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The WRC operates in terms of the Water Research Act (Act 34 of 1971) and its mandate is to support water research and development as well as the building of a sustainable water research capacity in South Africa.

## TECHNICAL BRIEF

### Service delivery

#### Standards for municipal invoices: Towards a consistent approach

## Municipal invoices can be an effective tool for communication between municipalities and their customers.

### The municipal account: a make or break communication opportunity

The tax invoices or accounts that municipalities send out to consumers on a monthly basis are a key interface between local government and citizens. As such, municipal accounts offer a unique opportunity for municipalities to inform, educate and influence their customers and to establish communication which is clear, accurate and customer friendly.

Actual communication effectiveness is reflected in customers' level of understanding of the municipal invoices they receive. Local and international research has shown that customers of many municipalities, in both the developed and developing countries, struggle to understand their municipal invoices. Lack of understanding has a negative effect on customer awareness, participation and the regulation of water services. It also leads to distrust in the correctness of an invoice, which, in turn, could affect consumers' willingness to pay.

### Current status of municipal invoices

A study of current municipal account practices and an analysis of actual municipal accounts in South Africa revealed that municipal invoices require improvement in many areas before they can serve as an effective means of informing customers and influencing them to use water resources sparingly and efficiently. In particular, South African invoices:

- Are not standardised at all;
- Mostly do not meet regulatory requirements;
- Are barely legible, are not in plain and understandable language, are not user-friendly and customer-orientated, and are in English only;
- Mostly do not encourage water conservation and effective water use, thus doing very little to reduce consumers' water and energy footprint;
- Mostly do not show comparative or historical consumption information, which has been proved to positively influence consumer behaviour.

### Best municipal account practices

Several South African laws regulate municipal domestic accounts, notably the Municipal Systems Act 32 of 2000, the National Credit Act 34 of 2005, the Value-Added Tax Act 89 of 1991, Municipal Property Rates Act 6 of 2004 and the Consumer Protection Act 68 of 2008.

Regulations relate to both the information that should appear in accounts as well as the format. Internationally, other countries with VAT legislation require similar information on accounts as the South African VAT Act but, apart from that, few countries other than the USA appear to regulate the format of utility accounts.

By contrast, there has been a considerable amount of research done internationally on best practices relating to municipal accounts. A survey of local and international best practice revealed features that distinguish a user-friendly, customer-serving account. These features include:

- Use of large and high resolution font types for easier reading;
- Customer attention focused on the important aspects of the statement (e.g. through use of bold or larger type);
- Clear, concise and uncluttered presentation of account information;
- Inclusion of essential, easy-to-understand detail only (all unnecessary, confusing detail excluded);
- Clear breakdown and separation of utility services;
- Usage charges that are clear and easy to follow;
- Use of plain language in explanatory statements;
- Inclusion of clear, easy-to-find contact information;
- Catering for different language groups and customers with specific information needs;
- Presentation of information on different payment options.

International best-practice research also favours the incorporation of measures for positively influencing behaviour to successfully decrease consumers' water and energy footprint, i.e. to use water and energy more sparingly and efficiently. Such measures include provision of comparative information, targets, incentives (such as tax credits for energy-efficient home or business improvements) and education.

### The EMI tool and model invoices

The EMI tool for the critical analysis and Evaluation of Municipal Invoices or accounts was developed, based on local and international regulation, local and international best practice and the Plain English Handbook commonly used in the USA. The EMI tool computes an index which can be used to assess and compare municipal accounts with regard to various categories, including plain language usage and information content relating to (a) the legal obligation of the recipient to pay for goods and services delivered, (b) the integrity of the account and (c) the promotion of water conservation and effective water services.

In each assessment category, a number of criteria apply. These categories and criteria, in combination, have enabled the development of



an 'ideal' or model municipal account that is easy to understand and user-friendly, adheres to policy and legislation, provides enough information to ensure client satisfaction and account validity and creates a platform for addressing water conservation and water management issues through influencing consumer behaviour.

