

THE WATER SERVICES DEVELOPMENT PLAN: A REQUIREMENT UNDER THE NEW WATER SERVICES ACT

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SUMMARY

A new Water Services Act has just been published and will have a major impact on the way water services are managed in the future. One of the key requirements of this Act is that all water services authorities (municipalities) have to produce a water services development plan. This plan deals with long term planning for the provision of water supply and sanitation services by services authorities, addressing socio-economic, technical, financial, management and environmental aspects. It will also be used as a basis for regulating services authorities. For example, the service level targets, management efficiency criteria and tariffs set down in the plan will be used as a basis to assess performance of the services authority and services providers working for them.

This paper presents some background relating to water services development planning, provides an outline of the typical contents of the plan and sets out the requirements for using the plan. The paper also deals with the implications of the plan with regard to regulation of water services provision. This has two facets to it: "local" regulation by the services authority itself and regulation at a national level.

1. INTRODUCTION

The Water Services Act (Act No 108, 1997) was published on 19th December 1997. A key provision of this Act, dealt with in clauses 12 to 18, relates to the requirement that water services authorities have to prepare a water services development plan (WSDP). This requirement has major implications for local government: they are now identified as water services authorities, will have to follow the planning procedures which are laid down and be regulated in accordance with the terms of the Act, with the WSDP as the key regulatory instrument.

2. BACKGROUND: THE WSDP AND DEVELOPMENTAL REGULATION

The Constitution (clause 152 b) states that one of the objects of local government is to "ensure the provision of services to communities in a sustainable manner". Further, the Constitution recognises the principle of co-operative government and states that "national and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions".

Water supply and sanitation services, which are collectively called water services, are probably the most important services provided by local governments to the communities they serve, and the Department of Water Affairs and Forestry (DWAF) has a constitutional obligation to work co-operatively with local government in this regard. The tools or mechanisms which DWAF has to do this include financial support, provision of advice and information and, most importantly from the perspective of this paper, regulation.

Developmental regulation

DWAF approached the issue of regulation with the understanding that the major thrust of government was to promote reconstruction and development within a framework of co-operative government. Traditional approaches to "regulation", which implied control and punitive measures, clearly were incompatible with development and co-operative government. But it was recognised that these

principles could be applied through an approach referred to as "developmental regulation". Here the following principles are important:

- A particular local government needs to be identified as having the constitutional obligation to ensure that water services are provided to the communities in its area. This local government is termed the water services authority.
- The water services authority should be allowed to set its own objectives with regard to the provision of water services.
- The services authority will be monitored in relation to these objectives.
- National and provincial government will take part of the monitoring responsibility but the essence of developmental regulation is that the monitoring is to be done locally, by individuals in the areas served by the water services authority, by civic groupings, by the media, and so on.
- Interventions by national and provincial government will primarily be supportive: through the provision of finance, information and mentorship, for example.
- Interventions of a more punitive nature will only be taken as a last resort.

The WSDP is central to this whole approach as it is this plan which sets out the objectives of the water services authority, in a structured and transparent way, thereby laying down benchmarks against which the services authority can be monitored.

It is notable that the WSDP is not an additional burden on local authorities. Good planning is an essential part of good management; the WSDP merely lays down a framework within which such planning needs to be undertaken and gives the plan a statutory status.

3. INSTITUTIONAL ISSUES

3.1 Water Services Authorities

The identification of the water services authority would be straight forward if there was a single sphere of local government in South Africa. However, there are in fact two spheres with different relationships between them in various parts of the country. For a particular area, the water services authority is that sphere which is "made responsible for ensuring access to water services" under the Local Government Transition Act (Act No. 209 of 1993). The situation will thus be decided by the respective provincial governments and there will be some variability here. However, three broad categories can be identified:

- In metropolitan areas there are currently metropolitan councils and metropolitan local councils (MLCs). (This may change if the "megacity" concept is implemented). Under the current arrangements it is generally the MLCs who will be the water services authorities. However, in Durban the situation is somewhat different: the metro council is directly responsible for water services and is thus the water services authority.
- In non-metro urban areas the situation is fairly straight-forward: the local council is the water services authority.
- In rural areas the two spheres are the district council (regional council in KwaZulu/Natal) on the one hand and rural councils or representative councils on the other. Few rural or representative councils have currently been given executive responsibility for providing water services and thus the district councils will generally be the water services authorities. This is not so in the Northern Province as local councils have been established throughout the province, instead of rural or representative councils.

3.2 Water Services Providers

The Act defines a water services provider as "any person who provides water services to consumers or to another water services institution, but does not include a water services intermediary". The Act does not differentiate between bulk services, where the services provider would have no direct relationship with the consumer, and water distribution or wastewater collection services, where there is such a direct relationship.

