Chairman, Management and staff of the BWA, Ladies and Gentlemen:

I am grateful for this opportunity to dialogue and to share with you my thoughts on the important role the BWA is expected to play within the design of Government policy.

I believe this is only the second time in recent memory that you are receiving a visit from a Prime Minister- the previous occasion being the visit of then Prime Minister Rt. Ex. Errol Barrow, now National Hero, back in 1986.

The BWA is never far from the thoughts of the Public, but often, unfortunately, for the wrong reasons. Those of you who listen to the call-in programmes, monitor newspaper letters and columns and general other purveyors of public information would be aware of the harsh criticisms heaped upon this organization by members of the public.
These criticisms have become more strident in the wake of my announcement of Government’s intention to grant the BWA an increase in water rates. Some of this criticism is malicious but much of it is well-founded and borne out of bad experiences the public has had with this organization.

The BWA since November 2008 has been placed by me within the Ministry of Environment, Water Resources and Drainage.

The creation of this Ministry has been done deliberately, to emphasize the point that environmental protection is the overarching consideration that will fashion Government’s developmental thrust.
The goal is to advance a sustainable development programme that is underpinned by sound environmental technologies and policies that protect our water resources and environment, ultimately with the aim of enhancing the lives of all Barbadians.

That sound water resources management is at the heart of this environmental protection thrust cannot be gainsaid, and this reality imposes on the BWA, as the entity responsible for the management of this nation’s water resources, a most central - or perhaps the most important - role.

Public Concerns

The BWA is mandated by its Act to provide the public of Barbados with a supply of water for domestic purposes and a potable or otherwise acceptable supply of water for commercial, industrial, agricultural or other purposes as may be prescribed.
Generally, the BWA has been successful in getting water to flow through our taps and even when this organization was challenged by the severe drought of 1994 it was still able to provide about 96% of Barbadians with a continuous supply of water.

The Public is grateful for this, but the delivery of water through our taps is only part of a wider function vis-à-vis the delivery of a water (and wastewater) service.

Your response to burst pipes is part of this service and this is a major source of irritation to the public.

The BWA unfortunately does not have the comfort of other utilities, in their faults going unnoticed by the public. When the electricity goes off in an area the public can only detect a visible change at night, and if the telephone service is interrupted in an area there is no visible change at all.
In the case of water however, a burst pipe or main is clearly visible to the public from inception and they expect a speedy response.

Although some burst pipes are acted on speedily, far too many are not, and this annoys the public.

The major utilities in Barbados serve essentially the same public, which is therefore in position to compare levels of service. All employees of the Authority must remember that the public will hold this organization to the same high standards as it holds the other utilities.

Allied to this is the number of excavations left by the BWA in the aftermath of repairs. I am aware that repairing carriageways is not the forte of the BWA and there is dependence on contractors and the Ministry of Public Works.
The existence of the Utilities Coordination Committee notwithstanding, this reinstatement of roads is an area that cries out for urgent resolution and the onus is on the BWA to come up with a solution.

Another concern is the level of customer service. There are too many reports of instances where members of the public call the Authority to seek information or make reports only to be greeted by less than helpful responses.

The public is right to seek information and BWA representatives on the front line must ensure that they are helpful and above all courteous. Customer service is the business of every employee.

**Authority’s Concerns**

I am very well aware that the Authority also has concerns as it seeks to deliver its mandate in a very challenging environment.
First of these I am told is a consequence of its public image. The public has a very negative image of the Authority and this has translated into lack of respect for its property and its employees.

Instances where customers who have been rightfully disconnected, proceeded to damage the Authority’s property and illegally turn the water back on, have occurred with a frequency not experienced by other utilities.

Worse still are situations where persons have at times tapped the mains and received water illegally, sometimes going unnoticed for several years.

More ominously have been the reports that repair crews conducting their legitimate business have been put at risk by careless road users who ignored the road signs and drove through the work area, passing dangerously close to the crews.
The same is true for Meter Readers and Disconnectors who have at times been obstructed in carrying out their duties by members of the public.

This irresponsible behavior by a few members of the public must be condemned for, like other utility workers, those of the BWA must be able to carry out their work in a safe environment.

