



# Luganville Water Tariff Review

## Consultation Stage 2 Report

### WATER SECTOR

February 2013

**UTILITIES  
REGULATORY  
AUTHORITY**



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# 1. Introduction

## 1.1 Purpose of this paper

This report describes the process and results of the second consultation stage of the Luganville Water Tariff Review carried out by the Utilities Regulatory Authority (the Authority). The aim of Consultation Stage 2 was to encourage and invite stakeholders to comment on the Authority's Framework Paper and Tariff Application Paper released on December 2012. The consulting period began on 22 December 2012 and closed on 21 January 2013.

## 1.2 Structure of this paper

This paper is structured into the following sections:

- Chapter 2, 'Consultation Process,' describes the activities conducted by the Authority in Consultation Stage 2.
- Chapter 3, 'PWD/URA Joint working group minutes,' provides all minutes from weekly meetings with PWD.
- Chapter 4, 'Briefing minutes,' provides the minutes from all briefing meetings delivered by the Authority.
- Chapter 5, 'Field report,' details findings collected from investigation and data gathering in Luganville by the Authority.
- Chapter 6, 'Submissions,' provides a list of all submissions received during Consultation Stage 2.

## 1.3 Tariff review process

The process of the tariff review is designed to ensure that stakeholders are able to contribute at each stage of the review process. The different stages of the tariff review process are:

Stage	Description	Status
Issues Paper	Description of key issues that impact the tariff review	Published 8 November 2012
Consultation Stage 1	Stakeholders are invited to comment on the Issues Paper	Closed 7 December 2012. Consultation Stage 1 Report issued.
Framework paper	Description of the tariff-setting methodology and process	Published 21 December 2012
Tariff application	Initial proposal of new tariff level from the utility with supporting evidence	Published 21 December 2012
Consultation Stage 2	Stakeholders are invited to comment on the Framework Paper and Tariff Application	This paper
Draft decision	Draft tariff determination by the Authority	Planned for 22 February 2013

Consultation Stage 3	Stakeholders are invited to comment on the Authority's draft tariff decision	Planned to close 22 March 2013
Final decision	Stakeholders are informed of the Authority's final tariff decision	Planned for 1 April 2013

After the final decision has been published, the new tariff will take effect once it has been gazetted, following approval from the relevant minister.

## 1.4 About the Utilities Regulatory Authority

The Utilities Regulatory Authority was established on the 11 February 2008 under the *Utilities Regulatory Authority Act No 11 of 2007* (the URA Act). The URA Act established the Authority as an independent economic regulator for pricing, access, standards and monitoring of concession agreements. The regulated services defined in the URA Act are the supply of electricity or water services.

The Authority provides continued and expanded support to the Vanuatu Government's microeconomic reform program. This program was designed to improve the efficiency and competitiveness of Vanuatu's economy through the reform of the electricity, water and other current and former government business enterprises.

The Government perceived the establishment of an independent regulatory body as necessary to ensure that the benefits of the industry structuring and concession arrangements were passed on to household, commercial and industrial customers.

The primary objective of the Authority is to 'improve access to electricity and water services and to promote the long-term interests of Vanuatu's consumers with regards to the price, quality and reliability of electricity and water services.'

This objective is central to the framework of economic regulation that facilitates the efficiency and financial viability of regulated utilities, prevents misuse of monopoly power and ensures that customers benefit from quality improvements and efficiency gains over the longer term.

The functions of the Authority, as expressed in the URA Act under which it is constituted, are:

- to exercise the functions and powers conferred by the URA Act or by any other Act in furtherance of the purpose of the Act;
- to provide advice, reports and recommendations to the Government relating to utilities;
- to inform the public of matters relating to utilities;
- to assist consumers to resolve grievances;
- to investigate and act upon offences under the URA Act ;
- to advise the Minister on any other matter referred to the Authority by the Minister; and
- to administer and monitor compliance of Concession Agreements under the URA Act.

In accordance with its Charter of Consultation and Regulatory Practice the Authority aims to be:

- independent, balanced and fair by ensuring its advice does not reflect undue influences and is consistent with its statutory objectives; and
- open and transparent by publishing its findings and conclusions.

Section 18 of the URA Act grants the Authority the power to determine the maximum price which may be charged in relation to any aspect of a regulated service in any place.

## 1.5 Useful documents and links

All sources of external information and data quoted in this paper are provided in subscript or footnotes. All other information originates from the Authority.

Readers of this report may also find it useful to review the following reports and documents, available on the Authority's website: [www.ura.gov.vu](http://www.ura.gov.vu).

- Utilities Regulatory Authority Luganville Water Tariff Review Issues Paper, November 2012.
- Utilities Regulatory Authority Luganville Water Tariff Review Consultation Stage 1 Report, December 2012.
- Utilities Regulatory Authority Luganville Water Tariff Review Framework Paper, December 2012.
- Utilities Regulatory Authority Luganville Water Tariff Review Tariff Application Report, December 2012.
- Utilities Regulatory Authority Luganville Water Tariff Review Draft Decision Paper, February 2013.
- Utilities Regulatory Authority Annual Report 2011.
- Utilities Regulatory Authority Act No. 11 of 2007 and Amendment (2010).
- Water Supply Act 1955 and Amendments.
- Public Health Act 1994.

## 2. Consultation process

### 2.1 Consultation objectives

The objectives of Consultation Stage 2 were:

- To inform stakeholders of the Framework Paper and Tariff Application Papers;
- To raise key issues identified from the review to government stakeholders; and
- To carry out an independent investigation and data gathering exercise to assess the reasonableness of PWD's initial tariff application.

### 2.2 Consultation activities

The following table describes the activities undertaken as part of Consultation Stage 2:

Date	Activity	Description	Target stakeholder group
16/01/2013, 25/01/2013, 06/02/2013	Joint Working Group Meetings	Weekly working group meetings with PWD.	PWD team
9/01/2013	Text messages	Text messages sent to 104 stakeholders informing them of Tariff Application and Framework Paper	Luganville PWD water customers
18/01/2013, 21/01/2013, 22/01/2013, 11/02/2013	Meetings with Government stakeholders	Presentation of Tariff Application, Framework Paper and key issues	DG Binaru of MIPU, DG Ligo of Lands, DG Maniuri of Finance and Director Christopher Ioan.
22/01/2013- 24/01/2013	Field investigation and data gathering	Three days of site investigation and data gathering	PWD Luganville Water Services

In addition to the above activities:

- the Framework and Tariff Application Papers were circulated via email to a wide range of stakeholders, all of whom were invited to comment or provide submissions;
- a press release was circulated to the media explaining the Luganville Water Tariff Review Framework and Tariff Application Papers.
- Hard copies of the Luganville Water Tariff Review Framework and Tariff Application Papers were sent to 12 Luganville water customers who replied requesting copies to URA text messages sent on 9 January 2013.

