

SPEECH BY
HON. ROBERT PICKERSGILL M.P.
MINISTER OF WATER, LAND,
ENVIRONMENT & CLIMATE CHANGE
AT THE
LAUNCH OF THE NWC'S K-FACTOR PROGRAMME
AT 6:00 P.M.
ON
WEDNESDAY, JANUARY 23, 2013
AT THE
HOTEL FOUR SEASONS

Ladies and gentlemen, good evening to you all. It is my pleasure to welcome you to the Official Launch of the NWC's K-Factor Programme.

This is a greatly anticipated evening, and is one that marks the culmination of a vision, supported by hard work, co-operation and collaboration among several stakeholders.

In fact, as the saying goes, **“Genius is one percent inspiration and 99 percent perspiration”**, or to quote a similar saying, **“Success is 10-percent inspiration and 90-percent perspiration.”**

With our new K-Factor programme our aim was to see how far we could go in elevating the level of our services and improving our operations, in spite of the obstacles. With those goals having been achieved, my Ministry is pleased to launch this K-Factor Programme which is a visionary effort that holds the promise of improving the quality of water and wastewater services provided to the people of Jamaica, through the NWC.

The K- or Capital Factor Programme as it is sometimes referred to, had its genesis in the Determination Notice of the Office of Utilities Regulation, when in 2008, the OUR granted the NWC a 23% increase in its rates, and made provision for the implementation of a K-Factor, to finance water supply and sewerage improvement projects.

The K-Factor Programme is best described as a partnership between key stakeholders, namely the customers, the NWC, regulatory agencies and the government.

This partnership has, as its aim, the sustainable regeneration, rehabilitation and improvement of the water and waste water systems which are critical to the health, sanitation and well-being of Jamaicans, as well as to the development of our country.

Our function tonight marks the dawn of a new era of improved water and waste water service by the NWC. It is occurring at an opportune time, when resource management, conservation and the sustainability of our water and sanitation infrastructure are among the key issues being deliberated, regarding Jamaica's 2030 Development Agenda.

The introduction of the K-Factor facility was a monumental response to the NWC's operational challenges, including aging infrastructure, and the servicing of equipment and machinery which continue to threaten its prospects for viability.

Given the rapid growth in population, high levels of non-revenue water and the compromised state of many water and waste water supply systems islandwide, it is imperative that these systems be rehabilitated in the interest of our national development goals as well as to improve the quality of life for all Jamaicans.

Under the K-Factor Programme, it is envisaged that projects totaling some J\$50 billion will be implemented over the next eight years. In accordance with the level of urgency required to rehabilitate and improve our water and sewerage systems, approximately J\$15 billion worth of projects have so far been approved by the Office of Utilities Regulation, for expenditure on critical service and efficiency improvement projects.

All K-Factor projects have regulatory oversight, which includes approval of the projects by the OUR. The funds generated from the programme will, therefore, be spent judiciously and will constitute a cardinal resource for transforming the NWC into a viable and efficient water and wastewater utility provider, capable of providing the highest level of service and value to its customers.

The K-Factor and similar interventions will enable the NWC to actualize its mission which is:

To contribute positively to national development by providing high quality potable water and sewerage services to residents and businesses, through a competent and motivated team in a cost effective and sustainable manner.

Specifically, funds will be utilized to finance projects aimed at achieving three objectives. These are:

- Reducing the high levels of non-revenue water (NRW)
- Rehabilitating or retiring selected wastewater treatment plants and expanding the sewer collection network, and
- Improving the operating efficiency of plants and equipment via the implementation of strategic energy conservation programmes, projects and initiatives

The K-Factor Programme constitutes the NWC's most important strategic mechanism for realizing and implementing its Parish Plans. These plans seek to comprehensively address deficiencies and realize improvements in water supply and sewerage services in each parish.

Through the strategic employment of the K-Factor funds, and the management of the programme by a reinvigorated, cross-disciplinary Unit, the NWC will target a reduction of the current Non Revenue Water level by a minimum of 25% over the next six years.

The Non Revenue Water reduction measures will include:-

- Leak repairs
- Targeting illegal connections
- Replacement and installation of new pipelines
- Improved pressure management and
- Customer metering across the island.

The NWC will directly finance some of these projects using the K-Factor Funds, while also utilizing loan financing from financial institutions, including the Inter-American Development Bank and the Bank of Nova Scotia.

Projects earmarked for funding under the K-Factor programme include a **J\$8.13B** Tanks & Pumps Rehabilitation Programme aimed at:

- Maximizing the benefits of system storage within the pumped distribution network, by refurbishing and re-commissioning approximately 288 existing potable water storage tanks
- Reducing energy usage and NRW levels and
- Improving service delivery levels to customers.

Other major projects include an islandwide Non–Revenue Water Reduction and Control Programme. This programme is aimed at reducing physical and commercial water losses from NRW by 50%, or as agreed by the NWC and selected NRW Specialist Firms, within six (6) years from the beginning of the contract.

Projects will also be undertaken to rehabilitate 44 wastewater plants across the country, and to expand connections to the Kingston Metropolitan Area sewerage system.

