

## *Pitfalls and risks in aid funded infrastructure projects*

The following are experiences from the Cook Islands - a small island state in the South Pacific

### The Cook Islands – where are they and how big?

- The Cook Islands is made up of 15 tropical islands, scattered over a large area of the South Pacific Ocean north east of New Zealand.
- Over the last half a century much external aid in the form of grants, project funding, overseas contractors and technical assistance has occurred.
- The resident population is boosted by a continuous stream of tourists numbering up to 3000 at any one time. Tourist arrivals are 150,000 per annum.
- Commercial activity, goods movement and people carriage in and out of the country is dynamic for a small resident population
- Infrastructure improvement has not readily kept up with the demand for roads, water and sanitation.

### Improving infrastructure has brought rewards & problems.

#### **Selected Sustainable Development Goals for Cook Islands**

Goal 5 Build resilient infrastructure to improve our standard of living .....

\*Fit for purpose is the objective\*

**Goal 13 Strengthen resilience to combat the impacts of climate change and natural disasters** ..... (we have had new spacious govt buildings, schools, sports stadiums, waste management schemes and water supply schemes) .....

Goal 15 Ensure a sustainable population, engaged in development for Cook Islanders by Cook Islanders .....

## Question

How do we do all these type of things when we have others helping us with aid monies and also providing the contractors as well in some cases?

## The issues are

It is not so much that corruption has been the problem, rather it's the impact of self-interest.

- Our country wants the infrastructure development
- But have not had the money to build it
- For big projects we did not have enough expertise, equipment or manpower to build
- The apparent solution was to let others design, fund and build roads, waste facilities and water supply systems as well as public buildings.

**But the outcomes were not always successful.**

## A Cook Islands example

Our most recent problematic project was a new water supply pipeline.

- Faulty pipe joins emerged after the job was complete.
- The guarantee period was just 18 months and no water had actually been pumped through the pipes in that 18 months.
- This was because after the pipeline was put in, only then - stage 2, were the small dams built.
- It was a worry that the small dams would only be built later. So, when water was pushed through 2 years later, only then did the leaks show up
- Outside the guarantee period !
- This left the public with a problem – a non working pipeline

## The outcome ?

The project had to be remedied. It was a \$60 million project and half of it had to be dug up again and redone by new contractors Cost = another \$30million not expected.

## Difficulties

- dealing with foreign aid partners    Desire to please both parties has its risk and strains relations
- Local political reputation damage.

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## Solutions

- The cheapest is not always best.
- You can't please everyone to the top degree.
- Ability to say no and take ownership of your own project in your own country takes skilled political and executive people.
- Search out that type of person for involvement in planning and negotiations.

**perhaps the best lesson is learning from past mistakes**

**We value very much our aid donors and project assistance but both need care and management taking into account local conditions**

## The best people concept

Try and have some **people with past experience** from when things went wrong, help with fresh projects going forward. The loss of institutional knowledge and inability of people to learn from the past is one of the great human failings. **"Someone" good needs to get alongside politicians in negotiations.**

### Overhead

- political fallout and peoples reputations at stake
- and criticism of foreign contractors
- Financial cost and public concern

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## Letter to the Editor

# Corruption takes many forms

Dear Sir,

Corruption is in the news again, and we see Puna hinting significantly that the Bishop inquiry from 18 months ago is 'unresolved.' One could be led to believe this means Puna is pressuring Bishop to stay with the CIP, or face possible charges. Is he sitting on the report waiting for the right moment to play his card? If so then this is politics at its most corrupt. A PM so desperate to hold on to power that he would consider threatening legal proceedings unless a rival surrenders. It might amount to extortion.

As others point out, corruption is most often in government, not outside it. In the private sector, the Courts take care of wrongdoing. Corruption in government pervades everything and takes many forms. By pervading government, it pervades our society. We all become less dignified as people. We need to take note of ways it happens.

### Elections and electorates;

if the CIP retains government they will do so with 42.3% of the total vote, which produced 12 seats. The Democratic party got 46.1% of the total vote, which produced 10 seats (MFEM figures after the July election). One seat is up for a by-election. How is this imbalance possible? Only because of the scandalous low numbers of voters in outer island seats compared to those on Rarotonga. It's unfair and corrupt, but the CIP has no incentive to change things because most of their seats are in the outer islands. We should remember as he struts the world stage at our expense, that the PM remains the leader because he won his seats by 4 votes, and the promise of 80 outboard motors.