## 3. PWD/URA Joint working group meeting minutes

During the tariff review the Authority holds weekly meetings with the Public Works Department (PWD) to discuss the status and progress of the tariff review. During Consultation Stage 2, the Authority had the meetings listed below. The information gathered and decisions made in the meetings are considered in the *Luganville Water Tariff Review Draft Decision Paper*. Presented below are minutes of the meetings.

### 3.1 16 January 2013 meeting minutes

**Meeting Venue:** URA Office

**Meeting Date/Time:** 16 January 2013, 2-4pm

**Attendees:** PWD- Jone Roqara, Ambatha Paraliu, Larry Langon, URA- James Ryan, Maureen Malas

#### Minutes:

- An overall project status update was provided:
  - The Tariff Application, Framework Paper and Consultation Stage 1 Report were published on 22 December 2012.
  - Currently for Consultation Stage 2 on the papers published, texts with information of the papers published have been sent to a total of 110 phone contacts in Santo (contact details collected during Consultation Stage 1 in Santo on November 2012). Responses were received requesting copies of the papers. Arrangement is made to send the copies. Romney Marum will be travelling to Santo on 22-24 January 2013 to investigate and collect more data.
  - Meetings have been scheduled to brief the DGs and key Director's of MIPU, Ministry of Lands and Ministry of Finance.
  - The Draft Decision paper due date is extended and will now be published on 15 February 2013.
- Reviewed data on the work in progress of the Tariff Financial Model for the Draft Decision.

#### Actions:

- PWD to provide:
  - Asset Data
  - Copies of electricity bills for 2011-2012 (as much as possible)
  - Cubic meter pumped monthly data to compare with electricity bills
  - Readable copies of the diagrams at the back of the JICA grant request
  - Description of the status of all the works shown in the SMEC drawings (or project reports)
  - Details of the terms of the loan from ADB
  - Details of the works done as part of the ADB project
  - Explanation and volumes of non-revenue water, including bulk water transported rural areas, illegal connections, use by fire services
  - Disconnection Data (What's the detail behind the figure 1579 disconnection figure? How many customers will be quickly re-connected, and how many are dormant?)
  - Reconnection Data (Confirm how many reconnections per month)
  - Short report describing a Performance Audit, as a possible condition of any price increase
- URA to:
  - Carry out meeting with Government briefings with MIPU this Friday, Lands on Monday 21 January and Finance on Tuesday 22 January.
  - Follow-up on data to be received from PWD.

- Include in the Draft Decision monitoring and compliance regime for PWD.
- Include in the Consultation Stage 2 report the Performance Audit report.
- Analyse and gather further data for the Draft Decision.
- The tranche tariff analysis and its impact on bills were explained.
- Brief explanation of affordability analysis was discussed.
- A question on revolving budget and which tariff structure to propose to Ministry of Finance was raised by Larry.
- The issue of monitoring and compliance regimes was also discussed. That is the issuing of financial penalties to PWD is not a good incentive since PWD is a Government entity.

## 3.2 25 January 2013 meeting minutes

**Meeting venue:** URA Office

**Meeting date, time:** Friday 25 January 2013, 10-11.30 am

**Attendees:** PWD- Jone Roqara, Ambatha Paraliu, James Hakwa, URA- James Ryan, Romney Marum, Maureen Malas

### Meeting minutes:

- Reviewed data that was requested from PWD and ticked off data that URA has received. Data yet to be collected are :
  - Details of the terms of the Loan from ADB (information to be collected from the MFEM)
  - Details of the works done from the ADB loan
  - Asset Data
- Romney shared information collected from latest consultation trip to Santo from 22-24 January 2013. Information of latest subdivisions, leakages, water network and PWD booster pump at Chapui.
  - Identified another electricity meter at Chapui for PWD's booster pump.
- Jone informed team of JICA's funding commitment for 2014-2015.
- Minutes of meetings URA had with DG Ligo and DG Maniuri on the Framework Paper and Tariff Application (overall Luganville Water Tariff) were shared and discussed.
- URA highlighted the importance of having more realistic data on the financial model. PWD agreed to review their initial submission and submit update figures to URA for consideration in the Draft Decision Paper.
- Discussed long term tariff implication plans. From meetings held with the DG's, a proposal was made for PWD to develop a long term action plan. URA assisted by brainstorming stage 1 of the long term action plan. Following are areas (documents) to be discussed and developed in another meeting on Tuesday 29/01/13 at the PWD office:
  1. **Operations and Financial Management**
    - Separation of budget request
    - Separation of budget management and accounting within PWD
    - Separation of organisation structure and time-sheets (PSC approval)
    - MFEM separation of Luganville Water Services: Revenue, Funding, Repayments
      - Annual accounting of Luganville Water Services
    - Customer Management Database
      - Accurate record of customers
      - Customer Agreements (effective records of operation)
  2. **Quality Management**
    - Define Performance Audit
      - Terms, Metrics, Reporting Requirements
    - Implementation of Performance Audit
      - Clear Commitment/Permission granted



- Formal request of commitment from the URA Commission
- 3. **Infrastructure Investment**
  - Infrastructure Plan
  - Maintenance Programme
  - Funding Application
  - Funding Approved

**Action items:**

- PWD:
  1. Review their initial tariff application figures and make a submission with justification of amendments to the URA. Submissions will be considered in the Draft Decision.
  2. To action on leakages occurring in Government houses in Luganville.
  3. Submit electricity data (bills) on booster pump at Chapui. Data from 2011-2012.
  4. Agreed to a follow-up meeting on Tuesday to discuss list under point 6 of minutes above.
  5. Larry (Santo) to provide customer reconnection data collected from the Ministry of Finance.
  6. Patrick (Santo) to collect and submit information from Fire Station.
- URA:
  1. Arrange Tuesday 29/01/13 meeting with PWD.
  2. Prepare for the Tuesday meeting.
  3. To follow-up on data requested.

