

30 October, 2003

Circular L17/03 (WSP)

*To each local authority*

**Water Services Pricing Policy Implementation  
- Management Information Questionnaires 2002 and 2003 -**

A Chara,

The purpose of this Circular is twofold:

1. To notify local authorities of the analysis of the information provided in response to the 2002 Management Information Questionnaire (MIQ), and
2. To request local authorities to complete the 2003 MIQ.

This is the fourth year of the Questionnaire. The information supplied provides an overview of the implementation of national water services pricing policy and a measure of annual progress. While the information is essential for the Department it should also assist local authorities in identifying and segregating domestic and non-domestic costs and in developing robust and reliable water services pricing data.

**Summary 2002 Return**

Firstly the almost 100% response (3 Town Councils did not complete a return) to the Questionnaire is acknowledged and appreciated.

The 2002 returns are summarised at Annex 1 (attached). While the collated information appears credible at face value, some individual local authority returns do not make sense. Overall the 2002 data is considered more robust than in previous years but is still considered not totally reliable.

The combined 2002 summary information indicates that:

- The total cost of public water services is €402m.
- The volume of treated water supplied to the non-domestic sector is 291m cubic meters.
- There are 22% more commercial rate customers than non-domestic water services customers in urban areas. This excludes the Dublin authorities.
- The per cubic meter charge is 20% below the average necessary charge, defined as the necessary amount to achieve full cost recovery on a water in/water out basis.
- There are 169,616 non-domestic customers of which 36% are metered.
- There are 33,012 non-domestic customers not charged for water services.

Overall 52% of local authorities have graded the information supplied as robust, 33% are reasonably confident of the data while 3% have little confidence in the information supplied (the remaining 12% of authorities did not grade the quality of the information supplied).

### **Comparisons with the 2001 Return**

The cost of water services provision has increased by 41% since 2001 and is now €402m. This is a 34% cost increase for water and 54% increase for waste water.

The numbers of non-domestic customers paying a flat or metered charge have increased only marginally while those not charged for water services have fallen, but only slightly. Specifically -

- The number of metered customers increased by 2,521 to 60,444
- The number of flat charge customers increased by 2,491 to 75,809, and
- The number of customers not charged fell by 1,169 to 33,014.

However, as already outlined when individual local authority returns are examined there are some inexplicable details, such as:

- The non-domestic customer base in several counties fell by amounts up to 21% while in other local authorities it has increased by up to 66%.
- While the average necessary charge per cubic meter for water supplied to non domestic customers to achieve full cost recovery on a water in/water out basis is €0.96 (B.1.2) when individual returns are examined a number of authorities have not calculated this figure correctly.
- There was a drop in the numbers of customers charged on a water in/water out basis from 21,325 to 21,011.

### **Charging all non-domestic customers**

The 2002 MIQ continues to show an extraordinarily high number – 33,012 - of non-domestic customers not directly charged for their water services. This is both disappointing and worrying. It is assumed, in this regard, that the commercial rate is used as the cost recovery vehicle for these users. The continuation of this approach is unacceptable, is contrary to national water services pricing policy and requires an early and effective response from the authorities concerned.

We have through numerous circulars, guidance material and workshops requested *inter alia* that local authorities directly charge all non-domestic water services users for their water services. It is imperative that authorities directly recover relevant capital and operational costs from these customers at an early date. Arrangements should therefore be introduced as a priority to bill all such non-domestic water services customers using a fixed tariff if necessary. Authorities are requested to act immediately and not to await delivery on the universal metering requirement or the 2006 implementation deadline.

### **Local Government Act, 2001**

Under the Local Government Act, 2001, it is intended to raise the Sanitary Authority function to city and county level. This provision is to come into operation at 1 January, 2004. Accordingly county councils should arrange for the collection of all 2003 MIQ data (including the town councils) and the completion and submission of a single return for their new administrative area. The new arrangements do not affect city councils.

