

**HONOURABLE MINISTER OF FINANCE AND PLANNING OPENING STATEMENT
BUDGET 2014/2015**

INTRODUCTION

- The Budget Debate provides us with the opportunity to take stock of our performance over the previous fiscal year and to measure our progress in relation to the targets previously set and to assess the effectiveness of our management of the country's finances.

- Let me begin this review by expressing a deep sense of gratitude to a number of people. I begin with:
 - The Most Honourable Prime Minister for her continued confidence and support.
 - The Speaker of this Honourable House for your guidance.

- Mr. Speaker, I continue to serve in this Honourable House at the will and pleasure of my constituents in East Central St Andrew. The fact that they have kept me as their Member of Parliament since they first elected me in 1994. I interpret this as an indication that I continue to serve their best interest. This job comes with its highs and its lows and at all times they are there for me and have never failed to give unreservedly of their love and support. I can hardly thank them enough.

- Mr. Speaker, I must commend my Cabinet colleagues for the understanding and support they demonstrate in managing their respective portfolios in a tight fiscal environment which affords them fewer resources than they would normally have expected.

- I must also place on record my appreciation for the support of my team in the Ministry especially my colleague, Minister Horace Dalley, who shares with me

the responsibilities of an extremely demanding Ministry. Over the last year as the pressure mounted, he proved himself to be more than equal to the occasion.

- While assessments of our performance over the past fiscal year may differ, there is one area of consensus and that is the absolute indispensability of the resourceful team which is my privilege to lead. So let me also thank:
 - The Financial Secretary and the staff of the Ministry for their unwavering and professional support;
 - the Governor of the Bank of Jamaica; and,
 - the Director General of the Planning Institute of Jamaica and their respective teams who continue to go above and beyond the call of duty in the execution of their functions;
 - The staff in the other departments and agencies which underpin the work of the Ministry; in particular the Development Bank of Jamaica and the EXIM Bank;
 - Board Members;
 - In particular, I would also like to recognize the contribution of the members of my advisory group the Hon. Shirley Tyndall and Mr. Dennis Morrison;
 - My personal staff for their patience and commitment, particularly in those difficult moments which come with the territory; and,
- Let me also use this opportunity to thank my family, my wife whose caring, advice, and love has enabled me to survive the daily rigors of public life, and my children for their unconditional support, always.

- Finally, to the countless Jamaicans, from all walks of life, who through letters, telephone calls and text messages who have sought to reach out to me.

SUMMARY OF THE PAST YEAR

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- It is important that we recall the situation that existed when I opened this Debate last year.
 - While the Economic Reform Programme was in place our negotiations with the International Monetary Fund (IMF) had not been concluded.
 - Our reserves stood at less than US\$900M and were declining.
 - The multilateral institutions and critical bilateral partners were not providing support consequent upon the fact that the previous Fund programme had gone awry.
 - The established pattern of weak or negative growth persisted.
- So desperate had the situation become that an increasing number of voices urged us to “*sign now whatever the cost and whatever the terms*”.
- Today, one year later:
 - Our economic reform programme is on track and the IMF Agreement is in place and we have concluded and have passed all our tests and met our benchmarks (much to the dismay of some);
 - Growth has returned. We have had three consecutive quarters of increasing growth – each level higher than the one before;
 - We have received in excess of US\$500M from our multilateral partners;
 - The Debt to GDP ratio is moving down; and,
 - Confidence has returned and is moving up.

- Mr. Speaker, all I can say is – “*what a difference a year makes*”.

THE LOGIC BEHIND THE PROGRAMME DESIGN

- In this Honourable House we should not forget neither should any Jamaican forget the critical need that existed for a programme of economic reform. Let me remind you what we inherited:
 - A debt to GDP ratio that was upward of 146 per cent.
 - We were in the 40th year of anaemic growth with an expansion of gross domestic product averaging less than 1 per cent per annum over the period.
 - During that same period, while average growth of GDP was less than 1% per annum our debt had grown by more than 700 per cent.
 - The IMF Programme which had been negotiated in 2010 quickly went off the rails, with the basic targets regarding the primary surplus and fiscal deficits, which were necessary if we were to place the debt on a downward trajectory, all being breached.
 - As a consequence, Jamaica was closed out from global capital markets – except at exorbitant rates of interest – our reserves were rapidly deteriorating, and flows of funds from our multilateral and key bilateral partners had come to a standstill.
- Our situation was compounded by those who found it politically convenient to propagate the view that the proven laws of economic development did not apply to Jamaica. Whereas other countries had to work their way to prosperity, Jamaica they said could borrow its way to prosperity. I trust it is now evident to everyone that there is a limit to any country’s capacity to sustain such **fiscal**

irresponsibility. Jamaica has reached this limit. High debt prevents growth and limits the country's capacity to withstand unforeseen economic shocks.

- This dubious doctrine of Jamaican **ECONOMIC EXCEPTIONALISM** contributed to the situation which we inherited in January 2012:
 - eleven successive quarters of negative growth between 2008-2011;
 - a massive debt build-up; and,
 - unprogrammed borrowing.
- It is against this background, Mr. Speaker, that we mobilised the nation to design an **Economic Reform Programme** that could begin to reduce the level of debt, and by so doing unlock the growth potential of Jamaica's economy. The programme we designed was one that required us to reduce the fiscal deficit. Or put another way, **we have to live within our means.**
- In order to sustain our Economic Reform Programme and to assure the global markets and the wider international community of our seriousness of purpose - and quite frankly in order to secure the necessary resources to support the programme - we entered into an **Extended Fund Facility** with the International Monetary Fund.
- But I want to emphasize Mr. Speaker, as I doubt that everyone gets it – that this is our programme – this is Jamaica's programme if we are to guarantee our nation's survival and prosperity for the future.
- Apart from fiscal consolidation, the economic reform programme involves critical structural reforms including –
 - tax reform;

- public sector reform;
 - changes to facilitate the ease of doing business; and,
 - legislative changes
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- All of which are aimed at creating a more vibrant economic environment in the country for businesses, whether small, medium or large, local or foreign, who want to do business in Jamaica and thereby expand our economy and provide jobs.

 - Mr. Speaker, the economic reform programme that we are presently pursuing is critical to our long term survival as a nation and we must never forget our obligation to all those Jamaicans who sacrificed to make the programme possible. Mr. Speaker, here I am referring to the public sector workers who agreed to a further three years of wage restraint. I am referring also to the Bondholders, to our creditors, including pensioners and others who agreed to lower returns on their investment in order to facilitate the economic reform effort; and of course, we should remember the general populace of Jamaica who endured increases in the cost of the living.

