<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Reform of Public Boards</td>
<td>5</td>
</tr>
<tr>
<td>Petrojam</td>
<td>8</td>
</tr>
<tr>
<td>Small Actions Big Impacts</td>
<td>15</td>
</tr>
<tr>
<td>Jamaica House Fellows</td>
<td>15</td>
</tr>
<tr>
<td>Support for Patients with Systemic Lupus Erythematos</td>
<td>15</td>
</tr>
<tr>
<td>Support for Social Enterprise Development in the Social Sector</td>
<td>16</td>
</tr>
<tr>
<td>Solar Lamp Project</td>
<td>18</td>
</tr>
<tr>
<td>Boosting Innovation, Growth and Entrepreneurship Ecosystem (BIGEE)</td>
<td>19</td>
</tr>
<tr>
<td>Bolstering Safety and Security in the New Jamaica</td>
<td>21</td>
</tr>
<tr>
<td>Social Intervention to Support Security Measures</td>
<td>26</td>
</tr>
<tr>
<td>Human Employment and Resource Training (HEART)</td>
<td>27</td>
</tr>
<tr>
<td>National Water Commission (NWC)</td>
<td>29</td>
</tr>
<tr>
<td>Rural Water Supply Improvement</td>
<td>32</td>
</tr>
<tr>
<td>National Works Agency (NWA)</td>
<td>34</td>
</tr>
<tr>
<td>MIDP</td>
<td>34</td>
</tr>
<tr>
<td>Update on Bridges</td>
<td>34</td>
</tr>
<tr>
<td>Montego Bypass</td>
<td>36</td>
</tr>
<tr>
<td>South Coast Highway Improvement Project</td>
<td>36</td>
</tr>
<tr>
<td>Greater Infrastructure Development Programme</td>
<td>38</td>
</tr>
<tr>
<td>Housing – Building a New Jamaica one House at a time</td>
<td>40</td>
</tr>
<tr>
<td>New NHT Initiatives:</td>
<td>47</td>
</tr>
<tr>
<td>Conclusion</td>
<td>51</td>
</tr>
</tbody>
</table>
INTRODUCTION

Mr. Speaker,

Honourable Members,

Senators and Former Members seated in the well,

Excellencies of the Diplomatic Corps,

His Worship the Mayor of Kingston and other Mayors and Councillors present,

Chairmen and board members of public bodies

Jamaicans here and in the diaspora, listening, watching and following on various media platforms,

Distinguished ladies and gentlemen in the gallery,

Thank you for joining me today in this important ritual of our democracy. The reading of the Budget.

This is my fourth budget presentation in this term of my Administration. In preparing to speak to you today, I have had a chance to honestly reflect on the performance of this Government and to assess my stewardship of your affairs.

I want to assure you that I do not need the Opposition to remind me that there are challenges. I am the first to admit that there is room for improvement. However, I can also stand here confidently today and say without fear of contradiction, that this Government has done a much better job of managing the affairs of the people than any Government the Opposition has ever formed.

The fact is that even with the challenges, which we acknowledge, there has never been a period in the history of Jamaica where the affairs of the country have been so managed that we can report four consecutive budgets which were either revenue neutral, no new taxes or a reduction of taxes. Even more, I cannot recall a budget where there was a net give back of taxes to this magnitude. Overall, my assessment is that the Government has performed well. All that has been achieved has been done through the collective work and sacrifice of the people of Jamaica, alongside the efforts of leadership, and God’s grace.

God has been good to Jamaica. We have been spared exogenous shocks and major disasters, Jeremiah 29:11 continues to inspire me: “For I know the plans I have for you,” declares the Lord, “plans to prosper you and not to harm you, plans to give you hope and a future”. We are not here to celebrate, or boast. We are here to give thanks and to commit to doing even more.
We are here today to tell the people of Jamaica, about the plans and progress we are making to prosper them, plans to give them hope and a better future, plans for building a New Jamaica.

This means:
- plans and progress to secure Jamaica and the peace of our communities,
- plans and progress to house Jamaicans,
- plans and progress to secure your identity in the digital world,
- plans and progress for your energy security,
- plans and progress for our national economy and your personal economic independence through employment,
- plans and progress for our youth attachment,
- plans and progress for the poor and vulnerable,
- plans and progress for roads and water and other infrastructure.

Mr. Speaker, I do not seek credit or proclaim to have developed or progressed all these plans by myself. We believe in a partnership for the prosperity of the people.

I want to acknowledge the contribution of the Social Partnership process and all the people who have been participating in it. The unions, the private sector organisations, the churches, and civil society have all played their role in engendering a national consensus that has created the space for policy acceptance and government action. I want to thank each and every person who has been a part of this process and the groups they represent, for their work in previous iterations of the social partnership as well as the current Partnership for a Prosperous Jamaica.

This Social Partnership mechanism deserves recognition for its support in developing consensus on important national issues, such as:
- various IMF programmes, including pension reform, wage agreements and debt exchanges, executed by successive administrations,
- energy diversification,
- the management of the Riverton City Dump after the major fire of 2015, and
- the demarcation of the cockpit country, among other issues.

On behalf of my Administration and the people of Jamaica – I say thank you once more.

Reform of Public Boards

Mr. Speaker, I also want to acknowledge and thank the chairmen of public boards and their board members who give freely of their time and energy to ensure that government policy is properly executed within a good governance framework. Many of the successful projects and
programmes we have announced are generated, executed and administered through public bodies. Their proper functioning is of paramount importance to our Administration.

Mr. Speaker, our system of government allows for, and relies on, the appointment by Ministers, and in some instances the Governor General, of non-elected persons to oversee the operations of public bodies. Historically, appointments to chairmanship and directorship of public bodies have been viewed as rewards for political loyalty and support. Over the past decade however, there has been a growing public recognition that there should be minimum standards set for persons who carry out public functions, including directors of public boards. Now, public sector boards, after being appointed, now undertake some form of training in governance.

In 2017 my Cabinet, in keeping with our commitment to public sector reform and improving the governance framework of public bodies, gave approval to the Ministry of Finance and the Public Service, then under Minister Audley Shaw, to develop enhanced policy guidelines for the nomination, selection and appointment of board members of public bodies. These policies were approved by Cabinet in May 2018. They align with the principles articulated in the Corporate Governance Framework (CGF), for Public Bodies promulgated in 2011 and reviewed in 2012, which clarifies the governance framework within which Public Bodies must operate and establishes the roles and responsibilities of the Board of Directors, Chairman and the Chief Executive Officer.

Boards are the primary decision-making authority of public bodies and are collectively responsible for their governance, strategic management and oversight. The board itself, the executive directors and their staff must acknowledge and respect this principle set out in the Corporate Governance Framework. Likewise, the board must acknowledge and respect that the Chief Executive Officer is primarily responsible for the day to day operation of the public body. It is important that each person part of the framework understands his or her role as against others. The new policy for board appointments will strengthen the governance and accountability systems of public bodies and facilitate greater probity, efficiency and transparency in the nomination, selection and appointment of Board members to Public Bodies. The policy will also provide clarity and certainty on the circumstances in which the tenure of a Board will cease, and will support institutional knowledge and seamless transitions.

Appointments remain the responsibility and prerogative of Ministers for which they are accountable to Parliament. It is to be expected that they take a close interest in the process and have confidence in the people that they appoint. After-all, Ministers can pay the ultimate price for the actions of their appointees. By that token Ministers, therefore need to ensure that the people they appoint are competent and capable of carrying out the responsibilities that they are given. This is part of the cycle of accountability ensuring that the public has confidence in the people ministers appoint, and that the processes are efficient, transparent and fair.
Mr. Speaker, We want to ensure that the best minds and skills get a fair chance to participate. Good people will not come forward to be considered for appointments if the appointment system appears irrational, or blatantly biased, overly bureaucratic, or likely to impugn their integrity. This new appointment regime will create a strong but responsive institutional mechanism to support Ministers in the identification, selection and appointment of board members.

When the policy comes into effect, the following steps will apply to the selection of boards:

1. A competency profile specific to each public board will be developed,
2. A database of candidates will be established and populated,
3. All prospective candidates will be identified from the database in keeping with the competency profile for the public body,
4. A fit and proper test will be conducted as needed,
5. A shortlist of candidates will then be prepared,
6. the Minister will review the shortlist and make selections which then goes to Cabinet for approval.

Mr. Speaker, I am taking the time necessary to highlight elements of this new policy because of its importance to raising the level of governance across the public sector and reducing any ignorance, weakness or permissiveness to inappropriate conduct or corrupt acts by boards.
Poorly run public bodies pose a threat to our economic programme and fiscal certainty. Governance Mr. Speaker, is of MACROCRITICAL importance, meaning that its effects are so far reaching, it extends beyond the board room of the poorly run institution, to have a national impact.

Mr. Speaker, to get a better understanding of the size of public bodies relative to the central government, consider that there are 163 public bodies in total of which 56 are self-financing. They have projected total gross assets of $1,122.11B and they employ 13,398 workers. They will generate revenues of approximately $406.1B from which they will transfer $16.784B to support the Central Government as well as remit Special Consumption, Ad valorem & Corporate taxes of $45.787B. Conversely, the central government will support certain public sector bodies with approximately $17.21B. Public Bodies are forecasted this year to increase their capital expenditure from $58.48B last year to $71.93B in the new Financial Year; this equals the $72.11B which is projected to be spent by the Central Government. Total Public Bodies expenditure for the new Fiscal Year is projected at $443.97B while the central Government will spend a total of $803.24B.

Mr. Speaker, Public Sector bodies are more than half the size of Central Government’s expenditure footprint and just as large as Central Government’s Capital Expenditure footprint. The government cannot leave the governance of these agencies to chance as any mismanagement or governance failure in the public bodies can have devasting effects on our fiscal accounts. We have experienced that before when loss making public bodies contributed significantly to the national debt. This government will ensure that our public bodies are properly run. OUR HANDS ARE FIRMLY ON THE STEERING WHEEL OF OUR PUBLIC BODIES’ GOVERNANCE.

Petrojam

Mr. Speaker, this is why I took direct charge of Petrojam in July 2018. I understood that the issue was of such deep concern to the people of Jamaica that it was up to me as the Prime Minister to take action and to lay a foundation to ensure that the serious governance and management issues that arose did not further exacerbate the difficult market and geopolitical conditions that already threatened the viability of the refinery; threats such as:

1. The diversification of electricity generation away from heavy fuel oils (HFO). As JPS, the largest single customer of Petrojam, changes out its old generating capacity to more efficient LNG plants, Petrojam will lose approximately US$356m in sales revenue from HFO and Auto Diesel Oil (ADO).
2. The obsolescence of its plant. The refinery was designed in 1962, 57 years ago by ESSO. And while refineries normally have a useful life of 25 to 30 years which can be extended by retooling and ongoing maintenance of the existing plant can extend the life of the plant, its efficiency and competitiveness would be bounded by the original technology. Petrojam’s refinery is well past its useful life and requires major upgrade to its technology and plant to make it competitive.
3. Increasingly risky geopolitical situation with sanctions and Venezuelan interest in the firm. On August 14, 2006, a Joint Venture Agreement ("JVA") was signed between the PCJ, Petrojam and PDV Caribe S.A. ("PDV Caribe") to cooperate in the ownership and management of Petrojam and to undertake the refinery upgrade, which was recognized as critically important for the energy security of Jamaica. In August 2007, 49% of the shares in Petrojam were acquired by Venezuela, however the purpose of the agreement, which was the upgrade of the refinery, was never fulfilled. In August 2017, sanctions were imposed on Venezuela, which had indirect negative effects on countries like Jamaica, whose refinery was partially owned by a Venezuelan government company. It became increasingly difficult for Petrojam to do business with its banks, insurers and suppliers who were concerned about the risk of fines as a result of the sanctions.

