2. WATER AND SANITATION

The proposed Water and Sanitation Tariffs for the 2016/17 financial year are consistent with National Policy, 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. Due to the current climatic conditions, the City of Cape Town instituted water restrictions as from 1 January 2016, accompanied by the 20% reduction level tariff. The 20% reduction level tariff will also be applicable for the 2016/17 financial year until further decisions regarding the water restrictions are made.

There is a proposed 9.75% increase in consumptive water and sanitation tariffs. The Bulk Water tariff has been increased by 6%. 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.

Due to the pressure on the water and sanitation tariffs, the final alignment between the Domestic Full category and the Domestic Cluster category could not be effected during the 2015/16 financial year. This process is however now finalised within the 2016/17 budget submission. The impact is specifically on step 2 of the Domestic Full category where consumers will see an increase above 9.75%. This will also impact on the percentage increase per usage level. It must be emphasised that for indigent customers the step 2 amount will be covered from the Indigent Account.

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 5.9% 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 2016/17 financial year include:

- Additional increases for Golf Clubs using spring water or treated effluent where infrastructure was not provided by the user.
- Additional increases for Bulk Water branch’s permit and filming fees which has been aligned to more appropriate pricing levels.
- Introduction of a Cancellation Fee where bookings have been made for Film Shoots.
- Alignment of Step 2 between the Domestic Full and Domestic Cluster categories.