



JAMAICA

TECHNICAL ASSISTANCE REPORT—CARTAC REPORT ON THE SECTOR ACCOUNTS AND BALANCE SHEETS MISSION

April 2017

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JAMAICA

REPORT ON THE SECTOR ACCOUNTS AND BALANCE SHEETS MISSION

(November 28–December 9, 2016)

Prepared by John Joice

December 2016

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ACRONYMS

2008 SNA	<i>System of National Accounts 2008</i>
BOJ	Bank of Jamaica
CARTAC	Caribbean Regional Technical Assistance Centre
EIPD	Economic Information and Publications Department, BOJ
FOF	Flow of funds/sector balance sheets
FSC	Financial Services Commission
GOJ	Government of Jamaica
IIP	International investment position
JSE	Jamaica Stock Exchange
MOFPS	Ministry of Finance and the Public Sector
MOU	Memorandum of Understanding
STATIN	Statistical Institute of Jamaica
TAJ	Tax Administration Jamaica

EXECUTIVE SUMMARY

A technical assistance mission from the IMF's Statistics Department visited the Bank of Jamaica (BOJ), Kingston, Jamaica during November 28–December 9, 2016. The purpose of the mission was to follow up on the flow of funds (FOF) statistics mission of August 2015. The FOF project covers both transactions and balance sheet data. The mission was funded by the Caribbean Regional Technical Assistance Centre (CARTAC).

The FOF statistics provide a framework to integrate the financial and nonfinancial aspects of the economy, drawing together financial transactions and positions, for analysis of the interlinkages between the various sectors of the economy. In this manner, a consistent set of data is provided, using common definitions and classifications. The FOF is an integral part of the *System of National Accounts 2008*.

The mission found considerable progress had been made in many of the items in the August 2015 mission's action plan. The BOJ has prepared quarterly sector financial balance sheets for almost all of the financial sector. Most of these data are available on a from-whom-to-whom basis. The BOJ also prepares positions data for the rest of the world (from the international investment position (IIP)) and obtains balance sheet data for several of the larger nonfinancial corporations (both public and private). All these data have been compiled from March 2013 to March 2015.

A feature of FOF statistics is that they bring together statistical datasets from all parts of the economy into a single coherent framework. The BOJ is taking the lead role, but other essential data come from a range of agencies sources. The monetary statistics are prepared by the BOJ and the FOF project uses the individual bank reports in the construction of the FOF. It would be preferable if the FOF were able to use the 1SR and 2SR but these are not currently compiled in sufficient detail to meet FOF needs. The BOJ also compiles the IIP data, which use a format that supports FOF data. The Financial Services Commission (FSC) provides data for other financial corporations but, at present, there is no standardized report form, and data for pension funds are not as comprehensive as the other financial subsectors. While the Ministry of Finance and the Public Service (MOFPS) prepares government finance statistics, most of these data are for transactions, not positions. Nonetheless, work has progressed on developing the financial balance sheet for general government though there remain several areas where data have not yet been provided by the MOFPS. Data for private nonfinancial corporations and households—the most difficult sectors for the development of data for the FOF—are still under development; with most of the information currently available drawn from counterpart datasets.

Most of the data shortcomings are from areas outside the BOJ. The mission discussed with these data suppliers—the MOFPS, the FSC, Tax Administration Jamaica (TAJ), and the Statistical Institute of Jamaica (STATIN)—how the data needed for the FOF project could be improved/provided. All these agencies are very cooperative and supportive of the BOJ's

initiative. With the exception of STATIN, which is seriously resource-constrained at present, these agencies agreed to move ahead with providing the data for the project within the foreseeable future.

