



Government of Jamaica
Ministry of Transport, Works and Housing

Statement
by
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Minister of Transport, Works and Housing

THE HOUSING AGENCY OF JAMAICA LIMITED

Tuesday, March 18, 2014

**STATEMENT TO PARLIAMENT
PRESENTED BY THE HONOURABLE MINISTER OF
TRANSPORT, WORKS AND HOUSING
CONCERNING THE HOUSING AGENCY OF JAMAICA
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Mr. Speaker, I feel that it is most appropriate that I provide to this Honourable House, to the general public, and particularly to depositors in the Bernard Lodge Scheme, an update on the status of affairs of the Housing Agency of Jamaica. Most specifically, it is important that I address the recent developments that resulted in the resignation, **en bloc** of the Board of Directors of that institution.

Many of the negative comments which have been circulated publicly represent a combination of speculation, half-truths and innuendos. Therefore, I take this opportunity to set the record straight and to reassure this Honourable House and members of the public that, notwithstanding the challenges being experienced, the Housing Agency of Jamaica will discharge fully, its responsibilities to its clients and to the country.

Mr Speaker, there is no denying that on the face of it, there was justification for concern about the high attrition among employees at the Agency. However, when the figures are disaggregated, they present a somewhat different picture from the initial impression.

Between April and December 2013, **forty-four (44)** employees separated from the Agency. It should be noted, Mr. Speaker, that the Agency undertook a restructuring exercise which resulted in the elimination of some positions from the organisational structure. Staff members and their unions were apprised of the decision and its implications. Persons were asked to indicate whether they would opt for voluntary redundancy. As a result, **eighteen (18)** persons opted to leave through that mechanism; **ten (10)** persons resigned; and **ten (10)** contracts ended. Some persons opted not to renew their contracts given the uncertainty resulting from the restructuring exercise while the contracts of **five (5)** former employees were terminated.

Perhaps the development which has caused the greatest concern, Mr Speaker, was that over the last eight months, three Managing Directors separated from the Agency. First, Mr Joseph Shoucair opted not to renew his contract which expired in December 2012; however, based on request from the Board, he remained in office until July 2013 at which time the Agency was well advanced with the recruitment of a new Managing Director. His successor, Ms Rosemarie Brown, was selected from within the organisation but she tendered her resignation in November 2013. The resignation took effect in December 2013. Finally, Mr Karl Bennett, who succeeded Ms Brown, resigned as of March 10, 2014.

Not surprisingly, the departure of the latter two Managing Directors, in such a short space of time, created some amount of disquiet among staff and Board members. The matter of staff turnover was escalated to the level of Parliament when the Minister without Portfolio was asked to respond to questions raised by the Opposition Spokesman on Transport, Works and Infrastructure Development. Among the issues raised was an allegation of political interference in the day to day operations of the Agency.

While rejecting the allegations of political interference, the Board deliberated and decided to step aside, to provide me with the opportunity to objectively review the situation at the Agency and decide on the appropriate set of actions that would ameliorate the seeming instability and disquiet.

Mr Speaker, having reflected on the situation at the institution, I accepted the resignations. I take this opportunity to report to this Honourable House and to the nation that yesterday, Cabinet approved the appointment of a new Board, which is to be chaired by the Hon. Derick Latibeaudiere, former Governor of the Bank of Jamaica. The other Board members whose appointments were also approved yesterday are: Mr. Norman Reid, a banker; Mr Donald Moore, Senior General Manager at the NHT; Mrs Lucille Brodber, a quantity surveyor and Head of the JEEP Secretariat; Mrs Maureen Vernon, a senior public servant; Mr Jerron Green, a Public Management Consultant; Ms Susan Lawrence, an attorney-at-law and Mr Kenarthur Mitchell, a financial analyst.

Mr. Speaker, I have taken the decision to appoint a small Board at this juncture, in order to return operations to normality as quickly as possible. In fact, the first meeting of the new Board will take place this week. In due course, after discussions with the new Chairman, additional members will be appointed.

Mr Speaker, even as I welcome the Chairman and members of the new Board, I want to place on record my appreciation to the outgoing Board for the significant amount of work that it undertook during its tenure. Notwithstanding the innuendos and the rumours that have been circulated, I wish to state publicly that, at no time have I had any reason to question the integrity or competence of any member of the outgoing Board.

Mr. Speaker, a matter which has generated a great deal of discussion is the Public/Private Partnership agreement between the Housing Agency and Malphrus Incorporated. This agreement is to facilitate construction of **604** one-bedroom units and **980** studio units in Bernard Lodge, St Catherine. The one-bedroom units were to be sold for **\$4.9M**, while the studio units were to be sold for **\$4M**. Worthy of special note, Mr Speaker is the fact that the initial plan was that the first set of **350** units was slated for completion at the end of this month.

Obviously, Mr Speaker, that delivery date will not be met. It has been re-scheduled to **July 2014**. The main reason for the delay is that significant changes have had to be made to the design of a storm water drain for the development. The original plans included the construction of a large drain across Highway 2000. However, that design would have led to traffic delays on the Highway and increased costs. Therefore it was abandoned and the National Works Agency has revised the design. Work is in progress to implement the new design.

Additionally, the developer has indicated that, based on new internal arrangements in respect of their ownership structure, they have had to seek new financing arrangements for the project. In finalizing these arrangements, there is on-going discussion between the Housing Agency and Malphrus Incorporated. The Agency has been assured that all prior commitments will be honoured.

To date, **321** persons have made deposits on Phase 1, while **371** have paid their deposits in respect of Phase 2. I have been advised, Mr Speaker, that because of the delay in delivering the first set of units, some depositors have requested refunds of their deposits. These requests have all been honoured. It is worthy of note that the slots have been filled by new depositors.

I want to assure depositors that their funds are safe and that the Government has taken all the necessary steps to ensure that there is no negative fallout other than the rescheduled delivery date.

THE WAY FORWARD

1. As I said before, Mr Speaker, I am giving my commitment to this House, and I want you to hold me to the promise that, whatever it takes, the project will be implemented. A special management team is to be appointed to give specific focus to the timely implementation of the project, given the new timeframes.
2. The new Board has been charged with the responsibility to accelerate the search for, and appointment of, a new Managing Director.
3. The restructuring of the Agency is to be expedited, based on collaboration between my Ministry and the Ministry of Finance and Planning. This will ensure that stability is restored and the uncertainties which have affected staffmembers and other stakeholders will be eliminated.

CONCLUSION

Let me close by saying the Agency is under my watch and that of the Minister without Portfolio in the Housing Ministry. The Agency will discharge its responsibility and while we recognise that there are challenges, we will be moving, within the shortest time possible, to ensure that the Agency continues to carry out its mandate of providing affordable housing for those individuals and groups who are presently not served by existing entities.