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DEPARTMENT OF WATER AND SANITATION

NOTICE 2524 OF 2024

WATER SERVICES ACT (ACT No. 108 OF 1997)

REVISED NORMS AND STANDARDS IN RESPECT OF TARIFFS FOR WATER SERVICES IN TERMS OF SECTION 10 (1) OF THE WATER SERVICES ACT, ACT No. 108 Of 1997

I, Senzo Mchunu, MP, Minister of Water and Sanitation with the concurrence of the Minister of Finance, hereby in terms of Section 10 (1) of the Water Services Act (Act No. 108 of 1997), prescribe the revised Norms and Standards in respect of tariffs for water services. - as contained in the schedule hereto.

SCHEDULE

REVISED NORMS AND STANDARDS FOR TARIFF SETTING UNDER SECTION 10 OF THE WATER SERVICES ACT, (ACT NO. 108 OF 1997)

PREFACE

The Water Services Act, 1997 (Act No. 108 of 1997), gives power to the Minister with the concurrency of the Minister of Finance, from time to prescribe norms and standards in respect of tariffs for water services.

The previous Norms and Standards were promulgated in April 2002 and came into effect 01 July 2003. Since then, there have been various developments which necessitated this review, amongst other such as the promulgation of the Local Government: Municipal Finance Management Act No.56 of 2003, the Municipal Fiscal Powers and Functions Act No.12 of 2007 and the Municipal Systems Act No. 32 of 2000.

The revised norms and standards make a provision for the multi-year tariff determination for bulk water services, retail water services and sanitation services to ensure the predictability of tariffs. Different types of tariffs are accounted for such as drought tariffs, seasonal tariffs for water conservation and demand management (penalty charge). The norms and standards are a regulatory mechanism to support Water Services Authorities, and bulk water service providers to set tariffs in a transparent and consistent manner.

The effective date for the implementation of these Norms and Standards by Water Services Institutions responsible for bulk potable, retail and sanitation services is 01 April 2026

MR SENZO MCHUNU, MP
Minister of Water and Sanitation

NORMS AND STANDARDS FOR TARIFF SETTING 2024

1. DEFINITIONS

In this Norms and Standards for water services tariffs, any word or expression to which a meaning has been assigned in the Water Services Act shall bear that meaning and, unless the context otherwise indicates-

(1) **Basic sanitation facility** means the infrastructure which considers natural (water; land; topography) resource protection, is safe (including for children), reliable, private, socially acceptable, skilled and capacity available locally for operation and maintenance, protected from the weather and ventilated, keeps smells to the minimum, is easy to keep clean, minimises the risk of the spread of sanitation-related diseases by facilitating the appropriate control of disease carrying flies and pests, facilitates hand washing and enables safe and appropriate treatment and/or removal of human waste and wastewater in an environmentally sound manner

(2) **Basic sanitation service** means the provision of a basic sanitation facility which is environmentally sustainable, easily accessible to a household and a consumer, the sustainable operation and maintenance of the facility, including the safe removal of human waste, grey-water and wastewater from the premises where this is appropriate and necessary, and the communication and local monitoring of good sanitation, hygiene and related practices.

(3) **Basic water supply facility** is the infrastructure necessary to supply 25 litres of potable water per person per day supplied within 200 metres of a household and with a minimum flow of 10 litres per minute (in the case of communal water points) or 6 000 litres of potable water supplied per formal connection per month (in the case of yard or house connections).

(4) **Basic water supply service** means the provision of appropriate education in respect of effective water use as well as a minimum quantity of 25 litres of potable water per person per day (or 6 000 litres per household per month) within 200 metres of a household, which is not interrupted for more than seven days in any year; and with a minimum flow of 10 litres per minute in the case of communal water points.

(5) **Bulk Water Services Provider** is any person who has a contract with a water services authority or another water services provider to sell water to, and/or accept wastewater for the purposes of treatment from, that authority or provider.

(6) **Communal water services work** means a household connection through which water services are supplied to more than one household, or an alternative means to supply water services including but not limited to tankering.

(7) **Consumer** means any end user who receives water services from a water services institution, including an end user in an informal settlement.

(8) **Household** means a resident not limited to a natural person within a WSA area of jurisdiction who receives water or sanitation services or both from the WSA or WSP.

(9) **Drought tariffs** means a special tariff that a WSI may impose to households to achieve water conservation goals and enable the recovery of minimum fixed costs for providing the services in drought conditions only.

(10) **Effluent** includes domestic effluent, domestic sludge or industrial effluent where: -

- **Domestic effluent** is wastewater arising from domestic and commercial activities and premises, which may contain sewage; and
- **Industrial effluent** is wastewater arising from industrial activities and premises, including contaminated storm water drainage from industrial premises.

(11) **Fixed charge** means any tariff set by WSI for the supply of water or sanitation services to consumers independent of the volume of water supplied or effluent discharged.

(12) **Free basic sanitation** means the provision of affordable ongoing services to at least the basic level of sanitation for indigent households.

(13) **Free basic water supply** is the provision of appropriate education in respect of effective water use as well as a minimum quantity of 25 litres of potable water per person per day (or 6 000 litres per household per month) within 200 metres of a household, which is not interrupted for more than seven days in any year; and with a minimum flow of 10 litres per minute in the case of communal water points at no charge for poor households.

(14) **Indigent** means a household or any person that is in a state of being unable to afford basic water and sanitation services and who qualifies for rebate, remission, support or a services subsidy by Government in terms of the indigent policy of the WSA.

(15) **Industrial use** means water being used for mining, manufacturing, electricity generation, land-based transport, construction or any related activities.

(16) **Industrial wastewater** means wastewater arising from mining, manufacturing, electricity generation, land-based transport, construction or any related activities.

(17) **Water Services Institution** means a water services authority, a water services provider, a water board and a water services committee.

(18) **Water services intermediary** means any person who is obliged to provide water services to another in terms of a contract where the obligation to provide water services is incidental to the main object of that contract.

(19) **Penalty tariff** means a special tariff that a WSI may impose to households for abstracting or consuming more than contracted volumes to achieve effective water demand management and the tariff applies only on the extra abstracted or consumed volumes.

(20) **Potable water** means water used for drinking or domestic purposes and may include borehole water/ ground water of a quality consistent with the Specifications for Drinking Water as set out in the South African National Standards 241, as amended from time to time.

(21) **Regional water utility** is a water institution which may include a water board which is responsible for the financing, development, management, operation and maintenance of regional bulk water infrastructure, including the development and management of regional water resources, regional bulk water services and regional wastewater infrastructure.

(22) **Retail WSP** means a WSA, a WSP, or any other institution, whether private or public, that provides retail water services to end user households.

(23) **Reticulation system** refers to all pipe systems, pumping systems, and components that contribute to the distribution of water, and collection and disposal of wastewater in waterborne sanitation.

