



TE TANGO ANGA'ANGA O TE KUKI AIRANI

INFRASTRUCTURE COOK ISLANDS (ICI)



Photo: Infrastructure Cook Islands

CAPACITY ASSESSMENT REPORT

April 2017

ACRONYMS

| | |
|-------|--|
| ADF | Advanced Disposal Fees |
| ADB | Asian Development Bank |
| BSG | Budget Support Group |
| CAD | Computer Aided Design |
| CCDP | Capacity and Capability Development Plan |
| CIGT | Cook Islands General Transport |
| CIIC | Cook Islands Investment Corporation |
| CITC | Cook Islands Trading Corporation |
| EMCI | Emergency Management Cook Islands |
| FTE | Full Time Equivalent |
| GIS | Geoportal Information Systems |
| HRM | Human Resource Management |
| HRMIS | Human Resource Management Information System |
| IC | Infrastructure Committee |
| ICI | Infrastructure Cook Islands |
| ICT | Information Communications Technology |
| LGNZ | Local Government New Zealand |
| MFEM | Ministry of Finance and Economic Management |
| MMR | Ministry of Marine Resources |
| MoH | Ministry of Health |
| MOIP | Ministry of Infrastructure Planning |
| NES | National Environment Service |
| NIIP | National Infrastructure Investment Plan |
| NSDC | National Sustainable Development Commission |
| NSDP | National Sustainable Development Plan |
| OPM | Office of the Prime Minister |
| PMU | Project Management Unit |
| POBOC | Payment on Behalf of the Crown |
| PPE | Plant Property and Equipment |
| SMA | Seabed Minerals Authority |
| SPC | Secretariat of the Pacific Community |
| SOE | State Owned Enterprise |
| SUP | Sanitation Upgrade Programme |
| TAU | Te Aponga Uira |
| TMV | Te Mato Vai (Water Infrastructure Project) |
| VSA | Volunteer Services Abroad |

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EXECUTIVE SUMMARY

A Capacity Assessment and Capacity and Capability Development Plan (CCDP) for Infrastructure Cook Islands (ICI) was completed from the 7th to the 19th April 2017. The key objective of the assessment was to analyse the capacity of ICI to implement its Strategic Plan 2016 – 2021 and in doing so, its relationships with other key stakeholders operating in the infrastructure sector.

The capacity assessment analysed policy and legislative mandates, service delivery, leadership and management, organisational culture, capability of staff and the agency and systems, including strategic partnerships. The CCDP shows how the recommendations from this review can be implemented, however it will only be successful with political will and strong leadership to lead the proposed changes and adequate resourcing over the short, medium, and long term. Activities must be Cook Islands owned, led and build on local strengths to maximise synergies where they exist.

The Ministry of Infrastructure and Planning¹ was renamed Infrastructure Cook Islands (ICI) in 2013. The work programme of ICI is guided by a combination of projects identified in its Annual Business Plan, the National Capital Plan, Island Government Business Plans and ad hoc requests from politicians and community leaders. This is considered a major issue therefore the Secretary must demonstrate his leadership by ensuring that priorities identified by ICI and the Infrastructure Committee (IC) take precedence over unplanned requests.

ICI cannot be considered in isolation of the other agencies operating in the sector, as they impact on ICI work programmes and service delivery. Other government agencies in the sector include: the Cook Islands Investment Corporation (CIIC); Office of the Prime Minister (OPM), the Ministry of Finance and Economic Management (MFEM) and Pa Enua Island Governments. The Infrastructure Committee (IC) has a significant role in infrastructure planning and development impacting on the work and budget of ICI and other agencies. Therefore the achievement of ICI's strategic goals and outcomes requires coordinated institutional arrangements by the IC.

A significant number of reports have been written on the infrastructure sector over the past 20 years. These reports suggest that little has been done to improve the coordination of infrastructure development and implementation, as the findings of this assessment confirm that similar issues and problems identified in earlier reports still exist. Nationally, infrastructure development has not kept pace with the country's needs over the last 20-30 years, creating a backlog of infrastructure projects published in the Cook Islands National Infrastructure Investment Plan (NIIP)². The government and key stakeholders, including the public recognise that investing in robust and affordable infrastructure (transportation; water and sanitation; solid waste disposal; electricity; telecommunications; and public buildings), is essential. However challenging national infrastructure plans, lack of evidence-based decision making and poor coordination between institutions within a fragmented infrastructure sector has created significant implementation challenges and exacerbated capacity constraints within the public sector.

¹ Previously the Ministry of Works was set up as the Ministry of Supportive Services under an Act of Parliament in 1994¹. The principal functions made the Ministry the Government's construction, building and furniture making arm, its water supply entity, the transport service for government vehicles, and its printing press. The Ministry of Works is also governed by *the Rarotonga Island Council Empowering (Public Works and Services) Ordinance 1959* Section 4 (E) which requires public works to provide for facilities for the disposal of refuse.

Over time its core functions have changed with the privatisation of some services, the transfer of functions to others, particularly those for the Pa Enua and its amalgamation with other Ministries of State. Its current set up originates from two Acts, the *Public Services Act, 1995-96* including the *Public Service (Identification of Departments) Order 1996*¹ and the *Energy Act of 1998*¹ that created the Energy Division within the Ministry. All Acts now require to be amended.

² NIIP 2015 Report published with the support of the Pacific Region Infrastructure Facility (PRIF) as the guide to infrastructure investment over the next 10 years.

The methodology used for the consultation with key stakeholders varied but in the most part were individual and group face to face interviews, email questions and responses along with phone interviews with Pa Enea representatives. The assessment does not claim to be an exhaustive analysis of the infrastructure sector, but rather it endeavours to focus on key areas for capacity development. The CCDP has strategies and actions to achieve the ICI vision:

“To ensure premier infrastructure development to meet the needs and aspirations of the people of the Cook Islands.”

These strategies and actions are grouped under three headings:

- Strengthen policy and planning capacity
- Improve service delivery and support systems
- Build a culture of accountability and performance excellence

Asset Finda is an important asset management tool for ICI to future proof the strategic planning and design of capital infrastructure development in the Cook Islands. It should be a matter of urgency to implement this system in its entirety. The infrastructure legislative framework is outdated and a recent ADB Infrastructure Services Delivery Improvement Project³ identified 39 statutes and 73 amendments and six regulations require attention. This framework will ensure ICI is an empowered policy maker and regulator of buildings, water, waste and civil works.

Although the Secretary of ICI did not receive glowing comments on his performance to date, it should be noted that he has achieved some key milestones during his short 2-year tenure. ICI continues to be challenged by external influences and unplanned requests impacting on the operations of ICI. To continue to be effective ICI will be required to work more closely with the infrastructure committee and manage various stakeholders that play very fundamental and critical roles in the sector. Outsourcing contract work to achieve ICI's challenging work programme and maintaining a register of heavy machinery in the private sector are critical for improving service delivery. The support of VSA volunteers has provided much needed policy expertise as well as project management and oversight at ICI. With the VSA policy advisor due to leave later this year, a local policy position must be filled as a matter of urgency.

Workforce planning needs urgent attention to ensure ICI determines the level and mix of skills required to ensure it can achieve its strategic outcomes identified in its strategic plan and annual business plan. Continued support from Local Government New Zealand is an important partnership that should be nurtured along with other existing and new partnerships, as ICI moves forward. It should be noted that while external assistance can supplement the delivery of core functions over the short term, there is significant risk to the ministry if it fails to build local capacity.

The assessment confirmed \$575,000 is the additional investment required in ICI over the short to medium term to re-build stakeholder confidence in the ministry. There is \$445,000 of ongoing funding to recruit essential personnel to strengthen ICI's policy and legal framework, project planning and management, procurement and internal operations. There is \$130,000 of one-off costs to clear prior year audit issues, complete a workforce plan, improve staff workspaces, and embed sound management practices.

³ ADB TA 7287 Infrastructure Services Delivery Improvement Project

A total of 34 recommendations are shown below:

Service delivery (4)

- Improve concept note writing and project design documents with risk analysis
- Participate in Asset Management training provided by CIIC
- Propose options for the IC to strengthen its process for prioritising capital projects
- Identify and propose options to improve procurement process delays

Policy and Legislative mandates (2)

- Engage a Policy Advisor to replace the VSA Strategic Planner and Policy Advisor
- Engage a legislative drafter to complete necessary legislative amendments

Leadership and management (2)

- Ensure the ICI Secretary is well briefed for IC and other high level meetings
- Ensure Tier two managers are trained to lead and support highly skilled staff

Organisational Culture and Structure (5)

- Complete a Mechanical workshop with space for staff
- Complete the Waste facility office and staff room
- Maintain the existing ICI organisational structure with five divisions
- Continue the sharing of geoscience information with agencies working in this area
- Clarify the roles of ICI and OPM in relation to Pa Enea infrastructure and governance

Capability of staff and the agency (17)

- Continue developing work manuals with quality assurance processes for all divisions
- Contract additional financial personnel to address and clear prior year audit issues
- Contract or employ short term procurement specialists
- Corporate services to complete a workforce plan for the ministry
- Immediately recruit a qualified and experienced electrician
- Secretary to immediately address issues with private contracting by Building Control
- Recruit or outsource by contract additional engineers and project managers
- Cap the workload of the division through resource planning
- Secure training and support to ensure Asset Finda is fully operational from 2018 onwards
- Seek funding to implement Site Safe training
- ICI set road building standards through the draft Roads and Drainage Policy
- Maintain a register of all heavy machinery, including those in the private sector
- Develop a transparent Public Private Partnership agreement for asset use
- Review and implement the Operational Management Plan for the Waste Facility
- Reinvest Trading Revenue from the Waste Facility in landfill maintenance
- Finalise plans for glass and plastic recycling with the private sector
- Scope and cost options for user charges to minimise waste

Systems – Finance, HR, ICT and Strategic Partnerships (4)

- ICI implement a policy for paying danger allowances for dangerous or hazardous work
- ICI develop a policy to manage 'pro-bono' or unplanned projects proposed and ensure this work is resourced in its annual business plan
- OPSC develop a policy to minimise political interference with ministry operations
- ICI continue to engage experienced volunteers over the short to medium term

1.BACKGROUND OF THE ASSESSMENT

1.1 Description of the context in which the assessment was conducted

The Ministry of Infrastructure and Planning⁴ was renamed Infrastructure Cook Islands (“ICI”) in 2013. To understand the work of this Ministry it is important to understand the background and context in which ICI currently operates. The work programme of ICI is guided by a mix of Annual Business Plan requests, budget allocations in the Cook Islands Budget Estimates - Book 3 (“Capital Plan”), transfers from Island Government Business Plans, and ad hoc requests from Ministers and Members of Parliament. The first medium term (3 year projection) roadmap for infrastructure investments was developed in 2012 and now forms a critical linkage between longer term plans and annual infrastructure resource allocation.

In 2015, a 10 year Cook Islands National Infrastructure Investment Plan (NIIP) was produced which sought to facilitate the 3 year capital planning process and revise the longer term capital master plan. The NIIP is used by ICI and all agencies, including private sector businesses operating in the infrastructure sector, to guide infrastructure development priorities and investment. ICI is operating alongside with at least three other Rarotonga-based government agencies in the sector: Cook Islands Investment Corporation (CIIC); the Office of the Prime Minister (OPM), the Ministry of Finance and Economic Management (MFEM), as well as Pa Enea Island Governments. In mid-2008, in response to concerns about delays in the implementation of infrastructure projects, Cabinet established (i) the National Sustainable Development Commission (NSDC) reporting directly to Cabinet, and (ii) an Infrastructure Committee (IC) reporting the NSDC on the progress of infrastructure projects.