### 3.3 6 February 2013 meeting minutes

**Meeting venue:** URA Office

**Meeting date, time:** 6/02/2013, 10am

**Meeting attendees:** PWD- Jone Roqara, Ambatha Paraliu, URA-James Ryan, Romney Marum and Maureen Malas

**Minutes:**

- James went through the draft decision financial model.
- Under financial costs:
  - Staff numbers starts at 5 (according to latest PWD data received)
  - Salary:
    - Incremental VT40, 000/year on average for half of the staff.
    - PWD confirmed overtime allowance remains constant, although the number of staff increases for the tariff setting period.
    - Allowance for severance is based on staff monthly wage.
  - For electricity costs:
    - Data from electricity bills (booster pump data yet to be submitted and included)
    - ADB loan terms (PWD to submit) to calculate Government contribution.
  - Fuel and chlorine:
    - PWD confirmed chlorine used per day:
      - 200 litres in 5 days
      - 40 litres per day
  - URA proposed extension of draft decision due date to 22/02/2013. Extension approved by PWD team.

**Action:**

- PWD to:
  - Submit booster pump data. **Done- Data emailed by Ambatha and received on 7/02/2013.**
  - Submit ADB loan terms. **Done- Data emailed by Ambatha and received on 8/02/2013.**
  - Review LWS long term improvement plan with DG. Get DG's feedback on document. Document to be submitted to URA.
  - Confirm with corporate services on impact of shifting the Final Decision date.
  
- URA to:
  - Include JICA data in draft decision.
  - Compare severance allowance with UNELCO.

## 4. Government briefing minutes

The Authority met with the Director General of the Ministry of Infrastructure and Public Utilities (MIPU), Director General of Ministry of Lands and the Director General of the Ministry of Finance and Economic Management during Consultation Stage 2. A meeting was also held with the Director of Geologies, Mines and Water Resources. Presented below are minutes of the meetings.

### 4.1 MIPU briefing details

Detailed below are meeting minutes between the Authority and DG Binaru with MIPU team.

**Subject:** Luganville Water Tariff Review Framework and Tariff Application Papers

**Meeting Venue:** PWD Conference room

**Meeting Date/Time:** 18 January 2013, 10-12am

**Attendees:** PWD- DG Johnson Binaru, Director Sam Namuri, Deputy Director Jone Roqara, Uravo Nafuki, URA- James Ryan, Romney Marum, Maureen Malas.

#### Minutes:

- Opening remarks and presentation by Maureen Malas.
- Discussion points:
  - **Director Sam Namuri:** Will the tariff be implemented immediately after the final decision is published?
  - **URA response:**
    - If the final decision indicates a tariff increase in order to provide for an increase in quality, there needs to be a well-defined monitoring and compliance regime in place prior to tariff implementation.
    - A possible approach to the monitoring and compliance regime as suggested by PWD in the last Joint Working Group meeting was regular assessment of the quality of water and service through a performance audit.
  - **DG Johnson Binaru:** How is the URA going to consult on the Luganville Water Tariff Final Decision?
  - **URA response:**
    - URA will consult with all stakeholders on the tariff derived in the Final Decision. The Final Decision by the URA will have assumptions and justifications as to how the URA came about with the new tariff.
  - **DG Johnson Binaru:** How is quality defined in the tariff review?
  - **URA response:**
    - Quality is defined as: the quality of the water being supplied, the reliability of the supply, and the level of service that is being provided by PWD.
  - **Uravo Nafuki:** How is the URA going to implement a monitoring and compliance regime?
  - **URA response:**
    - The regime will be developed in consultation with PWD and all relevant stakeholders.
  - **Uravo Nafuki:** National Water Committee (NWC) is currently drafting standards related to water quality.
  - **URA response:**

- URA will consult with National Water Committee to see how the quality standards could be harmonized with future water standards that the URA will implement
- **DG Johnson Binaru:** How is infrastructure addressed by the tariff? At the moment, water supplied at times is not sufficient to meet demand in Luganville.
- **URA response:**
  - Tariff will address any refinancing of funds raised for investments, and will make an assumption around the sources of capital and associated costs.
  - Assumptions stated in the Final Decision will justify any planned investments that PWD intends to carry out over the tariff setting period
- **Director Sam Namuri:** PWD is not the only Government body responsible for water supply services in Vanuatu. Therefore any decision related to the water sector has to take into account all other relevant bodies.
- **Director Sam Namuri:** PWD does not have the required funds to employ a qualified person dedicated to regulatory work. Such a person would aid in any compliance and monitoring regime implemented as a result of the tariff review.
- **Director Sam Namuri:** National Water Committee is reviewing the Water Supply Act and any amendments may affect the current legislative framework and impact the tariff review process.
- **URA response:**
  - The URA will consult with the State Law Office to participate in the amendments review.
- **Uravo Nafuki:** Political support is vital to deliver improvements to water services. Involvement of the Minister is needed to ensure implementation as ministerial approval is required for any new tariff to be implemented.
- **URA response:**
  - Approval should be part of an ongoing plan focused at improving the water services quality in Luganville. The tariff review is a tool that can be used to implement this plan.
- **Director Sam Namuri:** Water supply is a low level priority at this stage because there are other priorities. PWD is requesting URA assistance in their budget submission for 2014, as the URA is currently carrying out the tariff review in Luganville to add supporting justification to their New Budget Proposal.
- **Uravo Nafuki:** URA should mention to the Ministry of Finance a separate budget line for water.
- **URA response:**
  - This has already been considered and will be discussed with the Ministry of Finance in our Government briefing with them next week, Tuesday 22 January 2013.
- **DG Johnson Binaru:** The separate fund option is more favorable now that there is a tariff review.
- **Director Sam Namuri:** Now that there is a specific budget for Luganville as a result of the tariff review, should there be a separate budget for Malekula and Tanna? This is because currently there's one budget for PWD water services.
- **URA response:**
  - URA acknowledges the fact that the scope of the tariff review covers just Luganville, the final approved tariff will only be implemented for Luganville. The current rate of VUV 52/m<sup>3</sup> will still be charged to customers in Isangel and Lakatoro. However, in

the long run, PWD can maintain Luganville as a separate entity or set up a water board that would charge a same tariff for all three PWD water supply networks.

- **Jone Roqara:** Reliability of service is a challenge for smaller PWD networks outside of Luganville town.
- **DG Johnson Binaru:** Why is the Authority in its consultation stage 3 for the Draft Decision, consulting the communities separately from the Government? Why can't there be a joint consultation?
- **URA response:**
  - There is a need for separate consultation to ensure that URA's decision takes into account all perspectives. URA final's decision will be an assessment of information gathered from the consultations.
- **Jone Roqara:** Can the tariff be adjusted according to the budget approved by the Ministry of Finance?
- **URA response:**
  - The URA prefers to determine a fair tariff level, and only adjust the tariff according to changes in certain input costs. The tariff review may provide useful information to inform a budget submission, but it is the responsibility of the Government to ensure adequate funding to deliver against quality targets.
  - The URA feels that the current structure and budgeting process is not conducive to the effective delivery of utility services, and recommends that the Government considers alternative structures and processes in the near future.

