

## RESTRUCTURING FOR GROWTH WITH EQUITY

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### SALUTATIONS

Madam Speaker, I start my presentation by giving thanks to the Almighty for continuing to bless me with health and strength to carry out my responsibilities in this House. I am forever grateful to the constituents of South East St. Andrew who have sent me here for the third time to continue to represent their interests. I will do so with integrity, dignity and accountability.

The constituency has a dedicated team of workers led by Councillor Andrew Swaby, Councillor Candidate Jesse James Clarke, secretary Ivy Hill, organiser Sonia Forbes and a host of other volunteers who give yeoman's service behind the scenes and, in most cases, unrecognised. I thank them too. I also want to thank my CPO and driver for their work and service.

I want to thank our new Party President and Opposition Leader Mark Golding for entrusting me with this responsibility and to my colleagues in the House and the Party and for their continued guidance and support. I also acknowledge former Opposition Leader Dr. Peter Phillips, who started the “good policies” as Minister of Finance in 2012 and laid the foundation for the economic stability that the country experiences.

Madam Speaker, I wish to thank my wife and children and the rest of my family for their unconditional love, for always having my back and supporting me in all my endeavours.

## THE CONTEXT

Madam Speaker, these are challenging and unprecedented times for Jamaica and the world. We understand the context in which the budget for FY 2021/22 has been developed, having seen how the last budget had to adapt to face our realities. However, we are concerned that the current budget will not adequately address the economic fallout and the rising inequality that have worsened since the onset of Covid-19 a year ago.

My colleague from across the aisle spoke on Tuesday about policy. Good policy does matter. Something we agree with. But on this side, we have always held that “**People matter, and any good policy must be crafted with people at the center**”.

Any analysis of the budget, Madam Speaker, must be placed within two defining, and in this case, contrasting contexts. On the one hand is our vision for Jamaica and, on the other, the realities which have been facing Jamaica, particularly over the last five years, with even further emphasis on the last year, and how the Government has responded.

Let me begin with a brief statement about that vision. Our dream is a Jamaica:

- Where people not only feel safe but *are* safe
- With a growing economy which is providing high quality jobs and producing products and services in high demand locally and globally
- In which young and old have access to quality primary and secondary health care, including adequate nutrition
- Where our children have access to a first-class education system from early childhood to university

This is what Vision 2030 promises: a Jamaica where we can **live, work, raise families and do business**.

**But what is the reality, Madam Speaker?**

Well, in the last five years (2016 to 2020), there were almost 7,000 reported murders; the exact figure is 6,918. This figure is 23 per cent higher than that of the previous five years (2011 – 2015) which had 5,619 reported murders.

The last three years (2018 to 2020) accounted for 3,927 or almost 60% of the 6,918 murders (at 56.7%), despite having over a dozen States of Emergency and four ZOSOs for almost three years and despite spending billions of dollars. **For the monies that we have spent, the results are going in the wrong direction.**

Madam Speaker, there was no mention of this in the Minister's 3 ½ hour presentation on Tuesday, although there is a direct correlation between reducing crime and achieving high levels of economic growth.

The number of murders since the start of 2021 has outstripped 2020 year-to-date (YTD) and Jamaica currently ranks as the most murderous place in the entire Caribbean and Latin American region, with 46.5 murders per 100,000 people.

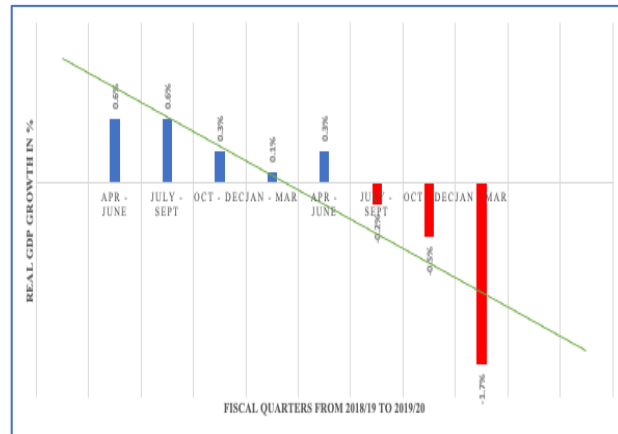
The reality, Madam Speaker, is that **the Jamaican people are not safe.**

Madam Speaker, every country has been affected by the novel coronavirus, but the pace of recovery will depend on the strength of economies pre-COVID-19. The data shows that the Jamaican economy has been in decline since 2019, contrary to the impression the Government wishes to create.

