

Transcript - Prime Minister Rowley's remarks at Seminar by Joint Consultative Council for Construction

Date: Wednesday 23rd November, 2016

Venue: Radisson Hotel, Port of Spain

Thank you very much Chairman Hart.

President of the JCC, Dr. James Armstrong, and emeritus members of the JCC community; distinguished practitioners in all aspects of the construction fraternity – thank you very much for the opportunity to say a few words to you. The only problem I have is - I recognize my Parliamentary colleague, the Minister of Planning and Development – is that I have to apologise for the absence of the Minister of Finance this morning who is down with a bad bout of the flu. I'm not sure if it's retribution or if you organised that but I am sure that you would have preferred to have been talking to the Minister of Finance who is quite adept at attracting your attention.

But I looked at the programme and I realised that I had until nine thirty-three so if you consult your watches and just tell me how much more time I have left I will tailor my presentation to suit. Failing that I will take liberties with the clock. But you are a very domitable group and I daresay high-risk taking group to offer a microphone to a politician in the middle of an election and seek to limit him to three minutes but, for the moment, I simply want to share my experiences with you – Victor has shared his – I want to share mine.

Very many years ago, I was on the Board of WASA. Young professional, bright eyed and bushy tailed and wanted to change the country. I was very vocal on the Board and very aggressive at the Tenders Committee and so on. And one day a particular matter came to the board and I was prosecuting it with great vigor and Emile Warner gave me a piece of advice that came back to me as Victor spoke of his long experience in this business. Emile said to me in all sincerity, "You know that the Board is temporary, the management is permanent." And this morning as Victor spoke of Prime Ministers and the JCC on the construction sector, I accepted that admonition – Prime Ministers are temporary and the construction sector is permanent. I take no responsibility for other Prime Ministers except that, I don't know how long my tenure would be, but during that period I have great hope that those of you gathered in this room, given the experiences that we've all had, that we would find an opportunity to make our own individual contributions and make the best of what we are engaged in.

The foundation of whatever we are going forward with is that we are now, in fact, in a situation – to be as forthcoming from the Government side with the construction fraternity - in terms of funding many projects. And we are also coming out of a period dreaded Government to Government arrangements where the private sector, the construction sector, has had some experiences of unimpressed onlookers.

So let me just say what I expect to happen in the upcoming years with respect to your involvement in the national economy as James pointed out. And that is that there will be some state initiatives to allow us to continue our infrastructure with the expectation that as we do that, create the jobs that we hope will be created and build the facilities that we hope will be built. But one good thing that we have going for us is that the constructors, at an earlier time when things were a bit better financially you had invested heavily in the equipment side of things and that some of you have also invested in the human capital development and insofar as there are funding arrangements to create projects that you are halfway in readiness to take part in whatever we have to do.

We understand very clearly, if we know Mikey Joseph, that there is a parallel with contracting and that is paying contractors. We can't engage in projects if we can't pay those who engage in those projects. My own background as a minister of government would show – I can tell you I understand that. When I ran the housing programme in the 2004-2007 period one of the things I emphasised to those who participated in that programme is that if you work we expect to pay you and pay you promptly. If you do bad work we are going to query it and if you do good work we are going to try to give you more work because we'll acknowledge your presence. And I think that principle would hold well at the level of the Cabinet now and the Prime Ministership that I hold. But I must also tell you that, I don't want to chastise the construction community in Trinidad and Tobago I know you operate against tremendous odds sometimes, but I am anxiously looking forward to the procurement legislation because if we operate that piece of legislation properly, and I expect that it will be implemented within the first half of 2017, my contact with the Attorney General's office tells me that we are very close to the assent of that legislation and we are preparing for it to become the operational template which would have a significant impact on those of you who take part in the construction business and those of us who manage public business from the offices of State.

