

## The Mankweng cost recovery pilot project

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MANKWENG IS A small university town in the Northern Province of South Africa, approximately 25km from the provincial capital Pietersburg. The population of about 50,000 relies on income from work in government, the university, the state hospital and small businesses, migrant workers and state pensions. Unemployment in the Northern Province is estimated at 45 per cent.

Legislation since 1994 has redefined the responsibilities for water provision. In terms of the Constitution, the Local Government Act and the Water Services Act local government is now held accountable for the provision of water to voters, and the operation and maintenance of water schemes. The Mankweng local council is thus the Water Services Authority (WSA). The council is accountable to approximately 95 000 people living in 126 communities in a 1600 square kilometre area.

During the transitional phase, a local council's responsibilities increase as their ability to deliver increases. In the interim, the national Department of Water Affairs (DWAF) continues to provide water services, while the Northern District Council (NDC) provides other services on behalf of the local council. Both the Department of Water Affairs and the Department of Local Government are working with local councils to help them build capacity to take on these responsibilities. This project, funded by the DWAF Operations Directorate, is one such initiative.

The project focuses only on the Mankweng Township. However the results will inform similar initiatives to improve services throughout the local council area. A team comprising elected local councillors, local council administration staff, the development forum, Department of Water Affairs staff, the Mvula Trust and a variety of subcontractors are implementing the project. Management meetings are held monthly to co-ordinate and plan activities and initiatives.

Historically payment for services has been low in South Africa for political reasons. At Mankweng cost recovery for water services increased from 0 per cent to 6 per cent in the 6 (?) months before the project was implemented. This project aims to establish long term structures, capacity and strategies to increase cost recovery to a level where the local council can take full responsibility for the scheme and reliably deliver this service to their constituents.

### Management structure

The Mankweng local council, as the Water Services Authority, is accountable for the provision of services to their constituents, including water, sanitation, roads and electricity. They may subcontract to other local authorities,

to private companies, a water board, an NGO or CBO (for example SANCO or a community water committee), the district council or a government department to achieve this end. These organisations are known as Water Service Providers.

The local council's responsibilities can be divided as follows:

#### *Bulk water supply;*

- Operation, maintenance and expansion of the bulk water supply.

#### *Water supply to consumers;*

- Customer liaison.
- Administration and financial management.
- Technical operation and maintenance and expansion to new areas.

The major weaknesses in the management of the water supply scheme were administration, financial management and customer liaison. These weaknesses contribute directly to the low level of cost recovery. Good management, including communications, lead to willingness to pay.

