

**Government of Anguilla: Ministry of
Communications, Infrastructure and Utilities**

Functional and efficiency review:
Implementation Report and Action
Plan

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1 Introduction

This report has been prepared for the Change Management Team of the Ministry of Infrastructure, Communications and Utilities (formerly the Ministry of Communications, Public Works and Utilities), as part of the Public Sector Development Programme of the Government of Anguilla. KPMG has been engaged to support the Public Sector Development Programme through a functional and efficiency review with the objective of improving value for money achieved in the public works, communications and public utility sectors.

The Ministry of Infrastructure, Communications and Utilities has made considerable progress with the public service development process, in particular:

- a Strategic Modelling exercise to identify a vision for 2005, success indicators, mission, and values, as well as mandates, and objectives for each ministry function;
- establishment of a Change Management Team;
- decisions on divestment.

The Strategic Modelling exercise enabled the Ministry Change Management Team to conceptualise a Ministry which has shed its operational functions to focus on planning, co-ordinating sustainable infrastructural development and monitoring and regulating communications and utility services. This has led the Ministry Change Management Team to conclude that it should divest many operational service delivery functions.

Following the Strategic Modelling exercise, the Change Management Team have put forward proposals for divestment of the following areas:

- roads maintenance: into a private sector company;
- vehicles maintenance: contracting out to small contractors;
- water production: contracting out to a specialist company;
- water distribution: establishing a statutory corporation;
- airport management: establishing a statutory corporation or a state owned company;
- port management: merger with the airport into a statutory corporation or a state owned company.

Before the start of this assignment, a Public Utilities Commission was also been proposed to undertake utilities regulation. The remit would include the private sector telecommunications companies and the already privatised electricity company as well as the water supply sector.

1.1 Terms of reference

This assignment was designed to enable the Ministry to evaluate these proposals and to come to firm decisions which will enable it to take forward its plans for public sector development. Below we set out a summary of the terms of reference. The full terms of reference, which were agreed with the Ministry of Infrastructure, Communications and

Utilities Change Management Team at the start of this assignment, can be found in appendix one.

The objective of this review is to enable the Ministry to move forward with the restructuring plans made as a result of the Strategic Modelling exercise of 1996:

- to assist the Ministry in divesting operational functions, in particular to assess the options for divestment, to determine the allocation of roles and responsibilities between the divested organisations and government and to assess likely running costs and future investment needs;
- to advise on the role and regulatory functions of the proposed Public Utilities Commission;
- to review the contract management procedures and to make recommendations for improved efficiency and effectiveness as contracting out is extended to roads maintenance and vehicles maintenance;
- to establish a results-oriented performance monitoring system based on the outputs of the Ministry, its agencies and contractors and other organisations within its areas of responsibility, which will be used to set clear targets and monitor achievement against those targets;
- to review the Ministry's organisation structures and staffing in the light of the proposed changes, and develop a revised organisation structure with job descriptions where posts have changed significantly or new posts are to be created;
- to develop outline organisation structures for the proposed statutory organisations, to assist in financial and human resource planning;
- to prepare an implementation action plan which will assist the Permanent Secretary and the Change Management Team to manage the implementation of the restructuring over the coming financial year.

1.2 Approach to this assignment

In keeping with the participative approach that has been taken to public sector development in Anguilla, all members of the Ministry Change Management Team and other senior managers in the Ministry have been involved in this assignment. Regular meetings and workshops were established for the entire Change Management Team to participate in evaluating issues and developing solutions. Senior managers, in particular Departmental Heads, were involved in all aspects of the work.

We are grateful to all the Ministry staff, in particular to the members of the Change Management Team and to Mr Kenn Banks, the Permanent Secretary, for the time they have given to participating in this work, for their attendance at workshops, for the time they found to discuss the different strands of the review with the consultants, and for the attention which they gave to reviewing documents and reports, and taking the work forward.

1.3 Ministry mission and strategic objectives

In this section we set out the Ministry mission and strategic objectives. The mission and strategic objectives of the Ministry are the basis of all decisions on organisation

structures, assessment of options for service delivery and performance management systems.

1.3.1 *Mission statement*

The mission statement is a high level statement of what an organisation exists to achieve. The Ministry of Infrastructure, Communications and Utilities' mission statement was agreed as part of the Strategic Modelling exercise of 1996:

The Ministry of Infrastructure, Communications and Utilities is in the business of planning and co-ordinating sustainable infrastructural development and regulating communications and utility services for the benefit of Anguilla.

1.3.2 *Strategic objectives*

The Ministry must also be specific about what it seeks to achieve in its key result areas. Strategic objectives are set out below. Although mandates for functional areas were developed as a part of the Strategic Modelling exercise, strategic objectives for the Ministry were not produced at that time. These statements of what has to be achieved by the organisation were therefore developed in an initial workshop to establish performance indicators for the new Ministry.

1.3.3 *Agreed strategic objectives for the Ministry of Infrastructure, Communications and Utilities*

Regulatory

- to monitor and regulate organisations in the communications and utilities fields to ensure quality delivery at affordable cost to the people of Anguilla;
- to licence and regulate transport services to protect passengers and the general public and to enable safe movement of goods;
- to plan and monitor transport and communications systems to ensure that they develop in a co-ordinated and coherent manner which meets the needs of users;

Infrastructure

- to plan and co-ordinate infrastructural development within the resources available which meets the needs of Anguilla;
- to maintain Government's physical assets to agreed standards;

Internal

- to manage the Ministry effectively by increasing revenue to Government, best use of its human resources and efficient management of finances.

1.4 **Structure of this report**

After this introduction our report is structured as follows:

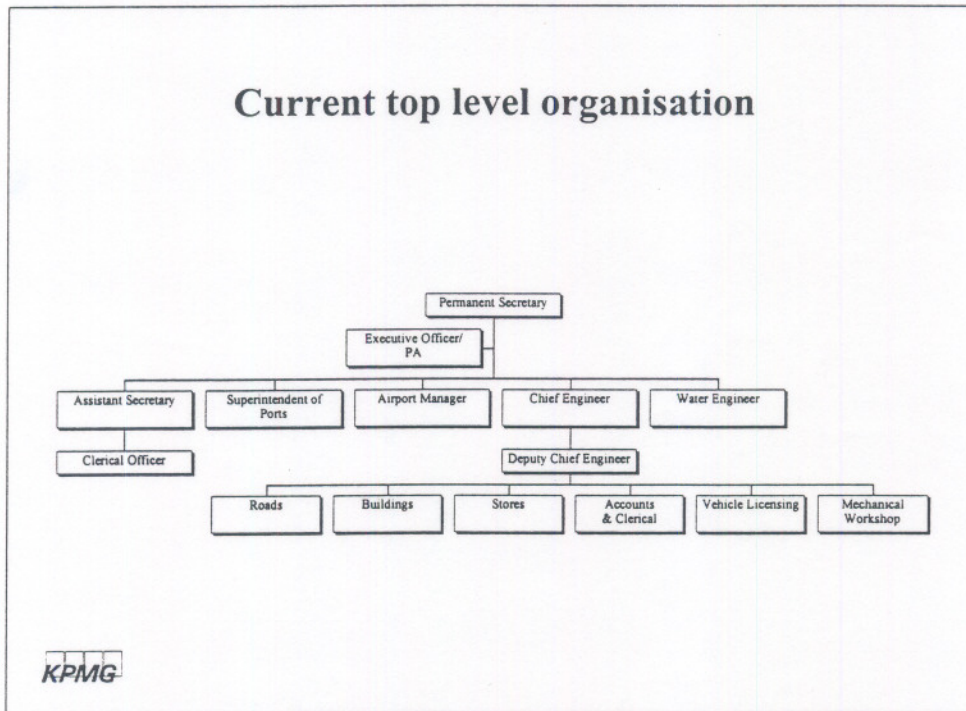
- in section two we review the proposed organisation structure for the Ministry after divestment;

- in section three we reviews the impact that the proposals for divestment and changes to responsibilities will have on the Infrastructure Department. We include a summary of the main recommendations of our detailed review of contract management procedures;
- in section four we set out proposals for the role and regulatory functions of the Public Utilities Commission;
- in section five we review the likely changes for the Water Department;
- in section six we set out the proposals for change in the management of the airport and sea ports;
- in section seven we set out our main recommendations on performance management for the Ministry;
- in section eight we set out the implementation action plan for each functional area of the Ministry.

2 The Ministry of Infrastructure, Communications and Utilities

2.1 Introduction

This section sets out the changes that will occur to the roles and responsibilities, the organisation structure and the staffing of the Ministry. The current organisation structure of the Ministry of Infrastructure, Communications and Utilities is shown in the figure below. (Larger size organisation structure charts can be found in appendix two).

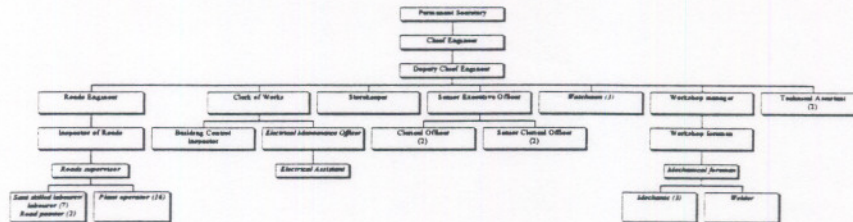


The Ministry is dominated by its operational departments:

- the Airport (with 24 established positions and 26 non-established staff);
- the Sea Ports (with two established positions and nine non-established staff);
- the Water Department (with 8 established positions and 22 non-established staff);
- the Public Works Department (with 17 established positions and 36 non-established staff).

Public Works (PWD) is the largest department in the Ministry. It is responsible for roads construction, roads maintenance, heavy plant operations, buildings construction, buildings maintenance, vehicle maintenance and repair, vehicle licensing and the administrative and clerical tasks that are related to these activities, in particular financial management (including projects). Its structure is shown in the figure below (non-established staff are shown in italics).

Current structure of the Public Works Department



The proposals for divestment, set out in section one, will have significant implications for the future organisation structure of the Ministry. In subsequent sections of this report we examine each of the proposals for divestment in detail and set out recommendations for taking the proposals forward. The divestment proposals effectively mean the removal of the following operational functions from the Ministry:

- the airport;
- the sea ports management;
- the non-established labourers and heavy plant and vehicle operators who work in roads maintenance;
- the vehicle mechanics;
- the mechanical workshop stores.

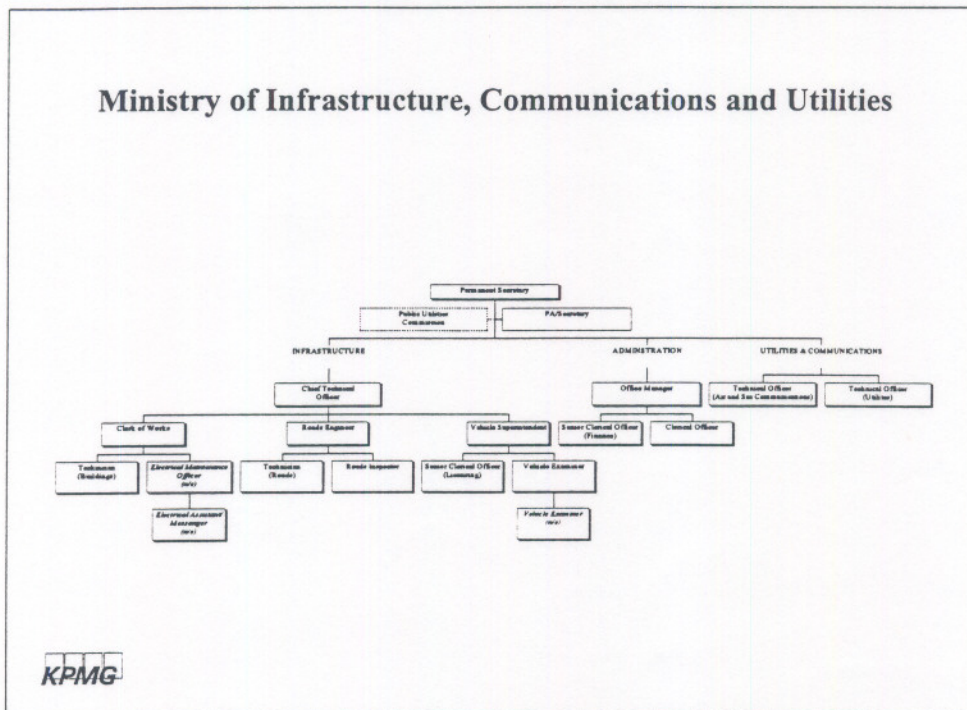
Decisions have already been made about another set of organisations changes. The electrical inspectorate has already been transferred to the Physical Planning Unit (PPU). It is intended that the buildings inspectorate will be transferred there also, as soon as the new Buildings Code regulations are in place. However, the PPU has inadequate accommodation for either group, so, for the immediate future, the staff have remained in their former Ministry offices.

After divestment has taken place, the Ministry will have three main sections:

- the Infrastructure Department, mostly staffed by professionals and technician, which will take responsibility for planning and co-ordinating infrastructure development, maintenance of public assets and contract management ;

- the Utilities and Communications Section which will be responsible for monitoring and regulating divested organisations;
- administrative and clerical support.

The proposed structure and staffing of the Ministry is set out in the figure below.



In the following sections, we discuss the proposed staffing for each section of the Ministry. Outline structures and staffing for the divested Airport, Sea Ports and Water Department are discussed in more detail elsewhere in this report.

2.2 Monitoring and regulatory functions (Utilities and Communications Section)

In future, the Ministry's planning co-ordination, monitoring and regulatory functions will increase and will require dedicated staff. Demands are particularly great in the Telecommunications sector, where technical knowledge is likely to be necessary. There are also significant monitoring and regulatory demands in the electricity generation and distribution sector. Whilst the operational aspects of the airport and sea ports can be divested, it is necessary to retain responsibility for licensing (of craft and personnel) within Government. This is primarily because of the legal positions relating to the Governor's responsibilities for civil aviation, which are discussed in more detail in section six. **We therefore recommend creating two positions to undertake monitoring and regulation:**

- **Technical Officer (Utilities).** This post will take responsibility for utilities monitoring and regulation (telecommunications, electricity and water). The postholder will require a technical/professional background in electrical or electronic engineering. Responsibilities will include:
 - monitoring and analysing performance information;

- licensing telecommunications and broadcasting companies;
- frequency allocation;
- secretarial duties for the Public Utilities Commission.
- the second post of Technical Officer (Air and Sea Communications) will take prime responsibility for aviation and marine matters. Responsibilities will include:
 - monitoring and analysing performance information;
 - registration of craft and licensing of them;
 - liaison with the Director of Civil Aviation, Antigua and international shipping and maritime organisations;
 - acting as the Official Receiver of Wrecks;
 - supporting the Governor in assessing changes to charges for aircraft related services at the airport.

Detailed job descriptions for these two posts can be found in appendix three

We recommend that, in the light of these new positions at a senior level, that the vacant post of Assistant Secretary should be deleted.

2.3 Infrastructure

The proposals for divestment are discussed in more detail in section three below. Divestment will be at the manual level. However, at the professional/technical level, few changes in staffing are proposed because of the need to retain planning, design and contract management responsibilities in the Ministry. **We recommend that the Department should be managed by a Chief Technical Officer**, who replaces the Chief Engineer and Deputy Chief Engineer. The main differences for the Chief Technical Officer will be the removal of day to day operational management. The focus of the post is in contract management, project design and development and project management.

In the Roads section **we recommend the retention of two professional posts (Roads Engineer and Roads Inspector), supported by a Technician.** In the Buildings section **we recommend one professional post (Clerk of Works), supported by a Technician.** **We recommend that Buildings Inspection responsibilities should be transferred to the Physical Planning Unit.** **The two non-established electrical maintenance staff should be retained.**

We recommend that the Storekeeper post should be deleted. Once the Ministry ceases to maintain and repair heavy plant and equipment, there will be little need for a stores function.

On the vehicles side, **we recommend the deletion of the two workshop management posts and their replacement by a Vehicles Superintendent.** This post would take responsibility for establishing a planned maintenance programme for Government vehicles, contracting for maintenance and repair services and for contract management. Further responsibilities of this post will relate to the management vehicles licensing

We have considered the potential for contracting out vehicle inspection to the private sector. However, the small volume of work and the number of staff who would still need

Not done

Buildings

Vehicles

to be retained in the Ministry to monitor contracts and maintain records mean that contracting out would not provide value for money. These services should be retained within Government. At present an average of 10-12 vehicles are licensed each day. However, there are peaks and troughs of demand with up to 50 vehicles per day being presented for inspection at the end of each month. **We recommend that an established post of Vehicle Examiner should be created. One dedicated senior clerical officer will also be needed. Given the peaks and troughs of demand, the Ministry have concluded that a second non-established Vehicles Examiner should be employed.** This post is likely to be part-time, probably for the last two weeks of each month. Proposed changes to take responsibility for revenue collection, issue of registration numbers and other vehicle related licensing activities may increase the workload. The job description of the Vehicle Examiner will therefore need to include a range of administrative responsibilities as well as those for inspecting roadworthiness.

Detailed job descriptions for the Chief Technical Officer and the three section managers can be found in appendix three.

2.4 Administration

It is in the administrative and financial management areas that the most significant impact of divestment will be seen. Once roads maintenance and associated heavy plant and equipment maintenance are delivered under contract, most of the routine Vote Book activities will disappear. In addition, once building and electrical inspection staff are able to be accommodated in their new ministry, the number of members of the public calling into the Ministry will decrease significantly. A dedicated receptionist will no longer be necessary. **We therefore recommend that the administrative functions (primarily the management of the financial and human resources of the Ministry) should be undertaken by an Office Manager. Two clerical assistants will be necessary, in addition to a Secretary/Personal Assistant to the Minister and Permanent Secretary.** The Office Manager will need to ensure that the clerical staff (including the senior clerical officer in the Vehicles Licensing section) are deployed flexibly to meet demands.

2.5 Changes to staffing

In total, once all divestment has taken place, established posts in the Ministry of Infrastructure, Communications and Utilities will reduce from 52 to 16.

33 of the positions which will be deleted from the establishment will be positions that will transfer out of Government as the new statutory organisations are set up. Other posts will be abolished in the light of the proposed changes. Some of the posts which are to be deleted are currently vacant

The proposed changes to staffing are summarised in the table below.

Revenue
collection

Ask Ballack
Per J.D.

Building Roads
vehicles

current
established
staff

Current staffing	Proposed staffing
Permanent Secretary ✓	Permanent Secretary
Assistant Secretary ✗	Technical Officer (Utilities)
Personal Assistant/Executive Officer ✓	Technical Officer (Air and Sea Communications)
Superintendent of Ports	Secretary /Personal Assistant
Chief Engineer	Chief Technical Officer
Deputy Chief Engineer	Roads Engineer
Roads Engineer	Roads Inspector
Roads Inspector	Technician (Roads)
Clerk of Works	Clerk of Works
Building Control Officer	Technician (Buildings)
2 Technical Assistant	Vehicles Superintendent
Workshop Manager	Vehicle Examiner
Workshop Forman	Office Manger
Storekeeper	2 Senior Clerical Officer
Executive Officer	Clerical Officer
2 Senior Clerical Officer	
3 Clerical Officer	
Total: 21 posts	Total: 16 posts

The changes to non-established staff will be significant. The 26 non-established workers in the airport and the 9 in the ports will transfer to the Airport and Sea Ports Authority. The 22 in the Water Department will similarly be transferred to the Water Authority. The 25 workers associated with roads maintenance and six working in the mechanical workshop will no longer be employed. The day security officer will no longer be needed. The post of messenger should be merged with that of electrical assistant. We recommend that the non-established staff should be:

- electrical maintenance officer;
- electrical assistant/messenger;
- vehicle examiner
- 2 watchmen;
- 2 cleaners.

