOJ's Response to the COVID-19 Pandemic

The pandemic induced significant fallout in government revenue, compared with performance in **FY 2019/20** - projected to be in the region of **11.3%** or **\$73.3 billion** by the end of the current fiscal year - while at the same time, creating the need for additional expenditure on public health and social assistance. Actions taken by the Government to cushion the impact of the pandemic include:

1. Adjusting the **2020/21 Budget** to give priority to spending on health and creating additional space by:
 - relaxing the primary surplus target - moving it from the **5.4% of GDP** originally approved for the Budget for **FY20/21** to **3.0% of GDP** by third supplementary; and
 - suspending the Fiscal Rules for **FY 2020/21** and adjusting the target date for achievement of the **Debt/GDP ratio of 60% (or less)** by two years, moving it from **FY 2025/26** to **FY 2027/28**;
2. Implementing a Stimulus package of approximately **\$15 billion** in tax cuts;
3. Applying a spending stimulus of **\$16 billion** to cushion the economic impact of the pandemic by establishing the
4. **COVID-19 Allocation of Resources for Employees (CARE) Programme**, which provides temporary cash transfers to targeted individuals and businesses;
4. Additional spending on health (**\$8.0 billion**) and social assistance; agriculture; the homeless; those in shelters; the elderly in infirmaries; the disabled; additional grants to **PATH** and Poor Relief Beneficiaries;
5. Deferral and waiver of processing fees by the **Student Loan Bureau**; reduction in interest rates on loans from the **National Housing Trust**; and waiver of duties on personal hygiene products and of **SCT** on alcohol used to make sanitizers;

Components of the CARE Programme administered by MOFPS		
COMPONENTS		Value of Grants
Set Cash	Employees earning \$1.5 million or less who lost employment on or after the date of the first COVID-19 case in the country;	\$18,000/month
Best Cash	Businesses in the tourism industry based on the retention of workers earning \$1.5 million or less ;	\$18,000/month per retained Employee
General Grants	Occupational groups impacted by the economic effects of COVID-19 including hairdressers, and transport operators;	\$25,000 & \$40,000/month
Compassionate Grants	Persons in need who were not formally employed and did not apply for any other CARE benefit;	One-time grant \$10,000
Small Business Grants	Registered small businesses, which filed taxes in FY 2019/20 and have sales of \$50 million or less with at least one employee;	One-time grant \$100,000
Tourism Grants	One-off grants to Tourist Board- registered MSMEs;	Up to \$5 million

b) Launch of Jamaica InvestmentMap Platform,

An online tool that allows public access to information on Government of Jamaica's public investment projects while they are under implementation. The platform gives citizens the opportunity to search for projects based on sector, parish and county and provides the opportunity for feedback on projects of interest.

c) Launch of the Marcus Garvey Public Sector Graduate Scholarship Programme

To create highly trained public sector employees who will be bonded to work with the Government of Jamaica. **Thirty (30)** graduate scholarships will be offered each year for the next five years at an estimated cost of \$1 billion and persons can choose to study at any of the following **Universities: The University of the West Indies (UWI) Mona** or the **University of Technology (UTech)** in Jamaica; Johns Hopkins University or Harvard University in the USA; or King's College London or Oxford University in the United Kingdom.

d) Approval of the Microcredit Act 2021

To license and regulate microcredit institutions that provide financing to individuals and micro, small and medium-sized enterprises (MSMEs),

e) Approval of the Income Tax (Amendment) Act, 2020

Which allows MSMEs to benefit from a special income tax credit of **\$375,000**. The intention is to continue to support the MSMEs sector by removing obstacles to the formation and growth of these businesses.

f) Approval of the Bank of Jamaica (Amendment) Act 2020

Which seeks to strengthen the operations of the Central Bank by improving its governance, making the bank independent, clarifying its main responsibilities as maintaining price and financial stability.

g) Tabling of the Independent Fiscal Commission Act, 2020 Bill

To establish the Independent Fiscal Commission which will serve as the guardian and interpreter of Jamaica's fiscal rules, monitoring compliance with these fiscal rules, reporting on fiscal outcomes and keeping the public informed by providing independent analysis on fiscal policy developments.



PART II - WHAT GOES INTO PREPARATION OF THE BUDGET?

