



SECTORAL DEBATE

2013-2014

Presentation by:

Hon. Horace W. Dalley, MP

Minister without portfolio
Ministry of Finance and Planning



**Transforming the Public Sector
for Economic Growth**

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Transforming the Public Sector for Economic Growth

2013 Sectoral Debate

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**Minister Without Portfolio
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OVERVIEW

Mr Speaker, my contribution to this 2013/14 Sectoral Debate comes two days after June 30th, the date of Jamaica's first quarterly test under the Extended Fund Facility (EFF) Agreement with the International Monetary Fund (IMF).

Mr. Speaker, although the final information is not yet available, being so close to the end of the month, we are confident of success because Jamaica has been faithful to the programme and the Government has led to ensure that the June 30th targets were met and that the country suffered no reversals.

Mr Speaker, it has not been easy but we are determined that this Agreement must not suffer the same fate as the previous Stand-By Agreement.

The economic programme on which Jamaica has embarked is supported by four main pillars: **fiscal consolidation and debt sustainability to engender a stable and resilient macro-economy; monetary and financial system stability; structural reforms to strengthen productivity and competitiveness and strengthened social stability to protect the most vulnerable.**

A quick look at Central Government operations shows the primary balance for the April-May period of FY2013/14 amounted to \$7.7billion, which was \$2.4billion (44.3%) better than the \$5.3billion budgeted. More specifically Mr. Speaker, collection of revenue is above target and expenditure for the two month period is slightly less than budgeted. The expenditure was \$60.3billion which was \$0.7billion less than budgeted.

The Net International Reserves (NIR) was boosted by the first draw-down following the IMF Board's approval of Jamaica's four-year Extended Fund Facility. Consequently, the NIR by end May 2013 increased by **US\$104.6million** to **US\$988.9million** over the balance at end FY2012/13.

Mr. Speaker, the cooperation of the Jamaican people has been one of the significant reasons for this relatively good out-turn in the first quarter. I want to specifically thank the participants in the NDX – financial institutions, pension funds and other bond holders, including several public bodies.

This was a Jamaican effort

Inflation

The central bank forecast first quarter indicates that inflation will remain within a range of **2 - 3%** for the June 2013 quarter as projected and that the target for the fiscal year of between 7.5 to 9.5% remains on track.

We must remain steadfast and stay the course to transform the Jamaican economy. To that objective Mr. Speaker, this Portia Simpson Miller led Administration is resolute.

GOOD GOVERNANCE

Mr. Speaker, the current economic situation demands that serious attention be paid to issues of good governance, not only to meet IMF targets, but to improve the economy for the benefit of the Jamaican people.

The Public Bodies Management and Accountability Act (2001) is the primary legislative framework which addresses this critical matter of good corporate governance in government. The Corporate Governance Framework was first approved in August 2011 and the Revised Framework approved in November 2012 and became effective April 2013, the start of the current financial year.

The Corporate Governance Framework through its twenty (20) principles seeks to clarify the accountability arrangements for public bodies. The strengthened accountability systems of public bodies will allow for greater probity, transparency and efficiency in the functions of government.

The Ministry of Finance and Planning (MOFP), is responsible for the institutional framework and as a first step, has started to sensitise all ministries and public bodies, while at the same time, developing codes, framework documents and regulations to further clarify the principles in our corporate governance framework.

Mr. Speaker, the public is demanding good governance, effectiveness, efficiency transparency and accountability in the administration of the public affairs of our country. We ignore these demands at our collective peril. This administration will not allow this to happen.

PUBLIC PROCUREMENT

The issue of public procurement has been one of the key governance concerns facing administrations in recent times.

Mr. Speaker, public procurement is critical, as in the first six months of 2013, the Government has awarded contracts valued at **JA\$29billion** and **US\$78.8million** (approximately J\$7.68billion) through the procurement system. The public procurement regime therefore has a significant impact on the economy. Public procurement is critical to boosting local, national and regional business activity as it accounts for **30%** of the GDP of Jamaica.

In order to build public confidence in the system, the public procurement regime must promote **FACT**, that is, it must promote **Fairness, Accountability, Competition** and **Transparency** and this is a high priority for the Government of Jamaica.

To this end, the Government has been involved in wide consultations on the current public procurement regime with a number of stakeholders, including the Inter-American Development Bank (IDB), the World Bank, the European Union (EU), local contractors and the Master Builders Association.