The BOJ has completed all four of the benchmark actions set out in the August 2015 mission report. That is: (1) the establishment of an inter-agency working party to coordinate data supply, monitor progress, and ensure consistency in classification and data sharing between agencies; (2) the establishment of a team for the FOF (though these staff are not solely dedicated to the FOF project); (3) the preparation of preliminary financial balance sheets for the financial sector and general government from existing datasets, on a from-whom-to-whom basis, for the most part; and (4) the use of data from the FSC to complete the FOF instrument detail for the part of the financial sector that it regulates. The August 2015 mission report had recommended the adoption of a standardized report form for these industries but the BOJ has found that that was not necessary for the FOF. However, the creation of a new report for the FSC to use for pension funds is still in progress. The BOJ has submitted its request and the FSC has indicated that it will finalize the form in early 2017.

The TAJ, which collects corporate taxes, has indicated a willingness to add a schedule on selected balance sheet items to the tax forms for corporations. The mission provided the BOJ with a draft of these proposals which require prompt action if the 2016 year-end deadline is to be met.

The mission agreed an updated action plan with the BOJ. Most of the changes were revisions to the original target dates for those aspects of the August 2015 action plan that had not progressed as had been expected during the previous mission. The revised benchmark actions are as follows:

- The BOJ establish a two-person team in BOJ **solely** dedicated to the development of FOF/sector balance sheet accounts.
- The BOJ continue to develop quarterly sector tables and FOF matrices of financial positions, by instrument and counterpart sector, from March 2013 onwards (through to end-2016), while improving the data reported and exploring ways to fill data gaps.
- The BOJ explore with the TAJ how to collect selected balance sheet data reported by nonfinancial corporations on a tax schedule, and the two agencies sign a memorandum of understanding to allow BOJ staff access to individual tax records of nonfinancial corporations.

In addition, the mission recommended, as new benchmark actions the following:

- The BOJ, using the same matrix as for the financial balances, (for instrument by sector and subsector), produce *interim/preliminary sector tables and the FOF matrix from March 2013 through end 2016* (for internal use) of financial transactions, by

sector and instrument, to show, as far as possible, from-whom-to-whom relationships, using counterpart data where necessary. The matrix will initially have empty cells that can be filled as other data sources are developed; and

- The development of a database for the FOF datasets. The current Excel-based approach will rapidly become too complicated for efficient use.

As benchmark actions, these will help to evaluate Jamaica's progress in FOF statistics in considering future requests for follow-up technical assistance. A full plan with recommended actions and target dates follows.

The mission made two presentations that focused on the uses of the FOF datasets for policy purposes. These presentations were attended by staff from all the agencies involved in the project. In addition, the mission provided training sessions on compilation and conceptual issues of the FOF to the staff in the BOJ's Economic Information and Publications Department (EIPD) who have responsibility for preparing the data. The staff are well motivated but are generally new to the project. Staff from STATIN also attended these training sessions.

The mission strongly recommended that the current staff resources for the project be increased. At present, there are two staff who compile the datasets, with support from a supervisor. However, these staff members have many other responsibilities, most of which are for current data production (such as the IIP and external financial flows, external debt data, the reserves template), which takes priority. A group dedicated to the FOF project will mean the project can advance much more quickly. The development of a new project requires more resources than one that has been in production for some time, given the same data needs.

The mission would like to express its thanks for the hospitality and enthusiastic involvement of staff from the BOJ and other agencies.

ACTION PLANS

A. Action Plan for All Agencies (Bank of Jamaica, Financial Services Commission, Statistics Institute of Jamaica, Tax Administration Jamaica)

Stage I: Development of Matrix of Financial Assets and Liabilities outstanding, by sector and subsector, by instrument

Priority	Action	Target date
High	TAJ be invited to join the inter-agency working group on the FOF project.	January 2017
High	BOJ begin an outreach program with potential users of the FOF data, both within the BOJ and outside.	June 2017
High	BOJ ensure that the minutes of the quarterly meetings of the working group assign responsibility for action items and that these action items are carried out.	March 2017
High	BOJ ensure that the working group makes a decision on the sector classification of the National Housing Trust so that there is a consistent treatment by data suppliers. At present, MOFPS treats the NHT as part of general government, whereas the BOJ and STATIN both treat it as a public financial enterprise.	March 2017

B. Action Plan for BOJ

Stage I: Development of Matrix of Financial Assets and Liabilities outstanding, by sector and subsector, by instrument