Water services providers can be broadly grouped into the following categories:

- **Local authorities themselves:** the most typical situation which currently occurs in South Africa's urban areas is that the local authority which is identified as the water services authority is also the

water services provider. In this case it is important to recognise the different roles within the local authority: the services authority role will be fulfilled by the council together with certain officials (the Town Clerk and perhaps an ombudsman). The water services provider role would be fulfilled by the water and sanitation department(s) or section(s), often headed by the Town engineer or a specialist water supply or sanitation manager.

- **Neighbouring local authorities:** it is also possible for a local authority (A) to contract to a neighbouring local authority (B) to be the water services provider for B's area. In this case local authority A is only the water services provider in B's area and not the water services authority.
- **Water boards:** another common situation in South Africa is one where water boards provide bulk services to water services authorities. Less commonly they also provide distribution services. In either case it is essential that a contract exists between the water service authority and water board.
- **Private sector:** While not common in South Africa at present there will be growing number of private companies taking on the role of water service providers. One of the explicit intentions of the Act is to regulate such situations.
- **Community based organisations:** In rural areas the most common model is likely to be one where community based organisations, such as village water committees, will be the services provider. They would typically be contracted to the district council which is the water services authority for the area.

4. RELATIONSHIP BETWEEN THE WSDP AND OTHER PLANNING

Before turning to issues specific to water services development planning, it is important to understand the relationship between these plans and other plans.

Integrated Development Plans (IDPs)

The recent amendments to the Local Government Act (Act 209 of 1993) place strong emphasis on the preparation of an integrated development plan (IDP). Essentially the motivation behind the IDP is the same as that for WSDPs but IDPs relate to all the activities of a local authority. Thus a WSDP can be seen as one component of an IDP and should fit within it. A WSDP would contain more detail which is specific to water services but the basic approach is the same.

Area planning

DWAF is currently promoting area planning, plans prepared at district council scale but not necessarily based on district council boundaries. Although this has not been explicitly stated yet it is considered that an area plan is in fact a WSDP, the plan which will be required under the Act for those district councils which are water services authorities.

Water and sanitation master plans

The term "master plans" has commonly been used by local authorities, and the consultants working for them, to describe water supply or wastewater studies looking at the overall requirements for optimisation and expansion of the systems. Typically they have focused on technical issues and capital expenditure, although some have looked at operating cost implications of the proposals put forward. They have also generally dealt with bulk and connector (rather than internal) infrastructure. As such they would also form a part of a WSDP, perhaps going into more detail regarding technical options.

Integrated environmental plan

There is increasing awareness of the need for local authorities to have integrated environmental plans. This plan would deal with water and sanitation and the extent to which water services impact on the environment. Thus the environmental plan fits together with a WSDP. In addition, there is a growing demand for the consideration of the social environmental impacts of water services on communities.

5. PURPOSE OF A WATER SERVICES DEVELOPMENT PLAN

The water services development plan (WSDP) serves a number of purposes:

