

**ONE VISION
ONE PEOPLE:
*A STRONG JAMAICA***

2004 – 2005 BUDGET PRESENTATION

**MOST HON. P.J. PATTERSON, ON, PC, QC, MP
PRIME MINISTER**

TUESDAY, APRIL 27, 2004

Opening Acknowledgments

Mr. Speaker:

I consider it a real privilege to once again make my contribution to the Annual Budget Presentation to this Honourable House as Prime Minister for the thirteenth consecutive time – the lucky baker's dozen.

Despite the exacting demands of this high office that have caused me many times to call on all my reserves of patience, tolerance and fortitude and fervently seek the guidance of the Almighty, I regard it as a unique honour to have been chosen by the electorate to be in this place at this time.

I continue to be profoundly grateful for the trust placed in me by the people of Jamaica, my constituents, the members of the People's National Party, my colleagues in the Cabinet and fellow Parliamentarians.

I thank my Constituency Executive and constituents for their support and forbearance.

I wish to express my gratitude to my hard-working members of staff, and the many public servants from other ministries and agencies of the public sector whose exemplary devotion to duty has helped to make possible the significant progress we continue to make as a nation.

I also express my thanks to the members of my own family for their unwavering support and understanding.

SECTION II

Historical and Political Context

On November 20 of this year, Jamaica will celebrate the sixtieth anniversary of Universal Adult Suffrage. Today we take this fundamental right for granted. But never let us forget that this was achieved through the sacrifice and selfless struggle of the Jamaican people over six decades ago.

While we must be always mindful of the past, our energies must be devoted to how we can move forward together as we continue to build a land of justice, peace and prosperity. We must have a shared vision, recognizing that it is by our own efforts that we can and will create a united, secure, self-reliant, and equitable nation.

Today, Jamaica stands out among developing countries as a stable democracy, in which the majority not only exercises political power, but are making their presence felt as owners in the national economy, with all the sense of pride and achievement that goes with this status.

It is only fitting that on our Parliamentary calendar for this Budget year is the passing of the necessary legislation to elevate the current Electoral Advisory Committee to full Commission status and entrenching the Commission in our Constitution – by consensus of both sides of this Honourable House.

The Jamaican people are not only exercising their political power Mr. Speaker.

The last Fiscal Year was particularly difficult and challenging. There were wild and frequent predictions of certain disaster. These were not fulfilled. This year, we have presented a Budget that will help fuel even further economic growth and job creation, while adhering to our timetable for the elimination of the fiscal deficit. It is this growth that will make us even more responsive to social needs.

There is a new spirit of a national cooperation reflected in the Memorandum of Understanding (MOU) signed recently between the Government and the Jamaican Confederation of Trade Unions (JCTU).

It is a defining moment. There is a welcome commitment by leaders and dominant players in the private sector, as evident in the Partnership for Prosperity.

I have always held the view that this level of cooperation between the sectors is a prerequisite for progress and sustainable development

Let me here thank the UNDP for its Civic Dialogue Project, the Dispute Resolution Foundation, the Peace Management Initiative, our churches and a host of non-governmental Groups and corporate enterprises who have been working with individuals, families and communities to bring healing to our land as we turn our concentration to a future, to hope, to shared responsibility, to social and economic empowerment.

Let me commend those who have contributed to this Debate and have done so with obvious sincerity, free from invective, and who have not exhausted the

patience of the Speaker or the interest of the members of the public who we expect to listen and watch us.

Although some cynics will still view the exercise as just another performance, I am satisfied that so far this Budget Debate has been a constructive dialogue and will assist us in charting the best course for our nation. Before going further, Mr. Speaker, we should remind ourselves that the Budget Debate is much more than an annual ritual and not simply a platform to exercise our rhetorical skills.

Mr. Speaker, we must make the Budget Debate a respectful report to the people of this country, our constituents, who put us here to advance and protect their interest; who put us here to use as wisely and effectively as possible their hard-earned money which they pay into the revenue coffers, in order to improve their lives.

We are here to report to the people what realistic and sustainable plans we have made to secure their future and the future of generations of Jamaicans to come.

I will feel I have done my job well on this occasion, if, when the reports are in, a large number of our people feel a genuine connection with what I have said. I will feel even more heartened if a number of our people, especially those who are experiencing hardships, feel that there is something that this Administration is doing that will help them make a better life – if some, perhaps just some small thing, that I say here today, gives them a ray of hope.

SECTION III

OUR JUSTICE SYSTEM

All aspects of our justice system must enjoy the confidence of the entire national family. Justice must be the same for those who live in upscale or depressed communities. It must remain devoid of political colour or considerations of privilege. Despite the increase in the volume of criminal and civil cases, the dispensation of justice must be timely.

The universal cry “we want justice” may have different meanings for those who demand it, but no Government can be insensitive or reluctant in ensuring the need for constant review and reform in providing it.

Like justice systems internationally, ours is faced with crimes of an increasingly complex nature and the changing paradigm of fundamental rights and freedoms, with the capacity to deal with issues relating to special groups. Our system must be modernized to ensure ready access to promotion and protection of human rights.

