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## SENATOR WEHBY BLAMES DEBT ON FISCAL INDISCIPLINE

KINGSTON, April 2 (JIS):

Minister without Portfolio in the Ministry of Finance and the Public Service, Senator Don Wehby, attributes Jamaica's mounting public debt to a lack of "fiscal discipline" over the years.

Speaking at the launch of the Jamaica Stock Exchange's (JSE) Junior Market, at the Terra Nova Hotel in Kingston, on Thursday (April 2), Senator Wehby noted that Jamaica's economy had been struggling long before the onset of the current global economic downturn, recording a mere two per cent growth over the last 10 years.

He said that during this period, Jamaica lagged behind some of its Caribbean neighbours, such as Trinidad and Tobago and Barbados, who recorded 10 and four per cent growth, respectively.

"In 1990, our public debt was J\$43.2 billion; in 1997, that figure went up to J\$221.3 billion; and in 2007, that figure went up to J\$990.8 billion. So in 10 years, our public debt has grown by over J\$770 billion. And it continues to grow, because the debt now is just over J\$1 trillion," he said.

The Minister pointed out that, with each budget which contained a deficit, the options which faced the administration of the day was either to print additional money and place it in the system, which is inflationary, or borrow, which is one of the reasons for the huge debt.

"I have done all the financial models, in terms of the debt, and how we can balance the budget. But, fundamentally, the solution to Jamaica's problem is that we must grow the Jamaican economy. And for that, I would say that, as a Government, we need to produce a more business-friendly environment," Senator Wehby proposed.

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“We need to unlock the entrepreneurial spirit that we have out there, and we need to create the economic environment where Jamaica’s investors can realize their full potential,” he added.

Senator Wehby described the Junior Stock Exchange, as a “very important vehicle”, in unlocking the country’s entrepreneurial spirit.

“It’s no secret that a lot of these small businesses have a real challenge, in terms of accessing capital, for a number of reasons. There is a lack of security, there is a lack of the know how, in terms of producing a proper strategic plan and cash flows going forward,” he pointed out.

Senator Wehby said that this was something that the Junior Stock Exchange, or the Jamaica Stock Exchange, could actually play a role in.

Senator Wehby also expressed concern over the 85 per cent of Jamaica’s small and micro entrepreneurs whom, he said, have no access to credit from formal sources, forcing them to rely either on their own financial resources, or that of others such as family members.

He said that limits small businesses from growing and realising their full potential, and he felt that the junior stock exchange could fill the gap.

Noting the reasonable success enjoyed by junior exchanges established in London, England and Toronto, Canada, the Minister said there are several positives which the Jamaican exchange could bring to the local private sector.

“The whole issue of discipline, the whole issue of corporate governance, the issue of producing your quarterly and annual requirements, the whole issue of having formal board meetings to discuss strategy, in terms of your way forward,” he said.

He said that the Government would provide tax incentives for entities listing on the Junior Stock Exchange.

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“We have created an incentive period of 10 years, (which will provide) a full income tax holiday for (the first) five years after listing. For the second five years, you get half a tax holiday, with exemption from tax on dividends, which is already in place with the major stock exchange,” he revealed.

The establishment of the Junior Stock Exchange represents an exciting new opportunity for small and medium sized entities (SMEs) to raise capital, and for investors to participate in the market, thereby resulting in economic growth and development.

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