At this point, I want to say a few words about waste water. This administration is taking concrete steps to rise to the challenge of waste water management through the rehabilitation of critical wastewater treatment facilities islandwide.

We realize that left unchecked and unmanaged, the unprecedented production of waste has the potential to destroy the health and well-being of our citizens and ecological systems, alike. Improper waste disposal can result in a range of potentially fatal diseases, and also encourages the breeding of disease-vector insects, animal scavengers and rodents.

Earlier this month I officially signed the contract for the Sector F Sewerage Project with Vinci.

This project will rehabilitate the sewerage systems serving the communities of Majestic Gardens, Riverton City & Seaview Gardens. which have for some time, been plagued by problems relating to population growth and an ageing and inadequate sewerage collection and conveyance system.

We are taking quick and decisive action to mitigate the health risks to residents of these communities as well as any impacts on the quality of water in the Kingston Harbour.

Ladies and gentlemen, the Jamaica Water Supply Improvement Project, estimated to cost a total of US\$160 Million or approximately J\$15.04 Billion is also earmarked for partial funding from the K-Factor Programme.

The JWSIP programme has achieved encouraging results, which augur well for the success of the entire capital injection programme. Under the JWSIP Category A1 works:-

- The Stony Hill water distribution network was rehabilitated and the supply was improved to the communities of Stony Hill, Sherbourne, Kingswood, Golden Spring, Diamond Road, Wireless Station Road, and Mannings Hill Road
- Non-revenue water in the area was reduced from 70 to 60 per cent
- 760 new customers in informal settlements were added to the NWC's customer base, resulting in average monthly additional revenues of \$683,000, and
- 2,350 households are currently receiving 24 hours of reliable water supply

These are commendable achievements indeed!

Through the K-Factor programme, the NWC will continue to leverage the necessary resources and focus that will propel it towards claiming the coveted position of the Number (#) 1 water and sewerage services utility in the Caribbean and Latin America, in terms of coverage, customer satisfaction, reliability, efficiency, compliance and viability.

Ladies and gentlemen, as I said earlier, I am very pleased to be here to officially launch the K-Factor Programme tonight, because I regard this launch as a turning point for improved service and sustainability in Jamaica's water supply and sewerage services sector.

Without question water is the single, most critical pre-requisite for our other development goals, as without a reliable water supply, we cannot grow our economy, improve human health and sanitation, or preserve our natural resources and ecosystems.

In Jamaica, we have a real advantage in the abundance of our water supplies. Indeed our designation as "*the land of wood and water*", speaks volumes to how blessed we are as a country.

But we face challenges in mobilizing our water resources in order to meet the growing demand from virtually every sector, as well as from domestic users.

These challenges stem from the cost; technical configuration; expensive maintenance activities; the socio-economic constraints in the distribution of water and the management of our wastewater systems; as well as the refusal of many of our customers to pay their rates which amount to billions of dollars.

The fact that Jamaica's water resources are not distributed uniformly across the country; nor are they always located where the largest concentrations of people reside, pose additional challenges in terms of distribution.

Renowned environmental historian Stephen Pyne encapsulates this challenge in this way:-

"Famed as a water planet, Earth has too much water in some places, too little in others, and everywhere the crisis of matching water with people."

Matching water (and sanitation services) with people is a challenge we are all too familiar with here in Jamaica.

The K-Factor Programme will therefore help us to rehabilitate our systems, help Jamaica manage our water resources for long-term sustainability, improve the regulatory and institutional environments; spearhead transformation of the water and sewerage sector, and support the development our nation.

Ladies and gentlemen, success in improving our critical water and wastewater supply systems demands a singlemindedness of purpose. Our challenges are not unique, and they can be overcome. The NWC, through the K-Factor Unit is expected to *integrate* all aspects of the project into the operations of the company, ensure that the proper knowledge and resources are available when and where needed, and above all, ensure that the expected results are produced in a timely and cost- effective manner.

In that regard, the K-Factor Programme will provide 5,000 direct jobs as well as employment for hundreds of skilled workers and will benefit approximately 300,000 customers throughout the island.

Ladies and gentlemen, the momentum begins tonight. Its best support is hard work, careful project management and the meeting of deadlines. There will be adversity. But it is the grindstone of life that will either shave us down or polish us up. The decision is ours.

Our communities will have the continued responsibility of conserving water and jealously guarding the infrastructure that the NWC has provided to improve the quality of life for us all.

Illegal connections and the destruction of infrastructure will cause retrogression and inhibit access to clean, safe water and sanitation systems. We must all cherish and protect our community assets from vandalism, abuse and deterioration. As such, we will be monitoring closely, the progression of the scrap metal industry.

It is my fervent wish, indeed, my charge, that we do not become bogged down by the limitations of the past and the challenges of the future, but instead, visualize a transformed water and sanitation sector, where the proverbial “sky is the limit”, and thereby persevere and excel at our task.

It is with immense pleasure, and the anticipation of new horizons in the delivery of water and sewerage services, that I now officially launch the K-Factor Programme.

May the Programme assist in realizing the Vision 2030 goal of making “**Jamaica the place of choice to live, work, raise families and do business**”.