

2. WATER AND SANITATION

The proposed Water and Sanitation Tariffs for the 2014/15 financial year are consistent with National Policy on the provision of free basic services, the National Strategic Framework for Water and Sanitation and with Council's Indigent relief measures, Rates and Tariff Policies and Equitable Service Framework.

The progressive nature of the existing domestic stepped tariff structure both for water and sanitation allows for the needs of the indigent. It is also designed to discourage high water consumption levels, which have an impact on the size of both the water and sanitation portions of a consumer's bill. It enables all consumers to adjust their consumption levels to ensure affordability.

As a result of possible shifts in water usage patterns experienced during periods of restrictions and the stepped-up implementation of water demand management initiatives, the three sets of tariffs have been retained to make allowance for these uncertainties in case restrictions have to be imposed for 10%, 20% and 30% reduction levels respectively.

The normal tariff set relates to a level at least 10% below the Low Water Demand Curve, as previous restrictions and water demand initiatives have been successful in reducing the normal water demand to this level and the Level 1 restriction measures have been incorporated into the promulgated Water and Sanitation By-Law as permanent good water demand practice. The tariff levels of reduction or restriction imposed by the City on its consumers is therefore not only linked to the level of restriction imposed by the Department of Water Affairs on the City, but also to the level of demand from its consumers.

There is a proposed 8% increase in consumptive water and sanitation tariffs. The Bulk Water tariff has been increased by 2%. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service. Such increases are also in accordance with guidelines established in the Medium Term Revenue and Expenditure Framework.

In addition to the standard consumptive tariff increases, it is again recommended that the price applied to step 2 of the Domestic Full category be adjusted upwards to reduce the level of subsidisation currently applied to this step for water tariffs. Such alignment is necessary due to the usage patterns and water demand strategy.

Stepped tariffs (1 – 6) for the Domestic Cluster category was implemented from 1 July 2013 based on previous consultation with customers. Further steps to refine alignment with the Domestic Full category have been taken.

The miscellaneous tariffs are levied by Water and Sanitation for the provision of various services by the Department. Examples of these services are the installation of water connections and the testing of meters. The aim of these tariffs is to recover the cost of the provision of a particular service to each customer. There is a proposed 5.8% increase on miscellaneous tariffs.

The proposed consumption based as well as miscellaneous tariffs are shown in the attached Tariffs and Charges Book.

Apart from changing and adding some wording to refine the existing policy, notable changes / additions in the tariff policy, tariff structure and tariff schedules for the 2014/15 financial year include:

- Discontinuation of consumer deposits for domestic customers with effect from 1 July 2014.
- Additional increases for Golf Clubs using spring water or treated effluent where infrastructure was not provided by the user..
- A call out tariff for water management device teams for non-indigent customers.
- A tariff allowing for pre-paid Hydrant Standpipes
- A new tariff for the application of way-leaves applicable to water and sanitation as well as the requirements for deposits / guarantees to be utilised in the event that infrastructure is damaged.
- Specifying terms of charges and quantity for Industrial Effluent.