

Opening of Sectoral Debate by Dr. Omar Davies

A: INTRODUCTION

1. This is my 19th year as a Member of Parliament. Have participated in every Budget Debate since my election to Parliament, either as Minister of Finance and Planning, or as Opposition Spokesman. However, first time speaking in Sectoral Debate.
2. Honoured to have been asked to open and close this Debate. Sincerely hope that members on both sides who are participating use the opportunity to elaborate on issues of national importance, even as they spend some time in addressing concerns of their constituents. After all, no MP can forget the adage “all politics is local”.
3. Must commend you, Mr Speaker, on the way in which you have given leadership to the conduct of business in Parliament. This leadership has set the tone for constructive dialogue. I noted with pleasure that the Member for St Andrew North Central had reason to speak positively about the general improvement in the conduct

of Parliamentary business under your leadership. I join him in expressing similar sentiments.

4. At the same time, courtesy towards each other and good behavior do not preclude spirited debate and sharp exchanges. We must learn to make this differentiation and make every effort to refrain from engaging in behavior which demeans this unique institution.
5. My new ministry covers Transport, Works and Housing and is indeed a huge establishment. Apart from the central ministry, falling under its aegis are 29 public companies, public bodies and institutions, the NWA, as well as that special programme which has benefited from so much attention – JEEP.
6. What I have learnt is that the Ministry, to a large extent, represents the face of the State in terms of interactions with a majority of the population, on both the domestic and international levels. This is true whether we are speaking about the NWA, the Transport Authority, the JUTC or the Island Traffic Authority on the local scene - or the Port Authority, the Civil Aviation Authority and Airports Authority, geared at our international linkages.

7. Clearly, a ministry of this size is much too large for any one person to manage and so I gratefully acknowledge the support of the two other members of the political directorate who have been assigned to work with me - the Minister without Portfolio, the member for St Mary Central, and the Minister of State, the member for Clarendon North West.
8. Each has been given special assignments and will report on them in detail when this turn comes around in the debate. Suffice to say that the Minister without Portfolio has main responsibility for the housing section of the Ministry and, but for a special project for which I have taken personal responsibility, the Minister of State is literally the man on the road. He is the member of the political directorate within the Ministry who is fully acquainted with every major project being undertaken by the NWA. He will also provide fuller details in terms of a progress report on, as well as the Ministry's approach to such projects.
9. Must take opportunity to express thanks to Permanent Secretary, the CEO of the NWA, the two Directors General as well as the Heads of all the various bodies and institutions.

10. This Ministry, perhaps more than any other, interfaces with the public in diverse ways. I have indicated to the central ministry as well as to the associated institutions that not only should our interaction with the public be characterized by the highest level of integrity and efficiency, but also by an explicit acknowledgement that courtesy and respect for members of the public are non-negotiable requirements.

11. This may seem to be an innocuous statement, but I intend to ensure that in all our interactions this role is observed and all complaints to the contrary will be seriously examined and remedial actions taken when justified. We ask the public to hold us to this commitment

12. A major challenge will be completion, within this fiscal year, of the JDIP projects. As I have said previously, what had been originally projected to be a 5-year project will see all resources exhausted in a little over two years. Furthermore, it has been a major struggle to “refine” the various lists of projects which was

presented to MPs at different points in time and produce one credible output.

13. We are now there and I wish to express appreciation to all colleagues for their understanding as we seek to bring order to this project.
14. No question that the infrastructure needs remain but we recognize the fiscal constraints. Will have to make do with a Capital A Budget of \$700M to address patching and basic maintenance. Simply wish to assure the country and my colleagues that whatever we have will be spent equitably.
15. In this presentation, will not try to cover all subject areas. Will begin by speaking briefly about a constituency project. Will then discuss JEEP, the Land Transport Sector and finally the three mega projects which we anticipate will contribute significantly to economic growth in the medium term.

16. I must pause to make reference to a question posed in the media – why did we not, as promised route JDIP through the Central Budget. Answer: when the commitment was made we simply had no idea as to the fact that the (US)\$400M had been spent or totally committed.

B: CONSTITUENCY

1. In my previous presentations in Parliament, I have not spent much time in discussing issues of concerns about my constituency. This time will not be different.
2. However, I must thank my two Councillors and the staff of the Constituency Office for their sustained support over the years and particularly over the last six months when they have had to stand in for me on many occasions.
3. My only reference to our work in the constituency will be confined to speaking to an issue which will be of great interest to my colleague, the Minister of Education, who will speak immediately after me this afternoon.

