



# THRONE SPEECH 2013-2014

## JAMAICA: Going for Growth and Development

Delivered by  
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Governor-General

Ceremonial Opening of Parliament  
Thursday April 4, 2013  
GORDON HOUSE

**Honourable Members:**

 The annual Ceremonial Opening of Parliament provides us as a nation with the opportunity to reflect on the year that has passed so that we can reset our governance compass and recalibrate our efforts in order to address the challenges and grasp the opportunities that are presented.

**Optimism About Our Country's Future**

The Legislative Year we have just completed was an eventful one in many respects. Old challenges have persisted and new ones have evolved. The temptation exists for some to lose heart and despair. However, the bright colours of our National Flag continue to fly in the face of all our difficulties; constantly reminding us that: "The land is fertile, the sun shineth and our people are still strong." This is the solid hope on which we must press forward into the year that lies ahead of us. It is in this spirit of steadfast optimism about our country's future that I address you today.

During the last year we celebrated our 50<sup>th</sup> Anniversary of Political Independence. This culminated with the Grand Ceremony at the National Stadium on Independence Day, August 6. These celebrations represented a highlight of the past year.

Our people displayed great enthusiasm for, and pride in, our celebrations. These celebrations were not just confined to those of us Jamaicans who reside here. Many members of our diaspora, from far and near, including Jamaicans even two or three generations removed, joined in the celebrations.

**Jamaica to the World!**

The performance of our athletes at the London Olympics was the 'icing on the cake' for our year of celebrations. They cemented Jamaica's place as the 'sprint capital' of the world; and they did it with style and more than a little panache.

The Jamaican anthem was played for the world on our 50<sup>th</sup> birthday heralding our jubilation and the success of our country: Jamaica to the World!

## **Vulnerability to Natural Disasters**

However, the year was not without its share of challenges.

One such was in the form of Hurricane Sandy. Although Sandy was classified as a mere Category 1 hurricane when it hit our shores, it later became a Category 3 hurricane when it passed through some eastern states

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of the USA. Hurricane Sandy wreaked significant damage across Jamaica: to our roads, hillsides, river courses, bridges, housing and to economic crops, amounting to an estimated US\$50 million.

It was Jamaica's sixth hurricane since 2004, and highlights our vulnerability to this type of natural disaster. Our disaster management agency, ODPEM estimates the cost of the damage from hurricanes and flood rains since the Portland floods of 1998 to be in the order of J\$118 billion. The Government brought this development issue to the attention of the international community at fora such as the United Nations Conference on Sustainable Development (Rio +20) in Brazil last year, and at last year's UN General Assembly. The Government has argued that the frequency of these occurrences and the damage they cause, justify favourable consideration by the international community for some type of long-term concessionary funding to help developing countries like ours to reinforce our infrastructure. Such a mechanism will assist small island developing states reduce the risk of serious or severe damage from these natural disasters and to enable more speedy recovery when they occur.

## **Strides Made in Reducing Violence**

We have made some strides in reducing overall levels of violence, and in 2012, recorded the lowest number of murders in nine years. Notwithstanding, another of our challenges remains the frequency and extent of assaults, neglect and abuse by some of our citizens on others; not least of all, on our children and women, sometimes by members of their own families, often with fatal outcomes. We have to work much harder to make these assaults a rare occurrence in our country by all the means possible, including the law.

A third challenge is the continued high incidence of motor vehicle accidents on our roads, many of which were fatal. Whilst the annual number of deaths has gone down over the last few years there are still too many lives lost. These accidents impose a huge cost on the country in respect of lost lives, lost productivity, non-fatal but very serious injuries which, among other things, put severe pressure on the Accident and Emergency Departments of our hospitals, damage to property, increased cost to restore road 'furniture' and increased cost of motor insurance premiums.

## **Values and Attitudes**

All but one of the challenges cited of which I speak have much to do with the **Values and Attitudes** of many of our people. This has been long recognised as a national malady. Efforts have been made to do something about it but they have

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not been sustained enough; and have not wrought the transformations we would have liked. Much more work has to be done on a sustained basis led by the Government with the support of the Churches, the Private Sector, NGOs and the Media. Not least of all it requires each individual taking more personal responsibility to secure a positive change.

The Government will be convening a series of island wide consultations to advance this critical process of transformation and to change the culture of how we treat our fellow Jamaicans.