### Election funding

It's no secret that the PM used

government funds to charter thinly disguised campaign trips to Manihiki. Once again, we paid. It happened elsewhere with other ministers in other electorates. The current ruling party used the tax payer owned resources of government to pay for its campaign.

### Contracting;

Apart from the well-known and dubious TMV contracts the list of no-bid, no tender contracts awarded to the swelling group of consultants crowding the PM's office is its own scandal. Whether it's the marine park, climate change, or the year long 'anniversary' scam, money is luring into the hands of those close to these projects. Just one example; Nick Henry (part of the Aitutaki clan that likes to run things) wants the 'celebration' to last for 3 years not just the extravagant one year already planned. That's to make his extravagantly paid job last three years and not just one. Henry's budget has been announced at \$500,000, but doesn't take into account the \$1 million cost of chartering a ship to bring the leader's northern voters here. That's what the ship and charter flights back cost 2 years ago. We could well ask; \$1.5 million for what? More fireworks organised by Nick's brother Mike?

**Preferential treatment by authorities**  
Meanwhile too, what of traffic charges against Puna for his very public Saturday morning crash? are the police still 'investigating' or has the commissioner decided, as with Glassie, on another "pre charge warning letter?" What about the "protected" public servants who retain their jobs regardless of ignoring and disobeying direct intrusions, touring the world at their pleasure and our expense for weeks on end and producing nothing of value?

Want a permit? Talk to one of the connected fixers around the island. They're involved in assessing contract bids where they or family or friends are bidders. It's called having a "thumb on the scales."

### Government spending

While departments like justice and health scrimp and make do, the environment service confesses to employing 7 officers plus 27 staff for an outlay of about \$900,000 annually. Why is so much owed to so many who do and achieve so little? Then we might add the seabed Minerals authority at \$400,000 and so on. At about \$20 million, including the infamous airline subsidies, the Tourist Corporation is in a wasteful league all of its own. The New Year's Day concert at Nukupure park was a 'celebration' event 'brought to you by Nick Henry & Co appointments."

### Watchdogs

There is a sense in the country that government corruption is at levels not seen before. It's blatant, ignored by the watchdogs, condoned by the party faithful, and certain to undermine the fabric of our society unless we stop it. For Minister Brown to roll out more platitudes about "educating the public when everyone can see it's government itself that is corrupt is a very bad joke, as always, at our expense. The Audit office and PERCA have been muzzled. The Ombudsman does nothing. Parliament itself is stage managed by CIP stooges.

### Conflicts of interest

Numerous government offices makes decisions when their own or family interests are involved. Board members try to sidestep responsibility by not voting on something but still taking part in the assessment and deliberation process. Their influence remains when the vote is taken others say that everyone is related to everyone else and that it can't be helped. That excuse misses that point which is that a board member of official should not take part in any process where board member of official should

not take part in any process where board members are involved in assessing contract bids where they or family or friends are bidders. It's called having a "thumb on the scales."

### Nepotism

As in the old days, politicians hire or place aunts, uncles, brothers, sisters, nephews, nieces, cousins and family or party friends in government jobs. Some jobs are simply made up and have no work content. Ordered up by a minister, this easily by passes the mandatory advertising and selection process. In some cases, we learn of the person chosen before advertising even occurs. The about to be new chairman of the parliamentary accounts committee is one example. Puna appoints, and the committee

### Anti Corruption

One can only look forward to the Democratic Party establishing the promised independent Commission Against Corruption against corruption. Perhaps then the government might mend its ways and our society might regain some dignity and promise.

Regards

Mata-Atua McNair  
Muri, Ngatangia

file Temoto Voi

# Response to TMV issues 'pathetic'

Dear Editor,  
Finance minister Mark Brown's response to criticism of Te Mato Vai project by resident John Scott on the Te Mato Vai project, published in a story in CI News on May 25, is pathetic.

Let's start with an example: If you have a home to be built within three months and budgeted at \$150,000, you would expect the job would be the done in that timeframe and at about the cost indicated.

Would anyone be happy if their house was still not complete after six months, there were budget over-runs and the builder could not give you a completion date time or final budget?

