

Forging Forward

A New Way for Jamaica

Presented By: Mr. Andrew Holness

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Acknowledgements

Mr. Speaker, on rising I must give thanks to God for sparing us as a nation, and as a Parliament, that we can all gather here once again to discuss the people's business and recommit ourselves as instruments of His will.

Mr. Speaker, you will understand if I thank the delegates, Parliamentary colleagues, Party members, workers, and well-wishers for their prayers, support and participation in a democratic exercise that reaffirmed my leadership and their faith in that process. I stand here to address the nation at this time because of them.

Mr. Speaker, I wish to specially recognize members of the diplomatic corps who are here in the gallery. I would also wish to specially acknowledge students from Penwood High in the gallery. You continue to make your community and myself proud

Mr. Speaker, I wish to specially recognize members of the diplomatic corps who are here in the gallery.

Members of my support staff are also in attendance, as well as my Councillors: Delroy Williams of the Seiveright Gardens Division, Christopher Townsend of the Olympic Gardens Division, and Councillor Caretaker for the Molynes Garden Division, Mr. Glendon Salmon.

Mr. Speaker, let me also acknowledge members of the Junior Shadow Cabinet who have joined us today. They are a group of vibrant, energized and patriotic Jamaicans, representative of the future and passionate about building this country of ours.

Also joining us today are members of the private sector, the Church and civil society. They play a critical role in national development. The Opposition pays keen attention to their views and is always eager to partner with them for the advancement of our nation and its people.

Mr. Speaker, my family is my refuge. My mother, a retired civil servant, who ensured that I received the education I needed to be where I am today, is here with us. My dear wife Juliet is with us as well. She has been a tower of strength in everything I do; she is a pillar of support, confidante, partner and friend. Let me also express my love and appreciation for my two boys Adam and Matthew. I work feverishly to secure a better Jamaica not only for them, but for all the children of Jamaica.

Mr. Speaker, the people of West Central St. Andrew are my extended family. It is always a source of great pride to see literacy rates increasing year after year in the 4 primary schools in the constituency.

I am of the firm belief that the most effective vaccine against crime and poverty is **education**. It means more of our children will be able to gain knowledge and understanding and make greater use of the opportunity schooling provides.

Mr. Speaker, West Central St. Andrew, like all the constituencies of the western belt including West Kingston, and the Prime Minister's constituency of South West St. Andrew, are in need of serious urban renewal. Some of the oldest communities in our capital are in this belt and face serious challenges due to lack of proper infrastructural development and maintenance.

The housing stock has deteriorated to the point where there is little or no market value in these properties to spark regeneration. This year, we hope that National Work Agency (NWA) will finally sign the contract to fix Woodpecker Avenue. I hope this work commences on schedule.

Mr. Speaker, the universal cry in West Central St. Andrew over the past few weeks and right across Jamaica is for water. We have pipes, but many of the water mains are old, corroded, leaky and not sized to deliver at the volume and pressure sufficient to meet the demands of the constantly growing population in those areas. The situation is made worse during the drought period. Mr. Speaker, the complaints I have received, suggest that the period of water lock-offs are too long. Most households, to my certain knowledge, cannot store more than a day's supply of water. So, by the second day of the lock-off the entire community is in crisis.

This year, through the Constituency Development Fund (CDF), I will restart the "black tank" programme, geared towards assisting large households with many children and elderly residents. This is only a partial solution to the problem which I can address as MP.

Introduction

Mr. Speaker, The most important challenge that faces us now as a country is ensuring that we stay true to our vision of making Jamaica the place to live in safety, work for prosperity, raise healthy families and operate in a business friendly environment.

Mr. Speaker, it is our vision and belief that every Jamaican can attain prosperity. But if we are not honest about how we got to where we are today, our ambitions will be merely a pipe dream.

For years we have been like the children of Israel who were led out of colonial Egypt with a promise land in sight. Mr. Speaker interesting it is, that if one were to do a geographic assessment, the journey from Egypt to Israel only takes about two weeks by foot, but the Israelites ended up spending 40 years in the wilderness, going around in circles repeating their mistakes.

Mr. Speaker, over the past years we found ourselves being sold the same promises, the same visions of hope, how firm we should stand, the progress we should not stop, the progress we should log on to, the courses we should not change, that this was the a new beginning, this was people power. But where did all of this really take us. Mr. Speaker like the Israelites we have ended up spending a generation in the wilderness, going around in circles, being subjected to the same Pain and Punishment (PnP).

Exposing the False Narrative and Setting the Record Straight on the National Debt

Mr. Speaker, there is a sense of uncertainty, unease and despair about the future of our country.

