



PUBLIC UTILITY BOARD

**STRATEGIC PLAN
2013 - 2015**

TABLE OF CONTENTS

1. INTRODUCTION.....	3
2. NATURE AND SCOPE OF ACTIVITIES.....	4
3. MAJOR OBJECTIVES.....	5
4. ORGANISATION STRUCTURE.....	7
5. FINANCIAL STATUS.....	9
6. ANTICIPATED BORROWING.....	9
7. OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES.....	10
8. FINANCIAL STATEMENTS.....	33
9. COMMUNITY SERVICE OBLIGATIONS.....	38

1. INTRODUCTION

1.1 Plan requirements

This strategic plan is designed to meet the requirements of the draft State Owned Enterprise Act. The Act will be placed before Parliament during December and is expected to become law in 2013.

The Act does not currently require that a state owned enterprise (SOE) complete a plan, only that it completes a Statement of Corporate Intent. The draft Act requires the following components in such a statement:

- The objectives of the SOE
- The nature and scope of the activity to be undertaken
- The performance targets and other measures by which the performance of the SOE may be judged in relation to its objectives
- A statement of financial performance
- A statement of financial position
- A statement of anticipated borrowing
- The accounting policies of the SOE
- Whether the SOE anticipates that it will generate a return that covers the cost of capital, and if not, why not
- A statement of the principles to be adopted in determining any annual dividend
- Any activity which the SOE requests or has agreed to be treated as a Community Service Obligation

Fulfilment of these requirements demands that a detailed plan is completed. Impending legislation requires that the plan is updated annually. This plan is the product of discussion and work by the management team of PUB.

1.2 Key Issues

Customer service: PUB has begun the development of a customer service structure. This has included customer service training for front line staff and the refurbishment of the customer service office at Betio. However, customer service is not a discrete function and lacks resources. Further development of this structure is required.

Tariffs: The electricity tariff has not been reviewed since 2008. PUB generated each kWh at the total cost of \$0.69 in 2010, selling it at \$0.44 per unit, and as a result of increased arrears, it has been receiving an average of \$0.40 in payment per unit sold. Similarly the current water tariff does not recapture costs. There is no current sanitation tariff and Government subsidy is inadequate.

Billing system: At present the billing system in use by PUB is manual and a constant source of irritation to customers. The database of water customers is inaccurate and that for electricity customers is suspect. Current hardware and software within PUB is now outdated. Most hardware in the general office area is at least 7 years old or more.

Water: In terms of performance in this sector PUB compares badly with its Pacific neighbours. Pacific Water and Wastes Association (PWWA) identifies coverage of population and hours of availability as particular issues. Repairs and maintenance are constrained by lack of funds arising from inadequate tariff income. For the plan period PUB focus must be on building up resources to enable further developments. PUB will focus during the plan period on rehabilitation of water facilities assisted by ADB and KAPIII. This rehabilitation should improve availability. Longer term PUB will continue to seek development partner assistance for desalination especially.

Electricity: In a similar fashion inadequate tariff income also constrains repairs and maintenance in power operations. PIAC has identified below regional benchmark performance in areas of load factor, generation labour productivity, specific fuel oil consumption, distribution losses, customers per distribution employee, distribution transformer utilization, labour productivity, productive electricity usage, debtor days.

Organisation and human resources: There is a need to link strategic plans with job descriptions and performance assessments. Under resourcing exists in water, power, finance and customer service functions. Office premises are in need of considerable maintenance and refurbishment. There is also a need to expand office accommodation.

Financial management:

Debt/Equity Ratio: Pacific median value is 17%. The PUB debt/equity ratio is 48%.

Return on equity: Pacific median is 1%. PUB presently returns 0.3%.

Current ratio: Pacific median is 1.5. PUB achieves 1.8. It should be noted that this includes outstanding debtors. Liquidity could, therefore, be considerably worse than indicated if debtors are not controlled.

Debtor days: Pacific median is 57 days – almost 2 months. PUB measure is 274 days – almost 10 months. Poor collections and arrears management is due in part to a poorly enforced disconnection policy and an inadequate accounting and billing system.

Governance and legal framework: PUB is established as a statutory corporation with its own empowering Act. This organisational form has now been superseded since it lacks transparency in Government funding arrangements and confuses social and financial objectives. The last certified audit was completed in 2008.

The issues facing PUB are significant. However, it should be noted that many are a direct result of adopting a recapitalisation process to tariff setting and funding. The process was in widespread use throughout the Pacific but is now diminishing as Governments take a more targeted approach to tariffs. In the past tariffs were artificially low because tariff increases were seen as unacceptable to the electorate. The effect of this was that PUB funded the shortfall internally and Government subsidies were required to keep PUB afloat. As internal funding of tariff shortfalls progresses recapitalisation (as the utility makes losses and its balance sheet shrinks) is required, placing further demand on Government finances and PUB resources. The impact within PUB of this approach is to starve it of resources required for repairs and maintenance as well as development. The issue of tariff reform is the most crucial aspect to resolve for the future of PUB. If resolved many of the other issues can be dealt with.

1.3 Developments

Future developments having an impact on PUB include:

- The proposed Public Enterprise Act. This act is to receive its second reading early in 2013 and is expected to be passed by Parliament without major amendments. The impact on PUB will be to fundamentally change the way in which the business is conducted. Under the Act the principal objective of

PUB is to operate as a successful and sustainable business. The act defines a "successful and sustainable business" as a business that:

(a) is as efficient and effective as a comparable business that is not owned by the Government; and

(b) services its debts incurred in the ordinary course of business without payments from the Government, except those in respect of CSOs as contemplated by section 6.

(c) must also be a good employer and exhibit corporate social responsibility.

PUB must therefore operate on a profit making basis with most income being derived from tariff. In addition the composition of the Board will change with civil servants making up a minority of members. Annual statements of corporate intent will be subject to parliamentary scrutiny and audited annual accounts will be made public. Government may subsidise only activities that are loss making for PUB (Community Service Obligations). Such payments are subject to a sale and purchase agreement as part of the annual budget process.

- In the near to medium term the activities of development partners having an impact on PUB include:

World Bank Solar Energy Project 2013

ADB South Tarawa Sanitation Improvement Project 2012-2015

World Bank KAPIII Leakage Reduction 2012-2014

World Bank/ADB Road Rehabilitation Project (including rehabilitation of water main) 2013-2015

New Zealand Urban Development Programme 2012-2015

AusAID Desalination Project (possible) 2012-2014

The scale of these projects will require significant management inputs from PUB.

2. NATURE AND SCOPE OF ACTIVITIES.

The Public Utility Board was formed in 1977. The prime function of PUB is to carry out the general business of supplying electricity, water and sanitation services within Tarawa. PUB has the sole and exclusive right to supply these services.

The primary challenge in the next three years is to radically redevelop and operate PUB, and at the same time, comply with Government reforms in order to provide a high quality and reliable supply at a tariff price to be self-sufficient and financially viable.

This challenge is brought about by the State Owned Enterprise Act currently being debated in Parliament and expected to become law in early 2013. This Act will fundamentally change the way PUB is managed and funded. It will also introduce financial disciplines and transparency to any funding arrangements. The Act requires all SOEs to operate as sustainably and efficiently as an organisation not owned by the state and supersedes the old PUB ordinance. The sustainability aim has an impact in all areas of the business:

2.1 Overall strategy

This section of the plan describes the guiding strategies in selected areas of the company. It should be noted that strategic options are limited by available resources. Years of neglect and under investment have left a legacy of ailing networks in both power and water which deliver poor service. Improving levels of service will require rehabilitation of both networks. In this PUB will be assisted by ADB and the World Bank in the areas of sanitation and water respectively. PUB also plans rehabilitation of the power network to reduce power losses. Expansion of the networks and supply capacity (for both power and water) can only occur after financial resources have been built up. For the planning period the emphasis is rehabilitation and maintenance of existing networks whilst financial resources are built up with any new investment coming via development partners

Water and Sewerage: During the three year plan period revised tariffs will be introduced for water and sewerage. This will reduce reliance on Government subsidies as required by the new Public Enterprise Act and reduce losses currently accumulated by these operations. It is planned that all commercial and industrial users will be charged based on metered usage for water with domestic users continuing to pay a flat rate which will be increased. It is envisaged that domestic metering will be introduced as part of the planned desalination project as supply is increased by that project. Assistance with tariff setting will be provided by the ADB South Tarawa Sanitation Project.