In planning the National Budget, the Government reviews current and past performances of the main macroeconomic indicators, determines the fiscal policy direction for the new budget year and the projections over the medium term. The key indicators for **Financial Year 2021/22** are:

Economic Growth Rate

A measure of the change in the country's **Gross Domestic Product (GDP)**, that is, the total value of goods and services produced in the country each year. In **2020/21**, the growth rate is projected to contract by **11.6%** due to the impact of the **COVID-19** pandemic. For **FY 2021/22**, growth is expected to be in the region of **5.2%**.

Unemployment and Job Creation

The Labour Market Survey for October 2020 reported an unemployment rate of **10.7%**, compared to **7.2%** in October 2019. The higher unemployment rate reflects an increase in unemployed labour force by **41,100** persons, primarily due to the impact of the **COVID-19** pandemic.

Inflation Rate

The inflation rate, which measures the average percentage increase in general prices in the economy over a specific period, is projected at **6.3%** for **Financial Year 2020/21**; **5.1%** is projected for **Financial Year 2021/22**.

Interest Rate

Interest rate assumptions represent the **GOJ's** expected cost of borrowing. Interest rates at which the Government borrows both locally and externally have fallen in recent years. The 3-month Treasury-bill rate has gradually fallen from **7.4%** in **FY 2014/15** to an expected **1.0%** by the end of the **2020/21** fiscal year.

Exchange Rate

The most common exchange rate utilised in Jamaica is the cost of one US dollar in Jamaica dollars. During the 2020 calendar year the Jamaica dollar underwent periods of appreciation as well as depreciation, as expected in a properly functioning foreign currency market.

Fiscal Policy

Provides the overall framework within which the government must operate. Jamaica's fiscal policy is largely governed by three fiscal rules: an expenditure rule, a budget balance rule and a debt rule. The rules serve to manage the levels of expenditure which can be undertaken by the government to provide goods and services to the citizens within the context of the available revenue and meet its debt target.

For **Financial Year 2021/22**, the fiscal policy framework provides for non-debt expenditure of approximately **\$558.5 billion** while keeping the Government on track to attain a total debt stock that is no more than **60%** of **Gross Domestic Product** by **2027/2028**. The budget balance rule ensures that the government has resources available to cover interest and principal payments.



PART III - HOW BIG IS THE NATIONAL BUDGET?

The budget is made up of **EXPENDITURE** and **REVENUE** estimates that are both tabled in the House of Representatives at the same time, by The Minister With Responsibility for Finance.

