

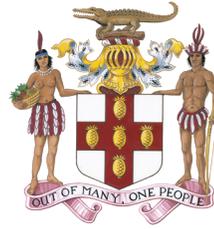


We Care

Tuesday March 24, 2020

The Hon. Nigel Clarke, DPhil., MP
Minister of Finance
and The Public Service





MINISTRY OF FINANCE AND
THE PUBLIC SERVICE

**CLOSING OF THE
2020/21
BUDGET DEBATE**

We Care

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Introduction

Mr. Speaker, I again extend gratitude to the staff at the Ministry of Finance and Public Service and to the board, management, and staff of the public bodies within my portfolio.

Thanks to Prime Minister, the Leader of Opposition, and the Opposition Spokesperson on Finance for their contributions to the 2019/20 Budget Debate.

Mr. Speaker, I am closing this budget debate under highly unusual circumstances in Jamaica and the world facing a health threat of alarming proportions. The focus of my presentation has to be on the Government's fiscal and economic response.

Mr. Speaker, normally this would be an opportunity to respond to the inaccuracies, shallow arguments, and hollow claims made by the Opposition, to consider any constructive suggestions, and to update and finalise the government's proposals and to close the debate.

While I would like to continue in that tradition, as both the Opposition Spokesperson and the Opposition Leader have supplied me with ample opportunity for an overwhelming response, Mr. Speaker, I will, for the most part, resist the urge.

However, I must respond to one thing from the Opposition Leader and another from the Opposition Spokesman to set the record straight. I will let the plenty other inaccuracies and shallow claims go this time. Even they deserve a Covid break.

Addressing Inaccuracies from the Opposition

Accelerating Debt Repayment & Primary Balance reduction

Mr. Speaker as I said earlier, there is much the Opposition Leader said that I could respond to. The traditional debate has been superseded by the urgency and threat of the Covid-19 pandemic and its effects.

However, there is a thread put forward by the Opposition Leader to which I must respond.

Mr. Speaker, the one-sidedness of the Opposition Leader seeking to take credit for the GCT rate cut, having never credibly postulated how it could be afforded in a tight fiscal environment, while pounding the table on fiscal responsibility, is rather amusing.

Recall that Dr. Phillips proposed a 2% reduction in the rate of GCT, which would have cost \$20 billion, but it is difficult to recall any proposal from him to credibly explain how it could be sustainably financed. That, Mr. Speaker, was not responsible.

It is therefore ironic that they could believe that he is in any position to provide a critique when, in fact, it was thoughtful, strategic, and coordinated action over two years, by this government, that provided the resources for an unprecedented debt repayment of \$73 billion or 3.3% of GDP as the route to sustainably achieve a fiscal stimulus that includes a 1.5% reduction in the GCT rate, and more.

Take note that his speech makes no reference to the “\$73 billion repayment of debt” *specifically as* the counterbalancing measure for the “primary balance reduction”. This is the first sign of a biased account constructed to launch the kind of attack and misinformation campaign that many now see as their unfortunate trademark.

If you read or listened to his speech you would think that the only thing done was a reduction of the primary surplus from 6.5% to 5.4%. It is a superficial, biased, and frankly disappointing approach from a former Minister of Finance to omit substantial and relevant information.

The only good thing is that many persons heard me say that it is a historic debt repayment of \$73 billion or 3.3% of GDP *which created the space* for a reduction in the primary surplus.

Intuitively it is not difficult to understand the relationship between accelerating the pay down of debt and therefore requiring less each year for debt payments thereafter as a result.

You can consider the analogy of someone having a mortgage outstanding of years that requires a certain monthly payment. If after half the time has gone you make an accelerated repayment against the outstanding principal then you could be allowed to pay a reduced monthly payment thereafter.

It is the same principle here.

If someone were to go to a cocktail party and criticise the person saying, imagine how you reduce the amount of the monthly mortgage and did not at the same time mention the fact that you had also responsively and creatively paid down on the principal outstanding you would say they are either mischievous, deliberately misleading, or manifestly unfair, Mr. Speaker. Or all three!

But the Jamaican people read and listen and they understand much more than we realise, Mr. Speaker. Jamaicans are no longer fooled by one-sided accounts that leave out material information.

We need to lift and enrich the public's understanding of the full truth, rather than use partial information in an attempt to score cheap points.

Another misleading claim was that the previous Government started our whole fiscal adjustment process.

The inconvenient fact is that the fiscal adjustment process started in 2010. That is when Fiscal Rules were first passed, when burdensome state assets were sold, and when the first debt exchange occurred. That the process in 2010 encountered challenges is also a fact.

Facts matter, Mr. Speaker.

We happened to know that some in the previous administration urged and advocated for you to divest Wigton Windfarm. You could have done it. You should have done it. But you did not do it. We did, Mr. Speaker, we did.

We reintegrated and are reintegrating public bodies releasing resources. You could have done it. You should have done it. But you did not do it. We did, Mr. Speaker, we did.

A more balanced critique would have been that “*neither* the \$73 billion debt repayment *nor* the corresponding primary balance reduction” were included in the Fiscal Policy Paper (FPP) and this would have been worthy of coverage and a response.

It is that more balanced observation to which I will provide a brief response here.

Mr. Speaker, fiscal prudence requires that we remain on track to meet the 60 percent debt target by March 2026 required under the amendments to the Fiscal Responsibility Law, which I worked to help pass in 2014 as an Opposition Senator. As Minister of Finance, I was not prepared to countenance the announcement of a \$73 billion debt repayment, and the corresponding primary balance reduction, until a vast majority of the \$73 billion in resources was on hand; this required waiting for the success of the J\$14 billion TransJamaica Highway IPO and the related TransJamaica US\$225 million (J\$31 billion) international bond issue.

Now, the TransJamaica IPO was, by a factor of almost 3x, the largest IPO in the history of Jamaica. No one had ever attempted to raise anything remotely close to \$14 billion in equity on the Stock Exchange in an Initial Public Offering. The next closest was Wigton Windfarm where \$5.5 billion was raised. Given the significance of this IPO to the overall debt repayment/primary surplus reduction policy, given the unprecedented size of the IPO, and given the unique nature of the asset, prudence required that I could not take its success for granted.

My position would have been further buttressed by the complex nature of the TransJamaica series of transactions. The acquisition of TransJamaica by the Government was completed in December 2019 and its debt holders immediately paid off by the Government as was required by change of control provisions in the debt agreement. The acquisition of the shares and pay-off of the debt were achieved with the proceeds of a short-term loan to the Government that exceeded 1% of GDP in size. This loan needed to be repaid from the proceeds of the international bond issue and IPO, both of which occurred after the finalisation and approval of the FPP.

Showing a lower primary balance and announcing tax cuts in the FPP without the contemporaneous assurance of having a large majority of the “money in the bank” as the source of the required debt repayment offset would not qualify as responsible policymaking. Thus, neither the proposed \$73 billion debt reduction *nor* the primary balance reduction were included in the FPP.

By the time I opened the budget debate both the TransJamaica bond transaction and the TransJamaica IPO were successfully closed, and significantly oversubscribed, I might add. We now had the “resources on hand” that provided the assurance that we could make good on our policy of reducing Jamaica’s debt by \$73 billion or 3.3% of GDP during 2020/21. Only then did I announce this and the corresponding primary balance reduction.

Contrary to the Opposition leader’s contention based on an account that omits material information, and the drama of showing my signature in the FPP, no “rules” were undercut nor broken. The FPP was prepared based on the latest information available at that time.

However, going beyond the pettiness from the Opposition, the experience does expose gaps in the process. Two important and complementary principles arise. The first is that economic policy cannot be frozen between finalisation and approval of the FPP in late January (for subsequent tabling) and the presentation by the Minister of Finance in early March. The second is that, ideally, we would want more periodic and structured opportunities for independent and technically informed commentary on the consistency of fiscal policy with the Fiscal Responsibility Law because policymaking is dynamic.

These are gaps that I have given much thought to and which informed my proposal for a Fiscal Council which will require updates to our Fiscal Responsibility Framework. Rather than making a false and baseless attack, the Leader of Opposition could have provided constructive suggestions on what is essentially a structural issue.

I will be tabling the draft Fiscal Council Bill, which, among other things seeks to entrench durable accountability of fiscal policy. In that bill, we seek to address this structural issue by proposing that the Fiscal Council not only reviews the FPP when tabled in February, and the interim FPP when published in September, but also comments in June and in December on budget outturns and as needed otherwise. This empowers the Fiscal Council to ensure that government’s policy commitments, tabled at any time, are consistent with the Fiscal Responsibility Law.

I look forward to the tabling of this bill, to the hopefully constructive thought, discussion and debate that it will generate, and to its eventual passage and bringing into law of the independent Fiscal Council. Strengthening and building institutions is the cornerstone of achieving and maintaining economic independence, which is a central economic policy plank of the Government of Jamaica.

Broadening Ownership - Bottom Up Distribution

Mr. Speaker, sometimes the Opposition spokesman resorts to the very defensive tactic of reflexively, and without much thought claiming credit where it isn't due and in the process denies the unmistakable contribution of others.

The logic escapes me in the light of available public evidence to the contrary.

One of the statements made by the member from South St. Andrew was *"In the 1990s the PNP led the way with the sale to the public of the Government's shares in RJR, Carib Cement and Carib Steel."*

Mr. Speaker, I have the Carib Cement prospectus with me. It is dated 1987. To the best of my recollection, it was the Most Hon. Edward Seaga who was prime minister of Jamaica at that time.