Because, what it will do hopefully, is to give a greater role to competition and openness and if we do that then we should have an outcome of greater value for money and we are hoping to get more done with the limited resources that we have available to us. It's against a background of the absence of that kind of template that a lot of the negatives associated with the industry and the fraternity would have created some of the problems that were mentioned by Victor this morning.

I heard the reference to Eric Williams and I might say the other Prime Ministers, that what may not be said by you is that the Prime Minister's position of those eras. And it is not for me to

defend other Prime Ministers but I am simply saying my understanding was a lot of what happened there was out of frustration from Prime Ministers dealing with what is in front of them. And the bases for those frustrating incidents or periods of pressure and Prime Ministers may have their roots still among us and I suspect that the operation of modern procurement legislation where there is competition for the offerings of State. And if that is accompanied by proper monitoring of the quality of what is produced there should be little instance of the Prime Minister or the Cabinet feeling we are being short changed by our own people and then turn to others to do it better. Because there are downsides to everything.

If we think that we want something in a hurry and we can't deliver it in a hurry with local resources it is reasonable to look outside for it and if we think that we want something of a certain quality and the local fraternity seems not to be able to deliver it then it is reasonable to look outside. But looking out through the window and looking outside for it brings with it certain negatives as would have been brought to us by the Government to Government arrangements. So there are two sides to the argument. However, as we go forward from here on end you will find this government taking the position that we are emphasizing a greater role for the local resources and our local input and against that background the projects that we are going to be going forward with might not be many but they would be significant. And, we will expect that the local professional class will rise to the occasion and the local contracting fraternity and the JCC group will rise to the occasion to allow us to exercise that confidence in our local ability.

So, for example, we have just terminated the contract with the OAS for inability to perform. But it is not news to us that there was a view coming from this grouping that we should never have awarded that huge contract to one contractor, albeit one foreign contractor. And suggestions were made at the time, especially given the nature of the poor financing of that project that we could have gone with a series of sections on that highway. We've terminated that contract but the Government's policy is to continue to try to build the highway to Point Fortin as one of our major exercises which means as soon as we are finished the assessments that we are doing now, in the not too distant future, we will be setting out to award contracts to finish the highway using local contractors doing segments of the highway and that, immediately, would be a change of what we had been doing before.

We have also put on the programme, with respect to our development of the eastern coast into Tobago, the Valencia to Toco highway which we expect to be properly funded by the IDB programme. That piece of work will not be done by any one contractor, it will be done by a number of contractors for the reasons I have just given.

And, we expect that the contractors who will be on that project, the same way you hold the Government's heel to the fire, we would expect that you hold your colleagues' nose to the grindstone – that if they get sections of that highway they will perform.

Those of us in the political arena, is par for the course to be critical of the mistakes we make. But we are not the only mistake makers in this country – we are the only ones who get hired and fired regularly. So, you expect that those two major projects, and others, we will be emphasising a role – a greater role, if not a unique role – for the local participants.

There are a number of foreign – I'm not sure if they're foreign registered companies – but I get the impression, having not checked it in detail, that some of these huge foreign companies are operating in Trinidad and Tobago as a name “Trinidad and Tobago so and so company”. And, insofar as they are to be viewed as locally registered companies, there are restrictions as to their participation in the bidding process. What we have to be careful with is that the bidding process is not manipulated at the point of award of contract and then later on the real price of the contract comes to the fore. It has to be that the way we interpret the evaluation, and the award of the contract, has some reasonable expectation that the price in the beginning would relate to the price in the end. It seems to be normal that the opening price is never viewed as the closing price and we have to be particularly careful with that with respect to foreign contractors. Not to mention that we have an interest in not encouraging contractors whose *raison d'etre* is to earn money here and transport it abroad. We don't have foreign exchange to subsidise anybody abroad. So, especially this thing with contracts, where the major inputs can be met by local financing. I mean, road building, road construction is largely pushing dirt around and putting concrete in place with some steel and some human input and you build some very nice roads doing that. So these are projects that have a very very high local component and therefore there is no real need... but if there are pricing arrangements that are open to other persons to participate then it is what the tenders process turns up.

