



REGULATED INDUSTRIES COMMISSION

Ref: WASA Rate Review - RIC/001

STAKEHOLDER INFORMATION DAY

Wednesday 9th April'08 - Village Hall, Normandie Hotel, St. Anns.

Developing a More Efficient Water Sector ~ Key Issues and Challenges
WASA RATE REVIEW

Issues Analysis

In order to develop proposals for a more efficient water sector, coming out of the **Stakeholder Information Day**, the following key issues and challenges were discussed during the breakout sessions:

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| Issue # 1: | How can the level and reliability of service be improved within the shortest possible time? |
| Issue # 2: | How can the efficiency and performance of WASA be improved? |
| Issue # 3: | How can collections be improved and receivables be reduced? |
| Issue # 4: | How should Universal Metering be implemented? |
| Issue # 5: | What is the most efficient and effective subsidy mechanism for the poor? |

BREAKOUT SESSION	COMMENTS
<p>Table 5</p> <p>Question # 1: How can the level and reliability of service be improved within the shortest possible time?</p> <p>Facilitator's Name: Shameel Khan</p>	
<p>Participants:</p> <p>Brian La Fond Shaheed Latiff Mohammed Oswyn Edmund Mahindranath Ramnanan – WASA Deane Husbands Arthur Rollocks - Tobago Herbert De Lancy - Tobago Yolande Agard-Simmons - WASA</p>	<p>Proposals:</p> <ul style="list-style-type: none"> • It was recommended that the issue of leaks be looked at with an aim towards reducing leaks such that there is enough water for all consumers • Compatible equipment needs to be used as metric and imperial pipes are used to join together without the necessary adaptor, thereby causing leaks at the source. • Digging of more wells in rural areas to facilitate water availability • Re-establishment of abandoned wells in outlying areas • Employing retired WASA workers to deal with leaks with the implicit guarantee of no leaks on repairs within a 3 mth period otherwise penalties would be enforced • Environmental effects of desalination plants – heated water being pumped back into the sea and the increased salinity of water in the vicinity of discharge.

BREAKOUT SESSION	COMMENTS
<p>Table 5 Question # 1: How can the level and reliability of service be improved within the shortest possible time? Facilitator's Name: Mohan Chadee</p>	
<p>Participants:</p> <p>Dr. Koni Gligbe - Ministry of Education Lynette Mendoza - Ministry of Public Utilities Gerard Richardson - WASA Steve Fletcher - WASA Alan Poon King - WASA Sandra Sammy - WASA Roxanne Lashley - WASA Rizpah Rampersad - Consumer Affairs Division Savitri Bissessar - Ministry of Finance</p>	<p>Proposals:</p> <p>Summary of Discussions and Suggestions</p> <ul style="list-style-type: none"> - Need to look at the entire system from Source to Delivery - Identify critical area areas that are receiving 2 days or less - Identify projects or priority projects to improve reliability - Optimizing performance outputs of treatment plants - Strategic installation of service reservoirs - (18-24 months to be completed) - Provision of standby pump at all water pumping stations to reduce downtime. - Greater emphasis on reliability centered maintenance at all facility - Use of Hydraulic modelling and other computers based tools are critical. - Increase usage and reliance of data loggers to measure reliability. - The use of GPS/GIS to record and track leaks for determining the need and timing of mains replacement. - Provide education and information on Rain Water Harvesting - Introduction of bypass technology in leak management and responses to minimize areas being affected.

