



**ADDRESS BY PSOJ PRESIDENT CHRISTOPHER ZACCA
AT THE INCORPORATED MASTERBUILDERS
ASSOCIATION'S ANNUAL DINNER, MARCH 8, 2014 AT
THE JAMAICA PEGASUS HOTEL**

- **Master of Ceremonies**
- **IMAJ President, Carvel Stewart**
- **1st Vice President, David Garel**
- **2nd Vice President, Calman Barrett**
- **Distinguished Guests**
- **Representatives of the Media**

Ladies and Gentlemen, Good Evening!

It is a great pleasure for me to be here tonight, celebrating with one of the PSOJ's valued member associations, the Incorporated Masterbuilders Association of Jamaica, in its efforts to reward those who have done well in their respective fields.

In recognizing those who contribute I think you would agree with me mentioning that today is International Women's Day. I would like first of all to recognize the presence of the most important woman in my life, my wife Gillian, and also ask all the men here to give a big round of applause to all the women here present for their huge contribution to our society.

Of course the IMAJ itself deserves to be recognised for its clear commitment to making a meaningful contribution to our economy. It should also be noted that the construction sector has been probably the greatest enhancer of economic growth, and is the second largest employer of labour.

What is more significant for me is that you folks build real things, you create real assets and real wealth from steel, from lumber, from cement, and from hard work. You don't gather margins and invest in paper.

Many of your members are Small or Medium sized businesses and I want to say to all of you tonight that your industry is an example of what is needed to create real sustained growth and development, with equity for all and with job creation in our beloved country Jamaica.

The fact that proceeds from tonight will go towards the IMAJ's Education Assistance Programme speaks volumes to the depth of your contribution to society.

It's really an inspiration to me that you continue to do this in spite of the obvious tremendous challenges facing your sector and the general business community and I want to specially commend you on this point.

The theme tonight is *The Construction Sector - Creating Opportunities, Building our Nation*, and in my capacity as President of the Private Sector Organisation of Jamaica, my address will focus on a couple of the key issues currently affecting the industry and the PSOJ's recommendations in tackling these issues.

At this juncture, we find Jamaica not only lower on the World Bank's Doing Business survey overall, but falling a

precipitous 12 places in the specific Registering Properties indicator, ranking 114th in the world. With regard to Dealing with Construction Permits the story is only a little better; we have remained static at a less than respectable world position.

Furthermore, our information - and no doubt your experience - is that currently, most construction approvals take in the range of 8 to 18 months to be completed, and that's if you are lucky. Without a doubt, this is an entirely unacceptable situation.

In the PSOJ's view, it should ideally not take longer than 3 months, with 6 months being a maximum practical limit. If we are able to reach this goal, that alone could lead to an additional 2% of GDP growth annually, which amounts to J\$30 billion in more earnings annually. And I am sure that everyone is aware of how important this contribution is at a time when Jamaica's economy is very fragile and needs all the impetus it can get to ensure that we finally achieve sustained economic growth under the current economic reform programme.

In fact if we all stop and think for a second, economic growth has to start with construction. Every industry in order for them to grow must build, and where else will jobs come from in the short run given the many hundreds of thousands of unemployed youth, most of whom have very little training or experience.

The entire basis of the Government's Economic Reform Programme currently under IMF supervision is to reduce our public debt so that more financial resources are placed in the hands of the private sector for investment in the real economy.

So unless we change an unacceptable situation that has existed for decades, we are saying that our private sector must wait for over another year for approvals to be granted for projects that are now coming on the drawing board. Fixing this won't be easy.

I'm sure you will agree with me that the core of this problem is a lack of political will and duplication of efforts by both NEPA and the Parish Councils. In fact, it is felt generally that many of the challenges of the development approvals process are at the Parish Council level where there is a lack of resources , and as a result, a lack of sufficient professional competence in many instances.

That inter-agency duplication is in turn just one aspect of the greater malaise hobbling our economy and that also is compounded by incompetence and perceived corruption of the process, even as we acknowledge that there are many decent, uncompromised and hard-working individuals among these various agencies.

There is also the worrying perception that overseas contractors are preferred to qualified local contractors, a view that has also been voiced by members of the Government. We have heard reports of this from a number of our members, many of whom note that the laws, especially as it relates to the NCC and the granting of government projects, places more restrictions on local contractors. Back in 2012, as I'm sure you're aware, some local contractors had even accused the OCG of delaying approvals of local contractors by the National Contracts Commission (NCC).