To address these challenges, we need to strengthen our investigative capacity. We intend to address this need with the establishment of a new National (Independent) Investigative Authority, separate from the Jamaica Constabulary Force.

This contemplates the availability and use of specialized investigative skills to satisfy the complex nature of felonies which encompass corruption, extortion, extradition and financial crimes, all of which bear the stamp of a cross-border component.

Such a National Investigative Body must be equipped with an appropriately qualified cadre of investigators with skills that include crime scene investigations and the collecting and analysing of forensic evidence. This will also entail a pooling and harnessing of the resources that now exist in separate national entities, outside of the Security Forces, to boost professional competence, to effect economies of scale and sharing of information. To guarantee public confidence, the Authority must be structured to provide public accountability reports to satisfy the imperative of transparency.

It will be endowed with the required autonomy and its mandate would include the independent investigation of alleged indiscretions of members of the Security Forces. The public will never be satisfied that the Police can investigate itself rigorously and impartially.

Public Prosecutions

The Director of Public Prosecutions is a creature of the Constitution. In the exercise of the powers conferred on him by Section 94 of the Constitution of Jamaica, the DPP shall not be subject to the direction and control of any other person or authority. His powers are extensive and no less than those vested by the American System of special prosecutors.

Of course, any person with a sufficient legal interest may seek judicial review of certain rulings made by the Director of Public Prosecutions. But in this age in which access to information is a key component of transparency, accountability and development, there is the question whether those constitutional arrangements should not be revisited.

As we have seen, though not a legal or constitutional requirement, the judiciary has recently begun to provide Parliament with a Report which includes the movement of cases through the courts over stated periods. I warmly commend this new initiative. Until the Constitutional requirements which govern the duties of the Director of Public Prosecutions have been revisited, I support the view that the Director should be required to submit reports at timely intervals to Parliament on the work and performance of the Department.

Addressing the Backlog of Cases in the Courts

There is no question that this administration has sought to tackle the backlog of cases in our court system and the provision of greater access to justice in a concerted manner and the process continues. We have introduced:

- The Night Court;
- The Drug Court;
- The Regional Gun Courts, with sittings during vacation time;
- The widening of the Resident Magistracy, so that there are at least two (2) Resident Magistrates in every parish;
- A system whereby all Clerks of the Court are trained attorneys-at-law;
- The inclusion of a Court Administrator in each court;
- The training of Stenotype writers for the Resident Magistrates Court;
- The New Civil Procedure Rules;
- Case Management in civil matters;
- Dispute Resolution Mechanisms.
- Legislation on plea bargaining will be introduced during this parliamentary year;
- We intend to introduce case management in criminal cases as well as civil;
- Every case committed for trial in the Circuit Court would now be managed by a Judge to ensure that the issues are clearly defined and that only necessary witnesses are called at the trial.

NEW FIREARMS POLICY

There are far too many guns and other dangerous weapons in the hands of too many of our citizens.

The proliferation of firearms throughout the country and their contribution to the high murder rate remain an area of serious concern, and has prompted a comprehensive review of current policies and procedures that govern the issuance of Firearms Users licenses.

Firearms Licenses, like Drivers Licenses, are not for sale. They constitute serious dangers when they fall in the wrong hands.

Cabinet recently granted approval for the implementation of a new firearms licensing regime that will allow for more professional, rigorous and timely procedures, and for appropriate review in instances where licences are refused or revoked. The new firearms policy is designed to enhance transparency and reduce the potential for corruption in the issuance of licences. Only persons who demonstrate a genuine need to be armed, only those who satisfy the competent authority that they meet specific "fit and proper" criteria, will be granted licences.

Education

There is no disagreement that education is the foundation for national development.

As we work to ensure that future generations of Jamaicans are equipped with the tools to break the shackles of inter-generational poverty. We must improve on all aspects of the education system. Our children and young people must achieve recognized and measurable outcomes.

In February this year, I appointed a Task Force on Education to review the education system and recommend the changes necessary to achieve the strategic objectives and targets to create a more productive and international competitive labour force while promoting a more socially cohesive society.

The Leader of the Opposition has once again raised the issue of the resource allocation necessary to achieve these outcomes. This is too important a matter for partisan divide. I have already instructed the Task Force to consult with the Leader of the Opposition as well as Parliamentarians from both sides of the House. The Task Force is already engaged in a consultative process with stakeholders and the general public.

While realizing that the entire system has to be revolutionized, our immediate focus is improving the competence level of caregivers in our Early Childhood facilities.

This year, the HEART/NTA as the national training agency will, in partnership with CHASE Fund, spend some \$180m to train some 850 caregivers to the Level Two standard. So far 4,000 have been certified to the international competency level.

Given the critical importance of the Tourism sector in the national economy, the objective of recently signed Memorandum of Understanding between Heart/NTA and the Tourism Product Development Company (TPDCo), is the upgrading of the skills of the workers in the sector. The target is to train and certify 125,000 workers in the first phase.