4. I believe it is well known that we have sought, in South St Andrew, to redefine what is regarded as “political” activity by placing great focus on development of our educational programmes. Our investment in literacy programmes has borne fruits and we can provide empirical evidence of the results including the number of students now in tertiary institutions who were assessed as border line illiterate just over a decade ago.
5. We have also addressed the plight of adults through our ACE programme – (Adult Continuing Education). Have had our own CSEC Centre for the past few years.
6. We offer to share our methodology with any MP who has interest in pursuing a similar path.
7. However, I should add that our present focus is on children at the basic school level as we have fully accepted that we will forever be trying to “catch up” through remedial programmes unless we are better to address the challenges of our children who are

between ages 4-6. I know that both the current Minister and his predecessor accept this.

8. To that end, we have, over the past two years, embarked on a special programme called the BASICS Initiative which aims at implementing best practices throughout the 28 basic schools in the constituency. The BASICS Initiative is multi-faceted and entails working with the students, teachers, principals and parents.
9. Thanks to the volunteer professionals, Mrs Joan Spencer-Ernandez, Dr Rose Davies, Dr Beverley McKenzie, Mr Byron McDonald and to the Project Director, Mrs Kerry-Ann Ennis-Henry.
10. Working with the BASICS Initiative has been a learning experience for me personally, but I should confess that the aspect about which I am most excited is that which we term the “Child Find”. Simply put, we are seeking to identify every child between ages 4 and 6 who is not enrolled in an early childhood institution, and to address this deficiency. The causes for non-

enrollment are varied but many relate to the inability of the parent/guardian to pay the school fees (regardless of how minimal these are), to pay for lunch and to purchase uniforms, etc.

11. We have sought to use both the project and the political organizations - to “FIND” such children and to have them enrolled.
12. It is not a costless exercise but the research has shown that if these children are not enrolled in an organized early childhood institution and have their first formal introduction to learning before the primary level, they start with a major disadvantage.
13. Again, I offer to share our experiences with all colleagues. Word to the leadership and officials at the MOE. Consult with the political directorate.

C: JEEP

1. The Jamaica Emergency Employment Programme (JEEP) was first articulated by the Prime Minister when she held the position as

Leader of the Opposition. On becoming Prime Minister, she assigned this “subject” to me with the explicit instructions that this be immediately developed into a project to be implemented in as short a time period as possible.

2. JEEP was conceptualized by us in Opposition because it was recognized that the combination of job losses and the absence of new employment opportunities had not only impacted negatively on the financial state of households, but also was rapidly creating a sense of hopelessness particularly amongst the young.
3. I believe that every single Member of this honourable House genuinely recognizes the gravity of the employment situation as evidenced by data from STATIN which puts the unemployment rate at over 14% in February 2012.
4. It was for that reason that we moved quickly to have Phase I of JEEP on track before the end of the fiscal year.

5. Despite the usual teething pains, we were able to get started on Phase I before the end of FY11/12 and all constituencies island-wide have benefited from projects. Furthermore, every Member of Parliament can testify that there has been no partisan bias in administering the project.
6. Some of the implementation took longer than anticipated but this was in the end a positive outcome providing some employment activity over the months of April to June, whilst the budget for fiscal year 2012/12 was being debated.
7. In the first Phase, approximately 6,500 jobs were created through the implementation of projects island-wide, with a total expenditure of just over \$1.1 billion. I have tabled a Ministry Paper providing full information on the achievements of Phase I of JEEP, as well as the outline of the programme in Phase II.
8. Phase II will be significantly bigger and the full impact will be felt with projects being implemented by several ministries including the Ministry of Agriculture, Ministry of Labour and Social Security,

our own Ministry of Transport, Works and Housing, Ministry of Education as well as entities such as HEART Trust/NTA, National Works Agency, NHT.

9. Government financing has been identified for funding Phase II in excess of \$6 billion. However, in addition, two collaborative efforts with Food for the Poor to provide housing for the indigent and low-income households will result in that organization contributing goods and services to the tune of over \$400M.
10. Let me take this opportunity to elaborate on the collaboration with Food for the Poor in addressing housing needs for low-income households.
11. Although the Prime Minister spoke of some of these projects in her presentation, it will be useful for me to elaborate in terms of the two major housing initiatives which will be included in JEEP during this year.
12. The first aims at significantly increasing the provision of free housing units to poor households. During the first year of this

programme, my Ministry will join with Food for the Poor in erecting 1,200 two-bedroom units for such households (approximately 20 per constituency). The beneficiaries will be drawn from Food for the Poor's existing list of applicants, as well as from persons recommended by political representatives, the churches and community groups.

