



MINISTRY OF FINANCE AND  
THE PUBLIC SERVICE

# OPENING BUDGET PRESENTATION 2023



**HON. NIGEL CLARKE, DPHIL., MP** |  
Minister of Finance and the Public Service

**PRESERVING, INCREASING  
& SHARING THE GAINS OF  
ECONOMIC RECOVERY**

**2023**  
**BUDGET**  
**PRESENTATION**

TUESDAY, MARCH 07, 2023 | GORDON HOUSE



MINISTRY OF FINANCE AND  
THE PUBLIC SERVICE

# OPENING BUDGET PRESENTATION 2023

**HON. NIGEL CLARKE, DPHIL., MP** |  
Minister of Finance and the Public Service

**PRESERVING, INCREASING  
& SHARING THE GAINS OF  
ECONOMIC RECOVERY**

**2023**  
**BUDGET**  
**PRESENTATION**

TUESDAY, MARCH 07, 2023 | GORDON HOUSE



<b>1.0 Opening Remarks</b> .....	<b>4</b>
1.1 Salutations & Expressions of Gratitude .....	4
<b>2.0 Economic Recovery</b> .....	<b>5</b>
2.1 Economic Policies that take Responsibility for our Vulnerability .....	13
2.2 The Importance of Reducing Debt .....	15
<b>3.0 Protecting the Gains of Recovery</b> .....	<b>17</b>
3.1 Independent Fiscal Commission.....	17
<b>3.2 Fiscal Research Institute</b> .....	<b>17</b>
<b>3.3 National Disaster Fund</b> .....	<b>18</b>
3.4 Precautionary Liquidity Line and Resilience and Sustainability Facility with the IMF .....	19
3.5 Financial Sector Regulatory Reform .....	20
3.5.1 <i>SSL Fraud is a Punch to the Gut</i> .....	21
3.5.2 <i>The SSL Investigation</i> .....	22
3.5.3 <i>Operational Independence and Limits of Ministerial Authority</i> .....	23
3.5.1 <i>Financial Sector Reform Agenda</i> .....	25
3.5.2 <i>Twin-Peak Model of Financial Sector Regulation</i> .....	26
<b>4.0 Sharing the Gains of Recovery</b> .....	<b>29</b>
4.1 Public Sector Reform .....	30
4.1.1 <i>Public Sector Pension Reform</i> .....	30
4.1.2 <i>Family Leave</i> .....	30
4.1.3 <i>Public Sector Compensation Reform</i> .....	30
4.1.4 <i>Transition to the New Compensation System</i> .....	32
4.1.5 <i>Taxation</i> .....	33
4.1.4 <i>Why take on this Complex Reform?</i> .....	33
4.1.6 <i>The Challenge with Restructuring - Differential Outcomes</i> .....	35
4.1.7 <i>Public Sector Compensation needs to be Fiscally Sustainable</i> .....	38
4.1.8 <i>Complexity of the Exercise</i> .....	40
4.1.9 <i>Performance</i> .....	41
4.3 Reforming the Status of Contract Workers in Government.....	41
4.3.1 <i>Contract Workers in the Ministry of Education</i> .....	43
4.3.2 <i>Contract workers in the Ministry of Local Government</i> .....	44
4.3.3 <i>Doctors</i> .....	46
4.3.4 <i>Contract Workers Generally</i> .....	46
<b>4.4 Minimum Wage Increase</b> .....	<b>47</b>
<b>5.0 Expanding the Gains</b> .....	<b>48</b>
<b>5.1 Modernising the Customs Act</b> .....	<b>48</b>
5.2 Venture Capital and Private Equity Ecosystem.....	49
5.3 Film Industry Development and Financing .....	50
5.4 Access to Finance for MSME's.....	51
5.4 Large Scale Projects and Pioneer Industries Act.....	52
<b>5.5 Harmony Cove</b> .....	<b>52</b>
5.6 New Integrated Resort Development.....	52
<b>5.7 JAMALCO</b> .....	<b>53</b>
<b>6.0 Financial Deepening through Digital Currency - JAM-DEX</b> .....	<b>55</b>
6.1 GOJ Customer JAM-DEX Incentive.....	55
6.2 Low Know Your Customer (KYC) Account Incentive .....	55
6.3 GOJ Incentive Programmes – 2023/24.....	56
6.3.1 <i>Small Merchant JAM-DEX Incentive Programme</i> .....	56
6.3.2 <i>Wallet Holder – Individuals Loyalty Programme</i> .....	57
<b>7.0 Sharing the Gains</b> .....	<b>57</b>

<b>7.1 Student Loan Bureau</b> .....	58
<b>7.2 Marcus Garvey Scholarship</b> .....	59
7.3 One Thousand, Two Hundred and Fifty (1,250) STEM Teaching Scholarships .....	60
7.4 One thousand (1,000) UTECH STEM Scholarships.....	61
<b>8.0 Governance Reforms</b> .....	<b>62</b>
8.1 Nomination, Selection and Appointment of Public Body Boards .....	62
<b>8.2 AML/CFT Reforms</b> .....	<b>62</b>
<b>9.0 Population and Housing Census Update</b> .....	<b>64</b>
<b>10.0 The Government’s 2023/24 Budget</b> .....	<b>65</b>
10.1 Non Debt Recurrent Expenditure.....	65
10.1.1 <i>Compensation of Employees</i> .....	65
10.1.2 <i>Recurrent Programmes</i> .....	65
10.1.3 <i>Capital Expenditure</i> .....	68
<b>11.0 Sharing the Gains - Infrastructure Development</b> .....	<b>69</b>
<b>11.1 Tax Offices Upgrade</b> .....	<b>70</b>
11.1.1 <i>Christiana Tax Office</i> .....	70
11.1.2 <i>Montego Bay Revenue Service Centre</i> .....	70
11.1.3 <i>Mandeville Revenue Service Centre</i> .....	74
11.1.4 <i>Brown’s Town Tax Office</i> .....	74
11.1.5 <i>Kingston Revenue Service Centre</i> .....	74
11.1.6 <i>Cross Roads Tax Office and Business Centre</i> .....	74
11.2 Waterfront Park in Downtown Kingston .....	74
<b>11.3 North Coast Highway</b> .....	<b>76</b>
<b>11.4 Project SPARK</b> .....	<b>77</b>
<b>11.5 New Buses for the JUTC</b> .....	<b>79</b>
<b>12.0 New Banknote Upgrade</b> .....	<b>80</b>
12.1 Readiness for Issuance to the Public.....	82
<b>12.2 Communication Programme</b> .....	<b>82</b>
<b>13.0 Chess Grandmaster in a Decade</b> .....	<b>83</b>

## 1.0 Opening Remarks

### 1.1 Salutations & Expressions of Gratitude

Mr. Speaker, I begin by thanking Almighty God, from whom all blessings flow. Great is thy faithfulness. Great is thy mercy and thy loving kindness.

Madam Speaker, I could not have possibly made it through this year without the support of family, friends and colleagues.

Two years ago, Madam Speaker, I delivered the budget presentation to an empty gallery, due to the restriction of COVID-19. Last year the gallery was half full to meet the COVID-19 protocols in place at the time. Madam Speaker, you know seh COVID nah keep, when you look up at the full gallery this afternoon.

Though we have to engage in healthy practices, thank God we have overcome the COVID-19 pandemic Madam Speaker.

To those watching on social media, on cable, on television and to the diaspora overseas thank you for tuning in.

Madam Speaker, for the last two years I have not had the company of the Executive of the St Andrew North Western constituency in the gallery. I am pleased beyond words Madam Speaker that they are here today. I wish to thank them, along with the Councillors of the Constituency, for their steadfast support as we work as a team to deliver for the citizens of North West St Andrew.

Madam Speaker, I thank my parliamentary colleagues for the vim, vigour and vitality that you all bring to this House. Thanks for your support and encouragement. It is a privilege to work with a team of passionate advocates of Jamaica's development.

Madam Speaker, the Prime Minister has been a leader for all seasons. Whether it is a parliamentary majority of 1 or a supermajority greater than 2/3 you lead with effortless, drama less ease.

Madam Speaker, the Prime Minister of Jamaica has been an exemplary leader during this year of crisis. He has been courageous, empathetic and wise. I thank him for his leadership, counsel, advice and support. Under the most excruciatingly difficult and challenging circumstances, brought on by the pandemic, he has been unshakeable. Thank God we have Andrew Michael Holness as our prime minister.

Madam Speaker, I thank my Cabinet colleagues for their support and for a working environment, characterized by teamwork, cohesiveness and shared vision. We have had to make tough decisions this past year, and our deliberations have regularly gone into the night with Jamaica's best interest as our North Star.

Madam Speaker, I also want to thank my colleague Minister in the MOFPS Minister Marsha Smith for her continued committed support. Jamaica benefits from a first class team at the Ministry of Finance, and I thank them for their dedication and commitment. I thank the Financial Secretary Darlene Morrison and her team at the Ministry as well as my advisory staff. I also thank the administrative and ancillary staff in my office and the security staff assigned to me who always go beyond the call of duty.

I also would like to thank the Board, management and staff of the Bank of Jamaica (BOJ), Planning Institute of Jamaica (PIOJ) critical institutions that play a key role in Jamaica's economy who have had a challenge task this year, marked by uncertainty.

Again Madam Speaker, most of all I would like to thank my family, who now share me with North West St Andrew and by extension Jamaica. To my brothers and sister, thank you. To my wife and children, thank you for your love and support. You help me maintain balance and perspective and without you I could not do what I do. I am indebted to my parents, the late Justice Neville Clarke and Mrs Mary Clarke, for imparting values I cherish in our upbringing.

## 2.0 Economic Recovery

Madam Speaker, I am pleased to report to this Honourable House and to the people of Jamaica that the Jamaican economy is projected to have expanded by:

3.4% in the fourth quarter of 2022.

The economy officially expanded by:

- 5.8% in the third quarter of 2022;<sup>1</sup>
- 4.8% in the second quarter of 2022;<sup>2</sup> and
- 6.5% in the first quarter of 2022.<sup>3</sup>

This follows economic expansion of:

- 6.7% in the fourth quarter of 2021;
- 5.9% in the third quarter of 2021; and
- A record 14.2% in the second quarter of 2021.

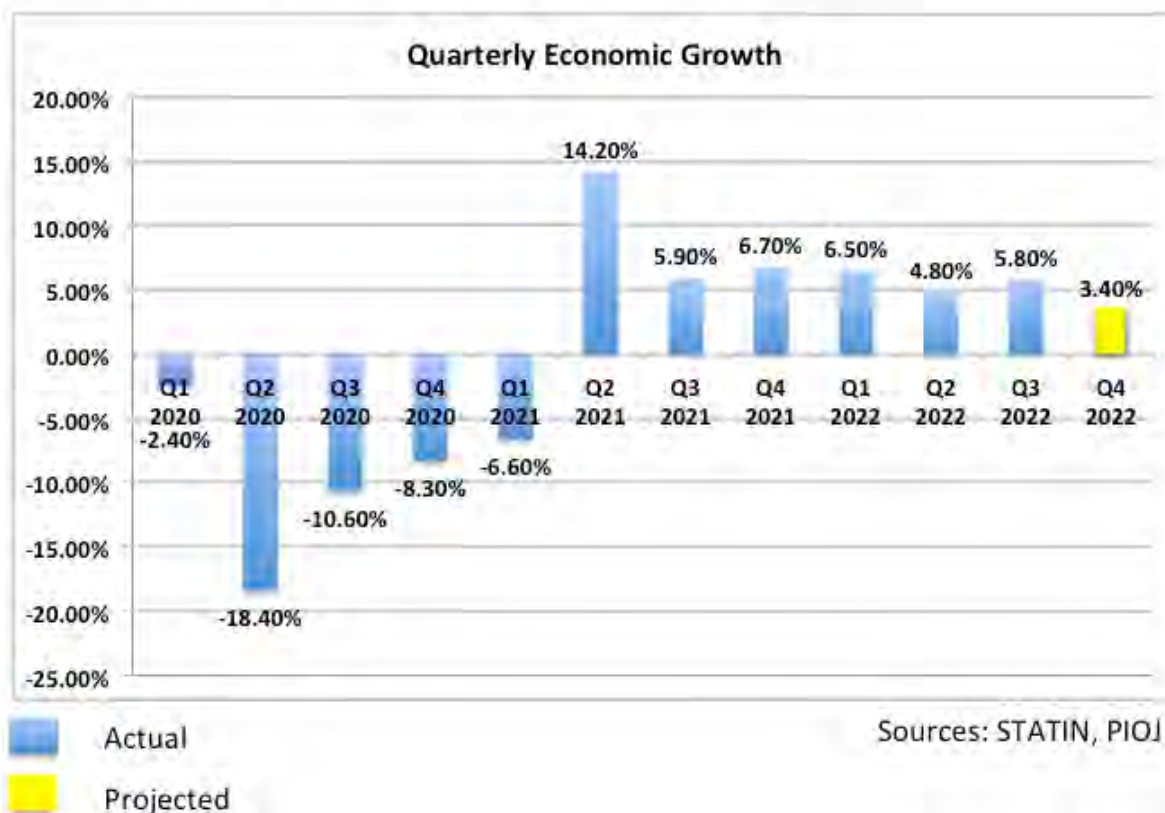
---

<sup>1</sup> as compared with the corresponding Quarter of 2021

<sup>2</sup> as compared with the corresponding Quarter of 2021

<sup>3</sup> as compared with the corresponding Quarter of 2021

Figure 1: Quarterly Economic Growth 2020 - 2022



**Madam Speaker, I am pleased to update this House, and indeed all Jamaicans here and in the diaspora, that the Jamaican economy has recovered from the COVID-19 pandemic.**

In fact, Madam Speaker, the Planning Institute of Jamaica (the "PIOJ") projects that by December 2022, Jamaica not only achieved, but also surpassed, pre-pandemic levels of economic output.

This, Madam Speaker, is a national achievement of which all Jamaicans can be proud.

This is a result of our collective efforts and it comes one fiscal year ahead of previous expectations.

And for those who question whether this rapid growth in 2021 and 2022 is simply a result of the steep decline in the economy decline in 2020, I simply ask this:

1. After a 6.7% decline in 1976, why didn't we grow in 1977?
2. After a 4.5% decline in 1985, why didn't we grow in 1986?
3. After a 3.2% decline in 2009, why didn't we grow in 2010?

In our history, economic decline has often been followed by further decline, sadly.

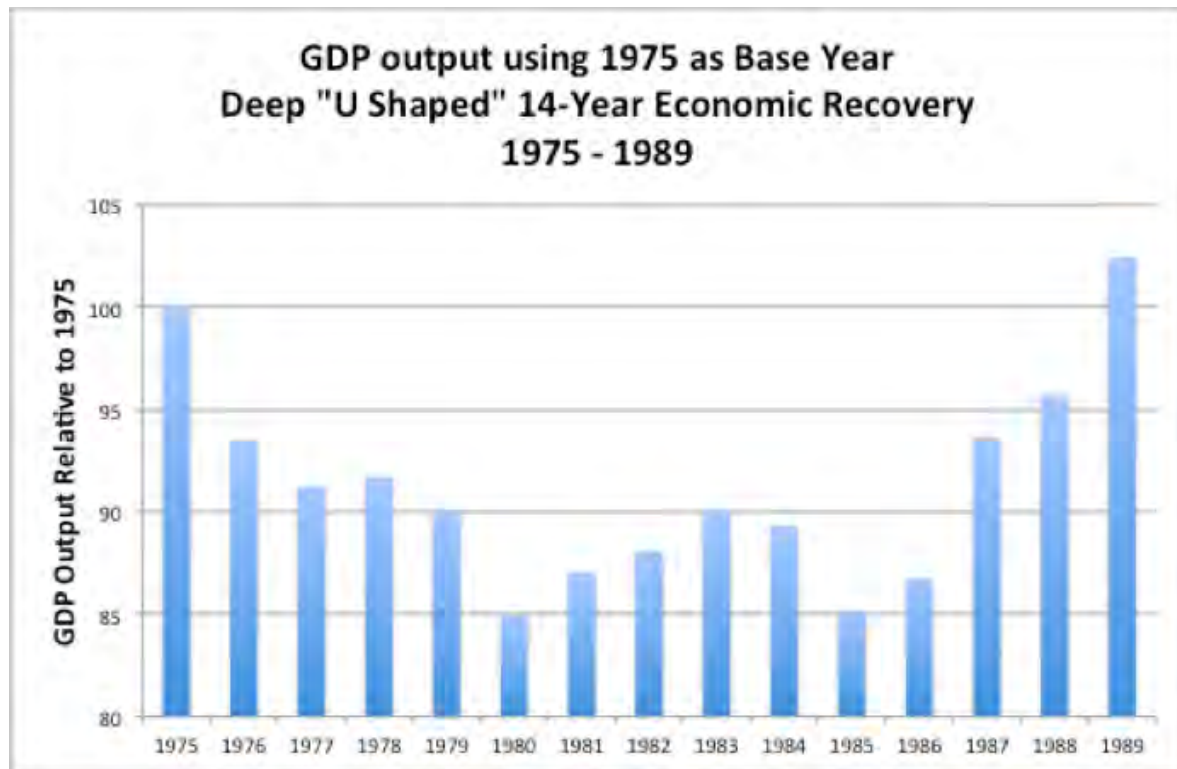
Together, we, the Jamaican society, broke that cycle this time.

Hopefully and prayerfully, a new template has been established for the future.

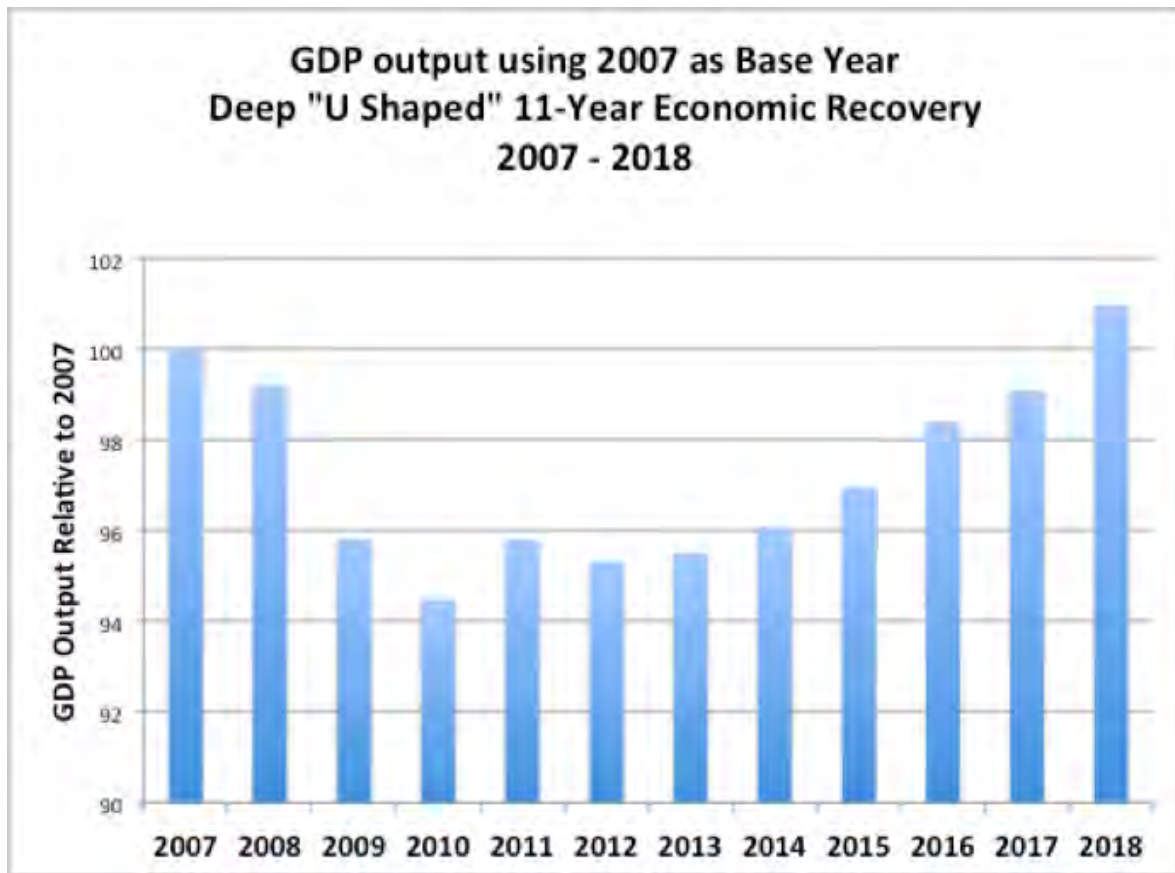


The significance of this achievement is evident by reference to our own economic history and also to what is happening elsewhere in the world today.

It took 14 years, Madam Speaker, to recover from the economic shocks of the mid-1970's. When economic output registered negative growth of -6.5%, -2.4%, -1.8% and -5.7% in 1976, 1977, 1979 and 1980, respectively, it was not until 1989 that economic output, in real terms, surpassed 1975 levels.



It took 11 years to recover from the economic shock delivered by the global financial crisis when economic output registered negative growth of -0.8%, -3.4%, and -1.4% in 2008, 2009, and 2010, respectively.



Madam Speaker, we suffered a devastating economic shock of -10% in 2020. Importantly, and unlike times past, although we lost US\$2.5 billion of foreign exchange inflows, this historic economic shock did not precipitate a balance of payment crisis.

Little Jamaica survived a decimation of foreign exchange inflows of US\$2.5 billion. This is an amazing show of resilience by our country.