(24) **Ring-fencing** means that water or sanitation services, or both, are accounted for separately from the other operations of any Water Services Institution.

(25) **Sanitation services** means the collection, removal, disposal, treatment of human excreta and domestic wastewater, and the collection, treatment and disposal of industrial wastewater, sewage and effluent resulting from the use of water for commercial purposes.
   (a) Off-site or reticulated sanitation refers to a system of sanitation where human waste is removed from the household or plot by a reticulation system, and transported to a sewage treatment works; and
   (b) On-site sanitation refers to the treatment and disposal of human waste on the property that was generated and through a process that is not connected to a reticulated system, and includes pit latrines, ventilated improved pit latrine (VIPL) and urine diversion (UD) toilets.

(26) **Seasonal water tariffs** mean a special tariff that a Water Services Institution may impose during months in which a higher-than-average peak consumption is normally experienced in order to limit the peak consumption from its water services works.

(27) **Seasonal wastewater tariffs** mean a special tariff that a WSI may impose during months in which a higher-than-average peak effluent discharges into wastewater services works which is normally experienced in order

to manage the capacity of its wastewater services works.

(28) **Surplus** means an excess of revenue over costs on a WSI's operating budget.

(29) **Volume charge** means a charge levied proportionally to the amount of water supplied.

(30) **Wastewater** means water that runs off after the use of water for domestic, commercial, industrial or other purposes.

2. Principles of Tariffs

The water services tariffs are premised within the following inclusive principles which tariffs must reflect for the interests of both the Water Services Providers (WSPs) and the consumers within the water sector:

(1) **Affordability**: The tariffs must be reasonable enough to ensure that at least a basic level water supply is affordable and pro-poor to accommodate low-income groups. Indigent households should be enabled to benefit from subsidy schemes available which require them to pay minimum rates including FBW and FBSan.

(2) **Sustainability**: The tariff as determined should allow the providing entity to recover at least the minimum costs of providing the services to enable the continuous provision of the services in the future and may include a surplus.

(3) **Equity**: In view of the diverse nature of the society, the tariff should enable equitable delivery of services free of any preferential treatment and discrimination of any kind. The tariff should provide for accessibility of the services to all households and potential household both corporate and households.

(4) **Transparency and predictability**: The methodology used to determine the tariff must be disclosed to the household and the WSI must further demonstrate the predictability of the future tariffs.

(5) **Multi-year tariffs**: The tariffs that are set must reflect future time applicable tariffs which inculcates a culture of short, medium and long-term planning for water service tariffs.

3. Roles and Functions of Water Services Institutions

(1) **Water Services Providers**

(a) A water services authority may perform the functions of a bulk WSP under the same conditions specified for a bulk WSP.

(b) A water services authority or retail WSP that is also a bulk WSP to other water services authorities must follow and comply with these norms and standards in respect of tariffs for bulk water services.

(c) These norms and standards for bulk water services: -

(i) apply to the supply of bulk potable water by a bulk WSP, whether private or public which can be water boards, WSAs (municipalities) and bulk water WSPs, to other WSIs and bulk water users whether the water is treated, re-used, or desalinated; and

(ii) apply to the supply of bulk raw water (non-potable water) by a bulk WSP to other water services institutions in the premise of a water supply contract where the WSP is authorised.

(d) Subject to sub-regulations 3(1)(a-b), a bulk water services provider and/or regional water utility may not use a bulk water supply tariff in respect of tariffs for bulk water services which is inconsistent with these norms and standards.

(e) A bulk water service provider and/or regional water utility that is also a retail WSP must follow and comply with these norms and standards in respect of retail water tariffs for water services supplied directly to retail customers on the basis of a service level agreement with the water services authorities within whose area of jurisdiction the supply occurs.

(2) **Water Service Authorities (WSA)**

(a) A WSA may perform the functions of a WSP under the same conditions specified for a WSP and provided it accounts separately for the WSP functions from those of a WSA.

(b) A WSA or WSP may provide either or both water services supply and sanitation services as provided for in schedule 4B of the Constitution.

(c) No WSA or WSP may levy a water supply tariff in respect of tariffs for water services supplied directly to consumers which is inconsistent with these norms and standards unless it has acquired a special written permission from the Minister to levy such a water supply charge prior the application for such.

(d) A bulk WSP and/or regional bulk water utility would fall into the category described in sub-regulation 3(2)(b) if it supplies water directly to consumers.

(e) A WSA may perform the functions of a WSP to provide sanitation services under the same conditions specified for a WSP.

4. Financial Ring-Fencing of Water Services

(1) A WSA may ring-fence its water supply and sanitation services from other non-water related functions of the WSA and account separately for the water related services.

(2) A WSA which supplies bulk water services to other Water Services Authorities must account separately for the bulk water supply services from the general retail water services.

(3) Water boards are required in terms of section 42 of the Water Services Act to ring-fence their primary activities from the other activities and account separately for such.

(4) If a WSA performs the functions of a water service provider (i.e. an internal mechanism), it must manage and account separately for those functions.

(5) A WSA must publish a water services charter which is consistent with its policies, by-laws and other regulations. The water services charter must contain at least the conditions of supply of water and sanitation services and the conditions of payment for such services.

(6) A WSA may divide its area of jurisdiction into schemes or water supply areas where these areas or schemes are supplied from different sources or are not hydrologically interconnected and may budget separately for each scheme or water supply area.

(7) A WSA must when allocating its water and sanitation revenue prioritise investments in water and sanitation over functions other than water supply and sanitation services, until such time as all persons within the area of jurisdiction of the WSA have been provided with at least a basic level of water services.

5. Metering and Monitoring

(1) A bulk WSP must accurately measure all water supplied to another institution or customer for domestic, industrial or other use.

(2) A WSA or WSP must measure, account and keep records of all water supplied to consumers in accordance with the policies of the WSA.

(3) A WSA or WSP may only where applicable measure the effluent discharged into the wastewater reticulation system of that WSA or WSP by individual consumers where water is used primarily for domestic purposes only.

(4) A WSA or WSP must meter the volume and quality of all industrial effluent discharged into the reticulation system of that WSA or WSP that has any of the following characteristics: -

(a) industrial processes that discharge effluent which may contain adverse concentrations of chemicals or other adverse physical characteristics; or

(b) effluent that may cause environment harm; or

(c) effluent that may require special treatment processes or that may incur additional costs at a wastewater treatment works for treating specific chemical and/or physical properties of the effluent.

(5) A WSA or WSP must set limits for concentrations of specific chemicals in the effluent or other adverse physical characteristics of the effluent discharged into the reticulation system, for purposes of determining additional charges for effluent discharge into the wastewater treatment works that are not compliant with the WSA's water use authorisation conditions.

