

REGULATIONS

under Section 10 of the Water Services Act [Act No. 108 of 1997]:
Norms & Standards
for Water Services Tariffs
(Explanatory Notes & Guidelines)



water & forestry

Department:
Water Affairs and Forestry
REPUBLIC OF SOUTH AFRICA

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Guidelines

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The Constitution

Our Constitution is the supreme or highest law in the country.

All other laws must therefore be written in such a way so as to support the aims of the Constitution.

The Opening (**preamble**) of the Constitution says that the Constitution must be used to improve the quality of lives of all citizens.

The Constitution also gives the State (Government) the powers to implement laws and other measures to achieve water reform. This is necessary to correct the previously unequal provision of water services (**section 25, relating to property, subsection 8**).

The Constitution also says that everyone has the right to have access to water (**section 27(1)(b)**).

To achieve this, the State must implement reasonable laws and other measures within its available resources to ensure that all citizens enjoy this right by a certain period of time (**section 27(2)**).

Finally, the Constitution talks about the relationship between the three levels of government, that is, national, provincial and local (municipalities). National government sometimes makes laws that affect provincial and local government roles and functions.

The Constitution (**in section 15, Status of municipalities, subsection (4)**) clearly states that national (or provincial) government may not make laws that make it difficult for local government to do its work.

This means that all national (and provincial) laws must support the work of local government, including the delivery of water services to citizens.

*“We therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the Republic so as to:-
...Improve the quality of life of all citizens...”*

“No provision of this section may impede the state from taking legislative and other measures to achieve land, water and related reform, in order to redress the results of past racial discrimination...”

*“Everyone has the right to have access to –
(a) health care services...
(b) sufficient food and water; and
(c) social security...”*

“The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights.”

“The national or provincial government may not compromise or impede a municipality’s ability or right to exercise its powers or perform its functions.”

Key Terms and Definitions

Citizens mean all the people who live in a country. In terms of water services, **citizens** can also be used to refer to water users or consumers.

It is important for all citizens (and government officials) to know this information in the Constitution if they are interested or involved in water services delivery. This helps when one is looking at the Water Services Act and what it is meant to achieve, which is discussed in the next section.

The Act

The Act was adopted to provide for:

- The rights of access to basic water supply and sanitation services
- The setting of national standards and norms (relating to amount, quality, distance from point of use, etc.) for basic water services
- Standards to be set for water services tariffs (fees or pricing)
- The preparation of water services developmental plans (how water services will be delivered)
- A regulatory framework (model) for those responsible for water services provision (that is, water services institutions [WSIs] and water services intermediaries)
- Establishing and disestablishing water boards and water services committees
- Deciding the powers and duties of water boards and water services committees
- The monitoring of water supply and sanitation services
- Intervention by the Minister or by the relevant Province
- Financial assistance to WSIs
- Information gathering through a national information system (NIS) and the dissemination of that information
- The accountability of Water Services Providers (WSPs)
- The promotion of effective water resource management and conservation

The Water Services Act (Act No. 108 of 1997, and referred to in this Booklet as the Act) was created to manage and control the provision of basic water services to all citizens.

Key Terms and Definitions

National standards and norms mean a single set of regulations or rules that by be used by everyone in the country.

A regulatory framework means a management model for how something may be controlled and implemented.

Intermediary means a party (person, organisation) that acts on behalf of another party under contract.

The Introduction (**preamble**) of the Act says the following:

RECOGNIZING the rights of access to basic water supply and basic sanitation necessary to ensure sufficient water and an environment not harmful to health or well-being;

ACKNOWLEDGING that there is a duty on all spheres of Government to ensure that water supply services and sanitation services are sufficient for subsistence and sustainable economic activity;

RECOGNIZING that in striving to provide water supply services and sanitation services, all spheres of Government must observe and adhere to the principles of co-operative government;

ACKNOWLEDGING that although municipalities have authority to administer water supply services and sanitation services, all spheres of Government have a duty, within the limits of physical and financial feasibility, to work towards this object;

RECOGNIZING that the provision of water supply services and sanitation services, although an activity distinct from the overall management of water resources, must be undertaken in a manner consistent with the broader goals of water resources management;

RECOGNIZING that water supply services and sanitation services are often provided in monopolistic or near monopolistic circumstances and that the interests of consumers and the broader goals of public policy must be promoted; and

CONFIRMING the National Government's role as custodian of the nation's water resources.

