

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
ORDINARY COUNCIL MEETING**

2021.08.26

A-F (64-2021)

RESCISSION OF COUNCIL RESOLUTION 3 ON ITEM AF (19-2021): 2021/22 TO 2023/24 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) AND 2021/22 REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP)

1. PURPOSE

The purpose of this report is to request approval from the Council to rescind a resolution adopted by the Council on 26 May 2021 under Item AF (19-2021) to increase the Sewerage Disposal Services tariffs as contained in Annexure C (Schedule 4) of the budget documents as the new tariff structures had to be developed and implemented.

2. STRATEGIC PRIORITY

To promote good governance and financial sustainability of the City.

3. WARDS AFFECTED

All wards

4. IDP LINKAGE

Good governance

5. EXECUTIVE SUMMARY

The 2021/22 to 2023/24 Medium-term Revenue and Expenditure Framework (MTREF) and the 2021/22 Reviewed Integrated Development Plan (IDP) were approved by Council on the **26th May 2021** in line with the time schedule of key deadlines and section 24 of the MFMA.

The approved budget documents were contained Annexure C which detailed all the tariffs for the new 2021/22 financial year. Schedule 4 in the said Annexure C contained the **Sewerage Disposal Services tariffs**.

- The approved tariff increases to household users for sewer services for the 2021/22 financial year were 8.0% compared to the previous financial year. However, some discrepancies were noted on the proposed 2021/22 sewer tariffs which resulted in the same value as the water tariff. Furthermore, the approved sewer tariff structure contains two additional blocks which should not have been included.
- The approved tariff increases to Business users for sewer services for the 2021/22 financial year were 17.0% compared to the previous financial year. However, some discrepancies were noted on the proposed 2021/22 Business Sewer Tariffs which resulted in the step tariff ranges being reduced instead of being increased. The increase in the step tariff range of normal business domestic had direct impact on the step tariff range of businesses that are charged on industrial effluent tariffs.

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The Water and Sanitation Department is currently reviewing the current tariff model and structure to align with the industry norms and standards and to further enhance the revenue collection through a cost reflective tariff model. During the consolidation of tariffs, some of the information under review were transferred to the 2021/22 sewer tariffs which resulted in the discrepancies as outlined above, especially the sewer tariffs.

The purpose of the report is to correct the discrepancy so that the tariffs are aligned to the 8% increase that was approved by Council.

6. DISCUSSION

The table below shows the **household water and sewer tariffs** that were approved in Annexure C, Schedules 3 and 4 of the budget documents.

APPROVED TARIFFS

“Schedule 3” “Domestic Water Tariffs”

Tariff Summary	Tariff 2020/2021	R/kl	Tariff 2021/2022	R/kl
Number of residential units x (0 – 6 kl / month)	R13.50		R14.58	
Number of residential units x (7 – 15 kl / month)	R22.24		R24.02	
Number of residential units x (16 – 30 kl / month)	R27.24		R29.42	
Number of residential units x (31 – 45 kl / month)	R33.90		R36.61	
Number of residential units x (46 or more/ month)	R41.80		R45.14	

“Schedule 4” “Domestic Sewer Tariffs”

Tariff Summary	Tariff 2020/2021	R/kl	Tariff 2021/2022	R/kl
Number of residential units x (0 - 6 kl / month)	R18,08		R14.58	
Number of residential units x (7 - 15 kl / month)	R14,46		R24.02	
Number of residential units x (16 - 30 kl / month)	R6,15		R29.42	
Number of residential units x (31 - 45 kl / month)	R5,65		R36.61	
Number of residential units x (46 - 50 kl/month)	R3,85		R45.14	
Number of residential units x (51 - 64 kl/month)	R3,85		R55.97	
Number of residential units x (65 kl or more kl/month)	R3,85		R69.41	

Schedule 4 above shows the exorbitant increases in the sewer tariffs with additional blocks, hence the intention of the Water and Sanitation Department to correct the tariffs.