Priority	Action	Target date
High	BOJ establish a two-person team dedicated solely to the development of the FOF	December 2017 Benchmark action
High	BOJ compile the 1SR and 2SR in sufficient detail for FOF purposes.	March 2017
High	BOJ obtain quarterly balance sheet data for the eight major public entities for which it does not currently receive quarterly data and map as closely as possible the instrument detail and sector (and subsector) in the FOF framework. The BOJ, in conjunction with the MOFPS , explore with these public entities how to obtain these data in a standardized format, or, at least, so that the instrument and counterparty data can be readily mapped to the FOF framework.	June 2017
High	BOJ continue to develop quarterly sector tables and FOF matrices of financial positions, by instrument and counterpart sector, from March 2013 through end-2016, while improving the data reported and exploring ways to obtain data for missing cells.	June 2017 for data through end-2016 and ongoing thereafter Benchmark action
High	EIPD have ongoing consultation with data users, such as the Financial Stability Department of the BOJ, to obtain their input	January 2017 and ongoing thereafter

Priority	Action	Target date
	to the project development, while assisting them to understand the data in analyzing the results.	
High	BOJ explore the possibility of conducting a survey of nonfinancial corporations' balance sheets, using the <i>System of National Accounts</i> instrument breakdown (see Annex IV of the August 2015 mission report), with a view to having a survey in place in 2018, subject to availability of additional resources	December 2017
High	BOJ explore with TAJ how to collect selected balance sheet data reported by nonfinancial corporations on a schedule, as part of their tax submissions.	December 2016 submission of request by BOJ; December 2017 for inclusion on tax schedule Benchmark action
High	BOJ submit a proposed MOU to TAJ to allow BOJ staff access to tax records of nonfinancial corporations. If not feasible: MOU for TAJ to supply data already aggregated to avoid confidentiality issues.	March 2017 Benchmark action
High	BOJ develop a database for use in FOF to replace the current Excel based system.	December 2017 Benchmark action
Medium	As direct data sources (for example, from nonfinancial corporations) become available, BOJ should compare these with those data from indirect sources to determine which is a better data source.	December 2018
Medium	BOJ publish the data on the BOJ website, once their quality has reached a satisfactory level.	December 2018

Stage II: Development of Transactions data for financial assets and liabilities, by sector and subsector, by instrument

Priority	Action	Target date
High	Using the same matrix as for the financial balances, (for instrument by sector and subsector), BOJ produce <i>interim/preliminary sector tables and the FOF matrix from March 2016 onwards</i> (for internal use) of financial transactions, by sector and instrument, to show, as far as possible, from whom/to whom relationships, using counterpart data where possible. The matrix will initially have empty cells that can be filled as other data sources are developed.	December 2017 Benchmark action
Medium	Using the same matrix as for the financial balances, (for instrument by sector and subsector), BOJ produce <i>interim/preliminary sector tables and the FOF matrix from March 2013 to end-2015</i> (for internal use) of financial transactions, by sector and instrument, to show, as far as possible, from-whom-to-whom relationships, using counterpart	December 2018

Priority	Action	Target date
	data where possible. The matrix will initially have empty cells that can be filled as other data sources are developed.	
High	For the above two actions, BOJ use transactions data, where available (such as from the BOP) but where data are available only from balance sheets, the BOJ derive transactions by taking into account price, volume, and exchange rate changes so that these “other flows” are not treated as though they are transactions. See Annex I of August 2015 mission report.	December 2017 for the high priority item above and December 2018 for the medium priority
Medium	BOJ publish the financial transactions data, once their quality has reached a satisfactory level.	December 2018

Stage III: Development of sector accounts, down to and including the capital account