Next is the attitude of the public to payment of bills. The Authority has been very lenient in disconnecting water services only when they become 60 days and over past the due date for payment.

For most households the water bill is the smallest of the utility bills yet it is often not paid. A survey has revealed that residential customers view the BWA as the number 2 utility and they all agree that water is the most valuable of the utility services.
However, this has not translated into willingness to pay, since residential customers account for about 60% of the $26M arrears owed to the Authority. Some delinquents claim that their reason for not paying is that the other utilities are more aggressive in terminating for non payment or that there is no reward for early payment at the BWA.

Whatever the true reason, the number of services due for disconnection is about 10,000 per month and this represents a huge disconnection challenge, given the fact that we must go on site to disconnect.

The public has not responded positively to past PR campaigns by the Authority aimed at establishing the value of water in the minds of customers nor have crash disconnection efforts borne sustained fruit.

The tenor of industrial relations is another area of concern.
The relationship with the unions has been too confrontational leading to periodic work stoppages which do nothing to enhance the level of service delivery and reduces the amount of empathy the public has for the organization.

In a large utility like the BWA numerous issues are likely to arise from time to time and given the nature of utility business some of these issues might defy resolution for a long time especially in times of financial difficulty.

Take the case of the Group Medical Plan for employees. This is very desirable and has been discussed for some years.

The Board has no objection to it but this represents a cost which the Authority is in no position to bear although workers will also contribute.
Challenges Faced by the Authority

Financial

The financial challenge facing the Authority is the most serious one and has its origins in a widening gap between expenses which keep rising and revenues which remain relatively fixed.

The very rigid expense structure at this organization places limits on options for correction as four (4) items viz. wages and salaries, electricity, purchases of desalinated water, and debt service represent about **80%** of expenses with wages and salaries the largest item of expense.

With its creation in 1980, the Authority inherited a workforce that was large especially in the semi-skilled and unskilled areas.
The 780 employees currently employed by the BWA represent 8.2 employees per 1,000 services which are high by industry standards and speak to the historic tendency to use this organization as a source of employment.

Increasing the numbers only aggravates the situation and in the current climate Management must do its utmost to bring the best out of the current workforce. The other cost items do not lend themselves to easy reduction.

The BWA is the largest consumer of electricity in using about 3.6 million units of electricity each month which represents about 4% of the entire output of Messrs BL&P. As the BWA must pump the water to its customers, heavy consumption of electricity is inescapable.
The BWA has accumulated $150M in debt which must be serviced and constitutes an inescapable cost while the purchases of desalinated water are a contractual obligation.

**Technical**

The technical challenge is actually an amalgam of a number of challenges that manifest themselves as water scarcity, aging infrastructure, threats to our water quality, and effects of climate change.

With its population of over 260,000 – and growing by the day - and total water resources availability in an average rainfall year of 225,410 cubic metres per day, the per capita water availability in Barbados is less than 390 cubic metres per person per year.
This places Barbados squarely within that group of countries whose per capita water availability is less than 1,000 cubic metres per person per year – this group is labeled “water scarce”.

Studies as recent as 1997 have concluded *inter alia* that our ground water resources are fully exploited which means that we must now resort to non-conventional resources.

Steps are already taken in that direction with the establishment of the desalination plant at Spring Garden and one would expect additional plants in coming years if water availability is not to limit national development.

The Authority has been undercapitalized for many years with the result that it has not had the finances to refurbish its assets which are now in poor shape and need of renewal.
The fact that it has nevertheless been able to maintain water quality that meets WHO Guidelines must be commended. Nowhere is the need for refurbishment more, than in the distribution network whose integrity is questionable with increasing incidences of discoloured water and frequent bursts.

Some of this infrastructure is over 100 years old and the level of unaccounted for water has been estimated at 28% and 62% respectively. Systematic replacement of old mains must be pursued as a priority activity and, to this end, resources will be provided for major mains replacement.

The increased use of land for vegetable farming and the resultant increase in the use of fertilizer and pesticides, coupled with illegal squatting in some areas of Zone 1 have combined to pose serious threats to the quality of our groundwater.
Added to this, improved economic circumstances and living standards have led to the use of various household chemicals and cleaners and the dumping of unwanted household items in numerous places.

