

PUBLIC ACCOUNTS COMMITTEE

28.10.14

11:40

Chairman: Member Bartlett, are you satisfied with the answers in relation to the...

(Inaudible comment)

Chairman: Yes, and also in No. 6, related to the quarterly reports, and so on, are you satisfied with those answers?

Mr. Bartlett: Chairman, since we wanted to conjoin 5 and 6, so as to tie in both answers with the K-factor, might I just add that the Report disclosed in the case of the K-factor, that some \$3 Billion in K-factor funds collected from customers were not deposited in the K-factor Fund account, and NWC consistently deposited fewer funds than what was collected. Additionally, \$100 Million of the funds earmarked to address NWC non-revenue water issues and improve infrastructure was used for operational purposes, and the amounts were subsequently paid into the Fund. Now, have you satisfied yourself now, that the mechanism to monitor the performance of the K-factor and other key funds that ought to go directly to consumer benefit, are in fact in place, and that you can give an up-to-date report on the K-factor situation in particular?

Chairman: And, in answering, can you tell us the consequences of not depositing the money where it is to be deposited.

Mr. Bartlett: Especially because you say it was used for operational purposes, and that's very serious.

(Inaudible comment by Mr. Jackson)

Mr. Gordon: Since I was elsewhere let me, very quickly, address that. But, before I go, on the matter of the reports, we are putting in a computerized regulatory database, and providers will be required at location to upload their reports along with other information that we would access directly at the OUR. So, that system is actually now being put in place. We have the

consultants on board that are implementing that. Now, on the K-factor which I know a little bit about, actually, it was my idea some time ago, but during that early period at NWC - I wasn't there, but I know there was a struggle to get the cash in the account as was required. That was resolved after three years. The account was brought up to full compliance, and has been complying up to now. The OUR intervened, and actually threatened to terminate the K-factor which would have been the consequence then, and a Memorandum of Understanding was signed between the OUR and the NWC which sets out certain requirements. So, there is now a monthly report on the K-factor, on the status of the account that is required by the OUR. In addition, the K-factor is audited annually by an independent external auditor, and that Report is also submitted to the OUR, so the Fund is being more closely monitored now. Now I see...

Mr. Jackson:

Your... (Inaudible)... prevents the OUR from carrying out...

Mr. Gordon:

On the resource question, like other Government entities, we are subject to fiscal space. We do our best with what we have, and we do have adequate resources to do the things that we want to do now. In terms of internally, the technical capacity does need a little bit of strengthening in terms of the core functions, and that was something that was actually recognized by the Auditor General as well, in their report, and we are working to improve that within the context again, of the new strategy where we are being more proactive and trying to impact development through the provision of the different utility services. But yes, we are constrained by fiscal space, and of course, resource is not unlimited.

Chairman:

Now, the final item that we have here, Major Finding No. 7, it's a little bit concerning to me, and I wanted to make sure that I am understanding this thing correctly. So, I want you to clear it up