I would like to take this opportunity to formally recognize the role of the diaspora who in that year (2020) sent over US\$600 million more than in the previous year, an increase of 23%.

On behalf of the Jamaican people here on the island, I thank you. And, of course, I encourage you to continue supporting your family and friends and helping to build our nation.

Importantly, and unlike times past, although our debt increased dramatically to approximately 110% of GDP, we were able to avoid a fiscal crisis through prudent policy choices and the tremendous support of the Jamaican people.

And, Madam Speaker, it is critically important to note that our financial services sector – the lifeblood of the economy – remained strong, robust, and resilient through the COVID-19 economic shock and even through the inflation crisis that followed.

Any one of these crises Madam Speaker – a balance of payments crisis, a fiscal crisis, or a financial sector crisis, triggered by the COVID-19 shock or the inflation shock, or both – as happened in many countries across the world, would have seriously complicated and significantly delayed prospects for economic recovery.

And it would have been easy to have happened here in Jamaica. Look around the world – countries in the Caribbean, in Central America, in sub-Saharan Africa, in Asia – are battling

serious fiscal crises, debt crises, and balance of payment crises triggered by the onslaught of the COVID-19 pandemic and the subsequent inflation shock.

Madam Speaker, many countries will not recover to pre-COVID levels of economic output for 5 years. Some for 10 years or more, Madam Speaker.

While Jamaica, today, stands as a shining example to the world.

Jamaica is recognised internationally for our music, sports, and the vibrancy of our culture.

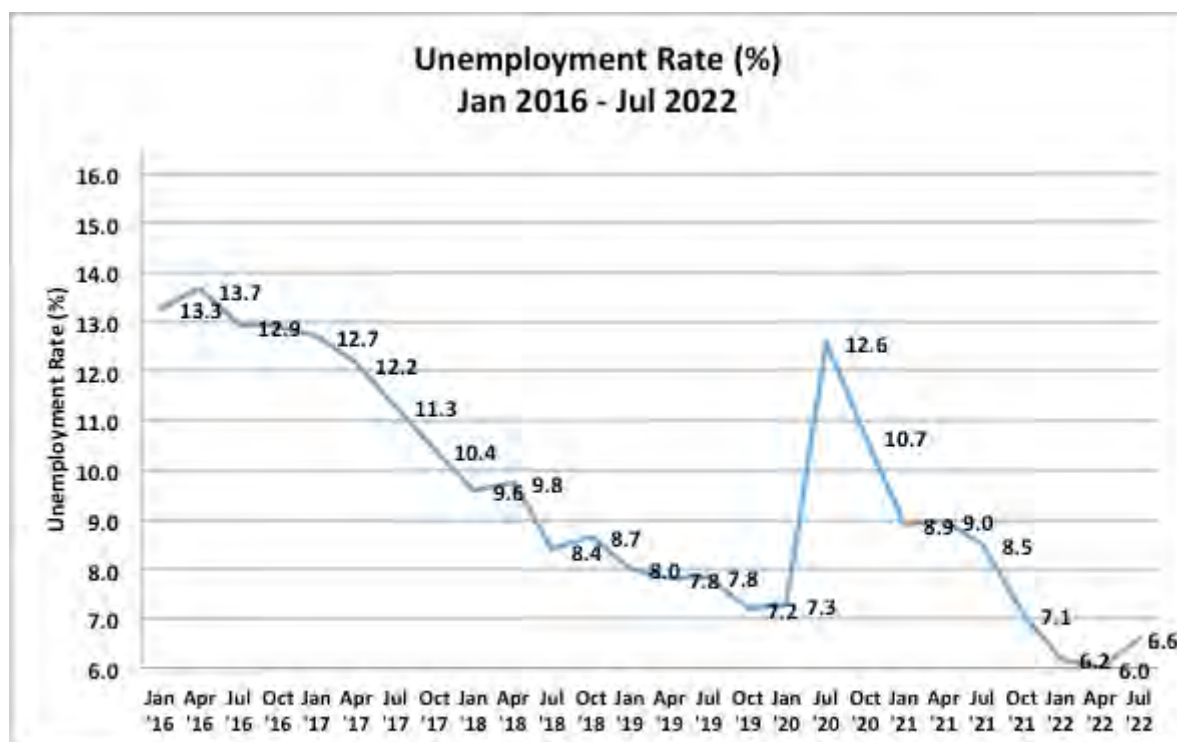
Madam Speaker, though we have many challenges, Jamaica is also becoming known and recognised globally for the successes of our economic reforms and economic recovery.

Not only has economic output now surpassed pre-COVID levels, but levels of unemployment are also lower today than the historic lows achieved immediately prior to the COVID-19 pandemic.

Madam Speaker, since we have been measuring it, unemployment in Jamaica has never been lower than the 6.0% rate achieved in April 2022.

This is more than a full percentage point lower than the 7.2% achieved in January 2020, prior to the onset of the pandemic.

**Madam Speaker, we are pleased to report that we achieved the lowest unemployment rate in recorded Jamaican history in April 2022.**



Sources: STATIN

Again, Madam Speaker, this is an achievement that all Jamaicans can take pride in.

**Over 150,000 persons lost their jobs during the pandemic, but more than 150,000 jobs have already been created or restored since that time.**



Source: STATIN

**Madam Speaker, we are also pleased to report that the number of employed persons in April 2022 of 1,269,300 is the highest number of persons ever employed in Jamaica’s recorded history.**

Now, Madam Speaker, in my 2021 budget presentation I shared the view that many countries in the emerging markets, and even several developed nations around the world, would be impacted by a major debt crisis. I made those remarks before Sri Lanka, before Pakistan, before Ghana, and before several other countries made headlines for their fiscal distress.

It is in that context that our next achievement as a country is particularly significant.

Madam Speaker:

Not only have we recovered lost economic output.

Not only have we recovered jobs lost in the pandemic.

**But, also, despite the fact that our debt levels attained the worrying level of 110% of GDP in the aftermath of the pandemic, I am pleased to report to this Honourable House today, Madam Speaker, that our debt level in Jamaica is also lower than it was pre-Pandemic.**

Madam Speaker, data from the International Monetary Fund (the “IMF”) confirms that with the exception of oil-rich Guyana, there is no other country<sup>4</sup> in the Western Hemisphere that can claim all three of these things occurred at the same time in 2022: –

- Higher economic output in real terms than pre-COVID levels;

<sup>4</sup> Countries of the Western Hemisphere are:

- Lower unemployment than pre-COVID levels; and
- Lower debt than pre-COVID levels.

In fact, Madam Speaker, this trinity of macro-economic achievements puts Jamaica in rare company in the entire world.

This is our collective achievement.

I salute and thank the Jamaican people and, even as I do that, I also want to say thanks to God Almighty.

There are many lessons to be drawn from our COVID-19 economic recovery and a budget speech is not the place for all of them.

One lesson that stands out, however, is the availability of resource buffers that were put in place to prepare us and protect us when the pandemic came.

Madam Speaker, Jamaica had a large debt maturity in September 2020, of more than 4% of GDP.

Rather than plan to roll it over, we were planning to pay it off in what would have been a momentous transaction that would have created meaningful fiscal space.

We therefore set out to build buffers that would allow for this. Buffers included proceeds from the privatization of the Wigton Windfarm, refinancing of obligations due to the government in the private markets, as well as dividends from, and the privatization of, the Trans Jamaican Highway. Proceeds from these actions were applied to reducing our debt.

In addition, the reintegration of the Petroleum Corporation of Jamaica into its parent ministry released \$6 billion that was just sitting idle. We also had placed \$4.5 billion in the Contingency Fund – another buffer capitalized in 2019. And fiscal over-performance delivered billions more.

By the time the COVID-19 pandemic hit, we had over \$80 billion of resources earmarked for the September 2020 debt repayment that we were able to redirect towards supporting the economy during the COVID-19 pandemic.

This meant that the deterioration in the fiscal accounts, though significant, was less than it otherwise would have been. It also meant that our absolute levels of debt remained in the same band.

These buffers played an important role in the support, stabilization, and recovery of the Jamaican economy.

There are other factors too. Our central bank, the Bank of Jamaica (“BOJ”), was adequately capitalized and we also had health foreign exchange reserves at BOJ.

Madam Speaker, we took the decision to capitalize BOJ with \$20 billion in 2018 and 2019, which allowed it to make unprecedented liquidity injections into the banking system.

**Madam Speaker, through deliberate, focused, prudent policy actions, we were also able to double our non-borrowed reserves from US\$1.5 billion in 2015/16 to US\$3.0 billion in 2020/21.**

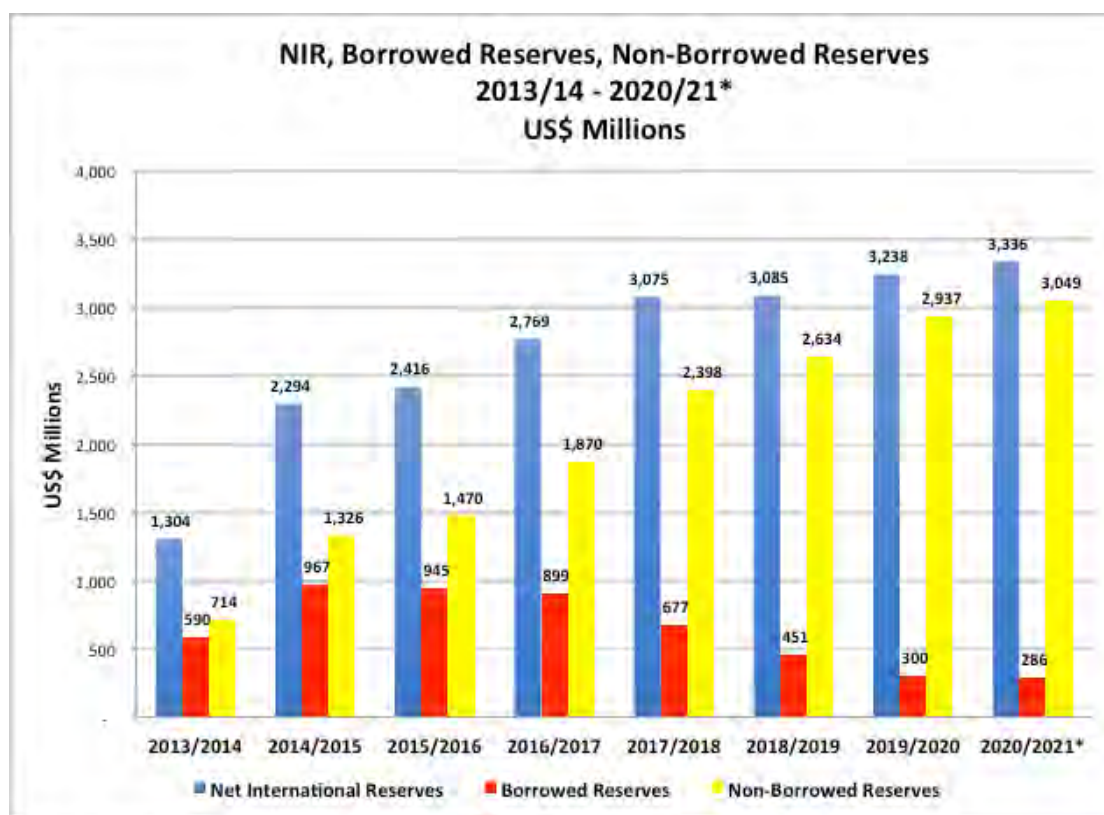
I have never seen any mention in the media about this remarkable achievement, which is materially significant.

Before 2016, a significant percentage of our foreign exchange – almost 40%, almost \$1 billion – was borrowed and backed by certificates of deposits and other liabilities of the Government of Jamaica that would eventually mature.

Under this administration, we have been able to retire almost US\$1 billion of these borrowed amounts, and instead have built up non-borrowed reserves.

I am proud to report that our gross foreign exchange reserves today have not only grown to over US\$4 billion, but that the vast majority of those reserves are non-borrowed reserves, the highest level by far in over a decade.

Figure 1 - NIR, Borrowed Reserves, Non-Borrowed Reserves 2013/14 - 2020/21



Source: BOJ. 2020/21 which ends March 31, 2021 is projected

Our policy shift towards inflation targeting was material in building our foreign exchange reserves. Jamaica's foreign reserves belong to all Jamaicans. Foreign reserves serve the purpose of ensuring that our economy has the funds necessary to help us absorb economic shocks that disrupt the supply of foreign exchange. Given the fall off in tourism foreign exchange flows of US\$2.5 billion during the pandemic, we were very fortunate that we had these reserves.

By increasing our foreign exchange reserves, we are preserving and increasing our economic recovery.

## 2.1 Economic Policies that take Responsibility for our Vulnerability

One of the lessons of this experience, Madam Speaker, is the critical importance of ensuring that we put in place adequate resource buffers to protect ourselves against unexpected shocks.

Jamaica is a small, open economy in a vast world.

Cross-border trade in goods and services account for 80% of GDP in Jamaica as compared with, for example, the United States where this ratio is less than 30%.

Economic openness reflects the degree to which foreign actors outside of a country affect and participate in the domestic economy.

What this means is that economic life in Jamaica is easily affected and often disturbed by what happens outside of Jamaica, which is not under the control of anyone in Jamaica.

So adverse international events – such as war, economic sanctions, and trade tensions – can often result in economic shock to Jamaica.

Our economic openness is also related in part to our dependence on foreign imported food and energy.

For example, adverse movements in the prices of wheat, soya beans, corn, and energy commodities have contributed to economic shock in Jamaica.

In addition, tourism is such a significant source of foreign exchange in Jamaica that economic dips in the United States, Canada, and the UK can result in declines in our foreign exchange receipts.

To top it off, we live in a climatic zone where we are susceptible to hurricanes, excess rainfall, and other natural disasters that interrupt, delay, and reduce economic activity, also resulting in economic shock.

These are simply the realities we face.

And a careful review of our economic history reveals that these have long been our realities.

Madam Speaker, members of this Honourable House, and my fellow Jamaicans, please reflect on the serious economic impact on Jamaica of various adverse external episodes such as:

- the oil price shock of 1974;
- the oil price shock of 1979;
- the crash in world alumina prices in the mid-1980's;
- Hurricane Gilbert in 1988;
- the September 11 terrorist attacks in 2001;
- Hurricane Ivan in 2004;
- Hurricane Dean in 2007;

- the global financial crisis of 2008-10;
- the oil price shock of 2008;
- Hurricane Gustav in 2008;
- Hurricane Sandy in 2011;
- the oil price shock of 2010-14;
- Hurricane Matthew in 2016;
- the global COVID-19 pandemic of 2020;
- the Ukraine war of 2022;
- the oil price shock of 2022; and
- the global inflation crisis of 2022.

And, this list is by no means complete.

Here is the bad news: Jamaica will certainly **continue** to suffer from adverse external events and economic shocks in the future.

We cannot control them.

We cannot stop them.

Here is the good news: we cannot – and must not – leave our social and economic development hostage to these outside forces.

Sadly, this is largely the approach that we in Jamaica have taken over the past fifty years.

What we must do – what this administration **has been committed to doing**, and what this administration **has been doing** – is to ensure that our economic policies take account of our vulnerabilities and adequately prepare us to respond quickly and effectively to adverse external events and shocks whenever and however they occur.

**Madam Speaker, we must take responsibility for our own vulnerabilities and prepare for them. We are proud to say that we have done so, with the support of the Jamaican people!**

That is how we can ensure quick recoveries from economic shock, and that is why Jamaica has recovered as strongly and as quickly as we did from the most recent, unprecedented “mother of all shocks”, the global Covid-19 Pandemic.

Over the past 50 years, sadly, Jamaica has been hit frequently by a variety of economic shocks and our recovery periods have been far too long.

We are committed to breaking this cycle and changing this historical narrative.

To avoid this fate in the future, we must ensure that we do the following:

- Maintain above-adequate foreign exchange reserves;



- Reduce our dependence on imported food and energy;
- Put in place fiscal buffers to counter the economic impact of natural disasters; and
- Keep our debt levels low.

These efforts will provide Jamaica with the flexibility needed to respond to economic shocks, protect the vulnerable in the society, and ensure strong and speedy recoveries.

We must put in place economic and social policies that are appropriate for our size and position in the world economy and which prioritize building up and maintaining resource buffers, as well as strengthening and deepening our economic and social resiliency.

We must preserve and increase our economic recovery.

## 2.2 The Importance of Reducing Debt

Earlier, I spoke about Jamaica's debt being lower today than it was prior to the pandemic.

In fact, Madam Speaker, we are on track to achieving the lowest level of debt in over 20 years!

And, Madam Speaker, our goal is, that by this time next year, Jamaica's debt level will be lower than it was prior to the domestic economic shock known as FINSAC.

For the younger generation, FINSAC stands for the Financial Sector Adjustment Company, a massive entity established by the Jamaican government to address the financial sector crisis in the 1990s.

FINSAC resulted in a massive increase in debt, from the mid 70s% of GDP to over 110% in a few short years, which has dogged Jamaica ever since and which no doubt has also compounded other crises since that time.

It will have taken us an entire generation, Madam Speaker, to rid ourselves of the FINSAC debt accumulated in the 1990s financial sector crisis.

Almost 30 years.

Almost 30 years, Madam Speaker.

30 years!!!

That is the central lesson of debt – it is easy to put on and very hard to take off.

A single policy can add mountains of debt that strangles the chances of a generation and takes decades to remove.

Another problem with debt is that it increases the rigidity of the budget – you end up with high fixed expenses to service and repay that debt, which cannot be altered even in times of crisis.

High debt makes economic crises worse.

High debt makes economic shocks more severe.

High debt also reduces the fiscal space and flexibility needed to respond to economic shocks.

And, as such, initial economic shocks can lead to other crises, which complicate and lengthen economic recovery.

Lengthy, decade-long periods of economic recovery impede social, economic, and national development.

And high debt is not the metric itself. Debt is a proxy for the more relevant metric, which is the **cost** of servicing that debt as a proportion of GDP.

We live in a world which prices money based on the perceived ability to repay: Those who are viewed as having the least ability to repay get charged the most. That is the reality of our world.

We cannot follow the United States of America, for example, whose debt is over 100% of GDP. Despite this relatively high debt, the average cost of their debt is still only 2%.

Even though Jamaica's debt is projected to be quite a bit lower than in the United States at 80% of GDP, it costs us approximately 6% of GDP to service. Jamaica has 80% of the debt in the United States, but the cost of our debt takes up 300% more of our fiscal space.

Even though the US has higher debt, they have much, much more fiscal flexibility than we do.

Shakespeare wrote in Hamlet, "*This above all: to thine own self be true.*"

We must "know ourselves and be true to ourselves" by internalizing our own realities and maintaining a policy posture that is relevant and optimal to our circumstances.

Given our level of openness and our level of vulnerability, our debt has to be maintained at levels that are substantially lower than what we hope to achieve in the upcoming fiscal year for us to have a meaningful chance at sustainable development.

Madam Speaker, Jamaica is part of CARICOM, which is an extremely high debt zone, and we have been in this paradigm for so long that high debt has become normalized.

The reality, however, is that there are many successful small countries with open economies which have very low levels of debt to GDP. For example:

- Dominican Republic's debt is 44% of GDP;
- Ireland's debt is 42% of GDP;
- Latvia and Lithuania's debt are both 36% of GDP;
- New Zealand's debt is 23% of GDP; and
- Estonia's debt is 9% of GDP.

Madam Speaker, we can, and must do better to continue reducing our debt as a percentage of GDP to ensure that we have the fiscal space and flexibility to ensure that we can recover quickly and effectively from economic shocks whenever and however they occur in the future.

We must preserve and maintain the gains of our economic recovery.

### 3.0 Protecting the Gains of Recovery

Jamaica has achieved economic recovery from the COVID-19 pandemic.

We need to build on this.

To do that, we must protect the gains of our economic recovery.

As our debt lowers to levels not seen in a generation, and with the prospect of realising even lower levels of debt not seen in 50 years, with the release of fiscal space that this will achieve:

**Jamaica has the capacity to become the breakout country of this third decade of the 21st century.**

We must preserve and maintain the gains of our economic recovery.

#### 3.1 Independent Fiscal Commission

**For this reason I am pleased that His Excellency the Governor General, on the advice of the Most Honourable Prime Minister, in consultation with the Leader of the Opposition, last week Friday swore in Jamaica's first Fiscal Commissioner who will head Jamaica's Independent Fiscal Commission.**

A Search Committee chaired by Jamaica's own Calvin McDonald, who retired as Secretary to the Board of the IMF, and consisting of the Head of the Economic Programme Oversight Committee ("EPOC"), the President of the Confederation of Trade Unions, Human Resource specialists, among others, conducted an open and competitive search process.

The new Fiscal Commissioner is a veteran of the Ministry of Finance and the Public Service who previously spent three years at the IMF. On his return he was appointed Deputy Financial Secretary at the Ministry of Finance and the Public Service, and then he was recruited by the Ministry of National Security, where he served as Permanent Secretary since 2020.

The Fiscal Commission will be the guardian and interpreter of Jamaica's fiscal rules and is required to monitor adherence to Jamaica's fiscal rules and to provide independent assessments of budgetary outcomes, in addition to independent fiscal analysis.

The Independent Fiscal Commission will provide an informed second opinion on fiscal developments and is expected to play a constructive role in informing the public and, in so doing, incentivizing adherence to Jamaica's fiscal rules.

We must protect the gains of our economic recovery and indeed of the path of fiscal responsibility that Jamaica has pursued for a decade and which has delivered results for us as a country.

