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## Acknowledgements

Mr. Speaker, on rising I give all praise and Honour to the Almighty Father for bringing us here together and for sparing us, individually, as a Parliament and as a Nation, so that we can all gather here once again to recommit through public service to building a better Jamaica.

Mr. Speaker, let us not forget that we are here because of the tireless support of numerous persons who continue to offer their time, effort and resources and for that we thank them. I especially want to thank all the people who have contributed their time, effort and resources to work on the various partnership initiatives.

Sometimes I see the same persons repeatedly but they make the sacrifice gladly for their country. Naming always creates a problem, but allow me to publicly acknowledge the Social Partnership, the Economic Programme Oversight Committee (EPOC), The Public Sector Transformation Oversight Committee (PSTOC), the Economic Growth Council (EGC), Electricity Sector Enterprise Team (ESET), the Unions and the various monitoring committees, in addition to all the people who volunteer to serve on the various boards. I appreciate your sacrifice and acknowledge your contribution.

I salute my dedicated and hardworking team at the Cabinet Office led by Amb. Douglas Saunders, and the OPM and MEGJC team led by PS Audrey Sewell who work assiduously in various roles. I also thank the Ministers who work directly with me between OPM and MEGJC, Minister Chang, Minister Vaz, and Minister Derrick Smith, who is not here with us today, I spoke with him this morning and he is recovering nicely.

I want to thank my extended family, the people of West Central St. Andrew; I am proud to be your representative for the 20<sup>th</sup> year.

Mr. Speaker, family is very important to me and I must acknowledge my dear wife who has served her constituency remarkably well. I admire her continued strength and greatly value her unwavering support and dedication to our family and to Jamaica.

Politics is at times thankless and sometimes heartless. I want to on behalf of the Parliament and the people of Jamaica, thank the Most Honourable Portia Simpson Miller for her years of dedication and commitment to serving the people of Jamaica. At an appropriate time and with her consent, Parliament will arrange a sitting in honour of the member.

## Introduction – Dealing with Our Fiscal Framework

The PM's Presentation in the budget debate sets the priorities and gives details of the plan of action to achieve them. It is also an opportunity to showcase achievements of the closing fiscal year.

There are expectations that the presentation will provide answers, if not solutions to difficult problems such as taxes and crime.

More than that however, even after the understandable debate about Government's revenue measures, and growing social problems, the nation wants to be uplifted, inspired, hopeful in prospect and trustful of commitments.

I get the sense that Jamaica wants to be assured that Government will be forthright, honest and open with the people.

I get the sense that an increasing number of Jamaicans understand that there are no simple fixes to our most urgent problems. They are making the connections with the realities of our situation.

This is our reality:

After 40 years of no growth; much of the development that we have had has essentially been financed by debt. A large part of our debt is as a result of the poor management of the public accounts and fiscal profligacy of the past. Poorly run public enterprises resulting in losses and financial sector meltdown of the 1990s where private debt became public debt.

As a result, we now owe more than we produce in any one year. We are now paying for mistakes of the past which limit our options for the future. A significant portion of the revenues we raise go toward repaying debt. Jamaicans know that we cannot spend more than the revenues we raise after paying debt.

What is available for the Government to spend is far less than our needs (roads, water, health, education) in any one year. There are no benefactors for Jamaica or big brother country. There is no printing press for money. There are no secret sovereign funds hidden away somewhere. As an Independent country, we must be disciplined in managing our own fiscal affairs. We can no longer finance our development by borrowing.

The only way to bridge the gap between what we are able to spend and what we need to spend to bring prosperity to the people is to:

1. Better manage the tax revenue we raise (PUBLIC SECTOR REFORM, DIVESTMENTS and GREATER ASSET UTILIZATION),
2. Plug the leaking revenues we don't raise (ANTI-CORRUPTION MEASURES and TAX REFORM (shifting from direct to indirect))
3. Growing the economy (INDUSTRY DEVELOPMENT and DIVERSIFICATION, REDUCE CRIME and VIOLENCE, PUBLIC SECTOR TRANSFORMATION/EASE of DOING BUSINESS.

Mr. Speaker, the government has been faithfully executing all the strategies to bring us to the point where one day soon we will be able to better address our social and development out of our revenues. Later in this presentation I will elaborate on the measures I have just listed, however, I

want to say a few words here on the 1.5 tax plan which moved Jamaica in a big way from DIRECT TO INDIRECT taxation.

As I said last year, Mr Speaker,

An appreciable amount of Jamaica's debt was incurred over successive periods when revenues fell short of projections and the shortfall was made up by borrowing. In other words one way of looking at our stock of debt is that a significant portion was built up due to the persistent shortfall of revenues as against projections.

Revenue sustainability, revenue reliability, revenue certainty are the cornerstone of fiscal credibility.

For better or worse personal income tax has proven to be an unreliable and unjust mechanism with great horizontal inequity as few people pay and those who do, don't always pay on all their income.

There are 1.3 million persons employed, Mr Speaker, but less than 500,000 Jamaicans are on the tax register. That is because a large section of Jamaica's economy is informal. That is our current reality.

Under income tax, all income is to be taxed, including income earned outside of formal employment.

Jamaica's reality is that the burden is therefore placed on the few trapped in the PAYE system while counterparts escape.

This Government is focused on developing solutions for our circumstances from the toolkit of what works.

The tax system has to be overhauled and reformed to promote greater reliability, equity, and economic efficiency.

Indirect taxes, collected upfront are inescapable, making them reliable as sources of revenue and, because everyone pays, they are horizontally equitable, meaning everyone of the same circumstance bears the same burden.

For the same reason, however, they can introduce vertical inequities.

The Government has therefore increased allocation to PATH and to the School Feeding Programme by an amount, in aggregate, that exceeds the increases over the last four years combined.

This way, the Government's welfare program will be directly targeted to those who need it, moving from the revenue to the expenditure side of the budget.

This promotes greater economic efficiency as every dollar of welfare resource goes directly to an intended welfare recipient.

Arranging our taxation this way is indisputably more efficient, more reliable and more equitable.

### **Public Bodies and De-Earmarking**

Jamaica has over 200 public bodies as compared to economies several times our size which have one quarter this number.

There are currently a number of licenses, taxes and fees that collected directly by public bodies or earmarked for them i.e. collected by the central government and turned over to them

The total revenues of these public bodies, including taxes, fees, licenses and contributions were as high as approximately J\$74 billion in 2015 or approximately 20% of then central government tax revenues! while the expenses of those entities in that year were approximately \$54 billion,

In an ideal world, the best public financial management principles support an efficient allocation of public resources where all revenues first flow to the Consolidated Fund, with the central government allocating to each depending on the needs of the day.

The advantages of this approach are:

Public bodies are not, by definition, fully included in the macro-fiscal plans and thus can present unexpected demands on the budget. In fact, much of Jamaica's debt - ten of billions of Jamaica's debt - arose as a result of several Public Bodies that found themselves in difficult time;

This type of financial management introduces rigidities and does not allow the Government of the day to properly respond to the urgent problems of the day. It does not allow the government to prioritize and make choices.

It therefore weakens Government

Resource allocation is inefficient as earmarked public revenues and expenditures are not subject to the same public evaluation and scrutiny as the budget process for ministries, departments and agencies;

Public bodies incur higher costs as small public bodies cannot achieve efficiencies in scale.

The history behind these public bodies and segregated funds are related to the lack of trust that the public has had in the administration of the county's finances over decades. The historical lack of fiscal discipline and accountability has undermined trust in central government and therefore as a society we have preferred to warehouse funds in segregated entities.

However, the Government of Jamaica is entrenching fiscal discipline and across two administrations deep structural reforms have been and are being made.

Now is the time therefore to make public financial management more efficient by de-earmarking **eligible** public bodies.

This does not mean that the public bodies are not funded. It just means that the public body needs to justify its programme of expenditures each year like all other departments and agencies of government. Some years they may end up with more than they have now, and other years it may be less. However, at all times the needs and priorities of all of Jamaica are taken into account when Jamaica's money is being allocated and spent.

There is a connection between our productivity as a people and our economic growth.

There is a connection between our economic choices and our economic growth.

There is a connection between the efficiency and effectiveness of Government and economic growth.

There is a connection between an overly bureaucratic regulatory environment and the level of job producing investments.