4. Change in fuel specification by the International Maritime Organization (IMO)
The IMO from as far back as October 2008, adopted a resolution applicable from July 1, 2010 to progressively reduce sulphur and other emissions from marine engines and ships. Petrojam could lose its bunkering market on January 1, 2020 due to the implementation of a related regulation.

It is impossible to recognize the sheer magnitude of each of these threats, and even more so, when considered together. Petrojam’s revenue could fall off sharply, its production processes would not be able to respond to market needs, it could not transact business internationally, and
eventually its plant would fail. This would mean that Petrojam, instead of being a net remitter (between $2B and $5B in income taxes to the government and $43B in SCT and Ad valorem taxes) would have to rely on government subsidy to remain open. How would it retain its employees? How would the Jamaican market be guaranteed reliable supply of fuel, without government support?

Mr. Speaker, I want to be clear, this eventuality is not even contemplated in our economic plans and could not be justified, regardless of the persuasive calls that come from some sections of the society. The fiscal risk is, however, real. That is, the possibility of a call on the budget that is unplanned, larger than the contingency, and forces the Government to increase debt or raise taxes, often in a long-term manner.

We have been there before, where politically sensitive public bodies, and even private operations, have forced the government to take on more debt than we had planned and which we cannot afford. We could start with the banking crisis of the 1990s which saw the socialisation of private debt, on to the public debt stock with FINSAC, absorption of National Water Commission (NWC) debt, Clarendon Alumina Production (CAP), Sugar Company of Jamaica (SCJ), Air Jamaica and several other loss-making entities.

Mr. Speaker, we are not travelling that road again.

In all instances of public bodies and private operations becoming fiscal risks, there has been an element of poor governance, either at the Ministerial level, or at the board level. Usually, the governance failure is around poor risk management and lack of awareness of the corporate, technological, regulatory and geopolitical environment in which the public body operates, and how changes in these spheres create threats and opportunities that impact operations now, and in the future; coupled with a failure to act in a timely manner. The failures at Petrojam did not occur overnight or even over three years.

Having taken charge of Petrojam for eight months, I am pleased to report that we have taken specific and systemic corrective actions and Minister Williams will take forward further action.

Mr. Speaker, again it is because I understand how deeply people have felt about Petrojam issues that I am going into some detail about the actions taken regarding its governance. I and my Administration feel deeply and therefore believe it important that the Parliament and the people of Jamaica keep the facts front of mind. Sometimes they can get lost in the debate.

In July 2018 I reconstituted the board with Mr. Paul Hoo, former Chairman of Supreme Ventures, one of the largest companies in Jamaica, as Chairman of Petrojam, and Ms. Rosie Pilner and Mr.
Wayne Powell, both former Vice Presidents of a major bank, as directors. In light of the great and justified public concerns that had arisen, I gave the board general directions as follows:

1. To settle the industrial relations environment and return the company to its full management strength to ensure efficient and effective operations.
2. To return the Refinery to full operations in the shortest possible time as a matter of urgency. The Refinery at the time was beyond the projected downtime for routine maintenance which created supply disruptions, mainly in bitumen for asphalt.
3. To examine the management systems, including accounting, administrative, procurement, and human resource management, for weaknesses and make the necessary changes both in systems and personnel to ensure the effective operations of the company in the short term.

We have introduced new policy guidelines and rules that are not only applicable to Petrojam but to Public Bodies generally, some of which I referred to earlier, but also including:

1. Procedures for the approval of travel for Board Chairmen have been refined to include the Minister’s notice and approval of the travel request either to, or from Jamaica.
2. Procedures for the appointment of board members now require the disclosure of residency status to the Minister and Cabinet so that we can make informed decisions about the potential costs the government would incur by appointing someone who resides overseas and for whom we would be obliged to pay their travel costs for attending board meetings. Additionally there are detailed procedures for how public bodies can make donations, including limits to be set by the Ministry of Finance and the Public Service, uniformed applications and approval process, the disclosure of all donations and connected parties in the financial statements, streamlining of donations through designated entities whose core mandate is to grant funding and monitor and evaluate the use of such funds.
3. Tighter procedures around the use of retainer contracts, which will require that all retainer contracts that are to be sole sourced must get the approval of Cabinet; and connected party interests with the board or management must be declared to the Cabinet. Additionally, all retainer contracts must be disclosed in the annual reports.
4. Tighter guidelines around the use of non-disclosure agreements and confidentiality clauses in HR settlement matters in public bodies. Based on the new guidelines, the form of the Non-Disclosure Agreement (NDA) or confidentiality clause must not fetter the Parliament and the monetary value of the settlement cannot be subject to NDAs and confidentiality clauses.
5. The JDF Coast Guard to conduct searches in this section of the Kingston Harbour in proximity to Petrojam to verify that there was no mechanism to illegally abstract fuel from the refinery.
6. I have ordered a forensic audit of oil losses and the draft Terms of Reference (TOR) has been circulated for comment by relevant agencies.
The new Board has taken all steps to ensure that good governance practices are in place at Petrojam, all committees of the board are now functional; the new board has, among other measures:

1. Reorganised the process of internal audits, to include a daily audit process to quickly identify breakdowns and irregularities and has brought in two auditors from the parent company PCJ to strengthen the internal audit systems.
2. Reviewed, along with the Internal Auditor, a detailed list of all procurement contracts to ensure that the procurement process conforms with Government guidelines and that the process of awarding contracts was followed in all cases.
3. Established a revised internal approval process to effectively reduce the use of and eliminate any abuse of Direct Contracting.
4. Developed formal Terms of Reference for the Pricing Committee to include independent members and a representative from the Ministry of Finance and the Public Service, and established voting rights and authorised limits of the Committee.
5. Eliminated all discretionary factors in the pricing formula except ‘Market Adjustment’. This element of the formula is being structured to limit discretion of the Pricing Committee to smooth prices and adequately manage Petrojam’s exposure in times of high volatility in Gulf Reference prices and Exchange Rates.
6. Ensured close monitoring of OIL LOSSES. International benchmarks go up to 0.90%, Petrojam’s own internal target is 0.40%. Average since April 2018 is 0.27% well within the target.
7. Re-established a programme of oil tank maintenance and an accelerated repairs programme as appropriate to prevent significant oil leakage, ensure proper calibration of tanks as well as preventing the build-up of sludge in tanks distorting the accurate measurements of oil in tanks. This year Petrojam will spend approximately US$10m on repairing tanks and pumps.
8. Implemented real time inventory management and a rigorous reconciliation process which includes monthly MASS / VOLUME BALANCE which ensures accuracy and effective management of oil levels.
9. Enhanced overall approach to SECURITY to control and reduce pilferage. These include security perimetre lighting, installation and upgrade of CCTV system and frequent sub-sea pipelines marine patrols.
10. From an HR point of view, recognized the instability created in the organisation by the improper dismissal and hiring practices of former managers, and the negative impact this was having on morale and productivity generally in the industrial relations environment. If this was not quickly addressed, it would have led to more costly and disruptive industrial relations disputes which would have crippled the organisation. The board put in place a process that saw to expeditious resolution of the separation of staff members who were not able to contribute to the restoration of normalcy and improved staff morale in the organisation. The board has now reviewed the organisational structures and is studying proposed changes that will improve reporting relationships, accountability and administration.
Regarding the future of Petrojam, last October I also empanelled the Petrojam Review Commission to make recommendations for the future of Petrojam as a refinery, and to analyse the proposals for its upgrade within the context of what is economically and financially best for Jamaica. This would include whether Petrojam should remain a Public Body. The Petrojam Review Commission has started its work with the support of an international consultant, and they should have a report ready for submission to the Cabinet in June of this year.

Notwithstanding the pending report, I have directed the board and management to ensure that Petrojam continues to pursue opportunities and take decisions that will preserve and enhance the existing value of the business so that whatever we decide to do with Petrojam, it will have significant commercial value. Under the fresh guidance of Minister Fayval Williams who I was proud to appoint as the first woman Minister with these responsibilities, the Board and Management of Petrojam are pursuing among other things,

- Markets in CARICOM to sell the HFO that will not be used by JPS, when that company transitions to LNG.
- Supply sources for lower sulphur crude so that it can continue to produce and supply the bunkering market at the new standard of fuel that will come into effect on January 1, 2020.
- the preliminary activities for the development of a Vacuum Distillation Unit. This would expand asphalt and vacuum gas production to replace revenue fall off from the HFO market.

Without question, the most significant action taken by the government in relation to the future viability of Petrojam is the buy-back of its shares from the PDV Caribe. Without taking this action, I could not stand here today with confidence to say that Petrojam has a secure future in whatever form we may choose to continue the business. Without that action, credible investment in the refinery would have been limited if not impossible to obtain. Without this action, it was clear that it would have become increasingly difficult and ultimately unsustainable to operate and do business with suppliers, banks and insurers, once sanctions remained in place.

This action has cleared the way for Jamaica to make strategic decisions about its energy security without encumbrances.

This, Mr. Speaker is what we mean when we speak of economic independence.

Mr. Speaker, Petrojam has been a great challenge for this Administration, but we have not hidden from the problem.

Wherever we have found weakness we have acted to correct them, where there is lack of transparency we have disclosed, where personnel are at fault, they have been held to account or no longer hold office, mindful that investigations are still ongoing. There is no question now that Petrojam is a stronger and better run public body now than it has been in its recent history.
Mr. Speaker, in April, 2013 then Minister of Energy, Phillip Paulwell stated: "In relation to Petrojam, this is a project that is well delayed. If Petrojam is not upgraded and expanded, we will have to shut it down. It is as simple as that".

Having acknowledged the serious nature of the risks facing Petrojam, the Government then did not act decisively to secure a resolution to the upgrade issue with our joint venture partners. Indeed, their failure or fear to act could have led to closure of Petrojam. Today, we can be satisfied that this government acted fairly and appropriately to secure Petrojam’s value for the benefit of the Jamaica people in whatever form we decide.

Mr. Speaker, having addressed in some detail the different matters of current interest related to Petrojam, it is also important that I touch even briefly on our matters related to Venezuela.

Mr. Speaker, in 2011, I flew to Caracas to attend the launch of the Community of Latin America and Caribbean States (CELAC). There I met the late Hugo Chavez, then President of Venezuela. We exchanged gifts, I gave him a copy of the famous Jamaica Letters written by their great liberator Simon Bolivar while he was exiled here in Kingston in 1815, and Chavez gave me a painting of Simon Bolivar which I still maintain in my collection. We had a wonderful conversation through interpreters as he delved into the history of the Carta de Jamaica. It was clear that he had a good heart and more than just an economic interest in the Caribbean.

Indeed, Venezuela has always sought cooperation with the region. Before Chavez, before Petro Caribe, before Maduro, there was the Caracas Energy Accord, and in the 1980s there was the San Jose accord with Carlos Andres Perez. These cooperation agreements all centred around favourable terms and extended credit for oil. Greater Portmore was built out of concessionary funds from the San Jose Accord.

Likewise, we acknowledge significant discounts that benefited Jamaica from the Petro Caribe debt buy back, even as Venezuela benefitted from the early receipt of repayment.

As a nation, it is always our culture to be grateful for consideration shown. Jamaica is grateful to the people of Venezuela and we wish for them peace, political stability and economic prosperity. As friends of the people of Venezuela, we cannot turn our backs or close our eyes to the conditions that affect the people of that country, nor can we ignore the potential for instability in the region.

