

Presentation on the Budget for Fiscal Year 2017/18

Shadow Minister of Finance & Planning

Mark Golding

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Gordon House

Salutations

Mr. Speaker, I rise to make my first budget presentation as Shadow Minister of Finance & Planning. There are many persons to whom I owe a debt of gratitude. Today I wish to publicly thank:

- My beautiful and loving wife Sandra, whose solid support has enabled me to face and overcome many challenges over the 34 years that we have been together. *Honey*, to quote the Manhattans, ***you are my shining star; don't you ever go away.***
- I will always honour my parents. My late father, Professor Sir John Golding, who spent his life in service to the less fortunate in our country. He was a builder of many important institutions to empower the disabled (including the Sir John Golding Rehabilitation Centre and the Hope Valley Experimental School, of which two alumni are members of this Honourable House). He also founded the National Road Safety Council.

My mother, Lady Patricia Golding, has also led a life of public service, first in the Central Planning Unit in the 1950s and then at the Rehab Centre, as a volunteer, in support of my father's important work. God bless you, Mummy.

- My three children, all adults now, have been supportive of all that I do, and always provide a welcome respite from the inevitable pressures and pains of public life.
- The wonderful people of South St. Andrew, who gave me their trust and elected me their Member of Parliament in October 2017. Many of our constituency executive members and other comrades are here to support me. I want to big them up and thank them for their loyalty and team work as we strive to uplift our constituency and put service before self. To the residents listening in Jones Town, Craig Town, Admiral Town, Arnett Gardens, Wilton Gardens, Lower Trench Town, Rose Town, Torrington Park, the communities along the roads and lanes off Maxfield Avenue, Rousseau Road, Lincoln Road, Slipe Road, Slipe Pen Road, Studio One Boulevard and Lyndhurst Road, nuff respect and thanks to you all. It is an honour and privilege to represent you in this Honourable House, and together we will make South St. Andrew the place to live, work, raise families and do business. **One Love.**
- I thank our Party President, and Leader of the Opposition, Dr. Peter Phillips, for appointing me to shadow the portfolio of Finance & Planning. I am proud to sit beside you in this Honourable House. I continue to benefit from your experience and wisdom, your profound understanding of Jamaica's political history, your strategic intelligence, your deep and unwavering commitment to national development, and your personal friendship and support through good and bad times.

It was gratifying to assist you in ensuring that Jamaica surpassed the many challenging legislative structural benchmarks of the IMF programme which you negotiated and then implemented with such dexterity and success as Minister of Finance and Planning.

- I acknowledge and honour our former Party Leader and Prime Minister, the Most Honourable Portia Simpson Miller. She allowed me to enter the Parliament as a Senator in September 2007. She also gave me the opportunity to serve in several important capacities, including in her Cabinet. Many objective observers recognise that Cabinet as one of, if not the most significant Administrations to have managed the affairs of our country. Sister P always gave me her full support to drive the legislation and policies that I was working hard on as a Minister from January 2012 to February 2016. I honour her today as a great and iconic Jamaican woman of the People and an outstanding political leader.
- Mr. Speaker, I recognise and pay tribute to Dr. Omar Davies, my predecessor Member of Parliament who retired from political life in June last year. His many programmes in South St. Andrew, especially in the field of education, are a valuable legacy on which I hope to build.

What I bring to the Table

Mr. Speaker, although I have been in this Parliament as Government and Opposition for ten years and have sat in both this chamber and in the Senate, including as Leader of Opposition Business there, I have never sought the limelight.

I was always most comfortable holding my corner and doing my work. As a result, many Jamaicans do not know my story.

Please allow me to say a few words about myself.

Business

My professional background is in commercial law and investment finance, and I have made a career of growing successful businesses. I am a partner in a law firm which I joined in 1993 at 28 years old. At that time there were just three other lawyers, all over sixty-five. Today, that firm has nineteen lawyers and, I am grateful to say, enjoys the trust of its clients and the respect of its peers. My senior partner and mentor as a commercial lawyer, the Hon. Hugh Hart OJ, was a former Minister of Tourism, Mining

and Energy in the JLP Administration of the 1980s. We know that when it comes to serious business and achieving results, there is no place for tribal politics.

In 1992, I joined with two friends who were young bankers, one of whom is the Member from Central Manchester, and started Jamaica's first investment bank, DB&G. With youthful enthusiasm we listed the company, a mere start up, on the Jamaica Stock Exchange. We successfully grew the business for the next fourteen years. So successful was the business we built that an international bank with a long history in Jamaica then bought the company, providing a significant return for the shareholders, including the employees through the Employee Share Ownership Plan (ESOP) that we had established.

Four years later, I joined with a few of my former colleagues in DB&G, again including my friend and colleague the member from Central Manchester, to start a new regionally based investment company, which is also listed on the Jamaica Stock Exchange. As it thrives, it is creating tremendous value for its stakeholders.

It is that experience, and the success I have enjoyed in law and business, which fuelled my desire to make a further contribution to my beloved Jamaica, which has been so good to me.

Politics

Mr. Speaker, there are many ways in which one can honourably serve one's country, but as you know, the form of public service which can have the most profound and far-reaching impact, for better or worse, is public service through politics. Politicians make the laws that govern our people, and politicians decide how the State's resources are deployed.

In the last PNP Administration, my role was two-fold. As Minister of Justice, I was responsible for pursuing the justice reform agenda. We made significant strides with programmes funded by our international development partners, and some important innovative legislation of our own. While I am happy that there has been significant

continuity in these programmes under Minister Chuck, there remains much more to be done.

My other role was managing the legislative agenda of the Government, which was particularly heavy because of the structural reforms to reorient the Jamaican economy towards sustainable debt reduction, higher levels of investment, greater competitiveness and economic growth and job creation. These fundamental national objectives and specific reforms were embedded in the IMF programme as structural benchmarks, with delivery dates attached to each one. **Mr. Speaker, we met every single one of them and on time.**

I want to thank the technical staff in the Ministry of Justice and the Cabinet Office, and all my Cabinet colleagues. **We worked hard and did the right thing for the people and the country.**

Achievements of the last PNP Administration

Mr Speaker, I wish to remind the country of some of the significant achievements of the last PNP Administration, which turned Jamaica's economic fortunes around. They continue to pay significant dividends today and will do so well into the future.

Reducing Crime

It is well-recognized that Jamaica's abnormally high levels of violent crime have a major negative effect on investment and the growth of our economy.