## **An Enabling Environment for Doing Business**

Jamaica's rating for 'Doing Business' remained mediocre during the year. This means that much more sustained focus has to be given to achieve the necessary improvements in quick order. We will place focus on laws, procurement procedures, enhanced use of ICT, better risk management and more 'user-friendly' Government services.

A lot of attention was given to the important matter of energy which is a critical factor in the performance of the economy. The Liquefied Natural Gas Project, which was already in process for nearly two years

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before the new Administration assumed office in early 2012, was terminated. This action was taken because the combined cost of the proposals proved to be too expensive to achieve a reduction in the cost of electricity anywhere close to the levels desired and to positively impact on the cost of local alumina production. In the circumstance, the Government took two positions:

- One, was to let the market determine the best combination of fuel and technology to achieve the objective of reliable and cheaper electricity for consumers and for the alumina producers to determine their best fuel options.
- The other was to invite bids to generate electricity from renewables such as hydro-electric, wind, sunlight, as well as the use of wastes as a means of diversifying the country's energy needs.

## **Progress Made in Net Billing**

During the year, progress was made in the area of **net billing**, so that individual homes, offices or factories can generate electricity from their own fuel sources for their own needs and may sell the excess to the national grid. Conversely, these users can also purchase electricity which they may require from the grid in the event of a shortfall. Progress was also made in the matter of '**wheeling**' so that an entity can produce its own electricity at one location and transmit it to another where it operates a business, via the JPSCo's transmission and distribution system on a fee basis regulated by the Office of Utilities Regulation.

The JEEP Project eased the unemployment problem and simultaneously improved our physical infrastructure in communities across the island. Over 18,000 persons were employed in Phase One. This exceeded the employment target of 5,000 persons as a result of the high rotation on infrastructure projects. Tangible outputs are being realised in areas such as road repair, fence removal in the Kingston Metropolitan Region and the building of low-income housing, as well as in job training, school-feeding, and agricultural production in ginger, turmeric, cocoa and bananas.

## **Securing an IMF Agreement**

### *Honourable Members:*

One of the major priorities of the Government during the year was to secure the best possible agreement with the International Monetary Fund. These negotiations have been protracted for very good reasons. On the one hand, the Government wanted a programme which established a firm basis for achieving sustainable economic growth, development and much lower debt relative to GDP.

The Government also worked hard to develop a programme with reasonable and manageable targets such as the time

required for us to lower the level of our debt as a percentage of GDP.

On the other hand, the IMF wanted to ensure that Jamaica actually carried out all the necessary measures in accordance with the agreed terms of the Extended Fund Facility.

The Government is cognisant that despite the severe challenges which we face in securing and implementing the Programme, getting an Agreement with the IMF is important in order for the country to have access to financial resources from various sources.

Apart from the negotiations with the IMF, much time was also spent on the equally important dialogue with our various domestic stakeholders. This included discussions with the trade unions, the private sector and the communities

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across the island in an effort to get their understanding of, and support for, the difficult decisions that have had to be, or will be taken. So far, the Prime Minister and several of her Ministers have held community meetings in five parishes and these meetings will continue.

The Government has had to take several Prior Policy Actions, before the Programme could be considered and approved by the Board of the IMF.

These Prior Actions were:

1. **Reaching Agreement with the major Public Sector Unions** representing at least 70% of Government workers on foregoing wage increases for the 2012/2013 financial year and limiting increases for the years 2013/2014 and 2014/2015. **This Prior Action has been met.** Unions representing more

than 80% of the Public Sector workforce last month signed a Memorandum of Understanding with the Government. The Government is appreciative of the understanding and support of the Public Sector workers and their Unions.

2. The promulgation of a new policy on **Discretionary Waivers**, to the effect that, but for charitable organisations and charitable purposes, waivers will no longer be granted beyond a minimal threshold, except where this is required to satisfy the Government's contractual or legal obligations. **This Prior Action has been met.**
3. The passage of legislation governing the **management of Public Debt** which was done in November 2012. **This Prior Action has been met.**
4. The completion of a **Debt Exchange Programme** for domestic Government Bonds with a reduction of Public Debt to GDP ratio equivalent to at least 8.5%. **This Prior Action has also been met.** The Government appreciates the sacrifices made by all participants and their tangible demonstration of commitment to Jamaica's future.