It is generally agreed that the procurement process is too protracted and contributes to significant delays in the implementation of government projects. We have found that from announcement of Request for Proposals (RFP) to the award of a contract, the time period can be as much as two (2) years.

The Cabinet, through the Infrastructure Subcommittee, has embarked on a programme to improve the efficiency in the contract award process. **Our aim is to facilitate completion of the process within 120 days.**

We are also making progress on a number of other issues, including:

- i. New procurement legislation;
- ii. Revision of the procurement policy;
- iii. Revision of the procurement handbook;
- iv. Revision of the contract approval process;
- v. Revision of the contractor registration process (validity of contractor registration will be two years instead of the current one year period); and,
- vi. Establishment of a cadre of procurement professionals.
- vii. Make provisions for the handling of Unsolicited Proposals (Ups) by the GoJ.

Table 1 outlines our current objectives with respect to the contract award process.

CONTRACT THRESHOLDS	PROCUREMENT METHOD	MINIMUM TIME ALLOTTED FOR BID SUBMISSION	MAXIMUM BID VALIDITY TIME ALLOTTED FOR EVALUATION AND CONTRACT APPROVAL
Contracts in excess of J\$150M	International Competitive Bidding (ICB) or Local Competitive Bidding (LCB)	Thirty (30) to Ninety (90) days (For large, complex projects the advertising time might be as long as ninety (90) days).	One Hundred & Twenty (120) days
Contracts above J\$40M up to J\$150M	International Competitive Bidding (ICB) or Local Competitive Bidding (LCB)	Twenty-one (21) days	
Contracts above J\$15M up to J\$40M	Local Competitive Bidding (LCB)	Fourteen (14) days	Sixty (60) days
Contracts above J\$5M up to J\$15M	Local Competitive Bidding (LCB)	Fourteen (14) days	Forty-Five (45) days

Mr. Speaker, Cabinet has already issued drafting instructions for the development of a comprehensive Public Procurement Law and Regulations. This new law will be the legislation that guides public procurement in Jamaica and binds public institutions to specific standards.

The present system is managed under the Contractor Generals Act and the Financial Administration and Audit Act (FAA), neither of which offers complete coverage of the multiplicity of issues impacting procurement.

SEPARATION OF THE NCC AND OCG

The new public procurement law and regulations will separate the National Contracts Commission (NCC) from the Office of the Contractor General (OCG).

The NCC will continue safeguarding fairness and transparency in the contract award process while the OCG will continue to monitor and investigate the award and implementation of contracts.

The sharing of financial and human resources between the NCC and the OCG has compromised the independence of both institutions and makes it difficult to distinguish between the two.

In the changes we intend to make, the NCC will have its own staff, secretariat and offices and will function with five specialised Sector Committees instead of the seven General Committees that now obtain. These will be:

- i. Works
- ii. Consulting and General Services
- iii. Goods
- iv. ICT (Procurement of Software and Hardware-related Services)
- v. Insurance Placement

Multi-lateral Assistance

Mr. Speaker, the World Bank and the European Union (EU) have committed to assisting Jamaica with the reform process and the Inter-American Development Bank (IDB) is already helping the government to improve the overall system through a number of immediate actions. The reform process will include:

1. Funding of a consultant who has been engaged to undertake a comprehensive assessment of the procurement system.
2. Funding of a consultant to review the Contractor Registration System in order to end the delays in registration about which there has been much complaint.
3. Design of a programme by the Ministry of Finance and Planning, in collaboration with HEART Trust NTA, geared towards helping artisans secure proper credentials for NCC registration.
4. Encouraging the participation of Micro, Small and Medium Size Enterprises (MSMEs) in public procurement opportunities. Government's MSME Policy facilitates the growth of

our domestic industries and a percentage of the national procurement budget shall be set-aside for MSMEs.

5. Mr. Speaker, finally, the GoJ with IDB support is implementing an electronic government procurement system to strengthen the efficiency and quality of public procurement in Jamaica. We are developing a comprehensive e-tendering system to provide a single portal to the government procurement entities and suppliers. This e-tendering system will automate and integrate activities performed by the stakeholders on a single electronic network. It will manage the procurement process and purchases online; from advertising of bids to publication of contract award. The system will eliminate costly overheads, and speed up the procurement process. The Ministry has already issued the Request for Proposal (RFP) and the submission deadline is July 31, 2013.