Mr. Speaker, our Administration made significant strides towards making Jamaica a safer place in which to live. From January 2012 to December 2015, Jamaica averaged 300 less murders per year than in the four years under the JLP before us. Similarly, murders were 300 less per year under our watch than in the two years under the JLP since they took over. Our much stronger performance in reducing serious crimes resulted from several deliberate and strategic policies:

Firstly, we improved the Police/citizen relationship by removing many sources of friction and enhancing cooperation:

- ✓ Fatal shootings by the police went down under our watch by 67% to less than 100 per year by 2015 (lowest recorded in decades);
- ✓ We decriminalized possession of small quantities of ganja, which has resulted in 14,000 fewer arrests per year, mainly of so-called unattached youths;
- ✓ We eliminated criminal records for minor ganja offences, benefiting many thousands of Jamaicans;
- ✓ We provided hundreds of new vehicles for the Police Force to improve their mobility and ability to fight crime.

Mr. Speaker, we also enacted critical strategic legislation to tackle violent crime:

- ✓ We passed the Anti-Gang Legislation, which targets criminal gang activity, the major cause of murders in Jamaica;
- ✓ We passed the Anti-Lotto Scamming legislation to provide the legal tools that have since been used to target the dangerous lotto scamming;
- ✓ We passed the DNA Evidence law with a modern legal framework for collecting and using DNA for investigations and as evidence in court;
- ✓ We put a legal limit of J\$1 million on cash transactions outside the regulated financial system to fight against money-laundering and corruption;
- ✓ We amended the Ship-rider law to give it more teeth to fight the dangerous guns for drugs trade that brings illegal guns and ammunition into our country.

Mr. Speaker, we also gave unprecedented attention to tackling the socio-economic causes of crime. Carefully-designed crime prevention measures, such as the **Unite for Change initiative and End Violence Project**, were introduced, with strong funding support under the Citizen Security and Justice Programme (CSJP III). These are some of the measures that helped us to significantly lower the murder rate.

Growth and Job Creation

Mr. Speaker, I now move to our economic performance. Our Administration undertook major tax reforms that have helped to transform Jamaica's economy by enabling significantly higher levels of tax collections than ever before:

- ✓ We reformed the system of tax incentives to create a level playing field that does not discriminate between different sectors of the economy, but instead incentivizes employment creation and investments in retooling and expansion across all industries;
- ✓ We established the Tax Administration Jamaica (TAJ) as a semi-autonomous revenue agency with its own Board to provide policy guidance and good governance;
- ✓ We introduced the Revenue Administration Information System (RAIS), a technology platform that has transformed the effectiveness of tax administration in Jamaica;
- ✓ We introduced laws to counter the "*transfer pricing*" that had been eroding the country's tax base for years;
- ✓ We strengthened enforcement powers through legislation to give the TAJ significantly enhanced tools to collect revenue, such as the power to access third party information and to collect third party debts owing to delinquent taxpayers.

Our Administration also modernised Jamaica's commercial architecture:

- ✓ We passed landmark legislation to create a modern insolvency law focused on rehabilitating businesses that fall into financial distress;
- ✓ We established a modern legislative system for taking collateral for secured financing, to allow greater access to credit for our people and businesses, including the use of non-traditional forms of collateral such as crops, livestock, copyright and other intellectual property, as well as accounts receivable. This

legislation was important because we believe in bringing small businesses and farmers into the mainstream economy, which leads to inclusive growth;

- ✓ We passed legislation to make Jamaica Customs an executive agency and to support the implementation of the world-standard Asycuda system at our ports, to increase productivity and make Jamaica more internationally competitive;
- ✓ We passed legislation to introduce a single “**super form**” for starting a company or a business, so that business persons now get all the bureaucratic registrations needed to get their business up and running from day one.

We did all of this because it was right for our people and our country. These measures resulted in Jamaica’s international rankings for **Ease of Doing Business** improving significantly under our watch.

In the annual Doing Business Report published by the World Bank, 189 countries are ranked on their ease of doing business around ten indicators. The 2015 report had Jamaica moving up a whopping 27 places from 85th to 58th. As a result of this, Jamaica achieved the Caribbean’s highest ranking for ease of doing business. This signalled to the world that Jamaica was open for business.

Despite the hype about going for growth, the grim reality is that this Government’s record in this area has been quite poor. Jamaica’s ranking in the World Doing Business Report has steadily fallen over the last two years to 70th position in 2018.

Mr. Speaker, this Government is turning back the progress.

The Government has dropped the ball by failing to continue the aggressive drive for improving business conditions in our country. To improve bureaucratic processes, the devil is in the details. You must get into the specific procedures that govern the bureaucracy, and re-engineer them to support, rather than frustrate, businesses. The Government has done virtually nothing in this vital area in the two years since they assumed office.

Mr. Speaker, I want to take a few moments to talk about some key statistics that are relevant to appreciating the true state of the Jamaican economy, and thereby putting in context much of what we have all heard over the last few days from the Government side.

The Government has been crowing that unemployment has been coming down. Let me remind the nation that following its peak at 15.3 % in 2013 during the early days of the Economic Reform Programme, unemployment has been trending down each year since. By July 2015 we had brought unemployment down to 13.1% and by July 2016 to 12.9%.

At the same time, we were looking after our people. We regularly increased the minimum wage. We increased the NIS pension. And we increased the income tax threshold several times, but without raising taxes to do so.

That. Mr. Speaker, was prudent economic management.

We also brought inflation under control, taking it down to levels not seen in forty years. For fiscal year 2015/16 the inflation rate was 3.0%. However, since this Administration assumed office, inflation has been moving upwards. For 2016/17 inflation was 4.1%. For calendar year 2017, inflation hit 5.2%, and is projected to be 5.0% for this 2017/18 fiscal year.

Debt Reduction

We inherited the national debt at close to 150% of GDP in 2012. Over the next four years, we brought it down to 127% of GDP, and if you apply the definition of public debt that is now being used, we actually brought it down to 119% of GDP by the time we demitted office.

We were doing what was right for the people and the country.

The bold and innovative PetroCaribe debt buy-back, which members of the current JLP Government opposed at the time, brought Jamaica ahead of its debt reduction programme, and was celebrated internationally as a landmark transaction. It was after

that transaction that the IMF agreed to the reduction of the primary surplus target from 7.5% to 7.25% and then to 7.0% of GDP, creating more fiscal space for much-needed public investments.

Interest Rates/Balance of Payments

The Minister proclaimed proudly that interest rates on government instruments have been falling. Once again, Mr. Speaker, this is the continuation of a trend which started in 2013/14 under our Administration. The 180-day Treasury Bill rate, which had been increasing while the country's finances were in disarray, peaked at 8.87% in 2013/14. Since then, our sound economic management resulted in a steady reduction of the interest rate to 5.83% at the end of the 2015/16 fiscal year.