**The country suffered three consecutive quarters of negative economic growth from July 2019 to March 2020, when the first case of Covid19 was reported. During this period, the decline, quarter after quarter, worsened. As a country, we were one quarter away from being in a recession *before* Covid arrived.**

## Jamaica's Economic Performance, Fiscal Years 2018/19 – 2019/20

Year	Fiscal Quarter	Real GDP Growth
2018/19	Apr - June	0.6%
2018/19	July - Sept	0.6%
2018/19	Oct - Dec	0.3%
2018/19	Jan - Mar	0.1%
2019/20	Apr - June	0.3%
2019/20	July - Sept	-0.2%
2019/20	Oct - Dec	-0.5%
2019/20	Jan - Mar	-1.7%



Source: Table I of STATIN's Quarterly GDP Publications.

Seasonally Unadjusted rate of growth of value added by Industry at Constant Prices.

STATIN updated previous quarter estimates as more information becomes available.

NB: The figures in this table are, as "first reported" by STATIN, and have not been updated so there might be discrepancies with future Quarterly Publications.

So, after a lacklustre performance in 2018/19, with less than 1% growth in each quarter, the economy began to shrink in the second quarter of 2019/20 and has continued on a downward trajectory since. When the pandemic hit in March 2020, the economy was already in serious decline.

Prior to COVID-19, our GDP had declined from US\$15.71 billion in 2018 to US\$15.46 billion in 2019.

The Jamaican people have been feeling that decline. Since the onset of Covid19, things have gotten worse. Today many people are out of work or jobless, *dem likkle hustle mash up*. Some have been without a steady income for a year now. People are having a hard time feeding themselves and their families. In addition to the problem of job losses is the problem of school closures, which has deprived many needy children of the meal they used to receive at school.

Madam Speaker, **many, many people are hungry.**

A recent study by UNICEF Jamaica and the Caribbean Policy Research Institute (CaPRI), showed that 45% of households have had to cut back on food because they simply cannot afford it<sup>1</sup>. Most households coped with food shortages by eating smaller meals or eating fewer meals per day. It doesn't help our situation that since 2016, the cost of basic food items has skyrocketed. The cost of salt fish, cooking oil, chicken back and rice, for instance, have all increased over 100 per cent.

**Food poverty has exacerbated,** Madam Speaker.

<b>Products</b>	<b>2016</b>	<b>2021</b>	<b>% INCREASE</b>
Flour (lb)	39.00	56.00	43.59%
Rice (lb)	31.00	62.00	100.00%
Cornmeal (lb)	45.00	65.00	44.44%
Grace Mackerel 155gm	55.00	100.00	81.82%
Whole Chicken	160.00	240.00	50.00%
Mixed Parts	205.00	260.00	26.83%
Chicken Back	60.00	140.00	133.33%
Cooking Oil	85.00	220.00	158.82%
Sardine	118.00	202.00	71.19%
Turkey Neck	83.00	206.00	148.19%
Salt Fish	225.00	536.00	138.22%
Milk Powder 100gm	96.00	147.00	53.13%
Betty Milk	175.00	250.00	42.86%
Tin Corned Beef 340gm	227.00	425.00	87.22%
Bulk Dark Sugar (lb)	55.00	121.00	120.00%

Madam Speaker, even more ominous is that there is an expectation that food prices will increase further in the coming weeks, based on pronouncements from the president of the Jamaica Manufacturers and Exporters Association (JMEA).

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<sup>1</sup> <https://www.unicef.org/jamaica/press-releases/unicef-study-reveals-impact-covid-19-challenges-children-and-families-jamaica>

Another study, this one from the United States Department of Agriculture, Economic Research Service (USDA ERS) entitled - *International Food Security Assessment, 2020–2030: COVID-19 Update and Impacts on Food Insecurity* report released in January 2021 reveals that 12.8 per cent of the Jamaican population is currently food insecure, equating to some 400,000 people. This is double pre-COVID-19 USDA ERS projections. Food insecurity means that **400,000 Jamaicans cannot afford to eat what is defined as the minimum amount of food per day to survive.** Sadly, out of all countries in Latin America and the Caribbean, Jamaica recorded the largest increase.