Mr. Speaker, at the end of all of this, Jamaica will have a much improved public procurement system which meets international standards in transparency, efficiency and cost effectiveness and timely project implementation. I want to emphasise that the revamped system will involve effective post contract monitoring.

TRUST AND CORE VALUES

Parliamentary Salaries

Mr. Speaker, one of the distinguishing features which differentiates this Portia Simpson Miller led administration from the previous administration is our approach to working with the social partners. This is one of our core values. We do so in an atmosphere of consultation, collaboration and cooperation and we do not dictate to the social partners or ask for sacrifices which we ourselves are not prepared to make.

This has been the hallmark of our relations with public sector workers and their Unions. It is for this reason that we take very seriously the misguided political attempt to undermine this important relationship, by the unfortunate raising of questions in the Upper House about new salary increases to Cabinet Ministers and their staff.

Mischievous is too kind a word Mr. Speaker, to describe the intent of the Senator and former Cabinet Minister who knew when he tabled the questions that Parliamentary salaries had been dealt with by his administration on April 1 2008. Since then, there has not been any increase in salaries to public sector employees, including Parliamentarians.

Mr. Speaker, let me refresh the memory of this Honourable House. A wage agreement was signed in 2008 for the 2008/2010 contract period. The agreement provided for a 15% salary increase in year one (1) and a further 7% in year two. The first year's payment of 15% was made in accordance with the agreement.

However, the 7% for year two was not paid as agreed. The then government unilaterally decided to freeze the wages of public sector workers, thereby breaching the agreement.

Mr. Speaker, after much agitation by the workers and their representatives and even condemnation by Civil Society, agreement was reached in 2011 for the payment of the year two increase of the 2008/10 period.

That agreement was embodied in a Heads of Agreement and signed between the GoJ and Unions representing the Public Sector workers on July 7th 2011. The agreement was signed on behalf of the GoJ by the then Prime Minister Bruce Golding, the then Minister of Finance Audley Shaw and Senator Arthur Williams then Minister without Portfolio in the Cabinet Office.

Mr. Speaker, I quote from the Agreement paragraph two *“payment will commence in September 2011, with the retroactive amount for the month of April 2011 paid in September 2011 and the amount for the months of May to August 2011 paid in December 2011”*. The agreement also stipulated how the back pay should have been settled and I quote *“the outstanding arrears for the period April 1 2009 to March 31, 2011 will be made as a ‘one off’ payment (as agreed by the parties) paid in five equal instalments in May 2012, October 2012, May 2013, October 2013 and May 2014”*.

This is what this new Portia Simpson Miller government is honouring and they are the same rates that were signed by Bruce Golding, Audley Shaw and Arthur Williams in their 2011 Heads of Agreement.

Let me reiterate that **NO NEW WAGE INCREASES HAVE BEEN GRANTED TO ANYBODY INCLUDING PARLIAMENTARIANS AND MINISTERS.**

HEADS OF AGREEMENT 2012/2015

Mr. Speaker, this leads me to the new Heads of Agreement between the GoJ and Public Sector workers. This agreement signed in March 2013 and covers the contract period 2012-2015.

The Agreement was one of the major **prior actions** for the Government in order to secure the Extended Fund Facility (EFF) from the International Monetary Fund (IMF), as the Government was required to settle wages with a minimum of 70% of Public Sector workers. To date, 85% of Public Sector Workers have signed the agreement with the government. The parties have committed to, among other things, a wage restraint for the three year period 2012-2015.

The support of the Unions and their members for the wage restraint, as well as their participation in discussions regarding the current economic situation, including growth and sustaining fiscal consolidation, is deserving of the highest commendation.

Mr. Speaker, I would therefore like to thank all public sector workers and their unions for the trust that they have put in this Administration to deliver on the commitments of the Agreement. **To this end, we reaffirm our will of steel to ensure that their sacrifices are not squandered.**

Mr. Speaker, negotiations are never easy, especially when workers have to agree to wage restraint and I would like to personally thank the negotiating teams of the Jamaica Confederation of Trade Unions led by Mrs. Helene Davis Whyte and including Senators Lambert Brown and Kavan Gayle, Messrs. Oneil Grant, Vincent Morrison, Keith Comrie and Wesley Nelson; the Jamaica Teachers Association led by Mr. Clayton Hall and Dr. Adolph Cameron and every other union leader who contributed to making this agreement possible. I thank them all from the large unions to the smallest ones and the team from the Ministry of Finance and Planning which all contributed to the success of the Agreement.