CIIC is the manager of all Government assets therefore all capital projects will eventually end up in the consolidated Crown accounts. CIIC is also the secretariat for the Infrastructure Committee (IC) which is responsible for reviewing and recommending all infrastructure investments to Cabinet for approval, and tabling in Parliament through the Budget Book 3 – Capital Plan. The current membership for the IC includes: a Chairman (private sector); two additional private sector representatives; ICI Secretary; CIIC Chief Executive; Financial Secretary and Chief of Staff of OPM. Once Cabinet has confirmed these investments, the IC monitor and confirm any changes to projects.

MFEM is responsible for preparing the consolidated national budget, monitoring monthly financial reporting by ICI, and processing the payment of invoices for capital projects identified in the budget. MFEM also has a major role in procurement and currently only has one full time staff to centrally coordinate procurement for the whole of government. With the large number of projects that ICI implement, the procurement team at MFEM are stretched and further challenged with serving other ministries with their procurement requests.

⁴ Previously the Ministry of Works was set up as the Ministry of Supportive Services under an Act of Parliament in 1994⁴. The principal functions made the Ministry the Government’s construction, building and furniture making arm, its water supply entity, the transport service for government vehicles, and its printing press. The Ministry of Works is also governed by *the Rarotonga Island Council Empowering (Public Works and Services) Ordinance* 1959 Section 4 (E) which requires public works to provide for facilities for the disposal of refuse. Over time its core functions have changed with the privatisation of some services, the transfer of functions to others, particularly those for the Pa Enea and its amalgamation with other Ministries of State. Its current set up originates from two Acts, the *Public Services Act*, 1995-96 including the *Public Service (Identification of Departments) Order* 1996⁴ and the *Energy Act* of 1998⁴ that created the Energy Division within the Ministry. All Acts now require to be amended.

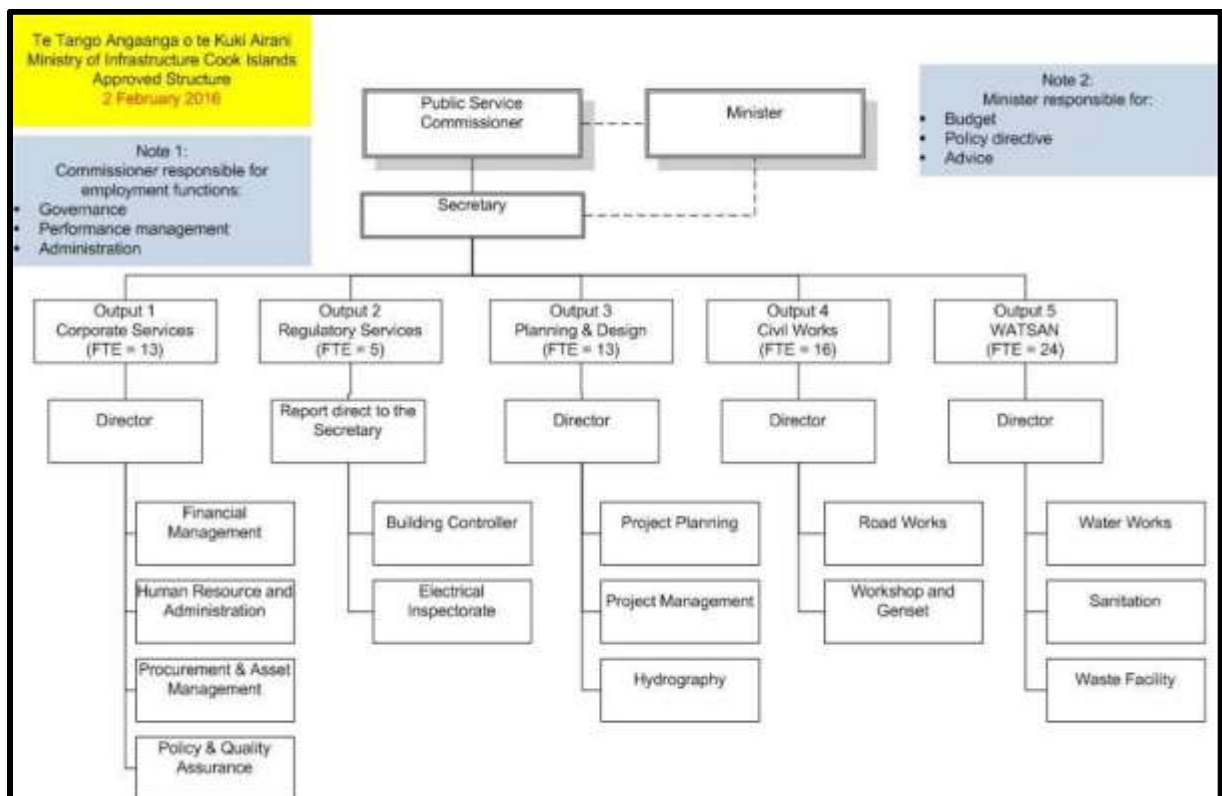
1.2 Description of ICI

The Capacity Assessment and subsequent Capacity and Capability Development Plan (CCDP) will focus on ICI. It will consider its existing capacity to deliver its vision **“to ensure premier infrastructure development to meet the needs and aspirations of the people of the Cook Islands”** through the delivery of infrastructure goals 3,4,5 and 6 in ‘Te Kaveinga Nui’ - National Sustainable Development (NSDP) 2016 – 2020 and the ICI Strategic Plan 2016-2021.

This assessment recognises that ICI is one entity of many in the infrastructure sector and the achievement of goals and outcomes requires coordinated institutional arrangements. Many infrastructure reports have identified that infrastructure management suffers from institutional capacity constraints, attitudes that affect infrastructure operations, cost recovery, and consequently the quality of service delivery. Infrastructure institutional arrangements remain fragmented with a minimum of four agencies involved in the infrastructure sector.

ICI is considered to be a repository of essential technical expertise and a key ministry in infrastructure development through the planning, design, contract and project management of various capital infrastructure projects, and regulatory building (civil engineering) and electrical practices. This includes the construction and maintenance of roads, bridges and coastal protection work along the foreshore, as well as managing the landfill facility and wastewater treatment.

A reorganisation of ICI has recently taken place with a new organisational structure adopted in February 2016. ICI is headed by a Secretary appointed under section 14 of the Public Service Act 2009. There are five main functional divisions within ICI: Corporate Services, Regulatory Services, Planning and Design, Civil Works, including Water, Waste and Sanitation (WATSAN). The Director of each of these divisions reports directly to the Secretary, except the Directors in the regulatory services division who report directly to the Secretary.



1.2.1 Corporate Services

The Director of the Corporate Services Division is responsible for supporting all ICI divisions in the delivery of their outputs through the provision of policy, finance, human resource management and procurement functions.

There are 13 full time equivalent (FTEs) in the Corporate Services division on the Ministry organisational chart, with seven of these positions filled. Personnel budget for this division is \$346,311⁵. The Secretary for the Ministry is placed within this division, although his personnel costs are reflected in an Administered Fund managed by the Office of the Public Service Commissioner. A VSA Strategic Planner and Policy Advisor is also placed in this division, at no cost to the ministry.

During 2013-14 the processing of service requests for all ICI divisions was centralised to the front desk creating a 'one stop shop' for customers seeking services. ICI launched a "Help Desk" system which is a portal to capture all service requests for various divisions. Complaints are also logged here and transferred to the relevant division to address.

Table 1 – Corporate Services Staff as at April 2017

| Gender | Years of Service | Position Description |
|--------|------------------|--|
| Male | 2 | Secretary |
| Female | 4 | Director, Corporate Services |
| Male | 1 | Finance Manager |
| Female | 37 | Capital Finance Officer |
| Female | 27 | HR Payroll Officer |
| Male | 10 | Procurement & Asset Officer |
| Male | 4 | Procurement & Asset Manager |
| Female | 3 | Client Services Info Officer |
| Male | 1 | VSA Strategic Planner & Policy Advisor |

Financial management and administration

The Finance Manager is responsible for the restructured financial systems of ICI proposed by a KPMG audit in 2013. ICI uses a MYOB financial package that provides for better reporting and accurate posting since the 2014-15 financial year. The Manager is supported by one senior staff member being recruited for the daily preparation of payment vouchers, as well as receipting of trading revenue mainly for waste management, water connections, road excavations, building and electrical permits. The Client Services officer also supports this unit through centralised receipting.

The latest Cook Islands Audit Office Report (2014) raised a number of issues with regard to historical financial issues that the Finance Manager is now dealing with as identified in a Finance Action Plan 2016-17 prepared by the Director of the Corporate Services division.

Human resources management

The ICI Annual Report 2015-16 highlights the agreed activity deliverables achieved during this period which included: a quarterly newsletter circulated to all stakeholders, 100 percent of job descriptions reviewed and submitted to OPSC for evaluation and four internal policies being endorsed.

⁵ Budget Estimates 2016-17 (Budget Book 2) – ICI Personnel budget by output/division

Policy development and quality assurance

The development of policy documents for ICI have been led by the VSA Strategic Planner and Policy Advisor since September 2015. New or updated policies produced have included: the ICI Strategic Plan, National Water Policy (in conjunction with Ministry of Health), Roads and Road Drainage Policy (draft), Cook Islands Solid Waste Policy 2015, Cook Islands Sanitation Policy (2016), Cook Islands Roads Master Plan 2016 – 2020 (in progress), and a Building Code and Regulations review (in progress). Funding is being provided by the Secretariat of the Pacific Community (SPC) to review the Cook Islands Building Standards Act 1991 in May 2017. The Strategic Planner has also reviewed the existing ICI organisational policies and is currently reviewing the ICI Procurement Policy and is working closely with the Pa Enua Division at OPM on a Pa Enua Machinery Maintenance Policy. Efforts to replace or extend the current policy advisors term have not been successful to date.

Procurement

ICI has established a centralised procurement unit within the Corporate Services Division by transferring two staff from the Planning and Design Division. The 2015-16 Annual Report confirmed that the ICI Procurement Policy was 60 percent complete. A moveable Assets Register has been updated and the unit completed 15 tenders and contracts valued at over \$3 million for ICI and Island Governments, including \$200,000 for Pa Enua machinery repairs budget for the year. The unit has also implemented an 'expressions of interest' process in 2016 to encourage service providers and contractors to register. This has resulted in the development of a service and resources matrix to enable ICI to sign service contracts with suppliers and contractors at competitive rates for an agreed period of time. This supports fast tracking procurement requirements.

1.2.2 Regulatory Services

The Regulatory services division comprises of Building Control and Electrical Inspection responsible for administrating building and electrical regulatory functions. These are guided by legislative mandates regulating industry, however both require immediate review to keep up with developments and standards in the sector. The ICI Annual Report 2014-15, ICI planned to implement a One stop shop system where the issuing of permits pertaining a building, electrical, environment (issued by the National Environment Service), and sanitation (issued by the Ministry of Health), would be undertaken and housed within ICI to improve service delivery. At the time of this review, the one stop permitting service had not commenced.

There are five full time equivalent (FTEs) in the Regulatory Services division, with four of these positions filled and a personnel budget of \$162,084.

Table 2 – Regulatory Services Staff as at April 2017

| Gender | Years of Services | Position Description |
|--------|-------------------|-----------------------------|
| Male | 34 | Building Controller |
| Male | 3 | Chief Electrical Inspector |
| Male | 2 | Building Inspector-Domestic |
| Male | 2 | Building Inspector-Domestic |

Electrical Inspectorate

The Electrical Inspectorate is a core service delivery unit within the Regulatory Division, responsible for ensuring that electricians are registered and electrical wiring work performed comply with safety requirements provided in the Energy Act and other legal mandates regulating the industry. The unit is responsible for promoting and ensuring best practices in

the electrical industry and providing support to the achievement the country's Renewable Energy targets. The unit has been manned by one staff member since 2014 and the work load has been challenging, with the number of permits issued and re-inspection work carried out averaging over 15 inspections per month. Permits issued annually can reach between 100 to 200.