In their book *Poor Economics*, Nobel Peace Prize winners Banerjee and Duflo, economists from MIT make the link between caloric intake and productivity. This concept is called the nutrition-based poverty trap and dates back to 1958.

“The idea is simple. The human body needs a certain number of calories just to survive. So when someone is very poor, all the food he or she can afford is barely enough to allow for going through the motions of living and perhaps earning the meager income that the individual originally used to buy that food” (p. 21).

Food builds strength which allows people to be productive and earn.

**Food security indicators for 2020 in the International Food Security Assessment (IFSA)  
(Latin America and the Caribbean countries)<sup>2</sup>**

	Updated estimate		Pre-Covid estimate	
	Number of food insecure (millions)	Share of population food insecure (%)	Number of food insecure (millions)	Share of population food insecure (%)
Bolivia	5.3	45.4	4.1	35.5
Colombia	5.1	10.5	3.2	6.5
Dominican Republic	0.8	7.5	0.5	5.1
Ecuador	5.0	29.4	3.7	21.6
El Salvador	1.3	20.5	1.0	15.5
Guatemala	5.4	31.6	4.9	28.3
Haiti	6.5	59.1	6.2	55.8
Honduras	2.3	24.2	1.9	20.0
<b>Jamaica</b>	<b>0.4</b>	<b>12.8</b>	<b>0.2</b>	<b>8.8</b>
Nicaragua	2.5	39.6	2.1	34.4
Peru	6.4	20.1	3.5	10.8

Madam Speaker, I want to tell you about Patsy. She is a vendor outside the school gate of a primary school in my constituency, where she has operated for the last 10 years. She has used this income to support her family. Since March last year, Patsy has had no income as face-to-face classes stopped at the school. Patsy has no savings, no health insurance, no pension and was not a beneficiary of the Government’s CARE program. She is diabetic and is suffering from declining eyesight. She barely survives due to the generosity of a friend who sends food for her. Madam Speaker, Patsy needs help. She is industrious and has lived her life hustling to do the best for herself and her family. **Let us help Patsy and the many people who like Patsy are hurting and in need.**

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<sup>2</sup> Source: United States Dept of Agriculture – Economic Research Service. Covid 19 Working Paper – Covid 19 Updates and Impacts on Food Security – published January 2021

While we know the Government has allocated funds to support the most vulnerable in this Budget, what is being proposed is woefully inadequate. **People matter, Madam Speaker, and good policy must have the people's interest at heart!**

The pandemic has also placed a strain on our health services and the risks to an already burdened and under-funded system cannot be greater.

Madam Speaker, I want to use this opportunity to thank our doctors, nurses and all our health care workers on the front lines, who continue to go beyond the call of duty to serve the public. When we speak about healthcare, we most immediately think of doctors and nurses, but I wish to recognise the unsung heroes as well: the orderlies, the janitors, the lab techs, pharmacists, all the professionals that make up the healthcare ecosystem, and the many, many other selfless Jamaicans who serve, and do so at great personal sacrifice and risk to themselves.

Last week, **three nurses passed away from Covid19**, and to their grieving families – and all other families who have lost loved ones to this disease – I offer my condolences in their time of grief and mourning.

For many Jamaicans, the daily reports of covid cases, coupled with the stories of our brothers and sisters being turned away, or passing away in hospitals that are under-resourced are heart breaking and anxiety inducing. Our healthcare workers give their all, but they need support. Our hospitals need more resources. That situation was not caused by covid19, however, Madam Speaker, the reality of Jamaica today is that **health poverty and health inequality in Jamaica have been worsened by covid-19.**

The effects of the pandemic will last for a long time to come given the number of children who are unable to access online education. **In some areas, this is up to 80% of children.** This issue must be a priority for, if not, poverty will become even more chronic.

The reality, Madam Speaker, is that **inequality and poverty widen the education gap.** We know well in Jamaica, **the gap between the haves and the have nots is just too wide** and how this **vicious cycle** is perpetuated.



With our Jamaican reality, it is clear that something major has to be done to address the issues that concern us all: safety and security, economic growth, access to quality healthcare and access to education.

In our view, the Budget presented on Tuesday did not do that.

## ASSUMPTIONS ABOUT THE BUDGET

The budget has been cast based on oil prices of US\$45.6/barrel; however, current oil prices are already trading at US\$68/barrel and are projected to increase even further.

