



THRONE SPEECH

2009-2010

Unity of Purpose ... Now More Than Ever

Delivered by

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Ceremonial Opening of Parliament

Thursday, April 7, 2009

GORDON HOUSE

The new session of Parliament convenes today in the throes of the most severe economic crisis the world has experienced in more than 80 years. No country in the world has been spared and we in Jamaica have been buffeted by the raging currents of this tsunami.

Our bauxite and alumina industry which accounts for 60% of our total exports is struggling to avoid a total shutdown. Many businesses have been pushed to the brink, exporters are faced with shrinking markets and access to credit severely curtailed. Remittances, our largest source of foreign exchange inflows, have declined sharply. Prior to the full-blown impact of the recession, oil prices had reached unprecedented levels causing a sharp rise in inflation, pressure on our exchange rate and undermining the competitiveness of our producers.

The Government responded with a package of measures to, among other things, restore credit to the private sector, provide tax relief to help businesses through the crisis, retrain displaced workers and reschedule payment arrangements for mortgage holders.

The global crisis has impacted especially harshly on those who have lost their jobs and the poor and unemployed who have so little margin for adjustment.

It is a Time of Great Challenge

It is a time of great challenge and it behoves you, the members in whom the people have placed their trust, to demonstrate the extraordinary leadership that these extraordinary times demand.

We Must Give Thanks

Despite the hardships, there is much for which we must give thanks. There has been a raft of bank failures and the collapse of financial institutions across the world but Jamaica's financial system has remained strong, sound and well regulated. Vacation travel has declined globally but Jamaica's tourism, supported by the dynamic marketing

efforts of both the Government and hotel interests, has shown remarkable resilience with an increase in stopover arrivals last year. There has been a virtual paralysis of the international capital markets on which we have depended so heavily but the Government has been able to secure substantial flows from the multilateral agencies at low interest rates. The agricultural sector was severely damaged by Tropical Storm Gustav but has shown significant recovery in the last quarter of 2008.

Let us not forget that despite the darkness which hung over us, our athletes lit up the world with their astonishing performance at the Olympics in Beijing, winning eleven medals, including seven Gold, and setting three World Records and one Olympic Record.

Government's Imperatives

The focus of the Government this year will be on two imperatives: navigating our way out of the current crisis and building a solid foundation for recovery and growth.

The economic projections which underpinned last year's budget have had to be revised in light of the effects of the global crisis but, given the weaknesses in the macroeconomic fundamentals of the Jamaican economy over many years, we have very little elasticity. The modest adjustments in targets which can be made, therefore, must be accompanied by tight fiscal measures.

Expenditure Containment

Increased public expenditure cannot be the tool to counter the effects of the economic downturn - not when the country has not accumulated the surpluses from which such expenditure could be financed. This would be a reckless approach that would be punished immediately by the market and would have grave consequences for the future. Expenditure must, therefore, be contained within acceptable fiscal deficit limits. These adjustments cannot be painless nor can they be avoided. The sacrifices that must be made must be shared equitably and must be geared toward building a strong foundation for recovery and growth.

Tax Reform

Tax reform will be a major plank of the fiscal programme for this year not only to sustain the revenue flows required to support essential expenditures but to make our tax system more simple, equitable and investment-friendly. New debt management strategies will be employed to ease the debt service burden and create fiscal space for growth-generating initiatives.

But even as we are forced to contain immediate expectations and suppress demand for increased expenditure, the needs of the poor and vulnerable cannot be suppressed. We cannot afford to have the gains in reducing poverty reversed. The social safety net, particularly as it impacts on nutrition levels, children and the elderly, must be strengthened especially at this time.

No Roll Back of Abolition of Fees

The abolition of tuition fees in secondary schools, now in its second year, has not only ensured that no child is kept out of school because of inability to pay but schools that were unable to collect these fees now enjoy full remittance from the Government. Even in these tough times, this initiative to help the poor cannot be rolled back.