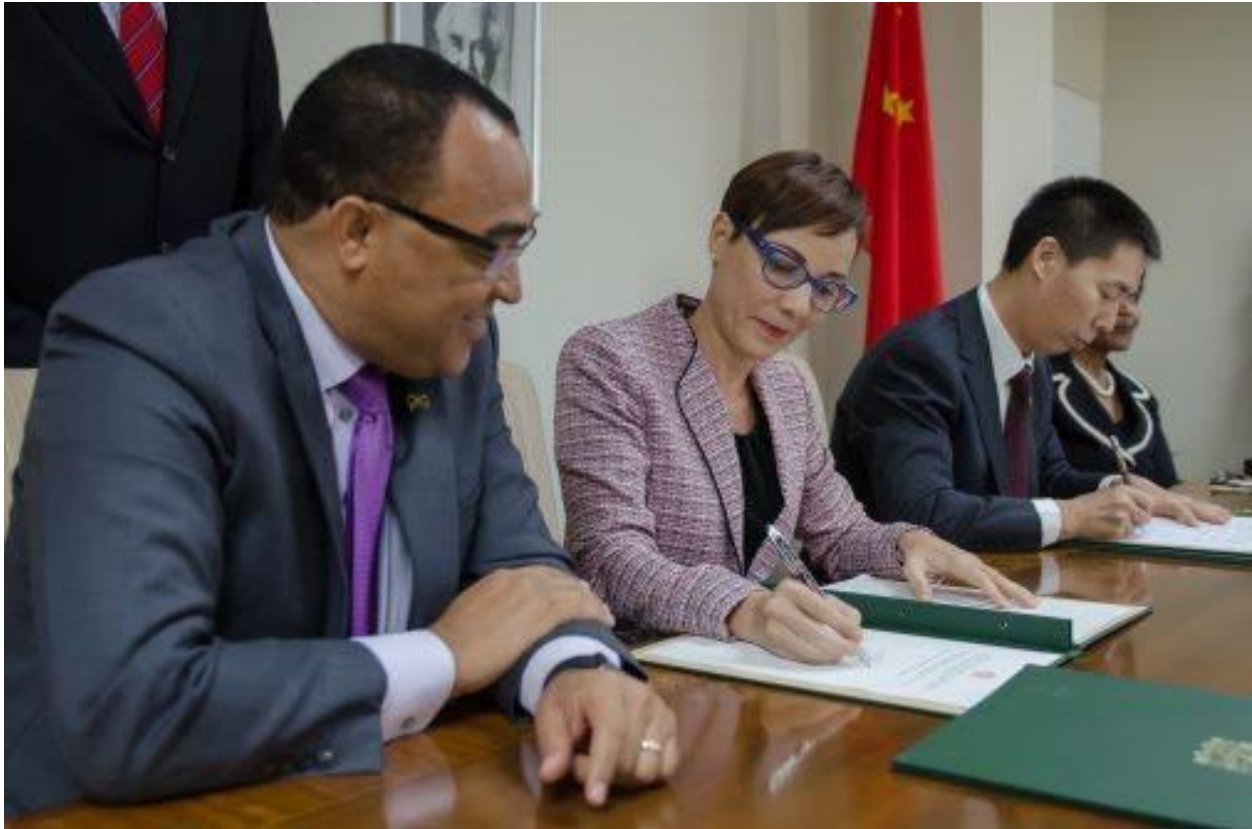
There is a connection between the effective management of our public accounts and fiscal affairs and our economic growth.

The important thing is that Jamaicans are now beginning to realize that our future is connected to our present actions. Given our present situation, we have no option but to grow. My observation from being in Parliament for 20 years is that we do not look at the big picture and make the connections – we must give Jamaicans the full story – we cannot only have a partial view.

We are all responsible. Economic growth is about the complexity of connections; the more integrated these linkages are the more effective it will be. In my presentation, I will make these connections clearer.

We are all connected – it is one Jamaica, one budget. Take control of the fiscal management of the country – the fiscal affairs of the country will forever be impaired if we fail to recognize this and our public accounts continue to be disaggregated and sectorally led – we are not discrete entities operating separately.

## The Right to Life



*Figure 1 Minister of Health, Minister of Foreign Affairs and the Chinese Ambassador sign MOU for the construction of the 220 bed Children's Hospital in Western Jamaica*

Mr. Speaker, the first duty of government is to protect, preserve **and** promote life. All other rights follow from the “**Right to Life**”.

Our Constitution and the Charter of Rights, guarantees, “the right to life, liberty and security of the person and the right not to be deprived thereof except in the execution of the sentence of a court...”<sup>1</sup>

The Charter makes it clear that, “the state has an obligation to promote universal respect for; and observance of human rights and freedoms.” Within the general scheme of our Constitution therefore, Government is not merely a passive observer of fundamental rights and freedoms.

Government, its organs and agents, have a duty not to take life or deprive anyone of their freedoms and security.

More than that, Government has a duty to actively ensure that threats to life are minimized, and the rights and freedoms which determine quality of life are expanded.

Anything that threatens life, and the enabling freedoms and security to enjoy life, must get the direct and instrumental attention of Government's policies and actions.

## Securing our Health

Mr. Speaker, in 2014, the top-five causes of death in Jamaica were:

- **Cerebrovascular diseases (Strokes)**
- **Diabetes mellitus (Sugar)**
- **Ischaemic heart diseases (High Cholesterol)**
- **Hypertensive diseases (High Blood Pressure)**
- **Assault**

These 5 categories accounted for approximately 46% of all deaths in the Jamaican population over 5 years old.

The 2014 data shows that of all the causes of death, Non-Communicable Diseases (NCDs), accounted for 12,573 or 67% of deaths in the population 5 years and older.

Preliminary data shows that the probability of dying from one of the main NCDs between the ages of 30 and 70 is 17.8%.

**This included 4,485 persons who were considered to have died too young.**

Cardiovascular diseases accounted for four in ten deaths, cancers two in ten, while diabetes and chronic respiratory disease accounted for one in ten deaths

All these diseases are related to our lifestyle.

They are prevented or caused by the way we choose to live, eat, play, and work. There are several underlying factors driving NCDs, the main ones are:

- smoking (tobacco or anything else),
- alcohol abuse,
- diet
- obesity, and
- inactivity

Mr. Speaker, the Minister of Health, will say more on the plans of the government to actively promote the healthy lifestyle of Jamaicans. Nevertheless, I believe it is appropriate to point out that the prevalence of inactivity, ie the lack of exercise in the Jamaican population is too high

Based on the latest available data, over half of our population is overweight.

Youth consumption of sweetened carbonated soft drinks is very high. It is estimated that three out of four students drink a soda (carbonated beverage) one or more times per



day. The government is considering a fair approach to discouraging the overconsumption of sweetened drinks.

Mr Speaker we must lead by example and I have directed the Minister of Education and the Minister of Health to examine ways in which sugar could be reduced or removed from formulations sponsored and served by the government in public education system and to develop and launch a public education campaign about the effects of overconsumption of sugar.

This will be the first phase of a comprehensive approach to regulate and discourage the overconsumption of products with high sugar content in the medium term.

We are committed to building more parks and public spaces for Jamaicans to enjoy safe and meaningful outdoor activities in support of their health.

Mr. Speaker, the Government through the National Health Fund has been running a national campaign encouraging people to lead more active lifestyles.

Mr. Speaker, the government has a duty to support and promote health as an enabling condition for quality of life. However, as it relates to our health, our life is in our own hand. Jamaicans must take personal responsibility for our own health.

**I encourage all Jamaicans to become more physically active, remember 150 minutes / (2 ½ hrs) per week of brisk walking and stretches is a good start, cut down on sugary and fatty foods, quit smoking and moderate your alcohol intake.**

## Securing our People

Mr. Speaker, everyday Jamaicans are being denied their fundamental right to life, freedom and security to pursue a fulfilling life by a multiplicity of threats.

Over the last 15 years, on average 18,000 deaths<sup>2</sup> have been registered in Jamaica yearly. Many of these deaths are preventable.

Based on 2014 data:

1. Loss of life due to transport crashes was the 15<sup>th</sup> main cause of deaths in Jamaica.
2. Last year 379<sup>3</sup> persons were deprived of their lives in road traffic crashes.
3. Approximately 55% of road fatalities were in the most productive age range 15-44 years.

The Government takes a keen interest in:

2. ensuring that our public road infrastructure is safe
3. that our laws governing road usage are up to date and enforced.

The National Road Safety Council of Jamaica (NRSCJ), which I Chair as Prime Minister, plays a key role in increasing awareness and effective enforcement towards, safer roads and more responsible road usage.

## Road Safety



*Figure 3 Prime Minister Holness meets with Members of the National Road Safety Council and the Road Safety Unit at OPM in June 2016*

I would like to acknowledge the work of the Vice Chairman of the National Road Safety Council, Dr Lucien W. Jones and his team. I would also like to acknowledge the work of the Road Safety Unit in the Ministry of Transport and the Traffic and Highway Division.

They all can claim some credit for the reduction in the number of road fatalities since January by almost one-third when compared to last year.

Mr. Speaker, the NRSCJ has been reviewing crash hotspot data, as a result I have issued directives to the NWA, to come up with road safety measures that can be implemented along thoroughfares which show a higher statistical probability of fatal crashes.

The Council has also endorsed and recommended the use of electronic surveillance and ticketing. The NWA is now testing various camera surveillance and ticketing systems and

the Road Traffic Bill, which is now before the House, will see further amendments to ensure this is covered in law.