It is a similar story for the balance of payments, which measures Jamaica's ability to finance its imports. When we assumed office in 2012, Jamaica had a current account deficit of US\$1.904 billion or 12.9 per cent of GDP. By the end of fiscal year 2015/16 when we left office, the current account deficit had declined to 2.4% of GDP. We note with concern that Statin has reported that for the calendar year 2017 Jamaica's trade deficit was US\$4.5 Billion, a substantial increase of 23.1% over calendar year 2016. Imports grew by US\$1 Billion, or 20%, in 2017 over 2016, while exports grew by only US\$120 million. The widening of the trade deficit is a worrying trend.

Of the US\$5.8 Billion of imports in 2017, motor vehicles and fuel accounted for almost US\$3 billion. Mr. Speaker, fuel prices have been rising, now in the vicinity of US\$62 per barrel. There is no doubt that a substantial part of the increase in bank credit to the private sector that the Minister talked about last Thursday is financing the importation of motor vehicles, which does very little for the growth agenda and helps to drive the trade deficit. I am concerned about the sustainability of this trend, because we need to be financing production and exports to pay for the life style we want to live.

Business Confidence

Mr. Speaker, the Minister spoke of the high level of business confidence now prevailing. This is another trend that began during our Administration.

For example, on January 21, 2015 the Gleaner reported that – ***“Business and consumer confidence improved during the December quarter, one of the few occasions in which the indices moved up at the same time, and the first time that a majority of firms have expressed a willingness to invest. Optimism among Jamaican firms posted a quarterly gain of 9.5 per cent and recorded an annual gain of 25.1 per cent.”***

Clearly, our economic management was building confidence in the country. So, the high levels of business confidence now being experienced are a continuation of the trend which started under the last PNP Administration.

We were doing what was right for the people and the country.

Perhaps the strongest testament to this is that in 2015, the final full year of the last PNP Government, the Jamaica Stock Exchange was the top performing stock market in the world.

On December 30, 2015 Bloomberg News released an article entitled ***“Its Jammin: Jamaica Tiny Stock Market Conquers World in 2015”***. The article read as follows - ***“Jamaica may bring to mind rum, daiquiris and Bob Marley but its stock market had a better year than any other across the globe. Foreign acquisitions, stronger investor safeguards and a rebounding economy helped the Jamaica Stock Exchange surge more than 80 percent in 2015.”***

Mr. Speaker, that 80% return on the Jamaican stock market in 2015 remains a standard that has not been repeated under this Government.

The last PNP Government also took many bold moves to stimulate growth in the local economy, many of which are currently bearing fruit.

We were doing what was right for the people and the country.

Big Projects

Mr. Speaker, our Administration conceptualised a logistics-centred economy, integrating Jamaica into the world supply chain as a value-adding hub in as many areas of goods and services as possible. This big, bold idea had its detractors, including some members on that side. But we pressed on and commenced the development of the logistics hub master plan that has recently been completed. It guided our strategic vision for the economy and where we placed emphasis in encouraging investment.

Mr. Speaker, this is why the major projects that have come on stream in recent times were initiated by our Administration.

- ✓ The North-South Highway project was launched in 2007 by then Prime Minister Portia Simpson-Miller, but it later stalled under the Bruce Golding Administration when the Contractor General brought it to a halt over alleged procurement violations. Our Administration got it back on track and completed the highway. Now you can cross the island from Caymanas to the North Coast in under 45 minutes on a first-class highway through our beautiful mountains. This has opened up immense opportunities for the economy. Many companies have improved their efficiency and expanded operations because of this valuable national asset. Mr. Speaker, that is foresight. That is planning with a vision.

We were doing what was right for the people and the country.

- ✓ We negotiated and signed the concession deal with CMA-CGM, one of the largest shipping companies in the world, to expand and operate the Kingston Container Terminal, so that the port of Kingston will have the depth and berthing capacity to receive the new generation of mega-ships that are now crossing the expanded Panama Canal. We recognised that Jamaica must not be left out of the increasingly integrated global economy.

- ✓ The boom in the BPO sector began under our watch, guided by a five-year master plan that we developed, with the aim of creating at least 50,000 jobs over that period. Jamaica is well on the way to achieving that target.
- ✓ We sought out and negotiated the deal with JISCO, a leading Chinese company, to acquire and re-open the alumina refinery at Alpart that had closed in 2008, crippling economic life in much of central Jamaica. JISCO has announced a US\$6 Billion plan to significantly expand the refinery, including a new power plant and an industrial park. Once executed, it will be the largest investment project in our history, conceptualised and initiated by our Administration.

We were doing what was right for the people and the country.

- ✓ We initiated a massive flow of hotel investments which will ultimately result in several hotels totalling about 16,000 new hotel rooms from over \$60 Billion of investment. While most of the investment has come from overseas, local companies have also participated in this boom. Sagicor Group Jamaica undertook its major expansion in the hotel sector, acquiring and renovating several major resort hotel properties during our Administration, and the Hendrikson family continued to acquire and refurbish major business hotels in the corporate area.

We salute these investors.

Some of the hotel projects initiated under our Administration include:

HOTEL	Date opened
Royalton Whitesands	Renovation - opened 2014
Moon Palace Jamaica Grande	Refurbished - opened 2015
Marriot Courtyard	New - opened Dec. 2015
Grande Bahia Principe Resort	Expansion - opened 2016
Melia Braco Jamaica	Refurbished - opened 2015
RIU Palace	Expansion - completed 2016
RIU Reggae	New - opened Nov 2016
Breathless Resort	New – opened Dec 2017
Decameron	Opened 2017
Azul Beach Resort (Karisma Group)	Opened June 2017
Royalton Grande Lido Negril	new rooms - 2017 / 2018

Mr. Speaker, I mentioned that our Government created a level playing field of tax incentives available across sectors of the economy. At the time that we introduced this far-reaching tax reform, some were saying that *“if you repeal the Hotel Incentives Act and replace it with what is being proposed, you will not see a single hotel being built in Jamaica in the foreseeable future.”*

Well, the proof of the pudding is in the eating! Mr. Speaker, since we introduced those tax incentive reforms, Jamaica has seen a wave of expansion of the hotel sector that is driving visitor arrivals, increasing foreign exchange inflows, creating jobs for our people and opportunities for our farmers, transport operators, craftsmen and entertainers. We were doing what was right for the people and the country.

