
2007/2008 JAMAICA BUDGET OPENING PRESENTATION

Dr. The Hon Omar Davies
Minister of Finance & Planning
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A: INTRODUCTION

1. Protocol
2. Appreciation: As usual, it is important to publicly express appreciation to the many heads and officers of institutions, who allow me to make this presentation today.
3. Whilst members of the House and the public see this as the “Big Day”, my presentation and the various pieces of documentation tabled, reflect work carried out throughout the year. For example, compilation of the *Estimates of Expenditure*, tabled two weeks ago was a process started in October.
4. I have been exposed to officials/technocrats worldwide and wish to reiterate that ours are as good as any, and better than most: simply put, they are “World Class”.

5. Specifically, I need to express gratitude to the Financial Secretary, to the Deputy Financial Secretaries, the Governor of the Central Bank, the Director General of the Planning Institute, the Director General of STATIN, Executive Director of the Financial Services Commission, Executive Director of Jamaica Deposit Insurance Corporation, Director General of Tax Administration, all the revenue Commissioners – in short, all the officials who, and institutions which have contributed to this process.

6. Need to express appreciation for the support of the Prime Minister and my Cabinet colleagues. Even whilst each strives to get the most for his/her sector, they have always demonstrated commitment to the greater good - the development of Jamaica and increased prosperity.

7. Express appreciation to my constituents. Last few months have been difficult, particularly on the students. But good will conquer evil and we will not only survive but through

co-operation with the hard-working members of the security forces, we will triumph.

8. Finally, thanks to the members of my family who, apart from giving support, continue to demonstrate great understanding for the time I have to spend away from them.
9. Outline of Presentation: The presentation is structured in the way to which we have become accustomed, although there will be a change in emphasis, particularly in terms of looking at the major challenges/issues facing the country.
10. I will begin with a review of developments in Calendar Year 2006 and FY 06/07. Whenever data are available for the fiscal year these have been given, but in certain instances e.g. GDP, attention is focused on calendar year 2006. The review will be succinct given the plethora of documentation provided.

11. Next, I examine highlights from the expenditure budget at which stage I will clarify some of the misconceptions which various “analysts” have been perpetrating, for whatever reason. This will be followed with a brief examination of the main thrusts of the budget which is to increase access, to increase opportunities and to provide protection to the less advantaged in the society.

12. I will then turn to some of the major policy issues which face the country, not only in this new budget year, but over the medium term. My hope is that by formally placing them in the public domain, we will be able to stimulate meaningful discussion, leading to a national consensus on the way forward.

13. I will then speak to the financing of the budget. Simply put, how will we pay for all the programmes and projects listed in the Estimates of Expenditure. I will then wrap up the presentation.

**B: REVIEW OF CALENDAR YEAR 2006
AND FISCAL YEAR 2006/07**

1. As is normal, the Ministry of Finance and Planning and its various institutions, have tabled a range of documentation and statistics which provide data and information for anyone who wishes to assess progress in the economy over the calendar year as well as the fiscal year.
2. As I stated earlier, given the availability of these documentation there is no need for me to discuss in great depth all the various macro-economic variables. As such, only a few will be highlighted.

INFLATION

3. One of the most positive achievements of calendar year 2006, as well as fiscal year 2006/07, was the sharp reduction in inflation compared to the two previous years.
4. In fact, my senior technical officers have grown weary of my making reference to the fact that they all got it wrong

as the programme for calendar year 2006/2007 was built around projected inflation of just over 9%.

5. As is well known, the rate of inflation for calendar year 2006 was 5.8% and for the fiscal year it was 6.6%. The calendar year figure of 5.8% was the lowest in over 30 years. A major factor impacting on this sharp reduction was recovery in agriculture. Given the high weighting of food and drink in the CPI basket and also given the extent of consumption of domestic food, recovery in agriculture played a critical role in the moderation of inflation.
6. Apart from its impact on overall economic activities, the reduction in the inflation rate played a major role in facilitating completion of negotiations for MOU II.

INTEREST RATES

7. Consistent with the reduction in inflation, the rate of interest on Government Paper declined from 13.18% at the end of March 2006 to 11.64% at the end of March 2007 on six month Treasury Bills.

8. To complement the reduction in domestic interest rates, the rates on Government of Jamaica Eurobonds have also moved downward. Interest rate on the 32-year Eurobond issued in March 2007 carried an 8% coupon, priced to yield 8.125%. This is the lowest coupon the GOJ has obtained on a Eurobond. It compares favourably to the 30-year Eurobond issued in February 2006 which carried a coupon of 8.50% and was priced to yield 8.55%.

FOREIGN EXCHANGE MARKET/NIR

9. This topic which once occupied a great deal of time in such debates is now only mentioned in passing. The foreign exchange market remained extremely stable during the fiscal year and the NIR stood at (US)\$2,318 million at December 31, 2006 and (US)\$2,329 billion at March 31, 2007 - adequate to meet any unforeseen emergency or crisis. At the same time, the holdings of foreign exchange by private individuals and companies stood at over (US)\$2 billion at December 31, 2006.

EMPLOYMENT/UNEMPLOYMENT

10. STATIN conducts four quarterly surveys of employment/unemployment each year – in January, April, July and October. The unemployment rate in October 2006 was 9.6% and in July stood at 8.9%.

11. Although the decline in unemployment is encouraging, there are still critical areas of concern. For example, in October 2006 more than 50% of the unemployed came from the age group 20-34 years. Of particular concern is the unemployment rate of the 20-24 age group which was 20.2%. Also of concern is the continued high rate of under employment amongst women.

12. The problems revealed by the data will require focused responses particularly in our education and training programmes. A paradox is the fact that females are out-performing males at the tertiary level.

POVERTY

13. In 2006 the incidence of poverty was 14.3% a slight reduction of 0.5 percentage points compared to 2005. The poverty level in the Kingston Metropolitan Area moved from 9.6% to 9.4% whilst that in rural areas, declined from 21.1% to 19.8%.
14. However, for “other towns”, the level moved up from 7.2% to 9.2%.
15. I have asked for an analysis of the data for “other towns” and although the report is preliminary, the answer is partly related to the fall-out in the construction sector during the period when there was a shortage of cement. It is still instructive that, despite the increase in the level of poverty for “other towns”, those locations continue to experience lower levels compared to the “KMA” and “rural areas”.

GDP

16. GDP for 2006 was estimated to have increased by 2.5% which, although still moderate, was the highest growth rate in 11 years.