Building Inspectorate

This unit is responsible for ensuring that building requirements comply with the Building Standards Act 1991 and Building Code 1990. The unit is managed by the Building Controller, along with two assistants who conduct inspections on domestic homes only. SPC is funding the review and drafting of a new building code in May 2017. A policy with regard to permit applications is being developed to distinguish between domestic (\$1 per sqm) and commercial permits (\$4 per sqm).

1.2.3 Planning and Design

The primary responsibility of the Planning and Design Division is to plan, scope, design, cost and ensure quality assurance of capital infrastructure projects in the Cook Islands, on behalf of the government. The Division also provides technical advice and support to other government agencies on Rarotonga and Pa Enua Island governments on infrastructure development and during emergency response situations. Budget Book 3 outlines the budget allocation for these capital projects.

There are 13 full time equivalent (FTEs) in the Planning and Design division, with nine positions filled with a personnel budget of \$374,257. There are three young Cook Islanders completing undergraduate studies in civil engineering and geo-sciences, who will return to work for the Ministry during the next fiscal year.

Table 3 –Planning and Design Division Staff as at April 2017

| Gender | Years of Service | Position Description |
|---------------|-------------------------|---|
| Male | 1 | Director, Planning & Design |
| Male | <1 | Planning Unit Manager Senior Civil Engineer |
| Male | 11 | Planning Engineer |
| Male | 3 | Survey Technician |
| Male | 32 | Projects Engineering Officer |
| Male | 7 | Projects Engineering Officer |
| Male | 38 | Planning Engineer Officer |
| Male | 33 | Asset and Cad Technician |
| Male | <1 | CAD Technician |

The completion of adequate scoping and planning of future infrastructure projects is a critical element of the Planning and Design Division which needs to be strengthened to enable implementation of projects in line with the national capital plan. ICI have a key role along with the IC and OPM Pa Enua Division in assisting Pa Enua governments' with their strategic planning, particularly where it relates to infrastructure development, machinery procurement and maintenance. Clarity and delineation of responsibilities and coordination between agencies is required.

The changing scope of projects particularly in the Pa Enua is a major issue, with the approval of capital projects being controlled by the IC and Cabinet. Examples of issues include the amount budgeted being lower than actually required which means that it may be impossible to complete projects without funds been re-assigned between projects or postponed to future periods. Some projects have limited input from ICI prior to being

included in the Capital Plan (Budget Book 3). These are generally projects scoped independently by Pa Enea governments' with limited investigation or initial planning by ICI, but included in the Capital Plan. This issue along with the changing scope of Pa Enea projects affects the ability of ICI to complete projects each year, leading to poor performance ratings.

During 2013-14 Asset Management training for selected staff was conducted to consolidate and record ICI assets going forward. The new software programme (AssetFinda) initiated by the Cook Islands Investment Corporation (CIIC) is currently being trialed. Success of this initiative is will determine whether Government infrastructure assets are well managed, maintained and/or replaced. The roles of ICI, OPM Pa Enea Division and CIIC also needs to be addressed in terms of Asset Management on the Pa Enea.

1.2.4 Civil Works

The key activities undertaken by the Civil Works division include;

- Ongoing maintenance of the roads and drainage systems on Rarotonga
- Assistance to the Pa Enea for upgrading roads, harbours and airport runways
- Maintenance of Heavy Plant Machinery both on Rarotonga and the Pa Enea
- Assistance to the Pa Enea for the maintenance of power supply generators
- Coordinate ICI's response to national emergencies required by Emergency Management Cook Islands

There are 16 full time equivalent (FTEs) in the Civil Works division with 14 staff filling these positions and personnel budget of \$343,797. The Director of Civil Works is also the National Hydrographer and heads a National Hydrography Committee comprised of ICI and other government agencies that use geoscience information. These agencies include the Ministry of Marine Resources (MMR), Seabed Minerals Authority, National Environment Service (NES), and Ports Authority.

Table 4 – Civil Works Staff as at April 2017

| Gender | Years of Service | Position Description |
|--------|------------------|--------------------------------|
| Male | 32 | Director of Civil Works |
| Male | 4 | Road Sealing Supervisor |
| Male | 19 | Road Works Manager |
| Male | 10 | Workshop Manager |
| Male | 19 | Road Maintenance Supervisor |
| Male | <1 | Heavy Plant Diesel Mechanic |
| Male | 19 | Genset Engineer |
| Male | 4 | Heavy Plant Operator Bobcat |
| Male | 12 | Heavy Plant Operator SteelDrum |
| Male | 19 | Heavy Plant Operator Hyd/Dump |
| Male | 2 | Heavy Plant Operator T/Broom |
| Male | 4 | Heavy Plant Operator PTRRoller |
| Male | 11 | Heavy Plant Operator Backhoe |
| Male | 20 | Heavy Plant Operator FEL,Water |

A number of deliverables in 2015-16 were not carried out due to not having enough funding to do so. Ongoing bad weather and heavy rain causing more erosion and road issues in other areas meant funds were spent on remedial work, rather than planned projects. Responsibilities of this division also included reinstating the roads after TMV trenching was completed.

A number of challenges prevent this division from operating effectively – these include:

- Outdated machinery always breaking down and causing delays to the work programmes
- Bitumen truck out of service with no warrant of fitness, delaying road upgrade projects
- High maintenance costs for heavy machinery
- Limited availability of key machinery to hire from the private sector
- Escalating costs to hire private sector heavy machinery to carry out road upgrade works
- Problems with landowners putting a stop to work, a few roads are half completed as a result of a few landowners not wanting the road upgrade to continue across their land
- Wet weather causing more pot holes especially when machinery is awaiting parts
- A lack of funding allocation for drainage maintenance work

Mechanical Workshop

The workshop unit in the civil works division is responsible for ensuring generators on the Pa Enea and heavy machinery on Rarotonga and the Pa Enea are in good working order, for the division to operate effectively. Delays in receiving parts from overseas and shipping the parts across to the Pa Enea is a constant challenge. Outdated heavy machinery creates challenges in locating suppliers with the right parts. In some cases parts can be sourced from Europe where they are still manufactured or imitations are sourced from China.

ICI is also responsible for the upkeep of all machinery and generators on the Pa Enea with an annual budget (Administered fund) of \$200k for repairs, maintenance and parts. Maintenance of machinery on the Pa Enea has been a challenge for many years without properly trained mechanics on most islands and no proper workshop space on Rarotonga for this unit to undertake mechanical and maintenance work on Rarotonga. This issue is compounded when Pa Enea employees attempt to order machinery parts directly than through ICI. The review found it was more economical to fly an ICI mechanic to each island to undertake machinery repairs, when parts were available.

Geo Science

The Director of Civil Works is a qualified geoscientist and leads the work of a National Hydrography Committee created in June 2016 by Cabinet to establish Cook Islands Hydrographic Services. The committee was tasked with determining how best to meet the country's international hydrographic obligations, appointing a Maritime Safety Officer, developing national hydrographic regulations and policies, and developing a national maritime spatial data information system. The work of geoscientists supports core outputs of ICI such as survey, land use mapping and asset management. The Director of Civil Works coordinates the sharing of geoscience information across various government agencies and supports Land New Zealand as a charting authority for the country.

1.2.5 Water and Sanitation (WATSAN) Division

WATSAN is the Water, Waste and Sanitation division tasked with the management of water, wastewater and solid waste infrastructure, and the development and management of policies, strategies, planning and projects within the water, waste and sanitation sector.

It is responsible for:

- the management of the Rarotonga Waste Facility consisting of a Resource Recovery Centre, sewage septage treatment ponds and the landfill;
- collaboration with stakeholders on developing the Solid Waste Management Strategy (NES, MoH, MMR, Private Sector, Civil Society, NGOs)
- maintenance of the Rarotonga water network and intake catchments

The Te Mato Vai (TMV) Project Management Unit based at MFEM has absorbed the revised Sanitation Upgrade Programme (SUP) that is set to transition into a water and sanitation project management unit and subsequently a State-Owned Enterprise (SOE). This initiative will see water operational management functions of WATSAN transferred to this organisation over time. Set time-lines are not formally in place therefore the next 12 months of work for WATSAN Division is based on its current functions. Two staff will continue to be required to support the commissioning of the ring main and to assist in supervision during Stage 2 of the TMV project. In respect to sanitation, all remaining ICI staff (2) that were involved in the SUP have transitioned to MFEM. The landfill and waste facility are expected to remain under ICI. There are 24 full time equivalent (FTEs) in the WATSAN division on the Ministry organisational chart, and there are currently 18 staff in these positions with personnel funding of \$481,221.

Table 5 – WATSAN Division Staff as at April 2017

| Gender | Years of Service | Position Description |
|--------|------------------|--------------------------------|
| Female | <1 | Director of WATSAN |
| Male | 3 | Water Works Manager |
| Male | 1 | Water GIS Hydrology Technician |
| Male | 17 | Operations Senior Supervisor |
| Male | 1 | Network Serviceman |
| Male | 2 | Network Serviceman |
| Male | 3 | Network Serviceman |
| Male | 2 | Network Serviceman |
| Male | 3 | Headworks & Network Supervisor |
| Male | 2 | Headworks & Network Supervisor |
| Male | 2 | Headworks & Network Supervisor |
| Male | 1 | Water Demand Technician |
| Male | 2 | RarotongaWasteFacility Manager |
| Male | 2 | Senior Recycle Plant Operator |
| Male | 1 | Senior Baler Plant Operator |
| Male | <1 | S/StationOperator & Groundsman |
| Male | 2 | S/StationOperator & Groundsman |
| Male | 3 | S/StationOperator & Groundsman |

Water Division

There is no single national comprehensive water supply legislation in the Cook Islands, but scattered legal provisions that address the supply of water to the public. The responsibility for water supply and management sits with the WATSAN Water Division through the Water Ordinance 1960, whilst water quality is left primarily to the Ministry of Health. Cabinet endorsed a National Water Policy 2016, prepared by the Ministry of Health. A Capital Budget for Water network maintenance is \$500,000 annually with most being used to maintain the water distribution network, roads to the intakes and the cleaning of intakes. Cleaning the intakes is urgently required during periods of heavy rain as they become clogged with debris. Private contractors are contracted to replace water filtration systems at the intakes. A total of 12 intakes are maintained by two work teams. During the 2015-16 fiscal year, rapid filtration systems were replaced with selected sizes of new aggregates. The upgrade of Avana intake will be completed during the 2016-17 fiscal year.

The Water Division is also responsible for supporting Pa Enea address their water problems and was commended by the island governments for installing automatic rainfall stations on Manihiki, Pukapuka, Penrhyn, Rakahanga, Mangaia, Aitutaki and Atiu for ground water monitoring with funding provided by SRIC.

Waste Facility

A functional waste management facility is a priority for ICI. Initiatives that have supported the work of the waste facility with improved recycling by households include:

- construction of a waste baler and a sorting bay at the Rarotonga landfill, including the provision of a septic tank and de-sludging tanker to Aitutaki
- improved management of animal waste, delivered largely through public awareness and community engagement and education on sanitation
- development of the WATSAN website and Facebook page, posters and newspapers
- Sponsorship and presence at key water related events such as Vaka Eiva, interaction with local community groups, schools and other key stakeholders.

Staff at the Waste Management Facility are geared with safety masks, gloves, overalls and safety boots to minimise bodily harm and health hazards given the nature of the work. Overall, there is still a need to put in place a policy document to be used as a guideline for both staff and Managers.

A Solid Waste Management Policy 2016 – 2026 was endorsed by Cabinet in June 2016 along with legislative drafting to develop a robust institutional and legislative framework and sustainable financing for solid waste management. The waste facility has an upgraded office site for staff with a kitchen and covered outdoor deck providing a clean and hygienic area for staff. The facility collects trading revenue in excess of its budgeted \$170,000 per annum, however this revenue supplements the expenses of other ICI divisions. Work has already commenced on determining alternative technologies for long- term solid waste options for Rarotonga and the Pa Enea.