#### 3.2 Fiscal Research Institute

The benefits of pursuing sound public financial management are so significant that it cannot be left to the Minister of Finance alone. It cannot even be left to the Ministry of Finance alone. It cannot be left to the Cabinet alone, or even the Parliament alone.

Sound public financial management, appropriate for our circumstances, has to be an instinct that permeates our society.

It was Jamaica's own Professor Patterson, reflecting on his eight years as an advisor to former Prime Minister Michael Manley who wrote in his book that *"The tragedy of radical change is that you cannot implement it without able management...."*

Madam Speaker, noble economic and social policy goals cannot be sustainably achieved without sound public financial management that takes into account all of our circumstances.

Madam Speaker, there is an appalling lack of opportunity for public financial management research and training in the Caribbean.

If we are to command our own ship, independently and sustainably, then a large increase in the supply of graduates specializing in public finance is a national imperative. In addition, generations of public sector leaders will need better exposure to, and training in, public financial management.

For these reasons, Madam Speaker, I am pleased to announce that the Government of Jamaica will supplement the budgetary grant extended to the University of the West Indies ("UWI") in the amount of \$200 million as a down payment to endow a Fiscal Research Institute within the Department of Economics. This will be followed by further endowments that establish the Fiscal Research Institute which we expect will be financed from the returns on its endowment.

I intend to secure the support of the private sector in endowing the Chair of this Institute as part of the Government's initiative in collaboration with UWI.

The Fiscal Research Institute will be a non-partisan think tank engaged in conducting rigorous, high-level research, teaching, and training in public finance and public policy. The Institute will offer courses in public finance and public financial management at the undergraduate and graduate levels.

The Institute will analyze and inform economic and social policy decisions, particularly those involving public expenditure, taxation, and fiscal sustainability to help policymakers and the general population understand the impact of public choices on individuals, households, firms, the government's financial position, and the overall interaction between the domestic and global economy.

Madam Speaker, while we will always be able to benefit from the advice of our multilateral partners, the Jamaica project becomes unsustainable without increased domestic capacity for public finance management training, analysis, and research.

We must preserve and maintain the gains of our economic recovery.

### **3.3 National Disaster Fund**

Madam Speaker, in 2019, through a resolution that I introduced in this Honourable House, the maximum allowable size of the Contingency Fund, established in our Constitution, was increased 100-fold, from \$100 million to \$10 billion.

We followed that up with an historic capitalization in two installments that totaled \$4.6 billion.

As previously mentioned, the Contingency Fund proved to be instrumental during the COVID-19 pandemic and allowed us to respond, paying out benefits under our CARE Programme even before the United States made similar payments.

**I am pleased to report to this Honourable House that we have since replenished these amounts to the Contingency Fund.**

We used the Contingency Fund to temporarily warehouse funds intended for our Natural Disaster Fund.

Madam Speaker, we plan to bring legislation to the House to establish a Natural Disaster Fund along with laws that govern when, how, and under what circumstances these amounts can be accessed.

This will not be a new public body with all the attendant costs. The Natural Disaster Fund will be held in accounts at the BOJ and its administration will be outsourced to the BOJ.

The Natural Disaster Fund complements the suite of fiscal instruments designed to provide resources to Jamaica in the event of natural disasters, which include, as I have outlined previously, a Contingent Credit Facility with the Inter-American Development Bank (the "IBD"), the Caribbean Catastrophe Reinsurance Facility, and the Catastrophe Bond.

We must preserve and maintain the gains of our economic recovery by adequately planning for the risks of natural disaster.

### **3.4 Precautionary Liquidity Line and Resilience and Sustainability Facility with the IMF**

Despite this encouraging recovery, however, global uncertainties loom on multiple fronts.

The war in Ukraine continues to have a global impact with no sign of ending.

Europe is forecasted to experience an economic recession and perhaps the United States as well.

Although global inflation is falling, it has not altogether been subdued.

Furthermore, international financial conditions are tightening as central banks around the world have raise interest rates to battle inflation.

From our historical experience and based on our commitment to prudent economic policies, we know that building resiliency and creating policy buffers in advance are critically important strategies to successfully navigate and recover from unexpected economic shocks.

Looking across the horizon at this time, therefore, we acted, in advance and ahead of time, to increase our fiscal space, broaden our options, and make our nation stronger.

Over the next two fiscal years, Jamaica has over US\$1 billion of debt which matures and which will need to be refinanced at what are likely to be interest rates that are higher than exist today.

Earlier this year, the IMF launched a new product, the Resilience and Sustainability Facility, which would allow Jamaica to access up to US\$750 million at an interest rate of approximately 3% and a repayment period of 20 years with no principal repayment for the first 10 years.

These are very attractive terms and much better than terms available in private markets.

This Facility is a compelling instrument that, **if** we decided to access it, would not only support our climate resilience building strategy, but also potentially save Jamaica nearly US\$50 million per year over 20 years in interest costs versus accessing financing in global capital markets.

This approximate US\$50 million savings is based on our current average blended market borrowing costs as a comparison, even before we consider that market interest rates may rise further.

This combination of building resilience while also achieving fiscal savings is critical.

It allows us to invest in job-creating and resilient infrastructure, enhance our transition to renewable energy, and reduce our energy vulnerability, even as we continue to prioritize human capital development.

Jamaica had to take advantage of this opportunity.

Although Jamaica has over US\$4 billion of gross foreign exchange reserves, to ensure that we are not overly exposed to external developments that could threaten annual foreign exchange flows inflows, we also plan to access the IMF's Precautionary Liquidity Line where approximately US\$963 million would become available to Jamaica should we need it.

This credit line is an instrument available only to countries with strong economic fundamentals and Jamaica's qualification for this credit line is a signal of our economic strength and stability.

These arrangements will not interfere with our already planned financial programs and activities. It is – and will be – business as usual, with the additional benefit that we will have the ability to access additional financing on extremely favorable terms if the global outlook worsens.

**My fellow Jamaicans, under this administration, we are now in a very different era of our economic development with a very different policy framework than used in the past, one where we anticipate events in advance and take the steps necessary to provide for them.**

We have put in place a natural disaster financing policy, capitalized a national disaster fund, and launched the world's first catastrophe bond independently sponsored by a small country. These financing arrangements are designed to protect us from shocks from natural disasters.

Similarly, thinking ahead, we have reached an agreement with the IMF for the Resilience and Sustainability Facility and a Precautionary Liquidity Line to ensure that our development can proceed, continue, and increase even in the event of other possible external shocks.

This is an engagement of choice. These are not arrangements that we had to make, but rather financings we are choosing to take advantage of to keep us strong, to build our economic and climate resilience, to create additional buffers, to expand our fiscal space, to broaden our options, and to help us prepare in advance for any adverse external developments that may arise.

Madam Speaker, we are preserving and increasing the gains of our economic recovery.

### **3.5 Financial Sector Regulatory Reform**

Madam Speaker, the preservation of the gains of economic reform and recovery requires the continued entrenchment of a stable macro-economic framework.

Macro-economic stability, Madam Speaker, requires as a pre-requisite the existence of financial sector stability.

Jamaica has worked hard at financial sector stability since the dark days of FINSAC.

I would like to remind this House and the Jamaican people that since 2008, Jamaica has suffered from a variety of economic and financial shocks including:

- the global financial crisis that caused banking failures across the world and disruptions to credit lines to Jamaica;
- the economic declines brought on by the global financial crisis, which weakened the economy and led to increased credit defaults;
- oil price shocks of 2010 – 2014, and the resulting exchange rate pressures;
- the Jamaica Debt Exchange, which stressed the balance sheets of financial sector firms;
- the National Debt Exchange, which further stressed the balance sheets of financial sector firms;
- the global COVID-19 pandemic and resulting economic shock, which led to the worst economic shock in our history; and
- inflation shock.

**Despite all of these massive shocks, Jamaica has not had a single financial sector failure, Madam Speaker. Thank God.**

This speaks volumes, in objective and provable terms, about the durability and strength of Jamaica’s financial sector regulatory environment.

This is, in fact, one of the unheralded achievements of successive administrations since 2008, and of the financial sector regulators at the BOJ and Financial Services Commission (the “FSC”) in particular.

I would like to take this opportunity on behalf of the Jamaican people to thank leaders in both political parties for their efforts, and also to especially thank our highly capable and talented professionals at the BOJ, the FSC, and other agencies and regulators who have contributed to this significant achievement.

### **3.5.1 SSL Fraud is a Punch to the Gut**

It is in that context that the fraud at Stocks and Securities Limited (“SSL”) is so unfortunate.

It is as if Jamaica, driving up Spur Tree Hill, was able to avoid colliding with seven 18-wheeler trailers coming head-on in the opposite direction, only to experience a slow leak in one tyre, leading our vehicle to crash into a wall.

Madam Speaker, Jamaica’s financial sector regulators have been successfully focused on safety and soundness, capital adequacy, and prudential regulation, among other matters, focused on addressing three key and critical questions:

1. Is the entity properly capitalized?
2. Does the entity have balance sheet risks that, if stressed, can lead to failure? And

3. Does the entity pose a systemic risk to the rest of the financial system?

And yet a matter involving fraudulent market conduct related to off-balance sheet activities which have no systemic risk at all, goes undetected for at least 13 years, which coincides with the periods described above.

Madam Speaker, for Jamaica, the experience is vividly Shakespearean in character.

If any ONE of the following three things happened, each in and of itself would be a disaster:

- the largest securities theft in Jamaica;
- the longest running securities theft in Jamaica covering thirteen (13) years; and
- theft of assets held by Jamaica's most successful Olympian, Ambassador Usain Bolt, OJ.

To have all three happen in the same incident at the same time, Madam Speaker, is simply a wrenching punch to the gut.

I remain personally shocked and angered by these events, Madam Speaker.

To have this fraud occur in the context of, and over exactly the same period as, the otherwise extremely successful tenure of our regulators in preventing Jamaica from failure in the financial sector, is a bitter irony for both our financial sector regulators and for Jamaica.

Madam Speaker, the only good news is that SSL was a relatively small securities dealer with less than 2% of the entire securities dealer industry's funds under management. As a percentage of the financial sector overall, SSL represented less than 0.6% of total assets.

### 3.5.2 The SSL Investigation

Madam Speaker, with respect to the investigation into this matter, the policy position of the Government is that we will make available whatever resources are required to ensure a thorough, fair, complete, and independent investigation. We will also:

- Leave no stone unturned;
- Follow the evidence wherever it may lead; and
- Seek international assistance.

On the latter point, Madam Speaker, I am pleased to provide the following update:

Arising from writing to, and collaborating with, the Foreign Commonwealth and Development Office of the United Kingdom, this morning I signed a Memorandum of Understanding with Kroll Associates UK ("Kroll"), the British subsidiary of the multinational risk and financial advisory firm, to provide forensic audit investigative services to the Financial Investigations Division (FID) in its probe of the SSL matter.

Kroll will bring leading-edge technology that will support the FID in unraveling all aspects of this 13-year fraud and bringing co-conspirators and accomplices to justice. I'm happy to also share



that the British Government, which has long supported the FID, has offered to cover some of the initial costs of this engagement with the Government of Jamaica covering the balance.

Madam Speaker, I ask Jamaicans not to jump to conclusions but to await the outcome of the investigations. A formidable team of highly-capable local law enforcement professionals from multiple agencies supported by foreign investigative capacity is on the case.

The Government will not carry out this investigation. That is the work of the investigative authorities, but our policy directions are clear, Madam Speaker. We will get to the bottom of this matter and we will continue to keep the people of Jamaica informed, whatever the outcome.

### 3.5.3 Operational Independence and Limits of Ministerial Authority

Madam Speaker, Ministers of Government are not all powerful.

Maybe as politicians, over time, we are incentivized to appear that way.

Maybe it is that we have actually, over time and as a group, marketed ourselves in that way.

Maybe the nature of Opposition politics, across time, is to paint the narrative as if we are all powerful, so perceived failures can then be blamed at our feet.

However, Madam Speaker, I have always been clear, and my policy choices support the fact that, I believe in limited authority of the Minister.

And on this point the Constitution provides me refuge.

The Minister of Finance's primary responsibility is policy-making, resolving issues brought for action by those implementing policy, and coordinating solutions across departments and agencies within ministries and with colleagues, across ministries, as required.

The Minister can also receive complaints and make enquiries. Operational independence does not mean operational isolation.

Madam Speaker, the Financial Services Commission Act of 2001 does not contemplate the Minister's direct involvement in supervisory decisions and activities. Rather, Section 7 of the Act explicitly states that "*The Minister may, after consultation with the Chairman of the Commission, give to the Commission **directions of a general character as to the policy to be followed by the Commission** in the performance of its functions in relation to matters appearing to the Minister to concern the public interest.*" (emphasis added).

As such, the Minister's responsibility is not to make operational decisions, and, in this case, regulatory decisions, or to second-guess prudential decisions or directions. A Minister does not necessarily possess the expertise, experience, or knowledge to be vested with that responsibility.

Furthermore, the sanctity of the regulatory space would be compromised by the reality or perception of ministerial interference. Prudential decisions must always be seen as being based on purely technical grounds. The possibility of political motive must be zero. This is achieved by ensuring operational independence and ministerial non-interference in the prudential and operational decisions of regulatory agencies.

In addition, Madam Speaker, we enshrined operational independence for the FSC specifically when Jamaica became an "A" signatory to the International Organizations of Security Commission's (IOSCO) Multilateral Memorandum of Understanding for Cooperation. This

standard is endorsed by the G20. Jamaica had to undergo a peer review process to ensure that Jamaica is compliant with the eight principles, the second of which is operational independence.

Madam Speaker, in our regulatory reform, we will go further to remove any ambiguity whatsoever on the operational independence of the successor institution to the FSC.

Madam Speaker, it is an inconvenient fact that wherever there is economic freedom, bad actors will sometimes abuse that freedom and in so doing harm others.

Governments and regulatory agencies, Madam Speaker, will not be able to eliminate fraud.

Although the United States has one of the most well-funded and robust regulatory structures in the world, including the Securities & Exchange Commission, the Department of Justice, and numerous other entities and agencies, there have been several well-known examples of fraud which escaped regulatory oversight, including Enron (in 2001), Worldcom (in 2002), Tyco (in 2002), AIG (in 2005), Lehman Brothers (in 2008), Bernie Madoff (in 2008), Purdue Pharma (in 2020s), Theranos (in 2022), and, most recently, the crypto-currency exchange, FTX (in 2023).

What we must do is act swiftly after detection of fraud to fix any institutional weaknesses that allowed fraud to occur and go undetected, and to institute necessary reforms to policy, laws, and regulations to strengthen the regime so the occurrence is not repeated.

Madam Speaker, we have acted swiftly by all historical standards and even by absolute standards:

- We updated and upgraded the regulatory model;
- We strengthened the Board of the FSC;
- We sought the support of international forensic auditors;
- We brought in the BOJ to provide regulatory oversight;
- The FSC appointed a new Executive Director;
- The FSC appointed a Temporary Manager of SSL;
- The FSC filed an injunction preventing winding up of SSL;
- the FID requested assistance of the FBI and started working with the FBI on this case;
- and, as I just announced, we sought the support of the British Government and Kroll to work with the FID on its forensic investigation.

Madam Speaker, you tell me the last case of securities fraud or theft when a Government moved as quickly as we have done.

In fact, in their recent Article IV report on Jamaica, the IMF described the Government's efforts to address SSL as "moving swiftly" on the matter.<sup>5</sup>

---

<sup>5</sup> <https://www.imf.org/en/Publications/CR/Issues/2023/02/10/Jamaica-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Staff-Statement-529664>

Madam Speaker, what we must seek to do as a society is to learn from this episode and to do everything in our power to ensure that something like this does not happen again.

While it is not the FSC's role to detect fraud, with the benefit of hindsight, it seems clear that the FSC did not exercise sufficient rigor in its oversight of SSL and tolerated significant breaches for far too long – over 13 years.

Over 13 years, Madam Speaker, the FSC staff dutifully identified breaches, recommended that SSL be placed under what are known as "Directions" as a result of those breaches, and the SSL Board, over various periods, implemented the recommended Directions on each occasion, which were designed to cure or cauterize the identified breaches.

As such, the chronology shows that SSL was under regulatory scrutiny for much of the 13 years between 2010 and 2023:

- SSL was under FSC Directions<sup>6</sup> from 2010 to 2013;
- SSL was under amended FSC Directions from 2013 to 2017;
- SSL was again placed under FSC Directions from 2019 to 2022 following the results of an on-site examination; and
- SSL was placed under additional FSC Directions in 2023.

Madam Speaker, this cycle of "breaches followed by the issuance of Directions" spanned three political administrations, four executive directors,<sup>7</sup> (inclusive of an acting executive director) and at least five chairpersons.<sup>8</sup> The FSC obviously had an institutional approach of opting to work with a licensee towards rehabilitation rather than putting it out of business.

Madam Speaker, what Jamaica has learned is that approach may not be the most effective.

Our regulators need to ensure that repeated, prolonged breaches of financial sector regulations are followed by license suspension or cancellation, no matter who you are.

### 3.5.1 Financial Sector Reform Agenda

This 13-year fraud has provided a window into how fragile financial sector confidence can be. While Jamaica has engaged in enhancing our financial sector regulatory environment, which is much stronger today than it was a decade ago, there is clearly more work to be done.

Madam Speaker, I previously announced these policy commitments on financial sector regulatory reform which I will repeat here for the record.

---

<sup>6</sup> In the context of financial sector regulation, "Directions" refers to specific instructions issued by the FSC to SSL. These instructions may relate to issues such as compliance with laws, regulations, or with risk management and operational procedures.

<sup>7</sup> Rohan Barnett (Executive Director), January 5, 2009 – March 30, 2011  
Leon Anderson (Acting Executive Director) April 1, 2011 – March 10, 2013  
Janice Holness (Executive Director) March 11, 2013 – June 2017  
Everton McFarlane (Executive Director) August 1, 2017 – January 31, 2023

<sup>8</sup> Emile George (deceased), 2010/11, 2011/11 (partially)  
Colin Bullock (deceased), 2011/13, 2013/14, 2014/15, 2015/2016  
Howard Mitchell, 2016/17  
Jackie Stewart-Lechler July 2017 – September 2021  
John Robinson September 2021 - 2023

We will implement:

1. A Special Resolution Regime law to strengthen the resolution of non-viable financial institutions while protecting financial stability and the public funds. We have committed to a date of March 2024 to submit this law to Parliament.
2. A methodology via a BOJ consultation paper to identify systemically important (bank and non-bank) financial institutions and identify such institutions. We have committed to a date of September 2023 to complete this review and methodology.
3. Supervision by the Financial Services Commission of financial conglomerates without a deposit taking institution. We have committed to a date of September 2023 to submit this law to Parliament.

To take the Jamaican financial sector to the next level, the GOJ's reforms will also include:

1. A comprehensive review of the penalty regimes in the Securities Act, the Banking Act, the Insurance Act, and the Pensions Act. We will stiffen the penalties for white-collar crime in the financial sector. The discrepancy between white-collar crime and other forms of crime must be erased. If you rob depositors or defraud investors, you undermine the financial system and put our way of life at risk and, as such the Jamaican society wants you put away for a long, long time.
2. Madam Speaker, achieving this will mean substantial amendments to the Larceny Act which dates back as far as the 1940's.
3. The GOJ will require security dealers to publish their financial statements and material events at standards equivalent to public companies on the Jamaica Stock Exchange.
4. The GOJ will tighten regulations around connected party transactions for security dealers.
5. The GOJ will introduce a fixed penalty regime to fine companies for breaches of the Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) regulations, and, if they don't pay, they go to court.
6. The GOJ will tighten regulations around insider trading and ensure that the penalty and sanctions regime is severe and dissuasive.
7. The GOJ will tighten regulations in such a manner to ensure that the penalty and sanctions regime against misuse of client funds (including frontrunning) in capital markets is severe and dissuasive.

### **3.5.2 Twin-Peak Model of Financial Sector Regulation**

The institutional structure of regulation should reflect the structure of the industry that it is called upon to regulate.

In Jamaica, financial groups which include deposit-taking institutions account for close to 90% of financial sector assets.

That is, the Jamaican financial landscape is characterized by a number of financial conglomerates spanning banking, securities, insurance, and pensions that account for all but 10% of financial system assets.

Fragmented supervision can lead to regulatory gaps in a landscape such as ours where financial conglomerates dominate. In addition, there is often duplication of effort, duplicate oversight, and sometimes coordination challenges. The natural institutional silos that emerge detract from the nimbleness needed to comprehensively regulate financial groups.

**Madam Speaker, the GOJ will pursue a unification of prudential supervision and regulation. The prudential supervision and regulation of deposit taking financial institutions (such as commercial banks, building societies, merchant banks and credit unions) and non-bank financial institutions (such as securities dealers, insurance companies and pension funds) will be consolidated into one institution – the Bank of Jamaica – with a separate regulator responsible for market conduct and consumer protection for the full spectrum of financial services to be established separately.**

Market conduct and consumer protection regulation refers to the oversight of financial institutions to ensure that they are engaging in fair and ethical business practices and are treating customers fairly. This includes monitoring compliance with laws and regulations related to consumer protection, anti-money laundering, and anti-fraud measures. It also includes monitoring the sales and marketing practices of financial institutions to ensure that they are not engaging in deceptive or misleading conduct. The goal of market conduct regulation is to protect consumers and maintain the integrity of the financial marketplace.

Today Jamaica has a sector-by-sector based regulatory approach where the BOJ regulates deposit-taking institutions and the FSC regulates non-bank financial institutions.