Much of the strategy for the current three year plan period is concerned with rehabilitation of the existing water reticulation network. This will increase water supply by remedying leaks although this is expected to be an incremental increase. Assistance will be provided by the KAP III Project. In addition protection measures for water reserves in North Tarawa will be put into place to preserve the quality of existing resources. This will include resettlement of squatter communities. Further measures to conserve water usage are also planned including a community awareness programme.

For the plan period PUB focus must be on building up resources to enable further developments. PUB will focus during the plan period on rehabilitation of water facilities assisted by ADB and KAP III. This rehabilitation should improve availability. Longer term PUB will continue to seek development partner assistance for desalination especially.

Power: The power sector intends during the planning period to focus on generator maintenance with tenders let where required for maintenance work and especially for large generator servicing. Generation capacity will be subject to on-going review and

will also incorporate input from the World Bank solar energy project. Current generator capacity is just adequate. Further demands will require additional capacity. The principal additional demand foreseen is the Desalination Project which is not yet fully approved at the time of writing.

The distribution network will be progressively rehabilitated over the plan period including distribution boxes, audits of meter reader areas and low voltage cable maintenance. This should achieve a reduction in unbilled electricity. In early 2013 PUB will begin the process of installing prepaid meters on a targeted basis. Poor payers will be initial recipients.

Governance, organization and staffing: During the plan period it is intended that all job descriptions will be revised to ensure close links with the strategic plan. Remuneration structures and terms and conditions of employment will also be reviewed. Remuneration structure will require review to sever the link to the civil service. PUB remuneration will need to be based on only two criteria – performance and affordability. Performance assessment will be linked to achievement of planned outcomes and performance measures contained within the strategic plan. Existing mid-level vacancies will be filled. Organisation structure must be reviewed to ensure it is capable of delivering strategic objectives. The new structure (see later section) includes the formation of a Customer Service function. Additional management resource is required by the establishment of this function. Additional staff resources in all departments need to be recruited where required – Finance, Human Resources, Customer Services, Water Engineering, Power Engineering. New policies and procedures will be required to reflect a culture of performance not the civil service culture of compliance and service. At the same time non-core functions will be outsourced wherever possible. A Training Needs Analysis will be completed early in 2013. Corporate governance requirements are specified within the Public Enterprise act and will be complied with by PUB.

Finance: PUB's current financial position is extremely weak and may even be technically insolvent. This situation has been caused by an inability to set tariffs to reflect true costs, dependence on Government subsidies and a lack of investment in the business. Tariffs must be set to deliver profitability, including funds for future development and a dividend for Government. Tariff review proposals are in place and tariffs will be reviewed at least annually for the plan period. No subsidies are permissible under the new Act except those paid by Government as a Community Service Obligation (see later comment). PUB will also become liable for tax and lose its customs duty exemption. Financial resources must be conserved and built up to provide for future investment in PUB. Debtors must be vigorously pursued and held to account. This will involve the strict application of a disconnection policy after 60 days non-payment of either water or power irrespective of the customer. A new community based collection method will be developed and introduced to actively solicit payments of power and water accounts. Prepaid meters will be introduced for low income users and/or those with poor payment history with 100 installed by late 2013. A new computerised billing system will be introduced in early 2013. At present PUB has a debtors' ledger equivalent to almost 10 months' sales (approximately \$9 million) and an outstanding debt to KOIL amounting to \$4 million. The plan period will see this debt reduce by 66%.

Customer Services: the plan calls for the establishment of a dedicated Customer Service function. The purpose of this function is twofold: firstly to inform and educate consumers especially in the areas of energy and water conservation; secondly to actively collect debts. The function will visit each maneaba in Tarawa on a monthly basis, establishing on-going relationships with communities and using those relationships to improve collection rates and assist conservation. These forums will

also be used to convey tariff information to domestic customers. Commercial customers will be visited as part of the monthly cycle.

The challenge of redeveloping PUB is enormous and will call for tightly focused management and corporate governance skills of a high order.

To meet this challenge, our Mission is:

To profitably provide and maintain quality, reliable electricity, water and sewerage disposal services to meet stakeholder needs

And our Vision is:

Most professional SOE in sustainable, quality service provision for Kiribati

The Strategic Plan of 2013-2015 establishes a framework which is customer-focused and output-oriented.

3. MAJOR OBJECTIVES

O1. To improve water and sanitation service delivery and reliability.

To provide improved supply across a wider area as efficiently as possible.

Key milestones: By the end of the plan period:

- Operate and maintain the system plant and machineries to ensure that the water supply service are delivered at the most efficient long term cost
- Rehabilitate the water supply system pipelines including transmission, reticulation, and households' service connections in order to reduce water loss through leaking pipes.
- Ensure sewerage pipelines and manholes (including gravity mains, branch mains of sizes ranging from 300mm, 225mm, and 155mm) are well maintained and timely repaired in order to avoid hindrances of sewage flow to reach a disposal site.
- Establish (water & sewerage) asset inventory system, update pipeline and appurtenances mapping system, complaint record system and update quantity & quality databases.

O2. To Enhance Generation and Distribution Reliability and Efficiency

To provide improved continuous and reliable power supply to the people of Tarawa.

Key milestones: By the end of the plan period:

- Well maintained stations and compliance to environmental regulations with generation equipment breakdowns reduced and generator service by international tender.
- Ensuring adequate generation capacity with renewable energy introduction as determined by World Bank project.
- Maintaining distribution facilities, meter accuracies and customer expansion
- Introducing prepaid meters

O3. To Improve Financial Performance

To enhance the financial performance of PUB through better revenue collection, effective cost control measures, and overall good financial management practice.

Key milestones: During plan period:

- Timely tariff review to be conducted annually and more often if oil price increases
- Reducing Debtors' ledger account – by December 2013 accounts receivable older than three months of total accounts receivable should be less than 50% of total debtors' ledger
- To improve Expenditure Control with KOIL debt reduced by 20% by December 2013
- Improve Revenue Collection with introduction of strict disconnection policy as 60 days outstanding for water or power
- Introduction of computerised billing system

O4. Customer Service and Service Delivery

To improve customer service and community relations through dedicated resources and programmes.

Key milestones: During plan period:

- Improve level of customer service by Establishment of Customer service function
- Introduce customer survey, 24/7 telephone
- Improved community Relations by Establishment of Maneaba based outreach communications for monthly awareness and collection
- design community awareness strategy with input from STSISP
- Prosecution of vandals

O5. Development of Policies and Procedures

To develop, review and put in place effective policies and procedures in order to enhance individual and organisational performance through application of technology.

Key milestones: During plan period:

- Updated and revised PUB Conditions of Service
- Increased safety of working environment with OSH training
- Introduce Electronic Billing System.
- Data Disaster Recovery Plans
- Website, Official Email and Internal Communication
- Attendance and Staff Performance Measures - Attendance system based on fingerprint identification

O6. Staff Management, Training and Development

To facilitate effective utilisation and professional development of staff through performance management and adequate training.

Key milestones: During plan period:

- Introduce and Manage performance assessment system
- Achieve strategic organisation structure with clear job roles
- Review remuneration structure
- Reviewed HRD plan based on TNA

O7. Outsourcing of Non-Core Functions

To identify, analyse and cost potential candidate activity for outsourcing to achieve cost effectiveness

Key milestones: During plan period outsource the following non-core functions:

- Mobile water tankers delivery service
- Preventive and repair maintenance of infiltration gallery collector
- Preventive maintenance on a 30km length of the rising main Part will be outsourced – households connections , metering , and valve chambers construction
- Piloting Buota to supply water using communal taps at 5 locations (to be outsourced)

- Upgrade existing (water & sewerage) buildings by renovation and extension
- Vehicle maintenance
- Security
- Maintenance of public toilets built under STSISP – CSO required!
- Fencing of substations
- Building maintenance
- Cleaning
- Staff transport
- Maintenance / Upgrade of meter boxes

It should be noted that fuller details of the milestones above are contained in Section 7.

Enabling Environment Assumptions

The achievement of these objectives and the overall plan is based on the assumption that Cabinet will approve the proposed tariff changes that have already been approved by the PUB Board. It should be noted that compliance with the Public Enterprise Act is also conditional on this tariff approval.