Jamaica, has long maintained a principled foreign policy, which promotes human rights, rule of law, and democracy. Even as we also support the principle of non-interference in the affairs of countries, we cannot now honestly say that the people of Venezuela are universally benefitting from the rights which we espouse and which they indeed have previously promoted in other countries in the Latin American region. We believe that in the interests of the people of Venezuela,
an objectively reasonable starting point of settling the conflicts and instability in the country, is for the parties to agree as quickly as possible to new elections which meet the internationally accepted democratic principles. We note the efforts being made through different mechanisms, whether the United Nations, the Montevideo mechanism promoted by CARICOM, the International Contact Group being promoted by the EU, and other individual countries who wish to see a peaceful resolution to these matters. We continue to pray for the Venezuelan people’s return to peace and prosperity.

SMALL ACTIONS BIG IMPACTS

Jamaica House Fellows

Mr. Speaker, I want to mention the Jamaica House Fellowship Programme which was launched shortly after my Administration took office in 2016; we welcomed the first Cohort in March 2017. After two years of service, members of the 1st Cohort are saying goodbye. The participants have benefited tremendously, growing personally and professionally while making significant and impactful contributions to policies and programmes of national importance.

The first cohort served in several key areas including:

- The Economic Growth Council through the monitoring of targets under Jamaica’s agreement with the International Monetary Fund,
- the National Identification System (NIDS),
- the Housing, Opportunity, Production, Employment (HOPE) Programme,
- The Ministry of Foreign Affairs and Foreign Trade, and
- the Office of the Prime Minister

The idea behind the programme is to expose bright young talent to public administration, in the hope that they will make public service their first choice. I am sure we will be getting a few Permanent Secretaries, Director Generals and Chief Technical Officers from this programme. Some have already found positions in Ministries.

The second Cohort is expected to have an even richer experience as we learn from the first iteration and make improvements to the programme. Mr. Speaker, we will begin accepting applications for the second cohort on Tuesday, March 26, 2019, from qualified candidates to serve as full-time paid Jamaica House Fellows at the Office of the Prime Minister.

Support for Patients with Systemic Lupus Erythematos

Mr. Speaker, a while back I met a lady who brought to my attention, the condition of her sister who suffered from lupus. She explained to me the suffering that those afflicted endure, especially if they don’t have the medicine.
She wasn’t the only one. At one of my town halls, a young lady told the story of her challenges in affording Lupus Medication which was essential for her survival. Another young lady revealed on social media how she graduated from the Norman Manley Law School at 23 years old, the first Attorney in her family, while battling lupus.

She revealed that it costs between 50-60 thousand dollars per month depending on which medication is used for treatment and therefore many persons are unable to afford it.

The expense sometimes causes patients to use other medication which can increase the risk of a flare up. A flare for a lupus patient could mean kidney failure, heart damage, lung damage, seizures, stroke, severe pain, fever; being hospitalized for months and even death.

I raised the situation with the Minister of Health who was very sympathetic, however, as a rule in our government we do not make policy off the fly or on pure emotion, we had to make sure that any assistance is sustainable and equitable.

Lupus is an autoimmune disease in which the body’s immune system attacks the organs of the body. It is estimated that approximately 6,000 individuals in Jamaica have the condition, with the vast majority being females.

Mr. Speaker, the National Health Fund, an Agency of the Ministry of Health is now celebrating 15 years of service to the people of Jamaica. Over this period the Fund has provided approximately $30 Billion in subsidies for pharmaceuticals to NHF Cardholders living with 16 chronic illnesses. I am happy to announce, that the NHF will be adding Lupus to the list of conditions covered by the NHF Card by April 30, 2019. This is expected to reduce the impact of this life-threatening disease and improve patients’ quality of life, through improved access to medication.

The annual cost to the NHF for coverage of subsidies for the treatment of Lupus is estimated at $340 Million and NHF has assured me that the addition of Lupus, to the NHF Card benefits is sustainable.

Support for Social Enterprise Development in the Social Sector

Mr. Speaker, every year at Christmas for the past 5 or 6 years, I make it a point of duty to visit hospitals, places of safety and golden age homes. Last year I visited Monsignor Gregory Ramkissoon and the Mustard Seed Communities on the border of my constituency, West Central St. Andrew, and the year before I visited Father Richard Ho Lung and his Missionaries of the Poor. In 2013, I visited the St. John Bosco Boys Home in Mandeville with Sister Susan Frazer and the Sisters of Mercy.
The service that organisations like these give to the poor and vulnerable is indispensable. Not only do they give care for the disabled and abandoned, but they carry on an incredible social enterprise programme, where they engage in a sustainable business, that generates revenue, and employs their wards in meaningful activities.

Mr. Speaker, work is not only financially rewarding, it is also physically and mentally therapeutic. As we expand employment for the able-bodied, we must never forget the persons living with disabilities, and those who have been abandoned. They too need the fulfillment of doing something meaningful and rewarding with their life.

Mr. Speaker, the Government of Jamaica, already provides support in some instances to some of these privately run, faith-based, care programmes. However, what is most interesting to me is how they manage to operate successful social enterprises to supplement their care budget. It was quite inspiring to see the young men at Mustard Seed who are wards of the institution learning pottery and ceramics and making various souvenirs and trinkets which are sold in the gift shop.

Eventually some of these young men will be out of the institution, but they will have learned a skill and the value of work. The Government this year will be making a special allocation of $200m,
through the Ministry of Labour and Social Security to support the development of social enterprise projects in these childrens’ homes, golden age homes, and places of safety.

**Solar Lamp Project**

**Mr. Speaker**, last year I announced a solar project to stimulate the use of solar lamps to replace open flame source of lighting in households without electricity. This was primarily in response to the 4 children that perished in a tragic blaze in my constituency. 5,000 solar lamps were distributed in 7 constituencies across the corporate area. The PCJ will shortly begin a survey of the beneficiaries to better understand the acceptance and usage of the solar alternatives to candles and lamps.

**Mr. Speaker**, so far this year we note however, the tragic death of 2-year-old twin girls in a fire in Grants Pen. While the circumstances regarding the cause of fire is unclear and the solar lamps can only eliminate one more cause of fire, that is one less issue to contend with. Ultimately, parents and guardians are responsible for the safety, care and protection of their children. Last year, there were 1,526 structural fires in which thirty (30) adults and nine (9) children perished. I once again use this platform to appeal to parent and guardians to put the safety of our children first.
Fire Statistics as recorded by the Jamaica Fire Brigade (JFB) for the past Five (5) Years.

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Mr. Speaker, this year the PCJ will purchase and distribute another 5,000 solar lamps at an estimated cost of US$48,500.00, in the parishes of St. Catherine and Clarendon, to households that do not have electricity. This is a small spend but if it saves one life the impact is invaluable.

Boosting Innovation, Growth and Entrepreneurship Ecosystem (BIGEE)

Mr. Speaker, the Development Bank of Jamaica (DBJ) is supporting the Government’s focus on creating viable investment opportunities for local capital through privatisation, supporting business development and promoting innovation.

The Government is standing by our commitment to promote broad-based ownership by divesting assets through the Jamaica Stock Exchange for the average Jamaican to own. Wigton Wind Farm is the first in a series of Government owned assets that will be placed on the stock market. This is not trickle-down economics; this is creating wealth at the base of the society.

As a key pre-cursor to the Wigton listing, the DBJ has successfully refinanced its PetroCaribe debt of US$49M through bonds taken up by local investment houses. This bond issue was oversubscribed. The US$49M reflow to the Government and the substantial interest in the bond issue are tangible evidence of the critical role and multiple impacts of privatisation in the economy. In that regard, the DBJ has commenced the assessment of the sale of the Government’s shares in JPS. Other assets are being considered by Government for Jamaica Stock Exchange (JSE) listing, including the Jamaica Mortgage Bank.

However, Mr. Speaker, the project from the DBJ that I would like to highlight today is the Government of Jamaica requested Boosting Innovation, Growth and Entrepreneurship Ecosystem (BIGEE). This project is designed to finance and otherwise aid innovation, entrepreneurship and economic growth of small, micro and startup businesses in Jamaica. The total to be invested in the programme is US$25 million over the next 5 years. This programme will also be supported by a US$500,000 grant from the IDB.
The specific objectives of the programme are to:

1. Promote innovation and productivity among established MSMEs with high growth potential;
2. Promote sustainable and disruptive growth in scalable startups; and
3. Create sustainable startups and a strong supporting ecosystem for entrepreneurship.

This programme will provide a variety of products for MSMEs along the different stages of their development. Another key facet of the programme is to build the capacity of Business Intermediaries to support MSMEs such as Accelerators, Incubators, and Technology Transfer Offices. The key products to be offered are:

- **New Startups**
  - Seed Capital Fund
  - Event and Awards
  - Incubation Services

- **Scalable Startups**
  - Venture Capital Fund
  - Acceleration Services for scalable startups

- **Established MSMEs**
  - Research, Development and Innovation Fund
  - Patenting matching grants for MSMEs
  - Business Support Services

Majority of the intervention/activities that will be supported through the BIGEE initiative will be grants to MSMEs, and business intermediaries. Support that is not in the form of grants to MSMEs, but as equity investment, will be done through the establishment of a Venture Capital Fund.

It is expected that the implementation of all these components will generate increased productivity levels in the targeted beneficiaries (startups and MSMEs). Resulting outcomes are expected to be higher investment in innovation in MSMEs for benefiting from the programme; faster growth (in sales and hiring) for participants MSMEs and scalable startups; and higher start up rates (beginning of operation) for participants with viable business projects.

**Mr. Speaker**, the DBJ is involved in major business development activities, the Minister of Finance and the Public Service has already outlined a major initiative in creating a financing product which unleashes the financial value in receivables through factoring. The BIGEE, initiative however, is targeted at the small and very small business woman and man. This is what we call giving back to the base of the economy.

**New Social Housing Programme**
The new Social Housing Programme will replace the Government of Jamaica (GOJ) / Food for the Poor (FFP) Programme. It is in line with the policy objectives of the Government. The programme falls within the overall framework of Vision 2030 and should also enhance the impact.
of ZOSO in targeted communities where the upgrade of housing infrastructure was identified as one of the interventions required to address the social issues.

It is anticipated that the new programme will comprise three (3) modalities as follows:

1. **The provision of indigent housing**
   Each constituency will be given equal allotment of units. Poor and indigent persons will be targeted, with special emphasis on the physically challenged and other vulnerable persons who are without adequate shelter or who live in conditions unsuitable for human habitation. One, Two and Three Bedroom units will be provided based on the size of the families.

2. **Relocation of vulnerable communities**
   Small communities that are not yet well established and which are located in areas that are unsuitable for residential development and vulnerable to natural disasters, will be relocated. The primary focus will not be on ensuring that persons whose lives are in peril receive immediate attention.

3. **Upgrading of Tenements ‘Big Yards’**
   The physical infrastructure in tenements or similar communities will be upgraded and where necessary the tenure of the residents will be regularised.

The new SHP will be administered by the Ministry of Economic Growth and Job Creation (MEGJC), under the housing component of the Housing, Opportunity, Production and Employment Programme (HOPE). In addition to improving the housing conditions of the indigent and vulnerable, employment opportunities will be provided. The programme will be labour intensive, employing both skilled and unskilled labour. HOPE interns who are trainees from the HEART Trust/NTA will be utilised. They will be given initial skills training in plumbing, tiling, electrical works and masonry after which they will be employed on the construction sites.

Approval is being sought to utilise the balance of the grant funds from the PCDF, which were allocated to the GOJ/FFP Housing Programme for Financial Year 2017/2018, in the approximate amount of J$533M. GOJ support is required for the remaining amount.