Under the Twin-Peak regulatory model that we will be pursuing:

1. the prudential mandate of the FSC with respect to the non-deposit taking financial sector would be fully taken over by the BOJ and;
2. the new FSC would become a highly visible market conduct and consumer protection supervisor for all financial service providers (including deposit-taking institutions, non-bank financial institutions, cambios, and remittance companies).

The implementation of a single prudential regulator (under the Twin-Peak model) for deposit-taking institutions and non-bank financial institutions has several advantages:

1. A single authority would provide economies of scale in supervision.
2. A single authority would allow for sharing of specialized knowledge across the supervisory spectrum.
3. A single authority would help preserve scarce management resources.
4. A single authority would facilitate delivery of the much-needed system-wide oversight and effective supervision.
5. A single authority It would help promote a consistent, harmonized framework of regulatory requirements, where applicable, and of supervisory methodology, reducing regulatory arbitrage and gaps.
6. A single authority would generate cost savings relative to current arrangements, through the rationalization of management and support functions.
7. More significantly, the Twin-Peak model would create options for more effective organization of resources, facilitating risk-based allocation of staff to emerging

supervisory risks and different approaches to conglomerate supervision (these could include the creation of a single team for one or more groups, maximizing the synergies from the integrated model). Coordination of supervisory work would be greatly facilitated.

8. The Twin-Peak model would also create a richer, more dynamic scope for employees allowing for development and sharing of expertise while offering more challenging career paths for supervisory staff.

We have requested technical assistance from our international partners in the design of these reforms and in advising us of additional reforms that may be necessary.

## 4.0 Sharing the Gains of Recovery

Madam Speaker, there is an African proverb that says:

*“If you want to go fast, go alone; If you want to go far, go together.”*

Madam Speaker, we, the Jamaican people, want to go far.

We have a vision for ourselves as a people of destiny in this world. We are a land with a message for the world. A city set on a hill.

Madam Speaker, no single group can get there alone.

We have to go together.

During times of setback, we share the pain and prioritize protection of the vulnerable with targeted policies.

And, as we recover, we share the gains.

Quality of life is only partially determined by one’s level of income. Much of one’s quality of life is determined by the state of physical, social, and community infrastructure in a country.,

It is the quality of public transportation, public hospitals, schools, roads, water, sewerage, safety, security, and related infrastructure that heavily influence quality of life.

Madam Speaker, our aim is to share the benefits of economic recovery by improving quality of life and to improve quality of life by improving the physical and social infrastructure in Jamaica.

As we share the gains, we hope that the people of Jamaica will see their own stake and role in Jamaica’s economic development, progress, and prosperity and therefore support what is required to deliver on these objectives.

In sharing the benefits, we unite around the common cause of economic development.

Madam Speaker, in sharing the benefits, therefore, we go together.

When we go together, we go further.

Madam Speaker, this Government not only protects the vulnerable on the downside, we also share the benefits on the upside.

We must continue to reduce our debt burden, as I spoke to earlier. But it is not simply about reducing debt or attaining a particular fiscal or primary balance; those are means to an end.

The end that we seek is to improve and increase the quality of life of all Jamaican citizens.

So, Madam Speaker, not only is this Government dedicated to preserving and maintaining the gains of our economic recovery, we are also committed to sharing the gains of that recovery.

## 4.1 Public Sector Reform

### 4.1.1 Public Sector Pension Reform

We remain committed as part of the public sector pension reform process to provide an improved mechanism for providing pensions to former public sector workers as well as those transitioning into retirement.

I am pleased to announce that the Accountant General's Department will be assuming responsibility for the disbursement of pensions to retirees of Municipal Corporations within the next fiscal year. This will complete the process of centralization of payment which includes some statutory bodies.

With this change, it is expected that the former Municipal Corporation workers will receive their retirement benefits on a timely basis.

We are also completing our review of the Pension (Public Service) Act 2017 for the administration of pension and the Ministry of Finance and Public Service has been receiving submissions from our trade union and staff association partners.

### 4.1.2 Family Leave

Madam Speaker, as we continue to transform the Public Sector to a place where the brightest and the best find attractive employment opportunities, it is important for us as a country to place focus on the totality of the family structure that is necessary to support the public employee.

To this end, the Government, working with our trade union partners, has introduced new leave types and has improved existing leave benefits.

**As at January 1, 2023, male public sector employees meeting the agreed eligibility criteria can access up to 20 working days with pay as Paternity Leave.**

**We have also increased maternity from 40 working days to 60 working days with pay.**

**In addition, we have introduced adoption leave at the rate of 20 working days, to complement the revised leave system and also because we recognize and believe recognition that adoption is an important element of the Jamaican family structure.**

### 4.1.3 Public Sector Compensation Reform

Madam Speaker, change is never easy.

The Public Sector compensation we are moving away from cannot take Jamaica forward.

**Madam Speaker, we need a compensation system that is simple and easy to understand.** The old compensation system is not.

There is a separate salary scale for:

health record officers, HPC/HR 1 - 3  
and for meteorologists, SOG/ST



another one for videographers at JIS,  
and another for secretaries OPS/SS 1 – 5  
there is a separate scale for drivers, LMO/DR 1-2  
and another for legal officers, LO1 – LO6  
a completely separate scale for office attendants LMO/TS1  
a scale for public health inspectors HPC/EH4  
and social workers SWG/PS2  
and Pharmacists HPC/PHS2  
and Clerical Officers – PIDG/RIM 1 – 5  
and Accountants – FMG PA 1 – 5  
and Librarians 1 – 5.

Madam Speaker, there are 325 separate salary scales altogether which is overly complex and utterly unmanageable.

Madam Speaker, the new compensation system has a core salary scale with 16 bands which introduces simplicity and efficiency. There are three additional salary scales for teachers, security forces, and health practitioners that are aligned to the core scale.

**Madam Speaker, we also need a compensation system that is fair and equitable.** The old system was not.

The old compensation system was characterized by 185 separate allowances which made compensation difficult to understand. With a plethora of tax free and taxable allowances, public officers sometimes are not able to make like-for-like comparisons.

Pensionable public officers suffer in retirement with pensions that bear little similarity to pre-retirement income even after 33 years of service. That is so as non-pensionable allowances made up 40% to 60% of income in many instances.

The structure of allowances made compensation non-transparent in that allowances totaling 1% of GDP were included under programmes, but not salaries and wages.

The structure of allowances introduced inequities within and across public sector groups in other ways as well.

One of the largest allowances in aggregate, Madam Speaker, was the travelling allowance.

Introduced decades ago, it was designed to reimburse public officers who traveled for their job. Not for traveling to and from work, but traveling done in the performance of one's public duties.

Over decades, however, Madam Speaker, the rules around who could be designated a traveling officer, and therefore, be in receipt of the traveling allowance, became lax and this traveling allowance morphed into a kind of allowance that symbolized the status of the job or, in some public bodies, used to supplement pay.

As such, it should be no surprise, Madam Speaker, that traveling became the single largest allowance in the public sector. But, along the way, it lost its purpose. Thousands of public sector employees received traveling allowance who sat behind their desk 40 hours a week, every working week of the year, who stayed at a single address for every working hour of their lives.

Traveling was adjusted by rates that were sometimes higher than the increase in basic pay which meant those in receipt of the traveling allowance generally fared better than others who were out of wage negotiations.

Madam Speaker, this was not fair, nor equitable, nor reasonable, especially when the traveling allowance was indiscriminately applied to include thousands who did not travel for their job.

So, Madam Speaker, we have reformed the traveling allowance from being a fixed-job based allowance to being an activity-based reimbursement through a reformed reimbursable mileage component.

Before, traveling allowance came with the job, whether you actually travelled or not. We have absorbed that travelling into salaries, so no one is worse off, and increased compensation **net of taxes** by a minimum of 20% over three years.

Madam Speaker, to achieve a net pay increase of 20% when absorbing a no-taxable allowance means that the gross pay increase is much higher than 20%.

**So the new travelling arrangement, Madam Speaker, provides a mileage rate that is paid per mile for miles actually travelled.**

That way, the manager behind his or her desk 40 hours a week, or who works from a single address, cannot qualify for this reimbursement.

**Madam Speaker this is fairer and more equitable, for the public officer and for the taxpayer who is paying the bill.**

#### 4.1.4 Transition to the New Compensation System

Now, Madam Speaker, changing from one compensation system to another for the entire civil service is quite an undertaking.

Given that implementation of the new compensation system commenced several months after the effective date of April 1, 2023, the first month's pay slip that marks the transition from the old to the new is and will be the most complicated pay slip a public officer ever received or will ever receive in life.

That is the case as the pay slip is effectively a mini-accounting statement that has to, in a strip of paper, account for what you are entitled to receive, what you have already received, and the difference between the two.

The good news is that after this transition, it gets much simpler than what we have today.

Now, Madam Speaker, I have reached out and had conversations with multiple public officers in various ministries. When I ask the question –

*“If your salary is \$100, and you have already received that \$100, and we want your new salary to be \$120 for that year, how much more should you receive?”*

Everybody tell me – *“\$20!”*

Then I ask them, *“How you get the \$20?”*

*“Well I take \$120 and subtract \$100 and that gives me \$20”*

Then I ask, *“does that mean that we have taken the \$100 away?”*

Again, everyone answers emphatically and correctly, *“No!”*

Well, Madam Speaker, this is a simple example, but essentially this kind of calculation was expressed on pay slips and the presence of negative numbers on the pay slip initially caused misinterpretation that something was being taken away.

After all, negative numbers on a pay slip are usually associated with deductions like for NIS, NHT, loan repayments, and membership dues, where amounts are actually in fact “taken away”.

In this case, however, the negative numbers on pay slips were simply part of a reconciliation calculating what is owed if your net income for the full year is to achieve the targeted restructured level, given what you have already received.

Now, Madam Speaker, in Parliament, leading up to this transition, the Opposition Member asked whether traveling would be “recovered”.

The response was a clear no, and implementation of the new system has clearly demonstrated that there has been no “recovery” of traveling. The guarantee of a net pay increase of 20% also reinforces the position that nothing is being recovered.

I think, Madam Speaker, there may have been a semantic difference. Some persons may have thought that they could receive their new compensation as well as the old traveling allowance on top of that new salary. Well, Madam Speaker, the laws of Jamaica would not allow that to be achieved. In any year you can only receive your compensation for that year.

#### 4.1.5 Taxation

Madam Speaker, the transition to the new compensation system, the higher levels of pay, and the absorption of non-taxable allowances into basic salary have pushed some public officers into higher tax brackets.

Though net income is higher by a minimum of 20% over the three years, I know that, for certain public officers, the higher tax bracket is an issue.

The question of the income tax threshold has arisen. I understand that, Madam Speaker, having added over \$120 billion to compensation on a **net basis** between 2023/24 as compared with 2021/22, now is not the time for an adjustment to the income tax threshold. It cannot be afforded at this time.

**However, Madam Speaker, whenever that changes Madam Speaker, from the track record of this Government you can be assured that we will be the first to do it. Not to talk about it, but to do it.**

#### 4.1.4 Why take on this Complex Reform?

Now Madam Speaker, you know I have completed two previous rounds of negotiations. The negotiations that covered the period 2017-21 and the negotiations that covered the 2021/22 fiscal year. Madam Speaker, across this five-year period we agreed to the same fixed percentage increases, which means all 110,000 employees received the same percentage increase on basic salary.

So the question is – why didn’t we leave the system as it is and simply agree on a percentage increase that everyone would get? Surely it would have been **much** easier!

Madam Speaker, it would have been cheaper too! It would have been quicker! And it would have been less “noisy” and uncomfortable.

**Madam Speaker, we did not choose that easier course as it would not improve our circumstances. The Government exists to take on the tough challenges that can improve outcomes and quality of life for all.**

Madam Speaker, moving everyone in lockstep would not solve the myriad challenges that we have with attracting and retaining talent and skills in the public service.

Let me share an example.

With a country where over 30,000 persons have been murdered or killed over the past 25 years, our country is drenched in grief and drowning in psychological trauma.

Hearts are bleeding Madam Speaker. Souls are dying. Suppressed anguish, raw pain, and unresolved heartache are at the root of anti-social behavior and sub-optimal levels of conduct and achievement.

Our country, with our history, needs trained counselors and social workers who can help with the healing the nation needs.

However, Madam Speaker, the remuneration for social workers in the public sector was artificially depressed as compensation for groups that were generally in the same pay bracket received adjustments which moved them away from social workers as a group. This resulted in compensation for that group that is inconsistent with our state of affairs and not reflective of the work done by social workers.

So, Madam Speaker, the compensation review and restructuring allowed us to make adjustments to the pay structure for social workers that could not be achieved in the usual one-size-fits-all, lockstep approach.

Madam Speaker, Jamaica’s bureaucracy needs to be able to attract and retain managerial and technical talent. We need the best IT technicians, communication specialists, network engineers, legal draftspersons, civil engineers, data scientists, lawyers, accountants, prosecutors, economists, managers, and HR officers, as examples, to deliver premium public service to the public.

We have vacancies in the economics unit at the Ministry of Finance we have not been able to fill for years. This is also true in the Attorney General’s Chambers and in technical and managerial areas across Government where turnover on account of salary levels has been at epidemic proportions.

This has been a crisis, Madam Speaker. The system is breaking because we don’t have sufficient talent, for long enough periods, in all the areas we need, and are unable to attract the talent needed because of the low compensation levels.

We needed to make adjustments to the compensation levels in many of these technical and managerial levels to be in a position to attract and retain talent in the public service and the adjustments required are not all the same.

**Madam Speaker the Government was one of the biggest employers of minimum wage earners. Under this Government, Madam Speaker, we have made significant strides to change that.**

**Achieving this required significant adjustment to the salaries of drivers and office attendants, Madam Speaker, an achievement of which this Government is extremely proud.**

Again, Madam Speaker, the compensation review and restructuring allowed us to make adjustments to the pay structure for certain categories like social workers that could not be achieved in the usual same percentage with a lockstep approach.

#### **4.1.6 The Challenge with Restructuring - Differential Outcomes**

So, Madam Speaker, as we mapped from 325 separate salary scales to a core single spine structure with 16 bands, the compensation restructuring, by design, resulted in differential upward adjustments across the public sector.

And this was, and is, at the root of much of the unease and tension that has been observed.

When everyone receives an increase of 5%, there are no comparisons to be made.

However, in a compensation restructuring with differentiated outcomes comparisons are inevitable.

Instead of the employee looking at what he or she has received in the context of what he or she received in the past, persons begin to compare with their *perception* of the circumstances of others without full information.

Madam Speaker, in previous settlements over the past decade, between 2012/13 and 2021/22 public sector salaries have been adjusted by 0%, 0%, 0%, 4%, 4%, 5%, 2%, 4%, 5%, 4% or which totals 28% on gross salaries.<sup>9</sup>

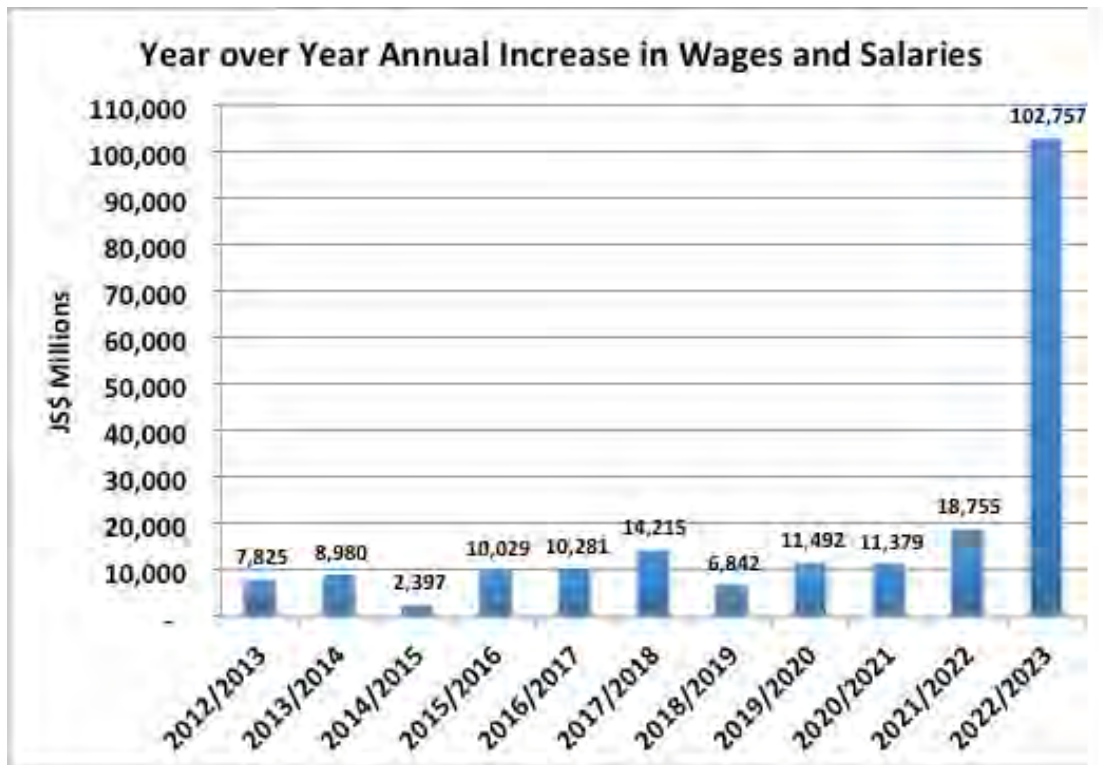
**Madam Speaker, in this new compensation restructuring, the overwhelming majority of public officers have received, or will be receiving, adjustments in compensation which exceed what they would have received across the last ten years combined.**

Let be even more definitive, Madam Speaker.

**Wage and Salaries will increase by more in this public sector restructuring than it has increased over the previous decade combined.**

---

<sup>9</sup> And equates to 31.6% on a compounded basis



Source: Ministry of Finance and the Public Service

Over ten years, wages and salaries moved by a combined total of \$102.2 billion (approximately \$10.2 billion per year) and, for 2022/23, wages and salaries are budgeted to increase by \$102.8 billion over the prior year 2021/22.<sup>10</sup>

This represents a 10x increase in one year versus the average of the prior 10 years.

And this is just the first year of the restructuring.

But somehow Madam, Speaker, this perspective has been lost as individuals compare with other individuals and groups with other groups.

**Madam Speaker, there needs to be a reality check.**

<sup>10</sup> This point can be refined further by taking the projected increase over the period of the restructuring, ignoring the effect of allowances that were in programmes.

## COMPENSATION - Budget & Provisional Outturn by FY

Fiscal Year	Budget	Outturn	Increase
	\$M	\$M	\$M
2012/2013	146,070.4	147,381.8	7,825
2013/2014	157,253.3	156,361.6	8,980
2014/2015	161,704.3	158,758.5	2,397
2015/2016	168,787.4	168,787.4	10,029
2016/2017	179,933.6	179,068.1	10,281
2017/2018	194,475.2	193,283.5	14,215
2018/2019	200,125.3	200,125.3	6,842
2019/2020	212,133.3	211,617.6	11,492
2020/2021	224,796.7	222,996.3	11,379
2021/2022	243,490.6	241,751.1	18,755
2022/2023	344,508.1	N/A	102,757

Source: MOFPS Website - Central Government Operations Tables

When you see a 4<sup>th</sup> Supplementary Budget tabled where capital expenditure is sacrificed to accommodate wages, Madam Speaker, alarm bells ought to go off. That is not sustainable.

That cannibalization of capital expenditure to support wages is where Jamaica is coming from 15, 20 and 30 years ago, and we know where that leads: to underdevelopment and sufferation! Nobody wants to go there again!

Now to be clear, in this instance, capital projects from which expenditure was reallocated were capital projects that had fallen behind in execution, for reasons unrelated to wages, and the funds were not going to be spent in this fiscal year in any event. However, it does not change the fact that wages in 2022/23 could only be accommodated by taking from amounts originally allocated to capital.

Madam Speaker, capital expenditure is a major contributor to improving quality of life. No matter what your income is if you don't have quality parks, buses, garbage trucks, hospitals, clinics, schools, police stations, roads, tax offices, your quality of life suffers.

What is more, Madam Speaker, let us always remember that the numbers of the poor and the working classes far exceed the numbers who work in the public sector, perhaps by a factor of 10 to 1. Jamaica is a democracy and everyone counts, Madam Speaker, and we need space to accommodate everyone's needs.

The poor and working classes benefit disproportionately from certain categories of public investment expenditure which have the capacity to improve quality of life dramatically. Examples include public transportation through buses, sanitation through acquisition of garbage trucks, better public healthcare through improved public hospitals, more and better equipped public schools, and improved security through more police stations and more mobile police, to name a few. Public investment expenditure on roads and highways also generate jobs for many as well.

Madam Speaker, while we need to be able to attract and retain talent in the public sector, it is neither equitable nor just that public compensation be pushed to levels that compromise public investment expenditure. In fact, we need public investment expenditure, as a % of GDP, to increase significantly if Jamaica is to achieve its development goals.

Madam Speaker, if we are to have a Jamaica where we have equality of opportunity, we will need public investment expenditure to build new schools, new hospitals, new police stations, and new courthouses, all across Jamaica. That is what the people of Jamaica are crying out for and, that, Madam Speaker, is what we must deliver.

Madam Speaker, all those who speak about and want equality of opportunity should see that the path for equal opportunity is to extend the reach of quality public services to every nook and cranny of Jamaica. That can only be done with significant capital expenditure.

#### 4.1.7 Public Sector Compensation needs to be Fiscally Sustainable

We therefore need a public sector compensation system that is fiscally sustainable and that is compatible with increased public investment in social and physical infrastructure required for Jamaica to develop.