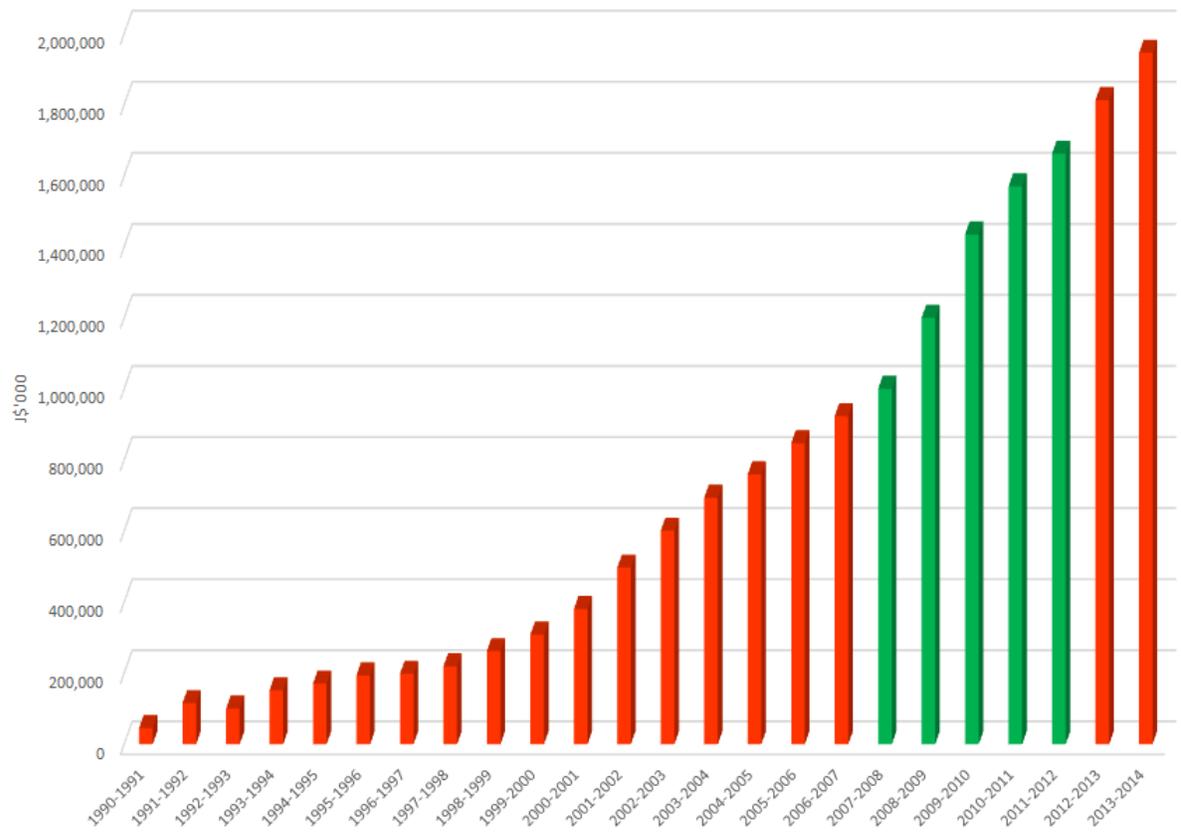
Where is Jamaica going? The answer we are given by the government comes in this narrative from the newly converted capitalistic Minister of Finance: "For too long we have lived above our means. Now we are determined to live within our means, and if the revenues don't come in, we will have to make adjustments... curtail expenditure and defer some payments into the next fiscal year. ... if we are going to enable future generations to realize their dreams and aspirations and to fulfill the vision of the founding fathers and mothers, we have a responsibility to reduce the burden of the public debt. Unless we do this we will have forfeited the dreams of past and future generations." These are statements of the Minister of Finance. There is nothing wrong with a determination to maintain fiscal discipline. I am happy that our political thought is evolving in this way and has finally come to the realization that we cannot borrow our way to growth.

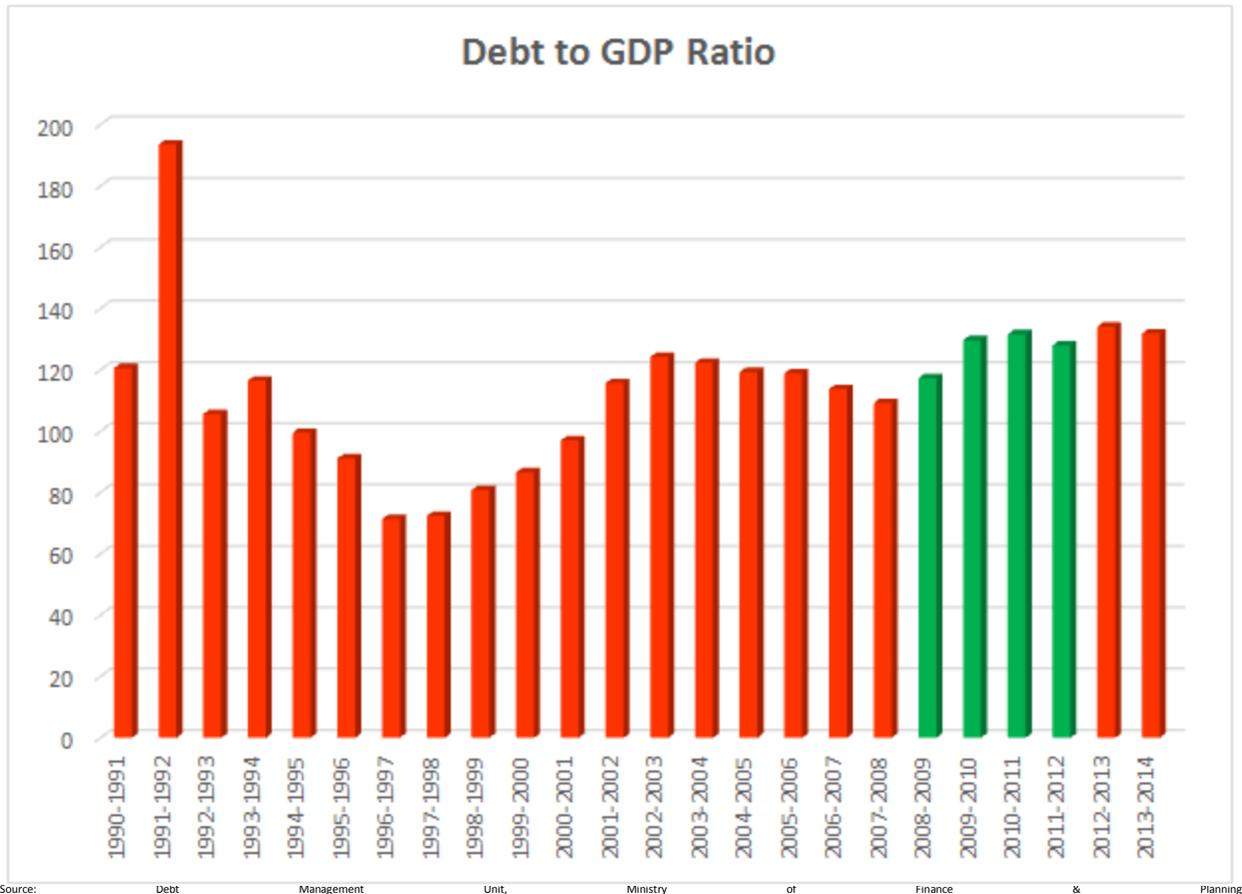
I also found the Finance Minister's comment in opening the budget debate quite curious:

"Our situation was compounded by those who found it politically convenient to propagate the view that the proven laws of economic development did not apply to Jamaica. Whereas other countries had to work their way to prosperity, Jamaica they said could borrow its way to prosperity, I trust it is now evident to everyone that there is a limit to any country's capacity to sustain such fiscal irresponsibility. Jamaica has reached this limit. High debt prevents growth and limits the country's capacity to withstand unforeseen economic shocks."

