

**2004/2005 SECTORAL DEBATE PRESENTATION BY THE HON.
ROBERT PICKERSGILL, MINISTER OF TRANSPORT & WORKS ON
JUNE 15, 2004**

In this Sectoral Debate Mr. Speaker, we on this side of the Hon. House give an account of our stewardship. Those of us with particular portfolio responsibilities, report to the Country on the scope of the programmes we have guided and the plans for the way forward, against the background of an overall strategic developmental objective.

Mr. Speaker, I daresay that I can speak for all members in saying that the essential motivation for offering ourselves to the country as servants in the Body politic, is for the overall advancement of the development process.

But we are not elected to serve, introduce, improve and guide the various programmes of development for development's sake. It is all about people and the lifting of their standard of living. That is the ultimate objective of the development process. Advancing development and continuing to improve the standard of living of our people require action on various fronts.

In that regard we understand clearly that:
We should as a Government talk not lecture,
We must share not force, and above all
We must explain not tell.

In September 2000, at the United Nations Millennium Summit, World Leaders agreed to a set of measurable goals and targets to be achieved by the year 2015. All 189 Member States pledged to work toward attaining eight (8) millennium goals, namely:

1. To eradicate extreme poverty and hunger
2. To achieve universal primary education
3. Promote gender equality and empower women
4. To reduce child mortality
5. To improve maternal health
6. To continue combating HIV/AIDS, Malaria and other diseases
7. To ensure environmental sustainability
8. And to develop a global partnership for development.

Jamaica obviously was a party to that unanimous pledge Mr. Speaker. It is important to note that all countries, though some are more advanced in the process than others, have some way yet to go in order to meet some of the millennium development targets.

It is a fact that well before the 2000 United Nations Declaration, Jamaica was well advanced in its planning and progress toward some of those targets. This Mr. Speaker must be credited in part to Administrations from both sides of this House.

Always we should honour and celebrate our diversity. Simultaneously we should laud and praise our accomplishments. We must not always seek to look at the negatives. We have as a country made important strides for example in:

- The improvement of maternal health
- Reducing child mortality
- Promoting gender equality and empowering women
- Moving toward universal primary education
- Eradicating extreme poverty and hunger.

On this side Mr. Speaker, we have consistently presented clear manifestos to the Country, which act as the guiding light for our efforts to ensure an ever-improving standard of living for Jamaicans.

The development goals, which we have clearly spelt out, encompassed those in the United Nations declaration a decade before the World Body resolved to establish those targets.

It is true that addressing the various challenges requires action on the legislative front and the development of the structures and attitudes to facilitate improved governance. It is equally true however, that the development of our economy is indispensable to the overall process of raising the standard of living of our people.

So is it true also Mr. Speaker, that the laying of a sound infrastructural base is a critical component in the development of any economy. Indeed, when the spotlight is turned on developed economies of the world, there is no Country so classified whose economy is not underpinned by a solid infrastructural foundation.

Mr. Speaker it is with a particular sense of pride that I can today assert that in the course of the four consecutive Administrations led initially by the Most Hon. Michael Manley and for the last 12 years by the Prime Minister of Jamaica, the Most Hon. P.J. Patterson, there has been an unprecedented and indeed revolutionary upgrading of the infrastructure of this country.

The vast array of programmes pursued over these years have immeasurably strengthened the Country's ability to take its place in the competitive global economy. Hundreds of thousands of Jamaicans are the beneficiaries in every corner of Jamaica. As we continue to strengthen the infrastructure, many more will benefit.

Sometimes Mr. Speaker the reports focus on the vast sums spent on particular projects.

Yes, the projects are expensive, but the real import of the expenditure is its effect on the development of the economy and the raising of the standard of living of our people.

Mr. Speaker, personally I have had some intimate contact with infrastructure development for much of my life since members of my immediate family have been involved at a national level in public transportation and in the Public Works Department.

My father was a Works Overseer in the Public Works Department and in the course of his long career, I resided in several parishes and developed a reasonable insight into the work in which he was involved. The construction of the Queens Highway comes readily to mind since he was stationed in Discovery Bay at the time and I lived and went to school there when the highway was constructed.

Mr. Speaker, this past weekend has really been a remarkable one for me. On Thursday night I was in Montego Bay attending a dinner that was hosted by the President of the Port Authority of Jamaica.

The occasion facilitated my meeting with Shipping Agents from the USA, Canada, South and Central America and the Caribbean. All these agents Mr. Speaker, were concerned about the new international Port Security

arrangements that will take effect on July 1 this year. Mr. Speaker the Kingston Transshipment Terminal is a hub on which all those agents representing several countries depend. Happily, the **President of the Port Authority was able to assure them about our state of readiness at the Terminal.**

Then, on the following Friday morning, along with the Prime Minister I was participating in the Official Opening of the Arrivals Hall at the Sangster International Airport. Mr. Speaker, it was an excellent occasion. Mr. Speaker let me inform this Hon. House that the Concession Agreement arrived at is making remarkable progress, in defiance of the shrill screams of pessimism from the Opposition Spokesman on Tourism.

Then, on Saturday, I was there with the Most Hon. Prime Minister, when he opened what is now the dualised Howard Cooke Boulevard and the Alice Eldemire Drive. Mr. Speaker, the city has been transformed by this project, which cost approximately J\$714 million. So impressive has been the work done, that various entities indicated their interest in adopting the roadway, which is already landscaped. Mr. Speaker, it is a thing of beauty.

These experiences solidified the conviction I have always had that the transformation of infrastructure signifies the transformation of any Country. I am privileged to be part of an Administration that has put money where its mouth is and has invested in infrastructure, to transform every nook and cranny of Jamaica.

Because Mr. Speaker, we have One Vision, we are One People and we are building a Strong Jamaica.