Madam Speaker, this year compensation is projected to be in the region of 11.7% of GDP. That compares on a like-for-like basis with approximately 10.6% of GDP pre-pandemic, after adjusting for some elements that were captured in certain programmes.

Madam Speaker, inclusive of amounts allocated in the 1<sup>st</sup> to 4<sup>th</sup> Supplementary Budgets, approximately \$79.4 billion is provided for in 2022/23 to pay the incremental amounts required to increase central government public sector salaries to the amount targeted for the 1<sup>st</sup> year of the restructured salaries.

Madam Speaker, if these amounts remain unpaid over the next few weeks, meeting the fiscal balance targets required under our legislation does not leave room to accommodate these amounts in the next fiscal year as we already have a full trillion dollars of expenditure programmed for next year, inclusive of the 2<sup>nd</sup> year payments under the public sector compensation restructuring.

The space does not exist for the Government to pay both the 1<sup>st</sup> year restructured salaries and the 2<sup>nd</sup> year restructured salaries at the same time.

As such Madam Speaker, for fiscal sustainability, we will have no choice but to pay these amounts over several years commencing in FY 2024/25.

Madam Speaker, we have allocated **\$10.2 billion for rank and file police officers**, with an additional \$1 billion for District Constables and \$600 million for members of the Police Officers Association, totaling \$11.8 billion that is ready to go. We want members of the Police Force to receive these payments in March 2023.

Madam Speaker, the total amount we have for the teachers is approximately \$12 billion, that is ready to go. We want the teachers to receive these payments in March 2023.

Madam Speaker, the total amount we have for the junior doctors is \$6.4 billion. We want the doctors to receive these payments in March 2023.

We want to be in a position for these amounts to leave the Consolidated Fund in March 2023.



Madam Speaker, these amounts total \$30 billion. This size of payment cannot be accommodated in the upcoming fiscal year on top of everything else and the law prevents unused amounts this year from being carried over to finance expenditure next year.

My deeper concern, Madam Speaker, is that in comparing with each other, the big picture is escaping us.

**For example, Madam Speaker, the amount of \$11.8 billion that we have in store to pay out to the members of the Jamaica Constabulary Force as well as District Constables exceeds the total increase enjoyed by ALL public sector workers in each of the following years: 2020/21, 2019/20, 2018/19, 2015/16, 2014/15, 2013/14, 2012/13.**

**Madam Speaker the amount of \$11.8 billion that we have in store to pay out to the members of the teaching profession in March exceeds the total increase enjoyed by ALL public sector workers in each of the following years: 2020/21, 2019/20, 2018/19, 2015/16, 2014/15, 2013/14, 2012/13.**

**Madam Speaker, I have presented the facts.**

**Madam Speaker, I have personally participated hundreds of meetings, in person, virtually, on the phone, WhatsApp calls, on the weekend, morning, noon and night.**

**But Madam Speaker, what more can I do?**

**Should I put at risk all that the progress that Jamaica has made?**

**Should I reverse the economic gains made through mutual sacrifice?**

**I have put together a package that is larger than what has been implemented over the last ten years combined.**

**Teachers, Nurses, Firefighters, Doctors, Police – I know that you deserve more.**

**But the truth is, at this time, I cannot do anymore.**

**We cant reach the Promised Land in one step. There will be another opportunity before too long to work together on achieving some of the outstanding goals.**

**Madam Speaker, my mother was a teacher for nearly twenty years. She spent over a decade as a classroom teacher. I am a classroom teacher's son.**

**I know as a student and a son that what the classroom teacher does is extraordinary. In fact, it's magical. How does one weigh and measure the ability to inspire?**

**Madam Speaker, my mother worked in the public service for her entire working life. In her time, there were many instances when back pay was two, three or four years after the fact. I know the impact of that on a family. Madam Speaker. We do not want to go back there Madam Speaker.**

**Madam Speaker, I have presented the facts. I appeal for reasonableness.**

#### 4.1.8 Complexity of the Exercise

Madam Speaker, I want to share a little about the complexity of this reform.

This is a compensation restructuring that maps an old compensation system into a new one with differential impact on jobs throughout the public sector with the guarantee that the minimum increase net of taxes is 20%.

**There is no precedent for this in Jamaica ,Madam Speaker.** This has never been done in Jamaica before and there is scarcely precedent for doing it all at once.

Madam Speaker, this is not a one-size-fits all, uniform, fixed percentage salary increase as in the past and so we need to talk to every group, every public body separately. And those conversations are more involved.

The differential impact leads to dynamics that I described earlier that are absent in a uniform movement. This explains, in part, why this reform has not happened before! Previous governments would have viewed it as too complex and too risky.

**But Madam Speaker, this Government has taken the view that we cannot leave the major legacy issues as we saw them when we came. We have the courage and the resolve to address legacy issues and improve the life of Jamaicans.**

So, Madam Speaker, there are 40 unions/bargaining groups and 140 public bodies which includes Executive Agencies. This is a total of 180 groups.

I have brought an abacus here to illustrate....and I needed two because we are dealing with so many entities.

Madam Speaker, we decided to work with the Confederation of Trade Unions, which is a body of 11 unions that together, represent groups whose employees total 50% of public sector employees including the core civil service.

Madam Speaker, you will deduce that the other 169 bargaining groups, executive agencies, and public bodies account for the other 50%.

Because the scale used in the civil service would be similar for the vast majority of public bodies, a natural sequence was required. We needed to finalise with the unions in the Confederation of Trade Unions prior to engaging public bodies individually.

We reached agreement with the Confederation in November 2022, and this would have left us with the period December to March to finalise with 169 other unions, staff associations, public bodies, and executive agencies.

Because this is a comprehensive compensation restructuring, an individual approach was required in the context of common overarching themes.

So the management and employees of the Transformation Implementation Unit and the Strategic Human Resource Management Division of the Ministry of Finance and the Public Service have been engaging with 169 separate groups since December 2022, moving this process forward, working morning, noon, and night, and even on weekends. Other arms of the Ministry of Finance and the Public Service have also been involved on occasion, including the Accountant General's Department.

Madam Speaker, can the House pause to recognize their work.

And Madam Speaker, with some of these groups, multiple meetings have taken place in person, virtually, or by conference call.

By the end of December 2022, we had signed agreements with 21 unions, which allowed 60% of the public sector to be brought onto the new compensation system.

So Madam Speaker, when you see conversations with Customs, TAJ, RGD, NWA, JIS spilling over into the public domain – the first thing to recognize is that these are public bodies where employees have been historically paid at a premium to the civil service.

One of the objectives of the restructuring was to level the playing field, not by bringing anyone down, but bringing everyone up, some more than others.

However, certain executive agencies have argued vociferously that the premium they have received in the past ought to remain.

One has to see those conversations in the wider context. It's actually remarkable and positive that we can engage in an exercise of this magnitude, scale, and complexity and these are the only conversations spilling into the public domain from the entire universe of 140 public bodies, inclusive of executive agencies.

Madam Speaker, as of today, I am happy to update the House that of the 140 public bodies and executive agencies we have concluded agreements with 110 or 80%.

Most of the remainder are self-financing public bodies, not dependent on the Consolidated Fund, or small and highly specialized entities. Conclusion with the remaining public bodies, therefore, does not pose a fiscal risk.

#### **4.1.9 Performance**

Madam Speaker, with the investment being made in public sector compensation, the public will demand better performance, better service, and better results.

It cannot be business as usual.

We hope to work with our partners in the unions on a performance management component to public sector compensation for implementation no later than April 2025.

### **4.3 Reforming the Status of Contract Workers in Government**

Madam Speaker, I want to turn my attention to the longstanding abuse of fixed term contracts in Government. First, let me acknowledge that fixed term contracts have their rightful place. They are useful for employment that is designed and intended to be temporary in nature. They are also useful in executive appointments. They are useful for jobs that are aligned with the political cycle.

However, over the last three decades or so, across Ministries, Departments and Agencies of the Government of Jamaica there has been a growing trend in the abuse of fixed-term contracts and temporary employment, outside of the establishment, as a method of staffing organisations in the Public Service. This abuse results in persons working long-term on a series of consecutive, temporary, fixed term contracts.

There are several possible reasons for this:

- An organisation may have expanded in the services it delivers and requires additional staff and hires outside of its establishment either on a contractual or temporary basis and this continues for a significant time.
- A decision is made to establish an organisation in response to a need. For example, the establishment of a Health Centre in an area that needs access to primary health care.

In these instances, the entity is operationalized before the requisite approvals for the establishment of the positions for employment. In some cases, even when the posts are established employment by contract continues.

Sometimes too, the organisation may have been unable to recruit due to the rate of pay being offered and so employs by contract at a higher rate of pay.

In many of these instances the worker is disadvantaged with inferior access to benefits. This has been the status-quo in Jamaica for decades.

Madam Speaker:

- in the health sector we have approximately 1,754 doctors, yet the establishment today stands at only 509. More than 2/3rds of doctors employed to the Government are on “evergreen consistently renewable contracts”;
- the Ministry of Education has approximately 8,000 workers on contract;
- the Ministry of Local Government has several thousand more contracted workers in Municipalities and in state agencies; and
- there are several public bodies where every employee is temporarily contracted.

I must acknowledge the President of the Jamaica Civil Service Association, Mr. O’Neil Grant, who has consistently raised this matter in a number of fora over several years. And at all such instances I have given a commitment to address this issue.

Madam Speaker, it is a big, big problem. The problem started more than three decades ago and has grown bigger each year.

**We did not start this problem, Madam Speaker, but this Government will begin and advance the process to address this problem.**

Madam Speaker in sharing the gains of economic reform and recovery this Government will regularize “evergreen consistently renewed” contract workers in Government bringing them into structured, permanent employment.

Sharing the gains Madam Speaker.

The Ministry of Finance and the Public Service through its Strategic Human Resource Management Division will move to address this situation through the establishment of, and approval for the operation of, enough posts to accommodate persons now employed by contract or temporarily outside of an entity’s establishment.

Madam Speaker, this will come at a cost. There are approximately 20,000 persons currently employed on contract or temporarily outside of establishment across the public service.

The problem is so large and complex however that it cannot all be fixed at once. Under the **Reform of Contract Work in the Public Sector** programme, we will approach this problem on a phased basis, working on one, or a few areas at a time until we accomplish the task. And we will engage with our union partners in developing a realistic timeline.

The immediate cost to appoint persons to the newly created positions is approximately **\$2.5B**. The larger impact will be on pensions, and I will speak to that in the future.

#### 4.3.1 Contract Workers in the Ministry of Education

Madam Speaker, we will begin the **Reform of Contract Work in the Public Sector** in the Ministry of Education.

Madam Speaker, commendations to the Minister of Education, Youth and Information, Hon. Fayval Williams, who presented the Ministry of Finance with an audit of the employment practices in her Ministry that allows for the regularization of this that I am about to highlight.

From time to time, due to policy changes or new policy directives staff have had to be hired in infant, primary or secondary schools to bring about the fulfillment of these policy initiatives.

Over a long period of time, on account of speed of implementation, proper procedures have not been followed resulting in the present circumstances where over 8,522 persons have been employed within our educational institutions without a post code assigned, though they are being compensated.

To use common parlance that is 8,522 contract workers in our school systems alone!!

At the same time the audit found that there were 4,460 vacant posts, of which 636 were recommended to be abolished.

I want to give you some examples:

Madam Speaker: across the seven Regions there are approximately seven hundred and sixteen (716) Cooks and fifty two (52) Assistant Cooks who are presently employed on contract, without posts codes.

Cooks at the primary level are usually engaged on contracts and they work for the periods when schools are in session only. Based on this arrangement, they are not eligible for pension even after 10-20 years of service.

Madam Speaker, this Government is going to resolve this longstanding issue. **We will create the posts codes required to elevate 716 Cooks and Assistant Cooks in our school system, from contract employment to permanent employment.**

Cooks and Assistant Cooks in our school system are people too.

If they are full time, put in a full weeks work every week, they deserve to be pensionable too.

It is only fair. It is only right.

Similarly, Madam Speaker, three hundred and sixty seven (367) regular watchmen who are working on contract and without post codes.

Madam Speaker, this Government is going to resolve this longstanding issue. **We will create the post codes required to elevate 367 regular watchmen in our school system, from contract employment to permanent employment.**

Regular watchmen in our school system are people too.

If they are full time, put in a full weeks work every week, they deserve to be pensionable too.

Madam Speaker, it is only fair. It is only right.

The policy shift for the rationalization/modernization of basic schools to form Infant schools and Infant departments resulted in the need for an increase in the number of caregivers required at the infant level. According to the legal standard under the Early Childhood Commission, for every twenty students/infants there is the need for a caregiver and a teacher (1 practitioner to 10 students) and this explains the exponential increase in caregivers in recent years, most of them on contract.

**We will create the post codes required to elevate 659 caregivers in our Infant schools from contract employment to permanent employment.**

**Madam Speaker, I could go on. Suffice to say that over 8,000 current contract workers in the Ministry of Education will soon have permanent employment under this Government.**

#### **4.3.2 Contract workers in the Ministry of Local Government**

Madam Speaker, I have a special working relationship with the Minister of Local Government, Hon. Desmond McKenzie, a man with a heart for, and loyalty to, the people.

Through this relationship I have come into knowledge of, and observed for myself, a special group who have been wronged for too long and this government will respond to their cry for justice.

I am speaking about workers at the National Solid Waste Management Agency who are literally working permanently whilst on short term contract.

Madam Speakers, sanitation workers. You see them in the rain on di truck back, you see them in the sun on di truck back.

Dem a jump off, tek up the rubbish and move to the next gate. You see the passion that they put into their job, Madam Speaker.

When COVID a bite and man a tan a dem yaad you look thru the window and you see the sanitation worker.

Madam Speaker, these are unsung heroes and the country owes them a debt of gratitude.

Madam speaker, we have a duty to give them justice.

Just under 2,000 sanitation workers to include:

- Side men;
- Side women;
- Landfill workers;
- Drivers;
- Mechanics;
- Enforcement officers; and
- Other sanitation workers.

For years they have this contracted arrangement. Contract end, they break, they wait on a call to come back to work, sometimes that call take weeks to come.

They get frustrated.

Madam Speaker, the wise philosopher Dennis Brown in his song, Equal Rights, wrote:

*“Cause every man has an equal right to live and be free  
No matter what colour, class, or race he may be.*

*Remember how we are all of flesh and blood.  
Lift your brother up don't push him in the mud.”*

Madam Speaker, under the current arrangements, sanitation workers cannot make proper plans for their future.

No financial institution will take them seriously.

They can't sustain any savings.

As yu put dung likkle money, yu contract end, yu use it up, yu bruk.

Dem call yu back a work and as yu quint u eye di contract up again.

... and di cycle go roun' and roun'.

Yu go forward, only to go backward.

None of us in here would want to live like this Madam speaker.

Madam speaker, this has gone on for years and years, for decades.

Far too long.

Lots of talking and empty promises.

And lots of hopes dashed.

It is not right.

As a country, we cannot leave this very important category of workers behind.

It's time to stop the chatting and do something.

It's time to right the wrong.

Madam speaker, today I am announcing a major shift in how we treat this important category of the public sector workforce our sanitation workers.

**In Fiscal Year 2023/24, we will make sanitation workers at the National Solid Waste Management Agency, who have completed the necessary probationary periods, into permanent employees.**

**I want to be identified as the Finance Minister, under the Government led by the Most Honourable Andrew Holness, who made things right with Jamaica's sanitation workers and others in the contract category.**

Sanitation side men, side women, and other workers deserve to be pensionable too. Our society is better off by this.

We are sharing the gains of economic reform and economic recovery, Madam Speaker.

We are using hiring policy to drive social change Madam Speaker.

Our society is better off when we share the gains.

#### **4.3.3 Doctors**

Madam Speaker, there are approximately 1,754 doctors of which 354 have permanent posts.

80% of medical doctors in the public service are therefore on contracts that have to be periodically renewed. After all those years in medical school, Madam Speaker, the vast majority of our doctors do not have security of tenure.

Madam Speaker, we came here and saw this problem that has been in existence for decades, and remained unresolved, only to get worse over time.

Madam Speaker, we will fix the problem. The sub-optimal arrangement of doctors in the public service on contract work for extended periods of time will be brought to an end by this Government.

#### **4.3.4 Contract Workers Generally**

Madam Speaker, I cannot, in this speech, address all of the instances of contract work in Government in need of reform.

In this House, the temporary employment of Drivers and Constituency Secretaries of associated Members of Parliament is often raised.

Other egregious cases are sometimes mentioned.



Under the **Reform of Contract Work in the Public Sector** programme we will dimension the problem and detail the phased implementation of solutions for all.

We will aim to complete implementation of the **Reform of Contract Work in the Public Sector within a three-year period concluding by the end of fiscal year 2025/26.**

Madam Speaker, I know that every time you try to do good there will always be argument from people who walk past this problem, chat past the problem, but never solve the problem. And they had decades to do it and never do nothing about it.

Well, Madam Speaker, I am doing something about it and I am not finished yet. I will have more to say about this.

The journey of a thousand miles begins with the single, first step.

#### **4.4 Minimum Wage Increase**

Mr. Speaker, this Government of which I had had the privilege to serve as Minister of Finance, has always prioritized the lives of the Jamaican people with a view to improving their living standards and to allow them to lead more meaningful lives.

Madam Speaker, we know that as Buju Banton says

*"It's a competitive world for low budget people  
Earning a Dime while spending a nickel"*

As such, Madam Speaker, the last increase under the Minimum Wage in 2022 was the single largest increase in the entire history of the Minimum Wage Act, moving from \$7000 to \$9000, an increase of 29%.

As the Minimum Wage was changed only one year ago, many Minimum Wage earners are concerned as to whether they will have to wait a year or two years for another increase.

Madam Speaker, we know that times are tough, and we know in today's Jamaica that though there was an increase just a year ago, that \$9,000 is an insufficient amount to live on in Jamaica, especially after the inflation shock last year.

My colleague, the Minister of Labour and Social Security, who is my neighbor many times over, is seized of this.

We work closely together Madam Speaker.

As Minister Samuda advised the Standing Finance Committee the report from the National Minimum Wage Advisory Council has been recently submitted to him.

And Madam Speaker, the Minister of Labour is the only person, by law and by convention who announces the new rate of Minimum Wage.

As such Madam Speaker, he will announce the rate, but I will speak to the date.

Madam Speaker, Minister Samuda will announce the new Minimum Wage in a few weeks, in April 2023, and when he does so he will have the concurrence of the Cabinet

Minimum Wage earners can look forward to a meaningful increase Madam Speaker.

## 5.0 Expanding the Gains

Not only must we preserve, and share the gains Madam Speaker, we must expand the gains too. We can only do so by expanding our economy.

The inputs into an economy are labour and capital, broadly defined. We expand the economy by improving the productivity of both.

We improve the productivity of labour through investments in human capital development and we improve the productivity of both labour and capital by public investments that improve public service delivery and provide efficiency gains. Furthermore, we improve the productivity of capital through business climate reforms.

There is no business climate reform more impactful than customs reform. Custom touches almost every fabric of life as trade in visible and invisible goods represents 80% of GDP.

### 5.1 Modernising the Customs Act

Madam Speaker, we have been engaged in a project to repeal and replace the Customs Act of 1941 and replace it with a modern Customs Act that is consistent with international best practice, and which will serve as a key tool in Jamaica's arsenal as we continue to position ourselves as a global leader in trade logistics.

Having regard to its large size (almost 1,000 pages!) and importance to Jamaica's development, the Customs Bill was referred to a Joint Select Committee of Parliament (the "Joint Select Committee").

During the 2022-23 fiscal year, the Joint Select Committee convened<sup>11</sup> to further advance its critical examination of the proposals outlined in the Bill, which work had previously gotten under way in the 2021-2022 fiscal year. In 2022, this involved:

1. Considering and incorporating, as appropriate, the submissions previously made by a wide cross-section of stakeholders.
2. Detailed consideration of the 281 clauses of the Bill covering approximately 200 pages. And
3. Review of the four (4) Schedules to the Bill, which required examination of 663 pages.

The work of the Joint Select Committee was completed in July 2022, its report was tabled on September 27, 2022, and it was approved by the House of Representatives on October 4, 2022.

#### **Other Work Being Undertaken**

The volume of work involved in replacing a statute that has been in place before Jamaica became an independent country and which impacts and intersects with many aspects of Jamaica's economy, is quite significant, as you would expect, Madam Speaker.

Accordingly, following the recommendations of the Joint Select Committee, the technical team continues to work to finalize additional consequential amendments, which include, for example, amendments to other legislation, such as the General Consumption Tax Act and the Stamp Duty

---

<sup>11</sup> June 23, 2022 and July 21, 2022

Act, to update these statutes to refer to the corresponding equivalent provisions now contained in the Customs Bill, or to make deletions as appropriate.

Work is also underway in developing the regulations and rules that are necessary to facilitate the implementation of this proposed new law.

Madam Speaker, we will begin the debate on the Customs Bill as soon as the Regulations and Rules are completed, and we look forward to bringing a modern, effective, revised, and updated Customs Bill to Parliament this year.

## 5.2 Venture Capital and Private Equity Ecosystem

Madam Speaker, the importance of venture capital and angel investors for early-stage businesses is well-known across the world in innovation led economies, as these sources of funding have been the fuel behind the startup of many of the world's leading businesses, most notably the major technology companies.

The absence of these alternative forms of financing in Jamaica, has resulted in under-investment in innovative enterprises, as well as many ideas being still-born or start-up businesses not getting off the ground.

