

6<sup>th</sup> December, 2004

Circular Number: WSP9/04

*To each Sanitary Authority*

**WATER SERVICES PRICING POLICY IMPLEMENTATION  
- Management Information Questionnaires 2003 and 2004 -**

A Chara,

This is the fifth year of the Management Information Questionnaire. The data supplied provides an overview of national water services pricing policy implementation and is an annual measure of progress in this area. The questionnaire also assists local authorities in implementing and progressing water services pricing and in developing robust and reliable water services pricing data.

The purpose of this Circular is to:

- Provide authorities with a summary of information from the 2003 Management Information Questionnaire (MIQ),
- Advise authorities of any concerns regarding water services pricing policy implementation, and
- Request authorities to complete the 2004 MIQ.

Summary of the 2003 Return

The 100% response to the MIQ is acknowledged and appreciated. The format used was the same as 2002 except that each sanitary authority made a single county or city return, which included Town Councils. In addition comparative data for commercial rate customers was not requested.

The 2003 return is summarised at Annex 1 (attached). Although this information is credible it is not without contradictions. It is however considered as more robust than the 2002 data.

The combined 2003 summary information indicates that:

- ❑ The total cost of public water services was €453m.
- ❑ Non-domestic water services costs are estimated/extrapolated at €216m or 48% of total costs with domestic costs amounting to €237 or 52%.
- ❑ The volume of treated water supplied to the non-domestic sector was 207 million cubic meters.
- ❑ There was a 21% increase in the per cubic meter charge in 2003.

- ❑ This charge was 11% below the average necessary charge to achieve full cost recovery on a water in/water out basis.
- ❑ There were 183,656 non-domestic customers of which 34% are metered.
- ❑ There were 42,004 non-domestic customers not charged for water services.

### Comparisons With the 2002 MIQ Return

1. The cost of water services provision at €453m has increased by 13% since 2002. This is a 2% cost increase for water and 28% increase for waste water.
2. The numbers of non-domestic customers paying a flat or metered charge have increased only marginally (4%) while those not charged for water services have risen significantly (27%) as a result of the rolling out of metering programmes by authorities. Specifically:
  - The number of metered customers increased by 2,696 to 63,140
  - The number of flat charge customers increased by 2,702 to 78,511, and
  - The number of customers not charged increased by 8,993 to 42,005.
3. While the non-domestic customer base increased by 8% overall, the non-domestic customer base fell by significant amounts in some authorities and by over 90% in one authority.
5. The numbers of non-domestic customers subject to a metered charge fell in some areas.
6. The numbers of non-domestic customers charged on a water in/water out basis increased from 21,011 to 32,779.

### Charging All Non-Domestic Customers

The 2003 MIQ continues to show an extraordinarily high number i.e. 42,005 of non-domestic customers not directly charged for their water services. (The figure is estimated at 62,000 in the 2004 metering questionnaire.). This is a disappointing and worrying feature of recent returns. It is assumed, in this regard, that the commercial rate is used as the cost recovery vehicle for many of these users. The continuation of this approach is inconsistent with national water services pricing policy that requires full and direct cost recovery from all non-domestic customers.

We have previously asked local authorities to directly charge all non-domestic water services users for their water services. It is necessary that authorities directly recover relevant capital and operational costs from all such customers at an early date. Arrangements should be introduced as a priority to charge all such non-domestic water services customers using a fixed tariff where necessary. Authorities should act immediately and not await delivery on the universal metering requirement or the 2006 implementation deadline.

### National Non-Domestic Metering Programme

You are again reminded that the deadline for universal non-domestic metering is 2006. There are only two years left to fully achieve this Government target. Authorities should make all necessary arrangements to ensure that this requirement is fulfilled on time. A further circular will issue on this matter shortly.

### Management Information Questionnaire 2004

The 2004 MIQ and guidance notes are attached at Annex 2. The questions are unchanged from last year. Those completing the Questionnaire are asked to refer to the guidance notes. Please ensure the accuracy of the data used, complete all of the questionnaire (leaving no blanks) and return the MIQ to the undersigned by the 28th February 2005. An electronic version of the questionnaire is available from Mr. Emmet Fahy Phone: 01 8882165 or e-mail: *emmet\_fahy@environ.ie*

Mise le meas,

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Liam Gleeson  
Water Services Policy Unit

To - Each County and City Manager and Director of Services (Water Services)  
Copy to - GCCC, CCMA , AMAI, Ombudsman's Office and Regional Authority.

# MANAGEMENT INFORMATION QUESTIONNAIRE 2004

## - 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.) in 2004.*

#### 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.) in 2004.*

#### A.1.3 Total cost of water services provision in 2004

*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 2004 for water and waste water 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, i.e. the charge needed to be levied to pay for the provision of water & waste water services.

Identify the total cost of providing non-domestic water and waste water services (factoring in all relevant capital, operational and administrative costs) in 2004. 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 €.33 per m<sup>3</sup> i.e.  $€4,000,000 \div 3,000,000 \text{ m}^3 = €.33 \text{ per m}^3$ .*

C. 

<b>Customer Base</b>
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- C.1.1 Number of non-domestic water services customers

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

- C.1.2 Number of non-domestic water services 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. The Local Government Act 2001 transfers all water services functions to the county or city level, L16/00 suggested therefore 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 2004.*