17. The goods producing sector grew by 1.1% and services by 3.2%.
18. The main Sectoral contributors in terms of growth were agriculture, up by 15.9%, and miscellaneous services (which includes tourism) up by 9.9%. As is generally known, the tourism sector in 2006 recorded 3 million visitors (long stay and cruise) for the first time in our history.
19. It is projected that the overall GDP growth rate will be surpassed in this calendar year as the construction sector has recovered from the setback it suffered because of the cement shortage.

MOU II

20. One of the major achievements recorded during 2006 was the successful completion of negotiations with the unions representing the workers in the public sector, leading to

the signing of the second Memorandum of Understanding (MOU II).

21. The signing of this second historic agreement took place despite all the negative predictions and represents a major step forward in terms of industrial relations. More important, it demonstrates that the trade union movement has reached a level of maturation where there is a clear separation between protecting the interests of workers as opposed to support for any specific political party.
22. The basis has now been laid for the understandings between the Government and the trade union movement to be broadened to take in a range of other issues of importance to the society. I will speak in fuller detail to this, later in my presentation.
23. I cannot help but pay a special tribute to the leader of the trade union movement representing the public sector workers, Senator Dwight Nelson, who at this point in time is recovering from surgery.

INCREASED CREDIBILITY AT HOME AND ABROAD

24. I have already made reference to the clear demonstration of confidence shown externally by virtue of the over subscription of two Eurobonds issued by the GOJ - one for 30 years and the second for 32 years.
25. In both instances the rate at which the offer was over subscribed was the clearest vote of confidence in the economic policies being pursued.
26. However, whilst it is comforting that the external assessment is positive, it is even more comforting when confidence is also expressed at home.
27. Let me quote from the Survey of Consumer Confidence issued by the Jamaica Chamber of Commerce Conference Board for the first quarter of 2007. It states -
“Consumers were more optimistic about their future financial prospects at the start of 2007 than at any other time during the past six years”.

28. That was the assessment from the perspective of consumers. Let us look at the assessment by the business sector.

“The Jamaican business sector has become as optimistic about their financial prospects as at any other time during the past six years”.

29. To go beyond that assessment would be to “gild the lily”. One can only reflect as to what level of self-doubt envelopes our writers and “analysts” when one can see a headline which states “consumer and business confidence at record levels but analysts cannot explain why”.

C: EXPENDITURE BUDGET FY 2007/08

SUMMARY OF 07/08; COMPARISON WITH 06/07

1. As is known, the expenditure budget for fiscal year 07/08, which has been analyzed in the Standing Finance Committee, calls for total expenditure of \$380 billion compared to \$372 billion which was the revised estimate for 06/07.

2. This means that, in nominal terms, expenditure is projected to increase by 2% and in real terms will decrease by 5%. I will return to more detailed discussion of this point later.
3. The expenditure budget is couched within the context of projected GDP growth of 3% and inflation of 7% which will be about the same as for 06/07.
4. The total expenditure is segmented with recurrent spending accounting for \$239 billion and capital of \$141 billion. Of that capital amount, amortization accounts for \$102 billion and expenditure on projects - \$39 billion.
5. It is important that I spend some time on these data to clarify what may be a genuine misunderstanding which has led several “analysts” into erroneous conclusions about the budget.

6. Let me first address the issue of debt servicing. Some “fiscal space” has been created this year by the fact that in current terms debt servicing has fallen from \$219.6 billion to \$203.6 billion – a reduction of 7.2% in 07/08 compared to 06/07.
7. For those who wish to focus on debt servicing as a percentage of budget this reduction means that debt servicing this year will account for 53.5% of the budget, down from 59% in 06/07.
8. This is a trend which we need to maintain as the ability to address pressing problems in both social and fiscal infrastructure will be dependent on debt servicing consuming a reducing percentage of total expenditure.
9. I need once more to address the reason why the debt has been incurred. Investments in infrastructure whether physical or social is for long term benefit. Simply complaining about the level of debt servicing while taking the benefits for granted is akin to a householder refusing to

honour mortgage payments despite enjoying the benefits of home ownership.

CAPITAL BUDGET

10. Now to the capital budget. There are many who have taken a superficial look at this proposed expenditure of \$39 billion on projects and have immediately come to the conclusion that this is a sign of “wild spending” during an Election year.

11. Fact is, nothing can be further from the truth. As I indicated during the Standing Finance Committee hearings, approximately \$14 billion of this sum represents expenditure which took place in the past and is now being brought in for transparency and accounting purposes.

12. How is this \$14 billion made up? Approximately \$5.3 billion is for projects executed using the Deferred Financing methodology. \$3 billion represents expenditure on road construction activities financed using Petrocaribe funds and \$3 billion is for Consolidated Fund payments.

13. The remainder represents debts which the MOF had taken over from public sector institutions in order to “clear up their books”.
14. A brief word of clarification on the Consolidated Fund payments. These relate to projects in which no cash was received but the country received benefit in terms of equipment, consultancy, buildings, technology transfer, etc. These goods and services were paid for directly by the relevant funding agency upon receipt of an invoice for work done. When these payments are made by the funding agency, an equivalent amount must be paid by the relevant Ministry into the Consolidated Fund and explicitly recorded in the expenditure budget.
15. This may seem overly complicated for the lay person, but this accounting approach is required by the Auditor General as his office must have corresponding documentation, through the expenditure budget, to justify payments made by the Accountant General for the loans used to finance the projects.

16. In short, all these projects have already been “taken on board” by our Debt Management Unit but the Auditor General’s Department needs to have an explicit statement of the expenditure against which the debt payments can be authorized.
17. This explanation is important not only for transparency but is consistent with proper fiscal management. Now I speak directly to our creditors, domestic and external. Subtraction of this \$14 billion from the total for Capital, means that total expenditure is 2% of GDP less than the figures would indicate. More important the fiscal deficit in terms of actual spending in 07/08 is 2% of GDP less than the accounting figures would indicate.

RECURRENT BUDGET – WAGES AND SALARIES

18. I now turn to the important expenditure head of Wages and Salaries. This will account for \$89 billion. It seems that this increase over last year has caused some concern

to some analysts who speak of the need to curb the growth in wages and salaries. Let me clarify the situation.

