



## Institutional responses to water-sector responsibilities

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IN SOUTH AFRICA during the *apartheid* era the business of water was the preserve of the national ministry of water affairs, urban local authorities and water boards. The latter primarily provided bulk supplies but also became involved with reticulation when appropriate or requested to do so.

The introduction of democratic majority government in 1994 resulted in an overhaul of national legislation, much of which dated back to the 1950's. The old water legislation treated water services (catchment management, bulk supply, reticulation and regulation) within the same law and did not provide direction on equitable and sustainable water service provision.

The new dispensation ushered in a logical split into two main water laws. The National Water Act No 36 of 1998 and the Water Services Act 108 of 1997. The former deals with catchment management and the regulation of demand whereas the latter deals with water service provision and regulation of supply. New local government legislation envisages a split in water service functions between the District Council level which is the body held responsible for ensuring sustainable and equitable water service provision (i.e. providing a **Water Services Authority (WSA)** role) and the providers of bulk and reticulation services. The latter, called **Water Services Providers (WSPs)**, may be performed by the District Council, the Local Council or through a variety of other public or private sector arrangements on

contract to the District Council. The changes envisaged for the management of the water sector are profound and have extensive implications for District Councils in terms of responsibility and costs.

KwaZulu-Natal as the most populous province in South Africa (outside the Gauteng area which is metropolitan in character) was selected for a **pilot project aimed at establishing a methodology for developing the capacity of District Councils to fulfil their function of Water Services Authority (WSA)**.

Table 1 illustrates the distinctions between the roles of the WSA and the WSPs.

The Districts Councils are significantly more powerful, in water related issues, than their Local Council counterparts.

The national government is in the process of introducing free basic services. In respect of water supply this means a supply of six kilolitres per household per month will be free. The dynamics of how this will be funded is still in the process of being worked out. What is clear is that wealthier areas will have to subsidize the poorer, mainly rural, areas. The District Council, as Water Services Authority, will be responsible to achieve this cross-subsidization. Local Councils, in circumstances which favour the arrangement, may be water services providers, that is, providing a reticulation service to their communities both urban and rural. However, tariffs and the regulation of the industry

**Table 1. Roles of the respective types of water service institution**

<b>Water services authority</b> (i.e. A district council)	<b>Water services provider</b> (i.e. A public, private, or public-private partnership arrangement)
<ul style="list-style-type: none"> <li>• Policy formulation</li> </ul>	<ul style="list-style-type: none"> <li>• Must be approved and contracted to the WSA (which contract may or may not include specific conditions) to supply water in a specified area</li> </ul>
<ul style="list-style-type: none"> <li>• Formulation &amp; adoption of By-laws</li> </ul>	<ul style="list-style-type: none"> <li>• Must provide information as requested by the WSA on the water service being provided eg customer numbers, water consumption etc.</li> </ul>
<ul style="list-style-type: none"> <li>• Setting of Tariffs</li> </ul>	<ul style="list-style-type: none"> <li>• Must comply with the WSA's contractual requirements</li> </ul>
<ul style="list-style-type: none"> <li>• Preparing and updating a water services development plan</li> </ul>	
<ul style="list-style-type: none"> <li>• M &amp; E of provision of water and sanitation services</li> </ul>	
<ul style="list-style-type: none"> <li>• Management of Implementing Agents and Service Providers</li> </ul>	
<ul style="list-style-type: none"> <li>• Dispute resolution between customers and WSPs</li> </ul>	
<ul style="list-style-type: none"> <li>• Representation of constituency interests</li> </ul>	

will be determined by the District Council in association with the WSPs, be they Local Councils other public institutions or private institutions.

It is against this background that we desire to explore the institutional responses that District Councils have had to make in order to respond to the changed legislative and municipal context within which they find themselves.

### District councils and their antecedents

South Africa has had a district level of local government for a number of years. In KwaZulu-Natal these were originally called Joint Services Boards and later became known as Regional Councils. These institutions, in their structure and function, were essentially service delivery agents acting within policies and regulations set for them by other arms of government – at Provincial or National level. They did not exercise strong regulatory functions except with respect to collecting levies from businesses within their area of jurisdiction. The levies were their main source of income. A limited amount of revenue was collected from selected water schemes where service provision was being made to another authority. In cases where reticulation was made to standpipes in rural communities it was only in certain cases that any money was collected. There was no strong culture of payment developed among their customers.

