

# **THE MINISTRY OF TRANSPORT AND MINING**

**‘It’s Implementation Time: Delivering the Dream’**

**Budget Presentation  
2017-2018**

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Minister of Transport and Mining**

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## **INTRODUCTION**

Mr. Speaker, as I rise to deliver this Sectoral presentation today, it is with a sense of pride that I do so, having meaningfully assessed and established the critical

connection between the needs of the people on the ground and the policy portfolio coming from the Ministry of Transport and Mining.

So, Mr. Speaker, this presentation will be mainly about the policy directions and initiatives that are spurring the two portfolio areas towards significant contributions to the Government's prosperity agenda, including job creation and the pivotal five in four years economic growth target.

But Mr. Speaker, before I go further, I must take this opportunity to thank my team members who have supported me faithfully over the last year at both the constituency and ministerial levels.

First I acknowledge my very supportive family members, headed by my dear wife, Dawn. Then there is my constituency team, my support base, and the general electorate of Central Clarendon.

Special thanks to my four Councillors/Caretaker, Melvin Jones, Joel Williams, Kenneth Davis and Des I. Freckleton, my Constituency Secretary, Sharon Morgan, the team behind her, and to Permanent Secretary, Dr. Alwin Hales, my personal assistant, Daphne Taylor, and the immediate and general support team at the ministry.

Mr. Speaker, I appreciate the efficiency and dedication from my support teams, without whose support the road map to prosperity would not look as bright as I am going to outline to the House this afternoon.

Mr. Speaker, since returning to the portfolio of transport with mining added, I have made it my main task to set the parameter for an all-round policy of growth for Jamaica, fully recognising that I needed to look at what policies I inherited, what was good and workable, what was not, hence what should be maintained and what new policies I need to implement.

Importantly too, Mr. Speaker, are a number of policies of obvious national significance and imperative drivers of the national growth agenda, which were unceremoniously shelved by the last administration, that now need to be reactivated in the national interest.

Mr. Speaker, with economic growth as the linchpin for the ministry's policy directions, it is all about efficiency, innovation and overall connectivity among all the elements of public transportation within the broad land, sea, air and rail components of the Multimodal Transport Plan that has been developed and is being implemented.

This was started from my previous time at the helm of the Transport Ministry, with a first step in introducing the yellow-base colour coding that is now partially in place for the public transport sector. Similarly, the rail service was revitalised as a critical ingredient of the Multimodal Transport Plan.

Mr. Speaker, this all ties into the seamless multimodal transport realities that are evolving globally, which the last administration failed to appreciate, and consequently shelved some critical programmes relative to the initiative, simply because of lack of vision and understanding. But I am about keeping faith in the people and their best interest, which includes bringing the country back on stream to fully benefit from the implementation of the multimodal transport concept.

So, as I said, Mr. Speaker, policies will be the centre-piece of this presentation, but there certainly won't be any shortage of innovation and creativity as I inform this Honourable House of my stewardship over the last year.

But while the full span and outline of the policy directions and initiatives are outlined in a printed copy of my presentation, Mr. Speaker, I will not be presenting all of the details therein, but instead, bringing the necessary emphasis to some critical planks of the ministry's thrust to really drive economic growth and job creation through a far more efficient and seamless transport system that is tied into the broad logistics hub framework.

I will also be indicating the policy framework within which the mining sector is being stimulated in the same direction towards economic growth and greater stability.

So, Mr. Speaker, while there are well over 20 major policy initiatives listed in the printed copy of the presentation, which are all at varying stages of implementation, my emphasis this afternoon will be more on the mega initiatives being implemented, importantly, for the benefit of the country.

Mr. Speaker, these include By way of policy directions and progress towards implementation, Mr. Speaker, we have:

- The big one – Vernamfield Development - coming on stream.
- We have the Jamaica Railway Corporation's (JRC) Memorandum of Understanding with Hezog;
- We have the NMIA privatisation outcome soon to be available;
- We have the JISCO/Alpart reopening well on schedule;
- We have expansion in the works for the Noranda/New Day (Jamaica) bauxite plant;
- We have development re Windalco/Kirkvine;
- We have the Caribbean Maritime University on the brink of being a reality;
- We have the FESTO Labs under construction at the Caribbean Maritime Institute;
- We have the Portmore Transport Hub getting closer;
- We have the establishment of the island's ship registry on stream;

- We have Jamaica's candidacy for re-election on the International Maritime Organisation (IMO) Council well and truly on;
- We have the JUTC's spare parts issues of last year resolved and streamlined going forward;
- We have the Transport Authority and the Island Traffic Authority on stream to be merged and 5,000 new TA licences still up for grabs;
- We have the new Road Traffic Act in Parliament for passage into law;
- We have the computerised New Vehicle Management System implemented at the Island Traffic Authority's Swallowfield Depot, and new offices May Pen and Savanna-la-Mar.
- We have the boundary of the Cockpit Country being prepared for presentation to Cabinet;
- We have resettlement and land titling issues relative to mined out bauxite lands coming in for critical attention at the ministry.
- We have a homeland security-type focus being formulated for the Ports Security Corps.

- And I am looking at the present lack of uniformity among the island's major transportation centres, which will require greater standardisation in terms of operations and infrastructure going forward under the Multimodal Transport Plan.

