



Caribbean Infrastructure, Government & Healthcare Credentials

January 2020

Infrastructure, Government & Healthcare

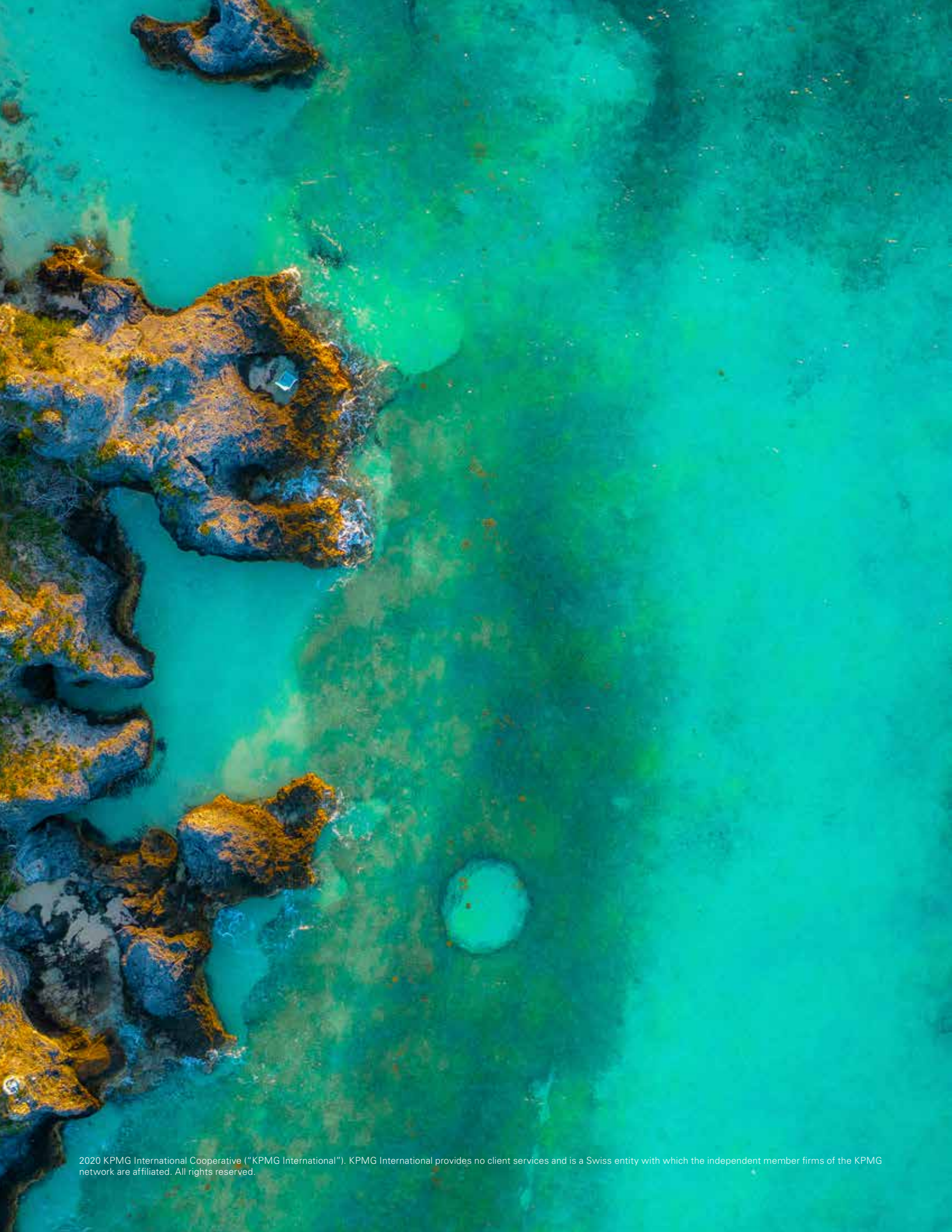
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Introduction

Around the world, government and public sector organizations are facing a multitude of pressures from fiscal sustainability to deteriorating infrastructure, impact of climate change and public pressure to deliver quality healthcare to aging populations.

How governments choose to address these challenges impact every part of a country's economy. KPMG's Global Infrastructure, Government and Healthcare practices work to deliver meaningful results through a deep understanding of issues, an intimate appreciation of how the public sector works, and global and local insight into the cultural, social and political environment. KPMG is a leader in the provision of a broad range of Infrastructure, Government and Healthcare advisory services with practical, hands-on local experience to help our clients implement transformational strategies, economically, efficiently and effectively.

KPMG compiled this selection of regional case studies to illustrate how island governments are confronting 21st century challenges with bold and innovative approaches.



Simon Towned
Head of Advisory
KPMG Islands Group



Cayman Islands

- Solid waste management in the Cayman Islands
- Cayman mental health facility
- George Town port
- John Gray High School
- Modernization of social assistance programs



Bahamas

- Energy sector reform
- National Health Insurance
- Arawak shipping port
- Nassau cruise port expansion
- Ministry of Tourism intelligent character recognition
- Securities Commission supervision platform



Bermuda

- Water and wastewater treatment
- Hospital redevelopment P3, Bermuda
- L. F. Wade (Bermuda) International Airport redevelopment P3
- 35th America's Cup
- Tax reform
- Immigration process improvement
- EU Economic Substance regulations implementation

UK Channel Islands

- EU economic substance compliance platform



Jamaica

- Rio Cobre water treatment plant P3
- Micro-LNG receiving terminal
- National Health Fund expansion
- Hospital redevelopment Phase 1
- Kingston dock yard project

British Virgin Islands

- Pier and landslide development
- Government HR analysis



Antigua and Barbuda

- Port of St. John's



St. Lucia

- Assessing port development options



Barbados

- Barbados oil terminal
- Airport financing Barbados
- Ports strategy and business planning



Trinidad & Tobago

- T&T hospital redevelopment
- Ministry of Public Administration change management



Power and water

Our day to day lives would be impossible without water and energy.



Energy infrastructure

A selection of credentials:

Barbados oil terminal – valuation and strategic sale advice

- Barbados National Oil Company considered fully divesting its shares in the Barbados National Terminal Company Limited, (“the Terminal Company”) in line with the Barbados Government’s fiscal prudence plan. KPMG in Barbados was engaged to advise on this strategic transaction.
- KPMG in Barbados assisted with preparation of a comprehensive valuation of the Terminal Company and managed the sales process, including: preparing a teaser document, information memorandum for interested parties, setting up and managing the data room, and facilitating the buyer due diligence process. At the end of the sale process, KPMG in Barbados presented the Terminal Company’s Board with final offers, a comparative analysis and helped negotiate the Sale and Purchase Agreement.

Jamaica Micro-LNG receiving terminal – business valuation

- Located at Berth #1, in the Port of Jamaica, Montego Freeport, the project consisted of the installation of a purpose-built Micro-LNG Receiving Terminal to receive, store, and regasify LNG.
- KPMG in Jamaica performed a valuation of certain tangible assets required to assist the client in securing of financing from National Commercial Bank Jamaica Limited. The tangible assets identified for valuation included land; buildings; the receiving terminal; the regasification facility; and natural gas pipeline.
- The valuation report was completed within client timelines and assisted the client in securing financing from National Commercial Bank Jamaica Limited. The facility has been commissioned and is currently delivering fuel to the Bogue power plant.

Bermuda water and wastewater treatment

Financial feasibility study



Context

The Government of Bermuda completed the development of a strategy for Sustainable Water and Wastewater Servicing for St. George's Parish. The strategy document examined the treatment and distribution of potable water, the collection and treatment of wastewater and the practical reuse of the treated wastewater.

The Bermuda Ministry of Public Works engaged a consulting engineering firm to evaluate the present state of water infrastructure and propose an integrated resource plan for a water and wastewater servicing for St. George's Parish as a pilot. This pilot is intended to be used as a roadmap to implement a similar plan for Bermuda.

KPMG's role



Advised on the financial feasibility of the proposed plan to integrate the activities of supplying water, wastewater collection and treatment in St. George's Parish.



Assessed the financial implications of using traditional or P3 financing.



Developed an indicative rate structure to illustrate the estimated costs to consumers of the strategy.

