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STATE OF THE NATION



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CONTRIBUTION TO SON DEBATE 2025

INTRODUCTION

Salutations and thanks

Jamaican people are demanding that government does more to improve their lives, something which this administration has failed to deliver under conditions of anaemic or no growth. Rising income inequality and a stagnant economy threaten governments in both the developed and the developing world. The JLP Government and its leaders will no longer be able to ignore this gathering storm when TIME COME. No umbrella of acronyms - neither SPARK, nor REACH, nor SPEED will shelter them from the electoral storm. Let me start my presentation with a review of the state of the nation's economy and key social sectors

ECONOMY

1. Early in 2024, the World Bank projected that Jamaica's economy will grow at only half the rate of the rest of the Caribbean (excluding Guyana) over the next two years. (And that forecast was before Hurricane Beryl.
2. Since the initial Covid recovery, the economy slowed for the following 8 or 9 quarters, stalled in the quarter ending June 2024, and declined by 3.5% in the September quarter. The economy is projected (by PIOJ, BOJ) to continue its decline in the December quarter, and is projected to shrink for the overall 2024 calendar year. When these projections are confirmed in a couple weeks, the economy will be in a technical recession i.e. two consecutive quarters of negative growth.
3. For the September 2024 quarter - Agriculture, Forestry & Fishing were down 12.5%, Mining & Quarrying down 17.4%, Manufacturing down 4%, and in construction the sector has

recorded four consecutive quarters of decline including a 3.3% decline in the September quarter. Sales of Construction inputs have declined and NHT housing starts have also declined. Hotels and restaurants declined 6.2% because stopover arrivals are down, and net room yields are also down.

4. In the recently published Global Container Port Performance Index 2023, Kingston ranks 378 of 405 ports evaluated. What's more concerning is that KINGSTON RANKED SECOND TO LAST IN THE CARIBBEAN, CENTRAL AND SOUTH AMERICAN REGION. Behind Freeport and Nassau in the Bahamas, Bridgetown, Georgetown, Castries, and even Port au Prince. Here I acknowledge the prompt response of the Chairman of the PA who made a stout defence of what (on the face of it) is a dismal performance. However, if we want to develop a logistics hub and our logistics industry, we need to carefully examine how we improve this performance.

5. Hurricane Beryl exposed the fragility of the economy and its dilapidated infrastructure. The South-Central coast of Jamaica received only a glancing blow from a weak hurricane, and yet the electricity and Telecom infrastructure crumbled, as well as many school buildings. It took months to restore electricity to parts of S. Manchester and St. Elizabeth and the telecom service there is still spotty and unreliable even today. More than six months after the passage of Beryl – students and teachers of Pratville Primary are participating in classes under difficult conditions, and only through the kindness of two churches in the community for the entire September term. The younger children are still operating from the Pratville Assembly of God Church as I speak here today. At the same time, we are

spending \$1.5 Billion for an empty space in the MegaMart building.

6. Our roads are in the worst condition in living memory, and anyone who campaigned in the Aenon Town byelection can attest to that.
7. Past due loans jumped 27% for August 2024 relative to a year earlier.
8. The education sector is in a sorry state – less than 20% pass 5 subjects with maths and English, drop out rate is high, teacher migration is high (and we're sending some of our best).
9. The public health facilities are mostly dilapidated, health professionals are overworked and burnt out, and patients and their families often feel callously treated by the system as many wait for days and even die in passageways and makeshift wards, sitting in chairs or lying on benches. Large sums are being spent, but going to waste, mismanagement, and corruption. CRH is the marquee example of a \$1.5 Bn project climbing to \$21bn and counting. Health statistics are getting worse rather than better, setting us back by decades in some cases. The Maternal mortality rate, that is deaths due to complications from pregnancy or childbirth, increased tenfold in the SRHA - from 26.8 per 100,000 live births in 2017 to 273 per 100,000 in 2022 (MOHW statistics). That is significantly higher than the global maternal mortality ratio of 223 deaths per 100,000 live births. But performance doesn't matter, the lives of ordinary people don't matter, what matters is the friends and cronies of this JLP administration – so we reward the chairman who presided over this scandalous increase in maternal deaths with a national honour! At the same time, we continue to spend \$1.5 Billion for an empty space in the Megamart building in Mandeville.