**BOLSTERING SAFETY AND SECURITY IN THE NEW JAMAICA**

**Mr. Speaker**, Jamaica’s strategic road map to sustainable development and economic growth cannot be separated from the key goal to create a safe, secure, cohesive and just society. To ensure this future and to seize the opportunities it presents, the country must make significant advances on the security front. It is for this reason that the Government continues to prioritize a series of policies and security strategies that have been developed and are actively being implemented as part of Plan Secure Jamaica (PSJ).

**Mr. Speaker**, Plan Secure Jamaica (PSJ), which I highlighted in my 2017/2018 Budget Address, is a comprehensive, coordinated, flexible, integrated, accessible and enduring strategic
programme for the country. Its aim is to create an environment in Jamaica where the security of citizens is assured; where citizens are safe and feel safe, and; where the rule of law plays a central role in the foundation from which development and transformation will take place. This will not be achieved overnight, and our efforts are ongoing and will continue for as long as it takes to achieve and sustain this shared goal. To further reaffirm our commitment to improving security for all Jamaicans, National Security has been allocated 28% of the total Capital Budget for the next fiscal year (2019/2020), an increase of $7.5 Billion over the Revised Estimates for FY 2018/19, to facilitate the ongoing implementation of key initiatives under this programme.

Mr. Speaker, through this significant investment in our national security, this Administration aims to signal our relentless commitment to the realisation of a safe, secure, cohesive and just society through Plan Secure Jamaica. As PSJ advances towards its goal, it will do so through the achievement of three (3) broad strategic outcomes. That is, to deter or otherwise PREVENT threats, build robustness and resilience to PROTECT against the effects of threats and hazards, and to strengthen our capabilities to appropriately and effectively RESPOND to the many and varied threats to Jamaica’s security, existing and emergent. Prevent. Protect. Respond. Those broad outcomes are supported by the six (6) objectives of PSJ, which form the core of the results-based mechanism at the heart of the plan’s design and execution. These are:
- Strengthening the National Security Architecture,
- Strengthening the Criminal Justice System,
- Enhancing Youth and Community Development,
- Protecting and Securing Jamaica’s Borders, Maritime Space and Key Sectors of The Economy,
- Strengthening National Integrity Systems, and
- Increasing and sustaining Public Support for Law Enforcement and Public Order.

These objectives are geared at addressing the following ten (10) strategic focal areas, I first highlighted during contribution to the 2017/18 Budget Debate: violence and crime, public order, corruption, community safety, territorial Integrity, crisis response and resilience, justice systems, cyber defence, critical infrastructure protection and economic security resilience. Mr. Speaker, by addressing these focal areas, it is necessary that the implementation of PSJ be pursued with effective coordination, as a cross-ministerial national solution, with national support.

Mr. Speaker, in furtherance of this, since becoming Prime Minister, I have established critical enablers. One of which has been the creation of the Office of the National Security Advisor, which takes the lead in coordinating the implementation of PSJ. We are taking the final steps to have the National Security Council legislated. I have ensured that this Council meets at least once per month, under my personal leadership, to guide policies and review implementation. The Opposition Spokesman has been invited to join in these discussions, as we recognise the value of collaboration and bipartisanship on matters of national security. This move will, among other things, further strengthen our efforts to broaden and deepen public support for the necessary measures to improve our collective safety and security.

Mr. Speaker, we are taking a very intricate and strategic approach to dealing with safety and security which may not be readily seen by those looking on. I know people are no longer talking about the lack of a crime plan, but the pace of the crime plan. But I urge patience and continued support; we cannot only place value on ‘quick-wins’.

PSJ is an enduring programme and will set the foundation for Jamaica now and in the future. Implementation will be phased over the short, medium and long term and will require time, coordination, collaboration and national support to realise the strategic outcomes and goals.

To remain relevant and responsive to the multifarious and evolving threats and challenges to National Security, it is necessary to strengthen Jamaica’s national security architecture. This includes those structures and institutions charged with the coordination, monitoring, management, oversight, and policy making authority to guide the country’s defence and security organisations in the delivery of their various mandates. This will include strengthening key National Security Institutions, such as the Jamaica Constabulary Force, the Jamaica Defence Force, the
Major Organised Crime and Anti-Corruption Agency and key departments and agencies in the Ministry of National Security.

Mr. Speaker, we are moving to transform and modernise the JCF; “A Force for Good”, building its intelligence and investigative capacity and enhancing the institution as an accountable, respected and trusted law enforcement organisation. We are also moving to restructure the JDF, reaffirming the institution’s role as an essential component of the country’s security, youth and community development apparatus. This is being achieved through:

- The creation of the Maritime, Air and Cyber Command (MACC),
- The expansion of the Jamaica Regiment to include 2 additional Infantry Battalions,
- The expansion of the Jamaica National Reserve (JNR) to include 2 additional Infantry Battalions and a National Support Battalion, and
- The creation of the Caribbean Military Academy (CMA), and
- The creation of the Jamaica National Service Corps (JNSC).

Several measures are also being pursued to strengthen the criminal justice system so that it is better able to deliver just outcomes in a timely manner and provide meaningful deterrence to criminal behaviour. This includes: Improving Access to The Criminal Justice System, Developing Youth and Offender Rehabilitation Programs, Strengthening Criminal Justice Legislation, and Improving the Administration of the Court System.

Mr. Speaker, this Administration also seeks to reinforce the role of social development initiatives as being essential to national security. We have therefore seen it necessary to pursue a policy framework for action on revitalising community safety and social inclusion between citizens and the State. Strategies seek to ensure that community level intervention and youth intervention initiatives must be adequately resourced to bring about sustained reduction in the level of crime and violence, reduction in the level of unemployment and increase in economic development. An
example of this, the Jamaica National Service Corps (JNSC), which is being led by the JDF was established in 2017.

The Jamaica National Service Corps (JNSC), was designed to instil positive values and attitudes, whilst providing young men and women with a range of life skills in order to make them better equipped for success in their chosen career path. Since the implementation of the JNSC training programme, more than 2,000 candidates have been engaged and have received a JNSC Completion Certificate, a JNSC Record of Service, and a National Vocational Qualification of Jamaica Certificate in Security Operations. In February 2019, the JDF achieved a new milestone, expanding its intake training to a record 500 candidates as the programme continues to be expanded. This and other programmes will continue to bolster youth and community development across the length and breadth of Jamaica through the creation of significantly more life chances for at-risk youth.

Mr. Speaker, in addition to strengthening our institutions and advancing social development as part of PSJ, we are also keen to leverage technology as a critical undertaking in building the capacity of the State to respond to the identified strategic security focus areas. To that end, there has been significant capital expenditure in a number of areas. These funds have been allocated to continue the acquisition of general and specialised equipment including a coastal surveillance system and advanced telecommunications and cyber security solutions for Jamaica. These measures are being pursued to strengthen the country’s Maritime Domain Control, enhance Port Security Systems and improve border security and the protection of Jamaica’s wider jurisdictional space in all domains. This will also close Jamaica to the illicit trafficking business and break the link between Transnational Criminal Organisations and domestic criminal actors and groups.

This Government is also committed to pursuing those measures which are deemed necessary and effective in ensuring internal security. Last year, we (all of us) in this Honourable House united to let peace reign. We voted to implement a State of Public Emergency in two areas which were experiencing extraordinary levels of high crime. The results were a reduction of murders in St. James by 70% and murders in Jamaica declined by 22%. That was in part due to the impact of the States of Emergency. Unfortunately, some Members of this House withdrew support prematurely; we were just beginning to reap the real fruits.

Mr. Speaker, at the meeting of the National Security Council I proposed a new legislative framework, giving intermediate and specific powers to the Security Forces. I am putting the House on notice that the Enhanced Security Measures legislation is being designed to empower the Security Forces with the tools deemed necessary to disrupt criminal networks, reduce violence and increase public order. The main elements of the framework for the draft Enhanced Security Measures legislation have been agreed. These include:

- Conditions that must exist to trigger and sustain the measures.
- System of accountability and judicial recourse to protect the rights of citizens.
- Specific powers provided, such as – search and detention.
- Persons designated with responsibility for use of such powers.
Mr. Speaker, this Government considers the proposed legislation important, but the use of the State of Public Emergency will continue to be a viable option to be implemented for the safety and protection of the people.

Investment in security is the enabling factor for the creation of a strong economy. National Security requires modern technologies and investments in equipment, human resource and technical expertise to counter the ever-changing threats posed by criminals. Effective policies and a strong legislative framework are also critical enablers in ensuring swift and sure justice processes. Cumulatively our actions seek to reinforce the legitimacy in state structures while serving the citizens and interests of Jamaica.

Most importantly however, as a country, we must act decisively to address the culture of violence which has attempted to define us. Respect for each other will be our most effective measure as we seek to ensure that Jamaica realises and sustains the goal of a safe, secure, cohesive and just society.

SOCIAL INTERVENTION TO SUPPORT SECURITY MEASURES

Mr. Speaker, we recognise that social intervention plays a critical part in building back our communities and having citizens embrace that there can be a new normal. Through funding from the GoJ and international development partners, the Jamaica Social Investment Fund (JSIF) works in partnership with underserved communities, the public sector, the private sector, non-governmental organisations (NGOs), and international donor agencies, in channelling benefits to the poorest communities across Jamaica.

Given the severity of Jamaica’s crime situation, the GoJ has adopted a multi-pronged approach to addressing the causes as well as the symptoms. While emphasising a targeted crackdown on perpetrators through methods including the use of powers under the States of Emergency Act and the declaration of Zones of Special Operations (ZOSOs), there is strong recognition of the importance of social interventions to build volatile communities and reduce the economic and social exclusion that supports criminal activities.

The JSIF’s approach to the transformation of volatile and economically vulnerable communities is unique in its focus on delivering social interventions (social services and infrastructure interventions) in partnership with communities, State and other development partners as a means to community security and transformation. This approach also emphasises citizen engagement and participation as key elements in developing and sustaining interventions.

Crime is entrenched in environments that do not “naturally” support the rule of law and is influenced by all aspects of the socio-economic environment including community governance, urban planning, social norms that supports criminality, access to basic services, access to weapons and drugs, family dynamics, community police relations, access to justice and social exclusion. The interplay of these factors has a compounding negative effect on public safety and security.
The reduction of crime and the restoration of the public order and respect for the rule of law requires a strategy that includes the delivery of a range social interventions in a coordinated system of multi-sectoral programming. To this end, the Jamaica Social Investment Fund in FY 2019/2020 will prioritise interventions that collectively will build national and community capacity for crime reduction including:

1. **Support to Effective Policing:**
   - a) Start of works to rehabilitate and construct six (6) police stations, directly benefitting over 500 JCF staff and approximately 103,000 residents.
   - b) Technical Assistance to the Community Safety and Security Branch of the Jamaica Constabulary Force to support the strengthening and expansion of Police Youth Clubs and neighbourhood safety initiatives including Neighbourhood Safety groups etc.
   - c) Technical assistance and capacity-building to the Jamaica Crime Observatory/Ministry of National Security to support data collection and analysis to facilitate evidence-based crime-fighting.

2. **Situational Crime Prevention:**
   - a) Improvement to the road, drainage, water and sewage networks in nine (9) urban communities across the island, benefitting over 40,000 persons.

3. **Social Development:**
   - a) **Community Governance and participation**
   - b) **Community Safety Plans**
   - c) **Youth Workforce Development** - skills training, entrepreneurship, internships and other capacity development support.
   - d) **Support to high risk students**
   - e) **Parenting support**
   - f) **Enterprise Development** - Business development of community-based and social enterprises, agri-business and community-based tourism.