While the recent oil price volatility has been triggered by specific events in the US like the Texas freeze, the markets expect oil prices to continue to rise as the global economy recovers from Covid. Economic recovery will trigger increased demand for oil as travel and commercial activities increase. In 2015, the last PNP Administration introduced a special tariff to support the implementation of a hedge against high oil prices. While that tariff still remains in place and is being collected, there is no hedge.

Madam Speaker, the implementation of a hedge would have made sense last year, when oil prices were at record low levels, as the current Opposition Leader Mark Golding called for then. It's too late now and in Jamaican terms, **the horse gone through the gate already**. We have had 14 consecutive weeks of gas price increases. And Madam Speaker, every time there is a gas price increase the cost of living goes up, not only for private citizens and businesses, but also for the Government.

## QUESTIONS FOR THE MINISTER OF FINANCE

In this context, we have a few questions for the Minister of Finance. We would like to know, what contingencies exist in the Budget to purchase oil, if prices continue to rise?

What impact will this have on our current and fiscal accounts?

What impact will this on loss making public bodies like JUTC and NWC who cannot pass through higher fuel and electricity costs to consumers?

What impact will this have on consumer gas prices which will increase and reduce disposable income as consumers will have less to spend? Increased gas prices have a multiplier effect on the economy and will increase the cost of all goods across the economy.

How does the Government intend to clear the arrears owed to contractor and supplies beyond the additional allocation in the Budget?

The budget projects tax revenues to grow by 12.5% to \$572BN. While we all hope that these targets will be achieved, can the Minister indicate the assumptions that informed this projection? Given that the country is not projected to achieve herd immunity until March 2022, how can we be assured that these targets are attainable?

These issues raise concern about the credibility of the Budget. How many more supplementary budgets will we have this Fiscal Year?

## IMPACT OF COVID ON WOMEN

Madam Speaker, Patsy is not alone. Indeed, the economic and social fallout from Covid19 has disproportionately affected women. The unemployment rate for women in October 2020 was 13% versus 8.6% for men and the increase in unemployment rate for women (51%) from 2019 to 2020 was higher than it was for men (43%).

### **Unemployment rate for men/women**

	October 2019 – pre Covid	October 2020 – in Covid
Men	6%	8.6%
Women	8.6%	13%

Source: STATIN Labour Force Survey October 2019 – October 2020

There is also a larger percentage of women outside the formal labour force than men and, therefore, they have been affected more greatly by the economic fallout. Many women have had to take on the additional responsibilities of supervising their children at home with schools closed for face to face classes. Our society has a large percentage of female headed households.

	Men	Women
Population 14 years and over	1,023,600	1,061,600
Outside the labour force	321,600	470,000
% population outside labour force	31%	44%

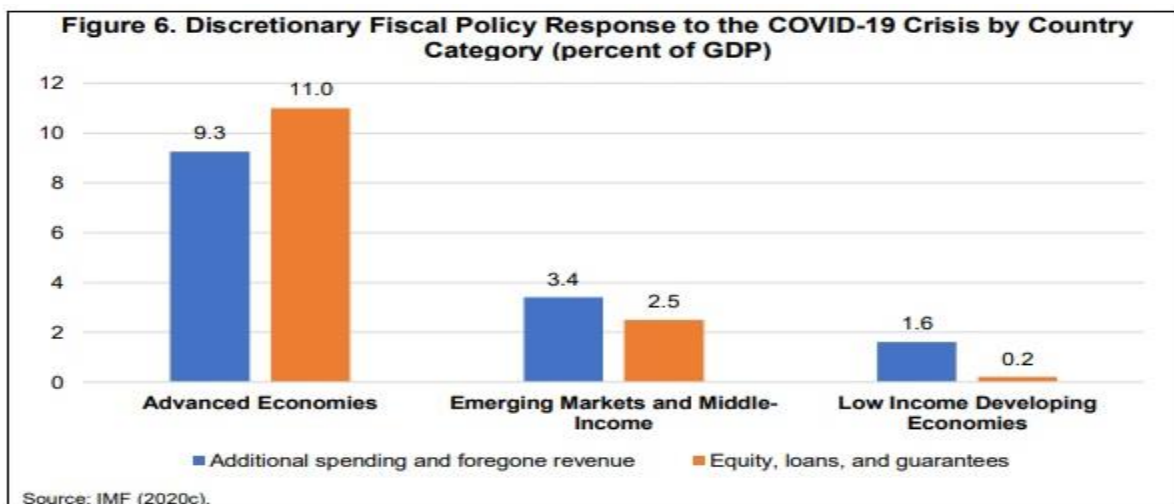
When I make my recommendations, I will indicate how this should be addressed.