### **Management Information Questionnaire 2003**

The 2003 return form and guidance notes are attached. The questions are essentially unchanged from last year (one question has been dropped and another included). You are again asked to ensure the accuracy of the data used and to complete the questionnaire for return to the undersigned by end of **January 2004**. An electronic version of the MIQ is available from Mr. Emmet Fahy ☎ 01 8882165 or e-mail [emmet\\_fahy@environ.ie](mailto:emmet_fahy@environ.ie)

Mise le meas,

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Liam Gleeson  
Water Services Policy Unit

To - Each County and City Manager, Director of Services (Water Services) and Town Clerk

Copy to - GCCC, CCMA , AMAI, Ombudsman's Office and Regional Authorities.

# Management Information Questionnaire 2003

## - GUIDANCE NOTES -

*Note : Authorities should grade the data set for each question in the (second) column of the MIQ titled "Data Grade" as follows:*

*Insert "A" - where the data is considered robust.*

*Insert "B" - where the authority is reasonably confident of the data*

*Insert "C" - where there is little confidence in the data.*

### **A** **Operational Cost of Water Services Provision**

#### A.1.1 Total cost of water treatment and supply

*Figures should reflect the full cost of public water treatment and supply (i.e. domestic & non-domestic) and include all relevant capital, operational and administrative costs (including metering, non-domestic capital cost recovery etc.).*

#### A.1.2 Total cost of waste water collection and treatment

*Figures should reflect the full cost of public waste water treatment and collection (i.e. domestic & non-domestic) and include all relevant capital, operational and administrative costs (including non-domestic capital cost recovery etc.)*

#### A.1.3 Total cost of water services provision

*Total of A.1.1 and A.1.2*

### **B.** **Cost Recovery From Non-Domestic Users**

#### B.1.1 Volume of treated water supplied (in cubic meters)

*The total (cubic meter) volume of water supplied to non-domestic customers.*

#### B.1.2 Charge per cubic meter for non-domestic customers

*Outline the per cubic meter amount non-domestic customers were charged in 2003 for water and wastewater services combined.*

B.1.3 Necessary charge per cubic meter for water supplied to non-domestic customers to achieve full cost recovery on a water in/water out basis

Identify the total cost of providing non-domestic water and waste water services (factoring in all relevant capital, operational and administrative costs) in 2003. Divide this sum by the volume of treated water supplied, in cubic meters, (not gallons) to non-domestic customers (B.1.1.).

*For example:*

*If the total cost of water services provision to non-domestic customers is €4,000,000 and the volume of treated water supplied to non-domestic customers is 3,000,000 cubic meters per year, then the necessary charge amount to achieve full cost recovery on a water in/water out basis would be €1.33 per m<sup>3</sup> i.e. €4,000,000 ÷ 3,000,000 m<sup>3</sup> = €1.33 per m<sup>3</sup>.*

**C. Customer Base**

C.1.1 Number of non-domestic water services customers

*State the number of non-domestic water services customers identified by your authority.*

C.1.2 Number of non-domestic water supply customers paying a metered charge

*State the total number of identified non-domestic customers who are charged for water and/or waste water services on the basis of metered usage.*

C.1.3 Number of non-domestic water supply customers paying a flat charge

*State the total number of identified non-domestic customers who are not metered but are instead charged a set amount for water and/or waste water services.*

C.1.4 Number of non-domestic water supply customers not charged for water services

*State the total number of identified non-domestic customers who are not charged for water and/or waste water services.*

**Note. The combined total of C.1.2,C1.3, and C1.4 should equal C1.1**

C.1.5 Number of non-domestic customers charged on water in/water out basis

*Indicate the level of use of the water in/water out mechanism in non-domestic water service cost recovery.*

C.1.6 Number of non-domestic water supply customers paying a consolidated

charge

*State the number of identified non-domestic customers who are paying a consolidated charge. A consolidated charge is the average, aggregate cost of the provision of water and waste water services in an administrative area expressed as a charge per cubic metre of water supplied. L16/00 (December 2000) suggests that non-domestic users be charged for water services on a consolidated county or city wide metered basis. Such a charge should take account of all costs, including capital, operational and administrative and be recovered from non-domestic customers on the basis of the water in/water out principle.*

C.1.7 Is full cost recovery from non-domestic customers being achieved yes/no

C.1.8 If the reply to C.1.7 above is No please indicate when full cost recovery will be achieved.

*Where the answer to C.1.7. is no, calculate the percentage of non-domestic water services customers who will be paying for the full cost of receiving water services, in successive years, from 2003.*