Another initiative of the Heart Trust will be awarding new scholarships for Information & Communication Technologies through a new project with the Ministry of Commerce, Science and Technology to train some 750 software developers and network specialists over a five-year period.

We are also introducing a distance education project to provide access to instructional materials generated for Grade 7-11 students. The target audience for these programmes includes learners inside and outside the formal education system. The pilot project will train teachers in fifteen high schools.

The National Youth Service is working with the private sector and HEART/NTA to train our young people for identified employment opportunities in the labour market.

SECTION IV

REGIONAL AND INTERNATIONAL POLICY AND STRATEGY

Inextricably linked with our overall development strategy is our regional and international trade policy.

I am confident that our people recognize the value of our extensive effort in the field of international negotiations. They appreciate that we are living in a highly inter-dependent world where, because of the increasing inter-connectedness between countries, the spread of technology, countries have to develop a stronger capability to compete with others in international trade.

CARICOM

The Government has maintained the highest level of commitment to the advancement and deepening of CARICOM. We have faced a number of challenges but we are heartened that the Community has endured and demonstrated solidarity and integrity in its actions.

The Leader of the Opposition's analysis of the CSME portrays a misunderstanding about the CSME. It focuses on Jamaica's trade deficit with CARICOM and indeed, with the world as a whole. The trade balance will not be corrected by

staying out of the CSME. Were that to be the case, Jamaica would have to stay out of all groupings with which it is experiencing trade deficits. This is a recipe for isolation and perpetrating economic inefficiencies.

The difference between CARICOM (and its precursor CARIFTA) and the CSME is that the former provided for the liberalization of trade in goods, while the latter provides for the removal of barriers to trade in both goods and services, as well as the freer movement of capital and the rights of establishment, and similar provisions for the movement of management and skills.

In that arrangement, Jamaica will be able to exploit those areas of services trade in which it has a strong advantage e.g. entertainment, financial services, information and communication services, construction, professional services, business services. Both in the case of goods and services, Jamaican firms will – as they are already doing – be able to form strategic alliances and partnerships with other firms in the CSME will, among other things, strengthen both their regional and international competitive positions.

Jamaican skilled and semi-skilled workers could establish, or seek employment in the rest of the region as firms in Jamaica could draw such personnel from other countries in the region. The integration of business and skills represent the heart of the Single Market and Economy.

We have never seen the CSME as our final horizon. It is only a necessary step to compete in the global market.

The central point is that the CSME creates a single economic space. It is a platform for Jamaica to strengthen its capabilities to export to other regional groupings in the world, in a situation where contemporary trade agreements for market access require commitments not just to lower or abolish trade barriers, but also to liberalize a number of trade-related areas, e.g. investment, intellectual property rights, government procurement, trade facilitation.

If we can't compete successfully in any of the wide areas of the CSME, how will we survive in the FTAA and the EU?

Furthermore, we will be under pressure to grant more favourable terms to the Hemisphere and Europe than we grant to each other e.g. rights of establishment and government procurement.

As far a monetary union is concerned, this is not part of the arrangements for the CSME. At the inter-governmental level, it has been agreed that it is unfeasible for the foreseeable future, largely because of the preconditions which

our Central Bank Governors put forward in 1990, and on which Mr. Seaga relied.

In any case, the Leader of the Opposition's position on a currency union is curious. While implacably opposed to it, he expresses admiration for the OECS which have a currency union with a fixed exchange rate.

It was the situation in Haiti which received the greatest attention and placed our Community in the spotlight, testing our solidarity and resilience.

I am pleased to say that our position has remained firm and principled and guided by the tenets of ensuring the rule of law and order and the constitutionality of the democratic process.

Haiti remains an integral part of the Caribbean Community and there is no possibility for a sustainable solution to the crisis in Haiti, without the central involvement of CARICOM.

Small countries like Jamaica, which have always been heavily dependent on external trade, have to gain enhanced and more secure access to the principal markets of the world – the developed countries, our geographical neighbours, leading markets in the Third World. Such market access is an indispensable prerequisite for building up a strong internationally competitive position, so vital for success in growing exports and attracting greater investment, both local and foreign. We simply cannot afford to let any opportunity for opening up markets remain unexplored.

That is the reason why, Mr. Speaker, this year, we will continue to vigorously pursue our activities in this arena.

Earlier this month, the negotiations on an Economic Partnership Agreement between the European Union and the ACP/Caribbean States were launched here in Kingston. This will essentially aim at establishing a new free trade and development agreement. We are also ready to play our part in moving along with the work on the Free Trade Area of the Americas although the pace of activity has slowed considerably. It is uncertain whether the Agreement can be concluded in time to enter into force in 2005.

All of these have to be viewed in the context of the work going on under the World Trade Organisation (WTO) with the Doha round of negotiations designed to improve the global trade regime and to make it more development friendly.

SECTION V

THE ECONOMY

Today, the Jamaican economy is more diversified, better regulated, more open, more competitive, and more efficient and better able to meet the challenges of the present complex global environment.