As Honourable Members are aware, a **Staff Level Agreement** was reached on February 15, 2013 and **the Government has fulfilled all the prior action requirements.** The Government now awaits formal submission of the Programme to the Board of the IMF for decision.

In the light of the foregoing, for the current Legislative Year, the Government will be giving priority focus to close management of the **'Macroeconomy'** to enable the country to meet the agreed economic targets such as a primary surplus of 7.5% of GDP and gradual reduction of the debt so as to achieve an improvement from the current level of over 140% of GDP to 95% by March 2020.

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The Government will be resolute in ensuring that all the relevant authorities maintain the momentum in regard to Policy Actions already taken and the implementation of new ones, be these in the form of legislation or executive actions.

## **Protecting the Vulnerable**

Outside of the macroeconomic targets, the Government negotiated and secured the support of the IMF for a minimum level of support for social intervention programmes for the more vulnerable members of our society.

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Accordingly, it will, to the maximum extent possible, ensure that allocations to our vulnerable citizens are better targeted; that we achieve better ratios in terms of what the beneficiaries receive relative to the cost of delivering the benefits to them; and our service delivery is reflective of much improved quality of customer service and care. An expenditure floor has been agreed to ensure that these allocations are properly safeguarded.

Central to meeting the macro-economic targets and protecting the vulnerable is a more **efficient and effective Public Sector**. Cynics may view this as a pious hope, but this is a matter which the Government must continue to pursue in the national interest. Among initiatives which will be taken to achieve these ends are:

- (a) Conversion of the Revenue Department into a Semi-Autonomous Revenue Agency following the recent passage of legislation;
- (b) The conversion, beginning with the Customs Department, of a number of entities to Executive Agencies: This institutional model has proven to be a very effective way of carrying out various functions of Government;

- (c) Giving much greater focus to improving the climate of 'Doing Business' in a variety of matters including simplifying 'business processes' of Government, the amendment of some existing Legislation and the enactment of new ones, as well as the improved use of technology.

## **Divestment of Assets**

Through a managed privatisation process, the Government intends to make a renewed effort to dispose of some Public Sector assets to the Private Sector or the Community, where it is determined that these assets would be more productively

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employed by them on a sustainable basis. In doing so, the Government will seek to balance, the well-understood need for getting the best price possible for certain assets and the urgency to put these assets into productive use to create jobs, goods or services.

The Government has taken this position because it has found that many assets have been allowed to remain idle for years because it has been trying to secure some incremental increase in price, at or above, the perceived worth of these assets. The Parliament of Jamaica would be kept apprised of any action Government might take in this regard and the reasons for so doing.

The model of Public/Private Partnerships, some of which are currently being undertaken, will continue to be pursued as a matter of policy. The North-South Highway link is an example of this.

A third and important area which the Government will be pursuing with intensity is the **growth agenda** to enable the country to attain the sustainable and appreciable rate of growth which has eluded us for many years. The Government is acutely conscious that many of the targets set in the economic

programme, such as the primary surplus, the overall fiscal deficit, the level of debt and the public sector wage bill, are **relative to our GDP level**. This means that if the country achieves appreciable economic growth, these targets will be less burdensome on the society.

### **More Reliable and Less Expensive Electricity**

An essential platform on which growth has to be based is more reliable and less expensive electricity to consumers. This is important to make the production of our goods and services more

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cost competitive. It will also make available to consumers more disposable income which would have been otherwise expended for electricity services. This will be beneficial to the economy since much of the money saved will most likely be used to purchase local goods and services. For example, the 500,000 legally-connected households would realise an increased disposable income of J\$6 billion if the new 360 Megawatts generating capacity results in a reduction of say 25% below current costs. If all other consumers are included, the total savings would be in the order J\$15 billion.

To achieve these ends, construction of the long-promised 360 Megawatts of electricity capacity to replace the existing old and inefficient 292 Megawatts Old Harbour plants will commence during this Calendar Year. Further, the Government will shortly open bids for the provision of up to 115 Megawatts of electricity capacity from renewables-solar energy, wind, water, and also from wastes.

Electricity from renewable resources and waste will:

- (a) serve to diversify the island's source of fuel for this purpose; and
- (b) reduce its foreign exchange expenditure over the medium to long term.