Madam Speaker, under the Development Bank of Jamaica's ("DBJ"), Boosting Innovation, Growth and Entrepreneurship Ecosystems ("BIGEE") programme, the Angel Fund was launched in December 2022 to invest \$232.5 million, alongside eligible angel investors, in early stage, sometimes pre-revenue companies. This is a historical first for Jamaica, Madam Speaker.

Madam Speaker, through the efforts of the DBJ, and with financing from the Ministry of Finance and the Public Sector, and World Bank, three Small and Medium-Sized ("SME") private equity funds have been established with a total investment of \$5.325 billion, including \$1.775 billion from the GOJ through the DBJ.

If you are small or medium-sized enterprise looking for equity financing, there are at least three alternatives that are available to assist you if you meet their criteria:

- Vertex SME Holdings, managed by JMMB Securities Limited;
- Stratus Private Equity & SME Fund, managed by NCB Capital Markets; and
- JASMEF 1, managed by Victoria Mutual Investments and Actus Partners.

Madam Speaker, I am pleased to report that, through the policies of this Government, new funds, with a total capitalization of \$13.45 billion have been established to provide equity funding to Jamaican businesses, primarily small and medium-sized businesses, SMEs and startups.

In addition, through the BIGEE Programme which is being executed with funding from the Inter-American Development Bank ("IDB") and the European Union ("EU") the GOJ, through DBJ, has established:

- An Innovation Grant Fund that provides grants for innovation;
- A Patent Grant Fund to help inventors to protect their intellectual property;

- Three Incubators (and Pre-Incubator) Programmes which are expected to provide training, mentorship, and incubation support services to approximately 100 high potential Jamaican startup companies; and
- Two Accelerator programmes which are expected to provide acceleration services to one hundred (100) scalable Jamaican startup companies in the coming year.;

**Madam Speaker, there has never been a better time to be an ambitious entrepreneur, especially a young entrepreneur, in Jamaica.**

### 5.3 Film Industry Development and Financing

Madam Speaker, expanding the gains requires a diversification of the Jamaican economy as well as a broader base of industries with the capacity to generate foreign exchange. We have developed our venture capital and private equity ecosystem with this in mind.

One area that could achieve both ends is film, television, and screen production.

**Just last week, Madam Speaker, “*Raw Materials*”, which is a locally produced short film qualified for an Oscar nomination. This is the first time that a locally produced film has earned this distinction. Congratulations to Ikon Media, Madam Speaker, who I understand are behind the film.**

Madam Speaker, this development makes the point very well.

Expanding the gains requires a diversification of the Jamaican economy as well as a broader base of industries with the capacity to generate foreign exchange. One area that could achieve both ends is film, television, and animation production.

Creative content production has significant potential to contribute to Jamaica’s economy and to GDP growth. Film and television production involves the employment of skilled production crew, technicians, support, and logistics staff behind the camera and talented cast in front.

Hundreds of persons can be employed in a single production for months at a time. In addition, the production of film and television generates indirect and spin-off economic impact through the provision of goods and services required and spending in the local economy.

Madam Speaker, Bollywood in India and Nollywood in Nigeria have demonstrated the economic and cultural power of film and television production. The populations of India and Nigeria can sustain their content within their borders whereas we cannot.

However, the film industry is growing rapidly and with the advance of technology, inclusive of the internet and streaming, old distribution models have been disrupted. This changes the power dynamic between content creators and distributors and provides greater opportunity for content creators around the world.

As such, Madam Speaker, the international demand for niche content is growing. Madam Speaker, all film or television production starts with a story. Jamaica has great stories and Jamaican content is in high demand. In addition, a pipeline of Jamaican projects is ready to go.

However, existing support for film and television development is far too limited and a major challenge is access to finance.

Madam Speaker, the Government of Jamaica will continue to support the growth of a local film, television, and animation industry.

**I am pleased to announce that the Ministry of Finance and the Public Service will partner with the Ministry of Industry and Investment and Commerce – the Business Ministry – to establish the Jamaica Screen Fund in the initial amount of \$1 billion over two years (i.e. \$500 million in 2023/24) to provide financing for the development and production of film and television shows in Jamaica.**

The Jamaica Screen Fund will provide grants for the development of films and television shows. The grant would facilitate the creative devoting time and sweat equity to developing their project to the point where it can get further production financing so an example of a deliverable would be, for example, to:

- write a feature script;
- produce a short film as proof of concept;
- write a TV series pilot script; or
- produce a teaser video as proof of concept for animation.

The Jamaica Screen Fund will also support production of films locally by providing a defined percentage of production costs up to a maximum contribution for local productions with other percentages and thresholds for foreign films being shot in Jamaica once certain criteria are met.

The Ministry of Industry, Investment and Commerce will be responsible for governance arrangements, which will be multi-stakeholder, in orientation and, at a later date, Minister Aubyn Hill will publish the rules of the Jamaica Screen Fund, along with guidance on how to access grants and financing, inclusive of what is expected of writers, creatives, and production companies who receive support.

I should add, Madam Speaker, that the Jamaica Screen Fund will not be a physical fund with the administrative burden this entails. Rather the resources will remain with the Ministry of Finance and the Public Service to be drawn down in tranches once the Ministry of Industry, Investment and Commerce approves eligible projects that have completed and fulfilled the application requirements.

Madam Speaker, the Government of Jamaica is serious about diversifying the Jamaican economy and supporting the growth of emerging sectors which bolster brand Jamaica and the creativity of our people.

This is another way in which we are committed to sharing the gains of our economic recovery with those creative professionals in the film industry.

#### **5.4 Access to Finance for MSME's**

Madam Speaker, 1,059 Micro, Small & Medium-size Enterprises (MSMEs) have benefited from loan guarantees under the GOJ's Credit Enhancement Facility.

This facility provides credit guarantee support to MSME's with little or no access to collateral needed to secure loans.

In addition, a total of 248 MSMEs were supported through the DBJ's Voucher for Technical Assistance Programme as at December 31, 2022.

This is another way in which we are committed to sharing the gains of our economic recovery with our local entrepreneurs and businesses.

#### **5.4 Large Scale Projects and Pioneer Industries Act**

Madam Speaker, we are pursuing amendments to the Large Scale Projects and Pioneer Industries Act to operationalise the regime to attract US\$ billion dollar investments.

Madam Speaker, we expect to table this Bill during the month of April 2023.

#### **5.5 Harmony Cove**

The Harmony Cove project is a US\$1.3 billion<sup>12</sup> luxury Joint Venture development between the Government of Jamaica and Tavistock conceived nearly two decades ago. The first phase involves US\$925 million. This project has been frustrated by a number of factors over many years but, Madam Speaker, I am pleased to report that the project is back on track and we are fully committed to ensuring that it becomes a reality.

Madam Speaker, Harmonisation Limited, the Government entity established to partner with Tavistock, and Tavistock are expected to reach a definitive binding agreement in the 2023/24 fiscal year. This definitive binding agreement would replace all prior agreements.

Madam Speaker, as of now, the timeline is as follows:

- Once the GOJ completes its conditions precedent to closing requirement, there will be a final fund raising round and design phase leading to construction drawings and ground-breaking.
- After our expectation that the agreement is signed and made effective during the upcoming 2023/24 fiscal year is realised, we will allow a fiscal year for final designs, constructions drawings, subdivision approvals, land transfers, financing and pre-Sales and the tangible aspects of the project will then commence in the 2025/26 year.

The structure of the agreement is such that once the GOJ completes its conditions precedent, there would be legal consequences for Tavistock if it subsequently does not meet its obligations under the revised agreement.

Madam Speaker, once we reach a definitive binding agreement, the GOJ will do everything in its power to fulfill its obligations.

#### **5.6 New Integrated Resort Development**

In October 2021, the Ministry of Finance and the Public Service issued Request for Applications for Integrated Resort Development licenses ("IRD") with a submission deadline of February 10, 2022.

---

<sup>12</sup> Across two phases

Successful investors were required to demonstrate the capacity, resources, and experience to develop and manage such facilities to establish and operate first-class IRDs in Jamaica.

To facilitate the review of these applications we established a robust system for the award of IRD orders, including the appointment of an IRD Enterprise Team (the “Enterprise Team”).

The Enterprise Team consists of persons with expertise in various areas such as law, accounting, investments, tourism, and public financial management. As part of the robust system for the award of IRDs, a consultant was engaged in April 2022, following a competitive process, to provide technical support to the Enterprise Team.

In response to the Request for Applications, two (2) applications were received and evaluation of the applicants commenced in April 2022.

The Enterprise Team submitted its final report with its recommendations to me in December 2022.

Madam Speaker, the Enterprise Team has recommended the issuance of an Integrated Resort Development license. The approved operator of the IRD or their chosen casino gaming operator will have to make a separate application to the Casino Gaming Commission for a Casino Gaming licence or a Temporary Casino Gaming Licence to operate a casino. This application will be subject to a separate assessment.

Direct employment during construction was assessed to be upwards of 1,500 jobs.

Given that there were only two (2) applicants for the two exclusive zones identified, that is, Hanover and Westmoreland zone and Montego Bay zone, an extended timeline was granted to the second applicant to submit additional information to satisfy the review process being conducted by the Enterprise Team. As soon as that evaluation process is completed and the Enterprise Team has submitted its report, the outcome of that process will be communicated.

## **5.7 JAMALCO**

In August 2021, the Jamalco refinery suffered a major fire event to its powerhouse, forcing a shutdown of the entire operations. Since that time, the joint venture partners in the Jamalco refinery, namely Noble Resources Limited and Clarendon Alumina Production Limited, which is owned by the GOJ, along with the management team, have worked to bring the refinery back into operation.

To that end, the Jamalco restoration program commenced in September 2021. The successfully completed restoration activities include significant rebuilding and repairs, including a new control room and a new heavy fuel oil heating and pumping system, which was commissioned in December 2022.

I am pleased to report that production of alumina at the refinery recommenced in August 2022, with the refinery operating on a single digester at approximately 55% of plant capacity. In February 2023, the refinery was returned to 2 digester operation at approximately 75% of plant capacity. The current goal is to return to full capacity in the fourth quarter of 2023.

Whilst much has been done, the global trade situation and the war between Russia and Ukraine have resulted in sharp increases in the price of natural gas. Significant losses have been realized

since the restart of the refinery operating on natural gas. While the rate of losses has been reduced with the change to heavy fuel oil, the refinery is still not profitable.

This underscores the need to implement a long-term gas supply agreement to mitigate the effects of an unpredictable market. Further improvements in the cost of production can be realized by implementing a series of projects, referred to as Project Restore, which would return the refinery to its rated capacity and yield other efficiency gains.

Jamalco's capacity to raise the funding required to achieve the objective of a globally efficient operation, without direct recourse to the partners, would be greatly assisted by the incorporation of the entity. Currently Jamalco operates as an un-incorporated entity, and cash required for operation must be provided by the partners in the ratio of their shares. The GOJ has directed that the Board of Clarendon Alumina Partners continues to work to achieve this objective of incorporation in consultation with our partners.



## 6.0 Financial Deepening through Digital Currency - JAM-DEX

The Bank of Jamaica has introduced digital currency to deepen financial inclusion.

The BOJ implemented a Phased National Roll-Out of JAM-DEX in 2022. The objectives to be achieved were, and remain:

- financial inclusion; and
- facilitating a digital economy.

JAM-DEX was successfully used for pilot groups in 2 constituencies for wage payments to over 70 workers employed in the Constituency Development Fund Employment Generation Christmas Work Programme. This also saw upwards of 70 merchants signing up across both constituencies.

As of February 18, 2023, the total number of JAM-DEX customers onboarded by Lynk was 190,000. Of this number of customers, there are 185,410 individuals, 90 small merchants, and 4,500 micro merchants.

The total JAM-DEX transaction activity for 2022 was valued at \$357 million.

### 6.1 GOJ Customer JAM-DEX Incentive

The incentive introduced by the Government in 2022/23 was successful in galvanizing the public and spreading awareness around JAM-DEX. Under this programme, \$2,500 in JAM-DEX was paid to the first 100,000 customers who opened JAM-DEX wallets as of 1 April 2022.

**Madam Speaker, I am pleased to announce that this incentive received 100% take-up by the end of June 2022 and created 100,000 JAM-DEX wallets that never existed before.**

### 6.2 Low Know Your Customer (KYC) Account Incentive

In addition to the JAM-DEX incentive announced, the Government also announced a cash incentive for Low Know Your Customer (“KYC”) accounts, whereby the first 100,000 customers to open accounts as of 1 April 2022 would receive \$2,500.

Low KYC accounts do not have the transaction fees associated with regular accounts and require less diligence to open.

The take up on this incentive has been slow and as at end of February 2023, only 36,000 customers benefitted from this incentive.

**Madam Speaker, we will extend the incentive for a further year. The first 60,000 customers who sign up for a Low KYC account at any commercial bank will receive a grant from the GOJ of \$2,500 into that account.**

### 6.3 GOJ Incentive Programmes – 2023/24

In the upcoming fiscal year the Government of Jamaica will continue to innovate with new incentive programmes designed to support the adoption of JAM-DEX.

Madam Speaker, there will be two additional programmes in 2023/24:

- Small/Micro Merchant Incentive Programme, and
- Wallet-holder Individual Loyalty Programme

#### 6.3.1 Small Merchant JAM-DEX Incentive Programme

Madam Speaker, for us to have an ecosystem where JAM-DEX is used, we need individuals to sign up for JAM-DEX – and that is happening. We have 190,000 persons signed up thus far.

For these JAM-DEX wallet holders to use JAM-DEX, it needs to be accepted at the point of sale, particularly in the community.

As such, the traction from the previous incentive programme will be extended into this year through accelerating merchant adoption – that is, usage of JAM-DEX.

The wallet provider has indicated that there is already a steady uptake of above 1,000 wallet holders registering on a weekly basis with a growing merchant take-up with 3,900 currently enrolled to date. There is now an urgent need for sufficient merchants to facilitate the *spending and acceptance* of JAM-DEX.

It is in this regard that the Government wants to target the small merchants by providing them with an incentive – these are merchants who are registered as a business and operate in industries such as restaurants, gas stations, and personal care services.

**Madam Speaker, I would like to announce that the first 10,000 merchants on-boarded as of 1 April 2023, will receive \$25,000 of JAM-DEX upon registration and onboarding.**

To qualify as a merchant, the following documents will be required:

1. Business Registration Certificate and Certificate of Incorporation;
2. Proof of bank account anywhere, including a Low KYC account; and
3. Valid Tax Compliance Certificate or evidence of application, if expired.

Merchants who are on-boarded will also receive a “JAM-DEX Accepted Here” sticker for display at their locations.



### 6.3.2 Wallet Holder – Individuals Loyalty Programme

Madam Speaker, the Government will further promote usage of JAM-DEX through the use of loyalty points and cash-back (JAM-DEX) programmes. Users of JAM-DEX will receive loyalty points which can be redeemed for select purposes, including receiving cash back.

#### **JAM-DEX Cash Back:**

Effective 1 April 2023, Consumers with JAM-DEX wallets, existing and new, will receive 2% on total purchases for goods and services in JAM-DEX, up to a maximum spend of \$5,000.. These loyalty funds earned will be applied to each person's wallet at the end of each month, beginning April 2023.

Note that if a person spends more than \$5,000 in JAM-DEX in a month, that person will only receive JAM-DEX back on \$5,000. Similarly, someone that spend less than or \$5,000 in a month, will receive JAM-DEX back on the full expenditure.

**Madam Speaker, these incentives are applicable only for FY 2023/24.**

So I encourage all Jamaicans and small businesses to sign up for JAM-DEX before the “freeness” runs out!

## 7.0 Sharing the Gains

Madam Speaker, the GOJ is sharing the gains by pursuing multiple channels of enhancing education, training, and human capital development.

### 7.1 Student Loan Bureau

The Student Loan Bureau (“SLB”) continues in its mission to provide financing to students pursuing tertiary level studies across 34 approved tertiary institutions.

Madam Speaker, during 2022/23, 7,111 SLB customers benefited from a 2% point reduction in the interest rate on their loan by remaining current with the SLB.

By adjusting the payment allocation policy to apply payments to the oldest billed amount first, the delinquency rate has improved by 2.2% points.

The SLB has been focused on improving the customer experience for its borrowers.

As such, the first phase of implementation of a new loan management system was launched in June 2022. With this new online system, all applications and supporting documents are required to be submitted online. The online customer portal is interactive and simplifies the application process.

This facilitates the customer as there is no longer a need to travel to Kingston or to submit documents by hard copy.

Madam Speaker, full implementation of the loan management system will be completed during 2023/24 and will include:

- Online loan repayment;
- Online loan balance queries; and
- Online loan statements.

**Additionally, in 2023/24, I am pleased to announce that for students from PATH households or from households with income of less than \$1.5 million, the SLB plans to make an additional 4,200 grants of \$60,000 at a total cost of \$252 million.**

Madam Speaker, we are preserving, increasing and sharing the benefits of economic recovery to ensure we go together.

**Madam Speaker, I am pleased to update the House that the SLB now has 98 customers who are Wards of the State up from 46 a year before, an increase of over 100% in a single year.**

Madam Speaker this is a result of the “no guarantor” policy for Wards of the State that the Government has put in place.

That is what happens when you share the benefits.

With this success, Madam Speaker, we will extend our “no guarantor” policy to include all students from PATH households.

**Effective for the new school year beginning in September, students from PATH Households who apply to the Student Loan Bureau will not need to provide any guarantors.**

**No guarantors for PATH students.**

In addition, Madam Speaker, we will waive the application fee requirements for students from PATH households.

Madam Speaker, we are preserving, increasing, and sharing the benefits of economic recovery to ensure we go together.

## **7.2 Marcus Garvey Scholarship**

Madam Speaker, the Government of Jamaica established the Marcus Garvey Public Sector Graduate Scholarship as part of the strategy of building human capital in the public sector.

The Marcus Garvey Scholarship is now in its 3<sup>rd</sup> year. Applications are being reviewed with final section and official announcements will take place over the summer months of 2023.

The Marcus Garvey Public Sector Scholarship continues to generate interest among young professionals employed to the public sector.

The median age of all applicants thus far is ~31.4 years. And approximately 70% of the applications submitted are by females. The men need to step up!

Forty-Three (43) public sector workers have been awarded the scholarship since the inception of the programme in 2021.

Madam Speaker, this House will be pleased to know that from the first cohort of awardees, two Marcus Garvey public sector scholars have since completed graduate studies in 2022, one who completed a master's degree at **Oxford University** (who is employed to the Jamaica Defence Force) and the other who completed a master's degree at **Harvard University** (who is employed in the teaching service). I congratulate them both.

In addition, a medical doctor is currently pursuing a master's degree in public health at the **Johns Hopkins University**. Two other public officials also employed in Jamaica's health sector will also commence their master's degrees in public health at Johns Hopkins University in July 2023.

Madam Speaker, in building our public service, the Government of Jamaica is sending its employees to some of the best universities in the world: Harvard University, Oxford University, Johns Hopkins University, and also right here in Jamaica, too.

The majority of scholarship awardees are attending the **University of the West Indies** and the **University of Technology** in pursuit of graduate studies. The main thematic areas selected for 2022 were economics, national security, law, and public policy & administration.

National Hero Marcus Garvey once wrote that *"it is by education that we become prepared for our duties and responsibilities in life."*

I congratulate all of our Marcus Garvey scholars for their determination to become better prepared for their duties and responsibilities in life.

This is another way in which we are committed to preserving, increasing, and sharing our economic recovery, particularly with those who make the sacrifice to serve in our public sector.

### **7.3 One Thousand, Two Hundred and Fifty (1,250) STEM Teaching Scholarships**

Madam Speaker, Jamaica seeks can only accelerate our pace of growth by investing in producing a technically proficient workforce that can sustain higher value-added investment and jobs.

In addition, in a world where advances in artificial intelligence, robotics, nano-technology, genetics and biochemistry promise to reshape our world, and the internet-of-things promises a world that is fully integrated with computer science Jamaica must increase its level of science, technology, engineering and mathematics attainment, so as not to be left behind.

But STEM is more than just the four subject areas. It embodies a new methodology in which teachers are required to adjust pedagogy to create a skilled workforce that can 'create' not just 'use' technology.

A workforce with STEM competencies must also be imbued with creativity and innovation, complex problem-solving, critical thinking, and communication skills (the "4Cs") to enable a globally competitive and sustainable economy.

Jamaica's forward-thinking education transformation plan recognizes this paradigm shift with the Prime Minister's introduction of STEM schools and we must move to prepare ourselves through the deliberate and urgent supply of well-trained teachers with the skills and values to drive STEM implementation across all schools.

A recent project with the Ministry of Education Youth and Information shows that teacher training intake in the STEM area would increase by over 100% if scholarships and other incentives are offered.

Of the full cohort of students who sat the Caribbean Secondary Education Certificate (CSEC) exams on an annual basis, only 15% are qualified to sit the STEM subjects. Only a small fraction of that 15% will be qualified to enter teacher training, which further compounds the problem.

These worrying statistics will impact the productive sector as we are woefully short of technical experts in areas such as computer science, data science, engineering, IT, chemistry, and physics.

We must fill the math and science teaching and learning gaps in schools at all levels, and systematically build out capacities to accommodate the transition to full STEM integration.

This will power the new schools which will be constructed, and, in addition, this will generate sufficient resources to expand STEM competencies across a wider range of schools.

**In response to the urgent need, the Student Loan Bureau in the Ministry of Finance and the Public Service, will partner with Mico University College, the oldest teacher-training institution in the Western Hemisphere, to provide full tuition scholarships to develop 1,250 new STEM Teachers over five (5) years.**

**Madam Speaker, that is 250 full tuition STEM Teacher scholarships over each of the next five years.**

Madam Speaker, this will ensure that there are sufficiently qualified teachers to fill existing gaps in our high schools and drive STEM transformation. Scholarship recipients will be bonded to the Government of Jamaica to discourage exit from the classrooms or be required to repay bonds if service contracts are broken.

