

2016 - 2017 Budget Presentation

By

Prime Minister

Most Hon. Andrew Michael Holness

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TABLE OF CONTENTS

Acknowledgements.....	4
Introduction	5
Competiveness to support growth	7
Developing the institutional support for Growth Policy.....	8
NATIONAL POLICY OFFICE.....	8
Public Sector Transformation and Modernisation.....	9
Improvement in the Delivery of Public Services Using ICT.....	9
Electronic Business Registration System (One Stop Shop for Business Registration)	10
Revenue Administration Information System (RAiS).....	10
SHARED SERVICES	11
NATIONAL IDENTIFICATION SYSTEM	11
PRIVATISATION	14
Public Portal for Development Applications.....	14
Public Private Partnerships	14
Economic Development.....	15
ESTABLISHMENT OF JAMAICA AS AN INTERNATIONAL MARITIME CENTRE	15
REVITALIZATION OF RAIL SERVICES	15
Development of Kingston as a Port of Call	16
Government Circle.....	16
PETROJAM UPGRADE.....	17
Solid Waste To Energy	17
Renewable Energy Initiatives.....	18
Establishment of the Nutraceutical Industry.....	18
Development of Business Process Outsourcing Infrastructure	18
Development in the use of ICT for job creation and economic benefit	19
Youth Employment in Digital and Animation Industries Project.....	19
Start-Up Jamaica (SUJ)	19
TRADE POLICY	19
CARICOM REVIEW COMMISSION.....	19
TAX REFORM	20
SOCIAL SECURITY	22
NATIONAL INSURANCE SCHEME.....	22
TOURISM WORKERS' PENSION SCHEME	22

INCREASE IN PATH BENEFITS	23
PERSONS WITH DISABILITIES	23
POVERTY REDUCTION	24
SOCIAL DEVELOPMENT	24
RECREATIONAL SPACE	24
SUPPORT FOR CULTURAL COMMUNITIES	25
NATIONAL YOUTH ORCHESTRA PROGRAM	25
National Security.....	26
Education	28
HOUSING	28
Adjustments to Contributors' Income Bands	28
Adjustments to Subsidies and Grants Programmes	30
NHT Construction Projects.....	32
Low Income Construction Subsidy.....	33
HOUSING FOR TOURISM WORKERS	33
Private Sector Partnerships	34
Conclusion.....	34

ACKNOWLEDGEMENTS

Mr. Speaker, on rising I must give thanks to God for sparing us, individually, as a Parliament and as a Nation, that we can all gather here once again to deliberate on the people's business and recommit ourselves as instruments of His will.

Mr. Speaker, I want to thank the people of Jamaica who exercised their civic duty and voted for a new government. The transition has been swift and virtually seamless. We can all be proud of our democratic institutions. I also want to thank the thousands of people from across the country who continue to hold up Jamaica, the government and its leaders, in prayers. I know something good is going to happen in Jamaica.

Mr. Speaker, it gives me great pleasure to address you as, "Mr. Speaker". Yours has been a rich, colourful and illustrious career in the public service. You have earned the respect, admiration - and most importantly, the trust of the people you serve and your colleagues with whom you serve, which is why the order and balance of the peoples' Will in this House has been entrusted to you.

Mr. Speaker, we occupy seats in this honourable Place because of the thousands of Party workers and delegates who volunteered their time, effort and resources to carry our respective messages in the competition of ideas. Prosperity won over poverty. The Political Ombudsman will tell that rules were not always immediately observed and the competition of ideas was sometimes contentious, but overall the political system produced the right result. I want to acknowledge the work of all the faithful Party workers, activist, supporters and social media bloggers who participated in the process. I also want to acknowledge the role of the media in keeping the nation informed. There is no doubt that a free press has helped to strengthen democracy in our country.

Mr. Speaker, as you know, conducting a national campaign requires a dedicated and hardworking team. I want to thank my personal staff and support team which straddles my national and constituency duties. The people of West Central St. Andrew are my extended family and this is my 19th year as their representative. I want to thank them for their love and support as we continue to take down every zinc fence on every lane. I want to specially recognize the work of Senator Delroy Williams, Councillor for the Seivwright Gardens Division, Councillor Christopher Townsend of the Olympic Gardens Division, and Councillor Caretaker Glendon Salmon for the Molyne's Garden Division.

I also welcome students from the Seaward Primary and Junior High School who last week celebrated their 60th anniversary.

Mr. Speaker, family is important to me. My dear wife, who used to support from the gallery, is now seated as a member in her own right. No man could ask for greater support than that. My mother and other family members are also here.

INTRODUCTION

Mr. Speaker, we have taken the reins of the country against a back drop of high public debt, and historically low economic growth. The two phenomena are mutually reinforcing in a vicious cycle. High debt imposes a limit on government expenditure to stimulate growth, and low growth in turn means lower revenues for government expenditure.

The high debt low growth dilemma, is compounded by falling prices and increased competition on the commodity markets in which we trade. This means that we earn less from our exports in agriculture and bauxite and at the same time we see our share of those commodity markets decreases.

Another set of compounding factors are Climate Change and pandemic threats. Weather events such as drought, hurricanes and epidemics such as Chik V have negatively impacted Jamaica's growth prospects over the last five years. Public resources have had to be redirected to mitigation and prevention efforts. This comes with an opportunity cost; what else could we have been spending on that would put us farther ahead on the economic growth agenda?

Government must operate on parallel tracks: maintaining fiscal discipline while at the same time exercising creativity in stimulating economic growth and creating jobs for our people.

Due to the global recession of 2008, aside from wiping out asset values and markets, countries like Jamaica, already struggling with high debt and low growth, found their situations exacerbated by negative growth and slow recovery. At the same time, we had to borrow more because of the precipitous fall off in revenues from exports and remittances. As a result, our stock of debt surpassed the stock of goods and services we produce in any year by more than 40% at its highest. This pushed us to the brink of a crisis.

However, aside from these three major external factors that drove our debt, to a large extent the public debt is the creation of bad economic choices. During the 90's and early 2000's, the high interest rate policy and FINSAC were decisions of the government of the day. The poor management of public sector enterprises which racked up sizeable losses were allowed to happen by the government of the day. Entrenched structural inefficiencies, which showed itself in low productivity, corruption and crime, and low educational output, were all happening under the watch of a government that did not seem to be able to come to grips with the problems.

It is not only ironic, but highly hypocritical, that the people who were responsible for the autochthonous rise in the debt, would now be accusingly asking, what about the debt?

Our national debt remains among the highest in the world. We on this side are well aware of the critical nature of our debt. We are well aware of the risks involved. The question asked in the last election was can we emerge from our debt crisis purely by relying on fiscal consolidation, or do we also have to stimulate economic growth at the same time? I believe the

election answered that question and there is no further need to play politics with our economics.

Let me therefore state the position of the government on managing the debt.

REDUCTION OF OUR PUBLIC DEBT IS A NATIONAL PRIORITY.

In this House we passed amendments to enhance the Financial Audit and Administration Act, affirming our unified commitment as a nation, to decisively tackle this issue of public debt, bringing it down to sustainable levels in the medium term.

One of the main tools used to tackle public debt is the maintenance of a high primary surplus and as such, Mr. Speaker, the Government will maintain a 7% primary surplus balance in accordance with our international commitments. However, as we improve the efficiency of government, and show greater positive growth, and take other measures to reduce debt, we expect commensurate reductions in this target.

The macro-economic stability that has been achieved through the sacrifice of Jamaicans, provides an important foundation. However, Mr. Speaker, macro-economic stability can be undermined by the inability to sustain it. An incremental approach to debt reduction, such as maintaining a high primary surplus, while good, must be supplemented by other strategies where possible to have the desired cumulative effect.