Further afield, we have:

- The Rural/Urban Transport Plan to be rolled out later this year between Old Harbour in St Catherine and Toll Gate in Clarendon, and covering southern Clarendon in its initial phase;
- We have the reopening of the Breadnut Valley HEART training centre;
- We have a new Minerals Policy being developed;
- And we have a new Emission Policy being developed.

At the constituency level, we have:

- The development of May Pen over time from a rural town to a semi-rural agro hub and to part of an Aerotropolis with a special economic zone;
- And the development of the Herb McKenley Stadium as a clear legacy for May Pen, Clarendon and the wider county of Middlesex.

Mr. Speaker, my 1-3-5-7-year Multimodal Transport Plan is certainly not new, but its broad project outline and composition now has some refreshingly creative and dynamic elements that bid will for the country in areas like emission control, energy diversification and very importantly, economic growth and job creation.

So while there are many initiatives like the revision and ongoing passage of the Road Traffic Act and the upgrading of the island's air navigational infrastructure, which have been significantly advanced over the last year, the critical ingredient is the policy framework that is driving various initiatives. This is within the context of the ministry's mandate to meaningfully contribute to the country's economic and social development through efficiencies and savings on time and expenditure through innovation.

So, Mr. Speaker, the plans have mushroomed from concepts to points of actual implementation, and this old man on a hurry has been really busy streamlining the ministry's contribution to the growth and prosperity agenda which the Government promised.

Indeed, it's implementation time, when the dreams are about to be delivered in live and living colour, to the benefit of the people of Jamaica.

From the Portmore Transport Hub to Gregory Park, then to May Pen; the visitors on the trains through Catadupa, St James into Appleton, St Elizabeth, with the cost of the rail service being integrated with that for travel by road, I am rolling it out faster than my 1-3-5-7-year timeline dictates, which is the kind of focus that is necessary to bring real and sustained prosperity to the people.

With that broad outline, I now move on to the agency/entity reports, with the attendant policy-driven directions being outlined and emphasised as applicable in each case. Note that some details that I do not personally present may be availed from copies of the presentation booklet.

### **The Jamaica Urban Transit Company Limited (JUTC)**

Approaching a year under its new management following the change of Administration in 2016, Mr. Speaker, the Jamaica Urban Transit Company (JUTC) has had a significant turnaround in its operational capacity and service delivery since the beginning of this year.

With support from the Government, the JUTC has moved from a daily run-out of around 300 buses for the latter half of last year, due to a lack of proper spare parts supply arrangements by the previous management, to be consistently above the 400 mark since January, with a high of 445 being recorded over the period. This has allowed for far greater commuter comfort, service reliability and consistency.

But the improvements have not stopped there. In fact, the company is now well into a pilot project to revamp and upgrade its fleet monitoring programme. The project involves real-time monitoring of the activities both inside and around each of the buses that are on the system, which is to be gradually expanded to the entire fleet. This allows for the monitoring of driver behaviour with real-time alerts on activities like excessive speeding, excessive idling, hard cornering, braking and acceleration levels, all from a single in-house location.

So the days when a driver heads off to say Montego Bay on a charter engagement and can do all manner of things outside of the contract arrangements, are fast coming to an end, as the system has that far a reach, and can tell, for example, how many buses are in the second city or on the north coast, what are being done with them, and whether or not they are being properly and efficiently operated.

That, Mr. Speaker, is innovation, efficiency and obviously a pathway to our prosperity goal.

The company has also noticeably benefited from the introduction of 35 new smaller-type buses to better serve the commuting needs across the hilly upper St Andrew routes. The new Golden Dragon buses from China are 39-seater units, which are better able to manage the generally narrow and more physically-challenging terrain across upper St Andrew. In addition, the new units are more fuel efficient than the typical JUTC bus.

Very importantly too, the company is realigning its accident investigation operations and systems, which are to be outsourced to ensure much greater efficiency. With the existing system having failed us for well over a decade, clearly a new approach had to be taken.

Another matter of significant note, Mr. Speaker, gives key pointers in respect of the different approaches of administrations.

Mr. Speaker, in stark contrast to a bus rehabilitation programme that involved many millions of dollars of expenditure without a single bus being rehabilitated prior to May 2016, the new management of the JUTC has rehabilitated and brought back into service a number of board of survey written off buses that the previous programme had only theoretically targeted.

This was done without any budgetary support through the sheer grit and determination of the new Managing Director. With the requisite financial support, another 25 buses from the derelict lot is to be similarly rehabilitated and brought back into active service.



That, Mr. Speaker, is what efficiency, forcefulness and determination are about, in the quest for national development.

It should be noted that all the buses that have been rehabilitated, were earmarked for disposal as useless stock, but have been brought back to service through the extreme creativity of the Engineering Team.

Indeed, the rehabilitation of the once derelict buses was undertaken within the amazingly short span of three weeks, with the restored units now integral in the company's complement of vehicles in service.

And on the human side, despite its very challenging financial position, the new management of the JUTC has been able, after less than a year at the helm, to settle the amounts outstanding in respect of employee benefits, such as uniform allowances and incentives and increments, which dated back to 2015.

This has served to sharply raise the morale among the staff, which had been aggrieved from 2015 by the mounting outstanding amount without any sign of any payment. It has noticeably taken some \$150 million to address the situation so far, thanks to the support of the Finance Ministry.

The JUTC is also seeking to implement the Kronos time and attendance management system which was on the table before, but abandoned by the previous management, leaving this major corporate entity depending on log books as the basis for determination of the hours of work among its staff, this in the 21<sup>st</sup> Century.