10. For the first time in our independent history, we cannot complete a proper census. The most basic of exercises - to count how many people in Jamaica and where they live. Results of a census are critical for planning & policy - where to locate schools and clinics, where to deploy social workers, and allocate other public resources. Important for private sector also, for example, where to locate ATMs. Last census on STATIN website is 2011.

This JLP administration has been operating a plantation style economy - low skill, low wage, low productivity, high job insecurity as contract work predominates. In this environment they bully public sector groups to accept 20% or else, then give themselves 200%.

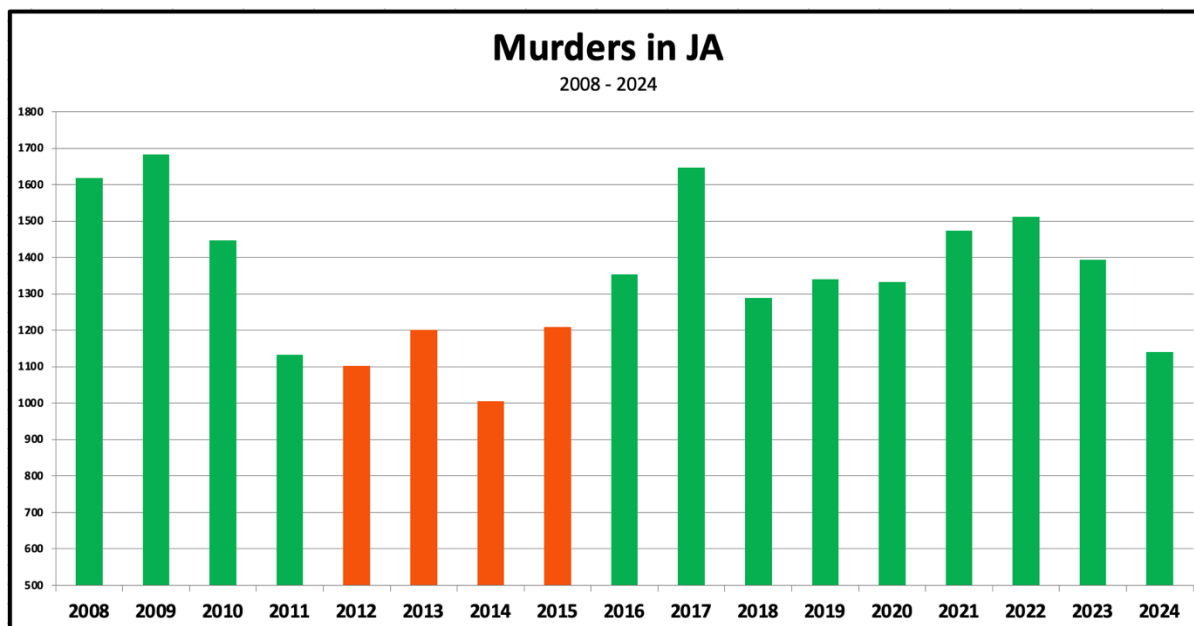
CRIME, CORRUPTION, & GOVERNANCE

The number of murders in 2024 has, for the first time in nine years of this JLP administration, returned to the lower range that obtained in the previous PNP administration. This reduction is a testament to the effectiveness of targeted policing strategies over the ineffective States of Emergency (SOEs) previously employed by the Andrew Holness administration. The People's National Party (PNP) has long advocated for data-driven, focused action to combat crime - a stance validated by the security forces' recent adoption of these strategies. This progress, though overdue, offers hope for a safer Jamaica.

Learning from the Past

While 2024's numbers are encouraging, it's critical to assess the eight preceding years of stagnation and missed opportunities in crime reduction. Under the PNP's administration from 2012 to 2015, the average annual murder figure was 1,129 — still high but the lowest in two decades. By contrast, the JLP's first eight years (2016–

2023) averaged 1,416 murders annually, a 25% increase that resulted in 2,300 more lives lost than if the PNP's numbers had been maintained.



