



Presentation on the

BUDGET

for Fiscal Year 2019/20

Shadow Minister of Finance & Planning

Mark Golding

Tuesday March 12, 2019
Gordon House

No Equity + Slow Growth =

**WRONG
DIRECTION**

Salutations

I rise to make my second Budget presentation in the capacity as Shadow Minister of Finance & Planning.

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 35 years that we have been together. Babes, this year I will once again quote the Manhattans – “There’s no me without you”.
- I will always honour my parents. My late father, Professor Sir John Golding, who as Jamaica’s first orthopaedic surgeon spent his life in medical service to the less fortunate in our country. He was a builder of many important institutions to empower the disabled. My mother, Lady Patricia Golding, has also led a life of public service, and is always dignified, kind and strong. God bless you, Mummy.
- My three children, all adults now, have been supportive of all that I do, and two of them are here this afternoon, which in itself represents a historical moment for our family.
- My energetic and dedicated Constituency Executive and the wonderful people of South St. Andrew, who gave me their trust and elected me their Member of Parliament in October 2017. It is a tremendous honour and privilege to represent you. You have blessed me with your love and support, and it is a profound pleasure to serve you in return.
- I thank our Party President, and Leader of the Opposition, Dr. Peter Phillips, for appointing me to shadow the portfolio of Finance & Planning. It is an honour to sit beside you in this House. I continue to benefit from your experience and wisdom, your deep understanding of Jamaica’s political history, your strategic intelligence, your unwavering commitment to national development, and your personal friendship and support.

Introduction

Mr. Speaker, we are all agreed that for all Jamaicans to live a better life, whether you call it progress or prosperity, we must have stronger growth in our national economy.

The last PNP Administration set targets for growth for the years 2013/14 through 2019/20 under the 2013 economic reform programme. At the time they were considered modest and achievable growth targets. However, over the past three fiscal years 2016/17 through 2018/19, and in the Government's projections for the coming fiscal year 2019/20, there has been significant slippage in those growth targets.

Since this Government assumed office, Jamaica has fallen behind by over 5% over this four year period, relative to the levels of real GDP growth that we had committed to achieving:

	GROWTH PROJECTED UNDER THE PNP 2013 ECONOMIC REFORM PROGRAMME	GROWTH UNDER THIS JLP GOVERNMENT
2016/17	2.2%	1.3%
2017/18	2.5%	0.9%
2018/19	2.7%	1.8%
2019/20	2.7%	1.5%
TOTAL	10.1%	5.5%

If the growth targets of the PNP's 2013 programme were being achieved by this Government, our teachers, nurses, police and other public servants could have been paid a real increase for the current four year wage cycle, rather than standing still against projected inflation.

Were those growth targets being met, we would have been able to send more on capital expenditure to fix our decaying hospitals, our farm roads, our decaying water systems, and so on. Indeed, under the 2013 economic reform programme we were projecting

central government capital expenditure for the 2019/20 fiscal year of \$128.9 Billion, but because of the sluggish performance the Government is budgeting to spend \$72 Billion.

In 2016 when this Government came to power they set and promised new targets for growth higher than those set by the PNP in 2013. However, they have failed miserably in meeting those targets they set for themselves. In fact, as I have stated, they are way behind the growth targets that the 2013 PNP economic programme was committed to achieving.

Why is this so? If those targets were being met, much more could be done to improve the lives of all our people. Why are our citizens being short changed?

And what choices is this Government making that are causing our people to be worse off?

My presentation today will seek to answer these fundamental questions.

Part 1 – The Burning Issue of Weak Growth

Mr. Speaker, in 2016, the Government's Economic Growth Council, announced with great fanfare, a number of initiatives projected to result in Jamaica's economy achieving the "5 in 4" target; that is, a real GDP growth rate of 5% per annum in the next four years. The current Minister of Finance was the Vice-Chairman of the Economic Growth Council at the time. The Government warmly embraced this plan by expressing its confidence in it, and entering into a declaration of intent to implement the plan. As reported by the Jamaica Information Service (JIS), the Prime Minister said the following at the time of the signing of the declaration of intent:

"This Government will make sure that we are faithful to the sacrifice that the people have made. We deserve results. We are a great country. We will make Jamaica the place of choice, the centre of the Caribbean region for culture and lifestyle, trade and commerce, logistics, technology and information."

Mr. Speaker, what has happened to this promise? The reality since then has been very disappointing – 1.4% for 2016/17, 0.9% for 2017/18, and a projection of 1.8% for the fiscal year now ending (2018/19). 1.8% for this year is significantly lower than the 2.7% that was projected for this year in the April 2016 Fiscal Policy Paper.

The Minister said in the House last Thursday, and has been saying for a while now, that Jamaica has enjoyed fifteen consecutive quarters of positive growth. However, this interpretation of the official data is questionable.

The Government's own statistical agency STATIN has a table on its website that shows that for at least two quarters during this period (Q4 of 2017 and Q1 of 2018) Jamaica endured negative growth of 0.8% and 0.4% respectively:

Quarterly Rate of Growth of Value Added by Industry at Constant (2007) Prices (Seasonally Adjusted)

	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3
Total Value Added at Basic Prices	1.0	1.6	-0.8	-0.4	1.6	1.1
Agriculture Forestry & Fishing	-0.5	7.6	-1.9	-2.9	8.4	-4.2
Mining & Quarrying	-0.9	-0.7	14.2	12.2	3.4	13.9
Manufacture	0.7	1.3	-0.6	0.3	-0.9	0.9
Food Beverages & Tobacco	-0.8	3.0	-0.7	-1.1	0.7	0.9
Other Manufacturing	2.8	-1.0	-0.6	2.2	-3.0	0.8
Electricity & Water Supply	0.4	1.1	-0.6	0.0	0.4	0.0
Construction	0.4	0.0	0.1	-0.2	1.4	0.7
Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment	0.3	-0.1	0.3	0.1	0.3	0.3
Hotels & Restaurants	0.7	0.7	1.7	-2.4	1.9	0.9
Transport Storage & Communication	0.4	0.8	-0.9	1.3	0.4	0.2
Finance & Insurance Services	0.2	0.1	0.3	0.4	0.2	-0.1
Real Estate Renting & Business Activities	0.3	0.4	0.0	0.1	0.1	0.2
Producers of Government Services	7.1	5.1	-7.5	-3.8	6.9	5.1
Other Services	0.3	-0.3	0.8	0.4	-0.2	0.4
Less Financial Intermediation Services Indirectly Measured (FISIM)	2.1	-4.1	0.1	3.2	3.1	-4.1

Published by [Statistical Institute of Jamaica](#) Powered by [dataZoe](#)

The Government's Fiscal Policy Paper tabled on the 14th February 2019 states that the Government is projecting growth of 1.5% for the coming fiscal year 2019/20, which is year four of the "5 in 4".

1.5% growth for next year is lower than the 1.8% out-turn for this year. It represents less than one-third of "5 in 4".

This Government has been consistently underperforming against its own growth projections. "5 in 4" were once buzz words, but now they have curdled like stale milk, only good to throw away! This is more than a disappointment.

In the context of the "5 in 4" target, "1.5 in 4" is an abject failure of performance for which the Ministry of Economic Growth & Job Creation, headed by the Prime Minister, must take full responsibility.

Mr. Speaker, let the record show that the last time Jamaica achieved average real GDP growth of over 2.0% over a four-year period was from 2003 through 2006 under the PNP, when the average real GDP growth rate was 2.2%.