13. Food for the Poor will be sharing the cost of providing these units. The GOJ's funding for this aspect of the programme is being provided by the Petrocaribe Fund.
14. The second aspect of the housing programme will once again be derived from collaboration between Food for the Poor and the GOJ this time by the NHT is the main GOJ institution involved. As should be known, it has been a major concern of successive Administrations that the contributors at the bottom of the income ladder i.e. those making under \$7500 per week, were not in general, reaping equitable benefits from the activities of the Trust.
15. The following data fully illustrate the problem. Although constituting 60 % of the total number of contributors to the NHT,

those earning less than \$7500 per week, constitute only 22% of beneficiaries. Furthermore, the benefits received by contributors from this cohort accounted for only 12% of the value of mortgages granted by the NHT.

16. Again, through cooperation with Food for the Poor, we will be constructing, through JEEP, 600 block and steel starter units in the first year, which are affordable to that group within the constraints of their income. This affordability is facilitated by Government agencies such as HAJ and NHT utilizing government-owned land, and in certain instances, lands which were already provided with the basic required infrastructure.
17. The beneficiaries will all be drawn from the NHT's list of contributors with incomes falling below the \$7,500 per week line.
18. We expect to have signed MOUs covering both housing initiatives by next week. This will allow for implementation to begin in July leading to attainment of the targets for the fiscal year. The agreements will cover implementation of both projects over a five-year period.

19. There are several other initiatives which will be implemented under JEEP during this fiscal year. Details of these initiatives are contained in the Ministry Paper which I have tabled today.

D: LAND TRANSPORTATION

1. In developing policies and the programmes and projects to give meaning to the policies covering land transportation, we must always remain cognizant of the socio-economic status of the majority of our people. Hence, even whilst we note the relatively high national ratio of private motor vehicles to households, we should recognize that for the majority of our people, an efficient public transportation sector is a non-negotiable requirement.

2. As such, public policy in this area must always bear in mind that our people deserve a transportation system which moves them in dignity, in safety and order, and in as cost-efficient a manner as possible.

3. In this regard, there are two arms of the public transportation system to which I will give specific attention, this afternoon. The first is the Transport Authority with island-wide responsibility to license and regulate private operators. This sector, apart from providing a service to the population, has increasingly functioned as an employer of labour: in many instances, persons who have lost jobs in other sectors have moved seamlessly into this sector.
4. There is an urgent need for a greater enforcement of discipline amongst these operators as there is clear evidence of abuse of our children and elderly, as well as a blatant flouting of the laws governing use of the road. Furthermore, apart from those who are duly licensed, illegal operators continue to have a significant presence on the roads.
5. Have received a request for a meeting from a newly-formed “umbrella” group representing operators in the sector. The Minister without Portfolio and I will be meeting with the group shortly to discuss how, together, we can improve the system.

6. The Transport Authority has been mandated to review the licensing regime to achieve certain specific objectives in the near term. Amongst these objectives, is the task to limit the number of operators to ensure the financial viability of routes, thus moving to a situation where we can reduce and, hopefully, eliminate the “run jostle” behaviour which is all too prevalent in the system.
7. Working in tandem with the ISCF, the Transport Authority will aim at the goal of restoring the rule of law so that licencees operate in accordance with the rules, regulations and standards which govern the licences granted.
8. Let me emphasize that even as we enforce the rules, the Transport Authority will treat these operators, even those who flout the rules, courteously, in a dignified manner and according to the rule of law.
9. Let me pause to indicate that in assessing the possibility of bringing greater order to the public transportation sector, I have been inspired by the actions of the Broadcast Commission in ridding the public airways of what had become a plague - “slackness lyrics”.

10. There were many who thought that the problem had reached a point from which we could not recover. Belatedly, I would like to offer my congratulations and sincere appreciation to the members of that Commission who took firm decisive action in order to bring us back from the abyss.
11. I hereby commit to similar action in the public transportation sector to ensure that all participants observe a basic code of civilized conduct. My ministry does not accept that indiscipline and disorder are unavoidable. We can, and must, do better.
12. The second part of the public transportation policy relates to the JUTC, which has responsibility for providing transportation services in the Kingston Metropolitan Region.
13. It should be noted that the JUTC was established in 1997 with a specific objective of providing an efficient and reliable transportation service for the Kingston Metropolitan Region, thus improving the productivity of workers and facilitating the

movement of our people between home and points of work or social enjoyment.