Assumptions made concerning inputs from development partners are contained in the detailed plan. Delays in delivery of project outputs may influence the achievement of specific objectives in terms of timing.

4. ORGANISATION STRUCTURE

The current organizational structure, consisting of 176 employees, excluding Board Directors, needs to be reviewed in order for PUB to successfully achieve its planned objectives, vision and mission within the next three years. These changes should take into consideration the following new challenges and demands arising from:

- The impending legislation establishing PUB as a state owned enterprise.
- The introduction of strategic plans to all state owned enterprises
- The need to restructure the Corporation so that Human Resource is effectively utilized, and the Vision and Mission are achieved in the most efficient and cost effective manner;
- The need for further staff development in order to maintain a skilled workforce;
- The changes in work practices with improved systems and procedures and;
- Outsourcing of suitable activities to the private sector.

The structure depicted overleaf takes into account these changes.

Staff Management and Organisation Culture

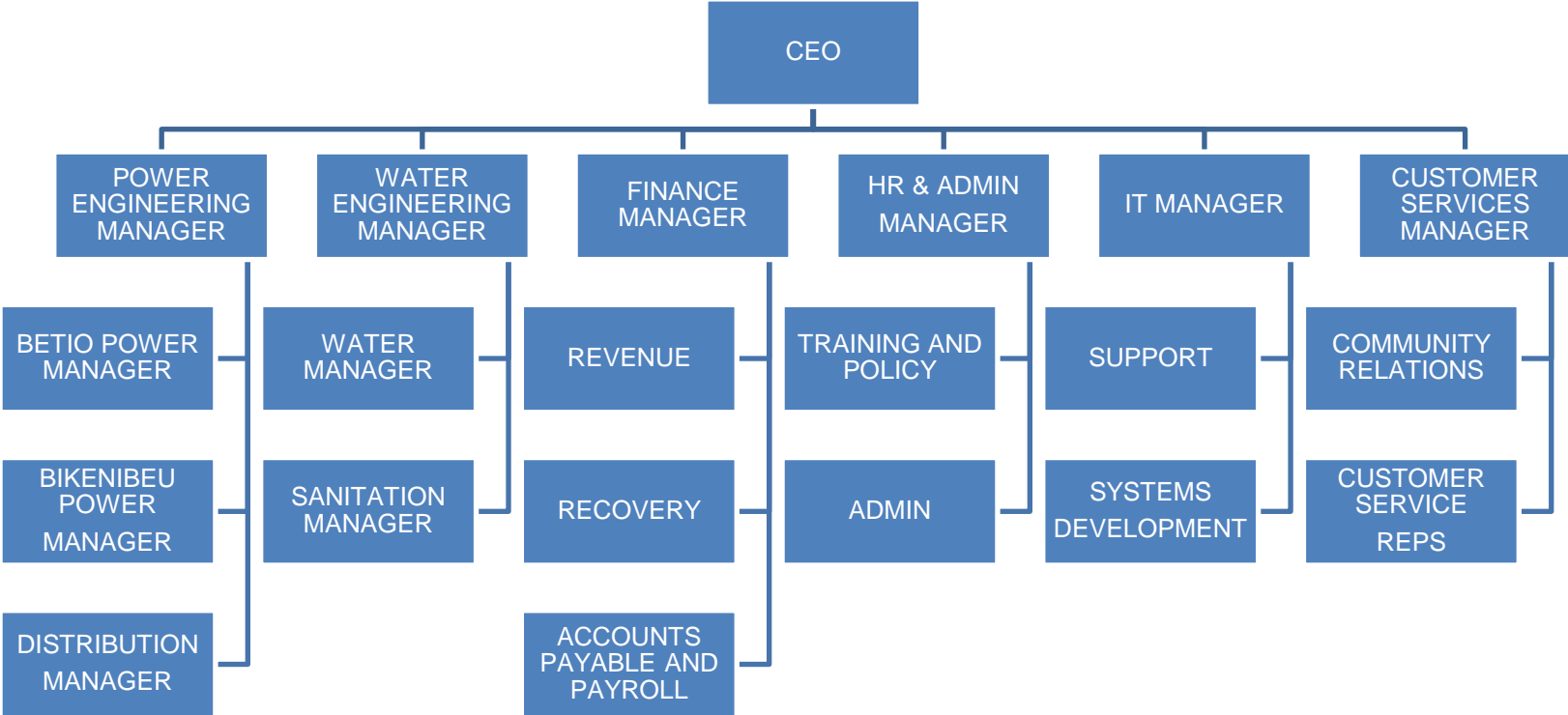
Historically PUB has been subject to Public Service staff management guidelines. This has included recruitment, training, conditions of employment, remuneration and leave. The plan includes strategies to move PUB closer to a private sector model of staff management. Introducing this approach entails a change of organisational culture to focus on performance. PUB plan to review terms and conditions as part of the strategy for 2013. It is expected that the following changes may be introduced:

- Working hours to change to private sector practice of 37.5 or 40 hours per week.
- Recruitment procedures to be led by the HR Manager and CEO. The Board retain the right to appoint only the CEO. All appointments will be merit based. The termination of an employee will no longer be subject to appeal.
- Additional allowances for 'acting' appointments will cease. This common civil service practice is not used within the private sector which tends to treat such acting appointments as training opportunities.
- Staff loans will cease.
- The current fixed non-accountable cash grant of \$450.00 once in a leave year irrespective of whether the employee takes or does not take his/her leave during the leave year will cease.. Again this practice is not used by the private sector.
- Travelling and subsistence allowances within and outside Kiribati are determined by the Board of Directors from time to time. PUB may use the per diem rates published by the United Nations.
- Any Board employee may resign his/her office by giving 2 months' notice. A month's notice is the norm in the private sector.
- No Board employee may hold office after reaching his/her 50th birthday. Not private sector practice and may be increased.
- At present when termination and dismissal occurs the employee shall be provided with details of the misconduct and grounds for the punishment imposed and shall be given the opportunity to appeal to the Board of Directors, if not satisfied with the punishment imposed and responds to the 10 days appeal requirement following receipt of the punishment notice. Under the new Act this activity of the Board is curtailed. The right to fire goes with the right to hire.
- Annual leave for salary grades 9 and above amounting to 30 days per year appear absurdly over generous when compared to private sector norms. Many in the Kiribati private sector have no annual leave entitlement.

- PUB currently has 17 different pay grades with each grade having 3 steps (grades 9-19) or 2 steps (grade 8 upwards). PUB plan a review of remuneration structure in 2013. Any such review should encompass private sector practice in Kiribati and have the aim of simplifying the current excessively complicated structure.
- Current job descriptions do not link directly to the strategic plan or to performance assessment. Performance assessment within PUB is rudimentary and again does not link to strategic objectives. A new system linked directly to the strategic plan will be introduced as soon as job descriptions are redrafted to reflect this plan. Period contracts will be introduced for all senior managers.

These changes will introduce a results oriented culture replacing the previous compliance culture.

ORGANISATION STRUCTURE



5. FINANCIAL STATUS

PUB's current financial position is extremely weak and may even be technically insolvent. This situation has been caused by:

- An inability to set tariffs to reflect true costs. The last time the power tariff was reviewed was in 2008.
- Poor collection record. With combined (power and water) debtor days of 274, PUB has historically been the worst industry performer in the Pacific.
- Dependence on Government subsidies. As cashflow and profitability problems have mounted Government has been required to periodically pay subsidies to PUB to alleviate these problems.
- A lack of investment in the business. PUB has been reliant on development partner contributions for asset maintenance and replacement.

This financial status has led to knock on effects elsewhere in Kiribati with PUB amassing an outstanding debt to KOIL amounting to \$4 million.

Correcting this situation calls for implementation of strategies to:

- Review tariffs at least annually with tariffs structured to deliver profitability and encourage conservation of both water and power.
- Reduce the debtors' ledger balances by enforcing disconnections after 60 days non-payment, reviewing and writing off debts no longer collectable, imposing surcharges on overdue monthly accounts. Introducing salary deductions for payment of water accounts and setting targets for aging debtors' balances. By December 2013 accounts receivable older than three months of total accounts receivable should be less than 50% of total debtors' ledger.
- Improve cost controls with strengthened on-going expenditure monitoring & processing of payments.
- Introduce a computerised billing system.
- Install prepaid meters for poor payers.