#### **Actions:**

- URA to prepare briefing document for Ministry of Finance explaining the context of the tariff review in overall budget decision-making process.
- URA to organize a follow-up meeting with PWD/URA joint working group for Wednesday 23 January 2013 to inform them of results from URA's meeting with Ministry of Lands on Monday 21 January and Ministry of Finance on Tuesday 22 January, and to work on a structure for the Government's submissions to the consultation.

## **4.2 Ministry of Lands (MoL) briefing minutes**

Two meetings were held with the Ministry of Lands. Detailed below are meeting minutes between the Authority and DG Joe Ligo with MoL team.

**Subject:** Luganville Water Tariff Review Framework and Tariff Application Papers

**Briefing Date/Time:** Monday 21/01/2013, 2pm

**Briefing Venue:** Ministry of Lands conference room

**Attendees:** MoL: Director General Joe Ligo, Minister's First PA McCarthney Aga, Private Secretary to the Minister of Lands Frank Daniel, URA: Maureen Malas, James Ryan, Romney Marum

#### **Minutes:**

- Presentation from URA on Luganville Water Tariff Review

#### Discussion points:

- **DG Ligo:** The government has plans to encourage the development of Luganville to be a significant economic hub for the northern provinces of Vanuatu. Work is currently being done

on zoning and land use planning to support this aim. This includes the securing of land for a new water source.

- **DG Ligo:** What is a base price?
- **URA comment:** The base price is calculated to provide revenue that will cover the reasonable costs of operating the utility. The base price will be adjusted every quarter to accommodate any fluctuations in input costs. Electricity costs are one of the main costs that will be taken into account in the tariff adjustment formula every quarter. Details of the tariff adjustment formula are outlined in the Tariff Application Paper.
- **URA comment:** The listed “Implementation Considerations” are key actions that the URA would like to see in place before a new tariff will be implemented.
- **URA comment:** The proposed price in the Tariff Application Paper is close to the level currently charged by UNELCO in Port Vila. PWD proposed in their tariff application a per cubic meter price of Vt65 as compared to UNELCO’s low level tranche charge of around Vt62/m<sup>3</sup> (note that PWD’s proposed tariff of Vt65/m<sup>3</sup> is a flat rate for all levels of consumption)
- **URA comment:** The proposal to adjust the tariff depending on budget approved by the Ministry of Finance is not an ideal solution in the view of the URA. The URA would prefer to simply set the price at a reasonable level. It is the Government’s responsibility to ensure the financial viability of the utility.
- **DG Ligo:** What are the implications from the tariff review for any future tendering of Luganville Water Services to a private company?
- **URA response:** Based on the data gathered and analysis to date, there is a lot that can be done to make Luganville Water Services more attractive for a private investor. The tariff review and financial model is a useful tool that can help encourage PWD in planning towards independently managing and financing the Luganville water supply services.
- **McCarthy Aga:** There were talks last year of merging the rural and urban water supply under a single legislation. So far no structured progress has been done.
- **McCarthy Aga:** Given that there is a possibility that the price of water in Luganville will increase is there a possibility that the increase be incremental over a certain period of time?
- **URA response:** That is an option that the URA is considering. In considering how the tariff is implemented, affordability will be analyzed to assess if an incremental implementation is viable.
- **DG Ligo:** Was the URA consulted on the changes to the Water Supply Act?
- **URA response:** It was raised in the last briefing with MIPU at the National Water Committee meeting. The URA will be notifying State Law Office to seek involvement status in the amendment process.
- **McCarthy Aga:** What is the current level of water quality supplied in Luganville by PWD?
- **URA response:** Based on the current data being gathered, the water supplied in Luganville is at a reasonable quality level as compared to the region and also worldwide. However, quality can still be better and some aspects of quality measures will be addressed during the tariff review.
- **DG Ligo:** Confirmed that the costs associated with land compensation, for example the new water source for PWD in Luganville, is not to be considered in the tariff as it is a cost met by the Government. Land is therefore not to be considered as a water asset under the current water tariff.

The Authority also met with Director Christopher Ioan on the Luganville Water Tariff Review and small water utilities. Detailed below are meeting minutes of discussion held.

**Meeting date, time:** Monday 11 February 2013, 8.30 am

**Meeting venue:** Geologies and Mines Office

**Meeting attendees:** Director Christopher Ioan, Olivier Fernandez, James Ryan and Maureen Malas

**Minutes:**

- The URA Luganville Water Tariff Review team presented the status of the tariff review. Highlighting the tariff review methodology outlined in the Luganville Water Tariff Review Framework Paper, PWD's initial tariff proposal in the Tariff Application Report and addressed tariff implementation issues around budgeting and water quality monitoring.
- Director Ioan raised the question of investment funding. The Government should set aside a percentage of funds for investing into Luganville Water Services. How is investment funding considered in the tariff review?
- **URA response:** The tariff is designed to cover the cost of capital for investment. Given the potential for donor funding of investment, and the ability of the government to raise funds, this is more capital efficient (in theory) than apportioning part of the revenue to a specific fund for investment. The Director's advice is noted, and will be discussed in the next stage of consultation with government stakeholders.
- Director advised the Authority to use the Act in addressing investment fund and budgeting with the Ministry of Finance.
- Director Ioan informed the team of the establishment of a water monitoring lab carried out by his Department for PWD in Santo. The lab was set up in December 2012. Water quality is monitored and benchmarked against the WHO water quality standards. After a month of monitoring in December, the water quality did not reach WHO standards.
- The Director's staff in the Department of Geologies and Mines are responsible in monitoring the quality of PWD's Luganville water supplied but it is the PWD's responsibility to ensure sufficient chlorine is applied to the water supply system and abiding by the Luganville Water Safety Plan.
- Director raised his concern on the ownership of the Luganville Water Safety Plan. Whether the Luganville Water Safety Plan should sit under PWD or the Department of Geologies and Mines.
- URA team asked the Director on the status of the Water Supply Act Amendment and if the amendments will have an impact on the tariff review.
- Director responded that the Water Supply Act is currently with the Law Commission, including the Water Resource Management Act with its Amendments.