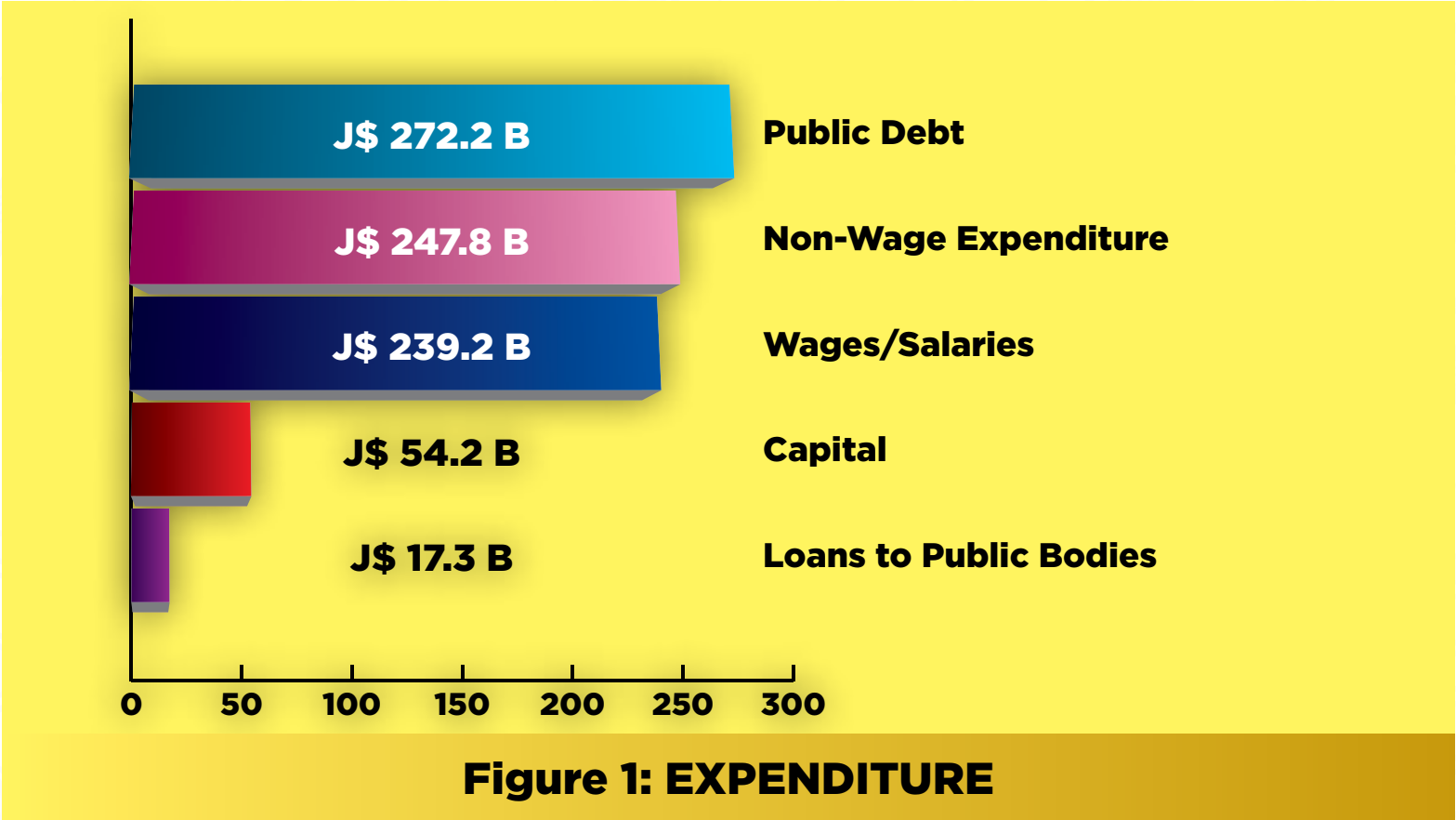
THE EXPENDITURE BUDGET

Total Central Government Budget for the **Financial Year 2021/22** (period from **April 1, 2021** to **March 31, 2022**) is **\$830.8 billion** and comprises:

THE EXPENDITURE BUDGET	
	J\$ Billions
Public Debt	272.2
Non-Wage Expenditure	247.8
Wages/Salaries	239.2
Capital	54.2
Loans to Public Bodies	17.2
TOTAL EXPENDITURE	830.8*

Source: MOFPS

*(Slight Variation Due to Rounding of Numbers)



Source: MOFPS

THE REVENUE BUDGET

Revenue, defined here as the total sum of money that the Government will collect or raise to fund its expenditure, is projected at **\$807.3 billion**. The major revenue items are:

THE REVENUE BUDGET	
	J\$ Billions
Taxation Revenue	572.5
Non-tax Revenue	94.2
Capital Revenue	4.4
Grants	5.8
Capital Development Fund	0.1
Loan Receipts	130.3
TOTAL REVENUE	807.3

Source: MOFPS

*(Slight Variation Due to Rounding of Numbers)