DEBT FOR POLICY SWAPS

As such Mr. Speaker, the Government of Jamaica has commenced discussions with the World Bank with the view of pursuing debt reduction through innovative **Debt Swap Initiatives** that would improve Jamaica's debt profile.

Jamaica, would in turn, adopt and agree to a policy matrix that improves regulation and legislation in areas that reduce our vulnerability to the hazardous effects of climate change and increase our resilience.

While the size of this initiative may initially be small relative to Jamaica's large stock of debt, progress in this effort will send an unmistakable message that this nation, this House, and this Government are serious about securing the future of unborn generations through debt reduction.

DEBT FOR ASSET SWAPS

However, Mr. Speaker, we will not stop there.

The Government of Jamaica will work with its institutional partners and advisors to achieve further reduction in debt through a Debt for Assets initiative.

While I will speak to privatisations as a separate matter, Mr Speaker, our Debt for Assets initiative will package appropriate pools of assets that will be used to retire outstanding public debt by way of a swap.

This Government, Mr. Speaker, is serious about debt reduction.

Strategically, we will continue to opportunistically and pragmatically pursue reduction in the public debt. However, ultimately the only way to sustainably reduce the debt is to grow the economy. This government will have a laser-like focus on economic growth.

COMPETITIVENESS TO SUPPORT GROWTH

Mr. Speaker, this is not the first time that a new administration has taken over government proximate to the budget cycle. The Constitution requires that the Finance Minister prepares the annual estimates for revenue expenditure before the end of the Financial Year on March 31st. However, with the implementation of a new fiscal management regime to promote certainty, and effectiveness of budget measures, amendments were made to the Financial Audit and Administration Act that provide strict rules for the tabling and passage of the National budget and for the scheduling of pre-budget activities, which dictates the tabling of the Estimates of Expenditure as early as mid-February.

A change of government by definition requires a transition. Transitions take time and are involved exercises. They become even more challenging when a new government has to prepare a budget, honour key election commitments, while at the same time meeting the country's obligations to its international partners. That we have done all these things in short order, just 78 days since completely taking charge of ministries with the swearing-in of the Cabinet, is a testament to our dexterity in management and effectiveness in governance.

FIXED ELECTION DATES

Notwithstanding these exceptional circumstances, if we are serious about fiscal discipline and obeying our own fiscal rules, elections can no longer be allowed to supervene the fiscal cycle. Neither should the country be disrupted by protracted periods of uncertainty; mobilizing, demobilizing and then mobilizing again according to political expediency. This comes at a significant cost to business and delays the growth agenda. The experience underscores the reason why Jamaica must move to a fixed election date. To this end, I have given instructions to the Minister of Justice to table a Ministry Paper and draft legislation for the fixing of election dates.

Mr. Speaker, a critical plank of the growth agenda is to reduce the uncertainty of government action, reduce the time for decisions, flatten the hierarchical structures, and speed up bureaucratic processes. This will reduce political risks and government related risks in investments thereby making Jamaica a more competitive environment. A fixed election date is not merely a political initiative, it is more so a competitiveness initiative.

Mr. Speaker, interaction with the public sector must be fast, cost effective and predictable. Time is a crucial factor in competitiveness. It should not take 3 years to complete an investment

where, with improved processes, it can take 18 months. We must remove the red tape in order to improve the efficiency of government.

DEVELOPING THE INSTITUTIONAL SUPPORT FOR GROWTH POLICY

We have created the Ministry of Economic Growth and Job Creation which brings into a single ministry most of the critical agencies and departments that play a crucial role in stimulating, attracting, facilitating, coordinating and regulating investments across a range of sectors.

This removes the silo effect and intra-governmental territorialism which has plagued past administrations on both sides and increases the velocity of decision making and the effectiveness of government.

ECONOMIC GROWTH COUNCIL

Another critical initiative of the Ministry of Economic Growth is the appointment of an Economic Growth Council (“EGC”), which is set up on a partnership model to:

1. Promote and facilitate a national dialogue on the imperative of economic growth and build public consensus.
2. Advise the GOJ on the adoption of a framework of Growth Initiatives along with time frames, focussing not just on the “what” but on the “how”.
3. And once the growth framework is agreed, monitor and report on progress in the implementation.
4. To actively seek out and engage investors and promote investment opportunities in Jamaica by leveraging their connections and presence in global networks and capitals of influence on Jamaica’s behalf working in conjunction with existing state agencies.

The Economic Growth Council has been set up, in consultation with our multi-lateral partners. The concept is not unique to Jamaica and has worked in other countries by improving focus on high yield activities.

The World Bank will further support this government initiative by making available consultative and technical resources from other countries that have successfully transitioned from stability to growth.

NATIONAL POLICY OFFICE

The Ministry of Economic Growth and Job Creation will be augmented with the establishment of the National Policy Office that will drive Economic Growth Policy.

It will be a compact team of technically knowledgeable and effective system managers drawn from the existing managerial level across agencies and department under the new ministry. They will act as the coordinating nucleus of policies development and implementation reporting directly to the Prime Minister. They will also act as the anchoring secretariat of the work of the Economic Growth Council.

JAMAICA HOUSE FELLOWSHIP PROGRAM

In June, the Government will formally begin to accept applications for the Jamaica House Fellowship Program.

The Jamaica House Fellowship is designed to provide the Government with the service of some of Jamaica's most promising young minds and high capacity managers.

This fellowship will afford them the opportunity to work on, support and implement high priority initiatives in the National Policy Office (NPO).

The Jamaica House Fellows will spend one or two years as full-time, paid Fellows where they will work alongside senior GOJ technocrats.

Jamaica will be at its best when its most talented graduates see a career in public service as among their highest possible ambitions.

PUBLIC SECTOR TRANSFORMATION AND MODERNISATION

Mr. Speaker, the appropriate use of technology is critical to achieving this.

IMPROVEMENT IN THE DELIVERY OF PUBLIC SERVICES USING ICT

The MSET will continue to promulgate programs that support the ease of doing business and economic development. The Office of the Chief Information Officer was established and the Chief information Officer (CIO) has been engaged since April 1, 2015. The CIO has laid out a plan of action and the ground work is in progress to facilitate the transformation of the ICT framework in the Public Sector.

The GoJ has made significant investments in ICT infrastructure and systems to facilitate improved operations within each Ministry, Department and Agency (MDA) to deliver services to its citizenry. Most of these ICT investments are specific to an MDA and are not shareable. In the case of telecommunications services (voice and data) this has resulted in high transactional costs, duplication of ICT investments and low utilization of the acquired services. In order to address the telecommunications silos that have evolved over the years the government will be phasing an investment of over J\$1B over five (5) years to deliver a shared ICT infrastructure to serve all MDAs.

GovNet will be a secure private network that will connect all MDAs and provide voice, data and video services. This investment will reduce the government's annual ICT expenses by up to 30% when fully implemented. Our citizens will benefit not only through reduced cost for service delivery to them but we will be able to increase the number of free internet access points across the country. The first phase will include the completion of the design of the network (to be completed by the end of the 3rd Quarter of the FY 2016/17) to leverage existing ICT infrastructure

ELECTRONIC BUSINESS REGISTRATION SYSTEM (ONE STOP SHOP FOR BUSINESS REGISTRATION)
The Government will develop an Electronic Business Registration system that will allow online registration of businesses.

This will reduce the number of days to register a business from the current 3 days to 1 day. This, by itself would be a good signaling metric of the ease of doing business in Jamaica.

This will make it much easier to create businesses and keep those businesses compliant with statutory requirements.