**Actions:**

1. Director agreed to send a copy of the Water Supply Act with amendments and the Water Resource Management Act with amendments to the URA.
  2. URA to inform the Director of next consultation (Consultation Stage 3) for the Luganville Water Tariff Review.
  3. URA to send list of all small operating water utilities to the Director to verify.
- Discussion also circulated around small water utilities. The URA under its Act is also responsible in regulating the existing small water utilities therefore needed clarification on monitoring under the Water Resource Management Act.
  - The URA had received complaints from small water utility customers regarding poor water quality being supplied and high price being charged.
  - URA enquired about existing process to provide authorization for and monitor the supply of water in rural areas. At this stage there is no other process than an obligation to whoever wishes to enter into a subdivision agreement to provide access for water. Monitoring of these conditions must be within the MOL.
  - URA enquired about the registration process for small utility suppliers and about a register of existing suppliers. Director mentioned the existence of a list of distributors and networks installed by

MIPU and will provide information about the location and number of these systems. URA will submit a list of identified suppliers to be reviewed by the Director and completed with any missing information.

- URA highlighted its intended next steps regarding small water utilities, starting with a review of existing suppliers and data gathering, together with an issues paper to highlight the needs for regulation of small water utilities and come up with an action plan for a proper review including all stakeholders.

### 4.3 Ministry of Finance briefing minutes

The Authority met with the Director General of Finance and Economic Management, Mr George Maniuri, to discuss key issues of the Luganville Water Tariff Review Framework Paper and Tariff Application Paper.

**Subject:** Luganville Water Tariff Review Framework and Tariff Application Papers

**Meeting Time/Day:** 10-11.30am, Tuesday 22 January 2013

**Meeting Venue:** Finance Conference Room

**Attendees:** DG Maniuri, James Ryan and Maureen Malas

Details of points discussed:

- **DG Maniuri:** Why has PWD requested a tariff review just for Luganville?
- **URA response:** PWD first met with the URA regarding their electricity bill for providing water services in Luganville. The bill was more than what they had budgeted for. PWD came to the URA for advice. The issue was discussed and it was identified that carrying out a tariff review for PWD water services in Luganville will not only calculate a reasonable tariff to apply in Luganville but also assist in their budget submission to Ministry of Finance for 2014. MIPU then requested the URA to perform a review of water tariffs in Luganville.
- **DG Maniuri:** Every year a budget is allocated to the Ministry of Infrastructure and Public Utilities, the Director General has the power to assign fund amounts between each department within the Ministry.
- **URA response:** The current structure allows for funds to be diverted from water services to other services provided by PWD (such as roads and airports). This appears to have led to under-investment and under-performance in the past.
- **DG Maniuri:** Revenue collected from water customers in Luganville is collected into the general public fund. This fund is then divided among the various budgets for Government activities.
- **URA response:** The current structure means that it is possible for the Government to divert revenue from water customers into other departments or services. Also, as the revenue collected does not have a direct impact on the budget allocated to PWD, there is no incentive for PWD to be more effective in collecting revenue. Separating the revenue from water customers in Luganville would enable more effective management of the finances of the utility.
- **DG Maniuri:** A revolving fund (where the revenue collected from water customers in Luganville becomes the budget allocated for water services in Luganville) is a possible solution.
- **URA Response:** A revolving fund would create more of an incentive for PWD to collect revenue more effectively. However, the revenue collected will not be the same cash amount as required for any large investments. There would still be a need for arranging the financing of large capital investments, which is beyond the current remit of PWD.



- **DG Maniuri:** Can URA explain prices going up as a result of water quality?
- **URA response:** In order to approve any price increase to enable PWD to deliver better quality, the URA seeks assurance from the Government on three key points: 1) Budgeting and financial management process are put in place to manage Luganville Water Services separately; 2) Adequate monitoring and compliance process are established to monitor service quality; and 3) Funding is secured for any required major investment projects. Having received such a submission from the Government, the URA would then present the arrangements as part of the consultation on the URA's Draft Decision, planned for late February.
- **DG Maniuri:** Agreed for a joint meeting to be held with DG Binaru of MIPU and DG Ligo of MoL to discuss and come up with a long term plan for water services in Luganville.
- **URA response:** URA to organize the meeting and invite the three important stakeholders.

**URA Action:**

- Arrange meeting for next week with the key stakeholders (DG of Lands, MFEM and MIPU) to discuss and formulate a long term plan for PWD water services in Luganville.

## 5. Field Report

### 5.1 Background

The objective of the field consultation was to collect additional data from Luganville PWD office and the water supply network that was required for the purpose of the tariff review. Most of the required data was collected in response to requests by consultants the Authority has engaged to perform an independent asset audit on the Luganville water supply network.

The Authority was represented by Mr. Romney Marum during the consultation. Romney is part of the team that is undertaking the Luganville Water Tariff Review.

All the data and information collected was done in consultation with PWD. The discussions that Romney had with customers in Luganville were done in the presence of staff from the PWD Water Supply Section. Photographs of the network assets by the URA representative were taken with consent from PWD.

### 5.2 Consultation Activities

Tabled below was the planned schedule of activities of the Luganville consultation from 22 January 2013 to 24 January 2013.

Date	Time	Location	Activity
22/01/2013	1:30-2pm	PWD Office	Meeting with PWD to discuss what is required from PWD during the trip.
	2-4pm	PWD Office	Readable copies of the diagrams at the back of the JICA grant request.
		PWD Office	Discuss status of all the works shown in the SMEC drawings (or project reports)
		PWD Office	Set out logistics for site visits based on the outcome of the discussion on network (schematics)
23/01/2013	8:30-11:30am	Pump station, reservoirs and pipes	Field visit to take photographs of network and note down any important aspect of

			network that may be relevant for the Asset Audit
	1:30-4:30pm	Around Luganville	Visit customers with billing errors and note anything that may have caused such errors. Take photos of customer meters for Asset audit purposes and for the review in general.
24/01/2013	8:30-11.30am	Luganville area	Visit facilities used for transporting water and take photographs. Visit fire hydrant and any other source of unmetered water and take photos.
		PWD Office	Discuss with PWD any data that may be relevant for leakage measurement. Collect customer billing data for the remainder of 2012.
	1:30-3:30 pm		Wrap-up

Presented below are the activities undertaken and the information gathered:

### 5.3 Activities on 22/01/2013

Three activities were done during this part of the consultation schedule.

1. Meeting with SANMA, Public Works Department (PWD) Manager and Water Supply Section,
2. Discussion with the PWD Water Supply Section confirming details of network schematic and drawings that were previously provided to the URA and;
3. Meeting with Lily May who is PWD's accountant.

