Summary of Three Waters Request for Information Clinic

# Tuesday 3 November 2020, 8am to 11am

## Purpose of the clinic

* It was noted that the clinic was the first of a series of sessions to provide support and guidance over the course of the RfI process. These sessions would be run as a collective and would be in addition to individual sessions and the helpdesk support available.
* The format of this session was relatively open given the early stage in the RfI process but it was noted future sessions would be run on a topical and more structured basis.
* Questions and answers would be documented and made available publicly for attendees and others to review.

## General questions related to the RfI

**Question: What is the rough estimate of person hours required to populate the spreadsheet?**

**Answer**: This will be depend on the specific circumstances of individual local authorities and existing information collection systems. In initial soundings with the sector, we were advised the resource required would be between 1 to 3 FTEs over the period that the RfI process will run for (around 14 weeks).

**Question:** **For those still to decide whether to do Workbook I, do you have a synopsis of the key differences which would be helpful for a memo to CE?**

**Answer**: Workbook II requests significantly less information than Workbook I (approximately 30% of Workbook I).

Workbook II includes the full requests for the qualitative/commercial (section AA) and financial (Section F) as well as abridged versions, requesting only key information from all the other sections. This helps to provide an understanding of the current commercial arrangements and financial position associated with three waters services, as well as to help inform analysis on the impact of the reform programme on councils.

The following tabs from Workbook I are excluded from Workbook II:

* + - Table B3: Wastewater Flooding Inside A Property
		- Table B3a: Wastewater Flooding outside of the customer's property - i.e. External Flooding
		- Table B4: Customer Care - Enquiries (Three Waters)
		- Table B5: Customer Care - Contacts and Complaints (Three Waters)
		- Table B6: Customer Care - Other (Three Waters)
		- Table B8: Other Service Indicators - Water, Wastewater and Stormwater
		- Table C3: Water Enhancement
		- Table C4: Wastewater Quality Outputs - Compliance
		- Table C5: Wastewater Quality Outputs - Asset Performance
		- Table C6: Wastewater Quality Outputs – Enhancement investment
		- Table C7: Water Quality Outputs - Water Mains Activities
		- Table C8: Wastewater Quality Outputs - Sewer Activities
		- Table C8b: Stormwater Quality Outputs - Stormwater Only Sewer Activities
		- Table E4: Water Resources and Treatment
		- Table E5: Large Water Treatment Plant Information Database
		- Table E6: Water Explanatory Factors - Distribution
		- Table E7: Wastewater Explanatory Factors - Wastewater
		- Table E7b: Stormwater Explanatory Factors
		- Table E8: Wastewater Explanatory Factors - Wastewater Treatment Plants
		- Table E9: Large Wastewater Treatment Plants Information Database
		- Table E10: Wastewater Explanatory Factors - Sludge Treatment and Disposal
		- Table G2: Project Analysis - Water Service
		- Table G3: Project Analysis - Wastewater Service
		- Table G4: Project Analysis - Stormwater Service
		- Table J2: Disaggregated Asset Information
		- Table J3: Contractor Rates for Asset Replacement

**Question: There are areas across tabs E and F where we do not break down to that level of detail yet what information we do have meets AuditNZ requirements - how do we address any shortfall in the information you are asking for?**

**Answer:** Councils are asked to provide their best estimate based on the available information and reflect the uncertainty in the estimate through the selection of the confidence grade.

**Question: There would be value in having one of these meetings dedicated to the finance aspect so that we can invite our finance people to attend.**

**Answer**: Future clinics will be structured on a topical basis. A finance session will be organised and advised ahead of time so that key staff can be notified.

**Question: Our finance staff have indicated we do not record balance sheet information at the level you request - how should this be addressed?**

**Answer:** Councils are asked to provide their best estimate based on the available information and reflect the uncertainty in the estimate through the selection of the confidence grade.