19. Obviously, the Administration and the country must ensure that the allocation for wages and salaries does not grow out of line with the increase in revenues. However, for those observers, whether at home or abroad, there is another issue to be considered - that of social stability.
20. It is one thing assessing the numbers and expressing “concern”. It is another when those of us who need to negotiate with the representatives of the different groups have to take into consideration the social stability of the country - the need to maintain services at an acceptable level and the need to retain professionals who are trained to world class standards and are marketable anywhere in the world.
21. The Administration has no apologies about reaching the settlements we have. We have no apologies about being able to meet with the representatives of the various groups,

whether they be Civil Servants, Doctors, Nurses, Teachers or the Security Forces and coming to acceptable compromises. There are too many who, under the guise of protecting the fiscal accounts, would risk instability and deterioration in our basic services as our professionals, in frustration, chose to ply their trade elsewhere.

22. For those who live abroad my message is clear – we appreciate your concerns and we respect fiscal prudence. However, this is more than an economy based on fiscal accounts: this is a country in which we intend to raise levels to first world standards. This requires building a public sector producing services at the highest levels. This is not possible if turmoil and labour disputes become the year-round norm.

23. To those critics at home, who pontificate on the “excessive cost of Government”, I say: reflect on the choices before you when next you need service at the hospital or you are dissatisfied with the quality of teaching in the school or the quality of services in other areas.

CATASTROPHE INSURANCE

24. An important new allocation in the budget is a payment for Catastrophe Insurance coverage. This allocation is related to an initiative in which I had the distinct honour to have played a role.
25. Following the devastation suffered by Grenada, Haiti and Jamaica in 2004, it was my turn to speak on behalf of Caribbean Finance Ministers at the Annual World Bank/IMF Annual Meetings. I was struck by the inadequacy of the response of the multilaterals and bilaterals, not only to Jamaica's situation but moreso to that of Grenada and Haiti.
26. In Grenada's case, all economic activities were devastated following the passage of Hurricane Ivan. However, apart from some grants from bilateral sources, the main response from the multilaterals was to offer to Grenada more loans for reconstruction, even when it no longer had the capacity to repay its existing debt. In my address to

the meetings, I challenged the multilaterals to work with us in developing a more useful and realistic response.

27. I am pleased that the World Bank's President accepted the challenge and worked with us through the Jamaica Social Investment Fund to conduct the technical assessments which has led to a first in the world – the creation of a Regional Catastrophe Risk Insurance Facility.
28. This Facility reflects joint action by 18 countries. It will allow for country insurance coverage against hurricanes and earthquakes. Once a contributor to this Facility has suffered damage from either of these disasters an automatic payment is made which would facilitate immediate commencement of restorative work or, in some circumstances, payments to maintain basic services.
29. The coverage of the Facility is presently limited to hurricanes and earthquakes and does not cover floods. The difficulty here is that, unlike hurricanes and earthquakes, there is no international measure for floods

against which insurance payments can be made. This limitation has meant that Guyana has, so far, declined to join the Fund.

30. Our goal is to have further technical work carried out such that the range of “disasters” which can be covered will be broadened, not only to accommodate Guyana, but also to address the negative repercussions of floods in some of the existing member countries including Jamaica. It will also be desirable if membership in this Facility were open to all Caribbean countries.

31. This initiative by the Caribbean Region has immediately struck a responsive cord elsewhere and the World Bank has already been requested by the small island states in the Pacific to either develop a similar facility for them or to explore the possibility of them joining the Caribbean Facility.

PENSIONS

32. I turn to another important area of expenditure - that of payment for pensions to former Government workers.
33. For 07/08 a sum of \$10.9 billion has been budgeted. This sum is significant in that it amounts to 1.4% of GDP and 6.2% of non debt expenditure.
34. The fact is that a combination of two factors has led to this allocation taking on increasingly significant size in terms of overall expenditure. The two factors are -
- i) significant improvement in base pay for Civil Servants, which has translated into higher pension payments, and
 - ii) The fact that life expectancy is growing. This means that the average retiree will be collecting pensions for a longer period as compared to the past.
35. Further in my presentation I will speak to the implications for future policy initiatives in terms of this developing trend.

PHYSICAL INFRASTRUCTURE

36. I must make a brief reference to expenditure on a vital area of improvement in living conditions – increased access to potable water in rural areas.
37. Whilst Jamaica has an excellent record in terms of provision of quality water to the majority of our citizens, there are areas in rural Jamaica where there is still a real need.
38. Special priority will be given to the completion of the Hope Bay Phase II and Shettlewood schemes. When these two are completed, the four schemes financed by the EU under this project will have provided 33,000 people with potable water.
39. I close by noting the allocation of \$200 million to facilitate the completion of the HWT Transport Centre. When this is finished, combined with a rejuvenated JUTC, the ordinary people of the KMA will be able to enjoy a “world class” public transportation system.

**D: MAIN THRUSTS: INCREASED ACCESS,
OPPORTUNITIES AND PROTECTION**

I. ACCESS TO CREDIT

1. For many years successive Governments have been faced with two major problems in the attempt to stimulate increased growth in the economy. These challenges are above and beyond the expected role of government to invest in infrastructure and social capital.
2. These twin challenges have been to expand the productive sector through significant new investments and secondly to increase the range and number of participants in economic growth.
3. As regards the first challenge, during an extended period when private sector investment was inadequate, the Government itself sought to become the lead investor as evidenced by ventures into tourism, agriculture and other areas of the productive sector. Few of these ventures have

turned out to be successful for reasons which we need not delve into at this time.

4. In recent years the positive response to the economic policies has been manifest in the unprecedented level of investments in tourism, infrastructure, manufacturing and agriculture. These investments have often been “large and lumpy” and in many instances have been from foreigners.
5. The challenge which we face is how to expand participation of small domestic entrepreneurs such that they can benefit from the positive spin-off of the “lumpy” investments.
6. Consider the investment in a thousand room hotel. Clearly this is beyond the capability of most Jamaican businessmen. However, there are several opportunities open to small to medium size operators to provide goods and services for such facilities.

7. The issue then arises, how can Government work with such entrepreneurs to facilitate their capitalizing on the opportunities, thus deepening and broadening the impact of the large “lumpy” investments.
8. This is a priority role for the two Development Banks which fall under the aegis of the Ministry of Finance – EX-IM and the merged DBJ/NIBJ.
9. In terms of their operations, whilst they have been profitable and efficient, the major challenge has been to identify adequate resources to allow them to on-lend to the productive sector at internationally competitive rates. In fact, on occasions, the Government has borrowed funds at commercial market rates and on-lent them with a subsidy to the Development Banks in order to ensure that entrepreneurs will access resources at “reasonable rates”.
10. The advent of the Petrocaribe agreement with the Government of Venezuela has placed the Government in a position to make available to the productive sector

resources at competitive rates to facilitate an expansion of the economy.