Restoring the financial health of PUB and payment of the KOIL debt is dependent on implementation of these strategies. The introduction of new tariffs for water, sanitation and power is crucial to achieving financial sustainability. Detailed financial projections relating to these strategies are contained in section 8 of this plan.

6. ANTICIPATED BORROWING

The SOE Act makes it clear that Government's aim is to operate SOEs as close to the private sector model as possible. This aim has implications for SOE borrowing. Within the private sector, it is commonly considered that debt financing is cheaper than equity financing. Indeed some commentators argue that debt financing brings with it a measure of financial efficiency. However debt providers require greater control of the business as debt levels increase. Further, underlying asset values in some enterprises are not necessarily seen by debt providers as suitable collateral for lending. Thus it is difficult to determine a benchmark debt level. In most cases debt to equity levels in the range of one to one, to one to two could be determined as prudent and efficient (i.e. borrowings half to equal to equity levels but not greater than) and where debt is less, there may be scope to increase financial efficiency by introduction of more debt.

It is in keeping with this private sector oriented policy that PUB in co-operation with Ministry of Finance will seek to agree an upper limit for debt.

7. OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES

MISSION: *To profitably provide and maintain quality, reliable electricity, water and sewerage disposal services to meet stakeholder needs*

VISION; *Most professional SOE in sustainable, quality service provision for Kiribati*

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
O1. To provide improved supply of water and sanitation across a wider area as efficiently as possible.	Effectively operate and maintain the system plant and machineries to ensure that the water supply service are delivered at the most efficient long term cost	S1- Carry out preventive maintenance on the 32 gallery pumps , wells, and electrics	Quarterly- at least 6.No of gallery pumps serviced	CEO, WEM
		S2 – carry out corrective & preventive maintenance on aeration units and chlorination facilities preceded by repair of aeration unit at the treatment plant in Bonriki	31 July 2013– spares and new chlorinators replaced	
		S3 - carryout preventive maintenance and repair on 11 No of lift/booster pumps, flow meters, ferro cement tanks ,towers and electrics	Monthly- at least 1.No of lift/booster pump including flow meter, elevated tank and electrics serviced.	
		S4 - Inspect and repair or replace as well as carryout preventive maintenance on all valves, air valves, and chambers along the length of the RM	Plan period - complete 16 of 55 No. of valves serviced annually	
		S5 - Carry out preventive maintenance and timely repair	Quarterly – at least 2 stations serviced	

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
Effectively maintain the water supply system pipelines including transmission, reticulation, and household's service connections in order to reduce water loss through leaking pipes.	on existing sewerage submersible and pump station ancillary equipment accessories including guide rails, mounting fittings at wet well base , level switches, and control electrics, fences	S7 – order 6No of sewer pumps and accessories to relieve current problem of pump shortage	15 Jan 2013 – obtain quotation, orders placed February.	CEO, WEM
		S8 – Inspect/test and repair as well as carryout preventive maintenance on a 30km length of the rising main	Plan period – complete at least 1/3 of RM length inspected and repaired annually.	
		S9 - Relocate the exposed part of the RM at Steward Causeway under the KRRP (road rehab project)	June 2014 dependent on KRRP	
		S10 - Replace oldest part of the rising main from Teaoraereke to Betio in collaboration with the KRRP	December 2014 dependent on KRRP	
		S11 - Install concrete chambers (to house flow-meters, pressure gauges, valves) at 10 No. of locations along the length of the RM - KRRP	December 2014 dependent on KRRP	
		S12 – visually inspect 20 No.		

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
	<p>Ensure sewerage pipelines and manholes (including gravity mains, branch mains of sizes ranging from 300mm, 225mm, and 155mm) are well maintained and timely repaired in order to avoid hindrances of sewage flow to reach a disposal site.</p>	<p>of water distribution networks and repair leakage found as well as maintain pipe integrity to all pipelines sizes ranges from 150mm Ø, 100mm Ø, 50mm,Ø and 16mm Ø – KAPIII</p> <p>S13 - Piloting small areas (Tanaea or Nanikai and other selected areas) to apply day time ration or 24/7 supply with metered connections and to monitor consumption with previous method of ration KAPIII</p> <p>S14 – Rehabilitate and upgrade the sewerage system</p> <p>S15 - .Clean gravity main & branch sewers at selected problematic sections using vacuum and jetting machine</p> <p>S16 - carry out preventive maintenance and repair on selected deteriorated manholes (including covers,</p>	<p>Plan period - complete at least 2 networks repaired annually</p> <p>Sept 2013 – commence work Assess results June 2014</p> <p>Oct 2013 – STSSIP commence rehabilitation Completion date – December 2015</p> <p>Jan 2013 - complete selection of pipe sections to be cleaned Feb 2013 – commence cleaning on selected areas June 2014 complete cleaning on selected pipe section</p> <p>Jan 2013 - complete selection of manholes to be cleaned or repaired June 2013 – commence work on</p>	<p>CEO, WEM</p>

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
		lids, underground structures	selected manholes June 2014 complete repair on selected manholes	
	Establish (water & sewerage) asset inventory system, update pipeline and appurtenances mapping system, complaint record system and update quantity & quality databases.	<p>S17 – review and refine existing quantity and quality data record system</p> <p>S18 - Review and update asset inventory database- listing all sewerage operational assets - assigned with numbers, conditions , money book values, specifications, and life expectancies</p> <p>S19 - Update on mapping system past and newly laid pipe routes, pipe routes and equipment and location of repaired pipe breaks etc.</p> <p>S20 - establish complaints data record system for monthly analysis for major causes and response /remedial actions taken</p>	<p>31 May 2013 – complete revised data record system</p> <p>31 May 2013– Complete asset inventory database with input from ADB O&M Advisor and KAP III</p> <p>30 October 2013– complete updated system map</p> <p>April 2013 – complete refined current system/database</p>	CEO, WEM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
	Maintains effective disinfection of the water supply distribution system and continue to protect the water reserves	<p>S21- establish chlorine residual monitoring regime to the extent that residual test covered households outlets at selected locations</p> <p>S22 - acquire granular disinfection unit as to supplement chlorine gas in areas where residual confirmed to be low</p> <p>S23 – in collaboration with MOH to establish on-going biological test programs for reserve lens water and the treated distributed water.</p> <p>S24 – in collaboration with water reserve task force /stakeholders to evict existing squatters</p>	<p>28 February 2013 – complete revised test procedures and allocate sampling points</p> <p>31 August 2013 – Prodoc submitted Powdered chlorine purchased with dosing equipment</p> <p>31 August 2013 - Complete sampling and lab test programs</p> <p>31 March 2013 - eviction notices distributed followed with court proceedings</p>	
O2. To provide improved continuous and reliable power supply to the people of Tarawa.	Well maintained stations and compliance to environmental regulations	<p>S25- carry out routine maintenance on all 4 diesel engine generators</p> <p>S26 – carry out specific assisted maintenance</p>	<p>By December 2013, Generation equipment breakdowns reduced from 16 in 2012 to 12 in 2013 and 10 in 2014</p> <p>Quarterly - snap or brief reports on maintenance provided by Station Mechanical Engineers</p> <p>4th Quarter – generator service to be tendered internationally</p>	CEO, PEM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
		<p>S27 – ensure that environmental regulations, especially with waste oil storage is maintained</p>	<p>Bi – Yearly – zero waste oils drums kept in power stations in June and Dec</p>	
	<p>Ensuring adequate generation capacity with renewable energy introduction</p>	<p>S28 – analyse power capacity with power consumption statistical data quarterly</p> <p>S29 – renewable energy resource update</p>	<p>7th week after quarter end – compile generation capacity report and other items of interest</p> <p>Included in capacity report with input from World Bank project</p>	
	<p>Maintaining distribution facilities, meter accuracies and customer expansion.</p>	<p>S30 – Maintain and improve existing distribution box</p>	<p>Dec 2013 - maintain and improve 30 DBs out of 100 targeted Dec 2014 - maintain and improve the next 40 DBs Dec 2015 - maintain and improve the next 40 DBs</p>	<p>CEO, PEM</p>
		<p>S31 Complete audits of meter readers' areas.</p>	<p>By December 2013 to reduce unbilled electricity to under 5%</p>	
		<p>S32 – Maintain and improve existing low voltage cables</p>	<p>Dec 2013 - maintain and improve 10 line sections (based on faults) Dec 2014 - maintain and improve the next 10 line sections (to be identified e.g. Teoraereke T15 area) Dec 2015 - maintain and improve the next 10 sections</p>	