The Regulations and Guidelines

The **Constitution** informs Parliament what other laws should be adopted in order to achieve the aims of the Constitution. Therefore, we have the **Water Services Act** to ensure that all citizens have access to safe, clean, quality drinking water, amongst other things.

Within these circumstances, the Act allows the Minister of Water Affairs and Forestry to issue certain **regulations** for how water services must be provided.

As a result, regulations had been developed in April 2002 for:

- Compulsory National Standards in terms of Section 9(1) of the Act;
- Norms and Standards for Tariffs in terms of Section 10 of the Act; and
- Water Services Provider Contract Regulations in terms of Section 19(5) of the Act.

This has been done to provide a framework or model within which Local Government can provide efficient, affordable, economical and sustainable access to water services.

These rules support the principles contained in both the Constitution and the Act, and help to give meaning to the right of access of all people to a basic level of service for water.

The Regulations and Local Government

These rules are not to be seen as adding to the financial challenges that Local Government already faces in the provision of basic services; rather they are meant to assist in meeting this objective.

While these rules have been set by National Government, Local Government can choose how to implement these rules depending on the local situation. Some factors that affect this include the amount of money they receive from National Government, how many people live in their area, whether they have a bigger rural or bigger urban population, etc.

Key Terms and Definitions

Efficient means *well organised*.

Affordable means *reasonably priced*.

Economical means *cheap to run*.

Sustainable means *can be continued*.

Guidelines to the Regulations

To make it easier for Local Government to implement the **regulations**, the Department of Water Affairs and Forestry (DWAF) has developed a set of **guidelines** or a road map for Water Services Authorities (WSAs) and other Water Services Institutions (WSIs).

A Water Services Authority (WSAs) is any municipality that has executive authority for water services within its area of jurisdiction in terms of the Municipal Structures Act or the ministerial authorisation made in terms of the Municipal Structures Act.

Citizens

It is also important that citizens who use water services know what they qualify for or are entitled to according to the law.

In this regard, the **guidelines** assist citizens to know and understand the responsibilities of the WSAs and other WSIs towards them.

Empowering citizens in this way helps towards efficient and sustainable services delivery. WSAs are also required to involve communities in services delivery planning and to report to citizens on performance.

Acknowledgements

The DWAF wishes to recognise the contribution of various partners and stakeholders (including the public) who have assisted in the development of these **regulations** over a long period of time. DWAF also thanks those officials who were involved in drafting and reviewing the **regulations** and the **guidelines**.

DWAF invites any suggestions on how these **guidelines** may be improved and / or how DWAF may provide additional support to stakeholders in this regard.

Key Terms and Definitions

Water Services Authorities [WSAs] means *municipalities responsible for ensuring access to water services.*

Water Services Institutions [WSIs] means *water services authorities, water services providers, water boards or other institutions providing water services.*

How to Use this Booklet

How to Use this Booklet

This booklet is intended to be a user-friendly road map to the **regulations** under **Section 10 of the Act**, relating to **Norms and Standards for Water Services Tariffs**, together with the related **guidelines** for each **regulation**.

In order to also assist the reader, we have earlier provided the relevant sections of both the Constitution and the Act as they relate to the provision of water services. This is to help the reader understand the broader context within which the **regulations** and **guidelines** work.

The **regulations** are presented right at the beginning of each section (numbered 1, 2, 3 and so on), within the text box **what the regulation says**. These are the statutory or legal requirements, meaning they are compulsory and have to be followed by WSAs and other WSIs in how they provide water services to citizens.

The **guidelines**, on the other hand, are not legal requirements, but are there to assist people to understand the **regulations** and how they must be implemented. The **guidelines** state the purpose and content of the **regulations**, and may provide options for how the regulations are to be implemented.

Points to note... and **Key Terms and Definitions** are also provided, where appropriate, in order to make certain parts of the **regulations** and **guidelines** easier to understand.