I must tell you that we have had reason to be concerned about the performance of some of our local participants. Only two days ago I was looking at a position brought to me by a minister where there was an emergency piece of work done and it was called “emergency”. And what the minister was pointing out to me was that once the work was called “emergency” the contracting fraternity felt that that meant “rip-off” and a bill would come in that bears no relation to the work as actually done. So let's say that the work was 10X, the bill was 10X, when you examine what was actually done, how many hours of equipment, how many hours of manpower, how many so and so was done, it was 25% of the market rate. And then in querying it he said, “Ok. Let's just double it for the inconvenience of the emergency conditions.” And then you discover that the bill was double the generous arrangements and then you ask yourself, “How could that happen?” And then you're told, “Well it was an emergency job.”

Now, if there is competition and the procurement processes are at work, that kind of thing ought to be eliminated from the process. And, those who engage in awarding contracts would also now be bound by the conditions of the procurement legislation. So, it is in those areas that we expect to see the benefits of competition. And, of course, those of you who are wanting to get involved – we want to get to a place where your right to participate is the main right not the right to get the contract. You have to earn the contract by virtue of giving a better price and better terms and

conditions. And if you do that then the rest of your colleagues should wish you well and hope to win the other contract.

We are also in the process of embarking – or I should say we have embarked because one contractor NH International has been awarded the first opportunity to take part in the private-public partnership arrangement which is a very important arrangement whose time has come brought to us by virtue of the Government's inability to fund the housing programme. The housing programme is a necessity – there are tens of thousands of people who are looking towards the state to access to housing arrangements and the Government's policy is to try to continue to expand the housing stock. And the Government does not have the cash reserves we had before up to 2009 where the Ministry of Finance was funding approximately a two billion dollar per year construction programme which was being done by contractors, and that programme had literally run away to the extent where an individual unit had moved from 350 in 2007 to approximately 1 million dollars. And we started off talking about low cost housing which no longer exists but, in talking about affordable housing, even the low end of the programme is not affordable for a very very many persons on the list.

And, with the absence of government funding – there is some funding available in the national community and that is where we expect that the financiers, our local banks, will be innovative in supporting their best customers or encouraging new customers in. And, those of you who have equipment and personnel and expertise, you can put together programmes which will still be flexible enough to be the carriers of these programmes under the terms and conditions which we have laid down which are that you would agree up front with the HDC as to what the unit cost is, what is the cost of the contract is, the cost of the financing. You will deliver the finished product, the HDC will have its database and would assign those products to people who would immediately take on the mortgages and interface with the bank. So we keep the money moving from the banks to the contractor and being funded by the recipients of those units.

Interestingly enough, the very first one we've had authorized by one of our distinguished accounting firms at the HDC and won by one of your distinguished contracting companies already is generating a lot of negative comments and suspicion and accusations and allegations which seem to be the order of the day in Trinidad and Tobago. I just want to say to you all that I really would hope that we get away from that and get to the point of giving blue ribbons to those who enter and do well and come out and show that it can be done. Because this Government believes that it can be done and we are going to set about doing it. And, hopefully, at the end of the day, when a short period of tenure as described by Emile Warner a while ago, when that period should have come I would be able to say to you all that, notwithstanding the difficulties we have faced, notwithstanding the cynicism we have faced, notwithstanding the unsure footing that some people may be feeling we have been able to take up our beds and walk in Trinidad and Tobago during what is a very difficult period.

As we look into the future, we are seeing great challenges for our revenue earning quarter. We have issues with production volumes, issues with prices, issues with market shares, issues with loss of personnel and great demands and expectations of the Government of Trinidad and Tobago because we are a country which depends very heavily on the Government. Hopefully, we can shift some of that expectation from the Government unto the private sector where we all can be held responsible and accountable for what we do.

So thank you very much for saying these few words to you and I wish you a very successful seminar.