#### **7.4 One thousand (1,000) UTECH STEM Scholarships**

Madam Speaker, the University of Technology (UTECH) is the largest source of work-ready science, technology, engineering and math graduates in Jamaica. Under the leadership of its new Chancellor, Mr. Lloyd Carney, a successful Silicon Valley tech entrepreneur, this competence will only grow stronger, and the STEM output will only increase.

UTECH has uniquely positioned itself to anchor and build out the Jamaica's Knowledge Processing Outsourcing (KPO) and Information Technology Outsourcing (ITO) sectors. By KPO we refer to the provision of Information Technology (IT) enabled business services that drive data analytics through machine learning, artificial intelligence, software development, information security, data analytics, engineering services, and cyber-security as the core computer science skillsets. UTECH positioning is enhanced by already having a number of innovation labs that provide practical experience for students and raise revenue through industry collaboration projects for local and global firms needing KPO and ITO solutions.

Madam Speaker, through the Student Loan Bureau, the Ministry of Finance and the Public Service will support Jamaica's goals and UTECH's ambition, and at the same time, ensure that those who can least afford have the opportunity to be included.

**We will do so by providing the UTECH with a total of 1,000 STEM scholarships over the next five years at a total cost of \$2.4 billion. These STEM scholarships will be used to support Jamaicans from low-income households.**

That, Madam Speaker, is what we mean by sharing the gains of economic reform and recovery.

Madam Speaker, today, Jamaica has only five sectors that consistently generate over US\$200 million of foreign exchange each year. Those are tourism, business process outsourcing, mining & quarrying, refined petroleum products, and food & beverages.

We need to broaden that economic base, Madam Speaker, with the emergence of new sectors that can generate higher paying jobs, expand the middle class, and simultaneously earn significant foreign exchange for Jamaica.

The exciting developments in computer science, the broad possibilities of data science, open up a world of opportunity for Jamaica. Artificial intelligence, IT services, machine learning, and data science firms will invest in Jamaica, providing higher paying, higher value-added jobs if we can produce enough qualified, technically proficient, work-ready STEM graduates.

That is exactly what we will do, Madam Speaker.

## 8.0 Governance Reforms

### 8.1 Nomination, Selection and Appointment of Public Body Boards

Madam Speaker, the Public Bodies Management and Accountability (Nomination, Selection and Appointment) Regulations 2021 came into full effect on the 20<sup>th</sup> of January 2023. What this now means is that all appointments to public body board should be made in accordance with the Regulations.

Let me remind you that the new process facilitated by the Regulations will seek to improve corporate governance within our public bodies. This includes enabling the selection of prospective directors who have satisfied the respective board competencies to serve on public body boards and to a larger extent the selection of the best suited skillsets that will aid in the overall functioning of the public bodies.

As a further reminder, the main objective of the Regulations are to improve the efficiency and effectiveness of our public bodies, to promote transparency in the nomination, selection, and appointment process for persons to public body boards. The objective is also to facilitate the inclusion of persons from a wider pool of professional competencies that will help to drive the strategic output of our public bodies.

The Ministry of Finance and Public Service has been involved in the development of an electronic portal to facilitate online applications of persons interested in serving on boards of public bodies, as well as from existing board members.

Once applications are made via this online portal, the team at the Ministry will conduct a due diligence check and thereafter the applicant will be part of the database for future selection. We at the Ministry recognize the importance of data protection and as such, security protocols have been established and built into the electronic database.

Once a board vacancy arises whether from a change of Government, end of tenure, or any other reason, the database will be used by the Secretariat to generate a directory of persons with the matching competencies for the respective board.

This directory will be used by the appointing authority to select and shortlist candidates to serve on that board. In some circumstances, persons may be appointed to the boards of select entities, which will necessitate a fit and proper check to be conducted prior to final selection.

Madam Speaker, the online portal will be available April 1, 2023 and we will be relying on professional bodies, business associations, unions, political parties, among other groups to encourage their members to make themselves available for inclusion by completing the online application.

### 8.2 AML/CFT Reforms

Madam Speaker, I now turn to Jamaica's Anti-Money Laundering and Countering the Financing of Terrorism programme, known as AML/CFT, and the efforts we have made in improving Jamaica's framework to prevent the abuse of its financial system by criminals seeking to launder the proceeds of their crimes or to engage in terrorist activities.

As I have previously reported to this Honourable House, Madam Speaker, the global Financial Action Task Force (FATF), placed Jamaica under its increased monitoring, as at that time, the country had not made sufficient progress in addressing its AML/CFT deficiencies highlighted in



its 2017 mutual evaluation report. FATF's increased monitoring (commonly called Gray listing), required Jamaica to agree an action plan with set timelines to complete. The completion of that action plan and an onsite evaluation to confirm completion and sustainability of those action items are prerequisites to Jamaica exiting FATF's Gray list.

**Madam Speaker, as of today Jamaica has completed nine (9) of the thirteen (13) action items set out in its agreed action plan and FATF has recently extended the timeline for Jamaica to complete the remaining four action items, to June 2023.** Three of the four outstanding action items, Madam Speaker, relate to the amendments to the Companies Act and requires Jamaica, among other things, to define beneficial ownership of legal persons in line with the FATF standards, require companies to obtain beneficial ownership information, and provide same to the Companies Office. It also requires the Registrar of Companies to have powers to ensure compliance including effective, proportionate, and dissuasive sanctioning of companies who fail to provide accurate and up-to-date beneficial ownership information on a timely basis.

The Registrar is also required to set up a registry as a repository of information on the beneficial ownership of legal persons and arrangements provided by companies, and allow access to this information by law enforcement, competent authorities, or financial regulators and financial institutions when conducting transactions or forming business relationships with legal persons.

Madam Speaker, beneficial ownership information is critical to the authorities in their identification and management of the money laundering and terrorism risks posed by the misuse of legal persons and arrangements in laundering the proceeds of crime.

Madam Speaker, these critical amendments to the Companies Act are advanced and we intend to bring these amendments to this Parliament during March for its deliberations and determination to ensure that we meet FATF's hard timeline of June 2023 for completion of our action items.

Completion of our action plan will allow for FATF to schedule and execute its onsite evaluation of the sustainability of the agreed measures Jamaica has implemented to strengthen its AML/CFT regime. June 2023 is an immutable timeline for completion of our action plan Madam Speaker, as failure to complete will have severe consequences for Jamaica. It is also a powerful incentive and opportunity to complete our action plan, one that we should not waste.

The Privy Council ruling in early February 2023, settling the matter of lawyers being under the AML/CFT reporting regime, brings us closer to completing the last action item, Madam Speaker, that **all** designated non-financial businesses and professions are to be subject to risk-based supervision ("RBS"), bringing them under the Jamaica's AML/CFT framework.

Madam Speaker, the last two entities that are yet to implement risk-based supervision requirements are trust and company service providers, regulated by the FSC and the lawyers who are overseen by the General Legal Council (GLC). The FSC is currently processing applications for these providers and both regulators have given their firm commitment that they will develop a risk-based supervisory framework and start implementation by latest April 2023.

We are committed to preserving and protecting our economic recovery.

## 9.0 Population and Housing Census Update

Madam Speaker, the Census is an extensive project that is conducted every ten years and provides important information on the population: demographic and socio-economic conditions and housing stock of the country.

Data collection for the 2022 Population and Housing Census was scheduled to be conducted between September 13 and December 31, 2022. Significant delays were experienced in some major activities, which ultimately resulted in an extension of data collection into the first quarter of 2023 to ensure maximum coverage of the Jamaican population.

There were issues with some administrative processes in the initial phase of the Census. However, most of those have been resolved, and STATIN continues to address concerns as they arise.

A major challenge has been achieving the employment target of approximately 7,000 census workers, which has impacted the pace of data collection.

The labour shortage being experienced in several sectors in the economy for example in the BPO, hospitality, and food service sectors has also affected the census.

As such STATIN has not achieved more than 4,000 census takers at any point during this exercise despite its efforts to recruit 7,000 persons.

Over the last 3 recruiting rounds approximately only 49% of the candidates who applied eventually accepted the invitation for training, 61% of these were recommended for employment and 80% of those recommended accepted the offer for employment. Together this represented a net yield of 24% of applicants who became data collectors.

Madam Speaker, we will be doubling of the fees paid to census takers in an effort to complete the exercise, and the process is advanced. In addition, STATIN has pivoted to using electronic modalities to complement the physical data collection.

The focus of STATIN at this time is to ensure maximum coverage of the Jamaican population so data collection will continue. A number of measures have been instituted to achieve this in the shortest possible time. These include adjustment to the mode of data collection as well as improving the remuneration of census takers and supervisors.

To support the continuation of the Census, STATIN will also increase the Census communication awareness campaign to remind persons about the importance of the Census and encourage everyone to participate.

Once data collection is completed, the information will be reviewed, processed, and analysed and a final population count will be provided, along with other related thematic reports.

I take this opportunity to remind the public that the Census is of critical importance for the development of our country. It provides much-needed information to inform policy and decision-making. Census Takers are deployed island wide, so if you have not yet been counted, please cooperate with the Census Takers.

## 10.0 The Government's 2023/24 Budget

I now turn to this year's budget. The Central Government Expenditure Budget of \$1,021.7 billion (that's 1 trillion dollars, with a T") is comprised of:

- Non Debt Recurrent Expenditure of approximately of \$657.2 billion;
- Capital Expenditure of \$75.4 billion;
- Debt Service of \$280.6 billion; and
- Below the Line Expenditure of \$8.5 billion.

### 10.1 Non Debt Recurrent Expenditure

#### 10.1.1 Compensation of Employees

Compensation of Employees accounts for \$367.4 Billion or 56% of the \$657.2 billion allocated for non-debt recurrent expenditure. This amount covers:

- the cost of gross wages and salaries;
- **\$32.8 billion** to meet the estimated second year cost of the new compensation system;
- **\$6.5 billion** contribution to Public Sector Health Insurance Schemes for current employees and Government pensioners; and
- **\$1.4 billion** to continue payment of GOJ's arrears to the National Housing Trust. The GOJ, as employer is liable under the NHT Act for the payment of contributions for and on behalf of its employees. At September 2015, the GOJ through its various ministries, departments, agencies, the JUTC and other public bodies were indebted to the NHT in the sum of \$17.2 billion, being contributions arrears (excluding penalty on arrears) dating back to 1994. The Ministry of Finance has committed to the NHT to liquidate the amounts owed for over a period of twenty (20) years, commencing in September 2016 with the payment of \$100.0 million.

#### 10.1.2 Recurrent Programmes

**\$289.8 billion** is the amount proposed for recurrent programmes for FY 2023/24, net of Below the Line Expenditure of \$8.54 billion. Some key items for which provisions are included in the budget, are listed below under the respective ministries, departments, and agencies.

##### 10.1.2.1 Ministry of Finance

**\$42 billion** in pension payments which includes \$1.0 billion towards an annual increase in pensions paid each year (the annual increase was adjusted upwards from \$700 million in the Third Supplementary Estimates 2022/23); and

**\$3.1 billion** to support to Local Authorities for Street Lights. The Central Government continues to meet 100% of billing submitted by the JPS for street lighting.

#### *10.1.2.2 Ministry of Economic Growth and Job Creation*

**\$4.7 billion** for the Maintenance of Roads, Repairs to Roads, River Training, Island-wide Disaster Mitigation, and Cleaning of Gullies;

**\$1.2 billion for Bridge Development and Construction** inclusive of the replacement and maintenance of bridges that need urgent improvements across the island; and

**\$943 million** for traffic management and control.

#### *10.1.2.3 Ministry of Transport and Mining*

**\$7.0 billion** to meet operational expenses including salaries, suppliers payments (lubricants, toll charges, fuel and fuel tax etc.) of the JUTC.

#### *10.1.2.4 Ministry of Education and Youth*

We continue to allocate the largest share of our budget, outside of interest, to education.

**\$142.9 billion** is allocated to education in the upcoming fiscal year.

As such, education expenditure will represent approximately 22% of non-debt expenditure.

Of this amount:

**\$9.3 billion** has been allocated for School Nutrition Support approximately comprised of:

- **\$7 billion** for the provision of breakfast and cooked lunch for PATH Beneficiaries; and reflects the 66% to 100% increase in daily lunch rates from \$110 dollars/\$150 dollars to \$250 dollars;
- **\$1 billion** through Nutrition Products Limited (NPL) for the production and distribution of breakfast and snacks for students;
- **\$258 million** in grants to designated schools to facilitate the preparation of meals under the Breakfast and Cooked Lunch programmes; and
- **\$119 million** in Cash Grants to designated schools; to assist in the maintenance of school canteens.

**\$380 million** to cover the cost of school transportation to PATH beneficiaries;

**\$15.3 billion** in subvention for each of UWI and UTECH which reflects an increased provision of \$1.0 billion to each university to offset increased operating costs;

**\$2.0 billion** for books and education materials, which represents a 100% increase, Madam Speaker, to facilitate the procurement of educational to support the curriculum in Infant, Primary, All-age and Secondary schools; and enable the payment for rights to print Primary school textbooks; and

**\$1.5 billion** for information and communication technology service including \$1.0 billion for the procurement of laptops for teachers in keeping with the Heads of Agreement between the GOJ and the Jamaica Teachers' Association.

#### ***10.1.2.5 Ministry of Labour and Social Security***

**\$8.4 billion** to support payment of cash grants to PATH beneficiaries. Madam Speaker, the provision reflects the continuation of the 18% increase approved by Cabinet; and

**\$408 million** for Social Pensions for the Elderly to support bi-monthly cash grants to approximately 20,000 elderly persons over 75 years not in receipt of a pension, disability grant, welfare support, or residing in a Government state run facility;

#### ***10.1.2.6 Ministry of Tourism***

**\$3.6 billion** is allocated for the Jamaica Tourist Board; in addition to

**\$1.1 billion** for the Tourism Enhancement Fund; and

**\$1.0 billion** for the Tourism Product Development Company.

#### ***10.1.2.7 Ministry of Health and Wellness***

**\$14.7 billion** for Drug and Medical Supplies; and

**\$10.0 billion** for the University Hospital of the West Indies.

#### ***10.1.2.8 Ministry of National Security***

**\$111.7 billion** to support the recurrent operations of the group of which:

- **\$59.1 billion** is for the Police;
- **\$32.0 billion** is for the Jamaica Defence Force;
- **\$11.4 billion** is for the Department of Correctional Services; and
- **\$2.0 billion** is for the Major Organized Crime & Anti-Corruption Agency (MOCA)

#### ***10.1.2.9 Ministry of Agriculture and Fisheries***

**\$1.1 billion** in Production Incentives aimed at increasing livestock and fisheries production, provision of irrigation and land equipment services, improving animal health, promoting climate-smart technologies, improving genetic material of livestock species, exploring alternate protein sources to bolster food security and welfare, and the provision of clean planting materials to the sector;

**\$235 million** for maintenance of the National Irrigation Commission's Infrastructure; and

**\$610 million** to rehabilitate Farm Roads.

### 8.1.2.10 Ministry of Science, Energy and Technology

**\$1.2 billion** to support the National Broadband Initiative; and

**\$770 million** to support the Tablets in Schools Programme.

### 8.1.3 Capital Expenditure

**\$75.4 billion** has been allocated for Capital Expenditure budget to finance the commencement and continuation of the execution of 50 investment projects in FY 2023/24.

Highlights of planned investments in key areas of the public sector during fiscal year 2023/2024 are indicated below.

**\$22.1 billion** for the Southern Coastal Highway Improvement Project to complete the Manchester leg of the east west highway and achieve 85% completion on the Harbour View to Port Antonio section;

**\$7.2 billion** for the Montego Bay Perimeter Road Project which focuses on the construction of a 15 kilometre, 4-lane carriageway from Iron shore to Bogue in Montego Bay and an 11 kilometre, 4-lane divided carriageway to by-pass the Long Hill Road corridor;

**\$2.3 billion** for the Southern Plains Agriculture Development project to complete farm road rehabilitation, irrigation infrastructure installation, and irrigation canal rehabilitation on lands in St Catherine and Clarendon that were formerly in Sugar;

**\$4.5 billion** for the Essex Valley Irrigation Infrastructure Development Programme which will be used to i) install irrigation pipes, fittings and meters; ii) supply and install of pumps, switchgears and other equipment; iii) supply and install equipment for the renewable energy plant to power the irrigation system; iv) construction of global gap agricultural buildings; and v) develop operational plans for the Essex Valley and Southern Plains Agricultural Development Projects;

**\$1.9 billion** to procure 50 garbage trucks (compactor trucks) in addition to the 50 garbage trucks purchased this year to complete the two-year re-fleeting of the National Solid Waste Management Authority (NSWMA);

**\$2.7 billion** to commence construction works at Spanish Town Hospital and procurement of civil works for the Greater Portmore, St. Jago, and Old Harbour health centres;

**\$2.0 billion** to commence Phase 3 works in the Redevelopment of the Cornwall Regional Hospital and attain 30% completion;

**\$530 million** to begin the process of the Redevelopment and Modernisation of the University Hospital of the West Indies;

**\$366 million** representing the GOJ contribution to the construction of the Western Children and Adolescent hospital;

**\$3.2 billion** to facilitate the procurement of radar, marine offshore patrol vessels, and other equipment to enhance the JDF's capacity in securing Jamaica's borders;

**\$770 million** to continue the procurement of hardware, software and various management information systems aimed at improving the investigative capacity of the police;

**\$465 million** to advance the construction of the Westmoreland Police Divisional Headquarters in financial year 2023/24;

**\$315 million** for the Construction of the St. Catherine North Police Divisional Headquarters;

**\$323 million** to complete construction of the Forensic Pathology Autopsy Suite; and

**\$900 million** for the Cyber Security Initiatives Project geared towards increasing the capacity and ability of the security forces to better respond to and ward off cyber-attacks, using technology and technological devices and equipment thus enhancing national security;

Madam Speaker, the Capital Expenditure allocation also includes a contingency provision of **\$8.0 billion** under the Ministry of Finance and the Public Service which represents the fiscal space available within the Central Government Expenditure Budget to support implementation of new projects following the screening and appraisal process required by the Financial Administration and Audit Act.

## **11.0 Sharing the Gains - Infrastructure Development**

We share the benefits of our economic reform and economic recovery by making investments that improve quality of life by making public investments that improve public service delivery.

In this year's budget we outlined programme of highway infrastructure, hospitals, and security public investments police that we are advancing this year to improve the delivery of safe efficient roads, healthcare, and security.

Capital projects are multi-year undertakings. They require significant analysis, planning, and preparation prior to implementation.

I would like to share with you the critical capital investment projects in the pipeline for implementation, mostly in subsequent fiscal years.

### **11.1 Tax Offices Upgrade**

Madam Speaker, all adult Jamaicans interact with the tax office who deliver collection services of taxes, licensees, and fees to the public.

We can improve quality of life by improving that interaction by making it more comfortable and more efficient, as well as quicker.

We will do so by investing in technology to allow for more services to be delivered online.

But we will also do that by improving the network of tax offices across Jamaica.

Our tax offices were mostly built a long time ago, for a smaller population, and far fewer transactions. Also, at the time they were built, there were far fewer cars and hence our tax offices suffer from lack of parking.

Madam Speaker, over a number of years, we plan to upgrade tax offices across Jamaica to provide a more comfortable, timely, and efficient experience.

#### **11.1.1 Christiana Tax Office**

Two weeks ago, Madam Speaker, I broke ground on the Christiana tax office, which will be a modern facility, with green space, adequate parking, generator, underground water storage and comfortable interiors for the public.

#### **11.1.2 Montego Bay Revenue Service Centre**

Madam Speaker, the Tax Administration of Jamaica is on track to signing the contract for the upgrade and modernization of the Montego Bay Revenue Service Centre in the first half of the next fiscal year.





Madam Speaker, the new Montego Bay Revenue Service Centre will feature the first ever drive-thru teller that will be utilized for taxpayers who are in a hurry, have mobility issues, or have young children in the car. This will save customers time and provide a level of convenience that is not now available.

The building will be made fully accessible to all visitors, including those with disabilities. This includes the installation of ramps, elevator, and accessible restrooms.

- **Interior Spaces Proposed**



**Proposed Banking Hall**



**Proposed First Floor Waiting Area**



- **Proposed Innovation Hub for Staff**

### **11.1.3 Mandeville Revenue Service Centre**

In a few months, the Tax Administration of Jamaica also plans to begin the buildout of the interior of the new Mandeville Revenue Centre with the Centre becoming available to the public in the middle of fiscal year 2024/25.

### **11.1.4 Brown's Town Tax Office**

Land has been purchased for the construction of a new tax office in Brown's Town in St. Ann. The TAJ is working to have construction begin in the 2024/25 fiscal year.

### **11.1.5 Kingston Revenue Service Centre**

Madam Speaker, Kings Street is the largest tax office in Jamaica measured by volume of transactions. The volume of business done there today outstrips the capacity. Persons have to traverse the stairs multiple times in a single visit to get their business done. In addition, it is regularly over crowded.

I am pleased to announce that the Tax Administration of Jamaica has acquired the BNS Building on Kings Street, which was previously BNS's head office, and which is a marquee building on Kings Street.

TAJ will keep the external façade of the building but will remodel the interiors to meet modern functional flow of a tax office. This office will be used to relocate the taxpayer services (cashiering, TRN, general info, driver's licenses, and compliance) from the current Kings Street location.