You can't just change history like that, Member Golding, no matter how hard you try!

If there is any historical attribution to be given for pioneering IPOs of Government companies on the Jamaica Stock Exchange it would be to the late Most Honourable Edward Seaga who privatised by way of initial public offering National Commercial Bank, Carib Cement and Telecommunication of Jamaica in a short timespan of less than three years. According to Mr. Richard Downer, who worked closely with Mr. Seaga on these, and has written about it, the privatisations were patterned off of the British Telecom privatisation in the UK and Jamaica continued to use a similar share allocation system throughout subsequent GOJ IPOs including those in the early 1990s with the additional change of ESOP legislation.

However, one of the implied claims of the Opposition Spokesman was that the Government's approach to "Bottom Up" distribution in IPO's is somehow something they pioneered.

His exact words were, “...*the Minister made much of the bottom-up allocation formula being used in the Government’s recent IPOs. Minister that is not new. This has been the standard approach for Government divestment of shares through public offering over the years...*”

Mr. Speaker, this is false and inaccurate and I will demonstrate it to you.

A similar, but different claim was made with respect to our policy of reserving shares for the public sector.

The reflexive habit is unfortunate. It could be a subtle form of arrogance that essentially says others don’t have a contribution to make. Everything done is ours.

Or it may be an innate institutional insecurity on their true achievements, that may be too few to overshadow what this government has achieved and is trying to do for the Jamaican people.

Mr. Speaker, the need to address the point and make comparisons only arises in light of inaccurate assertions and claims, which I have a duty and a responsibility to correct.

My aim is only to correct the inaccuracy Mr. Speaker.

Mr. Speaker, I have here the Prospectuses for a few of the Government IPOs in the 1990’s such as RJR and Carib Steel.

If indeed Bottom Up distribution was a “standard practice”, as the Opposition Spokesman contends, it would have been included in the prospectuses for these IPOs.

I put to you Mr. Speaker by tabling and sharing these IPO prospectuses for RJR, Carib Cement, and Carib Steel that the assertion and claim by the Opposition Spokesman is obviously false and inaccurate.

In the case of Carib Steel, it was already listed on the Stock Exchange and the first preference was in fact given to existing shareholders who were guaranteed the first 1,000 shares they applied for. That is hardly bottom up distribution as we know it.

I didn’t stop there Mr. Speaker. I went and spoke to the professional advisors who worked on these at the time, nearly 30 year ago, and who have worked on Wigton and

TransJamaica, and they are flabbergasted that Member Golding would seek to so brazenly make such a claim.

Mr. Speaker, in the case of RJR in 1991 there was a minimum allocation of 1,000 shares and pro rata distribution above that.

That is not Bottom Up distribution, Mr. Speaker.

Bottom Up distribution is a radical idea for Jamaica, Mr. Speaker, that no previous government in the history of Jamaica has ever implemented.

Bottom Up distribution of IPOs is an innovation of this government and no false or inaccurate claim can obscure that fact.

Mr. Speaker, minimum share distributions ensures that all applicants receive a minimum allocation but subjects all applications, including small ones, to partial fulfillment.

Bottom Up distribution is radically different and is an extremely effective means of broadening the ownership basis of the Jamaican economy.

Bottom Up distribution dynamically allocates the maximum that any application receives which creates space for smaller and medium-sized applications to be filled in their entirety.

And when applicants are confident that their applications will be filled, they apply in larger numbers than they otherwise would.

The best way to explain Bottom Up allocation is by way of example.

Mr. Speaker, the tables below shows the distribution of shares in the public pool application of the TransJamaica IPO under the minimum share application + pro rata method as was done for Government IPOs in the early 1990s and with the Bottom Up distribution approach as we are pioneering in 2020.

The overwhelming response to TransJamaica meant that under Bottom Up Distribution no one of the 27,000 applicants received more than 708,000 shares in the public pool. That is, no one applicant in the public pool was allocated more than 0.025% of the public pool or 0.007% of the total shares on offer.

Under the 1990's method, for the same set of TransJamaica applications, you would have had a distribution with a long tail.

- 4 applicants would have been allocated more than 100 million shares each
- 20 applicants would have been allocated more than 10 million shares each; and
- 34 applicants would have been allocated more than 5 million shares each

Here is the thing though, Mr. Speaker, those 34 applicants out of 27,000 applicants in the public pool, representing only 0.12% of the number of public pool applicants, would have been allocated a whopping 50% of the public pool shares on offer with the minimum allocation + pro rata method used in the early 1990's.

What is radical about Bottom Up distribution, Mr. Speaker, is that it removes pro rata from small and medium investors and dynamically restricts the kind of outcomes where 0.12% of applicants can end up with 50% of the offer. The surplus from that restriction becomes available to small and medium investors who are able to receive their allocations in full.

Comparison of Share Allocation Methods Applied to TransJamaica Public Pool

	No. of Shareholders	
No of Shares Allocated	Minimum + Pro Rata Distribution	Bottom Up Distribution
1000	6,492	6,493
1,001 - 50,000	15,246	8,517
50,001 - 100,000	2,755	4,977
101,000 - 200,000	1,783	3,098
201,000 - 500,000	1,188	3,054
501,000 - 750,000	139	1,726
750,001 - 1,000,000	99	-
1,000,001 - 2,500,000	104	-
2,500,001 - 5,000,000	25	-
5,000,001 - 10,000,000	14	-
10,000,001 - 15,000,000	2	-
15,000,001 - 25,000,000	4	-
25,000,001 - 50,000,000	5	-
50,000,001 - 75,000,000	4	-
75,000,001 - 100,000,000	1	-
> 100 million units	4	-
	27,865	27,865

The result is that nearly twice as many persons would receive between 50,001 – 100,000 shares as the 1990's method.

The result is that nearly twice as many persons would receive between 100,001 – 200,000 shares as the 1990's method.

The result is that nearly three times as many persons would receive 200,001 – 500,000 shares as the 1990's method.

The result is that ten times as many persons would receive 500,001 – 750,000 shares as the 1990's method.

And the number of investors with just 1,001 – 50,000 shares would halve as those applicants would receive all they applied for and not just some.

So the reality, Mr. Speaker, is that we are implementing the policy of economic opportunity for all Jamaicans.

Bottom Up distribution is new, Bottom Up distribution is a radical, and Bottom Up distribution is a policy that this administration is proud to have introduced and implemented.

We don't believe Bottom Up distribution is appropriate for all IPOs, Mr. Speaker, nor for all Government IPOs, Mr. Speaker.

We however believe that it is important that for this period where our fiscal consolidation efforts are bearing fruit that the opportunities are as broad based as possible.

We believe that at this point in our journey making a concerted effort to broaden the ownership basis of the Jamaican economy is vital.

Mr. Speaker, we put careful thought into what we are doing, into the policies we are implementing with specific objectives in mind.

This is our policy. And it is just wrong to seek to rewrite history in this way and seek to dismiss the contribution of others.

The same is true for the reserved pools for public sector workers. It is simply a historical fact that reserving pools of shares for public sector workers across the entire public service is our innovation. The few Government IPOs of the 1990's reserved shares for the employees of the company going public, in various ways, but not for the public sector at large. Again, the prospectuses are here.

Reserving shares in Government IPOs specifically for the public sector at large is a new policy, it is a policy we have created and we have implemented and no inaccuracies will change that.

That is a policy we implemented because we think it is important to broaden the ownership base of the Jamaican economy, and to recognise the importance and special place that our public sector works play in Jamaica.

The Covid-19 Context

With that out of the way, let me turn to the substance of my presentation.

The coronavirus represents the most dangerous and threatening pandemic in 100 years.

One of the reasons for this is the novel, meaning new, nature of this coronavirus. According to the World Health Organisation, Covid-19 is a newly discovered coronavirus that is highly contagious. The world does not know much about it and, to date, no person on the planet has immunity to it. In theory, all 7 billion people are susceptible to infection with Covid-19.

The world is facing the most serious disruption to our way of life since World War II.

Around the world:

- National borders have been shut or are in the process of being shut
- Commerce has ground to a standstill
- Hospitals are becoming overwhelmed
- The death toll is rising at an exponential rate

and people everywhere are penned up in their homes, glued to television and radio, often in a state of anxiety.

Mr. Speaker, there is no other way to describe it than.....

THIS IS WAR, Mr. Speaker.

Not since World War II has day-to-day life been suspended on such a global scale. But even in World War II, if you were not situated in the theatre of battle you could attend school, you could go to work, you could socialise and you could attend events.

In that sense, Mr. Speaker, Coronavirus is a WAR that is even more pervasive than the Great War in the sense that the theatre of battle is literally everywhere.

Mr. Speaker, if Jamaica is to operate within an international context similar to the conditions of war, I can think of no better political leader to captain the ship than Prime Minister the Most Honorable Andrew Michael Holness.

You have been doing an excellent job helming the ship of state Prime Minister in these extraordinary times and the Jamaican people are grateful for this.

The vigorous public education campaign, the continuous upgrading of measures, clear communication and transparent decision-making, give the public the trust and confidence they need in their government at this time of great stress and uncertainty.

The World Health Organisation has praised Jamaica for its proactive approach to managing the health crisis and Minister Tufton and his team in the Ministry of Health and Wellness are to be recognised for their tireless efforts and the results thus far.

Most importantly, Mr. Speaker, on behalf of the people of Jamaica, I would like to recognise and express our profound gratitude to our health care service providers including doctors, nurses, pharmacists, technologists, administrative staff, and ancillary staff, who are working tirelessly on the front lines to help protect and serve the people of Jamaica in the face of this pandemic. To them all, I say, thank you.