REVENUE ADMINISTRATION INFORMATION SYSTEM (RAIS)

Mr. Speaker it takes too long to pay taxes in Jamaica. Globally, Jamaica stands at 146 in the ranking of 189 economies in the ease of paying taxes in the 2016 edition of the Doing Business Index.

On average, firms make 37 tax payments a year, spend 358 hours filing, preparing and paying taxes. Mr. Speaker this amounts to each business in Jamaica spending 45 working days per year paying taxes! This, Mr. Speaker is unacceptable!

Ease in paying taxes is a leading indicator of the prospects of economic growth and good indicator of the level of compliance.

The Government will complete phase 3 of the implementation of the Revenue Administration Information System.

The Revenue Administration Information System is an online web portal which allows access to improved web services related to the filing and payment of taxes.

It improves Tax Administration Jamaica's (TAJ) capacity to integrate and administer the various tax systems currently being used. TAJ stands to benefit from having a fully integrated system which allows for end-to-end workflow of its operations

Taxpayers will be able to access their tax account information through the web portal, and perform functions such as filing and checking payment history. The system accommodates online applications for Taxpayer Registration Number (TRN) and Tax Compliance Certificates and enables a greater interactive electronic filing experience, online payments using an automated direct banking option, viewing of notices sent by TAJ, applying for GCT refunds online, scheduling of payment arrangements, among other benefits. Some of these functionalities are already available.

The final phase, Mr. Speaker, is scheduled for implementation in September 2016. This will include online access to additional tax types namely: betting gaming and lottery tax, environmental protection levy, stamp duty and transfer tax, trade and business licences, and withholding taxes.

This Government, as part of the Prosperity Partnership, will make preparing, filing and paying taxes simpler, faster, and less cumbersome through improving the administration of the tax system, and eventually amalgamating several tax types and eliminating others. Your role in the Prosperity Partnership is to pay your taxes. If every Jamaica who is liable to pay taxes, paid their fair share of taxes the tax burden would be less on every Jamaica, and we would have more resources to help the poor, address crime, and invest public infrastructure. This Government has demonstrated its willingness to give everybody a break on taxes, whether it is a break on the level of tax, on the efficiency of paying taxes, or on the number of taxes you pay, but the break could be bigger if everyone paid their taxes.

SHARED SERVICES

Mr. Speaker, central to the improvement of public sector efficiency is the implementation of shared services in Government. Duplication of services such as legal and corporate, property management, HR and treasury functions across multiple Ministries, Departments and Agencies wastes valuable resources and creates inefficiencies and inefficiencies.

The Government will intensify the implementation of the shared services model where some core functions will be provided centrally to gain efficiency, and cost savings while offering a higher standard of services to the people of Jamaica.

Shared services projects, such as a common Human Resource Management Information System, are currently underway but will be reviewed with the aim of reducing the implementation time as these will become structural benchmarks with our multi-lateral partners. Mr. Speaker, from a practical level, shared services systems such as Human Resource Management Information Systems, will give government enterprise wide information to guide decisions. Many times ministries are looking for particular skills and end up hiring or procuring externally, when that skill exists within the government service and could be easily reassigned or seconded as needed. This would optimize the productivity of the public sector resource without increasing the public sector payroll.

We are committed to optimising the cost of the public sector payroll, in line with agreed benchmarks. The implementation of shared services is key to its attainment.

NATIONAL IDENTIFICATION SYSTEM

Mr. Speaker, I grew up in the heart of Spanish Town, where I would hear people refer to agents and agencies of the Jamaican State as Babylon. This meant that the state was oppressive to them, excluded them, and was not acting in their best interest. In many respects, the history of the Jamaican State would give justification to this view. The brutality of slavery, the disenfranchisement of colonial rule, The brutality of our security forces, corruption in public affairs, economic inequality, delays in justice, the lack of employment opportunities, and partisanship in politics, have contributed to a view that the citizen can't depend on the state, that the state is ineffective and inefficient in providing opportunity and will waste your taxes or distribute it unfairly.

This fuels a strong culture of informality and disengagement, we see it in the ever declining voter turnout, we see it in the ever increasing unplanned settlements and virtual chaos in some public spaces, the proliferation of gang subculture and criminal fiefdoms, the evasion and noncompliance with taxes and the general propensity against law and order in some quarters of our society. The level of distrust and pessimism towards the Jamaican State by its citizens is unhealthy. We have to change this by building a genuine partnership with the citizens. The partnership must start with what government does to build trust and the citizens must be brought in at the outset to participate.

Mr. Speaker, I come to change the Jamaican State from being viewed as Babylon to being viewed as Zion. I want our people and our children to view the Jamaican state as their protector and enabler. I want our people to understand that the role of the State is to define their rights and freedoms in law, their entitlements in policies, to ensure their ability to enjoy their rights freedoms and entitlements in a safe, secure and enabling environment.

Mr. Speaker, as Minister of Education I had an early defining moment. The year before a young lady, had topped the GSAT exams and by virtue of that earned a scholarship. The young lady was deprived of the scholarship because there was suspicion that the extra lesson centre at which she prepared was involved in irregular activities relating to the exams. After an investigation the Ministry decided not to approve the scholarship and her achievement was not recognized. The matter went through the court process, and the Ministry was postured to carry the case through all its stage though there was no real evidence to support the suspicion. When I became involved in the matter it was at the end of the first instance, having seen the court ruling, and received the appeal of the parents and the child who was now in high school and emotionally traumatized, I decided to administratively change the posture of the Ministry and award the child the scholarship and the recognition.

Today that child has successfully completed sixth form and is now pursuing her university degree. The posture of the state must be to give the citizen the benefit of the doubt in a trust building exercise.

Mr. Speaker, while at the Ministry of Education, I introduced the National Student Registry, which sought to uniquely identify each child. There was some initial push back as to why the Ministry of Education would want to centrally collect information on children in the education system other than what was given locally to the school. We were transparent and we showed the parents how this was in their interest. It enabled us to get an accurate and real time census of the school population. It created an account for every child, and it helped us to plan years ahead for the needs of children in the system. As a result of this and other initiatives which it enabled such as inventory management, the Ministry saved ½ billion dollars one year in the purchase of books simply because it could accurately quantify demand and procure timely. This kind of benefit can be available to other areas of government, and other services for the people.

Mr. Speaker, for decades, as a nation we have been discussing the implementation of a National Unique Identification system for all Jamaican. It has not happened for many reasons, including those issues of trust in the Jamaican State raised earlier. However, the main reason is lack of political will and leadership. There is sometimes an unwillingness of our leaders to confront and engage the citizens of the country in frank discussions about some of the things in our culture and some of the perspectives that hold us back.

I have never been afraid to tell the Jamaican people as it is. In the long run they will see that I am faithful to their best interest.

Legislative work started on the National Identification System as far back 2000 and it has not found its way to priority list of things to get done. However, if all the structural benchmarks agreed with the IMF are to be achieved, especially those dealing with the efficiency of government using online technology and databases and the distribution of benefits under our social safety net programme then we must be able to know exactly who the people in the database are, without duplication. Mr. Speaker, the future of technology is here right now. Almost every Jamaican has a phone, and the use of smart phones is rapidly spreading. Very soon most transactions will move to online platforms. A national unique ID will support this and it will also enable the government to have a very accurate real time census for planning purposes.

Mr. Speaker, our Government believes that every Jamaican must have a unique and reliable national identity, with secure authentication, and that every Jamaican should be known to the State. Ultimately Mr. Speaker, this will all contribute to the growth agenda through improved efficiency in government as plans will be based on accurate and individualised data.

Again Mr. Speaker, this Government will seek to accelerate the implementation of the National Identification System which falls directly in the office of the Prime Minister. Grant funding was already secured and some development work has started. I have directed that all the legislative, administrative and funding process be immediately accelerated including public education and consultations.