2. THE PROBLEM

ICI has had performance issues over the last decade, which has caused delays in the implementation of capital projects for the country. The Ministry's performance has been publicly criticised for a number of years. The absence of strategic measures to address performance issues has cast a negative image of the Cook Islands public service, reducing staff morale and public trust in the operations of government. While public perception is a broader whole of government challenge, stakeholders have raised concerns with the capacity of ICI to successfully complete capital projects due to past performance.

2.1 Definition and Scope of the Assessment

The key objective of the capacity assessment was to analyse the capacity of ICI to implement its Strategic Plan and in doing so, to assess its relationships with other stakeholders operating in the infrastructure sector. There were two main activities.

Firstly the capacity assessment involved analysing key areas such as:

- Policy and legislative mandates
- Service Delivery
- Leadership and management
- Organisational culture
- Capability of staff and the agency
- Systems (finances, human resources, ICT)
- Strategic partnerships

Secondly to develop a Capacity and Capability Development Plan (CCDP) to:

- Strengthen policy and planning capacity
- Improve service delivery and support systems
- Build a culture of accountability and performance excellence

2.2 Conduct of the Assessment

The Capacity Assessment included consultations with 46 key stakeholders over a two-week period. A list of those consulted is provided at Annex 2.

A review of key reports and documents was carried out and included:

- ICI Annual Reports to the Public Service Commissioner 2012-2016
- Public Service Commissioner's Annual Performance Reviews 2012-2016
- Cook Islands Audit Office Financial Audits and Special Reviews 2013-2017
- KMPG Audit Report March 2013
- New Zealand Local Government Report 2013
- Various reports written on the Cook Islands Infrastructure sector

The methods used for consultation with key stakeholders varied and they included:

- Individual face to face and group interviews/discussions – including ICI staff
- Phone interviews/discussions
- Email questions and responses

2.3 Risks

The inherent risks and challenges for the review team to complete this assignment included:

- The short time allocated for consultations and to complete this assessment
- The lack of detailed analysis of existing information on the Agency
- Staff being absent or not available for interviews

3. FINDINGS

A significant number of reports have been written on the infrastructure sector over the past 20 years. A brief review of these reports during the assessment suggests that these reports have done little to improve the coordination of infrastructure development and implementation as the findings of this assessment confirm that similar issues and problems identified in earlier reports, still exist.

Nationally, infrastructure development has not kept pace with the country's needs over the last 20-30 years, creating a backlog of infrastructure projects published in the Cook Islands National Infrastructure Investment Plan (NIIP)⁶. The government and key stakeholders, including the public recognise that investing in robust and affordable infrastructure (transportation; water and sanitation; solid waste disposal; electricity; telecommunications; and public buildings), is essential. However challenging national infrastructure plans, lack of evidence-based decision making and poor coordination between institutions within a fragmented infrastructure sector has created significant implementation challenges and exacerbated capacity constraints within the public sector.

This assessment does not claim to be an exhaustive analysis of the infrastructure sector, but rather endeavours to focus on key areas for capacity development within ICI. The analysis of findings relate primarily to the capacity of ICI to deliver its vision statement:

“To ensure premier infrastructure development to meet the needs and aspirations of the people of the Cook Islands

Kia rauka e kia ta Okotai anga te turanga teitei e te mou, no te au umu'anga e anoano'ia nei e t iti-tangata Kuki Airani.”

The recent publication of the ICI Strategic plan is a significant milestone achievement for ICI. Together with the CCDP the Strategic Plan will play a critical role in directing and managing human, financial and physical resources at ICI.

The ICI Strategic Plan priorities are to:

- Transition ICI from service delivery to a regulator, planner, policy maker and provider of technical support to the Pa Enea, within an appropriate policy and legislative framework
- Strengthen ICI project management responsibilities through partnership arrangements with the private sector and support the transition of water management to an SOE
- Build capacity by implementing a Workforce Plan
- Improve communications by implementing a Communications Plan

The Strategic Plan identifies ICI's contributions to national development through:

- Goal 3, Solid and hazardous waste – managing solid waste
- Goal 4, Water and Sanitation – managing water distribution and the waste facility
- Goal 5, Infrastructure – building/project managing resilient infrastructure
- Goal 6, Energy and Transport – improving transportation access

⁶ NIIP 2015 Report published with the support of the Pacific Region Infrastructure Facility (PRIF) as the guide to infrastructure investment over the next 10 years.

3.1 Policy and legislative mandates

ICI has been very effective in finalising its Strategic Plan in February 2017. The Strategic Plan received extensive internal and external review enabling an inclusive process for staff and promoting the ministry as a single unit - demonstrating a healthy working environment. This high level of strategic policy development has allowed ICI to have a single focus and direction that is consistent with government priorities and planning.

There are a number of national policies that have been developed for the infrastructure sector. This includes: Solid Waste Management Policy, National Water Policy, National Roads and Road Drainage Policy (draft) and the Sanitation (Wastewater Management) Policy 2016. These policies are very good and now need to be operationalised with areas of responsibility clarified. Some legislative drafting relating to these policies has been done.

ICI now needs to complete operational policies or work manuals concerned with the day to day operations of ICI to guide the management and monitoring of the functions of ICI. Service delivery issues will be reduced if these are implemented promptly.

During this assessment the review team noted the earlier legislative review work that was supported by ADB in the Infrastructure Services Delivery Improvement Project in 2010-11. This legislative review related to the legal framework of the infrastructure sector and included 39 statutes, 73 amendments and six regulations. The following list of relevant Acts still requiring amendments are provided for immediate attention:

- Building Control Standards Act 1991 currently under review
- National Building Code 1990 currently under review
- Energy Act 1998 and Energy Regulations 2006 currently under review

Recommendations:

- Engage a Policy Advisor to replace the VSA Strategic Planner and Policy Advisor
- Engage a legislative drafter to complete necessary legislative amendments

3.2 Service Delivery

Given the short time available it was not possible to review the capacity of other service providers within the infrastructure sector such as MFEM, OPM, CIIC, Ports Authority, Airport Authority, Te Aponga Uira and Pa Enea Administrations. However the assessment notes key agencies and committees which have a direct impact on the work programme of ICI.

This assessment revealed that ICI service delivery was primarily constrained. The common themes were that ICI lacked the capacity and resources to deliver its services effectively and projects as planned. Most stakeholders understood ICI was overstretched and under-resourced to deliver its legislative mandates and challenging capital infrastructure plans. Interviews with staff disclosed they considered their capacity as being the most critical component to improving service delivery, along with other areas hindering the performance of their outputs. For staff responsible for the procurement function, their main concern was the delays in following and finalising procurement processes which put at risk project timing and completion, ultimately affecting ICI's ability to deliver projects on time. Delays in receiving confirmation of tender documents and contracting documents can delay a project by weeks and this is further compounded with an additional requirement of a legal review by Crown Law with staff equally challenged with the volume of project contracts for review. The tender process could take anywhere between one to six months to complete. Payments to contractors in capital projects were processed through MFEM, adding another layer of bureaucracy to the project management cycle. Delays in these areas impact ICI's ability to deliver projects effectively.

For staff in the Planning and Design Division the major issue was the 'pro bono', unplanned projects or scope changes requested by politicians and community leaders that were impacting on the divisions' ability to concentrate on delivering projects in the Capital Plan. Another issue was the limited scoping and planning of projects by partners such as Pa Enea Governments which are transferred to the national capital plan for ICI to manage, without appropriate review and costing. An example being the Yato Cargo Shed in Pukauka budgeted at \$8,000, which in practice would not cover freight costs for materials required.

For staff in the Civil Works Division the key issue was poor, outdated machinery that hindered their performance. Poor maintenance and spare parts not being available when required meant staff could not complete work within budget, timeframes and to expected standards. The work programme of the division is also hindered by the weather conditions, which can delay the completion of work or lead to the transfer to funds for remedial work on roads. The absence of budget for road drainage maintenance was also an issue.

For the Regulatory Division, the electrical inspectorate has one person and therefore service delivery is subject to the availability of the single person. The work required includes inspections of all electrical connections as well as the registration of electricians. With only one person in this inspectorate, service delivery will always be compromised.

Concerns raised by Mayors, Councillors and Executive officers on six of the Pa Enea were

- Poor coordination with island administrations
- Lack of capacity to support the delivery of projects on each island
- Lack of design and accuracy in completing correct quantity survey documentation
- Procurement of materials and machinery parts were either delayed, incorrect or missing
- No checking to ensure the delivery of correct materials

The review found the direct procurement of materials and machinery parts by Island Governments' with suppliers, without ICI involvement, often caused these issues. These concerns highlight the need for better delineation of roles and responsibilities between ICI, the OPM Pa Enea Division and Pa Enea Governments.

Each of the Pa Enea Governments were asked to grade ICI service delivery (1 – 10: 1 poor and 10 very effective). The average rating was 5.5. Those that scored below the average had very poor recent experiences with ICI with most of the issues being around procurement. One island in the Northern Group scored ICI with 10 however concerns raised did not support the score given. Being in the Pa Enea the major concern related to procurement where the goods delivered were short or insufficient to complete the project, causing up to a 6 month delay in implementation. However the upside of the high score is that ICI was very supportive and communicated well with the Pa Enea.

ICI cited this problem as being caused by poor project plans and designs by Pa Enea Governments with minimal input from ICI or changes in scope - after the Capital Plan was approved. These changes would happen when the project was being implemented. This was also when land issues or landowner disputes would arise, impacting on ICI's project delivery. Securing land for government capital projects is the responsibility of CIIC.

Other agencies or committees who impact on ICI service delivery

Agencies and committees who impact on the work of ICI and its ability to adequately deliver services were identified. These are the IC, CIIC, BSG, MFEM and OPM.

Infrastructure Committee (IC)

The assessment found there was a disconnect between what the IC recommended to Cabinet for approval and publication in the Capital Plan, and the resources available to ICI to implement these projects. There was no risk analysis completed prior to Cabinet approving the Capital Plan.

This is an area that could be strengthened with:

- ICI preparing improved project/machinery concept notes for consideration by the IC
- The IC approved concept notes then moving to the project scoping and design phase
- ICI doing risk analysis for all capital projects - adjusted to mitigate major risks
- The IC only approving projects with a detailed project design document from ICI
- The IC confirming ICI have adequate resourcing to implement approved capital projects

The IC is required to provide monthly reports to the NSDC. Greater oversight from the NSDC in reviewing IC reports or minutes could highlight issues at the early stages, where the ICI work programme is at risk of not meeting targets or failing to deliver on projects.

Cook Islands Investment Corporation (CIIC)

CIIC is responsible for securing land for government capital projects and managing the Governments Asset Management System (“Asset Finda”) introduced in 2013. It is used by Te Aponga Uira and certain agencies since 2014. Asset Finda was established through CIIC and is not fully operational. It will require further input and training for ICI staff due to commence in June 2017. ICI does not have a dedicated employee to operate the system. It should be fully operational by the 2018-19 financial year with further inputs required 2 years after. Asset Finda will support evidence-based decision making for capital investments with realistic replacement and construction costs. Asset Finda allows for asset performance to be optimised through the use of proper planning and procedures for asset development and maintenance. Three essential requirements were set for all government infrastructure assets including buildings:

- Monitored asset management (maintenance) plans for all assets and consistent criteria;
- Regulatory authority to enforce preparation of asset management plans by all service providers, with audits by the Cook Islands Audit Office against performance indicators;
- Long-term planning and adequate budgeting by service providers for maintenance and rehabilitation.

Budget Support Group (BSG)

The Budget Support Group (BSG) is established to support the Financial Secretary and Minister of Finance in assessing agency business plans along with budget submissions for funding. The BSG ensure and promote transparency and accountability in the appropriation of public money through the budget process to achieve the policy objectives expressed in the annual budget policy statement (BPS) and to maintain core government services in accordance with the MFEM Act 1995-96. In 2016 the BSG and IC came together to consider all proposals that were operational and capital.