(6) A WSA or WSP must monitor industrial effluent that is discharged into the reticulation system for treatment at a wastewater treatment works.

NORMS AND STANDARDS IN RESPECT OF TARIFFS FOR BULK WATER SERVICES

The Minister may require any Water Services Institution (WSI) to redetermine its water tariff if those tariffs do not comply substantially with the norms and standards prescribed in terms of sections 9 and 10 of this Act; the Minister may require the WSI to redetermine its proposed water tariff if it is inconsistent with these norms and standards.

6. Procedure for setting tariffs

The following procedure must be considered by a bulk WSP prior to the finalisation and implementation of amendments to the annual bulk water services tariffs levied to its customers:

(1) A WSP must determine the full costs of providing bulk water supply services on a sustainable basis for each bulk water scheme or water supply area within its area of operation on the bases of the current and projected future demands for a minimum period of five (5) years in order to provide guidance on multi-year tariff projections;
(2) The WSP must estimate the current period and future water consumption for each scheme or bulk water supply area within its area of supply in cooperation with the customers and should also account for distribution losses and other factors of non-revenue water;
(3) The WSP must estimate the unit cost of supplying water for each bulk water scheme or water supply area within its area of supply for the entire projection period;
(4) The WSP has to determine the entity's revenue requirements in accordance with regulation 7;
(5) The WSP must propose a tariff structure that would provide the revenue determined in sub-regulation 6(4);
(6) The proposed tariff structure may provide for any reasonable cross-subsidization which may be applicable within the entity's area of supply and must be disclosed where applicable;
(7) The WSP must consult with its customer WSAs and all other bulk water customers on each of the proposed bulk water tariffs together with all the underlying assumptions that it used as the bases to determine the proposed tariffs in accordance with regulation 12;
(8) The WSP must subsequent to the consultations make submissions to SALGA and NT with details as contemplated under section 42(3)(b) of MFMA which pertain to the proposed tariffs including the consultations with the customers in accordance with regulation 12; and
(9) The submissions described in sub-regulations 6(8), together with proposals on how any written comments received from water services authorities, SALGA, NT or other relevant stakeholders were taken into account must be submitted to the Department responsible for water and sanitation for consideration and approval within the timelines in accordance with regulation 12.

7. Revenue requirements for the provision of bulk water services

(1) A WSP must determine its tariffs so that its revenue is sufficient to:
  (a) recover all reasonable costs directly and indirectly associated with the operation, maintenance, refurbishment and development of bulk water services and all costs associated therewith;
  (b) generate sufficient cash flow to redeem the entity's loans that are related to the bulk water services over a reasonable period of time with careful consideration over the principle of intergenerational equity;
  (c) achieve a reasonable rate of return on capital (per annum) which has been reasonably invested for the provision of bulk water services as set out in the Shareholder Compact (in the case of water boards) or Water Services Development Plan in the case of water services authorities; and
  (d) generate a reasonable net surplus per annum as a percentage of total revenue in consultation with its customers;

(2) Reasonable costs referred to in sub-regulation 7(1)(a) may include the following (and which must be disclosed when determining tariffs):
  (a) Employee related costs;
  (b) Remuneration of board members;
  (c) Depreciation;
  (d) Finance charges;
  (e) Purchases including raw water, chemicals and electricity;
  (f) Maintenance;
  (g) Refurbishment, excluding any overheads and labour;
  (h) Other expenditure; and
  (i) Indirect costs allocated to the water services function by the WSP.

(3) A WSP must from time to time apply its own discretion when determining either form which the tariff may take

from the following options:

(a) a volume-only bulk potable water charge, or a fixed capital charge that is independent of consumption together with a volume charge; or
(b) a single tariff for its whole supply area; or
(c) a separate tariff for each bulk water supply scheme or management area.

(4) A WSP may determine different tariffs for: -
(a) different users of bulk water services and differentiate between different geographic areas, taking into account, among other factors, the socio-economic and topographic features of each area; or
(b) different types of bulk water services such as the supply of bulk raw water and the supply of bulk potable water.
(c) Tariff increases may be smoothed over time to take into account projected future infrastructure development costs.

8. Financial targets

(1) Every bulk water service provider must annually set financial targets and include those targets in its shareholders compact if it is a water board or in its Infrastructure Development Plan (IDP) if it is a municipality or any relevant plan for any other institution.

(2) The financial targets must include at least: -
(a) future capital and refurbishment expenditure on infrastructure;
(b) the targeted capital structure, and
(c) the targeted surplus where applicable, where: -
(i) it is recognised that accounting surpluses will need to be generated to redeem loans, to fund future capital expenditure and refurbishment and to make provision for contingencies; and
(ii) targeted surpluses will be negotiated on a case-by-case basis each year as an important component of the shareholders compact or Infrastructure Development Plan after taking cognisance of the bulk WSP's current capital structure, targeted capital structure, and the period within which the targeted capital structure must be achieved.

(3) A bulk WSP's financial model should be based on the following assumptions: -
(a) volume of water sales should be conservatively based on an analysis of historic trends as well as new information regarding customers;
(b) CPI and other economic projections may be sourced from the accredited Institutions; and
(c) the relationship between variable direct scheme costs such as raw water costs, energy and chemicals, and water sales should be recognised in the model.

(4) The following norms shall be reflected in a bulk WSP's financial model: -
(a) loans to be raised for funding plant and equipment should generally be assumed to be repaid over a period of less than or equal to a reasonable period;
(b) assets must at all times exceed liabilities;
(c) current assets must at all times exceed current liabilities or, if this is not the case, a facility must be available to raise funds to meet short-term obligations;
(d) the bulk WSP should strive to in all years make a reasonable accounting surplus;
(e) the ring-fenced operations of the bulk water service provider should in all years make a positive operating cash flow surplus after all costs are funded; and
(f) the borrowing limits imposed must not be exceeded.

(5) A WSP's financial model must show at least the following parameters using a format substantially similar to the table in **Annexure A**:
(a) projected water sales;
(b) revenue, costs and surpluses;
(c) capital expenditure;
(d) outstanding debt;
(e) dividends (where applicable);
(f) accumulated reserves;
(g) Property, Plant and Equipment (PPE);
(h) trade and other receivables; and
(i) interest bearing borrowings.

9. Submission of a pro-forma tariff table

(1) A bulk WSP must submit the following information to the Minister for approval in accordance with the time schedule set out in regulation 12:-

(a) a pro-forma tariff table using a format substantially similar to the table in **Annexure A** for the following:
  (i) each bulk water tariff at scheme or management unit level;
  (ii) each type of user, including municipal, industrial or other; and
  (iii) each type of service, including bulk potable water, bulk raw water, retail water supply, wastewater treatment or any other.

(b) the financial model (soft copy in Excel format and hard copy);

(c) any accompanying notes and explanations that the bulk water service provider wishes to bring to the Minister's attention.

