



To: The News Editor

May 10, 2016

**STATEMENT FROM NWC MANAGEMENT RE JAMAICA WATER SUPPLY  
IMPROVEMENT PROJECT (JWSIP) AUDIT**

While the National Water Commission (NWC) wishes to respond in detail to recent media reports regarding a leaked draft internal audit report on the implementation of the Jamaica Water Supply Improvement Project (JWSIP), and more particularly, the implementation of a new meter reading software, it would not only be improper but precipitous to do so before the finalized report is submitted and considered by our Board of Commissioners.

Therefore, the Commission at this time wishes only to indicate that the referenced Internal Audit was not unusual and was initiated by Management in keeping with standard good Corporate Governance practices to utilize the services of its Internal Audit Department to review its operations and business processes. The Internal Auditing process requires that on completion of a review, the auditors advise the Board of their findings through its Audit and Finance Subcommittee and provide feedback and/or recommendations to management on activities undertaken by the enterprise to assist in the process of continuous improvement.

It should be noted that the Jamaica Water Supply Improvement Project (JWSIP), under which the new meter reading system was implemented, was duly endorsed by the National Contracts Commission (NCC), approved by Cabinet, and monitored during its implementation by the Office of the Contractor General (OCG).

The JWSIP Category B Works contract was the largest and most impactful water supply project in Jamaica's history and involved seven main components as follows:-

- a) **Replacement of Segment 2 of the Rio Cobre pipeline** between Content District and Ferry (14km of 800mm dia.), to reduce losses by 2.0 imgd and improve supply to KSA, Spanish Town and Portmore. Capital cost: \$2.6 Billion. Impacted population: Residents in the Kingston Metropolitan Area.
- b) **Supply & installation of 20,000 domestic and 3,000 commercial water meters** to enhance accuracy in the measurement of consumer consumption islandwide; (The use of provisional sums provided in this component were subsequently designated in keeping with GoJ Guidelines to accommodate the acquisition of a new meter reading solution). Capital cost: \$1.8 Billion. Impacted population: 100,000 persons.
- c) **Refurbishment of 3 Water Treatment Plants** at Bogue, St Ann (6.0 imgd); Great River, St. James (15imgd); and Martha Brae, Trelawny (6.0 imgd) to improve the reliability and continued assurance of high quality water supply as well as to restore production output to the original design capacity. Capital cost: \$800 Million. Impacted population: 360,000 persons.
- d) **Upgrading of the Linstead / Ewarton Water Supply (St. Catherine) and the Norwood (St James) Water Supply Systems** thereby improving supply to consumers in areas affected by inadequate service and reducing physical and commercial losses by up to 30%. Capital cost: \$750 Million. Impacted Population: 60,000 persons.
- e) **Expansion of the Martha Brae Water Treatment Plant** by 5.0imgd to increase the available supply to areas in St Ann, Trelawny and St James as well as impact on areas in Hanover and Westmoreland. Capital cost: \$1.5Billion. Impacted population: 70,000 persons.
- f) **Construction of 6km of 500mm transmission mains** through the town of Lucea to increase supply capability to areas extending as far as Negril. Capital cost: \$1.0Billion, Impacted population: 100,000 persons.
- g) **Network management and Social intervention, Revenue enhancement / protection** in the parishes of Trelawny, St James, Hanover and Westmoreland to complement and facilitate sustainability of capital works in d), e) & f) above. Capital cost: \$380M:

The National Water Commission being acutely aware of its obligations to maintain high standards of corporate governance, has in the past and will continue now and in the future, to be guided by its mandate to abide by established procurement rules as well as prudent contract administration procedures.

The National Water Commission trusts that the above clarifies public misunderstandings on the issue without pre-empting or prejudicing the appropriate review process that may be undertaken by the Board of Commissioners.

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