We say no, Mr. Speaker, and we are moving to the modern age to control things like people signing for other people, and the inherent impact on overtime and the payroll generally.

Moving ahead, the JUTC has some very exciting projects on its hands. Firstly, the company is now streamlining the first phase of the Rural/Urban Transport Plan, which is to be rolled out between Old Harbour in St Catherine and a number of routes in Clarendon later this year.

This is on the basis that taxpayers from across the country fund the publicly-owned bus service, but only in the KMTR are the services being enjoyed. That needs to change, and we intend to change it by gradually bringing more uniformity to the cost of public transportation across both rural and urban Jamaica.

Additionally, Mr. Speaker, there is a proposal being finalised for the JUTC to manage a pilot project to determine the feasibility of transforming the publicly-

owned bus service to a liquid natural gas (LNG) fuel platform. This is to be rolled out under the JUTC's stewardship at Montego Bay Metro bus company in the second city, through a bus and fuel supply platform, along with technical guidance, from New Fortress Energy. Success with the project could see the overall publicly-operated bus service being gradually switched to LNG, with both efficiency and environmental awareness being foremost in mind.

Clearly it should be appreciated that LNG is a much cleaner fuel than diesel oil, and definitely a much better fuel option from both the economic and an environmental perspectives.

And as if that is not enough, the JUTC is also to undertake a separate pilot project involving one of its depots, for a study on combining diesel oil with compressed natural gas (CNG). With projected fuel savings of 25 per cent in the making, the project is also expected to come with the additional benefit of removing the unpleasant black soot that comes out of some of the buses.

The initiative is to be undertaken in tandem with the Petroleum Corporation of Jamaica (PCJ) and a Venezuelan company.

Mr. Speaker, this, of course, will require cohesiveness between the Transport and Energy ministries, with Energy Minister, Dr Andrew Wheatley, and I already knocking heads on the project, which certainly bids well for the Government's thrust towards diversification of the national fuel source and a boost for the prosperity agenda.

## **MONTEGO BAY METRO COMPANY LIMITED**

Continuing with transport agencies before getting on to mining, let me indicate that in western Jamaica, Montego Bay Metro Company Limited has been quietly doing wonders with its limited resource. For the fiscal year 2016/2017, the company registered a 17 per cent increase in its overall ridership, in comparison to the 2015/2016 fiscal year.

With an average run-out of only 16 buses daily, the company's market share has grown significantly, and there have been improvements in its turnaround time and frequency on the existing routes, with a corresponding increase in revenue collection.

With vision and determination, the company was able to incorporate two new

routes, initially on a trial basis, but resulting in the new routes becoming two of the better-performing ones being plied by the company.

Montego Bay Metro offers service in three parishes - St James, Hanover and Trelawny - and is a critical plank of the Rural/Urban Transport Plan, including, importantly, linkage to the rail service.

### **JAMAICA ULTIMATE TYRE COMPANY**

Mr. Speaker, for the 2016/2017 fiscal year, the first 11 months (April 2016 - February 2017) the Jamaica Ultimate Tyre Company, a wholly-owned subsidiary of the JUTC, generated profits at 78.5 per cent above the budget, and this is expected to continue for the final month (March 2017), resulting in another record year in performance.

This has become habitual for the company, which must again be commended for a job well done as we urge them to keep on doing what they have been doing for quite a number of years now.

### **TRANSPORT AUTHORITY/Island Traffic Authority**

Mr. Speaker, moving on to the Transport Authority and the Island Traffic Authority, these two agency are slated to be merged, as their functions converge very significantly in one place. The TA continues to discharge its responsibilities to regulate, licence and monitor public land transportation across the country, with a number of innovations being brought on board its operations over the last year, including:

- Establishment and Opening of New Routes
- Systematic Improvement in Service Quality
- Expansion of Service Delivery Channels
- Technological Advancements
- Launch of Mobile Office Services

In February, the authority opened another satellite office in Savanna-La-Mar, Westmoreland, to provide greater access to its services by customers in the western end of the island.

The development of a Route Management Software for the authority is also under way, to afford it the ability to electronically manage the supply and demand imperatives relative to road licences, and the demand for public transportation along the established routes across the island.

This is while the Island Traffic Authority (ITA) is focused on the regulation and maintenance of proper standards for motor vehicles.

Over the last year, the ITA has had a number of significant achievements, including:

- Implementation of the computerised Vehicle Management System at the Swallowfield Examination Depot, which is to be gradually rolled out at the other depots island-wide.
- Collaborations with HEART Trust/NCTVET in the development of training programmes to certify and train Drivers and Driving School Instructors.
- Completed standards and requirements to certify Driving Schools.
- Upgrading and improvement of several depots.

The two agencies are critical to the proper management of activities within the land transportation space, and there will be a strengthening of these combined roles as a merged entity.

## **ROAD SAFETY UNIT**

Mr. Speaker, over the year in focus, the Road Safety Unit in the ministry intensified its objective of promoting and advancing road safety education in schools, communities and various other fora island-wide. This has been done an array of initiatives, including public engagements at the school and wider community levels.

Among the public engagements, earlier this year, the unit conducted on-the-road

activities in the form of traffic sensitisation in the western parishes, where the road safety challenges have been most pronounced for some time now.

Notable, a 33 per cent reduction in road fatalities is being reported for the first quarter of this calendar year, in comparison with the same period last year.