	<ul style="list-style-type: none"> - The use of Portable water tanks to provide a temporary alternative supply until restoration can be completed. - Improvement in the quality of work in pipeline replacements - Better monitoring of the system - Improvement in response time to leaks and disruptions - Public Information and Education <ul style="list-style-type: none"> - Conservation - How consumers' actions negatively impacts on WASA's infrastructure. (Using a water pump directly connected to the customer's service connection) - Consistent and continuous Investment in infrastructure - Reliability of Funding either through Tariff or from the GOTT - Implementation of Metering - Tariff to encourage conservation - Frequent and routine flushing of mains in areas prone to develop "residue" in the line. This would ensure that potable water is available for use.
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BREAKOUT SESSION	COMMENTS
<p>Table 2 Question # 2: How can the efficiency and performance of WASA be improved? Facilitator's Name: Carol Balkaran</p>	
<p>Participants:</p> <p>Ann Mc Carthy Sandra Rezende Charles De Matas Alana Gilchrist-Barn Alicia Caraballo David L. Boyce Gail A. Rose Rampersad</p>	<p>Issues:</p> <ul style="list-style-type: none"> ○ Governance Structure – Because WASA is State owned and run it does not have the same level of autonomy as a private company. Therefore it is not driven by profits. It is viewed as more of a social service. This often leads to inefficiency. There is also a lack of investment because there little or no internal funds and WASA depends on funding from Government for investment. ○ There is a critical need for standards, both internal and external. This is especially true in areas like road restoration. However, standards are needed for every aspect of the organization, including areas such as billings and collections. ○ There is a critical need for proper planning as well as implementation. ○ Organisational Culture – There is no “culture of care”. ○ Allegations that “daily-paid” workers almost “run the show”. ○ Concerns about the quality of workers hired especially for short-term contracts. ○ Allegations of nepotism and corruption. ○ Need to “decentralize” customer service to allow easier access for customers in rural areas. ○ Need for better co-ordination with other agencies such as the Ministry

	<p>of Works.</p> <p>Proposals</p> <ul style="list-style-type: none"> ○ Allow equity participation by workers so that they would have a vested interest in the improved performance of the company. Concerns were expressed as to how this would work given past experiences in Trinidad and Tobago such as BWIA (where workers lost money) ○ Need to implement a comprehensive programme to effect organizational change. Special attention should be paid to the union/s. ○ Need for proper monitoring and checks and balances e.g. road restoration work should be monitored to ensure that standards are maintained. ○ Need to implement processes that will encourage greater discipline among staff. ○ Need to have a programme in place that rewards good performance among staff e.g. Staff recognition programme. ○ Performance related pay would only work in a situation where managers have autonomy. Persons should not be punished for situations in which they have no control. ○ WASA should concentrate on improving its performance and leave the provision of subsidies to Government. ○ There should be decentralization in terms of customer service so that rural areas are better served. ○ Possibility of having persons from the private sector work with WASA personnel should be explored.
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BREAKOUT SESSION	COMMENTS
<p>Table 6. Question # 2: How can the efficiency and performance of WASA be improved? Facilitator's Name: Camille Rolingson</p>	
<p>Participants:</p> <p>Garvin Alexander - (RIC) Camille Rolingson – (RIC) Rajpaul Cassie- Mayaro Regional Corporation Shirley Jack – WASA Rita Green WASA Peter Hackett – WASA Doodnath Bholā – WASA Wilbert Harris – WASA</p>	<p>Proposals:</p> <p>We are in agreement with all of the issues proposed by the RIC on the question of how the efficiency and performance of WASA can be improved.</p> <p>Other issues that have been identified are:</p> <ol style="list-style-type: none"> 1. There is a lack of finance to ensure proper service delivery. 2. There is insufficient technology and manpower to do the work. 3. Capital investment should be sufficient with strict monitoring. 4. Re-engineering systems and processes and avoiding bureaucracy for example in the case of water trucking. 5. Targets should set for the next five years to monitor and improve efficiency e.g. in procurement. 6. More training programmes for staff of WASA and advanced equipment. 7. There should be an independent body set up with the responsibility of monitoring of performance and standards for quality and engineering. 8. Surveys of performance of WASA could be performed by the Regulated Industries Commission. 9. Penalties should be designed to regulate consumption patterns of consumers especially those who waste water.