 - Our obligation, Mr. Speaker means that we must ensure that their sacrifices have not been in vain. We must stay the course and most of all, ensure that never again does Jamaica have to walk this path of dependence on external creditors and institutions which, if we are to be honest, entails a significant loss of sovereign autonomy.

 - The only way out of our present difficulties is to continue with the programme, pass more IMF tests, get access to more multilateral support, secure investments and achieve our mission of sustained economic growth, and job creation.

REFORM ACHIEVEMENTS 2013-2014

- Over the past year since we embarked upon the Economic Reform Programme, we have met all our quantitative targets and our structural benchmarks. There have been major legislative achievements as well:
- We have **amended the Revenue Administration Act** to strengthen tax administration by providing, among other things, access to third party information and requiring mandatory e-filing for certain types of tax payers and for certain taxes;
- We have passed the **Secured Interest in Personal Property Act** to enhance access to credit especially for non-traditional businesses, such as those in the creative industries and cultural sector and in agriculture;
- We have passed the **Charities Act** and **harmonized the treatment of Charities** across tax types, in addition to removing ministerial discretion for granting of waivers for charities and charitable purposes;
- We have passed the **Fiscal Incentives Legislation** which has lowered the effective tax rate for business operators;
- We have passed **Amendments to the Financial Administration and Audit Act and the Public Bodies Management Act** which strengthened the legally binding fiscal rules to ensure a sustainable budget balance and debt reduction.
- We have amended the **Securities Act** to include provisions which seek to combat the establishment and proliferation of unlawful financial organizations and implemented a legal and regulatory framework conducive to the operation of Collective Investment Schemes;

- We have tabled an **Omnibus Banking Bill** which, when enacted, will harmonize the prudential standards across deposit taking institutions and enhance supervision of financial institutions.
- We have also tabled an **Insolvency Bill** which is currently being reviewed by a Joint Select Committee of this House.
- We have passed Legislation to establish **Tax Administration Jamaica** as a semi-autonomous revenue agency and appointed the related Supervisory Board.

OTHER MEASURES

- The legislative record tells only a small part of the narrative however, Mr. Speaker. During this past fiscal year:
- We also completed the implementation of the **Central Treasury Management System**, so that we now manage government accounts out of a single treasury account at the Bank of Jamaica.
- We converted the **Jamaica Customs Department into an Executive Agency** within the Ministry of Finance & Planning to complement the work of Tax Administration Jamaica.
- We have created a **Strategic Human Resource Management Unit in the Ministry of Finance and Planning**.
- We established a **national collateral registry** at the Companies Office of Jamaica to list interest in assets used as collateral under the Secured Interest in Personal Property Act and thereby improve access to finance.
- We have **eliminated ministerial discretionary powers** to grant or validate any tax relief.

- We have completed a **formal review of public sector employment** and remuneration as part of the public sector reform process.
- We have improved transparency as it relates to **Public Sector Procurement** by publishing in the print media a Government of Jamaica procurement page
- We have tabled a **White Paper on Pension Reform** in the Public Sector and legislation is being prepared for the enactment of a single pension system for public sector workers to begin in 2016/17.

WHAT HAS BEEN THE EFFECT?

- It is to be acknowledged, Mr. Speaker that the adjustment has been difficult; budgets have been tight and in many areas difficult adjustments have had to be made. The Jamaica Urban Transit Company (JUTC), for example, has had to increase its fares and undertake systems and operational changes in order to reduce the extent of its losses. Without this, it might have been difficult to keep the company operational.
- We have not been able to do as much as we would have liked in relation to school construction, and road repairs as we have gone through this difficult adjustment period. Nevertheless, we do take particular pride in the fact that we have maintained our commitments to spend at least three per cent of our budget on social protection services, and we have increased the provision to PATH beneficiaries by 15 per cent. At the same time, we have increased the provision for pensioners by some 66 per cent and it should not be forgotten that we raised the threshold for income tax by \$66,144 thus removing a further 3000 persons from the tax roll.

GROWTH

- Mr. Speaker, in spite of the difficulties of the last year, perhaps the most encouraging news is the return to growth by the Jamaican economy. During the

quarter July-September 2013, the economy recorded modest growth of 0.5 per cent following a period of economic contraction beginning January 2012. The momentum of growth improved during the quarter October-December 2013, with STATIN confirming growth in GDP of 1.8 per cent.

- Preliminary estimates indicated that real GDP growth has continued during the January-March quarter of 2014. Growth is preliminary estimated at some 1.7 per cent for the quarter with real GDP for the fiscal year at approximately 1 per cent. There are some areas of particular significance in this growth story. Agriculture has been growing at an annualized rate in excess of 13 per cent; Mining & Quarrying at 12 per cent; Tourism at 6 per cent and here, I am referring to the quarter ending 31st December 2013.
- We expect the rate of growth to continue to strengthen, especially as we continue to implement major reforms to enhance the business environment, as well as intensify the efforts regarding strategic investment projects in tourism, transport, agro parks, and logistics among others.
- We are hopeful also that the consecutive successful completion of the quarterly reviews under the IMF Programme will stimulate investors to make further investment and drive job creation.

EMPLOYMENT

- In relation to the employment rate, STATIN recorded that the unemployment rate as at October 2013 was 14.9 per cent this was 0.9 percentage points higher than the recorded rate of 2012. However, and this is a critical point, between April and July 2013, the unemployment rate declined by 1 percentage point and July and October a further 0.5 percentage point respectively.
- Mr. Speaker, unemployment is trending down in the same way as growth is trending upwards. The total number of employed persons in October 2013 is

greater by 6,700 persons relative to October 2012. There are significant increases in a number of critical sectors. Real Estate and Business employment is up by 15.6%, Manufacturing by 6.2%, Health and Social Services up by 32.0% and Construction up by 5.7%.

- We need to build on this progress, Mr. Speaker, to increase the overall employment rate.

INTEREST RATES

- Commercial bank lending rates continue to decline – the weighted average lending rates declined by some 48 basis points to 17.9 per cent at the end of December 2013 compared to the end of March 2013. Treasury Bill rates trended in the opposite direction with the average yields on Government of Jamaica Treasury Bills on 30-180 days trending upwards.
- Accordingly, at the end of March 2014, average yields on the 30-day, 90-day and 180-day instruments were 6.76 per cent, 8.35 per cent and 9.11 per cent respectively.