The Government recognises that the problem cannot be fully addressed by focusing only on the **supply side**, that is, the generation and transmission of elec-

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tricity. There is need, also, to address the demand side. We must also achieve a reduction in the consumption of electricity, through **conservation regardless of the fuel source**. This has to be done across-the-board in homes, public and private offices, farms, factories, hotels and schools. The Government has been taking a number of steps in this direction in respect of some of its facilities.

During the last year it implemented an energy efficiency and conservation programme with financial support from the Inter-American Development Bank (IDB).

### **The Growth Agenda**

The Government's other main focus on the **growth agenda**, will be further work on the North/South Highway; the Kingston Container Terminal; the Logistics Hub; diversification of our tourism markets; expansion of hotel room capacity; and Agro-Parks. In respect of the North-South Highway, work on the Mt. Rosser By-pass has restarted and will be completed during this Fiscal Year. Once all the regulatory approvals have been given, work will begin on Section 1 (Caymanas to Linstead) and Section 3 (Moneague to Ocho Rios). The Government is anticipating that work on both these legs will start during this Fiscal Year. In the medium term this project is expected to generate some J\$26 billion in nominal GDP.

The Ministry of Transport, Works and Housing will be embarking on another major infrastructural project in the amount of US\$353 million. Of this amount, US\$300 million was secured from the China EXIM Bank on a concessionary basis and the rest will be provided by the Government of Jamaica. Honourable Members should note that this Project is being routed

through the formal Budget process as a Capital B project with full details provided in the Estimates of Expenditure.

Work is proceeding apace on the privatisation of the Kingston Container Terminal. The Enterprise Team, which has been established to guide the privatisation process, has been given the target of completing the exercise during this Fiscal Year in

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order to allow the concessionaire ample time to initiate preparations for the opening of the widened and modernised Panama Canal. The request for proposal (RFP) has already been dispatched.

Technical work is also proceeding apace on the development of the Fort Augusta Container Terminal, the dredging of the Kingston Access Channel, and the Logistics Hub.

### **Diversification of Tourism Markets**

The Government continues to pursue the diversification of our tourism markets which has already yielded new airlifts and greater access to European and Latin American markets. Greater ease of travel to Jamaica has also been facilitated through modified visa regimes between Jamaica and several countries including Panama, Russia, Colombia, Venezuela, the Czech Republic, Hungary, Poland, Slovakia and the Ukraine. These new visa arrangements will enable Jamaica to pursue increased visitor arrivals from these markets.

The Ministry of Tourism and Entertainment is also moving to deepen the linkages with other key industries in our economy, such as manufacturing and agriculture, with a view to earning more from the tourism sector and increasing the level of those earnings being retained in Jamaica.

### **Agro-Parks to be Launched**

As part of the Government's strategy for boosting agricultural production and productivity over the medium term, the

Ministry of Agriculture and Fisheries will be launching eight (8) Agro Parks to put 8,000 hectares of land into production on a phased basis. Four (4) will commence production this year. Special emphasis will be placed on non-traditional crops and the increased use of local produce through domestic consumption, the hotel sector and the School Feeding Programme.

## **Legislative Programme**

In terms of the **Legislative Programme**, the Government brought thirty-three (33) Bills to Parliament and passed twenty-five (25) in a shortened Legislative Year. This was an improvement on the previous Year's performance and higher than the average of the previous three years.

The Government will pursue an active Legislative Agenda; and towards this end is moving to strengthen the Office of the Parliamentary Counsel in keeping with a review undertaken by the Cabinet Office.

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Among the items of Legislation to be brought to Parliament during this Legislative Year are:

- **Amendment of the Road Traffic Act and Transport Authority Act** with the objective of ensuring that the gaps in the road traffic legislation affecting enforcement of road traffic laws are addressed;
- **An Omnibus Tax Incentive Bill** to establish a transparent and coherent regime to govern all tax incentives;
- **A Public Sector Procurement Bill** to provide the framework for a Public Sector Procurement System and legally separate the National Contracts Commission from the Office of the Contractor General;
- **A Secured Transactions Bill** to provide for a modern Legislative framework for Secured Transactions with the

objective of increasing access to finance especially for Small and Medium-sized Enterprises;

- **A Charities Bill to facilitate the proper supervision of entities carrying out charitable activities;**
- **Legislation to provide for Collective Investment Schemes;**
- **A Bill to establish a Statutory Framework for the Court Management Service;**
- **A Bill to establish a Single Anti-Corruption Agency;**
- **Legislation to enable the Court to grant specified discounts on years of imprisonment in the case of guilty pleas for certain offences which now attract mandatory minimum sentence; and the**
- **Evidence (Amendment) Bill**, to simplify certain procedural requirements to the admissibility of computer-generated evidence, and to facilitate the admission of uncontested expert reports and other agreed documents without having to call the expert or other maker of the document to give evidence at the trial.