This clearly signals that the Road Safety Unit's work has direct implications for life and death circumstances within the traffic environment, and its success going forward will be critical to the national drive to sharply reduce the mayhem and loss of life on the road, and the huge, attendant medical costs.

## **JAMAICA RAILWAY CORPORATION**

Mr. Speaker, with the proverbial brakes having been applied to the national passenger rail service in 1992, it is noteworthy that the rail service in a very limited sense, has continued for all of 171 years.

With only bauxite-related freight service primarily in existence since 1992, successive governments have recognised the inherent value of operating a successful and comprehensive railway system locally, to provide economic, social and cultural benefits to many communities across the country.

It has been widely recognised that a restored, operationally and financially successful railway in Jamaica, is of immense value if for no other reason than the fact that rail transportation is the most cost-effective mode of land transport and, by extension, the cheapest mode of transportation of goods and services. The economic benefits, therefore, especially in the context of a broader logistic-driven economy, cannot be overstated.

Consequently, governments have, over the years, entertained many expressions of interests from various companies and countries, as conducted a number of feasibility and other studies with a view to rehabilitate parts or the whole railway network and revitalise the passenger service in Jamaica.

Indeed, it will be remembered that in August 2011, the Government sought to re-establish passenger rail services with a limited operation from Linstead to Spanish Town in St Catherine. But a number of setbacks, including very limited capital support, led to the termination of that effort.

With the broad Multimodal Transport Plan encompassing land, air, sea and rail connectivity, focus is now on a private/public partnership involving the rehabilitation and revitalisation of the rail service in structured phases, under a Memorandum of Understanding signed in December 2016 with Herzog Jamaica Limited, a subsidiary of Herzog International. The applicable period of six months should see the company finalising all due diligence matters and completing its final business plan, as well as securing the necessary financing to demonstrate that it can fund and implement the project.

Once approved by the Government of Jamaica, under contract to be established thereafter, Herzog plans to rehabilitate and revitalise the railway in a three-phase programme, starting from Montego Bay to Appleton (Phase 1); Spanish Town to Ewarton and Spanish Town to Clarendon as Phase 2a; and from Clarendon Park to Appleton as Phase 2b.

The timeframe associated with the two phases would see the entire project being completed in approximately three years, with Phase 1 (Montego Bay to Appleton) completed within 12 months after the signing of a Concession Agreement.

Under the current plan, the JRC will add Kingston to Spanish Town, along with the connection to Vernamfield, as work continues on the overall revitalisation programme.

Mr. Speaker, this represents the proverbial light at the end of a long and dark tunnel, and the country waits with bated breath on this pivotal development.

Indeed, it should be noted that a revitalised railway system would generate significant social and economic benefits not just to the commuters, but also to the national economy, with savings in road maintenance costs, road vehicle operating costs, road accident costs, among other areas of the national economy.

In fact, a study completed by Halcrow Group Limited in 2009, highlighted the fact that “the impact on the national economy of the investment in the rail rehabilitation scheme...valued the increase in Jamaican Gross Domestic Product (GDP) at about US\$100 million per annum” or approximately J\$13 billion.

With such prospects, the investment in the railway rehabilitation programme would, at today’s prices, generate two per cent of the five in four per cent growth target for the economy, and as a result, the the light at the end of the economic

tunnel would this time quite appropriately be the “oncoming Jamaica Railway Corporation train”.

## **TOLL AUTHORITY**

Mr. Speaker, in March 2016, the north-south leg of the toll highway was fully opened, adding an additional 64 kilometres to the toll road infrastructure. The timeliness of the opening of the Highway connecting Mammee Bay in the north and Caymanas in the south complemented the Government’s drive for economic growth and job creation. The new toll road now connects in a more efficient and seamless manner, hitherto treacherous travelling corridors.

The Toll Authority is now ramping up its capacity to monitor and regulate across a much wider operational span, and with the toll roads in general being of key importance to the national development agenda going forward, the Authority remains pivotal to the full positive impact of the highway network.

## **CARIBBEAN MARITIME INSTITUTE**

In maritime transport, I turn to the Caribbean Maritime Institute.

Mr. Speaker, I am extremely proud that the Caribbean Maritime Institute, soon to be the Caribbean Maritime University, has grown leaps and bounds since I first discovered its immense potential in 2007, and paid my first visit to the campus back then.

At that time, the student population was just over 200. Now the enrolment stands at approximately 3,600, and there is expected growth in the upcoming 2017/2018 academic year.

CMI is the fastest growing tertiary institution in the country, and it continues to grow each year in not just size, but national relevance and international recognition through expansion of its programme offerings, its notable staff and student achievements, and its impressive array of partnerships.

It is on this basis, and with a host of other reasons, that I must highlight that I, as Ministry of Transport and Mining, and by extension, the Government of Jamaica, with due recognition for the input of the Opposition, am pleased to have

spearheaded the transformation of the Caribbean Maritime Institute to the Caribbean Maritime University.

CMI is well on its way to becoming the first maritime university in the western hemisphere, with ISO certification and international endorsement from global partners.

This is a significant milestone, not just for Jamaica, but the Caribbean at large.

CMI is the only local tertiary institution being established at the national and international level to serve not just Jamaica, but also the Caribbean region and the global community.

This is not an easy feat for an institution with limited physical and other resources, as well as a student population of which approximately 50 per cent are from lower socioeconomic homes.