	<p>10. The RIC should include as part of the WASA Rate Review quality standards and systems that monitor bacteriological, physical and chemical content of water.</p> <p>11. There should be tests done regularly on tanks and truck-borne supplies provided by WASA on a regular basis.</p>
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BREAKOUT SESSION	COMMENTS
<p>Table 5 QUESTION 3 – How can collections be improved and receivables be reduced? Facilitator's Name: Emily Pascal</p>	
<p>Participants:</p> <p>Ms Fitzgerald Scott - Member of Public - Raconteur. Ms Wendell Mayers - T&TEC- Scribe Ms Chitra Paraj - Member of Public Mr. Mohammed - Member of Public Mr. Errol Grimes - WASA Dr. Steve Fletcher - WASA Mr. Andy St Clair - WASA</p>	<p>Issues/Problems</p> <ul style="list-style-type: none"> WASA's receivables about \$582 million (Domestic Customers owe \$432 million, Public Sector \$100 million). Standpipe users owe \$88.4 million representing 15 years of arrears. <p>Proposals: Some Solutions</p> <ul style="list-style-type: none"> Implementation of reserve vote for public sector.

Ms. Claire Moolchan - RIC	<ul style="list-style-type: none"> • Introduction of late payment charge and disconnection for non-payment. • Eliminating Standpipe rates. • Outsourcing the Billing and Collection function. <p>1. Reserve Vote for public sector debtors.</p> <ul style="list-style-type: none"> • The table was in agreement with this recommendation. • It was suggested that the Reserve vote should be administered directly from the Ministry of Finance. Past experience with the reserve vote had shown that, at the regional corporations, monies allocated for payment of utility bills were redirected to other expenses. This would not be possible if the Ministry of Finance were to pay the utilities directly. • Public sector debtors should lead by example and pay utility bills on time. . <p>2. Disconnection for non-payment</p> <ul style="list-style-type: none"> • WASA was of the belief that the RIC had ordered that all disconnection be discontinued as was decreed by OFWAT in the UK. Mr. Atwal corrected this misconception by stating that the “no disconnections” directive only applied to unresolved queries that were under investigation. • The table then went on to discuss the impact of disconnections on the socially disadvantaged. The WASA representatives felt that the Authority should not have to decide who should be eligible for reduced rates. The WASA CEO felt that the administrative burden of such an
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	<p>exercise would be too costly to the Authority.</p> <ul style="list-style-type: none"> • It was suggested that a government agency be set up to deal with all matters related to the socially disadvantaged. This agency would screen customers and determine their eligibility or otherwise for reduced rates. The agency should also make good on the difference between the reduced water rates and the full cost of providing the utility's services to the disadvantaged customer. <p>3. Metering</p> <ul style="list-style-type: none"> • Metering was discussed as a means of facilitating disconnections for non payment. • Further discussions were centred around the following:- <ul style="list-style-type: none"> ○ The type of meter would determine the ease with which disconnections could be effected. ○ AMR, with remote disconnection facilities, while possible, was not a feasible option. Transaction costs would be small but capital outlay would be prohibitive. ○ Meters can be installed in road outside customer premises with special valve. This valve can easily be tampered with. ○ Alternatively, underground meter, with multi-lock style valve would be preferred for the more resourceful Trinbagonian customer. ○ Meters have an 8 year cycle for change out. • WASA's master plan for its investment programme (metering included) is on schedule to meet the Utility's November 2008
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deadline. This date is not in sync with the RIC's proposed rate review timetable which is scheduled to be completed by August 2008.

4. Eliminating Standpipe Rates

- WASA is on a drive to connect each house to the distribution network.
- However, there is an elective element to standpipe rates. Customers may prefer stand pipe to internal plumbing since rates are minimal (presently \$100 per year). Customers can also attach a hose to the standpipe and fill their tanks and so enjoy all the benefits of internal plumbing at considerably lower rates.
- There was no consensus on how this latter should be dealt with once the necessary infrastructure for individual connections becomes available (re: first bullet above).
(A possible solution would be to make standpipe rates less attractive –Author)

5. Outsourcing the Billing and Collection function

- Outsourcing could be applied depending on the outcome of cost/benefit analyses of this option.