Since being invited to join the Cabinet in 1989, Mr. Speaker, all my portfolio responsibilities have had to do with infrastructure in one form or another. That experience has enhanced the clear grasp in my mind of the direct relationship of infrastructure to economic development and the advancement of the quality of life of the Jamaican people.

I will now proceed to report on the respective Sectors within my portfolio:

The Land Transport Sector

Mr. Speaker, the more than \$6-billion dollars spent on establishing the Jamaica Urban Transit Company, speaks to the Government's understanding of the need for and commitment to the efficient and comfortable movement of people in the Kingston Metropolitan Transport Region.

Over the past year Mr. Speaker, we intensified efforts to streamline the operations of the JUTC and to raise its service to compare with the best in the public transportation sector worldwide.

While we have put in place almost all the physical infrastructure required to meet our objective, there is some way to go on the operational side. Nonetheless we have over the past year achieved some successes. Indeed the bus service made some 88.5 million passenger trips.

Members will recall that following audits that were carried out on the company's operations and a review commissioned by me, a management team was contracted to work at the company. That team of consultants with management expertise from Sweden/Belgium, headed by Mr. Tore Larsson, was put in place to lead the process to streamline operations.

They have performed creditably Mr. Speaker and deserve our gratitude. I would like to say a public thank you to Mr. Larson whom we formally bade goodbye last week.

They have laid a good base for the continuation of the programme of improvements by the local management team, headed by the recently appointed President, Mr. Patrick McIntosh, the former General Manager of WINDALCO.

Mr. Speaker, the JUTC's performance indicators reveal that last year:

- Income was increased to 2.2 \$billion over the \$1.8 billion in the previous year
- Total expenses amounted to \$2.5 billion, down \$100 million from the previous year.

- Buses dispatched as a percentage of the scheduled number of buses increased to 96% compared with 92% the year before
- The staff to bus ratio was improved by 10% to 6.6 compared with the 7.36 % that obtained the previous year
- And the ratio of revenue to total costs was improved by some 28%, moving from 69% in 2002/2003 to 88% in the 2003/2004 fiscal year.

Several factors influenced those developments. They include the fact that:

- The company was granted a fare increase in August of last year.
- The Premium Express Service was expanded
- The injection of seventy (70) Single Operator Buses in October/November of last year brought the total of such single individual operated buses to 16.7% of the fleet
- Marketing efforts to promote smart card sales reflected an increase from 123,000 smart card passengers to 241,000 in one month.
- The introduction last November of the Sunday HWT Transfer System resulting in the use of 6 less buses and a reduction of 182,000 KM annually along the Half- Way-Tree road corridor.
- It is a fact too Mr. Speaker that industrial relations at the company have improved immensely.

In the ensuing year, the drive to improve the overall efficiency of the company will be continued and will be strengthened with the acquisition of software systems. The Company will also be implementing a major safety/accident improvement campaign.

Very shortly we will be opening the Rockfort Depot. Very shortly as well I will be making an announcement about the Half-Way-Tree Centre.

Arbitration Award

Mr. Speaker, the hearing of the review of the arbitration award involving the Government of Jamaica and the National Transport Co-operative Society, started and took place on June 8th and 11th. Oral submissions were presented

both on behalf of both parties. The Judge reserved his ruling in the matter. The Ministry engaged an excellent legal team to represent the Government, headed of course, Mr. Speaker, by the Solicitor General.

The Transport Authority

Last year Mr. Speaker, the Transport Authority embarked on a special campaign to organize and regulate the route taxi system. As members are aware, a modern fleet of taxis is an important component of public transportation serving the needs of Jamaicans across the Country.

Route taxi operators were advised that they must be aligned to an Association for the new licensing period beginning April 1, 2004. In November the Transport Authority introduced a new system for the registration of drivers and conductors. Drivers and conductors in the public passenger transport services are now being required to submit criminal and traffic records as well as character references. **They must be able to read** in order to meet the requirements for receiving an official badge. Commuters will have already taken note of some of the other measures that were introduced, including:

- Vehicular colour coding and lettering by parish
- The numbering of vehicles within associations and the displaying of logos from the various associations.

The President of the National Association of Taxi Operators, Mr. Edgerton Newman and other Association leaders must be commended for their co-operation with the overall programme to bring order to the sector.

The Transport Authority stepped up its enforcement programme. Proposed Legislation now at the final stages before being placed before Parliament for enactment, will greatly facilitate the Authority's operations in the ensuing year.

Mr. Speaker, the programmes to improve bus and taxi services will facilitate more comfortable and efficient movement of our citizens, and impact positively on productivity and economic development.

Road Safety

So too does the degree to which we use our roadways safely. At the Road Safety Unit of the Ministry we are concerned about the use of our roads and the fatalities resulting from accidents. Too many of our children are being maimed or lose their lives on our roads. Members are aware that we have been carrying out an ongoing programme to bring pedestrian signs, especially those in the vicinity of schools, to a satisfactory state.

Members will have noticed that we have embarked upon a programme to put in place proper signage on our roads, using modern technology incorporating a high-resolution luminosity.

But let me say clearly Mr. Speaker, that while all the programmes and signage are important, individuals and families have a responsibility to practice using our roads safely.

We have a particular responsibility to instruct our children how to use the roads safely. Indeed, Mr. Speaker, as **One People** we must endeavour to honour that responsibility.

The Marine and Aviation Sectors

Mr. Speaker, Air and Sea transportation have been a critical factor in our development to date and will continue to play a leading role in the building of the economy. **They are the lifeblood of our trading links, both with regard to goods and services and the tourist industry.**

The World Security Environment

Unfortunately Mr. Speaker, the current security environment in which both the Marine and Aviation sectors now operate globally, places stringent demands on countries. To some extent as time has passed, the average person going about his or her business does not focus on the ever present impact of the attacks on the United States of America on September 11, 2001.

But the Country must understand that the reality is that both the Maritime and Aviation sectors are now required to meet a programme of specific security upgrades on pain of dire consequences.