Priority	Action	Target date
Medium	Using data from STATIN, BOJ prepare the fully articulated accounts (nonfinancial and financial transactions, as well as the financial assets and liabilities outstanding), for the financial and general government sectors. This action item is subject to STATIN’s having resources to produce the data	June 2019
Medium	Using data from STATIN, BOJ prepare the fully articulated accounts (nonfinancial and financial transactions, as well as the financial assets and liabilities outstanding), for all the sectors. This action item is subject to STATIN’s having resources to produce the data.	June 2021
Medium	BOJ publish the fully articulated accounts (nonfinancial and financial transactions, as well as the financial assets and liabilities outstanding), once their quality has reached a satisfactory level.	December 2021

C. Action Plan for the FSC

Stage I

Priority	Action	Target date
High	FSC, in conjunction with BOJ , develop a new quarterly report form to capture the instrument and counterpart detail for pension funds’ balance sheets. See Annex III of the August 2015 mission report.	June 2017
Medium	The FSC, in conjunction with the BOJ , develop a standardized report form for the nonbank financial institutions to maximize comparability to obtain quarterly balance sheet data.	June 2018

D. Action Plan for the Ministry of Finance and the Public Sector

Stage I: Development of Matrix of Financial Assets and Liabilities outstanding, by sector and subsector, by instrument

Priority	Action	Target date
High	MOFPS provide quarterly data of general government's financial assets and liabilities positions, including accounts receivable and payable and the estimates of future payments of pensions to GOJ current and former staff. (These latter may be used internally by the BOJ until such time that agreement is reached between the MOFPS and the BOJ on how to publish the data.)	December 2016 and ongoing thereafter
High	MOFPS assist BOJ to obtain quarterly balance sheet data of the 16 largest public entities' financial assets and liabilities, using the instrument detail, by counterparty (where possible using a standardized report form), to match the 2008 SNA instrument breakdown (see Annex IV of August 2015 mission report) on an ongoing basis, and provide these data to the BOJ within two months of the end of the reference quarter.	June 2017

Stage II: Development of Transactions data for financial assets and liabilities, by sector and subsector, by instrument

Priority	Action	Target date
High	MOFPS provide BOJ with transactions data of general government's financial assets and liabilities on a quarterly basis, using the instrument detail to match the 2008 SNA instrument breakdown (see Annex IV of the August 2015 mission report) from the first quarter of 2016 forward, and provide these data to the BOJ within two months of the end of the reference quarter. These data should include accounts receivable/payable and changes in estimates of future pension payments to current and former employees. For the latter, it would be preferable if changes in the estimated future cash flow could identify the causes of the changes (such as revised actuarial assumptions or changes in the discount rate, or through payments made or changes in terms and conditions of employment).	June 2017

E. Action Plan for STATIN

Stage III: Development of sector accounts, down to and including the capital account

Priority	Action	Target date
High	STATIN explore with the BOJ, means to obtain quarterly data on the largest nonfinancial corporations' balance sheets.	December 2017

Medium	STATIN develop current and capital sector accounts for the financial and general government sectors. This action item is subject to STATIN 's having resources to produce the data.	December 2018
Medium	STATIN develop current and capital sector accounts for the nonfinancial corporations and household sectors. This action item is subject to STATIN 's having resources to produce the data.	December 2020

F. Action Plan for TAJ

Stage I: Development of Matrix of Financial Assets and Liabilities outstanding, by sector and subsector, by instrument

Priority	Action	Target date
High	TAJ explore with BOJ how to collect selected balance sheet data reported by nonfinancial corporations on a schedule, as part of their tax submissions.	December 2016 submission of request by BOJ; December 2017 for inclusion on tax schedule Benchmark action
High	Once the MOU between TAJ and BOJ to allow BOJ staff access to tax records of nonfinancial corporations is agreed, it be signed by the Governor and the Minister.	March 2017 Benchmark action