6. Other Points Raised

	<ul style="list-style-type: none"> • Industrial customers pay 40% of WASA's revenues and are the Utility's best paying customers. • Billing register has many duplications for the same customer and/or premises • Water rates cannot be statute barred???? (<i>This was a WASA contention</i>). • When purchasing property, prospective owners should ensure that all outstanding bills are settled before finalisation. • Customer education campaign should be carried out by the RIC as an objective party and perceived guardian of the public interest.
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BREAKOUT SESSION	COMMENTS
<p>Table 3. Question # 3: How can collections be improved and receivables be reduced? Facilitator's Name: Connel Mottley</p>	
<p>Participants:</p> <p>SHARON JACK - CAD* KYANE RAGOBAR - CAD ARTHUR MC SHINE - Citizen MICHELLE MC INTYRE - CWWA+ PAULA MARIA FORTUNE - WASA WINSTON ALEXANDER - WASA</p> <p>* Consumer Affairs Division, Ministry of Legal Affairs. + Caribbean Water and Wastewater Association.</p>	<p>Proposals:</p> <ul style="list-style-type: none"> ▪ WASA currently has a large number of collection 'points' which include Service Centres, TTPOST outlets, Commercial Banks and LOTTO outlets. This strength needs to be fully exploited and could be further strengthened with the introduction of 'On-Line' payment options. ▪ Poor public perception has to be improved through better service to customers. Some customers presently refuse and will continue to refuse to pay their bills because of poor levels of service. I.e. Unavailability/inadequacy of water and sewerage treatment, poor road restoration etc. ▪ Presently most customers are billed on a quarterly basis with no incentive to limit late payments. The billing period may be shortened in order that customers will pay smaller amounts more frequently and additionally get into the habit of budgeting for regularly scheduled water rates. Also, incentives could be introduced to minimize the number of late payments by making it beneficial for customers to pay their bills early and on time.

	<ul style="list-style-type: none"> ▪ WASA could engage the cooperation of Commercial Banks and other Financial Institutions to have as part of their loan approval process, a condition that borrowers submit proof of good financial standing with the utility where applicable. It was noted that this is presently not legislated or enforceable in Trinidad and Tobago. ▪ WASA could institute 'up-front' payments from private housing and HDC developments to serve as a security bond to minimize the effect of the following events. Note that the list is not exhaustive. ▪ Non payment by households. A rebate on a customer's metered water bill will be debited from the established credit until it is exhausted; and ▪ Abandonment of Water and Wastewater Infrastructure by Developers. Security payments would be refunded upon the satisfaction of quality assurance standards relating to the operating and maintenance of all plant and equipment over an agreed period of time. ▪ WASA could implement a department to interface with various agencies and customers in order to devise/effect strategies aimed at determining new customer/ development growth patterns within a time frame that will allow the utility to prepare systems to properly serve these customers. Examples of such agencies are the Regional Corporations and the Town and Country Planning Division. ▪ WASA can achieve debt recovery under the Rate Recovery Act to recover arrears from delinquent customers. However, the political and social implications that presently deter this practice would have to be
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	<p>examined and surmounted.</p> <ul style="list-style-type: none">▪ WASA should strengthen its Debt Collection Unit with new policies, equipment, staff and training with the objective of considerably reducing outstanding arrears.
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BREAKOUT SESSION	COMMENTS
<p>Table 6 Question # 4: How should Universal Metering be implemented? Facilitator's Name: Janelle Crosby</p>	
<p>Participants:</p> <p>Mr. Kerwyn Callender – National Security Ms. Lisa Lum Kong – MPHE Ms. Beverly Beckles Ms. Marria Smith – Local Government Mr. Ricky Ramkisson – WASA Mr. Wayne Williams – WASA</p>	<p>Proposals:</p> <ol style="list-style-type: none"> 1. Yes to universal metering. General consensus on starting with 24/7 areas. However with “smart” meters, all new developments can be tackled even though not 24/7. 2. Yes if certain customers want to be metered immediately, providing all necessary infrastructure in place. 3. Priority should be given to bulk metering to assist in leakage identification and reducing water loss. 4. Metering must be accompanied by a public education drive on the benefits of metering, as well as conservation techniques. 5. Because public is not a reading public, visual advertising/education should be emphasize. 6. Do not forget the visually impaired and other challenged groups when planning information dissemination initiatives.

