



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

FREQUENTLY ASKED QUESTIONS

1. What is the Pricing Strategy

The pricing strategy provides the framework for the pricing of the use of water from South Africa's water resources, i.e. the use of raw (untreated) water from the water resource and/or supplied from government waterworks and the discharge of water into a water resource or onto land.

2. Why the review of pricing strategy ?

- The revision of the Pricing Strategy is meant to ensure that the full costs of water resources management and water infrastructure is recovered through the charges. It will enable targeted subsidies by replacing the current blanket pricing capping.
- To promote the principle of differentiated charges which will contribute to social provision, by separating Domestic from Industrial users.
- The intention is to move towards linking charges directly to actual cost for the sustainability of water management institutions.
- The strategy further seeks to facilitate reform in the sector as well to provide transparency and predictability on the determination of raw water use charges.
- Provide an enabling framework to ensure improved participation of HDIs.
- To ensure that the costs of achieving and maintaining the Resource Quality Objectives (RQOs) are sufficiently recovered through the water use charges, and to ensure that there is adequate funding for the achievement and preservation of resource quality through the polluter pays and user pays principle.

3. What are Resource Quality Objectives (RQOs)?

These are goals relating to the quality of the relevant water resources. The resource water quality objectives are numerical and narrative descriptors of quality, quantity, habitat, and biotic conditions that need to be met to achieve the required management scenario, as per Chapter 3:part2 of the NWA.

4. Who is the pricing strategy applicable to?

Water users with a valid water use authorisation and engage in water uses as stipulated in Section 21 of the National Water Act.

5. What are the different types of charges in the pricing strategy?

Type of Charge	Description
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Water resource management charges	Funding for water resource management activities in terms of s56(2)(a). This charge is determined by Catchment Management Agency, based on the water resource management functions they perform.
Water infrastructure charge	For the funding for water resource development and use of water works in terms of s56(2)(b). This charge is determined by the Infrastructure Operation office, in the absence of an Infrastructure Agency, for the Operations and Maintenance of government water schemes and/or systems.
Waste discharge charge	component of the WRMC relates to waste discharge related use, as defined in Section 21 (f) – (j) of the NWA.
Water Research Levy (WRL)	The WRL is used for the promotion of water research and development on behalf of the nation and is levied in terms of Section 11 of the Water Research Act (WRA).
Economic regulator charge	Charge intended to fund the activities of the Economic Regulator, to be introduced in the National Water Amendment Bill.

6. What is the difference between the Water resource management charge on waste related activities and the Waste Mitigation charge?

The water resource charge on waste related activities are meant for waste discharges related use, as defined in Section 21 (f) – (j) of the NWA. The calculation of charges will be based on the volume of wastewater discharged from a point source.

The Waste Mitigation Charge facilitates the recovery of costs to mitigate the impacts of waste discharge on surface water resources. It will be charged to registered water users discharging waste in the impacted catchments.

7. What is the Future Infrastructure Build Charge (FIBC) and is it meant for?

The FIBC is a replacement for Return on Asset (ROA) charge, it is an infrastructure charge, that is meant to finance the development and betterment of infrastructure.

It is meant to contribute towards the funds for the development of social and economic development stimulus water resource infrastructure, including the costs of investigation planning, design, construction and pre-financing in terms of section 56(2)(b)(I, II and III).

8. Does the Pricing Strategy provide for any subsidies to water users?

The pricing strategy only makes provision for Resource Poor Farmers (RPF) to apply for Financial assistance to RPFs in terms of s61 and s62 of NWA.

9. Where can I send my comments on the pricing strategy to?

Pricing-Strategy@dws.gov.za

10. When will the strategy be implemented?

Once the strategy has been approved, it will be implemented in the beginning of the subsequent financial year (eg. if it is approved by May 2023, it will be implemented as of 01 April 2024).

11. Contact details of relevant people regarding the water pricing strategy review.

Pricing-Strategy@dws.gov.za

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