

**GNR.652 of 20 July 2001: 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](#))**

WATER SERVICES ACT, 1997

DEPARTMENT OF WATER AFFAIRS AND FORESTRY

The Minister of Water Affairs and Forestry has, under [section 10\(1\)](#) of the Water Services Act, 1997 (Act [No. 108 of 1997](#)) and with the concurrence of the Minister of Finance, made the Regulations in the Schedule.

ARRANGEMENT OF REGULATIONS

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**1. Definitions.**—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 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 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”** means that the supply of a service to a consumer is not intentionally restricted or limited to any maximum volume; and

**“volume based charge”** means a charge levied proportionately to the amount of water supplied or effluent discharged or disposed of.

**2. Determination of revenue requirements.**—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.

**3. Subsidization of tariffs.**—(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 subsidize 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 subsidized.

**4. Categories and levels of water services.**—(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 4\(1\)\(a\) and 4\(1\)\(b\)](#);
- (d) sanitation services to households;
- (e) discharge of industrial effluent to a sewage treatment plant; and
- (f) sanitation services other than those specified in [paragraphs 4\(1\)\(d\) and 4\(1\)\(e\)](#).

(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.

**5. Supply of water to a household through a communal water services work or a consumer installation designed to provide a controlled volume of water.**—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.

**6. Supply of water to a household through a water services work or consumer installation designed to provide an uncontrolled volume of water.**—(1) A tariff set by a water services institution for the supply of water through a water services work or through a consumer installation designed to provide an uncontrolled volume of water to a household must include a volume based charge 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 6\(1\)](#) are deemed to have been met where the tariff is set as a volume based charge that provides for a rising block tariff structure which includes—

- (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 kilolitres 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 in demand.

**7. Provision of sanitation services to a household.**—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.

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

**9. Connection fee.**—A water services institution may charge a fee for connecting a consumer to a water services work.

**10. Fee for upgrading an unauthorized connection.**—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.

**11. Commencement.**—These regulations take effect on 1 July 2003.