The Cabinet of Jamaica has acted in unity, making very important decisions at this time of crisis, and has stayed ahead of the curve, and it is truly an honour to serve in this Cabinet during this period of crisis.

The Last Two Weeks: March 10 – 24, 2020

Mr. Speaker, I opened this debate on March 10, two weeks ago and much has changed in Jamaica and around the world since then. Anticipating the need, we carved out a historic \$7 billion fiscal contingency which we have since increased to \$10 billion with the cooperation of the financial sector.

It is important to take stock of the decisions we have taken in Jamaica since March 10 and also what has happened in the world:

Tuesday, March 10: First imported case of Covid-19 confirmed and announced. France, Spain and Germany added to the list of restricted countries.

Wednesday, March 11: Permits for entertainment events rescinded. Over 40 dances cancelled. Carnival postponed. No entertainment permits to be issued for at least 14 days.

Thursday, March 12: School closure announced to be effective on March 13. Bull Bay 7 and 8 miles quarantined. Self-quarantine required for travelers from all countries with local spread.

Friday, March 13: Schools closed for 14 days. The UK added to the list of restricted countries. Jamaica declared a disaster area under the Disaster Risk Management Act Declaration of Disaster Area Order 2020, following information received from Local Government Minister Desmond McKenzie that the country was threatened by the novel coronavirus.

Monday, March 16: Announcement of closure of bars and entertainment venues. JUTC to only carry seated passengers. All public sector and private sector employees urged to work from home where feasible.

Wednesday, March 18: Closure of bars, restaurants and entertainment venue comes into effect. JUTC seated passenger order comes into effect. Public sector and private sector employee "work from home" guidance in effect.

Friday, March 20: As Jamaica experienced its 19th confirmed case of Covid-19, most of which were imported, airports and seaports were closed to incoming passenger traffic effective March 21.

Monday, March 23: Persons over 75 ordered to stay home. Persons over 65 ordered to work from home. Gatherings prohibited in numbers that exceed 10 persons.

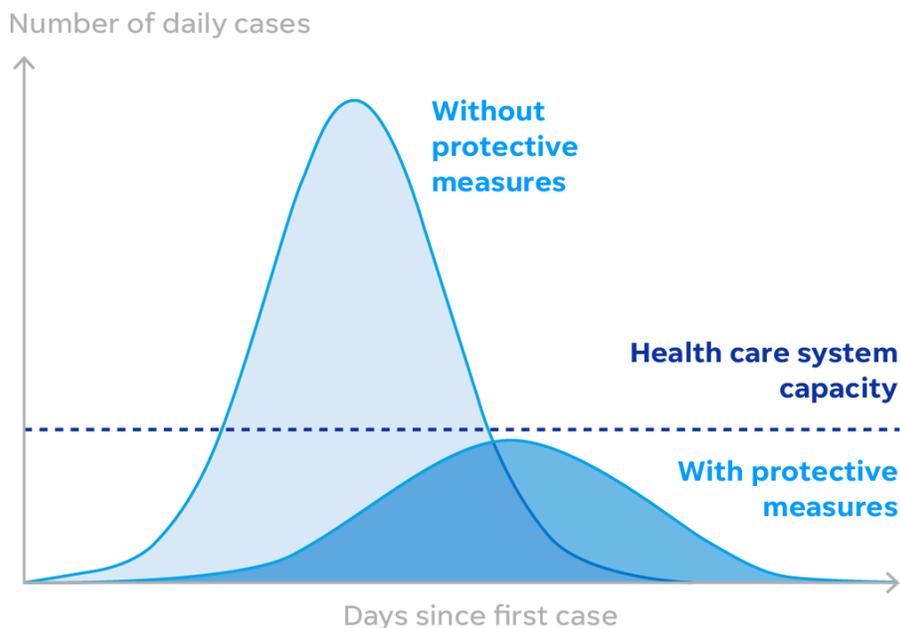
These decisions taken by Cabinet have not been taken lightly, Mr. Speaker. They have been taken to protect the Jamaican population and to that ensure that cases of Covid-19 do not overwhelm our health system.

As we have witnessed around the world, the virus that causes Covid-19 is very durable and highly contagious. Without strong measures a population will experience an exponential growth in the number of new cases, which can engulf a city, overwhelm the health system, and drown a nation.

As you have heard from the Prime Minister and the Minister of Health, the idea is to “*flatten the curve*” of new cases to a level that our health system and our country can manage.

So the expectation is that the volume of new cases increase, but they increase at a manageable rate and leap exponentially as is otherwise possible.

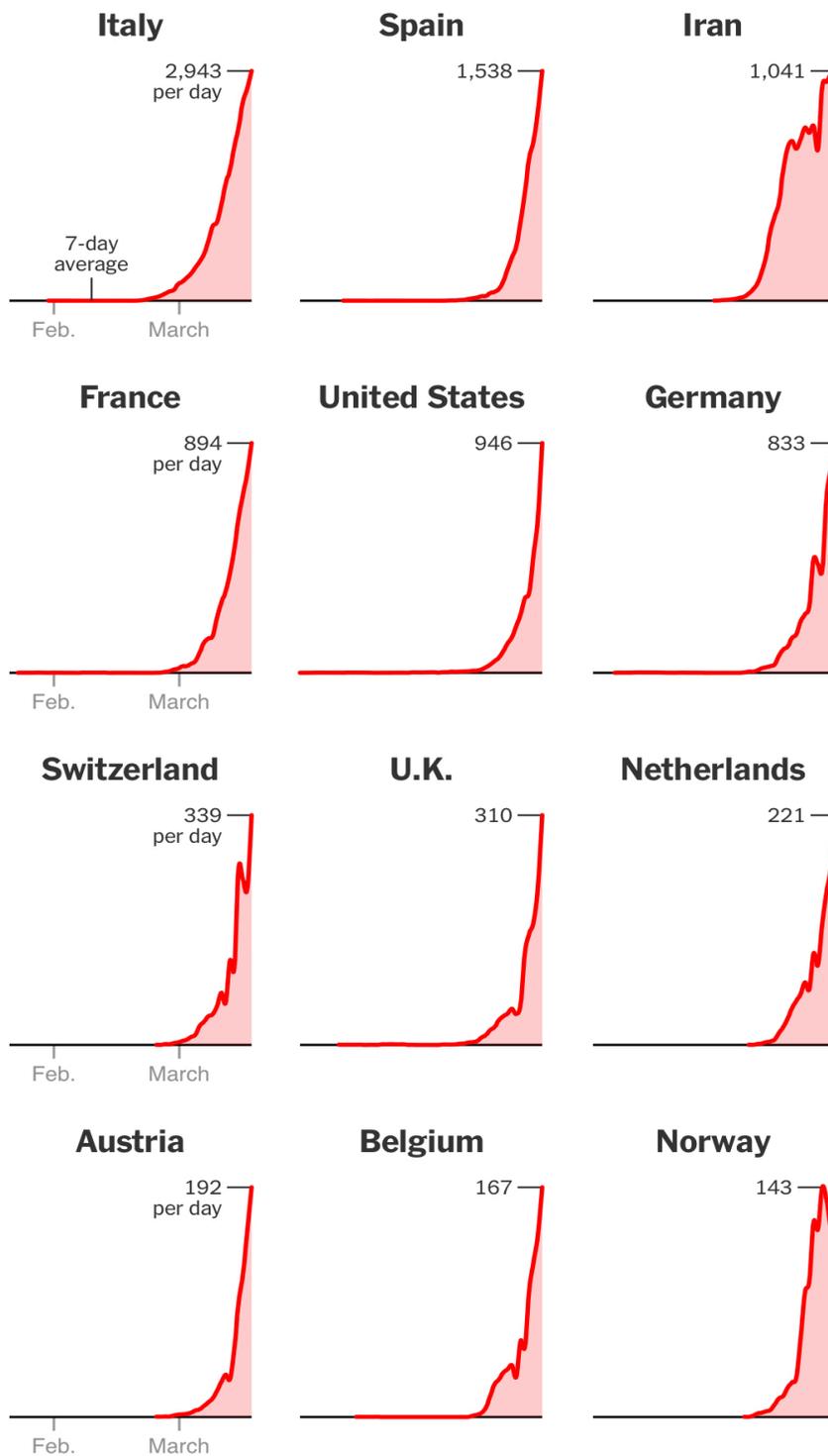
Figure 1: “Flattening the Curve”



However, to date, few countries have managed to actually “flatten the curve”. There was a very interesting article in the New York Times last week that showed the curve of the 7-day moving average of new Covid-19 cases since the first case and for the 48 countries shown the curve was exponential.