Mr. Speaker, the Government of Jamaica will maintain its vigilant and proactive stance on road safety, however, every road user must take **personal responsibility** for their own safety and the safety of others using our roads.

I implore motorists to reduce their speed, obey the rules of the road, drive defensively and be courteous and considerate to others, and do not drive while under the influence of drugs, alcohol or cellular phones!

## Violence

Mr. Speaker, the government is sensitive and concerned about violence and its negative impact on the right to life and the fundamental freedoms and security of our people.

Mr. Speaker, the 5<sup>th</sup> most prevalent cause of death in Jamaica is “Assault”, defined as the intentional use of violence on the physical person resulting in death.

From a public health perspective, violence could be considered a disease; **a disease of epidemic proportions in Jamaica!**

Mr. Speaker, the epidemiology of violence shows that it is the main cause of death in the age group 15 to 35, accounting for one third of all deaths in this age group.

Violence is the second leading cause of death in the age group 35 to 45, accounting for one out of ten deaths in this age group.

Approximately one third of Accident and Emergency (A&E) visits were for violent intentional injuries, mainly blunt force trauma, lacerations and stabbings.

Mr. Speaker, the disease of violence is the leading cause of death in our most productive years of life.

It represents incalculable opportunity loss in productive output and a great burden on the healthcare system. There is a significant social cost and personal trauma that impacts our families and communities.

Mr Speaker violence is preventable, and the underlying causes are essentially the ways we choose to live and relate to each other.

Mr. Speaker, in disciplining our children we use violence and abusive language; teaching them that the way to right a wrong, bring order, or stimulate a positive change in behaviour is through the use of violent means.

Mr. Speaker, violence features in many intimate relationships. Violence is not a demonstration of love for your partner.

Bounty Killer has been referenced in this parliament recently and I want to commend him on his statement at the recent concert to celebrate International Women's Day.

(He publicly apologised for his past behaviour and actions. And while the road to penitence is long, I am very happy that he is has finally put down the hammer)

Mr. Speaker, in the resolution of conflict, whether in a domestic, social, or work context, the first resort for many Jamaicans is violence.

More victims of violence and abuse, and bold advocates are coming forward and speaking up, refusing to accept that violence is normal. This administration supports any group or individual who joins the good fight to remove the scourge of violence from our midst.

As a society, we cannot continue to accept violence as the status quo.<sup>4</sup>

Mr. Speaker we have been taking concrete steps to reduce the acceptance and use of violence in the society. First, the Government must set the example.

1. The wrongs of the past must be acknowledged and an apology offered to the victims of state-inflicted violence as recommended by constituted review bodies. On behalf of the Jamaican State and in my capacity as Prime Minister I will make the apology in Parliament to victims of the Tivoli Incursion and the Coral Gardens Incident. (Either apologise or remove)
2. The government will amend the Education Act to explicitly prohibit corporal punishment in schools. Already several of our laws prohibit corporal punishment, for children in early childhood institutions, and places of safety. It is now time for the alternative systems of discipline and behaviour management we've developed, at great cost, become the main systems of discipline in our schools. We must teach our children by example that violence is not the only way to correct a wrong, bring order, or instil positive behaviour.
3. We are reviewing the Domestic Violence legislation with a view to making acts of domestic violence serious offenses, and to offer greater protections and support to the victims.
4. We have developed and will shortly implement a policy of Zero Tolerance as a means of early intervention using existing powers under the law for preventative detention for situation which could amount to domestic violence, intimate partner violence, and sexual abuse.
5. This year we will launch a National Campaign to promote peace building, increase the awareness of the society against violence, and reduce the use of violence in all its form in our society.
6. When we were on that side we advocated strenuously for a Joint Select Committee to review the "Sexual Offences Act", the "Child Care and Protection Act", the "Domestic Violence Act", the "Offences against the Person

Act” and the offences and punishment under these Acts. We are pleased to see that the committee has restarted and are committed to this process restarted this committee as an important step in the fight against violence against our women and children.

## Tackling Crime

Mr. Speaker, the disease of violence also manifests itself in crime.

The ultimate manifestation of violence is the intentional and purposeful taking of a person’s life, murder.

Mr. Speaker, the central concern for the public is crime and violence. However, it should be clear from what has been said that countries with a crime and violence problem usually have other deep underlying problems.

A 2013 Global Study on Homicides<sup>5</sup>, carried out by the United Nations Office on Drugs and Crimes, points out that there is a small group of factors that appear to account for most of the difference between violent and peaceful countries.

The violent countries tend to have similar weaknesses, and the ones that are becoming more peaceful have similar strengths or have implemented similar reforms.

Many of the violent countries have:

- weak and corrupt governance,
- low growth economies and weak fiscal management,
- inefficient or compromised institutions, especially with regard to law enforcement and justice, and
- low trust and low social capital generally in the society and its institutions.

The countries with falling levels of crime and violence and an increase in peace, social cohesion and prosperity are those that have:

- committed to good governance principles, the supremacy of the rule of law, accountable systems and strident tackling of corruption,
- undertaken economic reforms to promote better fiscal management and inclusive economic growth
- strengthened the law enforcement and justice system, with efficient, integrous and strong leadership, that integrates technological, evidence based and rights based practices in the administration of their duties,
- built social consensus around a plan of action, engaging civil society and other stakeholders into a process of social partnership.
- improved physical infrastructure and increased access to services in affected communities,

- improved social control by formalizing the society, through land titling, identification and documentation, electronic surveillance and CCTV in public spaces and reduce cash transaction.

Specific to Jamaica we must also consider:

1. our location, which gives us natural advantages for shipping and trade, which also places us on the prime transshipment route for criminal networks dealing in drugs, guns and other contraband.
2. historical, cultural, and social equity considerations which underlie crime and violence.

**A strategy or plan to transform a violent society therefore must simultaneously resolve the weaknesses associated with violence and poverty, while developing the strengths associated with peace and prosperity.**

As it turns out, more police cars, more cameras, more raids and hard policing, may have a short-term effect, but certainly will not have a sustained long-term effect.

The plan to tackle crime cannot be successful if it is narrowly focused on the police getting the criminals off the streets. A crime plan is only one element of a greater strategy to address all the elements to bringing sustainable peace and security to Jamaica.

Mr Speaker to tackle crime requires a national effort; engaging all groups, interests and communities. All hand must be on deck.

Whatever we put in place in the name of Citizen Security and Public Safety, must provide cogent and credible responses to threats to the Rule of Law, Natural Disasters, Pandemics, Public Disorder, Social Unrest and Malevolent Attacks.

## Plan Secure Jamaica

Mr. Speaker, late last year I advised the Nation that we are developing the strategic framework to coordinate the of myriad plans and activities crafted and executed by various arms of the state.

Some of these plans are not new, some are already being implemented but lack focus and coordination, and some are presently being shaped and scoped.

These include:

2. legislative commitments,
3. plans to improve the leadership and management of the security forces,
4. plans for funding and resourcing,
5. plans to build foreign partner support,
6. plans for community intervention and a host of other initiatives, which when taken together provides a synergistic plan to **Secure Jamaica**.

Mr. Speaker, **Plan Secure Jamaica** is a whole government plan which focuses effort on ten strategic subject areas.

These areas are:

1. **Violence and Crime**
2. **Public Order**
3. **Corruption**
4. **Community Safety**
5. **Territorial Integrity**
6. **Crisis Response and Resilience**
7. **Justice**
8. **Cyber Defence**
9. **Critical Infrastructure Protection**
10. **Economic Security**

Mr. Speaker, to effectively coordinate the many plans and initiatives within these areas, I have established the **Office of National Security Advisor**, who's job it is to work through my Office to monitor efforts, make connections, facilitate, convene, and advise on all the activities across all of government, civil society, private sector and overseas partners. necessary to give effect to the plan.



Mr. Speaker, I will now address some of the areas of the **Plan Secure Jamaica**.



*Figure 5 Her Majesty Jamaica Ship (HMJS) Cornwall and HMJS Middlesex*

The government since 2016 has implemented several initiatives to combat crime and to equip our security forces with the necessary resources.

### Economic Security

Under the subject area of **Economic Security**, we are now doing security risk assessments and developing plans to enhance the security of our critical industries.

We cannot run our country naïve to the dangers of the world we live in. There are organized criminal networks seeking low security environments to conduct their illegal activities using our banks and financial institutions.

The risk of our local banks being fined, losing correspondent banks and the reputational damage could create significant fall out.



## Protecting Critical Infrastructure

Mr. Speaker we must **Protect Critical Infrastructure**, such as our ports, water supply, telecommunications and refinery. All of these critical infrastructure are now being assessed and plans will be put in place coordinate strategies for their protection.

## Cyber Defence

Mr. Speaker, **Cyber Defence** is the new frontier of National Security and we must get up to speed very quickly.

As the world moves towards the internet of things, big data, and artificial intelligence, safeguarding the country's cyberspace will be critical. This means training up the required skill set, formulating the governance and legal framework for cyber operations, and investing in the necessary equipment and resources to monitor, trace and put up a defence to cyber-attacks. In this regard we have started to engage foreign partners to assist with training and support in this area.