MARINE TRANSPORT

THE PORT AUTHORITY OF JAMAICA

Following the attacks on the United States now universally referred to as 9/11; the US Congress amended their Merchant Marine Act legislation and enacted the US Maritime Transportation Security Act in 2002. The International Maritime Organisation (IMO) also amended the International Convention on the Safety of Life at Sea, to incorporate a new International Ship and Port Facility Security (ISPS) Code.

The ISPS Code will come into effect on July 1 2004. As of that date, Mr. Speaker, the ISPS Code requires that all ports involved in international trading must be certified as having met a designated security profile. Our major trading partner, insists that ships calling at Ports not meeting the IMO certification requirements will not have access to its Ports.

Shipping handles ninety percent of the world's trade Mr. Speaker. On May 25 Mr. Speaker, the Secretary General of the International Maritime Organisation asserted that enforcement of the Code would in fact begin on July 1st.

Read from UN Document

The IMO says that to date, only 301 of about 5,500 Port Facilities are in compliance with the Code and there is the likelihood of some disruption in the industry. Our job Mr. Speaker is to ensure that our Ports meet the stipulations of the Code.

One may ask just how could non-compliance with the ISPS Code affect the Country?

PERFORMANCE OF THE PORT AND SHIPPING SECTOR

A look at the data for the fiscal year 2003 reveals that there were 3,847 ship calls by cargo carriers to Jamaican Ports. This represented a marginal 0.15% increase over the 3,841 ship calls in year 2002. However, in terms of the volume of cargo passing over our Ports, including transshipment, this

amounted to 25.6 million metric tons, an increase of 5.3% over the year 2002.

There were also 491 Cruise Ship calls transporting some 1,124,918 visitors.

The cargo bearing ships bring all the imported goods required for use in the health sector, education, industry, agriculture, commerce, and almost every other facet of our lives. They also transport our exports. Quite simply, Mr. Speaker, should our Ports not receive certification and the shipping lines decline to include our ports in their schedules, the economy of the country would be crippled.

So let it be clearly understood Mr. Speaker, that the implementation of these measures is in our own self interest and not about pleasing any external jurisdiction.

It may interest members to note that seventy out of every one hundred 40-foot domestic containers arriving at the Port of Kingston each week contain barrels consigned to people in communities all over Jamaica. That is what keeps many families clicking Mr. Speaker.

In order to ensure that we obtain the required certification by the July 1 deadline, and thereby improve the marketability of our Ports, the Port Authority developed a programme with a number of specific targets.

The Port Security Programme

Mr. Speaker, under the able direction of the President of the Port Authority, Dr. the Hon. Noel Hylton, we are far advanced in the work on the programme designed to upgrade the security profile of our ports to meet the new security requirements. The main focus has been on our major ports, which are engaged in commercial, and Cruise Shipping activities – Port Bustamante in Kingston and the Ports of Ocho Rios and Montego Bay.

We are however, working closely with all the small ports and sufferance wharves to ensure their readiness for the July 1, 2004 certification deadline. The programme that we adopted was developed with the assistance of the United States Embassy and several US Federal organizations involved in law enforcement and U.S, customs.

The programme called for the acquisition and implementation of several security systems: Several of those systems are now in place. Already Mr. Speaker, recently installed X-Ray machines have been instrumental in the detection of substantial contraband, including firearms and ammunition, narcotics, whole motor vehicles and sections of motor vehicles as well as uncustomed goods.

The Port Authority has hired retired or ex-US Customs and Law-Enforcement officials who are both working with the new systems and training Jamaicans in their effective operation. Training workshops have been conducted with all Port Operators and other Maritime interest groups, to sensitize them on the contents and operations of this national plan.

On behalf of the Government I would like to publicly express thanks to the United States Ambassador to Jamaica, who has taken a special interest in and done much to facilitate the implementation of the programme.

Let me assure this Honorable House and the Country Mr. Speaker, that the Port Authority is satisfied that all our major ports and a significant number, if not all of our small ports, will meet the July 1, 2004 IMO/ISPS Code deadline set for certification of our ports. The President and his Team deserve our unqualified congratulations.

Development Programmes.

Mr. Speaker, the Port Authority is the principal maritime agency responsible for the regulation and development of Jamaica's ports and shipping industry.

Last year the Authority undertook a number of projects designed to facilitate and sustain growth in the shipping sector.

Dredging

The trend in Transshipment Hub Shipping and Cruise Shipping toward larger vessels requiring, deeper and wider draughts, makes dredging mandatory for any port. The Authority in 2002/2003 carried out a

programme of dredging in the Kingston Harbour at a cost of some J\$865 million,

Lands Created

Members may be interested to note that a very important spin-off from the dredging of the harbour was the creation of approximately 112 hectares of land from the dredged material in the adjoining Hunts Bay and Fort Augusta area. The land is to be utilized for future port development. The reclaimed land is valued at some \$500 million.

Members may be interested to know Mr. Speaker that mitigation measures as an adjunct to dredging, included reef restoration exercises at Rackhams Cay. 62,000 corals and other marine creatures were removed out of the path of the dredge into a designated restoration area, at a cost of J\$90 Million. Silt was deposited at sea beyond the 1,000 metres contour, in accordance with the conditions of the dredging licence from N.E.P.A.

Dredging programmes were also carried out at Montego Bay and Port Antonio at a cost of some J\$42 million.

Fourth Phase Expansion of the Kingston Container Terminal

For the Kingston Container Terminal to maintain its leading position in the Region, Mr. Speaker, we must also provide additional capacity when required by the market. The Port Authority commenced a Fourth Phase expansion of the Container Port in June 2003. When completed, the project will add an additional capacity of 300,000 TEUs or twenty-foot equivalent units. Total capacity after the completion in 2006 will be 1.5 Million TEUs, representing a 25% increase. A capital budget of J\$4.2 Billion has been earmarked for the year 2004/2005 of which J\$3.8 Billion will be spent on the Fourth Phase expansion project.