The four years which followed, under the JLP, saw negative average GDP growth, of minus 1.1%.

After the PNP was voted back into power in 2011, we turned that around. We restored the public finances to a path of sustainability by successfully navigating a very challenging economic programme. The public debt, which by 2012 had risen to an unsustainable level of over 146.1% of GDP using the IMF's numbers, was resolutely turned around and placed on a sustained downward path. This was strengthened by the legislation of Fiscal Rules in the Fiscal Responsibility Framework in 2013.

By 2016 Jamaica's debt had been reduced to 122.3% of GDP. In fact, if the new definition of public debt that was introduced as of April 1, 2017 were applied, we reduced it 113% of GDP. And while successfully leading Jamaica through the difficult but absolutely necessary challenge of bringing the public debt under control after we assumed office in 2012, we also achieved positive average growth over the next four years. Minister, when you speak of fifteen consecutive quarters of positive growth, it would be nice of you to mention that several of these quarters occurred under the stewardship of the PNP. Of course, the real credit for these achievements must lie with the resilient Jamaican people.

As a result of the immense sacrifice of the Jamaican people the public debt is now below 100% of GDP, and is expected to keep falling steadily to the statutory Fiscal Rule's target of 60% by March 2026. This has created greater fiscal space, meaning available resources to pay for things other than servicing debt. But the expected growth remains elusive.

Given the sustained austerity measures adopted over the years and the continued improvement in the state of the public finances, the number one question must be why can't Jamaica break through to much higher levels of growth, without which there can be no prosperity for all our people?

Part 2 – Tax Policy, Priorities & Social Equity

Mr. Speaker, in FY 2015/16, the Government of Jamaica collected \$411.85 Billion in taxes. The current projections for FY 2019/20 see the Government of Jamaica collecting \$565.88 Billion in Taxes for the period. This is an increase in taxes of \$154 Billion.

The Fiscal Policy Paper recognises that the major factor in this amazing increase has been far more efficient tax collection as a result of various reforms to the system of tax administration. These reforms were implemented under the last PNP Administration, and are the bedrock of the financial health that Jamaica is enjoying today.

The reforms include third party information laws and the transfer pricing rules, the various enforcement and collection provisions, creating Tax Administration Jamaica (TAJ) as a semi-autonomous agency with its own advisory board and establishing the Jamaica Customs Agency as an executive agency, the RAIS tax management software at TAJ and the ASYCUDA system at Customs. These have all delivered beyond expectations and created the fiscal space that this Government has inherited from the heavy lifting of the last PNP Government. There is much more money available now because of the work we did.

Mr. Speaker, the cumulative percentage increase in taxes since 2015/16 is 44.3%. This far outstrips both the cumulative annual percentage increase in inflation of 19.0% over that period. It also far exceeds the cumulative percentage increase in nominal GDP of 32.8% over the period.

Mr. Speaker, all this tax money didn't come from growth, as there has been precious little growth. You are reaping the fruits of the efforts and good work of those who came before you. This is a matter of record, and credit should be given where it is due.

FISCAL YEAR	TAXES (\$B)	INCREASE IN TAXES OVER PRIOR YEAR (%)	NOMINAL GDP GROWTH (%)	INFLATION (%)
19/20 ¹	565.88	4.6	6.0	4.3
18/19	541.20	8.9	5.2	3.7
17/18	496.89	8.4	8.1	3.9
16/17	458.32	11.3	5.9	4.1
15/16	411.85	<u>11.1</u>	<u>7.6</u>	<u>3.0</u>
	Total	44.3	32.8	19.0

¹ Projected



Mr. Speaker, this shows that, in real terms, the taxes paid by the Jamaican people have increased very substantially under the JLP Government. The increase in taxes far outstrips any increased levels of economic activity.

However, the overwhelming success of the tax reforms, so crucial to the rate of debt reduction achieved over the past six years, is also having other economic effects. The burden of increased taxation is reducing disposable income. It is compressing consumer spending and aggregate demand. It is therefore part of the reason for the weak growth Jamaica is experiencing, as the Minister himself recognised in this House last Thursday.

So yes, there has been no new taxes in the past two years, but you are collecting a whole heap more from the old taxes.

The big question is, how has this Government used these additional resources from the tax system? Last year we called for taxes to be given back to the people out of the tremendous windfall provided by the improved collections.

Yet even after the tax giveaway announced by the Minister last Thursday, the Government is once again looking to collect more taxes in the coming fiscal year 2019/20. You are projecting an increase of \$47.4 Billion of taxes (or 9.2%) over the original budget for the 2018/19 fiscal year.

No new taxes, but GCT collections are projected to go up by 12.6% this coming fiscal year, from \$177.0 Billion to \$199.3 Billion.

No new taxes, but income tax collections are projected to go up by 14.5% this coming fiscal year, from \$138.2 Billion to \$158.3 Billion.

We must ask why hasn't the Government shown some regard for the people and the burdens they are bearing, in determining how to direct the tax rollbacks.

Why not, for example, lower the GCT rate, to achieve a situation where taxes keep up with inflation but don't exceed it?

Consider Ms. Maureen, a single mother who is employed as a clerical officer. She has three children in high school. After paying her rent, she has to pay all these indirect taxes whenever she shops for food or takes a taxi. She is struggling to make it on the same salary as the Government takes in more and more indirect taxes. Will the reduction in transfer tax and stamp duty, the abolition of the Minimum Business Tax and the Asset tax on companies, make her life any better next month, or the month after? The answer is no. Taxpayers like Ms. Maureen deserve better.

We estimate that \$16 Billion of additional taxes could be given up without reducing government revenue in real terms. The Government could reduce the GCT rate from 16.5% to return \$16 Billion to ordinary Jamaican consumers, and still see its revenue keep pace with inflation. The people would have greatly appreciated such an ease up in the GCT.

Or the Government could have reduced the \$14 Billion of SCT that it put on gas to pay for the “1.5”, and instead give the travelling public an ease up from high fuel prices. The taxi man and his passengers, the bike man doing deliveries, the truck man bringing in food from the country, the pensioners who have to buy gas out of their fixed income – all of them deserve a break from the heavy taxes.

And let us not forget that part of the tax on gas was to finance a hedging insurance arrangement to protect Jamaicans from increases in the world market price of oil. That hedging insurance arrangement was abandoned by this Government, but you have kept the tax in place that was put there to pay for it. That nuh fair to the people, Minister.

Because of your decision to retain that tax, gas costs more at the pump now that it did under the PNP, when the world market price of oil was higher. In 2013 the world market price for oil was US\$100 per barrel, and Jamaican motorists were paying J\$112 per litre for gas. Now that the world market price for oil is US\$60 per barrel, motorists are paying over J\$140 per litre. This is because of the additional taxes you have kept on the gas. Again, that nuh fair to the people, Minister. It is having a negative impact on the lives of ordinary Jamaicans. The price of gas affects everyone, whether you own a motor vehicle or not.

Many ordinary Jamaicans have to travel from afar to reach their workplace. Consider Ms. Paulette, a domestic helper working in Kingston 8 and living in Above Rocks. By the time she forks out the monies being spent on traveling, Ms. Paulette and her family are left to survive by hand to mouth.

Under the PNP, the Government started the process of lowering tax rates, even as it continued to deliver on the fiscal targets. GCT was reduced from 17.5% to 16.5%. We realised that consumers needed a break. Income tax on ordinary companies was reduced from 33.3% to 25%. We realised that businesses needed a break.

The PNP’s philosophy is not to adopt an “either or” approach in delivering tax breaks. We believe that businesses and the ordinary person are both worthy of consideration, when it comes to tax relief.