#### 5.3.1 Meeting with PWD

Detailed below are the meeting minutes with PWD:

**Date, time:** 22/1/2013, 1:30pm

**Venue:** Luganville PWD Office

**Attendees:** PWD: Simeon Stanley, Ravo Serge Moli, John Patrick, URA: Romney Marum

The agenda discussed during the meeting was;

- Discussion of all relevant data that the URA had requested,
- Discussion about existing quality measures and
- Identification of sources of non revenue water.

In response to the URA's requested data, PWD stated that most of the data and reports of the Luganville Water Supply network were erased from their database by the previous person who was in charge of the water supply section. Accounts data such as transport water invoices and reconnection invoices are still available either at the PWD Accounts Office or through the Department of Finance in Luganville.

Based on the response from PWD on the issue on quality measures, there seem to be lack of such measures other than standards applied to water treatment.

- Customers are not informed of any planned works on the network that would result in a water outage.
- Customer would only be aware of an outage once they notice that their supply was not available and call up PWD office to enquire.
- Customer queries are addressed at the office but limited resources has resulted in delay of resolving customer issues
- Lack of a structured customer management system
- Maintenance is mainly reactive and usually in response to customer complaints.

Activities that account for non revenue water based on discussions with PWD are:

- Leakages- most government houses have been having leaks unmaned for over very long periods of time and still pending to date.
- Most of the mains are galvanized pipes and were installed a long time ago (PWD cannot really account for the dates the original mains were installed) and have aged therefore resulting in underground leakages some of which may go undetected.
- Transported water – is done by a 6000L tank truck to transport water to customers that request and pay for the transporting of the water. PWD charge 7000vt/trip as a flat rate. PWD confirmed that approximately a full tank of water is transported every time there is a customer request.



*Figure 1 Water transport truck*

- Fire Station usage – water is used for purposes related to the operation of the station such as putting out fires and running fire extinguishing drills. The station does have a meter that the station records consumption of every time water is taken out of the outlet connected to the meter. PWD also mentioned that the fire station transports water to the public whenever someone requests for water from the station in the fire truck and charge customers for every trip. PWD do not have access to any records of such payments.

### 5.3.2 Discussion with Water Supply Section team

The discussion with the team was focused at verifying schematics and technical drawing of the network. This was to ensure that the drawings that were submitted to the URA were updated. The following are the outcomes of the discussion.

**Date, time:** 22/1/2013, 2:30pm

**Venue:** PWD office

**Attendees:** PWD – Moli Ravo, John Patrick, URA – Romney Marum

**Minutes:**

- When going through the SMEC technical drawings of the network, PWD confirmed that the drawings are up to date with the actual network. The only exception was that the extensions to the network that were done after the drawing was drafted have not been included. Only an additional extension that was done in 2012 was indicated on the SMEC map by PWD. This new extension was funded under the Pacific Integrated Water Resources Management Program (Pacific IWRM) and was for extension into Zone 9 of the water supply network. Other extensions that were funded and commissioned by third parties and handed over to PWD to operate and maintain were not documented by PWD.
- The schematic of the proposed network that was in the proposal report submitted to donors for funding of new capacity and improved quality could not be confirmed by PWD in Luganville. The only schematic they had was of the old proposal that is now being put in place.

### 5.3.2 Meeting with Lily May

The objective of the meeting with Lily May was to collect data related to reconnections and transported water. The following was the outcome of the meeting.

**Minutes to the meeting**

**Venue:** PWD Office

**Date, time:** 22/1/2013, 3:30pm

**Attendees:** PWD - Lily May, PWD Accounts Officer, URA – Romney Marum

**Minutes:**

- Lily stated that reconnection data could only be obtained from the Department of Finance in Luganville as that is where all the customers go and pay for their reconnection fees.
- Water transported was invoiced to customers at VT 7000 per trip. PWD had hard copy receipts of payments for 2012 and 2011. Transported water is not recorded as such, instead it is put into the

system as payments from customers, and therefore a soft copy version of data related to transported water could not be obtained. Lily did provide scan copies of receipts for transported water between the year 2011-2012.

- Interesting points raised during the meeting were:
  - Customers that had excessive leaks at their homes made some form of agreement with PWD management in Luganville to be charge a flat quarterly rate. There is no justification to this flat rate.
  - Whenever there is a leakage that is a direct result of works along the water mains by third parties, PWD bears the total cost of repairing the leakage. At times the leakage lasts for several hours after being reported due to limited PWD field staff.
  - The Water Supply Act should be amended to provide PWD with powers to penalize third parties who break water mains without proper consultation with PWD as to where the mains are located prior to commencement of any works.

## 5.4 Activities on 23/01/2013

The second day of the consultation was mainly focused on site visitation. The site visitation began in the morning with photographing of the main surface sections of the network such as the pump station, reservoirs, meters, fire hydrants and main pipes. After lunch the visitation was extended to customer houses to investigate reasons for excessive consumption that the URA had discovered during its analysis of customer billing data provided by PWD. The final activity for the day was to meet the new PWD finance officer and talk about how to obtain some of the data that was requested by the URA.

### 5.4.1 Network visitation

The network visitation began at the pump station at Sarakata whereby photographs were taken by the URA representative and observations were also taken note of. Photographs taken were of the:

- Pump station compound
- Pumps
- Pump accessories
- Valves
- Water treatment plant
- Inlet and outlet pipes
- Well
- Backup generator



*Figure 2 Pump and inlet valve*

After the pump station, Romney and the PWD team also visited the three reservoirs and the booster pump to one of the reservoirs. Photographs taken were of the:

- Reservoir compound
- Tanks
- Inlet and outlet pipes
- Flow meters
- Level gauges
- Any leakage or defaults
- Booster pump
- Booster pump compound



*Figure 3 Chapui reservoir*

We also visited the fire station and spoke with the fire service workers. They confirmed that the fire truck has a capacity of 1200L. We could not get any data from the station because the person in charge was not available. However, arrangements were made with PWD to obtain the required data once the officer in charge was back in office. Data requested was:

- Number of fires that required the aid of the station going far back as possible,
- The amount of water that was used per fire and:
- The amount charged per customer for water transported by the fire truck.