The decision to abolish user fees in hospitals and health centres to ensure that the poor can have access to critical healthcare has not been without its challenges. Reducing waiting time and improving service delivery will be a major priority this year. More resources will be provided to increase the availability of drugs and creative measures will be introduced to provide other access points in addition to hospital pharmacies for the dispensing of these drugs. The increased demand for public health treatment as a result of this policy reflects the significant number of people who would otherwise have been deprived of these services. This decision will be reinforced. It must not be rolled back.

PATH Programme

The PATH programme has been expanded significantly both in the number of beneficiaries and the value of benefits. It will be expanded further and other programmes to assist the poor and those at risk will be strengthened.

The implementation of the Constituency Development Fund last year made a significant impact on the quality of life especially in rural areas, with funds spent on a wide range of social and economic programmes in all 60 constituencies. This innovative programme which goes to the heart of effective representation will continue in the new fiscal year.

Divestment of Government-Owned Entities

We must relieve the budget of loss-making enterprises and the cost of government agencies which ought to be self-financing. This is essential to attaining, over time, a balanced budget and to be able to redirect scarce resources to vital areas such as security, education, health, infrastructure and social development.

The failure to divest Air Jamaica and the government-owned sugar enterprises within the original time frame is no reflection of lack of will or purpose but, rather, a result of the challenging economic climate.

The Government will continue to pursue this objective and it is optimistic that this effort will be concluded during this financial year. Other government-owned assets to be divested have been identified and an aggressive divestment programme will be developed to take advantage of the renewed appetite for investment which is anticipated after the recession has ended. Steps will be taken to ensure that a number of government regulatory agencies and those engaged in commercial activities become self-financing so that the budget can be relieved of that burden.

Education - An Urgent National Priority

Economic growth cannot be realized without an educated, competent workforce. For many years, the performance of our schools and students has been disappointing.

Transforming our education system is not a policy option; it is an urgent national priority. While the emphasis in the past has been on access to education, equal attention must now be paid to the deficiencies in the quality of education and accountability within our educational institutions. The establishment of the National Education Inspectorate and the Jamaica Teaching Council which will become operational this year are important steps in that regard.

Alternative Energy Sources

The high cost of energy is a major obstacle to efficient production and competitiveness. The work carried out last year in assessing the feasibility and availability of alternative energy sources and the appropriate energy mix will form the basis of a new energy strategy to be presented this year. Investments in new solutions will take 3-4 years to fruition but we must begin the process this year. It is one of the highest priorities of the Government.

The shutdown of three of our four alumina plants in the face of the weak global demand for aluminium emphasizes the need to address the inefficiencies inherent in the bauxite/alumina industry. The high cost of energy is a major factor, hence the urgency that the Government attaches to the transformation of the energy sector. However, there are other initiatives that must be taken in investing in new technology to improve efficiency and competitiveness if we are to ensure that the local industry will rebound when market conditions improve. To that end, a special Task Force has been established to evaluate each plant and identify the changes that must be made and investment required to achieve global competitiveness in this important industry.

Small Businesses and Micro Enterprises

Small businesses and micro enterprises constitute a major part of the economy and a major source of employment. There are thousands of small entrepreneurs who have good ideas and work hard but collateral requirements for risk support are beyond their reach. Accessing credit from conventional commercial sources is a major difficulty for them. The Government will be introducing a new, innovative programme to increase

access to credit for small businesses and micro-enterprises to unleash the strong entrepreneurial spirit that is so instinctive to our people.

Crime and Violence Damages our Competiveness

The efforts to reduce crime and violence must be revitalized. This scourge constitutes a major social and economic problem. The trauma to families is unbearable. The fear instilled in the hearts of our citizens is unacceptable. The cost to the nation in terms of emergency healthcare, security and the loss of production is horrendous. The damage to our competitiveness, our attractiveness for investment and the losses arising from jobs that could have been created, goods that could have been produced and foreign exchange that could have been earned are incalculable.