CRUISE SHIPPING

Mr. Speaker, in 1998, the government transferred total operations of Cruise shipping to the Port Authority, which previously had responsibility for development and maintenance of Cruise Shipping facilities.

For Cruise Shipping, the year 2003 was a special one. The sector achieved one million cruise passengers for the first time. 491 cruise ships calls were made to our Ports transporting 1,124,918 visitors. This reflects an increase of 25.2% in cruise ship calls and an increase of 30.3% in passenger traffic.

It was particularly pleasing to have Cruise Shipping return to Port Antonio during the year, with the potential for significant benefits from the sector accruing to Portland once again.

The physical improvements implemented by the Authority and the aggressive promotion and marketing, have been attracting the confidence of the cruise shipping companies. The Authority has also begun preliminary work on projects designed to upgrade the cruise shipping facilities. These include:

- The expansion of the Port of Montego Bay to accommodate two ultra voyager ships by 2006
- And the expansion of the Port of Ocho Rios, which, is currently operating at capacity.
- The construction of a new cruise ship facility at Lucea.

Mr. Speaker, I am happy to report that with regard to the Lucea Cruise Ship Pier, a project in which the Prime Minister has always been interested, all the technical studies have been done and we are about to move to the next stage of having design drawings done.

Indeed, some Members may have seen an advertisement in their newspaper on Sunday, regarding the inviting of tenders on design for the project.

It is expected that construction of the Lucea Cruise Ship Pier will begin in April of next year.

Mr. Speaker, in furtherance of our quest for bigger market share, the Port Authority in conjunction with **the Ministry of Foreign Affairs and Foreign Trade and my Ministry will be establishing an office in China to promote trade and to press home our invitation to the Chinese to establish a Distribution Hub and Manufacturing Facility in Jamaica.**

This initiative has been facilitated by the fact that we were visionary in establishing wholesome relations with the Chinese not only a Government to Government basis but very importantly also on a Party to Party basis. We recently received a Delegation from the People's Republic of China in Jamaica and I will be leading a Delegation to China in August of this year to strengthen our bilateral relations. It is a matter of record that we have always supported the **ONE CHINA POLICY**.

The Port Antonio Marina Project

Members are aware of the Port Antonio Marina Project, which was officially opened in September 2002, as part of an ongoing comprehensive development. The development was designed Mr. Speaker to:

- Assist a permanent restoration of cruise shipping in the region
- **Facilitate Jamaica's participation in the growing and very lucrative pleasure boating sector in the Caribbean, where approximately 7,000 pleasure craft cruise annually, particularly in the winter season.**

Already, there are indications that the Marina is serving to motivate other investment projects in the area and is facilitating links with several local services.

The Port Antonio Marina is under new management. Westrec Marinas, based in California became the new management of Port Antonio Marina on November 1, last year. Westrec Marinas is known worldwide for its Marina Management and redevelopment projects.

Mr. Speaker, in February of this year the Port Authority signed a contract with Carnival Corporation, which guarantees Jamaica **500,000 passengers per annum over the next five years. The contract requires Carnival to deliver a minimum total cruise passenger load of two and a half million over the contract period.**

In the 1980's Mr. Speaker, a dangerous precedent was set to give the Cruise Lines incentives based on volume discounting. In other words, the more passengers a cruise line brought to the destination, the more of their money they got back in the form of rebates. Many of these contracts continued into the 1990s and when they expired,

similar ones would be negotiated and signed. That type of contract has always been good for the Cruise Lines but not necessarily for the destination. There was no commitment of passengers by the cruise lines and thus there was no guarantee of revenue for the period of the contract.

NEW CONTRACTS

Recognising that fact, Mr. Speaker, the Port Authority, in its arrangements with its major cruise partners negotiated a contract that would guarantee Jamaica a minimum number of passengers on a per annum basis, and if they do not meet these targets they will have to pay. If the Cruise Lines deliver more than the contracted minimum of passengers, they are required to pay at the contracted rate. This is unprecedented Mr. Speaker.

This Agreement allows the Port Authority to go forward with its development projects knowing that the resources are there to pay for them. Just as important, it allows the private sector, be it entities offering Attractions or Shopping, to invest in their products knowing that the customer base will be in place.

As a result of these new approaches to our negotiations, Jamaica will earn more per passenger than at any other time in our history. This situation is unique because as other destinations continue to discount their products, Jamaica has been able to negotiate our fees in the upward direction.

Mr. Speaker, I am pleased to announce that an agreement similar to that signed with Carnival Corporation, will shortly be signed with Royal Caribbean Cruises. It will guarantee a minimum of two million cruise passengers over five years. It will also guarantee earnings of not less than US \$16 million. Once this contract is signed, Jamaica will have secured from the two largest cruise companies in the world, a minimum guarantee of 4.5 million cruise passengers and a minimum guarantee of US \$35 million in revenue over the next five years.

At the end of these five-year contracts we will be at the highest per passenger fees ever achieved from Carnival Corporation and Royal Caribbean Cruises. **Mr. Speaker, I am delighted to inform the House and**

the country that just yesterday, we received confirmation from Pullmantur of Spain that their cruise ship line, Holiday Dreams, has booked every Wednesday as of November 22 this year for a three –year period or 156 calls to Montego Bay. The average passenger load is 850. Pullmantur will also be refuelling and taking aboard water and other provisions when they call in Montego Bay. More foreign exchange earnings for the Country, Mr. Speaker.

Mr. Speaker, in his contribution to the Sectoral Debate, the Opposition Spokesman on Tourism asserted that “Capacity placement is not fully utilized” in the sector.

Members should note that it is in fact for that very reason that demand for berthing space exceeds supply, especially during the winter months and peak cruise days, that the Port Authority is about to embark on an ambitious expansion of its Cruise Facilities in Montego Bay and Ocho Rios.