It is hoped that this Booklet assists water services providers (WSAs / WSAs) in understanding and implementing their rights.

Similarly, it is hoped that citizens will be able to know and understand their rights (as well as any responsibilities they may have) in receiving water services.

For suggestions or comments on the **regulations** and **guidelines** on the **Compulsory Norms and Standards for Water Services Tariffs** in terms of Section 10 of the Act,

please write to:

The Manager: Economic Regulation

Directorate: Water Services Regulation

Department of Water Affairs and Forestry (DWAF)

Private Bag X313, Pretoria, 0001

or contact:

Telephone: 012 336 6600

Facsimile: 012 336 6679

E-mail: vbb@dwaf.gov.za

Guidelines

Guidelines for Norms and Standards for Water Services Tariffs Regulations under Section 10 of the Water Services Act (Act No. 108 of 1997)

Introduction

Section 10 of the Act allows the Minister to set *norms and standards for water services tariffs* for Water Services Institutions (WSIs) when they supply potable water and sanitation services to citizens.

The rules try to promote tariffs that are

- Fair to all citizens no matter where they live, what they do, how much they earn, etc. (socially equitable);
- All citizens can afford (financially viable); and
- Make sure that services can continue to be provided to citizens (environmentally sustainable).

These regulations are intended as a guide to WSIs for how to provide good services to citizens while allowing them to decide how they actually set the tariffs (fees / charges) for these services.

At the same time, it was necessary to set certain rules for the most amount (maximum consumption rate) of water that may be used by households within the first block of the rising block tariff structure where the total amount of water used is not fixed (uncontrolled volume domestic connections).

POINTS TO NOTE:

- **The Minister** is the Minister for Water Affairs and Forestry
- **Section** is Section 10 of the Act
- **Act** is the Water Services Act (Act No. 108 of 1997)

POINTS TO NOTE:

The **rising block tariff structure** is applied in households where the amount of water that may be used is unrestricted. In such cases, the tariff or charge (tariff) is related to the amount of water used where “**the more you use, the more you pay**”.

Key Terms and Definitions

Water Services [WS] means *potable water supply services and sanitation (sewage and wastewater) services.*

Potable water is *water that is suitable (safe) for drinking.*

Sanitation is *the conditions or procedures related to the collection and removal of sewage and refuse.*

Tariffs is *a list of fixed charges, fees, taxes or duties to be paid services used*

This amount has been set at six kilolitres per household per month as per the national Free Basic Water (FBW) policy. As such, WSIs must be able to account separately for this amount of water.

WSAs will either set the tariffs or decide the limits (parameters) within which the tariffs are set. In some cases, the WSPs can also set the tariffs but within the limits that the WSAs allow.

It is important to note that that these *norms and standards for water services tariffs* are a single set of rules / regulations that are applied in the same way to all WSIs across the country and that everyone must follow.

WHAT IS A BASIC WATER SUPPLY?

A basic minimum standard for water supply is defined in regulations promulgated under Section 9(1) of the Act as six kilolitres per household per month or 25 litres per person per day within 200 metres of the household, at a flow rate of not less than 10 litres / minute.

Key Terms and Definitions

Water Services [WS] means *potable water supply services and sanitation (sewage and wastewater) services.*

Water Services Authority [WSA] means *a municipality responsible for ensuring access to water services.*

Water Services Provider [WSP] means *an organisation that provides water services to consumers under contract to the WSA.*

Water Services Institution [WSI] means *a water services authority, a water services provider, a water board or other institution providing water services.*

I. Definitions

WHAT THE REGULATION SAYS:

In these Regulations any word or expression to which a meaning has been assigned in the Act shall bear that meaning and, unless the context otherwise indicates –

“communal water services work” means human a consumer connection through which water services are supplied to more than one household

“controlled volume” means that the supply of water to a consumer is intentionally restricted or limited to a predetermined maximum volume for a measurement period

“fixed charge” means a monthly charge (tariff) levied irrespective of the actual volume of water supplied or amount of effluent discharged or disposed of, to provide for, amongst other things, the financial sustainability of water services

“the Act” means the Water Services Act, 1997 (Act No.108 of 1997)

“uncontrolled volume” that the supply of a service to a consumer is not intentionally restricted or limited to any maximum volume

“volume based charge” means a charge (tariff) levied proportionately to the amount of water supplied or effluent discharged or disposed of

Guidelines

The definitions in the *norms and standards* are in addition to the definitions provided in *Section 1* of the Act.