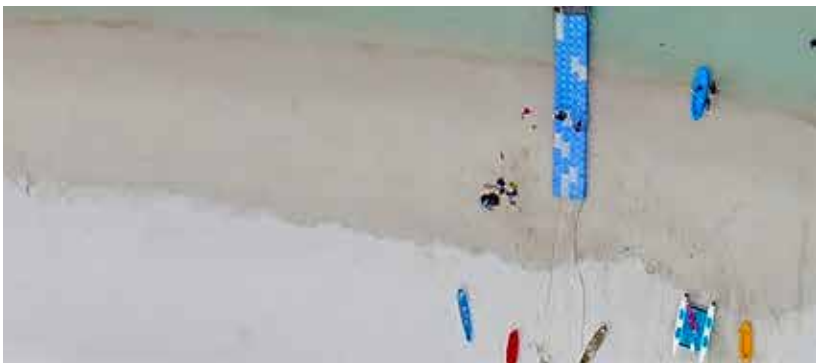
Outcome

- Indicative consumer rates were developed using traditional and P3 financing approaches.
- The public engagement process assisted in assessing consumers' views on the indicative rate structure which will inform a future business case.
- The plan was made available for the public to view in December 2017.
- KPMG in Bermuda suggested a number of options which could be explored to reduce consumer fees and attract financing.

Key Contacts

Steve Woodward
Managing Director

Lori Rockhead
Director



Rio Cobre water treatment plant P3

Financial advisory

Context

Water supply to the major population centers of the Kingston Metropolitan Area (“KMA”) has not met demand due to insufficient production and systemic losses.

Notwithstanding National Water Commission’s (“NWC”) replacement of major water treatment plants and various other works across Jamaica, it is estimated that the KMA has a shortfall of up to 50 MIGD (Million Imperial Gallons per Day), with greater shortages during the dry season.

These shortfalls are primarily the result of 53% of the water produced being lost before it reaches the customer.

NWC determined that to increase supply in KMA over the medium to long term, the following initiatives would be implemented:

- re-activation of disused wells;
- various non-revenue water reduction projects; and
- the procurement of the Rio Cobre, 15 MIGD capacity, water treatment plant at Content, St. Catherine at an estimated cost of US\$60 million.

KPMG’s Role

KPMG in Jamaica assisted NWC management with obtaining approval from the necessary government bodies to proceed with the project as well as assisting NWC in its negotiations with the Project Consortium, including:

- reviewing the Project Consortium’s pricing model for accuracy and consistency with the Water Purchase Agreement (“WPA”);
- reviewing WPA and providing assistance with the definitions and sources of data used in the agreement;
- providing tax advice related to the WPA;
- performing a high level affordability analysis of the project based on the NWC’s methodology for developing a Public Sector Comparator and a Shadow Bid Model; and
- assisting with the preparation of a business case submitted to Development Bank of Jamaica and Public Investment Management Secretariat (“PIMSEC”) for approval.

Outcome

KPMG’s in Jamaica’s work was completed within client timelines and assisted with obtaining approval from PIMSEC to proceed with negotiations with the Project Consortium. KPMG in Jamaica also assisted NWC in negotiating the terms of the water purchase agreement with the Project Consortium.

Key Contact

Raymond Campbell
Partner

Bahamas energy sector reform

Financial advisory and regulatory services

Context

Until a few years ago, electricity supply across The Bahamas was provided by the Bahamas Electricity Company (“BEC”), except in Grand Bahama and a few other isolated locations. Over the years, BEC became inefficient and heavily burdened with debt, resulting in a high of electricity to the consumer.

BEC is also completely reliant on fossil fuel generation with no renewable energy production in the energy mix.

The Government of the Commonwealth of The Bahamas embarked on a restructuring of the energy sector with the goal of dramatically reducing the cost of energy to the consumer while developing a reliable, cost effective, secure and environmentally responsible energy sector.

KPMG’s role

KPMG in The Bahamas acted as advisor to the Bahamian Government in the initial stage of the reform process and provided the following services:

- regulatory advice with respect to new legislation;
- advice on restructuring and related matters; and
- various financial modelling and other advisory services.

Outcome

As part of the restructuring of the energy sector, the Bahamian Government passed new electricity legislation, appointed an independent regulator for the sector, and established a new electricity utility for The Bahamas, which continues to be owned 100% by the Government. A new financing structure is being implemented in 2020.

A business plan was developed for the new utility, Bahamas Power and Light Company Ltd. (“BPL”), which called for a complete restructuring of the energy mix and operations of the former BEC, and includes a significant renewable energy component across the many islands in which the utility operates. BPL has responsibility for the provision of electrical supply to 25 island locations across The Bahamas, providing power to over 100,000 customers. This restructuring is ongoing, and BPL is in the process of replacing its base load plant with more efficient, multi-fuel engines.



Key Contacts

Simon Townend

Partner

Shana Lee

Managing Director

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Solid waste management in the Cayman Islands

Financial advisory and procurement assistance

Context

The Cayman Islands primarily uses a landfill disposal system on each of its three islands with the Department of Environmental Health (“DEH”) being responsible for the collection of residential and commercial solid waste along with private haulers.

However, there are no franchise collection contracts or service agreements in place between DEH and the haulers. DEH’s solid waste revenue is largely generated from fees on vehicle disposals and removals, incinerations and container rentals as well as an annual allocation from the Cayman Islands Government’s (“CIG”) budget. There is limited revenue from recycling (most recently scrap metal sales) and no tipping fees are charged for landfill disposal.

In addition to environmental concern, Grand Cayman’s landfill is expected to reach maximum capacity in approximately six years and Cayman Brac’s landfill is already at capacity.

The Challenge

The CIG has undertaken to develop and implement a cost-neutral, environmentally responsible, 50-year integrated solid waste management strategy based on the preferred hierarchy of:

- Reduce
- Reuse
- Recycle
- Recover
- Dispose

KPMG’s role

KPMG in the Cayman Islands was appointed as the financial advisor on the engagement supporting a team led by AMEC Foster Wheeler as the lead consultant. KPMG in the Cayman Islands assisted with:

- Identifying funding and financing options for the integrated solid waste management strategy report.
- Preparing the financial case portion of the outline business case issued in accordance with the UK Treasury’s Greenbook and Five Case Model format.
- Preparing and evaluating the financial sections of the tender process. The tender was executed through a competitive dialogue process for a Design-Build-Finance-Operate-Maintain contract.

Outcome

The Preferred Bidder was announced in 2017 and the facility is scheduled to be completed in 2021.

Key Contacts

Kris Beighton
Partner

Ashita Shenoy
Director

Utility Company procurement function

Procurement policies and procedures, spend analysis, and fuel procurement services

Context

The Utility Company (“the Company”), sought an assessment of its procurement processes to determine if its processes were consistent with leading practice. The objective of the assessment was to identify if there were gaps which may result in achieving suboptimal value from its procurement function.

In 2017, a KPMG member firm was engaged to:



Report on the state of the procurement processes and share initial findings from an online survey, interviews and data analysis.



Discuss leading practices for key procurement function focus areas.



Discuss fit-for purpose initiatives based on leading practices and identify the most practical action items for the Company.

Additionally, the KPMG member firm provided project management and leading practice procurement advice for tendering a multi-year fuel supply contract.

KPMG’s role

The engagement team conducted a Procurement Maturity Assessment (“PMA”) using methodology which provides a consistent framework based on maturity levels for the power and utility industry.

Areas of focus included:

1. Strategy: direction setting, governance and meeting regulatory requirements
2. Organization: organization structure and people
3. Enablers: data and technology enablement of key processes;
4. Processes: the existence and efficiency of support processes

The engagement team also reviewed the Request for Proposals process for heavy and light fuel supply, assisting with the question and answers process and analyzing received bids.

Outcome

1. The engagement team completed the PMA and provided a report to the Company on the, then, current state of their procurement processes. This report also included discussion on leading best practices regarding key procurement function areas and identified gaps between current and leading practice. The engagement team provided recommendations to close these gaps and enhance the Company’s procurement function.
2. As a result of the updated fuel supplier procurement process the Company was able to receive new and innovative fuel supply options, more closely aligned with their objectives. The Company secured improved margins on fuel supply with resulting savings being passed through to the power consumers in the form of lower fuel costs.
3. The engagement team assisted with developing the policy and procedures for the Company’s procurement function which address control weaknesses.



Health is wealth

Dr. Mark Britnell's speech at the Caribbean Infrastructure Forum in 2018 elegantly underscored that a healthy population translates to greater economic prosperity.