INFLATION

- During the past year, inflation would have been affected by increases in Bus and Taxi fares, Water and Sewage rates, as well as the pass-through of exchange rate depreciation to domestic prices. There was evidence of pass-through to domestic prices on some durables such as clothing, footwear and household furnishings.
- Nevertheless, Mr. Speaker, the headline rate for the fiscal year was 8.3 per cent which was below the target range of 8.5 per cent to 10.5 per cent. This out-turn is lower when compared to the 9.1 per cent recorded for 2012/2013.

BALANCE OF PAYMENTS

- The current account deficit on our balance of payments is projected to narrow by some US\$461 M to about US\$1.4 B or 9.9 per cent of GDP for the fiscal year. This compares with a deficit of US\$1.9B or 12.8 per cent of GDP for the fiscal year 2012/13. Put another way Mr. Speaker, we are reducing the gap between what we spend in foreign currency each year and what we earn in foreign currency each year. We are actually importing less, even if we are not exporting more. The deficit on the goods sub-account is expected to narrow by US\$285 M.
- Flows from official and private sources are projected to be more than sufficient to finance the current account deficit [or the gap between what we earn and what we spend overseas], and contribute to the build-up of the net international reserves by the Bank of Jamaica for 2013/2014. The closure of this gap is primarily due to a decline of US\$490M on the import side.
- Much of this is the result of the change in the value of the Jamaican Dollar; and I would like to say something, Mr. Speaker, on the exchange rate which has been the focus of so much discussion – some of it sincere, although misplaced, and some of it dare I say, calculated to create confusion and spread panic.

EXCHANGE RATE

- Over the past year, there has been a decline of 10.8 per cent in the value of the Jamaican Dollar. The heart of the issue here relates to the current account deficit which we discussed before. When we spend abroad more than we earn from abroad, we run up our current account deficit. It is not possible to continuously spend more than we earn from overseas.
- The only way any country (including Jamaica) can do this, is if we were able to
 - i) find someone to give us the difference between what we earn and what we spend – which is not likely; or,

- ii) We were able to borrow the money – and we have reached the limit of our capacity to borrow; or,
 - iii) We can buy fewer goods and seek to earn more.
- Since we have no “*godfather*” to keep giving us money, and we have exceeded our capacity to borrow more, we have only the option of spending less and earning more.
 - If we are going to spend less overseas, there are a few ways we can seek to do this. We can try simply to administratively ban imports of certain things, and, or ration foreign exchange by administrative means. In a sense we have tried this before as a country. In the 1970s, we tried to put quantitative restrictions on imports; and in the 1980s, we tried through the Auction System to restrict foreign exchange.
 - We should all try to learn from our history, Mr. Speaker – **these approaches do not work**. They lead to the emergence of a black market for currency on the one hand, or to increasingly sophisticated efforts to smuggle goods, breach our borders and inevitably to shortages of goods in the market place. We have been on that road before, and we are not going there again.
 - The only tried and proven way is to operate an exchange rate system where the market sets the rate – a flexible market-determined exchange rate - which allows relative prices to change in ways that alter the choices we make, as to what we produce, what we produce, where we sell, and how much income we make as a result.
 - The adjustments that have been made to the Jamaican Dollar will allow what we produce to be more competitive in the external markets and, at the same time,

allow us to develop what we can produce in Jamaica. Therefore, having a competitive exchange rate is one of the keys to economic expansion and growth in jobs, as we see it.

- So what then is the right value for the Jamaican Dollar? How does one determine the right value? The first point to make in this regard is that the nominal rate of exchange does not by itself tell you whether the currency in question is weak or strong, or whether the economy of the country using that currency is weak or strong.
- Take for example, the Japanese Yen is currently valued at 102 Yen to the US Dollar, and the Indian Rupee is valued at 60 Rupees to the US Dollar. Few would believe that the Indian economy is stronger than the Japanese economy or that the Rupee is a more attractive currency to hold than the Japanese Yen?
- Closer to home, Colombia has an exchange rate of about 2,000 pesos to the US Dollar as compared with the Brazilian Real which is about 2 Reals to the US dollar. The differential in nominal exchange does not reflect the difference in wealth or capacity of the two economies. What is significant, most of all, is the level of competitiveness of the economy, and its capacity to earn from abroad to support its consumption of goods and services from overseas. In a case such as Jamaica, where we have to make an adjustment to our economic circumstances in order to import less and export more, the adjustment is very difficult as the pain - which is the result of imports becoming more expensive is felt immediately by everyone, every household, every business, every individual - and it comes before the gains are made by the country that would come with the expansion of domestic production for export and local consumption.
- But even so, we can see some of the potential benefits already being realised. Some of our companies are exporting products like animal feed from new crops such as sorghum; and there is the planned domestic production of cassava on

an industrial scale to go into making beer. Construction companies are now looking to source more building materials locally. This is an example of a shift in production and we need make no apology for this shift which will put more Jamaicans to work rather than borrowing money to finance a current account deficit to keep foreign workers employed at the expense of a growing Jamaican debt.

- We will continue to maintain a market determined exchange rate and the Bank of Jamaica remains prepared to intervene in this market in order to reduce and eliminate those who would want to speculate on the exchange rate or disrupt the stability of the market.
- As we reduce our import bill, attract more tourists, export more goods, and stabilize the economic environment, I would expect the exchange rate to stabilize.
- In summary, Mr. Speaker, as I have said we have begun to see the first fruit of our efforts. From a macroeconomic perspective these have manifested themselves in a number of ways:
- The country has now had three consecutive quarters of growth and we expect this to continue.
- Inflation has been contained; the outturn for FY 2013/2014 is 8.3 per cent which is below what had been projected for the year and is better than the outturn of 9.1 percent for 2012/13.
- By living within our means, the country maintained a primary surplus of 7.5 per cent but was also able to achieve a fiscal surplus – our revenues covered all recurrent expenditure including interest costs.

- Our net international reserves have grown over 40 per cent and at the end of March 2014 stood at US\$1.3 B. This has put us in a better position to withstand unforeseen shocks in the external economy.
- Debt/GDP ratio is projected to have declined by approximately 5 percentage points for 2013/2014.
- Our growth has been inclusive growth. For the twelve months to March 2014, the Development Bank of Jamaica has provided nearly 10,000 (9,700) loans to micro, small and medium size enterprises, surpassing the \$2.0 B target announced last year by 15 per cent. Some \$620 M of this amount went to micro enterprises.
- Agriculture has been growing and small-farmer production has been expanding.