Key Terms and Definitions

Definition means *the meaning or explanation of a word*

2. Determination of Revenue Requirements

WHAT THE REGULATION SAYS:

A water services institution must, when determining its revenue requirements on which tariffs for water services are based, take into account at least the need to –

- (a) recover the cost of water purchases;*
- (b) recover overhead, operational and maintenance costs;*
- (c) recover the cost of capital not financed through any grant, subsidy or donation;*
- (d) provide for the replacement, refurbishment and extension of water services works; and*
- (e) ensure that all households have access to basic water supply and basic sanitation.*

Guidelines

Regulation 2 is to make sure that the tariffs (fees / charges) set by WSI covers all the costs that WSA incur in providing the service. This is to ensure financial sustainability of services.

The WSI pay the Department of Water Affairs and Forestry (DWAF) of a Catchment management Agency (CMA) for raw bulk water or bulk potable water and this amount of money is known as the cost of water purchases.

Bulk raw water is untreated water that comes from a river, dam or borehole. Bulk potable water (drinking quality water) is provided by the bulk WSP who charges municipalities or WSPs to supply this water to citizens.

The cost of bulk potable water normally includes the cost of bulk raw water that the bulk WSP pays DWAF or the CMA.

MINIMUM TARIFF TO COVER:

- *cost of raw water or bulk potable water, plus*
- *cost of overhead and operational costs, plus*
- *cost of replacement and refurbishment and extension, minus*
- *subsidies (refer to Regulation 3)*

Guidelines *(continued)*

The overhead, operations and maintenance costs include the cost of the administrative and operations staff, their vehicles and offices, the cost of electricity and chemicals, and the cost of maintaining the equipment.

The cost of capital includes the cost of constructing new works or the cost of repaying the loans and interest charges associated with the construction costs. Grants from national government for capital works such as funding from the Reconstruction and Development Programme (RDP) do not have a cost of capital.

Replacement, refurbishment and extension of water services works are also capital costs.

A provision should be set a side specifically for replacing or refurbishing worn out equipment; provision should also be made for extending works that are no longer able to meet the demand because of capacity constraints.

One of the main objects of the Act is to provide for the right of access to basic water supply and basic sanitation. Section 3 of the Act requires that every WSI takes reasonable measures to realise these rights. The WSI should thus provide for ensuring that all households have access to basic water supply and basic sanitation.

3. Subsidization of Tariffs

WHAT THE REGULATION SAYS:

- (1) A water services institution may use any source of funds, including any funds received from municipal rates and taxes or from transfers from national or provincial government or from any other source, to subsidise a water services tariff.
- (2) A water services institution must consider the right of access to basic water supply and the right of access to basic sanitation when determining which water services tariffs are to be subsidised.

Guidelines

Regulation 3 is to encourage the use of available subsidies or grants to support the provision of basic water supply and basic sanitation.

Regulation 2 stated that in order to be financially sustainable WSIs need to consider the full financial cost of supplying water. This means that WSIs also have to consider what part of this cost needs to be recovered from water users (citizens) and what part, if any, can be funded from other municipal sources such as the equitable share (ES).

Where funds are available to subsidise water supply and sanitation services these funds should be targeted first-and-foremost at ensuring that all citizens have at least a basic level of service.

Key Terms and Definitions

Equitable Share (ES) is the *amount of funds that municipalities are given by National Treasury to provide services based on the number of citizens that live within each municipality.*

4. Categories and Levels of Water Services

WHAT THE REGULATION SAYS:

- (1) A water services institution must, when setting tariffs for water services provided to consumers and other users within its area of jurisdiction, differentiate, where applicable, between at least the following categories –
 - (a) water supply services to households;
 - (b) industrial use of water supplied through a water services work;
 - (c) water supply services other than those specified in paragraphs (a) and (b);
 - (d) sanitation services to households;
 - (e) discharge (tariff) of industrial effluent to a sewage treatment plant; and
 - (f) sanitation services other than those specified in paragraphs (d) and (e).

