



## **BLANTYRE WATER BOARD TARIFF FRAMEWORK**

### **INTRODUCTION**

Blantyre Water Board is implementing a Strategic Plan for the year 2020-25 and a Turn Around Strategy whose key objective is improve operational efficiency and improve the financial position of the organization. Key in the improvement of the institution is the need to have a robust and effective business model that ensures that the institution operates as a business i.e. at least generating enough resources that cover its service costs.

In terms of the other challenges like high Non Revenue Water (NRW) and high energy costs, other than the resources that will be internally generated, there will be specific interventions targeting these areas so that they are not wholly and exclusively addressed by tariff increase. The proposal has taken into consideration the impact of the projects under way in pipe and meter replacements, caretaker approach and independent power plant (solar project).

### **THE APPROVED FRAMEWORK**

The tariffs will move for all customer categories except for Low Income Areas (LIAs) that are serviced by kiosks in support of the fight against the cholera outbreak and cyclone Freddy impact. With the resources invested towards improving the Board's efficiencies, sales revenue will start growing without necessarily needing raising tariff. As such there will be an 40% adjustment from 1<sup>st</sup> June, 2023 and a further adjustment of 50% on 1<sup>st</sup> October, 2023 in line with given approvals. There will be further 10% adjustments in year 2 and year 3. These will be subject to socio-economic surveys which will be conducted yearly, to determine the customers' ability to pay for the water service.

Customer Category	Tariff Bands	No of 200 Litre Drums	2022/23 Current Water Tariffs (MK/M3)	2023/24 Water Tariffs (MK/M3) June 2023	2023/24 Water Tariffs (MK/M3) Oct. 2023	2024/25 Water Tariffs (MK/M3)	2025/26 Water Tariffs (MK/M3)
Kiosks			400	400	400	440	484
Residential	Up to 5M3	25	760	1,064	1,444	1,588.40	1,747.24
	> 5M3 - 10 M3	>25≤50	810	1,134	1,539	1,692.90	1,862.19
	> 10 M3 - 40 M3	>50≤200	960	1,344	1,824	2,006.40	2,207.04
	> 40 M3	>200	1,060	1,484	2,014	2,215.40	2,436.94
Institutional	Up to 10 M3	50	1,720	2,408	3,268	3,594.80	3,954.28
	> 10 M3 - 40 M3	>50≤200	1,950	2,730	3,705	4,075.50	4,483.05
	> 40 M3	>200	2,050	2,870	3,895	4,284.50	4,712.95
Commercial	Up to 10 M3	50	2,250	3,150	4,275	4,702.50	5,172.75
	> 10 M3 - 40 M3	>50≤200	2,480	3,472	4,712	5,183.20	5,701.52
	> 40 M3	>200	2,720	3,808	5,168	5,684.80	6,253.28
Industrial	Up to 10 M3	50	3,150	4,410	5,985	6,583.50	7,241.85
	> 10 M3 - 40 M3	>50≤200	3,580	5,012	6,802	7,482.20	8,230.42
	> 40 M3	>200	3,940	5,516	7,486	8,234.60	9,058.06

## TARIFF JUSTIFICATION INCREASE

In order to support the Turnaround Strategy and return to profitability by 2024 the institution needs resources for the following purposes:

- a) To be able to pay the energy bills.
- b) To support initiatives to reduce NRW.
- c) To help increase revenue so as to be able to cover all operational costs.
- d) To help cover cost of capital and move towards repaying long-term on-lent debts.

Initiatives supporting NRW reduction will help improve service delivery which will ultimately benefit the customers. Further, the shareholder will not be requested for working capital support going forward. Based on the approved tariff structure, the Board will be able to make profits for continuous investments, thereby increasing access to safe water and sanitation services.

The above tariff framework was approved by the Minister of Water and Sanitation with the support of Cabinet on 11th May 2023.

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Abida Sidik Mia, M.P

**MINISTER OF WATER AND SANITATION**