

GOVERNEMENT DE LA REPUBLIQUE DU VANUATU

Autorité de Régulation des Services Publics
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Utilities Regulatory Authority
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Press Release: 25 November 2011

Proposed Changes to the URA Act without Consulting the People of Vanuatu

The Utilities Regulatory Authority (URA) is concerned that the Government, specifically the Ministry of Lands is consulting and meeting with UNELCO on Saturday to discuss amendments to *the Utilities Regulatory Authority Act No. 11 of 2007*. The meeting has been organized in secrecy and without any consultation. The Authority can only assume that the outcome will be to the detriment of the people of Vanuatu.

The *URA Act* clearly states that the Authority's main function is to protect the interest of electricity and water consumers, as well as ensure access to safe, reliable and affordable electricity and water services throughout Vanuatu.

The *URA Act* was drafted by the State Law Office after a long consultation process with the Government and stakeholders. It has two functions: first to administer the concession contracts, which provide the rules on how electricity and water are provided by UNELCO; and second to regulate the electricity and water monopolies. The Authority was given the task to manage the concession contracts because the Government had managed it poorly for many years. More efficient contract management and professional regulation are important in attracting investment and benefits to Vanuatu's economy.

The URA is gravely concerned that there has been no consultation and no transparency by the Ministry on any aspect of the proposed amending of the *URA Act* either with the Authority itself or the public.

The Authority has not seen any submissions relating to any proposed amendments and has not been able to acquire any such material in spite of several requests from the URA CEO and officials within the Ministry's departments.

Rumors about this meeting started earlier this week, however, earlier advice received from the State Law Office indicated that there was no proposed amendment to the *URA Act* being planned. A Law Commission is supposed to oversee any amendment to Vanuatu laws. No one was aware of any amendment.

On Friday, however, sources confirmed that UNELCO was sponsoring a meeting in its office in Tagabe on Saturday 26 November with the Minister of Lands and other high level Government officials.

Why is the Government considering amending the *URA Act* without open and transparent consultation, other than with the monopoly utility, UNELCO? Why has the Authority not been fully informed or consulted with, in relation to its *Act* which ensures that the Authority protects the long term interest of electricity and water consumers in Vanuatu? Why has the Government not consulted with the public or any other stakeholder on such matters that clearly will impact negatively on the consumers? Why aren't high level Government officials setting a good example of transparency to its citizens?

The Authority also raises serious concerns about the non transparent interests of UNELCO and the relevant minister over the interest of the people of Vanuatu and electricity and water consumers.

If this meeting takes place, it raises grave concerns about the Government's application of proper parliamentary procedure and process, in particular to proper consultation and transparency.

This behavior by the Government and UNELCO raises serious concerns for the paying customer of water and electricity services.

In a similar manner, the *URA Act* was amended in January 2011, without consultation and transparent process. One of the amendments removed the Authority's powers to administer the Investment Support Fund, and there was no indication whatsoever that the amendment was necessary. The intended use of the fund was to extend the electricity networks and/or reduce rates. Unfortunately, in the time before the URA's creation and since this amendment in January 2011, these funds were and are being used for questionable purposes.

Since its creation, the URA has functioned well and brought appropriate level of scrutiny and control to the concessions.

This lack of consultation and transparency now seeks to undermine the protection afforded to the electricity and water consumers throughout Vanuatu and the public as a whole.

As of Friday 3:30pm, the Authority still has not received any draft of the amendments or responses to the Authority's concerns.

The Authority will continue to do everything it can within the law to protect the long-term interests of the public, specifically all electricity and water consumers in Vanuatu.

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About the Utilities Regulatory Authority (URA)

The URA was set up under *the Utilities Regulatory Authority Act No. 11 of 2007*. It acts independently of the Government and its primary purpose is to ensure access to safe, reliable and affordable electricity and water services, and to protect the long-term interests of consumers throughout Vanuatu. In addition, the URA manages consumer disputes and advises the Government on matters related to the electricity and water sectors. It also renegotiates tariffs under the rules of the Concessions Agreements and relevant legislation.

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About VUI

Vanuatu Utilities and Infrastructure Limited (VUI) is a subsidiary of Pernix Group, Inc. Pernix Group's Power Operations and Management Services (O&M) division provides an integrated scope of services to maintain and manage all aspects of power operations. VUI has operated Luganville's electricity concession since 1st January 2011.

About UNELCO

Union Electrique du Vanuatu Limited (UNELCO) is a subsidiary of GDF Suez. It operates the electricity concessions for Port Vila, Malekula and Tanna. It has operated in Vanuatu since 1939.