## Crisis Response and Resilience

Mr. Speaker, **Crisis Response and Resilience** is an area in which we have much experience, particularly from major weather events. The institutional capacities exists in the Office of Disaster Preparedness and Emergency Management (ODPEM) and other agencies, however resources limit our independent capacity to respond in major disasters.

In consideration of crisis response and the ability to recover quickly, I have asked the ODPEM to lead the development of a continuity of government plan to ensure that the various arms of government could continue to operate even in an extended period of natural disaster or emergency.

<b>SNAP SHOT : Activity Matrix of Plan Secure Jamaica</b>				
	<b>Subjects Areas</b>	<b>Examples of Areas of Focus</b>	<b>Some Planned Actions</b>	
1	<b>Violence and Crime</b>  <u>Main Agencies</u>  JCF, JDF, HEART, MOCA, Customs, Ministry Health,	Unattached Youth, Gangs and Organized Criminal Enterprises, Guns,  Murders and Shootings,  Abductions and Sexual Abuse, Domestic and Gender Based Violence, Scamming and Extortion  Praedial Larceny	Zones of Special Operations, Preventative Detention Policy, Amendments to the Firearms act, Amendments to the Domestic Violence	Integrated, Community Focus, Citizen Centred, Data Driven, Transparent, engages the Whole of Government.
2	<b>Corruption</b>  <u>Main Agencies</u>  Contractor General, MOCA, Anti- Corruption Commissions, INDECOM, JCF, TAJ, Customs	Public Officials and Critical Public Offices,  Securing Government Revenue Operations,  Contract Procurement and Award,  CFATF – Financial crimes and money laundering  Identifying POCA  Corruption in the Security Forces	Pass legislation for a single Anti-Corruption Commission, pass legislation the Major Organized Crime and Anti-Corruption Agency (MOCA), increase intelligence and investigative capacity.	

3	<p><b>Public Order</b></p> <p><u>Main Agencies</u></p> <p>JCF, ITA, TA, Municipal Authorities, NSWMA, NWA,</p>	<p>Improper Road Use and Speeding,</p> <p>Buses and Taxis,</p> <p>Ticketing Points and Sanctions,</p> <p>Night Noise, Markets and Vending,</p> <p>Town Centres Access and Orderly Flow, Public Space Security and Safety, Garbage and Littering</p>	<p>Policy for Zero Tolerance on the enforcement of the Removal of Tint, pass the new Road Traffic Act, developing policy on Entertainment Zones, developing policy for the implementation of electronic traffic monitoring and ticketing</p>
4	<p><b>Community Safety</b></p> <p><u>Main Agencies</u></p> <p>JCF, Jamaica Fire Brigade, SDC, MOH, MOEYI, MOJ, ODPEM, SDC, MLG, NLA, LAMP, NWA</p>	<p>Improve local infrastructure and access to services (Fire and Emergency Service Response, Health Service and Education Services,</p> <p>Police Service and conflict resolution),</p> <p>Building Community Leadership and Organization (Local Disaster Committees, Neighbourhood Watch and Police Youth Clubs),</p> <p>Unplanned Communities and Informal Settlements,</p> <p>Social Work (Violence Interrupters and Counselors)</p> <p>Donor Support</p>	<p>Development of First aiders and mediators in additional communities, expanding the neighbourhood watch programme, appointment of additional District Constables and the appointment of additional JPs. Comprehensive plan to address informal settlements, high crime areas and garrisons to be done by October.</p>
5	<p><b>Territorial Integrity</b></p> <p><u>Main Agencies</u></p> <p>JDF, JCF, PICA, Customs, MNS, PAJ, MAJ, Civil Aviation, AAJ</p>	<p>Border Security</p> <p>Domain Awareness</p> <p>Resource Protection</p> <p>Immigration</p> <p>Ports</p> <p>Search and Rescue</p> <p>International Ship and Port Facility Security</p> <p>The International Civil Aviation Organization</p>	<p>Purchased two offshore patrol vessels and a surveillance aircraft,</p> <p>ongoing cooperation with friendly countries with jointly coordinated interdiction operations, introduction of new scanning technology at the ports of entry.</p>
6	<p><b>Crisis Response and Resilience</b></p> <p><u>Main Agencies</u></p> <p>ODPEM, JDF, JCF, NWA, Met Office, OPM</p>	<p>Natural Disasters</p> <p>Pandemics</p> <p>Natural Disasters</p> <p>Major Accidents</p> <p>Malevolent Attacks (Terrorism)</p> <p>Continuity of Government</p>	<p>ODPEM developing continuity of Government plan. Counter-Terrorism response plan being developed. Building standards and better planning of the built environment.</p>
7	<p><b>Justice</b></p> <p><u>Main Agencies</u></p> <p>MOJ, AG's Dept, JCF, MOCA, Courts</p>	<p>Access to Justice</p> <p>Lock ups, Remand and Prisons</p> <p>Reduced Time For Cases</p> <p>Technology</p> <p>Witness Protection</p>	<p>Seventy-eight court rooms are to be repaired and equipped for evidence via video-link. Initially six at the Supreme court and twelve at circuit courts starting May.</p>
8	<p><b>Cyber Security</b></p> <p><u>Main Agencies</u></p>	<p>Critical Computer Systems</p> <p>Cyber Intelligence and monitoring</p>	<p>Establishing a cyber response team, pursuing cooperation agreements with foreign partners for training and capacity building in this area.</p>

	JCF, MOCA, JDF, MSET, MNS	Cyber Authority (Governance)	
9	<p><b>Critical Infrastructure Protection</b></p> <p><u>Main Agencies</u></p> <p>JCF, JDF, NWA, Fire Brigade, Utilities, PAJ, MAJ, Port Security Corps,</p>	<p>Electricity</p> <p>Water</p> <p>Ports and Shipping</p> <p>Civil Aviation</p> <p>Telecoms</p> <p>Refineries and Fuel Depots</p>	<p>Risk assessments will be undertaken along with the MDAs to develop sector resilience plans. This will be within the context of a National Risk Assessment and a National Risk Register.</p>
10	<p><b>Economic Security</b></p> <p><u>Main Agencies</u></p> <p>JCF, JDF, MICAFA, MEGJC, MOCA, MT, PAJ,</p>	<p>Food and Agriculture Security, Financial and Banking Systems Security, Tourism and Cruise Shipping Security (and other industries)</p>	<p>Better irrigation (St Elizabeth) to ensure our food supply, sustainable utilization of our maritime resources, protection of our financial system from being used for money laundering through the implementation of CFATF measures</p>
<p>The Government recognises the need to develop a comprehensive architecture for the broader security of the Jamaican state in a world of rapidly evolving threats and challenges to traditional and conventional national security structures. This requires a particular skillset and expertise to develop and give effect to a plan to Secure Jamaica. The Prime Minister, therefore has appointed a National Security Advisor, established the Office of the National Security Advisor and is more clearly defining the composition, roles and functions of the National Security Council. This is providing a mechanism which can develop policy, align strategies, and coordinate and monitor activities across government in a way that was hitherto not possible for want of the necessary expertise and structures at the centre of government.</p>			

## Territorial Integrity

Mr. Speaker, in the area of **Territorial Integrity**, we have made significant investments in various assets, including two offshore patrol vessels.

In February, we saw the delivery of Her Majesty Jamaica Ship (HMJS) Cornwall and HMJS Middlesex. These two vessels, were acquired at a cost of over 2 billion Jamaican Dollars.

At the time there were questions raised as to why the Government was purchasing patrol vessels. We believe that in light of the significant amount of weapons reaching our shores and the role played by illegal guns in criminal activity, this is a wise investment.

I wish to point out here, that Jamaica has an exclusive economic zone of 235,000 square kilometers and a maritime space 5 times our land space. Jamaica also has 497 miles of coastline and 145 illegal points of entry.

Without these vessels, our borders are vulnerable to many threats such as illegal fishing by foreign vessels, trans-shipment of drugs, weapons and ammunition.

Our new maritime capabilities enhance our ability to effectively carry out surveillance and rescue missions as sea.

## Corruption

Mr. Speaker, in the area of **Corruption**, our efforts will be focused on passing the Major Organized Crime and Anti-Corruption Agency (MOCA Bill), which I am pleased to announce, was been tabled today in Parliament.

This is the second anti-corruption measure this government has placed before the Parliament in two months as earlier this year we debated The Integrity Commission Bill which will consolidate existing anticorruption legislation such as, The Contractor General Act, The Corruption Prevention Commission Act, and The Parliament (Integrity of Members) Act and create a new Anticorruption Commission.

The Integrity Commission Bill is aimed at promoting and enhancing standards of ethical conduct for Parliamentarians, public officials and other persons serving in a public capacity, by consolidating laws relating to the prevention of corruption and the award, monitoring and investigating of government contracts and prescribed licences.