The Opposition Spokesman also advised this Parliament and the Country that cruise and I quote, “passengers visiting Jamaica don’t spend their money in Jamaica and wait till they get to the U.S. Virgin Islands”.

He did not even take the time before making this wild charge to inform himself that for the cruise lines, Jamaica falls in the Western Caribbean while the U.S. Virgin Islands fall in the Eastern Caribbean.

Mr. Speaker, passengers travelling in one or the other service are not on the same itinerary.

Let me make the point Mr. Speaker, that on board promotion on ships has changed significantly since the 1980’s and, is now a significant part of the on board revenues for Cruise Lines. Retailers in each of the destinations actually enter into contracts with the on board promotional companies to promote their products and or services. This is what helps determine where the passengers shop. Simply put, if you are a part of the shopping promotion programmes, then you are recommended. For example, most of our duty free sector is involved in those programmes.

The Member from East Central St James also asserted that, and again I quote, “The Tourism sector should be managing Cruise Shipping”.

Mr. Speaker, placing Cruise Shipping under the Port Authority has facilitated acceleration of its promotion and development. The results speak for themselves. But that decision has also allowed the JTB to redirect their cruise resources to the overall promotion of Jamaica as a tourist destination. As a result of the current arrangements, the Country has one of the strongest positions in the world of any cruise destination.

The decision also enables us to react quickly to meet the needs of our clients. Decisions can be made almost immediately guaranteeing that the needed infrastructure and facilities can be put in place. **We are after all Mr. Speaker, one Government with a clear vision serving the Jamaican People.**

That is why Mr. Speaker, we are rated 63rd of the top 100 ports in the world. Along with Puerto Rico, we are the only port rated in the Region among the top 100 ports.

That is why we are the major Hub Port for Zim, the third largest shipping company in the world.

That is why we have been able and will continue to keep ahead of our potential competitors in the Region.

That is why, in the two years since the PAJ has been accorded the responsibility for cruise-shipping, the two largest shipping companies in the world have signed five-year contracts with us committing to a minimum of some 4.5 million passengers.

Performance indeed Mr. Speaker.

PORT AUTHORITY'S FINANCIAL PERFORMANCE

Mr. Speaker, I am pleased to inform this Honourable House that the fiscal year 2003/2004 was another successful year for The Port Authority financially. Income earned for the year was \$3.2 Billion and represented an increase of 20% relative to the levels achieved last year.

Surplus generated from operations, that is after recognizing regular recurrent expenditures but before charging depreciation and recognizing exchange losses, was recorded as \$1.73 Billion, an increase of 11% compared to Fiscal year 2003.

Mr. Speaker, Members may be interested to know and I must congratulate the Port Authority on having been instrumental in our recent efforts to fulfil

the commitment made by the Most Honourable Prime Minister for Jamaica to go to the assistance of our neighbour Haiti and to take by ship medicine, water and food supplies in the aftermath of flood rains there. The fact that the PAJ has been able to so effectively administer a broad programme of activities is due in no small measure, Mr. Speaker, to the outstanding leadership of its President and CEO, the Hon. Noel Hylton who earlier this year was honoured as Man of the Year for 2003 for his role in business development by the Gleaner Company.

Mr. Speaker, while most Members are aware of the importance of the Ports to Jamaica's economic development, they have not seen the Port in operation. To correct that situation, I am extending an invitation to all Members of the Houses of Parliament to visit and tour the Port on Tuesday, June 29, 2004 where they will be hosted by the Port Authority. My colleagues in due course will very shortly receive their written invitations.

The Maritime Authority of Jamaica

Mr. Speaker, the importance that we attach to meeting the new requirements for the regulation of the Maritime sector, is also **reflected in the operations of the Maritime Authority of Jamaica.**

Of the 140 Member States in the International Maritime Organisation which are parties to the International Convention on Standards Training and Certification of Watchkeepers (STCW), 42 States had submitted their reports by the February 1, 2004 stipulated date, seeking to have their White List status maintained.

The Authority was recently informed Mr. Speaker that Jamaica is among 17 States of the 42 submitting their reports that had been approved by the IMO as having maintained their White List status. The Authority is also ISO 9001 compliant.

Being on the IMO'S White List Mr. Speaker, is confirmation of the recognition of Jamaica's credibility as a Maritime State capable of meeting its obligations for the proper regulation of its Marine Sector in accordance with international standards.

Mr. Speaker, “**Wi little but wi tallawah.**”

The Maritime Authority has ensured that all eligible Flagships as required are in compliance with the ISPS Code. The Authority is also required to ascertain that all ships calling at Jamaican ports are in compliance with security measures embodied in the Code as of July 1.

The amendment to the Shipping Act by way of the Local Trade Regulations allows foreign flag vessels to operate commercially in Jamaican waters, where no local vessels are available for the particular operations. Such vessels come under our regulatory regime for the duration of the particular operation and are required to pay a fee.

As part of its revenue earning measures, Mr. Speaker, the Authority is conducting courses to train Maritime Security Officers.

The Caribbean Maritime Institute

The Caribbean Maritime Institute has expanded its outreach by partnering with the Montego Bay Community College to offer the Diploma in Shipping Logistics Course and an Associate Degree Programme in Industrial Systems, Operation and Maintenance.

The Institute has also forged similar arrangements with Critchlow College in Guyana. Last year, Mr. Speaker, the CMI acquired a state-of-the-art Bridge and Engine Simulator Complex which has lifted the training it offers in those areas to compare favourably with the most recognized institutions in its field.

Air Transport

Mr. Speaker, the events of 9/11 have also impacted on the aviation sector, a premium avenue facilitating world trade, including tourism.

The Civil Aviation Authority

I am pleased to report to this Hon. House and the Country that our aviation environment is now much safer than before. Aircraft arriving at our two international airports are now under positive radar control.