**Question: Our key staff are quite often tied up in council meetings between Tuesdays and Thursdays. Mondays and Fridays are better days - would everyone agree? Looking for feedback. Just trying to maximise the opportunity to get the right people engaged from across the councils. What are other councils’ teams views?**

**Answer:** Local authority staff are invited to comment on whether the timing of the clinics present any challenges. It is noted that these sessions will need to be in the mornings to accommodate the time difference with Scotland to enable the experts from the Water Industry commission for Scotland to attend. Questions and answers will be captured and made available for those unable to attend.

**Question: If there is to be updates to the workbook, how and when might be that be communicated?**

**Answer**: In the first instance the nominated primary RFI contact will be notified by email of any updates to the workbook. Updates will also be uploaded to the RFI webpage at <https://www.dia.govt.nz/Three-Waters-Reform-RfI> and be communicated in webinars and clinics. Any changes made to either Workbook I or II will be noted in a change log.

## Stormwater

**Question: Is there any reason why you are not asking for stormwater information in tab J3?**

**Answer**: Additional guidance will be provided on how this could be captured in the RfI.

[**Post meeting note:** Information on stormwater infrastructure assets are now included in the RfI template (v2) reissued on 10 November 2020. These are covered in lines J2.15 to J2.23 in tab J2 and J3.13 to J3.20 in tab J3.]

## Dealing with multiple schemes, zones and sources

**Question: Is the Number of Resource areas referring to the zones supplied or the number of sources?**

**Answer**: Resource areas refer to the largest possible area in which all resources, including external transfers, can be shared and hence the area in which all customers experience the same degree of supply failure from a resource shortfall. They could therefore cover a number of sources.

**Question: In schedules E, the tables ask for inputs by 'Area'. Are these 'areas' the same as supply zones?**

**Answer**: The operational areas refer to sub-areas that the councils use to capture costs. These could, for example, be based on supply zones, schemes or river basins.

[**Post meeting note:** Schedule E (v2.0) reissued on 10 November 2020 has clarified that councils have the option of whether to report the information in schedule E by operational area or at the aggregate level. This is except for Table E9 which requests information for large wastewater treatment plants]

**Question: Some small local authorities have small to very small water schemes. Can we group up all our schemes for the responses?**

**Answer**: Yes, the only exception relates to Table E9 which requests information for large wastewater treatment plants.

**Question: How do we account for jointly owned or governed water schemes?**

To the extent that councils have a jointly owned asset, councils should split the operating expenditure and capital expenditure associated with the asset in relation to the proportions set out in the contract. If energy costs are paid for centrally, for example, these should be divided on that basis.

The commentary cells should explain the allocations used.

Each council should also report their own share of volumes supplied or assets, for example, in their RfI templates and use confidence grades to reflect any uncertainty in the estimate.

**Question: Are you looking for information at an aggregate level or a scheme by scheme level?**

**Answer**: It depends on the table. Table A, for example, requests information at an aggregate level. Table E9, however, requests information on large wastewater treatment plants which may be an individual scheme. The Schedule for each table provides guidance on whether information is requested at the aggregate level or a scheme by scheme level.

## Headroom and peak demand

**Question: Does the headroom relate to treatment plant capacity versus headroom in water allocation consent?**

**Answer**: Headroom is the difference between the water available to supply customers and the annual average demand (as measured by distribution input). This would therefore relate to water allocations from consents and the availability of bulk supplies received from other councils.

**Question: Why is headroom not peak demand versus consented take?**

**Answer**: It could also be useful to understand headroom based on peak daily demand – especially for those councils that have a peak daily demand in the summer that is substantially higher than the average daily demand. Additional guidance will be provided on how this could be captured in the RfI.

[**Post-meeting note:** Information on peak daily demand is requested in the RfI template (v2) reissued on 10 November 2020. This is captured in Table B1a.]

**Question: The summer demand and winter demand are different. The average annual demand may not reflect true peak weekly water demand for dry summer?**

**Answer**: Additional guidance will be provided on how this could be captured in the RfI.

[**Post-meeting note:** Information on peak daily demand is requested in the RfI template (v2) reissued on 10 November 2020. This is captured in Table B1a.]

**Question: Where "population" is referenced through the sheets, are you looking for usually resident population, (which would exclude summer tourist peaks) or some other statistic?**

**Answer**: Yes, except for lines A1.44, A3.59, E7.2, E7.2b and E9.2 which cover summer population (i.e. including summer tourist peaks). The schedules for each table provide further guidance on the population to be reported.