The transformation of local government since 1994 has seen the Regional Councils change to becoming District Councils as an autonomous and independent sphere of government. This together with the new water sector legislation is demanding that District Councils adapt to become institutions with full municipal functions of service delivery and regulation all integrated within a legislated development planning process.

Most District Councils are structured along classical lines as shown in Figure 1 with a Municipal Manager and three or four heads of line departments. The line departments are usually *Technical*, *Administration*, and *Finance*. In certain instances the split of functions may be slightly different resulting in four line departments.

## The water sector responsibility within district councils and lessons learnt

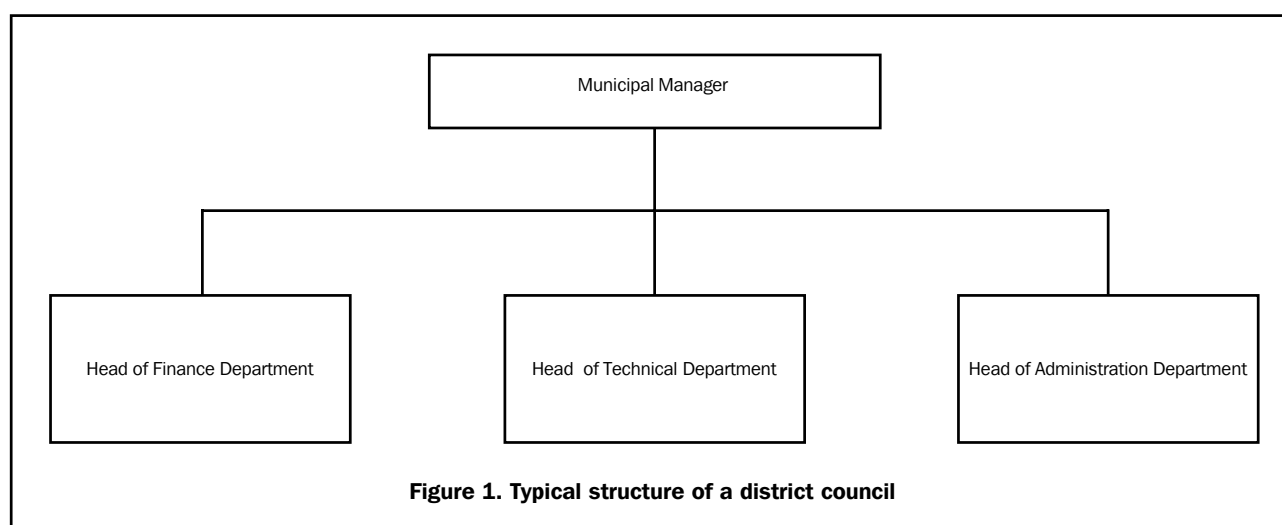
### Institutional aspects

The great challenge facing the District Councils is how to make the adjustment to the new local government dispensation insofar as it affects the water sector. The transformation of local government in South Africa will not be complete without District Councils taking up an effective role in administration and regulation of the water sector.

The challenge faced by the Department of Water Affairs was how to assist the District Councils to take up their new responsibilities. The challenges encompass inexperienced staff, a lack of entrenched management systems and procedures, inadequate budgets (indeed these appear to be shrinking, especially in the face of the government's free water policy) and many years in which there was little or no accountability to their constituency.

Soon after embarking upon a pilot programme aimed at capacitating the District Councils to fulfil their WSA role it became apparent that an ability to change was not their strong point. A *carrot* and a *stick* would be necessary to prise them off the present perch. The *carrot* was provided by finance offered from central government. The funds provided by the Department of Water Affairs (DWAF) were made available to District Councils for employment of additional staff and the commissioning of consultancy services to advise in the process as may be necessary. The funding to Councils was augmented by a small specialist team hired by DWAF to monitor progress and offer guidance to the Council's management in the transformation process.