Even though you will be collecting \$154 Billion more in taxes this coming year than when you assumed office three years ago, this JLP Government hasn’t given the people a break



from the GCT. And it hasn't given the travelling public a break from the additional taxes on gas.

In its quest for growth, the Government's strategy has been to ramp up capital expenditure on road projects, rather than stimulating consumer demand by removing some of the growing tax burden from the people. But the execution of the capital expenditure has been so poorly managed that it has failed to earn the growth that we need. In fact, it has hampered growth, and caused endless problems. I will say some more on this later.

The Government's policy is to move the burden of taxation more towards indirect taxation. This means the tax burden is carried by the people, including the poor and the struggling. And with the greater intake of taxes overall due the success of the tax reforms, with collections ahead of inflation and ahead of growth, it means that more and more tax is being extracted from ordinary, less well-off Jamaicans.

The tax policy of the JLP Government is worsening inequality in the country. The April 2017 report of the Planning Institute of Jamaica (PIOJ) entitled "*Measuring the impact of Government of Jamaica tax reform measures on consumption expenditure by decile*" provided statistical data which shows that this tax policy will inevitably hurt people at the bottom of the society.

In a society as unequal as Jamaica, where relatively few live very well and many more have to struggle to survive, we have to ask how can this be a morally or economically fair tax policy? Can Jamaica achieve high levels of growth with a policy that makes the less well-off bear a disproportionate burden of the costs of the State? How can their consumption increase and drive higher levels of economic growth, when they are forced to spend so much more of each dollar that they have in taxes?

Minister, I was in Trench Town last Friday, and some little children were singing – "*Santa Clarke, will you ever come to the ghetto. Santa Clarke, do you ever wonder why we suffer so*". I told them I would deliver their message to your today.

The tax burden on the people is too heavy. All taxpayers deserve a break! Government must spread the benefit to all Jamaicans, not just a few. All Jamaicans want to taste a slice of delicious topsy turvy cake, not just the beneficiaries of corruption and poor governance!

The \$14 Billion Tax Giveaway

Mr. Speaker, the trend away from direct taxation and greater reliance on indirect taxation continued last Thursday, when the Minister announced a tax roll back of \$14 Billion.

Before considering the substance of the \$14 Billion tax giveaway, there are two initial points I wish to make about it.

Firstly, most of it (\$10.9 Billion) has become possible because the primary surplus target has been reduced from 7% to 6.5% of GDP by the IMF. The primary surplus is the revenues that are left over after expenditures, so that the public debt can be paid.

The Minister indicated that the IMF agreed to the reduction in the primary surplus to 6.5% because Jamaica has achieved its current debt-to-GDP ratio of 96% one year earlier than originally forecast.

That is indeed wonderful, and it was made possible because of the internationally-acclaimed PetroCaribe debt buy back of 2015 that was spearheaded by the then Minister of Finance Dr. Peter Phillips. Over US\$2 Billion of debt to Venezuela was sold back to Jamaica for less than 50 cents in the dollar, and reduced our debt-to-GDP ratio by a whopping 9% in one stroke.

Secondly, the rest of the tax giveaway is possible because tax collections in the final quarter of this fiscal year are \$3.7 Billion above what was forecast when the original Revenue Estimates were tabled in February. Once again, the Government is reaping fruits from the tree that was planted and nurtured by the last PNP Administration. The wide-ranging tax reforms that we pioneered are a gift to Jamaica that keeps on giving. We must share this gift fairly. That is the kind of equity Jamaica needs.

But how is this opportunity being used by the JLP Government?

GCT Threshold

Last year, we had called for and applauded the raising of the threshold for GCT registration from \$3 million to \$10 million. I called for it, to ease the administrative burden on small businesses. Peter Bunting called for it. Dr. Peter Phillips called for it. We applauded it, even if the Government has gone one-third as far as we had called for, this giveaway being only \$0.7 Billion.

However, I have one concern about the way this is being done. Some small businesses may suffer from this measure. Those businesses may wish to be registered for GCT, as without being registered they are unable to charge GCT and use it to recover the GCT they pay on the goods and services they buy for their business.

Therefore, GCT on these inputs will become an additional cost for small businesses, that they could previously recover but now cannot. This will make them less competitive than larger businesses that are GCT registered. In sectors where there is stiff competition, including from the very efficient foreign business owners in the local market, it could even result in them going out of business.

Minister, you need to fix that. Let me tell you how. It is critical that the Government swiftly amends section 27 of the GCT Act and paragraph 3 of the GCT Regulations to give these small businesses the *right* to register as GCT taxpayers if they wish. Some of them may choose not to, and instead try to recover their GCT cost by including it in their sale price. But others may wish to deal with the administrative inconvenience of monthly GCT filing, and keep the benefit of being able to charge GCT and recover their GCT cost from their GCT collections. They must be given the option of choosing which is better for them.

Minimum Business Tax

Mr. Speaker, we have no objection to the elimination of the Minimum Business Tax. It was always intended to be a short-term measure. It has served its purpose of broadening the tax net by ensuring that the over 75% of registered companies that were filing no taxes at least had to pay something by way of tax.

Transfer Tax & Stamp Duty

The bulk of the \$14 Billion giveaway, totalling \$12 Billion of it, is the elimination of ad valorem stamp duty on financing security documents and property transfers (\$6.7 Billion), the reduction of transfer tax on transfers of real estate, shares and other securities from 5% to 2% (\$3.4 Billion), and the removal of asset taxes on certain companies (\$1.8 Billion).

Now, as a corporate lawyer and investment banker, I can speak personally to this. These tax breaks are music to the ears of my large corporate and high net worth clients, who routinely engage in business transactions which incur these taxes. And it could further stimulate the real estate market, which will please property developers and real estate dealers. However, that market is already very buoyant and arguably is not in need of further fiscal stimulus. It could end up creating an undesirable asset price bubble, like what happened in the run up to the 2008 Great Recession.

Minister, you have said that you wish to eliminate distortionary Government taxes on financing transactions. If so, one important distortion appears to be overlooked. Mortgages of real estate attract a substantial registration fee of 0.5%. To achieve a complete elimination of such Government charges on financing transactions, the

percentage registration fee would need to be replaced by a reasonable fixed registration fee.

Minister, there is another pitfall in the measures as announced. The new stamp duty of a fixed amount of \$5,000 on loan security documents will mean that the transaction costs on many secured loans to micro and small businesses will actually go up. For example, Winston is a welder. He is borrowing \$150,000 for a new welding plant and is using his aunty's title as security. The stamp duty on the mortgage would have been \$938 today. After your changes come into effect on April 1 he will have to pay \$5,000 in stamp duty. Winston must vex.

Likewise, Sharon is borrowing \$120,000 to buy a deep freeze for her cook shop. The stamp duty on the bill of sale over the deep freeze would be \$2,250 today, but after April 1 it will be \$5,000. Sharon must feel away.

So while larger loans to bigger businesses will benefit from the tax giveaway, the small entrepreneur borrowing a loan may well be worse off. Minister, the design of your stamp duty giveaway is defective. There should no stamp duty charged on documents for loans of under \$1 million. Or if zero is a problem, then make it \$20.

Free up Winston. Free up Sharon. Free up all the other small borrowers who are borrowing to expand their businesses, feed their families, and grow the economy. That is what you should have done.

What equity, Minister?