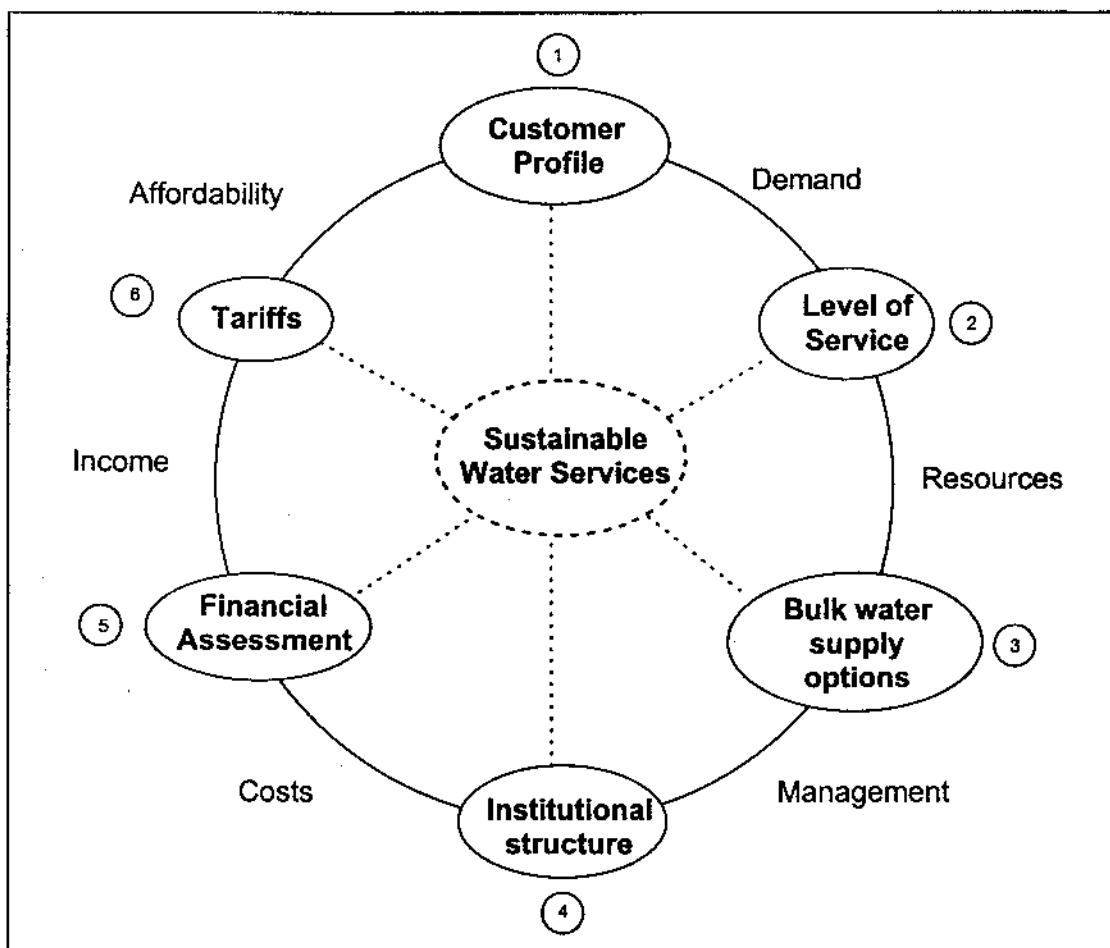
- a) It sets out the way things need to be organised in the future so that water services can be properly provided to all.
- b) It is essentially a statement of intent or social contract between the people in the area of jurisdiction of the water services authority and the water services authority itself. It describes the various

aspects of the service which the authority will arrange to provide so that people know what to expect.

- c) It also sets out the basic form of the relationship with others who will be involved with water services provision. In particular it would identify water services providers.
- d) The plan also forms the basis for the contract between the water services authority and water services provider. The services provider has the responsibility for putting into action what the plan describes.
- e) It serves as a basis for monitoring the performance of the water services provider.
- f) Finally it is at the heart of the regulatory system. The measurement of performance against plan can be used by the water services authority and by national government as a basis for taking action against water services providers who do not perform properly.

6. CONTENTS OF THE WSDP

At the outset it is important to understand that a WSDP is an integrated plan, dealing with socio-economic, technical, institutional, financial and environmental issues. The relationship between the various elements of the plan is illustrated in the figure below which illustrates the water services development planning cycle.



The statutory requirements regarding the contents of the WSDP are contained in clause 13 of the Water Services Act. It is helpful if these requirements are re-ordered somewhat to put them into a framework which suits the analysis which is required. Such a framework has been put forward in Module 2 of a management guideline series for water services institutions prepared by Palmer Development Group for the Water Research Commission (PDG 1998). This module deals with water services development planning and forms the basis of the outline of a WSDP which is given below:

Current status

The following information is needed:

- a) Description of the area served.
- b) The current consumer profile.
- c) Service levels currently provided.
- d) Water balance.
- e) Organic load mass balance.
- f) Description of existing infrastructure.
- g) Capacity related to current demand.
- h) Current expenditure.
- i) Current tariffs and income.

The proposed programme

Looking forward to what the plan proposes for the future, the following is required:

- a) Economic and household growth projections.
- b) Time frame of plan.
- c) Service level targets.

Flow and load projections

- a) Water demand.
- b) Wastewater flow and loads.
- c) Sludge management arrangements.

Bulk and connector infrastructure

- a) Proposed expansion to water supply infrastructure.
- b) Sources of raw water.
- c) Proposed expansion to sanitation infrastructure.
- d) Return flows.

Organisational arrangements

- a) Identity of water services authority.
- b) Identity of water services providers.
- c) Identity of bulk service providers.
- d) Arrangements with neighbouring municipal areas.
- e) Contracting out: service contracts.
- f) Contracting out: planning, design and construction.
- g) Organisational structure and staffing levels.
- h) Training programmes.

Costs

- a) Capital costs.
- b) Projected operating costs (operations and maintenance).

Finance

- a) Investment programme.
- b) Capital finance.
- c) Income policy (tariffs).
- d) Operating account details.
- e) Sales arrangements.

Affordability to consumers

Based on the tariffs, and using the income profile of consumers, the affordability of the service to them needs to be checked.

