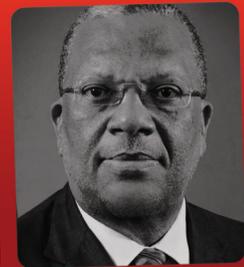


CONSTRUCTION AS A DRIVER FOR ECONOMIC GROWTH

A NEW CONSTRUCTION POLICY

SHOULD RESERVE PREFERENTIAL TREATMENT FOR JAMAICAN FIRMS



It cannot be that the Jamaican construction industry that designed and built the National Stadium, Conference Centre, New Kingston, and the Bank of Jamaica is being told that in order to redevelop Downtown Kingston and construct the new Parliament building, we have to get foreign expertise to build. It is full time to review the policies that we have pursued over the years.

Peter D. Phillips

The construction industry, like many other industries in Jamaica, contributes significantly to economic growth both directly or indirectly. The development of residential and commercial properties, road and bridge works amongst a host of other infrastructural works, forms the foundation for development of the housing stock and the country's infrastructure; it also forms a basis for employment, training and business creation.

The significance of the sector to the overall economy can be stated in terms of the contribution to Gross Domestic Product (GDP) as well as in employment. The industry recorded growth of 0.4 per cent in real value in 2016, representing a four year trajectory of consecutive growth. The sector last year accounted for approximately 7.2 percent of the country's overall Gross Domestic Product. These

results are as a direct result of increased activities in residential housing construction, ongoing commercial projects such as construction and renovation of hotels and other construction related activities such as the build out of office spaces to facilitate the BPO sector's rapid expansion.

As highlighted earlier, the industry also contributes significantly to the employment with approximately 94,500 persons employed last year. This represented, the largest annual increase of all industries; and accounted for 8.1 percent of the total employed labour force.

GREATER CONTRIBUTION REQUIRES NEW APPROACHES TO POLICY

Given the importance of construction to GDP expansion and job creation as well as the overall state of the economy, it is clear that – as a country and an industry—we have to do new and different things to put the industry in a better position to be a major driver of economic growth and development. There are some inescapable actions that must be taken:

- Fast tracking of a Construction Policy;
- Strengthen the Public Private Partnership policy towards creating more investments in construction;
- Proper training and certification of

construction workers to meet the requirements of a sector that's advancing through new building technologies;

- Greater inclusion of local expertise in the design and construction of projects;
- Removal of excessive red-tape in the approval process, which acts as a deterrent for registration, tax compliance, etc.;
- Ensure greater legal access to land so that owners may in turn access loans to build.

UNLOCKING THE COUNTRY'S ECONOMIC POTENTIAL

There have been many investments which have unlocked the economic potential of the country. The construction of the North South Link, for example, opened up an avenue for both business and residential development, not only along the corridors of this development, but in the capital and north coast. The construction of this highway, which was facilitated through a Public Private Partnership between CHEC and the

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Government of Jamaica (GOJ), saw (US) \$ 600-million being invested at no cost to the GOJ and further providing hundreds of jobs.

There are other projects which we need to look towards as significant drivers for the potential expansion of the construction sector. These will have positive spin-offs for employment and socio-economic development

The proposed redevelopment of downtown Kingston is one such project. Under this project it is contemplated that some 13 million square feet of building, valued at over US \$1.6-billion will be constructed inclusive of a new Parliament building and ministries as well as the general development of the downtown Kingston belt. A project of this size and scope will undoubtedly spur economic growth and advance the well-being of our citizens. Increased growth will lead to improvement in the per capita income leading to a stable social climate, to crime reduction and increased wealth for all. But while we welcome the proposed redevelopment we have to ensure that local construction firms are involved and engaged.

TIME TO REVIEW OUR POLICIES IN THE CONSTRUCTION INDUSTRY

Over the years, the construction industry has been an important source of growth and employment for the Jamaican people. It is the duty ►►

of any progressive government to support this segment of Jamaican enterprises. Over the past decade, Jamaican participation in the industry has been shrinking.

Some of this occurred during our time at the wicket but the evidence is even clearer now. It cannot be that the Jamaican construction industry that designed and built the National Stadium, Conference Centre, New Kingston, and the Bank of Jamaica is being told that order to redevelop Downtown Kingston and construct the new Parliament building, we have to get foreign expertise to build. It is full time to review the policies that we have pursued over the years.

We will reserve preferential treatment for Jamaican enterprises in this sector. While we welcome foreign investments, we will insist that they must have a Jamaican partner. Under a future PNP Government, all government contracts in the construction sector will have the JIC (Joint Industrial Council) compensation rates as the standard rate. It must be Jamaica first. ■

Peter D. Phillips MP, is President of the People's National Party and Leader of the Parliamentary Opposition.





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