The MOCA bill will give the agency its own statutory mandate with police powers within its prescribed sphere of operations. MOCA has been operating as an elite, investigative, anti-corruption, and law enforcement agency under the aegis of the JCF, specifically tasked to tackle crime kingpins, major criminal enterprises and corrupt practices whether in the public or private sector.

Mr. Speaker, sometimes we miss the link between corruption and crime.

**The corruption that allows illegal guns and ammunition to come through our ports must be stopped.**

**The corruption that allows stolen vehicles to be registered and resold must be stopped.**

**Sometimes we miss the link between corruption and low growth.**

**The corruption that furtively slows up and even denies the grant of a permit in order to secure payment, that must be stopped.**

**Mr. Speaker, when these two pieces of legislation are finally passed in the House, Jamaica would have signalled to the world our seriousness to tackle corruption.**

More importantly, let it be a signal to our Jamaican people that this government is serious about ensuring the highest standards of probity and accountability for the use of public resources and the power in public office.

Community Safety, Public Order, and Violence and Crime.

Mr. Speaker I now turn to a measure, which addresses the area of **Community Safety, Public Order, Violence and Crime**.

The general levels of crime and violence present an existential threat to:

1. the security of the Nation
2. the rule of Law and Public order in the State
3. the safety and well-being of the Public,
4. the productivity and prosperity of the Economy, and ultimately
5. the life, liberty and independence of the individual.

Further analysis, particularly of murders, reveal a pattern of geographic concentration, and within those areas are clearly defined epi-centres or hotspots. There are certain communities, where the levels of crime and violence is elevated beyond normal law enforcement. These areas of elevated criminal activities do not represent the majority of communities in Jamaica.

#### Special Security and Community Development Measures

In fact, most communities in Jamaica are peaceful and law abiding. Areas with elevated levels of crime and violence map closely with high unemployment, low incomes, poor infrastructure, unplanned settlements, and generally a lack of access to state amenities and services. Criminals operate freely in these communities, taking life, taking property, taking your daughters and extorting tax to protect you from them.

The history of intervention by the state shows that an over-reliance, on strong policing measures may attenuate the situation in the short-term but does not bring long term stability and normalization. Any strategy to address these areas must be comprehensive, sustained, inclusive and respectful of human rights and the dignity of the people.

Mr. Speaker, we have considered the situation carefully and I now table in this Parliament a Bill entitled “**An Act to provide for special measures for upholding and preserving the Rule of Law, public order, citizen security and public safety within certain geographically-defined areas of Jamaica; and for connected matters.**” or concisely the **Zones of Special Operations, Special Security and Community Development Measures Act, 2017**.

The Bill seeks to establish the legal framework in which the Prime Minister, acting on the advice of the National Security Council may declare any high crime area of Jamaica a zone for special security operations and community development measures.

Mr. Speaker, this legislation is designed to give effect to a well-established and practised security and community building strategy termed “Clear, Hold, Build”.

- Clear - Law Enforcement goes into selected community and saturate community with their presence and displaces the criminal element, and removes their space to operate while at the same time reassuring law abiding citizens.
- Hold - Law Enforcement maintains a sustainable level of presence and control over the area, creating the space and support for a multi-sectoral intervention into the community to address outstanding and critical human needs and basic infrastructure.
- Build - Psycho-cultural, social capital, and leadership and organization building and support.

Mr. Speaker, this legislation is breaking new ground in law enforcement strategy in Jamaica. While the measures it contemplates are urgent and very much needed, it is equally important that they get bi-partisan support and benefit from the closer scrutiny of the Parliament in a joint select committee. I believe in this Bill we have struck the right balance of resolute policing with respect for human rights and fundamental freedoms. I urge its quick passage so that we may save innocent Jamaicans from being deprived of their right to life and the enabling freedoms and security to enjoy it.

Mr. Speaker, in my presentation last year I reintroduced the National Identification Project as a priority. I am now pleased to lay on the table of the House a “Bill to Establish a body to be called the National Identification and Registration Authority for the promotion, establishment and regulation of a national identification system for the registration, verification and authentication of the identity of citizens and individuals ordinarily resident in Jamaica; to provide for the keeping, maintenance and operation of a databank to be called the National Civil and Identification Database; to provide for a National Identification Card; and for connected matters”, or concisely the, “National Identification and Registration Act, 2017”. This Bill is consistent with a rights-based approach to ensuring that every citizen of Jamaica can be identified and known to the state, so that their rights and entitlements can be preserved and planned for in advance. This will create a tremendous public good by reducing transaction time and cost.

Mr. Speaker, the Registrar General Department will be transformed into the National Identification and Registration Authority and will be responsible for implementing the project. Funding for the project is being negotiated through the IDB and a detailed work plan is already prepared. We expect to be piloting the project in September next year.

Mr. Speaker, Ecclesiastes 9:4 says, ‘anyone who is among the living has hope’. I have focused the greater part of my presentation on preserving the right to life because once there is life there is hope. It doesn’t matter how dire your circumstances; there is hope, hope for redemption, hope for prosperity. “For I know the plans I have for you,” declares the Lord in the book of Jeremiah. “Plans to prosper you and not to harm you, plans to give you hope and a future.” There is hope in life because we can use our labour to create value, even if we have nothing else.

So, by the grace of God and our work there is hope for our prosperity. It is this ethic of diligent work which informs our social programmes. We believe that every Jamaican should be involved in meaningful work. There should be no idle hands in Jamaica. The government as far as possible should facilitate programmes of meaningful work that advance the national interest and uplift and reward workers.

Mr. Speaker, today, we officially launch the HOPE programme. Housing, Opportunity, Production and Employment. Let me start with the employment aspect of HOPE. It is estimated that there is a pool of approximately 120,000 to 130,000 young persons between 15 and 24 years of age who are not in school, not in a programme of training, and are unemployed. While a considerable portion of the unattached would have other institutions, which keep them engaged and supported, such as their family, their church, community activities or sports, a significant proportion of them have no structure, order or guidance in their life. Many of them would not be in institutions long enough to develop character and good citizenship, positive attitudes and skills to assist them in negotiating the challenges of life. We see them on the street corners every day when we are going to work and we see them at the same place when we are coming home. They are at home every day becoming increasingly hopeless and frustrated. Some get lured into crime and other dangerous activities while others get pregnant or get into relationships of convenience. The longer our young people stay in the pool of unattached the worse their prospects and life chances become. These are the most productive years in the human lifecycle and we cannot afford to lose the productive value of our human resource. This is also the age group that is most affected by crime and violence.

Mr. Speaker, generally, young people who stay in school or some form of training, even up to 18 years, have a better chance of leaving the pool of unattached youth than those who dropped out at 15 or left the school system at 16. Therefore, this Administration maintains a policy of compulsory education up to 18 years of age, adding two extra years to secondary schooling. This is the reason for which the Career Advancement Programme was created, as a pathway to reintegrate young persons who dropped out of school early, or who could not matriculate to further studies. The Ministry of Education is now focused on making educational access up to age 18 universal. As this strategy takes effect, the unattached pool and the level of deviance will decrease.

Mr. Speaker, The Human Employment and Resource Training (HEART) Trust, which was conceptualized by Former Prime Minister Edward Seaga, plays a key role in serving the age cohort 16 to 24 years. Presently, HEART offers training support to persons in the unattached pool who do not meet their general matriculation requirements or otherwise gain entry to their formal suite of programmes. The National Youth Service (NYS) and the Jamaica Foundation for Life Long Learning (JFLL) also offer support to the unattached cohort. However, the services would be more effective, have greater reach and enrol more numbers if they were streamlined and coordinated. The government has therefore decided to merge HEART Trust/NTA, the NYS, JFLL, and the Apprenticeship Board in to a single entity. This merged institution will be dedicated to creating a universal system of institutional attachment involving skills training through apprenticeship work programmes, personal

development and responsibility, and citizenship and volunteerism for Jamaican youth between the ages of 19 to 24. The principle behind the policy is that we will give every unattached youth the opportunity to work while learning, earn while working, give back to the society through their work, and save from their work - Learning, Earning, Giving, Saving. The new HEART/NTA will be required to develop a comprehensive system of National Service Corps in which every Jamaican youth in the targeted cohort, who is not otherwise enrolled in an approved educational institution or employed, can find useful work under a programme of apprenticeship while gaining the opportunity to be trained in a marketable skill, earning a reasonable stipend, and participating in a saving programme where possible. The National Service Corps will be aligned to strategic national objectives.