**HUMAN EMPLOYMENT AND RESOURCE TRAINING (HEART)**

Mr. Speaker, even as we move to develop the physical infrastructure, we must pay great attention to our human capital development and empower our people with knowledge, skills and the right attitude. This is the mandate of HEART. There are other agencies carrying out similar functions, however the government believes in public sector efficiency in the delivery of service. The Human Employment and Resource Training (Amendment) Act, 2019, which I am tabling today, seeks to give further effect to the policy decision of the Government to merge the functions of the National Youth Service Board, the Apprenticeship Board and the Jamaican Foundation for Lifelong Learning Limited with the HEART Trust/NTA, to achieve one entity rather than several entities performing the same or similar functions.

At the start of the merger in 2016/17, HEART’s annual enrolment was 66,388 and **certification was 24,510**; at the end of this fiscal year HEART will achieve enrolment of over **119,000** and **certification is projected at 59,000**. For the 2019/2020 period, the Agency will expand its
Mobile Assessment for Certification and Training across the island with a projected enrolment of 153,000 and a projected certification of 101,000. HEART also expanded partnerships for emerging skills, dual certification and social inclusion including:

a. **JISCO Alpart Investment** – partnership to train persons in areas such as electrical maintenance, mechanical maintenance and general construction.

b. **Global Services Sector Development (GSS)** - Training to move persons up the value chain from the lower level Business Process Outsourcing (BPO) to Knowledge Process Outsourcing (KPO)

c. **HOPE – National Service Corps** – Through promotion of the Service Corps and Apprenticeship Programmes

d. **Caribbean Maritime University** – FESTO FACT Centre training in hydraulic and pneumatic technologies, mechatronics, autotronics, heavy duty equipment operations etc.

e. **Jamaica Defence Force** – Training and apprenticeships for 1,000 National Service Corps participants in general construction, carpentry, welding and fabrication, electrical installation, plumbing, air conditioning and refrigeration and office administration and 2,000 in JDF Paramilitary Training.

f. **Overseas Placement** - Carpentry, higher-level hospitality and culinary disciplines (Chefs and Hospitality Supervisors), digital credentialing for the portability of highly skilled Jamaican workers in overseas jurisdictions, training and certification of at least 1,000 household workers for portability across the Caribbean Single Market and Economy (CSME).

An Employment Agency will also be established within the Trust; a key feature of which will be a Job Registry on the HEART website of certified graduates, accessible to the labour market with a feedback mechanism that will rate the standard and quality of services rendered.

The Government is cognisant of the fact that education and training is important for the Jamaican society to function and survive within the globalized market, and so, the legislative framework to be implemented will achieve and create a seamlessly aligned Technical Vocational and Educational Training System, which will ensure an education system with primary focus on the core group of 17-29 years.

The Act will repeal the National Youth Service Act and the Apprenticeship Act and will achieve the following objectives:

1. To establish an effective system aligned to labour market for the provision of access to training, education and work experience for trainees upon attaining the age of seventeen years;
2. To promote the education of persons not involved in the formal education system to provide opportunities to enable them to become better citizens;
3. To monitor aspects of technical, and vocational education and training; and
4. To encourage participants to develop a sense of responsibility and of service to the country.
Mr. Speaker, another major challenge for the Government this year is the disruption to regular water supply caused by a multiplicity of factors, road improvement works, repairs under the non-revenue water programme, and traffic accidents. Nevertheless, this year the Government is increasing its effort to ensure more Jamaicans have access to an economical and reliable supply of potable water.

Over the last two years, NWC has expended almost $9 billion on water supply and sewerage projects across the Island from its own budget. This does not include the major spend on its intensified collaborative work with the National Works Agency (NWA) in replacing and upgrading pipelines along corridors in Kingston and St. Andrew, Clarendon, St. Elizabeth and Westmoreland, under the Major Infrastructure Development Programme (MIDP).

Currently under those collaborative arrangements NWC/NWA has worked simultaneously on fourteen (14) Projects. This saw the installation of some 110KM of water mains replaced and or upgraded. The collaboration between the agencies has brought about efficiency in expenditure estimated at some 10-15% savings.

Mr. Speaker, an aggressive programme to reduce Non-Revenue Water (NRW) levels in Kingston and St Andrew (KSA) is now in its fourth year and it has been yielding success. By the end of January 2019, non-revenue water levels in Kingston and St. Andrew was reduced from just over 60% of production in mid-2017 to 48%. This level of reduction is a significant achievement and augurs well for improvements in water supply efficiency in Kingston and St. Andrew and the financial performance of the company.

The intention is to further reduce non-revenue water to at most 30% by the end of the third quarter of 2019/20. In addition to reducing NRW, the programme is also strengthening NWC’s institutional capacity to sustain the reduction and to put the company in a better position to operate its water supply network. Similar programmes will be rolled out for Greater Spanish Town, South East St. Catherine (Portmore) and for northern parishes – St. Mary, St. Ann, Trelawny and St. James; commencing by end of 2019/2020.

Mr. Speaker, no private company could continue to operate if it could not collect any revenue from 48% of what it produces. Not only is the company losing significant revenue, it is also incurring significant cost to produce water, where a large volume is not getting to the consumer. The main cost involved in this is energy. The NWC is the single largest user of electricity in the country. Reducing non-revenue water reduces the NWC’s energy consumption.

Mr. Speaker, the NWC has had major disruptions in its water supply to the Corporate Area for the last three months due to;
b. A major Break on its 18” transmission main at Ferry
c. Breaks on its 33” Tulloch Spring transmission main
d. Multiple breaks on the transmission mains from its Constant Spring Facility
e. Multiple breaks on its Hagley Park Road mains
f. The collapse of the Golden Bridge in Mount Airy, West Rural St Andrew.

The NWC in response has undertaken the following mitigating activities (which are all now in progress) to alleviate the negative impacts on its customers:

i. Moving water from both Constant Spring and Mona facilities to the affected areas in South and Western St. Andrew
ii. Increased trucked water to the affected areas of up to 700,000 gallons per week.
iii. Rapid response strategy to start repairing all breaks within six hours of discovery to reduce the length of disruptions.
iv. Work is advancing to complete installation of a temporary 12” main to be completed by end of March to supply 2.5 million gallons per day and reduce the current 5 million shortfalls.
v. Procurement and delivery of one thousand five hundred (1,500) tanks with a capacity of 200-gallons each to affected residents; at a cost of $15.0m
vi. Work was completed on a temporary solution to restore water to most of the communities affected by the collapsed Golden Bridge at Airy Castle. The NWC continues to work on a permanent fix by the end of fiscal year 2019/20.

Mr. Speaker, I am well aware of the great inconvenience that some residents of the corporate area have faced due to the disruption of regular water supply. While some of these disruptions are caused by the ongoing road infrastructure improvement along our major thoroughfares, the truth is that a significant part of our water distribution infrastructure is very old, in some instances over 50 years old, extremely corroded, compromised in some cases and undersized compared to the population they are now required to serve. With or without these major road improvement works, the NWC would have had to replace these pipes.

As said before, it has proven advantageous to the magnitude of up to 15% savings in some instances to have the NWC’s pipe replacements happen simultaneously with the road improvement works. While there is great disruption now for some customers, I want to assure the public that the NWC is working assiduously to have damaged pipes repaired or replaced where necessary, in the shortest possible time. And that these upgrades, while very inconvenient now, will create lasting and appreciable improvement in your service in the very near future.

Mr. Speaker, as our population grows and concentrates in our urban towns and cities, the existing infrastructure will not be able to carry the demand. This is the case generally for the corporate area, but more so for downtown Kingston, where the water and sewerage infrastructure are close to a century old in some instances. The NWC projects that it will have to spend close to US$3.5B in major capital investments over the next 15 years to improve water and sewerage services across the island. This expenditure includes the renewal of some of our aged and crumbling infrastructure, such as is found in Kingston and St. Andrew, Spanish Town, and Falmouth.
The NWC has already identified and is planning for the replacement of three major transmission mains in Kingston which will require an investment of approximately US$60.0M. Funding sources are being actively explored and it is planned that work will commence in fiscal year 2019/20. However, the cost of the complete upgrade of the water distribution and sewer networks for downtown Kingston alone is approximately US$600M.

The public should understand, that this magnitude of capital investment cannot be carried on the central government’s budget alone. With the present state of our water and sewerage infrastructure, the indispensable nature of the service and the level of capital investment required, the NWC and the water infrastructure programme could pose a fiscal risk to the Government. This is why the NWC has been given the policy mandate to get its balance sheet in order.

The NWC has since replaced expensive debt, and has raised long term financing on the local bond market at comparatively cheaper rates to undertake some capital work. With the issuing of the Bond, the NWC had realised savings of $632.4M which would have been attributed to foreign exchange losses as well as savings on interest charges of $32.5M as at February 2019.

Much more work needs to be done in this regard, however there is a clear understanding that the current business configuration of the NWC will not be able to finance and execute the capital works required to buildout a reliable, resilient, and well distributed water supply network. This will require a combination of public and private investment including investment from the stock market. It will require the use of more Public Private Partnership modality in the production and distribution of water. The NWC Business Model must change to support new approaches to improve our water supply island-wide. To this end, I am pleased to announce that NWC is far advanced in making arrangements to increase the water production capacity for the corporate area by establishing a 15-million-gallon water treatment plant under a public private partnership (PPP) arrangement. It is proposed to construct this plant at Content in St. Catherine at an estimated cost of J$6B using water from the Rio Cobre River. It is expected that this agreement will be finalised in the first quarter of 2019/20 and implemented over the next thirty months. Areas such as Portmore and sections of Spanish Town also stand to benefit from the supply from this plant.

Simultaneously, Mr Speaker, the NWC is also finalising negotiations for the expansion of the Roaring River Water Treatment Plant by 5 million gallons per day as well as the construction of 33 KM of transmission mains to support the tourism industry of Negril. These major water supply works will commence in the 2019/2020 fiscal year.

Mr. Speaker, the Government, apologises for the inconvenience these necessary improvements to our water infrastructure has caused.

The Opposition would have you believe that these works could be done another way. I will be the first to say that there is always room for improvement and that we have not always gotten it right, however, we are at this point today where we have to replace crumbling infrastructure, because the PNP ran our economy poorly to the point where there was disinvestment in our infrastructure. We are correcting that now.
Rural Water Supply Improvement

Mr. Speaker, the Government’s focus is not only water for urban areas or areas served by the utility company. We are also very sensitive to the fact that a significant segment of the Jamaican population lives in areas where it is not now geographically or economically possible to provide water from a utility network. The role of the Rural Water Supply company limited is to secure access to potable water supply for persons living in areas not served by the NWC’s utility network.

The Rural Water Supply Limited’s main strategies to improve access to potable water are its Comprehensive Rural Water Upgrading & Repairs and Rainwater Harvesting & Catchment Tank Rehabilitation Programmes.

Mr. Speaker, the Opposition has criticised this budget which gives back to the people as a trickle-down budget, meaning that the give back, is to a certain class of elite people in the hopes that by their investment and consumption the mass will benefit. Mr. Speaker, mash down that lie! I don’t believe in trickle-down economics and certainly none of the programmes of my Government could be classified in this way.

This Government believes in equity and taking affirmative, progressive and instrumental action to uplift the poor. We are not socialists who just talk, talk, talk, we are pragmatic social activists, committed to taking sustainable action to benefit the poor. That’s why we make high school education tuition free, that’s why we introduce free access to health care at the time of need, that’s why we are building more houses than ever before, that’s why we are giving back to small and micro-business like never before, that’s why more people are getting jobs now than any time before. This is what building a new Jamaica is all about.

Mr. Speaker, This is not trickling down, This is bless up.