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
	S33 - Maintain customer kwh meter accuracy		<p>March 2013 - obtain single phase meter tester from Red Phase Instruments, Aust.</p> <p>Dec 2013 - calibrate 36 meters (12 per quarter)</p> <p>Dec 2014 - calibrate 48 meters suspected slow meters (list to come from billing report etc.)</p>	
	S34 – Expanding electricity customers		<p>March 2013 - obtain required cables from LV cable manufacturers, e.g. Dominion</p> <p>Dec 2013 - connect 8 new sections</p> <p>March 2014 - obtain required cables from LV cable manufacturers, e.g. Dominion</p> <p>Dec 2014 - connect 10 new sections</p> <p>March 2015 - obtain required cables from LV cable manufacturers, e.g. Dominion</p> <p>Dec 2015 - connect 10 new sections</p>	PEM
	S35 - Connecting new customers		<p>June 2013 – 50 new connections</p> <p>Dec 2013 – 80 new connections</p>	
	S36 Install and manage industry monitoring procedures.		<p>By March 2013 install SAID/SAIFI system.</p> <p>Monitor System Average Interruption Duration Index (SAIDI)</p>	<p>Customers may have to purchase own items except kWh meters</p>

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
O3. To enhance the financial performance of PUB through better revenue collection, effective cost control measures, and overall good financial management practice.	Introducing prepaid meters	S37 – Review submitted expressions of interest	<p>and System Interruption Frequency Index (SAIFI) on December 31, during the planned period.</p> <p>By December 2013, SAIDI and SAIFI to be reduced by at least 50%, 20% by 2014 and 10% by 2015</p> <p>By December 2013 to reduce distribution losses from 7.63% to 5%</p> <p>March 2013 – to have finalized prepaid meter supplier</p>	PEM,
	To improve Financial Performance and Position	S38 - Review locations of first 100 prepaid meters	<p>May 2013 – Have screened out first 100 pilot customers for prepaid meter connection Dec 2013 – connection of first 100 prepaid meters</p>	
		S39 Timely tariff review in line with market situations in order to recover costs.	By January 2013, timely change of tariffs and annual review each year with more rapid reviews if oil price increases.	CEO, FM
	S39 Reconciliation of Trade Debtors to recover as much as possible	By June 2013, list of categorized trade debtors for Board's consideration		
		S40 Write off Bad Debts.	By August 2013, List of	

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
To improve Expenditure Control.	S41 Reducing Debtors' ledger account	Debtors'	<p>customers provided on timely basis for Board's consideration</p> <p>By January 2013 enforce power disconnections to be carried out every month.</p> <p>By December 2013 outstanding accounts receivable for Private, should be less than 6 months and for Commercial and Government and government owned customers should be less than 4 months.</p>	FM
	S42 Timely production and reporting of monthly Financial Statements		By 20 th of every month, previous month's financial reports should be completed and ready for presentation to Managers and the Board	
	S43 Timely production and submission of Year End Financial Statements to Auditor General and Stakeholders.		By March each year, financial reports of previous year should be completed and approved by the Board In preparation for the Audits. Achieve unqualified Audit opinion.	
	S44 Strengthened on-going expenditure monitoring & processing of payments in line with approved budget.		Daily updating of expenditure ledger. Reallocating budget line	

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
		S45 Reduce KOIL debt.	KOIL debt reduced by 20% by December 2013	CEO, FM
	To Improve Revenue Collection.	S46 Confirm disconnection policy as 60 days outstanding for water or power	Enforce disconnection rigorously	CEO, FM
		S47 Timely production of electricity and water disconnection lists & dissemination to responsible managers.	By 14 th of every month, preparation of meter reading sheets. By 22 nd of each month, Electricity and Water Disconnection Lists are produced and implemented.	
		S48 Timely meter billing and recording of both water and electricity.	By May 2013, timely input of monthly bills into computerised billing system	
		S49 Update & maintain accurate customers' accounts.	By December 2013 Customers' accounts updated and maintained accurately at point of transaction.	
		S50 Impose surcharges on overdue monthly charges to SOEs and Ministries	By February 2013, impose surcharges per PUB Act Cap. 83.	
		S51 Strict payment terms & recovery plan for outstanding debts.	Strict Collection of monthly bills to be made. Monitoring of repayment agreement for compliance	

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
		<p>S52 Automatic deductions from water users to be implemented</p> <p>S53 Introduction of Pre-paid meter system.</p> <p>S54 Enforcing and maintaining recovery of doubtful debts accounts through agreed payments.</p>	<p>By 2015, a fixed amount to be deducted from employees' fortnightly salary.</p> <p>By December 2013, 100 pre-paid meters installed</p> <p>The end of February 2013 recoverability of individual debtors should be assessed at the end of each month based on the debtors aged reports and management's knowledge of the debtor's financial strength and payment capability</p> <p>By December 2013 accounts receivable older than three months of total accounts receivable should be less than 50% of total debtors' ledger.</p>	
O4. To improve customer service and community relations through dedicated resources and programmes.	Improve level of customer service	S55 Establish Customer service function	By February 14 2013 recruit CS Manager	CEO, HRM, CSM
		S56 Customer service training	02 August 2013 – Commence One-day refresher customer service course for all PUB staff	CEO, CSM
		S57 Begin customer suggestion scheme	January – December 2 Installation of suggestion box and	CSM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
			<p>daily checking of customer's suggestion.</p> <p>January – December 2014 – Daily checking of customer service's suggestion</p> <p>January – December 2015 – Daily checking of customer service's suggestion</p>	
			<p>31 March 2013 – first survey completed – PUB to score 7 or more</p> <p>30 September 2013 – second survey completed – PUB to score 7 or more.</p> <p>31 March 2014 – first survey completed – PUB to score 7 or more</p> <p>30 September 2014 – second survey completed – PUB to score 7 or more.</p> <p>31 March 2015 – first survey completed – PUB to score 7 or more</p> <p>30 September 2015 – second survey completed – PUB to score</p>	
		S58 Conduct customer survey		
		S59 24/7 telephone	02 January 2013 - Establish a system where all customers complaints would be attended to on 24/7 basis	
		S60 Begin serving customers at lunch times	02 January 2013 – complete customer service duty roster to	

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
			attend to customers at lunch breaks.	
Improved Relations	community	<p>S61 Establish Maneaba based outreach communications as primary customer communication channel for conservation programme, notification of tariff and disconnection policies and account collection</p> <p>S62 Provision of customer information on flyers and pamphlet</p> <p>S63 design community awareness strategy with input from STSISP</p> <p>S64 Prosecution of vandals</p>	<p>May31 2013</p> <p>15 May 2013 – work on flyers and pamphlets will commence with help of AYA</p> <p>02 January 2013 – commence community awareness on water and energy conservation. collaborate work with KAP III, Tarawa Sanitation (SMEC) and Energy Unit</p> <p>01 March 2013 – School Visits</p> <p>January – December – conduct 26 Radio Programs (fortnightly)</p> <p>15 January 2013 – complete work on 3 signboards</p> <p>By June 2013 – all vandals will be prosecuted</p>	CSM, All Managers

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
O5. Development of Policies and Procedures	Updated and revised PUB Conditions of Service	S65 Uploading of Awareness programs onto PUB Website	By June 2013 – awareness programs uploaded onto website	HRM, All Managers
		S66 to review revised Condition of service	01 June 2013 – develop terms of reference (4 weeks)	
		S67 Submission reviewed condition of service to Board for approval	30 September 2013 - new condition of service review completed.	
		S68 Adopting revised condition of service	01 October 2013 – revised condition of service adopted and used	
	Increase safety of working environment	S69 Adopt and fulfil national occupational health and safety requirements	02 January 2013 – Obtain copy of national OSH	HRM, All Managers
		S70 Formulate PUB Safety Manual	By end of February 2013 - complete 1 st draft of safety manual By 18 March 2013 – Final draft approved	HRM, All Managers
		S71 Conduct OSH Trainings	01 April 2013 – 28 June 2013 – Series of OSH trainings for power and water engineering staff begin	HRM
			01 April 2013 – 28 June 2014 – Series of OSH refresher courses for power and water engineering staff begin 01 April 2013 – 28 June 2015 – Series of OSH	HRM, All Managers