## Evaluation of the EMI tool and quantitative assessment of municipal accounts

The evaluation of 42 accounts using the EMI tool showed that, in comparison to international accounts, South African municipal accounts score well in the payment information category, but poorly in others, especially the category concerned with integrity of information. Many accounts for municipal services do not comply with legislation, because they do not show consumers how the amounts that they are expected to pay are calculated. Accounts that lack basic integrity may induce reluctance to pay for services. South African accounts also lag far behind international best practice in their failure to promote the reduction of consumers' water and energy footprint.

These results accord with those of a quantitative survey involving 2 500 urban respondents. The survey confirmed that the integrity of South African municipal invoices is in question, with 35% of consumers doubting the correctness of these invoices. Moreover, the ordinary South African consumer struggles to find basic information on municipal invoices, such as the amount owed from previous months, the meter reading date, water use and Free Basic Water received. Consumers in lower LSM (Living Standards Measure) groups have greater difficulty in understanding their municipal accounts than those in higher LSM groups and may require special explanations or consumer training in order to enhance their understanding. Furthermore, the fact that most accounts are in English only impairs understanding for the 90% of South Africans whose home language is not English.

## Standards for invoices

As an outcome of the various investigations into South African municipal invoices, a platform has been created for municipalities to work towards improved compliance with legal requirements and greater standardisation of domestic invoices. The aim has been to improve customers' understanding of domestic water invoices in accordance with South African regulatory requirements, enhance their trust in the validity of the invoices and change their behaviour with a view to reducing their water footprint.

Accordingly, a standards document or guide has been developed for the improvement and standardisation of municipal accounts. This document also explains the EMI tool and provides guidance for municipalities in the application of the tool to their own accounts. Finally, it presents model municipal accounts and provides examples of local and international best practice.

## Recommendations for municipalities

As a consequence of investigations into accounts for municipal service, it is recommended that municipalities:

- Assess their accounts with the EMI tool and make the necessary

adjustments to improve clarity as required by legislation. Even simple changes can drastically increase clarity for the consumer. The model accounts, which have been developed and successfully tested with a broad spectrum of consumers, provide a sound basis for such changes.

- Include comparative consumption information and messages that will encourage consumers to save scarce resources.
- Use a two-page account with a summary information on the first page and more detailed information (tariff structure, meter readings, etc.) on the other, rather than squeezing all the information on to one page.
- Provide consumers in the lower LSM groups with appropriate education or explanatory information on how to read the municipal account.
- Provide an explanation of the account on the municipal website and send a hard copy to all consumers once a year.
- Avoid using unfamiliar words that are likely to confuse consumers.
- Provide consumers with municipal accounts in their home language or their language of preference.
- Test the clarity of accounts with consumers, rather than assuming them to be clear.
- Avoid the use of colour printing, which is expensive, does not necessarily contribute to clarity and results in loss of detail when accounts are faxed;
- Avoid the use of pre-printed accounts which are prone to information in rows and columns being misaligned with row identifiers and column headings.

## In conclusion

There is a requirement for a series of training workshops for municipalities, focusing on best municipal account practices, use of the EMI tool, and account standardisation.

In order to provide municipalities with the desired degree of flexibility, a complete range of paper, electronic and SMS account templates from which choices can be made to match various specific circumstances, should be developed.

New software developments and technology that hold exciting possibilities for the design and communication of municipal accounts should be investigated and potential benefits exploited. For example, accounts could be generated and distributed via SMS, email and interactive websites, thereby saving municipalities large amounts on mailing costs.

These distribution technologies could also be used to broaden the scope of communication uniquely offered by the municipal account. Other countries have already started to exploit such opportunities in their quest to effectively manage their critical resources.

### Further reading:

To obtain the report *Towards standards for municipal invoices in South Africa* (**Report No: TT 459/10**), and/or *Guidelines on domestic water accounts – Towards a consistent application in South Africa* (**Report No: TT 457/10**) contact Publications at Tel: (012) 330-0340; Fax: (012) 331-2565; Email: [orders@wrc.org.za](mailto:orders@wrc.org.za) or Visit: [www.wrc.org.za](http://www.wrc.org.za) to download a free copy.