Mr. Speaker, I have laid today in the House a copy of the Heads of Agreement as a Ministry Paper. I would like to highlight one very important feature and that is the treatment of temporary workers. In the past, temporary workers were not a part of these arrangements. This new agreement has made specific provisions for temporary workers to enjoy the annual increments paid to other public sector workers and gives them protection against dismissal without due process.

This agreement also makes provisions for the GoJ to collaborate with the private sector in an effort to secure discount facilities for public sector workers. Tomorrow morning, I will launch the first of these initiatives with MegaMart Wholesale Club, which will provide discounts, redeemable vouchers and other incentives valued at a billion dollars to public sector workers including parliamentarians and government pensioners.

I commend MegaMart on this initiative and encourage other entities to come on board.

OUTSTANDING AGREEMENTS

Mr. Speaker, there are still nine (9) groups that have not yet signed the Heads of Agreement, including the Five police Groups, Nurses Association of Jamaica (NAJ), Jamaica Medical Doctors Association (JMDA), Association of Government Medical Consultants (AGMC) and the Academic Staff Association University of Technology.

We are quite confident that negotiations with these groups will be concluded shortly as we are far advanced in the process.

Mr. Speaker, while Jamaica continues its up-hill climb in this economic crisis and this period of wage restraint, it is noteworthy that we have been able to maintain a harmonious industrial climate.

In this regard, I again thank the Unions and Staff Associations for their contribution in the Public Sector Monitoring Committee and its various Sub-Committees.

PUBLIC SECTOR TRANSFORMATION

Mr. Speaker, both the Prime Minister and the Minister of Finance and Planning, in their budget presentations, spoke about the importance of public sector transformation to the growth agenda. Everything that is being done to transform and modernise the public bureaucracy is to make it more effective in contributing to sustainable growth.

The government's strategic policy objective - ***“creation of a modern, responsive and efficient public service to support national development”*** has already been announced as one of the key pillars of Human Capital development and the overall modernisation of the public sector.

The new Strategic Human Resource Management Division (SHRM) at the Ministry of Finance and Planning is focusing its energies on activities such as training and development of persons as well as succession planning for the overall sustainability of the Public Sector. The objectives of this Division are:

- To link the Human Resource Management function to strategic business objectives.
- To allow the Public Sector to better identify, develop, and deploy the knowledge, skills and abilities required to achieve maximum impact and contribute to the creation of value within the economy.
- To establish a framework and approach to recruit, develop and retain the best talent in the public sector.

This new division, headed by new Deputy Financial Secretary (DFS), Mr. Wayne Jones, OD, is a merger of the Public Service Establishment Division in the Ministry of Finance and Planning and the Corporate Management Development Division of the Cabinet Office. Mr. Jones has tremendous experience in the public sector including years as head of the Jamaica Civil Service Association which represents the majority of the country's public sector workers.

One of the first tasks of this division is to bring coherence to the human resource management practices across the public service. During the course of this financial year, the government will be procuring an enterprise-wide human capital management system which will provide the technological support to the human resource management practices.

A major weakness to be addressed by the system is the lack of complete employment data for the sector which impairs the ability of entities to efficiently manage their Human Resource Management processes such as pensions, training and development, staff deployment, succession planning and leave administration.

HEALTH SECTOR RECLASSIFICATION

Mr. Speaker, I just wish to close out my discussion on strategic human resource issues by commenting briefly on the Health Sector Reclassification Exercise.

This exercise has been ongoing for almost ten years and I am so pleased to announce that finally, we have completed the exercise and the first payment under the new classification for the health sector is scheduled for this quarter. This is being implemented at a cost of **J\$7billion** over three years.

Mr. Speaker, because of the complexity of the health sector, this reclassification exercise may not be perfect but it will substantially streamline the occupational groupings in the health sector. Owing to the complexity of this particular exercise, a Reclassification Appeals Tribunal (CAT) will be put in place because we know that anomalies could arise. This tribunal will have representation from the various groups within the health sector.