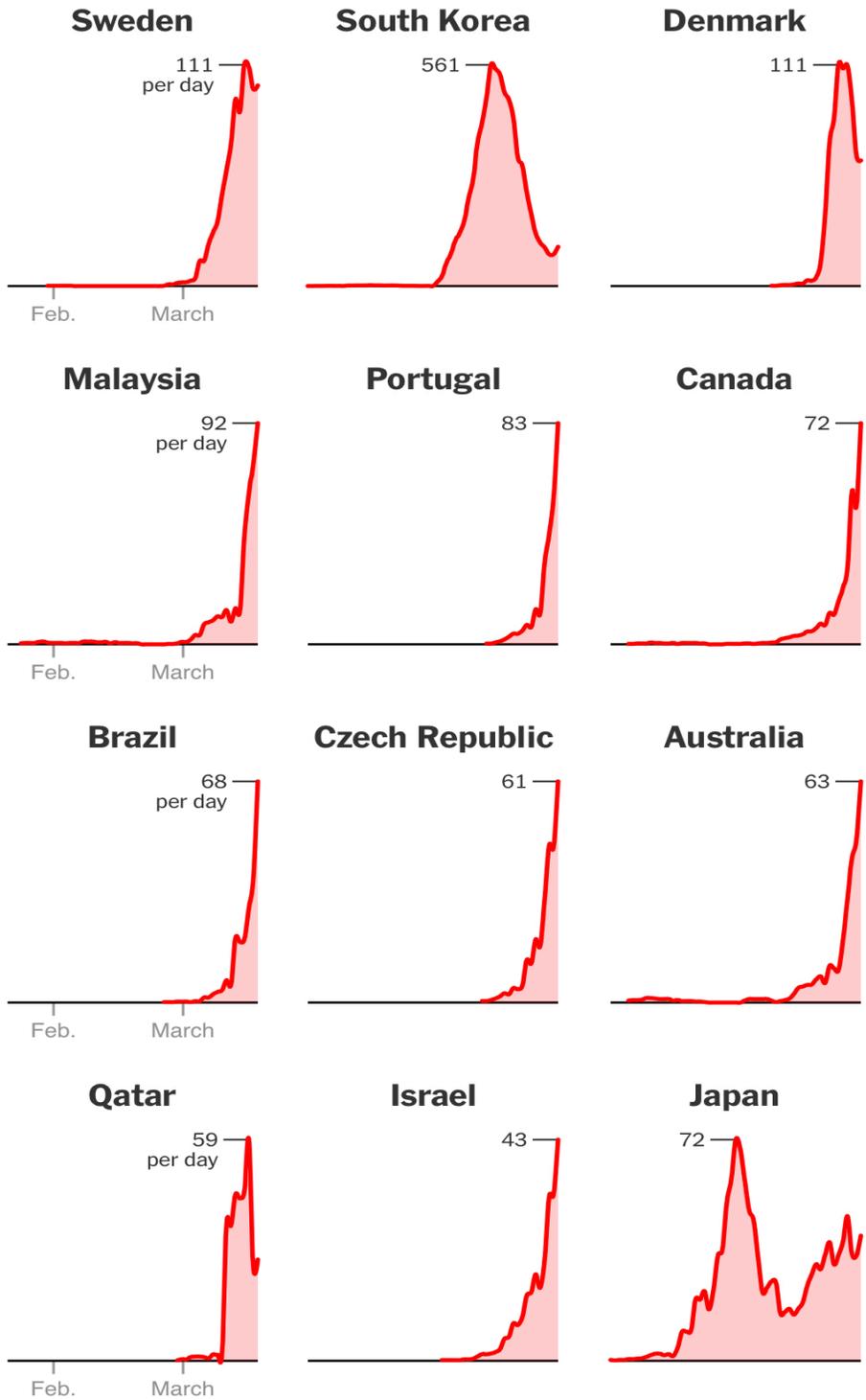
I received permission from the New York Times to include these graphs that appeared in their publication here in my presentation:

7-Day moving average of daily new Covid 19 cases since the first case by country



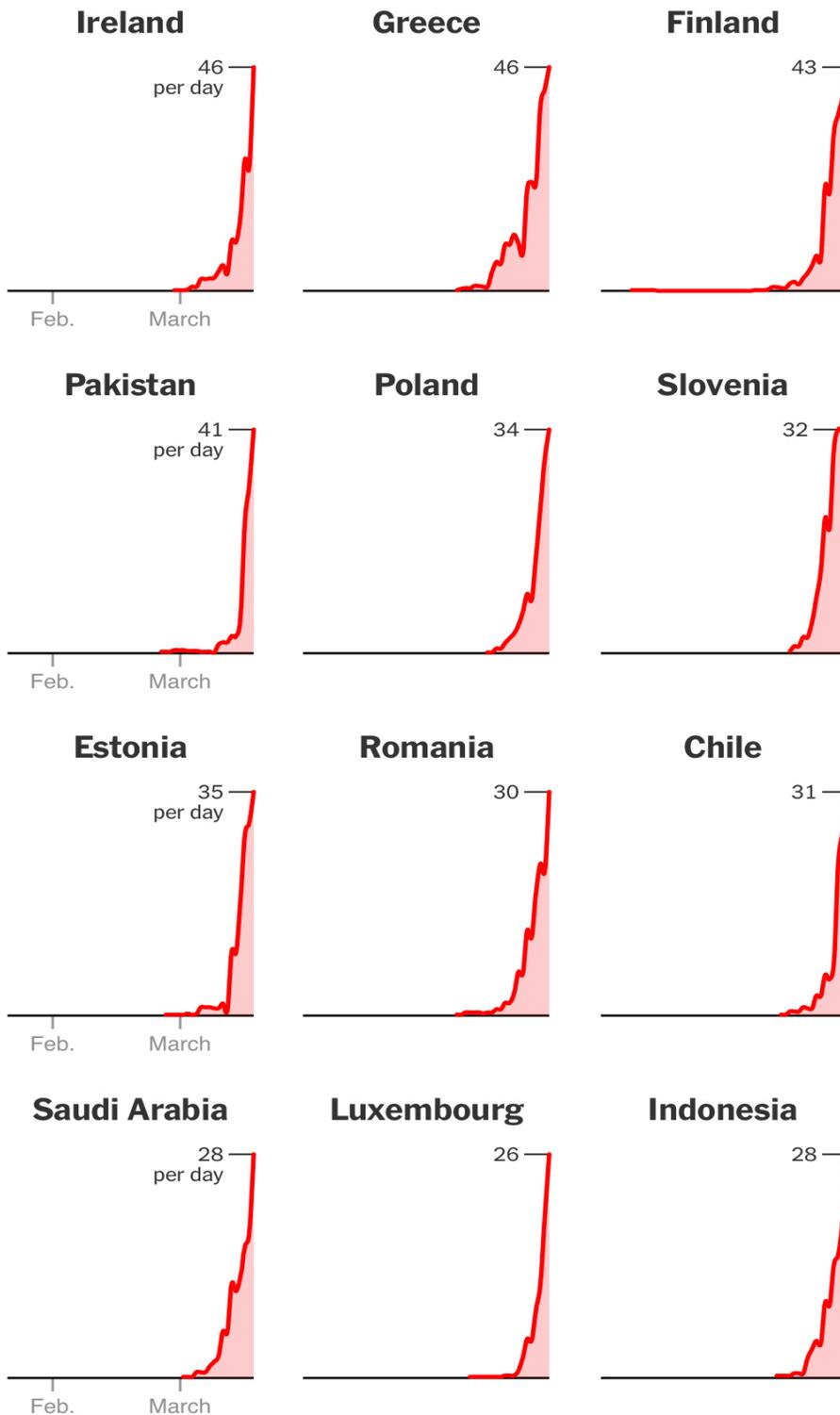
Source of Graphs: "Which Country has flattened the curve for coronavirus?", March 18, New York Times
<https://www.nytimes.com/interactive/2020/03/19/world/coronavirus-flatten-the-curve-countries.html>