But Mr. Speaker, the more fundamental objection of the Minister's tax giveaway is that it lacks equity. I am not here only as a corporate lawyer and investment banker. I am in this House to represent the people of South St. Andrew who have elected me - the residents of Jones Town, Craig Town, Admiral Town, Trench Town and Rose Town, Arnett Gardens and Rema, the Eastern side of Maxfield Avenue and the communities to the South of Rousseau Road.

There is nothing in these tax giveaways for the vast majority of them. They aren't buying and selling real estate and shares. Many of them will never get a mortgage. And for those who do, it will be a once in a lifetime event.

And that is not just my constituency. It is true of West Kingston. It is true of the Prime Minister's constituency of West Central St. Andrew. It is true of Central St. Catherine and Central Clarendon. Indeed, it is true of most constituencies in Jamaica, whether urban or rural. Many Member of Parliament in this House will relate to what I have to say about this.

A giveaway of taxes represents a choice of priorities. This Government has chosen to favour persons who enter into transactions involving secured lending and the buying and selling of real estate and shares. But why should they be the priority at this time, and the principal beneficiaries of the tax goodies?

The commentary published by PricewaterhouseCoopers on the revenue measures makes the point that “*transfer tax and stamp duties have effectively operated...in lieu of capital gains tax in Jamaica*”. The effect of these tax giveaways is that, more and more, the tax burden of the country is being borne by the masses of the people, while the Government reduces or removes altogether the taxes that apply to the ownership and transfer of accumulated wealth.

This is the most regressive tax system in Jamaica in my living memory. The indirect taxes on consumption and fuel are a load on the backs of the majority of the people, while the more economically advantaged are privileged in carrying less and less of the load. That nuh fair, Minister.

It reflects the same mindset that would run the vendors out of Constant Spring Market without relocating them to a suitable place to continue in business, despite many of them having been in Constant Spring for so many years, and paying them only minimal and inadequate compensation for destroying their honest livelihoods. Is it that those type of business people don't belong there? What a cruel act! Is this really how you treat these fellow Jamaicans!

We reject that mindset completely. In his song War, that great son of Trench Town, Bob Marley, quoted His Imperial Majesty Haile Selassie I in pointing out that social peace and harmony cannot exist “*Until there's no longer first class and second class citizens of any nation*”.

Fellow Wailer from Trench Town, the great Peter Tosh, similarly recognised that without “Equal Rights and Justice” there will be no peace.

I share that philosophy. Is the foundational principle from which my presentation today is drawn.

The Minister spoke repeatedly of increasing equity. Well, “equity” is a word with more than one meaning. From the choices of who should benefit from the tax giveaways, it is clear that the “equity” he was referring to is not social justice and fairness, as the giveaway is skewed away from those who really need help. It seems that the “equity” he had in mind was assets and wealth.

The struggling consumer under financial stress needs a break. It was the ordinary Jamaican consumer who has carried the burden of the increased indirect taxation. This includes over \$31 Billion of new indirect taxes imposed to pay for the “1.5” election promise.

The single mother needs a break for her family. The taximen need a break. The person doing a little selling needs a break. The farmer needs a break. The hairdresser needs a break. John may have found a job, but Tony and Tonisha are still unemployed, and the unemployed need a break. There is no tax giveaway for any of them.

What about ladies like Precious, who isn't working. She complained to me last weekend that she has less money to buy food for her family because she now has to buy bags to carry her shopping, since the Government banned the scandal bags that used to be available for free. There is nothing in this tax giveaway for Precious. We support the need to phase out certain plastics to protect the environment, but there was woefully inadequate preparation of the society for its rushed implementation.

Part 3 – Other Areas of Concern

The Health System Needs a Break

Mr. Speaker, it isn't only consumers like Precious that need a break. What about key public services? The situation in many of our hospitals is deplorable. Key diagnostic equipment like X-ray machines are not working. There aren't enough beds, so people have to be sleeping on benches for days waiting to be admitted. Stroke victims need to be transported for a CT Scan but there is no ambulance to take them.

With the crisis in health care delivery, why isn't part of the windfall being added to the health budget and used to address these burning problems?

What about the Public Sector Workers?

Mr. Speaker, imagine the public sector workers who had to settle for an average 4% wage increase over four years, when the Government has set its inflation target at 4%-6%. If that target is achieved, the public sector workers will get no real increase for the four years. How do you think they feel, hearing that they couldn't get a real increase but still the Government is giving away \$14 Billion in taxes to persons entering into certain business transactions?

If this Government wasn't performing so badly on growth, they could get a real increase without breaking the 9% fiscal rule.

NHT Raid Continues

Mr. Speaker, when I was in the Senate, the JLP Senators fumed and howled about the annual distribution of \$11.4 Billion from the NHT. This was to help achieve the primary surplus target, in the most difficult of times. Several of those JLP Senators are in this House today.

Imagine that when you came to power in 2016, you passed legislation to extend it for another four years.

And now you are giving away \$14 Billion in taxes in the coming fiscal year, while you are still going to take \$11.4 Billion out of the NHT to help with the budget. How come? Isn't that a glaring double standard?

The Treatment of the Vulnerable

The Minister made much of the \$4 Billion increase in the budget for persons on PATH. This was touted as evidence that this Government is prioritizing the interest of the poorest and most vulnerable.

But let us examine, in the absence of hype and back-slapping, what that increase really means for the over 340,000 PATH beneficiaries. It works out to \$226 a week per beneficiary, or \$32 per day. It is a drop in the bucket, and represents mere crumbs from the Minister's table. It can't even buy a patty. It can't buy a bun and cheese.

We cannot see how, if we are to be honest, \$32 per day amounts to any prioritization of the interest of the poorest and most vulnerable. 25% sounds impressive, but here is a real case where percentage can't eat, Minister! This is no example of building equity for all!

Capital Expenditure

Mr. Speaker, there is capital expenditure of \$72 Billion budgeted for central government in the coming fiscal year, compared with \$68 Billion for the current year. There are three points I wish to make about this.

Firstly, would it not be better for Jamaica to spend some of this money by investing in our human capital instead? Why aren't we taking all the remaining schools off the shift system? Why aren't we implementing a breakfast feeding programme for basic schools, many of which are closing because they cannot survive in the current economic environment?

Secondly, the impact on economic growth of the major road projects, which account for much of this capital expenditure, has been underwhelming. I will address this later on. Indeed, half of the 1.8% growth this year has been attributed by the Planning Institute of Jamaica to a single private sector project.

I am talking about the reopening of the Alpart alumina plant by the Chinese company JISCO. That project is an investment that was brought to Jamaica by the PNP Administration. So without JISCO /Alpart, growth this year would have been under 1%, despite all the capital expenditure on road projects. Once again we see the Government reaping the benefits of the astute management of the last PNP Administration.

I should also mention again that while the Minister has made much of central government capital expenditure reaching \$72 Billion this coming year, that is actually a significant underperformance relative to the \$128.9 Billion that was projected in our Administration's 2013 economic programme as the amount of central government capital expenditure that

should be happening in 2019/20. This is consistent with the fact that we are behind where should be in terms of economic growth as well.

Student Loans

I also want to say something about the Student Loans Bureau (SLB). Its viability was restored by the last PNP Administration through ensuring that it receives annual grants funded from the Education Tax. We welcome the Minister's announcement of the lowering of its interest rates and the change in the accounting rules for its loans. However, we would like to see the Government go further.

There are two factors which are a big disincentive to students from poorer homes applying for student loans. Many don't apply because of the requirement for loan guarantors, that they are unable to provide. And many don't apply because the risk of not getting a job after completing their course of study is borne entirely by the student rather than the State. If they can't find a job after graduation they face the full brunt of the SLB's delinquent loan collection measures.