The upshot of all of this is that the existing Zoning Regulations are now inadequate and need to be strengthened. For this reason Government has commissioned a study to review the existing Zoning Policy with one output being the draft of a Groundwater Protection Act. This study should be completed by the end of June 2009.

Conventional water resources availability is governed by the hydrologic cycle in which rainwater falls from the clouds, sinks into the ground to become groundwater, or runs off on the ground and finally flows to the sea.
While the experts argue whether climate change is man-made or part of a natural cycle, there is some agreement that, as a result of global warming, in future we will experience more extreme events be they droughts, intense rainstorms or hurricanes.

Some sea-level rise will also result from the global warming. The result of sea-level rise will be to contaminate some of our coastal aquifers through the ingress of seawater and this could reduce the amount of water that can be abstracted from them.

Barbados presently relies on coastal aquifers for almost 90% of its water supply. Sustainable adaptation strategies will have to be devised based on careful monitoring and measurement of water resource availability.
In this regard the Authority is collaborating with local, regional as well as international agencies to ensure a better understanding and development of adaptation measures.

**Technological**

The BWA which evolved out of the Waterworks Department inherited an operation that was largely manual and where records were kept on paper-based systems.

A lot of this data was subject to data gaps, inaccuracies, or in a few instances non-collection. The Authority commenced the computerization of its operations in 1994 with the installation of a billing system and since then much has been done.

However many of the systems still rely on manual intervention and paper records which can be soiled or damaged in the work environment.
Modern utility practice has seen the increasing use of technology to achieve efficiencies and this will continue as the leading utility sector viz. the electrical industry turns more and more to the emerging “Smart Grid”.

A number of technologies which began in the electrical utility sector have steadily migrated into the water and wastewater sector as this sector gained in complexity. Supervisory Control and Data Acquisition (SCADA) has proven to be a very effective tool for managing increasingly complex utility systems with the adjunct benefit of improving customer service.

The use of such technologies must become integral to the operations of the BWA to afford it early detection of system faults and the ability to be proactive, at times even informing customers of supply difficulties before they are aware.
Allied to this is Geographic Information Systems (GIS) with the capacity to store myriads of information which represent the kind of data needed in areas such as hydraulic network modeling.

The new technologies are not limited to the engineering function: there are several Customer Information System (CIS) packages available which can be integrated with the above systems to enhance the overall level of customer service. If the Authority is ever to be able to keep in step with current trends then it would need to modernize its existing CIS.

The small IT Department which currently exists at the Authority will have to be expanded as this unit will be expected to be involved in all implementations of any new technologies.
Organizational

The BWA is a large and complex organization but it is very narrow towards the top. Its managerial staff only number about 12 and when we compare with other utilities serving a similar customer base, we find managerial staff numbers in the region of 20 to 43.

Because of large numbers of staff the “Staff per Manager” ratio at the BWA is about 65 while for other utilities of similar customer base it is in the range 16 to 24.

The result of all of this is that BWA managers constantly find themselves in the “fire-fighting” mode with little time for the orderly planning of departmental functions.

There will be the urgent need to correct this situation through the strengthening of existing departments and the adding of new units where necessary.
One such unit could be a Regulatory Unit which would focus on facilitating the work of preparing the Authority to submit its first rate application.

The provision of water supply and wastewater services is a 24-hour operation yet the BWA is constrained to provide these services, for the most part, in an 8-hour mode, paying costly overtime for work done outside of this normal period.

Even though the pumping, treatment, and security functions have traditionally been done on a 24-hour basis, repairing faults e.g. burst pipes, mains, occurring at night cannot be properly attended as there is no standby crew.
However, as customers expect to avail themselves of these services at their leisure and many of the activities of the Authority are not geared for continuous service, this causes much frustration when problems arise after hours.

The introduction of a 24-hour system of operation in more activities of the Authority will greatly enhance its operational efficiency as well as its customer service. The Authority needs the cooperation of the Barbados Workers Union in negotiating the final form of 24-hour operation.

**Human Resources**

The BWA which serves the same customer base as the other utilities in electricity and to a lesser extent telecommunications, has traditionally, been treated as the “Cinderella” of utilities.
Perhaps the very origins of the Authority work against it as most persons continue to view it as a Government Department and harbour somewhat negative impressions of the organization and its staff. Some of this negativity is internalized by a number of staff members themselves.

