

Water Services Managers Group National Performance Review Workshop

2-3pm, 31st March 2016

WATER SERVICES MANAGERS GROUP OBSERVATIONS

Workshop observations provided on participant worksheets and through verbal commentary are summarised here.

Asset Management

- Age of pipelines is less important than timing of renewals. Improved understanding of asset renewal profiles would assist understanding the timing of renewals e.g. expanding the AC pipes manual.
- Asset condition assessment methodologies vary. The lack of a standard method is of concern and opportunity for improvement.
- Rural areas appear to have less information available on their assets. This information may be less critical in rural areas as there are less consumers and assets. Sharing of resources between smaller and larger councils was discussed and noted that this may constitute a cross subsidisation.
- Improved guidance would assist in the assessment of critical assets.
- Performance comparisons on differences in connection numbers between Australian and New Zealand water utilities did not provide any additional insight.

Financial Performance

- Actual capital expenditure trailing budgeted expenditure may sometimes result from political stalling. Some councils have improved the gap by implementing small catchment budgets as opposed to district wide catchments.
- Reported revenue (1.4billion) is significantly lower than expenditure (2.2billion). This may result from;
 - strategic decisions to manage rates rise
 - under-reporting stormwater revenue (often buried in general rates); and
 - doubling up of renewals and funded depreciation expenditure.Improving the robustness of financial data and understanding of storm water revenue sources (e.g. included in roads charges) would address this.

Service Quality

- Data could be used to advocate for additional resources within councils.
- The importance of aligning review questions with DIA measures was highlighted.
- Definition and instruction criteria should provide more guidance.
- Not all measures offered valuable comparisons.

Water Demand Management

- Water treatment complexity will have a large influence on water quality. This in turn affects comparisons of operational expenditure.
- Water restrictions can be an acceptable means for managing demand.
- Reasonable water use varies depending on water's cost and abundance. Water may also be reused in some circumstances, not captured in benchmarks.

Access to Service

- Where there is no water metering an equivalent cost per m³ metric would be useful.
- Illustrating who is metered in access to service graphics would assist in graph interpretation.
- Many schemes have major users. This will impact on the costs associated with providing the scheme.
- Inflow and Infiltration (I&I) impacts on operational and maintenance costs.
- Councils may be conducting water balances using different approaches.
- Cost of wastewater treatment is dependent on resource consent conditions.

Environmental Management

- The number of expired wastewater treatment plant consents in the report is noteworthy. Speculation on the reasons for this should be removed.
- Differences in definitions of wastewater primary, secondary and tertiary treatment were discussed.

WATER NEW ZEALAND ACTIONS

The following are actions to respond to the Water Services Managers Group (WSMG) workshop observations. Actions are based on commentary of the WSMG and opportunities available to Water New Zealand.

Project Development

Asset Management: Consider development of guidance to;

- Harmonise existing pipeline condition assessment methodologies.
- Update pipeline renewal profiles (e.g. expanding AC pipe guidance).

- Assess critical assets.

Water New Zealand is collaborating with the UC Quake centre and IPWEA to scope a project to address this.

Access to Service: Promote Water loss training using bench loss software (tentatively planned for Feb 2017).

Performance Indicators for consideration in the 2015-16 in the National Performance Review

- **Asset Management:** Pipeline end of life.
- **Financial Performance:** Stormwater revenue sources.
- **Water Demand Management:** Log reduction required at water treatment plants.
- **Water Demand Management:** Why water restrictions are in place.
- **Access to Service:** Inflow and infiltration.

Improvements to data reporting

Financial Performance: Reporting of stormwater revenue and expenditure will be included as a discussion topic at the participant workshop.

Environmental Management:

- Water New Zealand to contact review participants with expired consents to determine the reasons why these have expired.
- Provide more detailed definition on primary, secondary and tertiary wastewater treatment levels in data collection guidelines and review at workshop.

Access to Service:

- Consider whether the review current price comparison metric (based on a standard usage volume of 200m³) should be changed.
- Consider alternative presentation formats in the 2015-16 review.
- Consider how the current residential, non-residential break down in the Review could be improved.

Industry Liaison

Service Quality:

- Water New Zealand to maintain an ongoing dialogue with DIA on NPR alignment.
- Water New Zealand to annually review relevance of measures and is investigating the establishment of a Technical Advisory Group to this end.