This will be a reduction from 93 to 7 non-established staff.

3 Infrastructure

3.1 Introduction

In this section we examine in more detail the proposals for divestment of the operational functions of the current Public Works Department. We explore the implications of these proposals for staffing and for systems, in particular the changes that will be necessary in contract management and performance monitoring procedures.

3.2 Buildings construction and maintenance

Virtually all operational functions in this section were contracted out several years ago. All construction and maintenance work is carried out under contract. The decision to contract out building maintenance and construction work was initially made because there was not sufficient work to utilise the staff throughout the year. Contracting out is perceived to have led to improved value for money through:

- improvements in the quality of buildings;
- quicker response to customers;
- improvements in timescales to completion of work.

It is also acknowledged that there have been financial savings, although this has not been quantified. ✓

As divestment and a move to managing construction and maintenance through contracts has already taken place, no further changes in the responsibilities and functions of this section are recommended.

3.3 Roads maintenance and construction

A key proposal improving the Ministry's delivery of outputs is the divestment of roads maintenance and construction operations into the private sector and the management of these activities through contract. In this section we examine the proposals in more detail.

The main reasons for divestment are:

- to obtain greater value for money through improvements in productivity. This is expected primarily because private sector workers are more likely to be rewarded by results;
- to improve the supervision and management of workers: a private sector company focused on roads construction and maintenance will be better able to attract and retain competent foremen and supervisors because salaries are likely to be higher, and because the organisation will be able to offer better prospects for career development;
- to secure further improvements in quality through investments in new technology and equipment.

Privatisation of the roads maintenance and construction functions and operation through contracts was proposed before the start of this assignment as the most effective way to

secure these performance improvements. We support these conclusions for the following reasons:

- there are considerable potential income streams and opportunities for profit in this sector;
- the private sector will be in a better position to invest in equipment, technology, training and development. However, such investments are often a lower priority for allocation of public resources;
- the functions could be managed more effectively if a purely commercial approach were adopted to service delivery and charges;
- a greater focus on outputs can be achieved through contract management;
- it is relatively straightforward to monitor this function when it is delivered under contract, in order to ensure that value for money is obtained by Government.

The main disadvantage is the lack of a thriving private sector civil engineering industry on the island. This contrasts with buildings maintenance and construction where private sector capacity was already developed before contracting out took place. The Ministry of Infrastructure, Communications and Utilities will need to take steps to develop the roads maintenance and construction industry in Anguilla in order for it to achieve the performance improvements it seeks. A key element will be the offer of a five year contract for all roads maintenance and locally funded construction, in order to assist the new company to develop.

Need to
 query
 if this is
 being done

3.4 Implications of the decision to privatise and contract out roads maintenance and construction

The initial decision to privatise roads maintenance and construction functions has a number of implications:

- the 25 non-established workers currently employed as labourers, road painters, plant operators and heavy goods drivers will need to transfer to the private sector;
- the assets of the Public Works Department which relate to roads maintenance and construction (primarily heavy plant and equipment) will need to be transferred to the private sector;
- partners must be sought for the workers, in order to provide:
 - competence in civil engineering;
 - operational management and supervision of work;
 - access to investment in plant, equipment and training and development.
- appropriate corporate structures will need to be agreed for the private sector company which will take over roads maintenance and construction operations;
- appropriate contract management and monitoring procedures will need to be established in the Ministry.

who

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3.5 Progress towards implementation

The target date for divestment is January 1998. However, there have been a number of problems which have prevented progress being made toward implementation of the decision to divest. The original proposal by the Ministry of Infrastructure, Communications and Utilities was that a company should be formed by the 25 labourers and plant operators. This 'workers' company' would then form a joint venture company with civil engineering or related organisations to undertake roads maintenance and locally funded roads construction under contract. There were a number of reasons why this corporate structure was proposed:

- there is no current roads maintenance or construction industry on the island. The only competence in these areas is currently in PWD;
- despite the fact that there is no statutory obligation to pay any gratuity to non-established workers who are no longer required, the Government of Anguilla felt a 'moral obligation' to protect the workers who it would cease to employ;
- offering shares to the workers was designed to provide an incentive to greater productivity.

Once the 'workers company' was established, the intention was to seek partners who would provide civil engineering and project management expertise, and, most importantly, access to investment. However, the proposed company established by the workers has proved unacceptable to Government, in particular because of an associate who is making no capital investment and has no civil engineering management expertise, but has been allocated over 25% of the shares.

Although setting up a separate company for the workers was initially favoured because it was seen to give them a collective voice large enough to enable them to take part in decision making, this corporate structure is now proving to be an impediment to progress. **We therefore recommend that a different corporate structure should be adopted:**

- **only one company should be established;**
- **the workers should be allocated shares in that company as individual shareholders. This should be justified as a means of providing incentives to greater productivity and not presented as a means of compensation for termination of employment;**
- **the Government of Anguilla should be a minority shareholder in the company, which should initially be seen as a public/private sector partnership. The Government of Anguilla's longer term intention would be to sell its shares, once contact with the performance of the company and the flow of information;**
- **the Government of Anguilla should advertise for potential partners in this company;**
- **negotiations can then be undertaken to ascertain the details of share allocation and to decide which company would provide best value for money in delivering the roads maintenance contracts.**

3.6 Actions necessary to establish the new company

Details of the actions necessary to establish the new roads maintenance company can be found in the action plan in section eight. To move forward into negotiation with potential partner companies, the Government of Anguilla needs to ascertain the asset value of plant and equipment to be transferred to the new company, the size of investment necessary over the next five years and the likely size of the contract to be offered to the new company.

A mechanical engineer has been engaged by the Ministry of Infrastructure, Communications and Utilities to carry out a valuation of assets and to assess likely investment costs. This will assist the Government of Anguilla in its negotiation on share allocations.

We have assessed the amount spent by Government of Anguilla in recent years on roads maintenance and construction. There is no intention of reducing resources allocated to roads maintenance and construction in the next few years, rather an expectation that the greater productivity achieved through contracting out will enable the Government of Anguilla to achieve greater outputs with a similar level of resources. At present, expenditure on roads maintenance and construction is divided between a number of different subheads in the Estimates. We calculate that, in recent years between EC\$ 1,570,000 and EC\$ 2,120,000 has been spent on roads maintenance and construction. Assuming that the Government of Anguilla wishes to retain some flexibility to adjust the figure upwards either when preparing the budget or during the year and flexibility to reallocate resources to areas which might have attained higher priority than roads maintenance, **we recommend that the guaranteed annual contract size should be in the region of EC\$1,570,000 (EC\$7,850,000 over five years)**. Depending on the priority given to roads maintenance, the Government of Anguilla may, of course, contract for more in any year. Further details of our review of roads maintenance and construction expenditure can be found in appendix four.

3.7 Future of the mechanical workshop

As we noted in section two, once the heavy plant and equipment are transferred to the private sector, demand for vehicles maintenance and repair will reduce significantly. In addition, the vehicles that remain will mainly be light vehicles and a small number of pick-up trucks. There is existing expertise in maintenance and repair of these vehicles in the private sector. The likely workload means that it will not be necessary to retain the mechanical workshop. In section two, we recommended the deletion of the three established posts (Workshop Manager, Workshop Foreman and Storekeeper). Only the Storekeeper position is currently filled. There are also six non-established workers:

- mechanical foreman;
- welder;
- three mechanics;
- store assistant/assistant mechanic.

There is no statutory obligation for a gratuity to be paid to non-established workers whose services are no longer required by the Government of Anguilla. If these workers will be given adequate notice of termination of employment, compensation will not be

necessary. There are reasonable prospects for employment in the private sector for the workers. All workshop equipment and spares should be sold.

3.8 Contract management procedures

- 3.8.1 The recommendations for divestment of operational functions and increase in contracting out will have significant impact on operational systems in the Ministry of Infrastructure, Communications and Utilities. We have worked with Ministry staff to review those operational systems which will enable them to manage the delivery of services through divested organisations. In particular, we have reviewed the contract management procedures currently in operation for buildings maintenance and locally funded construction projects, and have made recommendations for improved efficiency and effectiveness as contracting out is extended to roads maintenance and vehicle maintenance. A full report on contract management procedures has been prepared as a separate document. In the following sections, we summarise our key recommendations.

3.9 Recommendations to improve the existing petty contracts procedures for buildings maintenance and construction

Existing petty contracts procedures for buildings maintenance and construction generally work well and appear to deliver value for money to the Government of Anguilla. However, there are areas where existing procedures could be improved. We recommend that:

- the Ministry of Infrastructure, Communications and Utilities should ensure that all contract specifications are output based;
- an explicit statement of quality standards for each output should be prepared and incorporated into every contract;
- staged payments should be triggered by achievement of specific outputs. These outputs (including the quality standards required) should be explicitly set out in the contract;
- the Ministry of Infrastructure, Communications and Utilities should ensure that provision for the retention of 10% of the contract value until any remedial work has been satisfactorily completed should be incorporated into all petty contracts as well as into larger construction contracts;
- a list of approved contractors should be established;
- the Government of Anguilla should develop a formal contracts disputes procedure;
- the Ministry of Infrastructure, Communications and Utilities should formalise its contracting procedures for all aspects of infrastructure development and maintenance and produce a contracts manual which includes:
 - documented procedures, which can be referred to by all staff concerned;
 - statements of standard quality levels for specific outputs;
 - standard contracts for specific types of work;

- agreed procedures, which are understood by all staff concerned.

3.10 Recommendation relating to Tender Board procedures

Contracts over ECS\$15,000 must follow Tender Board procedures. The main area where we have identified scope for improvement is to ensure transparent tender evaluation. **We recommend that a set of evaluation criteria should be agreed as part of the specification process for each tender and that assessment against these criteria should be a part of the Tender Board's decision making process.** Documentation of these assessments should protect the Government of Anguilla from any challenge to the propriety and regularity of contract award procedures.

3.11 Recommendations for the extension of contracting out to roads maintenance and roads construction

Many of the contracting procedures for roads maintenance and construction can be transferred from the buildings maintenance side. However, the extension of contracting out requires some actions in the short term. **We recommend that:**

- the Ministry of Infrastructure, Communications and Utilities should establish output based payment structures for all roads maintenance and constructions contracts;
- standardised output based specifications should be developed for the most common roads maintenance tasks;
- quality standards should be developed for these common roads maintenance tasks;
- a planned roads maintenance programme should be developed.

3.12 Extension of contracting out to vehicles maintenance

Once the mechanical workshop is closed, light vehicles will be maintained through petty contracts. **We recommend that the Vehicles Superintendent should take on the following responsibilities for contracts management:**

- to develop a planned maintenance programme for all Government vehicles;
- to carry out diagnostic work on vehicles;
- to develop output based specifications for maintenance and repair work, with explicit quality standards;
- to inspect and monitor completed work, to ensure that Government receives value for money.

4 Regulation of Public Utilities

4.1 Introduction

The Ministry of Infrastructure, Communications and Utilities' goal is to evolve into an organisation which focuses on planning and co-ordinating infrastructural development and monitoring and regulating communications and utility services. Electricity generation and distribution was privatised in 1991 and telecommunications are provided solely through the private sector. From 1998, water production will be carried out by the private sector under contract. Divestment of water distribution into a Water Authority will mean that the three key public utilities will no longer be under direct Government control. At present, however, monitoring and regulatory functions are not strong in Anguilla, although the position of Electricity Commissioner exists. There are a number of issues to be addressed:

- no formal mechanisms exist to monitor the performance of the utilities;
- decisions on services to be delivered and charges to be levied are made by EXCO. This introduces a political dimension into the decision-making process;
- there are few legal powers to ensure utilities comply with Government policy. ~~---~~

As a result, there is considerable dissatisfaction with the regulation of public utilities. Before the start of this assignment, a Public Utilities Commission was proposed as a part of the public sector development programme in the Ministry of Infrastructure, Communications and Utilities, in order to address these monitoring and regulatory issues.

An effective Public Utilities Commission can:

- ensure that the needs of Anguilla for economic and social development are met through provision of appropriate services from public utilities at appropriate cost to the general public;
- provide more effective monitoring and regulations of services provided by and the rates and charges levied by the public utilities in Anguilla;
- ensure impartial and transparent reviews of all complaints and areas of dispute;

Establishment of a Public Utilities Commission would assist the Ministry of Infrastructure, Communications and Utilities in its move from an operational focus to a planning and regulatory role. We therefore support the proposal to establish a Public Utilities Commission.

In the following section we set out proposals for:

- the mission and strategic objectives for the Public Utilities Commission;
- the structure of the Commission;
- the powers that the Public Utilities Commission will need to have;
- the role of the Ministry of Infrastructure, Communications and Utilities in relation to the public utilities.

4.2 Proposed mission and objectives for the Public Utilities Commission

4.2.1 Mission

To ensure that the people of Anguilla obtain the appropriate levels of service and value for money in the provision of services from public utilities.

4.2.2 Strategic objectives

- to review and regulate the rates, fees and charges levied by the public utilities for services to ensure that these are fair and reasonable;
- to monitor and regulate the services provided by each public utility to ensure that they are appropriate to the needs of the general public and to the economic and social development of Anguilla, and to require changes to be made that are in the interest of Anguilla;
- to monitor and regulate the facilities and infrastructure provided by each public utility to ensure that it is able to deliver services that are adequate, effective, efficient and safe;
- to approve the introduction of any additional services by each public utility and the withdrawal of services in any sector or area;
- to investigate any complaint, whether made by the Government of Anguilla, a member of the public, a public utility or instigated by the Public Utilities Commission itself, into any alleged failure to comply with public utilities legislation.

4.2.3 Remit

We recommend that the remit of the Public Utilities Commission should include:

- telecommunications of all types;
- electricity generation and distribution;
- water production and distribution.

At present, we do not recommend that the proposed airport and sea port authority should fall within the remit of the Public Utilities Commission. This is because legislation sets out a specific role for the Governor in monitoring and regulating many of the civil aviation aspects. However, there are also proposals for divesting the Post Office and establishing it as a state owned company. It would be possible to increase the remit of the Public Utilities Commission to include the divested Post Office if this is thought to be the most effective regulatory mechanism.

4.3 Structure of the Public Utilities Commission

4.3.1 Commission

We recommend that the Public Utilities Commission should have five members, each appointed by the Minister and serving for three year terms of office. One member should be appointed as Chairman. The Chairman may not be deposed as long as



Formal structure

he/she continues as a member of the Commission. These will not be full-time appointments. The Commission will need to meet at least every two months, and also when reviews and hearings take place. Given that Commission members will also be required to prepare for these meetings, reviews and hearings, we would expect the time commitment to be between 15 and 30 working days a year (depending on the number of hearings and reviews that take place).

In view of the mission and objectives of the Public Utilities Commission, we **recommend that one Commission member should represent the interest of the business community on Anguilla, and that a second member should be specifically appointed to represent the interests of women, who are the main users of domestic utilities in Anguilla.** Three members should constitute a quorum.

Commission members may not:

- own or acquire shares, stock or debentures of any public utility;
- have interest in any contracts or agreement for delivery or services or works to any public utility;
- have interest in any equipment or process which is used by a public utility to deliver its services.

direct or indirect

This third provision does not, of course, exclude a Commission member from using electricity, water and telecommunications services for personal, domestic or business purposes.

Commission members can be removed by the Minister if they are judged to be unfit for office. The Minister may also remove a Commission member on a temporary basis (resulting from illness or absence of a permanent Commission member or when that Commission member has specific interest in a particular issue currently being considered by the Commission). A temporary Commission member can be appointed until the permanent Commission member is able to resume his or her responsibilities.

Salaries, allowances and expenses for Commission members and reasonable running costs should be met by the Ministry of Finance and disbursed by Treasury.

4.3.2 *Reviews and hearings*

For reviews of charges and investigations into complaints that are deemed by the Commission to be serious enough to merit detailed investigation, we recommend that two additional review panel members may be appointed: one to represent the relevant public utility and one to represent the Government of Anguilla. These additional members will be appointed to provide sector specific or expert input into the review. Although the Minister should consult with the public utilities concerning appointments to this panel the Minister should have the final say on appointments.

An allowance should be paid to review panel members when undertaking reviews into complaints, and reasonable expenses should be reimbursed. **We recommend that these allowances and expenses should be met by the relevant public utilities.** Specific charges should be levied on an annual basis (apportioned with due regard to the subjects of review work undertaken during the previous year).

4.3.3 *Staff*

The Public Utilities Commission should be empowered to appoint:

- expert advisers and consultants, when it deems necessary;
- staff to provide administrative support if this is deemed necessary.

Although the Public Utilities Commission should be given powers to appoint its own administrative staff, **we recommend that its main administrative support should be obtained from the Ministry of Infrastructure, Communications and Utilities.** The Ministry of Infrastructure, Communications and Utilities should provide monitoring and review services to the Commission and provide the main Secretariat support for its activities, through the Technical Officer (Utilities).

The Minister should play no part in appointment of staff members. However, the Minister's approval will be needed before the termination of employment of any appointed member of staff. The Minister may prescribe maximum salary levels for any member of staff.

4.4 **Powers of the Public Utilities Commission**

In order for the Public Utilities Commission to carry out its regulatory role it will need to have a number of specific powers granted through legislation. The powers which we set out below have been developed from the legalisation governing the Public Utilities Commission in Barbados, which have proved effective and robust over several years. The powers include:

- to require public utilities to provide performance information which the Commission specifies, at a time and in a manner specified by the Commission;
- to appoint experts to advise it on its responsibilities;
- to review all contracts made between the Government of Anguilla and utility organisations before they are finalised and to require necessary amendments to enable compliance with public utility policy and with legislation;
- to prescribe regulations relating to the levels of fees, charges and rates levied by each public utility;
- to approve all changes to rates, fees and charges, if necessary after a review and hearing to determine whether such changes are fair and reasonable;
- to investigate the costs entailed in producing or generating any services by individual public utilities to ensure that value for money is obtained;
- to prescribe temporary rates for specified time periods, when the Commission determines that current rates may be producing a return in excess of a fair return, to enable a full investigation and hearing to take place;
- where, after appropriate review and hearings, it is determined that rates are unfair, unreasonable or contrary to law, to fix the rates and charges for a service;
- after appropriate review and hearings, to issue orders relating to provision of services, facilities or infrastructure, which must be complied with by the public utility or other person against which the order is made;

To be
 part of
 staff

- to subpoena witnesses and to compel the production of books, records, papers and documents to facilitate reviews and investigations;
- to carry out independent valuations of the assets of any public utility;
- to impose appropriate fines on public utilities and their directors if orders are not complied with;
- to enter into and seize property of any public utilities if orders of the Commission are not complied with;
- to take over the management of any public utility for and in the interests of shareholders, creditors and the general public;
- to apply for the winding up of a public utility in default, where no effective means exist to compel it to comply with an order.