7-Day moving average of daily new Covid 19 cases since the first case by country



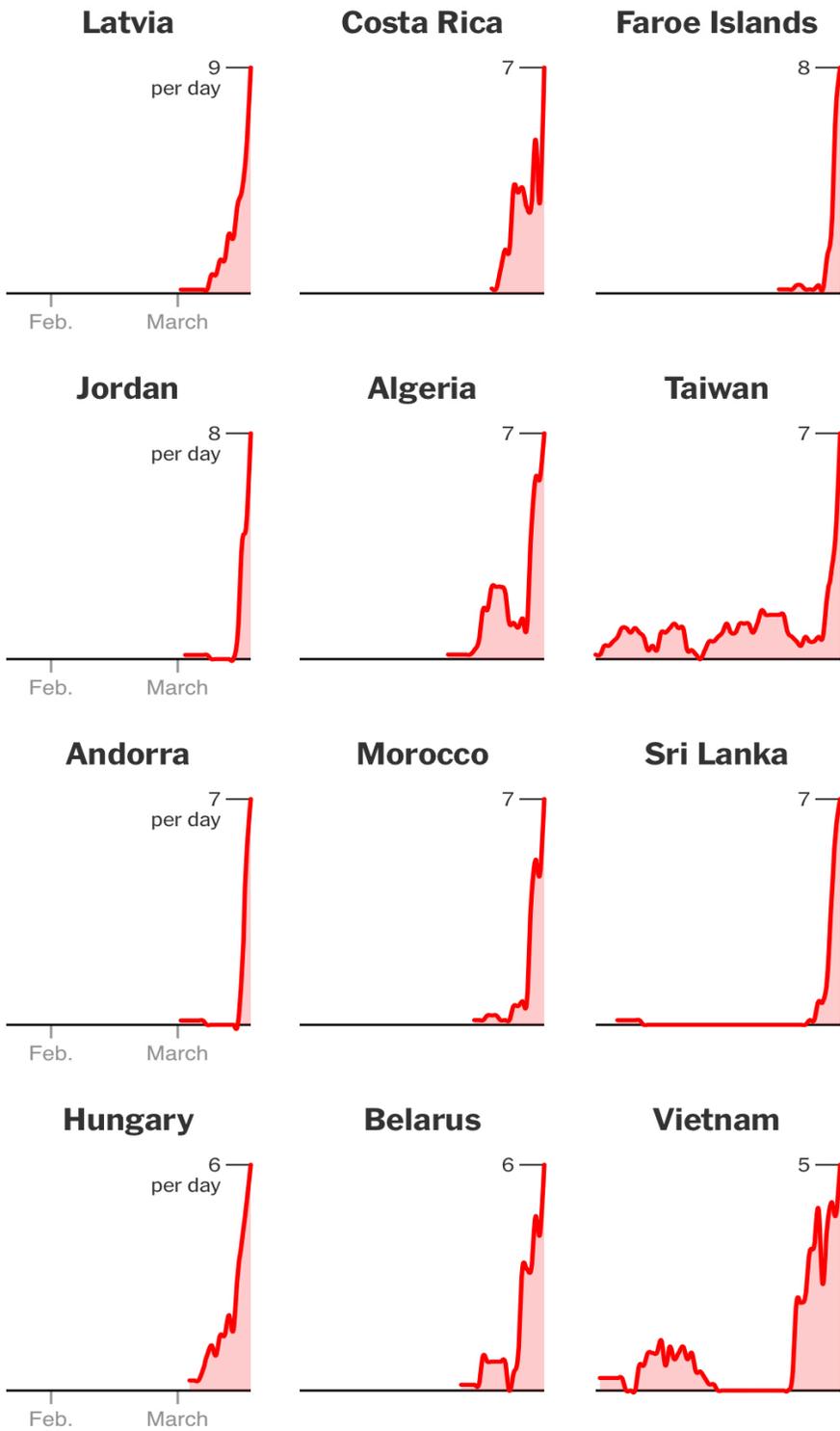
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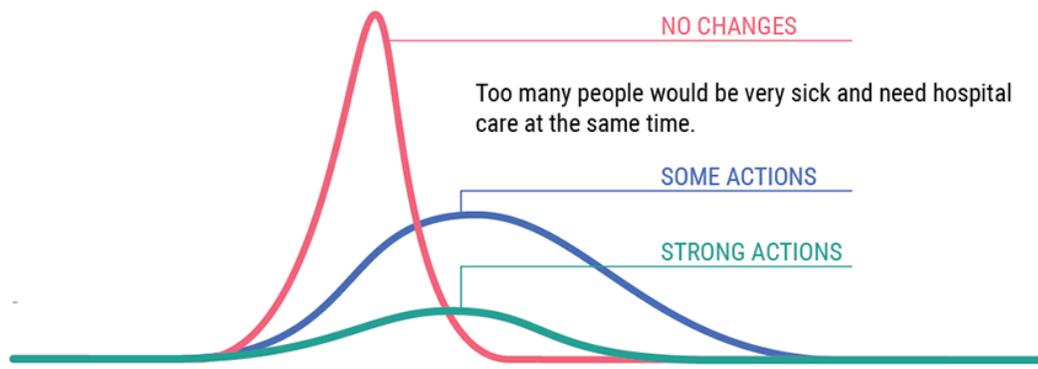
Source of Graphs: “Which Country has flattened the curve for coronavirus?”
March 18, New York Times
<https://www.nytimes.com/interactive/2020/03/19/world/coronavirus-flatten-the-curve-countries.html>

7-Day moving average of daily new Covid 19 cases since the first case by country



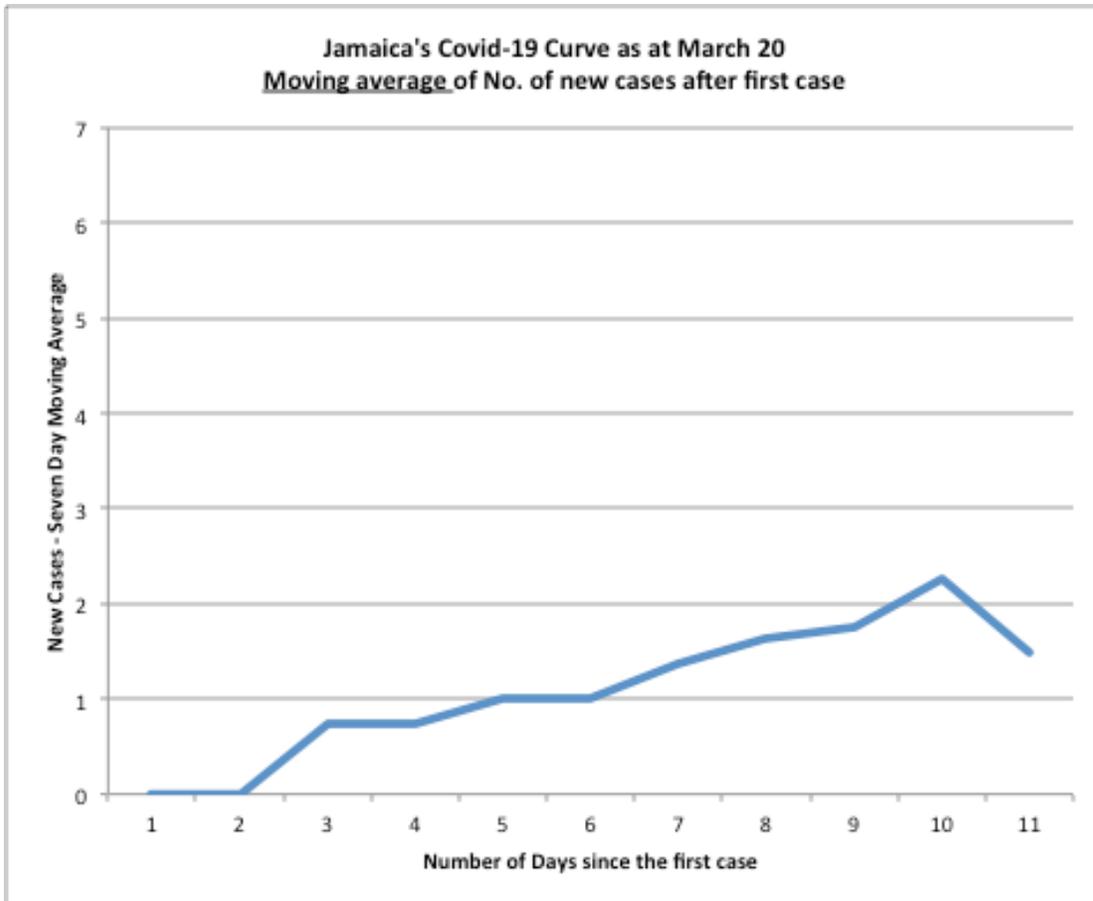
These graphs use different scales but the pattern is consistent and the message is abundantly clear: as at March 18 few countries have been able to flatten the curve.

There is a reason for this, Mr. Speaker. Dampening the curve somewhat can be achieved by some actions. Flattening the curve, however, requires strong action.



Source: *Flattening the Curve – Slowing the Spread of Covid-19* www.healthwise.org

So far, Mr. Speaker, Jamaica has taken strong action and so far we have escaped exponential growth of new cases. Moreover, so far Jamaica is keeping the curve flat.



Two points to note Mr Speaker. (1) This pattern could change and (2) It is critically important to note Mr Speaker that these results are not free of cost.

To be clear Mr. Speaker, there is a tradeoff between strong and decisive action to “flatten the curve” which protects Jamaicans and the levels of economic activity and the duration of the impact.

The stronger the preemptive social distancing action we take, the healthier we are, but the sharper the negative economic impact.

Now this is a tradeoff we ought to take 10 times out of 10 and one that, from all indications, the Jamaican people fully support.

However, Mr. Speaker, it is important for us to have our eyes wide open and to have long memories. The economic impact of the actions necessary to protect our health, combined with the economic impact similar to measures taken by other countries, will be profound, not just for today, but possibly for years to come.

Mr. Speaker, the unfolding of the pandemic in Italy shows, however, that the economic impact of not acting quickly enough is worse.

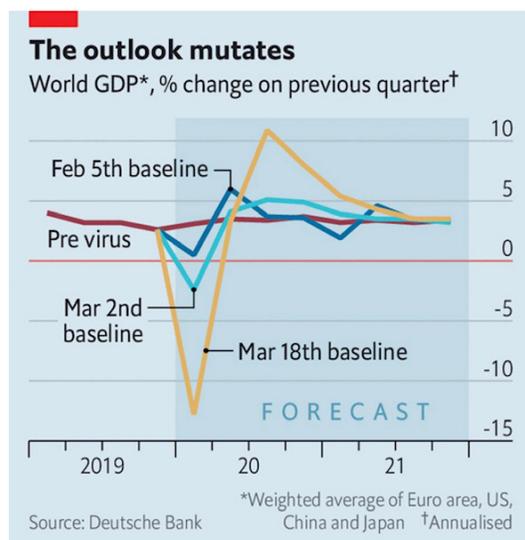
In any event, Mr. Speaker, it seems clear that eventually all countries will need to do as Jamaica has done.

What we know

This world is entering an unprecedented and historic global shutdown, Mr. Speaker.

This will have a significant impact on the world economy and world growth. The pace with which these developments are unfolding are leading to rapid revisions to growth across the world.

The following graph from the Economist makes the point clear. The consensus view as at Feb 5th was that baseline quarter over quarter world growth would continue as previously forecasted. By March 2, the consensus was that the first quarter of 2020 would experience a mild decline that would affect overall growth but not materially. As at March 18, the consensus view on world quarter-over-quarter growth is that the decline in the first quarter will be very sharp and severe.



The Economist

What was worst case recently is best case today and we can expect further downward revisions.