Energy

Mr. Speaker, the high cost of electricity has been recognised as another serious impediment to Jamaica being a competitive economy that can attract investment and generate strong growth. Our Administration did the work that has transformed the energy sector, through a series of critical initiatives:

- The existing institutional framework was not working, so we established the Energy Sector Enterprise Team, comprised of persons with strong technical and commercial experience and headed by Dr. Vin Lawrence, to lead the charge in procuring new and more efficient generating capacity for the country;
- We signed a landmark energy agreement with the US Government when President Obama visited in 2015, resulting in the US allowing their LNG to be exported to Jamaica, making us the first country outside NAFTA to enjoy that benefit;
- We brought New Fortress Energy to Jamaica, enabling JPS's Bogue power plant to be converted to LNG and commencing the investment to establish a major LNG facility on the South Coast, that will supply Jamaica's LNG needs and also be a hub for the distribution of LNG around the Caribbean;
- Work commenced to establish a major new 190 MW LNG-fuelled power plant to replace JPS's very old and inefficient units at Old Harbour;
- We made an aggressive thrust to reduce Jamaica's excessive reliance on fossil fuels and diversify into renewable sources such as solar and wind power, resulting in major investments, including the largest solar energy facility in the English-speaking Caribbean.
- A new Electricity Act was passed to provide the legal framework to support these critical initiatives and provide more transparency in the costing and pricing of electricity to consumers;

Mr. Speaker, the result of our efforts was a substantial reduction in the cost of electricity to consumers and businesses. We also removed GCT from the bulk of the electricity charges paid by consumers. Sadly, this Government has reversed this.

All these goodies and more were handed to the current Government on a platter in February 2016. As a result of strong economic management by the last PNP Administration, when we handed over the reins of power in 2016 Jamaica was poised for high levels of economic growth and job creation.

Reaping the Benefits

Mr. Speaker, we are pleased that the overall macro-economic programme being pursued by this Government is essentially one of continuity, with a commitment to the reduction of the national debt by maintaining annual primary surpluses of at least 7% of GDP, under the three-year Precautionary Standby Arrangement with the IMF that commenced in the final quarter of 2016.

The continuity in macro-economic management has paid dividends in the international capital markets, as Jamaica continues to access financing on increasingly better terms and has successfully executed several liability management transactions, following on from our landmark PetroCaribe debt buy-back.

We are also pleased to see the positive outcomes of the many structural reforms that were implemented by our Administration reflected in the growth in tax collections. Tax revenues have increased from \$411.8 Billion in fiscal year 2015/16 to \$458.3 Billion in fiscal year 2016/17 and are projected to be \$478.3 Billion in this fiscal year. This is an increase of 16% over two years, while the economy has only seen marginal real GDP growth over this two-year period.

Mr. Speaker, this improved revenue performance did not happen by accident, and it is not being driven by the anaemic economic growth that has occurred. It is clear that our Administration's reforms of the tax system are bearing fruit, even with the under-performance of the economy in the past two fiscal years and the slow pace of economic growth.

We also note that the best performing tax type for this fiscal year has been the company income tax, which as at December 2017 was up by \$6.7 Billion over budget, and for FY 2018/19 is budgeted to be 26.27% more than the Revised Estimate for FY 2017/18.

This strong performance in company income tax has no obvious connection with the so-called “1.5” that the Government has been gloating about. Significantly, corporate income tax is way up *despite* the fact that our Administration reduced the corporate tax rate on all companies outside the regulated sectors from 33.3% to equalise it at 25% with the individual income tax rate. In addition to the compliance measures we introduced, the Employment Tax Credit has provided a strong incentive to companies to be compliant with their taxes, as well as incentivising the employment of workers.

Mr. Speaker, under the Employment Tax Credit, the employer/ company gets a tax credit of up to 30% of workforce statutory deductions which are paid on time. This innovation, introduced by the last PNP Government, has created a win-win situation for Revenue and the wider economy, by boosting tax compliance and incentivising employment by companies.

Sound economic management requires bold reforms, and we are proud of our record of innovation, effort and achievement that is bearing so many fruits.

PNP's Growth Record

Mr. Speaker, the JLP Government has been on a crusade to portray itself as the Party of economic growth. However, the record since 2005 shows that this is fake news. It is time to mash down that lie: [see table on next page]

		Real GDP Growth Rate
PNP	2005/06	1.5%
PNP	2006/07	3.0%
Change over	2007/08	0.9%
JLP	2008/09	-1.8%
JLP	2009/10	-2.8%
JLP	2010/11	-0.6%
Change over	2011/12	0.8%
PNP	2012/13	-0.6%
PNP	2013/14	0.9%
PNP	2014/15	0.2%
PNP	2015/16	1.0%
JLP	2016/17	1.3%
JLP	2017/18	0.9%
JLP Cumulative Growth		-3.1%
JLP Average Annual Growth		-0.6%
PNP Cumulative Growth		6.0%
PNP Average Annual Growth		1.0%

The record speaks for itself.

Areas of concern

Mr. Speaker, I have spent some time giving an overview of what we did the last time we were at the crease. It is important that we do this, to emphasise how critical it is for us to have continuity of initiatives and approaches when there is a change of administration, when those initiatives and approaches have been shown to have a clear economic benefit. As the legendary investor Warren Buffett said, “*Someone is sitting in the shade today because someone planted a tree a long time ago*”. Sometimes he who sows does not get credit when the crop is reaped, but that is how life is. What really matters is that Jamaica is reaping the benefit.

Nonetheless Mr. Speaker, while we endorse the continuity of our macro-economic programme because it is the only way to get our country out of the debt trap, we have some serious concerns.

This 2018/19 Budget shows no increases to adequately make up for inflation over 2017/18 in the crucial areas of education, the police, health, agriculture and justice. We see this as misplaced priorities, and not meeting Jamaica’s needs.

There are potential risks to Jamaica from the changes occurring in the international economy. Growth and employment in the major economies have been healthy, and Central Banks have begun to normalise the monetary policy measures that were necessary to respond to the 2008 crisis. Interest rates are rising, and the recent tax reforms in the United States are projected to generate large medium-term budget deficits that will tend to give further momentum to interest rates. New tariff policies announced by the US have the potential to lead to a spiral of responses from affected economies around the world, which could impact Jamaica’s exports of goods and services and increase the costs of imports. Therefore, with our high level of external debt and our open economy, Jamaica will not be isolated from these trends.

The vulnerability of our economy to the impact of climate change is also worrying. Agriculture is a major contributor to Jamaica’s GDP, but is the most exposed sector to droughts and excessive rainfall. The Government must develop a comprehensive plan

to build resilience to climate change generally, and in the agricultural sector in particular, to help our farmers to be consistently productive. It is therefore startling that the budget for the Ministry which includes agriculture has been reduced for the coming fiscal year relative to the fiscal year now ending.

Crime

Murders have gone through the roof since this Government took office. 2016 was a bad year for safety and security. Despite the reckless assurances given by political leaders on election platforms, no-one has been able sleep at night with their windows and doors open. When the budget for the 2017/18 fiscal year was brought to the House last year, the Opposition warned that National Security was being substantially under-funded and we called on the Government to recalibrate the budget so that the spiralling murder rate could be effectively tackled by the security forces. Our call was not heeded. National Security was compromised. Murders went up a further 25% in 2017 over 2016, and 1,616 Jamaicans lost their lives.