National Health Fund expansion

Advisory services

Context

The National Health Fund (“NHF”) in Jamaica was established by the NHF Act, effective 1 April 2003, with a mandate to reduce the burden of healthcare in Jamaica. It achieves this objective by providing health related funding and information, and selected healthcare benefits, thereby resulting in an improvement in the overall health of the Jamaican population. The NHF is organized around five core functions; individual benefits, institutional benefits, pharmaceutical division, Drug Serv division and health promotion.

The NHF provides a subsidy for all persons residing in Jamaica, regardless of age, gender and income, to assist them with their purchase of prescribed drugs, tests and supplies used in the management and treatment of 15 specific chronic illnesses. NHF procures, warehouses and distributes pharmaceuticals and medical supplies to 21 public hospitals and 360 government health centres. Additionally, the Drug Serv division provides retail pharmacy services to public and private sector clientele across 16 pharmacies.

The Challenge

The NHF was mandated to increase the number of hospitals, health centers and pharmacies that they manage as well as distribution of drugs to public sector patients through private pharmacies in a new Public Private Partnership model.

KPMG’s Role

KPMG in Jamaica provided consulting services regarding the sustainability of the NHF based on an expanded mandate.

The sustainability study took into account:



The current coverage of chronic conditions, supporting drugs, the current level of subsidies and usage patterns.



The adequacy of funding and existing reserves to meet NHF’s obligations in various scenarios



The financial impact of the Pharmacy Services expansion project on the sustainability of the NHF, with the addition of 20 public hospitals and eight comprehensive health centers.



The financial impact of the Public Private Partnership on the sustainability of the NHF, with the inclusion of 165 pharmacies in the program.



The sustainability of the current sources of funding.

Outcome

KPMG in Jamaica developed an integrated financial model which included a range of sensitivities and scenario options. The final model included pricing impacts for the approximately 1,400 drugs on the Vital, Essential and Necessary list, profit and loss impacts for changes in the three primary revenue sources, the subsidies provided to individuals with covered illnesses, operating costs and changes in pharmacy services.

The model and summary report was accepted by all key stakeholders and was referenced in the 2017/2018 Sectoral Debate in Parliament.

Key Contact

Raymond Campbell
Partner

Hospital redevelopment Phase 1

Financial advisory and procurement services

Context

University Hospital of the West Indies ("UHWI") primarily consists of older buildings, some of which were constructed over 50 years ago and suffer from significant deficiencies. This has led to many and varied electrical, cooling and structural maintenance issues. Ongoing repairs have had minimal impact on the adequacy of the buildings and building systems, and the frequency and cost of repairs is increasing as many of the buildings and building systems have passed their useful life.

The demand for surgeries exceeds the capacity of the existing facilities resulting in long wait times and underutilized staff. Additionally, UHWI operations are fragmented and the current layout does not lend itself to seamless, efficient, synergetic relationships between departments such as, for example, Accident and Emergency, Radiology and Critical Care.

Further, the demand for healthcare services is increasing due to demographic changes and population growth. Additionally, growth in the medical faculty student population has increased the need for additional infrastructure to provide clinical training for the students.

UHWI and the Government of Jamaica have agreed that new contemporary hospital facilities are needed to respond to the modern healthcare needs of Jamaicans and the wider region.

KPMG's Role

KPMG in Jamaica was engaged by UHWI to develop a business case in order to confirm the viability of Phase 1 of the redevelopment project and to develop an analysis and comparison of potential procurement strategies.

The business case assessed the viability of Phase 1 of the redevelopment project, through:

- financial analysis of preliminary cash flow estimates;
- qualitative assessment;
- market and investor sounding; and
- development of procurement strategy options and process framework.

Outcome

KPMG in Jamaica developed an integrated financial model which included a range of sensitivities and scenario options, and also prepared a business case which was used to obtain the UHWI's Board approval of the project. KPMG in Jamaica worked with the UHWI team in understanding the procurement options, followed by UHWI team's selection of a preferred procurement strategy and the development of a high level procurement plan.

KPMG in Jamaica also assisted the UHWI team in its discussions with the Jamaican Minister of Health and Wellness on the economic and financial viability of the project.

Key Contact

Raymond Campbell
Partner







Cayman mental health facility

Financial advisory

Context

Historically, the Cayman Islands did not have a long-term residential mental health facility, mental health policy or a mental health plan. In February 2015, the Cayman Islands Government (“CIG”) approved the policy guidance for the development of the Long Term Residential Mental Health Facility (“LTRMHF”) with the project intention to support the CIG’s Strategic Aim and Policy Objective of “a fit and healthy population”.

Through the preparation of a Strategic Outline Case, the CIG identified the following five options:



Option 1:
Status Quo



Option 2:
Enhanced Status Quo



Option 3:
Building a LTRMHF
for the local population



Option 4:
Building a LTRMHF for the
local and overseas population



Option 5:
Cayman Islands Government
to tender for local service

The Challenge

In July 2015, the CIG issued a Request for Proposal (“RFP”) for financial and technical consultancy services to prepare an Outline Business Case (“OBC”) for the proposed LTRMHF developments in the Cayman Islands. This engagement involved the consideration of the five options put forward in the Strategic Outline Case and the preparation of an integrated OBC to determine the best option for the Cayman Islands community.

KPMG’s role

KPMG in the Cayman Islands was engaged as Prime and Financial Consultant to the CIG, with services provided including:

- coordinating a multidisciplinary engagement team including external partners serving as the Mental Health Facility and Construction Cost Consultants;
- interviewing and holding consultation meetings with the various stakeholder groups;
- providing health sector expertise with contribution from KPMG’s network of member firms;
- performing valuation and financial analysis on the five options presented in accordance with the HM Treasury Green Book guidance;
- managing the compilation and timely completion of the overall deliverable; and
- presenting the OBC findings to the CIG Cabinet.

Outcome

The OBC was approved by the CIG Cabinet in May 2016. The procurement process was completed in 2018 and construction began in October 2019.

Key Contacts

Kris Beighton
Partner

Ashita Shenoy
Director

Bahamas National Health Insurance

Implementation and ongoing expansion of National Health Insurance in The Bahamas

Context

The Government of The Commonwealth of The Bahamas (“the Bahamian Government”) sought to implement a Universal Health Coverage (“UHC”) program, a component of the Sustainable Development Goals initiated by the United Nations and the World Health Organization. Accordingly, the Bahamian Government developed a National Health Insurance (“NHI”) program as the financing mechanism to provide UHC in The Bahamas. NHI Bahamas launched in April 2017.

KPMG’s role

KPMG in The Bahamas has acted as advisor to the Bahamian Government in the initial design and continues to advise on the implementation of NHI Bahamas, through a multi-phase engagement.

Areas of consultancy include:

- Conducting an evidence-based investigation of service delivery costs and developing risk-adjusted capitation rates to provide a reimbursement model for providers (doctors, laboratory, etc.).
- Facilitating the NHIA organizational design and advising on the development of the NHI Target Operating Model and IT System Blueprint.

- Supporting Board training and a comprehensive Board orientation program.
- Providing project management support for the creation of NHI.
- Supporting the procurement process for an integrated electronic health records system and claims administration system.
- Supporting development of a policy framework, inclusive of jurisdictional benchmarking, and drafting of new NHI legislation.

More recently, KPMG in The Bahamas has been engaged by NHIA to assist with the following:

- Supporting implementation of the electronic health records and claims administration systems.
- Review of network and technology infrastructure and establishment of cyber security controls and safeguards.
- Advising and supporting the NHIA on development of a business case and financial analysis for proposed expansions of NHI services and reforms, including a current state analysis, future state analysis, and financial projections.
- Supporting the revision of NHI legislation to reflect proposed reforms.

Outcome

The Bahamas has successfully created and implemented NHI, a key component of UHC.

NHI now has close to 70,000 Bahamians enrolled, 4,000 of whom are under the age of 5, and 9,250 senior citizens over the age of 65. 55 provider facilities and close to 100 primary care physicians are registered across 14 islands of The Bahamas.

The NHI program continues to evolve as fiscal and capacity challenges are addressed and is currently in the feasibility and assessment stage for the next phase of NHI which intends to add more services and introduce a Standard Health Benefit amongst other initiatives.