### **CSJP to be Expanded to 50 Communities**

The Citizen Security and Justice Programme (CSJP) will be expanded from four to eight parishes and from twenty-nine (29) to fifty (50) communities. Some five hundred (500) 'at-risk' youth will be provided training in construction skills in partnership with the Jamaica Defence Force.

### **Improving Education and Health Care**

In Education, there will be an expansion of the Jamaica Education Television and DC Digital services to over six hundred (600) schools. Educational content will be broadcast from master teachers to these schools beginning early in this Legislative Year. The programme will start with literacy and numeracy and will be extended to other subject areas. A Pilot

Breakfast programme in collaboration with the Ministry of Agriculture and Fisheries will commence during the Legislative Year starting with 150 schools serving a population of 115,000 students in Kingston and St. Andrew.

The GOJ Health Card will also be introduced during this Legislative Year and work will be significantly advanced toward the establishment of four Centres of Excellence, one in each Regional Health Authority, to support the delivery of primary health care.

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The implementation of Category B of the Jamaica Water Supply Improvement Project will commence during this Fiscal Year and will include the rehabilitation of the Bogue, Martha Brae and Great River Water Treatment Plants; upgrading of the Norwood and Linstead Water Supply; installation of over 20,000 water meters; and the replacement of the old asbestos water pipeline.

Work will continue on the development of the National Climate Change Policy which will guide the implementation of programmes and projects, particularly those aimed at climate change adaptation and disaster risk reduction. The Government intends to finalise the Protected Areas System Master Plan within this Legislative Year.

## **Foreign Policy**

The place that Jamaica occupies in the global economic space obliges us to pursue several directions in regard to our Foreign Policy.

We will continue to move to strengthen our cherished relations with traditional partners, such as the United States, Canada, the United Kingdom, the European Union and Japan; and also

with countries such as the Gulf States and Russia, particularly from the perspective of sources of investment, tourists and markets for some of our products.

## **Strategic Directions**

Our strategic directions will also include:

- Advancing Jamaica's trade and investment interests at the bilateral, regional and multilateral levels;
- Seeking to enhance the framework for free movement of Jamaican nationals within the Caribbean Community; to give effect to the decisions of Heads of Government; and concluding discussions on contingent rights to ensure the portability of social benefits across borders;
- The promotion of technical, educational and economic cooperation with developing countries in Africa and Asia;
- Within the Latin American and the Caribbean region, the Government will continue to focus on our relations within CELAC - the Community of Latin American and Caribbean States, and to further strengthen our ties with Venezuela and our cooperation with Brazil.

We will give steadfast attention to the pursuit of a range of other seminal goals: the completion of negotiations on an Arms Trade Treaty; the review of the Millennium Development Goals, post 2015; and the 3<sup>rd</sup> United Nations Conference on Small Island Developing States to be held in Samoa towards the end of this calendar year, in preparation for which Jamaica will host a regional meeting in July 2013.

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Conference, scheduled to be held at the Montego Bay Convention Centre from June 16-19, 2013.

***Honourable Members:***

The Estimates of Expenditures will be presented later today.

The tasks before us are indeed challenging but with commitment and hard work we will overcome.

These are indeed challenging times, not only for us as Jamaicans, but also for nations across the globe. Much larger countries with more resources are facing similar challenges. We all accept that the difficulties that

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our people face are real but we resolve to re-double our efforts to meet their aspirations for a better today and a brighter tomorrow.

We are strong. We are creative and innovative. We must apply our creative genius in our families, in our businesses and at our places of employment; and we must do so with honesty and integrity. In difficult times, we must work harder and we must work diligently.

We will make the right and responsible decisions and we will overcome. We will rise and flourish. Our hope is anchored in the grace of God, the faith of our people and the resilience of all our citizens.

Our faith is strengthened by the patriotic commitment, industry and enterprise of the Jamaican people.

May the wisdom of the Almighty guide our proceedings and May God bless Jamaica, Land we love.