(2) The pro-forma tariff table for each of the tariffs shall include the proposed bulk potable water tariffs for the following year and estimates of the bulk potable water tariffs for the subsequent two (2) years in a format substantially similar to the table in **Annexure B**.

10. Benchmarking of unit costs

(1) As part of its submission described in sub-regulation 6(i), a bulk WSP shall provide its budget and cost items for the previous two years and per scheme or per management unit in the format as listed in the tables in **Annexure A and B** to enable for benchmarking of bulk WSPs.

(2) The following budget and cost items must be included in the tables described in sub-regulation 10(1):

(a) **Raw water**: The cost at which raw water is supplied to the bulk WSP by the CMA or another water institution:
  (i) bulk WSPs are charged the unit charge on water abstracted while it must recover the charge from its customers on the volume of water supplied to its customers after losses; and
  (ii) raw water unit charge (tariff) must be factored up to an equivalent rand per kilolitre (R/KL) of water sold.

(b) **Direct staff and labour costs including their transport**: The all-in-cost of staff directly responsible for the operation and maintenance of the scheme(s), including: -
  (i) pension and medical aid contributions as well as any allowances paid either to these staff members or on their behalf; and
  (ii) cost of transport inclusive of the fuel used by the direct staff and labour.

(c) **Direct electricity and energy**: The full cost of electricity, including both the capacity and usage charge, used for pumping or purification of water or for lighting and other purposes at the plant;

(d) **Chemicals**: The full cost of chemicals used for treating the water;

(e) **Operations and Maintenance**: The cost of repairs, routine maintenance of the plant and equipment for the system with the exclusion of labour related costs;

(f) **Refurbishment**: The cost of substantial repair or replacement of plant and equipment which is budgeted separately and is not included under routine maintenance costs;

(g) **Depreciation**: Calculated in accordance with acceptable South African accounting standards.)

(h) **Overheads (direct and indirect)**: The allocation of a portion of the head office and other off-scheme or indirect costs to the benchmarked scheme, including:
  (i) overheads associated with head office staff, accommodation and transport; and
  (ii) depreciation of head office buildings, furniture and equipment and vehicles and other off-scheme related assets; and

(i) **Net finance charges:** The interest payable on loans and other liabilities less the interest earned on investments and other assets.

(3) A WSP may group small schemes geographically and benchmark them as a management unit against similar sized management units or schemes.

(4) Projections of major cost drivers, such as the cost of energy, chemicals, staff and overheads, shall be based on the previous year's tariff inputs made by bulk water service providers to the Department responsible for water and sanitation:-

(a) projections will factor in the effects of economic variables such as CPIX that is annually published by accredited institutions and

(b) projections will inform the tariff calculations used and any substantial deviations from CPIX should be

specifically motivated for.

11. Drought tariffs and seasonal tariffs

(1) A WSP may determine and levy a drought tariff when abstraction of water gets restricted due to drought and on condition that it has been declared by the relevant authority.

(a) A WSP must follow the same procedure as described in regulation 6 when setting and approving for drought tariffs:

(i) if drought tariffs have not been approved as part of the tariffs, a bulk WSP must follow the processes described in these norms and standards regulation 6 before implementing drought tariffs; and section 42(5) of the MFMA becomes fully effective.

(b) The implementation of the drought tariff shall be triggered by restrictions on raw water abstractions as a reaction to the drought conditions;

(c) Every bulk water institution shall, under the circumstances above, revise the budget and calculate a new tariff based on the revised budget and the restricted water volumes.

(d) A bulk WSP must:

(i) use a tariff that minimises the economic and social costs related to water conservation measures.

(ii) consider the reliability of supply during drought by assessing the water resources available to the area prior to the declaration of drought in that area;

(2) A WSP may determine and levy a tariff that seeks to promote Water Conservation and Water Demand Management in the area of supply

(a) a bulk water supply provider may determine and approve a seasonal tariff within its area of supply.

(b) the purpose of the seasonal tariff is solely to manage water demand and promote water conservation during peak seasons;

(c) the application and approval of a seasonal tariff will follow the same procedure as prescribed under regulation 6.

(d) A WSP may levy a penalty tariff within its area of supply under any of the following circumstances:

(e) a customer abstracts water volumes in excess of what they have contracted for with the service provider,

(f) the penalty tariff will be applied on the extra volumes abstracted only,

(g) the penalty tariff will be applied during all seasons of the year,

(h) the penalty's main objective is to promote efficient use of water and striving to reduce water losses to reasonable systems losses only.

(i) the same procedure as prescribed under regulation 6 applies prior to the implementation of the penalty tariff.

(3) A WSP must provide customers with prior notification of the implementation of drought tariffs or the activation of water conservation measures using at least two sources of media.

12. Timelines for tariff approvals

(1) The timelines for the bulk water service provider tariff approval process must be consistent with section 42 of the MFMA and Circular 23 of MFMA in **Annexure C**.

13. Disclosures of Bulk Water Services Providers: Tariffs and accounts

(1) A WSP must, in its business plan or Water Services Development Plan, disclose the basis for determining its bulk water supply tariffs for the following year, the structure of the tariffs, the projected revenue and the projected costs in a format not substantially different from the tables included in **Annexure A and B**. For annual tariff adjustment, bulk WSP should complete and submit the proposal to DWS.

(2) A WSP must on its official website show the tariffs for each category of customers as well as any other charges in respect of bulk water supply services.

(3) A WSP, must on every invoice sent to a household, show: -

(a) the water meter number, meter reading, or estimated water meter reading, at the beginning and at the end of the period for which the household is billed;

(b) the first and last date of the period for which the household is being billed;

(c) the water consumed for the period;

(d) the amount charged in respect of each unit of water consumed for the billing period ;

(e) the amount charged in respect of fixed and other charges for the billing period being;

(f) any amounts remaining unpaid in respect of previous periods;

(g) any interest accrued in respect of any unpaid amounts;

(h) the total amount due;
(i) the date by which the amount due must be paid; and
(j) the place or accounts and methods by which the payment may be made.

NORMS AND STANDARDS IN RESPECT OF TARIFFS FOR WATER SUPPLY SERVICES SUPPLIED DIRECTLY TO CONSUMERS

The Municipal Council has the authority for approval of the tariffs in terms of Section 11 of the Municipal Systems Act. However, prior to final approval by Municipal Council the Minister responsible for water and sanitation may request the WSA/WSP to redetermine the proposed tariffs schedule if the Minister finds that they are inconsistent with these norms and standards.

14. Procedure for setting tariffs

The following procedure must be considered by a WSA or WSP prior to the finalisation and implementation of amendments to the annual water services tariffs levied to consumers.