The measures to fight crime must be supported by strong legislative action, improved management of our security forces, greater accountability and a strengthening of the partnership between the security forces and the citizenry.

The implementation of the recommendations emanating from the strategic review of the Jamaica Constabulary Force to improve the quality of the organization and ensure proper management and accountability will be accelerated this year. The efforts to root out corruption within the Force and rebuild public confidence in our law enforcement machinery will be intensified. A Bill to establish an Independent Commission of Investigations to investigate cases of abuse of authority has been considered by a Joint Select Committee of Parliament whose report has been tabled. It is expected that this legislation will be enacted this year.

The Justice Reform Programme will be further advanced this year. Efforts to reduce the backlog of cases will be intensified. The Court Management Services to consolidate and improve the management of our courts will become a reality during this fiscal year.

Corruption - The Enemy of Good Governance

Corruption is the enemy of good governance. It undermines public confidence in the institutions of authority. It is a significant deterrent to economic and social development.

The Government will continue to be strident and unwavering in stamping out corruption wherever it exists and punishing those engaged in corrupt activities. The Bill to establish a Special Prosecutor to investigate and prosecute corrupt practices has been the subject of rigorous scrutiny by a Joint Select Committee of Parliament. The Government expects to have this Bill debated and passed as a matter of urgency.

It is not possible to tell with any certainty when the global recession will come to an end and how soon recovery will begin. The recent decision of the G20 Summit to provide one trillion US dollars through the multilateral institutions to assist countries in distress to stabilize their economies is welcomed. So, too, is its agreement to establish broad, global regulatory mechanisms to avoid a recurrence of the deviations that gave rise to the current crisis. The Government is actively assessing the opportunities that will emanate from these decisions and will seek to pursue such options as are considered necessary and in the interest of the country.

Our Prospects are in Our Hands

Our prospects, however, do not lie exclusively or even primarily beyond our shores. They are to be found in our minds, in our hearts and in our own hands. The impact of the global crisis has served to highlight our vulnerability and the need to strengthen and grow our economy to provide opportunity and prosperity for our people and enable us better to protect ourselves from global shocks.

Our people are our most precious assets but too much of those assets are allowed to go to waste. We must raise our children better, socialize them better and educate them better. The family is the cradle of the nation. Fix the cradle and we will fix the nation.

National Transformation Programme

In the face of all the uncertainties that now beset us, one thing is clear - we are all in this together and we can only get out of it if we move forward together. The need for unity in the face of adversity has never been greater. Now, more than ever, it is time for a new dialogue, a new partnership.

The Social Partnership involving the Government, Opposition, Private Sector and Trade Unions has begun. It must be supported and strengthened to identify and pursue shared goals through agreed strategies. We must each be prepared to subordinate our individual and sectional interests to the national interest. We must be prepared to make commitments and be diligent in honouring those commitments.

The Government and the Opposition must set the example and be constantly engaged in a new dialogue, respectful of their differences, but deeply mindful that the Jamaica that unites us is infinitely greater than the political parties that divide us.

Employers and employees must talk with each other in ways they may never have done before because they are all in the same boat riding the same waves. Enlightened management, a strong work ethic and mutual respect must be the paradigm that governs the workplace.

Strong Families and Communities

Individuals at the community level must come together and use their various community-based organizations to identify their priorities, the opportunities that can be explored and the programmes of assistance that can be accessed. Strong families and strong communities guarantee a strong nation.

We are Jamaicans...We Shall Overcome

Now is the time for our strength as a people to come to the fore as never before to live out the true meaning of our motto, that out of many we are, indeed, one people. Now is the time to proclaim and demonstrate to the world that the winds may howl and the branches may bend but our roots are firm, our resolve is strong and our spirit can never be broken. We are Jamaicans. We shall overcome.

The Estimates of Expenditure will be laid before you this afternoon. I pray the wisdom of God's guidance on your deliberations and His blessings on you and all the people of Jamaica.