But CMI has been able to consistently deliver a product of excellence, due to its creativity in realigning existing resources to meet its objectives.

It is this creativity, coupled with the specialised nature of the institute, the competence of its leadership and the overall resilience there; along with the unwavering support of its parent Ministry; that will undoubtedly result in the continued growth and success of the institute, and its transformation to a world-class university.

Very importantly, the development of the CMI is aligned with the national growth strategy focusing on economic growth and job creation, which CMI supports through education and training of the required personnel for the job markets.

Among the many facets to its strategic vision and foresight, the institute has a Festo Authorised and Certified Training (FACT) Centre at the campus as a venture that the Ministry of Transport and Mining has supported as an avenue for economic and human development that will result in high paying jobs in the maritime and logistics industries.

The Ministry of Science, Energy and Technology, through the Universal Service Fund (USF), and the CMI, have also signed a Memorandum of Understanding that will provide funding of \$310 million to the CMI. The agreement covers the establishment of a National Maritime Port Operations Simulator Training Centre, a multi-purpose laboratory to form a Regional Training Centre, and a Geographic Information System (GIS) Centre at the CMI. This funding will enable the institute



to deliver the best quality training in logistics, freight forwarding, customs, immigration and related areas.

Along with securing university status and so much more, Mr. Speaker, the CMI team has been up to some fun stuff, including its Cheerleading Team, the CMI Spartans, represented Jamaica in January 2017 at the World University Cup Cheerleading Championships, and emerged the winner in a number of categories.

Congrats to the institute on a really fine overall slate of achievements over the year, and certainly more s expected going forward.

## **MARITIME AUTHORITY OF JAMAICA**

In respect of the Maritime Authority of Jamaica, Mr. Speaker, as part of its developmental mandate, the authority has been actively involved in efforts to establish Jamaica as a global Logistics Hub, both at the level of the National Task Force and through its own activities to develop Jamaica as a Shipping Centre. The global Logistics Hub initiative embraces and complements the ongoing project of the MAJ to develop Jamaica as a “Shipping Centre”.

The Vision 2030 National Development Plan has identified the establishment of Jamaica as a Shipping Centre providing a range of targeted ancillary shipping services as a major strategy to generate income and employment for the economy. The expanded Panama Canal will positively impact the Country’s ability to achieve this ambition, as it is expected to result in significant increase in shipping traffic with larger volumes of cargo, and therefore the demand for ancillary/shipping-related services.

Indeed, Mr. Speaker, a specific sector study conducted in 2012 with the assistance of the Commonwealth Secretariat, entitled ‘Study to Position Jamaica as a Bunkering Location in the Caribbean’, indicated that if Jamaica could increase the share of the vessels passing through the Panama Canal which bunker in Jamaica, from the 2012 level of five per cent to 10 per cent, it would benefit from induced economic impact of US\$3.1 billion and generate about 900 job opportunities.

## **PORTS SECURITY CORPS**

Mr. Speaker, after quite a challenging period, the Ports Security Corps (PSC) is set to benefit from a Cabinet Decision which gave approval for the PSC to be mandated the sole Designated Security Provider to operate and provide security services in designated sensitive and restricted areas and zones at selected ports of entry, and the provision of interim financing to support the operations of the organisation through a grant from the Airports Authority of Jamaica (AAJ).

Since April 2016, the PSC has been engaged in wide-scale training of its personnel to improve its efficiency and service delivery. This include approximately 106 existing security officers at the Norman Manley International Airport, who underwent recurrent training in AVSEC Screener recertification training; 56 who underwent DGR recurrent training; and approximately 83 new recruits who were put through the AVSEC, DGR, Maritime and Industrial Security training. All supervisors also went through on-the-job refresher training with in-class training to be scheduled.

Then at Sangster International Airport and the Negril Aerodrome, approximately 192 security officers underwent recurrent training in AVSEC Screener recertification training; approximately 79 underwent DGR recurrent training; and approximately 36 new recruits were put through the AVSEC, DGR, Maritime and Industrial Security training. All the supervisors also went through on-the-job refresher training with in-class training to be scheduled.

At the Ian Fleming International Airport, Approximately 26 security officers underwent recurrent training in AVSEC Screener recertification training.

As we seek to pattern after the homeland security concept and approach to the broad logistics development to come, the Port Security Corp has a critical role o play in this regard.

## **JAMAICA CIVIL AVIATION AUTHORITY**

In air transportation, for the 2016/2017 financial year, a number of critical activities were undertaken by the Jamaica Civil Aviation Authority (JCAA). These include the International Civil Aviation Organisation's (ICAO) Co-ordinated Validation Mission, which was conducted in June 2016, and reinforced Jamaica's status as a leader in civil aviation administration.

The ICAO audit confirmed Jamaica's effective implementation of ICAO's Standards & Recommended Practices at 82.38 per cent, the highest for all countries in the English-speaking Caribbean. This compares to a global average of 63 per cent, and 69 per cent for the North American, Central American and Caribbean (NACC) region

Mr. Speaker, the Air Navigation Services (ANS) modernisation project at the JCAA is modernising and improving the operational efficiencies of the Air Traffic Management (ATM) infrastructure and the capacity of ANS personnel to effectively provide the relevant services through training and development. All aspects of ANS are being modernised to ensure parity with global standards and efficient service delivery.

Very importantly, the full operations of the new Norman Manley International Airport (NMIA) Air Traffic Control (ATC) Tower took place in September 2016, with commissioning of the tower taking place in November.