And we cannot say with any degree of certainty when normality will resume as it depends on factors beyond our control. We cannot see return to normality until after the United States and Europe have “flattened their curves” and until after the world knows much more about this coronavirus.

What we do know are following:

1/ The hotel industry will operate at near zero occupancy for at least three months. Many hotels have announced that they will close for a period of time and more will likely follow.

2/ With the airport shut for two weeks, visitor arrivals will plummet to zero in the short term and for the quarter ending June 2020 we may only have a trickle of guests. This means that restaurants, tour operators, attractions, travel agencies will also experience significant and substantial fall in business revenue. Some of these may also need to close temporarily.

3/ Many other sectors that participate in the tourism value chain and supply hotels with product will experience steep declines in business. Barbers and hairdressers in tourist towns will have less business.

4/ Bars and entertainment venues are closed, and producers of alcohol have less business. Closure of wholesale operators downtown means less sales for food and other manufacturers. In summary, the curtailment of economic activity will adversely affect many businesses, in ways that are not obvious.

5/ Employment levels that have been so robust will be negatively impacted. We can expect a sharp rise in layoffs in the short term.

6/ We are likely to see a decline in quarterly GDP for the quarter ending March 2020 and we can certainly expect a sharp contraction in GDP in the first quarter ending June 2020 over the first quarter of the prior year, ending June 2019.

7/ The timing and pace of recovery will greatly depend on how quickly the United States in particular, but Europe as well, are able to curtail the spread of this virus.

8/ Economic decline and recession in the United States is likely and this could compound the Covid-related economic impact.

In other words Mr. Speaker what we do know is that Jamaica is in for a massive negative economic shock, which has already begun. That is what we know, Mr. Speaker.

Uncertainties Persist

But there are many things no one knows, Mr. Speaker. No one knows for sure what the recovery looks like, when it will begin, and how fast it will be.

For tourism-dependent countries, international agencies believe that the economic impact may prolong as tourists don't jump on a plane as soon as the crisis passes. They are likely to be cautious and trickle in slowly.

Mr. Speaker as I said earlier, this pandemic is nothing like the world has ever experienced before. The conditions around the globe are still evolving and the uncertainties huge. Across the world, countries are dealing with the exact same issue and searching for answers – how long will this last, what will its economic effect be, and how long to recover to pre-crisis levels of output.

Our tourism sector depends on the recovery in the US, in the UK, in Europe, in Canada, and in other countries. And some forecasters think US growth may fall by 20-25% this quarter with very large unemployment as small businesses are ravaged.

So, Mr. Speaker, we need to be prepared for the worst and be ready for a very significant growth setback. Under these circumstances, the sharpness of the economic decline in the first quarter or could two could lead to negative growth overall for the 2020/21 financial year, depending on how quickly tourism and other services resume and recommencement of employment generation in the country.

FISCAL STIMULUS

The good news, Mr Speaker, is that Jamaica has options to take strong counter-cyclical policy action. This is a blessing.

As Minister of Finance, I assure the people of Jamaica that the Government it will do all we can to ameliorate the effect of this pandemic and give us the best chance of a speedy recovery.

Last week I described our fiscal stimulus package and I intend to provide further details today. It is important that employees and businesses, particularly those in the tourism, attraction, tours, and related sectors, are aware of what help is on the way so this can be factored into their planning.

Principles that will guide Fiscal Stimulus

I have had discussions with many sectoral and other interest groups with suggestions of what can be done in the short term to alleviate the effects of the crisis.

There will be many requests and several proposals. When the future is foggy and unclear and when we cannot see all that might unfold, we must root our decision-making in principles. Those principles will then guide our actions and see us through.

Mr. Speaker, these principles, which have to be taken together, that guide our fiscal stimulus are as follows:

- (1) We will subsidise people but it is not reasonable to expect the Government to subsidise profits. People, businesses and the government will experience losses from this pandemic. Our first will be to protect the neediest people from the worst effects of this Covid crisis. We will also have to make preparation for the government to absorb the hits to its own revenue but we won't be able to protect businesses from all losses.
- (2) At the same time, the public interest is served by doing all we can to maintain productive capacity. Productive capacity that is lost takes years to rebuild. We know that from our own experience in Jamaica. When a hotel or a factory is mothballed, it takes years and much capital to get it going again.

Over the past few years we have had an explosive growth in the number of small businesses in operation and the number of start-ups. Preserving that productive capacity is a critical objective even as we aim to work together with financial sector institutions and others to maintain the productive capacity in our hotels, attractions, tours, and restaurant space.

- (3) Whatever fiscal measures we take must be transparent. This is three fold:
 - a. The method of intervention should be easy to understand and its cost should be easy to estimate, if not calculate, and should be available to all parties – the Government, the recipients and the public. The intervention will be resourced with taxpayer funds and it should be designed in such a way that the public knows its cost.
 - b. Our fiscal measures should be implemented in a rules-based approach with equal opportunity among eligible beneficiaries.
- (4) The Government will do all that it can but the Government cannot do it all. We will have to prioritise and channel our intervention first to the neediest segments of our society, whether individual or business. We expect those with personal and corporate reserves, who operate businesses that are affected by the effects of the pandemic to put those reserves to work. Those with undrawn lines of credit from financial institutions and those with cash balances, we expect that the government should not be your first call.
- (5) Any fiscal stimulus will necessarily be of finite duration.
- (6) We will favour simplicity where simplicity does not violate any other principle.
- (7) To the extent that conditions deteriorate and further actions, beyond the measures described today, are required to support businesses we will favour market-based solutions. With respect to any particular case, to the extent that market-based solutions are not feasible any intervention by the Government with taxpayer dollars must be for value.

What do I mean? And I want to be very clear on this principle. Beyond the measures announced today and beyond measures in support of employees and MSMEs, the government will not put taxpayer dollars at risk without the prospect

of a commensurate return. If it is necessary for the Government to invest we will invest with the view of making a return.

Mr. Speaker, these principles will guide our approach to the targeted fiscal stimulus described today and to any escalation of fiscal intervention that could become necessary in the future.

I will now turn my attention to providing greater details on our fiscal stimulus package.

The CARE Programme

Mr. Speaker, we introduce the Covid Allocation of Resources for Employees (CARE) programme.

The CARE Programme represents the Jamaican society coming together to assist those who are most affected by the economic impact of the Covid pandemic to put us in the best position to be able to recover and to be stronger than we were before the crisis.

We have the best chance to recover if we support companies to remain connected with their employees and we support employees who have been disconnected.

Mr. Speaker, we care. We care about employees across Jamaica who could be affected by this pandemic.

To the thousands of waiters, waitresses, bartenders, gardeners, room attendants, drivers, caregivers, security guards, office attendants and clerks among other categories of workers who are the backbone of our hotel, attraction, tour, restaurant industry, our simple message to you is: We CARE and help is on the way.

To the thousands of small businesses in Jamaica, who operate in many sectors, who provide vital goods and services and who employ other Jamaicans, our simple message to you is: We CARE and help is on the way.

To the poor and vulnerable members of the Jamaican society our unequivocal message is: we CARE and help is on the way.

To the hotels, attractions, restaurants, tour operators, travel agents, who employ tens of thousands of Jamaicans, our simple message to you is: We CARE and help is on the way.

To the JUTA, MAXI, JCAL and RED CAP operators, to the craft market vendors and tour guides our unequivocal message is: We CARE and help is on the way.

BEST Cash

Mr Speaker, we will introduce the Business Employee Support and Transfer of Cash (BEST Cash) – which will provide temporary cash transfers to registered businesses operating in the hotel, tours, attraction companies, segments of the tourism industry who are licensed with the Jamaica Tourist Board based on the number of workers they keep employed who are under the income tax threshold of \$1.5 million.

This is a tough time for tourism. Businesses are struggling with no revenue and at the same time want to be able to reopen as soon as the storm passes. We want to support these tourism businesses by helping them support their most vulnerable employees.

To qualify, each tourism business will need to apply for BEST Cash by filling out the required form online. They would then file and pay their payroll returns as usual on the 15th of April, May and June. For each employee, with taxable income that is less than 1.5 on whose behalf statutory returns are applied, the Government will transfer funds at a rate of \$9,000 per fortnight to that tourism related business, by direct transfer to their bank account, paid monthly. For the months of April, May and June that will equate to \$54,000 for each employee they retain whose taxable income is less than \$1.5 million.

Mr. Speaker, Jamaica has never had a direct transfer programme such as this and we have a multi-disciplinary team from the Ministry of Finance, the Accountant General's Department, Tax Administration Jamaica and eGOV who are designing the online interface processes and protocols.

We are working so that businesses can begin to apply by April 9 assuming that the Supplementary is passed by then.

SET Cash

Now Mr. Speaker, we recognise that employers will not be able to retain all employees on the payroll. We also understand that employees from industries other than tourism will be laid off.

For that reason, Mr. Speaker, we will implement the **Supporting Employees with Transfer of Cash (SET Cash)** – which will provide temporary cash transfers to individuals where it can be verified that they lost their employment since March 10, (the date of the first Covid case in Jamaica).

This programme will be available to employees from any sector who lost their employment after March 10 and before June 30.

Employees will be required to apply by filing out an application online. Mr. Speaker, it will be necessary to verify that the applicant was indeed employed prior to March 10. This verification will be achieved by verifying that at some point in the last three months statutory deductions were filed on behalf of the employee.

It will also be important to verify that the applicant was actually laid off. Positive verification will be achieved by having the employer fill out and upload a P45 form where the identity of all laid off or terminated employees is provided. Once there is a match between the applicant data and the data on a P45 that second stage of the verification will have been completed.