Every study that I have read about Jamaica's current debt crisis concludes on three main factors that pushed the national debt to where it is.

TOTAL DEBT





1. First, the collapse of the financial sector in the early 90's that saw the creation of Finsac and the subsequent absorption of Finsac debt between 1996 and 2003 when the National Debt moved from 71% of GDP to 124% of GDP a 52 percentage point increase. In total the government created approximately JA\$140billion in new debt due to Finsac. What did that mean for us Mr. Speaker? It heralded the start of the country's stifling debt burden.
2. The government did not only absorb bad private loans, between 1996 and 2003 it also absorbed the losses and debt of statutory bodies and Public Enterprises such as Air Jamaica, NWC, and Bank of Jamaica, totaling approximately JA\$41billion. By the mid 2000's, the government was also bringing on to its books significant debt that it had previously negotiated but had not accounted for it when the expenditure associated with the debt took place. This was done under the infamous "deferred financing scheme" which saw government approving private expenditure on public infrastructure projects which would be later absorbed into the public debt stock at premium interest rates. This year the government took on contingent liabilities of Clarendon Alumina Production Ltd. (CAP) and Wallenford Coffee Company Ltd. (WCC) of US\$258.3 million (approximately \$28.3 billion) to the debt stock.
3. The profile of our debt started to change in the mid 90's with the development of the local capital market which opened new borrowing options to the government. Multilateral debt and borrowing, which had far better concessional interest rate terms, was rapidly replaced by borrowings from the domestic capital markets which came at much higher rates but

without conditionalities. Domestic Debt prior to 1999 averaged 28% of total debt. Since then Domestic Debt is averaging approximately 60% of total debt.

This was during the good old days of government placing large amounts of debt with the domestic capital market, and not only in Jamaican Currency but US Dollar instruments as well. It was also the period of time that Jamaica gained access to the international capital markets where it could float its bonds and gain access to hard currency loans. This era of debt expansion led to the view that Jamaica could borrow its way to prosperity. Having destroyed the real entrepreneurial spirit of Jamaica with Finsac the government now created a new kind of entrepreneurship, the investment in government paper. For a decade the only game in town was government paper and it grew with the Governments voracious appetite for debt.

Why was the government borrowing as much as it did during most of the 90's and early 2000's?. The government was actually running a double digit primary surplus, meaning its revenues could cover its operating obligations with some balance to contribute towards debt payment. The government did not face a fiscal crisis; government was borrowing primarily to meet debt repayment obligations. As debt servicing increased because of the higher interest rate nature of the debt stock, so too did government borrowing, starting a vicious debt trap cycle.

In the Minister's words, who were these fiscally irresponsible people who have lead Jamaica up a mountain of debt? Which Minister propagated the view that the proven laws of economic development did not apply to Jamaica? Whereas other countries had to work their way to prosperity, Jamaica they said could borrow its way to prosperity. Under which government did the collapse of the financial sector occur? Which Minister was it that came up with FINSAC? Which Ministers used deferred financing? Who created the mountain of government paper? Which smart Minister conceived the forward sale of our bauxite in CAP which now cost more to produce than the actual price we secured? All of this was done under the almost 2 decades of PNP administration. The then Minister of Finance, Omar Davis was the mastermind, and the current Minister of Finance was a senior member of the cabinet that presided over the creation of this present debt crisis. No wonder they are doing everything in their power to prevent the FINSAC report from coming to light.

When the minister comes here sanctimoniously preaching, about living within our means and recognizing limits to borrowing. Where was his voice then when his colleague and predecessor made it clear that he was going to "run wid it"? Don't come now and preach to us about fiscal responsibility. You were the ones who created this hardship on the Jamaican people in the first place and you are now subjecting the people of Jamaica to this **pain and punishment** because of your fiscal irresponsibility.

The National Debt and meeting the IMF test are now the fulcrums around which government's economic policy revolves. It is now the excuse or reason behind every economic decision of the government. The imperative is no longer care for the poor and concern for the hardship that people must now bear because of bad decisions of the past. All this talk about we love the poor and people power has no meaning to anyone. If you listen carefully to the government they are saying, we care more about the IMF and passing their test. The government is now saying it is not the people who have the power; it is the IMF that has the power. When they say we have to live within our means,

cut our expenses and pay more taxes, what the government is really saying is that we the people must now pay for their past mistakes.

And when the government has decided on who or what they are going to cut, they cut without mercy and they tax without thought. Take for example the recent decision of the JUTC to slash routes to sub franchisees. Mr. Speaker, so concerned was I about this decision; I chose to do my own checks. I decided to get the real story live and direct from the people who were most affected. I visited the Half Way Tree Transport Centre and met with the Managing Director of the JUTC. After that I took to the streets and visited the Mandela Park lay-by. I then hopped on a bus, traveled downtown and spoke with bus hackney carriage and route taxi operators in Parade and completed my tour in Duhaney Park.

Mr. Speaker, this is what I gathered from that outing.

The explanation is that the JUTC has to improve its revenue and therefore it must take more profitable routes away from sub-franchisees and operate them directly. This is presented as if it is the only solution to the problem. It is presented in the most arrogant take it or leave it manner. There is no consideration that peoples livelihood are at stake. There is no consideration that franchise holders have invested borrowed funds in these buses, have used their last savings or their redundancy money to invest in providing transport capacity at a time when the government simply did not have the capacity to carry the public. We all know about the indiscipline in the transport system, and we all agree that order must be brought to the system. It is apparent however, that this move is not so much about order. This move is about the government subjecting bus operators to **Pain and Punishment** to meet its IMF target. That's what it comes down to, whether it is bus operators, public sector workers, or bond holders, we are all now being told that we will have to make some sacrifice to pay for the mistakes of this government.

