



# **THRONE SPEECH**

## **2011-2012**

Delivered by

**His Excellency the Most Hon.**

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**Governor-General**

**Ceremonial Opening of Parliament**

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## **New Financial Year**

This new session of Parliament opens against the backdrop of a global economic recovery that is proving to be slow, uneven and uncertain. The significant increases which we have recently been experiencing in the cost of imported oil and grain are a worrying reminder of what took place in 2008 when these prices reached record levels and exacerbated the global recession. Since the beginning of last year, the price of oil has risen from \$78 to \$110 per barrel and the price of corn has increased by 83%.

## **A small open economy**

As a small open economy, Jamaica is unable to escape the effects of these developments which impacted the performance of the economy last year. Agriculture, despite the effects of the drought in the first part of last year and severe flood rains in the latter part, again recorded growth, demonstrating the resilience of our farmers. Tourism continued to excel with a record number of stopover arrivals and record foreign exchange earnings last year. The opening of the new Falmouth port welcoming the world's largest cruise ship as well as the Montego Bay Convention Centre are major developments that will further solidify Jamaica's position as a preferred destination. The bauxite/alumina sector which was severely hampered by the recession showed strong signs of recovery last year with the reopening of the Ewarton refinery. These, however, were not sufficient to pull the economy out of the recession. We do expect to emerge from the recession this year but this depends as much on our own efforts as it does on the external factors to which we are exposed.

## **Despite these challenges and setbacks: Success**

Despite these challenges and setbacks, we have succeeded over the past year in stabilizing the economy and we have met the targets set by the government under the Standby Agreement with the International Monetary Fund. We are seeing some of the benefits of this effort. Interest rates have declined to the lowest level in almost 40 years. We have returned to single-digit inflation. There is sustained stability in the foreign exchange market with the Net International Reserves at a record level of US\$2.6 billion.

## **No gain without Pain**

These gains have not come easy. The Jamaican people have had to make huge sacrifices to enable the country to achieve these gains. While they must be commended for their forbearance, their patience must never be taken for granted. The government has had to remain unswervingly committed to fiscal discipline. It has had to contain expenditure while instituting measures to ensure that revenues begin catching up with expenditure.

## **Many urgent needs that must be addressed**

The government is acutely aware of the many urgent needs that must be addressed. The economic recession, downturn in business and loss of jobs have resulted in an increase in the number of people falling below the poverty line. Despite the financial constraints, we have sought to protect the most vulnerable. In the last three years, expenditure on social safety net programmes has increased significantly – 139% increase in the PATH programme and 290% increase in the school feeding programme. Since the abolition of user fees in 2008, the government has spent over \$8 billion in providing drugs and medical supplies to meet the increased demand for services at public health facilities.

## **Critical needs that affect the quality of life**

Yet, there are many critical needs that affect the quality of life of our people that we have not been able to adequately address: the repair of our roads, the improved conditions of our schools and health facilities, the supply of water to communities that still do not enjoy this basic amenity, better wages for public sector workers and improved pensions for those who have retired. In this regard, a nation is no different to a household. Indeed, it is the largest of all households. No household can continue indefinitely to spend more than it earns. Prosperity is to be found not in living beyond our means but in expanding the means by which we live.

## **Our focus must turn to growth**

Now that the stabilization of the economy is firmly in place, our focus must turn to growth and development. The government has already outlined its strategy for growth consistent with the goals outlined in the Vision 2030 development plan. It is a dynamic approach which identifies our development deficits as well as the critical success factors for stimulating growth. Importantly, it recognizes the vital role that communities must play in stimulating and benefitting from that growth. That growth strategy must be supported by an investment strategy that targets and facilitates investment, both local and foreign, in those areas in which we have potential and unrealized comparative advantage and through which we can create jobs and add value.

## **Economic Transformation**

The efforts toward economic transformation involves other crucial elements which will be advanced in the course of this year. The reform of our tax system has been the subject of considerable study over many years to find ways to make it more efficient, more equitable and more conducive to investment and growth. It is now time for implementation and the details and timetable will be outlined in the Budget Debate.