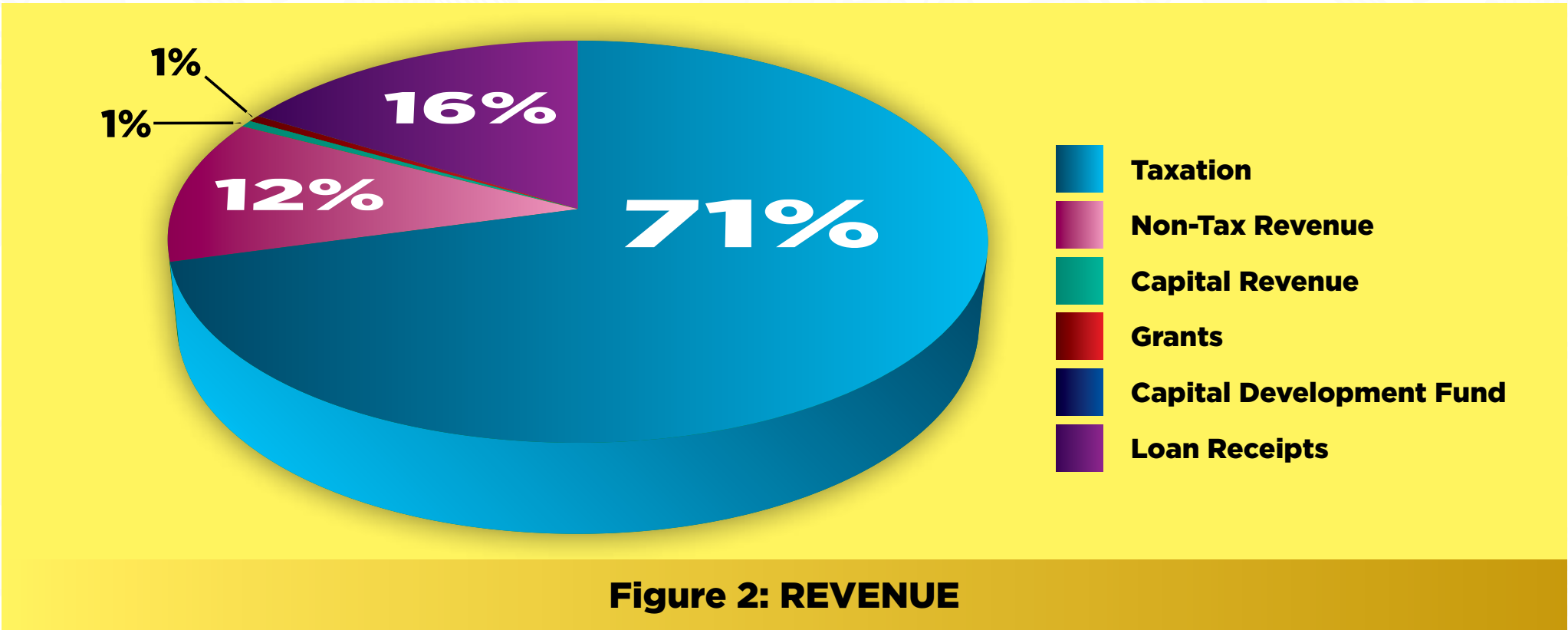


Figure 2: REVENUE

Source: MOFPS

HOW BIG IS THE PUBLIC DEBT?

At December 2020, the stock of public debt outstanding was **\$2.072 trillion**. This includes Central Government debt of **\$2.025 trillion** and **\$0.047 trillion** in net Public Bodies debt.

A **debt-to-GDP ratio** of **100.7%** is projected for the end of **FY 2021/22** and **76.8%** by the end of **FY 2024/25**.

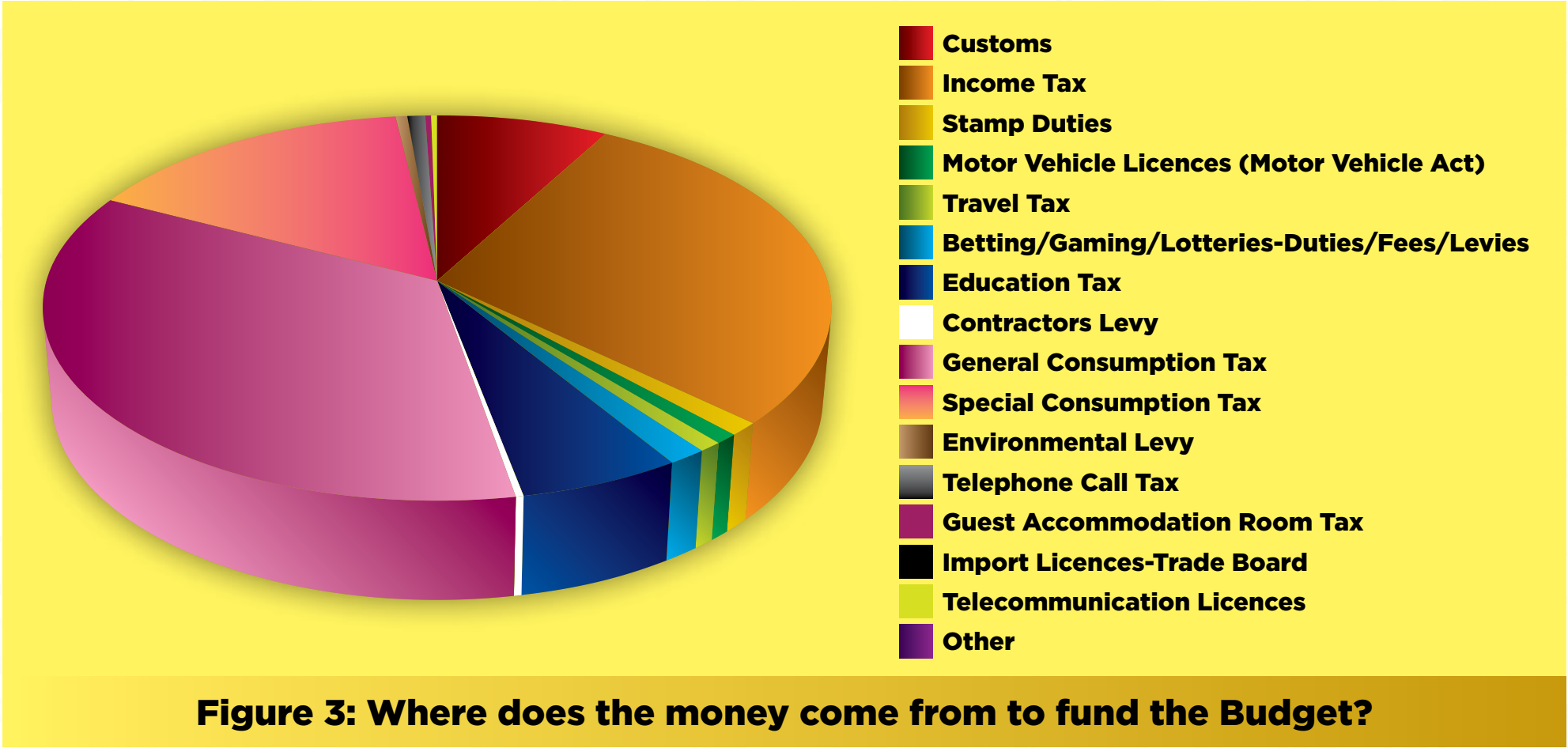
PART IV – WHERE DOES THE MONEY COME FROM TO FUND THE BUDGET?