The result is that some of the human resources in this sector are bereft of the skills and attitudes needed in a complex and challenging utility environment. Today customers expect utility personnel at all levels to be able to give informed answers to their concerns whether they be about outages, bills, or guidance on how to transact business.

This dearth of suitable human resources has adversely affected the level of service to the public and necessitated the use of scarce resources for basic training rather than training specific to the operating environment and placed added pressure on those managing the systems.
A more conventional recruitment policy is needed where entry requirements are comparable to those of the other utilities and all persons entering the organization do so via a transparent process of application, interview, and selection. This approach is needed if the Authority is to provide the same levels of customer service as the other utilities.

Added to this, administering to the human resources needs of the large workforce has become a major challenge as we seek to keep track of training needs, union agreements, vacation schedules, promotional data and other critical paraphernalia using manual systems.

It is quite clear that the rapid computerization of the human resources function must be given high priority.
Physical

The BWA currently conducts its business from four (4) administrative locations of which it owns only one. This scattering of offices makes for difficult management of the entity and harms the image of the BWA.

A recent survey confirmed a link in the minds of consumers between the Authority’s corporate image and bill payment and the negative perception is reinforced when the public sees the traffic congestion that used to occur periodically at the Pine Headquarters.

The Authority has for some time been desirous of building a new office compound and has already bought nine (9) acres of land on which to site it.
Raising the remaining financing has been a challenge.

**Why a Rate Increase?**

Except for fiscal 2005/06 when it made a small profit, the BWA has made losses in each of the past thirteen (13) years rendering the entity technically bankrupt today. Successive losses forced the BWA to borrow to sustain its operations and its current finances are inadequate to meet debt service charges. Government has had to assist.

In the past the BWA has sought to halt the slide through measures aimed at improving revenues with some success but efforts to contain costs were not successful.
As the gap between expenses and revenues widened it became impossible to honour obligations to suppliers on a timely basis and this negatively impacted its operations.

The only viable option is to grant a rate increase at this time to permit the conduct of orderly operations while giving some breathing space for modernizing the organization and commencing a number of projects critical to the development of the water and wastewater sector.

This modernization is an essential component of the preparation of the BWA for eventual regulation by the FTC.
Future plans and programmes

Re-branding the BWA

What started in 2007 as a marketing exercise aimed at encouraging the public to practice water conservation and pay their water bills had to be expanded into a wider re-branding effort.

This was because during the diagnostic phase of the marketing exercise a number of persons surveyed responded that negative perceptions of the Authority was a factor in their not paying bills.

The marketing consultants suggested that for too long the BWA’s marketing and communications efforts have been driven by tactical attempts to address concerns that present themselves rather than adopting a strategic approach.
They referred to past attempts to enhance collections through disconnection notices in the media, an increase in the number of Disconnection Assistants at the Authority, and the use of Attorneys and a Collection Agent, and noted that none of these efforts bore fruit on a sustained basis.

It was time to break new ground. They proposed a strategic marketing plan that will respond to BWA’s long-term objectives and which will see the development of clear mission and vision statements meant to motivate staff, as well as a new logo and corporate colours.

The buy-in of staff is critical to the success of this effort and for this reason a number of workshops has been run aimed at staff orientation and brand awareness and to explain the reason for the campaign.
The entire re-branding project is costly and could be in the region of $2.5M Implementation is estimated at 2-3 years.

Modernization of the Organization

Water availability is at the heart of national development. Given the number of public and private sector projects that are planned, including a significant expansion in housing, balanced development of our water resources is imperative if lack of water is not to stymie our efforts.

This water resources management is not made any easier by the effects of climate change which has brought on severe drought or floods from time to time.
It is now accepted that the water sector in Barbados must undergo a strategic shift in direction from being a public utility heavily dependent on subsidies from Government to a public enterprise competing in the marketplace for its share of customer spend and capable of vying for the attention of and funding from investors.

Government is currently in negotiations with the IDB and the CDB on a package of measures labeled “Water & Sanitation Systems Upgrade” and which include a component for the reorganization and modernization of the BWA.