(1) A retail WSP/WSA must estimate the revenue required to provide water supply services on a sustainable basis for each scheme or water supply area within the area of jurisdiction for a minimum period of five years (5) in accordance with regulation 15;

(2) A WSP/WSA must estimate the future water consumption for the upcoming minimum five (5) years consecutive years for each scheme or whole water supply area within the area of jurisdiction and should also account for distribution losses and other factors of non-revenue water;

(3) The WSP/WSA will propose a tariff structure that would provide the revenue required as determined in sub-regulation 14(1);

(4) The WSP/WSA must consult with the consumers on its proposed tariffs and the at least five (5) year projected tariffs including the assumptions underlying the proposed and projected tariffs;

(5) The WSP/WSA must complete the internal processes of tariff determination within the timelines as provided for in the MFMA; and

(6) The tariffs must be submitted, on or before 15 April each year, to the Minister responsible for water and sanitation to monitor for the appropriateness of the tariffs in compliance with sections 10 and 62 of the Water Services Act, prior the implementation of the tariffs.

15. Revenue requirements for provision of water supply services

(1) A WSA/WSP must set its water supply tariffs so that its water supply revenue, inclusive of all transfers and grants allocated to water supply services, is sufficient to recover:
- (a) all reasonable costs (directly and indirectly) associated with the operation, maintenance, refurbishment and development of water services, water services customer care and all costs associated therewith;
- (b) payments required to redeem its water services related loans over a reasonable period considerate of the inter-generational equity;
- (c) a net surplus on revenue that is justifiable and material to ensure that the institution is sustainable.

(2) Reasonable costs referred to in sub-regulation 15(1)(a) include:
- (a) Employee related costs;
- (b) Depreciation;
- (c) Finance charges;
- (d) Bulk purchases including raw water, bulk potable water and electricity;
- (e) Other expenditure; and
- (f) Indirect costs related to the water services function by the WSA/WSP.
- (g) Chemical costs
- (h) Maintenance
- (i) Refurbishment

(3) A WSA/WSP must determine estimates of the reasonable costs referred to in sub-regulations 15(1)(a) and 15(2) over a period of at least five (5) years in order to provide guidance on multi-year tariff projections.

(4) A WSA/WSP may, when estimating the amount to be recovered by tariffs, use a format substantially similar to the table provided in **Annexure D**.

16. Categories and levels of water services

(1) A WSA/WSP must when setting tariffs for providing water supply services to consumers and other users within its area of jurisdiction, differentiate (where applicable) between at least the following categories-
- (a) consumers who need water primarily for domestic use;
- (b) consumers who need water primarily for industrial use through the water services work;

(c) consumers who are schools who primarily need water for drinking, health and hygiene purposes within the schools; and
(d) consumers who need water for any use other than those specified in sub-regulations 16(1)(a)

(2) A WSA/WSP must when setting tariffs for providing water supply services to consumers who use water primarily for domestic use differentiate (where applicable) between at least the following levels of service: -
(a) the supply of water to consumers through a communal water services works;
(b) the supply of water to consumers through a water service works that supplies each consumers through an individually metered connection.

(3) A WSA/WSP may, when setting tariffs for providing water services to consumers primarily for a non-domestic use, differentiate between profit making enterprises (Small; Micro; Medium and Macro Enterprises) and other non-profit making organisations (e.g., NGOs; CBOs; Schools; Hospitals; etc.)

(4) A WSA/WSP may, when setting tariffs for providing water supply services to consumers, differentiate between different geographic areas, taking into account, among other factors, the socio-economic factors and topographical attributes of each area.

(5) A WSA/WSP may, when setting tariffs for providing water supply services to consumers, differentiate between different tariffs for non-drought periods and periods of drought, taking into account, among other factors, the potential socio-economic, food security and other impacts of the drought.

(6) A WSA/WSP may, when setting tariffs for providing water supply services to consumers, differentiate between seasonal and non-seasonal tariffs for different geographic areas, taking into account, among other factors, the socio-economic impact of seasonal charges and water demand management.

17. Allocation of revenue requirements for water tariffs

(1) A WSA/WSP must determine the revenue required for each category of consumers separately, using a format similar to the table provided in **Annexure E**.
(2) When allocating the required revenue to each category of consumers in sub-regulation 17(1) a WSA/WSP must take into account the previous year's volume of water sold to each category of consumers.
(3) A WSA/WSP must, when allocating operating transfers and grants to water supply services, subject to sub-regulation 19(2), use a format substantially similar to that provided in **Annexure E**.

18. Tariffs for domestic water consumption

(1) A WSA/WSP must structure tariffs for providing water supply services to consumers who use water primarily for domestic purposes in a way that takes into account: -
(a) the viability and sustainability of water supply services;
(b) the affordability of basic water supply to poor households; and
(c) incentives to reduce the wasteful or inefficient water use.

(2) The requirements of sub-regulation 18(1) are deemed to have been met where: -
(a) the tariff for consumers who are supplied through a water services work that supplies each consumer through an individually metered connection, is set as a volume based charge that provides for a rising block tariff structure which includes: -
(i) at least three or more tariff blocks with the tariff increasing for higher consumption blocks;
(ii) a consumption level for each block defined as a volume consumed by a consumer during any 30-day period;
(iii) a first tariff block or lowest tariff block with a volume of at least 6 kilolitres per consumer per month and which is set at the lowest amount (including zero) required to ensure the viability of water supply services including free basic services for indigent households;
(iv) a tariff block which represents basic use set at an amount that would recover the calculated reasonable average cost of supplying water for sustainability of the service; and/or
(v) a tariff block or highest consumption block set at an amount higher than the average cost of supplying water and at a level that would discourage the wasteful use of water; and
(b) consumers who are indigent and who are supplied through a communal water services works are provided with FBW supply.

19. Tariffs for industrial and other non-domestic water use

(1) A WSA/WSP must structure tariffs for water supply services provided primarily for industrial and other non-domestic use in a way that would encourage the conservation of water; discourage the wasteful use of water and promote health and hygiene specifically for schools' water supply.

(2) A WSA/ WSP may not subsidise water tariffs for water supply services provided primarily for industrial and other non-domestic use, except in schools water supply and the promotion of Small, Micro and Medium Enterprise.

(3) In determining the water tariffs for the schools' consumer category, the WSA/WSP should structure the tariff in such a manner that it is a uniform method notwithstanding the different locations of the schools and prioritise the affordability of the services for such households.

(4) The requirements of sub-regulations 19(1) - (2) are deemed to have been met where the tariff for water supply services provided primarily for industrial and other non-domestic use is a flat volumetric tariff set at a rate which is not less than the average per unit revenue amount that is required by the WSA/WSP as set out in regulation 15, but without taking into account subsidies and grants allocated for the purposes of providing basic water services.