Ministry of Finance and Economic Management (MFEM)

Timely disbursement of payments is sometimes an issue with capacity issues and the volume being submitted at MFEM. There are also issues with the recording of transactions required to be carried out in the ICI financial system as well as at MFEM with no ongoing reconciliation between the two sets of accounts.

Recommendations:

- Improve concept note writing and project design documents with risk analysis
- Participate in Asset Management training provided by CIIC
- Propose options for the IC to strengthen its process for prioritising capital projects
- Identify and propose options to improve procurement process delays

3.3 Leadership and management

The findings of the consultations suggest that leadership of ICI has historically been and still is a matter for concern as it has been for some prior leaders of this ministry. The ICI Secretary is relatively new and is keen to establish ICI's integrity and improve delivery of services but he needs the leadership and management capability along with the tools and support to do so.

Interviewees were asked to score the Secretary of ICI (1 – 10, 1, low and 10 high) as the head of ICI. For most who responded, the Secretary scored 5, but it is important to note that the current Secretary has achieved much during his short tenure and ICI continues to be challenged by project requests from political and community leaders.

In order for ICI to move forward and to prioritise and manage the ever increasing workload and public expectations of this ministry the Secretary will need to ensure that his senior tier two staff are focused and supported to deliver their core functions. His leadership role is critical in improving the functionality of ICI through articulating the priorities of the ministry, and securing additional resourcing required to deliver better project management oversight of infrastructure investments. ICI needs to have a more strategic approach to working with various committees and agencies that have fundamental and critical roles in the infrastructure sector and broader public sector.

The Secretary has been criticised for failing to use his role as a member of the Infrastructure Committee (IC) to develop critical and strategic pathways for ICI. Noting the responsibility of IC which is to influence and recommend all infrastructure investments and programming to Cabinet, the Secretary could ensure better decision making by the IC. This would impact positively on the capacity of ICI to complete capital projects effectively. While the ICI Strategic Plan is a key achievement for the Secretary and the ministry, managing key partners external to ICI is critical for the achievement of ICI's strategic outcomes and vision.

Recommendations:

- Ensure the ICI Secretary is well briefed for IC and other high level meetings
- Ensure tier two managers are trained to lead and support highly skilled staff

3.4 Organisational culture and structure

Organisational culture relates to the physical surroundings and work environment as well as the internal structure and values of the ministry. Staff based at the ministry head office confirmed they were content with their work environment and considered themselves to be part of an inclusive team that worked well together. The head office environment was inviting, clean and there is a wholesome atmosphere with working conditions that are more than adequate.

The major area of concern was the workshop maintenance area being inadequate for machinery repairs and remedial work. This is crucial to ensure machinery repairs are completed in a safe and secure area. At the waste facility a staff room was still incomplete. Given that this is the only respite area available to staff it is essential that it is completed immediately.

Through its 2017-18 business plan, ICI identified its intention to establish a new Geoscience division and Pa Enea division. The review found a number of agencies are working in this area namely: the Seabed Minerals Authority (SMA), Ministry of Marine Resources (MMR), National Environment Service (NES), Ministry of Health (MoH) and Ports Authority.

The Geoscience division will include work to;

- Collate and digitise hydrographic survey information (seismic and bathymetry)
- Collate geospatial data for roads, maritime boundaries and ocean management
- Establish a geo portal for the National Hydrographic Service for all to access
- Prioritise areas in the Cook Islands EEZ that are high risk to navigate by ships
- Update Asset Management Databases and Plans for all ICI divisions
- Survey road construction works

This is not a core function of ICI albeit mandated by Cabinet, for the following reasons:

- ICI does not have a mandate for oceans or maritime work
- A geo portal is already established with Emergency Management Cook Islands (EMCI)
- Bathymetry work is already carried out by MMR in collaboration with SPC. Other organisations working in this area include NIWA (bathymetry as well as geochemical and biological sampling) and NOAA (bathymetry and sampling)
- Land Information New Zealand is the charting authority for harbours and ocean floors in the Cook Islands and any work required for seabed mapping is contracted to SPC
- Asset Management databases should be maintained by the ICI Planning and Design division in order to produce Asset Management Plans which determine costs and asset values for maintenance or rehabilitation

A concern raised is that all information gained from regional and international geoscience meetings is not shared with other government agencies working in this area. The current ICI Director of Civil Works was identified as the focal point for the Cook Islands geosciences work and head of the National Hydrography Committee. It was unclear as to what expertise was required to undertake this work. However, this work supported core outputs at ICI including the work of other government agencies. The Director coordinated the sharing of information with other agencies legally mandated to manage hydrological resources, oceans and maritime boundaries.

The new ICI Pa Enea division was expected to complement the work of the Pa Enea Division at the Office of the Prime Minister (OPM) to ensure better coordination of Pa Enea support from ICI. The Pa Enea division at OPM has a governance role that reports to the OPM - Chief of Staff and supports the Executive Officers on each Pa Enea planning and management. Adding this dimension to an implementing agency such as ICI will confuse the work of ICI and add further challenges and stress to an already overloaded and under-resourced ministry.

In summary, the review team does not support the proposed structure and considers the current ICI organisational structure with five divisions - provided in the first section of this report, appropriate to deliver the ICI Strategic Plan and NSDP goals.

Recommendations:

- Complete a Mechanical workshop with space for staff
- Complete the Waste facility office and staff room
- Maintain the existing ICI organisational structure with five divisions
- Confirm the sharing of geoscience information with agencies working in this area
- Clarify the roles of ICI and OPM in relation to Pa Enea infrastructure support

3.5 Capability of the staff and agency

Consultations with ICI staff confirmed that there are some major capacity issues that need to be addressed as a matter of urgency.

The findings of the Local Government New Zealand (LGNZ) Report for the Ministry of Infrastructure Planning (MOIP now ICI) in November 2013 included:

- MOIP has more to do than can be delivered by its resources (human and financial)
- Programming work is necessary to define the critical projects, critical steps within projects and to allow for risk
- It is vital that more reality is brought to project timing and costs - doing less is an option
- Improving internal process is important to respond to audit issues and longer term reporting of projects
- The business plan should present a prioritised programme to facilitate decision making and change modelling during the planning and budgeting process.

Other recommendations were related to business plan pricing to reflect market rates, recruitment and communication to manage community expectations and business reputations. The LGNZ findings are still relevant in 2017 and should remain as areas for implementation by ICI going forward. To overcome some of these issues it will be necessary for each of these divisions to have work manuals that include quality assurance processes that will provide the checks and balances required to ensure that work is prioritised and managed in a coordinated manner.

3.5.1 Corporate Services

Financial Management

Cook Islands Audit for year ended 30 June 2014 had the following disclaimers as a result of internal control weaknesses and the lack of reliable and appropriate supporting documents in the following areas: Property, plant and equipment and depreciation expense; Inventory; Accounts receivable and provision for doubtful debts; Accounts payables; Sundry creditors and accruals; VAT Receivable; Correction of prior year issues and other expenses. Since this Audit report good progress has been made, but past audit issues remain. A Finance Manager was appointed in 2016 and has lifted the work rate of the finance division. But there is still an urgent need to have further contracted support to clear prior year audit issues which will require visits to the Pa Enua to identify assets to be written off.

Human Resources Management

The HR function is currently carried out by the Director of Corporate Services. HRM support is required to enable implementation of performance management for all managers and staff. ICI is a critical ministry in the infrastructure sector in terms of policy making, planning and the implementation of infrastructure projects and waste management. An HR function is critical for every ministry, hence the ICI HR function should be absorbed within existing human resources within its (16FTE) Corporate Services Division. At the strategic level, the HR function should focus on workforce planning and recruitment to support ICI's phased transition from a service provider to a strengthened planner, regulator and technical advisor for infrastructure projects. This involves strengthening policy and planning capacity at the strategic level and capital projects at the operational level. This transition will impact on how ICI determines its policy, technical, manual and corporate support workforce needs over the short, medium and long term. At the operational level, the HR function must ensure managers are accountable for leading and managing staff to deliver on performance expectations with relevant training and support.

Policy Development and Quality Assurance

The position of Strategic Planner was filled by a VSA for the past two years' supporting the development of ICI's Strategic Plan and major national policies for water, roads and the review of the Building Code. With his departure in September 2017 there is an urgency for this position to be filled as soon as possible. There is a need for additional operational manuals and monitoring and evaluating systems to be established to measure the effectiveness of these national policies.

The LGNZ report recommended that the Corporate Services Division take the lead role in ensuring process compliance. Process improvements across ICI are needed to drive quality assurance and provide tools for managing change. The establishment of a delegation authority framework and project control mechanisms are critical, including the establishment of better project programming with a commercial focus (value for money) and improved corporate communications both within and external to ICI. The Policy Advisor role would establish quality assurance processes and perform communication functions by ensuring:

- prioritised projects for ICI are clearly articulated to all managers and staff
- there is regular communication on with capital project progress to key stakeholders

Procurement

This unit is managed by two senior staff who do all ICI documentation for the procurement of materials and services to complete capital projects and machinery for Rarotonga and Pa Enea. They have difficulty meeting the demands required for the number of projects, to the level of detail required for the government's procurement process. There seems to be no internal operations manual that provides guidance on requirements and the processes required in the most common areas. There is standard documentation used, followed by internal quality control checking before these are sent to MFEM for confirmation.

During discussions with Pa Enea representatives, procurement was a major issue as they were concerned at the length of time taken to procure goods, the incorrect number procured and delivered to the island, or sometimes goods not being delivered at all, often where they do not go through ICI. Pa Enea expectations were very high and clearly ICI in a large number of cases, fall short in meeting expectations. However the review found that ICI were not solely the cause of these issues.

There are a number of options to improve procurement which would include:

- Clear direction is given to Pa Enea Governments to channel procurement through ICI
- An internal operational manual is completed to guide ICI and Pa Enea staff on procurement processes
- Additional resources for the management of procurement documents is secured

During the assessment it was suggested that procurement might be centralised with the Ministry of Finance and Economic Management (MFEM). While the Secretary did not seem to disagree with this option, this initiative would require further scoping across government to ensure it does not lead to further delays. This would not happen soon therefore managing the process better at ICI is still pertinent.

Furthermore, the procurement team should consider outsourcing work to procurement specialists in the private sector to assist with the work of the division.

Recommendations:

- Continue developing work manuals with quality assurance processes for all divisions
- Contract additional financial personnel to address and clear prior year audit issues
- Contract or employ short term procurement specialists as required
- Corporate services to complete a workforce plan for the ministry

3.5.2 Regulatory Division

Building Control

Building and permitting appears to be understaffed however it would seem that this area is sufficiently covered for now given that staff within Building Control allegedly undertake private design work. The Building Control is the regulator and the inspector of buildings, but is also allegedly privately producing building plans, regulated by this unit. This is clearly a conflict of interest and should not continue. Private contracting by ICI staff in this unit needs to be addressed by the Secretary immediately. The Secretary should be required to offer staff the option of being a regulator or building designer but there is no room for both within the division. The public must be able to trust the integrity of the permitting system and those regulating it.

Electrical Inspectorate

The major concern that arose from the assessment is that the inspectorate is a one man band. There is no succession planning in ICI for the building and electrical inspectorates. ICI has a plan to reprioritise its staff recruitment programme to ensure attention is given for an additional senior experienced staff to be employed.

Recommendations:

- Immediately recruit a qualified and experienced electrician
- Secretary to immediately address private contracting issues within Building Control

3.5.3 Planning and Design

The Planning and Design Division is a mix of engineers, project managers and technical support staff who are tasked with ensuring that ICI is able to deliver firstly on the projects identified in the Capital Plan, identification, scoping and planning for future infrastructure capital works and any other projects approved by the Secretary. Infrastructure capital scheduling and planning should take place within this division to determine resources required and allocated to ensure the capital plan is implemented effectively. Staff indicate that they are overworked and underpaid and require an additional civil engineer and civil engineering technician to meet work demands.