Key Contacts

Simon Townend

Partner

Shana Lee

Managing Director

Nico Maritz

Director

Shripal Doshi

Project Manager

Trinidad and Tobago hospital redevelopment

Individual master plans for three public hospitals in Trinidad & Tobago

Context

The Ministry of Health of Trinidad and Tobago commissioned Master Plan Studies of the Country's three largest acute care hospitals: Port of Spain General Hospital, Eric Williams Medical Sciences Complex and San Fernando General Hospital.

The master plans included development of:



new service delivery model(s) to align care delivery and built infrastructure;



business case analysis of the feasibility of the proposed implementation strategy;



short and long-term architectural and site plan development strategies;



enhanced use of clinical and back-office technology; and



incorporation of research and medical education.

KPMG's role

The engagement team comprising resources from KPMG's Global Healthcare practice and KPMG in Trinidad and Tobago, was retained as the financial consultant within a project consortium led by B+H Architects.

KPMG in Trinidad and Tobago, in consultation with other team members, was responsible for developing the overall vision of care for each of the hospitals and the business case for the proposed redevelopment options.

The scope of work included:

- facilitating workshops with key stakeholders to create a compelling vision for hospital care that would help drive the planning and design of each of the three hospitals;
- research into leading practices, trends, demographics, and services delivered today and in future clinical scenarios;
- projecting healthcare service unitization and hospital capacity over a twenty-five year planning horizon;
- facilitating workshops to educate key stakeholders regarding traditional and alternative (P3) infrastructure delivery models;
- developing financial models to perform options analysis between various hospital delivery options;

- performing sensitivity analysis over key financial model inputs and assumptions; and
- providing net present value and cash flow comparisons between various options.

Outcome

The master plans have been completed, the engagement team provided two separate deliverables: the Future Visioning Report and the Business Case Report.

Key Contact

Dushyant Sookram
Partner

Acute care clinical services improvement

Operational excellence in clinical services

Background

The client's ("the Hospital") ability to deliver on its mandate of providing high quality care has been challenged by rising costs and a rapidly ageing population. Facing a forecast deficit of US\$40 million, the Hospital developed the Clinical Services Programme ("CSP") together with its Financial Recovery Plan to achieve significant savings over a period of four years.

KPMG's role

The engagement team identified three key challenges that needed to be overcome to ensure successful implementation of the CSP:

1. Improving the quality of care without increasing cost at the time when the Hospital was facing budget constraints.
2. System inertia and the need to secure staff buy-in into the proposed change and the need to manage staff engagement on an ongoing basis.
3. Ageing population and higher care costs associated with island jurisdictions and limited access to specialized care.

Identified clinical process improvements

To overcome the challenges, the engagement team proposed optimizing services in the following areas:

- Maximizing patient flow and reduction of variation in how care is delivered.
- Opportunities for de-escalating care.
- Optimizing length of stay in the hospital.
- Identifications and securing of elective patient pathway.
- Improving operating theater scheduling and performance.
- Optimizing staff scheduling.
- Using appropriate medication and clinical devices including moving to generic drugs where appropriate.

Governance

The engagement team also reviewed policies and provided recommendations on:

- Financial and corporate governance necessary to deliver required savings with no (or minimal) impact on service provision.
- Financial and operational controls with the view of improving performance management and accountability for enhanced service delivery.

Operational cost efficiencies

The engagement team provided proposals to minimize spend on non-value added items such as back-office support services.

Outcome

- The multi-jurisdictional team have worked very closely with the clinical teams to identify process improvements and savings without an adverse impact on the quality of care.
- As a result of the engagement, the average length of inpatient stay has been reduced.
- Wait time for CAT scans and ultrasounds has decreased while utilization of diagnostic imaging increased.

Bermuda Health Council/ Ministry of Health

Healthcare reform communications strategy

Context

Bermuda Health Council's ("BHeC") strategy envisaged a reform of Bermuda's healthcare system to achieve greater sustainability, accessibility, affordability and improved health outcomes. To implement that strategy BheC was looking for assistance with communicating the significant changes in financing of healthcare in Bermuda.

The planned communication on financing reform was intended to be transparent and meaningful to start the process of educating the public and stakeholders about the importance of the reform, the need for it and anticipated benefits.

KPMG's role

KPMG in Bermuda helped to craft a comprehensive communications plan introducing the financing reforms.

The plan included:

- High level announcement of the Bermuda Government's plans to embark on significant structural challenges to the healthcare system.
- A plan for immediate steps before and after the announcement.
- Drafting key messages and Frequently Asked Questions on why structural changes are important and their impact on the general public.
- Different types of communication methods to be used.

Outcome and phase 2

BHeC and the Bermuda Ministry of Health launched its health finance reform in line with the communications plan in 2019. Additionally, KPMG in Bermuda is engaged to assist with the process of reviewing and redrafting the 2020-25 Bermuda Health Strategy, in partnership with the Ministry of Health and Bermuda Hospitals Board.

This work is currently underway and will comprise:



Analyzing background data and engaging stakeholders to develop a comprehensive view of the Bermuda health system as it is now and its underlying issues.



Conduct a system leaders' survey to identify key issues and develop a vision of the desired, future state of the health system.



Produce materials informed by the above analysis and facilitate a Leadership Workshop designed to develop a consensus view of the current system's challenges and the path towards the future vision.



Supporting the Steering Committee, comprised of senior system leaders and decision-makers, in formulating the national health strategy to achieve the objectives of greater access, affordability and improving health outcomes

Key Contacts

Steve Woodward
Managing Director

Lori Rockhead
Director

Hospital redevelopment P3, Bermuda

King Edward VII Memorial Hospital Acute Care Wing business strategy, financial advisory and procurement assistance

Context

Based on a third party assessment that Bermuda's only acute care hospital needed approximately 50% more capacity to sustain the delivery of high quality health care and expand the range of treatment services provided locally (thus reducing the need for patients to travel overseas), the Bermuda Hospitals Board ("BHB") sponsored the King Edward VII Memorial Hospital ("KEMH") Redevelopment PPP to build the Acute Care Wing ("ACW") extension.

The five year project to develop the business case, procure a private sector partner, design and build the ACW ("the Project") was started in late 2008. BHB selected a design, build, finance and maintain delivery model to fit its requirements. Paget Health Services was selected in December 2010 as the private partner and ground breaking started in January 2011.

KPMG's role

KPMG in Bermuda acted as business and financial advisor including assisting with:

- developing the business strategy and business case;
- establishing the governance structure to help ensure oversight of the Project;
- developing BHB's project management team structure;
- assisting with the identification and selection of legal and technical advisors;
- establishing the development budget, schedules, communications, records management, risk management and mitigation, and project agreement with the private partner. This work included:
 - marketing of the PPP opportunity;
 - development of the business, regulatory and procurement model;
 - drafting of regulation, contractual terms and procurement documentation; and
 - support through the Request for Qualifications and Request for Proposal stages including the evaluation of qualifications.
- KPMG in Bermuda provided input on the development and amendment of legislation critical to supporting the Project; and
- KPMG in Bermuda was retained as the Fairness Monitor to advise on fairness of the procurement process and to report on compliance with fairness principles established at the outset of the Project to ensure the Project met leading international procurement practice.

Outcome

The ACW opened for operation in September 2014. The new hospital wing includes 90 single en suite private patient beds, new emergency and diagnostic imaging departments, out-patient services for dialysis and oncology and a new utility hub to support the hospital campus.

In 2015, KPMG in Bermuda advised BHB in relation to the Paget Health Services' plans to refinance senior debt. The Project Agreement ensured that BHB would share in the benefits, if the Private Partner refinanced. As a result, BHB benefited from a reduction in its annual service payment of over US\$500,000 annually for the remaining 29 years of the Agreement.



International recognition and awards

Best Accommodation Project, Partnerships Awards 2012 (July 2012)

Press release by World Finance (January 2013)



King Edward Hospital, Bermuda

Key Contacts

Steve Woodward
Managing Director

Lori Rockhead
Director



Climate action and infrastructure

Without a doubt, the increasing severity and frequency of climate related catastrophes have taken their toll on the islands region.



Kingston dock yard project

Development of a business plan

Context

Ship owners whose vessels call on Jamaica or traverse the region require dry dock facilities for routine and emergency maintenance and repair work to keep vessels operable. Additionally, all vessels must also undergo special surveys, based on the vessel class, every five years or less. The selection of a ship repair facility is highly dependent on the extent and type of servicing to be done to a vessel, the proximity of the repair facility to vessels in need of repair or maintenance, and the preference of the vessel owners.