Social aspects

The plan must address the impact which the proposed arrangements will have on the communities served, including:

- a) Initiatives to be set up to promote the improvement of community health.
- b) Impact of the proposed services on community health.
- c) Involvement of women in the organisational arrangements.
- d) Approach to community empowerment: support for small businesses etc.

Environmental and health aspects

In dealing with environmental aspects, the relationship with other environmental planning needs to be assessed first. If an integrated environmental plan has been prepared the WSDP needs to refer to the relevant parts of this plan. If one hasn't been prepared, the WSDP must include details of the environmental planning to be done in the future.

Regardless of the above the WSDP must include specific information on:

- a) Water conservation measures.
- b) Water resources used.
- c) Return flows (surface and groundwater).

7. USING SPREADSHEET-BASED COMPUTER MODELS

The central part of the analysis regarding a WSDP relates to the relationships between: the level of service provided to consumers; the rate at which previously unserved or under-served consumers are provided with a service or an upgraded service; the capital and operating cost implications of providing the service; the means of financing used; the tariffs which need to be charged; and, ultimately, the extent to which consumers can afford to pay for the service. Computer-based models which assist with this analysis have been developed by Palmer Development Group for the Development Bank of Southern Africa and the Water Research Commission.

The model for water supply services is more advanced than that for sanitation. It uses Excel software and provides an interactive and structured way of inputting information, carrying out the analysis and preparing a report. It does not deal with the organisational and environmental aspects but covers most of the other requirements of a WSDP. Clearly the output from the model will only be as good as the data input; considerable work needs to be done to gather this data, as part of the process of preparing a WSDP.

8. INVOLVING STAKEHOLDERS

Any planning with developmental objectives is strongly dependent on the participation of those who are affected by the plan, primarily the consumers and other water services institutions in the area. The Act states that the water services authority has to take "reasonable steps to bring its draft water services plan to the notice of its consumers" and the services authority must "invite public comment". The Act could have gone further to require the water services authority to establish a process through which stakeholder groups are involved and understand the consequences of the plan. It is considered that such a process is important and that workshops need to be held to establish a dialogue with stakeholders, as this forms the basis of a social pact for the parties.

The involvement of the water services provider(s) or potential water services provider(s) must be an essential part of stakeholder participation. In fact it is hard to imagine a situation where a WSDP can be prepared without much of the input coming from the water services provider. This view is strengthened by the fact that the water services provider will be bound by the provisions of the WSDP once it is agreed. This bond will be established through the contract which needs to be entered into between services authority, services provider and customers/consumers.

9. SUBMITTING AND APPROVING THE PLAN

The Act requires that a draft of the WSDP is prepared initially and "brought to the notice" of consumers and sent to various public authorities. Once comment is received the WSDP can then be amended, in the light of this comment, and the final plan needs to be distributed to the same public bodies that received the draft plan; it must also be available to anyone who wants to see it.

The WSDP must be submitted to DWAF, the Department of Constitutional Development and the provincial government. But it is notable that the Act does not stipulate that these bodies have to approve the plan, although they can comment on it. This is an important feature as it prevents

bureaucratic delays taking place and also promotes the concept of decentralised regulation. In fact the approval of the plan by local stakeholders is of primary importance.

10. REPORTING PROCEDURES

The Act requires reports to be prepared on an annual basis regarding the implementation of the WSDP. At present no approved reporting procedures have been laid down. However, the series of management guidelines for water services institutions (PDG 1998) puts forward a proposed reporting format operating in two tiers:

- Quantitative information from the WSDP: in a form which can be captured into a national database. This information should be updated whenever the plan changes.
- Information which needs to be submitted every year indicating progress with service coverage, capital expenditure, tariffs and number of people employed.

It is intended that this information would be sufficient for the establishment of a monitoring system which would include service quality criteria.

11. MONITORING AND REGULATORY ARRANGEMENTS

In terms of the principles of developmental regulation, it is important for monitoring and regulation to take place locally in the first instance. The WSDP is ideally suited for this purpose as it allows:

- Consumers to monitor the performance of the water services authority which has the statutory responsibility for ensuring the provision of services to people in its area.
- Water services authorities to monitor the performance of water services providers who are contracted to deliver services in a way which is consistent with the WSDP.

However, the Water Services Act also requires monitoring and regulation to take place at a national level: clause 62 of the Act places an obligation on the Minister of Water Affairs and Forestry to monitor all water services institutions (water services authorities and water services providers). Thus DWAF will require information to be submitted relating to the WSDP, as mentioned in the previous section. A national monitoring system will need to be set up and this will bring the great advantage that information on national indicators can be published, giving water services institutions a basis against which to measure their performance.

Finally, the Act provides for the Minister to intervene if a water services authority is not performing properly. This intervention may take the form of support of various kinds or, ultimately, may mean that the functions of the water services authority are taken over by another body.

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