Jamaica's homicide rate remains alarmingly high, compounded by an increase in mass shootings in 2024. Additionally, financial crimes such as scamming and bank fraud that are estimated to fleece victims of over one billion US dollars annually, remain untracked by the Jamaica Constabulary Force (JCF) in their weekly Serious & Violent Crimes Report. These crimes often fund organized violence and must be addressed through comprehensive tracking and enforcement.

The reduction in crime celebrated today is a step in the right direction, but the journey is far from over. Enforcement alone is insufficient. Jamaica must address the underlying conditions that perpetuate violence: inequality, social exclusion, and lack of opportunity..

CORRUPTION

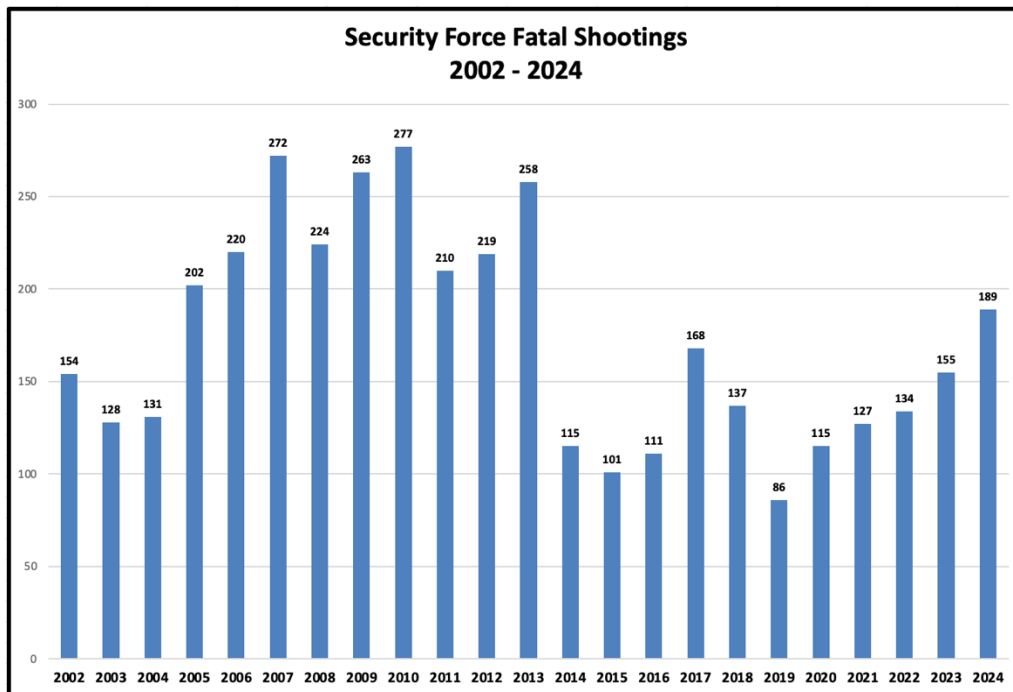
In the debate on the Bill establishing the new Integrity Commission (IC), the Prime Minister said “...as a politically independent country, we could have achieved much more were it not for corruption in many forms: revenue leakage due to corrupt practices, misuse of public funds, and the overall perception of pervasive corruption, all of which have served to compromise the flow of investment into our country.” This helps explain why Net Foreign Direct Investment in 2023 at US\$376.5million is way below (less than half) what it was in 2015 when it was at US\$926.5million.

The PM continued “The Economic Growth Council has also recently identified corruption as a significant retardant to growth...” Now we understand why - notwithstanding all the economic reforms implemented since 2013 - growth is elusive. The PM signaled it – CORRUPTION.

In his message to commemorate International Anti-Corruption Day in 2020, the PM stated, “Under the leadership of Chairman the Hon. Justice Seymour Panton, the Commission continues to distinguish itself, operating without fear or favour in pursuit of a just and corruption free public sector and ensuring the best and most efficient use of public resources.” What a full throated and unqualified endorsement.