## HOW OTHER COUNTRIES ARE RESPONDING TO COVID

Madam Speaker, we are in an unprecedented health and economic crisis, but Jamaica is not unique. The table below shows how countries across the world have responded to the COVID-19 crisis through fiscal measures.

Jamaica is categorised as a middle-income country based on our GDP per capita of US\$5,320. Middle income countries have, on average, spent 5.9% of their GDP in response measures, Jamaica has lagged behind that significantly with a spend of 1.67% of GDP.

Table: Caribbean Countries' Direct Support To Affected Households/Firms During COVID-19 As A % Of GDP<sup>3,4</sup>



<sup>3</sup> Upper middle income represents US\$ 4046 to \$12,535 while High Income represents \$12,536 or more. Of the OECS countries, Dominica, Grenada, St. Lucia and St Vincent and the Grenadines are upper middle-income countries. Antigua-Barbuda and St Kitts-Nevis are high income countries. Montserrat is a British Overseas Territory. See <https://data.worldbank.org/indicator/NY.GNP.PCAP.CD> for GNI used to classify countries' income status for the most recent year of 2019. Note the caveat from the World Bank: "New thresholds are determined at the start of the World Bank's fiscal year in July and remain fixed for 12 months regardless of subsequent revisions to estimates. The thresholds for income classification have increased from last year due to SDR inflation" found at <https://blogs.worldbank.org/opendata/new-country-classifications-income-level-2019-2020>.

<sup>4</sup> The % of GDP for Antigua, Dominica, Grenada, St. Kitts & Nevis, St. Lucia, St. Vincent & Grenadines represents total support, not just to households and firms. Source: IDB Quarterly Bulletin November 2020 – A Pandemic Surge and Evolving Policy Responses (<https://publications.iadb.org/publications/english/document/Caribbean-Quarterly-Bulletin-Volume-9-Issue-3-November-2020.pdf>).

Country	% of GDP Support in FY 2020		
	To Households	To Firms	Total
Bahamas	0.73	0.75	1.48
Barbados	3.30	4.60	7.90
Jamaica	0.75	0.52	1.27
Suriname	5.20	0.80	6.00
Trinidad & Tobago	0.11	2.31	2.42
OECS Countries Average*		3-8 - 11.5	3.8-11.5
Antigua-Barbuda			
Dominica			
Grenada			
St Kitts-Nevis (SKN)			
St Lucia (SLU)			
St Vincent & the Grenadines (SVG)			

NB: Data for the OECS on Support to Households and Firms was not disaggregated in the IDB's Quarterly Bulletin.

Madam Speaker, if we narrow our analysis to the Caribbean region, other Caribbean countries spent at least 1.5% more of their GDP in FY 2020 than Jamaica on support to households and firms. Bahamas and Trinidad and Tobago are high income countries yet Jamaica's fiscal support is aligned with theirs. Even Barbados, which is high income, is spending almost 6% more of its GDP in support. These higher levels of support in comparator countries will result in better GDP growth performance than for Jamaica for FY 2021/22.

Madam Speaker, as the data shows **Jamaica has spent significantly less as a percentage of GDP in response to Covid than our Caribbean neighbours**. This explains why poverty levels are so high and why food insecurity has doubled.

I have spent the time, Madam Speaker going through this data to show why we must do more to protect the most vulnerable and position ourselves for growth. And we must do more because **“people matter, and good policy must have people at the heart of it”**.

The Government has allocated approximately \$8 billion (0.37% of GDP) for individuals and \$5bn (0.23% of GDP) for businesses which totals 0.6 of 1% (or 0.6%) of 2021/22 GDP. This is even less than in FY 2020/21. This is woefully inadequate.

## ADDRESSING THE DIGITAL DIVIDE IN EDUCATION

Madam Speaker, from June 2020, just three months into the Covid pandemic, I made a recommendation in this very House for the Government to remove the GCT on computers and tablet devices, since it was clear from then, that students would be required to do school online and would need cheaper access to these devices.