4.5 **Role and responsibilities of the Ministry of Infrastructure, Communications and Utilities in relation to the Public Utilities Commission**

The Public Utilities Commission should be regarded as the regulator. Its powers are specifically regulatory, enabling it to enforce decisions and orders. The Ministry of Infrastructure, Communications and Utilities, on the other hand, has the main responsibility for carrying out the monitoring of the public utilities. It also takes the lead in making reports and recommendations to the Public Utilities Commission. The responsibilities of the Ministry of Infrastructure, Communications and Utilities are:

- to act as the main conduit of performance information between the public utility organisations and the Public Utilities Commission;
- to gather and interpret performance information on public utilities and to furnish reports on the performance of public utility organisations to the Public Utilities Commission;
- to carry out research and investigation into any areas where specific problems or issues are identified, to alert the Public Utilities Commission to the need to carry out investigations or hearings;
- to advise the Public Utilities Commission on Government policy relating to the utilities;
- to review and amend legislation relating to the public utilities;
- where appropriate, to license organisations in the public utilities, ensuring that licensing policy and policies relating to rates, fees and charges and service delivery are co-ordinated;
- to provide secretariat and other appropriate support services to the Public Utilities Commission.

Policy
~~*Developer*~~

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5 Water

5.1 Introduction

As a result of the Strategic Modelling exercise, the decision was made that the Water Department should be divested and become a statutory organisation.

The existing water system is unable to supply potable water to its customers. Water supply in Anguilla is a complex issue:

- the climate is arid in comparison with much of the Caribbean;
- for geological reasons the water drawn from wells is not potable;
- the mains distribution system is inadequate;
- the majority of users rely on rainwater for virtually all of their water supply;
- the private sector can provide water (which is largely imported) through trucks, when rainwater supplies run out. This is at considerable cost to the customer.

Because of the inadequacies of the system, much work has been done to find ways to improve water supply on Anguilla. The Water Development Plan (1989) and the Water Tariff Study (1991) in particular have formed the basis for planning in recent years.

5.2 Current development in the water supply

There are a number of important developments in water supply. A large development project to improve the mains system is under way. The cost will be at least EC\$9,400,000, and will replace poor quality mains pipes and pumps across the island.

In place of non-potable water pumped from wells, the improved mains system will deliver potable water from a desalination plant. This plant will be operated by a private sector contractor. The decision to contract out water production was made because:

- investment costs are significant;
- private sector companies have considerable expertise in an area which is entirely new to Government;
- elsewhere in the region, private sector supply of desalinated water has proved efficient and effective.
- plant has a relatively short life (in the region of five years), which makes it possible to relet contracts on a regular basis. This helps to ensure that Government is not trapped into a long term monopoly supply situation.

These developments make it possible that, for the first time potable water will be delivered reliably to customers. Once this supply is established, the uptake of mains water is expected to increase. More customers are expected to choose to be connected to the main supply and increased use of mains water (rather than rainwater) is also expected.

The next stage will be the divestment of the Water Department. The Watercourse and Waterworks Ordinance (1956) in fact provides for water to be managed by a statutory authority, but this has never been implemented in Anguilla. **We recommend that new legislation, more appropriate to the current needs of the island, is drafted.**

New legislation
Completed

5.3 Divestment into a statutory corporation

Across the region, a statutory corporation is the most frequently selected organisation to supply water. Privatisation of water supply is feasible, but, at present **we recommend that the most appropriate option is a statutory corporation.** There are a number of reasons for this:

- there is considerable scope (particularly with the developments noted above) for a more commercial approach to operations, and in the medium term the Water Authority has the potential to recover its costs;
- however, full cost recovery will not be achieved immediately: most consumers currently have systems that exploit 'free' rainwater. It will be several years before customers shift to reliance on mains water. The lack of profits until that time makes water distribution unattractive to private investors;
- there is continued need for capital investment in the system, which Government may not always be able to supply. A statutory corporation will have access to a wider range of funding sources;
- the strategic importance of safety, reliability and adequacy of water supply is such that Government must continue to have an involvement in this function in Anguilla;
- water supply is a natural monopoly and as such must be carefully regulated. A statutory corporation will mean that Government is represented on the Board, and has significant influence on policy and operational decisions.

The target date for divestment is 1 January 1999. The earliest date for delivery of potable desalinated water will be September 1998 (the contract is due to be signed by the end of 1997). Legislation to establish the authority must still be drafted, and the political issues relating to charging structures, level of subsidy and planned rate of decrease in subsidy must still be negotiated.

5.4 Revenue and costs of the Water Authority

The Water Tariff Study (1991) carried out a detailed study into the likely costs of a Water Authority and modelled potential revenue. Although details of costs may have changed over six years, the only area where any significant alteration will be necessary is to depreciate costs in the light of the Water Development Programme investment. Much of the work carried out in 1991 can readily be adapted in the coming year as the proposed authority is involved in detailed financial planning.

Charge structures will need to be changed significantly in the light of the reliable supply of potable water. Charges will need to increase, to enable cost recovery. However, the strategy for achieving full cost recovery over the medium term (and the charges necessary to achieve this goal) will be a political issue as much as a business decision by the new authority. It is likely that, initially, Government will continue to subsidise the

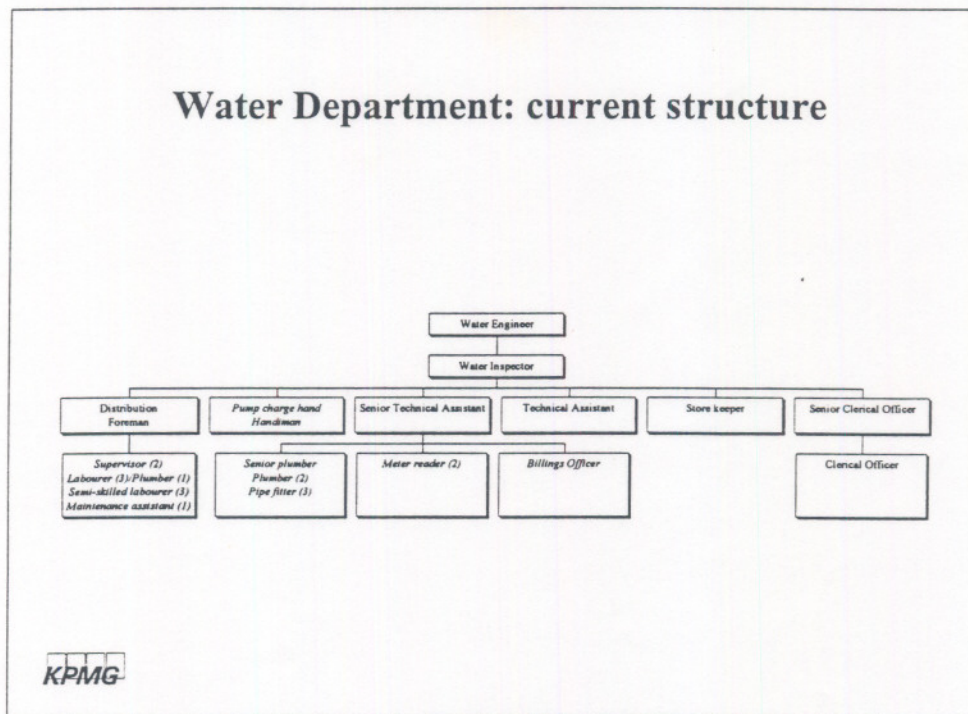
water supply system, at least until customers have recognised the benefits (and the long term decrease in cost to themselves) of a mains supply.

5.5 Proposed organisation structure and staffing for the Water Authority

Our main focus in this assignment was to review the current organisation structure and develop proposals for the structure and staffing of the new authority. We have prepared outline proposals for the future structure of the organisation, which are intended to assist managers with financial planning for the new organisation and, in particular, with human resource planning.

5.5.1 Current structure

The current organisation structure of the Water Department is set out in the figure below.



There are eight established positions and 22 non-established workers. Currently the position of Water Inspector is vacant, and most of the responsibilities are covered by the Water Engineer. The Distribution Foreman has responsibility for the maintenance of the existing mains network, and has a team of manual workers who carry out repairs. Two supervisors with regional responsibilities for monitoring the condition of the network report, in practice, directly to the Water Engineer, despite the formal structure. The Senior Technical Assistant manages a technical team in charge of customer connections.

The Technical Assistant takes responsibility for monitoring water quality. A non-established worker is currently in charge of the billings process, and reports to the Senior Technical Assistant. The Senior Clerical Officer is responsible for the clerical and administrative staff. In addition, the current Senior Clerical Officer provides assistance to the Senior Technical Assistant in co-ordinating the work of field officers and their work programme.

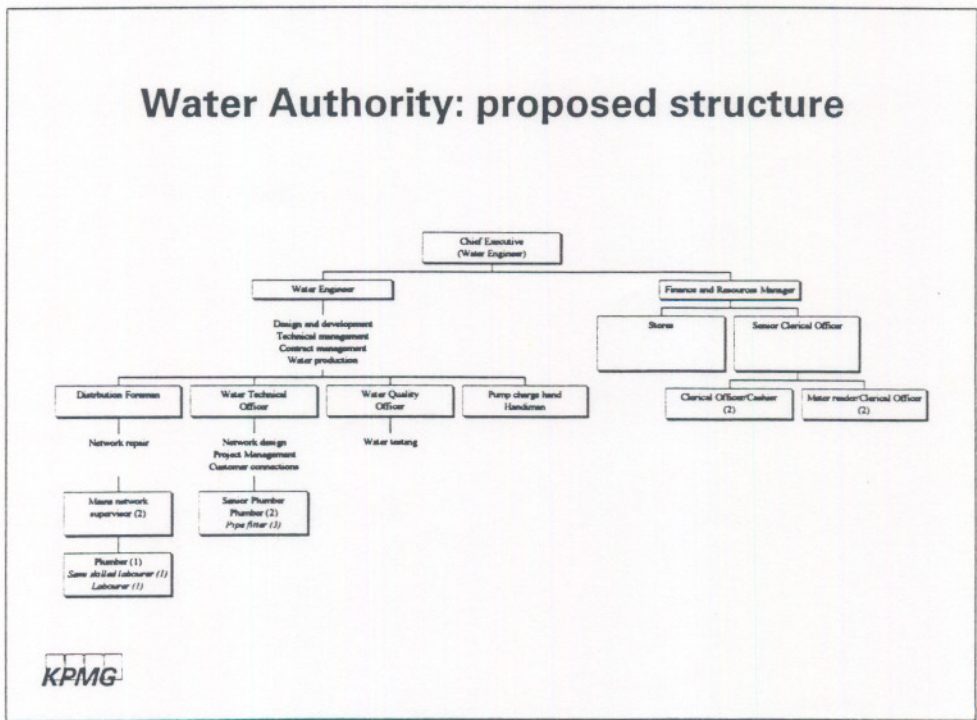
5.5.2 *Likely changes in staffing requirements*

The changes outlined above will have an effect on staffing needs. Once water production is contracted out to the private sector, there will be a need for dedicated contract management staff. In addition, the two staff who currently pump ground water into the system will instead take responsibility for pumping the water produced by the contractor, storage of that water and its distribution into the mains.

Billing is likely to be monthly rather than bi-monthly, because of the requirement to make contract payments to the water production contractor. Although a Water Billing study has commenced, the billings system will not be fully computerised before the Water Authority is established. At present, clerical staff elsewhere in the Ministry assist with billings. In the short term, the new authority will therefore need to increase the number of its clerical staff. However, the meter readers are currently under-utilised. **We recommend that, in future, meter readers should be expected to take on clerical tasks related to billing when not meter reading.** Once the Water Authority is established responsibility for cash collection will be the sole responsibility of the Authority. **We recommend that two clerical officers will be needed to run the billings process, manage customer data and provide clerical support.**

As the Water Development Project reaches its end and more reliable pipes are installed, the number of workers, particularly labourers, required in network maintenance will diminish. A team of 4, rather than 7 is likely. Initially, the volume of work in customer connections is expected to increase, as potable water is distributed through the mains network for the first time. However, within a two to three year timescale, fewer manual workers will be necessary in this section.

The proposed organisation structure and staffing for the Water Authority is set out in the figure below. Job descriptions for the three senior posts can be found in appendix three.



The Chief Executive (who should be a qualified Water Engineer) will be supported by a Water Engineer and a Finance and Resources Manager. The Water Engineer will take responsibility for managing all technical aspects, but in particular for water production (this includes management of the production contracts). The Technical Officer will assist with design work and project management, as well as managing customer connections.

The Water Authority is likely to offer full pensionable employment to a larger number of staff than was thought appropriate when it was a Government Department. The meter readers, pump operators, mains network supervisors, and skilled staff (particularly plumbers) all deliver core services relating to supply of water to consumers and should be transferred to pensionable employment. However, staffing needs in manual areas will vary over the coming years. Labourer and pipe fitter posts should remain casual positions.

When the Water Authority is established, there are likely to be 20 permanent and pensionable staff and five casual staff.

6 Airport and Sea Ports

6.1 Introduction

Over recent years, the airport and sea ports (in particular the airport) have been constrained by being core Government departments from operating in a more commercial manner. Divestment of airport and sea port operations is a growing trend in the region and the Ministry of Infrastructure, Communications and Utilities has made the decision that airport and sea port operations should be divested in Anguilla.

6.2 Options for divestment of the airport and sea ports

There are a number of options for divestment, and, in the case of airport and sea ports operations, the selection of the most appropriate option for delivery of services, in order to improve efficiency and effectiveness, is not as straightforward as it is in the case of roads maintenance, vehicles maintenance or water supply.

A full discussion of the different options, their benefits and disadvantages and their appropriateness for airport and sea port operations in Anguilla can be found in appendix five.

Four options, each of which is discussed in more detail below, are worth serious consideration in Anguilla:

- privatisation;
- establishing a statutory corporation;
- establishing a state-owned company;
- establishing an agency.

Full **privatisation** is not at present appropriate for the following reasons:

- the statutory requirement (the result of the islands dependent territory status) to retain many safety and security functions in the public sector;
- the low asset value of current facilities which reduces likely one-off revenue to Government on the sale of assets;
- the strategic importance of these operations to Anguilla, which meant that decisions (for example on fees and charges) may need to be based partly on non-commercial factors;
- Government needs to retain control over future plans for airport and port development which is needed to ensure that these strategic operations continue to meet the economic and social need of Anguilla;

This does not, of course mean, that private sector investment cannot be involved in any future development programme in some form of joint venture company or through provision of services under contract.

A **statutory corporation** appears an appropriate option for the following reasons:

- the service is of such importance to the economic and social development of Anguilla that it should remain in the public sector and the Government of Anguilla should retain some involvement in its management;
- with a more commercial approach to operations, revenues can be increased significantly;
- the organisation has the potential to break even, even if large profits are unlikely;
- there will be continued demand for investment which may not be met from Government resources. A statutory corporation will have a wider range of funding source that can be approached, for example accessing loans directly or through Government;

In Anguilla, there are few significant operational differences between a statutory corporation and a **state-owned company**. In many countries, the greater burden of financial reporting and company tax liabilities can reduce the attractions of company establishment. Neither of these are required in Anguilla. The implications of a state owned company at present are:

- greater involvement of the Ministry of Finance in company management and potentially reduced direct involvement of the Ministry of Infrastructure, Communications and Utilities, except in regulation;
- more complex financial considerations in establishing the company than for a statutory corporation;
- greater potential financial autonomy for the company than for a statutory corporation.

A specific problem for the airport and sea ports is the likelihood of greater involvement of the private sector in the future, assuming that development of the airport is necessary. The shape and direction of airport development plans are currently unclear. Flexibility may be needed to facilitate private sector involvement, which could be constrained establishing a company structure at this time.

A **government agency** would be the favoured option where there are statutory reasons why an organisation should remain within Government but there is potential for increase in revenue with a more commercial approach, separation of operations from policy making, the establishment of clear operational targets and managerial freedoms which will increase value for money. In Anguilla, an agency is not the most appropriate option because:

- although civil aviation, regulatory and licensing functions must remain within Government, there is no statutory reason why this is necessary for airport and port operations;
- the organisation will not require substantial Government funding to meet recurrent costs and can become self supporting;
- future capital requirements for development are unlikely to be met from Government resources.

We recommend that the most appropriate option for divestment of the airport and sea ports is, at present, a statutory corporation. This option will remove the airport and sea ports from the constraints of bureaucratic government procedures, yet retain it within the control of Government.

The target date for divestment is 1 January 1999. A number of tasks remain, in particular the drafting of legislation to establish the Airport and Sea Ports Authority. These are set out in the action plan in section eight.

6.3 Roles and responsibilities for civil aviation and maritime matters

Two factors affect the allocation of roles and responsibilities between Government and the Airport and Sea Ports Authority:

- the intention to retain licensing and regulatory function within the Ministry of Infrastructure, Communications and Utilities;
- the status of Anguilla as a Dependent Territory, which affects civil aviation matters.

Civil aviation legislation, and the roles and responsibilities of the Governor in relation to civil aviation and airport operations are discussed in detail in appendix six. The Governor has responsibility for all aspects of civil aviation relating to the safety and security of operations, in particular to:

- register aircraft;
- inspect the airworthiness of aircraft;
- license and inspect aerodromes;
- licence staff in most key areas of civil aviation;
- secure the safety of aircraft, passengers and the general public;
- regulate charges made for the use of aerodromes;
- investigate accidents.

Many of the Governor's powers can be delegated. At present some are delegated to the airport managers and others to the Director of Civil Aviation (DCA) in Antigua. These delegations will need to be reviewed before the Airport and Sea Ports Authority is established to ensure that appropriate delegations are made to the Ministry of Infrastructure, Communications and Utilities, the Chief Executive of the Airport and Sea Ports Authority and to the DCA.

The only power that cannot be delegated is the prescription of fees for inspection, certification and licensing of aircraft, facilities and staff. There is no statutory barrier to airport operation by a statutory corporation (or even by the private sector) as long as the licensing and regulatory functions are retained by Government.

The Governor also has powers to review and prescribe charges for airport operations. It is the view of the Attorney Generals' Chambers that these powers relate only to charges for or relating to the aircraft themselves, rather than wider commercial charges (such as concession rentals or parking fees). A regulatory mechanism, in particular for review of charge levels, will therefore need to be established through legislation, after consultation with the Governor and with the UK CAA.

The legislation will need to identify which fees and charges are to be regulated by the Governor and which are deemed to be 'commercial', and the responsibility of the Chief Executive of the Authority. **We recommend that a monitoring and review committee should be established to enable the Governor to exercise his powers of reviewing**

aircraft related charges and ensuring safety and security of civil aviation operations. The committee should be chaired by the Governor, supported by the Director or Deputy Director of Finance. As with the Public Utilities Commission, two other members may be appointed by the Governor for the duration of any review into charges. One should be appointed to represent the interests of the Authority and the other to represent the interests of the key customer group (depending on the nature of the charges to be reviewed).

