

RE-ORGANISING NWC FOR GREATER EFFICIENCY & FINANCIAL VIABILITY

The Background

For some time now the costs of operating the National Water Commission have far exceeded its revenues and collections. Every month, the NWC needs between \$500 million and \$600 million to provide services across the island. Each month however, revenue collections amount to just over \$350 million.

Therefore, our costs of operations must either be reduced drastically, or our revenues and collections increased greatly, or a combination of the two.

The reasons for this situation include an inadequate tariff, aged infrastructure and internal issues of efficiency. An examination of the NWC costs show that employee expenses account for nearly 50% of our costs. This is unsustainable and must be reduced.

Customer expectations also continue to rise and can only be met by modernization and the greater use of technology.

The Aim

Against that background, KPMG Peat Marwick was contracted to do a Management Audit as part of the continuing improvement exercise aimed at making detailed recommendations for cost savings, efficiency gains and modernization to better serve the people of Jamaica.

The Choices

The NWC is therefore faced with the option of allowing itself to become defunct or to initiate bold, new measures aimed at achieving greater efficiency and financial viability.

We choose to take the bold new steps needed to make the NWC efficient and viable. These include:

- o Re-structuring

- o Containing costs

- o Reviewing rates

- o Efficiency gains

- o Improvements to Systems and Facilities.

It has been agreed by all concerned that this re-structuring exercise is both necessary and unavoidable if the NWC is to be efficient and viable in serving the people of Jamaica.

The Way Forward

After months of consultations with major stakeholders, including the Unions, broad agreement has been reached on the following areas:

- o The NWC has to be re-organized and re-structured in order to improve efficiency and financial viability.
- o The re-structured operation and management of the NWC will be organized into two Divisions (Eastern and Western), each consisting of 4 Areas.
- o Details of the structure of the Corporate Offices, the Eastern and Western Divisions including those Units and Districts to be absorbed into other Divisions or Areas.
- o Some existing positions will not be carried forward on the new structure, while some new positions will be created and a few others modified.

The process of implementation will be initiated on a phased basis between now and the end of 2004, a period of approximately 18 months. It is not a numbers game. Restructuring involves the careful implementation of systems with the optimal number of staff members required to provide efficient service to our valued customers. It does not involve just cutting numbers to reduce costs. The rate of separation and the number of positions separated at any one time will be determined primarily by the capacity of the Commission to do so while maintaining service to customers. No separation will be done at a time that the particular separation will precipitously affect the ability of the NWC to maintain service to customers. Obviously, this process has to be carefully managed so as to avoid disruptions at the work place as well as disruptions to the water supply.

The process of re-organization is also affected by the number of employees who apply - in a separate process - for voluntary separation and the process of staff selection for the newly created positions on the new structure.

Members of staff continue to be appropriately advised on an ongoing basis of the process of implementation and a Re-organizing NWC Help Desk has been established, among other things, where employees can access additional information and have concerns and queries addressed.

The 5 Unions representing employees have been enjoined to support this necessary and unavoidable measure, and the NWC has allowed for the full presentation of issues and concerns during months of consultations. In view of the strenuous and patient efforts of the NWC during this long process and the eminent reasonableness of our position, the NWC expects normality to continue in our operations across the island.

The NWC continues to honour all its commitments during this process and remains committed to act in the best interest of the entity, our customers and our employees. This is also the consensus of the vast majority of those concerned.

Customers are encouraged to continue to conduct their business with the NWC, including bill payments at any commercial office or any of our bill collecting agents. Employees are also encouraged to continue to provide the normal professional service expected of them.

The Outcome

At the end of this exercise, a more efficient, financially viable National Water Commission is expected to result. One that is more modernized and capable of meeting the water supply and wastewater service needs of the Jamaican population at the lowest cost. Failure to support this process will only frustrate the efficiency gains necessary to provide our customers and employees with the least costly operations and the most efficient structure.