DIGITIZATION OF HEALTH RECORDS AND AN INTEGRATED HEALTH INFORMATION SYSTEM:

As part of the drive towards greater efficiency in the public sector, the Government intends to convert paper based health records into a digitized form;

Some of the expected outcomes will be:

- the ability to efficiently retrieve patient health information.
- reduction in the patient waiting time for service and allowing for better continuity of care as well as improve integration of health services.
- improved decision-making at all levels.
- reduction in the storage space requirement for health records and the freeing up such space for alternative use.

- greater efficiency in the administration of Health.

PRIVATISATION

Mr. Speaker, in addition to modernizing the public service the Government will be pursuing an accelerated privatization program.

The aims of this program Mr. Speaker will be to achieve higher micro-economic efficiency, promote economic growth and reduce public sector borrowing requirements.

The Government intends to work with our international institutional partners and advisors to improve on the framework for divestment to maximize on value while minimizing on time.

Mr. Speaker the Government intends, where possible, to apply proceeds of divestment to either increasing capital expenditure or towards the repayment of debt.

I will mention some of the entities up for divestment:

- Norman Manley International Airport
- Kingston Container Terminal – in progress and we expect this to be completed shortly
- Caymanas Track Limited - in progress by way of lease
- Jamaica Railway Corporation
- Jamaica Mortgage Bank
- Wigton Wind Farm
- Petrojam Ethanol
- 42.6% of the shares in KIW International (in progress)
- Sale of the Commercial assets of the Cocoa Industry Board (in progress)

Mr. Speaker, divestments will not be limited to this list. Instead, the Government will be looking closely at all of its activities with a view to identifying further candidates for privatization.

PUBLIC PORTAL FOR DEVELOPMENT APPLICATIONS

The Government intends to make significant strides in improving the process for land development applications and approvals.

We will increase the pace of implementation of the web-based software to Automate the Development Application and Approvals Process (AMANDA). This will provide greater transparency, improved applications tracking and management and improved customer service.

The Government will very soon amend the necessary regulations to make it a mandatory requirement for the electronic submission and processing of all building and land development applications.

PUBLIC PRIVATE PARTNERSHIPS

The Government will be pursuing Public-Private Partnerships as a strategy to boost economic activity, promote greater asset utilization, optimize on transferal of risks, mobilization of funding and reduction in public borrowing requirements.

BATH FOUNTAIN HOTEL & SPA AND MILK RIVER SPA

A PPP arrangement is being pursued for the development and management of the Bath Fountain Hotel & Spa and Milk River Spa facilities via a long-term concession. The Government is seeking private sector investment to transform the facilities into world-class operations.

Indeed Mr. Speaker the Government will be seeking to diversify our tourism product offering health and wellness on a commercial scale.

ECONOMIC DEVELOPMENT

ESTABLISHMENT OF JAMAICA AS AN INTERNATIONAL MARITIME CENTRE

In the context of its developmental mandate of Kingston being a centre of logistics and trade, the Maritime Authority of Jamaica (MAJ) is pursuing the establishment of Jamaica as a maritime/shipping centre through development of **crewing, dry-docking and bunkering activities.**

Already we have started negotiations with a German firm that has serious interests in establishing a major dry-docking facility that has the potential of employing 500 Jamaicans when operational, starting a new industry in Jamaica.

REVITALIZATION OF RAIL SERVICES

The Government is in negotiation with a major investor to revitalize the railway in two phases at an investment cost of approximately US\$270 million.

The privatization will be undertaken in two phases:

- **Phase I** – Due Diligence and Business Case Development
- **Phase II** - Transaction Implementation

The implementation will include

- an overhaul of 58 KM of the Montego Bay to Appleton leg at a cost of US\$85.5 million;
- an upgrade of 73 KM of Spanish Town to Ewarton and Spanish Town to Clarendon Park legs at a combined cost of US\$7.2 million;
- an overhaul of 55KM of the Appleton to Clarendon Park leg at a cost of US\$80.6 million;
- an overhaul of 21KM of the Spanish Town to Kingston leg at a cost of US\$38.9m.

The revitalisation project is expected to employ thousands of persons and stimulate economies of the communities through which the rail service passes.

Furthermore, the reintroduction of train service is also expected to increase access to markets and improve the country's prosperity.

DEVELOPMENT OF KINGSTON AS A PORT OF CALL

Our vision for Jamaica Mr. Speaker, is that, among other things:

- what the city of London is to Europe, Kingston will be to the region - a centre for financial services;
- what Singapore is to Asia, Kingston will be to its continental neighbours as a centre for trade and logistics;
- what Paris is to many, Kingston will be to the world as a centre of culture, music and lifestyle;
- what South Africa is to the motherland, Jamaica will be to the Caribbean – the epicentre of economic activity.

Before my time, Mr. Speaker, Kingston was a destination for cruise ships. Those old enough, will remember. Cruise ships docking at Victoria Pier providing economic opportunity for thousands of Jamaicans.

Indeed, Jamaica's own Michael Lee-Chin was able to secure his first job as a high school graduate in the Kingston cruise ship industry. He was able to save enough for his first year at University from his cruise ship earnings and the rest, Mr. Speaker is history.

However Mr. Speaker we do not intend to develop Kingston as a tourist destination for tourists. We intend to develop Kingston for ourselves with the certain knowledge that the tourists will come.

Through Public Private Partnerships and other mechanisms the Government will seek to develop, enhance and rehabilitate key heritage and cultural sites and implement the required infrastructure to make Kingston once again a Port of Call for cruise ships.

GOVERNMENT CIRCLE

Mr. Speaker, the Government intends to develop the area around the National Heroes Park as **Government Circle** – an area where government ministries and departments are centralized, increasing coordination among, and cooperation between ministries.

The Government also intends, Mr. Speaker to develop our Parliament Building. The pride we as Jamaicans, take in our government is reflected in the functionality and adequacy of our Parliament.

These developments Mr. Speaker will not displace people. Rather, these developments will be inclusive providing quality residences, planned commercial outlets, for persons who already live in the area and for those who wish to relocate and more importantly Mr. Speaker, jobs.

PETROJAM UPGRADE

Mr. Speaker, I recently had the pleasure of a bilateral meeting with the President of the Bolivarian Republic of Venezuela, where we discussed our Petrojam Joint Venture.

President Maduro and I agreed to a period of no more than three months to come to a final decision on their participation in the upgrade of the Petrojam refinery.

It is an imperative, Mr. Speaker, that Jamaica upgrades our refinery to (i) increase production to meet local demand and for export, (ii) to improve the efficiency of the process, (iii) to meet new environmental standards, (iv) to diversify the product capability of the refinery, and (v) to broaden the grades of fuel that can be efficiently processed at the refinery.

Mr. Speaker the Petrojam upgrade is essential to the Growth and Prosperity agenda. Thousands of jobs will be provided during the construction and operational phases of the expansion.

SOLID WASTE TO ENERGY

Mr. Speaker, a renewable source of energy which has not yet been tapped in Jamaica is the utilisation of waste in the generation of energy.

Waste disposal sites across Jamaica receive approximately 1.6 million tonnes of garbage each year. The Riverton disposal site is situated on over 42 hectares (100 acres) of land in the western end of St Andrew, with entrances on the Spanish Town Road. This site which serves Kingston, St. Andrew, St. Catherine and previously Clarendon receives approximately 60% of the national waste deposits each day.

The Government of Jamaica will undertake waste to energy developments, converting the waste at the disposal sites to useful energy for the country. The Government will develop an RFP geared towards attracting investors to develop a modern and comprehensive Waste to Energy system.