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
	Electronic Billing System.	<p>S72 Replenish of first aid kits supplies for all branches</p> <p>S73 Install basic safety equipment in all buildings</p> <p>S74 Issue safety gears and provide lockers (by NZAid)</p> <p>S75 Outsource Database Design, Define cost, agreement and conditions with a contractor.</p> <p>S76 First Payment, error and correction</p> <p>S77 Second Payment refinement and first attempt on water customers bill inclusion</p> <p>S78 Final Payment and refine on water inclusion</p> <p>S79 Training for Cashiers and Computer Operators</p> <p>S80 Examine Data Capacity</p>	<p>trainings for power and water engineering staff begin</p> <p>02 January 2013 - all first aid kits replenished, manual</p> <p>02 January 2014 – replenishment of first aid supplies</p> <p>02 January 2015 - replenishment of first aid supplies</p> <p>15 January 2013 – procurement and installation of safety equipment</p> <p>January 2013 safety gears issued to staff and lockers provided</p> <p>31 Dec 2012 - Database will be ready on a trial populated with Betio data and an agreement policy to be ready between two end-users.</p> <p>31 Jan 2013 - Database centralised, Front Cashiers network establish at Betio Front Counter; Retrieve Monthly Sales, Customer Statement printed, disconnection list printed out, Print list of broken stuck meters, Surge Charge etc.</p> <p>28 Feb 2013 - Bairiki and Bikenibeu Cashier Front Counter</p>	CEO, ITM, FM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
	PUB Network	<p>S81 Rewrite to new bigger database engine Microsoft SQL Server or MySQL</p> <p>S82 Complete rewrite with add on features, accessible through https login</p> <p>S83 Introduce of Smart Reading Apps</p> <p>S84 Rewrite on new smart reading</p> <p>S85 Yearly Data Archive</p> <p>S87 Review and Revise on last 2 years</p> <p>S88 Connecting and communicating with PUB Water Section, sharing files</p>	<p>Computers established and Network Established. Customers' card all converted to computer e-card. Problem found last month corrected and other requirements should be solved. Customers are sorted and can be viewed by villages.</p> <p>31 March 2013 - Customer water and electricity combine in one invoice.</p> <p>31 Mar 2013 - Cashiers and Operators are able to use the new billing system.</p> <p>31 Dec 2013 - Report on Database Performance and capacity</p> <p>1 Jan 2014 - Report on the best database engine to use</p> <p>1 July 2014 - Customers can get their balance online</p> <p>1 August 2014 - Written paper on types of reading application being and to be developed.</p> <p>31 Nov 2014 - New reading can be imported to the system upon uploading reading data.</p> <p>31 Dec on every year; Yearly Archive and backup to be stored somewhere secure on a yearly basis.</p> <p>1 Feb 2015 - Report to Executive Management on Billing Database.</p> <p>31 Jan 2013 - Water Section computers are going to be part of the Headquarter network, reduce</p>	CEO, ITM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
		and printers over the LAN - Cost \$1,600 S89 Bridge Betio to Bikenibeu, Bonriki Water to Betio S90 Introduce of GSM connect to our LAN S91 Depend of S13 approval, recharge your meter through GSM Scratch Card.	internet cost by \$20.00 1 Jan 2014 - Connect Betio to Bikenibeu establishing file sharing centralised Data Backup. Cut internet cost to only \$500 a month. Water Engineer can share information online with his staff. 1 July 2014 - Testing Report on GSM Meter reading, to be reviewed by Executive Management for use at Nabeina 1 Jan 2015 - To be used for far meters reading and disconnection	
	Ensure Efficient Internet Connection	S92 Proxy Web Cache buy and install S93 Manage Antivirus Update S94 Internet Firewall and Monitoring log tool install and manage	28 Feb 2013 –Minimised slowness due to bandwidth over use 28 Feb 2013– Computers update from our local server. 31 March 2013 - Internet Network Monitoring tool can provide report on internet usage by staff and incoming traffic	ITM
	System Server for billing system	S95 To determine best hardware requirement for our Billing System. S96 Install and manage server 2008 S97 Transition from old server to new server	31 Dec 2012 - come up with cost and price quotations from at least 3 computer importers plus hardware specification and provide best choice. 28 Feb 2013 - Use and managed Active Directory, Group Policy for users to access billing system shared folder. 31 March 2013 - Cashiers and Computer Operators login to new server and access front desk database connected to backend	ITM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
	Data Disaster Recovery	S98 Cloud Backup S99 Digital Card Backup S100 Billing system database and Data Backup and procedure	billing database 30 May 2013 – Upload encrypted data to store online, Monthly upload backup 30 May 2013 - All cards are compressed and encrypted for digital card images and stored offline. 30 May 2013 Backup Procedure, Full back up and weekly incremental or differential backup implemented.	ITM
	Fuel Stock taker	S101 Design of Centralised Fuel Tanks Stock. S102 Trial and Testing phase S103 Implemented and Correction phase	31 April 2013 Database tables and relationships review and sign for approval endorse by CEO 31 July 2013 Database to be on trial and tested by Storeman, Power attendants. 30 September 2013 Database is to be used	ITM
	Website, Official Email and Internal Communication	S104 Website Design carried out S105 Email host locally S106 Internal Online Chat system	Jun – July 2013 - Website PUB Services and other information can be viewed by staff and customers online. 31 July 2013 - all senior staff should have email account <name@pub.com.ki> 31 July 2013 - staff can communicate with other staff online using official chat system rather than googletalk.	ITM
	ICT Policy	S107 Design of ICT Unit Policy	April 2013 - ICT Policy is to be reviewed by Executive	ITM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
	Attendance and Staff Performance Measures	<p>S108 Rules and Regulations implemented</p> <p>S109 Review every year</p> <p>S110 Staff Attendance design to work with fingerprint</p>	<p>Management and approved. May 2013 - Rules is going to be applied and used by all staff</p> <p>Jan 2014 - Rules to be revised</p> <p>30 April 2013 - Report on how the system is going to be implemented with current payroll system or new payroll system to the Executive Management for approval.</p>	ITM, HRM
		S111 Testing phase	30 June 2013 - Complete Testing and provide report to Executive Management for decision on the next step.	
		S112 Implement and Use of Fingerprint	31 August 2013 - Staff use fingerprint and generate report on staff attendance.	
	Store and Procure Database	<p>S113 Upgrading and Maintaining</p> <p>S114 Design of Database</p>	<p>1Jan2014 - Report on Upgrade</p> <p>30 May 2013 - Table relationship to be approved and reviewed by Executive Management</p>	ITM
		S115 Testing and Trial	August 2013 - Trial and use by procure staff for test and correction	
		S116 Implemented and Finalised	October 2013 - Centralised and Use by staff	

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
O6. To facilitate effective utilisation and professional development of staff through performance management and adequate training.	CCTV Security	S117 Network IP Cameras	30 September 2013 Cameras are in place with night visions for securing PUB's properties.	ITM
	Introduce and Manage performance assessment system	S118 Design assessment system S119 Teach it to Heads of Divisions	01 May 2013 – Complete new assessment system 01 June 2013 1 st teaching made 31 July 2013 – first assessment completed 15 January 2014 – 2 nd teaching made 15 February 2014 – second assessment completed. 01 June 2014 -first assessment for the year 15 December 2014 - second assessment for the year 01 June 2015 first assessment for the year 15 December 2015 - second assessment for the year	HRM, All Managers
	Achieve strategic organisation structure with clear job roles	S120 Confirm structure from strategic plan	January – February 2013 - complete restructuring and right sizing for power and water engineering department 02 January 2013 – Recruit HR Policy & Training Supervisor HR Administration and Operation Supervisor 01 March 2013 - Establishment of Solar Unit – reshuffle staff By 30 March 2013 – Recruitment of all vacant posts in power engineering department By 15 April 2013 – Recruitment of water engineer and other all vacant posts in water engineering department	CEO, HRM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
	Review remuneration structure	S121. Review remuneration, entitlement and other benefits for all staff.	By 30 April 2013 – Recruitment of all vacant posts in finance department By September 2013, compensation and benefit review to be completed. By September 2013 review of position reclassification and salary structure to be completed.	HRM, All Managers
	Reviewed HRD plan based on TNA	S122 Prepare & submit training plan to both PUB & PSO	30 January 2013 – workforce database will be updated 28 February 2013 HRD plan based on TNA complete. 15 March 2013 Succession Plan complete 29 March 2013 Skill gap training organised. 02 January 2013 – Management & Leadership Training – continue (NZ Aid) 01 February 2013 – Water Operation Training for at least 20 PUB plumbers (SMEC) 30 January 2014 – workforce database updated 28 February 2014 HRD plan based on TNA complete. 15 March 2014 Succession Plan complete 29 March 2014 Skill Gap training organised 30 January 2015 – workforce database updated 28 February 2015 - HRD plan based on TNA complete. 15 March 2015 - Succession Plan	HRM, All Managers HRM