Specific activities under this component include the development of a modern human resources recruitment and development strategy, an operational strategy, change management, development of performance standards or benchmarks, and the review of the role of the BWA as regulator and chief abstractor of water.
Also envisaged is the installation of modern management information systems, the use of new technologies such as SCADA for network management and control, and public awareness campaigns.

To sustain this modernization it will be necessary to train staff specific to the operating environment and to raise entry level requirements for recruitment at the Authority.

The BWA must be positioned like the other utilities to be regulated by the Fair Trading Commission when the time comes and this preparation is deemed necessary.
Belle Treatment Facility

This project had its origins in an environmental study commissioned by Government in 2002 which identified high nitrates and bacteria as posing serious threats to the quality of water supplied from Belle and Waterford well sources.

A number of options for addressing this situation were considered but the option ultimately accepted by Government was treatment of the water from Belle to remove the nitrates, coupled with better disinfection practices there.

To achieve this would require the establishment of a treatment plant at Belle to remove the nitrates from part (or all if necessary) of the water abstracted as well as a facility to increase the contact time for the chlorine to kill any bacteria. The estimated cost of these works is $55M Barbados dollars. The source of funding is to be determined.
We can see the need for treatment of groundwater at other locations increasing if as a nation we do not curb our use of fertilizers and pesticides and cease the illegal dumping of garbage.

**West Coast Project / Wastewater Reuse**

The proposed West Coast Sewerage Project has been in the pipeline for some time with the Master Plan having been completed as far back as 1997.

Objections by one Government agency to the proposed disposal of wastewater that was to receive only preliminary treatment resulted in a review of the level of treatment with Government expressing a preference for the effluent to be treated to tertiary level so that it can be reused.
It also directed that a cost/benefit analysis be done on project options.

The cost/benefit analysis has been completed and a budget level costing of the preferred technical option given as US$300M.

The acceptance of wastewater reuse as policy and part of the national water augmentation effort in a country labeled as “water scarce” has forced a redesign of the proposed West Coast Sewerage System.

It has also rendered necessary a full evaluation of the existing Bridgetown and South Coast facilities with a view to making them compatible with the emerging wastewater reuse master plan.

A wastewater reuse concept report has been prepared by a Consultant and is being examined by the BWA.
Planning level cost estimates put the cost of modifications to the Bridgetown and South Coast systems to deliver treated wastewater for reuse at around US$95M.

The approval processes which are currently being pursued must be completed before proceeding to the next stage.

**Septage Handling Facility**

The sewage treatment plant at Emmerton Lane was designed to treat 5,000 gallons per day of septage but almost from inception it was forced to handle multiple times that quantity.

This heavy nutrient load has contributed significantly to poor plant performance which has at times resulted in offensive odours being emitted.
The need for a facility to process the excess septage was recognized by Government which agreed to the construction of a separate facility. At the time of World Cup 2007 a temporary facility was constructed near the plant at Graeme Hall with the intention of upgrading it to a permanent facility.

The BWA is awaiting a fee proposal from the consultant for doing the designs. It is believed that the permanent facility could cost around $3.0M Barbados.

**Mains Replacement Programme**

This programme seeks to reduce the level of un-accounted-for water, minimize the incidences of discoloured water, and relocate old mains out of carriageways where they are in the way of Government road-works.
Mains replacement also has the adjunct benefit of reducing electricity costs by reducing the level of leakage from the mains.

The preparatory work to select the most critical mains has been done with frequency of pipe bursts and presence of discoloured water factored into the selection criteria. This programme which was initially estimated at $50M has now been expanded to $150M over a five (5) year period. A programme of this size cannot be executed using BWA employees alone and private sector involvement will be necessary.

It is intended that there will be mains-replacement activity in all eleven parishes and the Authority craves the indulgence of the public in enduring the inconvenience as they go about their business.
New Headquarters

The Authority is a tenant even at this Manor Lodge complex which serves as its headquarters. It had for some time been desirous of building a new headquarters at Pine Hill and to this end had engaged the services of an Architect.

The hurried abandonment of the administration building in the Pine at the end of March because of environmental problems has served to impress on us all the need for the BWA to have a headquarters of its own.