Once the applicant is verified the file will be passed to the Accountant General and payment made electronically directly to the bank account of the applicant.

We will be working with employers and with umbrella groups of employers to encourage them to fill out the P45 form and upload it so that their employees can benefit from the CARE SET Cash payment.

Mr. Speaker, applicants who are successfully verified will receive payment at the rate of \$9,000 per fortnight, paid monthly from the month of application until June, provided that the application is made before the cutoff point for that month.

Providing that applications are made before the cutoff point in April, verified applicants will receive \$54,000 by June 30.

Mr. Speaker, Jamaica has never had a direct transfer electronic programme such as this and we have a multi-disciplinary team from the Ministry of Finance, the Accountant General's Department, Tax Administration Jamaica and eGOV who are working overtime to quick design and launch the online interface processes and protocols.

We are working so that individuals can begin to apply by April 9 assuming that the Supplementary is passed by then.

Mr Speaker SET Cash is directed towards individuals who earn below the income tax threshold of \$1.5m who constitute 80% and who are most vulnerable to the effects of being suddenly laid off.

Similarly, BEST Cash provides support to tourism, attraction and tour operator businesses for retention of individuals who earn below the income tax threshold of \$1.5m for similar reasons.

Mr Speaker we expect the BEST Cash and SET Cash elements of the CARE Programme to cost approximately \$5.9 billion.

Covid Grants for marginally self employed and informally employed

Mr. Speaker the unfortunate reality is that the employment status of many Jamaicans is informal and there are no statutory payments made on their behalf. This makes electronic verification of their employment status difficult to establish. Also their employers are unlikely to upload P45 on their terminations. As such it will be difficult to assess whether they have truly been laid off.

These are challenging cases Mr. Speaker but no less deserving and perhaps more in need. However, Mr. Speaker, this is taxpayer money and so it is incumbent on the Government to verify that applicants in these circumstances are verified prior to payment being made.

For drivers in the JUTA, MAXI, and JCAL systems we will work with your umbrella organisations to see how we can best set up a verification system and how you can be included.

For the Craft Vendors in the various craft markets, we will work with those who control the venues from which you operate to assist in the verification process so you can be

included and receive a payment. The specific amount will depend on further details becoming available.

For Market Vendors in the various craft markets, we will work with those who control the venues from which you operate to assist in the verification process so you can be included and receive a payment. The specific amount will depend on further details becoming available.

And there are others.

Mr Speaker we will allocate \$1 billion in additional funding to the Ministry of Labour and Social Security and work with them as they seek to implement this element of the CARE Programme.

Covid PATH Grants

Mr Speaker, the poor and vulnerable on PATH will be affected by this crisis in ways that may not be readily visible. They are characterised by having income that is supplemented by various irregular flows, which are likely to be interrupted by the Covid pandemic and its effects.

As a result, Mr. Speaker, we wish to channel the fiscal intervention in a manner that assists these members of our society through this time.

Mr. Speaker we will be channeling \$1.1 billion in additional funding to the Ministry of Labour and Social Security to be used to increase PATH Cash Grants paid during the period April – June by this amount.

PATH Beneficiaries will ordinarily receive a payment in April and a similar payment in June. Mr. Speaker, in a response to the economic effects of the Covid pandemic, the Government will make an additional payment of a similar amount in May which will have the effect of increasing by 50% the amount the aggregate amount that PATH beneficiary would have ordinarily received during this period of April - June.

So, to be clear Mr. Speaker, the amount received per payment remains the same but the frequency will increase over this period. Instead of two payments, there will be three which means the aggregate amount increases by 50%.

Covid Small Business Grant

Mr. Speaker, the MSME sector is of vital importance to Jamaica. Over the past few years we have seen a growth in the number of micro and small enterprises operating in Jamaica and they account for a substantial amount of employment. The health of these sectors is important to Jamaica.

Small Business is a vital part of the economic ecosystem. They purchase products from other local businesses. They rent space from landlords, they are customers of telephone, electricity and water companies. They have air conditioners to be serviced, they purchase computers, copiers and paper from local businesses, they spend on pest control and on security. They hire bearers and janitors and their employees buy lunch from the cook shop down the road. The largest expense of small business is people, Mr. Speaker.

Mr. Speaker small business is crucial to the proper functioning of our economy and to the health of our society.

Small business is made up of musicians, sound system operators, farmers, barbers, hairdressers, small retail shops, restaurants, mechanic shops among many other categories. In addition, many small businesses operate in the tourism sector, Mr Speaker.

We are concerned that the effects of this pandemic could dislocate small businesses. Economic activity has come to a halt and they are no doubt going to be affected in ways that many will not foresee.

In my opening budget presentation we provided medium, small and micro businesses with a tax credit of \$375,000 where we will be contributing to their tax liability.

In response to the escalating dislocation that Covid is likely to have, Mr Speaker, we need to step in with direct support to our small businesses. All small businesses with sales of \$50 million or less who file taxes in the 2019/20 financial year, and who filed

payroll returns indicating they have employees, will be eligible for a one-time Covid Small Business grant of \$100,000.

They will be required to fill out a form online providing their banking information. The process will involve verification of a submitted tax return for 2019/20 as well as the submission of the relevant payroll returns relating to employees the small business may have.

Mr. Speaker this measure is expected to cost \$800 million.

Covid Tourism Grant

Mr Speaker, our tourism industry consists of many small hotel operators, attraction companies, tour operators, transportation companies, entertainment companies among other companies.

These businesses will be under severe financial stress over the next three months with near zero revenues while enduring fixed operating costs in the hope of reopening shortly.

Mr. Speaker there is a public interest in maintaining this productive capacity as it would give us the best chance of a quick recovery once conditions improved.

For that reason Mr. Speaker the Government intends to provide support for the businesses in this sector that could make the best use of the Government's assistance.

As such Mr. Speaker the Government will make \$1.2 billion available in the form of grants to businesses operating in the tourism and related sectors.

In consultation with the Jamaica Hotel and Tourist Association we will establish the maximum grant that any one business can receive among other criteria.

These grants will be accessible by application to a special multi-stakeholder Covid Tourism Grant Committee and by submitting detailed information including:

- audited financials and management accounts,
- projected cash-flow statement along with assumptions,
- recovery plan with other steps being taken,
- statement of personal assets and liabilities and

- evidence of tax compliance

among other criteria agreed in consultation with stakeholders.

Grants won't be available to all operators and priority will be given to tourism related businesses below a threshold size to be determined, who can demonstrate the existence of a viable recovery plan that incorporates resources from other sources.

Covid Compassionate Grants

Mr. Speaker, the poor and vulnerable are not limited to the PATH beneficiary population. Poor and vulnerable Jamaicans include the elderly not on PATH, the infirmed, the homeless, and people on the streets.

Mr. Speaker, we will allocate \$150 million to the Ministry of Local Government to supplement the Poor Relief programme, and their budget in general, to respond as required with the food, medicine and supplies that this population will require.

The Prime Minister spoke about increasing the allocation of the Constituency Development Fund by \$3 million to address Covid Compassionate Grants and care packages for the vulnerable on a constituency basis. This will cost approximately \$200 million.

The CDF Secretariat will issue strict guidelines on how these funds are to be spent.

Mr. Speaker, many small farmers have crops in the field about to be harvested where the intended market was the hotel sector.

I have had consultations with Minister Shaw and we will be reallocating expenditure in the MICAF budget to provide \$200 million for relief to small farmers either through funding NGO's to purchase farm output from those who supply hotels and give to the needy or other means

Importantly, Mr. Speaker, the Covid Compassionate Grants which total \$650 million are in addition to the \$10 billion **but will be financed by reallocations of existing budgets.**

CARE Programme concluding remarks

Mr Speaker, there was a time that government was seen as Babylon, where Government was seen as something to escape from.

This is the moment Mr. Speaker, where we see Government as provider of assistance when it is needed.

This is the moment, Mr. Speaker, where those who play by the rules win. Those small businesses who filed have provided us with the information that allows us to engage in this counter-cyclical stimulus to small business. Those registered with the Jamaica Tourist Board or with JUTA or with the metropolitan authority are in line for assistance.

This is the moment Mr. Speaker when we realise that we are all in this together. When you think that the financial institutions volunteered the give back of the asset tax reduction and we are using that to provide stimulus to small businesses, as well as the poor and vulnerable across all sectors, you realise that something very special is happening in Jamaica.

GCT Reduction

In addition to all of the above, as previously announced GCT will be reduced by one and a half per cent, (1.5%), effective April 1, 2020.

Mr. Speaker, the Covid pandemic will depress aggregate demand, which will affect all sectors of the economy and all consumers. There is no better time than now to return \$14 billion to the Jamaican people. Those funds will, in total, remain in the economy at a time of softness, which will help, in supporting aggregate demand at this critical time.

After years of fiscal consolidation, and \$185 billion in tax increases (2020 dollars) over the past two decades, it is a moral imperative that it be manifestly evident that all Jamaicans have benefited from the improvement in the Jamaican economy to date.

Whether through

- new jobs

- lower interest rates
- increase in NHT home starts
- substantially larger PATH payments
- new highways
- new roads
- upgraded hospitals
- renovated police stations
- mobility of police
- improvements to come in garbage collection and the fire service, or
- through the substantial raising of the income tax threshold
- the abolishment of distortionary taxes
- the reduction in transaction taxes or through
- the reduction in the rate of GCT

it is important that all Jamaicans benefit from the improvements in the economy to date.

