

# **Cost Recovery and Water Tariff Reforms**

**for**  
**Water & Sanitation Agency (WASA)**  
**Rawalpindi, Pakistan**

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The views expressed in this paper are those of the author and do not necessarily reflect the views and policies of the Asian Development Bank.

# Creation of WASA

As per requirement of one of loan covenants of the ADB under the ***“Urban Water Supply and Sanitation Project”*** a separate and autonomous water and sanitation agency was established in 1992 for independent and exclusive management of WSS.

# Situation Before Establishing WASA

Defunct Rawalpindi Municipal Corporation had

- centralized decision making,
- over staffing, and
- non accountability

Collection efficiency of water and sewerage charges was less than 40% and remaining 60% was lost as non-revenue water (leakages and pilferages).

# OBJECTIVE OF WASA

Improve living conditions of the people of Rawalpindi City by providing sustained supply of safe drinking water, and adequate sewerage & drainage facilities and retarding environmental degradation

# FUNCTIONS

1. Provision and operation & maintenance (O&M) of Water Supply
  - Source (Rawal Lake Filtration Plant, Khanpur Dam (Tomar Service Reservoir) and Tubewells)
  - Distribution Network including Water Works
2. O&M of sewerage system and related appurtenance
3. Billing and revenue collection for water charges to attain financial sustainability.

# FUNCTIONS

4. Enforcement against Defaulters / Unauthorized water supply and sewerage Connections etc.
5. Short- & long-term planning for tapping additional water sources & implementation to meet projected water supply/sewerage demand. Long-term projects are:
  - a. Rawalpindi Environmental Improvement Project (ADB Funded Project)
  - b. Augmentation of water supply system based on Chirah Dam.

# ESTABLISHMENT OF REVENUE DIRECTORATE



# **COST RECOVERY AND WATER TARRIF REFORMS**

## **Implemented BY WASA Since 1998**

Fresh Consumer Survey in 1998-99 resulted on registration of additional 43,500 domestic and commercial consumers and increase in the revenue from Rs. 9.1 million to Rs. 42.9 million within one year

# WASA TARIFF REFORMS

Low tariffs were rationalized and a progressive tariff plan agreed and implemented according to the Loan Covenant of ADB for the Urban Water Supply and Sanitation Project Phase-I Rawalpindi. This resulted WASA's financial self sustainability to meet its expenditure of O&M of water supply and sewerage system.

# WATER TARRIF

	Category	Tariff Effective from 1998	Tariff Effective from 01.07.2003	Tariff Effective from 01.07.2005
<b>1.</b>	<b>Domestic</b>	Rs. P/Month	Rs. P/Month	Rs. P/Month
	Upto 5 Marla	40.0	55.0	62.0
	5 to 7 Marla	50.0	90.0	102.0
	7 to 10 Marla	100.0	125.0	141.0
	10 to 19.99 Marla	128.0	185.0	209.0
	1 Kanal	200.0	315.0	356.0
	1 to 2 Kankal	275.0	400.0	509.0
	More than 2 Kanal	400.0	500.0	565.0
<b>2.</b>	<b>Commercial (74 Category based on type of business)</b>	<b>50/- to 5000/-</b>	<b>100/- to 5000/-</b>	<b>113.0 to 5650.0</b>
<b>3.</b>	<b>Bulk Supply</b>			
	MES	12.5	Rs. 15 per 1000 gal	17.0
	NIH	8.0	Rs. 10 per 1000 gal	11.0
	NARC	12.5	Rs. 15 per 1000 gal	17.0

# Effective Measures to Improve Recovery Efficiency

## Public Awareness Campaign

Lunched in December 2004, to motivate the consumers and defaulters to pay their current bills / arrears

## Relief Package

A “relief package” offered to defaulters with the waiver of surcharge and introduction of payments of arrears through installments.

## Involvement of Public Representatives for Motivating Defaulters

Elected representative played role of mediators who guaranteed on behalf of defaulters for the payment of arrears within an agreed period with an agreement that WASA would not disconnect their connections

## Disconnection of Illegal / Ghost Connection

WASA's disconnecting teams on identifying illegal connections takes immediate action for disconnection and issuance of challans for the regularization of the unauthorized water connection.

## MIS Section

Security measures have been taken to make the MIS section a 'prohibited area' to avoid any unauthorized entry in the computerized billing system. MIS section is under the direct control of MD WASA.

## Fresh Consumer Survey (2004-05)

Another round of Consumer Survey conducted in 2005, which resulted an increase of 18%.

## Opening of WASA Collection Booths

To facilitate the consumers of those areas where Bank Brach is available; 4 collection booths have been established which are fully staffed. This has resulted considerable increase in number of paid consumers.

## Incentive for the revenue field staff

The progress of revenue field staff is being monitored by Dy. Director (M&E), Director (F&R) and incentives (recognition and bonus) are being given to that staff who manages over 80% recovery. In addition, at zonal basis special honoraria is offered to that zonal staff who shows relative highest recovery comparing other zones.

## On-line Registration of Complaints

WASA is only water agency in Pakistan that facilitates its consumers for the online registration of complaints using internet or even mobile phones, which is also connected to its headquarter for its monitoring by high level officials. This helps expeditious resolution of problems for consumers.

## Seven Active Complaint Offices

Fully staffed and computerized seven offices have been opened at representative locations of the City for timely registration and addressel of consumers' complaints.