THE STRATEGY GOING FORWARD

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- In this context Mr. Speaker, what are the challenges that remain and what priority activities must we set as we continue to reform the fundamentals of our economy and to strive for greater levels of growth and job creation.
- The first point to emphasize here is that we need to continue the process of fiscal consolidation.
- But simple belt-tightening will not get us very far. We have to continue essential structural reforms that will lock-in the current gains of fiscal consolidation over the long term and create an environment that facilitates investment, protects and strengthens the foundation of our financial system and facilitates improved levels of productivity in the economy as a whole.
- Of fundamental importance also, is the continued reform of our tax collection system to ensure higher levels of compliance.

Among the critical elements in this process that will be tackled in this financial year are:

PUBLIC SECTOR TRANSFORMATION AND MODERNIZATION PROGRAMME

- This is essential to achieving acceptable levels of sustainable economic growth and job creation. Nevertheless, this has been one of the biggest challenges facing Jamaica and one which we must tackle urgently.
- According to the *Global Competitiveness Index 2013-14*, Jamaica ranked 94th overall out of 148 countries, an improvement since 2012. Nevertheless, we cannot continue to “accept” such a low performance. Several factors related to the performance of the Jamaican Public Sector have influenced our rankings. The most important of these factors are:
 - excessive bureaucracy and red tape;

- duplication of functions;
 - underutilization of Information and Communication Technologies (ICT); and,
 - Poor inter-agency communication and coordination.
- The proposed Public Sector Transformation and Modernization Programme that we have commenced, and intend to intensify over the medium term will be more focused on targeting those elements within the Public Sector relating to service delivery that will have a direct impact on the private sector's ability to contribute to sustainable national economic growth.
 - The Programme is built around the following broad areas:
 - Enhancing the business environment and facilitating growth and competitiveness; and,
 - Public Sector Transformation and Modernization – Reducing the bureaucracy
 - Initiatives include:
 - Establishment of a **One Stop Shop for import/export inspection services** at the Montego Bay ports. The One Stop Shop facility brings together all regulatory agencies involved in the inspection process to a single location. In this way, all associated transactions occur in one place. One such facility is already established at Berth 11 in Kingston.
 - **Simplification and increase in the transparency of the Government Electrical inspection process** - Reengineering and automation of the process will make it easier for applicants to access the service in a timely manner, and remove much of the difficulty and delay that many developers now face.

- **National Productivity** – the Jamaica Productivity Centre (JPC) in collaboration with the Hugh Lawson Shearer Trade Union Education Institute (HLSTUEI) and Management Institute for National Development (MIND) will spearhead the development and delivery of a National Productivity Training Programme focused on enabling staff to develop productivity enhancing programmes in the organizations.

As far improving **government's internal operations** is concerned, we are committed to:

- **Improving the Public Procurement Process:** Legislation which was promised last year has been prepared and consultations are underway.
- **Central Treasury Management System**
Already the Central Treasury Management System has improved the management of public funds. Further modification and roll out of additional Treasury Management System to increase efficiency are expected. Among the benefits being realised under the system are a significant decrease in associated bank charges to the government and reduced borrowing by Government.

Human Resource Management

- The implementation of a Human Capital Management Enterprise System, which will begin later this year, will integrate payroll, performance and employee demographics in a single database to further improve human resources management across Government.
- With the creation of the web-enabled E-Census, we have at our fingertips, for the first time, a means of determining the size and distribution, qualifications and basic demographics of the Public Sector.

LABOUR REFORM

- Mr. Speaker, labour reform is essential if Jamaica is to retain its qualified workers. It is critical that we create an environment which can sustain social stability and social inclusion. In this regard, as a first step, the Government recently tabled legislation for the Parliament's consideration related to the introduction of Flexible Work Arrangements. We believe that flexible work arrangements are vital to increasing productivity, efficiency and competitiveness in both the public and private sectors. This legislation is therefore crucial to fostering economic growth, the creation of jobs and attracting investments.
- The implementation of flexi-work arrangements will provide for a more attractive investment climate, allowing companies to take advantage of off-peak rates (on Saturdays and Sundays) on overheads such as utilities and more efficient use of their capital resources. In manufacturing, for example, it will result in more productive work days per year and the use of machinery for longer hours each day.
- It will also allow for wider and better customer service due to varied opening hours and more business days.
- Most importantly, Mr. Speaker, it will provide workers the opportunity to better manage their time between work hours, school hours and other parental opportunities. It may even reduce traffic congestion during the traditional peak hours.

THE GROWTH AGENDA

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- Mr. Speaker there has been much discussion about the growth agenda. Last year I addressed this issue but believe it may be useful to repeat it again as it may be clearer given all of the work that this Government has done during the past year.
- Let me quote what I said last year “*the first requirement of the growth agenda is that we need to maintain our commitment to the current economic reforms and the difficult adjustments that that entail. **WE HAVE TO STAY THE COURSE** and reduce our Public Debt. Beyond that, I think we can all agree that the basic pre-requisite for growth would include:*
 - *easy access to affordable credit;*
 - *efficient, facilitative government institutions supportive of investments;*
 - *a legal system that resolves disputes impartially and speedily; and,*
 - *a society which will view positively and reward those who achieve successful business investments.*
- *Sustained growth will also require an environment which facilitates new entrants coming on to the field of business investments and allows small to become medium, and medium to become large, not on the basis of political or social connections, but simply on the basis of their capacity and their entrepreneurial drive”.*
- Mr. Speaker, I have already spoken about tax and other reforms undertaken to improve the business environment (e.g. collateral registry, Insolvency Bill and Secured Interest in Personal Property Bill) but I want to address the topic of construction permit approvals, a topic which has consistently dominated the public media. Successive Governments have committed to implementing a process that will ensure that construction permit applications are approved

within 90 days from submission, for projects that do not require an Environment Impact Assessment.

- This Government has committed to not only improve the approval process but to fully implement the Application Management and Data Automation system (AMANDA) which will allow the Government to track approval of construction permits across all parish councils in Jamaica.
- We have committed to complete this implementation in all parish councils by the end of this year and then we will implement the system in commenting agencies such as the Jamaica Fire Brigade, the National Water Commission and the National Environment and Planning Agency. Notwithstanding that, it will take some time for the AMANDA system to be fully installed, the Ministry of Local Government and Community Development in its commitment to address this issue has confirmed that parish councils have substantially cleared most of the outstanding construction permit applications and is committed to dealing with applications in a timely manner going forward.
- Secondly, we need an efficient public sector and I have already outlined the steps that are being taken to ensure that public sector reform places priority on those changes that will improve the business environment, speed-up developmental approvals for example, support the easy payment of taxes and the easy provision of services such as water, electricity, work permits, and the like.
- Another element relates to the government divestment programme and the private-public partnerships which are geared to providing ready opportunities. Last year I mentioned that Enterprise teams had been formed to facilitate the privatisation of a number of entities. By way of update -
 - The **divestment of the Wallenford Coffee Company** was completed.