Sources of Government Funds

The Government expects to collect revenue, raise loans and utilise cash resources to finance the **Central Government Expenditure Budget** of **\$830.8 billion**. Approximately **81.5%** of the financing is projected to come from revenue and grants, **15.7%** from loans and **2.8%** from prior year cash balances in the **Consolidated Fund**.

Where does the money come from to fund the Budget?			
REVENUE	J\$ Billions	EXPENDITURE	J\$ Billions
Taxation Revenue	572.461	Recurrent Expenditure	776.580
Non-Tax Revenue	94.185	Capital Expenditure	54.201
Capital Development Fund Transfer	0.149		
Capital Revenue	4.445		
Grants	5.777		
TOTAL	807.323		
Utilization of Prior Year Cash Balances	23.458		
GRAND TOTAL	830.781	GRAND TOTAL	830.781

Source: MOFPS



Source: MOFPS

Tax Revenue

- **68.9%** of the money that the government needs to fund the Central Government Expenditure Budget of **\$830.8 billion** is expected to be collected from tax revenue.
- **General Consumption Tax (GCT)** of **\$203.3 billion** is the largest source of tax revenue followed by **Income Tax** of **\$166.5 billion** and **Special Consumption Tax (SCT)** of **\$83.9 billion**.

Details of Tax Revenue	
	J\$ Billions
Customs	47.200
Income Tax	166.512
Stamp Duties	7.453
Motor Vehicle Licences(Motor Vehicle Act)	4.746
Travel Tax	4.881
Betting/Gaming/Lotteries-Duties/Fees/Levies	7.334
Education Tax	34.220
Contractors Levy	2.119
General Consumption Tax	203.317
Special Consumption Tax	83.988
Environmental Levy	4.214
Telephone Call Tax	3.355
Guest Accommodation Room Tax	0.646
Import Licences-Trade Board	0.305
Telecommunication Licences	1.477
Other	0.695
GRAND TOTAL	572.461

Source: MOFPS

Non-Tax Revenue - \$94.2 billion

The three sources below are responsible for **70%** of Non-Tax Revenue:

- One-off profits from the Bank of Jamaica - **\$33.1 billion**;
- Profits in Government Companies - **\$16.9 billion**;
- Miscellaneous Receipts by the Accountant General - **\$16.0 billion**