- (2) A water services institution must, when setting tariffs for providing water services to households, differentiate, where applicable, between at least the following levels of service –
 - (a) the supply of water to a household through a communal water services work;
 - (b) the supply of water to a household through a water services work or consumer installation designed to provide a controlled volume of water;
 - (c) the supply of water to a household through a water services work or consumer installation designed to provide an uncontrolled volume of water;
 - (d) the provision of sanitation services to a household not connected to a sewer; and
 - (e) the provision of sanitation services to a household connected to a sewer.

Guidelines

Regulation 4 recognises the differences between categories of users (citizens) and the differences between levels of services and how this must be considered when setting charges. This is known as differentiation of tariffs.

“*Services supplied to households*” refers to a service supplied to a home for domestic use.

“*Industrial use of water*” refers to water supplied, for example, to a factory.

Guidelines (continued)

Typical uses that are neither for domestic nor for industrial purposes include commercial (for example, offices) or institutional uses (for example, schools and hospitals). A typical “*communal water services work*” is a communal stand pipe.

A “*consumer installation designed to provide a controlled volume of water*” refers to a water supply that is limited to a maximum volume per period (usually daily). A typical example is the Durban tank system where each household is supplied from a separate tank of a standard volume that is filled once daily.

A “*consumer installation designed to provide an uncontrolled volume of water*” refers to private yard taps or house connections where the household decides how much water to use.

The tariff structure may use additional categories to those stipulated above.

The same tariff may also be set for two or more categories. For example, a tariff for industrial use of water may be the same as the tariff for “*other use*”.

It is important to take note of Regulation 3 of the Section 9(1) Regulations in terms of a minimum flow rate of not less than 10 litres per minute.

5. Supply of Water to a Household through a Communal Water Services Work or Through a Consumer Installation Designed to Provide a Controlled Volume of Water

WHAT THE REGULATION SAYS:

A tariff set by a water services institution for the supply of water to a household through a communal water services work or through a consumer installation designed to provide a controlled volume of water must be set at the lowest amount, including a zero amount, required to ensure the viability and sustainability of the water supply services.

Guidelines

One of the most important things in water services policy is the provision of a “*basic water supply*” to all households. Regulation 5 is to make sure that even the very poor can afford a basic level of service. This is for communal stand pipes and installations such as the Durban tank system which provide a set (limited) amount of water per day.

DWAF’s policy on a FBW supply says that a WSP should supply the basic water supply amount of six kilolitres per household per month free of charge.

It is felt that citizens receiving their water through standpipes and controlled volume supplies (depending on the size of tank) use no more than a basic supply and that they generally come from lower income groups. Therefore such citizens should get their basic water supply free of charge or at the lowest tariff that the WSI can afford.

WHAT IS A BASIC WATER SUPPLY?

A basic minimum standard for water supply is defined in regulations promulgated under Section 9(1) of the Act as six kilolitres per household per month or 25 litres per person per day within 200 metres of the household, at a flow rate of not less than 10 litres / minute.

6. Supply of Water to a Household through a Water Services Work or Consumer Installation Designed to Provide an Uncontrolled Volume of Water

WHAT THE REGULATION SAYS:

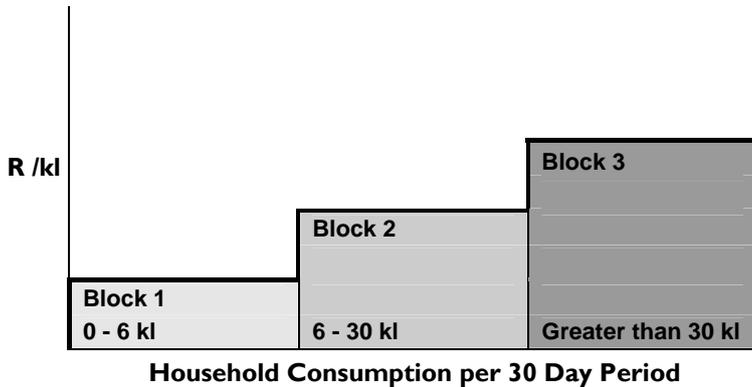
- (1) A tariff set by a water services institution for the supply of water through a water services work or consumer installation designed to provide an uncontrolled volume of water to a household must include a volume based charge (tariff) that –
 - (a) supports the viability and sustainability of water supply services to the poor;
 - (b) discourages wasteful or inefficient water use; and
 - (c) takes into account the incremental cost that would be incurred to increase the capacity of the water supply infrastructure to meet an incremental growth in demand.
- (2) The requirements of subregulation (1) are deemed to have been met where the tariff is set as a volume based charge (tariff) that provides for a rising block tariff structure which include
 - (a) three or more tariff blocks with the tariff increasing for higher consumption blocks;
 - (b) a consumption level for each block defined as a volume consumed by a household during any 30 day period;
 - (c) a first tariff block or lowest tariff block with a maximum consumption volume of six kilolitre and which is set at the lowest amount, including a zero amount, required to ensure the viability and sustainability of water supply services; and
 - (d) a tariff for the last block or highest consumption block set at an amount that would discourage high water use and that reflects the incremental cost that would be incurred to increase the capacity of the water supply infrastructure to meet an incremental growth demand.

Guidelines

Regulation 6 is for households served through a yard connection or a house connection where the volume of water they use is unrestricted. The tariff is related to the amount of water used that is “*the more you use, the more you pay*”.

This is also to achieve the benefits of charging higher unit rates for higher levels of usage, and which is done by using a rising block tariff system. The price per kilolitre of water increases stepwise with use as shown below.

Guidelines (continued)



PLEASE NOTE...

For more information on the use of this clause to implement a FBW policy, refer to the “*guidelines and implementation strategy for free basic water policy*” developed by DWAF: Water Services. This can be obtained from the DWAF website: [www-dwaf.pwv.gov.za](http://www.dwaf.pwv.gov.za)

The rising block system should include at least three tariff blocks but may include more.

The tariff for the first block, that is consumption between 0 and 6 kl per household per month, in a three-block tariff structure should be set as low as affordable by the WSI and should be provided for free if a “FBW” policy is being implemented.

The second block is for “normal consumption” where the upper consumption limit of this block should be set such that a household that uses water sparingly should be able to be accommodated within this block. The tariff charged for consumption in this block should ideally reflect the actual or average cost of water.

The third or top block is for “luxury consumption”. A household that uses water for luxury purposes such as for filling a swimming pool or that does not use water sparingly should be required to pay a higher than average price. This price should reflect the economic cost of water as a scarce resource.

The careless use of water is a major cause of having to construct new infrastructure earlier than necessary if water was conserved. Hence it is recommended that the tariff for the highest tariff block should be set at a level that reflects the cost of developing new capacity and should be sufficiently higher than the tariff for the second or middle block to discourage the wasteful use of water.

WHY CHARGE A HIGHER UNIT RATE (R / kl) FOR HIGHER LEVELS OF USAGE?:

Equity – those that use water for “luxury purposes” can afford to pay to cross-subsidise basic services to the poor.

Conservation – higher charges gives an incentive for people not to waste water.

Economy – infrastructure has to be constructed to accommodate higher use. Capital expenditure for new infrastructure can be postponed if people conserve water or, alternatively, revenue from higher charges can be set aside to cover the cost of future capital expenditure.

Guidelines (continued)

The following example shows how to calculate the charge for different levels of use in a rising block tariff structure.

TARIFF BLOCK	CONSUMPTION LIMITS	TARIFF PER KILOLITRE
1	0 to 6 kl	free
2	greater than 6 up to 30 kl	R 2.50
3	greater than 30 kl	R 5.50

In this example, a household using 5 kl would pay no charge.

A household using 20 kl in a month would get 6 kl for free and 14 kl at R2.50 with a total charge of R35.00 (R2.50 times 14).

A household using 40 kl in a month would get 6 kl for free; 24 kl at R2.50 per kl; and 10 kl at R5.50 per kl, with the total charge being R115.00 (R2.50 times 24 plus R5.50 times 10).

PLEASE NOTE...

For more information on the use of this clause to implement a FBW policy, refer to the “*guidelines and implementation strategy for free basic water policy*” developed by DWAF: Water Services.

