



*“Sustaining the Source and flow of life forever”*

## **WATER PRICING AND TARIFFS 2009/2010**

**PRESENTATION TO THE PORTFOLIO COMMITTEE**

**30 JUNE 2009**

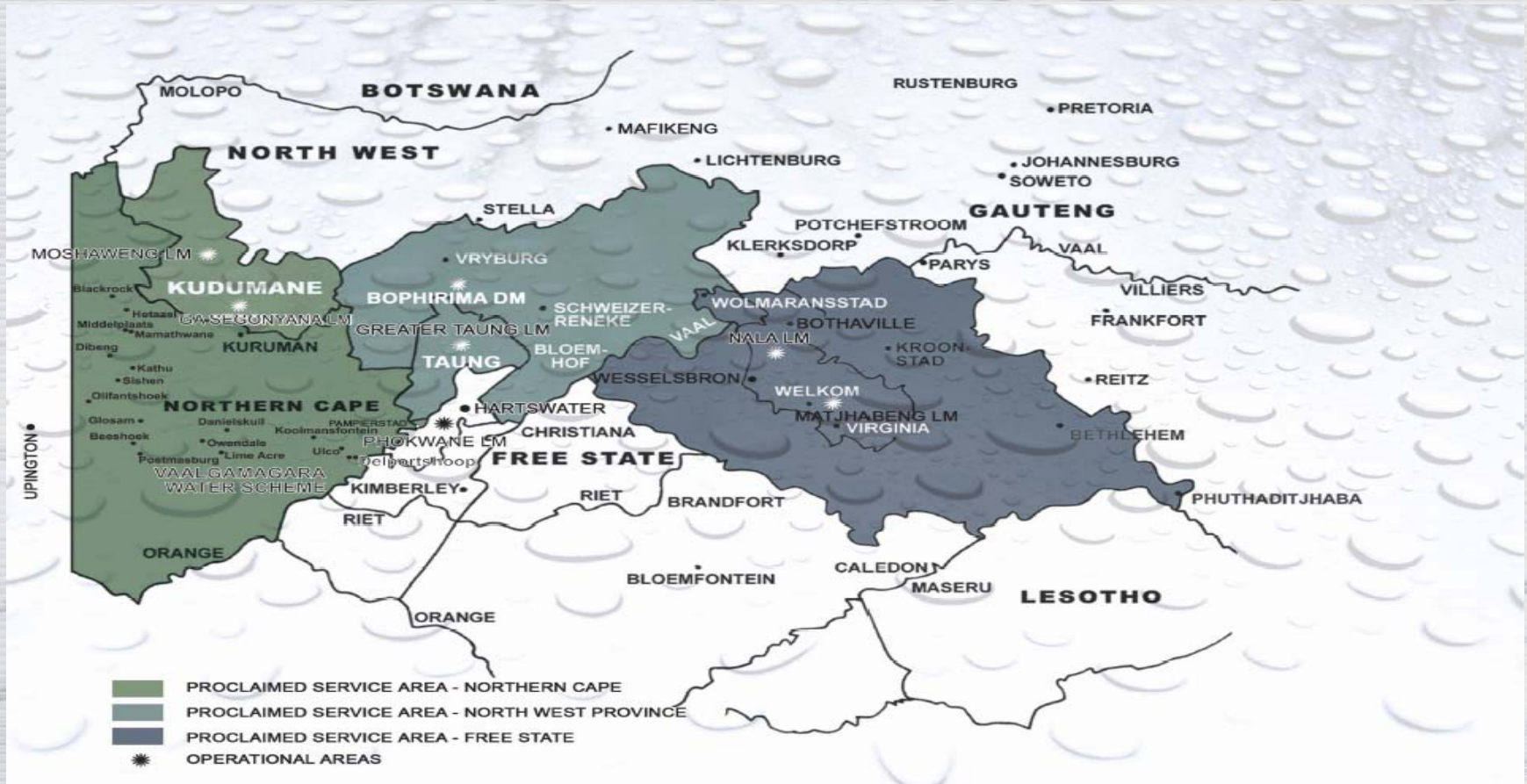
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# Area of Supply and Operation



- Service Level Agreements with Water Services Authority (WSA )

- Free State Region:

- Matjhabeng Local Municipality

- Nala Local Municipality

- Maquassi-Hills Local Municipality

- North West Region:

- Dr Ruth Mompati District Municipality

- Phokwane Local Municipality

- Ga-Segonyane Local Municipality

- Moshaweng Local Municipality

- Northern Cape Region: (Under Negotiation)

- Frances Baard District Municipality (Agreement Signed)

- Tsantsabane Local Municipality

- John Taolo Gaetsewe District Municipality

- Gamagara Local Municipality

## **WATER PRICING AND TARIFFS**

Sedibeng Water's Tariff Policy forms part of the General Water Supply Conditions.

Tariffs reflect the revenue necessary to cover all costs, including levies incurred in the process of ensuring a sustainable supply of services to any particular region in the organisations service area.

# Tariff Proposed by the Department on bulk water to Sedibeng Water

<b>BULK RAW WATER TARIFF INCREASE : DWEA</b>			
		<b>Proposed 12 %</b>	<b>Revised 5 % Raw Water 1,5 % TCTA</b>
<b>COMPONENT</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2009/2010</b>
RAW WATER	32.16	42.96	40.81
Trans-Caledon Tunnel Authority (TCTA)	157.04	168.81	167.04
Water Research Levy (1 July)	3.54	3.57	3.57
Water Research Management	1.71	2.66	2.66
<b>TOTAL</b>	<b>194.45</b>	<b>218.00</b>	<b>214.08</b>
<b>Weighted average reduction on Raw Water 1,91 %</b>			
<b>Average Raw Water Tariff Increase 10,09 %</b>			



## Challenges posed during the consultation process with municipalities and National Treasury

- Municipalities closer to Water Board want to benefit from the tariff.
- Municipalities sought clarity on fixed contribution component.
- National Treasury recommended a tariff increase of  $\pm 8\%$  after taking into consideration the global recession.

## **Viability of Sedibeng Water with the recommended water tariff in light of global recession**

- Loan repayment cannot be honoured on due dates.
- Sedibeng Water will not be able to pay for electricity fully.
- Challenges with salary increase for employees.
- Purification chemical costs fluctuate with exchange rate and difficult to control.
- Negative effect on CAPEX and maintenance of infrastructure.

## **The impact of the tariff increases on the end-users**

For end-users to benefit from the approved low tariff, the Water Services Authorities must be regulated to pass on the low tariff to consumers.