Some people can bear the sacrifice more than others. What do you tell a bus operator who finds himself without income, the conductor and driver who no longer have jobs, the mechanic whose services will no longer be needed, the many families who depended on these breadwinners who probably now will not even be able to afford bread? What do we say to them? Sorry mi friend, but the money we would normally use on transportation, we have to use to pay back the money we borrowed to pay back the Finsac debt, so we have to take away your livelihood to make JUTC profitable.

Mr. Speaker, If we are going to ask people to make sacrifice then we must be fair and equitable. We must also be creative. In this matter the government has not been fair and I am sure there is a solution that would make JUTC more profitable, keep the franchise holders, while, at the same time improve the service.

Mr. Speaker we believe a more palatable solution would be this:

The JUTC estimates that its maximum carrying capacity is approximately 25,000 seats with 50% of that number as standing passengers. That target capacity I am sure was set over a decade ago and is possibly out of line with the current commuter demands. A revision of this I am sure will reveal a need for more seats. The assumption that the JUTC is reaching its carrying capacity and does not need the number of franchise holders it now has could very well be flawed. In any event, the JUTC

should seek to set a higher service standard, by reducing the number of standing passengers, which means providing more seats on the route with less wear and tear on the buses.

The solution could also lie in how the JUTC allocates its capacity during peak and off peak times against the variable cost of operating. I am sure that many times you would have seen virtually empty JUTC buses operating during off peak hours. The cost of fuel and crew schedule would make those trips uneconomical. However, allocating off peak hours to franchisees with smaller buses that match off peak demand would save cost to the JUTC and a way would be found to accommodate those sub-franchisees who are now being cut.

Mr. Speaker, I am saying that in these difficult times, with difficult decisions to make. Government must show leadership, be thoughtful and creatively balance the need to satisfy the IMF with the imperative of balancing people's life.

And sometimes when you listen to comments of the cheerleaders you would believe that there is only one way - one solution; the Government knows best and we should not criticize. And so it is with the taxation policy of the Government.

Mr. Speaker, in our four budgets, during the time of the worst global recession since the Great depression, when our remittances fell, our bauxite earnings fell, and there was a general fall out in government revenues, we levied a total of approximately JA\$46 Billion in taxes. We were called uncaring, wicked, evil government.

This is only the third budget of this new PNP government and already they "dashed" on the people almost JA\$62 Billion in new taxes.

And so Mr. Speaker, I ask:

Who is the **wicked** government now?

Who is the **uncaring** government now?

Who is the **evil** government now?

Mr. Speaker, who are the people inflicting **Pain and Punishment** on the Jamaican people?

Deliverance

It is always a tough call to increase taxes. It is never a good idea to take more money out of a shrinking economy and pull more money out of peoples' already over-burdened pockets. It is even more disturbing when those tax increases are not going towards the provision of additional services, the development of new infrastructure, or increased opportunities, but to pay for obligations created by this Government's policy failures and bad decisions like CAP. Nevertheless, the old saying is true: the only things certain in life are death and taxes. So if you have to tax, at least tax smartly; tax thoughtfully, tax fairly.

Mr. Speaker, we have made specific recommendations to the government not to increase transaction taxes, i.e., transfer tax, stamp duty, and other such taxes. Instead, the government, in its wisdom or desperation has instituted a new transaction tax...the withdrawal tax. Every Minister

of Finance must be cognizant that taxation is as much a means of earning revenue as it is a means of sending signals to the market.

This withdrawal tax will do more damage with the conflicting signals it is sending than the benefit to be derived from the revenue collected. The Minister says that he does not know whether the banks are going to pass on the tax, but all of us know it will be passed on. It is likely to become a nuisance. When you write a cheque for JA\$10,000.00 you better be sure that you have JA\$10,000.00 plus the tax in your account, otherwise, you will be getting back your withdrawal amount less tax, because it is not likely that the banks and other deposit taking institutions will pay the tax for you.

Mr. Speaker, financial transaction taxes are not new. They have a checkered history and are usually withdrawn over time.[1] Some countries that have implemented them have used it more as a disincentive to transacting business in cash. So cash withdrawals are taxed but non-cash transactions are not. However, in our case every withdrawal, in whatever form, is taxed. This now becomes **punishment** for using the formal banking system and regulated transaction platforms.

I am sure the Minister has heard people saying that they are now going to put their money under their mattresses, because what they stand to get in interest on their savings is less than the amount they have to pay in bank fees, and on top of that there is a tax to do business with their own money. In general financial transaction taxes, like the proposed withdrawal tax, like stamp duty, have a negative impact on commerce. These taxes are counter-productive to the growth agenda and that is why most countries that have used them have abandoned them shortly thereafter.

There is another consideration. Yesterday I received an email from a Jamaican living in one of the Gulf States who is following with interest the proposal to create an International Financial Centre here in Jamaica. Mr. Speaker, the JLP administration started work on developing the concept and defining the business proposal. We saw this as a major new industry to support growth in Jamaica. However, the email reads:

“Has your government abandoned the idea of Jamaica as an International Financial Centre? Surely, they must have. If the country is serious about becoming an off-shore financial centre, how can it place a general tax on financial transactions? It sends conflicting signals. People in thinking where to invest their money, assess the political risks, the favourability of tax environment, and the strength of the regulatory and justice systems. With the imposition of a financial transaction tax, Jamaica has just become less attractive, when compared to other countries, which are presently developing their plans to become off-shore financial centres as well. How do you expect to compete with Panama for example, which has no such tax?”

Mr. Speaker, the Government was not thinking when it implemented this tax. The tax will certainly reduce the pay of public sector workers who are already feeling the pain under the cold wage freeze. It will affect business operators from the shop owner to the big retailer. It will affect the grandmother who has opened a JN account to receive her remittance or pension from overseas. It is a dragnet tax which you cannot avoid if you use the banking systems or regulated transaction platforms.