LEGACY ISSUES

Mr. Speaker, the health sector reclassification was just one of the many intractable industrial relations issues which this administration found when we assumed office in January 2012. There are about eight other groupings with serious outstanding issues dating as far back as 2006. The Cabinet has instructed that all of these issues be settled. Among the groups with outstanding issues are:

- Government Medical Consultants - emergency duty allowance (2008 to 2010)
- Veterinary Officers – outstanding payment of allowances (2008 to 2010)
- West Indies Group of University Teachers – payment of new rates (2010 to 2011) *settled*
- Education Officers – realignment issues (2007 to 2011) *settled*

- Fire-fighters - relativity study between security groups (payment programmed)
- Correctional Officers - relativity study between security groups (payment programmed)
- Medical Doctors – adjustment to duty rates (2008 to 2010) *payment programmed*
- Legal Officers – delinking of salary from High Court Judges (April 2001 to March 2012) *In court*

Mr. Speaker, you cannot engender trust among your employees when you have signed Heads of Agreements, court rulings and IDT awards left on the table to languish because there is no respect for the sanctity of contracts and collective bargaining agreements. **This flies in the face of decency and good industrial relations practice.** This Administration will not behave in such a manner, so we will settle these outstanding issues and ensure that there is no repeat of this type of behaviour on the part of the government of Jamaica.

PUBLIC SECTOR PENSION REFORM

Mr. Speaker, I turn to the issue of public sector pension reform. At the start of the IMF negotiations, this was one of the major prior actions required by the Fund. It must be noted that it was also one of the actions that the previous administration had pledged to undertake as part of the Stand-By Agreement.

We started earnestly on this mission because we know that the present pension arrangement is unsustainable. As part of moving the process along the work of the Joint Select Committee was concluded and a report tabled and debated in this honourable House.

However, Mr. Speaker, as the negotiations with the Fund progressed, and wage talks with public sector unions intensified, the Cabinet decided that pension reform could not be implemented at this time. Consequently, the programme of reform for public sector pension will continue, but with a new targeted implementation date of April 1, 2016.

Mr. Speaker, to allay the fears of public sector workers, particularly the security groups, let me state unequivocally that there is no need for panic or a rush to take the option of early retirement in order to secure lump sum entitlements. The reformed pension system to come in 2016 will preserve the lump sum entitlement. **This government is aware and is extremely sensitive to the fact that retirees depend on this lump sum payment to start their new life in retirement.**

GAMING INDUSTRY

Mr. Speaker, the Gaming industry is a multi-billion dollar industry employing thousands of persons. The government regards it as an important sector. It is a significant contributor to the Consolidated Fund and a number of public sector entities including the Betting Gaming and Lotteries Commission (BGLC), the Jamaica Racing Commission (JRC) and the CHASE Fund in particular which has benefited significantly, receiving over \$1.2billion in 2012, while the Consolidated Fund received in excess of \$1.9billion.

This sector has the potential for even further growth as the Government recently issued an RFP for Integrated Resort Development which will lead to the addition of casino gaming to the existing lotteries, horse racing and gaming lounges announced by the Minister of Finance and Planning in his budget presentation.

MERGER OF THE BGLC AND THE JRC

As already announced, there is to be a merger of the JRC and the BGLC to create a properly funded regulatory authority for gaming and the racing industry. This merger will be done in two phases. Phase one will be an administrative merger of the two administrations and operations departments of BGLC and JRC. The two entities will have common commissioners and staff.

Phase two will deal with the legislative process bringing the BGLC and the JRC acts into a single act. The merger will realise savings in operational and administration costs.

The new entity is to move to new premises at Hagley Park Road by December 2013 after the completion of renovation amounting to some J\$240million. This is in keeping with the Public Sector Transformation Master Rationalisation Plan (MRP) dealing with space rationalisation in the public sector.

The new entity and environment are expected to improve the capability of the State to regulate the operations of all licensees and regulated entities in the gaming industry.

GAMING MANAGEMENT SYSTEMS

Mr. Speaker, in order to keep abreast with emerging and innovative trends in gaming, the BGLC is to source a modern comprehensive Gaming Management System to enable online connectivity with licensees, to monitor activities thereby protecting the public and revenue.

Technical standards have been instituted for the gaming sector, specifically electronic table games, cashless systems, client-server systems, gaming devices, and online monitoring and control systems.