Despite the challenges to some firms and individuals, many have emerged winners. Overall we have made progress and laid sound foundations for the future.

In partnership with all sectors, we are expanding the economy and delivering a wider range of goods and services to the Jamaican consumers at more competitive prices.

Simultaneously, we are building up our human capital and taking specific measures to protect the poor and vulnerable.

In the long term it is investment, quality education and training that will produce a highly skilled workforce capable of taking advantage of modern technology and thus earning higher wages that will alleviate poverty.

The transformation of the economy has been effected without weakening the rights of workers. Privatization has proceeded without the widespread loss of jobs that some feared. While there were some job losses, these were more related to the need for firms to respond to a more competitive environment and to technological changes. Very importantly, many new jobs were created as sectors previously dominated by monopolies were opened up and new firms emerged.

Over the next few years we will see investment flows on a scale not seen since the period of rapid growth started under Norman Manley in the 1950s and carried over into the immediate post-Independence period.

Key elements of the private sector are coming to terms with the reality that investment in real productive ventures is the wave of the future.

The planned expansion of the bauxite/alumina, tourism, and infrastructure sectors will create great opportunities for the local supply of goods and services. If we don't fill the needs, others from overseas will.

Broad Strategies for Accelerating Growth.

We are aggressively working to get domestic interest rates down. And we are succeeding. The significant savings on the Public Sector wage bill will lead to the reduction in the government need for resources

This, along with the current review of the Taxation and Incentive Regime, should help to spur investments in the large, small and micro sectors.

I welcome the decision of the Bank of Nova Scotia to establish a \$1 Billion fund, the SCOTIA JAMAICA PRODUCTION FUND that will provide loans at concessionary interest rates of 9.5 per cent to small and medium sized businesses. It will encourage growth in this area of the economy and all these businesses to upgrade and expand their operations and create jobs.

The prospect for the future is very bright, and we do not intend to leave the process to chance.

We must give a sense of hope to those who have been left behind by the rapid pace of change and who cannot readily take advantage of the new developments taking place in the economy.

ENERGY:

The Minister of Finance has already highlighted the growth in energy consumption and its costs. During the past five years Jamaica's oil import bill has increased sharply moving from US\$313m in 1998 to \$813m in 2003, outpacing the growth in our export earnings.

Consumption of oil has gone from 22.9 million barrels to 27 million barrels in the same period. We cannot sustain this rate of growth in consumption or in the demand for foreign exchange to pay for the oil bill.

We have to reduce the intensity of use of energy in line with that of both oil and non oil-producing countries, which have experienced a drop in energy use per unit of output, ranging from 20 to 45 percent.

It is unlikely that there will be an early end to the current volatility in oil prices, which has haunted the economies of oil-importing developing countries.

Mr. Speaker, we are actively engaged in the development of renewable energy sources such as wind power and use of solar energy, evaluation and implementation of viable cogeneration options, and the implementation of a sustainable demand side management programme.

However, as important as these programmes are Mr. Speaker, the fact is that they will not provide the desired security in the supplies and long-term stability in the energy prices that could help us to abate the oil import bills that we continue to face from year to year.

We must therefore develop strategies and options through a new and comprehensive energy policy and the formulation of an action plan for the next decade. Within the next six months, the new National Energy Policy and Strategy to the year 2015 will be ready.

I have directed my Special Envoy on Energy and a team of energy experts to also assist CARICOM with the formulation of a consistent and coherent Regional Energy Policy which would help to rationalise the regional energy supplies, address the issues of security of supplies [including strategic storage], prices and economic transport.

The introduction of natural gas would also open up new opportunities for its use in the fleet transport as well as expansion of new power and the bauxite/alumina plants.

The other benefits from the introduction of natural gas would be the enhanced protection of the environment and development of a gas park that would allow for the development of light industries and food processing, thus creating additional jobs.

Local and foreign private investors, as well as bilateral and multilateral agencies, are keenly interested to participate in the financing of this project.

We are engaged in discussions with potential sources of supply and developing Caribbean-specific formulae for benchmarking and indexing the long-term price of LNG that would form the basis to negotiate the supply contracts for the Jamaican market. Mr. Speaker, I take the opportunity to publicly thank the government of T&T for the constructive approach it is taking in our bilateral discussions on an appropriate LNG supply arrangement.

We also see a potential to develop an LNG hub in Jamaica for re-export to other regional markets.

We will be shortly commissioning a feasibility study, as well as the development of a regulatory framework to introduce natural gas into Jamaica's energy supply mix by 2007.

An energy-efficiency unit has been established in the Petroleum Corporation of Jamaica.

An energy trust fund to provide development financing for projects in the productive sectors is to be set up.

On the supply side, the development of renewable energy sources such as wind power and solar energy will provide sustainability of supply. An initial target is for such sources to supply 10% of energy consumption. Another source is that of ethanol produced from sugar cane. The phasing out of MTBE as an octane-enhancer in gasoline is imminent. Ethanol is considered to be the best replacement. It is technically feasible for the ethanol content of gasoline to ultimately reach 10%, moving from 5% in the first instance.