I. BACKGROUND

1. A technical assistance mission from the IMF's Statistics Department (STA) visited the Bank of Jamaica (BOJ), Kingston, Jamaica during November 28–December 9, 2016. The purpose of the mission was to follow up on the flow of funds (FOF) statistics mission of August 2015. The FOF project covers both transactions and balance sheet data. The mission was funded by the Caribbean Regional Technical Assistance Centre (CARTAC).
2. There is a strong need for the FOF in Jamaica. The FOF provide a fully integrated framework, linking positions with transactions in financial instruments and between the real and financial parts of the economy, to show the inter-linkages within and between the financial and nonfinancial sectors of the economy. Moreover, through this structure, the statistics can highlight where data problems arise. In this manner, a consistent set of data is provided, using common definitions and classifications. The FOF is an integral part of the *System of National Accounts 2008 (2008 SNA)*. These features of the FOF assist in macroeconomic analysis and policy and highlight where problems of financial instability might arise (from within as well as from outside the financial sector).
3. The BOJ decided to launch an FOF project in 2015 and asked STA to provide assistance in setting up the project. In August 2015, STA conducted a technical assistance mission to the BOJ to that end. A detailed action plan was agreed between the mission and the BOJ to begin assembling a preliminary set of balance sheet data from existing data sources for various sectors of the economy. These were the financial sector (and subsectors), general government, public nonfinancial enterprises, and the rest of the world. Using these existing datasets to create a preliminary set of sector tables (by instrument and counterparty), the BOJ could determine what information was available and where the gaps were. The August 2015 mission's action plan also set out some of the areas where new and/or improved data sources needed to be developed. The current mission's purpose was to examine progress on both these fronts and to make further recommendations, within a revised action plan.

II. MISSION FINDINGS

4. The mission found that considerable progress has been made by the BOJ in constructing sector tables and the FOF matrix for positions data from March 2013 to March 2015. Many of the action plan's main recommendations have been completed or are on track for completion.

A. Bank of Jamaica

5. The BOJ has completed all four of the benchmark actions set out in the August 2015 mission report, that is: (i) the establishment of an inter-agency working party to coordinate data supply, monitor progress, and ensure consistency in classification and data sharing between agencies; (ii) the establishment of a team for the FOF (though these staff are not

solely dedicated to the FOF project); (iii) the preparation of preliminary financial balance sheets for the financial sector and general government from existing datasets, on a from-whom-to-whom basis, for the most part; and (iv) the use of data from the FSC to complete the FOF instrument detail for the part of the financial sector that the FSC regulates. The August 2015 mission report had recommended the adoption of a standardized report form for these industries but the BOJ has found that that was not necessary for the FOF. However, the new report for the FSC to use for pension funds is still being developed. The BOJ has submitted its request and the FSC has indicated that it will finalize the form in early 2017.

6. Most of the financial sector's financial balance sheet positions has been completed, together with the rest of the world and general government. Data on the financial balance sheet position for the nonfinancial corporations' sector are still largely incomplete but this was expected as this is the most difficult sector for which to compile data. Data for the household sector (which, in Jamaica, includes nonprofit institutions serving households) have been compiled from counterpart information in the financial sector. This approach is usual for FOF compilation as surveying households directly is usually not possible, as it is a very expensive, and not very reliable, way to obtain the data.

7. Data for the central bank and other deposit-taking corporations are drawn from the datasets that feed into the 1SR and 2SR for the central bank and other deposit-taking corporations, respectively, with most instruments having counterpart sector detail. These data are collected by the BOJ as input to its monetary policy. These are high quality data. However, it would assist the FOF project if these data were fully entered on the 1SR and 2SR. At present, some detail is missing from the 1SR and 2SR, requiring the FOF team to obtain the data from the actual submissions of these datasets.

8. Credit unions are not currently regulated but it is expected that the BOJ will take over that responsibility formally in the not-too-distant future. However, the BOJ's Supervision Department is already obtaining the balance sheets of credit unions on a regular basis. As a result of this access, the FOF has been able to include data on these institutional units. They are, at present, included with other financial institutions, but, should the BOJ Monetary Policy Committee decide to include their liabilities as part of the monetary aggregates, they should be treated as part of the deposit-taking corporations subsector.