20. Fixed charge

(1) A WSA/WSP may, in addition to a volumetric tariff, levy a fixed charge for water supply services for any category of consumers.

(2) A WSA/WSP must clearly indicate what costs elements, as well as the quantum thereof, constitute the fixed charge.

(3) The amount of revenue recovered by the WSA/WSP through the fixed charge for any category of consumers, other than users who are not supplied through individually metered connections, may not exceed the fixed costs associated with the water supply services.

21. Drought tariffs and seasonal tariffs

(1) A WSA/WSP may determine and levy a drought tariff when abstraction of water gets restricted due to drought and on condition that it has been declared by the relevant authority.

(a) a WSA/WSP must follow the same procedure as described in these norms and standards when setting and approving drought tariffs:

(i) if drought tariffs have not been approved as part of the water supply tariffs, a WSA/WSP must follow the processes described in these norms and standards before implementing drought tariffs;

(ii) drought tariffs shall not apply to the first or lowest tariff block as described in sub-regulation 18(2)(a)(iii) or to the first tariff block with FBW supply as described in sub-regulation 18(2)(b); and

(b) the implementation of the drought tariff shall be triggered by restrictions on raw water abstractions as a reaction to the drought conditions.

(c) every WSA/WSP shall, under the circumstances above, revise the budget and calculate a new tariff based on the revised budget and the restricted water volumes.

(d) a WSA/WSP must:

(i) use a tariff that minimises the economic and social costs related to water conservation measures;

(ii) use a tariff that will encourage households to reduce consumption to the sustainable drought level within the restrictions with little time lag; and

(iii) consider the reliability of supply during drought by assessing the water resources available to the area prior to the declaration of drought in that area;

(iv) a WSA/WSP must provide households with prior notification of the implementation of drought tariffs or the activation of water conservation measures using at least two sources of media.

(2) A WSA/WSP may determine and levy a tariff that seeks to promote Water Conservation and Water Demand Management in the area of supply.

(a) a WSA/WSP may determine and approve a seasonal tariff within its area of supply.

(b) the purpose of the seasonal tariff is solely to manage water demand and promote water conservation during peak seasons;

(c) the application and approval of a seasonal tariff will follow the same procedure as prescribed under regulation 6; and

(d) a WSA/WSP must notify households of the implementation of seasonal tariffs via the same process of disclosing water supply tariffs as described in sub-regulation 22(1).

22. Disclosure of information for water tariffs

(1) A WSA/WSP must, on its official website, disclose the basis for determining its water supply services tariffs for the current year, and make estimates of the tariff in a format not substantially different from the tables included in **Annexure D** and **E**.

(2) A WSA/WSP must, on every invoice sent to a household, ensure that the statement of accounts complies with the provisions of the Value Added Tax Act (Act No. 89 of 1991) and reflect at least the following items:

(a) the water meter number, meter reading, or estimated water meter reading, at the beginning and at the end of the period for which the household is billed;
(b) the first and last date of the period for which the household is being billed;
(c) the water consumed in each tariff block for the billing period;
(d) the tariff applicable to each tariff block;
(e) the amount charged in respect of each tariff block for the period being billed;
(f) the amount charged in respect of fixed and other charges for period being billed;
(g) any amounts remaining unpaid in respect of previous periods and any interest accrued in respect of any unpaid amounts; and
(h) the amount due, date by which amount due must be paid, and methods by which payment may be made.

NORMS AND STANDARDS IN RESPECT OF TARIFFS FOR SANITATION SERVICES SUPPLIED DIRECTLY TO CONSUMERS

The Municipal Council has the authority for approval of the tariffs in terms of Section 11 of the Municipal Systems Act. However, prior to final approval by Municipal Council the Minister responsible for water and sanitation may request the WSA/WSP to redetermine the proposed tariffs schedule if the Minister finds that they are inconsistent with these norms and standards.

23. Procedure for setting sanitation tariffs

A WSA/WSP must, before determining the tariff that it charges for sanitation services to its consumers: -

(1) estimate the revenue required to provide sanitation services on a sustainable basis for the current and projected period of a minimum of five (5) consecutive years for each system or sanitation services supply area within its area of jurisdiction in accordance with regulation 24;

(2) estimate the quantity of effluent discharge for the current and future period as stated under regulation 23(1) above for each system or sanitation services supply area within its area of jurisdiction;

(3) propose a tariff structure that would provide the revenue required as determined in regulation 25;

(4) consult with its consumers on its proposed tariffs and the assumptions that it used to determine the proposed tariffs; and

(5) the WSA must complete the internal processes of tariff determination within the time- lines as provided for in the MFMA.

(6) The tariffs must be submitted, on or before 15 April each year, to the Minister responsible for water and sanitation to monitor for the appropriateness of the tariffs in compliance with sections 10 and 62 of the Water Services Act, prior the implementation of the tariffs.

24. Revenue requirements for provision of sanitation services

(1) A WSA must set its sanitation tariffs so that its revenue, inclusive of all account transfers and grants allocated to sanitation services, is sufficient to recover; -

- (a) all reasonable costs directly and indirectly associated with the operations, maintenance, refurbishment and development of sanitation services, sanitation services customer care and all costs associated therewith;
- (b) payments required to redeem its sanitation services related loans over a reasonable period; and
- (c) a net surplus on revenue that is justifiable and material to ensure that the institution is sustainable.

(2) Reasonable costs referred to in sub-regulation 24(1)(a) include:

- (a) Employee related costs;
- (b) Depreciation;
- (c) Finance charges;
- (d) Other expenditure;
- (e) Indirect costs allocated to the sanitation services function by the WSA;
- (f) Chemicals;
- (g) Energy; and
- (h) Maintenance.

(3) A WSA/WSP must determine estimates of the reasonable costs referred to in sub-regulations 24(1)(a) and 24(2) over a period of at least five (5) years to provide guidance on multi-year tariff projections.

(4) A WSA/WSP must, when estimating the amount to be recovered by tariffs, use a format consistent with the format in the table provided in **Annexure D**.

25. Categories and Levels of Sanitation Services

(1) A WSA/WSP must, when setting tariffs for providing sanitation services to consumers within its area of jurisdiction, differentiate between at least the following categories of sanitation households–

- (a) consumers who use sanitation services primarily for discharging domestic waste water;
- (b) consumers who use sanitation services primarily for discharging industrial waste water;
- (c) consumers which are schools who primarily use sanitation services for discharging waste water for health and hygiene purposes; and
- (d) consumers who use sanitation services primarily for a purpose other than those specified in sub-regulations 25(1)(a)-(c).

(2) A WSA/WSP must when setting tariffs for providing sanitation services to consumers for domestic use, differentiate (where applicable) between at least the following levels of service: -
(a) the supply of an on-site sanitation service to the consumers with emptying; and
(b) the supply of a reticulated sanitation service to consumers.