*Figure 4 Fire truck*

### 5.4.1.1 Findings

The following were observed during the network visitation:

- The pump station is well looked after outside and inside,
- The pump station is fairly secured with compound gates locked at all times as well as the gate to the pump station,
- The treatment plant is located too close to the pipes so leaking chlorine that goes unnoticed may drip onto main pipes resulting in corrosion of the pipes,
- All the reservoirs are not secured due to:
  - the absence of gate,
  - damaged gates,
  - holes in the fence,
- Leakages were observed at:
  - Outlet pipe from the Chapui reservoir,
  - Inlet into the Sarakata reservoir,
  - Sides of the Chapui and Sarakata reservoir,
- The roof of the Agriculture College reservoir is corroded at certain spots with holes starting to appear as a result of corrosion,
- There is an electric booster pump between Chapui and Agriculture College reservoir that is operated manually. Every time PWD field officers do the routine check at the Agriculture College reservoir they note the water level of the reservoir. If it goes below a certain threshold level then the booster pump is switched on until such time that the reservoir is full then the pump is switched off.

## 5.4.2 Customer Household Visitation

In the afternoon, Romney and PWD team then visited a few residential customers that the URA identified to be consuming very high amounts of water.

### 5.4.2.1 Findings

After talking to occupants of the houses with high consumption levels and assessing the causes of these excessive consumption levels Romney and the PWD team noted the following:

- All the residential houses with higher than normal consumption level that Romney and the PWD team visited had leakages after the meter that had not been fixed for very long periods.

- Main leakage points after the meter were taps, shower pipes, toilet pipes and kitchen pipes.
- Most of the houses with leaks were old government houses. The main reason as to why tenants of government houses did not put much effort into fixing the leaks was because they saw that as a responsibility of the government.
- There are also leakages on the main pipes within the residential areas that were visited.



*Figure 5: Leaking tap*

### 5.4.3 Meeting with Larry Langon

After the site visitation the URA representative had a brief meeting with Larry who was appointed by PWD as the new PWD Water Supply Service Financial Officer in Santo.

Minutes of the meeting:

**Date, time:** 23/01/2012, 3pm

**Venue:** PWD Office, Luganville

**Attendees:** Larry Langon (PWD) and Romney Marum (URA)

Issues discussed:

- Update the list of requested data that the URA had requested from PWD prior to the consultation trip to Luganville, Santo.
- Discussion on billing error and the URA findings during the afternoon visit to some customer residential areas.
  - Larry had stated that the amount of meters ordered annually could only accommodate for new connections. PWD could not order more meters due to budget constraints. Therefore, faulty customer meters could not be replaced on an annual basis so PWD had to resort to setting a fixed rate quarterly for these customers based on the last reading that was taken prior to meter becoming faulty.
  - In the past PWD was responsible for fixing leakages after the meter. That responsibility was given back to individual departments and therefore PWD is no longer responsible for leakages after the meter.
  - Reconnection data could not be accessed from the PWD database so Romney and the PWD team had to schedule a meeting with the Department of Finance in Luganville on the 24th January 2013 to access the data.

## 5.5 Activities on 24/01/2013

The activity schedule for the last day of consultation was to meet with the Department of Finance to gather customer reconnection data and to visit some customer meters to verify whether some of the meters were actually not working.



### 5.5.1 Meeting with Department of Finance

Minutes to the meeting

**Date, time:** 24/1/2013, 2pm

**Venue:** Department of Finance, Luganville

**Attendees:** PWD – Larry Langon PWD, Finance Officer and Sael (Officer responsible for PWD meter reading/billing), Department of Finance – Johnset Malkusum, Accountant Financial Service Bureau Sanma, URA – Romney Marum

**Minutes:**

- Water Supply Reconnection payments are not accounted for separately. Therefore it was difficult to obtain reconnection data during the time of the meeting. Arrangements were made with PWD to retrieve the required data from the Department of Finance and revised it to what was requested by the URA prior to forwarding a copy to the URA.
- Data set for 2011 and 2012 was requested as this were the periods that PWD had disconnection records for. PWD had lost most of the disconnection records for years prior to 2011.

### 5.5.2 Faulty customer meters

The last activity of the consultation process was a visitation of customer meters that PWD reported to be faulty and no longer working.

#### 5.5.2.1 Findings

- It was discovered that quite a few customers had damaged meters. PWD has the updated number of such customers and reported that the number is rising due to unavailability of new meters to replace the current faulty meters
- Customers with faulty meters are being charged a fixed quarterly consumption rate pending meter replacement by PWD.


## 6. Submissions

During the Consultation Stage 2 period of the Luganville Water Tariff Review Tariff Application and Framework Papers, the Authority received the following submissions from the following stakeholders.

<b>Date</b>	<b>Information</b>	<b>Stakeholder</b>
7/01/2013	SOPAC Report	PWD
7/01/2013	Diagrams of the Luganville Network (JICA grant application)	PWD
7/01/2013	Details of Agreement signed between the Public Works Department and Fletcher Construction (Contract No. 20/99)	PWD
9/01/2013	2006 Household Income and Expenditure Survey	Statistics Office
14/01/2013	Development of Water Utility Benchmarking System: Benchmarking Report	UNELCO
14/01/2013	Luganville subdivision data, potential Luganville water customers	Lands Department
15/01/2013	Cruise Ship data	South Sea Shipping
18/01/2013	Population Data	Statistics Office
23/01/2013	Schematic Map of Luganville Network	PWD
6/02/2013	Luganville Water Service 5 year investment plan and asset inventory	PWD
7/02/2013	Booster pump data	PWD
8/02/2013	ADB Loan Agreement	PWD


## 7. Appendix: Briefing presentation

The following are copies of slides used to brief the Director General of Ministry of Infrastructure and Public Utilities, Ministry of Lands, Ministry of Finance and the Director of Geologies, Mines and Rural Water Resources.



### Luganville Water Tariff Review

Briefing for  
Ministry of Infrastructure and Public Utilities  
18 January 2013



**The purpose of this meeting is to inform you of the Luganville Water Tariff Review and address some key issues identified from the review**


Today, we will:

- Inform you of the purpose and scope of the tariff review
- Describe the process of the tariff review
- Introduce the tariff-setting methodology in the Framework Paper
- Discuss PWD's tariff in the Tariff Application Paper
- Highlight key issues identified from the review

The desired outcome of this meeting are:

- To build understanding of the context, purpose and scope of the review
- To ensure that key issues can be resolved


2



**The tariff review will establish a reasonable price for water services in Luganville**

Background	Purpose
<ul style="list-style-type: none"> <li>• In September, the Authority was requested by the Ministry of Infrastructure and Public Utilities (MIPU) to conduct a tariff review for water services provided by the Public Works Department (PWD) in Luganville.</li> </ul>	<ul style="list-style-type: none"> <li>• The purpose of a tariff review is to establish a reasonable price level for water services in the specified area</li> </ul>
Scope	Timing
<ul style="list-style-type: none"> <li>• This review will only focus on water services provided by PWD in Luganville</li> <li>• Out of scope:               <ul style="list-style-type: none"> <li>• Other water providers in the area of Luganville</li> <li>• Other areas where PWD provides water services (e.g. Lakatoro and Isangel)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The aim is to complete the tariff review by 1<sup>st</sup> April 2013, in order to inform PWD's budget request for 2014</li> </ul>