## **National Energy Policy**

In keeping with the National Energy Policy which was presented last year, work toward the introduction of natural gas to reduce our energy costs and improve our competitiveness is at an advanced stage and Requests for Proposals for the supply of LNG will shortly be issued. RFPs have already been issued for the installation of 480 megawatts of new generating capacity to replace old generating plants whose inefficiency contributes to the high cost of energy. This is of particular importance to the manufacturing sector whose ability to compete is significantly affected by energy costs. The government remains fully committed to supporting the manufacturing sector which is a major employer of labour, contributes substantially to the economy and is one of the engines of growth that must be strengthened. The government will continue to support

its modernization, the application of new technology and the penetration of new markets.

### **The Information and Communications Technology (ICT)**

The Information and Communications Technology (ICT) sector has been identified as another strong growth area for Jamaica. Significant potential investments have been identified and the government will be seeking through public/private partnerships to construct the facilities required to secure these investments.

In terms of the broader telecommunications market, the government has recently tabled a new comprehensive ICT policy designed to facilitate greater competition and more effective regulation to encourage more investment in communications technology and provide greater benefit to the consumer. This year will see the rollout of an island-wide broadband network to provide access for urban and rural communities to high-speed internet service and the unlimited opportunities that it offers for business and income-generating activity, education and personal development.

### **Road Infra-structure**

Our efforts to address the poor state of much of our road network will continue to be addressed primarily through the Jamaica Infrastructure Development Programme supported by a significant loan from the government of China. Work has already begun on the next leg of Highway 2000 from Sandy Bay to May Pen.

### **Education Transformation Programme**

The development of our human resources is the most vital element in the development of our nation. The government continues to implement the strategies outlined in the Education Transformation Programme, albeit limited by our current financial constraints. Since 2006, secondary school enrolment has increased from 72% to 82% as we strive toward universal secondary education. The number of students graduating with a minimum of four CXC passes has risen from 9,700 to 14,700. The Career Advancement

Programme is being rapidly expanded to provide opportunities for skills development to those who have under-achieved through the normal grade progression. At the same time, emphasis is being placed on improving and expanding early childhood education to better equip our children to succeed through the primary and secondary system.

### **Youth entrepreneurship**

The government will also focus efforts on supporting youth entrepreneurship and the implementation of community-based youth-led development projects as part of the National Youth Mainstreaming Strategy.

### **Public Sector Transformation**

The restructuring and rationalization of the public sector to improve its efficiency and effectiveness in facilitating growth has also been a priority for the government. The recommendations of the Public Sector Transformation Unit have been widely discussed including consideration by the Public Administration and Appropriations Committee of Parliament. The final decisions and implementation strategy will also be outlined during the Budget Debate.

An issue that must be urgently addressed is the rising cost of pensions for public sector workers which has risen by 82% in the last 4 years. Detailed studies with recommendations as to how the pension system can be managed in a sustainable way are virtually complete and will require decisions to be made during this year. Existing pensioners and those public sector workers approaching retirement can be assured that their entitlements will be preserved even as the reforms are introduced.

### **Anti-Gang/Crime strategy**

Over the last several months, we have witnessed a significant reduction in crime. Since the start of this year, murder has declined by more than 40% when compared with last year and there has been substantial reduction in all major crimes. We salute the work of the members of the security forces who daily face grave danger in order to protect the

rest of us from danger. We commend the ordinary citizens who are playing their part in cooperating with the security forces to rid their communities of crime. Yet, much remains to be done. We cannot afford to be complacent for the level of crime we have experienced for many years is so high that we must redouble our efforts to reduce it much further to levels that are tolerable and comparable with other advancing countries. The government will continue to provide critical support to the security forces in this crucial task.

### **Charter of Fundamental Rights**

The fight against crime and respect for the rights of our citizens are not options; they are both imperatives. The recent passage of the amendment to the Constitution to establish the Charter of Fundamental Rights after more than 17 years of deliberations is a clear statement of purpose of both the government and opposition that the most sacred duty of any state is to secure the rights of its citizens. Having completed the enactment, we must live up to its obligations.