Ethanol production from sugar cane would produce a significant market opportunity for the industry, as in the case of Brazil and India.

While we must accelerate our efforts to implement a serious conservation programme and to adjust our production processes to improve energy efficiency, we cannot ignore the fact that gasoline prices in Jamaica are significantly lower than in many non oil-producing countries, and even in some oil-producing countries.

This represents a misallocation of resources and is undermining the investment and growth prospects of the country. It is no longer an issue that should be treated as a partisan political football.

Mining:

We are now entering an expansion phase in the bauxite industry comparable to that of the 1960s, but with the advantage that it will be entirely based on increased production of the higher value-added alumina.

Following the reform of the fiscal arrangements, the JAMALCO plant has already expanded its capacity by 250,000 tonnes. At the same time, Alpart has increased its capacity by 200,000 tonnes. In 2004, we are projecting that output will increase to 4.2 million tonnes from 3.8 million tonnes in 2003. In fact, in the first quarter of 2004, alumina production went up by 12.1%. Gross foreign exchange earnings are expected to increase to over US\$950 million in 2004, or by over 20%.

The JAMALCO plant will begin its US\$690 million expansion later this year to increase the plant's capacity by 1.4 million tonnes, and generate over US\$300 million of additional foreign exchange earnings per annum.

The expansion is expected to be completed in 2007, and during construction, over 2,500 jobs will be created.

It is expected that local expenditure on goods and services during the construction phase will amount to US\$300 million.

The construction activity will also require skilled labour.

JAMALCO will be establishing a modern, state-of-the-art training facility at Breadnut Valley, its former mining headquarters, for training of technicians and artisans. This will form part of the training network under a HEART NTA apprenticeship scheme.

Rebuttal: The Leader of the Opposition asserted in his speech that in spite of improvements in the bauxite sector, it has not yet returned to the levels of 1974 and earlier.

Let me point out one vital factor for a proper comparison: In 1974, when we achieved the highest total bauxite production of 15 million tonnes, 53% was exported in the form of crude bauxite, and the rest was refined in Jamaica. In 2004, we are projecting that 72% of an expected total bauxite production of 14.5 million tonnes will be processed locally into alumina. The alumina production this year is projected at 4.2 million tonnes, or 38.1% higher than in 1974.

The much higher level of alumina production means increased value-added which creates more economic activity in Jamaica. The next phase of expansion will raise the percentage of bauxite processed into alumina in Jamaica to an even higher level, generating further economic activity.

That Jamaica now ranks fourth among the major bauxite-producing countries is simply reflecting the reality that Australia, Brazil and Guinea possess larger reserves. The vast size of these countries also means that they can sustain higher production levels than a country the size of Jamaica, having regard to the environmental considerations involved in the mining and processing of bauxite. It is important to recognise that both Australia and Brazil possess energy resources, a critical ingredient in the economics of the aluminium industry, which therefore gives them a competitive advantage.

SECTION VII

DEVELOPMENT PROJECTS

It is becoming increasingly evident that Jamaica is entering an unprecedented period of economic expansion. It has been made possible by the pursuit of an activist policy geared to:

- the stimulation of investment
- modernisation of our physical infrastructure and
- reform of the bureaucratic processes that affect investment and business activity. The State has played a catalytic role by implementing an aggressive programme which seeks to mobilise, facilitate and focus investment activity in targeted strategic sectors of the economy, not a traditional or scatter shot approach.

We are steadfastly the model for long-term development of the economy as set out in the National Industrial Policy.

We have been steadfast in our purpose. We have begun to reap rich dividends.

Investment is the prime mover in the growth of the Jamaican economy.

- Jamaica is top ranking – World Bank Report.

From the efforts to package and promote investment, we now have an agenda of major development projects to transform the productive base of the economy.

Tourism Sector

Tourism is playing a key role in achieving the targeted levels of economic growth and job creation.

We have set major targets for the industry over the next ten (10) years including:

- An increase in the number of rooms from roughly 24,000 to 35,000.
- Increase in direct employment from 75,000 to 135,000.

We have identified a number of critical areas for improvement, the major areas being the need for:

- A greater number of large European Plan (EP) hotels and top-of- the line international flag chains
- larger hotels, with the necessary facilities to attract large conventions.
- a greater focus on the development of attractions.

Resort & Hotel Developments:

The major projects already announced include:

- (i) Spanish hotel investments - US\$550-600 million to build 13 new hotels with 5,000 new rooms, creating 10,000 new jobs

The construction of the first of these hotels - Iberostar begins this August and starts operation by mid-2006. Start-up of construction on the others follows in late 2004 and early 2005.

In all cases, design work is underway and the processing of the various approvals, licences and permits is on a fast track.