Schedule 3 Water tariffs will remain unchanged as it was not affected by the restructuring discrepancy.

The table below shows the **business sewer tariffs** that were approved in Annexure C, Schedule 4 of the budget documents.

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Tariff Summary	Tariff 2020/2021	Tariff 2021/2022
0- 5 000 kl /month	R11,34	N/A
5 001- 25 000 kl /month	R6,05	N/A
25 001 or more kl/ month	R3,93	N/A

Tariff Summary	Tariff 2020/2021	Tariff 2021/2022
0- 200kl /month	R11,34	R13,27
201- 500 kl / month	R6,05	R7,08
501 or more kl/ month	R3,93	R4,60

Volume of Effluent Discharged	Tariff R kl Effluent 2020/2021	Tariff R kl Effluent 2021/2022
0 – 5 000 kl / month	R12,03	R12,99
5 001- 25 000 kl/month	R7,04	R7,60
25 001 or more kl/month	R5,92	R6,39

PROPOSED TARRIFFS UPON RESCISSION

The table below shows the proposed Sewerage Disposal Services Tariffs after rescission of the approved tariffs.

“Schedule 4” Sewer tariffs

Tariff Summary	Tariff 2020/2021 R/kl	Tariff 2021/2022 R/kl
Number of residential units x (0 - 6 kl / month)	R18.08	R19.52
Number of residential units x (7 - 15 kl / month)	R14.46	R15.62
Number of residential units x (16 - 30 kl / month)	R6.15	R6.64
Number of residential units x (31 - 45 kl/ month)	R5.65	R6.10
Number of residential units x (46 or more/ month)	R3.85	R4.16

“Schedule 4” Domestic Sewer Tariffs

Tariff Summary	Tariff 2020/2021	Tariff 2021/2022
0- 5 000 kl /month	R11,34	N/A
5 001- 25 000 kl /month	R6,05	N/A
25 001 or more kl/ month	R3,93	N/A

Tariff Summary	Tariff 2020/2021	Tariff 2021/2022
0- 7 000 kl /month	R11,34	R13,27
7 001- 25 000 kl /month	R6,05	R7,08
25 001 or more kl/ month	R3,93	R4,60

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Volume of Effluent Discharged	Tariff R/kl Effluent 2020/2021	Tariff R kl Effluent 2021/2022
0 – 7 000 kl / month	R12,03	R14,08
7 001- 25 000 kl/month	R7,04	R8,23
25 001 or more kl/month	R5,92	R6,92

The tables above depicts the corrected tariffs which should be applied to both Domestic and Business consumers in the 2021/22 financial year.

The corrected Sewerage Disposal Services Tariffs are contained in **Annexure A** attached to the report.

7. LEGAL IMPLICATIONS

The approval of the amended tariffs and promulgation thereof will ensure compliance with Section 24 of the MFMA.

8. COMMUNICATION IMPLICATIONS

The amended tariffs have been communicated to the departments as indicated below and will be placed on the CoE website once approved by Council.

9. ANNEXURES ATTACHED

Annexure A: Corrected Sewerage Disposal Services Tariffs

Annexure B: Comments from Water & Sanitation Department

Annexure C: Comments from Corporate Legal Services Department

Annexure D: Resolution: Item A-F (19-2021) adopted by Council on 26 May 2021

RECOMMENDATION

- 1. That** the content of the report to rescind Resolution 3, Annexure C (Schedule 4) adopted by Council on 26 May 2021 under Item **AF (19-2021) BE NOTED.**
- 2. That** Resolution 3 adopted by the Council on 26 May 2021 under Item **AF (19-2021)** to increase the Sewerage Disposal Services tariffs as contained in Annexure C (Schedule 4) **BE RESCINDED.**
- 3. That** the Council of the City of Ekurhuleni **APPROVES** and **ADOPTS** the amended Sewerage Disposal Services Tariffs (Schedule 4) as contained in **Annexure A** of the report.