Why is it any different for Te Mato Vai project? The official word at the beginning was that it would be complete by 2015 and that we would have reliable potable water supply to

agreement and the initial EXIM bank loan of \$29.5 million were signed in late 2012 (Capital book 3, 2012/13, page 14).

We all knew this project would fail as it was based on assumptions and the approach considered clearly would not work. The warnings were loud and clear in the petition presented to parliament over the project. Why can't we use cheaper options? What happens in the event of a budget over-run? How much will people pay for their water usage? We can all use language to debate an issue, but at the end of the day, what is the final cost, when will it be finished, and what can we expect to see?

Our Takuvaine Water Catchment Committee met with the TMV entourage at Te Kapuanga meeting house on January 29, 2015. Apart from other concerns we asked for comprehensive financial and engineering

water treatment process each AVG filtration unit is costed at around \$NZ1.8 million. That does not include maintenance and installation. Then there are the water tanks and installation costs. This alone would be more than \$3.5million at each intake. Who will fund the additional millions?

Now what problems arise apart from initial build costs? Ongoing maintenance costs.

Secondly, the pressure because when you have water going through a series of pipes and other units there is a reduction in water pressure. In some cases, the terrain in some intakes like Taipara and Totokoitu will not allow the infrastructure to be built unless they dig away large amounts of hillsides or build downstream, again weakening water pressure.

If you want evidence of that, go up to the Turangi intake. Re-



Te Mato Vai workers pictured completing maintenance work on the back road at Kavera on Saturday. 18013004

installation and maintenance programmes are done to standard. So where does his 100 years come from? All of this is available on-line from the likes of Iplex water pipes, Sydney and Melbourne water utilities, and

This would ensure more than triple the holding capacity of all intakes. Offer 5000 litre tanks to all households. Give them to 2800 households and they can be paid off over three years. The cost would be \$2.4million. Add

*'The official word at the beginning was that it would be complete*

# Te Mato Vai petitioners concerns ignored - cost is now \$90 million

The Democratic Party have been critically mauled, ridiculed and constantly reminded of the \$10 million Toagate disaster that imploded under their watch. By comparison and in the context of the current Cook Islands Party government's mismanagement of public funds, Toagate was a ripple.

The multi-million dollar tripartite Te Mato Vai (TMV) project is a financial tsunami that will have our fragile economy tinkering on the edge of collapsing. This is the single collision that will send the Cook Islands into insolvency bankruptcy.

TMV was to be the Henry Puna government's show piece of accomplishment, a legacy to be enshrined and validated internationally by the Peoples Republic of China (PRC) and the New Zealand government. Much was publicized about TMV being the first ever such collaboration with the PRC.

Without a public mandate, the \$60 million project announcement and launch were shrouded in secrecy. Signatures were committed to documents long before the public were informed. Once the \$6 million Master Plan consultancy report found its way into the public forum there was a public reaction which was unprecedented.

The ill prepared Te Mato Vai project had so many holes in their leaky pipes it has provoked over 2000 people to question the project's professional



Garth Henderson-government's scapegoat for the mess TMV has become

integrity through a petition that was presented in Parliament in March 2014. Never before have so many people risen up and without fear of repercussions declared their concern in the face of an over bearing government.

The 11-point Petition wanted factual and credible answers before the TMV project starts not irrational responses like "we will sort that out later" and blurry communication.

Of mammoth concern was those responsible for driving the incomplete TMV business model were being irresponsible for not observing the Master

Financial Secretary Richard Neves dismissively passed off a over excited emotions objection in attempts to extinguish the passion that motivated the petition organizers.

TMV failed in its marketing exercise of complacent psychology simply because of the lack of communication dynamic required to penetrate intelligent and questioning people who have a selection of self-interests. It was later learnt Richard Neves and Mark Brown had failed to stimulate a seriously stagnant economy that was strangling the fiscal life line of the country. In desperation they could not wait for an injection of cash. A year of project preparation would not service the urgency of the hour by then the country would be insolvent.

Neves' answers to statements referred to in the petition were without substance and naturally cosmetic due to his shallow appreciation of the details that could not be confirmed or explained. Brown and his accomplice Neves made too many cheap dismissive and diversionary comments in his usual talk down to the people style. Neves creates more muddy waters than clarity, is it any wonder the TMV project rollout was nothing short of a Faulty Towers exercise.

The third Petition concern stated, Te Mato Vai project is based on too many questionable assumptions and is being

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