Untreated municipal solid waste contributes to poor health standards, greenhouse gas emissions and is sometimes prone to fires which break out spontaneously. Waste disposal sites across Jamaica receive approx. 1.6 million tonnes of garbage each year. The Riverton disposal site is situated on over 42 hectares (100 acres) of land in the western end of Kingston, with entrances on the Spanish Town Road. This site which serves Kingston, St. Andrew, St. Catherine and formerly Clarendon receives approximately 60% of the national waste deposits each day.

The Government of Jamaica is moving to undertake waste to energy developments, which will convert the waste at the disposal sites to useful energy for the country.

Untreated municipal solid waste contributes to poor health standards, greenhouse gas emissions and is sometimes prone to fires which break out spontaneously.

The Government's Waste to Energy programme will go a far way to enhance the country's energy security through fuel source diversification, facilitation of better solid waste management practices and improved public health in general.

The Government will partner with key stakeholders to attract investors to develop a modern Waste to Energy plant.

RENEWABLE ENERGY INITIATIVES

The Government is cognizant of the fact that the diversification of the energy sources away from hydrocarbon sources is critical to reducing the country's dependency on imported fuel. The Government will continue to monitor the implementation of renewable energy projects.

Recently the OUR announced the award of 37 MW of renewable energy from solar at 8.54 U.S. cents per KWh to a French company one of the lowest prices for energy in the region.

The Government's Waste to Energy policy will go a far way to enhance the country's energy security through fuel source diversification, facilitation of better solid waste management practices and improved public health in general.

ESTABLISHMENT OF THE NUTRACEUTICAL INDUSTRY

Mr. Speaker, for the 2016/17 financial year the Government plans to establish the supporting framework that will facilitate the economic and social benefits of a functional National Nutraceutical Industry - by amending the relevant legislation and the appropriate regulatory considerations.

The National Nutraceutical Industry is aimed towards developing products through the use of bio-extraction technologies for food, medicine and other value-added products.

Globally the industry stands at US\$250 million yet Jamaica has not capitalized on its comparative advantage.

Locally the industry is in need of coordination and support to establish and implement guidelines and standards for consumer protection, meeting the minimum requirements and maintain international standards.

This programme has the potential to contribute significantly towards Jamaica's economic growth agenda through the development of the country's indigenous plants, such as marijuana, that can result in increased exports and earning of foreign exchange.

DEVELOPMENT OF BUSINESS PROCESS OUTSOURCING INFRASTRUCTURE

Mr. Speaker, Jamaica has considerable potential in the BPO sector.

One of the challenges, however, is that of coordination. Once a multinational makes a decision on a destination, they need to have almost immediate access to well prepared space.

The Government is ideally placed to solve such a coordination problem by making BPO space readily available and at a later date transferable to the private sector.

As such, Mr. Speaker, the Government will be developing 213,000 sq. ft. of new office space in Montego Bay and Portmore, dedicated to the BPO sector.

DEVELOPMENT IN THE USE OF ICT FOR JOB CREATION AND ECONOMIC BENEFIT

YOUTH EMPLOYMENT IN DIGITAL AND ANIMATION INDUSTRIES PROJECT

This program being pursued by the MSET is directly linked to the National Growth Agenda. The major initiative that is being executed in support of this programme is the Youth Employment in Digital and Animation Industries Project (YEDIA). The YEDIA is geared towards developing Jamaica's Animation Industry and promoting the growth of tech entrepreneurship. This project came into effect in the second quarter of 2014/15 and has so far provide training for instructors who will be conducting training in animation. Animation curricula was also developed and will now be included as part of some tertiary institutions main curricula.

START-UP JAMAICA (SUJ)

Startup jamaica is a public/private partnership between the Government of Jamaica through The Ministry of Science, Energy & Technology and the Development Bank of Jamaica (DBJ) with local private investors including JNBS, FLOW.

SUJ is a key component in the Governments strategy of moving our nation from one which is primarily a consumer of technology to one which produces technology. It will help innovators and entrepreneurs in Jamaica grow their ideas into marketable products and services The SUJ will be facilitating the participation of approximately 18 teams in a six (6) month incubation/acceleration programme with the expectation that Jamaica will see, among other things, the registration of eighteen (18) new businesses by the end of the programme in June 2016.

It is expected that at least fourteen (14) of these companies will attract start-up capital and follow-on funding and thus exceed the projected target of ten (10) companies receiving funding.

TRADE POLICY

Mr. Speaker, robust trade is a fundamental part of building a sustainable and prosperous economy. This administration is committed to using trade as a tool for development and economic growth. In this context cabinet with soon review the foreign trade policy and will also as part of the National Disapora Policy, review the role of the Diaspora - our commonwealth in this regard.

CARICOM REVIEW COMMISSION

The time has come to fully assess the benefits, opportunities and challenges of CARICOM and to assert ourselves in such a way that Jamaica gets the full benefits that membership in CARICOM promises.

The Government will appoint a Caribbean Community (CARICOM) Review Commission, aimed at positioning the country to take full advantage of benefits under the organisation.

The Review Commission will be chaired by former Prime Minister, the Hon. Bruce Golding and will:

- evaluate the effects that Jamaica's participation in Caricom has had on Jamaica's economic growth and development with particular reference to trade, investment, international competitiveness and employment creation;
- analyze Caricom's performance against the goals and objectives enunciated in the Revised Treaty of Chaguaramas and identify the causes of any shortcomings;
- review the Caricom arrangement in light of the wider Caribbean, inclusive of the Dominican Republic and Cuba, as well as the impact of globalization;
- assess the value of Jamaica's membership in Caricom on its influence in critical international fora;
- assess the benefits that Jamaica has derived through functional cooperation within the Caricom framework;
- make recommendations for Jamaica's regional alignments with regard to but not limited to CARICOM.

Our foreign policy, Mr. Speaker, must support our economic and development policy.

TAX REFORM

Between the 2003/4 and 2015/16 the average negative deviation of revenue outturn vis a vis budgeted revenue was approximately 1% of GDP.

These deviations Mr. Speaker either lead to a reduction in programmed expenditure or in the unplanned increase in debt.

In other words one way of looking at our stock of debt is that some portion can be attributed to the persistent shortfall of revenues as against projections.

Revenue sustainability, revenue reliability and revenue certainty are the cornerstone of fiscal credibility.

For better or worse personal income tax has proven to be an unreliable, administratively complex, and inequitable mechanism with great horizontal distortions as few people pay and those who do don't pay on all their income.

The burden is therefore placed on the few trapped in the PAYE system while counterparts escape.

This Government is focused on developing solutions that fit our own circumstances from the toolkit of what works.

The tax system will be overhauled and reformed to promote reliability, equity, and economic efficiency.

Indirect taxes, collected upfront are relatively inescapable, making them reliable as sources of

revenue and, because everyone pays, they are horizontally equitable.

For the same reason, however, they can introduce vertical inequities. The Government will address this with a conditional cash transfer system based which directly supplements the income of the poor and vulnerable.

That way, the Government's welfare program will be directly targeted to those who need it, moving from the revenue to the expenditure side of the budget.

- Mr. Speaker, this tax reform promotes greater economic efficiency as every dollar of welfare resource goes directly to an intended welfare recipient instead of leaking to the households of Kingston 6 and Kingston 8.
- Mr Speaker, this tax reform will improve work incentives as workers retain all of what they earn.
- Mr. Speaker this tax reform will improve productivity incentives as workers retain all of their increases in earnings from productivity gains.
- Mr. Speaker this tax reform has improved the incentive for the formalisation of small businesses.
- Mr. Speaker under this tax reform the Government will rely on administratively simpler mechanisms for revenue, with fewer collection points. This will improve revenue certainty and fiscal credibility securing more revenue for the government to spend on services for the poor and vulnerable.