### **Rights Legislation**

The Independent Commission of Investigations came into operation last year as an essential mechanism to protect the rights of citizens from abuse by law enforcement agents. The Protected Disclosures Act which was passed during the last session of Parliament is designed to protect and embolden citizens to become sentries against wrongdoing. The establishment of the Special Prosecutor to investigate and prosecute acts of corruption is a critical tool to eliminate corruption which undermines the stability of our society and the institutions through which it is governed. It is hoped that this legislation will be approved early in the new legislative session.

### **Justice Square**

Work on the first phase of Justice Square in downtown Kingston will begin shortly with the construction of seven new court rooms, judges' chambers and associated facilities.

## **Metcalfe Street Juvenile Remand Centre**

The government regrets that children who have run afoul of the law are still being held in police lockups. The new Metcalfe Street Juvenile Remand Centre has been completed, the required additional correctional officers have been recruited and are undergoing training. As soon as this is completed and it is possible for staff to be put in place, all children currently being held in police lockups will be transferred to the Metcalfe Street facility to be kept in more appropriate custody.

## **GOJ Foreign relations**

The government has maintained a strategic and proactive approach in its foreign relations. Last year we established a Jamaican Embassy in Kuwait to strengthen our relations with that country and other gulf states with strong emphasis on investment. Jamaica's trade policy is currently being reviewed to take account of new realities in the global market for trade and investment and new partnerships that must be established. The Caribbean is not only our region; it is our community. We have not yet realized the dreams that framed the Treaty of Chaguaramas. There are difficulties that must be resolved and Jamaica remains committed to working with our Caricom partners to ensure that the regional movement becomes the threshold for sustained development of all its member states.

## **Jamaica 50**

Next year we will celebrate the 50<sup>th</sup> anniversary of our independence. It will be cause for thanksgiving, reflection and recommitment to the goals set for us by our founding fathers. A National Planning Committee has been established to develop the programme of activities that will mark this important milestone. The programme will be comprehensive, inclusive and inspirational and will engage Jamaicans here at home as well as in the Diaspora in what must itself be a lasting legacy for our people.

## **Conclusion**

Mr. President, Mr. Speaker, Members of the Senate and the House of Representatives, the tasks that must be carried out in transforming the economy and improving the social environment cannot be accomplished by the government acting alone. It requires a partnership with critical stakeholders and the society at large. In order to be effective, that partnership must be structured. Consensus is not an amalgamation of views and ideas that are oftentimes in conflict but derives from agreement reached through dialogue, recognizing that concessions will always have to be made if consensus is to be achieved.

The government has sought through the Partnership for Transformation to establish the forum for that dialogue, bringing together representatives of the government, private sector, trade unions and, more recently, civil society. The government continues to encourage the Opposition to return to the partnership. The success of the partnership will always depend on the willingness and commitment of each of the parties to utilize this forum not only for determining what must be done to achieve our common goals but as a means of resolving issues on which disagreement may arise. Let this dialogue proceed and mature for we are all in this boat together and none of us can reach the shore before the other.

As you, the representatives of the people, embark on this new legislative year, each of you must be mindful of the burden that you carry for the people of Jamaica. You must be acutely aware of the demands that are placed before you and the hopes and aspirations that the people expect you to fulfil. Yet, the difficulties that the country faces, the scarcity of resources and the unfriendliness of the international economic environment are real issues from which you cannot escape. It is your duty to navigate the ship of state. We have been through the worst but there are still waves that must be ridden and storm clouds that must be watched. It is your decisions and actions that will determine whether it sails out of turbulent seas to safe harbour. You will need to exercise responsibility, care and sound judgment, remembering that we are all in this boat together and none can reach the shore without the other.

The Estimates of Expenditure for the new financial year will be laid before you this afternoon. May God guide you in your deliberations and continue to bless and protect the people of Jamaica.