This can be obtained from the DWAF website: www-dwaf.pwv.gov.za

POINTS TO NOTE:

A further example can be given using the same tariffs as above but where a consumer using more than 6kl a month pays for his / her entire usage, that is the first 6kl are free only to those who use less than 6kl.

In such a case, using the same tariffs as in the example provided:

- A household using 5kl would pay no charge.
- A household using 20kl would pay R50-00 (20kl times R2,50 per kl);
- A household using 40kl would pay R130-00 (30kl times R2,50 per kl plus 10kl times R5,50 per kl).

7. Provision of Sanitation Services to a Household

WHAT THE REGULATION SAYS:

A tariff set by a water services institution for the provision of sanitation services to a household must –

- (a) support the viability and sustainability of sanitation services to the poor;
- (b) recognise the significant public benefit of efficient and sustainable sanitation services; and
- (c) discourage usage practices that may degrade the natural environment.

Guidelines

Regulation 7 is to give guidance on what a domestic sanitation tariff must achieve using different approaches while allowing WSIs to be flexible.

Poor sanitation practices have negative effects on the health and well being of the whole community. It also affects the environment negatively.

In order to make sure that sanitation services to the poor can always be provided, WSIs should provide basic sanitation services (such as the removal of sludge from pit latrines) at as low a cost as it can afford to and preferably for free. This will at the same time encourage the use of sanitation practices that safeguard the public from diseases; it would also discourage the uncontrolled disposal of raw sludge into the natural environment, such as emptying slop buckets into streams.

Measuring water borne sewerage in individual households is expensive and unnecessary. The volume of water supplied through water borne sanitation systems should rather advise the sanitation tariffs for such systems. To this end there should be no charge levied on at least the first 6 kl with higher tariffs for the other blocks.

As far as possible only the amount of water used should inform the charges to be paid by consumers.

8. Fixed Charge

WHAT THE REGULATION SAYS:

Any tariff set by a water services institution for the supply of water services to a consumer may include a fixed charge.

Guidelines

Regardless of the amount of water that is consumed or effluent that is disposed of, WSIs incur certain fixed charges that they must get back, such as costs of employing staff, maintaining equipment and infrastructure, metering, billing, and running offices.

WSIs must recognise that both fixed charges and volume based charges are sources of revenue for them and must be included when setting tariff structures.

Regulation 8 allows for a fixed charge to be part of the tariff structure. A fixed charge is a good way for recovering costs from owners of holiday homes where the annual water use may be too low to recover costs by only using a volume based charge.

However, in order to implement the “FBW” policy, it is important that the fixed charge is not levied for those households using less than 6 kl per month.

9. Connection Fee

WHAT THE REGULATION SAYS:

A water services institution may charge a fee for connecting a consumer to a water services work.

Guidelines

There can be large costs when connecting new water users to reticulation systems.

This cost can either be recovered through the tariffs over time or Regulation 9 allows a WSI to charge a fee for connecting a consumer to the system. One benefit of a connection fee is that it ensures that the new consumer is registered by the WSI during the transaction process.

Sometimes a WSI may ask for part of the connection fee up front and the remainder to be paid through user tariffs over time. A WSI may also decide to charge the same average cost fee for all new domestic connections within a set distance of the reticulation network. An additional amount (surcharge) is levied based on the length of the connecting pipe only applied for connections of longer than the set distance. A higher charge would also be applicable for larger diameter connections.

10. Fee for Upgrading an Unauthorized Connection

WHAT THE REGULATION SAYS:

A water services institution may charge any consumer connected to a water services work without the authorization of the relevant water services institution, a connection fee for upgrading the unauthorized connection, irrespective of any other action the water services institution may take against such consumer.

Guidelines

Unauthorized connections make it difficult for WSIs to provide services.

Unauthorized connections place additional demands on reticulation systems for which they are often not designed. Also, the type of connection made is often sub-standard without meters and valves and requires upgrading.

All this costs the service provider and other consumers more money.

Regulation 10 allows WSIs to recover costs incurred in regularising unauthorized connections. This does not prevent the WSI from taking other legal action against unauthorized connections and this must be controlled by municipal bylaws.