So while 99% of SLB loan applicants are receiving loans, that doesn't tell the whole story, because too many are not applying at all. These factors deny access to SLB funding for tertiary education for many students from the poorest homes, and we would like to have seen them addressed by the Government. Thousands of thousand are registering for university without student loans, and then many of them struggle in the face of deregistration.

The Government has dropped the ball

Mr. Speaker, despite having a Ministry of Economic Growth & Job Creation, headed by the Prime Minister, this Government has failed badly at continuing the successes of the past PNP Administration in improving Jamaica's world rankings for Competitiveness and Ease of Doing Business.

The PNP Government recognised that achieving high levels of growth even as we reduce the country's heavy debt burden, required well-designed reforms to address the bureaucratic and structural weaknesses that are holding back the country's economy. We were able to garner improved ratings for Jamaica in many of these indicators. I know this because I was part of the team that drove critical reforms forward to execution.

This Government's poor performance in this vital area of reform has been a contributor to the disappointing growth results that we have been seeing.

Under this Government's watch:



- Jamaica's ranking in the Forbes “Best Countries for Business” 2018 report fell from 72 to 80 out of 161 countries
- Jamaica's ranking has also slid for three consecutive years in the World Bank’s “Doing Business” Report. It fell from 65th in 2016 to 67th in 2017. It then slipped further to 70th in 2018. And it fell again to 75th in the 2019 Report recently released.
- Jamaica has lost its position as the highest-rated Caribbean island in the World Economic Forum’s “Global Competitiveness” Report. It slipped nine places, to 79th position from 70th position it held last year.

This is all happening under your watch. We are headed in the wrong direction.

This Government’s inability to drive growth-inducing reforms to make Jamaica’s climate more business-friendly is clearly having negative consequences for Jamaica’s international competitiveness.

This is consistent with the fall in the rate of GDP growth, from 2.2% in the first quarter of the 2018/19 fiscal year down to 1.8% in the second quarter. And now the Government is projecting further deterioration to average growth of 1.6% over the third and fourth quarters. This is another disappointing outcome. From 2.2% to 1.6% is a decline in the rate of growth by 27% over the course of this fiscal year. Another case of Jamaica going in the wrong direction.

This deterioration is occurring in the context of this Government having established an Economic Growth Council to develop their policies to drive growth, but without broad-based representation. This is symptomatic of how they approach governance. This is a Government which jumps through hoops to facilitate Big Business, ensuring through a few phone calls to Mr. Fix-it and behind-the-scenes pressure that corners are cut and things move quickly how they want it.

This House may remember the complaint of a former president of the Private Sector Organisation of Jamaica in the media in August 2016. As reported in the Jamaica Observer newspaper, he said:

"Right now if you need to get something done people tell you you can call Daryl or you can do this — that is not a system. You know, you have to put in place a process."

He is absolutely right. This is *chaka chaka* government. Based on the decline in the rankings mentioned earlier, the essential elements of an inefficient, wasteful and

uncompetitive system remain untouched and intact, as the Government does not have what it takes to transform the system.

Three years ago they inherited an economy that had been pulled back from the abyss of a Debt-to-GDP ratio of over 145%. This was achieved by immense national sacrifice of the people, and by focused, competent governance. Since then, this Government has not been able to tackle the causes of economic under-performance, despite the talk of prosperity.

The truth is that this Government has proven to be very weak in developing transformational legislation. The last PNP Government understood how important it is to fix these inefficiencies and improve the system so that investors are attracted and the economy can grow for the benefit of all Jamaicans. We had the skills to do so, and to great effect. For example:

- We developed and implemented the single “Super Form” for starting new businesses.
- We delivered the Security Interests in Personal Property Act to enable non-traditional asset classes to be used as collateral, and to simplify and modernize the process of registration of security interests.
- We brought in modern Insolvency legislation to promote the rehabilitation of businesses in financial difficulties, so they can work their way out of trouble.
- We unlocked productive assets that were sterilized for generations in “dead-leaf” estates that could not be administered because of laws that did not address the social realities of Jamaica. We did this by designing and passing innovative legislation that has empowered the Administrator General to free up those assets for the benefit of thousands of Jamaican families. This also avoids the need for slow and burdensome court procedures.

Under our watch, Jamaica’s rankings in the world improved significantly. This Government has ushered in three lost years of inaction when it comes to reforms to enhance business growth and competitiveness.

The lopsided structure of Government fails to deliver

The wagga wagga Ministry of Economic Growth and Job Creation has become a contributor to the country’s low-growth problem. The Prime Minister must restructure his Government. He needs to decentralize the excessively concentrated executive authority.

That single Ministry has portfolio responsibility for over thirty departments and agencies, including many large, diverse and complex public bodies such as:

- Port Authority of Jamaica (PAJ)
- Urban Development Corporation (UDC)
- Statistical Institute of Jamaica (STATIN)
- National Water Commission (NWC)
- Development Bank of Jamaica (DBJ)
- Forestry Department
- Planning Institute of Jamaica (PIOJ)
- National Works Agency (NWA)
- Factories Corporation of Jamaica
- Meteorological Department
- EXIM Bank
- Jamaica Social Investment Fund (JSIF)
- National Environment and Planning Agency (NEPA)

You said that this wagga wagga structure was necessary to drive growth. But where is the growth, after three years. It simply has not worked. The unwieldy arrangements in this giant octopus of a Ministry have failed to provide adequately focused ministerial attention to critical agencies of Government. It also lacks clear lines of accountability for the impediments that are retarding Jamaica's economic growth.

There is no more time to waste. Jamaica is clearly falling behind in global competitiveness, to the detriment of our people.

The consolidation of Agriculture into Industry & Commerce has been misconceived, as Agriculture continues to underperform in the absence of any clear vision for rural development, while Industry & Commerce has failed to continue the focused drive on improving Jamaica's international competitiveness. Without this, we will not achieve the desired growth, and real prosperity will remain an illusion to be pursued but never attained.

Corruption and weak governance

Mr. Speaker, the connection between the increase in incidents of corruption, nepotism and victimization under the current Government and these poor results in critical World

Rankings is undeniable. Jamaica's place in Transparency International's "Corruption Perception Index" also fell during the past year, from 68th to 70th. This is on the back of the de-bushing scandal. It is on the back of the used cars for the Police scandal. It is on the back of the Firearm Licensing Authority scandal. And most of all, this is on the back of Petrojam, the mother of all scandals. And we cannot forget its cousin scandals at NESOL and the Universal Service Fund.

These blots on Jamaica's image and reputation in so many well-recognized international rankings are very damaging to our national prospects, for which this Government is fully to blame.

It will also impact international investor attitudes and confidence when they consider Jamaica. The very damaging recent US Travel Advisory is even more reason why we need to clean up our act.

Counter-productive execution of capital expenditure

Mr. Speaker, I now come to a topic which I said I would return to. The 2018/19 fiscal year included capital expenditure of \$68.8 Billion, a level made possible by the fiscal space created by high levels of taxation. However, poor management of this exercise has meant that Jamaica is not seeing this capital expenditure translate into significantly higher levels of economic growth. And ironically, it may even have helped to depress economic growth.

The scheduling of three major MDIP road projects in the Corporate Area, at Constant Spring Road, Hagley Park Road and the Mandela Highway to be executed at the same time has caused massive dislocation for businesses in these areas, with critical utility services being disrupted time and time again, and business activity brought to a virtual standstill.