- With regards to the **Kingston Container Terminal**, Mr. Speaker, the Cabinet approved the recommendations of the Enterprise team and a request for proposal was issued in January this year to three pre-qualified bidders. It is expected that responses will be received in May with the expectation that a final bidder can be chosen and negotiations concluded this year.
- In respect of the **privatisation of the Norman Manley International Airport**, Cabinet has approved the transaction structure recommended by this transaction's Enterprise team and it is expected that the Request for Expressions of Interest will be issued shortly.
- The Development Bank of Jamaica is actively pursuing the **divestment of the Jamaica Railway Corporation** and is in discussions with two interested parties.
- DBJ is also pursuing the sale of a number of other Government assets to including Caymanas Track Limited, The Cocoa Industry Board and Petcom, all of which are in various stages of the divestment process.

THE DEVELOPMENT BANK AS AN ENGINE OF GROWTH

- I would like to say something Mr. Speaker about the role of the Development Bank of Jamaica (DBJ) in support of the Growth Agenda.
 - The DBJ has developed an enviable record as one of the premier development banking institutions of the Caribbean, and it is vital not only because of its provision of capital through associated financial institutions, but also for its support for Micro, Small and Medium enterprises – the so-called MSMEs sector.
 - Mr. Speaker, over the past year, the loan commitments of the DBJ increased by some 36 per cent and for the first time in its history, the

Bank approved loans totalling some \$8.2 B. This \$8.2 B of approved loans supported investment of \$15 B with potential for over 4,000 new jobs. But what is also significant Mr. Speaker, is that the DBJ set a target of \$2 B for the MSME sector and I am pleased to report that by the end of the last fiscal year it surpassed the target by some \$288M which included some 9,642 loans to the micro sector.

- In support of the Growth Agenda for the fiscal year 2014/15 the DBJ has set a lending target of \$9.0B with some \$3.0B specifically for the MSME sector.
- Important though all of this is, Mr. Speaker, one of the more exciting aspects of the efforts of the DBJ to support Growth, concerns their work in capacity building. We all know that many of our small and medium enterprises fail to develop adequately because of technical deficiencies and limitations in their business capacity.
- For example, they lack proper business plans and accounting records which inhibit their ability to access loans from the formal banking system; there may also be limited marketing abilities. But last November, the DBJ had consultation with SMEs in order to gain better insight regarding the issues and challenges faced by them, and they have developed a series of responses to them, and I will mention only one here because it will begin the earliest. Starting next month the DBJ will be providing a voucher for technical assistance to those SMEs which qualify.

Voucher for Technical Assistance

- What is it? This is an electronic voucher issued by financial institutions and redeemed by SME at Business Development Organizations (BDOs) for attaining capacity development services with the aim of improving the SMEs chances of accessing credit. The DBJ will finance 70 per cent of the cost of the services

with vouchers of values ranging from \$100,000 to \$300,000, to be accessed by up to 85 SMEs.

- What can it be used for? Vouchers can be used for Business Plan Preparation, Business Process Improvement, Financial Management, Mentorship & Coaching, and the preparation of Financial Statements, Strategic Plans, and Marketing Plans.
- When will it be available? The Voucher system is currently being developed and technical agreements are being signed with participating business development organizations and financial institutions. The system will go live in May 2014.

Energy programme

- I should also mention that the DBJ will continue its successful energy management strategy in 2014/15 and will explore and implement other energy projects in partnership with development partners in an effort to drive down energy costs and propel concessionary energy lending in the market. The DBJ will continue its energy audit grant programme, and has allocated \$5 M for energy and energy audit grants to SMEs to decrease energy costs.
- The Energy Grant programme provides up to \$200,000 towards the cost of the audit. The programme is open to private sector entities of all sizes which are interested in accessing loan funds to implement the recommended energy projects.

VENTURE CAPITAL FUNDING

- The DBJ is also continuing its work to foster the establishment of venture capital and private equity funds through public and private sector collaboration with local and international fund managers. The DBJ will seek to stimulate

investments in new venture capital funds through co-investment with private sector partners.

- A target of J\$1B has been set for investment in high potential SMEs over the next 5 years. Before the end of May requests for proposals will be issued for potential fund managers and it is projected that a Venture Capital Fund will be established by the end of this year.
- Mr. Speaker, this will provide for a number of promising entrepreneurs who may not have access to capital directly. The value of this is not just the economic benefits, but also the social benefits because this will mean that the potential for economic success will not be as firmly tied to those who have been blessed with inherited capital or the connection to it.

POTENTIAL GROWTH CENTRES

- Mr. Speaker, without going into too much detail because I know that the respective Ministers will speak to these matters in the course of their presentation, I want to highlight some of the areas of potential growth that are being expanded or developed as the case may be:

AGRICULTURE

- Agriculture is one of the fastest growing sectors in the country. For the quarter ending December 31, 2014, the growth rate for Agriculture annualised was of the order of approximately 13 per cent.

Agro Parks

- Seven Agro-Parks (Plantain Garden River, Yallahs, Amity Hall, Ebony Park, Hill Run, New Forest/Duff House and Spring Plain) are now operational.
- The production across the 7 Agro Parks is not insignificant Mr. Speaker with a total of 18,880 bushels of sorghum, 7,200 bales of hay, 120,576 pounds of

onions and 930,000 pounds of vegetables, tubers and fruits have already harvested.

TOURISM

- Tourism also represents an area of substantial growth. The sector for the quarter ending December 31, 2014, grew at a rate of approximately 6 per cent and this is against the backdrop where a number of rooms were out of service. There is still a lot of activity in this sector with new rooms coming on stream.

- Some of these are:
 - The **Azul Sensatori**, formerly Poinciana in Negril, which was acquired by Karisma will officially open next month having completed a J\$1.1 billion renovation project.

 - the **Royalton White Sands Hotel** (formerly the Starfish Hotel) owned by Sunwing Travel Group of Canada completed its major refurbishing involving an investment of over J\$2.5 billion and re-opened in December last year.

 - The new **RIU hotel** at Mahoe Bay in Montego Bay representing an investment of over J\$4.5 billion [US\$43 million] has now opened.