(3) A WSA/WSP may, when setting tariffs for providing sanitation services to consumers primarily for a non-domestic use, differentiate between profit making enterprises (Small; Micro; Medium and Macro Enterprises) and non-profit making organisations (e.g. NGOs; CBOs; Schools; Hospitals; etc.)

(4) A WSA/WSP may, when setting tariffs for providing sanitation services to consumers, differentiate between seasonal and non-seasonal tariffs, different geographic areas, taking into account among other factors, the socio-economic and environmental impact of seasonal charges.

26. Allocation of revenue requirements for sanitation tariffs

(1) A WSA/WSP must determine the revenue required for each category of consumers separately, using a format similar to the table provided in **Annexure E.**

(2) When allocating the required revenue to each category of household under regulations 27; 28 and 29, a WSA may take into account the volume and quality of effluent discharged by each category of household.

(3) A WSA/WSP must, when allocating operating transfers and grants to sanitation services, subject to sub-regulation 26(2), use a format substantially similar to that provided in **Annexure E**.

27. Tariffs for domestic and industrial sanitation services

(1) A WSA/WSP must structure tariffs for providing sanitation services to consumers for mainly domestic use in a way that takes into account: -
(a) the viability and sustainability of sanitation services;
(b) the affordability of basic sanitation to poor households; and
(c) incentives to reduce the wasteful or inefficient water use in conveying sewage.

(2) The requirements of sub-regulation 27(1) are deemed to have been met where: -
(a) WSA/WSP ensures that poor households are not denied access to basic sanitation services because of their inability to pay for such services;
(b) A WSA/WSP provides consumers registered in the indigent register with free basic sanitation;
(c) Notwithstanding sub-regulation 25(2), a WSA/WSP may define specific on-site sanitation components of the basic sanitation facility that remain the responsibility of the consumer which remains their responsible for paying for these components;
(d) the sanitation tariff may be set as a charge on a percentage of the volume of water consumed by consumers who are connected to a reticulation system that supplies metered water connections to individual consumers, an approach which these norms and standards encourage and promote;
(e) the percentage of the volume of water provided on which the sanitation tariff is charged in sub-regulation 28(2)(d) may be set at a different percentages for each water tariff block;
(f) the sanitation charge may be set on the basis of other factors in the discretion of the WSA/WSP provided that can ensure that sanitation services are sustainable and can potentially meet other socio-economic imperatives.

28. Tariffs for industrial sanitation services

(1) A WSA/WSP must structure tariffs for sanitation services to consumers who primarily discharge industrial effluent to a wastewater treatment works in a way that takes into account: -
(a) the viability and sustainability of sanitation services;
(b) incentives to reduce the wasteful or inefficient water use in conveying effluent;
(c) the cost of treating specific chemical properties and physical objects of the effluent discharged;
(d) the environmental harm caused by the effluent discharged; and
(e) the need to encourage consumers that discharge industrial effluent to install primary treatment on all wastewater discharge facilities.

(2) The requirements of sub-regulation 28(1) are deemed to have been met where: -
(a) industrial effluent discharge tariffs are recovered through a flat rate charge on the volume of effluent discharged into the wastewater treatment works; and
(b) an additional charge is applied for excess concentrations of specific chemicals in the effluent or other adverse physical characteristics of the effluent discharged into the sewage treatment works against the

effluent discharge standards provided by the WSA/WSP on application for the services.

(3) A WSA/WSP may provide for rebates on the industrial effluent discharge charge to promote beneficial off-peak discharge patterns taking into consideration, amongst others; -
(a) where discharge occurs at specified times only;
(b) where flow is balanced and discharged evenly over 7 days at specified times only; or
(c) where effluent contains readily biodegradable carbon beneficial to the wastewater treatment process.

(4) It is encouraged that sanitation charges be based on factors related to water consumption at measurement, however other factors that enhance the sustainability of sanitation services and potentially meeting other socio-economic imperatives may be used in determining the charges.

29. Tariffs for sanitation services other than for domestic consumption or industrial use

(1) A WSA/WSP must structure tariffs for sanitation services to consumers who primarily use sanitation services for a use other than those identified under regulation 27 and 28 in a way that takes into account: -
(a) the viability and sustainability of sanitation services;
(b) incentives to reduce the wasteful or inefficient water use in conveying sewage; and
(c) Promote health and hygiene in public spaces like schools and hospitals.

(2) The requirements of sub-regulation 29(1) are deemed to have been met where the sanitation tariff to households who are connected to a reticulation system that supplies water to each household through an individually metered connection, is set as a charge on a percentage of the volume of water used.

(3) In determining the sanitation tariffs for the schools' consumer category, the WSA or WSP should structure the tariff in such a manner that it is a uniform method notwithstanding the different locations of the schools and prioritise the affordability of the services for such category.

(4) It is encouraged that sanitation charges be based on factors related to water consumption at measurement usage, however other factors that enhance the sustainability of sanitation services and potentially meeting other socio-economic imperatives may be used in determining the charges.

30. Fixed charge

(1) A WSA/WSP may, in addition to a volumetric tariff on a percentage of the water supplied or in addition to a volumetric tariff on the effluent discharged, levy any category of households a fixed charge for sanitation services.
(2) The fixed charge for sanitation services must be substantiated and a WSA/WSP must clearly indicate what costs elements, as well as the quantum thereof, constitute the fixed charge.

31. Seasonal tariffs

A WSA may implement seasonal tariffs under the following conditions:
(1) A WSA/WSP must follow the same procedure as described in regulation 21;
(2) A WSA/WSP must notify households on the implementation of seasonal tariffs via the same process of disclosing sanitation tariffs as described in sub-regulation 32(1).

32. Disclosure of sanitation services tariffs and accounts

(1) A WSA/WSP must, on its official website and any applicable media or any legislation prescribed mechanism, disclose the basis for determining its sanitation services tariffs for the current year, and make estimates of the tariff in a format not substantially different to the tables included in **Annexure D** and **Annexure E**.

(2) A WSA/WSP must, on every statement of accounts sent to a household for sanitation services, include the details as provided for in regulation where applicable.