Labour productivity has also been badly affected by the traffic delays caused by the simultaneous works in these vital commuter thoroughfares. Mr. Speaker, I have seen people trapped in traffic jams in our capital city, in Portmore, on Mandela Highway, on Constant Spring Road and in the various chaotic bypasses for Portia Simpson Miller Square. The Leader of the Opposition will elaborate on this further in his address on Thursday.

Labour Force Shrinking

There is also a broader point that needs to be made in relation to the labour market and lack of strong economic growth. The trend towards reduced unemployment over the past five years has continued, with unemployment falling to 8.4% in July 2018 and rising slightly to 8.7% in October 2018. However, while the number of employed persons rose

by 10,100 in the preceding twelve months, a worrying statistic is that the number of persons of working age who are outside the workforce has increased by 10,600 to 752,800 (or approximately 26% of the country's entire population) over that period.

This means that even as the number of employed persons has been rising, the number of persons of working age who have given up looking for work or are otherwise not inclined to work is increasing, as people drop out of the workforce after failing to secure work opportunities. This is a worrying trend for Jamaica. This is heading in the wrong direction.

Jamaica's Roller-Coaster Foreign Exchange Market

A major challenge that Jamaicans have had to grapple with this fiscal year is instability in the foreign exchange market. It is bad for business. It undermines confident decision-making, investment and growth.

Jamaica has now committed to a free floating exchange rate, where the price of the Jamaican dollar is set by the market through supply and demand, and the Bank of Jamaica only intervenes to smooth out temporary disruptions to an orderly market. Jamaica has been assessed by the IMF as having more than adequate international reserves in the context of a free floating exchange rate.

Despite this, the past fiscal year has seen two periods with wild swings in the exchange rate. In the three-month June to August 2018, the local currency fell in value by over 9% (from 126.38 to 137.96) against the US dollar. A similar rapid slide of around 8% occurred over a four week period this January into February 2019.

On both occasions, the BOJ was slow to respond, but eventually responded by selling from the international reserves to ease the devaluation pressures. A more timely response would have been less costly to the international reserves, to businesses and to consumers. It would also have reduced confusion and speculation as to what the Government's exchange rate strategy really is.

Why has this been allowed to happen? The IMF's Article 4 review as at March 2018 indicated that all is well when it comes to the fundamentals of Jamaica's foreign exchange position. So why is this repeatedly happening, Minister? These frightening periods with wild swings are not just the ordinary ups and downs of the market.

You need to explain this to the many businesses which lost money in the rapid and dramatic rise and fall of the dollar, amidst the panic and uncertainty. Where there are these wild swings in the value of our dollar, imported goods are priced at the higher level. Businesses try to avoid foreign exchange losses.

Consumers will therefore bear the burden of higher prices. Jamaica's experience is that once the price goes up, it doesn't come back down. It is generally one-way traffic for the consumer, when it comes to prices.

The Government's own Fiscal Policy Paper speaks of "*the need to sustain relative stability in the foreign exchange market*". This begs the question why in the absence of significant shocks, this Government has failed to deliver the required stability in the currency.

This instability has cost many businesses dearly. Let me cite just two examples from the Jamaica Stock Exchange. Take Caribbean Cement Company. For the quarter ended September 30, 2018, it reported foreign exchange losses of \$464 million. According to the company's management, when compared to the same period in 2017 this contributed to a 45% decrease in pre-tax profits. Sygnus Credit Investments Limited is another example. It reported net foreign exchange losses of US\$743,596 for that quarter, compared to US\$83,146 in the same period in the prior year.

What is more, the incomes of the vast majority of workers and pensioners are fixed in Jamaican dollars. The unemployed are also fully exposed to the local currency. Exchange rate instability in an import-dependent economy therefore hurts the people significantly as well.

Taxpayers could be hit even harder by continued instability, as over 60% of Jamaica's debt is denominated in foreign currency. The Government's Fiscal Policy Paper shows that for each 1% devaluation in the dollar, \$12.3 Billion is added to the amount of debt Jamaica owes, and \$741 Million is added to the amount of interest Jamaica must pay each year.

We feel very strongly that the Bank of Jamaica needs to improve its market intelligence and respond more effectively to sudden pressures brought about by temporary imbalances of supply and demand in the market.

Inflation targeting without participatory decision-making

Mr. Speaker, the Government has brought a Bill to amend the Bank of Jamaica Act so as to establish price stability through inflation targeting as the primary objective of the Central Bank. The Bill is before a Joint Select Committee, which after an initial flurry of activity towards the end of 2018 seems to have stalled and has not yet met in 2019. I have provided detailed written comments on the Bill to the Committee.

However, one issue which I wish to mention today is the matter of how the inflation target is set. Although the law has not yet been amended, the Government has already implemented inflation targeting. The prevailing inflation target of 4%-6% was set in

September 2017 by the then Minister of Finance, apparently based on the Bank of Jamaica's recommendation, but with no consultation with the broader society. Here again we see this Government's failure to engage in consultation with stakeholders on matters of national importance.

The Opposition believes in consultation as a key practice in deepening our participatory democracy, and does not support this approach. Stakeholders should have a voice too! The inflation target is being made into a critical macro-economic goal post. When the Bill eventually becomes law, it will be the principal metric by which the monetary policy decision-making of the Central Bank must be guided.

This is not a highfalutin technical matter. It impacts the daily lives of ordinary Jamaicans. It may or may not be a coincidence that the two bouts of intense exchange rate instability this fiscal year both occurred at times when the Government had just undershot and missed its inflation target. This has caused a great deal of speculation in the wider society that the Central Bank was deliberately pursuing the devaluation of the local currency so as to drive up prices and bring inflation back within the target range.

This has been consistently denied by the Central Bank, but the reality is that sections of the public are still not convinced. Such speculation reinforces our position that the process of setting (and thereafter adjusting) the inflation target must be transparent and inclusive. It should be brought to this House in a Ministry Paper and debated, so that the justification for the proposed target can be publicly scrutinized and defended. I would like to see such a process included in the Bill before it is brought back to the House to be passed.

What is proposed for the Fiscal Council?

Mr. Speaker, Jamaica's borrowing relationship with the IMF will come to an end in November this year, when the current Precautionary Standby Agreement expires. At that time, the Economic Programme Oversight Committee (EPOC) will have completed its mandate and its terms of reference will come to an end.

EPOC was created by Dr. Peter Phillips as then Minister of Finance, to ensure stakeholder buy-in and oversight of the IMF Programme, so that what had happened under the previous JLP Government would not be repeated. Let us not forget that the Head of the IMF, Madame Christine Lagarde, came to Jamaica and praised EPOC as a significant innovation that we should export to other countries. I wish to recognize EPOC for its sterling work over the past six years.

There is bipartisan consensus on the need for a Fiscal Council to be established in law as an institutional watchdog to provide ongoing analysis and monitoring of Jamaica's

compliance with the Fiscal Responsibility Framework. I called for this in my budget presentation last year.

The Minister mentioned this in his speech last Thursday. I am calling on the Government to establish the Fiscal Council before the end of the IMF Agreement in November this year. I urge him to adopt an inclusive approach in developing the proposed details of the proposed institutional structure and terms of reference for the Fiscal Council, rather than bringing it to us to ask for our rubber stamp.

The views of the Opposition, the private sector, the trade unions and other stakeholders on the specific proposals must be sought and taken into account in developing the Fiscal Council legislation that needs to be tabled in Parliament by September.