The ICI Annual Report 2014-15 stated it would develop a database for the Civil Works and Planning and Design Divisions, to allow management to print out reports and activities for each area. In the same year \$120,000 was provided to employ two civil engineers to strengthen the capacity of these divisions. A New Zealand engineer was recently recruited to manage the implementation of projects with the remaining funds used to top up existing engineering staff who were being remunerated from capital projects. An expanding list of capital projects requires additional engineering and project management expertise to undertake the ongoing national capital works programme.

A key tool for all divisions is the Asset Finda system. Delivery of information and managing this system should be a high priority for this unit in future, to inform capital infrastructure development and maintenance projects. Additional and ongoing training is essential.

Recommendations:

- Recruit or outsource by contract additional engineers and project managers
- Cap the workload of the division through resource planning
- Secure training and support to ensure Asset Finda is fully operational from 2018 onwards

3.5.4 Civil Works

The Civil Works Division is responsible for drainage and road maintenance and repairs. The current budget for this division is \$630,000 per year. Funding for drainage has not been provided. The Director of Civil Works confirmed maintaining 21 roads during the last half of the 2015-16 and first half of the 2016-17 fiscal year and expected their budget to be fully expended before the end of June 2017.

It was noted as well that ICI should equip staff with the right safety equipment. Complaints have been received from staff that the quality of safety gears supplied to them, especially masks and safety boots were not suitable for road sealing work. ICI pays a 'danger allowance' to road works staff for road sealing when working with dangerous goods such as hot bitumen. While ICI has found New Zealand trainers to provide Site Safe training, it could not secure funding for the training to take place.

The road gang also provides support to a major private contractor who is completing the main road sealing on Rarotonga. On the whole, he was positive about the work of the road gang. But concerns included:

- Chip seal does not last as long as a hot mix seal, but these are standards set by ICI
- Poor preparation and planning has caused problems in the past
- Poor drainage on roadsides caused water to seep under sealed roads and reduce the asset life
- Laws need to be passed to impose fines on overweight vehicles using the roads

The review found the use of chip seal was driven by budget constraints and additional funding was required to urgently address drainage issues on roadsides to improve the useful life of roads. Furthermore, a draft Roads and Road Drainage Policy recommends legislation and regulations to surcharge overweight vehicles using the roads. There is equipment available in the private sector that is used by ICI and ICI equipment used by the private sector. A transparent Public Private Partnership agreement is required to fully utilise the benefits of these assets for infrastructure projects along with the register maintained by ICI for use of equipment during national emergencies.

Support from this division for Pa Enea has mainly been in the area of genset maintenance and road construction.

Recommendations:

- Seek funding to implement Site Safe Training
- ICI set road building standards through the draft Roads and Drainage Policy
- Maintain a register of all heavy machinery, including those in the private sector
- Develop a transparent Public Private Partnership agreement for asset use

3.5.5 Water and Sanitation (WATSAN) Division

Water Division

Staff interviewed during the assessment had few complaints about the work that they carried out on a daily basis. This included cleaning and clearing the 12 intakes around the island while the demand technicians collected water meter flows and pressure readings. The Water Works staff however requested a 'danger/wet allowance' to be paid during heavy rains when the water crew were expected to work inside the heavy flowing streams and intakes to clear mud and debris from upstream to ensure the water continues to flow.

Waste Facility

During the assessment the National Environment Service (NES) was concerned that the Operational Management Plan endorsed when the landfill was established has not been fully implemented since 2005. The plan included standards for occupational, health and environmental monitoring. NES were informed that inadequate resources are the reason

this plan has never been fully implemented, resulting in many of issues at the landfill today, including a diminished lifespan. Although the standards adopted were much lower than the ones in the Operational Management Plan, it was agreed at the time that they were sufficient given the resources available in ensuring that the ponds did not overflow, litter and waste were kept on site and not allowed to be blown into the drain or out of the site and fly and pest populations were confined in the area.

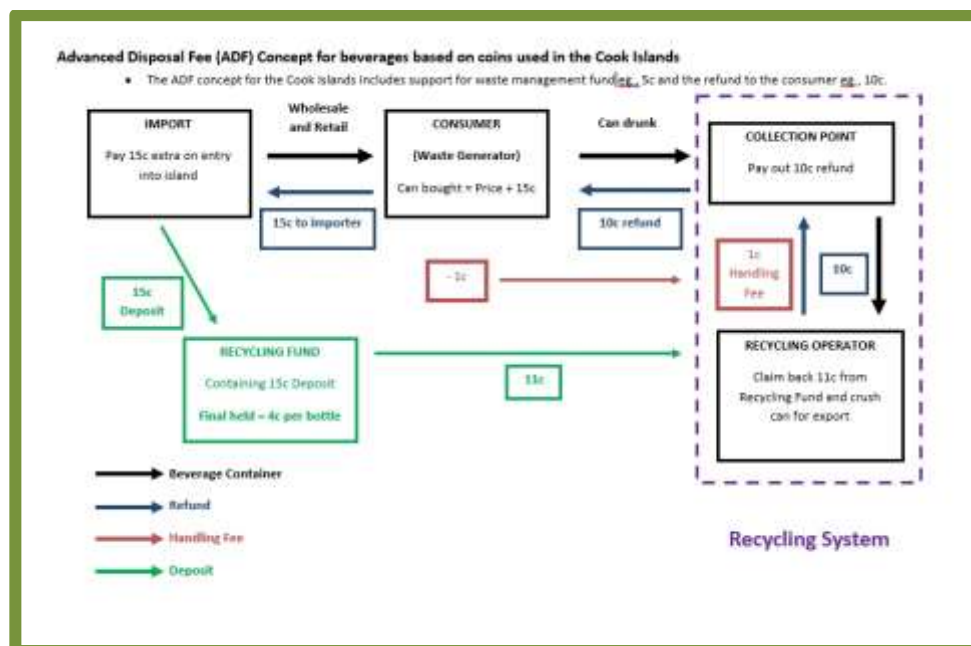
A site visit by the review team demonstrated a well-run and an effective team who were managing the waste at the site as best as they could with areas allocated for sorting, baling and recycling waste. The Manager requested the payment of a 'dirty allowance' for staff who are responsible for manually sorting the rubbish at the recyclable centre, working in filthy and unbearable conditions. The findings confirm that an allowance should be paid to staff, similar to the danger allowance paid to road gangs.

The Director of WATSAN confirmed that a waste taskforce that includes the Ministry of Health, NES, Titikaveka Growers Association, Cook Islands Trading Corporation (CITC) and Cook Islands General Transport (CIGT) meet quarterly to discuss options for improving the management of solid and hazardous waste across the Cook Islands and are currently reviewing the Solid Waste Management Strategy 2013-2016. A Solid Waste Policy has been completed and to further this work a paper has been provided by the Director of WATSAN that reviews options for user pays to deal with waste shown below.

- User pays for roadside rubbish collection

General rubbish collection where a fee is built into:
 Either a special bag is purchased
 OR
 A charge added to the TAU power bills.
 Note charges only apply to general rubbish.

- Advanced disposal fees (ADF) on recyclable and hazardous material. The concept example is outlined below of how the system would operate. The ADF is charged on an item which will be determined at a later date.
- Fines will be imposed for offences against waste related legislation being drafted



CIGT currently take all tin food cans and were offered recyclable aluminum can on the condition the plastic PET bales were taken as well. CIGT now send stockpiled plastic bales to recyclers overseas and there are plans for CIGT to accept and send a more expansive list of plastics to the recyclers overseas.

The private sector identified a number of options with regard to managing waste. Options identified include:

- Burning waste in an incinerator with scrubbers, to minimise toxic waste released
- Glass crusher where there is one on island with Triad and requires some repairs
- Plastics need to be recycled/burnt to produce liquid petroleum

By-products from the glass crusher and plastics could be used as a concrete additive.

The option of burning waste in an incinerator with scrubbers has been investigated and rejected in a feasibility study by consultants from Tonkin and Taylor. The glass and plastic recycling options were listed in the ICI Strategic Plan in 2018-19 (glass crusher) and 2019-20 (plastic to oil incinerator). Both options require further analysis to determine their viability for use at the Waste facility.

The Waste facility generates a large amount of revenue each year, which represents approximately half of ICI's annual trading revenue of \$295k. The revenue generated is significant and therefore this annual amount should be used to upgrade the facility and to ensure the environmental standards are maintained. It will enable the Director to look at options for waste disposal in the medium term. How the landfill will be replaced will be a cost that has not been fully assessed due to land issues. Working to ensure that significant work is completed now to address these issues and therefore justification to move this trading revenue to supporting this effort is essential. It was noted during the assessment that the contracted waste collection system paid through the administered fund could be improved with a more systematic approach to waste management by households, schools and the general public.

Recommendations:

- Review and implement the Operational Management Plan for the Waste Facility
- Reinvest Trading Revenue from the Waste Facility in landfill maintenance
- Finalise plans for glass and plastic recycling with the private sector
- Scope and cost options for user charges to minimise waste

3.6 Systems (Finance, HR, ICT and Strategic Partnerships)

3.6.1 Finance

The KPMG and Cook Islands Audit Office reports for the period 2011-2015 reflect poor financial management practices within ICI (formerly MoIP) and historic audit issues with capital projects and inventory machinery – a legacy of poor financial management and accountability. The operating annual budgets of the ICI for the last five years show personnel costs increasing while operating expenses have been redirected in 2014 to a POBOC (now Administered Fund) for machinery repairs and rubbish collection. Depreciation costs increased, however a disclaimer audit opinion means depreciation cannot be relied upon. Increased trading revenue has primarily come from the Waste facility with increased waste being transported to the landfill and septage ponds.

Table 6 – ICI Gross and Net Appropriation from 2012 to 2017

| Year | Personnel | Operating | Depreciation | Gross Budget | Trading Revenue | Net Budget |
|---------|-----------|-----------|--------------|------------------|-----------------|------------------|
| 2012-13 | 1,541,813 | 744,580 | 122,339 | 2,408,732 | 183,326 | 2,225,407 |
| 2013-14 | 1,508,670 | 264,351 | 233,013 | 2,006,034 | 245,626 | 1,760,408 |
| 2014-15 | 1,504,670 | 264,351 | 233,013 | 2,002,034 | 245,626 | 1,756,408 |
| 2015-16 | 1,615,670 | 303,351 | 241,596 | 2,160,617 | 295,626 | 1,864,991 |
| 2016-17 | 1,707,670 | 303,351 | 241,596 | 2,252,617 | 295,626 | 1,956,991 |

*Administered fund \$745k in 2016-17 for Pa Enea machinery (\$200k) and rubbish collection (\$545k).

The Capital Plan budget has averaged \$9million over the last four years. This makes financial management an important factor for ICI to ensure government and development partners have confidence in its internal controls over finances, project planning, procurement and implementation. Below is the Capital and Administered Fund Budget for five years.

Table 7 – ICI Capital and Administered Payments from 2012 to 2017

| Year | Capital | Admin. Fund | Gross Budget |
|-----------|------------|-------------|--------------|
| 2012-13 | 16,876,600 | 100,000 | |
| 2013-14** | 7,150,000 | 845,000 | 7,417,034 |
| 2014-15 | 8,818,500 | 645,000 | 11,465,534 |
| 2015-16 | 9,458,500 | 645,000 | 12,264,117 |
| 2016-17 | 9,870,556 | 745,000 | 12,868,173 |

**\$800k moved from 2012-13 to the 2013-14 year.

3.6.2 Human Resource Management (HRM)

The centralised Human Resources Management Information System (HRMIS) administered by OPSC and MFEM can be used by ICI to improve its workforce statistics and planning. HRMIS has enabled all government agencies on the central payroll system to receive automated payslips and apply for and approve leave applications online. The system reduces time spent on leave administration and strengthens centralised HR information management for workforce planning. Over 20 HRM policies issued by the OPSC over the last two years are sufficient to manage employee recruitment, remuneration and training needs. The policies developed by OPSC are generic, allowing agencies to develop specific HRM policies for their staff such as allowances for staff working under dangerous or hazardous conditions.

