

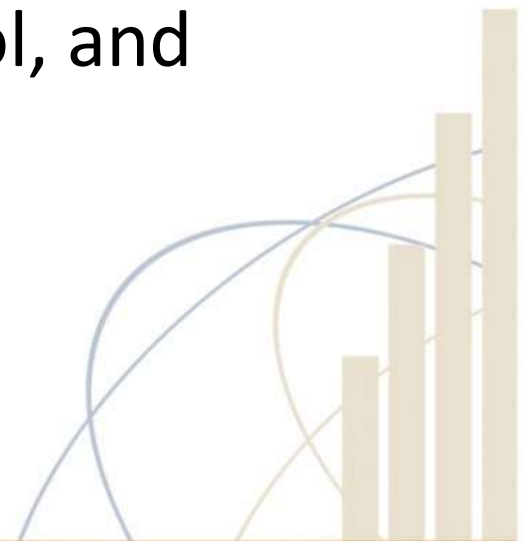


Effective Application and Implementation of the Cost-Reflective Tariff Tool

INTRODUCTION

ENSURING SUSTAINABILITY, EQUITY, AND SERVICE DELIVERY

- Tariffs = financial lifeblood of municipalities
- Not just numbers → sustainability enablers
- Purpose today: Explore necessity, tool, and implementation



WHY COST-REFLECTIVE TARIFFS?

- Recover full-service costs
- Financial sustainability
- Equity & fairness
- Long-term resilience
- Linked to MFMA, Treasury guidance



CURRENT CHALLENGES

- Affordability pressures in communities
- Weak/absent cost-of-service studies
- Capacity & skills gaps – senior officials not involved in CRTT
- Political reluctance – councils not approving proposed tariff increases
- Implementation delays – administration does not start budget process on time

THE TARIFF TOOL

- Standardised, transparent methodology
- Inputs: bulk, OPEX, CAPEX, depreciation, losses
- Outputs: revenue gap, scenarios, sustainability insights
- Benefits: transparency, credibility, decision support

APPLYING THE TOOL EFFECTIVELY

- Reliable data
- Skilled staff
- Stakeholder engagement
- Integration into IDP & budgets
- Example: phased tariff adjustments

IMPLEMENTATION CHALLENGES

- Technical: data gaps
- Institutional: weak governance, silos
- Political: affordability, elections

SOLUTIONS

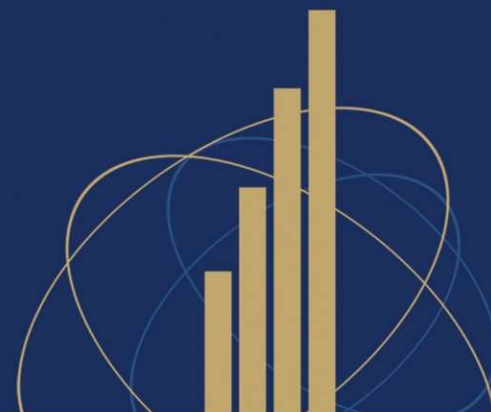
- Phased tariff paths
- Indigent support measures
- Transparency & open communication
- Collaboration: Treasury, SALGA, regulators, councils

CONCLUSION

- Cost-reflective tariffs are essential, not optional
- Tool = objective mirror of costs
- Success = courage + capacity + collaboration
- Pathway to sustainable, equitable services



Thank You!



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