Tax reform will also seek to shift the burden of taxation away from where it retards investment, growth and economic activity.

Mr. Speaker we have started on the road towards the implementation of fundamental, growth inducing tax reform, and we will finish it.

In this regard we will rely on technical assistance from our international partners in the analysis and design as well as bilateral assistance in the implementation and application of the technology required for effective conditional cash transfer.

Mr. Speaker, for over three decades, the Government of Jamaica has had the benefit of several studies of our tax system which have all recommended a shift from direct to indirect taxes. However, Mr. Speaker, no government until now has had the courage to make that change.

Mr. Speaker this Government has made the bold and essential step towards this.

What we initially promised would have benefited 118,000 Jamaicans. What we have implemented Mr. Speaker will benefited over 251, 000 Jamaican employees and self-employed persons!

Mr. Speaker we have more than doubled the number of persons who benefit from our

signature personal income tax policy.

Mr. Speaker we promised 1.5 and we have delivered 1.5-plus.

Police, teachers, nurses, civil servants, clerical and administrative workers, young professionals, self-employed persons have all benefited from real increases in income.

What has not been said, Mr. Speaker, is that this move of giving everyone the benefit of the increased threshold has effectively reduced income inequality in Jamaica.

SOCIAL SECURITY

Mr. Speaker a prosperous society is one where

- every Jamaican has the opportunity to achieve his or her potential, through a meritocratic system that promotes social mobility.
- where we have a competitive society under-girded by a foundation of social security where no one gets left behind.

In the Government's pursuit of shared prosperity, economic growth and job creation, it is equally committed to pursuing effective social protection and human capital development.

NATIONAL INSURANCE SCHEME

The National Insurance Scheme (NIS) has for decades provided a social safety net for working Jamaicans as they age.

However, Mr. Speaker, the future of the NIS, as is, is not assured. A 2014 actuarial review conducted of the NIS projects that the cash flow would be negative by 2025 and the Fund depleted by 2033 if reform measures are not implemented with urgency.

The Government, Mr. Speaker, intends to engage in a comprehensive review of the National Insurance Scheme (NIS) inclusive of a review of the National Insurance Act, 1966 with the aim of safeguarding the National Insurance Fund and strengthening the NIS's capability of providing financial protection to its citizens, ensuring that they can maintain an acceptable standard of living in their retiring years.

TOURISM WORKERS' PENSION SCHEME

The tourism sector directly employs an estimated 76,000 Jamaicans. The accommodations subsector, which comprises mainly large, medium and small accommodations, account for 35,888 workers of which only 5,144 are enrolled in a pension scheme.

Legislation towards the development of a Tourism Workers' Pension Scheme is being developed to facilitate tourism workers to access retirement incomes.

A select committee of actuaries and insurance professionals are developing the legislation which is expected to be tabled in Parliament in January 2017.

INCREASE IN PATH BENEFITS

The PATH Programme remains a critical social protection intervention and human capital development investment programme in protecting the poor and vulnerable.

For this current financial year, the Government has increased the budgetary allocation to PATH by \$520 million to cover the payments for the conditional cash transfers and social benefits.

The Government is committed to providing the enabling and supportive conditions for poor families and households on PATH to be empowered to work and earn their way out of poverty.

Simultaneously, Mr. Speaker, the benefit levels and benefit level mechanisms are being reviewed.

PERSONS WITH DISABILITIES

The effective date of the Disabilities Act, which was passed in October 2014, will be appointed and the Jamaica Council for Persons with Disabilities will be reestablished as a Body Corporate to better serve the needs of persons with disabilities.

In addition, the Ministry of Labour will be developing the Regulations, which will outline the sanctions for discrimination against persons with disabilities and also provide information on the exceptionalities in the Act.

Two (2) Codes of Practice related to Education, Training and Employment for the Disabilities Act will be developed.

The Codes of Practice are expected to serve as complementary guidelines to the Act and will provide guidance on matters under the Act. Also, it will serve to ensure the provision of direction to the public in the appropriate ways of interacting with and accommodating persons with disabilities.

It will also serve to sensitize employers and increase awareness of the Disabilities Act.

In further support and promotion of labour inclusion of persons with disabilities the Ministry received support through Bilateral Cooperation through the Inter-American Network for Labour Administration (RIAL) for the Establishment of the Disabilities Rights Tribunal.

POVERTY REDUCTION

Mr. Speaker, the Government, will invest approximately JMD \$300 million through the Integrated Community Development Project (ICDP) and The European Union's Poverty Reduction Programme (PRP) to benefit hundreds of youth at risk in communities prioritized by the national Community Renewal Programme (CRP).

These interventions will boost youth employability and involvement in wealth creation through training and certification in market-driven vocational skill areas, personal development, entrepreneurship and internships.

The programmes undertaken will continue JSIF's thrust to provide a way for persons to have a sustainable livelihood, especially in the poor communities which are being targeted.

Our poverty reduction strategy also includes the provision of basic infrastructure and services for Jamaica's most underserved communities and will include projects in education, sanitation, the road network and access to water:

In addition, Mr. Speaker, approximately JMD \$637 million will be spent by the Basic Needs Trust Fund to expand and rehabilitate nine (9) rural schools, expand two (2) water supply systems and rehabilitate five (5) rural farming roads. In addition, six (6) rural primary schools will receive assistance geared at improving literacy and numeracy results in national examinations.

Special focus will also be directed at enhancing teachers' and parents' knowledge of how to identify and cater to children with special needs. A national programme to prevent violence against children will be implemented in partnership the relevant agencies

In addition, the Government's Integrated Community Development Project will spend over JMD \$446 million on activities in 18 volatile communities on improved waste management infrastructure

Furthermore, Mr. Speaker, the Government, through the PetroCaribe Development Fund (PDF) will spend approximately JMD \$86.4 million to replace pit latrines in fifteen (15) rural schools with eight-seater water closets.

SOCIAL DEVELOPMENT

The social development of our youth is important for their growth into well functioning, responsible and balanced adults.

RECREATIONAL SPACE

Among social developments needs is the need for safe and adequate recreational space for children to play.

Recreation, Mr. Speaker, is essential for health and wellness. Outdoor play space and recreational areas are key foundations for thriving communities and furthermore, recreation/play and green spaces enhance property values.

This year, the Government will start a program with the Sports Development Foundation and the CHASE Fund to establish recreational spaces in communities across Jamaica at a cost of \$15 million.

These programmes are integrally linked to the development of Jamaica's human capital and the effort to build stronger and more peaceful communities. They will also support community regeneration through the investment local businesses.

SUPPORT FOR CULTURAL COMMUNITIES

Mr. Speaker, to ensure the preservation of our cultural heritage, and to ensure alignment with the recommendations arising from GOJ efforts to address the matters arising in the Coral Garden's Report, the Government will work to ensure that PINNACLE lands in St Catherine are restored as a protected National Heritage Site

The purchase of 5 lots has already been approved by Cabinet and Cabinet will be asked to approve the purchase of a 6th lot and the Ministry of Culture will work with stakeholders to ensure the creation of a holistic development plan that will preserve the Rastafarian way of life or "levity" and the legacy of Mr. Leonard Howell who was a pioneering force for the development of a self-sustaining economy based on the creative imagination of our people.

NATIONAL YOUTH ORCHESTRA PROGRAM

Mr. Speaker, in the recent bilateral meeting with President Maduro, we agreed to strengthen cultural ties through further cooperation with Venezuela's world famous El Sistema program.

This program, Mr. Speaker, develops, empowers and transforms young minds through music education.