11. It is imperative that we once again place on record appreciation for the decision of the Government of Venezuela to convert a portion of each payment made by Jamaica for the purchase of petroleum products into a long term concessionary loan. This loan is to be repaid over 23 years at an interest rate of 1% per annum with a two year moratorium on interest and principal payments.
12. I now turn to the specific activities planned for the two institutions.

EX-IM Bank

13. As regards the EX-IM Bank it proposes to on-lend approximately \$4.2 billion over the fiscal year 2007/08. This sum, it is projected will be disaggregated as follows:

Manufacturing	-	\$1.9B
Tourism and related services	-	\$1.2B
Agriculture/Agri-business/Agro processing	-	\$1.0B

14. EX-IM's rate of interest to end-users on Jamaica dollar loans is 12% which is the "best deal in town".

DBJ/NIBJ

15. As is known, during fiscal year 06/07 the activities of the NIBJ and the DBJ were merged into a single institution. This merger was carried out in pursuit of the objective of greater efficiency in the financial entities under the Ministry of Finance. The first step in this process had been the merger of the NDB and ACB into the DBJ.
16. The merged DBJ remains a strong viable institution with loan disbursement for the past year totalling \$1.4 billion. About one-third of the Bank's loan was to the agriculture sector, facilitated to a large extent by the activities of the National People's Cooperative Bank network.
17. Borrowers through the PC Banks who are essentially "small farmers" are now enjoying single digit interest rates due in part to the provision of resources made available by

the National Insurance Fund (NIF) and the Bank of Nova Scotia. In the latter instance, to facilitate on-lending to borrowers at under 8%, the Ministry of Finance provides a subsidy on each loan.

18. During this financial year, DBJ will spearhead a number of projects aimed at introducing high tech farming techniques, as well as expanding attractions in the tourism sector. Total loan disbursements through regular lines are projected at \$2.1 billion and these will be supplemented by resources from Petrocaribe.
19. As regards Petrocaribe funds, the DBJ is projecting use of approximately \$2.5 billion over the next 18 months. This will enable on-lending to tourism to the tune of \$2.5 billion and \$1.0 billion to the agriculture/agro processing sector.
20. The availability of funds from the Petrocaribe facility has partially solved the age-old problem of Government being unable to provide for the productive sector resources at an interest rate which allows its members to be competitive.

However, as we all have learnt from the recent past, low interest rates, or even zero interest rate, is not adequate to guarantee success if a project is not inherently viable.

21. Notwithstanding the above, we recognize that there are many potential entrepreneurs who, for a variety of reasons, need assistance in entering the formal financial market. They know what they want to do, they have the competence but they do not have the “skills” to access credit.
22. In recognition of this “gap”, the Jamaica Business Development Centre (JBDC) has been charged with developing and implementing an island-wide “hand-holding” programme for such entrepreneurs.
23. The programme will include business planning and product development.
24. The JBDC will be provided with a special budget of \$50 million to enable it to carry out these tasks.

25. Having taken steps to provide needed support for this special group, let me reiterate that all projects will have to meet strict viability criteria in order to qualify for loans, regardless of the source of funds. This is a clear and explicit response to those who suggested that funds being on-lent through government institutions will be treated with less scrutiny than those from other sources.

Bank Spreads

26. On several occasions members of the private sector have pointed to the fact that whilst recognizing the downward movement of interest rates on Government Paper as well as the special rates available through the Government's Development Banks, the interest rate faced by businesses in carrying out normal activities e.g. for working capital still remains excessively high.
27. This is one point on which the Opposition Spokesman on Finance and I have agreed. I suspect the only outstanding issue is how can this be addressed?

28. I have looked at the latest report on “spreads” published by the Central Bank and the following statistics are interesting: In December 2006 the overall average weighted loan rate was 17.59% whilst overall average weighted deposit rate was 5.02%. This gave an interest rate spread of 12.57%.
29. This spread is simply too high! Spreads of that level are a deterrent to increased economic activity. They could also serve the purpose of undermining confidence in the formal system and open up the sector to negative assessments even though these may sometimes be misplaced. I urge the leading players in the system to take note and seek to take remedial action.

II. INCREASED PROTECTION: DEPOSIT INSURANCE

30. A part of the financial regulatory system which has been quietly carrying out its activities is the Jamaica Deposit Insurance Corporation chaired by that excellent former public officer, Ambassador Herbert Walker and led at the

executive level, from its inception to his retirement last year, by Mr Winston Carr, who was a former Deputy Governor at the BOJ.

31. This institution has served to provide depositors in licensed deposit-taking institutions with a level of protection such that if for any reason there were bank failure, their hard earned savings would be safe.
32. From time to time, the JDIC has assessed the insurance coverage limit and the last assessment was carried out recently.
33. I wish to formally announce that with effect from July 1, 2007, each deposit in a licensed deposit taking institution will be covered to the level of \$600,000 – a doubling of the current level. This coverage limit is 2.27 times per capita GDP. This ratio is above international standards.
34. This improvement in the coverage for each deposit is been effected with no increase to the premiums charged to participating institutions.

III. INCREASED EDUCATIONAL OPPORTUNITIES

1. Apart from the support provided directly through the budget for education, I wish to highlight the activities of two institutions which, although not directly funded through this budget, complement the activities of the Ministry of Education.
2. These two institutions are the CHASE Fund which supports Early Childhood Education and the Students' Loan Bureau which supports students at the tertiary level.

CHASE

3. As regards the CHASE Fund, its activities in the area of sports through the Sports Development Foundation are well documented. However, it should be recognized that CHASE also makes a significant contribution in support of Early Childhood Education particularly through assistance to basic schools, most of which are operated by NGOs or church related bodies.

4. I know that there are many Members of Parliament who have been approached by basic schools for assistance and few were aware that CHASE represents an additional funding possibility. In Fiscal Year 2006/07, CHASE disbursed grants of over \$180 million for a wide range of projects scattered throughout Jamaica in support of Early Childhood Education.

5. For 2007/08 it is projected that CHASE will disburse an amount in the region of \$280 million on Early Childhood projects.