This assessment found a number of danger allowances needed consideration for work performed by staff at ICI, as only road works staff receive a danger allowance of \$200 per day when preparing bitumen for sealing roads. The review team found a dirty allowance needed to be paid for staff working at the Waste Facility along with protective gear. Water network maintenance staff should also be paid a wet and height allowance when they are expected to reach water intakes near mountainous interiors to clean mud, rubbish and debris in the intakes after periods of heavy rain. A danger allowance should also be paid for 'shot firers' for handling explosives at Crusher Plants in order to produce aggregates for road sealing.

3.6.3 Information Communications Technology (ICT)

ICI is one of 34 agencies connected to the government centralised ICT network. This means all information held on the ICI network is backed up on the centralised network. Economies of scale from this initiative mean cost savings are shared across all the agencies connected to the network and ICT support is provided by the OPM-ICT division. ICI as a user of Geoportal Information Systems (GIS) is a beneficiary of the latest GIS software available to all agencies connected to the central network, including cost savings from the centralised procurement of ICT hardware and software.

3.6.4 Strategic Partnerships

The assessment found ICI has developed good working relationships with central agencies and the IC, including Local Government New Zealand (LGNZ) who are willing to return and support ICI strengthen its institutional capacity and systems. However, this review also found that political influence on ICI meant that the ministry's work programme was often impacted or delayed with unplanned or re-prioritised capital projects –often politically driven. ICI also provides free technical advice and support for community projects authorised by the Secretary.

ICI has benefited from a VSA Strategic Planner and short term assistance from an Australian legal intern and New Zealand local government engineers. The ministry should continue to utilise the skills of experienced volunteers in engineering, capital project management, and in other technical areas of ICI over the short to medium term, while ensuring skilled and trained Cook Islanders are included in the mix of professional staff. However a workforce development plan, as envisaged in the ICI Strategic Plan, would assist in better HR planning and recruitment for ICI to achieve the demands of its annual business plan and strategic plan. The workforce plan must include an assessment of training needs and strategies to fill capacity and capability gaps identified.

Recommendations:

- ICI implement a policy for paying danger allowances for dangerous or hazardous work
- ICI develop a policy to manage 'pro-bono' or unplanned projects proposed and ensure this work is resourced in its annual business plan
- OPSC develop a policy to minimise political interference with ministry operations
- ICI continue to engage experienced volunteers over the short to medium term

4. CAPACITY AND CAPABILITY DEVELOPMENT PLAN

The Capacity and Capability Development Plan (CCDP) will support ICI develop its capacity to achieve its Strategic Plan. Principles underpinning the CCDP is that it must be: Cook Islands owned and led and maximise synergies where that exist, action and result orientated, sustainable and build upon local strengths, and implemented at an appropriate pace for the Cook Islands capacity given the limited number of personnel required to undertake multiple functions. Linkages between the CCDP strategies and ICI Strategic Plan are shown below:

| CCDP Strategies | ICI Strategic Plan (SP) Outcomes |
|--|---|
| Strengthen policy and planning capacity | 1. An empowered regulator 2. A sustainable environment |
| Improve service delivery and support systems | 3. Sustainable Infrastructure |
| Build a culture of accountability and performance excellence | 4. Skilled sustainable human resources |

4.1 Strategy 1: Strengthen policy and planning capacity

This strategy will strengthen planning, policy development and implementation.

| SP Outcomes | Goals | Recommendations | Responsibilities |
|------------------------|---|--|---------------------|
| An empowered regulator | <ul style="list-style-type: none"> ➤ Enabling policy and planning framework in place | <ul style="list-style-type: none"> ➤ Engage a Policy Advisor to replace the VSA Strategic Planner and Policy Advisor ➤ Engage a legislative drafter to complete legislative amendments | ICI – All divisions |

4.2 Strategy 2: Improve service delivery and support systems

This strategy will support the capacity within ICI to provide timely, appropriate and effective service delivery to achieve its strategic goals.

| SP Outcomes | Goals | Recommendations | Responsibilities |
|----------------------------|--|--|---|
| Sustainable infrastructure | <ul style="list-style-type: none"> ➤ Access to safe water, accessible roads and machinery | <ul style="list-style-type: none"> ➤ Improve concept note writing and project design documents with risk analysis ➤ Participate in Asset Management training from CIIC ➤ Propose options for the IC to strengthen its process for prioritising capital projects ➤ Identify and propose options to improve procurement process delays | <ul style="list-style-type: none"> ➤ ICI Planning and Design division ➤ ICI – All divisions |

4.3 Strategy 3: Build a culture of accountability and performance excellence

The focus of this strategy is to build ICI people capacity, strengthen ICI's structure and organisational culture and systems to achieve its strategic goals and outcomes.

| SP Outcomes | Goals | Recommendations | Responsibilities |
|-------------------------------------|--|---|---|
| Skilled sustainable human resources | <ul style="list-style-type: none"> ➤ Build ICI people capacity | <ul style="list-style-type: none"> ➤ Ensure the ICI Secretary is well briefed for IC and other high level meetings ➤ Ensure tier two managers are trained to lead and support highly skilled staff ➤ Corporate services to develop a workforce plan for the ministry ➤ Immediately recruit a qualified and experienced electrician ➤ Secretary to immediately address issues with private contracting by Building Control ➤ Recruit or outsource by contract work for engineers and project managers ➤ ICI continue to engage experienced volunteers over the short to medium term | ICI Secretary and Corporate Services division |
| | <ul style="list-style-type: none"> ➤ Improve staff workspaces and working arrangements with other government agencies | <ul style="list-style-type: none"> ➤ Complete a Mechanical workshop with space for staff ➤ Complete the Waste facility office and staff room ➤ Maintain the existing ICI organisational structure ➤ Continue the sharing of geoscience information with agencies working in this area ➤ Clarify the roles of ICI and OPM in relation to Pa Enea infrastructure and governance | ICI – All divisions |
| | <ul style="list-style-type: none"> ➤ Build systems to enhance performance | <ul style="list-style-type: none"> ➤ Continue developing work manuals with quality assurance processes for all divisions ➤ Contract additional financial personnel to address and clear prior year audit issues ➤ Contract or employ short term procurement | ICI – All divisions |

| | | | |
|--|--|--|--|
| | | <p>specialists</p> <ul style="list-style-type: none"> ➤ Secure training and support to ensure Asset Finda is fully operational from 2018 onwards ➤ ICI set road standards through the draft Roads and Drainages Policy ➤ Maintain a register of all heavy machinery, including those in the private sector ➤ Review and implement the Operational Management Plan for the Waste Facility ➤ Reinvest Trading Revenue from the Waste Facility in landfill maintenance ➤ Finalise plan for glass and plastic recycling with the private sector ➤ Scope and cost options for user charges to minimise waste ➤ ICI implement a policy for paying danger allowances for dangerous or hazardous work ➤ ICI develop a policy to manage 'pro-bono' or unplanned projects proposed and ensure this work is resourced in its annual business plan ➤ OPSC develop a policy to minimise political interference with ministry operations | |
|--|--|--|--|

5. IMPLEMENTATION TIMELINE AND ESTIMATED COSTS

The CCDP is intended to cover a period of 3 years from 2017 – 2019. A number of factors affect the implementation of activities. These include the capacity within ICI, resourcing, and other competing priorities for the ministry. The annual budget round for the 1 July 2017 - 30 June 2018 closes in May, therefore only some of the resources will be allocated by the time this CCDP is adopted.

5.1 Strategy 1: Strengthen policy and planning capacity

| Recommendations | Inputs | Interim Period | 2017 2018 | 2018 2020 | 2020+ | Estimated Costs | |
|---|--|-------------------|--------------|--------------|-------|-----------------------|-------------------|
| | | April - June 2017 | | | | Operational (ongoing) | Capital (One off) |
| ➤ Engage a Policy Advisor to replace the VSA Strategic Planner and Policy Advisor | Advertise and recruit an advisor by June 2017 | | ■■■■■ | | | \$50,000 pa | |
| ➤ Engage a legislative drafter to complete legislative amendments | SPC funded drafter to commence in May 2017 to Building Standards Act and Building Code | ■ | | | | - | |
| | Secure funding or TA to review Energy regulations | | | ■ | | - | |

5.2 Strategy 2: Improve service delivery and support systems

| Recommendations | Inputs | Interim Period | 2017 2018 | 2018 2020 | 2020+ | Estimated Costs | | |
|--|---|-------------------|--------------|--------------|-------|-----------------------|-------------------|--|
| | | April - June 2017 | | | | Operational (ongoing) | Capital (One off) | |
| ➤ Improve concept note writing and project design documents (PDD) with risk analysis | P&D division develop PDD template with and risk assessment tool | | | | | | - | |
| ➤ Participate in Asset Management training provided by CIIC | Relevant ICI staff participate | | | | | | - | |
| ➤ Propose options for the IC to strengthen its process for prioritising capital projects | Prioritisation matrix using Asset Finda | | | | | | | |
| ➤ Identify and propose options to improve procurement process delays | Identify bottlenecks and propose options | | | | | | | |

5.3 Strategy 3: Build a culture of accountability and performance excellence

| Recommendations | Inputs | Interim Period | 2017 2018 | 2018 2020 | 2020+ | Estimated Costs | | |
|---|--------------------------------------|-------------------|--------------|--------------|-------|-----------------------|-------------------|--|
| | | April - June 2017 | | | | Operational (ongoing) | Capital (One off) | |
| ➤ Ensure the ICI Secretary is well briefed for IC & other high level meetings | ➤ Prepare project briefs and reports | | | | | | - | |

| Recommendations | Inputs | Interim Period | 2017 2018 | 2018 2020 | 2020+ | Estimated Costs | |
|---|--|-------------------------|--------------|--------------|-------|--------------------------|-------------------------|
| | | April - June 2017 | | | | Operational (ongoing) | Capital (One off) |
| <ul style="list-style-type: none"> ➤ Ensure Tier two managers are trained to lead and support highly skilled staff - \$3,000 pa per Director ➤ Corporate services to develop a workforce plan for the ministry ➤ Immediately recruit a qualified and experienced electrician ➤ Secretary to immediately address private contracting by Building Control staff ➤ Recruit or outsource by contract work for engineers and project managers | <ul style="list-style-type: none"> ➤ Provide leadership training opportunities ➤ Workforce analysis and plan written ➤ Advertise and appoint ➤ Conflict issue addressed ➤ Advertise and appoint | | | | | \$15,000 pa | \$5,000 |
| | | ■ | | | | \$40,000 pa | |
| | | | | | | \$250,000pa | |
| <ul style="list-style-type: none"> ➤ Complete a Mechanical workshop with space for staff ➤ Complete the Waste facility office and staff room ➤ Maintain the existing ICI organisational structure ➤ Continue the sharing of geoscience information with agencies working in this area ➤ Clarify the roles of ICI and OPM in relation to Pa Enea infrastructure and governance | <ul style="list-style-type: none"> ➤ Design and build ➤ Build ➤ No action ➤ Sign MoU and action ➤ Sign service charter | | | ■ | | - | \$20,000 |
| | | ■ | ■ | | | | \$5,000 |
| | | ■ | | | | | |
| <ul style="list-style-type: none"> ➤ Continue developing work manuals with quality assurance processes for all divisions ➤ Contract additional financial personnel to address and clear prior year audit issues | <ul style="list-style-type: none"> ➤ Led by Policy Advisor ➤ Advertise and appoint | | | | | | \$70,000 |