System not delivering credit where it is needed

Mr. Speaker, one of the inhibitors to higher levels of economic growth is the credit transmission system, meaning the institutional and policy arrangements by which the capital formed by national savings are made available as financing for the productive sector.

In recent times, weak aggregate demand has caused Jamaica to undershoot its inflation and growth targets. In response, the Bank of Jamaica has been repeatedly lowering the policy rate at which it lends funds overnight to the banking sector. There have been eight such reductions in the past eighteen months. That rate now stands at 1.5% per annum, an all-time low, but the Jamaican economy remains sluggish.

The Bank of Jamaica has decided to go even further, and has recently reduced the cash reserve ratio. This will release to the banks some of the funds they are required to hold on deposit at the Central Bank. So on top of the \$14 Billion tax giveaway on transaction and asset taxes, a further \$16 Billion has been given back to the banks for them to invest and earn profits on.

While credit to the private sector has been growing, too much of it is financing imported luxuries like upscale motor cars rather than flowing into the local productive sector, especially MSMEs and farmers.

More innovative policies are required to increase the volume of credit to the local productive sector and build their competitive capacity. Mere talk will not suffice.

The Government has dragged its feet on enabling the use of funds lying fallow in dormant accounts, an idea developed by the previous PNP Administration more than three years ago.

The regulatory rules governing lending need to be adjusted to encourage greater lending to MSMEs and farmers.

The capital requirements in the general insurance sector should be normalised, so that capital held there can be redirected to financing productive assets.

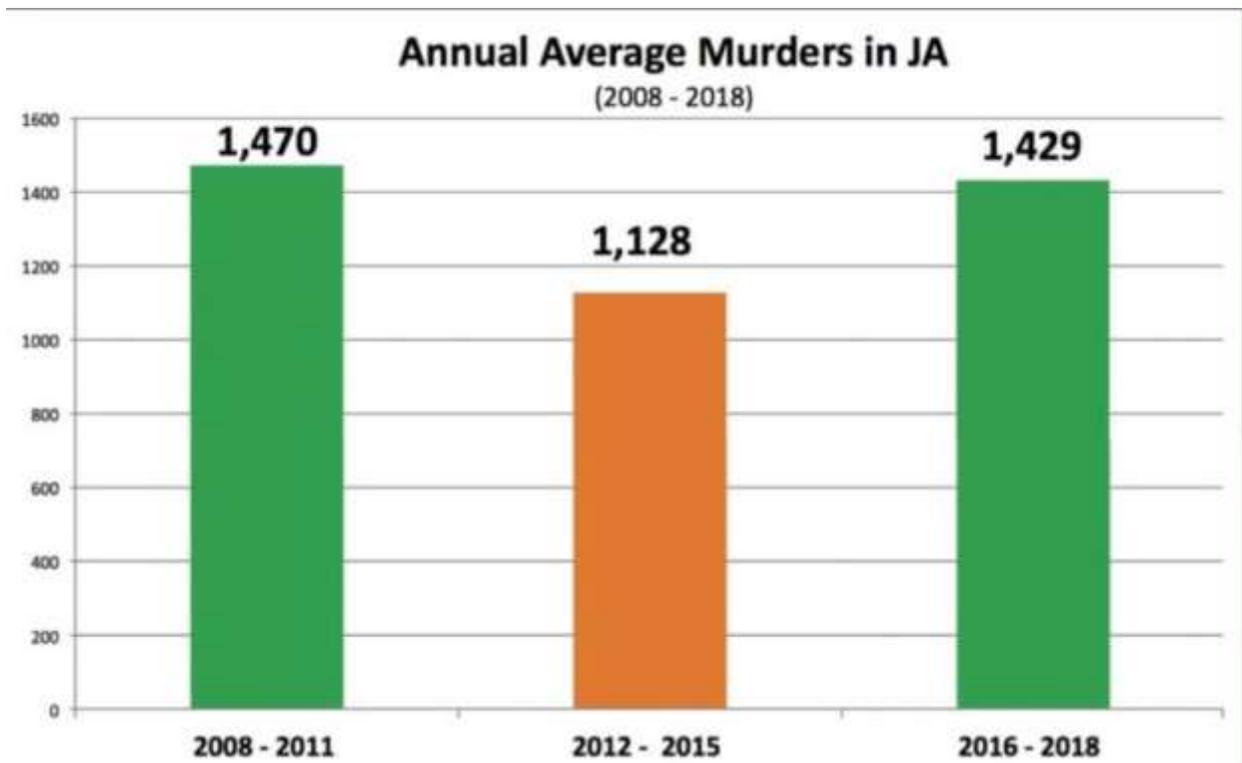
These are important measures to improve Jamaica's inefficient credit transmission system and stimulate growth.

Woeful response to the Crisis of Crime

Mr. Speaker, I wish to say something about the security of our citizens, as this is crucial to investment, growth, progress and real prosperity.

The national security situation provides an example of the different outcome which results from the different approaches to the management of the country's affairs. Under the last PNP Administration, Unite for Change was conceptualised and implemented as a holistic programme. It targeted vulnerable youths to keep them off the path to crime and violence, and by the end of 2015 was in full swing. With astute management and a solid policy platform, including several important pieces of crime-fighting legislation which did not infringe constitutional rights, murders averaged 1,128 for the four years of the last PNP Administration.

The JLP Government disbanded the Unite for Change programme which was a centre-piece of the successful reduction in murders under the previous Administration, and since then murders have increased alarmingly under their watch. Murders since this Government assumed office in 2016 have averaged 1,429 per year, or 27% above the PNP years.



On Thursday the Leader of the Opposition will say more about this critical matter which is undermining national development.

Part 4 - How We will Approach Things

Our Philosophy for Progress

Mr. Speaker, I wish to frame the rest of my presentation this afternoon in the context of a broad philosophical theme, and it is this. Jamaica continues to suffer from low levels of economic performance, despite all the sacrifices and efforts made. This is rooted in a deep and sometimes longstanding structural weaknesses in the society.

Social transformation, and the investments which are needed to support it, are essential to enabling the amazing energy and talents of our people drive our economy forward at a sustained pace to progress.

The manifestations of our weak social fabric are all around us. They are felt most devastatingly in the terrible level of violent crime that has been a burden on the psyche of every Jamaica for decades. They are also reflected in negative social practices such as the abuse of children, teenage pregnancies, deficient parenting and dysfunctional families, and the general lack of discipline on the roads and in other public spaces.

In economic terms, we do not operate in a vacuum. Our weak social fabric discourages investment, lowers our national productivity, and undermines our international competitiveness.

Mr. Speaker, we are a national Party. It is in our name and in our thinking. We recognise that it is in the interests of all Jamaicans, from the bottom to the top of society, to pursue policies that empower and uplift the masses of the people. Our mission is to build a society that works for everyone. This is the mission that our founding father, the Rt. Excellent Norman Manley, gave to us.

Every Jamaican deserves a chance to prosper on home soil! We need a Jamaica with policies and programmes that work for all, not just a few. We need to tackle inequality in our society by strategies that tackle the root causes head-on.

This is the philosophical approach which will guide the policies and programmes of the next PNP Administration.

Investing in Human Capital

Jamaica must make strategic investments in our human capital to tackle the structural impediments to investment and productivity. These impediments have a strong social dimension. Early childhood development necessitates more investment in basic schools, infant departments and programmes to provide nutrition and parenting support, to relieve the hardships afflicting many households.

At all levels, our school system promotes inequality in the society, with a sharp division of standards between a smaller grouping of well-managed and better-resourced schools, and a larger group of under-resourced and by extension under-performing schools, where too many students find themselves on a road to nowhere.