The time lost from the ship's regular work schedule and the related loss of earnings are also factors in determining where to undertake vessel repair and maintenance.

The Challenge

German Ship Repair Jamaica Limited ("GSRJ") currently provides mobile ship repair services also known as wet works or wet repair services. The provision of dry dock services would be a natural expansion of their existing ship repair and maintenance services. In order to secure stakeholder support GSRJ needed to develop a business plan for the expansion of their business to provide dry dock services in Jamaica.

KPMG's Role

KPMG in Jamaica assisted GSRJ with the preparation of the business and financing plan which included an executive summary; description of the business; projected financial information; marketing strategy; operations; management and organization of the business and the opportunities for providers of debt capital for the complete project.

The scope of work included the development of an integrated financial model including projected income statements, ratio analyses, projected cash flows; and projected balance sheets.

Outcome

KPMG in Jamaica developed the business and financing plan and the related integrated financial model which included a range of sensitivities and scenario options. The expansion project has been approved by the stakeholders and is in final stages of pre-implementation activities.

Key Contact

Raymond Campbell
Partner

Arawak shipping port

Capital raising and other advisory services

Context

Several years ago, the Government of The Commonwealth of The Bahamas (“the Bahamian Government”) decided to relocate container, bulk and break-bulk shippers that operated along the waterfront in the downtown capital of Nassau to a less congested site further west on the island of New Providence.

A coalition of shipping interests formed APD Limited (“APD”) to submit a design, build, finance and maintain proposal for a new port (“Arawak Port”). In May 2010, APD reached a Memorandum of Understanding with the Bahamian Government for the project to move ahead under a 45-year land lease and concession agreement.

As tourism is The Bahamas’ primary industry, a significant benefit of Arawak Port is that it facilitated the Nassau Downtown Revitalization plan which aims to increase tourism in the downtown core. In addition, the revitalization plans include converting downtown Nassau to a “living city” by bringing a new residential component to the area.

KPMG’s role

KPMG in The Bahamas continues to act as financial advisor to APD, a role held since 2008, and has provided a wide range of services including assistance with:



structuring, negotiating and securing US\$90 million of capital in equity, bridge loan financing, senior bank debt and preference shares;



completing a B\$10 million initial public offering (“IPO”);



developing a financial plan inclusive of a 30-year integrated financial model;



preparing an economic impact study;



advising the commercial terms of key operator license agreements;



benchmarking equipment lease agreements and port tariffs; and



performing an annual review of its tariff structure and dividend strategy.

Outcome

Arawak Port, an International Ship and Port Facility Security (“ISPS”) compliant facility comprising Nassau Container Port (on Arawak Cay) and Gladstone Freight Terminal (inland terminal), achieved substantial completion in May 2012.

This followed closure of APD’s IPO in January 2011, which was the most highly oversubscribed public offering in the history of The Bahamas. APD’s preference share offering in 2013 was also oversubscribed, at an interest rate margin that was comparable to sovereign domestic offerings.

For two consecutive years, Florida Shipowners Group rated Arawak Port as the Caribbean’s most productive port, beating out 24 regional rivals. APD has over 100 employees and processes more than 70,000 TEUs on an annual basis.

Key Contacts

Simon Townend
Partner

Shana Lee
Managing Director

Airport financing in Barbados

Capital raising, due diligence
and valuation services

Context

The Grantley Adams International Airport ("GAIA") is Barbados' only airport and the aviation hub of the Eastern Caribbean, handling daily flights to and from the other Caribbean islands connecting to major cities in the US, Canada, UK and Europe. GAIA is wholly owned by the Government of Barbados and handles in excess of two million commercial passengers annually.

KPMG's role

KPMG in Barbados and the Eastern Caribbean acted as a financial advisor to GAIA, providing a wide range of services, including assistance with the following:



developing a business plan;



providing operational and financial due diligence; and



preparing a comprehensive valuation report.

Outcome

- The business plan assisted GAIA with its efforts to expand and formed the basis for its corporatization and privatization objective.
- The operational and financial due diligence subsequently resulted in the strengthening of GAIA's operations.
- The valuation report was prepared, and its conclusion formed a part of the basis used to determine the strategic direction of the airport.

Key Contacts

Lisa Taylor

Partner

Christopher Brome

Partner

L. F. Wade (Bermuda) International Airport redevelopment P3

Project management and commercial
advisory services

Context

In 2014, the Government of Bermuda ("the Bermudian Government") entered into discussions with Aecon Concessions ("Aecon") and the Canadian Commercial Corporation ("CCC") in relation to using a P3 delivery model to build, finance, and maintain a new airport terminal and operate the Bermuda airport under the terms of a concession agreement.

The Bermudian Government selected the Government-to-Government ("G2G") procurement model which involved negotiating the Project Agreement with Aecon and CCC.

Following the execution of the Airport Development Agreement in 2015, the Bermudian Government required assistance with project management and commercial advice to fulfil its obligations and achieve financial close.

KPMG's role

KPMG in Bermuda provided project management, commercial advice, negotiation support, and accounting advisory assistance to the Bermudian Government including:

- Developing the Cabinet level governance structure to ensure appropriate executive oversight and project enablement.
- Project managing the Bermudian Government and tri-party working groups, developing the work plan and tracking results.
- Advising on increasing Bermudian labor participation, including the internship program for construction professionals, and proposing a plan for advanced training of Bermudian trade workers which will contribute to long-term sustainable employment.
- Advising on commercial and business terms including appropriate risk transfer, scope and specification of the redevelopment, performance standards and enforcement mechanisms, allocation and mitigation of environmental risks, land and lease issues, needs and rights of Government agencies, establishment of the Bermuda Airport Authority, and stakeholder consultations.
- Supporting the Bermudian Government in negotiations with the Concessionaire on deal terms, and with ensuring the UK Government's conditions for Entrustment were met.
- Advising the Bermudian Government on the accounting treatment for the concession.
- Delivering the P3 workshop to the civil service executive and department heads to increase institutional knowledge of alternative finance for capital development.





Outcome

The P3 transaction closed on 15 March 2017 and Bermuda Skyport Corporation Limited smoothly assumed operational responsibilities the following day. In May 2017, the official ground breaking for the new airport terminal took place. The new airport terminal is scheduled to open in 2020.



International recognition and awards

Infrastructure Journal's Deal of the Year (2017) – North American Airports

Airport Service Quality (ASQ) (2018) - Most Improved Airport (category < 2 million passengers)

Key Contacts

Mike Morrison
Managing Director

Lori Rockhead
Director

Cruise ship ports

A selection of credentials:

Saint Lucia Air and Sea Ports Authority - assessing development options

- The Saint Lucia Air and Sea Ports Authority ("SLASPA"), owner of two ports on Saint Lucia, was reviewing available options for the development of its holdings and vacant, surrounding land. KPMG in Barbados and the Eastern Caribbean assisted by engaging key stakeholders, reviewing tourism data and potential new product offerings. Outputs of the process were summarized in a Concept Note which SLASPA and Invest Saint Lucia, an inward investment agency, used to plan their future strategic initiatives.

Barbados Ports - strategy and business planning

- Barbados Ports Inc ("BPI") is the major port operator responsible for providing berthing facilities and exchange of passengers coming to the island on cruise ships. BPI identified a number of capital-intensive projects required to maintain competitiveness of the port and increase its capacity, requiring new sources of finance. KPMG in Barbados and the Eastern Caribbean reviewed industry trends, BPI's internal financial and operating data as well as facilitated discussions with the Board and key stakeholders to prepare a financial model and a business case underpinning the Bridgetown Port Berth 6 expansion which is currently underway.





Nassau cruise port expansion, Bahamas - financial advisory on port infrastructure

- The rapidly growing global cruise industry was recognized by the Government of the Commonwealth of The Bahamas as an opportunity to develop Nassau into a world-class cruise port. However, delivering that vision required significant upfront investment to expand capacity, upgrade facilities and enhance the overall tourist experience.
- KPMG in The Bahamas acted as an advisor to Global Port Holding plc (the largest global cruise ship operator) during the competitive RFP process. KPMG in The Bahamas delivered an Economic Impact Study of Global Port's proposal, advice on Bahamian tax matters, as well overall review of the RFP submission. Global Ports was selected in February 2019 as the bidder and have since signed a Heads of Agreement to deliver a US\$250 million, 25 year operating concession.