Students' Loan Bureau

6. The operations of the Students Loan Bureau (SLB) should be seen as a “work in progress”. It should be recalled that the Government only reassumed full responsibility for managing the loan portfolio when the fund was virtually decapitalized under management of private sector institutions. In fact, when the Government reassumed responsibility, bad loans accounted for approximately 75%

of total loans disbursed compared with the current level of 19.6%.

7. Over time, attempts have been made to improve the operations of the Bureau as beneficiaries and their guarantors have raised questions about existing rules. At each instance I have asked the Board and Management to address these concerns in order to facilitate access to the funds by those students who are greatest in need.
8. The fact is that despite the challenges which we face in the education sector, there is increased access to tertiary education for students from families at the bottom of the income ladder. It was mainly for these students that the SLB was established and hence it is a priority objective to seek to facilitate their access to loan funds on the best terms available.
9. In the last academic year, SLB made loans totalling over \$815 million to approximately 6,650 students, most of whom are attending the UWI and Utech. Of interest is the

gender mix with 4,800 (72%) of the total number of students being female.

10. Of those students 2,290 received grants to supplement the loans. These grants totalled just over \$100 million. In the next academic year the SLB will expand the number of students benefiting from grants to 3,600. This will require an additional \$60 million in funding. I am in the process of finalizing arrangements for the SLB to receive a concessionary loan from the Petrocaribe Fund which will facilitate this increase in grants awarded.

11. Other issues which have been, or which are being addressed in order to improve the service, include allowing students to qualify for loans for the duration of her/his course without the need to go through the tedious annual application process. This facility is now available. However, the basic problem lies in the willingness of guarantors to sign on for a whole programme as opposed to, for one year at a time.

12. Whilst it is always dangerous to “single out” the staff of any one institution for special praise, I must say a special word of appreciation for the achievements of the SLB.
13. The scheme virtually collapsed when the private banks had responsibility for making the loans and the MOF took the bold decision to give the SLB total control.
14. Yes, we have had challenges but over time, each issue has been taken on board and addressed. My only appeal is to parents, guarantors and students to live up to your obligations and repay your loans.

IV. SUPPORT FOR THE DISADVANTAGED

1. I now turn to two institutions which are addressing the needs of the most disadvantaged groups in our society. I speak of PATH and the Child Development Agency.

PATH

2. PATH (Programme of Advancement Through Health and Education) presently provides benefits to approximately 236,000 persons and assessments by analysts, both local and from the World Bank, have confirmed that it is a successful targeting programme with 80% of the beneficiaries coming from quintiles one and two. Furthermore, 65% of Jamaican families living below the poverty line are beneficiaries.
3. It is recognized that there are still families in need of support who are not presently included and funds have been provided to add 15,500 persons, bringing the total number covered by PATH to 252,000.

4. During the fiscal year a new dimension to the programme will be introduced called “welfare to work”. The programme will channel members of households benefiting from PATH into training programmes or employment. Furthermore, under the Rehabilitation Grants Programme, PATH beneficiaries who are assessed as being capable of operating their own businesses will be afforded grants for the establishment of micro enterprises.
5. Finally, I must mention the PATH Feeding Programme, which is a new component under the MOE’s School Feeding Programme.
6. Under this programme, students from PATH-assisted homes will be provided with free lunches. It is planned to provide 40,500 students with lunches for 180 school days.
7. The allocation for this programme is \$450 million.

Child Development Agency

8. This institution has been established as a Type A. Executive Agency. Under enlightened and visionary leadership, the CDA has been moving toward providing professional support services for our most disadvantaged children.

9. Some of the achievements of the CDA in 2006/07 include
 - (i) 100% investigation and follow-up action in reported critical incidence.
 - (ii) Placing of 200 children in foster care.
 - (iii) Re-uniting 210 children with their families.
 - (iv) Provided 15,000 interventions with parents and children with the objective of stabilizing the families and preventing these matters taken to the Court.
 - (v) Renovation of the Glen Hope Nursery and the Musgrave and Marigold Child Care facilities.

10. The improvements will continue in this budget year with two critical priority objectives.

11. The first is the employment of key personnel such as Clinical Psychologist and a Legal Officer, deputy Managers for each home as well as Monitoring Officers and Social Workers. The objective is to upgrade the pool of professionals who care for the children protected by the CDA.

12. There is also an intention to establish an office of the Children's Registrar. This will be an independent body established under the Child Care and Protection Act. It will receive and record all reports on the abuse, infringement or deprivation of the child. The reports will be forwarded to either the CDA or Office of the Children's Advocate for investigation.

E: MAJOR POLICY ISSUES

1. As I indicated in my introductory comments, I intend to address certain policy issues with which the country will need to come to grips in the medium term, beginning in fiscal year 07/08.
2. I gave a great deal of thought to whether this was the appropriate time to place these issues on the table as it is all too often the case that a budget presentation in an election year is seen as an opportunity to score political points, rather than to address the fundamental issues which will impact on the country, regardless of who wins.
3. I have designed this section to stimulate public debate and, whilst I cannot dictate the approach of the Opposition, I hope that the issues which I raise are taken on board either in this debate or subsequently.

CONSOLIDATED PAYROLL DEDUCTIONS

4. The first major policy issue relates to the government's intention to consolidate payroll deductions and also to

rationalize the structure of these deductions so as to allow for resources to be allocated to areas of greatest need.

5. Virtually everyone agrees that the present system is overly complicated and inherently inefficient and costly to employers to submit returns.
6. Each institution has its own collection system and each is operated under its own legislative framework. Hence employers are faced with making returns to NHT, NIS, HEART and the Education Tax.
7. Therefore, all are agreed that if we were able to simplify the system whereby 16% of payroll is paid over (split 10 ½ % from employers and 5 ½% from employees), to one entity, this would represent a major step, even if nothing else were done.
8. But although useful, this step on its own would really amount to “tinkering”. There is much more to be done.
There is need for the legislative structures to be made

more uniform. For example, there is no salary cap for NHT contributions but one for NIF, thus limiting the level of contribution and logically the level of eventual pension benefits.

9. However, the greatest potential benefits from the consolidation of the payroll deductions will be the ability to allocate increased resources to certain problem areas, I give two examples: (1) education and; (2) health.

10. As regards education, we are all united in the conviction that the future development of the country is inextricably linked to our ability to improve the readiness of graduates from the system for the world of work. But the improvement which we all seek will not result from merely stating the problem. To quote an illustrious predecessor "*it takes cash to care*".