Mr. Speaker, as Minister of Education in 2009, I had the pleasure of addressing the launch of the National Youth Orchestra program in Jamaica where El Sistema played a pivotal role in the training of local instructors.

I was happy to see that the previous government through the former Minister of Education, the former Minister of Culture, the former Minister of Tourism and indeed the former Prime Minister, herself, continued to support this initiative.

This government, Mr. Speaker, will continue such support of, and seek to expand of, this initiative, building on what has already been achieved, empowering our youths, and diversifying the pathways through which our young people can express themselves.

NATIONAL SECURITY

Mr. Speaker, crime and violence are significant constraints on growth and economic well-being. This has been the case for the better part of three decades.

Mr. Speaker, if we want to experience sustained and inclusive economic growth we need to forcibly tackle the monster of crime and violence in our society. This is central to the prosperity agenda.

Incrementalism will not work.

I am convinced, Mr. Speaker, that we will need to take bold and decisive measures in order to significantly reduce incidence of crime and violence in our country, especially where the most vulnerable among us are concerned - our children, our women, the elderly and persons living with disabilities.

Due to the sensitive nature of some of the counter-measures required, we will not be making all of our strategies public.

Suffice to say Mr. Speaker that we will deal with the scourge of murders in our society. Mr. Speaker, the Government will introduce a special stream within the court system for the prosecution and trial of murders, greatly expediting the process.

In addition, the Government will amend the Bail Act such that persons charged with murder will be ineligible for bail under certain circumstances.

Mr. Speaker, 37% of murders are domestic in nature, where perpetrator and victim have a familial or social relationship. The Government will therefore be installing, within the ranks of the police force, a domestic violence coordinator at every police station. We will also reestablish a consultative committee at every police station consisting of community leaders such as the Justice of the Peace, pastor, school principal etc.

Once there is a report to a police station of an incidence of domestic violence, the Domestic Violence Coordinator will be alerted. In parallel with the formal investigative procedure, He/She will visit with those allegedly involved and this visit will be followed up with visits from members of the Consultative Committee engaging those involved in a process of dialogue and reconciliation. The idea Mr. Speaker is for early intervention.

Mr. Speaker, the Government will amend the law to introduce mandatory minimum sentences for certain crimes.

Mr. Speaker, the Government will, as a priority, take the Amended Road Traffic and MOCA Acts to parliament for debate and passage as well as amendments to the Proceeds of Crime Act to include praedial larceny, amendments to Offensive Weapons Act to include a wider range of weapons.

The Government will also be intensifying its efforts to deal with lotto scamming, gangs and the narcotics trade. We will moving to have the various courses and certificates at the National Police Academy accredited. We will be starting the Security Enhancement Fund to have a dedicated stream of revenue for the maintenance of police vehicles and the repair of police stations and barracks.

Mr. Speaker, the Government will be increasing the mobility of the police by lowering the cost of procurement by of Used Cars for the police force. We will increase the fleet available to the police by 400 cars and 200 motor bikes such that each police station in the country will have two motor vehicles and a bike.

Mr. Speaker, the Government will build 30 new mobile police stations across the island increasing the presence of the police and improving their dexterity and agility.

Mr. Speaker, the Government will secure our borders. We will be increasing the use of technology in the fight against crime inclusive of the use of technology in prisons.

Mr. Speaker we will be making use of electronic monitoring devices and community service orders to reduce the inmate population. We will improve the condition of waiting areas for families visiting relatives in prison.

Mr. Speaker, this Government believes that it is the incarcerated inmate who is being punished and not the family members.

Mr. Speaker, the Government will increase the ranks of security officers. Over a three year period we will increase the number of police officers from 12,000 to 14,000. This year the police training academy will matriculate two full batches of recruits; there will be one full batch of recruits to the JDF this year, one batch of correctional officers, one batch of probation officers and one batch of immigration officers. At the same time, Mr. Speaker, we will revive the early retirement program for senior officers on an invitation basis.

Mr. Speaker in order to tackle crime over the long term we have to start with the family. This Government will be developing programs to assist the Jamaican family in fulfilling its roles as the first and most important agent of socialisation. We have increased the budgetary support for the National Parenting Commission.

Mr. Speaker, fathers need to take their place in the lives of their children. For this reason, Mr Speaker, we are taking steps to ensure that it becomes mandatory for the father's name to be included on the birth certificate of every child born in Jamaica.

EDUCATION

Spending for the Ministry of Education, Youth and Information is our largest budget item, (putting aside the debt financing activities of the Ministry of Finance and the Public Services).

On the matter of the auxiliary fees, we understand why some schools are afraid of letting these go in favor of government funding.

In 2008, the per-student funding from government was \$11,500 per year. Despite inflation averaging a little over 9% per year for the period 2008 – 2015, the per-student funding from government has not changed. Recognizing the impact of inflation over the period and adjusting the per-student funding would take the figure to approximately \$20,000 or an additional \$2 billion per year.

HOUSING

Mr. Speaker, there is consensus in society that the National Housing Trust is in need of reform. The Government will facilitate a process of public dialogue on the way forward for the NHT.

ADJUSTMENTS TO CONTRIBUTORS' INCOME BANDS

Mr. Speaker this Government intends to use housing and the related construction activity as an engine of economic growth.

As such, Mr. Speaker, the Government will undertake measures to increase the supply of housing while broadening the access to financing for the purchase of housing.

Currently, Mr. Speaker, the interest rates charged on mortgage loans from the NHT are premised on weekly incomes. The NHT applies interest on loans depending on the income band of the borrower. These income have not been adjusted since we last did so in 2007.

This Government believes that adjustments are needed at this time as devaluation and inflation have negatively impacted affordability levels.

The Government will therefore increase the income band that has access to NHT loans at a rate of 0% from \$7,500 per week to \$12,000 per week.

Mr. Speaker this means that all workers in Jamaica who earn \$12,000 per week and less will be able to access INTEREST FREE loans from the National Housing Trust.

Based on calculations of the Trust such individuals would be qualified to borrow up to approximately \$4.89 million. Two contributors of similar income levels, below \$12,000 per week, can now jointly afford a mortgage of \$9.8M.

Now that, Mr. Speaker, is prosperity.

If you were not thinking of owning a house, or building a house, now is the time. This is part of the prosperity doctrine. Owning a house is one of the most significant investments you can make for the financial security of you and your family.

Mr. Speaker, contributors now earning between \$12,001 and \$20,000 per week will now be eligible for a 2% mortgage interest rate, down from 4%; and persons now earning between \$20,001 and \$30,000 weekly will be eligible for loans at 4%, down from 6%.

Those contributors who earn above \$30,000 weekly will continue to pay at the highest interest rate of 6%. These adjustments will take effect for mortgages written after July 1, 2016.

Table 1: Current and Proposed Interest and Affordability Levels of Contributors by Weekly income Earned

Interest Rate	Current Policy			Proposed Policy		
	Weekly Income Bands	Lowest Affordability	Highest Affordability	Weekly Income Bands	Lowest Affordability	Highest Affordability

0%	Minimum Wage	7,500	2,419,048	2,971,429	Minimum Wage *	12,000	2,419,048	4,885,714
2%	7,501	10,000	2,289,048	3,109,524	12,001 ¹	20,000	4,886,000	5,500,000
4%	10,001	20,000	2,447,619	5,030,476	20,001	30,000	5,500,000	5,500,000
6%	20,000 and above		4,054,286	5,500,000	30,000 and above		5,500,000	

*Please see section 2 below for additional measures to address affordability of lower income contributors

The prevailing 2% interest rate discount for the disabled and senior citizens, as well as the 1% reduction for public sector workers will continue to apply.