This is continuous taxation. It is not taxing value added. It is taxing each time money rolls over in the economy. So, if Kevin pays Keisha, who pays Simone, who then pays Donna, \$10,000 each time, that

initial \$10,000 will be subject to this levy 3 times and no value is added. It is therefore inflationary, as this cost must be recovered by all parties in the line of payment.

The proposed revenue measure is structured such that even transfers between a person's bank account at different institutions, are subject to this levy. If you keep your savings/deposit account at a separate bank than your operating account, to affect transfers between those accounts you have to pay the government.

Prime Minister, we are strongly opposed to this tax. It opens the door to other brazen and thoughtless tax impositions under the guise of passing some IMF test. It would be irresponsible of the Opposition to merely say we oppose the tax. We will resist the tax. This is now a point of departure. Prime Minister, you claim to be looking out for the interest of the poor and vulnerable. In today's Jamaica, the poor and vulnerable use banks and ATM machines. Remember, they have to cash their PATH cheques. They have to take their remittances from accounts they were encouraged to open. Prime Minister, withdraw that tax! Or else.

Mr. Speaker, we cannot let adversity blind us to opportunity. We cannot let crisis and desperation cause us to forego creative solutions. Making a sacrifice does not mean that people have to suffer. This is what is happening with this Government. The government is not implementing creative solutions and taking smart decisions that will spur growth. It is not taking decisions that are fair to the people who are called on to make sacrifices, and most of all, it is not being true to its own call. The Prime Minister is calling on the Jamaican people to live within their means, yet the administration she leads shows no solidarity, and are not leading by example in the belt-tightening. The Government continues to expand its cost to the people, with new vehicles, contracts, jobs and consultancies for the boys and girls; not to mention its massive travel bill. The Finance Minister is asking us to make a sacrifice notwithstanding our already low standard of living to pay for debt; much of which cannot be traced to any tangible benefit that could justify its incurrence; debt that was due to just bad policy and short-sighted decisions like Finsac and CAP.

The Minister is right in one thing, we are at our limit both for fiscal recklessness and the absorption of additional taxes. We are at our taxable limit. For accountability and history, it is important to establish who caused the debt crisis we are now grappling with. Indeed, we must judge our leaders by their deeds and not just their words. At the end of the argument however, we still have the debt and we must find solutions. So the question is asked again: where is Jamaica going? Are we to conclude that for the foreseeable future or at least for the next three(3) years until the IMF Extended Fund Facility (EFF) is complete, that all we can look forward to are more taxes or steeper budget cuts, or people losing their livelihood? Is that all Jamaica has to offer? If you listen to the Minister and Prime Minister you would certainly believe that there is nothing else, that there is no other solution, and that there is no hope.

Mr. Speaker, upon observing the problems in the transportation sector, I decided to get on a bus and conduct my own fact finding mission. I heard the views of taxi-men, bus operators, market vendors, the man on the street, and a wide cross-section of people. However, what is common among all of them is that, **"time hard"**. On my trip downtown on the bus, I happened to sit beside a young lady and we struck up a conversation. She explained that she was doing a course in cosmetology, trying to get a skill from which she could earn a living. She complained that the products she needs for her trade were becoming very expensive. You could hear the frustration in

her voice when she started to talk about the cost of living, the cost of food, and the cost of bus fare. At the end of it she said: “mi waan leave Jamaica, cause Jamaica nah go no weh”.

Mr. Speaker, I spoke to an ancillary worker for a school and she was almost on the verge of tears when she put her case to me, that her pay only goes to bus fare and lunch money. I spoke to a young man who asked me for a job and left his resume with me. For the last five (5) months he has been going all over town dropping of applications, trying to get a job. He has a degree from UWI, and no job opening for him. I also heard from a taxi man, who was quite articulate in venting his frustration regarding how they were being treated by the police and the Transport Authority. He also pointed out a flaw in the Transport Authority rules and I promised to bring it to the Minister’s attention.

While licensed taxis are required to pay insurance for four (4) passengers plus the driver, taxis are only being licensed to carry three (3) passengers. I am raising this concern from the street and the Minister should look into it.

It is important that policy makers know how the people feel. Things look very differently from the top floor of the Ministry of Finance when compared to the reality in Half Way Tree square. My job as an elected leader in this country is to present the views of the people in the highest court of the land - the Parliament. My job, Mr. Speaker, is not only to plead the case of those who are suffering. It is not good enough to say how much we love the poor. We have to show them. We have to give them hope. We have to show that there is an alternative to the current path. We have to provide solutions.

Mr. Speaker, we are the solutions Party. All the speakers on this side have not only brought the hardships of the people to Parliament, and criticized the government for inept handling of public affairs. We have also brought solutions and proposals to the table. In last year’s Budget, Audley and I brought over 21 solutions to the table, which could be implemented in the short and medium term. This year, I want to engage the country in some big ideas that could make Jamaica take that quantum leap.

Institutional Reform

Mr. Speaker, Jamaica's economic history is a story of paradoxes and unfulfilled potential. God placed us strategically along international shipping routes and close to the largest market in the world. However, we have not taken full advantage of this. We have, through the years, received a consistent flow of major investments. However, we have simply not performed in the way we should have. We have not grown in any meaningful way.

As you would have heard already, the crowding-out effect of high debt is inimical to growth. But, there is something else that is holding back growth in Jamaica, and that is the lack of institutional reform[2]. It is settled economic thought that merely employing fiscal discipline, i.e., cutting public spending, raising taxes, borrowing less and sticking to targets, while necessary to achieving growth are insufficient.

There must be an accompanying reform of laws, regulations and systems. Hence, you would have heard us say the government must complete the reform of the tax system and the pension systems.

We must acknowledge that the government has brought to Parliament important bits of legislation, some of which were developed under the JLP's administration; notably the Omnibus Incentive Act, which reforms the system of tax waivers and incentive distribution, and the Fiscal Rule, to name a few, which reforms the decision-making process around fiscal discretion. This is one aspect of institutional reform which we must undertake if we are serious about setting the stage for growth. We cannot seek to build a 21st Century economy on 20th Century practices, laws and regulations.