Nine months later and **nothing has been done**. We are about to start a new fiscal year and this would have been the opportune time to make this adjustment. While our population will be vaccinated, and the Ministry's vaccination timeline goes into March 2022, there will be a lag between now and full face to face resumption in schools. It is a reality that children will be required to engage in online classes for some time to come.

But we did not get to this place solely because of covid19. The digital divide in education has been made worse by this Government, which failed over the period of its previous term to deliver even one tablet or computer device to a student. Madam Speaker, for the entire 4 ½ years from March 2016 to September 2020, not one new device was delivered in the public school system.

Although since September 2020 the Government has delivered 40,000 tablets to students on PATH and has commenced delivering another 36,000 with vouchers, there is still a huge gap in our public school system of 600,000 students. Even with the efforts of the private sector to provide computer devices, we still have a deficit. Today, approximately 40% of our students are still without a device. That amounts to 240,000 students. Madam Speaker, **these students are being left behind**.

Madam Speaker, the effect of not having our students access online education is dire. Already, school principals are reporting that many students will not return to the classroom. Some have been forced to take on jobs to support themselves and their families while others have simply stopped attending. The implications of this are grave, as this could result in increased teenaged pregnancies for our girls and for our boys becoming involved in criminal activity.

Madam Speaker, **we must address this crisis with alacrity**.

Data provided by the Ministry of Finance indicates that the Govt collected approximately \$625 million in GCT for the FY 19/20 and \$1 billion for FY 20/21 on computers and tablet devices. FY20/21 would be higher because more persons would have purchased devices to respond to the increased demand for online schooling. So, if the Government were to remove the GCT the revenue that would be given up is \$1billion. GOJ total revenues as at the Third Supplementary Budget this year was \$576BN. Revenue foregone would have amounted to **0.17 of 1% (or 0.17%) of total Government revenues.**

Madam Speaker, in addition to reducing the digital divide, the use of computers increases productivity and positions us as a country for the new digital economy.

The question we need to ask is not whether we can afford to give up this revenue, *because we can*, but rather whether we can afford to continue to have so many of our students miss out on an education because they cannot afford to purchase a computer or tablet. This trade-off is a *no brainer*. The way out of poverty for the majority of Jamaicans is through education. This investment in education will pay rich dividends down the road. We can do better.

Madam Speaker, I want to tell you about Yvonne, a household helper. She shares her cell phone with her two grandchildren who have to do online schooling. She has a prepaid phone and has to buy credit. Yvonne lost some of her *days' work* as one of her employers got laid off and had to cut back on the number of days she worked. Her grandchildren cannot be online everyday as she does not have enough money to buy data credit to remain online for Zoom classes. Yvonne's plight was eased somewhat when one of her employers purchased a tablet for her grandchildren. I want to thank those individuals who have been generous and have helped to reduce the digital divide. But, she still has to share the phone with the other grandchild.

Madam Speaker, Yvonne and her grandchildren need solutions. Her situation is the result of policy. This is why I encourage the government to recognise in their policymaking, whether it is policy on GCT or distribution of devices, that **“people matter, and good policy must have people at the centre”**.



Solving the device problem is only one part of the *access to education* equation. **We also need to address the internet access problem.** The Government has made progress since the pandemic in connecting more of our schools to the internet but more needs to be done and more quickly.

Madam Speaker, we are now in March with one term left in this school year, before the summer break. There are students who have missed an entire year of school because they have not been able to go online.

We must set as an objective to ensure that all our schools are connected to broadband by September 2021 to facilitate online schooling, whether or not the pace of the vaccination program goes as planned.

It can be done and must be done if we are not to leave behind more students. We need to move faster on these projects.

## BUILDING MORE HOUSES FOR THOSE AT THE BASE OF THE PYRAMID

Madam Speaker, the housing sector has seen significant growth in the last number of years and is one of the few that remained resilient during the pandemic. The challenge with the housing market, is that while the market has been able to provide solutions to the middle to higher income levels, there is a significant deficit in solutions at the lower income levels. There is, therefore, a market imbalance where lower income solutions are concerned.