In respect of Sangster International Airport (SIA), the implementation of the same facility is 90 per cent complete.

The JCAA has also made a concerted effort to efficiently manage the risks associated with key operational and workplace hazards, and to deliver safety benefits to the travelling public, the aviation industry and its employees.

## **AEROTEL**

Mr. Speaker, in respect of Aerotel, a subsidiary of the Jamaica Civil Aviation Authority, the entity has been providing technical support to the JCAA's substantial infrastructure modernisation programme, especially in relation to the new Instrument landing system (ILS) that is to be commissioned at the Sangster International Airport (SIA); the new Air Traffic Control (ATC) Tower recently commissioned at the Norman Manley International (NMIA); and the new Air Traffic Management (ATM) system that is currently being deployed.

The entity also achieved 99.1 per cent availability of Communications Navigation and Surveillance facilities for the year, against a target of 99.9 per cent. The particular accomplishment is commendable in the scenario where end-of-life equipment was being replaced/upgraded, with the consequent requirement for de-commissioning and new implementations alongside the ongoing operational

obligations

## **THE BAUXITE/ALUMINA INDUSTRY**

I turn, Mr. Speaker, to the mining sector, firstly the bauxite/alumina industry.

It is of significant note that the global alumina industry recorded improvements in 2016, with the LME aluminum three-month price rising 16.4 per cent, and consumption and production growing by 5.4 per cent and 3.0 per cent, respectively. This general improvement in the industry was mainly driven by a rise in China's demand for the commodity.

Importantly, from the standpoint of Jamaica, the global alumina market saw consumption rising 3.1 per cent to 114.9 million tonnes, 771,000 tonnes higher than global production. For most of the year, alumina prices were lower relative to 2015, but in the fourth quarter, prices increased 31 per cent relative to 2015.

Locally, the bauxite/alumina industry suffered a setback in 2016. Total bauxite production declined by 11.3 per cent to 8.54 million tonnes relative to 2015. Alumina production was 1.86 million tonnes, and crude bauxite production was only 3.6 million tonnes. The shortfall in crude bauxite production was a direct result of reduced shipments to Sherwin Alumina in Texas, which filed for bankruptcy protection in February 2016, and closed operation in October 2016.

However, the gross value of the export of bauxite and alumina increased 3.4 per cent to US\$672.3 million, compared with US\$650.4 million in 2015, largely on the basis of higher alumina prices. Net inflows of foreign exchange, however, went down from US\$264.2 million in 2015 to US\$218.3 million in 2016, due mainly to a number of factors, including production cutback at Noranda.

## **THE PROSPECTS FOR 2017**

Mr. Speaker, for fiscal year 2017/18, total bauxite production for the local industry is expected to round out at 10.3 million dry metric tonnes (DMTs), based on the pending restart of production at Alpart, the largest refinery in Jamaica; the Windalco and Jamalco refineries operating close to full capacity; and the Noranda/New Day (Jamaica) plant producing at 50 per cent capacity.

## **INDUSTRY PRIORITIES FY 2017/18**

In respect of the industry, the major developments on the table for the financial year 2017/2018 are the reopening of Alpart, St Ann Bauxite's new ownership, and work being done to manage bauxite-bearing lands, facilitate exchange titles, and further implement in the Bauxite Community Development Programme (BCDP).

### **ALPART**

The Alpart refinery, which has been taken over by Jiuquan Iron and Steel Company Limited (JISCO), is slated to restart in the second half of 2017. Work is in progress to rehabilitate and refurbish the plant before resuming alumina production this year. Production is expected to be below capacity leading up to the end of the year, but in 2018, production will be increased to the plant's full capacity of 1.65 million tonnes.

Along with environmental monitoring and the fostering of a harmonious relationship amongst the various stakeholders, the Jamaica Bauxite Institute (JBI) will provide technical support to the new owners of Alpart, to ensure production is restarted as scheduled. Additionally, there will be a programme, in conjunction with the Ministry of Labour, to monitor the level of local employment at the plant, to ensure full compliance with Jamaica's labour laws, and to provide an opportunity for many Jamaicans to gain employment there.

### **ST ANN BAUXITE/NEW DAY (JAMAICA) LIMITED**

For the St Ann Bauxite plant, which has a new owner in the form of New Day (Jamaica) Limited, production has not been disrupted despite the change in ownership. Negotiations are in the final stages, and the Government is intent on securing an agreement that is beneficial to both Jamaica and the company.

The JBI intends to continue to provide technical support to ensure that the smooth transition of ownership is maintained, and the relations among the new owners, workers and the Government of Jamaica are strengthened.

## **WINDALCO**

Regarding Windalco, Mr. Speaker, the works to be undertaken this fiscal year, as stipulated under the 2016 Concessionary Agreement, include the construction of a sand removal system, the upgrading of mud circuit systems, and the lifting of dikes for future red mud disposal requirements.

The JBI will continue to monitor these projects with a view of ensuring that there are improvements in efficiency and an effective residue disposal system is in place at the Ewarton plant.

Also of note in the bauxite sector is a move to better manage the bauxite-bearing lands in light of the number of complaints surrounding the appeals pending for the subdivision of lands, and the provision of exchange of titles to persons who have been resettled by the bauxite and alumina companies.