14. It was also established to ensure that members of the vulnerable population including school children, the disabled and the aged, are well served and protected.
15. On behalf of this Administration, I hereby formally state our intention of returning the JUTC to its original objectives.
16. It may be of interest to note that the JUTC reached its peak in performance in 2001 when it carried a total of 96 million passengers with a roll-out of just over 420 buses daily. In comparison, last year 2011, the JUTC carried a total of 54 million passengers and had a roll-out of less than 300 buses per day. Furthermore, the accumulated losses including unpaid statutory deductions and trade payables, now totals close to \$11 billion.
17. It is not possible for this situation to be turned around immediately, but the new Board and Management have been given the mandate

to improve viability and thus realize cost-effectiveness and efficiency to the JUTC.

18. Certain specific steps are worth mentioning. The roll out of buses has been steadily increasing and now stands at 370 buses. All these buses are now being maintained at the JUTC's own garage, at a savings at approximately \$8 million per month. Over the past six months, daily revenues have improved from an average of \$7 million per day to \$10 million per day.
19. Nonetheless, there is need for a comprehensive restructuring of the finances of the JUTC. Apart from amounts owed to the NHT and NIF, very few of the obligations to public entities can be cleared from revenues. My Ministry will be working with MOF to develop the platform for the recovery of the entity.
20. In terms of further improvements to the operations of the JUTC, there are certain steps which are scheduled to be implemented by the new Board and Management. The most exciting of these is the forthcoming partnership between the JUTC and HEART/NTA. The

Jamaican German Automotive School (JAGAS) will be the instrument to initiate a major bus refurbishing programme. This project will be housed at the Lyndhurst Road facility of the JUTC. The JUTC possesses over 110 buses which we believe can be refurbished.

21. I must mention an initiative which was inherited from the last Administration which has been terminated by the new Board and Management, after discussion with me. It entailed shipping buses to Brazil to be refurbished. To begin, the shipping cost for each bus was (US)\$25,000 and the actual cost of refurbishing each bus was (US)\$100,000. All five buses which were shipped have been returned but this has been at a cost of (US)\$125,000. It is impossible for an argument to be made that this refurbishing cannot take place in Jamaica, using Jamaican workmen.

22. I must say something about an arrangement, inherited from the previous Administration, which committed the GOJ to purchase 230 new buses from the Belgian manufacturer VDL at a cost of (J)\$11.8 billion. It has been impossible for me to find reason for

this new order of buses, even as the company could not afford the spare parts to repair the existing fleet.

23. This Administration has decided to honour the loan but we are seeking to alter the contents in order to make the deliverables consistent with our plans of improving the JUTC. Specifically, we are seeking to change the loan to import 65 buses this year and the remainder over the next four years. We will also seek to convert some aspects of the loan to the purchase of spare parts and to proceed with technical assistance to support the bus refurbishing project.
24. The overall objective is to have complementary operations between the JUTC and the Transport Authority. The private companies and individuals licensed by the Transport Authority will be expected to provide the same level and quality of service as the Government-owned entity, the JUTC.
25. Our commuters deserve nothing less. It is not too much for us to ensure that they receive it.

E: THREE MAJOR INFRASTRUCTURE PROJECTS

1. Perhaps the major point which my colleague, the Minister of Finance, sought to communicate during his contributions to the Budget Debate was that there were hard decisions which the country had to face now and in the medium term, not the least of which was the financing of inescapable fiscal obligations.
2. It was also recognized that, despite appreciating the needs of the population, the GOJ, was constrained in formulating and financing comprehensive responses from its own resources.
3. Within these constraints, in order to respond to the obvious need for immediate employment, the JEEP programme has been implemented. However, for observers, both domestic and external, it must be noted that the programme does not call for expenditure outside of the commitments which had been made to our international partners.