Port of St. John's, Antigua - debt finance advisory on port investment

- The Port of St. John's, Antigua required capital to finance an expansion necessary to cope with increasing visitor traffic and larger cruise ships. KPMG in Barbados and the Eastern Caribbean assisted with identifying key project risks, review of financial statements, preparation of a detailed financial model, preparation of an Investment Memorandum for investors and engagement with prospective financial institutions able to finance the plan.

George Town port, Cayman Islands - commercial and financial advisory on port P3

- Facing the risk of losing business due to the increasing size of cruise ships and a lack of a dedicated berthing facility, the Government of the Cayman Islands ("CIG") identified the need to invest in the existing George Town port. Due to the complex nature of the project, designed to service both cruise and cargo ships, the CIG appointed KPMG in the Cayman Islands as lead commercial and financial consultant advisor for the procurement of the facility under a designed, build, finance and maintain P3 model. KPMG in the Cayman Islands led a team of commercial and technical advisors to identify available financing options, evaluate financial sections of received competitive proposals and advise the CIG on commercial and business terms throughout the procurement process.

Pier and landside development, British Virgin Islands - valuation services and review of procurement process

- The Government of the Virgin Islands engaged KPMG in the BVI to review the procurement processes applied, and the licensing agreements executed, in respect of the pier and landside development ("the Development") in Tortola. KPMG in the BVI were also engaged to prepare a valuation report in respect of the Development. The final report was based upon extensive investigations and interviews with key stakeholders from the Port Authority and the BVI Government, and included variances in budget to actual spend, areas for further investigation, suggested improvements in the applied procurement processes and a range of estimated values. KPMG in the BVI also worked with a third party expert who undertook an independent cost estimate for the purpose for assessing the Development's Value for Money.

A better future

Economic growth requires a carefully considered and executed strategy.



Economic impact studies

A selection of credentials:

APS Bank – report outlining the size of public sector in Malta

- KPMG in Malta was engaged by a Maltese bank to estimate the size of the public sector in Malta and determine the impact of Maltese Government spending on the economy.
- KPMG in Malta's report compared the size of public sector in Malta with other jurisdictions and presented possible linkages between international events and their impact on local public finances. The report considered specific international events, including commodity prices, inflation, exchange rate variations, and the international money supply.

Malta Gaming Authority – assessment of the implications of land- based casino liberalisation

- In order to sustain and grow the economic advantages brought about by the gaming industry, the Malta Gaming Authority was interested in assessing the potential benefits and costs of increased liberalization of the land-based casino market.
- KPMG in Malta prepared a briefing document outlining: the current situation and liberalization options; economic analysis of the impact of each option, and relevant policy recommendations given within the context of a case study from a different country.

Bermuda Tourism Authority – economic impact assessment of a major golf tournament

- The Bermuda Tourism Authority ("BTA") made a significant commitment in 2019 to host the PGA Tours Bermuda Championship. In light of the significant investment, the BTA commissioned an impact study of the Championship which will help to inform how the event is marketed and leveraged over the five-year period in which the event is held in Bermuda.
- KPMG in Bermuda has conducted on-site spectator surveys, gathered relevant statistical data and is currently in the process of analyzing the data. The final report, available to the general public, is due to be published in January 2020 and will outline the economic, media and legacy value of the event.

Malta Tourism Authority – assistance with a visitor survey of the Isle of MTV event

- The Isle of MTV is a live annual music event organized by MTV Europe and is hosted locally by the Malta Tourism Authority since 2007. The Authority had asked KPMG in Malta to help them gain a better understanding on the profile of visitors of the event.
- KPMG in Malta's role in this project was to carry out a visitor survey and compile a number of key statistics and figures on the individuals who attend the Isle of MTV concert with the aim of building a visitor profile. KPMG in Malta conducted over a thousand on-site surveys and gathered key statistics on the attendees which were summarised in a report delivered to the Malta Authority in October 2016.

35th America's Cup

Provision of bid support and project management to the organizing committee for AC35

Context

The America's Cup ("AC35") is the oldest international sporting trophy and one of the most prestigious events in the world. In 2015, the Government of Bermuda ("the Bermudian Government") successfully bid to host AC35 in 2017, winning over a short list of venues including: San Diego, San Francisco and Chicago.

The Bermudian Government established an entity, America's Cup Bermuda ("ACBDA"), to fulfill its obligations under the Host Venue Agreement ("HVA") with the America's Cup Event Authority LLC and to develop the infrastructure, logistics and manage the execution of the event. In addition to hosting the successful event, ACBDA's goal was to maximize the event's longer-term legacy to benefit Bermudians and the Bermuda economy.

KPMG's role

KPMG in Bermuda assisted by:

- providing bid support including financial projections;
- developing the 'Critical Path' project plan;
- providing project management;
- developing procurement and financial procedures;

- developing event-specific policies related to visiting yachts; and
- producing the Portfolio of Investment Opportunities to promote long term investment in the jurisdiction.

Outcome

An independent economic report estimated that AC35 contributed US\$336.4 million to Bermuda's GDP.

ACBDA fulfilled its Host Venue obligations including the construction of critical infrastructure at a cost of US\$ \$64.1 million, which was US\$12.9 million (or 17%) less than the US\$77 million budget.

Long term economic benefits to Bermuda's tourism industry, and beyond, resulted from the event attracting 452 million viewers worldwide and generating 22,000 news articles published in 76 countries. The Advertising Equivalent Value ("AEV") was estimated to be US\$80.9 million.

Key Contacts

Charles Thresh
Managing Director

Lori Rockhead
Director

John Gray High School in the Cayman Islands

Preparation of an outline business case

Context

The Cayman Islands Government ("CIG") engaged KPMG in the Cayman Islands to prepare an Outline Business Case for the:



Completion of the New John Gray High School; ("JGHS").



repurposing of the George Hicks Site for use by Cayman Islands Further Education Centre ("CIFEC"), Department of Education Services ("DES"), Early Intervention, Student Services, Corners Stones, Stepping Stones, Parenting and Pregnant Teens and University College of the Cayman Islands.



Demolition of the current CIFEC campus for the completion of the new JGHS sports fields.

This project aims to create a positive learning environment for students, develop a new approach towards technical and vocational education and enhance opportunities for young people with special needs.

The project is well aligned with CIG's Strategic Policy Statements and the Cayman Islands Strategic Plan for Education.

KPMG's role

KPMG in the Cayman Islands was appointed as the prime and financial consultant for the Project. As the prime consultant, KPMG in the Cayman Islands assembled a world class team of educational and technical specialists to deliver a solution that balanced stakeholder needs and fiscal responsibility.

KPMG in the Cayman Islands has partnered with Jestico + Whiles to develop the architectural designs for the project. Other advisors include Charterland Ltd (Cost Consultants), Pace Consult (Acoustic Consultants), Cayman Mechanical Company & BrittHay Electric Ltd (Mechanical, Engineering, Fire and Plumbing consultants) and Bolas Engineering (Civil and Structural Consultants).

KPMG in the Cayman Islands' role as the lead advisor included:

- Overall project management of the project including management of sub-consultants.
- Drafting the business case that includes a qualitative and quantitative analysis of the strategic context, financial implications, procurement process and management & governance processes.
- Preparing a financial model to assess affordability and value for money.
- Stakeholder management and communication support through information sessions and detailed interviews where required.

Outcome

The Outline Business Case was approved by Cabinet in November 2018. The procurement process is currently underway.

Key Contacts

Kris Beighton
Partner

Ashita Shenoy
Director

Social care and assistance programs

Context

Faced with aging populations, social issues, and limited fiscal space, island governments are modernizing social assistance programs to care for their citizens.

A selection of credentials:

Cayman Islands Government – modernization of social assistance programs

- In 2015, the Office of the Auditor General published a report identifying a number of inefficiencies in the management of social assistance programs and poor Value for Money achieved. Following that, the Cayman Islands Government (“CIG”) sought assistance to improve the services’ efficiency and enhance performance reporting.
- KPMG in the Cayman Islands was engaged by the CIG to identify and analyze existing issues with the social assistance programs, identify options to meet the CIG’s objectives, interview key stakeholders, perform financial analysis and draft an Outline Business Case (“OBC”) for implementation of the options.
- The OBC approval by the Cabinet of the CIG. The Premier of the Cayman Islands has designated the modernization of social assistance programs as a priority action item for the CIG. The initiative was included in the CIG’s Project Future, a comprehensive initiative to improve Government services efficiency.