33. Timelines table for Retail water tariff setting

(1) The timelines for the water service authority tariff approval process must be in consistence with a guide to Municipal Finance Management for Councilors by National Treasury, March 2006 in **Annexure F.**

Annexure A

FORMAT FOR DETERMINING REVENUE REQUIREMENTS FOR BULK WATER SERVICES TARIFFS

Water Service Provider		
Assessment year		
Scheme Name(s)		
Item	**Unit**	**Description**
Total budgeted water sales[i]	*(KL or m^3 per annum)*	
Capacity of WTW or scheme[ii]	*(KL or m^3 per annum)*	
Percentage utilisation	*(%)*	
Number of WTW	*(#)*	
Number of staff	*(Projected for year)*	
Percentage of NRW	*(Current %)*	

BULK WSP / SCHEME: COST ITEMS	**Previous Year**	**Current Year**	**Projected Year 1**	**Projected Year 2**	**Projected Year 3**
Unit	***(R '000)***	***(R '000)***	***(R '000)***	***(R '000)***	***(R '000)***
Raw water cost (purchased)					
Raw water cost (equated to volume supplied after losses)					
Staff and labour costs					
Energy costs (Total)					
- Energy costs: Eskom					
- Energy costs: Municipal					
Chemical costs					
Maintenance and repairs					
Refurbishments costs					
Depreciation					
Net finance costs					
Overheads					
Other costs (detail not described)					
Sub-total					
WRC charges					
Total costs					
Unit	***(KL '000)***	***(KL '000)***	***(KL '000)***	***(KL '000)***	***(KL '000)***
Raw water purchased (volume)					

BULK WSP / SCHEME: REVENUE ITEMS *Unit*	Previous Year	Current Year	Projected Year 1	Projected Year 2	Projected Year 3
	(R '000)	*(R '000)*	*(R '000)*	*(R '000)*	*(R '000)*
Revenue:					
- Bulk water supply					
- Raw water supply					
- Waste water					
- Retail supply					
- Secondary activities					
- Other income (interest, etc.)					
Total revenue					
Total costs					
Surplus / Deficit (Net Income/Loss)					
Accumulated Reserves					
Trade and other receivables					
Interest bearing borrowings					
PPE					
Capex					
Unit	***(KL '000)***	***(KL '000)***	***(KL '000)***	***(KL '000)***	***(KL '000)***
Water sales (volume)					

Annexure B

FORMAT FOR ALLOCATION OF REVENUE FOR BULK WATER SERVICES TARIFFS

BULK WSP/SCHEME: TARIFF COMPONENTS *Unit*	Previous Year *(R '000)*	Current Year *(R '000)*	Projected Year 1 *(R '000)*	Projected Year 2 *(R '000)*	Projected Year 3 *(R '000)*
Raw water cost (equated to volume supplied after losses)					
Staff and labour costs					
Energy costs (Total)					
- Energy costs: ESKOM					
- Energy costs: Municipal					
Chemical costs					
Maintenance and repairs					
Refurbishments costs					
Depreciation					
Net finance costs					
Overheads					
Other costs (detail not described)					
Cost of water (excluding surplus/deficit)					
Income Statement surplus / deficit					
Cost of water (including surplus/deficit)					
		Actual tariff	*Proposed tariff*	*%increase*	*Projected tariff*
Tariff					

Annexure C

TIMETABLE FOR APPROVAL OF BULK WATER SERVICE PROVIDERS TARIFFS

		Final Date
DWS provides water resources tariffs for following 3 years to WSPs and bulk WSPs		Before September 15
Bulk water service provider calculates tariff		Before September 30
Consultation with water services authorities		October and November
DWS preliminary review meeting of bulk water service providers' tariffs		November
Bulk water service providers' submission to National Treasury and SALGA requesting written comments		Earliest date after December 1, but no later than December 7
National Treasury and SALGA provide written comments	40 days	Not later than January 25
Formal submission (including comments by National Treasury, SALGA and municipalities) to DWS for approval		As soon as possible after January 25
Bulk water service providers' tariffs tabling in Parliament		February 15
Table any amendment to tariffs in Parliament		March 1
Notify WSPs of tariff increase in writing		March 15
WSA tariff determination processes:		
Water services authorities to comply with other regulatory processes		As soon as possible after March 15
Water services authorities to table draft budget before council		Not later than March 31
Implementation by water services authorities		July 1
Water services authorities submits to DWS and National Treasury the pro-forma statements on water and sanitation tariff determination as reflected in norms and standards		July (after commencement of FY)

Note: This timetable is based on MFMA circular 23, Bulk Resources for Municipal Services, 9 September 2005, and may change from time to time.

Annexure D

FORMAT FOR DETERMINING REVENUE REQUIREMENTS FOR WATER SUPPLY SERVICES

BULK WSP/SCHEME: TARIFF COMPONENTS	Previous Year	Current Year	Projected Year 1	Projected Year 2	Projected Year 3
Unit	*(R '000)*	*(R '000)*	*(R '000)*	*(R '000)*	*(R '000)*
Employee related costs					
Depreciation and asset impairment					
Finance charges					
Bulk purchases raw water					
Bulk purchases bulk potable water					
Bulk purchases electricity					
Other materials					
Maintenance					
Contracted services					
Other expenditure					
Loan Repayment					
Sub-total Costs					
Return on capital					
Surplus					
Total revenue requirement					
Less operational transfers and grants					
Less other revenue					
Revenue requirement from tariffs					

Annexure E

FORMAT FOR ALLOCATING REVENUE REQUIREMENTS TO WATER SUPPLY CUSTOMER CATEGORIES

Revenue requirement from tariffs							
User Category	**Number of households**	**Volume water sold per annum**	**Revenue required from tariffs[iv]**	**Revenue required (Fixed Charges)**	**Revenue required (Variable Charges)**	**Average Fixed Tariff**	**Average Variable Tariff**
	('000)	(KL)	*(R'000)*	*(R'000)*	*('000)*	*(R/user)*	*(R/KL)*
Households: Communal							
Households: Individually metered							
Industrial							
Other							
Total							
Average tariff (all water sold)					*(R/KL)*		

Annexure F

RECOMMENDED ACTIVITIES AND APPROVAL TIMETABLE FOR MUNICIPAL WATER SERVICES TARIFFS

	Proposed Date
Mayor tables in council a time schedule outlining key deadlines for budget and tariff process Mayor establishes committees and consultation forums for budget and tariff determination process	August
WSA determines revenue and expenditure projections, including levels for rates and tariffs based on strategic direction set in reviewed IDP and budget-related policies	September
WSA does an initial review of potential price movements of bulk resources	October
Council finalises policies for rates, tariffs and other service charges	December
WSA incorporates proposed national and provincial allocations into budget documentation	January
WSA reviews changes in prices for bulk resources subject to final date for communication by bulk providers	15 March
WSA publishes tabled budget including all required documentation and submits it to organs of state as required, and invites stakeholders to comment	March
WSA holds consultations with national and provincial treasuries and sector plans are finalised	April
WSA holds public hearings on budget and council debates budget and tariffs Council considers approval of budget and tariffs at least 30 days prior to start of budget year	May
Council approves annual budget and tariffs before start of budget year	Before 1 July
WSA submits to DWS and National Treasury the pro-forma statements on water and sanitation tariff determination as reflected in norms and standards	Before 1 July

Note: This time table is based on "*A Guide to Municipal Finance Management for Councillors*" by National Treasury, March 2006.

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