4. Within the same framework, in order to effect certain infrastructural works, JDIP has been re-scoped and the initiatives in housing are being financed by grants from Petrocaribe Fund.
5. In spite of the positive impact that we anticipate from the JEEP projects, we are keenly aware that to create a significant sustained impetus in economic activity, there is need for the injection of resources which cannot, at this stage, or in the medium term, come from the GOJ.
6. Simply put, whilst the GOJ can send a signal of a willingness to take the decisions needed to place the fiscal accounts on a more credible, self-sustaining path, it is not possible to take the additional step of financing a stimulus package.
7. As we, on this side, have stated repeatedly, recognition of the tight fiscal constraints does not lead us to the stance of doing nothing. Rather, we have taken the stance of searching and identifying possible activities by the private sector, wherein the State's main contribution is to facilitate these private sector initiatives.

8. In previous presentations, I have already identified three major projects initiated by the previous Administration which we propose to implement, pending our reaching mutually satisfactory agreements with the potential investors.

9. We are furthest advanced with the project to construct the North South link of Highway 2000 with the first phase being the completion of the Mount Rosser Bypass.

10. As has been stated before in this honourable House, the total project involves an investment in excess of (US)\$600 million over a 3-year period with none of this investment being an obligation on the part of the GOJ.

11. Mr Speaker, let me repeat, what is under discussion is an investment by a private sector entity of an amount in excess of (US)\$600 million. There is no financial risk being undertaken by the GOJ or any of its agencies.

12. Mr. Speaker, I am pleased to indicate that yesterday Cabinet gave approval, for the signing of both the concession and implementation agreements. Consequently, we expect that both these agreements will be signed before the end of the week.

13. Following the signing, we will be pulling out all the stops to get the show on the road. We expect that work on the Mount Rosser Bypass will resume within months. That section of the project will be completed within 12 months.

14. In terms of the other sections of the North to South link of Highway 2000, let me assure the public and interest groups that all required environmental impact assessments will be carried out and the investors will be required to meet all requirements of the relevant regulatory bodies. No special favours will be granted. We will cut no corners, despite our clear desire to move forward with the project, as quickly as possible.

15. In terms of the other two projects, these involve the expansion and further development of Kingston as a transshipment port. Progress

continues to be made and I am optimistic that within months we will move to the point of agreements on both proposals. Again, let me assure the public that all steps will be taken to protect the interest of Jamaica in such negotiations.

16. Mr. Speaker, I have gone on record to make it clear that these three projects were inherited, albeit at different stages of development, from the previous Administration. In fact, the Prime Minister, in her budget presentation again acknowledged the work done by the prior Administration.

17. I make this point for two reasons. The first is to indicate that as an Administration, we are committed to continuity where there are clear benefits to national development. However, an equally important point is that the support indicates that there is full recognition on the part of all Members of Parliament of the need for significant investment capital and that is beyond the financial capability of the GOJ, either now or in the medium term.

18. This would have applied in the best of times but certainly within the context of severe fiscal constraints, as well as with continuing global uncertainty, bold steps must be taken to stimulate economic activity.
19. Seldom in our Post-Independence history have we, without any fanfare, reached consensus on a significant issue as has occurred with regard to these three projects.
20. For those who take every opportunity to highlight divisions within Parliament based on party positions, this should represent a clear signal of maturation of our political system.

F: CONCLUSION

1. Mr Speaker, as I indicated at the beginning, this is the first time that I have made a contribution in the Sectoral Debate. I have conferred with the Leader of Government Business and his objective is to transform this debate into a focused discussion about the challenges which face our country, in this the 50th year of our Independence.

2. For my own part, I have the honour to head a ministry which, in its diverse sections, affects the lives of every single Jamaican. However, the impact of the Ministry's activities is perhaps greatest on individuals and households who fall into the lower-middle and low income categories. We intend to ensure that in providing services, this is executed not only with efficiency, but also with courtesy and respect.

3. We have deliberately avoided engaging in the "blame game", but we simply wish to state that all activities carried out by this Ministry must be able to stand up to full scrutiny from any quarter. I also commit that equity and fair-play will characterize all interventions.

4. At this juncture in our economic development, it must be understood that investment in infrastructure will increasingly be play dual roles. In addition to facilitating businesses and improving the quality of life of private households, investments in

these areas will be required to play another significant role - that of creating employment and stimulating economic activity.

5. It is an interesting paradox that even as the naysayers and predictors of gloom and doom would seek to denigrate the achievements and potential of our nation, there are others who stand ready to reaffirm their confidence in our economic future and also implicitly in us as a people.

6. Our job as a Government is to facilitate such investments, even whilst we protect our national interest. My Ministry has a critical role to play in that regard and we commit ourselves to discharging this responsibility.