11. Hence, a major thrust of this initiative will be to give an increased allocation to education from the consolidated gross collection.

12. I turn next to health. The establishment of the NHF has had a significant impact on the health sector in terms of the provision of generic pharmaceuticals at highly subsidized prices. I have heard the Opposition Spokesman on Hhealth speak to the need for us to do more. We all agree with him.

13. But one doesn't need to be a doctor to realize that there is need for additional in terms of the provision of pharmaceuticals. Every single one of us in this House has been faced with the needs of constituents having a prescription which can't be filled or having to do diagnostic tests for which they are seeking financial assistance.

14. There is also the need to broaden the number of pharmaceuticals subsidized by the NHF, including those to counter the deadly HIV/AIDS. We cannot rely, in perpetuity, on support from external agencies.

15. In this regard, an increased allocation to the NHF could be drawn from additional resources resulting from lifting the cap on NIS contributions.
16. The issue is one which will need a great deal of discussion and I have already alerted colleagues in the Trade Union Movement as well as the private sector leaders, of the Government's intention. I look forward to moving ahead in order to realize the benefits of this significant step in social policy.
17. This consolidation will take effect during this financial year.
18. Increased Equity in Taxation – Formal “low paid” Workers: An area of my job which receives little publicity relates to the appeals/complaints from PAYE workers and formal businesses who feel that the tax system is inherently unjust.

19. Fact is, to a large extent, their claim is true as they can point to many individuals and businesses who are doing very well without paying their fair share. The Government has recognized this and, in recent years, we have concentrated on increased compliance as opposed to imposing new taxes.

20. Let me point to some clear evidence of the absence of equity in taxation. I recently requested of the tax authorities, data on the regional distribution of revenue collections. The pattern of collections would represent a shock to most.

21. There are not many who would have guessed that the revenue centers of May Pen and Spanish Town are far bigger contributors than those of the North Coast, which represent perhaps the greatest area of economic boom in recent years.

22. For the first eleven months of 06/07, the ranking of total collections was: St. Andrew - \$37.6B; Kingston - \$37.5B;

Cross Roads - \$18.6B; Spanish Town - \$11.0B and Montego Bay - \$6.1B.

23. In fact, the total collection from the centers at Montego Bay, Falmouth, Lucea, Savanna-la-mar, Darliston and Jackson Town was \$8.3B – about 70% of the collection from Spanish Town.
24. The paradox is that those areas have also benefited from the highest levels of new job creation. The difficulty is that much of the take home pay of workers in the tourism sector, for example, is outside of their formal compensation. In other words, take away the gratuity and many of these workers would be hovering around the poverty line.
25. This is not meant to be an attack on employment practices in the tourism sector. There can be no question that the Government welcomes the investment and the creation of employment opportunities. However a critical policy issue, which has to be addressed, relates to the minimal

social security contributions of the industry, particularly in terms of the long-term security of workers.

26. I should say that exactly the same applies to the private security industry. Whilst its significance and importance in the society are beyond question, this industry has a “soft underbelly” as too many of the workers border on the poverty margins.
27. However, above and beyond the fiscal implications, I wish to say to the country that the question of persons who are formally employed but who are living at, or just slightly above, the poverty line must be addressed. Even though the consequences are important, whilst they are working, they become even more significant when they reach retirement age.
28. Formalizing the Economy: A natural complement in terms of policy discussions concerning formal workers who are barely “making it”, is that a significant percentage of operators in the economy are outside of the tax net. Those

operations outside of the tax net, or indeed outside of the formal system, are obviously of interest for revenue reasons.

29. However, in addition, such operations are inimical to the survival of those business people who adhere to the laws and are also unfair to individual tax payers, who are taxed on the PAYE system, and hence have no option but to make their full contribution.
30. In terms of business operators they often undermine legal entities since their cost of doing business is significantly reduced when they pay no duties and no taxes.
31. Let me state explicitly that the Government recognizes and applauds entrepreneurial initiative. But one cannot gain an unfair advantage by avoiding making a contribution to all the amenities and services which are financed by the tax dollars of others. Those operating outside of the formal system send their children to school, visit hospitals, demand that their roads are fixed and streetlights installed.

32. From the perspective of the Government we want you to prosper, to make profits, to make a good living, but you also have to make a fair contribution. Our invitation to you is “come into the house” we want you to be a member of the family.
33. During this New Year we will be redoubling our efforts to bring additional taxpayers into the formal system. I have asked the Financial Secretary to work closely with the Director General of Tax Administration to establish a team of astute revenue agents with the sole objective of increasing the size of the formal economy by bringing those presently operating outside the tax net “into the house”.
34. It will become increasingly difficult or impossible to do business with Government unless you are formally registered. Again, I repeat this is not simply about revenues. This relates to increased equity.

35. The Pensions Industry: Whilst we focus a great deal of attention on steps which need to be taken on youth programs, it should be of interest to note that Jamaica's population is aging and over the next ten years or so, we, like many other countries, will need to face the challenges associated with an aging population.
36. There are many associated challenges, e.g. the operations of the health sector. Hence my previous reference to the need for an enhanced National Health Fund. However, the most critical element of providing for an aging population is the strengthening of the pensions industry.
37. Significant steps have been taken in the last few years with the passage of the first piece of legislation which explicitly addresses the pensions industry. The FSC has been given full responsibility for the regulation of the sector and the process of registering all the various schemes is far advanced.

38. Where we formerly guessed, we now have hard data. Based on the applications for formal registration submitted to the FSC we now know that there are approximately 520 pension schemes and the size of the pensions portfolio is approximately \$132 Billion.
39. The work in terms of registration and the assessment of trust deeds continues and during this legislative year we will return to the Parliament with phase 2 of the reform which will address issues such as vesting and portability.
40. Let me make a point about refunds of taxes deducted at source on interest paid to pension funds. The Ministry has given a commitment for the turn around time on such refunds to be forty-five (45) days. This commitment will be maintained.
41. However, there will be increased collaboration between the FSC and the Tax Authorities to ensure that those pension funds seeking refunds are duly registered and qualify for tax-free treatment.