Cinnamon Hill Development

The Cinnamon Hill Integrated Resort Development in Rose Hall, Montego Bay consists of a luxury villa complex, condominiums and time-share units, as well as a shopping village complex and ocean front villas. The development commenced construction in 2003 and involves an investment of about US\$300 million. It is the first integrated resort development of its kind in Jamaica.

Harmony Cove

I have great pleasure in announcing today a major development on the North Coast of Trelawny - Harmony Cove.

Located on approximately 1,400 acres of land, it has an extensive beachfront with some of the country's finest white sand beaches and topography ideally suited for the proposed mixed resort development. The property was recently acquired by a new entity with two State-owned companies as the shareholders.

A Master Plan for the five-star resort development has been completed. It has the following major components:

- Four (4) five-star hotels, one of which will be a 1,000 room Convention
- Three (3) Signature Golf Courses
- A Marina
- Apartments and Condominiums

- 95,000 square feet of meeting place and
- 200 up-scale Villas and Manor Houses on sites ranging from ½ an acre to 5 acres.

“Harmony Cove” will offer a vacation experience unparalleled in the Caribbean.

Within international tourism circles, many things cannot be kept a secret for long. The promoters of the development have been besieged by developers, hotel chains, investors, operators and designers of golf courses.

It has been decided to publicly invite proposals for joint venture partners - both locally and overseas - including hotel flags, investors and construction firms to implement the development in keeping with the Master Plan developed for the site.

This development will enable us to capture a major spot at the top end of the international tourism market.

A model of this development will be on display in the lobby of the Office of the Prime Minister after my Press Conference scheduled for tomorrow.

OTHER TOURISM DEVELOPMENTS

i. Falmouth

Falmouth is well-known as a model Georgian town. The potential of the town and its environs for cultural and heritage tourism has long been recognised. Plans are moving ahead for its development as a world class attraction.

(iii) Port Antonio Development: In keeping with the development of Port Antonio, **Led by the Port Authority, One of the world’s leading architects has been commissioned by a prominent entrepreneur to create a conceptual design for the redevelopment of Titchfield Hill and other areas in the town.**

(iv) Lucea Port Development: **The Port Authority is continuing its plans for developing Lucea as a cruise shipping port.**

(v) Montego Bay Waterfront Development: **The NHT has allocated funds for reviving the planning of this project. TPDCo and other government agencies are examining proposals for attractions in there.**

Infrastructure:

- ***Highway 2000:*** The early phase is already in operation. A Development Plan to guide land utilisation on the Highway corridor which is being prepared as the basis for a Development Order is scheduled for completion by September.
- ***North Coast Highway:*** Phase 2 is under construction and is central to the planned resort developments. Contractual arrangements for the construction of Phase 3 for which financing is already in place, are being finalised.
- ***Sangster Airport Modernisation:*** first phase of the US\$200 million investment expansion/modernisation involving by private investors is ahead of schedule and should be completed in 2005.
- ***US\$ 130 million NMIA modernization:*** Terminal design to be completed by October, and cargo village and ticketing concourse already contracted.

NATIONAL HOUSING TRUST

Inner City Housing Project

For the current year, the NHT plans to spend Ten Billion (J\$10.0B) on housing of which J\$2.3 Billion will be on the Inner City Housing Project.

The project includes:

- refurbishment of existing units which were in various stages of disrepair
- construction of up to five thousand (5,000) units .

Refurbishment Programme

With respect to refurbishment, work has been completed or is on target completion by May 30, 2004 in:

- Tivoli Gardens
- Denham Town
- Lizard Town
- Majesty Gardens
- Tavares Gardens
- Wilton Gardens
- Federal Gardens
- Tavares Pen

New Construction

Three sites are now being cleared for new construction:

- Little King Street in Denham Town - 136 units
- Spanish Town Road - 190 units.
- Trench Town – 250 units.

Groundbreaking ceremonies will take place within the next two weeks.

During the current year, planning and land acquisition for other communities will take place.

- Tenders for the Port Maria and Sav-la Mar projects will be prepared during this Year.
- The development of the both economic and social skills of the residents is a critical component of the projects.

Training in economic skills, will be under the aegis of HEART's Workforce Improvement Programme (WIP).

I wish to commend the active involvement, support and leadership being provided by the Members of Parliament, the Councillors in the inner city communities, as well as representatives of the Churches and NGOs, to this project which is intended to achieve a major transformation in the lives of our inner city residents.

2003/2004

During the past fiscal year, the NHT expended Five Point Three Billion (J\$5.3 B).

- Provided some 2,300 completed solutions
- 1,208 scheme solutions
- 1,085 Build On Own Land solutions and Home Improvement completions
- A total New Mortgage Loans for the year of 7,053.

2004/2005

For the current Financial Year, the NHT plans to provide about 23,000 housing solutions under its regular programmes across nine parishes.

These include:

- Bernard Lodge and Worthy Park, St. Catherine
- Nashville, St. Mary
- Green Pond II, St. Thomas
- Waterworks, Westmoreland
- Winchester Mews, Hanover and
- Long Pond, Trelawny.