For example, in my last Budget presentation, I indicated the need to start the process of digitizing record and paper based documents in the various agencies as part of public sector transformation through e-government. One of the first National Service Corps will be the **Document Management and Digitization Corps**. Already we have identified over 3,000 work opportunities in this Service Corp. The NHT is undertaking a major project of digitization and service corp members will be deployed to do this, the NLA is seeking to digitize the titling process, the RGD as they transform to become the National Identification Registration Authority will need to digitize their records, the Ministry of Health, the Tax Authority of Jamaica, and the Ministry of Education up to the point of the preparation of this presentation have all indicated the need for document digitization to make their business processes more efficient and will provide work opportunities. HEART/NTA will do the recruiting, training, and placement. The other service corps which have been approved and scoped so far are:

**Environmental Management Corps** – Mr. Speaker, preserving our environment for future generation is KEY and we have identified approximately 800 opportunities which will be created through data gathering as well as critical activities. Some of the project will include:

- Real time recording of weather data to ensure that our data is timely rather than after the fact. This will redound to better planning and forecasting and will be of great benefit to our agricultural and other sectors.
- Persons will also be assigned to the Forestry Department and the National Environment and Planning Agency (NEPA)

**Geographic Information Systems Corps** - Initially, approximately 1,000 opportunities will be created in this Service Corp. A major project in this area is that of the National Water Commission with persons being engaged in pipeline mapping projects as we seek to be able to better manage and account for our resources.

**Infrastructure and Construction Corps – Approximately 6, 000 persons will be initially engaged in this Service Corp.** NWA will have approximately 2,520 job opportunities in minor road works to support improved road infrastructure. In this area, NHT will also provide approximately 2000 opportunities as we seek to commence a project to renovate some of the oldest schemes that were built between 30 – 40 years ago. The National Irrigation Commission also has approximately 300 opportunities available in the area of construction based on planned project activities for the 2017/18 fiscal year.



**Registration, Verification and Audit Corps.** This Corps will be critical to ensuring that we are properly accounting for our assets and will utilize approximately 3,000 persons initially. Some of the projects will include supply chain mapping and a Farmer Registration Re-verification Programme.

**Hospitality Core.** In this area we are looking at engaging approximately 500 persons initially.

The Ministry of Tourism, in collaboration with TPDCo., has identified 6 projects which can support employment under the HOPE programme. Some of these projects include the upgrade of public beaches, the development of a mini stadium and an all island maintenance of key tourism infrastructure and beaches. They will also be doing work on Artisan villages which will enhance the Tourism product.

### **National Service Enlistment Programme – JDF**

Mr. Speaker, I tabled today a Bill to amend the Defence Act to establish an arm of the Jamaica Defence Force to be known as the Jamaica National Service Corps and to provide for the enlistment and terms of service for enlistment in the Jamaica National Service Corps. I am proud to announce that the Jamaica Defence Force (JDF) is playing its part. It recently launched its National Service Enlistment (NSE) Program. It will see 1,000 young persons from the target group aged 18-23, being enlisted in the JDF annually and trained over a one-year period in military, vocational and broader life skills. This is an increase of over 700 persons per year who will go into the JDF. The program is geared towards diversifying the scope of the military's impact on the social and economic well-being of the nation.

Mr. Speaker, under the employment stream of HOPE, we have already identified approximately 15,000 real opportunities for work. Our target for this year is to reach 25,000 work opportunities aligned with national priorities, by building partnership with the private sector, and strategically leveraging existing budgeted resources. During the course of the Sectoral Debate the other areas of the HOPE programme will be detailed.

## **LOGISTICS**

Jamaica has to use all of its advantages in the pursuit of sustainable economic growth and development. If we are interested in sustainable economic growth, diversification of our economy has to be an urgent priority.

A major strategy for diversification on which the Government will be focused is the pursuit of the logistics; a sector in which Jamaica has natural advantages due our:

- Geographical location
- increased trade through the Panama Canal to the US East Coast
- continued increasing trade between North and South America

These trends are likely to increase the demand for transshipment services in the form of:

- Hub and Spoke trans-shipment
- Relay trans-shipment

Our unique location presents opportunities for:

- The location of group logistics headquarters and major distribution centres from key transnational corporations;
- The location of assembly and light manufacturing for transnational companies and their suppliers transporting goods along the major trade corridors within the western hemisphere
- The provision of logistics services to facilitate efficient processing or increased volumes, and
- The development of centres of excellence in logistics expertise

Initially, Mr Speaker, the Government's objective will be to attract increased trans-shipment cargo to the Kingston Harbour and to develop warehousing and logistics facilities at locations immediately adjacent to the main trans-shipment terminals and at key zones linked to the terminals by appropriate transportation infrastructure.

The longer term goal, Mr Speaker, is to attract strategic investors to establish their logistics, light manufacturing and commercial operations in these zones.

Mr. Speaker, the Government is also interested in attracting innovative, technology driven organizations to use these zones as a base from which to launch their products and services into international markets.

### **Current Developments towards establishing Kingston as a Premier Trans-shipment Hub**

Mr. Speaker, In July 2016, the Government of Jamaica entered into a thirty-year Concession Agreement with the Terminal Operating arm of CMA CGM, the world's third largest shipping line, for the Operation of the country's main trans-shipment terminal. Under the concession agreement, CMA CGM is responsible for dredging the Kingston Harbour's access channel and basin and to upgrade and expand the capacity of the terminal to 3.2 million TEU's (twenty foot equivalent units) in the first five years, with further expansions and upgrades thereafter. Currently, the dredging operations are in progress and will be completed in 2017.

Mr. Speaker, By implementing the ASYCUDA system The Port Authority of Jamaica (PAJ) and the Jamaica Customs agency are collaborating to create an integrated electronic platform on which to executed all transactions between members of the port community in a paperless and efficient manner. Completion is expected in 2017.

All of this creates a high degree of confidence that Kingston will resume its position as the leading trans-shipment terminal in the region in 2018.

### **The Development of Jamaica as a Logistics Hub**

Mr. Speaker, beyond the trans-shipment of cargo, the Government intends to develop Jamaica as a Logistics hub, with facilities for the warehousing, consolidation, repackaging and re-exporting of the cargo brought to the country in containers or in bulk form.

The Government intends to:

- develop special economic zones where light manufacturing and assembly operations can be undertaken for the international market.
- create an environment that attracts international marquee or 'anchor' investors as well as other innovative knowledge based firms to relocate their regional and international operations to Jamaica.

Kingston is currently the home of a nascent logistics sector.

- Kingston Logistics Center, a subsidiary of ZIM, is located adjacent to the Kingston Freeport Terminal Limited, and operates a Container Freight Station along with facilities for the repair of containers and the warehousing and trans-shipment of motor vehicles.
- Kingston Wharves Limited is in the process of developing over 160,000 ft<sup>2</sup> of modern logistics warehouse facilities. It is also upgrading its capacity to serve as a base for a growing automobile warehousing and trans-shipment business.

### **Lands for Development of Logistics Facilities**

Mr. Speaker, to further develop logistics operations, the Government has identified strategically located parcels of land for the construction of warehousing and to facilitate manufacturing, assembly and other value added activities:

- The first of these is comprised of blocks of land immediately adjacent to the trans-shipment terminal and include a , developed and owned by the Port Authority of Jamaica which is currently undeveloped.
- *The Port Authority* - A 40 hectare block of reclaimed land immediately to the West of the Kingston Freeport terminal limited. Additionally, 14 hectares of land immediately adjacent to the terminal which are currently populated by old warehouses and operated as freezones.
- In addition, the Government owns 40 hectares of land in the vicinity of Tinson Pen.
- *The Caymanas Special Economic Zone (CSEZ)* - a greenfield site slated for development consisting of 570 hectares of land owned by the Urban Development Corporation(UDC).

- *The Portland Bight Industrial Park* - a block of 2428 hectares of land that has been earmarked for development of an industrial estate comprised of commercial and light and medium manufacturing operations. These lands were initially the subject of a Framework Agreement between the Port Authority of Jamaica and.

### **Developing the Legislation to Support the Creation of a Logistics Hub**

Mr Speaker, in 2016, the Government enacted the Special Economic Zone law and regulations as a critical component of the Logistics Hub Initiative. This will provide the legislative framework to attract manufacturing companies and technology firms to engage in value added activities on goods trans-shipped through Jamaica. A Free Zone Council has been established to oversee the enactment of the new regulations.

In conjunction with this SEZ Legislation Mr. Speaker, The Customs Act is being revised with a view to rendering it more supportive of the development of logistics operations linked to the trans-shipment of goods through the islands sea and airports.

### **Studies in support of the Development of Jamaica as a logistics Hub**

Two sets of studies to support the Development of Jamaica as a logistics hub are currently being funded by the Foundations for Competitiveness and Growth (FCG) Project which is a loan programme from the International Bank of Reconstruction and Development (the World Bank).

### **Next Steps in Developing Jamaica as a Premier International Logistics Hub**

**Mr. Speaker, the Government of Jamaica is now declaring the development of the logistics sector as a National Project.**

**We will appoint an Enterprise Team led by Michael Lee-Chin who is also Chairman of the Economic Growth Council. The Enterprise Team will consist of public sector leaders and will, after relevant consultations with investors, industry stakeholders, regulators and public officials:**

This team will be responsible for assessing:

- Customs Reform
- Shipping Regulation Reform
- Logistics Activity Zones
- Logistics Investment Promotion

The Enterprise team will also seek to: Integrate the efforts of all the relevant project units, statutory agencies, Ministries and Public bodies into a coherent, unified project team, capable of advancing the objectives more quickly and equipped to interface more effectively with international and local investors.