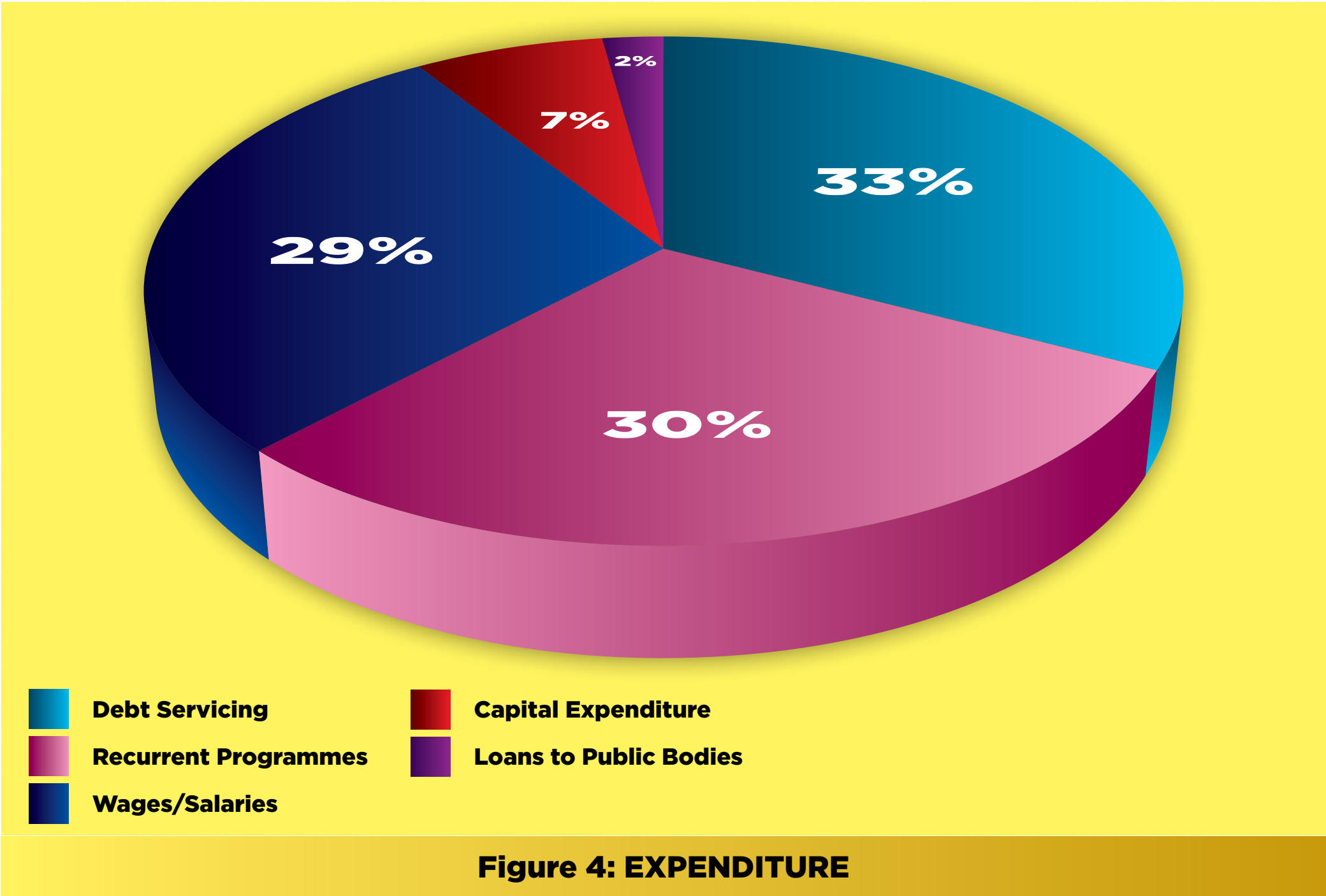


Other Sources of Financing

Included in Other Sources of Revenue are: **Capital Revenue**, providing **0.5%** of required financing; **Grants**, providing **0.7%**, the **Capital Development Fund**, providing **0.01%** and prior year cash balances held in the **Consolidated Fund**, providing **2.8%** of the required financing.

PART V - WHERE DOES THE MONEY GO?

The overall Central Government spending is projected at **\$830.8 billion** with **\$272.2 billion** or **33%** going to Debt Servicing; **\$247.8 billion** or **30%** to Recurrent Programmes; **\$239.2 billion** or **29%** to Wages & Salaries; **\$54.2 billion** or **7%** to Capital Expenditure; and **\$17.3 billion** or **2%** to provide Loans to Public Bodies;



Source: MOFPS



WHERE DOES THE MONEY GO?

