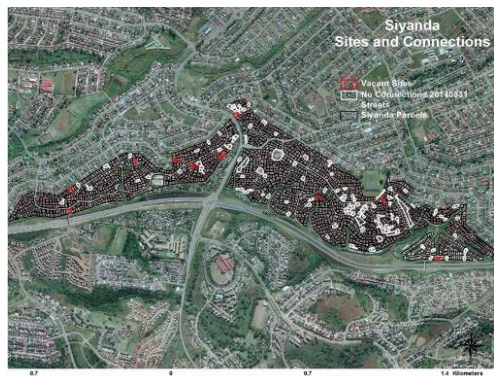


An Analysis of the Debt Relief Programme in Siyanda Township

For a country (South Africa) that is said to be on a trajectory towards water shortage, the issue of water being lost without generating revenue is a huge concern. A low costing housing project was completed in Siyanda Township near Durban a few years ago. High levels of non-payment in this area is a concern to EWS. This population is characterised by their low income (indigent), which could lead to a difficulty on their part to pay for water services. This therefore leads to high debt rates for water services and ultimately, disconnections.



The debt relief programme was designed by EWS to address high levels of non-payment by providing debt relief to indigent customers such as Siyanda Township residents, and develop a culture of payment for water services among residents. The programme is innovative in that it takes difficult financial circumstances into account and rewards positive behaviour, bringing customers into positive payment cycles and credit ratings. However, if customers default on their monthly instalments after signing their debt relief contract, their debt will be reinstated.

The strategies involved the following:

- Council agreed to provide a window period within which poor customers in arrears could become debt free by making regular monthly payments
- Policy was formulated which included:
 - Qualifications such as property value must be less than R 250 000 and arrears of 90 days or more.
 - Debt would be written off over 20 months as long as the monthly payments for current consumption are settled in full and on time.
 - If no payments were made for 4 months then the debt relief contract would be cancelled and the remaining debt reinstated.
 - Customers in houses with a value greater than R250 000 but whose residents were indigent, child headed or pensioners would also be targeted.



The following steps were taken:

- Policy formulation
- Establishment of Project Team for roll out
- Community consultation and advertising
- Development of education programme
- Debt relief budget was set aside by Council
- Accounting systems were established within customer database



A Masters project has been initiated in order to investigate the interventions that substantially and sustainably improve payment for water services in Siyanda Township. By analysing water consumption and payment histories of the customers in the township, and how these respond to various interventions, an effective strategy for reducing non-revenue water losses can be developed. The desired outcomes of the project are minimized water losses, substantially increased revenue to the municipality, and encouraging responsible water usage.