The Government has a responsibility to **correct this imbalance as a national imperative.**

Beyond the socio-economic benefits of home ownership, there is also the fundamental issue of equity. It is manifestly unfair for National Housing Trust (NHT) contributors to be legally obligated to contribute, yet effectively crowded out because

- (i) they will not be able to afford to own a home; and
- (ii) they are effectively subsidizing ownership for those with higher incomes.

For most people, NHT is merely a tax from which they yield no benefit, which is not the way it was envisaged by one of our great former Prime Ministers, Michael Manley. Madam Speaker, simply put, **if you throwing partner, you must get a draw.**

The National Housing Trust projects to spend \$57 billion on housing solutions during the FY21/22. A significant majority of NHT contributors, who may qualify for home ownership cannot afford to service a mortgage of \$5 million and over, based on their income levels.

Despite efforts by successive Administrations over the years to make home ownership more affordable for lower income NHT contributors, there is still a huge gap between the effective demand of approximately 200,000 persons who want to purchase a home in the \$7 million price range and the supply of these units. Developers have shied away from providing solutions at this price point because building middle to higher income priced solutions is more financially attractive and provides a greater financial return.

The issue is essentially a supply side problem, driven by the relative high cost and lack of availability of large parcels of land for development, very high infrastructure costs on these greenfield sites, lengthy and protracted time process for approvals and the fluctuation in costs driven by currency depreciation.

The result of this, Madam Speaker, is that our **people are faced with housing poverty**.

The NHT was created to provide access to those who otherwise would not have been able to afford housing solutions. Solving this problem will require a deliberate and proactive policy imperative on the part of the Government to establish the parameters to make it more attractive for developers to deliver solutions at this end of the market. Those parameters include the identification of large tracts of suitable lands, provision of financing to developers, subsidization of infrastructure costs and faster approval process. So yes, Minister, policy is important, but we must never forget about the people impacted by policy. **“People matter, and good policy is only good if it has people at the centre”**.

It’s not an insurmountable challenge, once there is a will and determination to tackle it.

Madam Speaker, **equity demands that we do it!**

## PROTECTING OUR ECONOMIC FIRST RESPONDERS

Up to March last year, Jamaica had a large spread of small businesses operating across the island. Small and medium-sized enterprises are the major employers of the poor and unskilled and foremost growth drivers in this country. Without doubt, much like the United States, they also bear the brunt of the impact of the pandemic. These enterprises are in fact the **Economic First Responders**. A Government that protects these businesses is also protecting the jobs of the poor and the working class.

We are defining these small businesses as Economic First Responders because these are the businesses that the most vulnerable in our population go to, to spend the first money that they receive. Officially these businesses would be classified as micro – they may employ up to 5 persons and many may not be formally registered. These are small shopkeepers, vendors, hair and nail technicians and many others.

The Small Business Association of Jamaica estimates that 30% of small businesses have closed since the start of the pandemic.

*Our Economic First Responders need an urgent capital vaccination* to keep them going. If Jamaica was to lose the majority of small and medium-sized businesses, our economy would not only collapse, we would not be able to recover any time soon. Madam Speaker, we must find a way to extend a lifeline to these economic first responders. And the government, if it is serious about recovery, must have the realities of these people at the heart of any policy. **People matter, Madam Speaker.**

## PREPARING AND POSITIONING JAMAICA FOR A POST-COVID WORLD

COVID-19 has been transformational, in that many of the jobs lost during the pandemic will not return. There has definitely been a shift from reliance on physical locations and transactions to becoming more digitally agile.

That scenario posing two sets of challenges for our country. Internally, there will be more services delivered online which will force those who are technologically challenged to come into the digital age. Secondly, for Jamaica to maintain its competitiveness globally, it must have a well-educated technology-savvy population.

According to the World Economic Forum, in emerging economies, a 10% increase in broadband penetration can lead to a 1.2% increase in per-capita GDP growth.

So, increasing our investment in rolling out broadband will not only reduce the digital divide, but will also facilitate economic growth.

Madam Speaker, I am aware of the efforts currently being made by the Government to connect our schools to broadband. I must, however, lament our belated start in this particular area, as very little progress took place pre COVID-19. More needs to be done and more quickly to expand broadband access to all Jamaicans. This can be done utilising the underground NWA fibre optic network to connect our critical institutions.

Madam Speaker, as absolutely necessary as it is, the provision of devices and Internet access represent only one part of the mix. Government's response, *and it has to be a pro-active one*, should be multi-pronged and holistic. I am therefore calling for the implementation of a Digital Literacy Program at the national level.