## One Window Operation at WASA Building

A one window facility settles all problems of customers from connection and billing to delivery of overall services at one location with the most efficient way which is well monitored by the high-level management of WASA.

- Issuance of bills on 3-month basis instead of earlier 12-month.
- Improved Efficiency of bill collection resulted enhancement in the revenues from Rs. 9.134 million to Rs. 42.933 million within one year from 1998-99 to 1999-2000
- In 2004-05, revenue collection was over Rs. 95 million. In March, 2006, collection efficiency was 65% which is planned to reach 80% by June 2006.

# SUMMARY OF YEAR WISE REVENUE COLLECTION

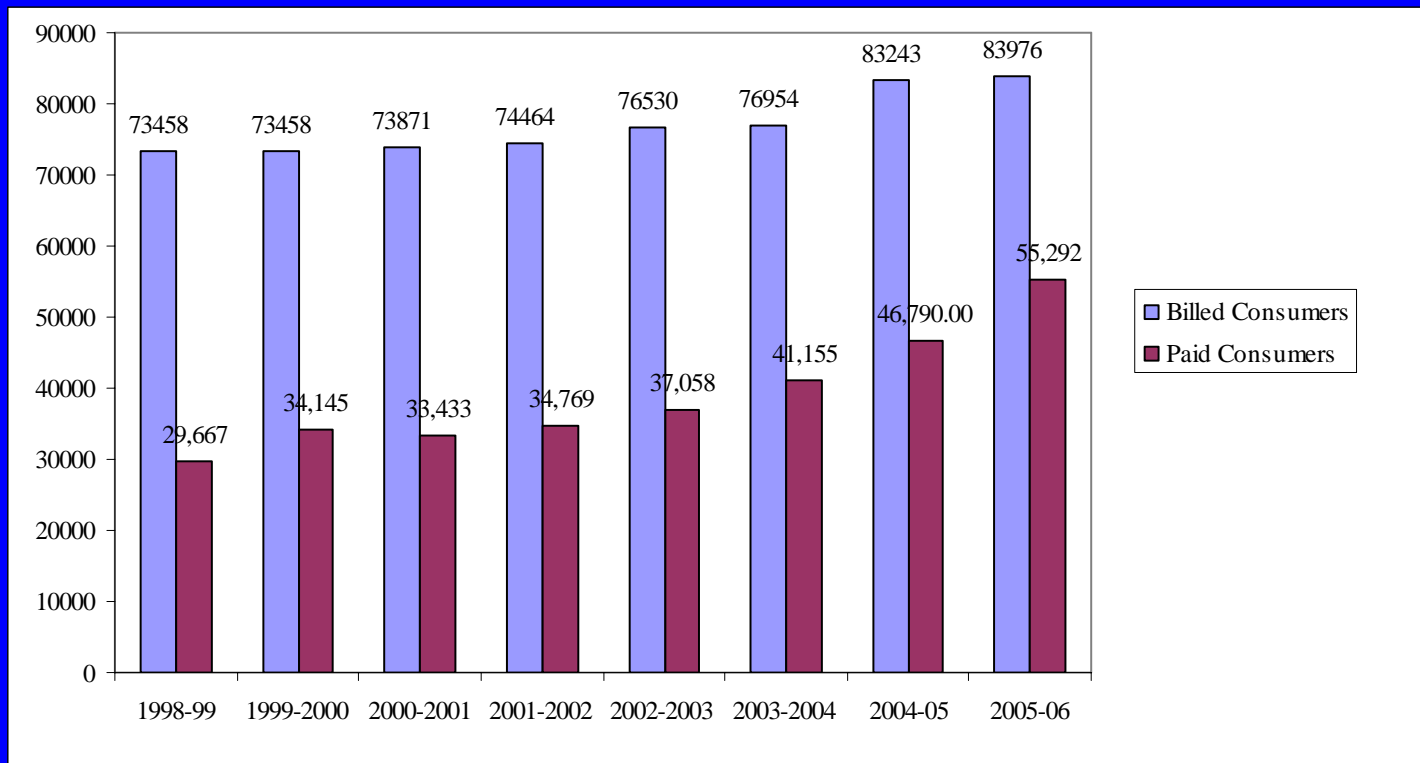
## PAID CONSUMERS AGAINST BILLED CONSUMERS (1999 TO 2006)

Rs. in Million

Sr. No	Fiscal Year	Billed Consumers	Paid Consumers	Revenue Collection	Recovery %
1	1998-1999	73458	29667	9.134	40.38
2	1999-2000	73458	34145	42.933	46.48
3	2000-2001	73871	33433	70.176	45.26
4	2001-2002	74464	34796	60.930	46.73
5	2002-2003	76530	37058	66.101	48.42
6	2003-2004	76954	41155	86.033	53.48
7	2004-2005	83243	46448	95.082	56.63
8	2005-2006 (upto 31.03.2006)	83976	55292	75.00	65.84

# SUMMARY OF YEAR WISE REVENUE COLLECTION

PAID CONSUMERS AGAINST BILLED CONSUMERS (1999 TO 2006)



## WASA BUDGET AT A GLANCE

*Rs. In Million*

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Actual</u>
<b>Openning Balance</b>	245.935	255.170	232.121	232.121
<b>Receipt</b>	207.128	202.712	361.175	140.197
<b>Total Resources</b>	453.063	457.882	593.296	372.318
<b>Expenditure</b>	197.893	225.761	337.740	87.199
<b>Total:</b>	255.170	232.121	255.556	285.119

**THANK YOU**