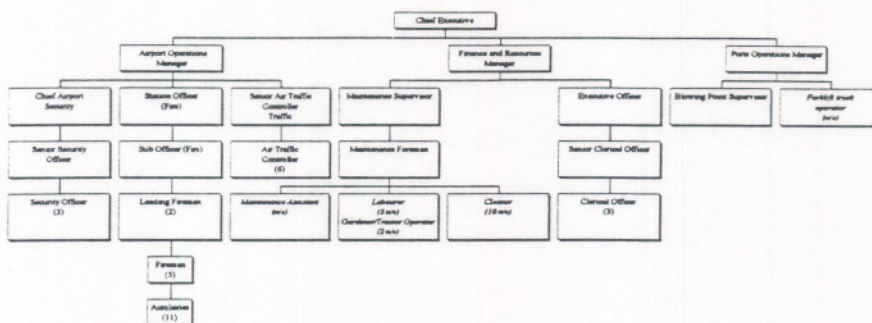
6.4 Proposed organisation structure

Few changes are anticipated initially for the new Airport and Sea Ports Authority. The only areas where changes to the current staffing of the airport and the port management are anticipated are:

- a finance and resources manager, who will be the third member of the senior management team, taking responsibility for all financial and human resources management as well as managing clerical and maintenance services which will be common to both the airport and sea port;
- an executive officer who will take responsibility for managing the allocation of clerical duties and for the collection of fees;
- one additional clerical officer to assist in financial management and revenue collection;
- offer of permanent and pensionable employment to all staff in the core fire and security areas (except for night watchmen);
- a supervisor for Blowing Point ferry terminal, where there are a number of day to day operational management issues that at present are either not addressed at all, or fall to Customs Officers to address, even though they have no responsibility for the management of the port;
- abolition of the posts of ferry terminal auxiliaries, who carry out taxi despatch duties which are effectively discharged by the Anguillian Taxi Operators' Association at the airport.

We have developed an outline organisation structure, in order to assist the managers in the airport and sea ports in their planning for divestment. In particular, an outline structure is necessary to contribute to financial planning and to enable the new authority to plan for recruitment and staff development. The proposed structure is set out in the figure below. Job descriptions for the four senior management posts can be found in appendix three.

Airport and Seaport Authority : proposed structure



KPMG

6.5 Operational changes at the sea ports

In the medium term, changes will be necessary to improve performance at the sea ports. Management of sea port operations by the Ministry of Infrastructure, Communications and Utilities is relatively recent: for many years, port operations were managed by Customs and Excise. However, few services are currently delivered by the sea port operations staff (who are only two in number).

The structure of fees and charges for port users is archaic, and requires thorough revision. Detailed consideration needs to be given to whether the sea port should remain as a very small management operation focusing only on co-ordinating services delivered by other organisations (in Government and from the private sector) or whether functions such as freight handling should be more actively managed (and develop into a source of revenue to the Airport and Sea Ports Authority).

These are complex issues. The changes that might result from a review of functions, services, fees and charges may be significant. Funding is currently being sought for technical assistance to review development options for the port. That consultancy will include consideration of management and service delivery issues, and is likely to take place in mid 1998. **We therefore recommend that, rather than seek to bring about such changes before divestment of the sea ports, sufficient autonomy should be given through legislation to the management of the Airport and Sea Ports Authority to resolve these issues taking account of the recommendations of the port development consultancy, and that these should be matters to be addressed in the early years of the new authority's operations.**

6.6 Financial viability of the Airport and Sea Ports Authority

We have reviewed the financial viability of the Airport and Sea Ports Authority, in particular assessing likely recurrent expenditures and revenues. Full details of our review can be found in appendix seven.

The main conclusions of our review are:

- many of the recurrent costs of the Airport and Sea Ports Authority are not currently found in the Estimates. Those paid directly by Treasury, include:
 - on costs for staff to cover pensions and social security and holiday pay for non-established workers;
 - contributions to international organisations;
 - insurance costs;
- depreciation of fixed assets will be substantial (particularly when the runway resurfacing programme is completed in 1998). This will be a charge on recurrent costs;
- in future, the authority will also need to budget for interest payments for loans to fund capital expenditure;
- total annual recurrent costs appear to be between EC\$ 3,700,000 and EC\$ 3,900,000;
- there will be increased scope to increase fees and charges to levels where a commercial return is possible;
- despite the expected revenue increase, there is likely to be a shortfall of some EC\$2,000,000.

The above calculation does not include embarkation tax revenues. In other countries in the region where airport and port services are delivered by private organisations or statutory corporations, embarkation taxes (also called passenger service charges or airport user fees) are retained by the airport or sea port. This is the case in St Lucia, St Kitts and Nevis, and Jamaica. The Ministry of Finance in Anguilla is willing to consider allowing the Airport and Sea Ports Authority to retain embarkation taxes, which totalled EC\$ 1,711,514 in 1996. If embarkation tax is added to the revenue of the new authority, the shortfall in year one of operation will fall to less than EC\$600,000, which is a small enough amount for the management of the new authority to cover with increased charges for some services, or from securing internal efficiency gains.

We recommend that the Airport and Sea Ports Authority is permitted to retain embarkation tax.

7 Performance indicators for monitoring and regulation

The changes in organisation and service delivery in the Ministry of Infrastructure, Communications and Utilities which we have discussed in this report mean that the Ministry needs to develop a performance management system to allow it to co-ordinate, monitor and regulate infrastructure development, communications and the utilities.

In future, the Ministry of Infrastructure, Communications and Utilities will need to have access to performance information about the contractors, statutory organisations and private companies which deliver the services for which the Ministry is responsible. Access to information about finances, revenue, staff and performance of autonomous bodies in the infrastructure, communications and utilities fields will no longer be instantly available to Ministry managers. The Ministry needs to plan now, to ensure that it is going to get the information it needs to allow it to carry out its mission.

In order to co-ordinate, monitor and regulate the performance of other organisations which implement Ministry policy and programmes it will be necessary to:

- focus on tangible outputs which can be measured;
- set clear and attainable objectives and targets for these outputs;
- find ways of measuring the performance of the Ministry and related organisations against these targets.

A review of performance indicators has therefore been undertaken at this stage in the development of the Ministry for the following reasons:

- it is necessary to identify required performance information before developing contracts for service delivery, to enable the requirement to be written into any contract;
- performance information and reporting requirements can similarly be written into legislation establishing statutory corporations;
- any legislative changes necessary to bring the utilities into line with requirements can be identified;
- performance management systems which may be necessary to provide the required information can be identified before new organisations are set up. Many efficiency indicators require the identification of the costs of an output. Unless financial reporting is based around these key outputs, information will not be readily available. It is more difficult to make significant changes to financial reporting structures once new organisations have been established and once the Ministry itself has restructured.

7.1 Performance indicators

The performance indicators agreed by the Ministry Change Management Team are discussed in detail in the separate report on performance indicators for the Ministry of Infrastructure, Communications and Utilities and are summarised in appendix eight. Below we discuss some issues relating to performance indicators at a strategic level.

7.1.1 *Efficiency and effectiveness*

The majority of the agreed performance indicators assess the effectiveness of delivery of the output: whether the results that the Ministry requires have actually been achieved. For relevant outputs, we have also developed efficiency indicators. Efficiency indicators focus on the inputs necessary to achieve these outputs, in particular to the cost of achieving these outputs.

7.1.2 *The strategic nature of these performance indicators*

We have developed a relatively small number of high level indicators which give summary information about overall efficiency and effectiveness, in particular of the divested organisations. The purpose of these indicators is to answer key questions where the Ministry needs to satisfy itself that specific outputs are being delivered efficiently and effectively. These are strategic indicators: providing the performance information which senior managers in the Ministry need in order to plan, contract for services and to ensure that key outputs are being delivered to the required standard.

The strategic focus of these performance indicators means that these performance indicators will not necessarily satisfy all the information requirements of operational managers within the Ministry or in related organisations. In order for them to understand performance within their own areas, and in order to investigate reasons why trends may be developing, more detailed and specific performance information may at times be necessary. Managers in the Ministry need therefore to be prepared to ask questions about any adverse performance information and to explore the underlying issues when necessary, consulting the operational organisations as appropriate.

7.1.3 *Measuring achievement*

Performance information is essentially comparative. We cannot look at a set of figures and understand whether the Ministry or related organisations have achieved satisfactory or unsatisfactory results unless there is some benchmark against which to assess them. For the most part, this benchmark is supplied by a target or planned figure, to which the actual achievement can be compared. In other cases, the most valuable comparison is with the previous year, providing information on trends in a particular area.

7.2 **Implications of a more effective performance management system for the Ministry of Infrastructure, Communications and Utilities**

The introduction of more effective performance management systems will have implications for the Ministry of Infrastructure, Communications and Utilities, and for its related organisations. In this section we briefly discuss some of these implications, many of which will be addressed in the action plan for implementation.

7.2.1 *Planning*

Performance information is always comparative, and some of the most frequent performance indicators compare achievement with planned or target levels. Development of some of these performance indicators has revealed some shortcomings in planning. Implementation of performance indicators in the Infrastructure Department

requires the development of planned maintenance programmes for roads, buildings and vehicles, which include:

- assessment of the current state of assets;
- development of prioritised programmes of maintenance for the year, which reflect the likely resources available;
- where applicable, targeted monthly programmes, and efficiency targets.

A more explicit output orientation in planning and budgeting is likely to bring these issues into focus.

Regulated and monitored organisations will also need to focus in more detail on their planning. All related organisations will need to inform the Ministry of Infrastructure, Communications and Utilities of planned investment levels for the year, as well as setting a number of customer service targets. Specific plans and targets relating to infrastructure and service levels are also required for each organisation.

7.2.2 *Financial management*

Development of better performance information can have a significant impact on the collection of financial information. In theory it is currently possible to assess the performance of the Ministry against the proposed efficiency indicators. The necessary information can be obtained from Vote Book records. However, current financial and budget systems do not make this an easy task. Public sector financial reporting systems are based on programme and item expenditure, which are not necessarily aligned to key outputs.

For infrastructure areas, the Ministry of Infrastructure, Communications and Utilities will need to separate expenditure on roads maintenance and roads construction, as well as to ensure that key maintenance activities (such as pothole filling) are identifiable in the records. A separate budget head for the Vehicle Licensing section will be necessary.

Each utility will need to be able to report total costs of fault repairs, as well as some sector-specific cost figures (for example line repair and maintenance for electricity). The airport and sea port authority will need to maintain separate records for the port and airport, as well as producing figures for the maintenance of safety and security equipment.

7.2.3 *Management information systems*

Performance information is not gathered systematically across the Ministry at present. Even when information is held by individual managers for operational purposes, it is not easy to access that information: performance data are held in small databases, aggregated into larger subheads in Vote Books or can be found in paper reports. In many cases, performance information is not gathered at all. The performance data are not actively used as a management tool. The action plan reflects the need to support the change in the Ministry's role by developing simple management information systems which will enable more effective performance management. In many cases this will include computerisation in the longer term.

At a more fundamental level, the Ministry needs to make positive decisions at top management levels to ensure that the new role of planning, co-ordinating, monitoring and regulating is effectively implemented. This not only means establishing procedures and systems to ensure that reporting against the performance indicators takes place. It also means equipping managers to use the information for monitoring, planning and resources allocation and encouraging them to do this. Senior managers in the Infrastructure Department will need to be accountable for reporting against these agreed indicators.

In the initial stages there will also need to be changes to legislation relating to the utilities, including the establishment of the Public Utilities Commission, as well as modifications to contracts, to ensure that the required data is reported. Once this is done, regular monitoring and reporting procedures will need to be established as well as mechanisms to obtain more in-depth information when the basic performance indicators reveal trends which give the Ministry concern.

8 Implementation Action Plan

8.1 Introduction

In this section we bring together the different strands of our work in the form of an implementation action plan. We list the actions that must be taken in each functional area in order to ensure the successful implementation of the public sector development programme in the Ministry of Infrastructure, Communications and Utilities.

This action plan is primarily for the use of the Permanent Secretary and the Ministry Change Management Team, in order to allocate responsibilities for action and to monitor that actions are undertaken in a timely manner. In addition to listing the actions, we note:

- the timescale;
- who should take main responsibility for the action;
- evidence of completion in order that the Permanent Secretary and Change Management Team can monitor progress.

8.2 Ministry headquarters

Action	Evidence of completion	Responsibility	Timescale
Change name of Ministry to Ministry of Infrastructure, Communications and Utilities	Approval of new title by EXCO	Permanent Secretary, MICU	Dec 1997
<i>Staffing</i>			
Revise job descriptions where necessary	Revised job descriptions agreed	Permanent Secretary, MICU, Office Manager	30 Nov 1997
Agree whether to seek contract or permanent appointments and fill vacant new positions	Staff appointed	Permanent Secretary, MICU, Permanent Secretary, PA	Jan 1998
Establish training and development needs of staff in new posts and set up training/development programmes	Training/development programmes agreed	Permanent Secretary, MICU, Permanent Secretary, PA	Mar 1998

Training/development programmes implemented	Agreed programmes undertaken by appropriate staff	Permanent Secretary. MICU, Office Manager, Permanent Secretary. PA	Jan 1999
Identify staff whose positions are superfluous and set up mechanisms for transfer to vacant positions elsewhere	Staff transfer from MICU	Permanent Secretary, PA	Jan 1998
Establish policy for staff transfer to divested organisations	Policy statement agreed with unions and issued	Permanent Secretary PA, Director of Finance	Feb 1998
<i>Legislation: Public Utilities Commission</i>			
Carry out detailed review of model legislation for Public Utilities Commission	Detailed comments and notes on policy areas prepared for lawyer	Permanent Secretary, MICU, Water Engineer	1 Dec 1997
Appoint lawyer to draft legislation	Lawyer appointed	Permanent Secretary MICUO, PSD Co-ordinator,	Feb 1998
Draft legislation for Public Utilities Commission	Draft legislation passed to ministry for review	Legal consultant	May 1998
Pass draft legislation to Attorney General's Chambers	Legislation agreed and passed to EXCO	Attorney General	May 1998
Agree and enact legislation	EXCO approval	EXCO, Permanent Secretary, MICU	Aug 1998
Commission members appointed	Appropriate appointments made	Minister of ICU	Dec 1998
Public Utilities Commission established	First meeting of Commission	Minister of ICU, Permanent Secretary MICU	Jan 1999
<i>Performance management</i>			
Agree timescales for reporting on performance (monthly/quarterly, annually) and agree mechanisms for gathering information	Reporting timescales agreed and issued to all relevant managers	Permanent Secretary MICU, Chief Technical	Dec 1997

		Officer, Senior managers	
Restructure finance recording and reporting systems around key outputs to enable performance information to be produced: <ul style="list-style-type: none"> ■ road maintenance; ■ road construction ■ vehicle licensing ■ airport; ■ seaport. 	New Vote Book structure agreed	Permanent Secretary, MICU. Office Manager, Director of Finance	Dec 1997
Agree performance indicators and their provision with telecommunications and electricity companies	Written agreement to report on performance indicators obtained	Permanent Secretary, MICU, Technical Officer (Utilities)	Mar 1998
Establish procedures for monitoring and performance analysis of organisations in utilities and communications sectors within the Ministry of Infrastructure, Communications and Utilities	Procedures agreed and issued	Permanent Secretary, MICU, Technical Officers	Mar 1998
Assess management development requirements to embed performance monitoring of achievement into management culture in Ministry	Training or development plans prepared and enacted	Permanent Secretary, MICU, Training Officer	May 1998
Implement performance information systems	Performance information received from utilities by Ministry and acted on	Permanent Secretary, MICU, Technical Officers	July 1998

8.3 Infrastructure Department

Action	Evidence of completion	Responsibility	Timescale
<i>Divestment of road maintenance</i>			
Agree company structure for roads maintenance company	Advertisement for private sector partners drafted	Permanent Secretary, MICU, Director of Finance	30 Oct 1997
Communicate decisions on company structure to workers	Communications completed	Permanent Secretary, MICU	4 Nov 1997
Communicate decisions and plans to EXCO	EXCO informed	Permanent Secretary MICU	30 Oct 1997
Advertise for private sector partners	Advertisement issued and contact made with likely partners	Permanent Secretary MICU	12 November 1997
Value the assets to be transferred to road maintenance company	Valuation report agreed	Permanent Secretary, MICU	7 Nov 1997
Negotiate with partners on <ul style="list-style-type: none"> ■ share allocation ■ contract size and scope 	Partner selected and negotiations concluded	Permanent Secretary MICU, Director of Finance	19 Dec 1997
Obtain legal assistance to draft contract	Draft contract prepared	Permanent Secretary MICU, Attorney General	12 Nov 1997
Agree payment structures for road maintenance and construction	Incorporation of payment structures in contract	Permanent Secretary MICU, Director of Finance	19 Dec 1997
Agree contract	Contract signed	Permanent Secretary MICU, Director of Finance, EXCO	31 Dec 1997
Issue notice to workers in roads areas	Notice issued	Permanent Secretary MICU, Permanent Secretary PA	5 Nov 1997

Communications of decision to other public servants and general public	Communications drafted and issued	Permanent Secretary MICU	5 Nov 1997
<i>Staffing</i>			
Make changes to establishment of Ministry	Changes set out in Estimates	Permanent Secretary, PA	Dec 1997
Appoint staff to vacant and newly created posts: <ul style="list-style-type: none"> ■ Chief Technical Officer ■ Vehicles Superintendent ■ Vehicles Examiner ■ Technician (Roads) ■ Roads Inspector 	Posts filled	Permanent Secretary MICU, Permanent Secretary, PA	March 1998
Transfer Building Control functions and staff to Physical Planning Unit	Changes made to establishment	Permanent Secretary PA, Chief Planning Officer	1 Jan 1998
<i>Contract management</i>			
Make decision on short term technical assistance to Roads Department to assist in developing contracts and planned maintenance programmes	Adviser appointed	Permanent Secretary MICU, Permanent Secretary PA	1 Dec 1997
Carry out road condition survey	Road condition survey completed	CTO, Roads Engineer	Jan 1998
Develop annual and monthly road maintenance plans	Planned maintenance programme completed	CTO, Roads Engineer	Feb 1998
Develop standardised output based specifications for common road maintenance tasks, and develop quality standards	Standardised contracts and quality statements completed	CTO, Roads Engineer	March 1998
Review contracts briefing documents for project consultants received from Buildings Code consultant	Adaptations made to documents for use by Ministry	Permanent Secretary MICU	Jan 1998
Formalise contracting procedures and develop a contract manual available to all staff	Manual completed and issued	Clerk of Works, CTO	August 1998
Prepare quality standard statements for building maintenance tasks	Quality statements completed	Clerk of Works	August 1998

Revise standard contracts for buildings maintenance to ensure <ul style="list-style-type: none"> ■ payment is made on achievement of specified outputs ■ 10% retention for remedial work is specified 	Standard contracts completed and available	Clerk of Works	August 1998
Develop prioritised planned maintenance programme for buildings	Planned maintenance programme completed	Clerk of Works	August 1998
Establish list of approved contractors	List approved	CTO	June 1998
Develop transparent criteria for tender evaluation by Tender Board	Criteria prepared and issued to Tender Board with contract specifications	Chair of Tender Board, Ministry of Finance, Managers developing specifications	June 1998
Establish formal contracts disputes procedures	Formal procedures proposed and approved by EXCO	Ministry of Finance, Attorney General	June 1998
Review need for co-ordinating and supporting contracting out across Government	Proposals for co-ordination made	Director of Finance	June 1998
<i>Vehicles</i>			
Issue notice to workers in mechanical workshop	Notice issued	Permanent Secretary, MICU, Permanent Secretary PA	5 Nov 1997
Issue notice to other non-established workers whose service will no longer be needed (eg day security officer)	Notice issued	Permanent Secretary, MICU, Permanent Secretary, PA	5 Nov 1997
Develop planned maintenance system for vehicles (including vehicle condition survey)	Planned maintenance programme completed	Vehicles Supt	Feb 1998
Establish contracts for vehicle maintenance and repair	Contracts issued	Vehicles Supt	Feb 1998
Agree timescales for reporting on performance (monthly/quarterly, annually) and agree mechanisms for gathering information	Reporting requirements issued to relevant managers	Permanent Secretary, MICU, CTO	March 1998