Having positive radar control allows for better management of the Country's airspace, Mr. Speaker, in that:

- Aircraft can be given the most direct route, from point A to point B, resulting in significant savings on aviation fuel.
- Additionally, **under positive radar control**, air traffic controllers are able to use closer separation criteria between aircraft using our airspace.
- More efficient altitude assignments can be made resulting in improved fuel consumption. Also, more aircraft can be put on a given route at the same altitude.
- This radar coverage therefore increases the capacity of our airspace usage. Importantly as well, Mr. Speaker Jamaica's capacity to earn foreign exchange will be greatly enhanced.

I am happy to note, Mr. Speaker, that we have now installed an Instrument Landing System (ILS) at the Norman Manley International Airport. This system has already been inspected by the FAA and we expect that approval for its commissioning will shortly be granted. Pilots will now be assisted by this facility to fly with greater precision, even in conditions of poor visibility.

One of the most challenging issues for the CAA has been the revision of the legislation to keep abreast of the many changes that have been made to international standards. I am pleased to report Mr. Speaker that the Bill to amend the CAA Act will be tabled in the House in another month. Many of the changes in international standards over the last decade and especially since the events of September 11, 2001. will also be promulgated into regulations under the new Act.

You will recall, Mr. Speaker that the Airports (Economic Regulation) Act, 2002 was passed into law authorising the CAA to become the Regulator of Scheduled Airports. A visit to any of our International Airports will reveal clear evidence of signs of their continuing development into world class facilities.

In accordance with their functions, the representatives of ICAO visited us and carried out security audits in September 2003. The Authority has been

expeditiously addressing any amendments to its systems and regulations that arose from the audit.

THE AIRPORTS AUTHORITY OF JAMAICA

Mr. Speaker, I now turn to the operations of the Airports Authority of Jamaica. A modern and efficient airport system is indispensable to the development of a vibrant economy. The World Trade in Air Cargo Mr. Speaker is a 2 trillion US dollars market. We have to move aggressively to increase our market share in this lucrative and important sector.

Our International Airports continue to make significant contributions to the economy, underpinning developments in the Tourism and Trade sectors. With the movement of over 4.5 million passengers and approximately 23.5 million kilograms of freight in 2003, the airports are engines for investment, employment and social development.

A combination of the events of 9/11, Wars and indeed, SARS as well as economic factors, have in recent times depressed the demand for air travel internationally. Nonetheless, last year collectively our International Airports recorded marginal growth of approximately 1%. The Sangster airport, our main Tourism Gateway, actually realized a 3.6 % increase in passenger traffic. Analysts are predicting a 7% increase in global passenger traffic for 2004. Over the period January to April of this year, there was a 5.9% increase in passenger traffic at the Sangster airport, continuing the trend seen last year.

Privatization of SIA

The privatization agreement between the Airports Authority of Jamaica and the new operator of the Sangster International Airport, MBJ Airports Limited, became effective on April 12 last year. At that time the new operator assumed full responsibility for the day-to-day management and capital development of the airport facilities.

Under the terms of the agreement, the airport is leased to MBJ Airports Limited for thirty (30) years. I believe it is necessary to remind the Country, Mr. Speaker, that the ownership of the facilities resides with the Government

on behalf of the people of Jamaica. The Airports Authority of Jamaica has responsibility for overseeing the development projects being undertaken at the Sangster International Airport, which have been agreed with the operator, MBJ Ltd.

Privatization of airport operations is an increasingly preferred route, through which to raise the vast sums required for the modernization and development of airports.

Capital Development at SIA

- i) Prior to the commencement of the lease agreement with the new operators of the airport, there was a planned expansion programme at the Sangster airport to be carried out in three phases. A total of approximately US\$18.35 million was expended by the Airports Authority on Phase 1A of the programme, prior to the handover to the new operators.

Under the agreement with the International Consortium, MBJ Airports Limited, the entire expansion and upgrading works at the airport is projected at approximately US\$200 million.

I am gratified to report Mr. Speaker, that since the handover of operations to MBJ ltd., work on the agreed programme has proceeded according to schedule. Phase 1B of the capital development programme, which is estimated to cost US\$42.5 million, commenced on November 1st last year, well ahead of the scheduled January 2004 commencement date. Only last Saturday, Mr. Speaker the Prime Minister was Guest of Honour at the opening of the Arrivals Hall at the Sangster Airport.

While at the opening ceremony I could not help but notice a sign that spelt out the achievements of the project. It read:

PROJECT MILESTONES

- Loading Bridges—Gates (1-6) Installed December 2003
- Ground Transportation Hall Expanded March 2004
- Operation centre Relocated/Upgraded April 2004
- Public Address System Upgraded May 2004

- Closed Circuit TV Monitoring System Installed June 2004

Last year, there was a significant 6.6% increase in stopover visitors using the airport. This year has overtaken 2003 with the realization of a 9.5% increase in the first four months with April showing an unprecedented level of increase of 17%.

Mr. Speaker, last month, May, a traditional slow period, enjoyed a 10.3% increase in stopover visitors and June has exploded with a 19% increase to date in stopover arrivals over last year.

Mr. Speaker, had it not been for the vision and foresight of the PJ Patterson-led Administration, we would not be able to receive and accommodate these additional visitors in the comfort and style that they are now experiencing.

Development of NMIA

The comprehensive airside development programme effected at the Norman Manley International Airport under the US\$60 million Airport Reform Improvement Programme (ARIP), is scheduled to end later this year. Efforts are now being directed at expanding and improving the passenger facilities and services there.

Mr. Speaker, the initiative taken with respect to the Sangster International Airport, will serve as the model for the eventual privatization of the Norman Manley international Airport. That process is in fact already under way. The Government decided to establish an operating company, NMIA Airports Ltd, which is an approved operator under the Airports (Economic Regulation) Act, 2002.

