

FURTHER EVIDENCE ON THE DEBATE TO SHAKE OFF THE SOUTH AFRICAN WATER PRICING SYSTEM:

Exploratory Research on the Potential Implementation and Assessment of a Dynamic Water Pricing Model in South Africa

Most water management areas (WMAs) and Water Service Authorities (WSAs) in South Africa suffer from varying degrees of water supply volatility, which is usually accompanied by temporary but frequent water shortages. On the demand side, a potential contributor to water shortages is an inefficient water pricing system. Inefficient pricing policies can promote excessive water usage in the short-term, putting unnecessary pressure on water supply. Equally, it can also contribute to a culture of excessive water use in the long-term, if domestic and non-domestic water consumers do not adjust their economic decisions to consider the true value of water.

An increasingly popular option being implemented internationally is the dynamic water pricing model. Essentially, dynamic tariffs adjust to reflect the degree of water scarcity at a given point in time to send the signal of water supply constraints to final consumers.

The Public and Environmental Economics Research Centre (PEERC) is undertaking exploratory research on the opportunities for the incorporation of scarcity and climate change factors into the water pricing system in South Africa, using a dynamic pricing model. This seminar presents the preliminary findings of the research and looks to elicit stakeholder inputs towards the improvement and finalization of the research and recommendations.



PEERC
PUBLIC AND ENVIRONMENTAL ECONOMICS RESEARCH CENTRE



AGENDA

Time	Item	Speaker
13:00 – 13:15	Welcome and Introductions	Mr Jay Bhagwan, WRC
13:15 – 13:30	Background and Rationale of Study	Mr Jugal Mahabir, PEERC
13:30 – 13:50	Current Pricing Model – Shortcomings and Opportunities	Dr Jean Luc Mubenga, PEERC
13:50 – 14:30	Dynamic Water Pricing as an Option	Mr Jugal Mahabir, PEERC
14:30 – 14:45	Response on Dynamic Water Pricing from a Raw Water Perspective	Mr Lehlohonolo Nyabanyaba, Department of Water and Sanitation
14:45 – 15:00	Response on Dynamic Water Pricing from a Bulk Water Supplier Perspective	Mr Tawanda Nyandoro, Rand Water
15:00 – 15:15	Response on Dynamic Water Pricing from a Municipal Perspective	Mr James Matsie, SALGA
15:15 – 15:45	Discussions	All Participants
15:45 – 16:00	Closing Remarks	Mr Jay Bhagwan, WRC

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