Establish new staff in Vehicle Licensing Section	Staff trained in systems and procedures	Vehicles Supt., Senior Clerical Officer	Feb 1998
Review IT needs for Vehicle Licensing (including exploration of BVI system)	Recommendations made for improvements to IT system	Office Manager, Senior Clerical Officer, Computer Unit	April 1998
Set up appropriate databases and systems and train staff in use	System in use	Office Manager, Senior Clerical Officer, Computer Unit	June 1998
Agree with Treasury to expand functions of Vehicle Licensing Section to include revenue collection and licence place issue	Agreement reached with Ministry of Finance	Permanent Secretary, MICU, Office Manager	Dec 1998
Implement changes in functions in Vehicle Licensing	New functions taken on	Vehicles Supt, Senior Clerical Officer	Jan 1999

8.4 Water Department

Action	Evidence of completion	Responsibility	Timescale
<i>Legislation</i>			
Make initial assessment of legislation from elsewhere in the region	Report received from engineering consultant	Permanent Secretary MICU, Water Engineer	24 Oct 1990
Carry out detailed review of legislation for Water Authority	Detailed comments and notes on policy areas prepared for lawyer	Permanent Secretary, MICU, Water Engineer	1 Dec 1997
Build powers for Ministry to licence water extraction into legislation	Inclusion in draft legislation	Permanent Secretary, MICU, Water Engineer	Dec 1997
Appoint lawyer to draft legislation	Lawyer appointed	Permanent Secretary MICUO, PSD Co-ordinator,	Feb 1998
Draft legislation for Public Utilities Commission	Draft legislation passed to ministry for review	Legal consultant	May 1998
Pass draft legislation to Attorney General's Chambers	Legislation agreed and passed to EXCO	Attorney General	May 1998
Agree and enact legislation	EXCO approval	EXCO, Permanent Secretary, MICU	Aug 1998
<i>Water production</i>			
Complete negotiations and sign contract with water production company	Contract signed	Permanent Secretary, MICU, Water Engineer	Jan 1998
Train Pump Chargehand and Handiman for new duties	Training programme agreed and commenced	Water Engineer, Water production company	April 1998

Deliver training programme	Programme completed	Water Engineer, Water production company	Sept 1998
Desalinated water delivered through mains network	Water pumped into storage	Water Engineer	Oct 1998
Develop plan for communications strategy to inform public about changes to water supply, and to assist in changing attitudes to water supply and likely costs of water	Plan produced and approved	Water Engineer, Permanent Secretary MICU	Feb 1998
Implement communications plans through a public campaign	Publicity disseminated	Water Engineer	from Nov 1998
<i>Accommodation</i>			
Tender for new office buildings for Water Authority	Tender documents re-issued	Water Engineer	Nov 1998
Award tender for buildings	Construction started	Water Engineer, Permanent Secretary MICU, Tender Board	Feb 1998
Take over new office buildings	Buildings occupied	Water Engineer	Oct 1998
<i>Staffing</i>			
Appoint Water Engineer on 1 year contract	Engineer appointed	Permanent Secretary, MICU, Permanent Secretary, PA	Dec 1997
Agree policy for transfer of staff to new Authority	Policy agreed and communicated to unions and staff	Permanent Secretary, PA, Director of Finance	Feb 1998
Make plans for filling other vacant and proposed posts	Individuals identified to fill posts and plans made for recruitment	Permanent Secretary, MICU, Permanent Secretary, PA, Water Engineer	April 1998
Recruit staff into remaining vacant positions in new authority	Staff appointed	Water Engineer	Dec 1998

<i>Water Billings</i>			
Make decisions on computerisation of system in the light of the Water Billing study	Terms of reference for computerisation drafted and issued	DTRS	Dec 1997
Award contract for computerisation of water billing systems	Contractors appointed	DTRS	April 1998
Introduce computerised billings system	Pilot system set up	Water Engineer	March 1999
<i>Financial planning</i>			
Review asset value of Water Department (including new assets from water development programme)	Assets valued and likely depreciation costs assessed	Water Engineer	Jan 1998
Revise financial models developed from Water Tariff Study in light of changes to depreciation	Revised model completed	Water Engineer	Mar 1998
Make initial proposals for new charging structures	Proposals discussed by EXCO	Permanent Secretary MICU, Water Engineer	August 1998
Agree charges for services	Proposals for charging structures agreed	Permanent Secretary MICU, Water Engineer	Sept 1998
Develop longer term revenue plans for new authority, with planned changes to charges and reducing subsidy from Government	Plans prepared and agreed in outline with EXCO	Water Engineer, Permanent Secretary MICU, Ministry of Finance	Oct 1998
<i>Performance management</i>			
Agree timescales for reporting on performance (monthly/quarterly, annually) and establish mechanisms for gathering information	Reporting mechanisms established	Water Engineer, Permanent Secretary MICU, Technical Officer, Utilities	June 1998
Structure Authority's budget to enable reporting against efficiency indicators	Performance indicators provided	Water Engineer	Dec 1998
Establish performance management systems	Performance information provided to Ministry	Chief Executive, Water authority	Mar 1999



<i>Water Authority</i>			
Appoint Board members	Appropriate appointments made	Minister of ICU	Dec 1998
Establish Water Authority	Notice in Gazette	Permanent Secretary, MICU	Jan 1999

8.5 Airport and Sea Ports

Action	Evidence of completion	Responsibility	Timescale
<i>Organisation and responsibilities</i>			
Decide on organisation structure (statutory corporation or state owned company) in liaison with Director of Finance	Decision made and communicated to PSD Committee	Permanent Secretary, MICU	Nov 1997
Brief Governor on decisions and plans	Meeting held with Governor	Permanent Secretary, MICU, Airport Mgt Team	Dec 1997
Discuss Governor's functions under Air Navigation Order (Overseas Territories) 1989 and agree on functions to divest, functions to remain in Government and delegation of powers	Agreement reached and documented	Governor, Permanent Secretary MICU, Airport Manager	Dec 1997
Establish review mechanism for fees and charges	Review mechanism agreed and committee members identified	Governor, Permanent Secretary MICU	May 1998
Brief Minister of ICU on decisions and plans	Government support for decision to divest secured	Permanent Secretary MICU, Airport Manager	Dec 1997
Communicate decisions and plans in detail to staff	Communication meetings held	Airport Mgt Team	Dec 1997
<i>Legislation</i>			
Carry out detailed review of legislation for Airport and Sea Ports Authority	Detailed comments and notes on policy areas prepared for lawyer	Permanent Secretary, MICU, Airport Manager	1 Dec 1997
Appoint lawyer to draft legislation	Lawyer appointed	Permanent Secretary MICUO, PSD Co-ordinator,	Feb 1998
Draft legislation for Public Utilities Commission	Draft legislation passed to ministry for review	Legal consultant	May 1998
Pass draft legislation to Attorney General's Chambers	Legislation agreed and passed to EXCO	Attorney General	May 1998

Agree and enact legislation	EXCO approval	EXCO, Permanent Secretary, MICU	Aug 1998
<i>Staffing</i>			
Agree staffing transfer policy	Policy statement agreed with unions and communicated to staff	Permanent Secretary, PA, Director of Finance	Feb 1998
Plan transfer of staff into new posts	Transfer plans agreed and communicated to staff	Permanent Secretary, PA	June 1998
Recruit staff to vacant positions	Appointments made	Airport Mgt Team	Dec 1998
Review training needs of staff, in particular for professional and technical areas	Training needs analysis and plans for training and development prepared	Airport Manager	August 1998
Review sources of training and development funding and availability to new Authority	Resources identified for training over next two years	Airport Manager	October 1998
Ensure airport receives aerodrome licence	Licence issued	Airport Manager	Dec 1998
Review fees and charges for 1999 for: <ul style="list-style-type: none"> ■ licences and inspections ■ airport ■ port 	Proposals put forward for review	Governor, Permanent Secretary MICU, Airport Manager	July 1998
Agree fees and charges	New fees and charges published	Airport Manager, Airport charges review committee, Permanent Secretary MICU	Sept 1998
Develop and refine revenue and expenditure plans and financial models	Revenue and expenditure plans produced	Airport Manager, Permanent Secretary MICU, Director of Finance	Sept 1998

<i>Performance management</i>			
Agree timescales for reporting on performance (monthly/quarterly, annually) and agree mechanisms for gathering information	Reporting mechanisms established	Airport Manager, Permanent Secretary MICU, Technical Officer, Air & Sea Comms	June 1998
Structure Authority's budget to enable reporting against efficiency indicators	Performance indicators provided	Airport Manager	Dec 1998
Establish performance management systems	Agreed performance information provided to Ministry	Chief Executive, Fin & Res Mgr	Mar 1999
<i>Sea ports management</i>			
Apply for technical assistance for port development study from CDB	Application made	Permanent Secretary MICU, Supt of Ports	Feb 1998
Appoint consultants	Contract offered	Permanent Secretary MICU, CDB	April 1998
Carry out consultancy into port development	Report submitted and approved	Permanent Secretary, MICU	Oct 1998
Review sea port functions, including recommendations from CDB funded consultancy	Review completed and proposals made to Board	Chief Executive, Sea port manager	June 1999
Review port fees and charges including recommendations from CDB consultancy	Review completed and proposals made to Board	Chief Executive, Sea Port Manager	June 1999
Implement changes to sea port management and operations	Changes agreed with other stakeholders	Chief Executive, Sea Port Manager	Jan 2000
<i>Airport and Sea Ports Authority establishment</i>			
Appoint Board members	Appropriate appointments made	Minister of ICU	Dec 1998
Establish Airport and Sea Ports Authority	Notice in Gazette	Permanent Secretary, MICU	Jan 1999

Appendix one
Terms of reference

Overall objectives

The aim is to help the Government of Anguilla to improve the value for money it obtains for the public works, communications and public utilities sectors.

The objective is to enable the Ministry to move forward with the restructuring plans made as a result of the Strategic Modelling exercise of 1996, to ensure that the structures and systems in place will enable the Ministry to plan, co-ordinate and regulate the infrastructure and utilities sectors to secure efficient and effective delivery of services, and to draw up an action plan which will assist the Permanent Secretary and the Change Management Team to manage the implementation of the restructuring over the coming financial year.

Scope of the work

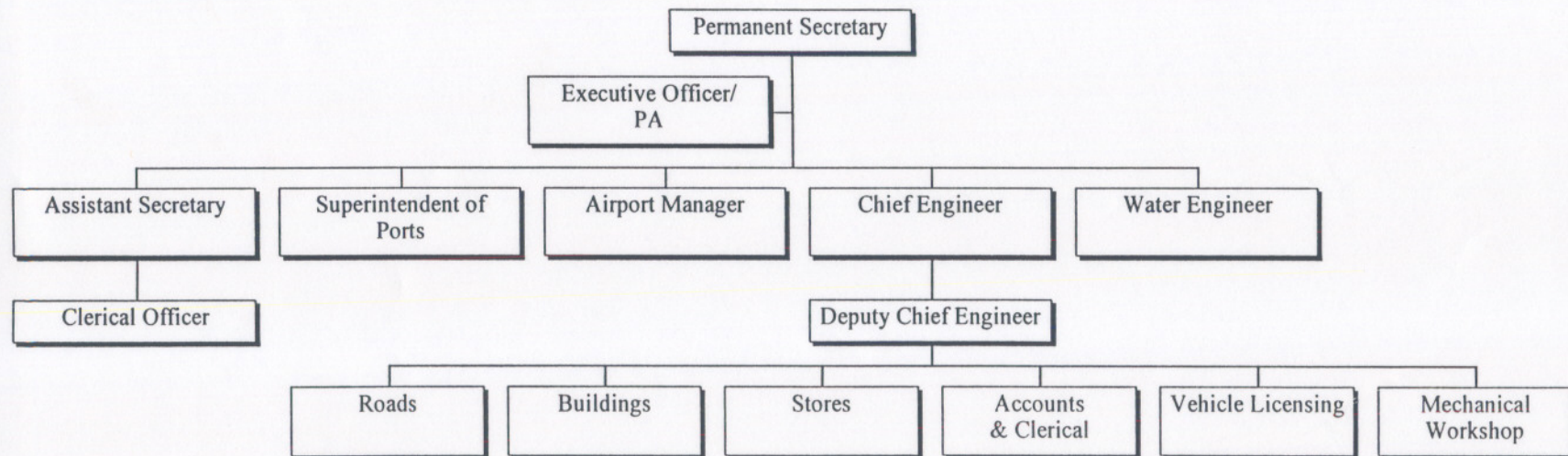
The consultants, working closely with staff in the Ministry of Communications, Works and Public Utilities, in particular the Permanent Secretary and the Change Management Team should:

- assist the Ministry in coming to final decisions about options for divestment, which will enable the Ministry to shed most of its operational departments and functions, in particular to work with the appropriate members of the Change Management Team to:
 - assess the options for divestment and likely organisation and corporate structures that will result;
 - determine the allocation of roles and responsibilities between the divested organisations and government;
 - assess the likely running costs and future investment needs of proposed statutory organisations to assist in financial planning;
 - identify areas where short term inputs are likely to be needed from technical specialists in order to implement the divestment policies;
 - advise on the role and regulatory functions of the proposed Public Utilities Commission;
- work with Ministry staff to review operational systems which will enable it to manage the delivery of services through divested organisations, in particular to review the contract management procedures currently in operation for buildings maintenance and locally funded construction projects, and to make recommendations for improved efficiency and effectiveness as contracting out is extended to road maintenance and vehicle maintenance;
- establish a results-oriented performance monitoring system based on the outputs of the Ministry, its agencies and contractors and other organisations within its areas of responsibility, which will be used to set clear targets and monitor achievement against those targets, through:
 - establishing the key outputs of each functional area of the Ministry and the other organisations involved in implementing Ministry policy, and establishing the relationship between those outputs;

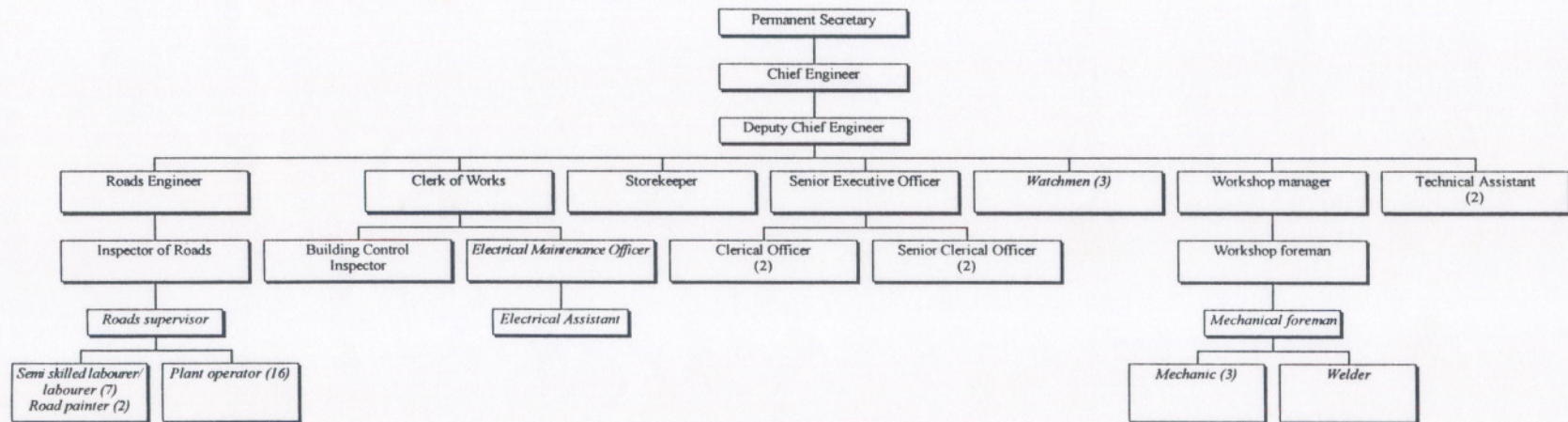
- agreeing the key efficiency and effectiveness questions to which the Ministry will need answers in order for it to plan, co-ordinate monitor and regulate infrastructure and the utilities;
- developing performance indicators which provide answers to these questions;
- develop an action plan for implementing those reporting systems which will need to be in place in order for the Ministry to move to a monitoring and regulatory role;
- review the Ministry's organisation structures and staffing in the light of the proposed changes, and develop a revised organisation structure with job descriptions where posts have changed significantly or new posts are to be created;
- develop outline organisation structures for the proposed statutory corporations, to assist in financial and human resource planning;
- prepare, with the Change Management Team and relevant Departmental Heads, an implementation action plan which sets out for each functional area:
 - the actions that are necessary to implement the proposed changes;
 - a timescale for each action;
 - who is responsible for ensuring that each action is achieved;
 - what evidence of achievement will be necessary to enable the Change Management Team to monitor progress towards implementation.

