

EVENT SNAPSHOT

EVENT DETAILS

Operationalizing Water Tariffs to Ensure Equity and Affordability in the Pacific

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Panelists

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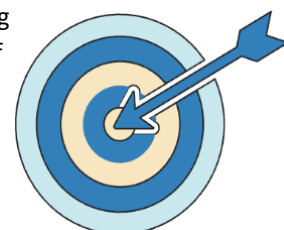
Pacific WASH TA Utility Advisor
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Event recording and resources available [here](#).

Water utilities service most households in Pacific urban areas and are tasked with the challenge of collecting sufficient income to deliver on agreed service standards to their customers. How utilities encourage and make it easy for people to pay their water bills, and the strategies they adopt to ensure water is accessible to all, are central to operationalizing tariffs.

Operationalizing tariffs in the Pacific

Setting tariffs is only one part of the process in improving the financial sustainability of water utilities. Once a tariff has been determined, utilities are tasked with implementing policies and processes to operationalize these tariffs, including robust systems around metering, billing, hardship support and community service obligations.



While people often think safe drinking water is free, there is always a cost to producing and delivering water, whether it is borne by the customer, utility or government.

Webinar overview

ADB Technical Assistance (REG TA-6551), in association with the Pacific Water and Wastewater Association, hosted the second Pacific WASH Webinar for 2024 to explore how water utilities are operationalizing their water tariffs. The webinar is a continuation of the previous webinar in our series which focused on the regulatory frameworks, principles and approaches to tariff setting, and highlighted some of the strategies utilities are using to ensure equitable and accessible water supply services. During the webinar, participants heard from senior management from Tonga Water Board and Water PNG on how their customer service teams are operationalizing water tariffs, and the day-to-day work they undertake to support the financial and operational sustainability of their respective utilities. The event was attended by 45 participants, including 25 from 9 Pacific countries.

Key themes from the webinar include:

- **Expanding the reach of networked services to new customers** – how do we get people to connect to the network and pay for reticulated water? What arrangements are effective in reaching potential customers in informal settlements or peri-urban areas?
- **Metering and network design** – what innovations and systems can be designed to improve the rate of paying customers and reduce illegal connections?
- **Billing** – how do utilities engage with customers to improve bill payment and to access hardship support where needed?

Case Study: Papua New Guinea

Water PNG Ltd. (WPNG) is tasked with the challenge of delivering safe and affordable water to the capital Port Moresby including provincial and district town centers in Papua New Guinea. The utility receives no formal subsidy from the government for capital or operational expenses and must generate revenue to cover the costs for the piped network supply and other community service obligations. PNG has a population of around 12 million people, a large number of which live in informal settlements. With less than 50,000 water meter connections nationwide, WPNG has been trialing innovative approaches to improving both access to, and payment of their water services. The utility is currently piloting two concepts in informal settlements – meter farming and water vendors/kiosks, as transitional management models to address the issue of water equity and ensure these communities can access water for a fair price.

On bill payments, WPNG traditionally sent bills via local postal services but found 50-60% of bills to be returned or undelivered. Following a cost-benefit analysis, the utility found that hand-delivering customer bills via a contractor costs the same as using the local postal service, and has reduced the number of undelivered bills and increased bill payment significantly.

Case Study: Tonga

Tonga Water Board (TWB) services approximately 65-70% of Tonga's population and has adopted a number of strategies to support customers connect to their water supply and manage their water bills.

Tonga has different tariff rates for different islands that reflect expected service standards set for each location. On E'ua island, for example, recent improvements to water quality and service standards are not yet reflected in the tariff price. TWB intends to engage the community to review the tariff price and align it with the improved service standards set.

To support equitable access and fair billing practices, the customer service team works closely with its customers to ensure hardship support is available where needed. The team takes a hands-on approach to understanding customer circumstances – including house visits to confirm a customers' background and ability to pay.

What is a meter farm and a water kiosk?

Unlike traditional water metering where the meter is placed on the customer's property, a meter farm refers to a system where a cluster of water meters are installed together, close to the main supply line in a central point within the community. The meter 'farm' is enclosed to prevent unauthorized access or vandalism. Customers are then responsible for the piped supply from the meter to their home. The advantage of meter farming is the customer becomes responsible for looking after the line, if the line is illegally tapped, the owner is responsible for that usage.

In a water kiosk model, the water utility becomes the bulk water supplier and supplies water to a local water provider who acts as the retailer. The retailer then sells water to households within their community. Households can choose to purchase water at a set price per volume or sub-meter from the local water authority to their household.



Left: water farm, right: water kiosks (Photos: WPNG)

WPNG is trialling both systems as they seek to improve equitable access to water in communities, while tackling common non-revenue water issues such as illegal connections and non-bill payments.

Learning Snapshots

- *Tariff setting is only part of the process of ensuring financial sustainability for water utilities – robust systems for billing and collection are crucial to operationalizing tariffs.*
- *Special consideration is needed for customers who can't afford their bill – poor-inclusive tariffs and financing mechanisms, such as subsidized connection fees or free water allocations, support more equitable access to water, but must also fit within utilities' broader cost-recovery targets.*
- *Utilities must continue to innovate and adapt to find ways to create systems that are fair, just and inclusive – to secure the human right to water for every individual in their communities.*

Pacific WASH Webinar Series



Past ADB Pacific WASH webinars can be accessed here: [Pacific WASH Webinars](#)

ADB continues to support government and water service providers in the region to build resilience, capacity and knowledge to manage threats in our changing world.