With the broad based nature of the last measure we are certain that every Jamaican will have benefited to some degree from the improvement in the Jamaican economy.

Yes, we face the economic fallout of the pandemic. It will be tough but it will pass. After that we will still need to maintain fiscal discipline as we march towards our debt sustainability goals. We are just over half way there, in terms of time. It will be important as we continue on that journey for all Jamaicans to know, and for all of us in this House to be aware, no matter what side you may be on, that all Jamaicans have shared in the economic improvements to date.

That is the eternal contract between the Jamaican State and the Jamaican people that keeps the fabric of our liberal democracy intact.

Timing

Mr. Speaker the expenditure side of the stimulus, such as the CARE Programme, will require submission of supplementary estimates in early April.

This Supplementary Budget will address the additional expenditure outlined under the CARE Programme. While we have done scenario analyses on the economic impact of the Covid-19 pandemic at various levels of intensity, it is too early to forecast what is likely. As such it is unlikely that the Supplementary tabled in the first few days of April

will not adjust the revenue side of the budget. It will be solely focused on getting this \$10 billion to the people and businesses that it need it most in addition to the reallocations of expenditure that can release other resources. As you can imagine, Mr. Speaker, activities that we had planned to spend on will need to be delayed and those funds can be repurposed.

Upon passage of the Supplementary Budget we can begin processing payments for those verified under the various components of the CARE Programme with the expectation that payments by way of bank transfers will begin towards the end of April.

Other

Student Loans

Mr. Speaker, the economic impact of this pandemic is even harder to bear if you have loans to pay. We are pleased to see financial institutions initiating conversations with their personal and business customers to defer principal payments, restructure loans and waive fees. This is good and needs to continue.

Mr. Speaker there are some individuals, who in addition to everything else, also have student loans.

The Students' Loan Bureau has already extended the moratorium period such that a graduate now has 14 months to begin payment after graduation instead of the 6 months that existed before.

For loans currently in repayment the SLB will waive late fees for the period April – June and the SLB will defer all loans in repayment – principal and interest – for three months.

This will not result in losses to the SLB but the timing difference of payments will have a cash-flow impact on the SLB which can be easily absorbed by the reserves of the SLB

Proof of Life Certificates for Pensioners

Mr Speaker there are tens of thousands of retirees in the Government's pension system who are receive pension payments electronically each month.

To continue to be in receipt of these payments pensioners are required to present Proof of Life certificates which require a JP's signature and presenting these certificates to the Office of the Accountant General.

At this time we wish to advise pensioners that we will suspend the requirement for Life Certificates as at April 20, 2020 for payment in June 2020. That is payment in June will be made automatically on the basis of the last life certificate on hand without the need for a renewal in April.

Tax Audits and Court Action

Up to June 30th, Tax Administrative Jamaica will facilitate the issuing of one-off or single use Tax Compliance Certificates to businesses who may fall into non-compliance over the period to June 30th.

There will be no new summonses issued, court proceedings or enforcement action for non-compliance until after June 30. However, reminders and notices will continue to be generated.

Businesses are in crisis mode and should not be distracted from core activities and have to divert resources to enforcement matters during this critical period.

Jamaica Has Options

So, Mr. Speaker, we will be implementing an unprecedented \$25 billion fiscal stimulus consisting of \$15 billion tax reduction and a \$10 billion spending programme. Even while being in the middle of our fiscal consolidation, we the resources to address our immediate needs. Every Jamaican should be proud of what we can achieve together.

However, the reality Mr. Speaker is that we have a pandemic caused by a new virus that the world does not know much about and which 7 billion people do not have immunity to. There is a view that the world does not return to normal, with people having the trust to move around as they once did, until we know much more.

That could take time and as such the future is unpredictable.

Mr. Speaker, as I said, these are times like we have never seen before and this a global crisis of historic proportions. No one in the world knows yet fully how this will play out.

Are the mitigation measures sufficient? Are these measures going to work to flatten the spread? Are the citizens practicing social distancing like they have been told to? Is personal hygiene being practiced as advised by the health ministry? Only time will tell and it is hard to foresee what is on the horizon.

We are taking measures today based on what is known. But things could take a turn for the worse.

Mr. Speaker, I spoke earlier about the fiscal institutions in Jamaica still needing some work to address some structural issues, that will help ensure they take into consideration the dynamic nature of policy making. However, Mr. Speaker, the updates to the Fiscal Responsibility Law incorporated foresight to bring well-designed flexibility in policymaking should the need arise due to dire and emergency circumstances that create a sharp economic recession.

That is, Mr. Speaker, the fiscal responsibility law provides avenues for its suspension to deal with dire emergencies and/or severe economic contraction.

I want to assure the people of Jamaica that should things take a turn for the worse, Mr. Speaker, beyond what we currently envisage and beyond all the economic measures we have put in place, we are prepared to invoke the clauses in the law, that allow for its suspension, and that require independent verification by the Auditor General, and act accordingly within the law.

This is not something that we would do lightly and the circumstances would have to warrant such a move. Beyond that, let me repeat, Mr. Speaker, the Auditor General would be required by law to validate that the conditions as prescribed in Fiscal Responsibility Framework exist.

It is important to put this on the table, Mr. Speaker. Hopefully, we will not need it but, if we do, I want the country to be assured that Jamaica has options that many of our neighbours do not.

Looking Forward

We are going through a very difficult phase in the middle of this pandemic. These are tough times, as resilient Jamaicans, we have to stay together and get through this together. And we will.

But we cannot let this crisis define our future. While the waters are choppy for Jamaica and every country in the world, the ship of state is otherwise heading in the right direction. This is a test of our economic resilience and we will eventually come out ahead.

A fiscal stimulus of the nature described today is unprecedented for Jamaica. The Government is supporting individuals and businesses.

We urge all Jamaican to support each other.

I know that the financial sector has already signaled to customers a willingness to work with their customers to get through this. This is good and needs to continue.

Now is a time for us to rally around and support each other. At this time it is so important to for Jamaicans to buy Jamaican. We need to build a stronger culture of supporting our local businesses. I urge every Jamaican to buy more Jamaican, spend on Jamaican goods, help build and support local economic activity, and contribute to the value added to our domestic economy. That will ultimately define how quickly we make progress in our economic journey and toward our economic destiny of prosperity for all.

Concluding remarks

Mr. Speaker, we have presented a budget that will move Jamaica forward even in the face of unprecedented challenges.

We will be:

- investing in our physical infrastructure by large capital expenditure allocations on critical areas such public parks, highways, roads and water
- Investing in our social infrastructure to improve public services and improve standard of living. We are investing in 30 new fire trucks, 50 new buses and 100 new garbage trucks Mr. Speaker
- Investing in our social infrastructure by improving and upgrading our hospitals Cornwall Regional, UWI and the new Childrens Hospital in the West
- Investing in our social infrastructure in upgrading primary and secondary schools
- Investing in our social infrastructure by cleaning and maintaining our gullies
- Investing in building our public sector capacity by creating the Marcus Garvey Scholarships, the largest graduate scholarship programme in the history of Jamaica
- Investing in our economic infrastructure by increasing skills training, improving rural farm roads, broadening and expanding ownership of the economy and improving access to finance
- Investing in the expansion of our social protection with new programmes to protect and support one of the most vulnerable segments of our population
- Innovating approaches to provide financial protection against natural disaster risk and make sure that Jamaica has fiscal buffers in place should natural disaster strike
- Strengthening our critical domestic institutions such as the Bank of Jamaica and the proposed new Fiscal Council to deepen fiscal and monetary transparency

- Improving governance and accountability of our public bodies to ensure better delivery of our public services, make better use of our scarce resources, and engender greater trust among the Jamaican people
- Accelerating the repayment of our debt through creative and innovative transactions that help to release fiscal space
- And to use that fiscal space in manner that
 - enhances our prospects for greater economic growth and higher employment with counter-cyclical measures
 - provides a stimulus to small and medium size businesses
 - importantly, returns money to the people of Jamaica; and
 - critically, provides a historic contingency to provide for the possibility of wider effects of Covid-19.
- That contingency will finance:
 - The CARE Programme
 - \$ 5.9 billion for
 - SET Cash temporary grants for laid off or terminated employees whose taxable income is 1.5 million or less, and
 - BEST Cash temporary grants to support businesses in the tourism and related sectors in retaining employees whose taxable income is 1.5 million or less
 - \$1.1 billion for Covid PATH Grants to support the poor and vulnerable on PATH with a payment that effectively increases what they would otherwise receive in the period April – June
 - \$1.0 billion to support Covid Grants for the informally employed who are affected
 - \$800 million for Covid MSME Grants to support micro and small business across Jamaica

- \$1.2 billion in Covid Tourism Grants to support smaller operators in the tourism and related sectors
- In addition, we will re-allocate expenditure to finance
 - \$200 million in Covid Compassionate Grants from the Constituency Development Fund to be distributed through Constituency Offices, and
 - \$150 million in support to the Ministry of Local Government to attend to the needs of the elderly not on PATH, the infirmed and the homeless
 - \$200 million to support small farmers at this time

If that was not enough, Mr. Speaker:

- We will be deferring principal and interest payments on student loans for the three month period April – June to cushion the impact on young graduates while giving new graduates 14 months to start payment their student loans after graduation

When we come together as a society as has been evident over the past few days and weeks, there is nothing that we cannot do, nothing that we cannot overcome.

Moreover, this is a Government that CAREs, Mr. Speaker.

And at a time of crisis, by simply Caring, we are Moving in the Right Direction.

May God bless you, and may God bless our nation, land we love.