A few years later... when the IC issued a damning Investigative Report on the same PM Andrew Holness detailing a series of complex financial arrangements involving 28 bank accounts, with thousands of transactions, and hundreds of millions of dollars passing betwixt and between these accounts... then suddenly that same PM is going to court seeking to strike down the provisions of the ICA and declare section 14(5) unconstitutional. Quite an extraordinary approach to a law piloted and passed by his government, and which his Attorney General would have certified as constitutional.

This JLP administration has not only reneged on its support for the IC but it has launched an all-out assault against the IC, and against any initiative which would hold the corrupt accountable. The JLP has abandoned the commitments to CMOC to introduce the Unexplained Wealth Orders as well as the body worn cameras for police on operations.



PRODUCTIVITY

One may wonder why the Leader of the Opposition in assigning me a Shadow portfolio coupled Citizen Security with Productivity (which is the key to growth). Various studies and surveys have identified the **top three obstacles** to competitiveness or productivity as **crime, corruption, and the burden of government (tax rates and bureaucratic inefficiency).**

Many developing countries have transformed their productivity, economic growth rates and development prospects over the last three decades. The BRICS economies now contribute about 35% of world GDP, more than the 30% contributed by the G7 countries

(measured at purchasing power parity). If the current trend continues, by 2030 over 50% world GDP will be generated in countries recently classed as developing.

However, this shift has left Jamaica behind. For various reasons, one being corruption, Jamaica has not yet been able to achieve or sustain high growth rates. Bold and decisive action is required if Jamaica is going to break out of the low productivity, low-growth trap.

One important part of this strategy is to produce graduates of tertiary institutions that can increase the productivity and competitiveness of businesses and create new enterprises through greater entrepreneurship. At present, 70% of Jamaica's workforce has had little formal training or certification, which is reflected in our low productivity. We need to develop a trained, skilled workforce, certified to international standards, which will help to stimulate investment and employment and increase national productivity. That is why the Opposition has proposed to repurpose HEART trust as an institution that funds training and upskilling of the workforce. Matching the expenditure of private employers in this area dollar for dollar.

However, any investment in education, training and research capacity must have a clear strategic focus if it is to have the necessary transformative effect. **There is little point, for example, in training graduates to work in dying industries.** One such example of a dying industry is:

The bauxite alumina industry is in secular decline and Jamaica should be planning an exit with the least damage to the country's finances and to the environment. We should learn from earlier examples of the sugar and banana industries where we were reluctant to accept those industries' inevitable demise. The situation in this bauxite alumina sector is so humiliating that questions I asked in December 2023 took almost a year to receive a response from this

government and are still not fully answered. What we do know is that one operator - Discovery Bauxite Operations Ltd. (DBOL) owed US\$7million to Petrojam Ltd. at the time I asked the question, and owed millions more to mining and haulage contractors, and other suppliers. The only skin in the game is from the Government and people of Jamaica and we're seeing nothing but financial and environmental liabilities in return.

DBOL paid nothing for profit sharing, tax, or royalties for 2021,2022, nor 2023. Even the asset user fee which seemed to be the only guaranteed payment to JBM, is in almost two years' arrears with an unpaid balance of US\$2.7million. And this was predictable! Go back to the Hansard when this arrangement was being proposed in the lower House. The record will show that I (and others) predicted this dreadful outcome. Those who negotiated it are guilty of either gross stupidity or corruption.

To appreciate the damage this dying industry is still inflicting, one has only to drive through some areas of South Manchester and SW St. Ann to view the post-apocalyptic landscape of mined out pits left without rehabilitation. Or go to Ewarton and see the semi-derelict processing plant, regularly spewing toxic effluent into the Rio Cobre, contaminating our environment.

So what is Jamaica gaining from this dying extractive industry? In 2023/24 we got ZERO from the income and profits tax from the bauxite/alumina companies, year to date 24/25 also ZERO. Last year we were getting less than US\$1million per month from the bauxite levy, and this year to date we're getting... ZERO nothing from the bauxite levy.