This is in preparation for the expected introduction of online connectivity across the board for all licensees. **Mr. Speaker, we are modernising the sector.**

Internet Gaming

Internet Gaming is already here in Jamaica. People are betting on the NBA, NFL, Soccer and Boxing, to name a few, without the necessary controls in place to monitor and regulate or a regime for the payment of appropriate taxes. **We must act now.** To this end, the BGLC will begin work on establishing an effective regulatory framework for Internet Gaming.

THE RACING INDUSTRY

Changes to the Book Makers Levy Scheme

Mr. Speaker, I just want to say one thing regarding the regulation of the racing industry. The Government has decided to effect changes to the present structure of the Bookmakers Levy under the BGLC Act. *Section 28* of the Act makes provision for contributions by bookmakers for the benefit of horse racing. This provision includes allocations for the following purposes:

- The improvement of breeds of horses
- The improvement of horseracing
- Contribution to purses
- Regulation and control of the horse-racing industry by the JRC and any portion not allocated to be paid into the Consolidated Fund.

Cabinet has approved a re-allocation of the bookmakers levy to increase the allocation to the JRC from 4.5% to 9.5%. The government has also agreed that the breeders' allocation be re-instated at a rate of 5%, while at the same time increase the allocation to purses of 2.5%. These changes have been sent to the Chief Parliamentary Council (CPC) and the amendments are currently being drafted. We expect this to be effective by October 1st 2013.

CAYMANAS TRACK LIMITED (CTL)

Caymanas Track Limited, the promoting company of horse racing in Jamaica, has been going through extremely challenging financial times. In their 2012 Financial Report losses of **\$149 million** were recorded. On assuming office, this Administration appointed a New Board of Directors in April 2012 with directives to stem the losses, achieve viability and prepare the company for divestment.

One of the first instructions I gave, was for an investigation and report on CTL by the Public Accountability Inspectorate of the Ministry of Finance and Planning. The report found a cesspool of corruption, ineptitude, nepotism and incompetence. The report also found a company close to bankruptcy owing suppliers over \$400 million and operating with a bank overdraft of \$18 million.

This Administration put in place strong and decisive leadership and management resulting in the audited statements for the FY ending March 2013, showing a much improved situation.

CTL losses have been reduced to \$68 million, an improvement of \$81 million over the previous year. The company also improved its cash position to positive \$36 million and is now better able to pay down on its high debt.

Let me take this opportunity to thank the Board of Directors for its service, especially the Chairman Mr. Joseph A. Matalon who demitted office last month. The new CEO, Mr. Cedric Stewart and his management team are also to be commended on their approach in managing the company and building the relationship with the stakeholders.

Outlook

Mr. Speaker, I am working closely with CTL and other Stakeholder groups including JRC, the BGLC along with the bookmakers, owners and trainers to ensure that the track keeps operating until divestment.

At a Summit at the Conference Centre some months ago, stakeholders presented a number of initiatives aimed at increasing revenues which we are currently examining. In the meantime, there are encouraging signs. For example, on Derby day this year, CTL had record sales of \$43million for the day, the highest ever for a local programme.

JAMAICA CUSTOMS

Jamaica Customs is the second largest revenue agency and accounts for approximately **35%** of total GoJ revenue. Gross collections for FY-2012/2013 were **\$123.2billion** or **98%** of the Ministry of Finance target of **\$125.4billion**. For the first quarter of this FY, collections are **\$30.3billion** or **2.0%** above the target.

Customs assists in the stabilization of the Jamaican economy and facilitates a competitive business environment which supports economic growth and development. As protectors of the nation's borders, Jamaica Customs detects and interdicts illegal, restricted and prohibited items which directly impact on the security of the country.

Jamaica Customs was recently transformed into an Executive Agency, in line with the Public Sector Transformation thrust. It is now called the Jamaica Customs Agency (JCA). This new status provides an avenue for better governance and transparency in the Agency's operations.

A number of initiatives are being pursued including the acquisition of an electronic data exchange system called the **ASYCUDA World** which is currently being used in 85 countries.