Allocation of expenditure FY 2021/22

Ministries/Departments/Agencies	Recurrent Expenditure	Capital Expenditure	Total Expenditure
	J\$ Billions	J\$ Billions	J\$ Billions
His Excellency the Governor-General and Staff	0.366	-	0.366
Houses of Parliament	1.293	-	1.293
Office of the Public Defender	0.158	-	0.158
Auditor General	0.934	-	0.934
Office of the Services Commissions	0.371	-	0.371
Office of the Children's Advocate	0.202	-	0.202
Independent Commission of Investigations	0.546	-	0.546
Integrity Commission	0.924	-	0.924
Office of the Prime Minister & Departments	7.321	5.879	13.200
Office of the Cabinet & Departments	0.778	-	0.778
Ministry of Tourism	10.914	-	10.914
Ministry of Economic Growth and Job Creation & Departments	10.967	20.383	31.351
Ministry of Finance and Public Service & Departments	104.864	12.416	117.279
Ministry of Housing, Urban Renewal, Environment and Climate Change & Departments	2.709	0.310	3.019
Ministry of National Security & Departments	81.503	6.480	87.983
Ministry of Justice & Departments	9.104	0.520	9.624
Ministry of Foreign Affairs and Foreign Trade	4.475	-	4.475
Ministry of Labour and Social Security	13.652	0.081	13.733
Ministry of Education, Youth and Information & Departments	117.393	1.163	118.556
Ministry of Health and Wellness & Departments	86.559	2.715	89.273
Ministry of Culture, Gender, Entertainment and Sport	3.650	-	3.650
Ministry of Agriculture and Fisheries	8.358	1.286	9.645
Ministry of Industry, Investment and Commerce	3.389	0.350	3.739
Ministry of Science, Energy and Technology & Departments	8.245	0.314	8.559
Ministry of Transport and Mining	11.497	-	11.497
Ministry of Local Government and Rural Development	14.163	2.305	16.469
TOTAL	504.334	54.201	558.536

Source: MOFPS

*(Slight Variation Due to Rounding of Numbers)

RECURRENT PROGRAMMES

Included in Recurrent Programmes are:

- **\$4.2 billion** for the maintenance of roads, and other physical infrastructure including **\$500 million** for the **Length-man Programme** under the **Ministry of Economic Growth and Job Creation**;
- **\$1.8 billion** to support build-out of **GOJ's Information Communication Technology Initiatives** by the **Universal Service Fund**;
- **\$1.6 billion** to provide Production Incentives to farmers and the continued rehabilitation of farm roads;
- **\$2.9 billion** for Street Lights for all 14 Municipal Corporations;
- **\$1.0 billion** for **STATIN** to carry out preparatory activities for the national census in 2022;
- **\$8.0 billion** to the **Ministry of Health and Wellness** for responding to **COVID-19** pandemic acquire and administer **COVID-19** vaccines; acquire **Personal Protective Equipment (PPE)**; supplies to support testing for the **COVID-19** virus; and other medical supplies;
- **\$8.8 billion** to purchase pharmaceuticals and medical supplies for users of health facilities in the four (4) Regional Health Authorities of the **Ministry of Health and Wellness**;
- **\$14.5 billion** for the **PATH Programme** including: **\$8.6 billion** for cash grants under the **Ministry of Labour and Social Security**; **\$5.6 billion** for **PATH School Feeding** and **\$380 million** for the **PATH School Transportation Programme**;
- **\$1.1 billion** to support other student nutrition programmes providing Breakfast and Cooked Lunches under the **Ministry of Education, Youth and Information**;
- **\$800 million** to support a new Social Pension Programme for the Elderly under the **Ministry of Labour and Social Security**;
- **\$794 million** to support Social Housing (**\$500 million**) and Community Renewal (**\$293.7million**);
- **\$38.1 billion** to meet the Central Government pension benefits; including **\$700 million** to provide an increase in benefits to existing pensioners;
- **\$2.2 billion** to support natural disaster risk management including- **\$1 billion** for **Catastrophe Bonds (Cat-Bonds)**; **\$979 million** for the **Caribbean Catastrophe Risk Insurance Facility (CCRIF)**; **\$200.million** for Contingencies Fund; and **\$50 million** for the **National Disaster Fund** in the **Ministry of Local Government and Rural Development**;



- **\$18.2 billion** in loans and grants to Self-financed Public Bodies: **\$942 million** in grants to (a) **Urban Development Corporation (UDC)** - **\$700 million**; (b) **Montego-Bay Metro** - **\$200 million**; and (c) **Port Security Corps**, **\$42 million**; and **\$17.2 billion** in loans to: **Clarendon Aluminium Partners (CAP)** - **\$8.8 billion**; **Development Bank of Jamaica** - **\$5.0 billion**; and **National Water Commission** - **\$3.4 billion**.