**Question: So many small tourist towns don't have hotels, it’s all holiday homes.**

**Answer**: The holiday and tourist population using holiday homes should be included in summer population. The summer population should capture any holiday and tourist population using any form of accommodation in the council area.

**Question: COVID 19 has had quite an impact on demand in some of high tourist areas. This will be reflected in usage and future usage. Shall we just comment that this usage is outside a normal? Or semi predict what the usage would've been and could possibly be in the coming years?**

**Answer**: Councils should report actual volumes supplied with no adjustments for the year ending June 2019 and June 2020. Projected volumes for the year ending June 2021 should be based on most recent estimates. If material, councils should provide an estimate of the impact of COVID 19 on volumes in the commentary cells.

## Water treatment plants

**Question: Tab E5 relates to water treatment plants with design over 25 ML/D -- in Southland we have no plants that meet this criteria -- how should we treat this tab?**

**Answer**: Councils that do not have a large water treatment plant with a design capacity exceeding 25 Ml/d should explain that it has no assets of this size in the commentary cells and populate the input cells with ‘not applicable’.

## Population and connections

**Question: In sheet A1 it asks for total billed properties. A number of properties have more than one water account. Do you want it based on actual properties or actual connections? Same question for wastewater and pan charges?**

**Answer**: These should be based on actual properties billed. Taking an apartment block with one connection as an example, the properties reported should be based on the number of apartments within that block. If an estimate is required, councils should reflect the uncertainty in the estimate through the selection of the confidence grade. The schedule for Section A provides further guidance on the treatment of properties with a single connection.

## Dealing with growth and uncertainty

**Question: How do growth related projects accounted for as far as this exercise and new entity is concerned? LTPs will contain growth related projects.**

**Answer**: Growth projects are accounted for in Section G. Table G1 requests a summary of growth investment. Tables G2 to G4 requests information on individual projects for the long-term plan period.

**Question: Some Councils may be predicting and preparing for static conditions or negative growth and managed service reductions. Any thoughts on that end of the spectrum?**

**Answer**: Councils should reflect static conditions or negative and managed service reductions in their projections in the template and provide an explanation in the commentary cells where this applies.

## Definitions and terminology

**Question: Under C4, what are Single Tier Consents and Absolute Non-Sanitary Consents?**

**Answer**: Non-sanitary consents usually represent those determinands that are not specific to the wastewater treatment process. For example, these can include agricultural related nutrients or any other industrial related substances and metals. Trade effluent discharges into the wastewater network can usually be regarded as the source of non-sanitary determinands. In the context of New Zealand, this would include consents that cover chemicals used in agriculture or industry.

[**Post-meeting note:** Additional guidance is provided in page 28 of Schedule C (v2.0) reissued on 10 November 2020.]

**Question: Tab AA2 asks if a consent register has been provided - what is this meant to look like - would a PDF document of all our consents suffice - likewise in the same tab would a PDF document of valuations be acceptable?**

**Answer**: Please note that the RFI is requesting the consent register if possible. The consent register can be provided in any readily available format. If a consent register is unavailable, please provide copies of each of the underlying consents, a series of PDF documents would be fine. Equally, PDF copies of valuations would also be fine.

**Question: AA1.1 and AA1.2 - is this a copy of the funding impact statement we are all required to supply in our respective LTPs?**

**Answer**: For questions AA1.1 and AA1.2 please provide written descriptions rather than a copy of the funding impact statement.

For question AA1.1 please provide a written description of how customers are charged (e.g., types of charges and how charges differ across user groups) and a list of water/wastewater user groups used and a brief description of each.

For question AA1.2 please state the collection mechanism used to collect water, wastewater and stormwater revenues.

**Question: AA2.2 - Liabilities - does this cover our contractual commitments at 30 June 2020?**

**Answer**: Yes, although please note that it also covers contingent liabilities which may not be a contractual commitment at 30 June 2020 (e.g., litigation of a claim in relation to the water services).