Housing of staff in acceptable accommodation has become top priority as more and more emphasis is placed on matters of safety and health.
Work has restarted with the aim of bringing this project to completion and it is hoped that the final move to a BWA headquarters can take place in about two (2) years.

In keeping with the tenets of the green economy and the mission of the Ministry of Environment, Water resources and Drainage, the headquarters complex must be a showpiece of water conservation and renewable energy use.

The cost of this project is estimated at around $30M.

**Energy Efficiency Study**

The cost of electricity in water operations has been a cause for concern by many water utilities in the Caribbean including the BWA.
Accordingly, the IDB has responded to a request by about eight (8) territories including Barbados to finance a consultancy to examine energy consumption in the sector and recommend specific steps to achieve efficient use.

The consultant is expected to visit Barbados in July and will meet with senior officers of the BWA.

The Way Forward

Ladies and Gentlemen, I have set out the challenges and obstacles confronting the BWA. I have also spelt out, in pellucid terms, the expectations of the public and of the Government of Barbados.

What we need here is a win-win situation.
I made the point in this address that the argument of over-staffing and the efficacy of pursuing a leaner staff component are sound and would be justifiable under the circumstances.

I made the point also that there are some human resource challenges at the BWA and that our approach to recruitment over the years has not been the most effective or efficient.

Nonetheless, job protection is a cornerstone of my government’s social as well as economic thrust.

I know the use of the word ‘deal’ or the terminology ‘cutting of a deal’ is not Prime Ministerial. But, Ladies and Gentlemen, it best sums up and explains my proposition to you this morning.

I am willing as Prime Minister and Minister of Finance to work with you.
I will authorize all necessary programmes, geared at positively changing attitudes and enhancing service delivery.

I want each and everyone of you to keep your jobs and to be a part of this challenging yet exciting period that lies ahead for the BWA. But you are going to have to make a greater effort.

You are going to have to draw that proverbial line in the sand. You are going to have to step up to the plate as far as delivery of quality product and service is concerned.

You have asked for additional resources, which translate into higher rates to the consumer, and I have agreed.
Water rates will be increased effective July 1\textsuperscript{st}. I expect that in a matter of days, certainly by next Thursday, the technical officials would have made their recommendation and the Cabinet of Ministers deliberated thereon.

Certainly, by next Thursday evening, Barbadians will know the exact rate of increase of water. But, of whom much is given, much will also be expected.

I am going to the public of Barbados in hard, economic times and asking for an increase in water rates. I do so with the understanding that you, the staff of the BWA, will, by your attitude and aptitude, justify that increase.

I sense from my interaction with a wide cross section of people in this country, that there is general agreement with the principle of an increase in rates.
But, the public also want an improvement in product and service. They want to see a more user-friendly BWA. They want to see a more responsive BWA. They want to see a practical and commonsense BWA.

Attainment of this will depend on the collective effort and output of all interest groups, especially you the workers and your bargaining agent, the trade union.

If I am to protect your jobs and to deliver much needed financial and other resources, you in turn have got to cut me and the public of Barbados some slack and work with us in improving the overall quality, availability and management of our water and water resources.

We need a paradigm shift in how we approach the business of service delivery.
I spoke earlier of 24 hour work days and the need for us to cut out this notion, I was tempted to say nonsense, of overtime work at overbearing rates.

The workers of the BWA must work with the public of Barbados in the interest of Barbados. By the same token, I take this opportunity to appeal to consumers to ease off the BWA. Support the BWA!

Give the workers your fullest cooperation. Over the course of the next three years, there will be a virtual revolution in water recovery, management and distribution in Barbados.

The success of these programmes will depend in large measure on the cooperation and support of all Barbadians. This is an initiative we can no longer delay. It is change we must embrace!
I do not think I need to dwell on this issue any longer. The challenge is made to you, the management and staff of the BWA, to justify the imminent increase in water rates by improving, expanding and generally enhancing the level and quality of product and service offered by the BWA.

The public of Barbados is called upon to play its part in facilitating those improvements.

With these slightly more than few words, I call on all stakeholders in the procurement and distribution of waters resources in Barbados to step up to the plate, roll back your shirt sleeves and let us all get down to the task of securing for Barbados a high quality and reliable water and water management service.

I thank you!

17th June 2009