Appendix two
Organisation structures

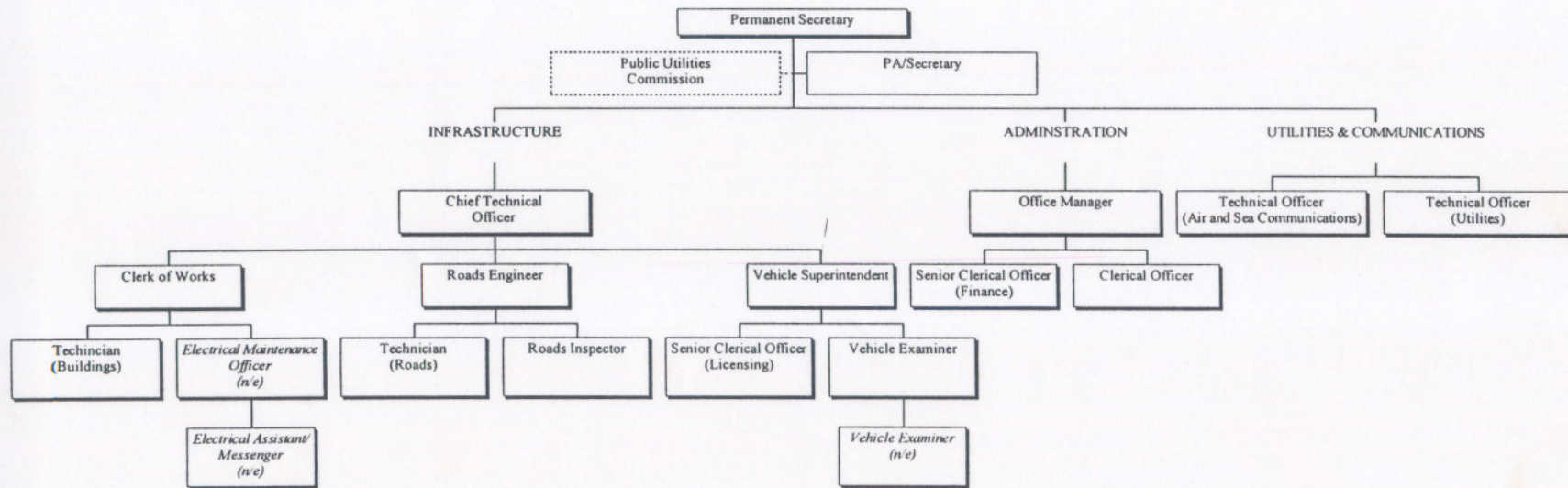
Current top level organisation



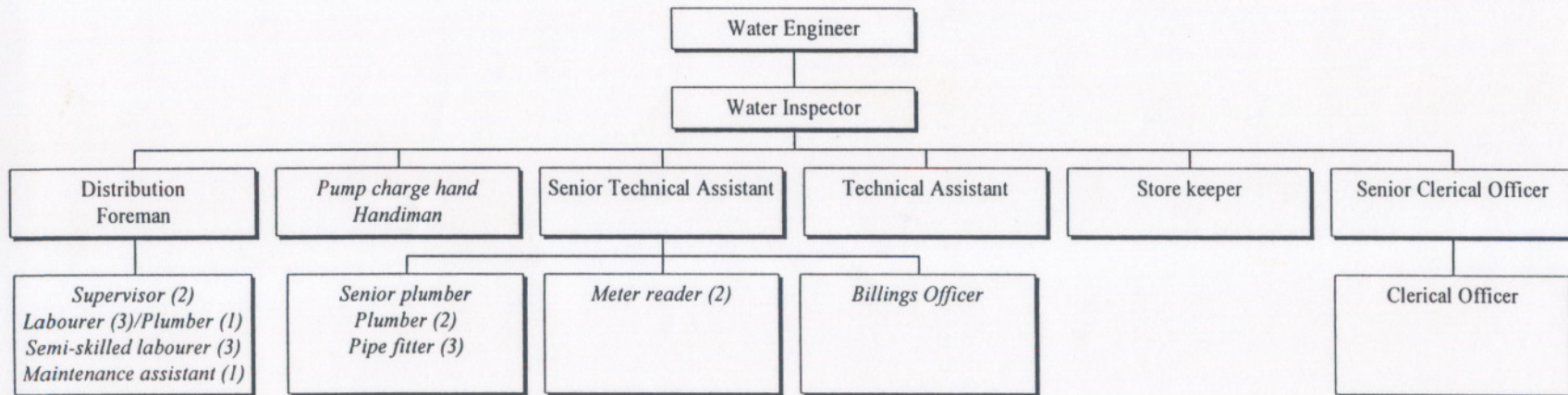
Current structure of the Public Works Department



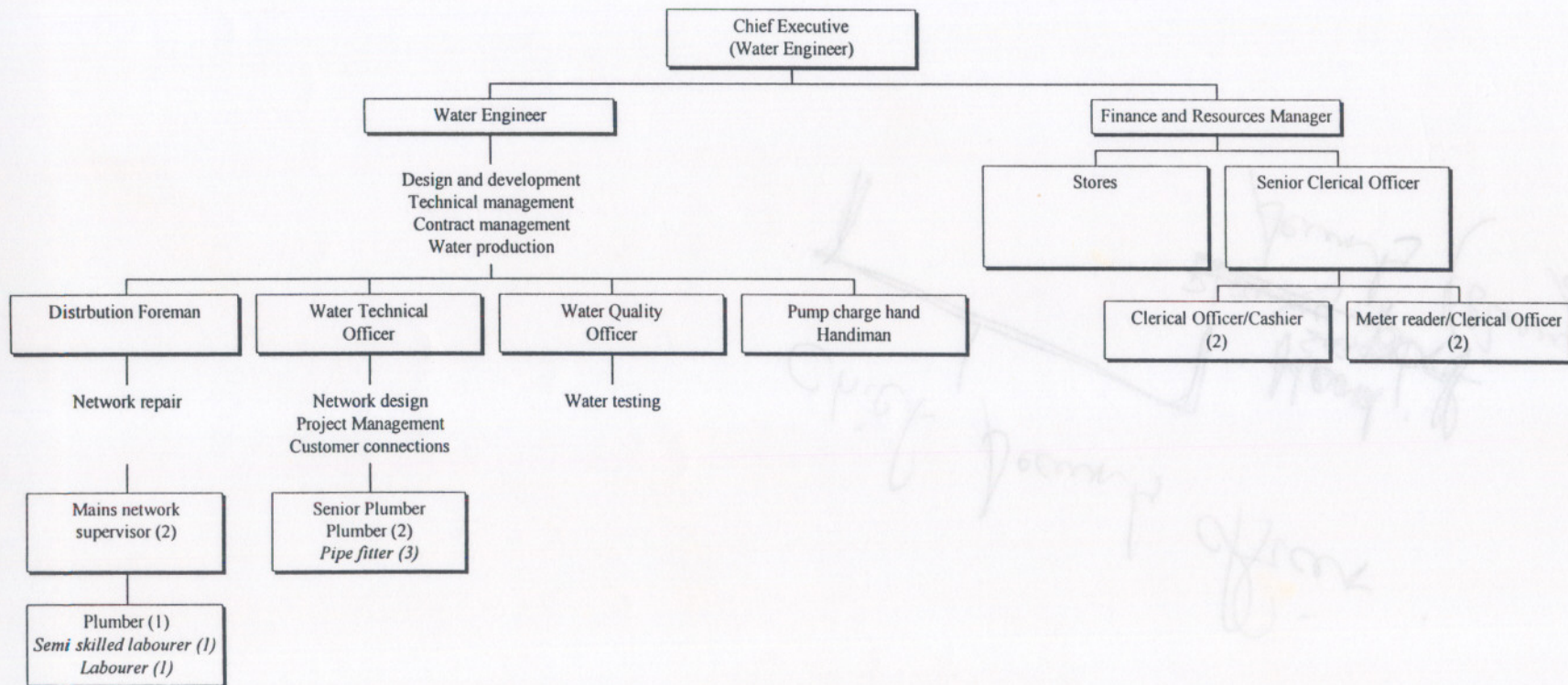
Ministry of Infrastructure, Communications and Utilities



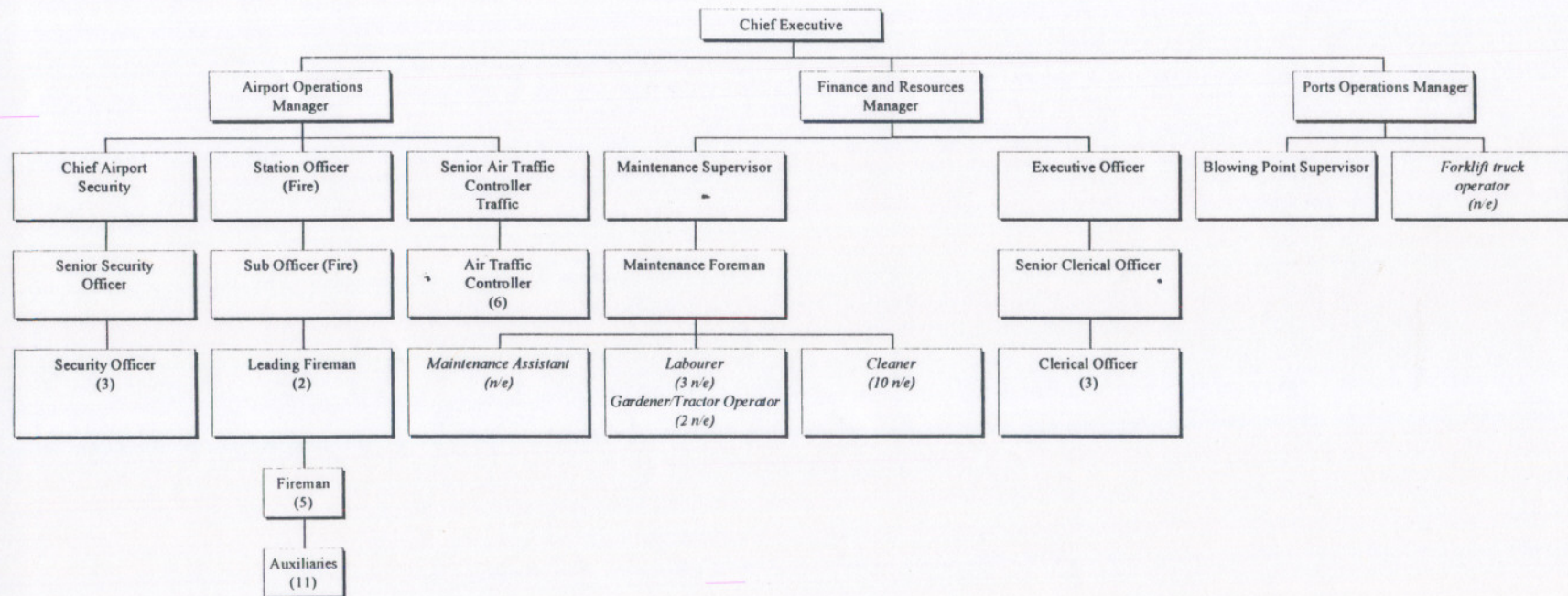
Water Department: current structure



Water Authority: proposed structure



Airport and Seaport Authority : proposed structure



Appendix three
Job descriptions

Permanent Secretary

Job Purpose

In overall charge of the Ministry, the Permanent Secretary advises the Minister on the formulation of policy, plans and programmes for infrastructure development and maintenance, for the co-ordination and regulation of communications and public utilities sector and directs, monitors and controls the activities of the Ministry.

Key responsibilities

- as Accounting Officer, ensures that the Ministry obtains value for money in the use of resources allocated to the Ministry;
- advises the Minister on the formulation of policy;
- ensures that policy proposals, Exco papers and draft legislation are prepared and submitted to enable the Ministry to achieve its objectives;
- implements Exco policy decisions effectively;
- ensures that Ministry plans and budgets are prepared and approved in order to address key national and Ministry priorities and to achieve value for money within resources allocated;
- ensures that effective management systems, procedures and financial controls are in place, to make most efficient and effective use of resources;
- ensures that the Ministry's manpower needs are met through appointments, promotions, training and staff development;
- represents the Ministry at meetings elsewhere within government, at national and regional level;
- leads the Ministry forward in designing and implementing changes which will lead to performance improvement.

Technical Officer (Utilities)

Job Purpose

To develop policies for and to monitor and regulate the public utilities to ensure quality delivery of public utilities at affordable costs to the people of Anguilla.

Key responsibilities

- monitors the performance of statutory bodies, and other organisations for which the Ministry has a regulatory overview, in order to advise the Permanent Secretary, Minister and the Public Utilities Commission of the need for regulatory action;
- provides secretariat support to members of the Public Utilities Commission in all its activities to ensure that the people of Anguilla obtain the appropriate levels of service and value for money in the provision of public utilities;
- co-ordinates and develops policies, programmes and plans that will contribute to the delivery of equitable, high quality public utilities services which meet the social and economic needs of Anguilla;
- licences telecommunications and broadcasting organisations and water extraction activities to ensure that the infrastructure is effectively used and Anguilla receives the levels of service appropriate to its needs;
- allocates frequencies in accordance with international standards in liaison with Anguilla's international partners;
- compiles, analyses and maintains information on utilities in Anguilla, including data on the performance of the Ministry, performance of the utility organisations and data required by regional partners;
- develops the performance management systems for the Ministry and the Public Utilities Commission to ensure that utility organisations are performing efficiently and effectively, in accordance with legislation and Government policy;
- to provide an appropriate legislative framework which supports the development of public utilities which meet the social and economic needs of Anguilla.

Technical Officer (Air and Sea Communications)

Job Purpose

To develop policies for, to licence and to monitor and regulate air and sea communications to ensure they are effective, safe and efficient and will contribute to the social and economic development of Anguilla.

Key responsibilities

- licences and regulates services, craft and personnel to protect passengers and the general public and to enable safe movement of goods;
- liaises, where necessary, with the Director of Civil Aviation in Antigua and the UK Civil Aviation Authority to ensure the safety and security of air operations and with the appropriate international maritime and shipping organisations;
- plans and monitors air and sea transport and communications systems to ensure that they develop in a co-ordinated and coherent manner which meets the needs of users;
- monitors the performance of organisations in the air and sea communications sector, in order to advise the Governor, Permanent Secretary and Minister of the need for regulatory action;
- provides secretariat support to the Governor relating to his powers in civil aviation areas, including the review of appropriate charge levels for aircraft related services;
- co-ordinates and develops policies, programmes and plans that will contribute to the delivery of effective safe and efficient air and sea communications which are appropriate to the social and economic needs of Anguilla;
- compiles, analyses and maintains information on air and sea communications in Anguilla and the region, including data on the performance of the Ministry, performance of organisation in the air and sea transport sector and data required by regional partners;
- performs the duties of Anguilla's Official Receiver of Wrecks;
- supports the Technical Officer (Utilities) in providing a secretariat for the Public Utilities Commission.

Office Manager

Job Purpose

To enable the Ministry of Infrastructure, Communications and Utilities effectively to achieve its objectives through appropriate deployment and development of human resources and efficient management of its finances

Key responsibilities

- monitors and controls expenditure to ensure value for money is obtained, and reports on the performance of the Ministry against expenditure and outputs;
- liaises with the Ministry of Finance to submit estimates of revenue and expenditure, supplementary provisions and warrants and to respond to audit queries to ensure that effective financial procedures and controls are implemented;
- develops and implements effective personnel systems, in collaboration with the Department of Public Administration including:
 - training and development plans;
 - appointments and promotions;
 - appraisal review;
- oversees employee relations, including supervising the administration of service rules and regulations concerning conditions of service, effective employee communications and the handling of grievance and disciplinary issues
- manages staff in financial and clerical areas to ensure that appropriate support is provide to all staff in the Ministry

Chief Technical Officer

Job Purpose

To plan, co-ordinate and control the activities of the Infrastructure Department to develop and maintain the public infrastructure in Anguilla.

Key Responsibilities

- draws up development plans, annual plans and budgets and, in year, prioritises and reallocates available resources between work programmes;
- advises Minister, Permanent Secretary and client ministries on technical matters relating to infrastructural development;
- plans and implements programmes of infrastructural development;
- plans, co-ordinates and manages development of all development projects, designs and contract documents;
- reviews all civil engineering works undertaken by or on behalf of the Ministry, in order to ensure value for money and high professional standards;
- ensures that effective planning and management systems are developed and adhered to within the Infrastructure Department;
- ensures that estimates are prepared for the department and submitted to the Permanent Secretary for inclusion in the annual budget;
- manages contracts and monitors contractors undertaking work on behalf of the Government of Anguilla to ensure that the specified outputs are delivered efficiently and effectively.

Roads Engineer

Job Purpose

To plan, co-ordinate and manage all activities relating to the construction and maintenance of roads to ensure that the roads infrastructure meets the economic and social needs of Anguilla.

Key responsibilities

- plans and prioritises activities relating to the construction, upgrade and maintenance of roads;
- devises specifications for large scale roads construction projects, and designs projects to comply with established professional standards;
- prepares reports and documentation for the Tender Board and for funding agencies;
- monitors and reviews all roads construction and roads maintenance work undertaken on behalf of Government of Anguilla in order to ensure quality standards are maintained and value for money is obtained
- develops quality standards for roads maintenance for use by the Ministry of Infrastructure, Communications and Utilities staff to ensure compliance by its contractors;
- develops and manages a system for the planned, prioritised maintenance and upgrading of the road network in Anguilla and specifies and manages contracts for such maintenance within available resources;
- negotiates with contractors, monitors the delivery of specified outputs, the equality of work and authorises payment;
- maintains data on the availability of skills available and current costs and prices in the road maintenance and related industries in Anguilla and in the region;
- prepares estimates and prioritises activities for the annual budget and other planning activities;
- monitors the outputs of the contractors to produce performance information on their efficient and effective delivery and to contribute to planning and prioritising of activities.

Clerk of Works

Job Purpose

To provide professional services for the construction, rehabilitation, refurbishment and maintenance of government buildings in Anguilla.

Key responsibilities

- takes instructions from client ministries, and liaises with the client, local and regional consultants to ensure that the needs of the Government of Anguilla are met in building development;
- reviews all designs and building works undertaken by or on behalf of the government of Anguilla, to ensure that design and building standards are maintained;
- prepares designs, specifications, documentation and contract procedures for all building design projects undertaken by the government of Anguilla and monitors those designs, specifications, documentation and procedures prepared by consultants under contract to ensure that the client's needs are met within the resources available;
- instructs consultants and monitors contractors undertaking work on behalf of the Government of Anguilla;
- prepares standards, and where appropriate prepares manuals incorporating those standards and other contracts procedures, relating to buildings construction and maintenance design for use by the Government of Anguilla;
- prepares reports and documentation for the Tender Board and for funding agencies;
- develops and manages a system for the planned maintenance of government buildings, specifies and manages contracts for such maintenance within available resources.

Vehicles Superintendent

Job Purpose

Through the licensing process to ensure the safety of vehicles in Anguilla and to assist the Government of Anguilla to maintain its vehicles efficiently and effectively.

Key responsibilities

- develops and manages a system for the planned maintenance of government vehicles,
- monitors and reviews all vehicle maintenance and repair work undertaken on behalf of Government of Anguilla in order to ensure quality standards are maintained and value for money is obtained;
- develops quality standards for vehicles maintenance and repair maintenance and, through the contracting process, ensures compliance by its contractors;
- negotiates with contractors, monitors the delivery of specified outputs, the equality of work and authorises payment;
- monitors the outputs of the contractors to produce performance information on their efficient and effective delivery and to contribute to planning;
- maintains data on the availability of skills available and current costs and prices in the vehicles, supply, maintenance and repair industries in Anguilla and in the region;
- manages the Vehicles Licensing section efficiently and effectively to increase Government revenues from licenses, reduce licence evasion and to ensure that all vehicles in Anguilla are road-worthy;
- develops and implements training programmes to ensure that all staff in the section are competent;
- advises Government on mechanical engineering matters relating to procurement and valuation of vehicles and plant.

Chief Executive: Water Authority

Job Purpose

To manage the Water Authority to deliver reliable, safe supply of potable water to customers in Anguilla in an efficient and effective manner, which enables the Authority to move towards financial self-sustainability.

Key responsibilities

- manages the production and distribution of potable water to customers throughout Anguilla;
- develops policies, development programmes and operating procedures which will ensure the efficient and effective supply of water across the island;
- sets performance standards and quality assurance systems and monitors their achievement, ensuring that the authority fulfils its requirements in reporting performance information to the Ministry of Infrastructure, Communications and Utilities and Public Utilities Commission;
- develops and implements a medium term revenue generation plan which will enable the Water Authority to meet its recurrent and capital expenditure requirements;
- establishes and levies appropriate levels of fees and charges to enable costs to be recovered, and ensures that revenue is collected;
- ensures that plans and budgets are prepared and approved in order to address the key priorities for water supply and to achieve value for money within the resources available;
- ensures that effective management systems, procedures and financial controls are in place, to make most efficient and effective use of resources;
- ensures that the authority's manpower needs are met through appointments, promotions, training and staff development;
- leads the Water Authority forward in designing and implementing changes which will lead to performance improvement.

Water Engineer

Job Purpose

To plan, co-ordinate and manage all technical activities relating to the production, distribution and quality of water supplies to customers in Anguilla.

Key responsibilities

- draws up development plans, annual plans and budgets and, in year, prioritises and reallocates available resources between work programmes;
- advises the Chief Executive and Board on all technical matters relating to water production, maintenance and development of the mains network, customer connections and the quality of water;
- plans and implements programmes of infrastructural development;
- plans, co-ordinates and manages development of all development projects, designs and contract documents;
- reviews all infrastructural development works undertaken by or on behalf of the Water Authority, in order to ensure value for money and high professional standards;
- develops work procedures and quality standards to ensure that the water supply infrastructure is properly maintained;
- manages contracts and monitors contractors undertaking work on behalf of the Water Authority to ensure that the specified outputs are delivered efficiently and effectively. In particular, manages the contract for the production of water to ensure that a reliable supply of potable water is available in Anguilla;
- takes steps to ensure that the water supply reaching consumers is safe and meets the required quality standards and that water production and distribution does not have an adverse effect on the environment.