Bermuda public sector organization – financial feasibility study of a seniors’ long-term residential care facility

- A public sector company with available property engaged KPMG in Bermuda to assess the financial feasibility of procuring an independently developed and operated seniors’ long-term care facility.
- KPMG in Bermuda analyzed the existing long-term care options available in Bermuda, identified the gaps in care which a new long term care facility could fill as well as potential funding gap and options for supporting the cost of developing and operating a care facility which would meet the identified gaps in the current network of care. Building on that evidence base, KPMG in Bermuda undertook soft market testing to assess the potential interest of experienced care home operators in investing in or developing the facility.
- The feasibility report was completed and presented to management.





Good governance

Good governance and good
government go hand in hand.



Bermuda tax reform


Financial advisory services


Context


Payroll tax is the single largest source of tax revenue for the Government of Bermuda; contributing 40% of total annual revenue.

In 2016, the Bermudian Government announced its intention to restructure Payroll Tax in order to: reduce the burden on low income employees by replacing the flat tax rate with a progressive tax rate; and increase annual Payroll Tax revenue over a three year period in order to reduce the budget deficit.

In 2018, KPMG in Bermuda Advisory staff were seconded to the Ministry of Finance, extending the original engagement scope to assist with:

 modelling the possibility of widening the marginal payroll tax rates;

 analyzing a proposal developed by the Association of Bermuda International Companies (ABIC) “tax incentives to grow jobs”; and

 updating calculation tools for payroll tax liability.

KPMG’s role

KPMG in Bermuda was engaged to model the new payroll tax structure proposed in 2016, provide online guidance for taxpayers, and assist with its implementation in a way that minimized administrative costs of collecting the tax.

Following successful completion of the first phase KPMG in Bermuda was engaged again, in 2018, to overhaul the tax structure to make tax rates more progressive by:

- financial modelling of marginal tax rates;
- using prior data, modelling a range of scenarios and options, and analyzing the associated outcomes, for consideration; and
- based on feedback from the Ministry of Finance, development of a summary of the changes and impact, for further presentation to various stakeholders.

Outcome

- The Bermuda Ministry of Finance (“MoF”) introduced new, more progressive tax rates in 2017.
- The analysis of the ABIC tax proposal was used by the MoF to constructively challenge and develop tax incentives for job creation.
- Development of an Excel tax calculator tool, hosted online by the MoF and used by the taxpayers to estimate their tax liability. This tool has been since updated in the new tax year.

Key Contacts

Charles Thresh
Managing Director

Richard Hobday
Director

Ministry of Tourism intelligent character recognition

IT advisory services

Context

For many years, the Ministry of Tourism of The Bahamas (“MoT”) has collected, analyzed and published tourism data from immigration landing cards. In the past the immigration cards were scanned and the information entered via a highly manual process.

In a 2-year period leading up to 2018, the MoT experienced a significant backlog of immigration landing cards (~1.2 million cards) that were not processed and integrated into MoT’s statistical platform. Further, the statistical platform did not have the necessary workflows and business rules to ensure that data was efficiently detected, structured and comprehensively corrected before reaching end users in order to prevent inaccurate insights.

In May 2018, as part of the Ministry’s wider digital strategy, MoT sought to implement a data and analytics (“D&A”) platform capable of providing strategic insights from the advanced analytics of immigration landing cards, enhanced as necessary with external data.

Key technical requirements of the D&A platform included:

- An automated end-to-end solution with an integrated system architecture that supported data capture, storage, online analytical processing and data visualization.
- A robust data pipeline with intelligent character recognition (“ICR”) models that digitize and structure both handwritten and marked fields on immigration landing cards.
- Machine learning to incorporate comprehensive business rules to automate data detection, cleansing and transformation.
- Creating a solution which processed and provided direct access to legacy data consisting of ~22.2 million records and backlog data.
- Building online analytical processing cubes for efficient data processing and access controls implementation.
- Ongoing maintenance and platform evolution support.

KPMG’s role

KPMG in The Bahamas has acted as advisor to MoT in the design and implementation of the D&A platform and provides ongoing maintenance and platform evolution support.

Key areas of consultancy include:

- Building a core platform comprised of ICR models, automated workflows, and machine learning algorithms to structure and transform data.

Outcome

The D&A platform allows MoT and its stakeholders to gain actionable and near real-time insights into KPIs and correlations regarding the tourism industry as well as the identification of regional, socio-cultural, and generation travel patterns.

Further, the D&A platform facilitates the development of a more targeted tourist incentive program to promote satisfaction and loyalty.

Key Contacts

Simon Townend
Partner

Nico Maritz
Director



Securities Commission of The Bahamas supervision platform

IT advisory and risk consulting services

Context

In order to stay ahead of international regulatory best practices, the Securities Commission of The Bahamas (“SCB”) sought to implement a highly automated risk-based supervision (“RBS”) platform that facilitates the efficient supervision of its regulated entities and enables operational agility to better respond to regulatory disruption.

Key functional requirements of the RBS included:



A robust methodology and framework that allowed consistent quantitative and qualitative analyses.



Dynamic benchmarking and the integration of external data sources to facilitate the comprehensive risk rating of regulated entities and sectors.



A user-friendly reporting front-end to visualize actionable insights.

KPMG’s role

KPMG in The Bahamas acted as advisor to SCB in the development of the RBS and provided the following services:

- Conducted a gap analysis to identify fundamental weaknesses and evaluate SCB’s RBS-F readiness.
- Designed and developed a framework that suited SCB’s mandate, existing operations, and workflows.
- Implemented an extract, transform and load solution using KPMG “Sofy” which integrates disparate data sources and provides a web-front end to manage data capture and warehousing.
- Developed and deployed the RBS and coordinated stakeholder workshops and market briefings.

Outcome

The RBS coupled with the KPMG Sofy data capture tool allowed SCB to efficiently fill critical data gaps and augment its supervision framework, adding additional metrics and perspectives to its risk rating methodology. With the RBS’s automated workflows and streamlined operating procedures, SCB can use its supervisory resources more efficiently and better prioritize regulatory activities.

Key Contacts

Simon Townend
Partner

Nico Maritz
Director

Government reform



Context

Island governments are improving their capabilities to remain compliant and competitive in the globalized economy.

A selection of KPMG credentials

Bermuda Ministry of Government Reform – human resources assessment

- One of the Ministry of Government Reform’s (“the Ministry”) objectives was to increase the effectiveness of the Human Resources (“HR”) functions to support and enhance the performance of human capital throughout the public service. KPMG in Bermuda was engaged to undertake a skills assessment of selected employees’ skill competencies in relation to new managerial roles in the evolving HR function.
- KPMG in Bermuda’s well-tested methodology was used to assess the competency skills of over twenty HR professionals in relation to the skill requirements of the new managerial positions. Competency maps were developed for the nine managerial positions based on job profiles and the Chartered Institute of Personnel and Development competency bands for HR professionals. The results of the skills assessment were used to design individualized training and development roadmaps. Knowledge transfer was encouraged by providing a Skills Analysis Workshop to HR professionals. The Ministry will use the results of the skills assessment in progressing the transformation of HR functions as part of the Bermudian Government’s reform plans.

Trinidad and Tobago Ministry of Public Administration – change management services

- The Ministry of Public Administration in Trinidad and Tobago embarked upon a comprehensive Business Process Management (“BPM”) program to enable the public service to improve delivery of their services by improving the services’ underlying business processes.
- KPMG in Trinidad and Tobago provided technical training on BPM. The scope of the work included: executive sessions with Permanent Secretaries and Directors of various agencies on the outputs and benefits of BPM and Change Management; 5-day technical training sessions in Business Process Management and Change Management; post-training support to various ministry/agency project teams as they worked on improving their services.
- By the end of the engagement over 200 public officials were trained to utilize a structured Business Process Management and Change Management approach. This resulted in a more efficient public service with members of staff fully equipped to be able to transform the public sector by rolling out improvement initiatives in a more effective manner.