This company is a subsidiary of the Airports Authority of Jamaica, and has entered into a Concession Agreement with the AAJ to operate the Norman Manley International airport. Additionally, NMIA Airports Ltd. is responsible for obtaining the financing that will be necessary for expanding the airport and paying concession fees, among other activities.

Under the 20-year Capital Development Programme for this airport, US\$127 million will be invested in infrastructure expansion and improvement works. Of this amount, approximately US\$ 92 million will be disbursed over the initial six-year period, which began in the 2003/2004 financial year.

In that regard, in October last, I signed the contract for the related Master Plan and Terminal Design, Valued at US\$3.2 million.

The Final Draft of the Terminal design should be ready by the middle of July. This will include the Preliminary, and Phase 1 design of the Terminal. The Terminal design is scheduled for completion in the final quarter of this calendar year and, construction of the Terminal will begin in the second quarter of calendar year 2005.

As is the case with the Sangster International Airport, we have seen and expect significant passenger throughput at the Norman Manley International Airport. Indeed, the conservative average annual growth rate in passenger throughput at Norman Manley is projected at 2.6%, right up to the year 2022.

Members will recall that in February 2003, the Government established an Airport Improvement Fee (AIF), of US\$5 per passenger leaving Jamaica. The intention is that the revenue from the AIF is dedicated to the capital development of both the Sangster and Norman Manley Airports. As at April 2004, US\$2.7 million was in the AIF for Norman Manley, while US\$6.35 million was in the AIF for the Sangster International.

The financial administration of the international airports was also enhanced with the introduction of a new revenue collection system, which saw the placement of passenger charges on airline tickets under the IATA Bill Payment System. IATA is now paying those charges, along with the AIF, which are incurred in the case of scheduled airlines, on a weekly basis.

As the name of the Fund indicates, disbursements will only be made to finance capital improvement projects at the respective airport; as approved by myself, as the Minister responsible for these matters.

The Civil Aviation Authority has been overseeing the implementation of an enhanced security programme with regard to both passengers and cargo.

New X-RAY systems have been proving effective at both International Airports. The acquisition of Closed Circuit Television surveillance and computer based security systems, in conjunction with the appropriate ongoing training of relevant personnel, have substantially improved the security profile of both international airports.

So Mr. Speaker, let it be clearly understood that for Jamaica to survive and prosper in the modern world, its Government must secure relationships not only with the people of the country, but also with states and institutions globally.

This country has come a far way in its development, and our successes have not occurred by accident. Jamaica is a member of the community of nations, and the vast sums we spend on certification and other forms of compliance are worth every penny.

Just imagine the consequences if Jamaica were removed from the International Maritime Organisation's White List, or if our aviation facilities were still rated as "Category Two". The country's actual and potential commercial and economic activities would dramatically decline. Fewer tourists would come here because we would have limited access to international locations, and so on, and so on.

The reality is that every country that is interested in development, must join with the international community of nations. When Jamaica joins international Conventions, there are costs attached, but also huge benefits. Those benefits will not materialise without the investment.

At the domestic level, everyone knows that you can't reap where you did not sow. Jamaica's investment in international compliance and, secure relations with countries and institutions around the world is in our interest. It is vital and desirable that this country continues along this path.

The world has changed, and we must change with it. Vision is a prerequisite of leadership, and this Administration has recognized the realities of global statehood.

We have seized our opportunities with both hands, and we know that we are right in our actions,

We have seen the trends of the world,
We have invested in the country with exquisite care,
And we intend to continue the process of developing Jamaica, through the development of infrastructure against the background of **One Vision, One People and a Strong Jamaica.**

The National Works Agency

Mr. Speaker, regarding the NWA, this subject matter will be dealt with by Dr. the Hon. Fenton Ferguson, my Minister of State who has responsibility in this regard.

However, I would be remiss if I did not remind this Hon. House that we wholeheartedly subscribe to the view and here I quote:

“The Road to Development is the Development of Roads.”

Put another way, as former US President said

“It is not wealth that create roads but roads that create wealth”.

Briefly, Mr. Speaker, Segment 1 of the North Coast Highway Project (NCHIP) has been completed.

Segment 2 is of the utmost importance since the major projects announced by the Most Honourable Prime Minister are predicated on the completion of the NCHIP.

Segment 3 is of no less importance and the Minister of State and myself will be keeping the country abreast as to our progress in this matter. The fact is, Mr. Speaker, is that we are somewhat behind schedule and consequently, we are redoubling our efforts to meet certain deadlines.

Mr. Speaker, I am proud to report that Cabinet has approved the construction of a permanent bridge at Poorman’s Corner to replace the Yallahs Fording at a cost of \$470 Million. Work is progressing on the design of the bridge. We envisage that in about six months time, the design drawings will be ready thereafter, we will invite tenders.

Mr. Speaker, the Minister of State will give a more comprehensive account of the vital contribution being made by the National Works Agency to the improvement of the Country's physical infrastructure and, the creation of a solid base on which we are nurturing the development of Jamaica and its economic growth.

HIGHWAY 2000

Members of this Hon. House and the Country are aware of the Highway 2000 project, to establish a multi-laned tolled highway from Kingston to Montego Bay and a spur from Bushy Park to Ocho Rios. The total length of the project is approximately 230 Km.

The project has been divided into two phases:

- PHASE 1. Kingston to Williamsfield;
2. Williamsfield to Montego Bay, and Bushy Park to Ocho Rios.

The first phase is approximately 83 km including the Portmore Causeway and the Dyke Road and is the subject of a Concession Agreement between Transjamaican Highway Ltd. (TJH) a subsidiary of Bouygues Travaux Public of France and National Road Operating and Constructing Company Ltd., a Government-owned company.

As this Hon. House is aware the first 11Km segment of the 44 Km Phase 1A between Kingston and Sandy Bay, has been open to the motoring public since September of last year. Already this section has proved to be immensely beneficial to commuters. It is also a boon to entrepreneurs ready to grasp the advantages inherent in the opening up of hitherto relatively virgin lands for housing and other commercial ventures.