Finance and Resources Manager: Water Authority

Job Purpose

To enable the Water Authority to achieve its objectives through appropriate deployment and development of human resources and efficient and effective management of its finances.

Key responsibilities

- prepares, analyses and interprets financial information, including budgets, which are necessary for the efficient and effective delivery of a reliable, potable water supply in Anguilla;
- ensures that effective management systems, procedures and financial controls are in place, to make most efficient and effective use of resources;
- ascertains full costs of service delivered and proposes appropriate levels of charges to enable adequate revenue to meet recurrent and development costs;
- manages the billings process to recover the appropriate levels of charges from customers;
- establishes appropriate operating procedures in finance and administrative areas to ensure the efficient and effective management of the authority;
- develops and implements effective personnel systems, including
 - training and development plans;
 - appointments and promotions;
 - appraisal review;oversees employee relations, including developing and supervising the administration of rules and procedures concerning conditions of service, effective employee communications and the handling of grievance and disciplinary issues;
- manages staff in financial, clerical, meter reading and stores areas to ensure that priorities are met, required output are achieved and appropriate support is provided to staff in the authority.

Chief Executive: Airport and Sea Ports Authority

Job Purpose

To manage the Airport and Sea Ports Authority to provide safe and effective air and sea communications which meets the needs of Anguilla, and through efficient and effective management to ensure that the Airport and Sea Ports Authority is financially sustainable.

Key responsibilities

- manages the operations and plans the development of the airport and sea ports to meet the economic and social needs of Anguilla;
- develops policies, development programmes and operating procedures which will ensure that operations at the airport and sea ports are efficient effective and safe;
- sets performance standards and quality assurance systems and monitors their achievement, ensuring that the authority fulfils its requirements in reporting performance information to the Governor, UK CAA and Ministry of Infrastructure, Communications and Utilities;
- develops and implements financial plans which enable the Airport and Sea Ports Authority to meet its recurrent and capital expenditure requirements;
- establishes and levies appropriate levels of fees and charges to enable costs to be recovered, and ensures that revenue is collected;
- ensures that plans and budgets are prepared and approved in order to address the key business priorities and to achieve value for money within the resources available;
- ensures that effective management systems, procedures and financial controls are in place, to make most efficient and effective use of resources;
- ensures that the authority's manpower needs are met through appointments, promotions, training and staff development;
- make plans for the long term development of the airport and sea ports, to increase business and improve revenue generation;
- leads the Airport and Sea Ports Authority forward in designing and implementing changes and development programmes which will lead to performance improvement.

Finance and Resources Manager: Airport and Sea Ports Authority

Job Purpose

To enable the Airport and Sea Ports Authority to achieve its objectives through appropriate deployment and development of human resources and efficient and effective management of its finances.

Key responsibilities

- prepares, analyses and interprets financial information, including budgets, which are necessary for the efficient and effective delivery of airport and sea ports operations in Anguilla;
- ensures that effective management systems, procedures and financial controls are in place, to make most efficient and effective use of resources;
- ascertains full costs of services delivered and proposes appropriate levels of charges to enable adequate revenue to meet recurrent and development costs;
- manages the process of billings and revenue collection to recover the appropriate levels of charges from customers;
- establishes appropriate operating procedures in finance and administrative areas to ensure the efficient and effective management of the authority;
- develops and implements effective personnel systems, including
 - training and development plans;
 - appointments and promotions;
 - appraisal review;
- oversees employee relations, including developing and supervising the administration of rules and procedures concerning conditions of service, effective employee communications and the handling of grievance and disciplinary issues;
- manages staff in financial, clerical and maintenance areas to ensure that priorities are met, required output are achieved and appropriate support is provided to staff in both the airport and sea ports.

Airport Operations Manager

Job Purpose

To manage all aspects of operations at the airport, to ensure that the civil aviation and terminal operations services are provided which enable those who travel by air to do so in a safe and orderly environment, and an efficient and comfortable manner.

Key responsibilities

- manages the airport in accordance with national and international standards and regulations as a safe and efficient operation;
- develops and implements safety and security policies and programmes to ensure international standards are maintained;
- ensures that effective management systems and operating procedures are in place to enable airport operations make most efficient and effective use of resources;
- liaises with Government and private sector organisations to ensure effective co-ordination of all policies and services affecting the airport;
- contributes to service related initiatives for improving airport operations and customer satisfaction;
- co-ordinates service provided to users of the airport and develops service related initiatives for improving airport operations and customer satisfaction;
- advises on and develops policies, plans and programmes in order to improve services and develop the airport.

Ports Operations Manager

Job Purpose

To manage all aspects of operations at the sea ports, to ensure that appropriate navigation, freight handling and terminal operations services are provided which enable freight to move freely and passengers to travel in a safe, efficient and comfortable manner.

Key responsibilities

- manages the sea ports in accordance national and international standards and regulations as a safe and efficient operation;
- manages the development, maintenance and repair of the sea ports infrastructure, to enable efficient and effective operations by all users;
- ensures that effective management systems and operating procedures are in place to enable sea ports operations make most efficient and effective use of resources;
- liaises with Government and private sector organisations working at the sea ports to ensure effective co-ordination and delivery of services to customers;
- co-ordinates the services provided to customers and develops service related initiatives for improving sea port operations and increasing customer satisfaction;
- to develop facilities and services provided at the sea ports in such as way as to increase the revenue generated by the Airport and Sea Ports Authority;
- advises on and develops policies, plans and programmes in order to improve services and develop the sea ports in Anguilla.

Appendix four

Roads maintenance and construction expenditure

Size of the road maintenance and construction budget

Maintenance requirements for roads are expected to remain at at least the same level as they have done in recent years. There is considerable work to be done to repair the existing network and improve its quality. In addition, a significant part of the network is not yet metalled.

There is no single subhead in the Government of Anguilla's estimates for road maintenance and locally funded construction. The total annual expenditure is made up of all or part of the following subheads:

- road maintenance and construction: locally financed capital expenditure;
- Public Works wages for road workers and heavy plant operators;
- Public Works supplies, minor tools and equipment.

Although it is not always possible to project future expenditure from past records, the Government of Anguilla will need to make a contractual commitment to an expenditure on roads maintenance and construction for the next five years. Below we set out an analysis of the expenditures in recent years.

Road maintenance and construction

This capital budget makes up one of the largest elements of the likely contract. In 1997, the estimate is for EC\$ 400,000. Mid year, a further EC\$ 100,000 was voted, making a total for 1997 of EC\$ 500,000. An additional injection is expected towards the end of the year.

Total in previous years area as follows:

	1997(ECS) (to date)	1996(ECS)	1995(ECS)	1994(ECS)	1993(ECS)
Budget in Estimates	400,000	500,000	500,000	250,000	250,000
Adjustment in year	100,000	500,000	78,615	375,000	47,000
Total for road maintenance/ construction	500,000	1,000,000	578,615	625,000	297,000

Whilst in every year there has been some positive adjustment to the estimates, these have sometimes been relatively small. These adjustments often depend on underspend on other budget heads in year, as well as changes in priorities at the political level. The issue for the Ministry of Infrastructure, Communications and Utilities is to decide the extent it can commit itself to expenditure on roads.

Disregarding 1993, the annual figure would appear to be between EC\$ 500,000 and EC\$ 1,000,000. Apart from 1997, the lowest figures are for 1995. In 1995, it is likely that any surplus resources would have been devoted to post-Luis buildings repair rather than roads. The Government of Anguilla will need to retain the capacity for future flexibility, particularly given the possibility of further natural disasters. In the light of this, EC\$ 500,000 would appear to be a reasonable amount for the Government of Anguilla to commit itself to at the beginning of the contract.

The fact that the contract will be guaranteed at this level, does not of course mean that more resources cannot be allocated to roads maintenance and construction when budgets are prepared or during the year.

Wages

The estimates for 1997 are EC\$ 821,508 for Wages in the Public Works Department. For 1996 they were EC\$ 754,460. However this subhead is not only used for workers who will transfer into the road company. The subhead is also used for:

- the labour component of roads related petty contracts, particularly trimming and some concrete work;
- building maintenance petty contracts for the Ministry;
- wages for mechanics, electrical staff and security.

In 1997, the wages for the 24 road workers and heavy plant operators for will be in the region of EC\$ 517,000. The wages of the 2 electrical staff, foreman, 4 vehicle mechanics, welder and security staff are likely to come to EC\$ 256,000.

Analysis of the Vote Books for 1996 and 1995 indicated that roads related petty contracts were some EC\$ 37,000 in 1996 and EC\$ 20,000 in 1995. Further expenditure for labour relating to Ministry buildings and vehicle maintenance completed the total for this subhead.

The total roads-related wages were around EC\$ 554,000 in 1996 and EC\$ 537,000 in 1995. Given potential savings secured through further related reductions in non-established staff as a direct result of privatisation and contracting out, a reasonable total to be transferred to the new contract would therefore be EC\$ 550,000.

Supplies, minor tools and equipment

The budget in the estimates for 1997 is EC\$ 600,000, which is the same as in 1996. The budget for 1995 was EC\$ 575,000).

This is the most difficult subhead to allocate to road maintenance. The subhead is used for:

- road maintenance materials;
- heavy vehicle parts and other supplies;
- light vehicle parts for Ministry vehicles;

- building maintenance materials;
- office furniture;
- office supplies.

Close examination of the Vote Books has enabled us to analyse the allocation of many of the items purchased in 1996 and 1995. It is not possible to separate the parts and equipment for heavy or light vehicles however, so an adjustment will need to be made for this.

In 1996, around EC\$ 91,000 of the budget was spent on non-road supplies. In 1995, EC\$ 54,500 was devoted to non-roads supplies. Given the need to ensure adequate resources for light vehicle maintenance but recognising that there may be reductions in buildings maintenance requirements, a future supplies budget in the region of EC\$ 80,000 would appear adequate to meet the maintenance needs of the Ministry after divestment of road operations. This is comparable to the budgets of Treasury and Lands and Surveys, but still higher than in many parts of Government. This would indicate that a reasonable amount that could be transferred to the contract would be EC\$ 520,000.

Total to allocate to the road maintenance contract budget

The figure to be allocated to the new roads maintenance contract is therefore likely to range between EC\$ 2,120,000 and EC\$ 1,570,000. The higher of these figures would, however, offer the Government of Anguilla little flexibility for adjustments to reflect changing priorities for recurrent expenditure during the year. The advantages of selecting the lower figure are as follows:

- over five years, it still represents a very substantial contract size, which would be sufficiently attractive to the private sector;
- the Government of Anguilla retains flexibility to adjust the figure upwards either when preparing the budget or during the year, assuming that roads maintenance and construction remain a priority;
- the Government of Anguilla has flexibility to reallocate some of its resources when preparing the budget, or in-year to areas which might have attained higher priority than roads maintenance.

We recommend that the guaranteed minimum size of the annual roads maintenance contract should be EC\$ 1,570,000. Depending on government priorities and the amount of resources available in any year, the Government of Anguilla may, of course contract for more than this in any year.

Total contract value

Calculating the total contract value over five years is complicated by matter such as whether there should be an adjustment for inflation. Disregarding this at present, our analyses indicate suggest that the total guaranteed contract value would be in the region of EC\$ 7,850,000, although there would be some flexibility to extend upwards to EC\$ 10 million.



We suggest that after three years, there should be a review of both the likely total amount and the guaranteed minimum payable to the contractor.

Appendix five

Options for divestment of airport and sea ports operations

Options for Divestment

Introduction

Divestment can be defined as:

the separation of a function or a set of functions from a Ministry or other government body into a separate organisation through the creations of another organisation.

In most cases, Government retains some responsibility for the divested function, at least in monitoring and regulating the delivery of services.

Divestment has played a central role in almost every public sector modernisation programme in the world, particularly over the last 10 years. Key features of successful divestment are:

- there is a clear separation of policy formulation (Ministry) and service delivery organisation;
- an explicit statement exists of roles, duties and authorities of Government and divested organisations;
- there is a clear statement of objectives and targets against which the performance of the divested organisation can be assessed;
- the funding regime of the divested organisation is specified at the start of each financial year, and variations in resource allocation are unusual within that year;
- the divested organisation has the autonomy to manage resources as its management see fit to secure value for money in achieving its objectives.

Initial 'prior options' questions.

When government functions are reviewed for divestment, the standard set of questions that efficiency reviewers are trained to ask are:

- does the function need to be performed at all for the government's and the ministry's aims and objectives to be achieved?

If not, the function could be abolished;

- if the function should continue to be performed, is it essential that the Government retain responsibility for it?

If not, privatisation of the function could be considered;

- is it essential that a function which is the responsibility of Government be performed in-house?

If not contracting out could be considered;

- if a function should be carried out in house, how can performance be improved?

In the context of airport and seaport services in Anguilla, however, we need to build on this framework to evaluate a wider range of organisational options for delivery of services.

It is clear that the airport and seaport are vital to the economy of Anguilla: abolition is not an option! Whilst some functions must by statute remain in Government (particularly the licensing and regulatory functions), privatisation of most airport and sea port operations is possible. This will be considered in more detail below.

Contracting out of airport and port services works well in many countries. However, the issue for Anguilla is its size and the nature of most of the companies on island. Few are large enough to undertake complex contracts. Contracting out, in Anguilla is feasible for areas such as buildings maintenance and vehicle repair because one person or small family businesses are common in these areas. Contracting out specific operational services at the airport and seaport (such as cleaning or maintenance) may well lead to increased efficiency and effectiveness, but contracting out the wider airport or sea ports operations may be less appropriate in Anguilla.

The main options for divestment

Abolition is not an option for airport and sea ports operations in Anguilla. The principal characteristics of each of the options which may be appropriate for the airport and seaport functions in Anguilla is set out in the table below:

<p>Privatisation</p>	<p>The service is given or sold to the private sector. Government gives up all control to the private sector. Entrepreneurs take over the assets, and make decisions on prices and service levels depending on market factors.</p> <p>The service provider is profit oriented, and distributes the profit to shareholders.</p> <p>Privatised organisations can be regulated by the public sector.</p>
<p>Privatisation with retained Government interest</p>	<p>In many cases, when Governments privatise they retain a proportion of the shares, usually between 20% and 40%. A state owned company is one where Government owns the majority of shares, or even 100%.</p> <p>Apart from the fact that some profit (distributed as share dividends) returns to the Consolidated Fund, there are few differences in comparison with full privatisation.</p> <p>In many cases privatisation with Government interest is seen as a transition phase. Full privatisation is the ultimate aim, but Government involvement remains for a period, often whilst regulatory mechanisms are developed.</p> <p>The key relationship with Government is usually with the Ministry of Finance, rather than the line Ministry.</p>

<p>Statutory corporation</p>	<p>The organisation remains in the wider public sector, but draw upon private sector expertise, particularly in its Board members. The management board is typically made up of representatives from both public and private sectors and usually from other stakeholders as well.</p> <p>The aim is for the organisation to operate in a commercial manner and to make a surplus that can be reinvested in the organisation. It does not aim to generate profits for distribution to shareholders.</p>
<p>Contracting out</p>	<p>Government retains responsibility for the service, but services are delivered under contract by a private sector company.</p> <p>Government pays the contractor for the provision of the service. The main concern of government is on:</p> <ul style="list-style-type: none"> ■ levels of service obtained; ■ quality of service provided. <p>Targets and criteria against which the above would be assessed are specified in the contract.</p>
<p>Agency</p>	<p>The organisation remains a part of the public service, and staff remain public servants.</p> <p>The Chief Executive, however, is given delegated budgets and freedom to manage.</p> <p>The agency is controlled by a Framework Agreement which sets out the management, personnel, and financial flexibilities granted to the agency and through annual objectives and performance targets which are agreed between the Ministry and its Agency.</p>

Privatisation, establishment of a statutory corporation and agency status are further discussed in the next section.

Benefits and disadvantages of the different options

Privatisation

Privatisation is an option for the airport and seaport. It appears unlikely that the UK Government will provide the capital for investment in a new airport facility. This means that any significant airport development will be carried out with private finance, although this is likely take some form of private/public sector partnership. However, the issue at present, is the

status of the current airport and port facilities: it is likely to be 5 or more years before any new development is completed. Privatisation is less attractive in the short term because of:

- the possible need to retain security, fire and air traffic functions within the public sector, which could increase the complexity of divestment at this time, and reduce potential efficiency gains;
- the low asset value of the older facilities and the relatively small income streams. Government may not receive enough revenue from selling off the present airport and port to provide value for money and to compensate for loss of revenue over the longer term;
- the loss of Government control over airport development. As long as the airport remains within the public sector, Government can play a key part in seeking the solution that best meets Anguilla's needs. If facilities are privatised before development plans are in place, the developments are likely to focus on the need for returns to shareholders.

State owned company

The principal advantage in moving to a state owned company for the airport and seaport is to facilitate the involvement of the private sector in future years. However unless there is already a private sector partner who is willing to invest, but content to remain a minority shareholder for the immediate future, there may be little operational difference between a state owned company and a statutory corporation. Establishment of a state-owned company rather than a statutory corporation will mean:

- greater involvement of the Ministry of Finance in company management;
- reduced direct involvement of the Ministry of Infrastructure, Communications and Utilities, except to assist in regulation;
- more complex financial considerations in establishing the company;
- the need to make decisions now which will dictate the future structure of a fully privatised airport and port operation, for example whether air traffic controllers should transfer to the private sector or remain within the public sector (perhaps in a separate statutory corporation).

Statutory Corporation

The key features of a statutory corporation are:

- its functions are essentially commercial. It is in a position to break even, or at worst requires only a small subvention from Government. It does not aim to make a large profit, merely sufficient surplus to cover operating costs and capital requirements;
- it can recover its costs in a fairly simple manner through charging directly for services it supplies;
- it provides a vital service to the public and is usually in a monopolistic supply position. It is easier to control access to services and charges if it remains a public sector organisation;

- it is a separate legal entity and specific legislation is necessary for the organisation to be established;
- capital funding is usually through the Government (often in terms of a loan). As part of the public sector it still has access to external donor funding. In some cases, statutory corporation can also raise loans for development themselves;
- it is governed by a Board of Directors, appointed by the Minister, which reflects public and private sector interests, and usually customers and other stakeholders as well;
- the Chief Executive is accountable to the Board, and not to the Minister (although the Minister may have powers to remove him or her);
- staff are not civil servants, and their pay and conditions are not tied to those in the public service;
- there is considerable managerial freedom.

A statutory corporation may be appropriate where the risks of transferring responsibility to the private sector are so large that they outweigh any benefits. It is the usual option where monopoly provision of services vital to the public and to the economy are being considered.

A statutory corporation remains a part of the wider public sector. This facilitates the transfer of Government assets and functions to the new organisation.

1.1 Agency

An agency has the following characteristics:

- it remains a full part of the civil service structure;
- it is concerned with operational aspects - the delivery of executive functions rather than the development of policy;
- it is not a separate legal entity, although some legislative changes may be necessary to allow it sufficient managerial freedom, for example:
 - powers to alter charge levels and introduce new charges;
 - rules relating to the payment of revenue direct to the Consolidated Fund;
 - delegation of human resource systems which retain safeguards to ensure that desirable public sector practices are retained;
- it manages its own finances and has its own ring-fenced budget;
- it is primarily funded by Government, but is allowed to charge for services to cover some or all of its costs;
- any surplus revenue is retained by Treasury, but agencies are often allowed to carry over some operating and development funds into the new financial year;

- staff remain civil servants and can transfer to other parts of Government;
- the Chief Executive is accountable to the Minister;
- a number of public service rules, for example relating to terms and conditions for staff, can be treated more flexibly.