 - The **PLAYA Hotel & Resort's new property** in Montego Bay will be a 620 room **Hyatt luxury all inclusive resorts** which will open in the 4th quarter of 2014 after a total renovation and expansion investment of over US\$80M.

 - The **Braco Property** being managed by Melia Hotels International is currently being refurbished and is expected to open for the 2014/2015 winter season.

HARMONY COVE UPDATE

- I indicated earlier, Mr. Speaker, that there needed to be definite movement on the Harmony Cove Project this year and I had indicated this to the lead investors. They have been in touch and there is forward movement in this matter. As soon as the developments have reached a point where we can be definitive, I will give a further update to the country. But I believe that the message has been received by the investors that this offer will not remain open forever.

INTEGRATED RESORT DEVELOPMENTS

- We are proceeding to assess the proposals which we have received with respect to Integrated Resort Developments under the Casino Gaming Act. These will be reviewed and we expect before the end of this Calendar year to take decisions in this regard.

ENERGY

- The provision of cheaper energy is an essential part of the growth strategy. The Minister of Energy has already informed the country. In addition to the proposed 381MW project, proposals for the 115MW of renewable energy projects have been approved and some 70 MW already awarded.

BAUXITE AND ALUMINA

- We continue in our efforts to revive production in the Bauxite and Alumina sector. Energy and the provision of energy to these refineries is critical to this sector. Efforts are currently underway at Ewarton and JAMALCO to provide solutions.

LOGISTICS OPERATION

- Regarding the development of a transshipment port and industrial and commercial zones in the Portland Bight area by China Harbour Engineering Company (CHEC), a Non-Binding Framework Agreement was executed with the

Government on March 28. Discussions with the National Environment and Planning Agency (NEPA) have begun regarding the completion of a technical feasibility study and will seek agreement on the prerequisite Terms of Reference (TOR) for the Environmental Impact Assessment (EIA) of the project.

- For me, Mr. Speaker, one of the most exciting projects with respect to the possibility of job creation is the **ICT/Business Process Outsourcing Sector**.
- Last year JAMPRO facilitated five new entrants to the Jamaican market – two software development firms and three outsourcing companies; four of these companies have already begun operations. The BPO industry currently employs some 12,000 people in over 30 companies and is growing rapidly, largely due to the expansion of companies already established in Jamaica.
- The Development Bank of Jamaica has already approved 6 projects totalling US\$22M to create 334,000 sq. ft. of space with two additional applications totalling US\$11M under review that will create 245,000 sq. ft. Additional space. This would amount to another 579,000 square feet in space for this important sector.

LAND ADMINISTRATION AND MANAGEMENT PROGRAMME

LAMP: SPECIAL FINANCING FACILITY

- Mr. Speaker, the administration is not just committed to inclusive growth which provides the foundation for majority of Jamaican people. We envisage an ownership society with more and more Jamaicans having their ability to own a piece of the Rock.
- Mr. Speaker, the LAMP Program was launched in 2000 and since its inception, in excess of 25,000 files have been opened of which approx. 4,000 Titles have been issued to new home owners. To date, there have been a number of issues retarding the success of the program in relation to the completion of more titles;

one of which has been the applicants' inability to pay all the amounts to obtain their Titles.

- The current data shows that in excess of 2,000 Land Title files are in the possession of LAMP which cannot be transferred primarily because the beneficiaries are unable to meet the costs. Without titles the landowners cannot access financing from banks or other financial institutions to undertake productive activities or improve their social standing, including housing, etc.
- Mr. Speaker, the Development Bank of Jamaica has agreed to provide funding to help Landowners who have applied to LAMP for titles and have made some payments toward their files but so far have been unable to make the remainder of their payments to complete the process. This will be done through a ***Landowner Payment Assistance Facility*** of JMD\$90 Million which will allow these landowners to complete the process. This is significant because it has implications for rural development as many of these landowners will use their titles as collateral to access loans for agriculture and other productive purposes.
- **In addition, to support the administrative processing to these titles, an allocation of JMD\$20M** will be provided to the Ministry of Water, Land, Environment and Climate Change to fund the operation of the Adjudication Committees in the various communities within affected parishes to resolve ownership issues which will result in the issuance of Titles for these landowners.

**CENTRAL GOVERNMENT
BUDGET 2014/2015**

CENTRAL GOVERNMENT BUDGET 2014/2015

- In want now to turn to some of the specific provisions of the Budget. The central government's budget for FY 2014/2015 is consistent with the targets set under the extended fund facility EFF negotiated with the IMF.
- Crafting the budget for 2014/2014 has been challenging. Expenditure has to be controlled and kept in line with the country's ability to fund government's operations.
- Within the limits of the available resources, strong commitments towards:
 - protection of the most vulnerable;
 - improving the physical infrastructure;
 - fixing the justice system; and,
 - reducing expenditure arrears.
- The fact is that the budget is tight and many MDAs have seen real reductions in their allocations. But this is an opportunity for the central government to:
 - become more efficient in its operations - doing more with less;
 - reduce waste;
 - increase productivity; and,
 - justify every dollar spent – maximize value obtained from every dollar.
- Accounting Officers, Board Chairmen and CEOs will be called upon to be vigilant in ensuring that we begin to reduce the cost of government operations

The taxpayers will expect no less from us.

- For FY 2014/15, **\$557.7bn** will be spent on Central Government operations. This includes \$17.7bn to be funded from user fees/charges and grants.

- a. \$233bn or 42% will go towards debt servicing and \$324bn or 58% will go towards wages and salaries, capital projects and recurrent programmes.
 - b. \$161bn has been provided to meet wages and salaries of public sector workers
Provision has been made to honour all agreed settlements including:
 - i. \$4bn - the final tranche of 7% wage settlement, due in May
 - ii. \$2.8bn - 2nd year of the One-off Payment, due in August
 - iii. \$2.3bn - 2nd phase of the Health Sector Reclassification
- The Ministry of Finance will continue discussions with those groups which still have outstanding matters not yet settled.

Social Spending

- Spending on social programmes continues to receive priority treatment in the budget in keeping with GOJ's commitment to protection of the most vulnerable.
- A total of **\$22.563bn** has been reserved **for a set of social programmes for which GOJ has established a floor** below which expenditures will not fall. This floor of **\$20.7bn** was set in 2013/2014 and commitment given to for it to be maintained in real terms. This has been achieved in the 2014/2015 budget.
- Over **\$5.5bn** has been provided for the Social Protection programmes carried out by the Ministry of Labour and Social Security. This reflects an increase of over \$900m to enable the government to honour its commitment of providing another 15% increase in PATH payments.
- A total of \$4.3bn has been allocated to the School Feeding Programme - up from the **\$3.9bn** provided in 2013/14. This includes just under **\$3bn** for the PATH component.