In the Digital economy, Data has become the new source of wealth. Data Literacy – the ability to collect, organize, manage, evaluate and apply Data to various business scenarios and activities – is rapidly becoming an essential in-demand employability skill. Digital literacy and Data Skills are no longer optional, or a privilege; they are essential and critical to social inclusion. Given the Government’s plans to pilot digital currency and amend the BOJ act to facilitate financial inclusion and greater digital transformation, this is even more of an imperative now. Our economic first responders who I mentioned before are important players in the rollout of this effort at the micro level.

## SUPPORTING AGRICULTURE

Another area in which we can advance growth is in agriculture.

For years Madam Speaker, we have been talking about retooling the agricultural sector. Whether we like it or not, feeding ourselves has to be a priority, as countries are struggling to protect their own products.

If ever there was a time to boost local production, support our small farmers and ramp up our market share in the region and beyond, that time is now. Foreign direct investments are under pressure, as very few investors would be willing to extend their obligations in a time of uncertainty, and especially in countries with major crime and corruption concerns.

Madam Speaker, let me tell you about Anthony, a young small farmer in the hills of south west St Ann, just above Cave Valley. Nearly every year, for the five-month period December to April, there is very little rainfall where he operates. For years, he has been seeking help to establish a reliable system of water so that his farm can produce crops all year round. So, during those five months, he has to sit and wait for rain. Anthony is only one of thousands of small farmers who rely on rainfall because we have not invested in the layout to ensure that our food producers can work all year round and lift the yields so that we can feed ourselves and others in the region and even the Diaspora.

Madam Speaker, we are calling for the implementation of a program to get irrigation to our small farmers across the country. This can include rainwater harvesting solutions and even construction of mini dams which will allow farmers like Anthony, to produce all year round. **People, people, people, Madam Speaker, must be at the centre of any good policy.**

## INCREASE EXPENDITURE BY 1% OF GDP

The FY 2021/22 budget seeks to, ambitiously, achieve real GDP growth of **5.2%**. At this point, growth has to be engineered in the domestic market and economy. It will not be externally-driven. There will be growth because our economic base has fallen so much, but the Jamaican economy **will grow faster if there is greater spend.**

We on this side propose that the Government: **add another 1% of GDP in expenditure to the FY 2021/22 budget**, which amounts to approximately \$21.5 billion. This would be funded by reducing our primary surplus balance from the current projection of 6.1% to 5.1%. This may require relaxation of the fiscal rules but if there is ever a time to do this, it is now, given the economic impact that Covid19 has had.

Now is the time to be bold. It makes more sense to invest in our people now and reap the benefits.

Madam Speaker the lessons that are coming out from country experiences with economic crises is that *in order to grow, governments have to spend more*. Economic growth expands our revenue base which allows us to contribute more from “growth” towards our financing needs.

The additional expenditures we propose would be allocated to the following areas

1. Support to individuals and households - \$5 billion
  - Special allocation for female headed households
2. Support to micro and small businesses - \$5 billion
  - Loans and grants linked to business development and financial literacy
3. Support to farmers - \$3 billion
  - More buy-back programs
  - Implementation of small-scale irrigation systems
4. Broadband roll-out - \$3.2 billion
  - Connecting communities and schools especially in rural areas
5. Island-wide digital literacy training - \$1 billion
6. Renewable energy/energy efficiency program for households - \$2.3 billion
  - Loan facility to implement energy saving devices



7. Provide incentive pay to health care workers - \$1 billion
8. Expanding hospital bed access for Covid patients - \$1 billion

## CONCLUSION

The Opposition recognises that overcoming this crisis is not a job that the Government can do alone. This is not a job that private sector can do alone either. While vaccines promise some hope, there is no magic bullet that can wish away the deadly effects of the novel coronavirus. **The road to recovery, Madam Speaker, requires the collective will of all Jamaicans.**

For the sake of every Jamaican, we need to act now. We need to support more individual efforts, like Patsy, Yvonne and Andrew. We need to support our businesses to keep their shutters open and save jobs. Let us roll out our island-wide broadband programme without delay and build houses that the majority of Jamaicans can afford.

Let us do this now, for the sake of our people!

People matter and people must be at the centre of the policies we implement.

Thank you, Madam Speaker.