So what have we been doing at the PSOJ to tackle these

problems? We have, for starters, been consistently meeting with various groups - including the Jamaica Developers Association, the Realtors Association of Jamaica, and of course your association, all of whom are members of the PSOJ, to get their views on the matter.

As it relates to the NCC, last year, the government brought in a consultant to review its current NCC policies and PSOJ representatives were among the groups invited to a meeting with him to discuss the overall issues. The preference for overseas contractors, along with other matters were laid out on the table, and arising from that meeting, the consultant gave recommendations for changes, a draft of which has already been submitted.

We look forward to seeing a raft of changes, aimed at benefiting our local contractors being implemented in short order.

Specifically in regard to Building Approvals, in December, Minister Robert Pickersgill called a meeting along with the Ministry of Local Government. Both myself and PSOJ CEO Dennis Chung attended. Minister Pickersgill stated the government's commitment to addressing the significant Construction Approval problem.

He then set up a committee of stakeholders tasked to once again make clear recommendations as to how to improve dramatically the Construction Approval process.

In anticipation of the final report which should have been submitted to Cabinet by the end of February, it might be useful to state what some of the recommendations of the PSOJ are:

We are fully aligned with the developers and the masterbuilders on their detailed proposals to streamline the process flow for the Approval process.

This streamlining includes, among many other recommendations, trusting professionals to ensuring that their designs meet the necessary standards, while at the same time establishing strong sanctions for any unprofessional work by these same professionals. This is a necessary first step.

We also firmly believe that applications for development should be lodged initially with one central agency of Government where they can be continuously tracked electronically. It must be noted that the software for this tracking already exists, which goes by the name of Amanda and millions of US Dollars have been spent on it. The problem is that only a couple Parish Councils currently use it in an incomplete way.

This central agency can then distribute the paperwork to whichever Parish Council or planning body that is involved in the particular application, and the specific Minister responsible for the central agency can regularly report to the Cabinet and the Nation as to the status of all approvals, with a view to delivering on the promises to reduce the average approval time to the required three month period.

Also, as I said earlier, it is impractical to have thirteen different underfunded and under resourced Parish Councils as well as NEPA, handling the National Approval Process with much duplication of efforts and much inefficiency.

This needs to be rationalised and a first step in our view would be to remove from the local councils and place

squarely in the lap of NEPA, the technical approval work for larger projects over an agreed size or subdivisions over an agreed number of lots. Once NEPA has done its technical work and made its recommendation then the appropriate Parish Council can then put this to the entire council for final ratification.

A further step could be to share scarce resources at the parish council level and group the thirteen planning departments of the individual councils into three more properly resourced County Departments: one for Cornwall, one for Middlesex, and One for Surrey.

Folks, let's give Minister Pickersgill and the Cabinet he sits in a chance to finally get this right. But time is running out. The final report of recommendations to Cabinet is now overdue as of the end of February. As a result of a national outcry, the IMF, guided by other multilaterals such as the World Bank and the IDB, are seriously considering making aspects of the streamlining of the construction approval process a necessary structural condition of the Economic Reform Programme.

I endorse such a move and ask the IMAJ to also endorse it.

It is THAT important to the future of this country's growth and development, the creation of much needed jobs, and the reduction of poverty.

Ladies and Gentlemen, I would like to close by once again highlighting the need for a consensus in the society around certain long-term policy objectives. Such consensus would greatly enhance the country's growth prospects by enabling the private sector to plan and therefore make more long-term investment decisions.

It is, now more than ever, of the utmost importance that the entire society find the courage and the will to come together and attempt to agree on an appropriate long-term policy framework that will guide our development efforts in the future. I recommend to you all that you read on our website the Partnership for Jamaica Agreement which was signed last year by the Government, Private Sector, The Labour Unions, and Civil Society, and which contains a general framework for the development of Jamaica.

The Construction Approval Process is an important component of such a goal.

Jamaica's potential, ladies and gentlemen, can hardly be overstated; we have demonstrated time and again, that whenever we have a common resolve toward any challenge, our innate creativity and drive always kicks in to take us to greater levels of achievement.

This particular challenge needs be no different. We all want to see our nation live up to its massive potential, with the attendant quality of life benefits for all, and there is no doubt in my mind that if we all partner together as one team, Team Jamaica, we will get there.

Thank you.

**CHRISTOPHER ZACCA
PRESIDENT
THE PRIVATE SECTOR ORGANISATION OF JAMAICA**

MARCH 8, 2014