- This system will facilitate real time electronic data interchange between traders and customs, and is World Customs Organization (WCO) compliant. It will put Jamaica Customs on par with international customs standards. This integrated information system, when fully implemented, is projected to increase annual revenue by 10-20% and reduce administrative cost by 10%.
- The introduction of the **Port Community System (PCS)**. This is a Public-Private Partnership (PPP) approved by Cabinet to facilitate the integration of commercial and logistics activities among companies involved in import and export processes. This initiative is being spearheaded by the Port Authority of Jamaica, in collaboration with stakeholders such as Jamaica Customs and the Shipping Association of Jamaica. This system will enable better controls of cargo flows and lower transactional times and costs. **I should mention that Jamaica Customs has committed \$22million towards funding of legal and consultancy service related to the PCS initiative.**
- There are also other initiatives to stem revenue leakage. These are being done through risk management and intelligence and have yielded increased revenues from breach proceedings. In the last FY, **\$81.8million** was collected for fines and forfeitures which was **J\$28.8million** (54%) above target. For this FY so far, a total of **\$19million** has been collected which is **J\$10.6million** (126%) above the year to date target. The security component of the Authorised Economic Operator (AEO) will also be introduced on a phased basis in this financial year.

- Smuggling remains the major challenge to attaining or surpassing revenue targets and threatens the country's ability to effectively protect its ports of entry. There is increased inter-governmental collaboration, as well as collaboration with our international partners to combat smuggling. There are a number of initiatives including the implementation of the **US Customs and Border Protection Agency Container Security Initiative (CSI)**, **i2 intelligence analyst software**, **World Customs Organisation Breach Database (MCEM)**, **Regional Clearance System (RCS) 2013** which is a database to track small pleasure and fishing craft, **WCO Cargo Targeting System** which is being piloted and a **Data Mining Software**, which is being implemented.
- Acquisition of three additional boats to increase the current fleet to improve efficiency in border protection.

Mr. Speaker, I salute the men and women of Jamaica Customs, led by Commissioner Major Richard Reese as they undertake business process re-engineering and legislative amendments to ensure a world class customs agency which will rise to the challenge of trade facilitation, logistics and border protection in a globalised world.

DUTY CONCESSION

Mr. Speaker, before closing, I would like to make a clarification on the issue of the 20% duty concession for public sector travelling officers. In recent times, fuelled by speculation surrounding commitments under the IMF Agreement and the legislative changes to waivers and concessions, there has been some amount of anxiety about the future of this benefit.

Let me state clearly to this honourable House that in keeping with this Administration's commitment to the collective bargaining process, there is no plan to change this facility which came about as a result of negotiations between the government and its employees. This facility which is also enjoyed by Members of Parliament and Parish Councillors will remain in place.

CONCLUSION

Mr. Speaker, I end by reiterating that this government is committed to staying the course to gain and consolidate economic improvement for all the people of Jamaica. This road is not easy but I think it has been made clear during this sectoral debate and the budget debate that if we remain faithful to the economic reform programme, and the growth agenda, our people will realise the benefits of their sacrifice.

Alongside the economic programme to build and maintain the necessary macroeconomic stability and growth, there are the mega projects which will bring about transformation to Jamaica and help to achieve the Prime Minister's mandate that ***"no one is left behind"***.

We are fully committed to advancing this mission to ensure that we end the cycle of Jamaica being forced to go through difficult conditionalities in order to secure loans for public financing. The current EFF must be implemented in such a way to end this cycle once and for all.

Mr. Speaker, this administration was elected on the basis of two clear documents – the Progressive Agenda and our Election Manifesto. We remain guided by the objectives clearly outlined in them and we are confident that they will lead to an improved quality of life for our people.

This Government, by its programmes, policies and actions has shown that we are moving in the right direction, backed by a firm resolve to achieve what we have set out to do. We are committed to staying the course so that our people will benefit. We are committed to reducing our debt, we are committed to growing the economy, we are committed to expanding job opportunities, we are committed to modernising the public sector, we are committed to improving services to our people; we are committed to equality of opportunities, fairness and justice for all.

This administration now led by Portia Simpson Miller which has delivered significant improvement to our infrastructure, information technology at first world standards, unparalleled educational opportunities, unrivalled social policy and improvements in the social safety net. We now pledge to deliver an improved economy to advance the welfare of every Jamaican.

This is our covenant with the people. I call on all Jamaicans, from all walks of life, all classes and economic positions to join us in achieving this mission for our country.

WE WILL NOT FAIL

I thank you Mr. Speaker.