**Mr. Speaker, under this administration the goal of making Jamaica a centre for Logistics will be realized.**

## The Global Market for Outsourcing Services

Mr Speaker, the outsourcing services industry is the result of a business model in which activities previously done domestically in a developed country are transferred to companies overseas.

The global growth in this type of activity is driven by the pressure on companies competing internationally to rationalize costs, improve operational performance and simultaneously add greater value to the goods and services offered to their customers.

At the outset, the focus of the activity was on cost reduction only. Over time, however, businesses have come to view outsourcing as a strategy to increase efficiency, reduce business risks, lower product development cycle and boost innovation within their businesses.

Whereas the average annual growth rate in the Global Economy in the past decade was 2.8%, the annual growth in the outsourcing industry was 4.1%. The global market for Outsourcing Services is projected to reach **US\$220 Billion by 2020**

### Organization of the Sector

For the benefit of members, Mr Speaker, it is useful to outline the contours of the industry. the activities involved in the global outsourcing services industry can be grouped into three segments according to the characteristics of the tasks or processes that are internationally commercialized.

(1) The first segment to have been established and the largest in relative terms is the **Information Technology Outsourcing (ITO)** segment where activities are focused on providing information technology support in two main areas – (a) infrastructure and data processing and (b) software applications. This segments requires a labour force skilled in software programming and computing. Currently the market for ITO services globally is US\$76Billion.

(2) The second segment is the **Business Process Outsourcing (BPO)** segment which is linked to the outsourcing of administrative services and back office tasks. Here, interpersonal skills, communication skills and decision-making capacity are very important. The global market for BPO services is US\$38Billion.

(3) The third segment is the **Knowledge Process Outsourcing (KPO)** segment which involves knowledge-based services including research and development, innovation, design, testing, business consultancy, legal services, accounting, medical and biotechnology services among others that require highly skilled personnel and involve more value-added

activities. It is important to note that KPO activities are industry specific. So, for example, KPO services in the finance industry are completely different from those in the pharmaceutical industry. Knowledge process outsourcing is the fastest growing segment in the industry, with an average growth rate of over 8.6% compared to the industry average of 4.1%. Jamaica is well poised to do well in this segment.

Another development in the industry that is favorable to Jamaica is the growth of “near shore” operations. Nearshoring of outsourcing operations has grown as firms have sought to reduce risks and to improve customer services by bringing aspects of their business close to the United States which is the largest market globally.

### The Latin American and Caribbean Regional Market

The BPO Sector in the Latin America and Caribbean Region has experienced sustained growth in the past 8 years. The Sector provides services in both Spanish and English. Following the 2008 global financial crisis, the Latin American region has been favoured as a nearshore alternative relatively to the Asian region. This is mainly driven by the US companies seeking the services of near shore outsourcing service providers.

Within the Latin American and Caribbean region, Jamaica only effectively competes in the US English-speaking market. It benefits from being in the same time zone as many of the major North American cities.

### Jamaica’s Competitive Advantage

Jamaica’s competitive advantages with respect to BPO investments include a proven track record in foreign investment, a large educated and English speaking workforce, competitive priced infrastructure, low employee turnover rates and high productivity and its nearshore advantages for the North American Market.

Within the sector, Jamaica’s talent pool currently supports the provision of services in a variety of fields including voice-driven services, health care, finance and accounting, software development, testing and maintenance and legal services.

There are two critical factors which are important to Jamaica’s sustained growth in Outsourcing Services. The first is the availability of purpose built facilities in which to undertake the advanced activities associated with Business Process and Knowledge Process Outsourcing. The second is the adequacy of the labour pool.

### Availability of Purpose Built Facilities

In February 2016, the building space available to the sector was 800,000 square feet located in Montego Bay and Kingston primarily with some emerging developments in Mandeville. This space was occupied by 44 companies that employed 18,500 employees.

**In the last year the available space has grown by 65% to 1.3 million square feet. The number of firms have grown to 50 and the employment has expanded to over 22,000 employees a creation of just under 5,000 jobs.** In addition to the six new entrants

employing 600 employees, the existing companies have expanded employment by over 4,000. These companies include Hinduja Global Services, ITEP BPO Smart Services, IBEX Jamaica, Advance Call Centre Technologies, Xerox/Conduent, Nearshore Inbound Call Experts and Sutherland Global.

**Currently, work in underway in the public sector, principally by the Port Authority of Jamaica and the Factories Corporation to construct over 250,000 square feet of new purpose built space and to retrofit an additional 50,000 square feet of existing buildings for Outsourcing Service.**

In addition, there is approximately 800,000 square feet of space under construction by the Private Sector across the country, with

1. Stanley Motta constructing over 250,000 square feet of new and retrofitted space in Half Way Tree,
2. Grace Kennedy retrofitting over 60,000 square feet in down town Kingston,
3. Ferry BPO constructing 50,000 square feet in St Catherine.
4. In St James Barnett Tech Park is adding 100,000 square feet in new facilities,
5. and Bioprist is adding 150,000 square feet. Bioprist is scheduled to add another 150,000 square feet in Hanover and
6. Global Centralised Access is adding 20,000 square feet in Clarendon.
- 7.

The important feature is the role now being assumed by the Private Sector in providing purpose Built Facilities for Outsourcing Services and the Geographic spread of the facilities across the country.

**Within a year from today, the space available in BPO will have almost increased from 800,000 square feet in February 2016 to 2.4 million in one year's time....an increase of 200% or 1.6 million square feet.**

**We expect this space to create, conservatively, 20,000 additional jobs from today or a total of just under 25,000 jobs since February 2016.**

## NATIONAL HOUSING TRUST

Last year it was indicated that 10,000 solutions, not including Home Improvement and Build-On-Own-Land loans, were to be started over a three-year period, ending March 2019. For the first year (2016/2017), the NHT is on schedule, having started approximately 3,060 solutions.

For the 2017/2018 financial year, the NHT will start construction on 5,737 housing solutions and complete 1,682 solutions in St. Andrew, St. Catherine, Clarendon, Manchester, St. Elizabeth, Westmoreland, Hanover, and St. James with the total housing expenditure budgeted at \$28.6 billion. It is estimated that these projects will generate employment for 3,800 persons.

By March 2020, approximately 15,000 solutions would have started. With the NHT pursuing further public private partnerships, the expectation is that this number will significantly increase.

### **Home Grants**

Last year we reduced the period of eligibility for home grants from ten years to seven years, and increased the amount for the grant from \$1.2 million to \$1.5 million, **an increase of 24%**.

Now, beneficiaries can receive up to \$4 million by combining their mortgage loan and the Home Grant amount. now access up to \$1.5 million which represents a 25% increase (from \$1.2 million). So now beneficiaries can receive up to \$4 million by combining their mortgage loan and the Home Grant amount.

### **Low Income Construction Subsidy**

It was announced also, Mr Speaker, that the NHT will develop approximately 2000 service lots which will be delivered over the next two years.

We are paying special attention to housing for our tourism workers, Mr. Speaker and the NHT has projects slated for:

- Industry Cove
- Hanover
- Friendship
- Meadows of Irwin in St. James
- Windsor, Dry Valley
- Granville in Trelawny
- Mansard in St. Ann
- Galina in St. Mary.

Mr. Speaker we recognize that there are some challenges with self-employed individuals and some private entities in keeping up with their mortgage payments. So, we have designed a programme, which was launched in January 2017 called the Contribution Arrears Programme - to allow persons to normalize their contribution status with the Trust. This will address contributions which have been outstanding up to December 2016. The usual penalties and interests will be waived.

Contributors will also have up to 5 years to regularise their contribution arrears.

### **Housing Microfinance**

Mr. Speaker, The NHT has intensified its effort to reach low income contributors, for whom home ownership has been elusive. I am pleased to announce the Housing Microfinance



Initiative which begins April 1, 2017 and which is targeted to this vulnerable segment of our population.

The Housing Microfinance Initiative provides unsecured credit to meet the demand of low-income households. It will allow people to repair or improve their existing homes or build their own homes, one step at a time.

The NHT will provide funds to other institutions for on-lending to current and new contributors to meet specific needs such as:

- Titling
- Infrastructure (upgrade or new)
- Utilities installation
- Construction preliminaries (e.g. valuation report, surveyor's ID report, quantity surveyors report, housing design, approved building plan)
- Completion (of different stages – whether of a building or section of a building; or to install fixtures, fittings and finishes)
- New construction (incremental)

A maximum of \$850,000 per borrower will be provided with loan tenure of between 6 months to 5 years. While this facility is intended for contributors, non-contributors may also apply. However, they must become contributors before disbursement. We will offer lower interest rates than can be accessed through other microfinance institutions. This programme will also commence on April 1, 2017.