Bermuda Civil Airport Authority – benchmarking compensation and analysis of pension benefits

- In order to grow its civil aviation register the Government of Bermuda spun off the Department of Civil Aviation (“DCA”) into the Bermuda Civil Aviation Authority (“BCAA”). The DCA and BCAA wanted to assess the compensation and pension benefits of all positions so that BCAA could attract and retain the necessary talent.
- KPMG in Bermuda benchmarked compensation, including salary, benefits, vacation and other remuneration for each position with similar positions employed by international civil aviation authorities. Additionally, KPMG in Bermuda provided an actuarial assessment of whether the value of the benefits payable at retirement under the new defined contribution pension plan would be equivalent to what former DCA employees would have received under the civil service defined benefit pension.
- The benchmarked compensation survey and recommendations were used by management to propose remuneration for BCAA employees to the Board of Directors. The actuarial assessment identified and recommended changes to pension contributions to ensure that transferred employees were fairly compensated for transferring to the BCAA’s pension plan.

Government of the British Virgin Islands – human resources analysis

- The Government of the Virgin Islands (“the BVI Government”) engaged KPMG in the BVI to carry out a human resources-based rationalization, modernization and efficiency review of the entire public service within the Virgin Islands.
- In the process of the work, KPMG in the BVI carried out two Government-wide online surveys, conducted workshops, meetings and interviews to gather feedback and insight from over 35% of public service employees. KPMG in the BVI also acted as facilitators for ongoing senior management meetings and worked with the HR department and permanent secretaries to establish a senior team tasked to implement the project recommendations.
- As a result of the review, new public service role profiles were written and overall number of profiles reduced. Moreover, updated organizational structures were created for 58 departments along with an in-house implementation team created to ensure implementation of the review recommendations.

Immigration process improvement

LEAN process transformation

Context

The Department of Immigration is responsible for protecting the rights of Bermudians and ensuring the timely and fair processing of applications. Approximately 20% of jobs are filled by expatriate workers who require work permits.

KPMG's role

KPMG in Bermuda is engaged to assist with identifying process improvement opportunities to eliminate operational bottlenecks in the work permit process. The objective is to improve customer service and introduce a risk-based approach to vetting applications which will improve protections for Bermudians.

Key Contacts

Mike Morrison
Managing Director

Lori Rockhead
Director

KPMG in Bermuda is engaged to lead LEAN process improvement through the robust engagement of Department of Immigration employees and business stakeholders who rely on the timely and consistent processing of work permit applications to meet their resourcing needs.

Using LEAN process analysis, KPMG in Bermuda has nearly completed the following three phases.

Diagnostic Phase

Reviewed process documentation and relevant reports, conducted data analysis, conducted interviews with stakeholders, conducted on-site observations.

Process Analysis and Opportunity Phase

Conducted value stream analysis for work permit work flows consisting of preparation, mapping workshop and validation.

Implementation Planning Phase

Development of the high-level implementation roadmap with timing, prioritization, and requirements for implementation.

Outcome

KPMG in Bermuda has developed the business case for the recommended improvements and supported the Department of Immigration with the initial trial and implementation of nine quick wins to eliminate inefficiencies and increase alignment and focus without adding additional resources.

To date, the Department of Immigration quick wins have resulted in significant reductions in application processing times, clerical errors, and the amount of paper submitted and produced. Moreover, significant increases in productivity (20 – 50%), have been realized through the redesign of the screening checklist, dual monitors and updating the approach to large volume applications submitted by the hospitality industry.

Importantly, the work permit team are engaged and energized by having been at the heart of the change process.

EU Economic Substance regulations implementation

Regulatory and risk consulting services

Context

In December 1997, the Council of the European Union ("EU") and the representatives of the governments of EU Member States adopted a resolution with the objective to curb harmful tax practices. In recent years, the focus on applying these principles has turned to non-member countries and territories to which EU treaties do not apply.

These principles include ensuring that jurisdictions do not facilitate the use of structures which attract profits but which do not reflect real economic activity that is being undertaken in that jurisdiction ("substantial economic presence").

In 2019, KPMG in Bermuda was engaged by the Bermuda Registrar of Companies ("RoC") to help develop its compliance program in accordance with the EU Anti-Tax Avoidance Directive ("ATAD").

KPMG's role

KPMG in Bermuda was engaged by RoC to assist with:

1. Finalizing the European System of Accounts (ESA) guidance notes.
2. Building preliminary generic use cases for testing the new monitoring system.
3. Defining initial parameters, logic and approach to the declaration form.
4. Supporting data collection and data analytics, including integration of existing and new systems.
5. Supporting RoC's preparation for OECD assessment.

Outcome

- KPMG in Bermuda assisted RoC with the development of Economic Substance Guidance Notes to provide guidance to corporate entities on what will constitute substantial economic presence.
- The engagement is ongoing.

Key Contacts

Will McCallum
Managing Director

Denise Thompson
Senior Manager

EU Economic Substance compliance platform

IT and risk consulting services

Context

From 1 January 2019, the Crown Dependencies and the majority of the Overseas Territories introduced economic substance rules into their local laws.

From a Channel Islands' perspective, the rules require a company (resident in either Jersey or Guernsey) that undertakes a "relevant" activity to demonstrate the following:

- the relevant activity is directed and managed on the island where it is resident;
- the Core Income-Generating Activities ("CIGA") relating to that relevant activity are performed on the island where it is resident; and
- it has adequate people, premises, and expenditures relating to any relevant activity it undertakes on the island where it is resident.

It is imperative that Corporate Service Providers ("CSPs") assess the impact of these rules on the entities that they administer. Due to the variety and complexity of the businesses undertaken by entities administered within the fiduciary sector, this sector has been impacted by these rules in a number of ways.

The activities affected most, include:

- Finance and leasing
- Pure equity holding companies
- Shipping companies
- Headquartering (headquarter services to other non-resident members of the same group)
- Fund management companies
- Intellectual property holding companies

Outcome

Given the multi-jurisdictional nature of the client base, KPMG in the Channel Islands has developed a tool that enables CSPs to assess the extent to which the companies they administer are exposed to the economic substance requirements. This interactive tool helps CSPs by assessing whether a company is in, or out, of scope; additionally, it provides a risk rating specific to the circumstances of each entity. This tool helps identify where current practices may be insufficient and highlights instances where further attention is required.

Some of the key features of the tool include a review mechanism within the assessments that allows for an approval process to exist within the organization, an entity and assessment audit trail, as well as a dashboard to be used as a management tool.

As it stands, the tool can be utilized in other British Overseas Territories and Crown Dependencies.



Key Contact

John Riva
Partner

Antony Mancini
Partner

Paul Eastwood
Director

Paul Beale
Director

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National Anti-Money Laundering Policy

Regulatory and risk consulting services



Context

The Office of the National Anti-Money Laundering Committee (“NAMLC”) in Bermuda is responsible for fighting money laundering, terrorist financing and proliferation financing. In order to achieve its objective NAMLC developed the national plan to implement and coordinate policies and activities of Bermuda’s security agencies.

Bermuda, is a member of the Caribbean Financial Action Task Force (“FATF”). FATF is an intergovernmental organization setting the global standard in combating money laundering and terrorist financing. As a member, Bermuda is required to develop and implement:



The national risk assessment to identify and assess the country’s money laundering and terrorist financing risks.



Anti-Money Laundering (“AML”) policies informed by the risks identified in the risk assessment.

KPMG’s role

KPMG in Bermuda assisted NAMLC with developing and drafting its AML policy, in compliance with the FATF methodology and recommendations.

This included:

- Considering results of Bermuda’s national risk assessment and facilitating discussions with NAMLC to determine the most effective approach to incorporating results of the assessment into the national AML policy.
- Preparing a template structure of the national AML policy, following FATF methodology.
- Drafting Bermuda’s national AML policy based on executive instructions, facilitated discussions and the template.

Outcome

KPMG in Bermuda completed the engagement in March 2018 and delivered the national AML policy in March 2018.

Key Contacts
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Bookshelf

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INSIGHT Issue No. 12 **Emerging Markets**

This edition explores Emerging Markets as the next big opportunity; growing populations and rising living standards are creating high demand for new infrastructure.



INSIGHT Issue No. 11 **Connections**

This edition discusses the value of connections we make in a world where traditional infrastructure is no more.



INSIGHT Issue No. 10 **#Infratech is here**

This edition considers the impacts and opportunities of technology on the infrastructure sector.



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**KPMG’s Caribbean Infrastructure,
Government & Healthcare contacts**

Please contact the KPMG member firm represented in your country if you have any questions. KPMG member firms are represented throughout the Caribbean region, and have a specific knowledge and understanding of the business, cultural, economic and political facets of conducting business in each country.

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