Several parcels of land are being acquired to provide affordable units for the middle-income market, primarily young professionals in the Corporate Area and other urban centres.

Housing for Workers in the Tourism Sector

Subject of earlier pronouncements.

This is vitally necessary to complement the significant expansion of rooms projected and primarily in Hanover, St. James, Trelawny and St. Ann.

The Trust has already acquired or is in the process of acquiring approximately 2,300 acres of land for this programme in St. James, Hanover, St. Mary, St. Ann, Portland and Trelawny.

For a number of the sites already acquired, the planning process is advanced and construction is scheduled to begin during the current fiscal year.

Relocation 2000

The NHT is now finalizing negotiations for the acquisition of land for the relocation of squatters at Mona Commons. Planning on the selected site will continue this year.

URBAN DEVELOPMENT CORPORATION Investment Programme for 2004-2005

For the current Financial Year the emphasis of the UDC's investment programme will be on Tourism, Housing and Urban Renewal.

Tourism Development

Sandals Whitehouse Resort in Westmoreland will serve as the main catalyst in the development of the South-West Coast when completed during the year.

Housing Projects

Attention will be focused on the provision of approximately 400 new housing solutions – lots and houses - in development with an overall investment of J\$1.1 billion.

As part of the Business Improvement District a **modern transportation centre** to the west of the city will create a free flow of traffic in the city. The centre will link transportation to the Market and Business Districts as well as the Kingston Harbour Ferry and a Cruise Ship Terminal, slated for development in a later phase of the programme.

Upgrading of the markets in the District will be undertaken under the five-year development programme. The markets will be restructured into manageable districts with proper licensing of vendors.

Information and Communication Technology:

Since 2000, over US \$600 million has been spent modernising the system. We are now positioned as one of the leading offshore locations for ICT services.

NEW INVESTMENT VEHICLE

In the last fiscal year, we witnessed the development of significant alliances between the social partners. Investor confidence has been reflected in our ability to access the international capital markets and the substantial agreements for foreign direct investment in critical growth industries. We are developing new and innovative ways to forge closer collaborative ties across all sectors.

This is timely, in view of:

- A bullish stock market
- Stable foreign exchange market
- Interest rates trending downwards
- Willingness of the private sector to participate and contribute seed capital.

We are seeking to create a new investment vehicle that is a model for select state-owned and private sector enterprises to be packaged for offering to the general public. The strong performance of the local stock market over the last few years has provided impetus for this approach. Our abolition of double taxation of dividends has contributed positively to this performance.

Criteria have been developed for the selection of enterprises, and these include profitability, positive cash flow generation, strong growth potential and intrinsic value.

From the Government's perspective, we are interested in a mechanism that will facilitate the following:

- A partnership between the government and the private sector to raise financial resources – in this case equity – for the development of the country. This fresh capital can be utilised for reinvestment in existing companies and/or investment in new ventures, especially in those industries that have demonstrated growth and growth potential
- The opportunity to facilitate significant wealth creation for our people. In the last few years, the stock market has been a mechanism for significant wealth creation.
- The broadening of the base of ownership of companies via share ownership which allows wider participation by Jamaicans, both local and overseas.

SECTION VIII

THE SOCIAL SAFETY NET

Mr. Speaker:

Today, I reported to the nation on several of the major aspects of the remarkable progress we have made. I pinpointed the clear evidence of the increased investments we are enjoying. There is more to come.

There is no doubt that we face the challenge of managing the fiscal deficit, that we have to come to terms with how to curtail our seemingly insatiable appetite for energy supplies. These will continue to exercise our minds in the months ahead. The Minister of Finance has dealt extensively with our debt management strategy and when he closes this Debate will expand on any outstanding issues that have arisen since he opened the innings

I want to take this opportunity to stress yet again, that even as we exercise fiscal discipline, we have managed to keep in place the social safety net for the poor and vulnerable in our society. There will be no reduction in the quality of the essential services which are the absolute responsibility of both central and local government.

In our social safety net

The National Poverty Eradication Programme enters its ninth year continuing its focus on deprived communities, unemployed youth, and families with children in low-income groups. The programme will continue.

The Jamaica Social Investment Fund (JSIF) continues to undertake projects centred around upgrading social and economic infrastructure, extending social services, and building institutional capacity.

Thousands will continue to benefit from The Programme for Advancement through Health and Education (PATH) a streamlined method of service delivery that used to fall under the Food Stamp, Old Age and Incapacity Allowance, and Outdoor Poor Relief Programmes. Benefits have been increased considerably. PATH is working and working well!

Education enjoys pride of place in this Administration because it is the balancing wheel of the social system. Last year we spent over \$500M providing nutritional **meals for our school children**. Rest assured that this programme will continue.

Mr. Speaker, two years ago we began the **Possibility Programme** was to address the problem of street children. It has been a tremendous success. The boys are being taught skills, placed in jobs or apprenticeships, and reconnected with family, school, and community. This year we plan to establish a hostel/halfway house for those young men who, after leaving the centres, go back to sleep on the street because they have no place else to go. We have made provision this year for these less fortunate young people, and we expect to soon be in a position to expand the programme outside of Kingston and St. Andrew.