OBJECTIVE	OUTPUT	STRATEGIES	PERFORMANCE MEASURE	RESPONSIBLE MANAGERS
07. To identify and outsource non-core activities	Water Engineering	S123 – outsource mobile water tankers delivery service	complete 29 March 2015 - Skill Gap training organised March 31 2013	CEO,WEM,FM
		S124 - Carry out preventive and repair maintenance of infiltration gallery collector pipes 100 mm Ø 4 km and access holes to remove sediment – to be outsourced.	31 Dec 2013 – complete 25% of pipe length sediment removed	WEM
		S125 – Inspect/test and repair as well as carry out preventive maintenance on a 30km length of the rising main Part of S10 will be outsourced – households connections , metering , and valve chambers construction	Sept 2013 – commence work KAPIII	WEM
		S126 - piloting Buota to supply water using communal taps at 5 locations (to be outsourced)	July 2013	WEM
		S127 upgrade existing (water & sewerage) buildings by renovation and extension	December 2013	WEM
		S128 vehicle maintenance	March 2013	FM,HRM
		S129 Maintenance of public toilets built under STSISP – CSO required!	December 2013	WEM

<i>OBJECTIVE</i>	<i>OUTPUT</i>	<i>STRATEGIES</i>	<i>PERFORMANCE MEASURE</i>	<i>RESPONSIBLE MANAGERS</i>
		S130 Security	March 2013	CEO, HRM
		S131 Fencing of substations	August 2013	PEM, FM
		S132 Maintenance / Upgrade of meter boxes	December 2013	PEM, FM
		S133 Building Maintenance	December 2013	HRM, CEO, FM
		S134 Cleaning	March 2013	HRM
		S135 Septic tank cleaning	March 2015	WEM, CEO, FM
		S136 Staff transport	March 2013	CEO, FM, HRM

8. FINANCIAL STATEMENTS

PUBLIC UTILITIES BOARD

BUDGET FINANCIAL PERFORMANCE FOR THE PERIOD ENDING 31 DECEMBER 2013 to 2015

INCOME:	ACTUAL YTD	BUDGET YTD	Budget YTD	Budget YTD	Budget YTD
	OCTOBER 2012	DECEMBER 2012	Dec 2013	Dec 2014	Dec 2015
Electricity Sales	7,631,652	9,157,982	12,620,419	13,882,461	15,270,708
Water Sales	662,309	794,771	1,373,670	1,511,037	1,662,141
Sewerage Revenue		-	632,220	695,442	764,986
Government Subsidy	3,225,154	3,225,154	-	0	-
Other Income	83,123	99,748	212,880	234,168	257,585
TOTAL INCOME	11,602,238	13,277,655	14,839,189	16,323,108	17,955,419
EXPENDITURE:					
Fuel & Lubricant	6,528,207	7,833,848	8,225,541	8,842,456	9,505,641
Fuel - Motor Vehicles	47,782	57,338	60,205	64,721	69,575
New Connections & Installations	13,997	16,796	49,950	52,448	55,070
Postage, Printing & Stationeries	18,564	22,277	22,277	23,391	24,561
Operating & Other Supplies	17,949	21,539	50,000	52,500	55,125
KPF Contributions	96,499	115,799	96,852	101,694	106,779
Leave Grant & Passages	59,743	71,692	71,692	75,276	79,040
Wages, Overtime & Allowances	1,336,933	1,604,320	1,604,320	1,684,536	1,768,762
Repairs & Maintenance	605,862	727,034	1,041,484	1,093,558	1,148,236
Depreciation	227,008	272,410	272,744	286,381	300,700
Overseas Travel	26,283	31,540	40,000	42,000	44,100
Travelling & Transport	28,186	33,823	42,825	44,966	47,215
Telecom Charges	39,396	47,275	57,567	60,445	63,468
Chlorination	35,611	42,733	89,963	94,461	99,184
Insurance & Subscriptions	6,452	7,742	7,000	7,350	7,718
Advertising	16,664	19,997	20,000	21,000	22,050
Board Expenses	19,998	23,998	23,998	25,198	26,458
Land Leases & Compensation	5,973	7,168	7,450	7,823	8,214
Bank Charges	106,040	127,248	14,000	14,700	15,435
Staff Subsidised Rent	23,051	27,661	34,456	36,179	37,988
Interest on L/T Loan	124,418	149,302	-	0	-
Other Expenses	30,720	1,166,864	1,026,013	1,102,964	1,185,686
TOTAL EXPENDITURE	9,415,336	12,428,403	12,858,336	13,734,047	14,671,003
OPERATING PROFIT / (LOSS)	2,186,902	849,252	1,980,853	2,589,062	3,284,417
ABNORMAL ITEMS:					
Prior Period Items	(32,794)	(39,353)	-	-	-
Amortisation - Aid Reserve	-	919,399	919,399	919,399	919,399
NET PROFIT / (LOSS)	2,154,108	1,729,298	2,900,252	3,508,461	4,203,816
Profit b/f		(4,097,765)	(2,368,467)	531,785	4,040,246
CY Earnings		1,729,298	2,900,252	3,508,461	4,203,816
Acc. P or (L)		(2,368,467)	531,785	4,040,246	8,244,061

**PUBLIC UTILITIES BOARD
BUDGET FINANCIAL POSITION AS AT 31 DECEMBER 2013, 2014 AND 2015**

	Note:	Actual Oct 2012	Dec 2012	Dec 2013	Dec 2014	Dec 2015
Current Assets:						
Trade Debtors	1	9,405,962	9,388,492	7,419,595	5,564,696	4,173,522
Sundry Debtors		9,800	9,800	-	-	-
Staff Debts	2	219,417	120,000	83,000	-	-
Provision for Bad Debts		(961,030)	(961,030)	(1,105,185)	(1,215,703)	(1,337,273)
Cash at Bank		228,323	203,427	283,967	298,165	313,074
IBD		88,618	90,000	91,800	93,636	95,509
Stock	3	1,115,633	769,197	1,137,445	3,580,766	2,305,741
Prepayment		4,116	-	-	-	-
Provision for Obsolete Stock						
Total Current Assets		10,110,839	9,619,886	7,910,622	8,321,560	5,550,572
Current Liabilities:						
Current Portion of L/Term Loan		-	-	-	-	-
Trade Creditors	6	6,231,509	5,731,509	4,531,509	3,331,509	2,131,509
Sundry Creditors	4	(98,126)	(95,000)	1,500,000	2,439,499	-
Total Current Liabilities		6,133,383	5,636,509	6,031,509	5,771,008	2,131,509
WORKING CAPITAL		3,977,456	3,983,377	1,879,113	2,550,552	3,419,063
Non-Current Assets:						
Buildings		1,234,340	1,234,340	1,234,340	1,284,340	1,284,340
Plants & Machinery		42,276,592	42,276,592	42,736,842	45,511,542	51,511,542
Furniture, Fittings & Equipment		482,417	482,417	607,123	657,123	757,123
Motor Vehicles		1,376,264	1,376,264	1,450,964	1,550,964	1,750,964
Accumulated Depreciation		(21,462,419)	(22,739,718)	(23,348,680)	(24,937,541)	(28,289,851)
Total Non-Current Assets	5	23,907,194	22,629,895	22,680,589	24,066,428	27,014,118
Non-Current Liabilities:						
ADB Loan		3,961,591	4,034,422	-	-	-
ANZ (BOK) Loan		-	-	-	-	-
Total Non-Current Liabilities		3,961,591	4,034,422	-	-	-
NET WORTH		23,923,059	22,578,850	24,559,703	26,616,980	30,433,181
Represented by:						
Shareholder's Funds						
Capital Reserve		25,866,716	24,947,317	24,027,918	23,108,519	22,189,120
Accumulated Profits/(Losses)		(4,097,765)	(2,368,467)	531,785	3,508,461	8,244,061
Current Year Profit/(Loss)		2,154,108				
Total Owner's Equity		23,923,059	22,578,850	24,559,703	26,616,980	30,433,181
Accumulated Profits/(Losses) - Details			Dec 2012	Dec 2013	Dec 2014	Dec 2015
Profit b/f			(4,097,765)	(2,368,467)	531,785	4,040,246
CY Earnings			1,729,298	2,900,252	3,508,461	4,203,816
Acc. P or (L)			(2,368,467)	531,785	4,040,246	8,244,061