BREAKOUT SESSION	COMMENTS
<p>Table 5. Question 5: What is the most efficient and effective subsidy mechanism for the poor? Facilitator's Name: Gerard Emmanuel-Rodriguez</p>	
<p>Participants:</p> <p>Michael Brereton - Moruga Comprehensive Hazel Brown - Network of NGOs of Trinidad and Tobago for the Advancement of Women Michael Gopie - Trinidad and Tobago Agribusiness Association Keith Meade - WASA Sharon Taylor - WASA Milton Moore - WASA Wendy LeeYuen - Citizen of Trinidad and Tobago Cedric Alexander - CR's Building Services Allan de Boehurler - Trinidad and Tobago Manufacturers Association Estella Frederick - WASA</p>	<p>Proposals:</p> <ol style="list-style-type: none"> 1. Targeted subsidies should not be based initially on 'who is poor'. <ol style="list-style-type: none"> (i) How is poverty to be defined? (ii) All need water, whether poor, rich or otherwise. (iii) Should adopt instead a 'Rights Approach'. (iv) There should be a minimum level of water determined as necessary to provide a basic level of hygiene for all. This level defines the extent of the "right to water" that all should enjoy. (v) This basic level, (iv) above, should be where subsidies are concentrated. (vi) Apply charges above this level to encourage consumption. 2. Subsidies should be provided for via the charges to higher users. <ol style="list-style-type: none"> (i) The tariff mechanism should be such that there is a certain level of cross-subsidisation of Residential Customers from Industrial Customers.

	<p>(ii) The rest of the subsidy shared with the state.</p> <p>3. Subsidy should target standpipe customers.</p> <p>(i) Large amount of debt is due to non-payment of standpipe billings.</p> <p>(ii) Subsidies should be used to defer payment to standpipe bills for a maximum volume of water established based on number of users.</p> <p>(iii) The standpipes should be metered so as to determine when this maximum volume is surpassed.</p> <p>(iv) Beyond this volume standpipe users will be charged for additional consumption.</p> <p>4. Subsidies should target Agricultural Customers.</p> <p>(i) We need serious approach to agriculture in Trinidad and Tobago.</p> <p>(ii) Water quality to be provided for agricultural use need not be that of potable water.</p> <p>(iii) Subsidise the cost of producing suitable water quality for agriculture through combination of all users (tariffs) and direct state subsidies.</p> <p>5. Subsidise delivery to persons in rural and far removed areas, not connected to WASA's network.</p> <p>(i) At present getting water to these persons is the responsibility of the Regional Corporations.</p> <p>(ii) This has not proven successful, since many of these persons still not in receipt of a truck borne water supply regularly, if at all.</p>
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	<p>(iii) Proposal to remove this responsibility from Regional Corporations and instead subsidise WASA's cost to truck the water themselves to these regions, on a regular/timely and appropriate basis.</p> <p>6. Reduce subsidies to 24/7 customers.</p> <p>(i) The minimum level of basic water requirement established in 1. (iv) above, to be paid for via subsidisation, should be lower for persons receiving 24/7 supply.</p> <p>(ii) Another option may be to leave the minimum level established in 1.(iv) above, the same for all customers, but place an additional charge on 24/7 customers, the sum of which is to be used to help facilitate provision of water to other users.</p> <p>(iii) It was noted however, that being in receipt of 24/7 water supply does not necessarily imply that a person has the ability to pay additional charges any more than a person living in a rural area.</p>
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