Mr. Speaker, this new policy change of the Government will positively impact more than 70% of prospective mortgagors significantly increasing the amounts that they can afford to borrow.

Now that, Mr. Speaker, is prosperity.

If you were not thinking of owning a house, or building a house, now is the time. This is part of the prosperity doctrine. Owning a house is one of the most significant investments you can make for the financial security of you and your family.

Mr. Speaker, this change will cost the NHT \$1.58B in forgone interest revenue over the four year period 2016/17 to 2019/20.

ADJUSTMENTS TO SUBSIDIES AND GRANTS PROGRAMMES

HOME GRANTS

The National Housing Trust (NHT) introduced the Home Grants programme in July 2010 as a facility to help lower income contributors afford a home of their own.

¹ So as to ensure that persons at the lower end of each income band can afford at least the maximum of the lower group, the Debt Service Ratio can be extended up to 40%. In the table above, the DSR for \$12,001 and \$20,001 was adjusted to reflect this proposal.

Under the programme, contributors who earn a maximum of \$10,000 weekly can currently apply for a grant of up to \$1.2M to augment the amounts that they can afford to borrow from the NHT, up to a maximum of \$3.6M. These funds can then be used to finance the purchase of a unit or to construct units.

The adjustments to the income bands (proposed above) will not impact the affordability levels of persons at or near minimum wage.

To this end, this Government will adjust the current Home Grant policy as follows:

- the combined ceiling for mortgage loans and Home Grant will be capped at \$4.0M per contributor. As such, persons earning \$12,000 or less weekly, as well as senior citizens and the disabled, will be eligible for the Home Grant which is to be capped at \$1.5M.

Currently, Mr Speaker, individuals must contribute to the NHT for a minimum of 10 years in order to access a home grant.

The Government, will reduce the eligibility period, to be in line with the period over which contributions refund become due....that is, seven years.

An individual would now access the Home Grant in the eighth year of contributing to the Trust. This will take effect on July 1, 2016.

The adjustment is set to allow every NHT contributor to afford at minimum, a studio unit, having contributed for seven full years.

Now that, Mr. Speaker is prosperity. Now is the time for home ownership.

This proposal is expected to cost the NHT \$3.2B over the next three years.

CHANGE IN LOAN LIMIT - HOUSE LOT LOAN

In response to current market conditions, the National Housing Trust proposes to increase the loan limit from \$1.5M to \$2M for House Lot loans, effective July 1, 2016. This means that two contributors may access up to \$4M jointly for purchase of a lot/land on the open market and a further \$7M for construction of a housing unit on the same lot, subject to affordability.

NHT CONSTRUCTION PROJECTS

Over the next three years, the NHT will partner with private and public sector entities to develop over 10,000 housing solutions for contributors. Some of the major projects include:

Windsor, Trelawny – 210 solutions

Friendship, St. Elizabeth – 300 Solutions

Colbeck, St. Catherine – 595 solutions

The Orchards, St. Catherine – 765 solutions

Winchester Estate, Hanover – 1,000 solutions

Perth 2, Manchester – 1,480 solutions

Friendship, St. James – 1,500 solutions

Now that, Mr. Speaker, is prosperity.

If you were not thinking of owning a house, or building a house, now is the time. This is part of the prosperity doctrine. Owning a house is one of the most significant investments you can make for the financial security of you and your family.

Based on housing demand information collected by the NHT, there is a significant effective demand for houses in the urban areas of Kingston, St. Andrew and St. Catherine.

To this end, the NHT will partner with the Urban Development Corporation (UDC) to develop 700 solutions on land in the Caymanas area.

Housing solutions of varying designs and price points will be constructed on the property over a four year period, at a cost of more than \$5B, which will be funded by the NHT.

The NHT will bring funding and project management skills to the partnership, while the UDC will bring land and significant technical and professional skills.

LOW INCOME CONSTRUCTION SUBSIDY

In keeping with the Trust's policy of providing more housing solutions for lower income contributors, the NHT will deliver housing solutions to the market over the next four years, which are within the price range of contributors in our lowest income band.

The NHT will develop approximately two thousand serviced lots which will be delivered over the next two years. The final selling price of these lots will range from \$1.8 to \$2.4M and will be situated, in the parishes of Westmoreland, Trelawny, St. Ann, Clarendon and St. Catherine.

These lots will be sold to persons earning below \$12,000 weekly. The NHT's Firsts Step units will be built on one half of these lots, and mortgage funding as well Home Grants will be provided for the purchasers of the remaining lots to construct based on their own designs. It is expected that this programme will generate a significant number of jobs in the construction and installation industry over the next two years.

This proposal is expected to cost the NHT no more than \$2.2B over the next two years.

HOUSING FOR TOURISM WORKERS

As a result of increase in hotel room inventory it is anticipated that there will be a noticeable influx of persons seeking employment opportunities in the resort areas. In addition to a physical lack of affordable housing solutions, tourism workers, as low wage earners have trouble accessing home

financing. One billion Jamaican dollars (J\$1B) has been reserved for housing solutions and community development projects for tourism workers.

PRIVATE SECTOR PARTNERSHIPS

The Ministry of Housing Joint Venture programs at Bernard Lodge and Green Pond which have been long delayed will be completed and houses delivered this year.

Green Pond is under construction and Bernard Lodge will start at the end of June.

Mr Speaker the Ministry of Housing has identified 650 Acres of property which we will be inviting PPs to provide an additional 5000 units over the next three years.

Large private developers such as Gore, WIHCON, Select Homes and others have already committed to providing about 4000 homes on our North Coast which will reduce squatting, drive construction, provide jobs and healthy community. Bringing prosperity to more Jamaicans.

**Mr. Speaker I speak to every Jamaican who has ever dreamed of owning their own home.
Now is the time even if dem bad mind yuh!**

CONCLUSION

Mr. Speaker, this government has made the word “prosperity” a mantra. It is a good mantra; an overdue one. But more important than making it into a mantra, is making it into a mindset. And then making it into a way of life.

Our first challenge, Mr. Speaker, is to change our thinking. We have to move from a poverty consciousness to a prosperity consciousness. The poverty mindset has dominated our political discourse for decades. It has produced some unintended consequences, both conscious and subconscious. For as one writer said, “We are what we think about all day long”. Or as the Bible puts it, “as a man thinketh in his heart, so is he”.

This poverty consciousness has been defined by an attitude of scarcity, rather than an attitude of abundance. This poverty consciousness has operated from a zero-sum perspective. From the perspective that if I am to have more, you have to have less. No, Mr. Speaker, we all can have more. The universe has abundance - more than enough for all of us. But to receive our share, we have to believe that it is possible.

Mr. Speaker, this is the year of the Olympics when Jamaica is set to dazzle the world again with our enormous superpower athletic prowess. Let that standard of excellence be our standard, the national standard. Let that not be an exception. Our athletes should not be outliers. We are all Jamaicans after all. We are people of excellence.

This is why Mr. Speaker, I want to move Jamaica to believing that we are worthy of robust economic growth; that we are worthy of prosperity; indeed, we are destined for prosperity.

This vision of prosperity which I have for Jamaica is a holistic and comprehensive one. A vision in which we have a certain quality of life, a certain quality of relationship, in our families, at the workplace, on the streets, in our communities. That quality of social capital is critical to the attainment of economic growth and material prosperity. It is a real vision which I would like to share and leave with the nation today, Mr. Speaker.

We must accept in our minds and hearts that prosperity is possible and desirable.

Jeremiah 29 and verse 11 says, "For I know the plans I have for you, plans to prosper you and not to harm you, plans to give you hope and a future". That is God's desire for us. Let us desire it for ourselves.

God Bless this Honourable House, God Bless our Families and God Bless this Country, Jamaica Land We Love.