### Mortgage Financing

- **For the 2017/18 Financial Year, the NHT plans to write over 8,000 new loans at a value of \$17.8B. With those two policy changes already made, the NHT expects greater take-up from low income earners. Of note, is that a significant portion of the solutions to be delivered by the NHT will be aligned to the affordability levels of persons earning minimum wage to \$12,000 weekly.**
- **The NHT will implement policies, effective July 1, this year, 2017, to ensure that any individual contributing for seven years or more, who meets the NHT eligibility requirements, is able to access funding to allow him or her to purchase, at minimum, a studio unit.**
- **A special incentive will also be made to eligible contributors who wish to purchase scheme units. Subject to affordability, the NHT will offer 100% financing for all the housing solutions it produces. This policy will come into effect July 1.**
- **Currently the NHT's Home Improvement loan is at \$1.5 million for each contributor. Effective July 1, 2017 there will be a significant increase to this Mr.**

**Speaker. Each eligible contributor can access up to \$2.5 million and jointly \$5.0 million.**

**1. And I have more good news Mr. Speaker. I am not done yet. Effective July 1, also loans to purchase land (House Lot loans) will be increased to \$2.5 million from the previous limit of \$2 million.**

### Urban Regeneration Programme

The Government of Jamaica (GoJ) through the NHT, in partnership with the Ministry of Economic Growth & Job Creation (Ministry of Housing) and with support from agencies such as the Urban Development Corporation (UDC) and National Water Commission (NWC) will undertake a programme for the re-development of targeted areas of Kingston & St. Andrew to be called, the Urban Regeneration Programme.

The main objective of this programme is to “bring back” desirability for living in areas that were previously considered high to middle income housing areas. The areas to be re-developed are in close proximity to where people work, attend school, play, shop and socialize.

The programme will utilize higher density housing and mixed use designs. This approach will reduce the cost of construction whilst providing housing solutions of the highest planning, developmental, environmental, energy utilization and safety standards.

The areas identified for the pilot projects are Kingston Gardens, Eastwood Park Gardens and Vineyard Town.

Activities will begin in Kingston Gardens, within the area identified for the planning of Government Circle, which is being led by the Urban Development Corporation.

Mr. Speaker let me pause at this point to once again update the Nation, on the Government Circle project. We have signed an MOU with China Construction America (CCA) which is a subsidiary of China State Construction Engineering Corp. Ltd. (CSCEC) — one of the world’s largest investment and construction groups and a fortune 500 company — which operates in North America and South America. The MOU provides for the UDC and CCA to collaborate in relation to the preliminary phase of the Government Circle Project which will include the creation of a development proposal, the sharing of knowledge, technical resources and information with a view to the development of the Project.

It was always intended to collaborate with the local architectural and urban planning community, to get their input and advice. Already one local architect has sent me some designs he developed for the Parliament.

This will be a National Project, and certainly buildings like our Parliament must have significant local input and participation at every level. The UDC is still in the preliminary scoping and planning phase, however at the earliest feasible time the UDC will establish a

mechanism by which the local community can collaborate in the process. However, for the project to be accelerated it is important to have partners who are well resourced with the financial, project management and technical expertise to take on mega development projects such as the one being proposed.

### Social Initiatives

Mr. Speaker, for far too long we have, as a society failed to focus significantly and meaningfully on improving benefits to persons with disabilities.

As a start, effective July 1, the NHT will improve its benefits to persons with disabilities.

We will provide a Grant to NHT mortgagors with disabilities or who reside with and care for a family member with disabilities. The Grant is to be used to retrofit/upgrade the dwelling to make it suitable to serve their needs.

The Trust will also provide further subsidies by way of special mortgage discount where a contributor has a mortgage with another recognized financial institution and meets the requirements under this initiative.

The NHT has another special initiative this year, Mr. Speaker. It wants to contribute to increasing the security of its beneficiaries. In this regard, the NHT will be assisting with the improvement of the physical facilities and living quarters of police stations which are within a 10 miles radius of an NHT scheme. The Trust will provide the Ministry of Security with the grant funding to facilitate this initiative.

### Housing Programme

Mr. Speaker, in my last Budget Debate, I committed that I would give some attention to older housing schemes which are now approaching the time in their useful lifecycle where there may be serious maintenance needs in shared infrastructure and common facilities. Many of the older NHT schemes were not designed with proper provisions for garbage disposal, common play areas and amenities which are now standard for new schemes.

I have mandated the NHT in its 40<sup>th</sup> year, and as a project marking Jamaica55, to look at those schemes built in the first 10 years of the NHT, assess their needs and see to their upgrading.

I am happy to announce, Mr. Speaker, that over a two-year period the NHT will spend \$4 billion on upgrading work on the selected housing schemes right across Jamaica.

We will focus on upgrading

4. Water and Central sewage systems.
5. Roads
6. Community/common areas (to include areas of central responsibility in strata communities.)

The project will employ an estimated number of 2000 persons

The Parish project listing for the first 28 selected are:

<b>ST. THOMAS</b>	Red Hills Pen	Yallahs
<b>PORTLAND</b>	Woodstock	Anchoy
<b>ST. MARY</b>	Gayle	Bariffe Hall
<b>ST. ANN</b>	Seville	Bamboo
<b>TRELAWNY</b>	Duncans Hills	Vanze land
<b>ST. JAMES</b>	Montpelier	Farm Heights
<b>HANOVER</b>	Orchard	Orange Bay
<b>WESTMORELAND</b>	Bethel Town	Culloden
<b>ST. ELIZABETH</b>	Elim	Lower Works
<b>MANCHESTER</b>	Cedar Grove	Chudleigh
<b>CLARENDON</b>	Ashley Hall	Bushy Park
<b>ST. CATHERINE</b>	Tawes Pen	Church Pen
<b>KINGSTON</b>	Brown's Town	Trench Town
<b>ST. ANDREW</b>	Grant's Pen	Mount Charles

The NHT is in the process of identifying additional communities to benefit from this program; looking at the two oldest schemes in each parish and then moving on to the next 22 oldest schemes throughout Jamaica.

## CONCLUSION

Mr Speaker, as Prime Minister, I must lead the way. I am optimistic about Jamaica's future. I have to be like an Isaiah who, despite seeing the problems faced by his people, looked beyond those problems to a brighter day when they would overcome those problems.

As Buju Banton says, "It's not an easy road", but I say with Tony Rebel, "If Jah is standing by my side, then why should I be afraid ...". As we celebrate Jamaica 55, with our athletes set to shine in London at the World Championships, I remind us that we are a nation of champions. Let us in our fifty-fifth year, recommit to making our independence really meaningful and aim for our true economic independence. We make our independence meaningful by:

- When we come to grips with our realities and make the connections between what we do and the realities we face. Independence means ultimately we take responsibility.

- Normalising economic growth and prosperity, reversing decades-old complacency with stagnation. Mr. Speaker, this Government has made the word “prosperity” a mantra. It is a good mantra; an overdue one. But more important than making it into a mantra, is making it into a mindset. And then making it into a way of life. Our first challenge, Mr. Speaker, is to change our thinking. We have to move from a poverty consciousness to a prosperity consciousness.
- Providing jobs for our people and releasing their entrepreneurial energies. Employment, Mr. Speaker, is Independence in your hands, and this government is dutifully steadily creating more jobs for you.
- By the sweat of your brow you shall eat bread. In work there is HOPE, in work there is dignity, in work there is learning, in work there is earning, we give back by working and we can save from what we earn from work. Let us give our young people LEGS to run the race of life like Usain and Shelly.
- By respecting life and preserving the enabling freedoms and security to enjoy life. Ultimately, we are responsible for our life and the lives of our family and neighbours. Let us eschew, violence in our daily lives. The word is LOVE.
- Making housing accessible and affordable for our people and giving them proper social amenities, thus concretising our respect for them.
- Restoring law and order in communities all across Jamaica and making every area a safe zone.
- Providing opportunities for our young people to work, deepening their commitment to volunteerism and civic duty.
- Taking responsibility for our children by providing the care and compassion which they need and instilling in them good values and attitudes.
- Respecting our women, honouring their dignity and upholding their rights as sacrosanct.
- Protecting our poor and vulnerable, accepting our obligations to them.
- Faithfully guarding the interests of persons with disabilities, accepting them as full and equal citizens.
- Displaying tolerance, fairness and non-partisanship.
- Accepting personal responsibility and exiting the blame game.

I close with the words of Marcus Garvey who said: “Created in the image of God, we have the same common rights...I trust that you will lift yourselves from the doubts of the past ... and will strike out in this new life. This new life embodied in the vision of a new Jamaica — One that is truly independent. We have changed the mindset; we believe that a truly prosperous Jamaica is possible.

God Bless this Honourable House, God Bless our Families and God Bless our Beloved Country Jamaica, Land We Love.

I thank you.