Today, I want to take the concept of institutional reform one step further. Consider for a moment, how you define an economy or a society. You could say that a society is a network of people, organizations, and institutions. Equally, you could say that the economy is a network of people, markets, and institutions. If we want to judge how well our society or economy is doing, all we have to do is to examine how well the constituent parts are fulfilling their purpose, and how well they are integrated and effectively contributing to the needs of the wider society or economy.

I believe it would be a useful exercise to conduct an institutional audit and review of our society and economy. It would reveal organizations that are not fulfilling their mandate, markets that are failing, and emerging social and economic needs for which there are no established mandated institution to fulfill them. Mr. Speaker, this is not a conventional or limited public sector modernization review, which has been going on for years, in one form or another and which has produced report after report, but those reports rarely get used.

Mr. Speaker, I am talking about asking some serious questions of our institutions and organizations. I am talking about radically transforming our institutions to make them relevant to today's needs. The greatest institution builder in the history of this country has been Most Honourable Edward Seaga. He was a visionary who understood that you built a nation by building institutions. But sometimes institutions lose the vision. They miss their purpose. They become self-serving. Mr. Speaker, when last has the UDC built a new town or revitalized an urban area? With the great problems of urban decay and population shifts, where is the visionary thinking and creative execution of the urban redevelopment agenda? Or are our boards trapped in the mind-set and fear that we cannot do anything because we don't have any money.

Mr. Speaker, it is estimated that the real housing demand in Jamaica is somewhere in the region of 20,000 housing solutions per year. When Michael Manley conceived the idea of the National Housing Trust (NHT), he was seeing before his eyes, the mobilization of workers; saving to accelerate the process of acquiring and building homes for the common man. Do you think Michael Manley would be pleased with how the NHT is being operated today, with the savings of workers being taken as a tax to repay debt? Do you think Michael Manley would be satisfied to hear that the NHT will only be providing just over 2,000 housing solutions this year?

Mr. Speaker, HEART/NTA was set up more than 30 years ago to ensure that industry had a trained and work-ready labour force. It is a puzzle to me that STATIN reports that, on average, for the last three (3) years, only some 11% of the labour force is certified in vocational areas. Approximately 13% of the labour force has a degree or diploma. Approximately 69% have no formal training whatsoever. And we wonder why our productivity rates are low compared to that of our regional competitors. The Most Hon. Edward Seaga would certainly not be satisfied with this.

Labour Force by Training Received 2011-2013									
TRAINING RECEIVED	2011			2012				2013	Average
	January	July	October	January	April	July	October	January	%
BOTH SEXES									
TOTAL	1,269,900	1,235,400	1,248,500	1,260,600	1,261,200	1,256,000	1,261,100	1,274,800	
Vocational without Certificate	15,100	11,600	9,600	14,800	13,100	12,500	14,600	17,600	1.08%
Vocational with Certificate	135,100	136,400	129,500	135,000	136,200	140,300	142,700	135,800	10.84%
Professional without Degree or Diploma	5,900	6,400	5,700	5,900	5,700	5,600	7,100	5,700	0.48%
Professional with Degree or Diploma	157,400	158,700	155,300	151,500	151,500	167,300	168,800	167,000	12.69%
Apprenticeship	600	4,500	1,600	2,300	2,000	2,900	2,500	1,700	0.18%
On-the-Job Training	51,500	58,900	52,000	57,900	63,500	56,400	52,700	57,100	4.47%
None	883,500	839,600	870,400	870,300	872,400	859,100	858,200	876,600	68.84%
Not Stated	20,800	19,300	24,400	22,900	16,800	11,900	14,500	13,300	1.43%

Mr. Speaker, I selected three (3) of our larger institutions to illustrate the need for an institutional audit and review right across the society. Many of these organizations were established 30, 40, 50 years ago. And since their establishment their mandates have not been refreshed. There has been no recalibration. As a matter of fact, some are not fulfilling their mandate and need to be revitalized. Some have been fulfilling their mandate, like the Rural Electrification Programme (REP) or the Family Planning Board and need to be re-tasked to serve other emerging needs, but others may have reached their sunset. Without this kind of exercise we will continue to have institutions using public funds in inefficient ways and not contributing to national growth and development. When institutions and organizations lose their purpose, they become merely bureaucracies. They exist to follow a routine even if that routine doesn't fit the larger purpose. This becomes the source of frustration for those of us who have to do business with the government or seek government approval. You are put through a long and convoluted process, with steps and forms that seem utterly meaningless. And you wonder to yourself couldn't this be done in a simpler fashion? Why does it have to take so longer to get things approved? The answer is simple, bureaucracies are not concerned with outcomes and efficient processes. They are concerned with procedures.

It is the duty of government to ensure that all our institutions, whether they be ministries, agencies, government owned companies, or self-financing statutory bodies, are fulfilling their mandate. Otherwise we are simply wasting public funds. Parliament has a role to play in this. At almost every sitting, the Clerk reads out the list of annual reports which are tabled here. How many of us go through them and see which organizations are fulfilling their mandate or merely being bureaucracies? In recent times, under the JLP administration, the former Prime Minister started the process of empowering Parliament to more effectively carry out its oversight roles, by making Opposition members chairmen of Parliamentary Committees and fully establishing the Public Administration and Appropriations Committee. That is only one step in the process. We need to go significantly further.

Mr. Speaker, institutional reviews are not merely auditing exercises. They have to be done against clear national vision and plan of action and then we see how our institutions fit into the big picture. This has to be done with missionary and visionary zeal. It requires leadership whose time horizon is not the next election, but who can think and envision Jamaica 30, 40, 50 years from now. I have started that process, to begin to look at our institutional assets and see how they can support the growth agenda, how they can be reformed to be more efficient and effective. That's why I have appointed a Junior Shadow Cabinet, a group of young accomplished person to assist in this exercise. We are not waiting until we have state power then we figure out what to do with it. We have started the work already.