Under this Government the blessings falling on everybody’s right and hand.

For example, in rural water, the government has allocated J$795 million for the upcoming 2019/20 fiscal year.

This is approximately eight times the allocation for last year and the largest budget allocated to the Rural Water in a long time. The RWSL has been stymied for years due to budgetary constraints, to achieve the impact it required on rural communities. With this instrumental, affirmative and progressive allocation to rural water by this administration, over 61,000 persons in rural communities will see prosperity in access to potable water. The following water supply systems are slated for implementation:
<table>
<thead>
<tr>
<th>PROJECT</th>
<th>PARISH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platfield Phase 1,2 and Loading Bay, Islington, Mile Gully, Carron Hall Solar</td>
<td>St Mary</td>
</tr>
<tr>
<td>Golden Hill, Dublin Castle</td>
<td>St Andrew</td>
</tr>
<tr>
<td>Islington, Charles Town/Kildare</td>
<td>Portland</td>
</tr>
<tr>
<td>Penn, Ham Walk/Riversdale, Sligoville</td>
<td>St Catherine</td>
</tr>
<tr>
<td>Graves End</td>
<td>Trelawny</td>
</tr>
<tr>
<td>Matinee Spring, Brandon Hill, Johnnies Hill, Redlands</td>
<td>Clarendon</td>
</tr>
<tr>
<td>Peart Spring, Ticki Ticki</td>
<td>Manchester</td>
</tr>
<tr>
<td>Aberdeen &amp; adjoining areas, Burnt Ground, Middle Quarters</td>
<td>St Elizabeth</td>
</tr>
<tr>
<td>Chovey Hole Spring, Rejoin</td>
<td>Hanover</td>
</tr>
<tr>
<td>Maroon Town/Tangle River</td>
<td>St James</td>
</tr>
<tr>
<td>Queenhyte/Thicketts/Keith</td>
<td>St. Ann</td>
</tr>
<tr>
<td>Catchment Tank Rehabilitation</td>
<td>Island wide</td>
</tr>
<tr>
<td>Rainwater Harvesting</td>
<td>Island wide</td>
</tr>
</tbody>
</table>

**Mr. Speaker**, one of the projects of Rural Water Supply Limited, of which I am particularly proud is the Rainwater Harvesting in Schools Initiative. Last Fiscal Year the company completed projects at:

- Charlton Primary; and Fort George Primary Schools (St. Ann);
- Knockalva Agriculture School, (Hanover);
- Garlogie Primary School (Manchester);
- Rock Primary; Ashley Primary and Mt. Airy Primary Schools (Clarendon); and
- Wait-a-Bit Primary; and Lowe River Primary Schools (Trelawny).

The 2019/20 Fiscal Year will see more schools being equipped with rainwater harvesting systems. In that regard, a comprehensive survey will be undertaken for all rural schools which currently have little or no potable water supply with the view to install rainwater harvesting systems.
NATIONAL WORKS AGENCY (NWA)

Major Infrastructure Development Programme (MIDP)

Mr. Speaker, over the last four budget presentations I have used the opportunity to give an update on infrastructure works. Indeed, improving our road infrastructure is critical to productivity, connectivity and building a prosperous new Jamaica.

Mr. Speaker, if you left the Island two years ago and will be returning for the summer, you may not recognise some parts. Jamaica is transforming before our very eyes. And I want to thank the people of Jamaica for their patience as we move to complete several major road corridors and start others. This year will be the year of unveilings, or rather rolling out of the CYAAPET!.

Mr. Speaker, MIDP which is being supervised by the National Works Agency under the Ministry of Economic Growth and Job Creation is almost at an end. The Government of Jamaica and China Harbour Engineering Company (CHEC) entered into a contract for execution of works including road rehabilitation, the construction of critical retaining walls, island wide patching of roads, bridge construction, and river training.

Overall, MIDP is 90.9% complete based on financial spend. Approximately, US$320.7M of the US$352.941M programme budget has been certified. Component 1 is 80% complete. Component 2 is 99% complete. Component 3 is 93% complete. NWC Ancillary Works (which includes the installation of water pipelines and sewerage) are 81% complete. Contractually, the Hagley Park, Constant Spring and Ferris Cross to Mackfield Road Improvement Projects are to be substantially completed by end June 2019. The National Works Agency continues to pursue an aggressive construction schedule with the intention to fast-track these projects.

Update on Bridges

Mr. Speaker, in 2017, I went to St. Mary and I made a commitment to the people of South East St. Mary. For years, the Chesterfield bridge has been down, people were walking in the river. It was a treacherous exercise for all, especially children. I too walked the river with the people.

Mr. Speaker, I am pleased to report that the Chesterfield Bridge is almost complete and will be available for use by residents of South East St. Mary. Promise made Promise kept.

Mr. Speaker, the Government has a comprehensive plan to improve bridges not only in commercial centres but across the country. When we are done, the entire Jamaica will be fully developed. The Government is spending almost $500 million on major bridges that are either being erected or constructed in 12 areas.
<table>
<thead>
<tr>
<th>Bridges</th>
<th>Parish</th>
<th>Progress %</th>
<th>Value J$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chesterfield Bridge</td>
<td>St. Mary</td>
<td>75 – project completion delayed due to missing parts</td>
<td>$66M</td>
</tr>
<tr>
<td>Dyke Road Box Culvert</td>
<td>St. Catherine</td>
<td>98 – substantially complete (re-opened to vehicular traffic)</td>
<td>$59M</td>
</tr>
<tr>
<td>Barracks River Bridge</td>
<td>St. Mary</td>
<td>In progress</td>
<td>$40M</td>
</tr>
<tr>
<td>Bull Bay – Greenvale Bridge (Phase 1)</td>
<td>St. Andrew</td>
<td>Completed</td>
<td>$6M</td>
</tr>
<tr>
<td>Bull Bay – Greenvale Bridge (Version Gully) (Phase 2)</td>
<td>St. Andrew</td>
<td>At procurement stage</td>
<td>$4M</td>
</tr>
<tr>
<td>Cod Pen Multi-cell Box Culvert</td>
<td>St. Thomas</td>
<td>Design completed</td>
<td>$35M</td>
</tr>
</tbody>
</table>
Mr. Speaker, the Western end of the island will see road infrastructure development through the Montego Bay Perimeter Road Project. This project will significantly reduce travel time along the well-traversed corridor of Howard Cooke Boulevard, through Temple Gallery to Ironshore in St. James.

The 14.9 kilometre Bypass is currently in the design phase and is expected to be four (4) lanes with the usual safety barriers. In addition to the bypass itself, the following road works will be carried out in order to further improve the traffic flow within the area:

1. **Barnett Street/West Green Avenue** – The 1.7 kilometre roadway will be upgraded from two (2) to four (4) lanes to more effectively handle the traffic coming into and out of Montego Bay.

2. **Long Hill Bypass** – The 10.5 kilometre two (2) lane roadway will bypass the treacherous section of the existing Long Hill Road and connect the Montego Bay Perimeter Road to Montpelier. It will also improve access from Montego Bay to the South Coast of the island and complement the work being done under the Ferris Cross to Mackfield Road Improvement Project.

Mr. Speaker, the contractor is expected to advance and complete the design of the Montego Bay Perimeter Road during the 2019/20 Fiscal Year. Actual construction should begin immediately after design is completed.

**South Coast Highway Improvement Project**

Mr. Speaker, the Southern Coastal Highway Improvement Project (SCHIP) is part of the Government’s strategic development plan for the unlocking of the growth prospects on the South Coast by connecting Negril, Westmoreland to Port Antonio, Portland via a modern highway system. The construction of this highway network will enable easier travel around the island,
enable sustainable utilization of existing natural resources, and provide for the future development of the island’s tourism economy. The master plan comprises two (2) segments. Segment 1 extends from Harbour View to Port Antonio, and Segment 2 from Negril to Mandeville. The need for improvements on the corridors is based on a combination of safety, existing physical and functional deficiencies, and overall capacity needs within each corridor.

The Southern Coastal Highway Improvement Project (SCHIP) entails the following:

1. Construction of a 16km, 4 lane highway with safety barriers from Harbour view to Yallahs, to be undertaken by CHEC. US$110m
2. Rehabilitation of 96km of road from Yallahs Bridge in St. Thomas to Port Antonio, in Eastern Portland, along the existing road alignment to reduce corners, improve safety and open up access to lands which may be of touristic value. This work will be administered by the NWA and executed by local contractors under sub contract from CHEC at US$74m.
3. Rehabilitation of 26 km of roads from Morant Bay to Cedar Valley along the existing road alignment to reduce corners, improve safety and open access to lands which may be of touristic, housing or agricultural value. This work will be administered by the NWA and executed by local contractors under sub contract from CHEC at US$11.4m.
4. The extension of the East West Toll Road form May Pen to Williamsfield, just outside Mandeville at US$188.5m.

Design work, land acquisition and interagency coordination, particularly between the NWA and the NWC, is far advanced. Tendering for the local component of the construction work, which is broken up into several packages, is slated to begin shortly and construction should start immediately thereafter.

Construction activities will include pavements, retaining walls, earthworks, drainage structures, bridge rehabilitation and bridge construction. Where necessary, upgrading of NWC waterlines will be undertaken. Each work package is expected to have a duration of 14 months, and given that the work packages will start at various times, the total life of the project is expected to be 36 months. Civil works are anticipated to commence in the first quarter of fiscal year 2019/2020 under 5 contract packages, namely:

- Serge Island to Cedar Valley, 11.74km
- Morant Bay to Serge Island, 14.7km
- Manchioneal to Fair Prospect, 8.8km
- Hordley to Long Pond, 4.16km
- Morant Bay to Prospect, 9.55km

Mr. Speaker, the people of St Thomas and adjacent parishes need not suffer much longer. After decades of neglect it is this government that will give them the roads and infrastructure they deserve. In building a new Jamaica every corner of Jamaica from the east to the west will get a blessing.
GREATER INFRASTRUCTURE DEVELOPMENT PROGRAMME

The GOJ, will pursue opportunities for competitive sources of financing, to undertake a proposed third infrastructure Development Programme as potential successor to the soon concluded Major Infrastructure Development Programme, to significantly improve aspects of Jamaica’s transportation network.

While the scope of programme remains under discussion, it is anticipated that the final scope would likely follow the framework established with the MIDP.

Mr. Speaker, the projects selected for this second phase of major infrastructure development are based on technical recommendations, our economic development plan, and climate smart considerations such as our Master Drainage Plan. Some of the projects being considered and planned, include but are not limited to:

- a proposal for a Ring Road around the KMA,
- the extension of the Mandela Highway Improvement Works, from the East West Toll Road Ramp to the Old Harbour Round about.
- improvements to the Half-Way Tree area,
- and the construction of several Bypasses to both improve travel time and create potential for expansion of several townships, to include:
  - Lucea bypass in Hanover
  - Hopewell bypass in Hanover
  - Annotto Bay bypass in St. Mary
  - Long Hill/Anchovy Bypass in St. James
  - Port Maria bypass in St. Mary
- Drainage Projects to include, Marcus Garvey Drive and Maxfield Avenue in the Corporate Area, May Pen, Santa Cruz, Port Maria and Montego Bay various other storm-water drainage projects across the island.

Also, as component of this new programme, is the incorporation of upgrade/restoration works to bring light railway solutions to passenger operations as an economical option for multi-modal transport within and between urban centres.