### Administration and financial management

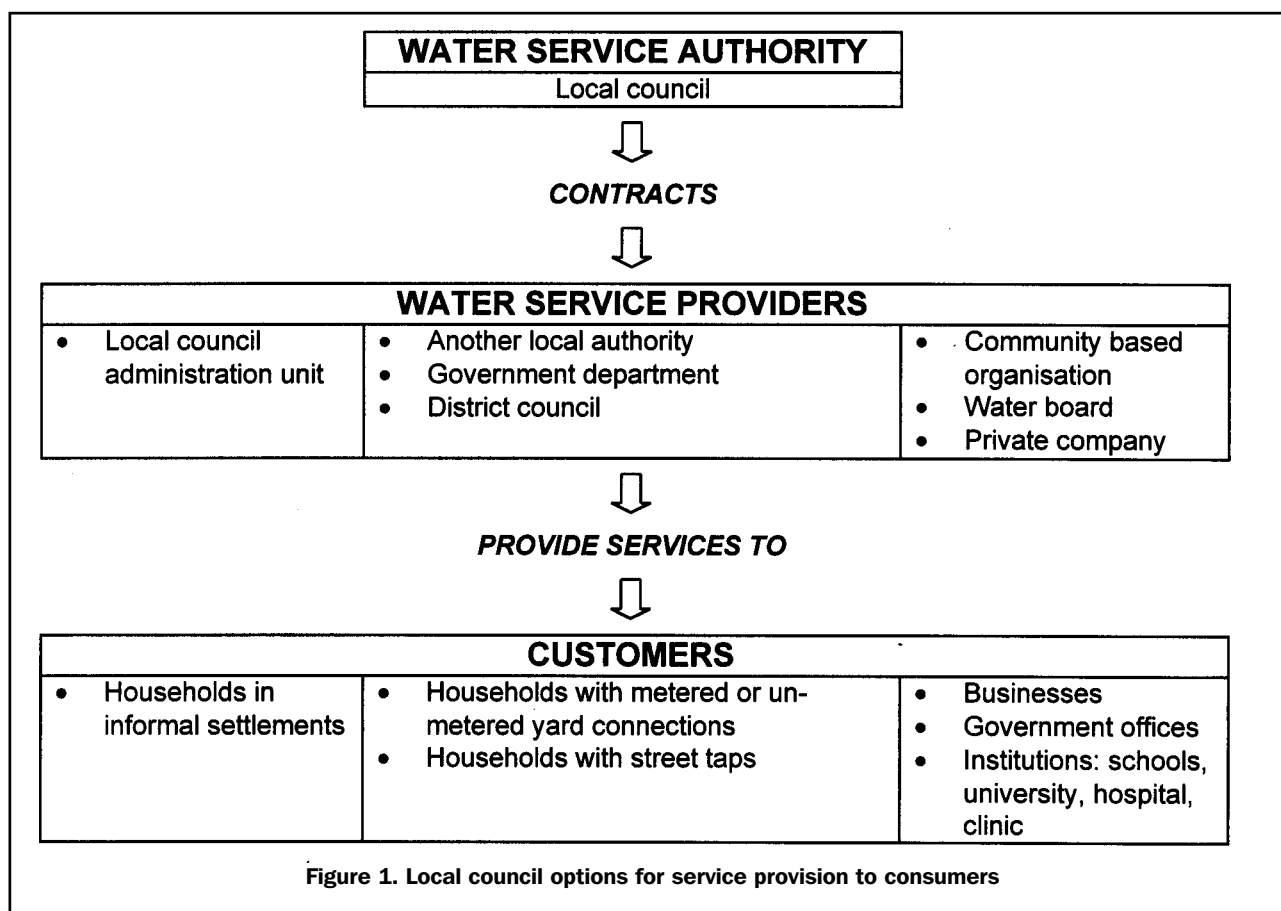
Mankweng local council has established an administration unit, based in the town, over the past few years. The unit is responsible for billing consumers and collecting and administering payments from consumers. Cashiers at the two pay offices in town collect payments for water, sanitation and electricity.

The following challenges needed to be overcome:

- Bills and statements were not yet issued to all consumers.
- The payment rate was extremely low.
- The tariff, currently set at R1 per kiloliter, was insufficient to cover the costs of providing the water.
- Meters were read infrequently.
- The status, roles and responsibilities of the administration staff were unclear.
- Insufficient resources were available to the unit.
- Customer information was unreliable.
- Poor communication between political and community structures.
- Lack of awareness by the communities with regards their water scheme and the need to pay for water.

This project aims to:

- Establish job descriptions, administration systems and reporting requirements for the administration unit.
- Assess staff and other resource requirements.



- Introduce a new meter reading system, and CAT meter reading equipment, to speed up meter reading and improve the reliability of the readings.
- Establish accounting and financial management procedures to provide reliable auditable figures to the council. Parts of this function may be subcontracted to a local accounting firm.
- Plan regular tariff increases over a defined time scale so that the tariff eventually covers the actual costs of providing the water.
- Budget for the expected future costs of providing the water and set the tariff to cover these costs. Costs must be covered by the funds collected from consumers.
- Update the customer information and provide a database and administrative systems to maintain the information.
- Open a transmission account for water services, to allow separate accounting from other services.
- Draft by-laws to allow the local council to restrict or disconnect services to defaulters.
- Establish a system for cross subsidisation to provide water to the ultra poor at minimal cost.