Table A2: Details of Revenue - FY 2024/25 (April to August)
(in millions of Jamaica dollars)

| Item | Prov | Original | Diff | Diff % | FY 2023/24 | Diff | Diff % |
|-----------------------------|------------------|------------------------|----------------|----------------|------------------|-----------------|----------------|
| | Apr - August | Budget Apr - August | | | Apr - August | | |
| Revenue & Grants | 368,998.1 | 359,504.0 | 9,494.1 | 2.6% | 347,358.9 | 21,639.3 | 6.2% |
| Tax Revenue | 333,568.0 | 331,032.8 | 2,535.2 | 0.8% | 316,935.1 | 16,632.8 | 5.2% |
| Income and profits | 98,829.2 | 93,015.8 | 5,813.4 | 6.2% | 89,366.8 | 9,462.4 | 10.6% |
| Bauxite/alumina | 0.0 | 0.0 | 0.0 | 0.0% | 0.0 | 0.0 | 0.0% |
| Other Companies | 20,235.8 | 18,145.8 | 2,090.0 | 11.5% | 18,791.3 | 1,444.5 | 7.7% |
| PAYE | 58,822.6 | 58,083.7 | 739.0 | 1.3% | 54,782.7 | 4,039.9 | 7.4% |
| Tax on dividend | 1,487.1 | 1,845.0 | -357.8 | -19.4% | 1,347.7 | 139.4 | 10.3% |
| Individuals | 2,216.4 | 2,087.4 | 129.0 | 6.2% | 1,941.3 | 275.1 | 14.2% |
| Tax on interest | 16,067.3 | 12,853.9 | 3,213.4 | 25.0% | 12,503.7 | 3,563.5 | 28.5% |
| Production and consumption | 109,787.1 | 111,583.1 | -1,796.0 | -1.6% | 104,032.1 | 5,755.0 | 5.5% |
| Min Business Tax | 33.0 | 0.0 | 33.0 | - | 41.2 | -8.2 | -19.8% |
| SCT | 8,123.5 | 8,883.8 | -760.3 | -8.6% | 8,747.9 | -624.3 | -7.1% |
| Environmental Levy | 476.7 | 412.3 | 64.4 | 15.6% | 385.8 | 90.9 | 23.6% |
| Motor vehicle licenses | 2,182.9 | 2,107.1 | 75.7 | 3.6% | 2,040.9 | 142.0 | 7.0% |
| Other licenses | 1,014.0 | 606.2 | 407.9 | 67.3% | 536.6 | 477.4 | 89.0% |
| Quarry Tax | 115.4 | 12.3 | 103.1 | 837.8% | 12.1 | 103.3 | 852.6% |
| Betting, gaming and lottery | 3,289.8 | 3,951.0 | -661.1 | -16.7% | 3,367.7 | -77.8 | -2.3% |
| Accommodation Tax | 1,458.2 | 1,652.8 | -194.5 | -11.8% | 1,476.6 | -18.4 | -1.2% |
| Education Tax | 20,427.6 | 21,247.0 | -819.4 | -3.9% | 18,542.5 | 1,885.1 | 10.2% |
| Telephone Call Tax | 1,144.4 | 1,297.3 | -152.9 | -11.8% | 1,231.9 | -87.5 | -7.1% |
| Contractors levy | 1,202.7 | 1,320.9 | -118.1 | -8.9% | 1,197.1 | 5.6 | 0.5% |
| GCT (Local) | 66,855.2 | 66,872.1 | -16.9 | 0.0% | 63,655.0 | 3,200.1 | 5.0% |
| Stamp Duty (Local) | 3,463.5 | 3,220.4 | 243.1 | 7.5% | 2,796.7 | 666.8 | 23.8% |
| International Trade | 124,951.7 | 126,433.9 | -1,482.3 | -1.2% | 123,536.3 | 1,415.3 | 1.1% |
| Custom Duty | 26,891.7 | 26,372.1 | 519.7 | 2.0% | 25,325.3 | 1,566.5 | 6.2% |
| Stamp Duty | 1,573.1 | 1,715.7 | -142.6 | -8.3% | 1,602.5 | -29.4 | -1.8% |
| Travel Tax | 12,100.6 | 15,120.8 | -3,020.2 | -20.0% | 13,253.1 | -1,152.5 | -8.7% |
| GCT (Imports) | 51,460.0 | 52,282.3 | -822.3 | -1.6% | 50,509.3 | 950.7 | 1.9% |
| SCT (Imports) | 30,610.8 | 28,507.3 | 2,103.5 | 7.4% | 30,533.6 | 77.2 | 0.3% |
| Environmental Levy | 2,315.5 | 2,435.7 | -120.2 | -4.9% | 2,312.7 | 2.9 | 0.1% |
| Non-Tax Revenue | 31,939.0 | 25,891.8 | 6,047.2 | 23.4% | 26,091.3 | 5,847.7 | 22.4% |
| Bauxite Levy | 0.0 | 239.6 | -239.6 | -100.0% | 530.3 | -530.3 | -100.0% |
| Capital Revenue | 0.0 | 0.0 | 0.0 | 0.0% | 0.0 | 0.0 | 0.0% |
| Grants | 3,491.2 | 2,339.9 | 1,151.3 | 49.2% | 3,802.1 | -311.0 | -8.2% |