Mr. Speaker, as can be seen, this will not be a roadworks programme but true infrastructure programme, integrating:

- Road development
- Water and wastewater
- Drainage
- Bridges
- Transportation
- ICT and smart city infrastructure.
We have learned many important lessons from the execution of the current MIDP project which has helped us to shape the new programme. Importantly Mr. Speaker, we are able to do all of what we are doing and all of what we plan to do because we are under one Ministry. The Ministry of Economic Growth and Job Creation, where all agencies necessary to achieve the objectives of physical and economic development reside.

Mr. Speaker, again I apologise to those who have been inconvenienced by these works. As I said earlier, there is much room for improvement, however we are largely on schedule and are making substantial progress. We ask for your continued support and understanding. We didn’t take on all these projects at once for bravado. The truth is that the GOJ signed a legally binding contract with China Exim Bank that has a disbursement schedule over 5 years, and also signed a construction contract with China Harbour for 3 years. In the first two years of the programme the then PNP government did not fund its part of the agreed expenditure budget, which meant that very little works were actually done. Their concentration was on funding the Jamaica Emergency Employment Program (JEEP) project.

When we became the Government we inherited a programme, for which commitment fees and other cost were already paid but underused. The terminal disbursement date of the MIDP loan was September 2018, we got an extension to April of 2019 to practically complete the loan. This Administration has had to aggressively increase Capital expenditure on the project to avoid any fiscal risks that could arise from missing the terminal disbursement date. In other words, if the loan expires before the construction is completed, and disbursements from China Exim Bank cannot be secured, then Jamaica becomes liable to the contractor. We would have to find the funds from the budget to pay the contractor which should have come from the loan.
Mr. Speaker, proper planning and management would have ensured that Jamaica avoided this risk. This government saw the risks on the horizon and did what it had to to protect the interest of the Jamaica people.

Housing – Building a New Jamaica one House at a time

Mr. Speaker, a man’s house remains a most prized possession. This Government remains committed to giving everyone a fair chance of owning their own home and living in a secure environment by tasking NHT to lead the development of planned housing solutions. Last year during my Budget presentation, I tabled the National Housing Trust Strategic Review and in short order will open the debate on it.

During the fiscal year 2018/19, the National Housing Trust (NHT) increased construction activities and is currently on target to achieve 5,800 housing starts and 2,800 housing completions by March 31, 2019. The NHT has increased its activities in the construction segment of its business in recent years – planned housing expenditure for 2019/20 ($39.4B) is more than twice (220%) the sums expended for 2016 ($17.9B).
The resulting impact is more than 14,000 housing starts for the period 2016-2019; thereby increasing inventory by 152% and completions totalling 6,400 solutions over the same period. This Government is serious about getting things done.

These activities by the National Housing Trust have resulted in cash and investments declining by 22%, and there is a noted shift from investing in the financial markets to investing in housing and in the lives of the persons that the entity serves. Overall, the NHT would have invested 89% of total assets in housing as at March 2019, up from 84% in 2016. This ratio is projected to increase to 92.5% by the end of March 2020.

Mr. Speaker, I grew up in an NHT scheme in an NHT house in Spanish Town. And ever so often when I get the chance to visit, it is very concerning that the scheme has not kept up. This is generally the case for many schemes, though I am aware that the NHT has a very robust programme of best scheme competition which has increased beneficiary participation in the upkeep of schemes.

In 2016, I asked the NHT to structure a Housing Scheme Upgrade Programme, for selected NHT Housing Schemes, built between 1976 and 1986. This initiative began in 2017 and was extended to include housing schemes built by the Ministry of Housing prior to 1986. Attention has been given to five (5) priority areas, namely; disaster mitigation works – inclusive of river training, sewage, water, roadways and curbs and other infrastructure. The Trust has partnered with other government agencies including the National Works Agency (NWA), National Water Commission.
(NWC) and the Ministry of Local Government and Community Development (MLGCD)/Municipal Corporations to make these projects a reality.

The following projects will commence before the end of March 2019:

**Infrastructure Upgrade Projects Commencing Q4 2018/19 by Parish**

<table>
<thead>
<tr>
<th>Parish</th>
<th>Project</th>
<th>Budget ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Elizabeth</td>
<td>Lower Works</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Jerusalem</td>
<td>23</td>
</tr>
<tr>
<td>Westmoreland</td>
<td>Culloden</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Bethel Town</td>
<td>50</td>
</tr>
<tr>
<td>St. James</td>
<td>Farm Heights</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Pitfour</td>
<td>60</td>
</tr>
<tr>
<td>St. Ann</td>
<td>Seville Housing Scheme</td>
<td>60</td>
</tr>
<tr>
<td>St. Mary</td>
<td>Bariffe Hall</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>Gayle</td>
<td>47</td>
</tr>
<tr>
<td>Portland</td>
<td>Woodstock</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Anchovy</td>
<td>39</td>
</tr>
<tr>
<td>Kingston &amp; St. Andrew</td>
<td>Avalon Courts Phase 2</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Grants Pen</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Cooreville Apartments</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Duhaney Park - Hemingway &amp;</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Sherlock Crescent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Duhaney Park - Brook Valley</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Housing Scheme</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>813</strong></td>
</tr>
</tbody>
</table>

In addition to the above, a total of 33 projects will commence under this programme in the upcoming financial year at a cost of $1.7B. They are:
## Infrastructure Upgrade Projects Commencing 2019/20 by Parish

<table>
<thead>
<tr>
<th>Parish</th>
<th>Project</th>
<th>Budget ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Mary</td>
<td>Orange River</td>
<td>15</td>
</tr>
<tr>
<td>Clarendon</td>
<td>Bushy Park</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Ashely Hall</td>
<td>60</td>
</tr>
<tr>
<td>Manchester</td>
<td>Cedar Grove</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Chudleigh</td>
<td>60</td>
</tr>
<tr>
<td>Kingston &amp; St. Andrew</td>
<td>Mountain View</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Delacree Park</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Housing Scheme</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Beverly Gardens</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Brown’s Town/Victoria Ave</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Grants Pen</td>
<td>60</td>
</tr>
<tr>
<td>St. Ann</td>
<td>Moneague Housing Scheme</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>Mount Edgecombe</td>
<td>17</td>
</tr>
<tr>
<td>St. Elizabeth</td>
<td>Lower Works</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Jerusalem</td>
<td>23</td>
</tr>
<tr>
<td>Westmoreland</td>
<td>Orchard</td>
<td>18</td>
</tr>
<tr>
<td>St. Elizabeth</td>
<td>Esher Housing Scheme</td>
<td>60</td>
</tr>
<tr>
<td>Trelawny</td>
<td>Hague</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Vanziland</td>
<td>44</td>
</tr>
<tr>
<td>St. Thomas</td>
<td>Yallahs Housing Scheme</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Red Hills Pen</td>
<td>60</td>
</tr>
<tr>
<td>St. Catherine</td>
<td>South Borough</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Riverside Park</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Cumberland</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Portsmouth</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>New Works</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Cromarty Grove</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Hellshire Park</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Westchester</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Hamilton Gardens</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Ebony Vale</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Charlemont</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Lime Tree Grove</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Church Pen</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,690</strong></td>
</tr>
</tbody>
</table>
Mr. Speaker this Administration is committed to ensuring that Jamaicans live in decent communities and also encourages persons to take greater responsibility for their environs.

Mr. Speaker, historically, public sector workers have received special considerations from the NHT and in 2018/19, this continued. We have extended to 2021 the programme for eligible mortgagors who are public sector workers to be able to access their cash refund. Additionally, mortgagors who are public sector workers can now access their second NHT loan sooner; the time to access a second loan was reduced from 15 years to 10 years, in 2018.

In addition to the above, the NHT is pursuing the Guaranteed Purchase Programme (GPP), which was announced in November 2018, under which the NHT purchases units from developers who built or will build solutions in the prescribed areas at the approved price points. The Trust is currently in discussions with eighteen (18) developers under this programme; the number of solutions in each project under evaluation for purchase range from 10 to 750.

The GPP allows for developers to conceptualise and execute their development plans. The NHT will be relieving the developers of the associated market risk, by purchasing all or an agreed number of the units within the development. Through this Programme, the NHT is able to offer greater support to developers, having provided a guaranteed market for the solutions, and assume most of the market risks. The associated holding costs will therefore be reduced. The
Programme has been well-received as an important component in energising development within the lower-income segment of the market.

Within the first two months of its launch, 4 projects consisting of 2,143 units have been approved by the NHT Board of Directors, including 1 and 2 bedroom units in St. Catherine (2050 units) and Westmoreland (41 units) and 52 2-bedroom units in St. Elizabeth. Construction is expected to commence during this quarter, with some solutions coming to the market by 2020. The NHT continues to have dialogue with several other developers who have shown interest in this programme.

Mr. Speaker, NHT recognises the value of partnerships and therefore introduced the Employer Assisted Housing Programme (EAHP) to interested employers in the Third Quarter of the 2018/2019 fiscal year. Under this programme, the NHT is seeking to partner with employers who wish to provide resources for the construction of housing to the benefit of their staff. The NHT to date has approached over 30 employers and professional associations including:

I. A major employer of security guards
II. One of the largest manufacturing companies in Jamaica
III. Churches

Others representing both civil society and the public sector have expressed interest and are to confirm meeting dates.

Mr. Speaker, still with partnership as a way of achieving its mandate; the Housing Microfinance Loan Programme (HMFP) was established in partnership with the Credit Unions in August 2017 with the aim of expanding the NHT’s reach to low income contributors by improving their access to funds for housing financing. The applicable income ceiling was recently increased from $30,000 per week to $42,000 per week. Currently, eight (8) Credit Unions are signatories to the Programme. The HMFP has facilitated the creation of 222 loans valued at $135.41M since the inception of the Programme. Over 57% of the loans disbursed were used for housing deposits, which is consistent with information which suggests that housing deposits remain a significant barrier to home ownership. Security Guards, Teachers and Ancillary Workers account for over 65% of the total loans disbursed.

Mr. Speaker, we need to demonstrate the value we place on the service given by our security forces and also the security of our people; and one way of doing so is improving the conditions under which they work. $2Billion is earmarked for a two-year renovation project with the Ministry of National Security and the Jamaica Constabulary Force for the refurbishment of 100 Police Stations. Currently, the Mobile Reserve Barracks, Port Antonio, Buff Bay Police Stations are all being upgraded. Based on discussions with the Ministry of National Security, it was decided
that the funds earmarked for the renovation project could be more effectively utilised in addressing the deficiencies of the Police Stations and have a greater impact on the communities with a greater concentration of NHT Contributors with the focus on the larger Police Stations. As a result of these discussions, the following improvement projects will be undertaken in 2019/20:

Police Stations Earmarked for upgrade 2019/20 by Parish

<table>
<thead>
<tr>
<th>Police Station</th>
<th>Parish</th>
<th>Budgeted Expenditure ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland</td>
<td>Port Antonio Police Station</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>Buff Bay Police Station</td>
<td>95</td>
</tr>
<tr>
<td>St. Mary</td>
<td>Port Maria Police Station</td>
<td>250</td>
</tr>
<tr>
<td>Westmoreland</td>
<td>Savanna-La-Mar Police Station</td>
<td>165</td>
</tr>
<tr>
<td></td>
<td>Little London Police Station</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Frome Police Station</td>
<td>60</td>
</tr>
<tr>
<td>St. James</td>
<td>Anchovy Police Station</td>
<td>60</td>
</tr>
<tr>
<td>St. Elizabeth</td>
<td>Lacovia Police Station</td>
<td>60</td>
</tr>
<tr>
<td>St. Andrew</td>
<td>Olympic Gardens Police Station</td>
<td>114</td>
</tr>
<tr>
<td></td>
<td>Mobile Reserve</td>
<td>89</td>
</tr>
<tr>
<td>St. Catherine</td>
<td>Spanish Town Police Station</td>
<td>120</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,198</strong></td>
</tr>
</tbody>
</table>

Mr. Speaker, we cannot overemphasise the need for protection of the vulnerable. A famous quote from Mahatma Gandhi springs to mind here: ‘the true measure of any society can be found in how it treats its most vulnerable members’. The NHT is also partnering with the Ministry of Local Government and Community Development in an effort to improve the housing conditions of the less fortunate. This will be achieved through the refurbishment of infirmaries across Jamaica. The amount budgeted for this project is $135M.