The average daily traffic flow registered between the months of October last and April of this year is –thousand per day. Work is in progress on another 21 Km of Phase 1A.

Mr. Speaker, more detailed information on the project is included in the report from NROCC, which has been included in the booklet tabled by me with reports on the entities falling within the Ministry's Portfolio.

Suffice it to say that work on this landmark and revolutionary project is progressing according to schedule, with revenue from vehicle operations being in accordance with projections.

The Toll Authority

The Toll Authority was established in March 2002 to regulate the operations and maintenance of toll roads. The Chairman and Board were named and the Toll Regulator was appointed in September 2003.

THE ROAD MAINTENANCE FUND

Members are aware Mr. Speaker that the Road Maintenance Fund was established by an Act of Parliament in September 2002.

Under the auspices of the Fund, sixty-two contracts (62) valued at more than J\$300 Million were awarded for routine maintenance works spanning all 60 constituencies. In addition, three hundred and eighty-five thousand square metres (385,000 sq. metres) of roadways were approved for patching in September 2003 involving most parishes at a cost of one hundred million dollars (\$100M).

The Fund has also been involved in a number of road widening projects to improve traffic flows in the Corporate Area including:

- Old Hope Road
- Barbican Road/East Kings House Road
- Lady Musgrave Road and Trafalgar Road
- Half-Way-Tree Road

It is presently assessing proposals related to the Cross Roads Square, the Dunrobin Avenue to Manor Park Corridor and Munro Road to Liguanea. The Fund will be erecting two bridges at the Russell Heights/Barbican Road intersection.

The Road Maintenance Fund has also spent more than \$20 million to repair NWA equipment in an effort to make them available in all the regions.

The Fund has been actively investigating and encouraging the use of more modern and efficient technologies in our road maintenance programmes.

Mr. Speaker, the effect of these improvements is being enjoyed by many motorists and the evidence is there for all to see and experience. Let me congratulate the Chairman and his Board as well, for the vigilance they have demonstrated to ensure that value is obtained for the taxpayer's dollar.

It is true to say Mr. Speaker, that though in its infancy, the Fund is already impacting positively on our road maintenance and improvement as well as our traffic management programmes.

CONCLUSION

Mr. Speaker, I have endeavoured to bring Members of the Hon. House and the Country up to date on the subject areas falling within my portfolio.

They constitute a menu of services, which one way or another, impact the lives of most Jamaicans on a daily basis. Whatever success has attended our efforts in the various areas over the past year, is due in large measure to the team in the Ministry and its agencies, which I have the honor to lead in their endeavours to serve the Jamaican people.

What I do know is that they are in the main, committed to the work they do, and where they may fall short, they will redouble their effort to meet our objectives. No other attitude would satisfy the challenges we face. I say thanks first of all Mr. Speaker, to my indefatigable and hardworking Minister of State, Dr. the Hon. Fenton Ferguson, the Permanent Secretary and staff of the Ministry, the Chairpersons of the Boards and the Staff of the Agencies within the ambit of the Ministry, for their work over the past year.

I say thanks also Mr. Speaker, for the support I continue to receive from my family, friends and well-wishers without whose support it would be nigh impossible to carry out the responsibilities with which I am charged.

Do allow me Mr. Speaker, to say an especial thank you to my Constituents who have reposed their trust in me to serve their best interests. The Councillors who work with me (and I think I am still the only MP with 3

female Councillors out of 4), my Constituency and Divisional Executives, workers and supporters, who all play a meaningful role in serving the people of North West St. Catherine.

Regarding you Mr. Speaker, I spotted your talents long ago. Consequently, the equanimity, composure and quiet authority that you have brought to the office, came as no surprise to me. You are obviously well-suited for the job.

With respect to your capable Deputy, he has been my friend for many, many years and we have shared many important milestones together.

Let me pay tribute to one who has invested and shown great confidence in me from the start of my political career to the present time. We on this side fondly refer to him as “Comrade Leader.” In my Ministry, he is known as Mr. Infrastructure.

He is indeed a Political Icon of our time.

Mr. Speaker, the dynamics of the world in which we are living today, are increasingly being shaped by the fierce competitiveness of globalization. No matter the platitudes and indeed the genuine concerns expressed at times about the plight of the less developed, a People who fail to understand the need for a commitment to the shaping of one’s destiny, will increasingly face marginalisation.

We must not be standard bearers of the status quo but rather be champions for change.

The world of today has little scope for the advancement of a people who are content to parade third world status as a badge of honour, while lamenting inequities in the existing order. The imperatives of the times summon us to action, even while we pursue measures to level the playing fields.

Progress Mr. Speaker, is not inevitable; it requires Planning, Vigilance and Nurturing.

Limited economic resources do not equate with limited vision. Within resource limitations, bold action must be the order of the day in order to advance the Country’s interests.

Nothing but the passionate pursuit of excellence will suffice.

This Government Mr. Speaker, has indeed moved boldly to ensure that Jamaica can carve out its **Comfort Zone** within the structures and strictures of globalization. **Notwithstanding resource limitations, we have set about establishing the infrastructure necessary for the underpinning of development, economic growth and the lifting of the standard of living of our people.**

Because Mr. Speaker, that must be the ultimate objective for those of us who have committed ourselves to serving the public. Each and everyone of us in this Chamber, must provide the moral leadership, that steadfastness of spirit and mind, which alone can make us worthy of the high commission that history has conferred upon us.

Mr. Speaker, we as an Administration have an abiding faith in the capacity of our people. Jamaicans have never considered ourselves to be a second class, let alone a third-rate people.

We are possessed of the mettle to seize the initiative and stake out our path to access the global playing field and thus determine our own destiny.

This is our Destiny, Mr. Speaker and this our Moment.

Mr. Speaker, this Government is committed to leading that process with **one Vision as one People for a Stronger Jamaica.**