B. Financial Services Commission

9. For most of the nonbank financial institutions, the Financial Services Commission (FSC) collects data as part of its remit as regulator of insurance companies, pension funds investment dealers and security brokers, and unit trusts (investment funds), investment and pension fund managers. The FSC submits quarterly data to the BOJ on a timely basis. The data are of good quality, for the most part, though the pension funds data need to be improved.

10. The mission, together with the BOJ, held discussions with the FSC. The purpose of the meeting was to determine what reporting problems the FSC may have in obtaining the balance sheet data for onward submission to the BOJ for the FOF project. The FSC has been very cooperative with the BOJ in providing input for the project.
11. The meeting discussed the need for a new report form for pension funds. The FSC are in the process of finalizing a new report form for 2017. The BOJ has submitted a draft proposal to meet its needs (based on Annex III of the August 2015 mission report). The FSC indicated that it would incorporate most of these data needs for the quarterly return.
12. The meeting also discussed how any under or over-funded is reported for defined benefit schemes. The FSC stated that most of the funds were fully funded. However, in the event of a shortfall or surplus, it was not clear to the mission whether any such shortfall (surplus) would be recorded as a claim of the pension fund (sponsor) on its sponsor (pension fund). The FSC indicated that it would explore the issue and advise the BOJ, accordingly.
13. Pension funds are appraised every three years to determine whether or not they are under or over-funded. In the event that they are under-funded, the sponsor is given a certain period of time to make up the shortfall. It is this shortfall that needs to be recognized on balance sheet if it is still outstanding on the balance sheet date. Similarly, where a pension fund is over-funded, the sponsor is entitled to a contributions holiday, that is, it is not required to make further contributions until such time that future liabilities to the current and former staff have been reached. In both situations, it would be helpful for the FOF project to be informed of the amount of the actuarial reassessments and the reasons therefor: changes in the discount rate, demographic changes, changes in the terms of employment, etc.
14. The meeting was advised that, for some of the insurance companies, there is a problem with timeliness of quarterly data. The mission advised the FSC that, for statistical purposes, it is acceptable to provide preliminary data and to submit revised data later.
15. The FSC informed the meeting that some of the smaller investment brokers and security dealers do not provide the information on a quarterly basis. The FSC noted that the larger brokers and dealers, that report regularly, account for approximately 90 percent of the industry's assets. Under those circumstances, it is possible for the BOJ to gross up the results, provided they know what the universe figure is and whether those reporting are the same units every period. Where they are not the same, the BOJ will need to be advised in order to make estimates for those missing entities.
16. Because the current report forms are industry specific, there are considerable differences in what information is provided. The mission suggested that the BOJ provide the next meeting of the inter-agency working group with a mapping of instruments in the FSC's forms to those in the FOF (2008 SNA) framework. The FSC also requested that the BOJ provide the classifications by sector and instrument so that the FSC can ensure there is consistency in reporting both within and across the industries that it regulates.

17. The meeting also discussed the mechanism for the FSC to submit the data to the BOJ. Because data for individual enterprises are submitted, the mission advised the FSC and the BOJ that a secure site is needed to ensure no loss of confidentiality.

C. Tax Administration Jamaica

18. The mission, together with the BOJ, met the TAJ to discuss two related issues: (i) the memorandum of understanding (MOU) between the BOJ and the TAJ; and (ii) how to obtain data on selected balance sheet items of nonfinancial corporations.

19. The purpose of the MOU is to permit staff at the BOJ access to individual corporate taxpayer files, as well as to develop means to obtain aggregated data. The MOU has been under discussion between the two organizations for some time. It has been reviewed within the BOJ by the data requesting divisions as well as the legal department. A proposal is due to be submitted to the TAJ in early 2017. It will then be reviewed by the TAJ, and once both parties are satisfied that their needs and concerns are met, it will be submitted to the Governor and the Minister for their signatures.

20. While it is necessary for the MOU to be signed for any delivery of tax individual data files by the TAJ to the BOJ, in the meantime, the two agencies can explore how to obtain selected balance sheet data of nonfinancial corporations. The TAJ expressed its willingness to provide as much information as it can. Should the MOU not be signed by March 2018, TAJ should be able to provide the data in aggregate, until such time that the MOU is signed.