## **LAND TITLING ISSUES**

The backlog of outstanding titles to be delivered to persons resettled by the bauxite and alumina companies has been a longstanding problem, but through the Bauxite Land Titling Committee (BLLTC) which I chaired, significant progress has been made to clear some of the bottlenecks in the delivery of exchange titles.

## **MINES AND GEOLOGY DEPARTMENT**

Mr. Speaker, elsewhere in the mining sector, it should be noted that Jamaica is endowed with many large deposits of high purity limestone that if developed, can be marketed as powders of high value. In order to diversify the national mineral portfolio, encourage cross-sectoral integration, and promote rapid economic development, an assessment of selected high-quality limestone deposits across the island is being done.

These are limestone deposits that can be used for industrial (paper, paints, chemicals, animal feed, etc.) and medicinal (pharmaceuticals, antacids, etc.)

purposes. These deposits have been studied geologically, and the studies are advancing in the best uses for the materials.

In 2016, limestone at Sherwood Forest, Portland was studied, and it was determined that approximately 2.5 billion tonnes of limestone material is available in this area.

Researches have also been conducted on limestone deposits in targeted areas in St Elizabeth and Trelawny, with combined resources determined to be in excess of six billion tonnes.

It should therefore be quite understandable, Mr. Speaker, why a National Minerals Policy is being formulated, to both protect the national asset base in this regard, while setting the foundation for prudent handling of the stocks of the commodity.

Mr. Speaker, during this financial year, the Mines and Geology Division will continue to focus on the production of Economic Geology Evaluation Reports for limestone deposits in the parishes of Trelawny and St Elizabeth. These reports will provide more detailed information that will guide investors regarding the areas that show good potential for development.

The division also continues to conduct research and development of viable sources of skid-resistant rock materials for use on transportation wearing surfaces, such as airport runways and highways. This island-wide assessment has focused on large rock bodies suitable for producing skid-resistant aggregate with the aim of determining their technological properties.

In December 2015, Jamaica was one of six countries which were selected to participate in the ACP-EU Development Minerals Programme. The programme is an initiative of the African, Caribbean and Pacific (ACP) Group of States, financed by the European Commission, and implemented by the United Nations Development Programme (UNDP), with the Mines and Geology Division as the national partner.

The country has been granted funding of €750,000 which will focus on a capacity building programme that aims to build the profile and improve the management of industrial minerals, construction minerals, dimension stones and semi-precious stones.

This project seeks to ensure that neglected minerals play an integral role in sustainable development of ACP countries, including generating more local jobs, and thereby reducing poverty. This will include training in health and safety, environmental stewardship and mine management.

Interestingly, this month, Jamaica will be sending nine ceramic and clay artisans to a month-long training workshop on ceramic and clay mastery of development minerals at the African Minerals and Geosciences Centre (AMGC) in Tanzania. This workshop is aimed at advancing the artisan's skills in pottery and ceramic technology in order to service the readily available large tourism market.

The aim of the study tour is to visit facilities and related centres to enhance knowledge on the collection centre for raw materials, business development and training initiatives in pottery and ceramic technology.

Then there is also an interesting development in the production of sand from hard rocks, or manufactured sand. This is in view of the fact that Jamaica has been dependent on river-based sources of sand for construction purposes, but over the years there has been significant depletion of this resource.

Additionally, demand for sand continues to be especially high in western Jamaica, and there are inadequate river sources for the commodity.

## **JAMAICA BAUXITE MINING LIMITED**

Also in mining, Mr. Speaker, the Jamaica Bauxite Mining Limited, which administers the Government's equity in the bauxite/alumina industry and holds a 51 per cent stake in Noranda Jamaica Bauxite Partners, and 100 per cent of the former Reynolds Operations at Lydford and the cargo port in Ocho Rios, has adopted a strategy aimed at further diversification so as to increase revenues attributable to port operations and property operations.

Principal among the initiatives is to substantially increase the throughput of limestone and to lease lands and rent vacant buildings, among other logistical services.

Despite the upheaval caused by the global economic crisis, JBM has performed credibly through significant improvements at its Lydford Operations, and continue to make a profit while undertaking all its capital works from cash flow.



For the fiscal year 2016/2017 to February 2017, JBM made a profit before tax of \$292 million

## **THE VERNAMFIELD DEVELOPMENT**

Now, Mr. Speaker, we come to the biggest item of the afternoon.

Mr. Speaker, many persons would have become accustomed to my dream of an integrated multimodal development initiative involving Vernamfield in Clarendon as its centre-piece. This involves seamless connectivity by land, sea, air and rail within a logistic-driven, just-in-time environment where time is money and efficiency and connectivity in transport arrangements are what it is all about.

I call it a dream because for a dream to become reality, people must first be convinced about the relevance of that dream to their own realities.

Added to that, the requisite work must be executed to move from the abstract to the concrete.

In this vein, Mr. Speaker, I want to assure the nation that the process to reality is now well under way.

Cabinet has taken the decision for the establishment of Tinson Pen as a Logistics Park, and the relocation of Tinson Pen and its domestic air service activities to Vernamfield in Clarendon.

Additionally, Mr. Speaker, the JDF Air Wing will be relocated to Vernamfield.

Allied to that is the decision to have the following services located in Vernamfield as well:

- MRO
- Cargo
- Courier Services
- A Transport Training College, as well as general aviation services.