Our Unite for Change programme has been abandoned, but the Government's HOPE programme is under-funded and will only scratch the surface of this urgent national challenge. If we are to turn Jamaica around, we must invest in these youths. Too often, it is these youngsters who are recruited into scamming and criminal gangs that feed the very high murder rate. The frightening year-on-year increase in murders since this Government took office is sapping our national spirit and spreading a general sense of fear.

What we want are real solutions. Instead, we got a misguided policy of buying used cars for the police, followed by a contract of over \$400 Million to purchase 200 used cars which has become a major scandal plaguing the Government

A look at the national security budget for the coming fiscal year, shows that the Police Force is not being well looked after. The capital A budget for the military is increasing from \$2.471 Billion to \$8.480 Billion (243%), mostly to buy helicopters and vehicles (\$1.3 Billion) for the military and to pay for cyber-security initiatives for the military. In

contrast, the capital A budget for the Police is only increasing from \$1.999 Billion to \$2.594 Billion (that is, by \$595 Million). Of this increase, only \$313 Million is for the purchase of vehicles, and we are told by the Minister that he is sticking to his policy of buying used cars for the police. On the recurrent side of the national security budget, there is the \$5.2 Billion of additional expenditure on the military in FY 2018/19, of which \$3.1 Billion is for additional soldiers to be added to the army. In contrast, the overall recurrent budget for the Police Force is actually being reduced by \$93 million, even though the Police Force has 3,000 less police officers than is needed.

Mr. Speaker, this lack of balance in the National Security budget is concerning. It is the police who investigate crimes and have the power to arrest criminals. Except in states of emergency and zones of special operations, the military does not have those powers and cannot play that role. It is the police who prepare cases for prosecution, so that there is the evidence to convict criminals. This budget does not suggest a coherent crime plan. We are told by many experts that violent crime has been costing Jamaica at least 4% per annum in GDP growth. If we believe that, we must move with haste to properly fund the police and give Jamaicans a chance to see the high levels of crime reduced.

The mismanagement of national security has even led to the Declaration of a State of Emergency in our tourist capital, right at the beginning of the Winter tourist season. There is no crime plan. Just used cars for the police. Just ZOSO in two small communities, while murders continue at a rapid pace in the areas all around these communities and in Jamaica as a whole. Murder after murder after murder.

Mr. Speaker, *we are tired of the crime and violence*, our people are battle worn and traumatised.

The country is in a crisis, as one private sector leader said recently.

Inflation

Another area of concern is inflation. I have mentioned that inflation has been moving upwards over the past two years. While it remains within the 4 to 6% band targeted by the Bank of Jamaica, that hides the real story in relation to its impact on the Jamaican people. The Fiscal Policy Paper signed by the Minister shows that in the categories which impact the man and woman in the street the most, inflation has been much higher:

- In the food category generally, inflation for 2017 was 6.7%;
- In the critical area of vegetables and starchy foods, which includes the rice, flour, bread and yam which most Jamaicans rely on for survival, prices went up in 2017 by a frightening 16.9%;
- Similarly, inflation in the electricity category was a whopping 13.3% in 2017, hitting people hard in their light bills.

The price increases in these crucial areas have been hurting most Jamaicans badly. This is not prosperity. This is sufferation!

Mr. Speaker, on January 17, 2018 the Gleaner reported that – ***“consumer confidence flattened amid worsening job prospects and fears of crime, according to the fourth-quarter 2017 survey, polled by Don Anderson.....Consumer confidence ebbed further to 148 points from 151.1 points in the third quarter and 151.6 points recorded a year ago.”***

The downturn in consumer confidence may be reflective of the fact that, although unemployment continues to fall, most of the jobs being created are in low-paying sectors, taxes on consumers are at historically high levels and the murder rate has worsened rapidly since this Government assumed office. These conditions will not lead to the high levels of growth that we need to unleash the promised prosperity and fulfil the hopes and dreams of our people.

The Jamaican People are very concerned about these things. According to the most recent Don Anderson Poll for RJR/Gleaner, 59% of the public says they have seen no improvement in their personal lives under the current Government. There has been no prosperity for those 59%. Similarly, 55% of the public are saying that the country is going in the wrong direction. Clearly, this Government cannot manage the country.

Interest Rates and the Banking Sector

Mr. Speaker, I want to say a few things about interest rates and the banking sector.

The Minister of Finance says he is anxious to see lending rates fall further. We agree with that. We would also like to see consumers protected from what the public regards as excessive bank fees on everyday banking transactions.

Minister, when you were in opposition, you and many of your colleagues strongly supported regulation of these types of bank fees. Now, your Government has shamelessly blocked the private members bill brought by the member for South St. Catherine that would have given consumers the protection they need. I called for bipartisan support of the Bill during the debate. The member who piloted the Bill expressed willingness to be flexible in considering proposed improvements. But no - your side was determined to stop the Bill in its tracks.

This Government is not doing right by the people.

Mr. Speaker, I do not think that matters such as lending rates and bank fees, which are in fact inter-connected, should become adversarial and confrontational. I would like to see a national forum established to take a calm, objective look at these matters, and to find well-balanced solutions that will help to drive the economy while also protecting the public.

But Mr. Speaker, it is not good enough for the Minister just to holler and bawl about high lending rates. As part of forging a consensus in the spirit of social partnership that can reduce lending rates and bank fees, the Minister has several tools at his disposal that can be used to bring a solution to these issues. If the Minister is willing to use the tools

that are available to him, I am confident that a solution can be found that creates a win-win for the public, the economy and the banks.

The Minister has also been trumpeting the decline in interest rates on Government instruments. He has pointed out that the BOJ's overnight deposit rate now is at 2.75% and the 180-day Treasury Bill rate is now at 3.6%. But Mr. Speaker, I have a concern about the interplay between inflation and interest rates. Those interest rates are below current inflation, and this means that the holders of those instruments are making negative real returns.

The Fiscal Policy Paper tabled by the Minister shows that inflation is projected at 4.3% for the coming fiscal year and at 5.0% over each of the following three fiscal years. This negative interplay between recent and projected inflation and short-term interest rates is possibly a factor behind the recent pressure on the Jamaican dollar. The dollar has depreciated rapidly from J\$124.50 to J\$128.81 to US\$1.00 over the past few weeks.

Elusive Growth

Mr. Speaker, the Jamaican economy is not where it needs to be. It is not generating investments, employment opportunities and growth at the levels that are needed for us to tackle the serious social ills that plague our society. After two years in office, the Government's performance in growing the economy has been unimpressive and disappointing.