The system of financing tertiary education needs to be made more accessible and user-friendly to students from poorer homes. They will otherwise struggle to access and complete the education that their natural talent and determination deserve. No student should be discouraged or prevented from accessing finance for education because of the need to provide acceptable guarantors. Loan repayment should be capped at a percentage of current income, so that the burden of debt service is consistent with capacity to pay.

The private sector should be encouraged to participate actively in the design and execution of vocational training programmes. For example, an Associate Degree in BPO Management was introduced by IteIBPO at the Trench Town Polytechnic in 2018. This type of collaboration will more effectively prepare students for the world of work in the kind of jobs that the Jamaican economy is producing, and on better terms of employment.

Rural Development & Agriculture

Rural development must be prioritized, driven by a national policy for the development of agriculture. We have a competitive advantage in several agricultural products. Our coffee, cocoa, ginger and sea island cotton are rated among the best in the World. However, there has been a lack of focus and innovation in pushing these industries forward, and they are not given the priority they deserve. Estates and traditional crops which are no longer viable should be redirected into these areas where Jamaica enjoys significant competitive advantage.

Jamaica's Medical Cannabis Potential

Jamaican ganja has international brand recognition and the potential to be a world leader in the rapidly growing medical cannabis industry that is taking the world by storm. However, no national plan has been developed to support the emerging medical ganja industry. Imagine that even the former Speaker of the US House of Representatives, a staunch Republican, has become a major promoter of this industry. We too must seize our share of this market.

The enabling legislation was passed by us four years ago, and was both experimental and pioneering, but no amendments have been developed to address any areas of weakness that may have arisen and need to be sorted out. The two pilot projects to test

an alternative development model that is friendly to small ganja farmers, have failed to get off the ground after years of talk.

The small farmers must be included in this emerging industry. They struggled against oppressive laws for so long in the years when it was criminalized, and they must enjoy the fruits of the new opportunities.

The medical cannabis industry was enabled by our reform vision in our last term in Government. The next PNP Government will once again bring a determined cohesiveness to drive it forward. We will bring small farmers into the centre of policy to become active participants in a legal industry, who can benefit from the power of Brand Jamaica.

A New Deal for Housing for the Poor

Mr. Speaker, there is a dire need for bold new policies to address the chronic dilapidation of much of the housing stock below Cross Roads and in other similar communities across Jamaica. \$1 billion for social housing across Jamaica under HOPE, welcome as it is, is a mere drop in the bucket and is frankly hopeless.

A holistic and imaginative approach is desperately needed. Ownership of bankable real estate can be the building block for the transformation from poverty into prosperity at the level of the family. Multiple families living for years in a single yard have no hope of ownership of their homes, under the current system. With no access to ownership comes no access to finance for home improvements. This has to change. Without fundamental change, we will be continuing the transfer of poverty from one generation to the next.

There is a need for proactive Government policy at the very low end of the housing market where private developers and the NHT are not active. The transaction tax giveaways are unlikely to have much impact there.

The next PNP Government is going to fix that problem on a scale never achieved before in Jamaica. The new titling system which we are developing will be complemented by a programme which helps families lift themselves up by improving their homes, utilising tradesmen in their own communities to let the money stay local to benefit these communities.

Social Amenities & Social Justice

Mr. Speaker, street lighting, garbage collection and most importantly water supply are areas where these communities are treated shamefully by the State. Crime and violence are facilitated by the darkness of night, but the areas most prone to crime suffer from the greatest neglect when it comes to street lighting. That doesn't make sense from a national

security standpoint, and is oppressive to the residents in these communities who go to work in the early morning, and come home at night, in the fear of darkness. Many murders and other violent crimes could be prevented, if there were working street lights.

Similarly, the garbage trucks serving these communities are wholly inadequate in number relative to the dense populations who need these services.

And many of these communities have to put up with protracted disruptions in water supply for months on end, sometimes bathing and catching water for cooking from fire hydrants.

We need a more inclusive Jamaica, with a uniform standard of basic amenities for all. These conditions contribute to the lack of national productivity. They re-enforce the reality that there are two Jamaicas, one of which is allowed to suffer through squalor and decay, while the other enjoys vastly superior living conditions. The gross underserving of these communities in the provision of these critical amenities is unjust and unfair, and it must stop. They are people too, just like me and you.

My Call to Action

I am confident in sharing these ideas long before any election manifesto, because I know that a JLP Government has no interest in delivering on transformational social change.

The result of their approach, as was the case in the 1960s and the 1980s, will be an even more unequal and lopsided society, where the great potential of the mass of our people is wasted and hope cannot thrive.

We do not support that model of development. We do not believe in trickle down economics. The current approach of providing incentives mainly to the owners of capital and wealth in the hope of benefits trickling down to the “have nots” is regressive, and does not serve the interests of the vast majority of the Jamaican People.

Indeed, that approach doesn't serve those at the top any more than those at the bottom. You cannot strengthen the strong by weakening the weak. We are all interdependent. We are all in this thing together.

Social justice and equality are not just abstract concepts that are sung about in inspirational songs. They are essential principles in constructing a cohesive society that can flourish and meets the hopes and expectations of all its people; one that works for all and not just for a few. It is in the interests of every Jamaican, for this generation and generations to come, that we build a Jamaica that works for all.



I believe in these things from the core of my being and my identity. It is why I have moved out from the relative ease and comfort of private life as a successful corporate lawyer and investment banker, to represent the people of the great constituency of South St. Andrew.

Part 5 - There is a Difference

There is a fundamental difference between the policies and approaches of our Party and the other Party, in our history, our traditions, our orientation and our objectives.

We are the Party which, under Rt. Excellent Norman Manley in the 1950s, opened up secondary education to thousands by introducing the common entrance exam. Before that, secondary education had been the domain of the privileged few. We are the Party that made Jamaica the first country in the Western Hemisphere to introduce sanctions against the racist apartheid regime in South Africa. We are the Party that achieved rates of economic growth among the top three countries in the world in that era.

We are the Party which, under Michael Manley in the 1970s, eliminated the vile notion of bastardy. We ensured that all Jamaican children have equal status and rights under the law. We strengthened the rights of workers by supporting collective bargaining and establishing the Industrial Disputes Tribunal. We gave women the right to equal pay for equal work. We gave women the right to paid maternity leave.

We are the Party which, under P. J. Patterson in the 1990s and early 200s, built Highway 2000 and the North Coast Highway from Negril in the West all the way to Port Antonio in the East. We expanded our airports and our sea ports. We transformed telecommunications and internet services. We took Jamaica's infrastructure to all new level of development.

We are the Party which, under Portia Simpson Miller from 2012 to 2016, rescued Jamaica from the brink of financial ruin and restored the public finances to a sustainable path, successfully assuring the economic future of Jamaica. She did this with the anchor of Dr. Peter Phillips as Finance Minister. We did this without any social dislocation or unrest, itself an amazing achievement. We commenced and completed the North-South Highway. We decriminalized the personal use of ganja, so that thousands of youths no longer have a criminal record and cannot be thrown in jail for smoking a spliff.

We have a proud history of empowering the Jamaican People. We are ready and able to resume our historic mission by leading the country forward to greater progress, equity and yes, real prosperity for all.

God bless Jamaica, land we Love.

May it please you, Mr. Speaker.



No Equity + Slow Growth =
**WRONG
DIRECTION**



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Presentation on the

BUDGET

for Fiscal Year 2019/20

Shadow Minister of Finance & Planning