Mr. Speaker, we are talking about the 21<sup>st</sup> Century, with all the attendant possibilities and opportunities. It is time for us to leverage our natural geographic

location to our advantage. Jamaica is located in the western part of the Caribbean Sea, and is the closest island state before entering and after exiting the Panama Canal. This means that ships traversing the area of the Panama Canal pass within close proximity to Jamaica, and our deep water harbour in Kingston. This location also means that we will have easy shipping access to the East Coast of the Americas, the Mediterranean and the West Coasts of both Africa and Europe.

Mr. Speaker, Jamaica is within 10 hours of flying time for over 1.6 billion consumers in major developed and emerging economies. Here is how we are seeking to take advantage of this God-given geographic placement in the world

The Vernamfield Aerotropolis will offer break-bulk, manufacturing and logistics facilities, as well as business to over 150 countries in Asia, the Americas, Western Europe and Africa's West Coast.

With modern runways, improved airlift, state-of-the art cargo facilities, large specialist cargo planes, MRO services and a myriad of supporting businesses, the Aerotropolis will be the key enabler of rapid business.

With Vernamfield in the formula, Jamaica will be able to accommodate the Antonov 124, the world's largest cargo plane.

Let us take note, Mr. Speaker, that currently, Curacao is the only country in the Caribbean with a runway long enough to accommodate this aircraft.

And Mr. Speaker, experience from other Aerotropolis developments suggests that Vernamfield, properly invested with MRO, cargo services and other themed investments, will generate a benefit of US\$121 into Jamaica's GDP for every \$1 invested between 2017 and 2058.

Mr. Speaker, among the things that VISION 2030, our blueprint for nation economic and social development, posits, is that we should be the place of choice to do business. The Vernamfield Development sits squarely in the realisation of that position.

Let me turn now turn, Mr. Speaker, to some ministerial linkages that will flow directly from this initiative, giving an indication of its span and scope.

Earlier, I alluded to the break-bulk, manufacturing and logistics capabilities of the Vernamfield Development. I want to also add to that, the potential for Agro Processing, Electronics and Automobile interests operating from the location. This, you would realise, Mr. Speaker, would require collaboration with the Ministry of Industry, Commerce, Agriculture and Fisheries.

Then there is the re-location of the JDF Air Wing, which would have a bearing on the Ministry of National Security.

With the establishment of the Logistics Hub and the creation of over 600,000 jobs – **yes, 600,000 jobs** - we are talking about key linkages with the Ministry of Economic Growth and Job Creation.

And we are not done yet, Mr. Speaker. The tax increment that will be generated by the wide range of economic activities will see an average tax take of 11 per cent, resulting in revenues of over US\$6.5 billion. This means the Ministry of Finance will have a stake in the development.

And with the Aviation Training and Certification Centre providing aviation training, it means that the Ministry of Education would be part and parcel of the development.

Mr. Speaker, we are cognisant of the fact that we do not exist in a vacuum, and that is why this Government takes a holistic approach to development, because the Government is interested in the prosperity of All Jamaicans, and Vernamfield is an integral part of it.

Mr. Speaker, in terms of next steps for the Vernamfield Development, we will be actively working on the following:

- The establishment of the Vernamfield Aerodrome
- The development of a timeline and budget for the re-location of Tinson Pen
- The provision of notice to JCAA for the relocation of Tinson Pen and the JDF Air Wing
- Co-ordination with the National Lands Agency on the lands to be allocated to the project , and the means of transfer.
- Agreement on the methodology to move forward with respect to investors.

Mr. Speaker, it should be noted that Vernamfield is located in South West Clarendon in what is unfortunately called a certain kind of country. So its grip on my mind from the concept so long ago, to the early stages of implementation now, has not been about politics, it's been about the development of the parish of Clarendon, the county of Middlesex and the country at large.

Mr. Speaker, I am an old man in a hurry, as you know by now, but I am not one to cut corners in getting to my destinations, so I am ensuring that all the requisite 'I's are dotted and 'T's crossed, in moving this initiative forward. One thing for sure is that like the caterpillar which is transformed into the beautiful butterfly flying about, the Vernamfield Development will in short order begin to move from the dream stage, the conception stage, to implementation to assist in the biggest way any local project has, in transforming this beautiful nation of ours towards the prosperity we desire and deserve.

As for May Pen, it will become subsumed in the Vernamfield Aerotropolis, as the nearest major township. So economically, things should really be looking up there. And complementing that economic boost to come will be the development of the multi-sport Herb McKenley Stadium in the heart of the town, which is to also serve the wider parish and county. That is a critical plank of my legacy programme for the town.

Mr. Speaker, in closing, let me assure the nation that its trust is well founded in the JLP, which is busy seeking to produce the successes that are expected of us. Let me say that it takes motivation, drive and a sense of direction to achieve major goals, and these attributes are central to an Administration led by Prime Minister Andrew Michael Holness.

This keeps us on our toes as Cabinet Ministers, and I am happy to be able to report not only solid achievements over the last year, but even more concrete and dynamic initiatives and programmes going forward.

As we look forward to transforming the national economy, it is with a sense of pride that I, as Minister of Transport and Mining, salute my colleagues in Cabinet, especially the Prime Minister, for the overall work being done on the people's behalf.

Jamaica has put its trust in us, and Jamaica we want to be proud of us.

One by one we are honouring our commitments to the people and, no doubt, we are being appreciated for this.

Let us simply keep our hands steadily at the wheels in the interest of the people of Jamaica.

Jah guide as we continue to press on for real prosperity for the people.