

# Water tariff hike to stay below 10%

NONDUMISO MBUYAZI

UMGENI Water has said it will continue to provide sustainable tariffs and ensure that bulk water tariffs over the next few years are kept below 10 percent.

Umgeni Water chief executive, Mzimkulu Msiwa, yesterday said that if the price of water did increase in the next few years it would not be above 10 percent.

Thekwini Municipality is Umgeni's biggest customer, accounting for 78 percent of its sales, followed by Msunduzi, which accounts for 14 percent of its sales.

Yesterday Umgeni Water reported an increase in profit and higher revenue, despite implementing below-inflation tariff increases.

Giving a detailed presentation of their annual water re-

port for 2008/9, Msiwa said their revenue had grown by R204 million from R1.289m in 2008.

Msiwa attributed much of this to an average tariff increase of 3 percent to municipalities, which he said was below the inflation rate, was also the reason for Umgeni's profit.

Msiwa said that investments increased by R295m. This increase was attributed to the purchase of R230m redemption assets.

He added that in this year their capital expenditure amounted to R237m which resulted in an increase in the property, plant and equipment balance as at June 30.

He said R219m had been spent on several projects which were still in the construction

phase.

Msiwa said Umgeni was committed to 15 strategic infrastructure projects to deliver water to target municipalities, and by June this year, five projects were still under construction, while another five were in detailed design phase.

The South Coast Pipeline along the N2 from Amanzimtoti to Park Rynie had been completed and was operational, he said.

The targeted surplus for the year had been achieved, said Msiwa, despite pressure from increased costs in bulk potable water production.

He said the surplus of R527m would be used for debt reduction, capital infrastructure investment and sustainable tariff.