They have significantly missed their growth targets in each of those years. The Economic Growth Council, and the massive bureaucratic structure called the Ministry of Economic Growth & Job Creation, have been yielding very disappointing results.

That Ministry should be called the Ministry of Everything and Nothing.

Jamaica's growth rate for the second calendar quarter of 2017 was negative (-0.1%), which brought to an end the nine consecutive quarters of positive growth that commenced in January 2015 under our Administration. In fact, for the first six months of 2017, Jamaica's economy did not grow at all.

The Government has blamed this on the impact of rainfall, but it is notable that Jamaica was spared any major weather-related shocks in 2017.

Mr. Speaker, this underscores the lack of resilience in our economy to withstand even mildly unusual weather conditions. Indeed, for the whole of calendar year 2017, the Jamaican economy only grew by 0.5%, which is significantly lower than in 2015 and 2016. This underperformance is also in stark contrast to world growth of over 3%, and growth in the US and the Euro Zone of about 2.5% in 2017.

Mr. Speaker, the fanfare about achieving five per cent GDP growth in four years, the much-hyped “five in four”, has now been discarded. Many now wonder if it was ever a serious target, or just a grand public relations scheme.

We are also alarmed that the Government has made a significant downward adjustment to its medium-term growth forecast, confirming that the ‘five-in-four’ was never a real target. The September 2016 Fiscal Policy Paper projected growth rates of 2.2%, 3.3% and 3.2% for the fiscal years 2017/18, 2018/19 and 2019/2020. Those projections were based on the path that we had forged for the economy.

The Fiscal Policy Paper just tabled and signed by the Minister has substantially slashed those projections to 0.9%, 2.4% and 2.1% respectively.

Mr Speaker, the Minister’s Fiscal Policy Paper states (Part 2 Page 17) that **“real GDP is projected to grow by an average of 2.1% over the fiscal years from FY 2018/19 to FY 2021/22”**. An average growth rate of 2.1% over the next four years, Mr. Speaker? After all the heavy lifting we did to restructure the Jamaican economy, and after all the sacrifices made by so many Jamaicans?

This substantial reduction in the Government’s official growth forecast, in stark contrast to the imaginary “five-in-four”, demands an explanation from the Government. Sadly, none has been forthcoming. On behalf of the people I ask again - was the “five-in-four” just a public relations stunt, or was it a pipe dream?

If not, why is the Government officially projecting “*real GDP growth at an average of 2.1% over the fiscal years from FY 2018/19 to FY 2021/22*”, which spans the period when the Economic Growth Council said we should be achieving 5%?

What went wrong? Tell the people the truth.

Mr. Speaker, we take no comfort from the lack of meaningful growth in the economy this fiscal year, or from the Government’s worsening medium term growth forecasts. To the contrary, we are disappointed. Jamaicans have toiled and made tremendous sacrifices to enable us to establish an economy structured and poised to achieve growth. We won our leg of the relay and handed over the baton. The Government must run its leg without letting the side down, without dashing the hopes and dreams of the Jamaican people.

Our philosophy on Inclusive Growth

Mr. Speaker, the PNP does not see the quest for growth in the same way as the JLP Government. The JLP model is to set up an Economic Growth Council comprised mostly of very wealthy businessmen. We see the drive for growth as part of a broader vision of national development involving the active participation by all stakeholders who make up our society. The small businesses, the farmers, the trade unions, the transport operators, the public service, the churches, the entertainers who are so influential over the minds of our youths. All of these groups need to be brought into a truly national drive for higher levels of economic growth, as part of a strengthened participatory democracy.

Mr. Speaker, without sustained, inclusive and equitably distributed economic growth, prosperity ***will remain but a fleeting illusion to be pursued but never attained***, as Bob Marley quoted from His Imperial Majesty.

The Opposition is committed to growth which is in harmony with the fundamental principles of social justice, equality of opportunity, and a Jamaica that works for all. Without this, growth will not lead to greater national prosperity, but will merely serve to

enrich those with capital, more often than not foreigners, while most Jamaicans are left to wonder why they cannot achieve their hopes and dreams in the land of their birth.

Both political parties must be involved in this process for it to be successful, and for that to happen will require authentic bipartisanship deliberately fostered in the national interest.

Authentic bipartisanship means honest dealings with each other, both in meetings where the public is not present and in the public domain. Mere lip-service will achieve nothing positive. Nice-sounding words are too often undermined by behaviour which remains tribal and divisive. Both sides are guilty of that. We must turn the page and move beyond that approach to our politics.

Mr. Speaker, the PNP began in 1938 as the national movement, and remains so today. This is important to the philosophical outlook from which come our strategies for growth and national development. We see the impediments to growth at this time as being social as much as they are economic. The 21st century global economy of which Jamaica is a part needs a productive, disciplined and well-trained workforce to drive national competitiveness. We can only achieve that by placing a much greater emphasis on social transformation than this Government has committed to in this budget.

Some of the policies and programmes that the next PNP Administration will put particular emphasis on and prioritise are as follows:

1. We are at an advanced stage of developing policies that will, for the first time, comprehensively tackle the issues of land titling. With some 700,000 parcels of land in Jamaica that have no registered title, the financing of agriculture and rural development generally is undermined, and this has contributed to persistent poverty over generations. LAMP is a good programme which we started, but it has only scratched the surface. The impediments are complex and structural, and so our response will be radical, involving profound legislative and administrative changes.

2. A major emphasis on Early Childhood Education, supported by a comprehensive policy to address the broader needs of children from birth until mid-childhood, will be prioritised. Our basic schools are currently organised in an ad hoc system that is not delivering the outcomes our country needs. Jamaica needs an early childhood education system that gets all our children off to the right start. We believe that Jamaica can and must achieve the outcome that all our children are able to read, write and do basic arithmetic by grade four, supported by proper nutrition and exposure to the social skills and wholesome values that are fundamental to citizenship.
3. A national programme to engage and reorient the lives of so-called unattached youths is essential, to put them on a pathway of hope for a better life for themselves and their families. They need mentorship, life skills, the building of self-esteem and a sense of citizenship, vocational training, a chance at remedial education, and an opportunity to know what it is like to have a job. This programme must therefore be holistic in its approach, and also realistic in addressing the needs of these youngsters so that they stay the course and get the full benefit of the programme.
4. The financing of tertiary education needs to be transformed, especially for young people whose parents just don't have it. Our young people who have defied the odds of financially challenged circumstances to make it to university or college, struggle to get through to the end of their courses because of the inadequacy of the current arrangements for financing tertiary education. Sadly, many are not able to complete their degrees. We need to explore ways of fixing student loan payments to a reasonable percentage of their earned income over time. The Opposition is examining ways to balance the risk of joblessness between the society as a whole and the student in a sustainable manner.