EDUCATION

- **\$727m** has been allocated to support the provision of additional classroom places in infant, primary and secondary schools across the island.
- An additional **\$119.3bn** has been provided to improve sanitation in schools

NATIONAL SECURITY

- **\$1.341bn** had been provided to support improved mobility and upgrade facilities for the JDF.
- **\$631.2m** allocated to complete acquisition of telecommunication equipment and enhancement of the Palm and Fingerprint Identification System.
- **\$500m** will be spent from Appropriations-in-Aid by the Police to repair and improve police stations and support recruitment

JUSTICE

- **\$345m** has been provided for the Ministry of Justice to continue work on improving the justice system including completion of another phase of the Justice Square Judicial Complex; acquire lands and complete designs for other Judicial Complexes in St James; St Ann, St Catherine, Manchester,
- **\$117m** will be spent from Appropriations-in-Aid to continue work on the repairs and maintenance of courthouses.

INFRASTRUCTURAL DEVELOPMENT

- Over **\$8bn** or approximately **23%** of the Central Government Capital Budget has been reserved for infrastructural works to be carried out through the Ministry of

Transport Housing and Works during 2014/2015. Some of the major projects which will be undertaken include:

- i. **\$4bn** for the Major Infrastructural Project (MIDP) funded by China EXIM Bank to undertake reconstruction of bridges; commence rehabilitation of main roads and through the JEEP, to repair works on community roads, retaining walls and drainage structures.
- ii. **\$1.7bn** for The Jamaica Economical Housing Project to complete works in St Ann and Luana Gardens in St Elizabeth;
- iii. **\$689.7m** complete the drainage rehabilitation works remaining on the Sandy Gully under the Kingston Metropolitan Area Drainage Project
- iv. **\$689.73m** to the Transportation Infrastructure Project to complete road construction in Westmoreland, Hanover, St Thomas, and St Catherine
- v. **\$494m** to the Road Rehabilitation Project, to commence road construction works in Clarendon.
- vi. **\$273m** to the Road Improvement Programme, to undertake maintenance of the North Coast Highway and upgrade of traffic signals at select intersections

PUBLIC BODIES

- The Capital Expenditure included in the Central Government's budget will be enhanced by the Investment and Capital Expenditure of other public bodies.
- Investment infrastructure and other capital projects of the public bodies are estimated at \$53.9 billion.

ROADS

- Approximately \$1.6 billion will be spent on road rehabilitation by the road maintenance fund.

HOUSING

- Approximately \$26.3 billion will be spent on housing solution by both the National Housing Trust (NHT) and the Housing Agency of Jamaica (NAJ).
- The National Housing Trust expenditure of \$22.4 billion would result in the creation of 7678 new loans;
- 2465 housing starts and 2163 completion.
- In addition to these housing solutions, NHT has provided for \$971 billion to support a program for special subsidies and grants to facilitate access by contributors in the lower income bracket.
- Housing Agency of Jamaica is expected to spend \$2.9billion to work on White Hall – Phase 3 in Westmoreland, Boscobel in St. Mary and Luana Gardens in St. Elizabeth.

WATER

- The National Water Commission capital programme is estimated at \$6.3 billion of which \$1.9 billion will be spent on non revenue water relieve stations, pipeline and installation of residential and domestic metres.
- The Rural Water Supply Project will benefit from an expenditure of \$1.8 billion. \$0.8 billion will be spent on the PORTMORE Sewage Project and the Tanks and Pump Project will get another \$1 billion.

STUDENT ASSISTANCE

- Mr. Speaker, I would like to say something specifically about the Student Loan Bureau (SLB) given the interest that so many have in this institution as they seek to satisfy their quest for tertiary education.
- The first point I would like to make is that for this year the SLB will be able to meet the projected demand at the same level as was satisfied last year. There is a provision of \$2 B which when added to the expected collections and funds in hand will meet the demand projected to be at approximately \$4.8 B.
- In the meantime, I should also point out that the Board of the SLB has approved a number of policy changes which it is expected will make it easier for students to qualify for loans and which will reduce the overall delinquency rate. While I do not propose to set out in detail all the changes, there are some that I would particularly like to refer to:
 - First of all the decision to extend the Moratorium period for particular target groups of beneficiaries (such as nurses, pharmacists, and mechanical engineers). Whereas now there is a fixed moratorium period for all SLB beneficiaries which ends on December 31, of the year in which their course ended, the moratorium period will be extended for these groups to include the time before they are licensed to practise their profession instead of the December when their courses are finished. This will ensure that these beneficiaries have a capacity to earn before they are required to start repaying their loans.
 - The SLB will also be implementing a two-tiered system of interest rates so that the interest rate during the moratorium period will be lower than the interest charged during the payment period. This will reduce the monthly payments for the beneficiaries.

- In relation to guarantors – the requirements are also being changed. Whereas guarantors previously could not be older than 60 years of age this rule is now being relaxed and guarantors may be accepted beyond the age of 60 on a case by case basis depending on their financial capabilities and providing they fulfil the other stated.
- The SLB is also relaxing the rule whereby one guarantor could only provide a guarantee for one student. Now an individual with the financial means will be able to provide guarantees for up to a maximum of three students provided that he/she proves to be financially capable.
- Mr. Speaker, It is proposed also that the interest due on outstanding loans to the SLB will not be calculated any longer in the current *add on* basis but on the reducing balance basis thus reducing the monthly payment for beneficiaries who pay.
- These changes and others should go a far way towards making student loans more accessible and more affordable to potential beneficiaries.

COLLECTIONS

- Overall Mr. Speaker, there has been a significant improvement in the level of collections by the SLB; not least, because borrowers are now much more attuned to the fact that how they treat with their loan obligations will determine their credit history and affect their capacity to borrow from other institutions and for other purposes. The SLB and its Board have been charged to collect from those who borrow so that another generation may receive the benefits due.
- Later this year we will have to settle the whole question of how we finance tertiary education. We have to explore other means of providing support to students who aspire to higher learning. These should include work-study programmes within the public and private sectors. Also this should include

some consideration by private financial institutions provided more financial products to the educational market.