The Rural Electrification Programme has been so successful, we are not far from providing 100% access to electricity, so we have now been able to add the Urban Electricity Regularization Programme assisting houses in the inner city areas in regularizing their house wiring so that they can make legal connections.

The Jamaica Drugs for the Elderly Programme (JADEP), will continue to provide access for elderly persons to basic pharmaceuticals used in the treatment of chronic illnesses, *regardless of financial status*. More than 135,000 are registered and benefited from the approximately \$259 million allocated to the programme. We have made provision for this programme. It will continue to work and improve. Last year, saw major innovations of benefits for the National Health Fund. It now provides assistance for people of **all age groups** with out of pocket expenses for filling prescriptions for one or more of the 14 chronic identified as most prevalent in our society, Some of Fund is also used for

improvements to health care institutions in both the public and private sectors. The programme will continue.

This year, the Health Promotion initiative will increase awareness of Health Risk factors, Risk Avoidance and Risk Management. We will continue our efforts to reduce even further the costs of anti-retroviral drugs for persons suffering from HIV/AIDS and improve treatment further with the upgrading of laboratories and social counselling services.

We will also increase our capacity for training health care providers, by concentrating firstly on the areas where we have the greatest need. These include Radiography and Nursing.

Hospital upgrading will continue, with priority to be given to Spanish Town and Bustamante Children's Hospital.

Mr. Speaker, I offer all these details, because I want to assure the country that these essential aspects of government services will continue and greater efficiencies introduced!

My report on the exciting new investment projects now underway is evidence of what is happening now and there is more to come!!

Summarise major projects in Development Agenda Section.

CONCLUSION

Mr. Speaker:

I began my presentation this afternoon, by pointing to the fact that this was my thirteenth Budget presentation.

Over this period, it has been my task always to give our people an account of the realities as we faced them – and these realities were sometimes harsh.

It has been a journey to transform the economy and enhance social mobility, but admittedly, it has never been an easy road.

As Leader, I set a course on the journey towards a society of social cohesion and economic prosperity, one in which we would see our vision fulfilled of a unified

people – a strong Jamaica. There were obstacles and surprises along the way. Many times, with a heavy heart, I had to convey news that was not always pleasant.

But I think that despite our disappointment, our people as a whole shouldered their burdens with a spirit of fortitude and abiding faith in themselves and the destiny of our country.

Today's presentation is brimming with hope and confidence that we will begin to enjoy substantial improvements in those areas that will make our nation truly great. Today, I can sincerely report that we are moving on course.

This is not to say that the challenges have disappeared; but today we are now operating in an environment where a palpable feeling of confidence in the future prospects for Jamaica is emerging, both locally and internationally. Confidence in ourselves and in our future, is what will propel us forward.

Alongside this, there is abundant evidence to suggest that all of us, at different levels of our society, are beginning to realise that if we are to successfully ride this wave of confidence to ensure our future growth and development, then we must do this in a spirit of unity;

- an understanding that cooperation between all sectors is a prerequisite for progress and sustainable development;
- with the understanding that future success rests in the hands and on the shoulders of each and everyone of us;
- an understanding that we must learn that partisan and divisive tactics must now be abandoned in favour of unified action towards national goals on which we are all agreed.

Considerable maturity has been shown in this Budget debate. On both sides, petty sniping and expressions of rancour have been at a minimum.

I dare to hope that this signals a new beginning in our public lives.

For myself, I speak for this side of the House when I affirm:

- that we recognise that we are Jamaicans first and foremost regardless of our class, colour or creed;

- that we will endeavour at all times to keep faith with the vision of our forefathers to fashion a society where the rule of law is supreme, and where we respect the rights of our fellow Jamaicans to live their lives within the framework of their beliefs.
- that we will continue to work with commitment and dedication to achieve the highest possible quality of life for the people of Jamaica with emphasis on our children and with special care for the disadvantaged and vulnerable.
- that we will join hands and hearts with all Jamaicans of goodwill, regardless of political persuasion, to work towards the goals that we have set as a people.
- that we will continue to work unwaveringly to stamp out corruption, crime and violence and all the other negative forces which are threatening to deflect us from our goals.
- And finally, we reaffirm our profound confidence in our country and our people's proven ability to bear their burdens with courage and resilience, lightened by our special Jamaican humour.

In closing, I can do no better than to quote our Founding Father and National Hero, Norman Washington Manley, who in a radio broadcast in 1967 said,

“I affirm my faith in the ordinary man – the ordinary Jamaican – in his courage and loyalty, his normal respect for law and order; his desire to live a Christian life, his faith in providence, his ability to endure so much that is painful and hard, his love of home and children and church.”

We must keep our vision and our hope alive as we work towards fulfilling the promise of this beautiful and blessed country of ours.

May God bless all our people and may God never cease to pour his abundant blessings on Jamaica, land we love.