21. The information being sought for the FOF is for those balance sheet items for which there is no alternative source. These are shown in this report's annex. If it were possible for the TAJ to provide the BOJ with these data, even though they might only be available with a long lag (of more than one year), they would provide the latter with a benchmark level from which to make estimates for current periods for both positions and transactions. When more current data are provided, those estimates could be revised.

22. At present, it may not be possible to provide any balance sheet data on an aggregated basis as the tax files are not machine-readable. It might be possible for these files to be read into other software that would allow them to be machine-readable: such an option would need to be explored. However, even if such an option were available, it might not provide useful information as many small corporate entities do not file balance sheets.

23. In light of the absence of many small corporate tax filers' balance sheets, the TAJ suggested that the FOF needs be included in tax schedules and indicated that the information would also be useful for the TAJ's own assessment processes. Tax schedules are required and therefore any corporation that did not provide the schedule would be in violation of the law. The TAJ advised the mission and the BOJ that it would be necessary for the BOJ to provide the request before the end of December 2016 for it to be considered for inclusion in the 2017 tax year filing requirements. The mission provided the BOJ with the required items

(see this report's annex). If the end-December 2016 deadline is missed, it is probable that this request will not be actioned by the TAJ until a year later. The information set out in the annex is maximalist: if the TAJ finds that too much information is being requested, it is possible that the request could be pared back, but there would, consequently, be a loss of data quality for the FOF.

D. Ministry of Finance and the Public Sector

24. The mission, together with the BOJ, met the Ministry of Finance and the Public Sector (MOFPS). The meeting was to discuss the provision of data on Government of Jamaica's (GOJ) balance sheets and transactions, and to explore with the MOFPS how it can assist the BOJ in obtaining balance sheet data of public entities.

25. The FOF project currently obtains data on GOJ's domestic debt securities from the MOFPS's website. It also uses data on foreign loans and debt securities issued abroad from the international investment position (IIP) that the BOJ compiles. Transactions data are also available.

26. The information on GOJ debt securities outstanding is, however, at nominal value, not at market price. The MOFPS, however, indicated that market prices could be calculated as all the relevant data – in addition to nominal value, the term to maturity, the coupon rate, the current market interest rate – are available. The MOFPS indicated that it would explore providing the balance sheet information at market prices.

27. The meeting also explored how other items on the GOJ's balance sheet could be provided to the FOF project. The MOFPS noted that accounts receivable/payable are calculated every month. The MOFPS said that these data would be provided to the BOJ within a few days of the meeting as the information is readily available.

28. The meeting also explored whether the pension liabilities to current and former GOJ employees is estimated by the MOFPS. The MOFPS indicated that the future cash flows are estimated and these could be provided to the BOJ for the FOF project. It was agreed that these data may be used internally by the BOJ until such time that agreement is reached between the MOFPS and the BOJ on how to publish the data.

29. The mission noted that future cash flows would need to be discounted to obtain a present value but the rate of discount was not discussed. This is a matter that data users at the BOJ may wish to provide guidance. The mission proposed that the long-term GOJ Jamaican dollar bond rate could be used.

30. It was also noted that it would be very helpful for the FOF project if the MOFPS could indicate what might be causes of any changes in the estimation of future cash flows, such as changes in the actuarial assumptions, or terms and conditions of employment, etc. Such changes may need to be recorded in the other changes account, rather than as

transactions, depending on the cause of the change.

31. As to the BOJ's obtaining balance sheet data for the major public entities, it was noted that, at present, 8 of the 16 major entities are reporting to the BOJ quarterly, while 8 entities provide only annual data. The MOFPS indicated that it would seek to ensure that the remaining 8 entities reported quarterly.

32. The BOJ also asked whether it might also be possible to have a standardized report form. The present use of these entities' balance sheets is less than optimal as they do not have the same information detail, many of the balance sheet items are highly aggregated, and no notes to the financial statements are provided. The MOFPS indicated that it would explore how to provide the information the BOJ needs.