TAJ is going through the design phases now for work to start in 2024 and for it be open to the public in 2025.

The TAJ will collaborate with the UDC and the municipality to ensure that sufficient parking is available.

### **11.1.6 Cross Roads Tax Office and Business Centre**

Madam Speaker, Cross Roads Tax Office accounts for a large volume of transactions and the size and layout is not suitable for the current transaction load.

The TAJ is planning on building a 10 storey Cross Roads Tax Office and Business Centre, with three floors of parking to meet the growing needs of citizens.

TAJ is now finalizing the design and drawings of the building and TAJ is aiming to make the submission to cabinet for final approvals in the new fiscal year.

These are some of the upgrades and modernization projects in the TAJ pipeline designed to assist in improving the quality of service delivery to the Jamaican people.

## **11.2 Waterfront Park in Downtown Kingston**

Madam Speaker, some members of this House will remember a time, 40 to 50 years ago, when Kingston's waterfront was busy and vibrant. The area was once a site of bustling commerce, a place to shop, gather, play, eat and drink, stroll -- visited by thousands every year.

Imagine: Older persons strolling and relaxing along the promenade. Young people playing mothers watching over young children. Friends meeting to catch up with friends, getting a bite to eat, hat and all. Shops busy, cafes & bars noisy with customers. Small “finger piers” jutted out from the land, and teenagers jumped off the piers into the water.

But in subsequent decades, vibrancy drained away from the waterfront. As the decades went by, the waterfront was under-invested both by the mainstream business community and the public sector.

Many offices and shops closed or relocated. Government lacked sufficient resources or capacity to invest substantively --- the quality of maintenance declined. People started feeling a little less safe walking around. Limited resources were dedicated to upgrading what was there, or into investing for the future of that part of Kingston.

Land along the water converted into surface parking lots. Few establishments remained.

In the past 40 or so years, more than 10 “plans” have been prepared for redevelopment of downtown Kingston and this part of the waterfront. But, sadly, none of those plans were implemented. Various reasons have been cited including lack of funds, lack of unified government framework to implement a plan, and lack of will by the Government to take action.

Whatever the reasons, the reality is that there has been a lack of substantive, coordinated action by past Administrations to invest in the waterfront, which has contributed to frustration and lack of confidence -- among residents, our local business community, and potential investors.

Madam Speaker, our country’s economic fortunes and fiscal conditions have strengthened. Though we are not through the woods, as a consequence of our disciplined approach, we have experienced the gains of economic reform and recovery.

And Madam Speaker, we believe that those gains should be used to improve quality of life for all Jamaican people.

At this time, Madam Speaker, I am pleased to announce that our Government intends to make a significant invest in our waterfront, starting with a signature waterfront park:

- On 9 acres on UDC-owned land – along 1 mile of the waterfront;
- The process to design the park will invite input from a broad base of stakeholders; and
- This park will eventually connect with a planned 25 kilometre “Kingston Harbour Walk” extending from downtown Kingston to Port Royal;

Madam Speaker, as has been demonstrated in similar projects across the world, public space and parks can:

- be transformational by boosting the identity and economic trajectory of a city such as Kingston;
- promote pride and well-being – the waterfront park has the potential to become iconic – with a design that celebrates our distinctive culture, music, language, history;
- serve a broad base of locals as well as attract tourists;

- catalyze local economic growth, create jobs, bring economic energy;
- yield significant returns to the public sector by catalyzing new private development, increasing density of development (and therefore property values), enhancing tax revenues, and increasing visitor and resident spending on goods and services in adjacent areas;
- Improve quality of life (parks are important assets for recreation and leisure) and facilitate social cohesion by creating space for social interactions and connecting diverse neighborhoods; and
- Revitalize underinvested urban areas typically in phases, whereby upgrading public spaces as an initial phase, signaling the Government's commitment to implementing a longer-term vision for redevelopment.

Madam Speaker:

- The waterfront park will be an iconic public space that will facilitate further private investment and create the conditions that return the waterfront to its earlier vibrancy;
- The waterfront park will be symbolic of the economic and commercial success that Jamaicans have been working towards; and
- This project is possible because of our Government's pragmatic approach to managing Jamaica's finances, which has generated the fiscal space for catalytic projects -- and enables us to pursue investments that will benefit all Jamaicans in the near-term.

Madam Speaker, we are working with the World Bank on this project and the design and planning work will begin in this fiscal year.

### **11.3 North Coast Highway**

The GOJ last year indicated that it would be pursuing the development of the North Coast Highway between Mammee Bay and Montego Bay to tackle the thorny issue of congestion, particularly in the Drax Hall area, and also to facilitate more development on the corridor ( in business, housing, and tourism).

In pursuit of that goal the GOJ has signed a Financial Advisory Services Agreement with the International Finance Corporation to act as transaction advisors for the project which is being developed over this financial year 2023/24.

The work plan for the IFC includes conducting a full feasibility study on the project, developing the financial and contractual structure, and eventually supporting the GOJ on taking the project to market to look for a concessionaire should the project prove to be viable.

Madam Speaker, the feasibility study will be done at no cost to the GOJ. Grant Funding has been provided by the Global Infrastructure Fund to the tune of US\$1.7 million to undertake the feasibility study.

The consulting team include a combination of well-regarded foreign firms working with lead local partners in the legal, technical, and environmental aspects of the project development.

The consulting teams have begun their preliminary activities and will conduct their work over the first half of the financial year 2023/24 and present the project to the GOJ by September this year.

Simultaneously, the GOJ had committed some \$40 million to conduct a feasibility study on bypassing Runaway Bay and Discovery Bay. This will complement the current North Coast Highway widening project while providing much improved access to long neglected communities in the hill sides near Brown's Town, including the communities of Philadelphia, Dumbarton, and Sturge Town.

This feasibility study is currently ready for procurement with the expectation that the report on the project will be complete by September 2023.

Combined, the expected value of the two projects – the North Coast Highway and the Discovery Bay Bypass - at implementation will be in the region of US\$1 billion to be implemented in a phased basis over a 3-year period.

#### **11.4 Project SPARK**

I am pleased to announce an important Government initiative that will significantly impact the lives of all Jamaicans. Jamaica's road network is deteriorating faster than it can be repaired due to a lack of sufficient funding being allocated for both routine and periodic maintenance, rehabilitation, and reconstruction. If left in this state, our road transport network could put at risk Jamaica's transformation agenda to achieve a first-world standard of living.

Madam Speaker, like the Prime Minister and other members of the Cabinet, I paid keen attention to the Constituency debate, even when I was not physically present.

The Leader of Opposition Business was zealous in his attempt to ensure that I listened and heard. Rest assured, Leader of the Opposition Business – with media, and technology in addition to the distribution of the texts of speeches by Parliament - I was able to hear, read, watch and digest it all.

During the Constituency debate, this chamber resonated in unison on the need to do something about the condition of our roads.

We heard passionate advocacy in this Chamber on this topic from almost all members who spoke.

Member Phillips is among the most outspoken on this topic only to be surpassed by Member Warmington who uses every opportunity he can to remind me that \$4 billion a year cannot maintain Jamaica's secondary roads.

As a Member of Parliament myself, I am painfully aware of the discontent associated with poor road conditions. The poor state of roads devalues homes and communities, increases wear and tear on vehicles, and leads to road accidents.

The challenge, Madam Speaker, is that the way we attend to secondary roads is not scalable.

Parceling out the allocation by constituency with each Member of Parliament suggesting roads for repair, nominating three (3) or five (5) contractors as required, is a process that does not lend itself to being scaled up.

It is an inefficient way of going about road rehabilitation when it is broken down into, **for example**, 100 \$5 million contracts, 50 \$10 million contracts, or 10 \$25 million contracts.

It is reasonable to posit that the taxpayer does not get optimal value for money in the procurement of materials, the deployment of equipment, and the application of technical know-how with this fragmented approach.

While, it may be tolerable at the level of road rehabilitation expenditure today, this approach could not be used if we are to respond to the loud and consistent demand from the public, and their representatives, for better roads with materially more expenditure.

To address these issues, the Government of Jamaica has decided to take decisive action.

**I am pleased to inform this Honorable House and the Jamaican people that the GOJ will implement a \$40 billion island-wide Shared Prosperity through Accelerated improvement to our Road network (SPARK) Programme. The SPARK Programme will be executed over a three-year period, with the start of the project development in fiscal year 2023/24, and implementation in the fiscal years that follow, under the theme "Modernizing Our Roads for Our Shared Prosperity."**

The SPARK Programme is part of the Government's multipronged strategy to respond to the decades of underinvestment in our nation's roads, improve road safety, and catalyze economic growth by restoring badly deteriorated public infrastructure. The road network is the backbone of our economy, connecting businesses, industries, and individuals across the country.

However, decades of underinvestment have taken a toll on our roads, resulting in poor road conditions, traffic congestion, and road accidents.

The GOJ considers this intervention an emergency within the context of road deaths and the deteriorating state of our roads. The statistics on road deaths are staggering, and it is our responsibility as a Government to take action to reduce this burden on our healthcare system.

Improving road infrastructure will not only improve road safety but also catalyze economic growth. Our project is aligned with the Government's policy objectives, directly contributing to several Sustainable Development Goals (SDGs), that speak to the development of quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

The SPARK Programme will not be constituency-based, but elected representatives will have the opportunity to make input and representation for their communities. Though the focus will be on secondary roads, there are some main roads and major thoroughfares that require attention to reduce the likelihood of road accidents.

We estimate up to 2,000 roads across Jamaica will be rehabilitated through the Shared Prosperity through Accelerated improvement to our Road Network (SPARK) Project.

Madam Speaker, while we preserve the gains of economic recovery, and the gains from economic reform, and while we intend to increase these gains, we will also share these gains with the Jamaica people. The Jamaican people will share in the benefits of economic reform and recovery.

The roads to be repaired will be itemized. The project is being implemented in the national interest and will be evaluated under the Government's Public Investment Management System (PIMS). It will therefore be a capital project and by consolidating this expenditure into a single



project, perhaps with a few parcels to be determined, bid on a competitive basis, it will allow the GOJ to benefit from economies of scale in technical know-how, materials, and equipment.

Madam Speaker, as I said earlier, a project of this magnitude, scope, and significance needs to be properly and transparently developed and put through the public investment management process. That will happen in this fiscal year. And we aim to begin implementation in the next financial year.

We are listening, Madam Speaker. Representation works. We hear you and we are acting!

The Constituency Debates work. We are responding to the Jamaican people.

In conclusion, the Shared Prosperity through Accelerated improvement to our Road Network Programme is a significant Government initiative that will directly benefit all Jamaicans. It is our responsibility as a Government to respond to the decades of underinvestment in our nation's roads, improve road safety, support jobs, and catalyze economic growth by restoring badly deteriorated public infrastructure.

We are "Modernizing Our Roads for Our Shared Prosperity."

The Jamaican people will share in the benefits of economic reform and recovery.

In prior rounds Madam Speaker, we borrowed money for these kinds of programs. This time around, Madam Speaker, speaking on behalf of all Jamaicans about this \$40 billion:

"Ah Fi Wi Money Dis!"

### **11.5 New Buses for the JUTC**

Madam Speaker, one of the best ways to share the gains of economic reform and recovery with the Jamaican people is by improving our public transportation system.

A matter of grave concern is the JUTC's inability to fulfill its mandate to provide 31,000 seats per day to meet the demand of commuting public within the Kingston Metropolitan Transport Region (KMTR), requiring 450 – 500 buses.

The current JUTC budget assumes an average daily bus deployment of less than two hundred (200) buses. Of the total JUTC fleet, more than half are over 10 years old and due to be retired immediately. Consequently, the maintenance and operating costs are very high, supported by increasing levels of subvention from the Government which will reach a record high of over \$7 billion in the 2023/2024 financial year.

As it now stands, the newest buses in the fleet are 5 CNG Golden Dragon buses which were purchased in 2019. Prior to this, 35 Golden Dragon buses were acquired in 2016 and 200 Volvo buses were delivered between 2011 and 2014. The last of these were delivered in 2015. 70 new buses comprising 45 diesel, 20 CNG and 5 electric bus are currently on order, but there remains a critical gap in the fleet.

**In light of this, I am pleased to announce that the Government will be procuring an additional 200 electric buses on a phased basis over a 3-year period commencing in financial year 2023/24 with 100 to be delivered in 2024/25 and 100 in 2025/26. These are in addition to the 70 already procured to be delivered early in the financial year 2023/24.**

In previous years, Madam Speaker, we borrowed money for these kinds of programmes. This time around, Madam Speaker, speaking on behalf of all Jamaicans about this \$40 billion:

“Ah Fi Wi Money Dis!”

## 12.0 New Banknote Upgrade

Madam Speaker, in last year’s budget presentation, I announced the upgrade of Jamaican banknotes, along with the introduction of a new \$2000 denomination.

Recapping, Madam Speaker, the rationale for the upgrade was:

- Using latest in material technology to produce banknotes of greater durability;
- Greater durability reduces the frequency of replacement and therefore the whole-of-life cost of banknotes;
- New technologies allow for enhanced security features making counterfeiting extremely difficult, further reducing whole-of-life cost of banknotes;
- New technologies allow for features that better meet the needs of the visually impaired;
- Clear colour and other distinctions among and between banknotes of different denominations; and
- With this upgrade, unlike what obtains now for certain denominations, several banknote printers will be able to print Jamaican banknotes, thus increasing competition and providing better assurance of competitive pricing in the future.

And, Madam Speaker BOJ technical studies demonstrated the need for a \$2,000 note to enable more efficient commercial transactions settled in cash.

Madam Speaker, I am pleased to update the House that De la Rue, the printer of the banknotes, has completed the manufacture of the entire stock of the new polymer series.

Furthermore, Madam Speaker, by the end of November 2022, Bank of Jamaica had adequate stock of the new polymer banknote series in its vaults, ready to be issued into circulation.

In that regard, on 15 December 2022, there was a soft launch of the new banknote at Bank of Jamaica, to introduce the new notes to the press and key stakeholders.

Madam Speaker, someone whispered that we should also introduce the new banknotes to Parliament too.

So that is what we will do.

Madam Speaker, I am pleased, and I know you are too, that the Right Excellent Alexander Bustamante, and the Right Excellent Norman Manley, both National Heroes of Jamaica, have been restored to appear on our upgraded \$1,000 banknote.

They are currently on the \$1 and \$5 coins, respectively. They were only pushed off previous notes due to the devaluation of our currency by over 50,000% due to decades of macro-economic instability.

As we find our footing once again and look to a brighter future, it is only right that they are restored.

Madam Speaker, I am pleased, and I know you are too, that the Right Excellent George William Gordon, and the Right Excellent Paul Bogle, both National Heroes of Jamaica, have been restored to appear on our upgraded \$50 banknote.

George William Gordon is currently on the \$10 and Paul Bogle appears nowhere today. They, too, Madam Speaker, were only pushed off previous notes due to the devaluation of our currency by over 50,000% due to decades of macro-economic instability.

As we find our footing once again, and look to a brighter future, it is only right that they are restored.

Madam Speaker, I am pleased, and I know you are too, that the Right Excellent Sam Sharpe and the Right Excellent Nanny of the Maroons, both National Heroes of Jamaica, will appear on the upgraded \$500 banknote.

The Most Honorable Michael Manley and the Most Honorable Edward Seaga will appear on the new \$2,000 banknote.

The Most Honorable Donald Sangster and the Most Honorable Hugh Shearer will appear on the upgraded \$5,000 note.

But most of all, Madam Speaker, I am most pleased, and I know that you are too, that the man who inspired an entire diaspora of Africans, across oceans and continents; the man who awoke the consciousness of Jamaicans and instilled in them pride, belief and confidence; the man whose words resonate and guide today as much as they did 100 years ago...the man, the Right Excellent, Marcus Mosiah Garvey, a National Hero who does not appear on our banknotes today, (he is on the \$20 coin), is being restored to his rightful place, on his own, on our upgraded \$100 banknote.

Madam Speaker, quite rightly, Garvey is well known for his promotion of Black nationalism and Black consciousness but his legacy is much, much broader.

For one, Garvey believed, wrote about, and advocated for ordinary men and women to embrace and employ the tools and the methods of the powerful to empower themselves and achieve their goals.

He understood the value of private enterprise and the critical role of capital, and he demonstrated an entrepreneurial risk-taking work ethic.

100 years ago, he sought to raise capital on the New York Stock Exchange for the Black Star Liner.

I want you to think about that for a moment.

At a time when lynching was still commonplace in the American South, when racial subjugation was an operating premise, and when half the world lived under colonial domination, a poor, black immigrant from Jamaica incorporated the Black Star Line Shipping Corporation in Delaware in 1919 to raise private equity, issued share certificates, and acquired ships.

He later sought to raise capital on the New York Stock Exchange – in the 100 years between then and now, how many Jamaicans have sought to do that since?

Imagine, the audacity?

I put it you Madam Speaker, that the audacity of hope did not begin in Springfield, Illinois with Barack Obama.

Long before, Marcus Garvey embodied audacity and has been -- and will always continue to be – an inspiration to generations of Jamaicans, West Indians, Americans, and Africans.

And, Madam Speaker, we are pleased to restore The Right Excellent Marcus Mosiah Garvey to a center stage position on our banknotes.

### **12.1 Readiness for Issuance to the Public**

The timeline for the issue of the new notes into circulation requires the banks to complete the adaptation of their automated banking machines (ABMS) and other equipment.

This process is advancing at steady pace. Following calibration of the ABMs, testing is scheduled for May 2023 with a view for implementation by mid-June 2023.

### **12.2 Communication Programme**

In the meantime, the Bank's public relations campaign has been fully developed and has been partially rolled out, as information details about the new banknotes have been published in the print media, on social media and also on the Bank's website and has been provided to the Ministry of Finance and Public Service and the Jamaica Information Service (JIS).

Bank of Jamaica's public relations campaign will be fully rolled out by end-March 2023 across the entire island.

## 13.0 Chess Grandmaster in a Decade

Madam Speaker, let us continue to employ the audacity of Marcus Garvey as we pursue the hopes and aspirations of the Jamaican people.

Jamaica has proven its ability to compete internationally in many areas of physical sport. Everyone knows the spectacular exploits of Usain Bolt, Shelly-Ann Fraser Pryce, Chris Gayle, Leon Bailey, and Raheem Sterling, among many others.

The drive of the Jamaican is unmatched when it comes to the focus, determination, and execution required to attain goals.

With so many bright minds all over Jamaica the next area ripe for competitive conquest is the prestigious game of chess.

In 1999, Jamaican born Maurice Ashley made history by becoming the first black person in the world to become a chess Grandmaster.

**The first black chess Grandmaster in history of the world, Madam Speaker, is Jamaican.**

It is high time for another Jamaican to follow in his footsteps.

Prior to 1988, 35 years ago, India had zero chess Grandmasters. Today they have 80 chess Grandmasters. Their production of chess Grandmasters coincided with a period of rapid economic and social development.

The Jamaican chess community without much national support has already produced two homegrown international masters, the level immediately below Grandmaster. If Jamaican individuals can achieve that on their own, imagine what can be achieved with dedicated national support.

Madam Speaker, the international chess association, FIDE, reports 1,773 active Grandmasters.

### **Active Chess Grandmasters By Country**

<b>Region/Country</b>	<b>No. of GM's</b>
Europe	788
Russia	256
Soviet States	130
USA	101
China+India	116
South America	52
Israel	43
Cuba	27
Other	260
	<hr/> <b>1773</b> <hr/>

Madam Speaker, of the 1,773 active chess Grandmasters in the world, only 2 belong to majority Black countries. 1 from Zambia, and 1 from South Africa. (Maurice Ashley is registered with the United States).

Something is not right about that. If Marcus Garvey were around today, I bet he would have something to say about that and he would urge us to lead the change. He would lead us to challenge the status quo through hard work and performance.

There was also a time that Black people were underrepresented in the elite levels of soccer, tennis, golf, and other endeavors.

Madam Speaker, Jamaica can conquer this most intellectual of sports. And Jamaica will.

Our goals for Jamaica are that we preserve the gains of our economic reform, maintain the gains of our economic recovery, build on these gains, and share the benefits by using these gains to finance social and human development, which in turn will lead to further economic gains. A virtuous cycle, Madam Speaker. That is what we seek.

But development is not guaranteed and does not come without sacrifice, effort, and focus.

The game of chess is useful in social, emotional, and intellectual development of children. This is one of the reasons that chess is so prominent in Cuba, our most immediate neighbor, which is a powerhouse in global chess.

**Madam Speaker, the Government of Jamaica signals its intention of implementing a program that will produce a Jamaican chess Grandmaster within the next ten years.**

While it will be an individual achievement for that trailblazing Jamaican chess Grandmaster, it will be a significant national human development achievement for Jamaica.

Achieving the goal of producing a Jamaican chess Grandmaster will require a broad-based strategy. Grandmaster Maurice Ashley has signaled his availability and willingness to godfather this national effort in collaboration with the Jamaica Chess Federation.

Madam Speaker, the GOJ will allocate \$40 million towards the Jamaica Chess Federation, through the Ministry of Culture, Gender, Entertainment and Sport, to begin this audacious journey.

With Grandmaster Ashley they will develop a national program to achieve this goal even as the Jamaica Chess Federation pursues a broad-based chess-in-schools programme.

From these shores, Madam Speaker, will rise Nobel Prize winners, chess Grandmasters and field medalists with sustained national effort.

**Greatness is in Jamaica's DNA.**

**And audacity is in our blood.**

“Eye has not seen, nor has ear heard....”, what God has in store for the Jamaican people.