The approach adopted evolved over the past year, starting out as a monitoring function and as this proved inadequate in promoting the necessary shifts in the Councils, it transformed into a direct support role. Figure 2 describes the conceptual framework used in determining a methodology. Errors have been made and lessons learnt over the past year but the prognosis seems more positive for



the next period. What is not immediately apparent from Figure 2 is the inherent complexity in the process. The range of skills required for this type of transformation involves a clear understanding of:

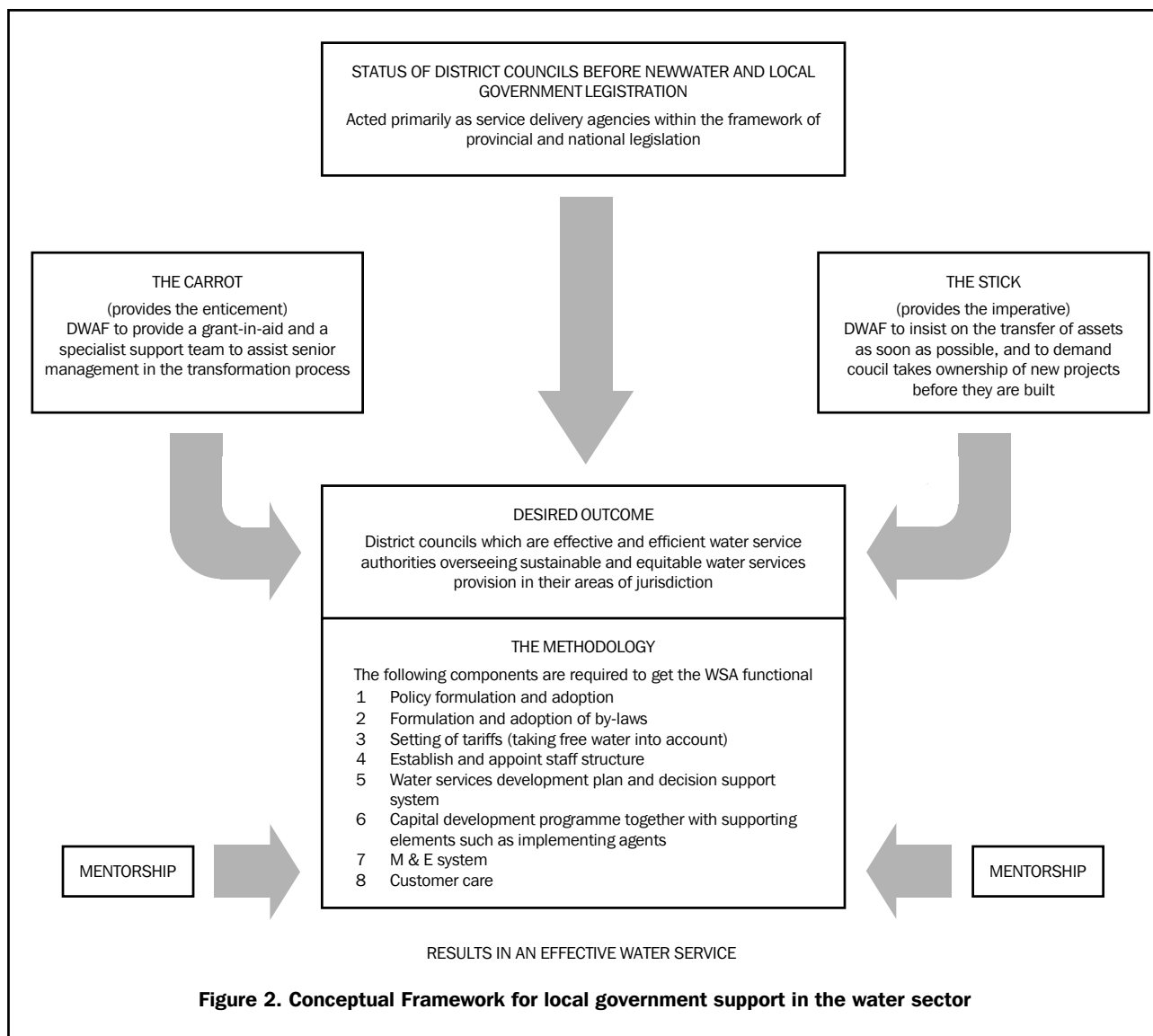
- the role and function of local government (as currently defined in South Africa) in relation to other levels of government;
- management, lines of authority and accountability;
- the interactions between the various line departments and how the line departments feed certain specialist skills (e.g. finance) in to the water business;
- how to communicate new responsibilities and their implications to senior management and Council;
- how to hold water service providers accountable to contract requirements; and
- how to be accountable to customers within a service delivery framework.