CAPITAL EXPENDITURE

- **\$17.4 billion** to the **Southern Coastal Highway Improvement Project (SCHIP)** to continue infrastructural improvements on roadways between Harbour View and Yallahs; and construction of the new Toll Road between May Pen in Clarendon and Williamsfield in Manchester;
- **\$884 million** for construction of a new Westmoreland Police Divisional Headquarters, the **Forensic Pathology Autopsy Suite** and to complete Phase II of the **JDF's Burk Barracks** in Western Jamaica;



- **\$3.2 billion** to continue public sector transformation activities including the modernisation of the **Bureau of Standards** through upgrading and retrofitting of BSJ laboratories; supporting the implementation of ISO management system standards in select MDAs; supporting the rationalisation of public bodies; implementing a new work permit system in the **MLSS**; and completing the expansion of **GOJ's** fibre optic network access across the **KMA**;



- **\$2.3 billion** for the **National Identification System (NIDS)** to support digitisation of birth certificates; transformation of the **RGD** into the **Identification and Registration Authority**; and the establishment of enrolment and production sites;



- **\$2.1 billion** to support build-out of **GOJ's** cyber-security capabilities and the procurement of coastal surveillance equipment to improve border security;
- **\$1.1 billion** to support projects in the **Ministry of Education Youth and Information** including **\$800 million** for the Primary and Secondary infrastructure programme to provide additional classrooms and other amenities to facilitate elimination of the shift system and overcrowding at 17 High and Primary schools;
- **\$2.7 billion** to the **Ministry of Health and Wellness** including **\$1.3 billion** to continue the redevelopment of the **Cornwall Regional Hospital**;
- **\$1.2 billion** for agricultural projects including **\$905.0million** to support irrigation of arable lands in the Essex Valley area of St Elizabeth, Amity Hall and Bridge Pen in St Catherine and Parnassus in Clarendon;
- **\$1.9 billion** for final payments on (30) fire (pumper) trucks by the **Ministry of Local Government and Rural Development**;
- **\$1.2 billion Jamaica Disaster Vulnerability Reduction Project (DVRP)** - to support (i) construction of three fire stations (Montego

Bay, Port Maria, Yallahs), (ii) coastal revetment works on sections of Kingston Harbour (Port Royal Street), (iii) training and technical assistance for improving disaster and climate resilience and (iv) completion of the building code and conduct training;

- **\$800 million** to supporting the MSMEs Sector through the **Credit Enhancement Programme** for MSMEs and the **Access to Finance for SMEs Project**.
- **\$8.0 billion** under the **Ministry of Finance and the Public Service** (Contingency for Public Investments), to support the development and implementation of a new infrastructure project to improve productivity and increase resilience with the installation of drains, widening and dualisation of major thoroughfares and construction of sidewalks;



HOW TO ACCESS GOVERNMENT OF JAMAICA'S BUDGET DOCUMENTS

Please visit the MOFPS website at www.mof.gov.jm to access the following budget documents:

- Estimates of Expenditure 2021/2022 (Central Government);
- Revenue Estimates 2021/2022 (Central Government);
- Jamaica Public Bodies Estimates of Revenue and Expenditure for the year ending March 2022;
- Public Sector Consolidated Estimates of Expenditure 2021/2022;
- Fiscal Policy Paper FY 2021/22;
- Medium Term Debt Management Strategy FY 2021/22 - FY 2024/25; and
- Tax Expenditure Statement 2021;

Questions on any aspect of the budget which require further explanation should be sent to the **Ministry of Finance and the Public Service Access to Information Unit:**

E-mail: ati@mof.gov.jm; Telephone: **(876) 932-5043**;

Feedback on the **Citizen's Guide to the 2021/2022 Budget** may be sent to: mofps.pr@mof.gov.jm



Strategic Public Sector
Transformation Project



COVID-19 SAFETY TIPS

- Stay home as much as you can
- Wear a mask and keep a safe distance when in public
- Avoid large gatherings
- Do not touch your eyes, nose or mouth
- Wash or sanitize hands often

PLAY YOUR PART IN HELPING TO FLATTEN THE CURVE!



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