42. The Government itself is cognizant of the need for reform of its own pension scheme for public sector workers. At present the Defined Benefit Scheme is financed totally from the Consolidated Fund. With the overall improvement in wages this expenditure item has now moved to the level of \$10.9B in current terms or 1.4% of GDP for fiscal year 07/08.
43. With an aging population, this method of financing pension payments is not sustainable. The preliminary work has been carried out to introduce a Defined Contribution Scheme for new entrants into the civil service.
44. Social Partnership: The idea of a social partnership has been mooted for several years and, in fact, initial discussions have taken place between the Trade Union movements, the private sector organizations and representatives of the Political Directorate.

45. However, for a variety of reasons, these attempts have fallen short.
46. At the same time, against all the odds, against all the predictions of the “experts”, the Government and the trade unions representing workers in the public sector, have completed MOU I and we are now in the second year of MOU II.
47. The two MOUs have demonstrated what is possible. However, there is now a need to bring all other stakeholders into the design and creation of a social partnership which will provide the basis for the identification of the most significant objectives: social and economic advancement for the country.
48. This challenge is one which, whilst difficult, has in it rewards for all stakeholders. It’s a challenge which the Administration intends to take on during this fiscal year.

F: FINANCING THE BUDGET

1. We now turn to the question, how do we finance the Expenditure Budget of \$380B for fiscal year 07/08.
2. This Budget has been structured against the background of the outturn for fiscal year 06/07 of GDP growth of 2.8%, inflation of 6.6% and the deficit of approximately 5.4% of GDP.
3. The medium term targets are GDP growth of 3% and 3.5% in 07/08 and 08/09, respectively, and inflation of 7% and 6% for the two years, respectively.
4. I now turn to the need for continued recognition in the tax system of the importance of energy conservation. During last year, exemptions were given for energy efficient imports, particularly items related to solar energy. Our estimate is that this led to revenue loss of approximately \$550M during the last fiscal year. However, the greater

objective of reducing our energy import bill is being served.

5. The tax officials and officials from the Ministry of Industry, Technology, Energy and Commerce are in further discussions about broadening the list of goods which would qualify. The practical problem relates to the difficulty faced by custom officials in identifying the items which qualify. Further work needs to be done and when this is completed, changes will be effected.
6. However, as a clear signal of the direction we will be putting in place a specific tax regime for hybrid motor vehicles. The tax on such vehicles will be placed at the lowest aggregate level which is approximately 63%. This will take place with effect from July 1, 2007.
7. Tax Threshold/Reduction of Allowances – This issue has received a great deal of publicity with charges of “betrayal of solemn promise”. The fact is that when this announcement was first made, I indicated the clear linkage

between increasing the threshold and rationalization of the range of allowances, which now clutter the system. To effect the increase in the threshold on its own - that is, with no adjustment to the package of allowances would mean a loss of revenues of \$4.7B. This is simply not affordable!!

8. However, addressing the matter of allowances takes us into the other difficult situation which is that the majority of workers in the tourism sector depend on the special treatment of gratuities. Data which have been gathered demonstrate that if these allowances were formally taxed, most workers would face significant reductions in their take home package. Furthermore, this reduction would not be compensated by any increase in the threshold, nor could anyone reasonably expect that the hotel owners would make up the difference.
9. The issues transcend revenue considerations as they also impact on the level of social security contributions and benefits e.g. NHT, NIS. For this reason, the Task Force,

which I established to review the problems, could not provide me with a definitive recommendation.

10. The matter requires further deliberations with all stakeholders - unions, operators and government - involved to work out the modalities for the changes which need to be made. I have asked my Minister of State to take personal charge of these deliberations, as he did in the negotiations for the MOU. However, if needed, I will be available to assist the process to move forward.
11. And so, there will be no change in either the treatment of these special allowances or in the threshold during this fiscal year.
12. I now turn to the Customs User Fee (CUF). As everyone knows, this was introduced in fiscal year 03/04 as a compromise measure when elements of the private sector objected to what was the Ministry of Finance's preferred approach whereby firms would prepay a percentage of taxes at the Ports. This amount could be used as a credit

when tax returns were filed by companies at the end of the tax year.

13. Incidentally, the members of the Jamaica Manufacturers Association preferred this approach and have continued to express reservations about retention of the CUF.
14. The plain fact is that the CUF has now become an important source of revenue which cannot be abolished without an alternative put in place.
15. However, the Government is cognizant of the fact that the existence of the CUF has a negative impact on domestic producers - particularly, small and medium sized operations and this added cost is passed on to consumers.
16. Therefore, we have sought to alleviate the negative effect of the CUF on such operations. We will be allowing an amount not exceeding \$1.5M of verified CUF payments per firm, to be charged as allowed expenses under the

Income Tax Act when the company is making its annual returns.

17. If we assume that the small to medium size enterprises import approximately J\$100M of raw material and capital equipment in a year, a \$1.5M expense allowance would be adequate to compensate for the imposition of the CUF.
18. This change in the treatment of CUF payments takes effect on June 1, 2007.
19. We now turn to the manner in which the expenditure of the \$380B Expenditure Budget will be financed. Amortization payments will account for \$102B, leaving above-the-line expenditure of \$278B. The deficit target for 07/08 is 4.5% of GDP.
20. Recall, as I have indicated before, that approximately 2% of GDP from expenditure total relates to spending which took place in previous fiscal years. Hence, whilst the

deficit target is 4.5% of GDP in accounting terms, nearly a half of the amount is accounted for in the previous years.

21. Nonetheless, in a deficit of 4.5% of GDP we require revenue and grants of \$241.4B. We project that tax revenues will be \$215.9B, representing a 14% improvement on the 06/07 outturn.
22. To achieve this rate of growth will require a sustained, aggressive compliance programme. I have instructed the Financial Secretary to work closely with the Director General of Tax Administration in order to meet our target.
23. It will include forensic and large case audits, a focus on arrears and improvement in the operational efficiency of Customs.
24. I will be giving personal attention to monitoring this collection programme. We know this target is feasible but it will require concerted efforts.

25. Revenue collections of \$215.9B together with other revenue and grant sources bring us to a total of \$241.4B, leaving a gap of \$1.7B or 0.2% of GDP. How will we fill this gap?
26. SCT on Cigarettes –It is proposed to increase the Special Consumption Tax rate on cigarettes by 20% and retain the current structure of the tax. This 20% increase takes effect tomorrow, April 13, 2007 and is expected to yield \$500M for the fiscal year.
27. Environmental Levy – In 2003 I announced the intention of introducing an environment levy to assist in meeting the tremendous cost of cleaning the country and restoring many of our precious environmental assets which are deteriorating as a result of abuse and inadequate management of solid waste disposal.
28. It should be admitted that there has been difficulty in meeting the consensus on how this Levy should be implemented. We sought advice on how other countries in

the Caribbean and elsewhere have dealt with it. In Barbados for e.g. they have imposed a similar Levy equivalent to 2% of the CIF value of all importation. We do not intend to go that far. Therefore, the Government proposes to impose an Environmental Levy equivalent to 0.5% of the CIF value of all imported goods. This Levy is expected to yield \$1,200M with an implementation date of June 1, 2007. Payments made for this Levy will be allowed as a deductible expense under the Income Tax Act. The Levy will take effect June 1, 2007.