E. Statistical Institute of Jamaica

33. The mission, together with the BOJ, visited STATIN to discuss two matters: the development of sector accounts for the production account through the capital account, and STATIN's assistance in the conducting of a survey of nonfinancial private corporations.

34. STATIN advised the mission that it is severely resource-constrained at present and that developing sector accounts from the production account to the capital account would not be possible until 2018, at the earliest, for the financial and general government sectors. For the nonfinancial corporations' sector and households (and non-profit institutions serving households), it would be a further two years before the current and capital accounts would be available (and possibly later). Both of these possible target dates are predicated on STATIN receiving additional resources. If those resources are not available, STATIN would be unable to provide these sector accounts. Should they be able to do so, they would expect to be able to provide the data back to 2014, but only on an annual basis.

35. For much the same reason, STATIN indicated that it cannot conduct a survey of the balance sheets of the largest nonfinancial corporations in the foreseeable future. The meeting discussed alternative approaches, such as the BOJ's conducting a survey of these enterprises but STATIN cautioned that they are facing declining response rates, even from this group.

F. Other Data Sources

36. The only other current source of external data to the BOJ is the Jamaica Stock Exchange (JSE) website. The JSE posts on its website of the financial statements of the enterprises it has listed. The BOJ uses the balance sheet information of the largest of these enterprises. The JSE also provides the BOJ with data on the price and number of shares on issue of each of the enterprises it lists. These data are used by the BOJ to derive the market value for these listed enterprises.

III. TRAINING, STAFFING, OUTREACH, AND COMPUTER RESOURCES

37. The mission made presentations on the uses of the FOF to staff from within the BOJ and from external data providers. The sessions were well attended and there were a number of questions from the Financial Stability Department of the BOJ, who are likely to be one of the major users of the data. The mission strongly recommended to the BOJ that the FOF staff involve the Financial Stability Department on an ongoing basis about the development of the project and how to understand them.

38. The mission also provided two days of training to the FOF staff and others with a role in providing data for the project from within the BOJ. Many of the staff are new and would benefit considerably from formal training. The mission was advised that one of the FOF staff had applied for the newly offered course by the IMF's Institute and Capacity Department for February/March 2017.

39. There is a need for the BOJ to begin an outreach program with potential users, both within and outside the BOJ. By involving potential users at an early date of development, users' needs can be incorporated into the datasets. Moreover, such an outreach program can advise such users on how to understand the data and their interlinkages.

40. The mission strongly recommended that the current staff resources for the project be increased. At present, there are two staff who compile the datasets, coupled with a supervisor. However, all the staff involved in the FOF project have many other responsibilities, most of which are for current data production (such as the IIP and external financial flows, external debt data, the reserves template), which means that the needs for these datasets take priority. A group dedicated solely to the FOF project will mean the program can advance much more quickly. The development of a new project requires more resources than one that has been in production for some time, given the same data needs.

41. The mission also strongly recommended that the BOJ develop a database for the FOF datasets. While Excel will be sufficient for the early development of the project, once it has become an ongoing exercise, a proper database will be necessary, given the size of the datasets involved in an FOF system.

42. The mission would like to express its thanks for the hospitality and enthusiastic involvement of staff from the BOJ and other agencies.

**ANNEX. SUGGESTED SELECTED BALANCE SHEET ITEMS OF NONFINANCIAL
CORPORATIONS FOR THE TAX ADMINISTRATION JAMAICA TO COLLECT THROUGH A TAX
SCHEDULE**

Assets

Equity investments in entities with:	residents nonresidents
Loans to entities:	residents nonresidents
Other accounts receivable (o/w trade credit)	residents nonresidents residents nonresidents

Liabilities

Loans from nonfinancial entities:	residents
Other loans from:	nonresidents
Other accounts payable (o/w trade credit)	residents nonresidents residents nonresidents
Shareholders' funds	
Total shareholders' funds:	residents nonresidents
(o/w share capital (including share premium)	
Retained earnings	
Other shareholders' funds	