Knowledge Economy

Mr. Speaker, I want to briefly talk about another innovative perspective on growth that we will implement when we become government. Societies and economies have evolved through various stages. We know about the agrarian revolution, when land and natural resources were the main drivers of economic development. We then transitioned to industrial revolution, where capital the production of goods became the main drivers of economic development. Today, the world is in transition again, the Information Age is upon us. This is the era of constant innovation, where information is converted into knowledge and intelligence, which drives the creation of new and improved products. In this age, economic development is driven by know-how, by technology.

Mr. Speaker, whenever I get the chance to speak of this topic, I always raise the point that we must not be confused by the explosion of cellphones and tablets and computers and the internet. All it means is that we are consumers of technology. We own the phone and the computer, but we don't own the technology used in making that phone or computer. We must develop our own knowledge, technology and know-how. Knowledge, technology and know-how, reside in people. Only people can innovate, ie, take existing information to create new knowledge and then embed that knowledge into products that drive economic activity. It means that if we are to grow in the Information Age, we have to invest in people. In today's world you can measure the wealth of a country by the level of know-how that is resident in its people. The Statistical Institute of Jamaica's (STATIN) figures for training can be used as good proxy for know-how. With approximately 69% of our people not trained in any specific skill or application, we can have a better understanding as to why it is Jamaica is not growing.

Mr. Speaker, I am sure that by now every Jamaican has heard about Jamaica becoming a logistic hub. Incidentally, less has been said about Jamaica becoming an International Financial Services Centre but; both are possible opportunities for Jamaica. We should be careful not to believe however that a Trans-shipment port at Goat Island will make Jamaica a Global or regional logistic hub. The two things are not the same though connected. Jamaica has always been close to the major shipping routes and we have had a port for a long while. Aside for the infrastructure investment required, which we will see if the Goat Island project materializes, we need the investment in human capital. As I said earlier, Jamaica has a growth paradox. We have gotten significant investments before, in our bauxite industry, in our tourism industry, and recently in our telecoms industry, but the infusion of capital and jobs has not resulted in sustained, take-off growth. We have only taxied on the runway and then stopped. In previous presentations I explained the other factors that have constrained growth. Today I want to focus on knowledge and know-how

because the logistics hub and the International Financial Services Centre are both knowledge/know-how dependent industries.

Mr. Speaker, to ensure that Jamaica can truly benefit from these potential industries, we will have to create a new vision to manage a revolution in market driven human resource development in Jamaica. To achieve this requires radical thinking and insight into the total restructuring of Government. I propose that we combine the training sections from the Ministry of Education with some aspects of economic planning from the Ministry of Finance, from the Ministry of Industry and Commerce, and the Ministry of Science and technology, to create a Ministry called the ministry of Knowledge, Economy and Growth. Some of the task of the new Ministry will be:

1. Increase training in the workforce
2. Ensure knowledge transfer from foreign workers
3. Establish a system of National Apprenticeship and Internship for Jamaican youth
4. Ensure that skills and know-how match industry needs both current and projected to reduce frictional unemployment
5. Develop Jamaica as the regional training hub.
6. Prospect for the development of new industries and markets
7. Identify opportunities for linkages between industries and support them with market intelligence

Mr. Speaker, I don't want our people to just be the consumers of other people's knowledge and know-how forever. I don't want our people to be the ones doing the low skilled jobs forever. Certainly in the International Financial Services Centre, we should have an advantage. Nevertheless, we must ensure that our people are well trained as part of the competitive advantage of our business destination, so that its more cost effective to use local workers.

Social Reform

Mr. Speaker, there is not only uncertainty on economic matters. There are now uncertainties on some topical social issues as well. Madam Prime Minister, people want to know where we are going on CCJ. Our position is clear. Ultimately it is a matter for the people should decide.

Then there is the issue of ganja liberalization which has been occupying public attention recently with a very active lobby. A motion was moved in this house and from that it was evident that the political parties do not have internally unified positions. Again, this is another matter that the people could decide.

Prime Minister, there is great uncertainty in the LGBT community and ordinary Jamaicans alike, about your promise to review the Buggery Act. The issue is very sensitive of course, I am sure you will agree that more Jamaicans in general, and interest groups are more open to discussion on the matter. A way to finally bring some certainty to the matter would be to put it to the people.

And finally, Madam Prime Minister, this long standing issue of the Queen as Head of State. I am sure Jamaica could have our own Queen if we placed this on a referendum.

My suggestion Prime Minister is this: There is an election due sometime next year, why not make arrangements to have a Grand Referendum at that time. It would be cost effective and it would certainly settle all these thorny issues, while at the same time answering the question, where are we going on the social issues.

Madam Prime Minister if you truly believe in people power let the people decide. Let us have a Grand Referendum.

Pulling it Together

Mr. Speaker, the Jamaican people are quite aware that the country is going through difficult times. I don't get from the people that they are reluctant to make sacrifices for the good of the country. The bus franchise holders are not saying JUTC must continue to make losses and keep them all on the routes. What I understand them to be saying, is that managers and leaders must share the burden in such a way that no one is killed by the load. In these situations leadership can't be arrogant, take it or leave it, leadership must be understanding and fair. There are solutions that can be found which would be equitable. I have pointed out one possible solution to the JUTC.

Mr. Speaker, while people are willing to make sacrifices, they don't want to sacrifice in vain. They want to get a sense that better will come, that there is hope, that there is a direction, that though we are going through turbulent times people want to know that the pilot is competent, in charge and that we will reach the desired destination. And if the people are unsure and they ask the pilot for assurance, they want to hear the pilot chart the course. They don't want to be told, "go ask the co-pilot!"

Mr. Speaker, in the past few days and in the days to come you will hear about how much the government cares about the vulnerable. Mr. Speaker caring is not just words, caring is the demonstration of deep understanding of issues and the assurance of solutions. This Budget does not give the assurance that we are getting out of crises. This budget says we will be in crisis for some time to come. This budget says the government is reliant on taxes. Eventually, taxes will disincentive businesses and revenue yield will decline, which leads to more taxes to make up for lost revenues. This is in fact the cycle in which we are in.