29. These two measures will be projected to yield approximately \$1.7M and will help to reduce the fiscal deficit for fiscal year 07/08 to 4.5% of GDP - down by approximately 1% of GDP compared to fiscal year 06/07.

G: CLOSING

1. This Budget presentation is of significance, not only because we have been through an eventful calendar and fiscal year but also because some time during this new fiscal year, the people of Jamaica will exercise their ultimate authority and determine who will guide the destiny of the country through the next political term.
2. Try as one might, the question of elections will always be raised, even in the discussion of what are ostensibly “technical” problems. That is the nature of the democratic process as investors and creditors, as well as the general population, need to make an assessment of the choices before them and the possible changes in policies which can result.
3. Contrary to all expectations, we have not presented an “election Budget”. In fact, we have done the unthinkable by presenting a Budget which calls for expenditure to be

the same in nominal terms, as last year and which represents a cut in real terms - virtually unheard of.

4. What we have benefited from is the sharp reduction in debt servicing requirements. This has allowed us to allocate additional resources to complete critical capital projects.
5. Mr Speaker, you will pardon me for inserting a personal statement at this juncture. Whilst this Budget represents a collective decision of the Cabinet, as Minister of Finance I have a special responsibility.
6. As Minister, my special task is to manage the economy and the key economic and financial institutions to enhance stability and global competitiveness – not as an end in themselves, but as a basis for expanding growth and raising the living standards of those at the bottom of the socio-economic ladder.

7. This is the mission which has governed the way in which this Budget has been structured.
8. We have not shied away from discussing the challenges which face us in the medium term. I have outlined some and I wish to reiterate that the Administration, whilst willing to involve all stake holders in discussing the challenges – in particular, the Opposition - will not resile from taking the lead on important issues.
9. I have indicated the need to consolidate statutory deductions and carrying out a re-allocation within the context of changing priorities - in particular, the need for significantly higher level of resources for education and training.
10. I have listed as a priority objective, developing a social partnership, building on the MOU 2 – the agreement between the Government and the Trade Unions representing public sector workers.

11. There is need for us to examine the contentious issue of compensation for workers who are fully employed, but whose take-home package is significantly dependent on special tax-free allowances. Not only should we be concerned about their survival in the present, but more important, when their working days are over and they are relying on social benefits.

12. We have highlighted the need for increased care for those at the bottom of the social-economic ladder, those on the PATH Programme, and those children who do not enjoy the benefits of a supportive family structure. There are other problems which we face. Several of the social challenges which are emerging speak to the need to address the deficiencies in homes. The Prime Minister will be allocating significant time in her presentation in this debate to address that issue.

13. We continue to have a serious problem in terms of public order, the most vivid and terrible example of which is the unacceptable level of crime and violence. There is no

quick fix and my colleague Minister, as well as his predecessor have dedicated energy and initiative in seeking to combat this scourge on the society. This is a problem which has become more severe due to financing from the international drug trade.

14. Whilst we have benefitted greatly from unprecedented levels of foreign direct investment, we face a major deficiency in terms of the ability of small and medium sized enterprises to maximize the benefits from such investments. We have taken concrete steps to ensure that adequate credit, at affordable interest rates, will be provided for such entrepreneurs.

15. We face a challenge in terms of the degradation of physical environment, particularly the handling of solid waste disposal. The efforts which were made leading up to the Cricket World Cup, although not achieving all the objectives, have shown that some progress have been made. However, our efforts have to be more systematic

and sustained, restoring the beauty of this isle so blessed by Mother Nature.

16. Mr Speaker, even whilst I have listed a range of challenges for the future, let us not forget the progress we have made to date. There have been significant and sometimes painful decisions that we have had to take. Often these decisions were misunderstood and there were many pressures to change course in mid stream.
17. As our late National Hero N W Manley reminded us, Jamaica has never been lacking in ideas but we need a fixity of purpose to achieve targets.
18. We should not forget the long and sometimes contentious debate we had about deregulation and liberalizing - in particular, the exchange rate system.
19. Finally, everyone has come to accept the existing framework as part of a national consensus. Indeed, reversing any of these policies would be seen as a huge

national set back, not only domestically but also from the point of view of international creditors.

20. 2006 clearly demonstrated that the tough decisions and the fixity of purpose are now bearing fruit.
21. We have maintained international reserves of (US)\$2.3B - more than adequate to meet our needs in any crisis.
22. We have brought inflation down 5.8% for calendar Year 2006 and 6.6% for fiscal year 06/07.
23. We have garnered the confidence of international investors and are now able to borrow for periods in excess of 30 years.
24. Foreign direct investment is at record levels.
25. Whilst we are still concerned about the interest rates on loan to the private sector, interest rates on Government Bond are at their lowest in 25 years.

26. Whilst we are concerned about the levels of unemployment amongst youth and women, it is a fact that un-employment is now below 10%.
27. Mr Speaker, I have listed the above achievements, not only because we are proud of what we have done, but also because there is a need to combat the inherent negativism which characterizes too much of public discourse in Jamaica. How can we explain the fact that an internationally respected survey team produces results showing that both consumer and business confidence are at unprecedented levels but the “analysts” express the view that they are unable to explain these findings?
28. We need to increase confidence, not just in terms of the action and policy of the Government, but moreso in terms of our capability as a people.

29. Our musicians and athletes have shown the way. The challenges we face are indeed significant, but so are our achievements and so is our national capacity.
30. Mr Speaker, let us remember that all countries, regardless of size or wealth have each year faced a new set of challenges. Jamaica is no different. The key is to identify our assets, take the right principled decision, and have the courage to stick with it.
31. But the most critical requirement is the need for us to have confidence in our people and in ourselves as a nation.
32. We on this side have this confidence. The challenges are many but we are confident that we will overcome.
33. One Jamaica, One Family – facing the future together.