The challenges are great for even the most skilled staff and Councillors so that there are several years required for

the necessary capacity to be developed before the legal requirements will be effectively fulfilled.

**Lessons learnt**

The pilot project has clearly illustrated that local government institutions do not have at present the skilled manpower required to engineer such complex transformations in function and structure. The changes involve complex concepts and require experience of administrative structures, which is mostly lacking among the officials involved. The implementation of the change process has also brought officials into direct contact with political agendas within the elected Councils. This, coupled with the fact that Councillors are mostly politically astute but administratively naïve, has also led to lengthy delays in the implementation of decisions that should be straight forward. As a result of the long period of *apartheid* rule the number of experienced people within local government is a fraction of the numbers required to give satisfactory expression to the dramatic and far reaching changes that are being implemented.



**Figure 2. Conceptual Framework for local government support in the water sector**

One of the key debates has been whether the Water Services Authority (WSA) function should be located within the Technical division, within the Municipal Manager's office or in a new and autonomous division parallel to the existing line departments. Each location has merits and problems but the issue is a crucial one in determining the effectiveness with which the District Council can fulfil its WSA responsibilities.

Theory suggests that the function is probably best located within the Municipal Managers office. This is because the Municipal Manager can wield the power associated with the WSA functions and enforce line departments compliance with the legislation. However, experience has shown that most District Councils have elected to keep the WSA within a line department from where it is less able to jeopardize existing power relations within the institution. In one case where it has been located in an autonomous position the incumbent has been isolated to such an extent by the Heads of Line Departments that he is unable to perform the WSA Managers role with any degree of effectiveness.

One of the key responsibilities of the WSA is to monitor the entire water sector within the Council's area of jurisdiction. The performance of this monitoring function is probably the key long-term function, which will enable the Council to discharge all its WSA responsibilities. The question becomes one of determining how best to accomplish the monitoring responsibility. Pienaar (2000), at the conference in Addis Ababa went into the detail of an M & E system and what the components of that system should be. The intention here is to address the practical tasks that the WSA in the District Council has to put into place if the monitoring is to be effectively managed and the industry regulated.

It is suggested that the WSA staff structure requires a manager, a technical support person, an institutional and social development support person and an administrative officer with some knowledge of contract law.

Once established the WSA with a staff of four will need to implement the goals set out in Figure 2. The first phase involves establishing the WSA. This requires the development of:

- policy;
- by-laws;

- tariffs;
- staff structure and location of the WSA within the Council;
- water services development plan and decision support system;
- a capital development programme;
- M & E System; and
- a customer care system.

The second phase requires the operation and maintenance of these systems and the use of the M & E and decision support system in ongoing management and quality control which provide the basis for regular accounting to the DWAF for the water sector in their area of jurisdiction. It is during this ongoing period that a mentor-type of support is required to undergird the staff in the development of the required capacity. Many of the skills can only be learned on the job as people have to respond to the different situations that arise. Experience can only be gained *in-situ*.

The establishment and implementation of a management and decision support system closely allied to the M & E system is essential to enable the Council to systematically implement its WSA responsibilities. The requirement for managing an effective M & E system is routine discipline in collecting data and recording it accurately. The system can only yield results when it has been running for several months and there is a consistent level of reliable data. Then the Water Services Authority should be able to become an effective management tool in the water services delivery role in local government.

## **Conclusion**

This pilot project is a vital step in developing strategy and resources needed by the District Councils in South Africa to guide them toward becoming effective autonomous spheres of government, able to manage the water sector and deal on equal terms with Provincial, National and other Local government structures.

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