TAX REFORM

TAX REFORM

- Mr. Speaker, It is well known that a central plank of our economic reform programme involves Tax Reform.
- Among the central of the tax reform objectives of the tax reform effort is the strengthening of tax administration, improved rates of compliance, but perhaps most essentially providing incentives for strong economic growth and job creation. Last year, the centrepiece of our legislative efforts in this regard was -
- The so-called Omnibus Incentives Legislation to introduce a Rules-based and Non-discretionary Regime that was accessible to all investors. The new regime focuses on the granting of incentives inputs to production, i.e. capital and labour by way of modern capital allowances that are more in line with the use of the assets and which allow for more allowance write-off periods for taxes.
- It also provides for a new employment tax credit and incentives for the employment of labour by allowing all tax compliance businesses to claim credit against their income tax liability to the tune of 30 per cent of their statutory deductions; and
- The new regime made provision for a reduction of the tax related cost of the productivity inputs by providing tax relief on imported operated inputs. The (PIR) applies to all inputs; including consumer goods (such as carpets and fans for the tourism sector, or recording equipment for the creative industry sector) once these are directly used as raw materials, intermediate goods or consumer goods in the productive process.
- Also, we should recall that under the Customs Tariff Revision introduced as part of that legislative package, the aim has been to reduce the list of non-consumer goods that attract customs duties, while remaining consistent with our Treaty Regulations in CARICOM and other international agreements.

TAX INCENTIVES FOR THE TOURISM TRANSPORTATION SUBSECTOR

- Mr. Speaker, implementation of the new tax incentive regime is proceeding with the active facilitation of the relevant government agencies, including Tax Administration of Jamaica, Jamaica Customs Agency and the Tax Policy division under the Ministry of Finance and Planning. At present, consultations are ongoing in relation to the registration and certification procedures for businesses that will access the Productive Input Relief – in particular, the Manufacturing and Tourism sectors. Every effort is being made to conclude the arrangements by June.
- Mr. Speaker, one outstanding area in the system of Productive Input Relief concerns the tourism transportation sub-sector – U-Drive, Contract Carriage and Tour Operators. Under the old regime of waivers, these operators were provided with concessionary rates at the discretion of the Minister of Finance in order for them to offer competitive prices for their services. As you are aware these powers have been removed. Without these concessionary rates the operators are at a disadvantage.
- Mr. Speaker, motor vehicles are essential inputs to the services that these operators provide in much the same way as some ‘consumer goods’ are input to the accommodation and attraction sub-sectors. Similar treatments ought therefore to be accorded to the operators in the tourism transportation sub-sector. It is proposed that vehicles for this subsector be allowed to be imported free of customs duty, but continue to be subject to GCT and SCT. The specific mechanism on this new regime has been agreed and awaits a decision by Cabinet.

FISCAL INCENTIVES LEGISLATION

- Mr. Speaker, Section 5 of the Fiscal Incentives Act allows Tourism Entities that are beneficiaries under the Hotel Incentives Act (HIA) a six month transition period to decide whether to adopt the provisions of the new incentive regime or

to retain their HIA status for the remaining period of the concession. The election is to be made by July 1, 2014

- I am aware Mr. Speaker that this deadline is a matter of concern to investors who have been appealing for an extension to complete their assessment and decision making processes. I want to stress Mr. Speaker that I am mindful of this concern and would urge that the discussions currently underway between the Incentive Working Group and the Tourism Sector be completed expeditiously so that whatever decisions we need to take to meet these concerns will be arrived at before the stipulated deadline.
- We recognize the specific concerns of players in the industry that there should be certainty regarding the duration of the incentives provided by this legislation, We are in discussions with TAJ, The Attorney General's Chambers to provide a workable solution that would be satisfactory to the financial markets. I must in all honesty make it clear that the old arrangements must be changed. It cannot be business as usual.

CLASSIFICATION OF TABLETS AND PHABLETS

In looking at the categorization of tablets vs. phablets, it was recognised that these devices were treated differently, upon importation. Tablets were classified similarly with laptops under the heading 8471 and therefore did not attract any customs duty/CET.

Given that phablets represented a cross between the tablet and the phone, and provided that the characteristic was distinguishable as either a phone or a tablet, the classification was interpreted as being classified as phones under tariff heading 8517. Phablets would therefore attract Customs Duty of 20%, as set by CARICOM.

With the rapid changes in technology, it was felt that the classification was

prejudicial as many of the tablets had similar characteristic to phablets. It was therefore felt that in order to ensure equity, the classification should be the same. In addition, it is expected that this change will provide greater access and widen the use of technology products for learning and productivity.

Against this background, the Ministry of Finance and Planning (MOFP) has advised the Jamaica Customs Agency (JCA) to classify Phablets under tariff heading 847130 with description “Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard and a display” until the World Customs Organization (WCO) provides a unique classification. The effective date was May 1, 2014. At this time, the impact on revenues cannot be estimated but is not considered significant.

FINANCING THE BUDGET

CONCLUSION

- Mr. Speaker, history affords no example of an economy that has underperformed as long as we have in Jamaica being restored to financial health and sustained economic growth without a period of sacrifice and difficulty.
- Last year all of us collectively, took the decision to bring a stop to any further deterioration of the Jamaican economy. We took the decision to pay down the massive burden of debt so as to be able to invest more in improving social services and maintaining our physical infrastructure. We took the decision to regain the respect and trust of the international financial community. We took the decision to reform the public bureaucracy in order to create a more business friendly environment for investors and improve the efficiency with which we provide our services to our fellow Jamaicans. Above all, we took the decision to begin living within our means.
- These decisions were backed up by the sacrifices of our pensioners, our bondholders, our public servants and Jamaican families have had to learn to stretch each dollar to make ends meet.
- The report that I have just given on the state of the Jamaican economy over the last fiscal year provides irrefutable evidence that these sacrifices have not been in vain. All the indicators point to the fact that we are on the right track. That the economy is back to growth. That we are attracting investments.
- Against this background my message today is that we are going to continue on this path until we achieve the goals that we have set for ourselves - sustained growth, increased employment and improved living standards. We are going to stay the course.

- While we are on this road of progress and development Mr. Speaker I know only too well the burdens that Jamaican families and business enterprises are being called upon to bear.
- Mr. Speaker, we live in a world that is constantly changing and is increasingly competitive. The world has moved on and so must we. We are going to require new thinking and innovation at every level to remain competitive even as we work to achieve sustained economic growth.

We approach the future with the confidence that we are turning the corner. The debt is being reduced, we have met all quantitative targets in the four quarterly tests under the IMF programme and our economy is growing. The goals we have set ourselves are well within our reach. The new Jamaica that we are designing and building is not a short term project. To bring this project to a successful completion will require from each of us commitment, industry and fixity of purpose. **Let us renew our efforts and not get wary as we work to ensure a better future for ourselves and our children.**