We are also of the view that, in a climate of limited resources, the tertiary financing programme should prioritise course areas that provide the skills most needed to support a modern economy.

Investing in our human capital must be the driver for the high levels of economic growth that Jamaica needs. It will create a virtuous circle of greater social cohesion and more wealth creation. No-one is yet persuaded that they owe us a living, and no-one is giving us anything for free. We must compete with the best, and God has given us the natural talents and a strong national spirit and the cultural confidence to do so.

Mr. Speaker, this is not the time to roll out the specifics of our policies and programmes to tackle the real issues confronting Jamaica. But I have given you an indication of what some of the priorities of the next PNP Administration will be.

Tax Policy & Social Equity

Mr. Speaker, taxation policy is one of the most important tools available to the State to drive social justice, equality of opportunity, and a Jamaica that works for all.

The main feature of the budgets for FY 2016/17 and 2017/18 was the two-phased increase in the income tax threshold from \$592,800 to \$1,500,000 per annum.

The financing of the two phases of increases to the income tax threshold was achieved by additional tax measures totalling \$30.902 Billion, largely through various forms of indirect taxation which have been a burden on consumers in an economy where growth has stagnated.

Mr. Speaker, the Planning Institute of Jamaica (PIOJ) produced a report dated April 28, 2017 entitled "Measuring the impact of Government of Jamaica tax reform measures on consumption expenditure by decile".

That report assessed the impact of moving away from a direct tax system and increasing the income tax threshold to \$1.5 million.

It points out that, according to the Jamaica Labour Force Survey 2015, the informal sector accounted for 60.4% of total employment, while the formal sector accounted for only 39.6%. This means that the majority of Jamaica's employed labour force does not have a formal tax paying relationship and has not benefitted from the increase in the income tax threshold.

Similarly, persons who are unemployed or only informally employed do not benefit from the increase in the income tax threshold. But these persons have to purchase goods and services, which require the payment of indirect taxes such as GCT and SCT, whether charged on the purchase of goods and services they consume, or indirectly incurred through their purchases of services the cost of which includes substantial indirect taxes on production inputs (such as electricity and transportation services).

Those who are suffering from the over \$30 Billion of indirect taxation imposed by this Government, for whom prosperity remains a fleeting and painful illusion, include pensioners, household helpers, security guards, other low wage earners, and the unemployed. None of them has benefitted from the "1.5". Over 100,000 NIS pensions are worse off. Over 400,000 self-employed persons, including farmers, hairdressers and barbers, taxi and minibus operators, shopkeepers, bar owners and mechanics, are worse off.

In other words, Mr. Speaker, this Government's tax policy involves the rich getting richer while the poor are getting poorer. Prosperity for the few, sufferation for the many.

This is borne out by our experiences as Members of Parliament, in particular those of us who represent constituencies where most of the residents are in the lower income groups.

It is particularly painful that those who bought into the announcement of the so-called "1.5" and the promise of \$18,000 per month in extra cash in their pockets, are now facing the harsh reality. The political propaganda at the time was that there would be no additional taxes to pay for it. The Government's two budgets before this one, imposing over \$30 Billion in new taxes, have shown that this was a false promise and fake news.

The Minister of Finance last Thursday denied that the “1.5” was sold to the Jamaican people on the basis that there would be no new taxes to pay for it. Well, here is a JLP political advertisement from the last general election that mashes down that lie. It said that “we can afford it”, and the increase in the income tax threshold to \$1.5 million could be done “without any new taxes” – indeed those words are highlighted in gold print.

Had the Jamaican people not been hoodwinked by that deception, had they realised that the JLP had not thought the “1.5” tax plan through and that it would in fact cost ordinary Jamaicans an additional \$30 Billion in new taxes on consumers, it would have been rejected.

There was no mention then of any shift in policy from direct to indirect taxation. In fact, it was costed in their propaganda at \$12.5 Billion. They even itemised how it was to be paid for, all of which the people now know was a scam. The audit firm PwC’s newsletter on the 2016/17 tax measures stated – **“A total J\$13.78bn in new taxes were announced to fund the initial phased increase in the tax-free threshold (of \$1,000,272) which is estimated to cost J\$12.5bn for FY 2016/17 (J\$16.7bn on an annualised basis).”** In the budget for fiscal year 2017/18, a further \$13.5 Billion of new taxes were imposed to pay for the second phase of the increase in the tax threshold.

The rationalisation that came after the 2016 general elections has been that the “1.5” represents a deliberate policy of shifting to indirect taxation from direct taxation on incomes. However, in a society like Jamaica where incomes and wealth are so unevenly distributed, this tax policy worsens the inequities, the fabric of our stressed society, and imposes a social injustice on the majority of the Jamaican people.

Mr. Speaker, the Minister of Finance & the Public Service has proudly announced that there are no new taxes in the coming year’s budget. But were it not for the need to raise taxes to pay for the “1.5”, there would not have been a need for additional taxes after our Administration restored the public finances and eliminated the fiscal deficits that were driving the build-up of the national debt.

We were on a trajectory to arrive at no new taxes from 2016. The reason why you had to introduce \$13 billion of new taxes in 2016 was to pay for your “1.5”. Otherwise, there would have been no new taxes in 2016. The only taxes imposed in 2017 were to pay for the second phase of the “1.5”. So, Minister, your “no new taxes” is 3 budgets late, and your Government is fully responsible for the delay.

But Mr. Speaker, there is more to it than that. The Minister told us last Thursday that tax revenues are \$5 Billion over target for the current year, and the Revenue Estimates project that tax revenues for the coming fiscal year will be \$40 Billion over this fiscal year. What particularly disappoints us, Mr. Speaker, is that despite all the additional revenue that the tax reforms have been successfully bringing into the Government’s coffers, the Minister has not chosen to take even a little bit off of the annual \$30.902 Billion of additional indirect taxes that have hit the wider society, especially the vast majority who never benefitted from the “1.5”.

Not even a 1% off the GCT, Minister? Not a single tax break for the unemployed, the minimum wage earner or the pensioner? Reducing the taxes on fuel would perhaps have the biggest multiplier effect on the economy, as inflation would fall and it would boost real aggregate demand. Any way you cut it, lowering the taxes on the majority, who live on the margins of survival and must consume every dollar that they can find just to stay alive, would help to drive aggregate demand and inject more life into the economy. It is a pity, Mr. Speaker, that this opportunity for some tax relief for the majority has been ignored by the Government.

This is all the more serious when one considers that the increase in the NIS pension that we had made provision for when we demitted office, has not been granted.