CAPITAL EXPENDITURE BUDGET - 2013

		Motor Vehicle	Furn, Fitt. & Equip	Plant & Mach.	Land & Bdgs	Overseas Trade Crs	Total	
<u>POWER GENERATION</u>								
3.5 Ton Crane Truck	55,000	55,000	-	-	-	-	55,000	
2 Printers and Scanners	5,000	-	5,000	-	-	-	5,000	
1 Laptop	3,000	-	3,000	-	-	-	3,000	
Balance of 2012 service cost plus engine parts owed to Daikai	<u>350,000</u>	-	-	-	-	350,000	350,000	
	<u>413,000</u>	-	-	-	-	-		-
		-	-	-	-	-		-
<u>POWER DISTRIBUTION</u>								
Transformers (T3, 4, 10, 12)	92,800	-	-	92,800	-	-	92,800	
Ring Main Units (RMU 4, 5, 19, 54)	63,200	-	-	63,200	-	-	63,200	
1 Trailer Bike	3,000	3,000	-	-	-	-	3,000	
Repair Distribution boxes, broken door panels, some decay panels	8,250	-	-	8,250	-	-	8,250	
Scanner	500	-	500	-	-	-	500	
Printer	500	-	500	-	-	-	500	
Laptop	3,000	-	3,000	-	-	-	3,000	
Prepaid Meters	100,000	-	-	100,000	-	-	100,000	
Cable Termination Spares	120,000	-	-	120,000	-	-	120,000	

Test Meter	14,000	-	14,000	-	-	-	14,000
	<u>405,250</u>	-	-	-	-	-	-
		-	-	-	-	-	-
<u>WATER DEPARTMENT</u>		-	-	-	-	-	-
3 x Water Delivery Pumps including ancillary equipment	36,000	-	-	36,000	-	-	36,000
Hypo-chlorination with mixing tanks, pumps etc.	<u>20,000</u>	-	-	20,000	-	-	20,000
	<u>56,000</u>	-	-	-	-	-	-
		-	-	-	-	-	-
<u>SEWERAGE DEPARTMENT</u>		-	-	-	-	-	-
3 x A3 and A4 Printers	4,500	-	4,500	-	-	-	4,500
1 x A1 and A2 sizes	5,000	-	5,000	-	-	-	5,000
2 x Scanner and photocopier	6,000	-	6,000	-	-	-	6,000
5 x Motorbikes	15,000	15,000	-	-	-	-	15,000
Workshop renovation/workshop tools machineries	<u>20,000</u>	-	-	20,000	-	-	20,000
	<u>50,500</u>	-	-	-	-	-	-
		-	-	-	-	-	-
<u>ADMINISTRATION & HR DEPARTMENT</u>		-	-	-	-	-	-
1 Laptop	2,000	-	2,000	-	-	-	2,000
6 Filing Cabinets @ \$411	2,466	-	2,466	-	-	-	2,466
1 Printer	400	-	400	-	-	-	400
1 Photocopier		-		-	-	-	

	2,000		2,000	-		2,000	
	<u>6,866</u>	-	-	-	-	-	-
		-	-	-	-	-	-
<u>FINANCE DEPARTMENT</u>		-	-	-	-	-	-
3 x Air Conditioners for Computer Section & FM's Room	4,500	-	4,500	-	-	-	4,500
1 x Laptop	2,000	-	2,000	-	-	-	2,000
1 x Executive/Swivel Chair for SA	500	-	500	-	-	-	500
2 x reconditioned Trailer / Motorbikes for Revenue & Payment Section	1,700	1,700	-	-	-	-	1,700
3 x File Cabinets for Recovery Section	1,500	-	1,500	-	-	-	1,500
5 x Receipt Machines for Cashiers	4,500	-	4,500	-	-	-	4,500
	<u>14,700</u>	-	-	-	-	-	-
		-	-	-	-	-	-
<u>IT DEPARTMENT</u>		-	-	-	-	-	-
		-	-	-	-	-	-
<u>Hardware:</u>		-	-	-	-	-	-
Dell Server	6,000	-	6,000	-	-	-	6,000
Outdoor Access Point & Directional Antennas and Bridges	2,000	-	2,000	-	-	-	2,000
CAT 5 Wire	300	-	300	-	-	-	300
CAT 5 Wall Mounts	100	-	100	-	-	-	100
LCD Computer Screens	4,000	-	4,000	-	-	-	4,000
Keyboard Computers	17,500	-	17,500	-	-	-	17,500

Receipt Printers	1,750	-	1,750	-	-	-	1,750
Server Rack Locker	2,000	-	2,000	-	-	-	2,000
Network Switch Locker	1,200	-	1,200	-	-	-	1,200
Network Switches	1,000	-	1,000	-	-	-	1,000
		-	-	-	-	-	-
<u>Software:</u>		-	-	-	-	-	-
Server 2008 or MS Server 2011	3,000	-	3,000	-	-	-	3,000
Office 2010 Professional	7,000	-	7,000	-	-	-	7,000
Proxy Server (Bandwidth and Internet Control)	2,000	-	2,000	-	-	-	2,000
Microsoft 7	7,000	-	7,000	-	-	-	7,000
Antivirus	5,000	-	5,000	-	-	-	5,000
Cloud Backup	200	-	200	-	-	-	200
Mail Server @pub.com.ki (Microsoft Exchange Server)	1,000	-	1,000	-	-	-	1,000
Website Hosting	240	-	240	-	-	-	240
TAK Domain Name (pub.com.ki)	150	-	150	-	-	-	150
TeamViewr online computer administration over the internet	500	-	500	-	-	-	500
Backup Tapes or Hard Disks	1,000	-	1,000	-	-	-	1,000
Data Recovery Software	200	-	200	-	-	-	200
Hard Disk Cloning Software	200	-	200	-	-	-	200
	63,340		74,700	124,706	460,250	-	350,000
							1,009,656

GRAND TOTAL CAPITAL EXPENDITURE

\$
1,009,656

9. COMMUNITY SERVICE OBLIGATIONS

The Act defines a Community Service Obligation as follows:

(1) The Government may require an SOE to perform a CSO in respect of any class of persons, or generally, in accordance with this section.

(2) Where the Government requires an SOE to perform a CSO, the Government and SOE must enter into an agreement under which the SOE will perform the CSO in return for payment by the Government of an agreed price.

(3) An agreement under subsection (2) must:

(a) be in writing

(b) specify the type, quantity, and quality of the goods and services to be provided; or make available and

(c) specify the price to be paid by the Government or the means of determining that price.

(4) An SOE must not fail or refuse to perform a CSO unless performance of it would be a breach of the Constitution or the laws of Kiribati.

It should be noted that this provision is the only means of paying a subsidy to a SOE. The provision is designed so that should Government wish to pursue social goals (for example rural electrification) that would not be profitable for an SOE to undertake, it can ensure the activity is undertaken by funding it from budget. It does not mean that the goods or services are provided at cost price. The SOE is constrained by the Act to operate sustainably. It follows logically that the price charged by the SOE for such a service should include a profit margin.

Within PUB there is only one potential activity which may qualify for this type of payment. ADB Project for South Tarawa Sanitation will build three public toilet blocks. Maintenance of these blocks will require funding. Annual costs are estimated at \$12,000. Construction will be complete at the end of 2015. This cost will require a CSO payment since there is no commercial advantage to PUB in maintenance. The attached financial projections do not include this payment.

It is of course quite possible that Government may wish to subsidise PUB tariffs. Should this be the case a CSO payment is required. The agreement for that CSO must be concluded in writing before the onset of the budget period.