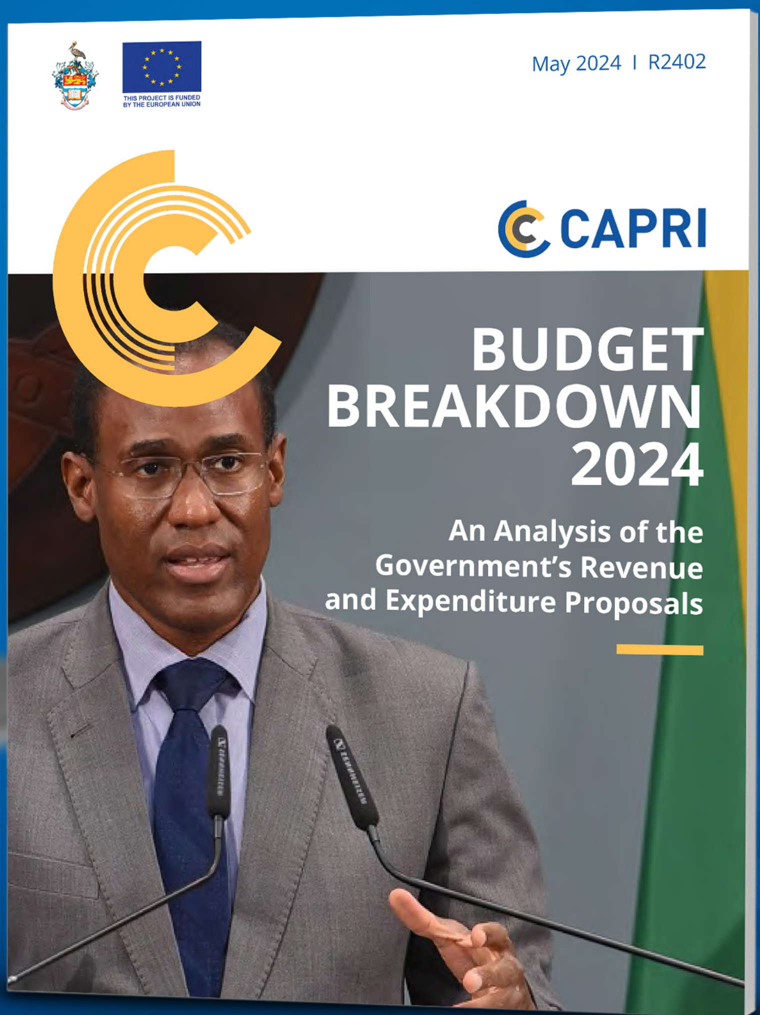
CAPRI

10 Things to know about BUDGET BREAKDOWN 2024



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1

Jamaica's ratio of government debt to total annual production in the economy (debt to GDP ratio) is projected to fall to 64 percent by the end of the fiscal year, its lowest level in nearly 50 years.

2

Government revenue (which excludes loan receipts) is projected to grow by 7 percent to $1 trillion in this fiscal year, which is a continuation of spectacular increase in revenue over the last five years.

3

For the past six years, Jamaica's tax to GDP ratio has been in the range of 26 to 29 percent. For 2024, the tax to GDP ratio is expected to jump to 32 percent, in the range typical for high income countries (which tend to be over 30 percent).

4

Capital expenditure (spending on infrastructure and other fixed asset acquisition) is inherently volatile. It will continue to recover from its pandemic lows but remains a fifth below its pre-pandemic peak.

5

The budgets allocated to security, social services, and the economy represents an inflation-adjusted contraction from last year, after years of expansion in the period prior. Part of the reason is the some of last year's expenditures were for one-off projects and investments.

6

For the 2024/25 fiscal year, there is a projected 42 percent increase in real expenditure under the heading, Administration, which takes the spend to 5 percentage points more than it was before the restructuring and increases of public sector salaries.

7

The tax structure is undergoing a profound shift from indirect taxes (GCT, import duties) to direct taxes (personal and corporate income taxes). Over the last six years, the share of revenue deriving from direct taxes has risen by a third, from 23 to 31 percent. This has implications for efficiency and equity.

8

Interest payments as a share of expenditure have declined from 20 percent in 2020 to 17 percent in 2024; as a result, more resources are available to fund expenditure in education, health care, security, and other social services.

9

Jamaica has built resilience into fiscal management, and has access to three pools of funds in the event of a disaster of a specified magnitude, from the National Disaster Fund, the Contingency Fund, and the IDB Contingent Line of Credit, which altogether represents a fiscal cushion of approximately 6 percent of the budget.

10

Since tax revenue will likely continue rising even adjusted for inflation, the key fiscal question facing the country is where to spend that dividend.

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