The pensioners have had to absorb the price increases from your love of indirect taxation, without any increase since 2013. The minimum wage, which you promised to double, has not increased by a dollar in the two years since you took office. Our hero from Trench Town taught us that “**So Jah say - not one of my seed shall sit on the sidewalk and beg bread**”. Well Mr. Speaker, for the majority of Jamaicans, especially those most vulnerable, **the dutty tough; pot a cook but the food nuh nuff**.

The PATH is no answer to their cries, Mr. Speaker. Let me give a real-life example of how dread it is on those who rely on PATH. It is no bed of roses. The other day Mr. B came to see me in my constituency office. He is 52 years old and was the victim of a stroke some years ago. He lives alone, without much help because his two daughters have children and are themselves struggling. He has to walk slowly and painfully with the aid of a stick. Under PATH he gets \$5,000 every two months! That is not survival. That is destitution. It is immoral that, at a time when tax revenues are projected to increase by over \$40 Billion in the coming fiscal year, not one dollar of tax savings has been passed on to people like Mr. B. And there are thousands and thousands like him in every constituency in Jamaica. To be poor is a crime, it is often said. We need a ZoSo on poverty in this country, Mr. Speaker, and not just in two small communities, but across the whole of Jamaica.

The Public-Sector Pay Issue

Mr. Speaker, the Minister last Thursday said a great deal about the Government's pay offer to the public-sector workers. Well, I too have some things to say about that.

In 2015, when the lowest paid public-sector workers were granted an increase of \$1,000 per week by our Administration, the then opposition spokesperson on Finance described the increase as an insult. Now that spokesman is Minister of Finance and is in a position to do better. But what has he done? The sideman on the NSWMA garbage truck earning \$6,200 per week is being offered an increase of 5% - that is just \$310 per week. It is worse than an insult. The JUTC driver earning \$12,000 per week is being offered an increase of \$600. The lady who is an ancillary worker in a hospital or school earning \$8,500 per week is being offered an increase of \$425 per week.

Where is the Shaw of 2015?

At that time, you said that \$1,000 per week could only buy two chickens and four pounds of rice. Well, if that was the Shaw standard then, what can \$600 or \$425, or worse \$320, buy today? It can't buy even one mawga chicken!

The public-sector workers deserve better. They were better off under our Administration. We treated them with respect. We consulted them in a genuine way and earned their trust. Now they are being insulted.

In his budget presentation last Thursday, the Minister sought to justify the proposed package for public sector workers of 16% over four years, which is below the Government's own projected rate of inflation for that period, with some arithmetical gymnastics to make it look like they are getting much more.

Minister, it was disingenuous to mention the standard annual 2.5% performance increment which has been in place for many years, as part of the pay package being offered to public sector works. The 2.5% performance increment has always been part of public sector remuneration, even when there was no increase on basic pay. And the fact is not everyone gets performance increment, as the teachers, police and others have pointed out.

But what is even more harsh was the suggestion that public sector workers have seen an "average increase" in their net pay of between 7% and 14% because of the "1.5".

Now Mr. Speaker, I ask you, is that not hypocrisy in the extreme? How can you say to public sectors in February 2016 that they would benefit from \$18,000 a month of more pay because of the "1.5", and then rely on the "1.5" as your justification for denying the public-sector workers a reasonable increase that will be ahead of projected inflation?

What's worse, you have already taken it back from them in the over \$30 Billion per year of indirect taxes that you imposed to pay for the "1.5".

Minister, you gave with one hand, and then you turned around and *joked* them with the other. This part of your plan was kept well hidden.

No-one would have voted for your tax plan if they knew it would be used to deny them a reasonable pay increase, after all the sacrifices they made to help put Jamaica's public finances on track. That is *samfie* governance. That is your way, not our way.

And it time to change your ways. **Do right by the Jamaican people and the country.**

Finally, Mr. Speaker, the Minister has indicated that the retroactive payments for the 2017/18 fiscal year will be paid to all public-sector workers, including the police and the teachers and others who have not reached an agreement with the Government.

How can this be?

What is the legal basis for the Government making this payment when there is no contractual arrangement in place to authorise it?

These are public funds, and must be used in accordance with the law, and not as a tool to undermine the sanctity of the collective bargaining process. This happens in dictatorships and should never happen in our democracy.

This decision to pay the retroactive without concluding an agreement with those categories of workers is a big disrespect to them and their union representatives. It is also a violation of the International Labour Organization Convention 98 of 1949 to which Jamaica is a signatory.

Bustamante, Shearer, Michael Manley and Portia Simpson-Miller as trade unionists and past Prime Ministers would not condone this. Not even those unions who have signed on for the paltry increase over four years offered by the Government can support such a violation.

We have never operated in this way. It is a disgrace to see a Government behaving like this towards its own employees.

Minister, do what is right for the people and the country. Withdraw from your position.

Don't be wrong and strong.

Closing

Mr. Speaker, as I come to the end of my first budget presentation, my message is that Jamaicans, and indeed we in this House, are all in this thing together. We may disagree on some things, but there are many things on which we can all agree. We are all loyal

Jamaicans, giving public service through political engagement because we love our country.

Mr. Speaker, the people are Jamaica's most important asset. We must invest generously in our people to give them the ability to improve their lives.

It is the duty of Government to create an enabling environment that supports self-reliance, entrepreneurship, wealth creation and genuine prosperity that will benefit everyone.

Our people deserve this and more...much more. Every Jamaican must feel that if they work hard they will find success.

Those are the only foundations on which we can build an equitable and just Jamaica and the place to live, work, raise families and do business

May God bless us all, and bless our beautiful and sweet Jamaica, Land we Love.

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Items Taxed in FY2016/17 and FY2017/18

DETAILS	Tax Revenue Expected (\$ Billion)
PHASE 1	
Offsetting Measures	
Increase the specific SCT component by \$7.0 per litre on Petrol	6.489
Introduce a SCT regime for LNG and revise the regime for HFO	1.415
Increase the specific SCT on cigarettes from \$12 per stick to \$14 per stick	0.574
Increase the Departure Tax to US\$35 from US\$14.8	5.3
PHASE 2	
Offsetting Measures	
Increase Excise on Pure Alcohol (from \$1120 per litre to \$1,230 per litre)	0.403
Increase Excise on Tobacco Products (from \$14 per per stick to \$17 per stick)	0.826
Increases in Specific SCT on Fuels	7.459
Apply GCT at 16.5% to Group Health Insurance	1.884
Reduce the threshold for the application of GCT on the consumption of residential electricity from 350 kWh per month to 150kWh per month	1.498
Increase Motor Vehicle Licence and Registration Fees by 20%	0.464
Property Tax	3.9
Re-Impose Withholding Tax on General Insurance Premiums paid by Jamaican Residents to non-residents at a rate of 15%	0.99
TOTAL	30.902