An agency should be considered where there are statutory reasons why an organisations should remain within Government, but there is potential for increase in revenue with a more commercial approach and separations of operations from policy making and the establishment of clear operations targets and managerial freedoms will increase value for money. Establishment of agencies has been a key element in the public service reforms in the UK and in New Zealand. It is also the approach that is now being used in Jamaica to modernise public service delivery to customers.

Questions to ask in order to assess the appropriate option for divestment

The following questions may assist in assessing the appropriateness of the above options. If the answer to the questions in each section is yes, then that option is likely to be appropriate.

We have assessed the proposed Airport and Sea Ports Authority against these questions.

Privatisation

	Yes	No
In principle can the function be delivered by the private sector rather than the public sector?	For all operational aspects, but less appropriate for some safety and security functions	
Are the potential income streams and profits high enough over the next 1-3 years for the private sector to purchase at a price or invest at a level that compensates for the loss of assets and future revenues to Government?	Probably for port	Probably not at present, for airport, may be in future.
Is there immediate need for significant investment for development, which is unlikely to be met from public sources?	Not immediate, but within next five years	
Is it clear that the functions could be managed more effectively if a purely commercial approach were adopted to service delivery and charges?		Strategic importance of air and sea transport may require non commercial decisions to be taken
Are there adequate regulatory mechanisms in place which can easily be enforced?		Not at present, but need to be developed

Statutory corporation

	Yes	No
Is this service of such importance to the people and/or economy that it should remain controlled by government?	Probably yes	
Is the service a monopoly?	Yes	
Will there be significant increase in revenue if there is a more commercial approach to charging?	Yes	
Do revenue and cost projections indicate that the organisation has the potential to break even over time?	Yes, depending on decisions on embarkation tax	
Are the majority of staff specialists who would be likely to spend most of their career within this operational area?	Yes	
Are there likely to be continued demands for investment and development which may not be met by Government resources?	Yes	

Agency

	Yes	No
Are there statutory reasons why this service should remain a part of Government?	Yes for civil aviation and regulatory and licensing functions	Not for airport operations nor port operations
Are the functions primarily operational service delivery, with little involvement in policy development?	Yes, except for regulatory and licensing functions	
Is the organisation always likely to require substantial Government funding to meet its recurrent costs?		May require a small subvention for the next few years
Are the majority of staff in clerical, administrative or other general functions, who would look for career development across the public service?		Majority of staff are specialised
Are potential investment requirements for development small enough for them to be met from Government resources?		No, external funding will be required, and is very unlikely to

		come from donors.
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Conclusions

This assessment indicates that the most appropriate option for the Airport and Sea Ports Authority is a statutory corporation. Full privatisation is inappropriate at this stage. Divestment into a state owned company has its attractions in terms of laying the foundation for increased private sector involvement in the future, but may be a more complex process to implement.

Appendix six

Roles and responsibilities for Civil Aviation matters

Roles and responsibilities for Civil Aviation matters

Introduction

This discussion paper attempts to summarise the various roles and responsibilities for civil aviation matters in Anguilla. It is designed to assist public servants in focusing their thinking about appropriate organisation arrangements for the delivery of airport operations.

The legislation

The key pieces of legislation for Anguilla are:

- Civil Aviation Act 1949;
- Air Navigation (Overseas Territories) Order 1989.

These set out the responsibilities of the Governor in relation to civil aviation. However, Anguilla is bound by the ICAO regulations, many of which form the basis for the above legislation. There is nothing in legislation which indicates that Anguilla is bound by ICAO regulations, however this is because of the island's dependent territory status. It is the UK CAA which is the signatory to ICAO agreements, which are binding on all dependent territories.

The role of the Governor

The Governor has powers to:

- register aircraft;
- inspect the airworthiness of aircraft;
- license and inspect aerodromes;
- licence staff in most key areas of civil aviation;
- secure the safety of aircraft, passengers and the general public;
- regulate charges made for the use of aerodromes;
- investigate accidents.

In summary, the Governors key responsibilities relate to ensuring safety and security of operations.

The Interpretation of the Air Navigation (Overseas Territories) Act 1989 indicates that almost all of these powers can be delegated. The only power that cannot be delegated is the prescription of fees for inspection, certification and licensing of aircraft, facilities and staff. Those areas that cannot be delegated are set out in Section 98.

In Anguilla, the Governor has opted to exercise his powers of delegation in respect of civil aviation. Delegation of some functions to the Ministry is explicitly allowed in the Interpretation of the Order. Some operational aspects relating to airport management are delegated to the

airport manager. The main inspection and licensing activities have been delegated to the Director of Civil Aviation in Antigua.

The Governor has specific powers in a state of emergency to take possession of an aerodrome and any equipment or craft relating to civil aviation. These powers are to be expected, and would apply to private sector operators as well as to a statutory body.

Neither of the two key pieces of legislation addresses the powers to negotiate bi-lateral air agreements. These appear to have been retained by UK CAA.

Implications for changes to the airport's status

The Air Navigation (Overseas Territories) Act 1989 explicitly covers both Government run aerodromes and other aerodromes licensed to operate by the Governor. These licensed aerodromes could be run by statutory corporations or entirely private. The legislation therefore provides no barrier to a change of status, and no amendments to this legislation would appear to be necessary to effect the change.

Whatever decision is made on the organisation of the airport, the licensing and regulatory functions will remain in Government. Many of these will remain delegated to the DCA. Given the Governor's responsibility for safety and security, this is clearly the most appropriate arrangement. If this split of responsibilities is arranged there would be few problems with the Governor's retained powers to set licence fees and related charges.

The Governor's powers in relation to air traffic control largely relate to inspection of equipment and licensing of staff. There is no barrier in the legislation to air traffic control services being provided by a statutory corporation or even by the private sector, as long as the equipment and staff meet the regulatory requirements.

The Governor has extensive powers to require operators of all kinds to provide information, which can be used in monitoring and regulation. (Colonial Civil Aviation Act, 1949, II, Section 14). The Governor will need to specify that this information is furnished to the Ministry to enable monitoring functions properly to be undertaken.

The Governor has the power to establish aerodromes. This power might be viewed as a concern by a potential private sector operator, who would wish to be assured of a monopoly operation on Anguilla. However, it would appear that a contract could be entered into which would provide assurance of monopoly services for a specified length of time.

One area that might cause concern is Section 76 of the Air Navigation (Overseas Territories) Act 1989. This gives the Governor powers to prescribe charges or set maximum charges for all operations services at aerodromes. The wording is

"The Governor may...prescribe the charges to the maximum charges which may be made for the use of the aerodrome and for any service performed at the aerodrome or in connection with aircraft, and may further prescribe the conditions to be observed in relation to those charges and the performance of those services"

Charges for services could be interpreted very widely (to include parking fees, taxi operators fees as well as landing fees and navigation fees etc). The opinion of the Attorney General's

Chambers, however, is that the 'charges' referred to in section 76 relate only to charges for or connected to the aircraft themselves and cannot be extended to other services at the airport.

Appendix seven

Revenues and recurrent costs of the Airport and Sea Ports Authority

Revenue and costs of the proposed Airport and Sea Ports Authority

Introduction

This paper sets out initial figures for the revenue and expenditure of the proposed airport and sea port authority. The figures have been developed only for the purposes of planning, to inform the thinking of senior managers in the Ministry of Infrastructure, Communications and Utilities and the Ministry of Finance. These figures are based on a large number of assumptions. Actual revenue and costs may differ from those analysed here.

2 Revenue

2.1 Airport revenue

The current revenue of the airport (based on rentals for concessions, landing fees and navigation fees) is in the region of EC\$400-450,000. The estimated landing fees of EC\$ 300,000 for 1997 appear over-optimistic.

There are, proposals, however, to increase landing fees by 20%. At present, Anguilla has the lowest landing fees and navigation charges in the region. This would add some EC\$40,000 to revenue. However, larger gains are likely to be obtained through increases in rentals and through the introduction of charges for other services (for example parking fees and permits for taxi drivers). If all of these are introduced, revenue to the airport could increase to around EC\$760,000.

Airport revenue	Estimates 1997	Estimates 1998 (no additional charges)	Estimates 1998 (additional charges)	Estimates 1998 (increase in landing fees)
Rental	66324	108000	108000	108000
Landing fees	300000	200000	200000	238800
CA fees	100000	110000	110000	110000
<i>proposed service charges</i>				
ground handling			15000	15000
restr area permits			4000	4000
lights (late ldng)			25000	25000
hangar lease			12000	12000
car park			50000	50000
security charge			200000	200000
Total	466324	418000	724000	762800

One risk to the new authority is defaults in payment. Some of the smaller airlines at the airport are in significant default. The new authority will need to ensure that all payments dues are actually collected.

Port revenue

Port revenue (currently collected by Customs) is relatively straightforward. Over EC\$1 million is collected every year. The fee structure is archaic, and fee levels do not reflect those that are charged for similar services in other islands in the region. However, the review and modernisation of the fee structure is a major task, and would more appropriately be undertaken following divestment of the ports, under legislation which gives the new authority powers to restructure its fees and charges. Future revenue could also be increased if the port increases its range of activities, particularly into the freight handling areas. Again, this is likely to be considered after the new authority is established, and no estimates for the increase in revenue have been included here.

Port revenue	
Port dues	175000
Pier dues	600000
Tonnage dues	360000
Total	1135000

Embarkation tax

Around EC\$ 1,700,000 is collected each year in embarkation tax (EC\$1,711,514 in 1996). In other countries in the region who have established airport/seaport authorities, this tax regarded as a passenger service charge and is retained by the authority.

2.2 Total potential revenue

If all potential sources of revenue for the airport are exploited and if embarkation tax is hypothecated to the airport/sea port authority, the total revenue could be in the region of EC\$3,332,000.

3 Airport costs

The airport costs as they appear in the 1997 Estimates are EC\$1,698,105. However, this is a considerable understatement of the true costs of the airport, which the new authority would have to bear. To these basic costs, we need to add:

- on costs for staff (pensions and social security);
- contributions to international organisations;
- insurance;
- depreciation of fixed assets.

3.1 Staff costs

We have assumed that, in year one at least, there will be no significant increase in salaries to staff of the new authority.

The Estimates at present only cover salary and wages costs and allowances. Other staff costs are found in the Treasury Estimates. Our calculations of on-costs for benefits for established staff are:

- social security contributions - 6.5% of salary;
- pension contributions - 8% of salary.

This means that 14.5% will need to be added to salary costs once the authority is set up.

For non-established staff, the on-costs are estimated to be in the region of 4%. However, we have made the following assumptions:

- a senior finance and resources manager will be required;
- strengthening of the administrative/finance staff will be necessary;
- fire and security auxiliaries should become permanent and pensionable staff.

Contributions to international organisations

These are at present found in the Treasury estimates and total EC\$135,000.

3.2 Insurance

Again this is currently in the Treasury Estimates, and totals EC\$ 209,450. The largest component is public liability insurance.

3.3 Depreciation

Depreciation of fixed assets are not included in the Government's cash budget. However, the assets of the airport are considerable. Most of the buildings were constructed in the late 1980s, and with an estimated 25 years of life, this means some EC\$280,000 depreciation costs per annum. We have only been able to estimate the depreciation on the navigation and communications equipment, as the actual costs are not known. In addition, a major runway resurfacing programme is under way at the airport. When completed in 1998, the depreciation costs will rise significantly. Total depreciation costs are in the region of EC\$580,000 in 1998, rising to \$EC780,000 in 1999.

Depreciation	Cost EC\$	Expected life (years)	Depreciation 1998	Depreciation 1999
Airport				
1987-88 Terminal	3500000	25	140000	140000
Apron	1500000	25	60000	60000
Tower/Fire shed	2000000	25	80000	80000
Equipment	n/k	20 <i>estimated</i>	300000	300000
1998 R'way resurfacing	5000000	25		200000
Total	12000000		580000	780000

Total costs

The total costs for the airport are likely to be in the region of EC\$3,140,000 in 1998, rising to EC\$3,340,000 in 1999.

Airport costs	Estimates 1997 EC\$	Estimates 1998 (no change) EC\$	Estimates 1998 (additional posts) EC\$	Estimates 1998 (fire established) EC\$	Estimates 1999 (completion of runway resurfacing)
Airport costs					
Personal emoluments on costs(14.5%)	785505	807505	874717	1081717	1081717
Wages on costs(4%)	450000	530000	530000	323000	323000
Travel	15000	18200	18200	18200	18200
Utilities	201600	225600	225600	225600	225600
Communications	36000	46900	46900	46900	46900
Supplies/eqt	210000	340000	340000	340000	340000
Contributions		135000	135000	135000	135000
Insurance		209450	209450	209450	209450
Depreciation		580000	580000	580000	780000
Total	1698105	3035142	3112449	3135261	3335261

Port costs

The recurrent costs of the port are lower than those for the airport. At present the port budget is merged with that of the Ministry HQ. However, details have been extracted from the Vote Book. 1997 cost are in the region of \$350,000. Similar adjustments have had to be made, however, including:

- staff on costs;
- staff changes;
- depreciation.

Although there are likely to be significant staff changes for the port in the future, as a result of the development of a wider range of services, we have assumed that these will not happen in year one, and that any additional costs incurred through extending services in freight management will be at least compensated by additional revenue generated. However, it is likely that the Port will shed its auxiliary staff, who act as taxi despatchers at Blowing Point (the Taxi Drivers' Association takes responsibility for this at the airport), and that a supervisor will be needed full-time at Blowing Point.

Depreciation costs are considerable at the port. We estimate that they are in the region of EC\$209,300 per annum

Depreciation costs	Cost EC\$	Expected life (years)	Depreciation 1998
Road Bay			
1985-6 Jetty	2000000	20	100000
1987 Warehouse	1000000	25	40000
Small Jetty	310000	20	15500
1994 Marine Base	120000	25	4800
Blowing Point			
1986 Jetty	700000	20	35000
1989 Terminal	350000	25	14000
Total	4480000		209300

Total port costs will therefore be in the region of EC\$577,000.

Port costs	EC\$	Estimates 1998	Estimates 1998
		(no auxiliaries) EC\$	(additional staff) EC\$
Personal emoluments	65688	65688	102612
on costs		9866	15412
Wages on costs	155760	117120	117120
Travel	3000	3000	3000
Utilities water	7800	7800	7800
electr	12000	12000	12000
Communications tel	5500	5500	5500
other			
Supplies/eqt (development budget)	100000	100000	100000
Depreciation		209300	209300
Total	349748	534959	577429

Total recurrent costs

Total recurrent costs for the new authority are likely to be in the region of EC\$3,712,690, rising to EC\$3,912,690. This means that the new authority will have a shortfall of some EC\$2,311,366 in 1999. However, if embarkation tax is retained by the new authority, the shortfall will drop to EC\$599,852. This shortfall is small enough to be covered by increased charges for services.

Appendix eight
Performance indicators

Output	Effectiveness indicators	Efficiency indicators
Infrastructure: Roads		
Contracts let	Value of contracts let compared to plan	
	Percentage of construction projects started compared to plan	
Roads constructed	Miles completed compared to plan	total project cost estimated project cost
	Miles of paved road compared to previous year	
Roads maintained	Percentage of planned maintenance activities achieved	Expenditure per mile of potholes filled compared to plan
	Percentage of pothole filling contracts satisfactorily completed compared to plan	
	Condition of road network compared to previous year	
	Percentage of maintenance jobs where quality standards were achieved first time compared to target for the year	
Infrastructure: Buildings		
Contracts let	Average number of days from first contact with Ministry to contractor on site compared to an annual target	
Buildings constructed	Number of projects completed in the year against plan	For each project: total project cost compared to original estimated project cost.
	<u>Total number of weeks overrun over the year</u> Planned number of weeks to project completion	
	<u>Total number of weeks overrun in building commissioning</u> Planned number of weeks for building commissioning	

Output	Effectiveness indicators	Efficiency indicators
Radiation levels controlled	Number of checks per licensed organisation carried out compared to plan	
	Percentage of checks indicating radiation levels meet international standards	
Profits generated	Profits generated compared to plan and to previous year	
	Profits generated _____ compared to previous year	
	Number of customer connections	
Utilities: Electricity		
Investment made	Value of investment made compared to plan and to previous year	Value of investment made compared to previous year
		Number of customers connected
Power generated	Units sold _____ compared to previous year	Cost of operations _____ compared to previous year
	Volume generated	Units sold
		Total cost of fuel consumption compared to previous year
		Units sold
Repairs effected	Percentage of line losses compared to previous year and target	
	Average time to process applications for connection compared to target	
	Average time to respond to faults compared to target	
Constant voltage achieved	Number of times voltage generated is logged with variation more than 9% from 110 volts compared to target	
Outages reduced	Hours of high voltage transformer failure compared to target and to previous year	Decrease in transformer failure hours
		Cost of line repair and line maintenance
		compared to previous year
	Hours of low voltage transformer failure compared to target and to previous year	

Output	Effectiveness indicators	Efficiency indicators
Profits generated	Profits generated compared to annual plan and to previous year	
	<u>Profits generated</u> compared to previous year Units sold	
Utilities: Water		
Investment in infrastructure	Miles of mains network compared to previous year	<u>Increase in miles of mains network</u> compared to target Value of annual investment in network
Water produced (reverse osmosis)	Volume of water produced compared to target	<u>Volume of water produced</u> Total purchase cost to utility compared to target and previous year
Quality levels achieved	Percentage of water quality tests passed compared to target	
Customers connected	Number of customers connected compared to previous year	
	Average time taken to connect customers from first contact to completion of connections compared to target	
Water delivered		<u>Volume of water delivered to customers</u> Full cost of operations compared to target and to previous year
Volume of unaccounted for water reduced	Percentage of produced volume unaccounted for compared to previous year and target	
	<u>Reduction in gallons unaccounted for</u> compared to previous year Number of meters replaced	
	Percentage of meters more than 3% inaccurate	

Output	Effectiveness indicators	Efficiency indicators
Revenue collected	Revenue collected against plan	
	<u>Revenue collected</u> compared to plan and to previous year Total cost of operations	
Airport and sea ports		
Licences issued	Number issued compared to plan	
	Percentage refused because of failure to comply with international standards compared to previous year	
Passenger facilities provided	Number of complaints from passengers/other users compared to target	
Equipment operational	Number of flights affected by systems breakdowns compared to target	<u>Cost of maintenance of safety related equipment</u> days airport was operational compared to target
	CAA inspections successfully passed compared to previous years	
Aircraft land and take off	Number of aircraft movements delayed more than 30 minutes where the delay is attributable to shortcomings in airport services, compared to previous year and target	<u>Cost of airport operations</u> compared to target Number of aircraft movements
Ships berth		<u>Cost of port operations</u> compared to target Number of ship movements
Safety and security of passengers and craft secured	Number of safety and security incidents attributable to shortcomings by airport/port staff compared to target	
	Number of safety/security exercises successfully completed compared to plan	
	CAA inspections successfully passed compared to previous year	

Output	Effectiveness indicators	Efficiency indicators
Freight moves freely	Average time taken for freight to leave port from ship berthing compared to target	<u>Cost of port operations</u> compared to target Tons of freight
Fees and charges collected	Total collected compared to target (for port and airport)	
	Percentage of fees and charges over 6 months in arrears compared to target	
Surplus generated	Surplus/deficit of Authority compared to previous year and plan	