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**The process of a tariff review ensures transparency and active consultation with all stakeholders**


Step	Description	Status
Issues paper	Paper describing issues relevant to the tariff review	Published 8 November 2012
Consultation Stage 1	Stakeholders invited to comment on the Issues Paper	Closed. Consultation Stage 1 Report released on 21 December 2012.
Framework paper	Paper describing the method and process for calculating the new tariff	Published 21 December 2012
Tariff Application	Completed tariff model from PWD, with initial evidence provided for assumptions	Published 21 December 2012
Consultation Stage 2	Stakeholders invited to comment on the Framework Paper and Tariff Application	Open until 21 January 2013
Draft decision	Initial tariff calculation from the URA, with evidence for all assumptions	Planned for 15 February 2013
Consultation Stage 3	Stakeholders invited to comment on the Draft Decision	Planned to close 15 March 2013
Final decision	Final tariff decision, with explanation of any changes from draft decision	Planned for 1 April 2013

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**The Framework Paper and Tariff Application have been released for consultation**

- The Framework Paper describes the method and process of the tariff review
  - Structure of the financial model
  - Estimation method for each assumption
  - Key considerations around implementation
- The Tariff Application contains an initial proposed tariff based on assumptions from the Public Works Department
  - Each assumption is listed and supporting evidence is provided

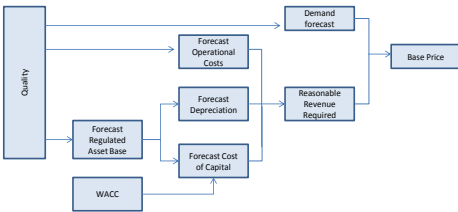


5



**Framework Paper: Tariff setting methodology**


- The tariff level is set in order to cover the reasonable costs of providing a certain level of quality to water customers
- The tariff calculation is based on a financial model that includes forecasts of demand, operating costs, and infrastructure investment over the next 5 years.
- Diagram illustrates the major "building-blocks" of the financial model and how they interact:



```

    graph LR
      Quality[Quality] --> Demand[Demand forecast]
      Quality --> Costs[Forecast Operational Costs]
      Quality --> Depreciation[Forecast Depreciation]
      Quality --> Capital[Forecast Cost of Capital]
      WACC[WACC] --> Capital
      Demand --> Revenue[Reasonable Revenue Required]
      Costs --> Revenue
      Depreciation --> Revenue
      Capital --> Revenue
      Revenue --> Price[Base Price]
  
```

6



### Framework Paper: Implementation considerations


“

The Authority will consider the following points in order to determine the most appropriate implementation plan for any new tariff:

- whether there is a specific budget line for water services in Laganville requested from the public fund;
- whether appropriate accounting and control procedures have been put in place by PWD to monitor any specific budget for water services in Laganville;
- whether any form of revolving budget (where the budget assigned is determined by the receipts from water bills) is put in place for water services in Laganville;
- whether appropriate monitoring and enforcement procedures for maintaining standards of quality are established for water services in Laganville;
- whether government has formulated an urban water policy;
- any proposed review and/or changes to legislation relevant to water services in Laganville; and
- the timing of any planned upgrades to the water sources and network in Laganville.

”

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### Tariff application: Proposed tariff

- Based on the agreed methodology outlined in the Framework paper, the PWD have provided an initial application for a new tariff level tabled below:

Type of fee	Current tariff (VUV)	Proposed tariff (VUV)	Change
Fee per m3 used (local customers)	52	65	+25.2%
Fee per m3 used (ships)	65	81	+25.2%
Deposit fee	5000	6261	+25.2%
Reconnection fee	3000	3756	+25.2%

- This tariff will be automatically adjusted up or down according to changes in electricity prices
- PWD propose to improve quality as a result of this tariff increase

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### Tariff Application: Implementation considerations

“

- PWD have proposed the following conditions to implement the new tariff:
  - No changes will be made to the tariff in 2013;
  - PWD will request a specific budget line for water services in Laganville for 2014;
  - PWD will use the assumptions in the financial model in their submission for their 2014 budget from the public fund;
  - This budget submission will be equal to the amount defined in the model for 2014;
  - The tariff level will be adjusted according to any difference between the budget requested and the budget assigned from the public fund;
  - The new tariff will be come into effect on 1st January 2014; and
  - In subsequent years, the tariff will be adjusted according to any differences between the budget approved for water services in Laganville and the forecasts in the financial model.

”


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### Issues for MIPU to consider

1. Budgeting arrangements with Ministry of Finance
  - The current arrangements are not best suited to ensuring that water services in Laganville are adequately funded
2. Operational structures and reporting requirements
  - It is important that clear structures, accounting procedures and reporting routines are put in place to support a successful water service going forward and to ensure transparency
3. Monitoring and compliance regime
  - Increasing the price to deliver quality improvements will only be allowed if adequate processes are put in place to monitor and ensure compliance to quality standards
4. Funding for infrastructure investment
  - Sources of funds must be secured for any required investment to improve the quality of water services in Laganville
5. Separation of water services as a utility business
  - Looking forward, any steps that can be taken to define Laganville water services as a separate entity or state-owned enterprise will further facilitate development and effective regulation


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### What happens next

- The URAs Draft Decision is planned form publication on 15 Februaru 2013
  - This will contain the URAs initial view of a reasonable tariff, and provides supporting evidence and analysis for all assumptions
- Consultation on the Draft Decision will be intensive
  - Community briefings in Laganville
  - Public survey
  - Government briefings and workshops as required
- The Final Decision is planned for 1<sup>st</sup> April 2013
- Ministerial approval is required for the tariff to be implemented

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### Comments and questions from MIPU

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**Utilities Regulatory Authority**

**Vanuatu**

You can access the Luganville Water Tariff Review Consultation Stage 2 Report on our website [www.ura.gov.vu](http://www.ura.gov.vu), or by contacting us by telephone (+678) 23335, email: [mmalas@ura.gov.vu](mailto:mmalas@ura.gov.vu) or regular mail at Maureen Malas, Utilities Regulatory Authority, PMB 9093, Port Vila, Vanuatu.