

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

**2024.07.25**

**ITEM A-F (45-2024)**

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**RESCISSION OF SCHEDULE 3 AS CONTAINED IN ANNEXURE “F” OF RESOLUTION NUMBER 5 ADOPTED BY COUNCIL ON 14<sup>TH</sup> JUNE 2024 UNDER ITEM (A-F 20-2024): 2024/25-2026/27 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) AND 2022/23 - 2026/27 REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP)**

**1. PURPOSE**

The purpose of this report is to request approval from the Council to rescind schedule 3 as contained in **Annexure “F”** of resolution number 5 adopted by Council on 14<sup>th</sup> June 2024 under item **AF (20-2024): 2024/25-2026/27 Medium Term Revenue And Expenditure Framework (MTREF) And 2022/23 - 2026/27 Reviewed Integrated Development Plan (IDP)**, to correct the Special Rand Water Services tariffs as contained in Annexure F (Schedule 3) 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 2024/25 to 2026/27 Medium Term Revenue and Expenditure Framework (MTREF) and the **2022/23 - 2026/27** reviewed Integrated Development Plan (IDP) were approved by Council on the **14<sup>th</sup> June 2024** in line with the time schedule of key deadlines and section 24 of the MFMA.

The approved budget documents contained Annexure F which detailed all the tariffs for the new 2024/25 financial year. Schedule 3 in the said Annexure F contained the **Water supply services and incidental charges**.

- The approved new special tariff to household users that were previously supplied by Rand Water for water services have some discrepancies that were noted on the proposed 2024/25 water supply tariffs due to a typo on one of the tariff which resulted in a misalignment of the tariff.
- The approved new special tariff to Business users that were previously supplied by Rand Water for water services have some discrepancies that were noted on the proposed 2024/25 water supply tariffs due to a typo on one of the tariff which resulted in a misalignment of the tariff.

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Water and Sanitation department has been formulating a special tariff for Rand Water Direct supplied customers 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 the new proposed tariffs some of the information while finalising the tariff schedules were transferred to the 2024/25 water services tariffs which resulted in the discrepancies as outlined above.

The purpose of the report is to correct the discrepancy so that the tariffs are aligned and reflected as was intended.

**6. DISCUSSION**

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

**APPROVED TARIFFS**

**“Schedule 3” “Domestic Water tariffs” (previously supplied by rand water directly)**

<b>DIRECT CUSTOMERS TARIFF (including) CURRENT TARIFF</b>		
<b>Tariff Summary</b>	<b>Tariff R 2023/2024</b>	<b>Tariff R 2024/2025</b>
0 - 6 KL	-	Free
6.1- 15 KL	-	22,13C/KL
15.1 - 20.0 KL	-	241,2 C/KL
20.1 - 40 KL	-	26,31C/KL
>40 KL	-	27,41 C/KL

**“Schedule 3” “Business Water tariffs”**

<b>INDUSTRY CUSTOMERS TARIFF (including) CURRENT TARIFF</b>		
<b>Tariff Summary</b>	<b>Tariff R 2023/2024</b>	<b>Tariff R 2024/2025</b>
0 - 15 KL	-	22,13C/KL
15.1 - 20.0 KL	-	241,2 C/KL
20,1– 40 KL	-	26,31C/KL
>40 KL	-	27,41 C/KL

Schedule 3 above shows a distorted tariff on the 15.1-20.0KL of 241.2C/KL in the Water tariffs block for both domestic and business customers, hence the intention of the Water and Sanitation Department to correct the tariffs.

**PROPOSED TARIFFS UPON RESCISSION**

The table below shows the proposed Water Supply Services tariffs after rescission of the approved tariffs.

<b>DIRECT CUSTOMERS TARIFF (including) CURRENT TARIFF</b>		
<b>Tariff Summary</b>	<b>Tariff R 2023/2024</b>	<b>Tariff R 2024/2025</b>

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0 - 6 KL	-	Free
6.1- 15 KL	-	22,13C/KL
15.1 - 20.0 KL	-	24,12 C/KL
20.1 - 40 KL	-	26,31C/KL
>40 KL	-	27,41 C/KL

<b>INDUSTRY CUSTOMERS TARIFF (including) CURRENT TARIFF</b>		
<b>Tariff Summary</b>	<b>Tariff R 2023/2024</b>	<b>Tariff R 2024/2025</b>
0 - 15 KL	-	22,13C/KL
15.1 - 20.0 KL	-	24,12 C/KL
20,1– 40 KL	-	26,31C/KL
>40 KL	-	27,41 C/KL

The tables above depict the corrected tariffs which should be applied to both Domestic and Business consumers in the 2024/25 financial year.

Attached **Annexure A** shows the corrected Water Supply Services tariffs

## **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. OTHER DEPARTMENTS/ BODIES CONSULTED**

### **COMMENTS BY WATER AND SANITATION DEPARTMENT**

Refer to **Annexure B** for comments from the department.

## **10. RECOMMENDATION**

- That** content of the report to rescind schedule 3 as contained in **Annexure “F”** of resolution number 5 adopted by Council on 14<sup>th</sup> June 2024 under item **AF (20-2024): 2024/25-2026/27 Medium Term Revenue And Expenditure Framework (MTREF) And 2022/23 - 2026/27 Reviewed Integrated Development Plan (IDP) BE NOTED.**
- That** Schedule 3 as contained in **Annexure “F” of resolution number 5** adopted by the Council on 14<sup>th</sup> June 2024 under Item **A-F (20-2024)** for the Water Supply Services tariffs **BE RESCINDED.**
- That** the Council of the City of Ekurhuleni **APPROVES** and **ADOPTS** the amended Water Supply services tariffs (Schedule 3) as contained in **Annexure A** of the report.