| Recommendations | Inputs | Interim Period | 2017 2018 | 2018 2020 | 2020+ | Estimated Costs | | |
|---|---|-------------------|--------------|--------------|-------|-----------------------|-------------------|-------------|
| | | April - June 2017 | | | | Operational (ongoing) | Capital (One off) | |
| <ul style="list-style-type: none"> ➤ Contract or employ short term procurement specialists ➤ Secure training and support to ensure Asset Finda is fully operational from 2018 onwards ➤ Seek funding to implement Site Safe training ➤ ICI set road building standards through the draft Roads and Drainages Policy ➤ Maintain a register of all heavy machinery, including those in the private sector ➤ Review and implement the Operational Management Plan for the Waste Facility ➤ Reinvest Trading Revenue from the Waste Facility in landfill maintenance ➤ Finalise plans for glass and plastic recycling with the private sector ➤ Scope and cost options for user charges to minimise waste ➤ ICI implement a policy for paying danger allowances for dangerous or hazardous work ➤ ICI develop a policy to manage 'pro-bono' or unplanned projects proposed and ensure this work is resourced in its annual business plan ➤ OPSC develop a policy to minimise political interference with ministry operations ➤ ICI continue to engage experienced volunteers over the short to medium term | <ul style="list-style-type: none"> ➤ Advertise and appoint ➤ Recruit dedicated resources ➤ Led by Policy Advisor ➤ Develop Project proposal ➤ Resource plan from revenue ➤ Work with Waste taskforce ➤ Finalise policy and implement ➤ Led by Policy Advisor ➤ Work with OPSC to develop ➤ Maintain relationships | | | | | \$50,000 pa | \$30,000 | |
| | | | | | | | | \$60,000 pa |
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| | | | | | | \$30,000pa | | |

6.MONITORING AND EVALUATION OF THE CCDP

The CCDP will only be successful if it is itself effectively implemented and managed. The mechanisms to drive the management of the CCDP should be aligned to existing management, planning, monitoring, evaluation and reporting systems of ICI. Finally the approach needs to be results-focused implying a need for key senior managers to 'champion' the CCDP and play highly responsible roles in ensuring that action does occur. Risk management is a very important issue if the CCDP is to be implemented successfully. There are a number of risks the most important is that the continuation of the status quo will put the Government at financial and reputational risk.

The following table sets out a risk profile with risk mitigation strategies.

Key: 1=Low; 4=High.

| Risk | Likelihood | Impact | Controls or Mitigation | Residual Risk Significant? |
|---|-------------------|---------------|---|-----------------------------------|
| Political | | | | |
| Changes by Cabinet | 3 | 4 | Work with Minister to ensure that roles and functions are clearly understood | Yes |
| Financial | | | | |
| ICI is not resourced to deliver its strategic plan and the Capital Plan | 3 | 4 | Ensure that there is sufficient budget, ensure project costs and risks are communicated to key stakeholders | Yes |
| Legal/Statutory | | | | |
| Amendments to Acts or Regulations are completed | 4 | 3 | Minister and Crown Law to be fully briefed on upcoming amendments | No |
| Organisational and Management Systems | | | | |
| Negative reaction to the existing organisational structure | 3 | 2 | Ensure effective communication and consultation | Yes |
| Unrealistic expectations of the new systems | 2 | 1 | Communicate expectations through group discussions and consultation | Yes |
| Unplanned resource requirements | 3 | 4 | Conduct thorough cost benefit analyses for all new initiatives | Yes |

| Risk | Likelihood | Impact | Controls or Mitigation | Residual Risk Significant? |
|---|-------------------|---------------|--|-----------------------------------|
| Unavailability of key individuals | 4 | 4 | Securing well skilled personnel is problematic, but careful planning will mitigate this risk | Yes |
| Operational <i>(risks related to executing the plan)</i> | | | | |
| The Plan fails to be “championed” | 2 | 4 | Commitment from the top is essential and requires constant monitoring | Yes |
| Deadlines not met | 4 | 4 | Commitment of all staff to the CCDP plan through careful preparatory work to ensure staff “buy-in” and commitment is essential. Careful and systematic monitoring of progress, and proactive action when things go wrong, are also needed. | Yes |
| Implementation of the planning phase not successful | 3 | 4 | Allocation of individual responsibility needs to be clear, and regular monitoring of progress is essential. Adaptation of plans in the light of experience in the field, flexibility, and communication of changes made are important. | Yes |
| Failure of knowledge transfer (training) | 2 | 2 | Retraining may be required if this risk eventuates. Monitoring of the effectiveness of training, and prompt feedback are essential. | Yes |
| Failure of the overall plan | 1 | 4 | Prior consultation and commitment to the plan will reduce the risk | Yes |
| Existing ICT systems failure – Asset Management | 4 | 4 | Asset Management System fails to have trained personnel continue implementation | Yes |
| Risks to CCDP | | | | |
| Design of the CCDP is unrealistic | 2 | 2 | Redesign CCDP so that objectives are achievable | Yes |
| “Champions” are not able to take up the challenge to implement the plan effectively | 2 | 4 | Continue to monitor the work load of those assigned to CCDP implementation. | Yes |

7. ANNEXES

7.1 Terms of Reference

1. Background

Infrastructure Cook Islands (ICI) has had performance issues over the past decade. Delays in the implementation of capital projects and poor financial accountability for project implemented from 2009 to 2013 has reduced development partner confidence in ICI. The recent launch of the ICI Strategic Plan 2016-2021 is an indication of strengthened policy and planning capacity within ICI. While a Finance Action Plan 2016-17 reports that progress has been made to address audit findings from the KPMG 2013 Report, past audit issues continue to cloud the recent achievements at ICI. The Ministry's performance has been publicly criticized for a number of years. The absence of a strategic plan until recently, has casted a negative image of the Cook Islands public service, reducing public and development partner trust in the operations of government. Poor project delivery has led to the Ministry of Finance and Office of the Prime Minister being capital project managers for large water (Te Mato Vai), renewable energy, and sanitation upgrade projects.

2. The Deliverables

The assessment team is expected to produce:

- A capacity assessment of the Ministry that analyses problems that have hindered the ministry's performance over the last decade.
- A Capacity and Capability Development Plan that provides strategies to address the problems identified.
- A summary of the most urgent capacity development requirements that could be implemented over the short to medium term commencing during 2017-18.

3. Proposed Work Programme

3.1 The Capacity Assessment will involve analysing:

- Service delivery
- Policy and legislative mandates
- Leadership and management
- Organisational culture and structure
- Capability of staff and the agency
- Systems (finances, data management and human resources)
- Inter-agency relationships

3.2 The Capacity and Capability Development Plan (CCDP)

The CCDP will elaborate on strategies to address issues highlighted in the Capacity Assessment to improve ICI's performance in a sustainable manner. It will include key actions for each of the key area of the ICI Strategic Plan, with estimated costs for short term actions, and medium to long term actions

4. Methodology

The methodology for this review will include:

- Literature review – performance, audit and other relevant reports and reviews
- Interviews with key stakeholders
- Research on infrastructure reports and systems in 'similar' jurisdictions

The review team will comprise: Government representatives from: OPSC and a local TA engaged – Pacific Consultants Ltd

5. Timeframe The assessment is expected to take 2 weeks.

7.2 Stakeholders consulted

| | NAME | POSITION | ORGANISATION |
|----|----------------------|--|---------------------|
| 1 | Diane Puna-Charlie | Director of Corporate Services | ICI |
| 2 | Charlie Inggs | VSA Strategic Planning and Policy Advisor | ICI |
| 3 | Solomona | Procurement and Asset Officer | ICI |
| 4 | Frederick Hosking | Procurement and Asset Officer | ICI |
| 5 | Jillian Shirley Napa | HR Payroll Officer | ICI |
| 6 | Monica Wichman | Client Services | ICI |
| 7 | Sakiusa Tora | Finance Manager | ICI |
| 8 | Vaipo Mataora | Director of Civil Works | ICI |
| 9 | Frederick Hosking | Procurement and Asset Officer | ICI |
| 10 | Matthew Tepai | Heavy Plant Operator | ICI |
| 11 | Louis Teiti | Building Controller | ICI |
| 12 | Nooroa Tupa | Chief Electrical Inspector | ICI |
| 13 | Tenga Mana | Director of Planning and Design | ICI |
| 14 | Paul Maoate | Planning Civil Engineer | ICI |
| 15 | Joseph Akaruru | Projects Engineering Officer | ICI |
| 16 | Timoti Tangiruaine | Assets and CAD Technician | ICI |
| 17 | Jaime Short | Director of WATSAN | ICI |
| 18 | Raututi Taringa | Water Technician | ICI |
| 19 | Takave Manea | Waste Facility Manager | ICI |
| 20 | Bredina Drollet | Chief of Staff | OPM |
| 21 | Tamarii Tutangata | Chief Executive Officer | CIIC |
| 22 | Otheniel Tangianau | Director of Pa Enuā | OPM |
| 23 | Charlie Carlson | EMCI Director | OPM |
| 24 | Michelle Aisake | Development Programme Manager | MFEM-DCD |
| 25 | Atatoa Herman | Former Secretary of Works (ICI) and Consultant | Private Sector |
| 26 | Mac Mokoroa | Former Secretary of ICI and Project Manager | Private Sector |
| 27 | Daryl Rairi | Project Manager | GHD |
| 28 | Adrian Teotahi | TMV Team Leader/Asset Management Coordinator | TMV |
| 29 | Vasie Poila | Property Manager | CIIC |
| 30 | Aka Matapo | Superintendent | Police |
| 31 | John Strickland | Inspector | Police |
| 32 | Ngametua Pokino | Secretary | ICI |
| 33 | Chris Vaile | Company Director | Triad |
| 34 | Joe Brider | Director | NES |
| 35 | Maria Tuoro | R2R Project Coordinator | NES |
| 36 | Tekura Bishop | Mayor | Aitutaki |
| 37 | Ngamata Napara | Mayor | Manihiki |
| 38 | Maara Tairi | Executive Officer | Atiu |
| 39 | Royston Joyce | Executive Officer | Mauke |
| 40 | Tuakeu Tangatapoto | Executive Officer | Mitiaro |
| 41 | Tekao Herrmann | Former ICI Director of WATSAN | Private Sector |
| 42 | Gareth Clayton | Planning Unit Manager Senior Civil Engineer | ICI |

| | | | |
|----|------------------|---|----------------|
| 43 | Robert Heather | Manager of Operations | T&M Heather |
| 44 | Marino Wichman | Senior Fisheries O Data Manager | MMR |
| 45 | Elizabeth Koteka | Former OPM Chief of Staff and IC member | Private Sector |
| 46 | Taina Iro | Procurement Officer | MFEM |

7.3 Consultation Questions

Policy and legislative Mandates

1. What policies and legislative mandates guide the performance of your work?
2. Are these policies and legislative mandates adequate?
3. Are there policy or legislative areas that could be improved?

Service Delivery

4. If you had the power to make any change at ICI what would you change and how?
5. On a scale of 1 to 10 (1-lowest and 10 excellent) how would you rate ICI services?

Leadership and Management

6. Is there adequate management of your area and the separate workflow areas?
7. Is there further leadership or management required to improve workflow?

Organisational culture

8. How would you describe the current ICI organisational structure?
9. What are the strengths and weaknesses of the current structure?
10. Provide a short description of your job and the work you do?
11. What work tools or processes are involved in your daily job?

Capability of Staff and the Agency (Systems, finances, ICT and human resources)

12. What is required to support the requirements of your job?
13. What could be done to make your job easier or improve the way your work is done?
14. What needs do you see in the area of ongoing training?
15. How is your work monitored or evaluated?
16. Are you responsible for any reporting to stakeholders? If so, can you describe this