The NHT will also commence work on the expansion of the Parents’ Overnight Suite at the Bustamante Hospital for Children in the first quarter of 2019/20. The number of males using the facility has grown in recent years with more fathers accompanying their children to the facility. The facility is currently short on space. Given its mixed use, there is a need to provide separate accommodations for both genders for privacy reasons.

In order to reduce the impact of informal settlements, the NHT will partner with the Housing Agency of Jamaica (HAJ) in the regularisation of selected communities in St. Andrew, St. Catherine, Clarendon, Westmoreland and St. James.
For the fiscal year 2019/20, the NHT will improve its internal processes and service delivery to Contributors. The automation of processes will improve to allow Contributors to access more products and services online. Additionally, the NHT will review its construction management processes, redesign/enhance its customer-facing systems and implement an improved contributions accounting management system.

By providing greater access to funding and driving the creation of more housing solutions to the market, the NHT will be increasing its mission to make homeownership a reality for more Jamaicans in 2019/20 and beyond.

Mr. Speaker, even while the NHT continues to improve on delivery of housing solutions, it continues to grapple with outstanding issues related to infrastructure handover. The NHT has been in dialogue with the Municipal Corporations in relation to the latter taking over responsibility for the maintenance of the infrastructure (roads and drainage systems) after the completion of its projects. Since 2013, the various Municipal Corporations have taken over 9 of the 16 NHT projects. The NHT is moving to establish a Service Standard Agreement between itself and the Municipal Corporations before the end of this financial year. The Service Standard Agreement is being implemented to address the relationship between NHT and the Corporations so that the issues of delayed takeover will be eliminated. The Agreement will include, inter alia, the maintenance fee, scope of works and acceptable service standards by which the infrastructure should be constructed. Based on ongoing discussions with the Ministry Local Government and Community Development, it is expected that the other 7 projects not yet subsumed under the remit of the Municipal Corporation will be taken over during the next financial year.

New NHT Initiatives:

The NHT will introduce the following initiatives during 2019/20 to improve affordability and access to its products.

1. Reduced interest rates:
   Around the time of the NHT’s interest rate policy change in November 2015, the Bank of Jamaica (BOJ) estimated the average building society mortgage credit rate to be 9.53%, while the lowest rate among the five (5) key institutions was 8.45%. Since then, four (4) of those institutions have reduced their rates.
Residential Mortgage Rates as at December 2015 and December 2018

<table>
<thead>
<tr>
<th>Institution</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1   Scotia Jamaica Building Society</td>
<td>12.00%</td>
<td>8.29%</td>
</tr>
<tr>
<td>2   Victoria Mutual Building Society</td>
<td>8.50%</td>
<td>7.75%</td>
</tr>
<tr>
<td>3   Jamaica National Building Society (JNBS)</td>
<td>8.50%</td>
<td>8.50%</td>
</tr>
<tr>
<td>4   National Commercial Bank (NCB)</td>
<td>8.45%</td>
<td>7.45%</td>
</tr>
<tr>
<td>5   Sagicor</td>
<td>8.50%</td>
<td>7.50%</td>
</tr>
</tbody>
</table>

The average mortgage rate reported by the BOJ at the end of October 2018 was 8.37%. Also, in keeping with the downward trajectory of interest rates, the BOJ recently announced an overnight rate of 1.75% (versus 5.75% in December 2015).

While the changes to the NHT’s interest rate structure are fairly recent, market developments point to the need to reduce rates further. Given the predictions of higher output from the NHT on the construction side, it is necessary to also create a platform that ensures greater levels of affordability for persons at the lower end of the contributor pool. Without such assurances, take-up of intended output may be skewed towards the upper end of the target market. That is, adjustment will improve affordability levels for mortgagors generally, but more importantly, for those in the lower bands.

Therefore, in keeping with market trends of declining interest rates, the NHT proposes to:

- reduce interest rates by 1% for all mortgagors;
- widen the current income bands to account for changes in earning levels since their last adjustment. The ceiling of lowest interest rate band would be increased to $15,000 per week from the current $12,000, thereby allowing more persons to access the Home Grant, which is tied to this marker. These adjustments will result in the following changes to the NHT mortgage rate structure:
Revised Income Band and Applicable Interest Rate Proposed by the NHT

<table>
<thead>
<tr>
<th>Current Applicable Interest Rate</th>
<th>Income Bands</th>
<th>Proposed Applicable Interest Rate</th>
<th>Income Bands</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>Minimum Wage - $12,000/Week</td>
<td>0%</td>
<td>Minimum Wage - $15,000/Week</td>
</tr>
<tr>
<td>2%</td>
<td>$12,001 - $20,000</td>
<td>1%</td>
<td>$15,001 - $30,000</td>
</tr>
<tr>
<td>4%</td>
<td>$20,001 - $30,000</td>
<td>3%</td>
<td>$30,001 - $42,000</td>
</tr>
<tr>
<td>6%</td>
<td>$/=$ $30,001</td>
<td>5%</td>
<td>$/=$ $42,001</td>
</tr>
</tbody>
</table>

The impact of these changes on mortgagors can be seen in the table below.

Current and Proposed Interest Rate and Monthly Payment by Selected Income

<table>
<thead>
<tr>
<th>Weekly Income</th>
<th>Loan Amt</th>
<th>Current Interest Rate</th>
<th>Proposed Monthly Payment</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Monthly Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>5,500,000</td>
<td>6%</td>
<td>38,144</td>
<td>5%</td>
<td>34,521</td>
<td>3,623</td>
</tr>
<tr>
<td>32,000</td>
<td>5,500,000</td>
<td>6%</td>
<td>38,144</td>
<td>3%</td>
<td>27,868</td>
<td>10,276</td>
</tr>
<tr>
<td>22,000</td>
<td>5,500,000</td>
<td>4%</td>
<td>31,091</td>
<td>1%</td>
<td>22,095</td>
<td>8,996</td>
</tr>
<tr>
<td>14,000</td>
<td>4,000,000</td>
<td>2%</td>
<td>18,572</td>
<td>0%</td>
<td>14,714</td>
<td>3,858</td>
</tr>
</tbody>
</table>

The greatest reduction in mortgage payments will accrue to persons earning between $30,001 and $42,000 per week who will enjoy an effective rate reduction of 3% because of the combined impact of a shift in the upper limit of the income band as well at the 1% rate decrease. Mortgagors whose incomes fall between $12,001 and $15,000 per week will receive a reduction of 2% for the same reasons.

This initiative will cost the Trust approximately $1.2B, but will be partially offset by:

- The transferring to income, unclaimed Contributors’ Refunds, that remain in the Trusts’ for 10 years after the refunds become due.
2. Increasing the loan limit

The NHT seeks to improve access to homeownership. Therefore, the Trust proposes an increase to its current loan limit from $5.5M to $6.5M, an 18% increase over the current figure. This increase is consistent with the estimated changes in construction cost per square foot since the last adjustment.

3. Intergenerational mortgages

Intergenerational mortgages allow for flexibility in how a family member can support the beneficiary in acquiring an NHT property. In the case of the proposed Programme, the aim is for a younger sibling or child to agree to carry the mortgage obligation, subject to affordability, when the older mortgagor retires or dies.

Under this Programme:

a. The loan will be scheduled over a 60-year period;
b. The beneficiary's loan with the NHT will be scheduled to retirement and will include the portion of the costs to be covered during the period from the date of the loan to retirement e.g. if the beneficiary has 20 years to retirement, only 20/60 or 1/3 of the cost of the solution will be factored into the required payment;
c. The beneficiary will be required to present the NHT with an 'heir'. That heir must be a younger sibling or child who will consent to repaying the outstanding amounts of the cost of the asset, which will be adjusted to current values. That sibling will be allowed to take over the asset, if they agree to the various terms, including allowing the beneficiary to occupy the premises for an agreed time. The cycle may be repeated for a second heir to take over the housing solution;
d. In cases where no heir is identified, or where an agreement cannot be reached to proceed, the beneficiary must:
   i. Seek approval for the outstanding sums to be scheduled over another 10 years,
   ii. Pay off the outstanding sums on the asset (this may include Refinancing the loan via external sources),
   iii. Convert the arrangement to a long term lease,
   iv. Forfeit possession of the property which will be reverted to the NHT’s possession.

With the introduction of this initiative, the NHT hopes to open up the possibility of home ownership to older members of its contributor population who would typically view homeownership as unattainable. A maximum of 10% of NHT’s constructed solutions will be accessible under this Programme in the initial stages and selection will be based on the age of the applicant, the number of years the applicant has contributed to the NHT and the assessed ability of the heir to carry the mortgage when the obligation passes.
4. Increase in the Construction Loan Limit for NHT Lots

The data collected from the surveys conducted by the Trust on the Serviced Lot Programme, revealed that approximately 65% of the recipients of this product type, opined that the amount allowed by the NHT for the construction of a unit on the lot is inadequate. Currently, the mortgagor is granted a Construction Loan amounting to the difference between the price of the Serviced Lot and the NHT loan limit. Typically, this amounts to between $2.0M and $2.5M, forcing the mortgagor to seek financing.

With more than a half of all NHT lots yet to be built on, the NHT proposes increasing the Construction Loan limit for NHT Serviced Lots, in an effort to stimulate activities in this area. The limit is proposed as the difference in the price of the NHT’s two-bedroom unit and the price of the lot. The limit of this loan will remain at two times the individual loan limit less the mortgage on the lot in cases of co-application by two NHT contributors. Additionally, to encourage the uptake of this loan type, the NHT will apply the necessary moratorium to facilitate the ease of paying rent while simultaneously servicing their mortgage. However, recipients will be expected to begin building within three years of the loan being disbursed. Failure to commence construction will result in the lot being reverted to the NHT.

Mr. Speaker these new initiatives will work in tandem with the fact that based on changes to the tax structure, a vendor will walk away with more cash in hand will encourage him to sell and the fact that a purchaser can purchase a property with less deposit than say 5 per cent of the sale price will motivate her to buy.

CONCLUSION

Mr. Speaker, the Government is taking positive, thoughtful and decisive actions on all fronts to improve the quality of life for all Jamaicans. We acknowledge and accept that there are challenges. That there is room for improvement. We are not perfect, we make mistakes.

But the measure of good government is how they act, to guard the public trust by correcting wrongs immediately, and putting in place systems to promote and safeguard the good governance of the people’s affairs.

The measure of a good government is how they protect and actively empower the weakest and most dispossessed in the society.

The measure of a good government frugality and careful management of the peoples’ money and income to protect from inflation and unnecessary taxes.

The measure of a good government is their belief in the private enterprise of the citizen, that if we empower them with employment and assets they will secure their economic independence.
The measure of a good Government is that we place security of the people first and do all in our power to protect the life and freedom of every citizen.

The measure of good Government is that they defend the interest of their country above all else.

The measure of a good Government is that they see to the efficiency of the Administration and the dignity of the State.

The measure of a good Government is the prosperity of the people.

Never before has there been a budget like this in the history of Jamaica. I pray God to watch over this Government, use our hands heart and mind as instruments for the good of the people of this beautiful island. God bless you all and God bless Jamaica.