### Customer liaison

Initially all parties shared the responsibility for customer liaison. The development forum and elected local councillors were effectively the communications wing of the local council's administration unit. Meter readers, cashiers,

operators and maintenance teams interfaced daily with customers. Local radio stations and community meetings were occasionally used for formal communications.

A concerted communications campaign was implemented during the project, using participatory techniques, chat shows, announcements and advertisements on two local radio stations, a schools art competition with the local schools and community drama. The Trust developed a set of new participatory tools, based on the PHAST tools, to facilitate community discussion, understanding and decision making on operation and maintenance issues.

The pilot communications strategy informed the local council's long term communications strategy.

Customers need to know:

- How much their water costs.
- What happens if they don't pay.
- What happens to their payments.
- The cause of problems.
- How long it will take to solve problems.
- Plans for expansion and upgrading the system.

This information builds trust by the consumers in the management, and increases their willingness to pay for services.

In addition, the Water Services Authority and Providers benefits from awareness campaigns on;

- the links between health, hygiene and water,

- water conservation and leak detection,
- the quick reporting of breakages.

Awareness programmes build the consumer's understanding of management issues, resulting in a stronger relationship with the council. Consumers are then more likely to work with the council to improve the reliability of the water service, and increase the impact of the water supply on the community's health.

### Technical operation and maintenance

The Department of Water Affairs established an Operations and Maintenance Unit in Mankweng to serve a large area including the entire Mankweng local council area. This unit is currently responsible for all operations, maintenance and repairs on the water and sewage systems, and for extension of services within the town.

This project aims to resolve the following issues:

- Formalise the relationship between the water service authority and the DWAF Operations and Maintenance Unit in Mankweng by agreeing and formalising the required performance criteria.
- Estimate the cost of the services provided by the DWAF Operations and Maintenance Unit.
- Budget for future costs, so that these can be covered by the funds collected from consumers.
- Will the Department of Water Affairs or the District Council provide construction management assistance to the local council in future to extend the reticulation system?

### Bulk water supply

The town's water is supplied from Ebenezer dam, which is in the mountains about 40km away. The bulk scheme supplies an additional 8 communities before reaching Pietersburg.

Lepelle Northern Water Board (LNW), a parastatal, is responsible for operation and maintenance of the dam, treatment works, pipeline, pumping station and reservoir. The role and responsibilities of the water board are defined in the Water Services Act. The responsibility for this scheme is clear as the system crosses a number of local council areas.

The water board currently invoices the Department of Water Affairs monthly for the cost of providing water to the

reservoirs. The tariff of R 2.2 per kiloliter covers the full costs of operating and maintaining the bulk supply scheme, and includes an amount for capital redemption i.e. to pay for the costs of building or rebuilding the scheme.

This project aims to resolve the following issues:

- Is the local council responsible for paying for water supplied to the university or will the university pay the water board direct?
- The water board will invoice the local council rather than the Department of Water Affairs.
- Does the current monthly bill of approximately R500,000 include the cost of water supplied to other communities?
- How does the water board set the tariff? Elected local councillors need to be able to explain this to consumers.

### Conclusions

The success of the project depended on a strong multi-disciplinary implementation team. This team comprised elected local councillors, local council administration staff, the development forum, Department of Water Affairs staff, the Mvula Trust and a variety of subcontractors.

Sound long term strategies and systems were established to assist the local council to manage the water supply scheme. Communications methods were tested to inform the long term communications strategy.

The project team wishes the local council every success in delivery of water services to their customers in the Mankweng town, and the extension of effective service delivery to other constituents.

### References

Constitution  
Dwaf document on local government  
Dwaf document on water boards  
Draft Dwaf tariff regulations for water services tariffs  
Local Government Act  
Water Services Act 1997

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