Source: MoFPS

The little insecure employment that Jamaica gets from this industry is not worth the environmental liabilities we're leaving for our grandchildren to pay.

And this is the same entity now being allowed into the cockpit country to destroy one of our most valuable and sensitive ecological areas!! This is madness. Future generations will curse us.

On the other hand, it is essential to **increase the supply of trained, skilled labour in the 'sunrise' business areas** that could transform productivity and prospects. It is therefore essential to develop clear strategic visions of where the growth opportunities will be in future, and action plans to steer economies to the desired future. Two sectors are at a crossroads between maturity and decline on the one hand, or a new sunrise on the other. These are the BPO and tourism sectors.

Reform of Tertiary Education and the SLB

Recent tracer studies suggest that around half of undergraduates and postgraduates who had found employment were working in jobs that were not related or only partially related to their discipline, and that significant majorities were dissatisfied with their salaries, benefits, job security and opportunities for advancement. This suggests a growing mismatch between the skill sets acquired at university and the market demands for those skills.

A university degree used to be the route to a well-paid job, but many university students today owe substantially more than the initial amount of their student loan 5-10 years after graduation because their salaries were too low to repay the loan.

This suggests that the educational system itself will have to undergo extensive reform, and that universities will have to adapt quickly if they are to survive.

CONCLUSION

The findings of STATIN's Labour Force Survey for October last year are indeed concerning, particularly the statistic that 22.2% of our youth—108,900 individuals—are not engaged in employment, education, or training. This reflects a critical challenge we face as a nation, and it underscores the urgency of addressing the barriers that prevent many young Jamaicans from reaching their potential.

This data points to several underlying issues. First, it highlights the structural and systemic barriers to opportunities, including limited access to quality education and vocational training, as well as a mismatch between the skills young people have and the demands of the labor market. Second, it suggests that economic hardship and social disconnection may be driving many youth away from formal systems of engagement.

When young people are excluded from these avenues, their time is often spent in informal or precarious activities—some may take on irregular work, while others may retreat into idleness, which can lead to feelings of hopelessness. Unfortunately, this disconnection can make them more vulnerable to negative influences, including criminal activities, such as gang involvement. Research has shown that lack of opportunity and social mobility often drives disenfranchised youth into such pathways, as they seek a sense of belonging and purpose.

To address this, we need a multi-faceted approach. This includes expanding access to skills training and apprenticeship programs, fostering greater alignment between the education system and market needs, and investing in social interventions that provide mentorship, psychosocial support, and alternative pathways to success. Additionally, strengthening community-based programs and creating safe spaces where youth can engage in productive activities is vital.

This statistic must be seen as a call to action for all stakeholders—government, private sector, civil society, and communities. Jamaica’s youth are a powerful resource, and it is our collective responsibility to ensure that they have the tools, opportunities, and support to contribute meaningfully to our society.