

The South African Local Government Association (SALGA) invited Mr Jugal Mahabir, Director of the Public and Environmental Economics Research Centre (PEERC), to present a webinar on the potential impact of the revised National Pricing Strategy for Water Use Charges on local government.

The webinar was held on 20 October 2022 and was largely attended by municipal officials and councilors. The Department of Water Affairs is currently in the process of public consultations on its revised national pricing strategy for raw water charges and SALGA, as the representative of organized local government, is required to coordinate local government's response to the strategy. As part of SALGA's process, Mr Mahabir was required to outline the potential impacts of the strategy on local government in order to facilitate discussions amongst municipal officials and councilors at the webinar. As part of his presentation, Mr Mahabir outlined the water pricing value chain in South Africa and the role of local government in this value chain.

Raw water is a key input into the municipal provision of water services to consumers and the revised strategy is likely to have a major impact on the water services sector at the municipal level. Mr Mahabir outlined some of these areas, including the potential impact on the input costs of municipal water provision, potential implications for the local government equitable share formula and the sensitivity of the strategy to the growing impact of climate change on municipalities and municipal water customers. Mr Mahabir further outlined that local government should critically assess whether the revised strategy effectively recognizes the different types and operating environments of municipalities in the country and whether the revised charges are sensitive to such differences.

This engagement builds on PEERC's continued contributions to the water sector in South Africa. Earlier this year, PEERC completed research for the Water Research Commission that contributed to the formulation of the Revised National Pricing Strategy for Water Use Charges.