Mr. Speaker, the people feel betrayed, they were promised milk and honey, but they are now being served is poison, They were promised no new taxes, now they have over J\$6billion in on their backs. The present tax strategy of the government is indiscriminate, desperate and a disincentive to business. We have shown that the government's policy of devaluation is flawed and inimical to greater objective of reducing debt. We have shown that the current debt crisis has its origins in FINSAC, coupled with a series of bad decisions, and lack of government oversight on the operation of some public bodies by the 18 ½ year PNP administration. Much of that debt, like CAP debt, never went into building one school or one mile of road. It went into repaying irresponsibly borrowed debt. This is a legacy that the PNP administration has left for our children to pay. As a result of that

we have to ask the ancillary worker to accept a wage that is buying less and less by the day. As a result bus operators are asked to give up their livelihood and go sit down at home to suffer.

Conclusion

Mr. Speaker, we in the Opposition are preparing ourselves. We are ready. We will be hitting the road answering the call of the people. We want that young man, who was on the bus dropping of resume's, though qualified is searching for a job for over five months now, to know that we understand his plight and that we have plans to transform and grow this country.

We are thinking in radical and new ways to achieve take-off. We want the young cosmetologist to know, that we will bring stability and opportunity to the economy so that she doesn't have to go overseas for a living.

Mr. Speaker we believe in the Jamaican Spirit. I am hopeful in the energy of the youth, which make up 66% of Jamaica's population. They are not jaded by the failures of the past and they are still open to trying new ideas and take a hold of the possibilities of the future.

Mr. Speaker we believe in Jamaica's industry and enterprise. We reject the PNP's poverty politics. Under the PNP social mobility is destroyed. By their policies, without any global crises, they have decimated the middle class of this country and increased poverty. The competitive and progressive attitude of this country is that we have an open society, where hard work and talent is rewarded, and it is on this basis that self-improvement is achieved, that each generation can expect to do better than the generation it followed. Under the PNP that is no longer the case.

Mr. Speaker we have been in the wilderness for far too long. The people of this country are waking up, like the people of Israel we will have our deliverance.

We will find our way to the Promised Land

Mr. Speaker

Mr. Speaker, we believe that there is a pathway of prosperity for Jamaica. It requires visionary leadership. It requires leaders who can see the forest through the trees. Right now this government is only seeing trees; they don't know where they are in the forest.

Who will give deliverance to the people of Jamaica, who will restore hope, Justice, leadership and prosperity?

We understand, the JLP is Justice, the JLP is Leadership, the JLP is Prosperity.

Mr. Speaker, I thank you.

May God bless the people of Jamaica.

[1] Taxing Bank Transactions – The Experience in Latin America and Elsewhere, http://www.itdweb.org/financialconference/documents/IADB_Banking_Transaction_and_Annex_V_AT_on_Banks_in_Latin_America.pdf

[2] Beyond the Washington Consensus: Institutions Matter; September 16, 1998; World Bank

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APPENDIX

DEBT FIGURES 1990-1991 to 2013-2014

Fiscal Year	Domestic Debt	External Debt	Total Debt	Debt to	IMF Extended Fund Facility Debt to GDP Ratio (%)
	J\$'000	J\$'000	J\$'000	GDP Ratio (%)	

PNP GOVERNMENT

1990-1991	11,869	33,903	45,772	120.63	
1991-1992	12,078	103,757	115,835	193.53	
1992-1993	20,462	79,876	100,338	105.64	
1993-1994	31,699	120,577	152,276	116.52	
1994-1995	50,139	120,632	170,771	99.45	
1995-1996	57,675	136,168	193,843	91.1	
1996-1997	85,181	113,121	198,302	71.35	
1997-1998	101,540	117,643	219,183	72.33	
1998-1999	139,204	123,099	262,303	80.84	
1999-2000	175,323	133,365	308,688	86.56	
2000-2001	215,084	165,557	380,641	97.05	
2001-2002	300,202	196,881	497,083	115.66	
2002-2003	366,158	235,105	601,263	124.25	
2003-2004	417,571	276,316	693,887	122.34	
2004-2005	449,248	310,449	759,697	119.3	
2005-2006	482,713	364,639	847,352	118.85	
2006-2007	513,958	409,196	923,154	113.76	117.1
2012-2013	1,008,349	804,287	1,812,636	134.07	
2013-2014	1,024,515	921,490	1,946,005	131.9	

JLP GOVERNMENT

2007-2008	562,108	438,567	1,000,675	109.16	114.6
2008-2009	651,657	548,665	1,200,322	117.25	125.6
2009-2010	758,700	676,056	1,434,756	129.68	139.4
2010-2011	809,370	760,996	1,570,366	131.63	140.8
2011-2012	912,642	749,631	1,662,273	128.02	141.5

CENTRAL GOVERNMENT PRIMARY BALANCE

(in % of GDP)

Column1	Primary Balance (Surp+/Def-)	Primary Balance Target (Surp+/Def-)
1988/89	5.2%	n/a
1989/90	11.2%	n/a
1990/91	9.8%	n/a
1991/92	10.4%	n/a
1992/93	10.6%	n/a
1993/94	10.3%	n/a
1994/95	11.5%	n/a
1995/96	10.2%	n/a
1996/97	5.0%	n/a
1997/98	1.7%	n/a
1998/99	5.4%	n/a
1999/00	8.5%	n/a
2000/01	10.3%	n/a
2001/02	7.2%	n/a
2002/03	6.2%	n/a
2003/04	10.4%	n/a
2004/05	10.1%	n/a
2005/06	9.4%	n/a
2006/07	7.6%	n/a
2007/08	6.5%	n/a
2008/09	4.9%	n/a
2009/10	6.2%	6.1%
2010/11	4.7%	4.7%
2011/12	3.1%	5.0%
2012/13	5.4%	6.0%
2013/14	7.5%	7.5%
2014/15		7.5%

REVENUE MEASURES

JLP Government	Amount	PNP Government	Amount
Year	\$'000	Year	\$'000
2008-2009	2,980,000	2012-2013	19,360,000
2009-2010	43,654,000	2013-2014	15,900,000
2010-2011	-		11,400,000
2011-2012	195,000	2014-2015	6,685,000
			11,400,000
Total	46,829,000		64,745,000

