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بسم الله الرحمن الرحيم

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## Water and Sewerage Tariff Regulation

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بسم الله الرحمن الرحيم

Ministry of Environment
Male'
Republic of Maldives

# Water and Sewerage Tariff Regulation

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| Introduction | 1 | This Regulation is formulated under section 8 subsection (f) of Act No 2/2020 (Water and Sewage Act) by the powers given under section 58 subsection (a) of the Act. | |
| Title | 2 | This Regulation shall be titled **"Water and Sewerage Tariff Regulation"** | |
| Objective | 3 | The objective of this Regulation is to establish and implement policies to provide sustainable water and sewerage services in the inhabited islands by setting a maximum tariff. | |
| Enforcement of the Regulation | 4 | The Regulation will be enforced by Utility Regulatory Authority. | |
| Setting the maximum tariff | 5 | (a) | The maximum price that a service provider can charge for water and sewage services will be established by the Authority in line with the government policies and the guidelines found under this Regulation. |
| | | (b) | It is prohibited to charge any price above the fixed price set by the Authority under subsection (a) of this section for water and sewerage service. |
| | | (c) | The Authority shall publish in the Government Gazette the maximum price for water and sewage service set out under subsection (a) of this section. And if there is any change to this price, the amended price shall also be published in the Government Gazette. |
| water and sewage service categories | 6 | The price for water and sewage service shall be set according to the following categories separately. | |
| | | (a) | Households. |

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| | | (b) | Business establishments, commercial and industrial establishments. | |
| | | (c) | Government institutions and institutions providing social services. | |
| Setting the maximum price for water service | 7 | (a) | In setting the maximum price for water, the maximum price for each category described in section 6 of this regulation shall be set separately. | |
| | | (b) | A Minimum of three bands for each category shall be established in setting the maximum price for water fees | |
| | | (c)) | In providing water service referred to the categories in section 6 of this Regulation, a maximum price shall be set for the following separately. | |
| | | | (1) | To give water connection; |
| | | | (2) | Relocation of water connection; |
| | | | (3) | Reconnection of temporarily disconnected water service; |
| | | | (4) | Testing of water meter; |
| | | | (5) | Renewal of water meter; |
| | | | (6) | Installation of booster pump; |
| | | | (7) | Temporary water connections for construction works; |
| | | | (8) | Price of extending the connection pipeline beyond 3 (three) foot from the household boundary in price per foot. |
| | | | (9) | The maximum amount of penalty for customers who does not pay the bill on the set regular time frame. |
| The maximum price for sewage service | 8 | (a) | In setting the maximum fee for sewage, the maximum price for each category described in section 6 of this regulation shall be set separately. | |
| | | (b) | In providing sewage service referred to the categories in section 6 of this Regulation, a maximum price shall be set for the following separately. | |
| | | | (1) | To give sewerage connection; |
| | | | (2) | Relocation of sewerage connection; |
| | | | (3) | Renewal of sewer junction; |
| | | | (4) | Cleaning of sewer junction; |
| | | | (5) | Price of extending the connection pipeline to the catchpit location beyond 3 foot from the household boundary in price per foot. |
| Factors to consider in determining the maximum price to be charged for | 9 | | Consideration shall be made based on factors below to set maximum Tariff for water and sewerage services | |

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| water and sewage services | | | | | |
| | | (a) | Ensuring social security | | |
| | | (b) | The impact of providing sustainable service; | | |
| | | (c) | Financial capacity of service users to cater the customer needs; | | |
| Documents to be submitted by the service provider | 10 | (a) | To determine the maximum price of water and sewage services, the licensees of water and sewage services shall submit the operational cost details as listed below in the format set by the Authority, within 90 days of commencement of this regulation. | | |
| | | | (1) | The plan for the next five years to expand the service and the investment to be made to implement the plan | |
| | | | (2) | Annual financial audit report (profit and loss details included) from the past 5 (five) prepared by a registered auditor. | |
| | | | (3) | Details of the following information for the past year and forecast for the next 5 (five) years (for each island service category separately). | |
| | | | | 3.1 | Number of customers; |
| | | | | 3.2 | Income details |
| | | | | 3.3 | Operating expenses; |
| | | | | 3.4 | Details of business expenditure(investment). |
| | | (b) | To identify the changes brought to the water and sewage service, the service providers of water and sewage shall submit the following information to the Authority before the end of July of each calendar year. | | |
| | | | (1) | The plan for the next years to expand the service and the investment to be made to implement the plan; | |
| | | | (2) | The financial audit report of the previous year (details of profit and loss included); | |
| | | | (3) | Details of the following information for the past year and forecast of coming year (for each licensed island and category separately). | |
| | | | | 3.1 | Number of customers; |
| | | | | 3.2 | income details; |
| | | | | 3.3 | Operating expenses; and |
| | | (d) | Details of business expenditure(investment). | | |
| Period to set the maximum price. | 11 | (a) | The Authority shall fix the maximum price for a 5 (five) year period. The 5 (five) year period will commence from the date of publication of the maximin price in the Government Gazette. | | |
| | | (b) | The maximum price fixed shall be reviewed by the Authority and published in the Government Gazette before the expiry of the maximum price period referred to in subsection (a) of this section. | | |

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| | | (c) | | Notwithstanding subsection (a), the Authority has the discretion to review and change the price before the expiry of the period. Any such changes shall be brought according to policies established by the government and the policies established by this Regulation. |
| | | (d) | | In reviewing the maximum price, the documents submitted by the service providers under section 10 (b) of this Regulation shall be considered. |
| Formula to determine the maximum price | 12 | (a) | | The Authority shall use the Cost-Plus methodology in setting the maximum price. |
| | | (b) | | Accounting principles and standards set by the relevant authorities of the Maldives should be used to determine the maximum price. Depreciation costs and operation costs should be taken into account in determining the maximum price. |
| Setting a baseline of water and sewer costs to determine the maximum price | 13 | (a) | | The baseline unit cost of the following categories should be determined by the Authority with reference to the expenditure incurred for the water and sewage services. |
| | | | (1) | The cost of producing a ton of water and cost of supplying water to the households; |
| | | | (2) | Average cost to treat wastewater per household; |
| | | | (3) | Average cost to provide sewage services per household. |
| | | (b) | | The Authority shall review the baseline unit cost determined under subsection (a) of this section once a year. |
| | | (c) | | If the service provider's expenditure exceeds the baseline unit cost set under subsection (a) of this section, the Authority shall investigate and develop a cost reduction plan with the service provider as well as monitor its implementation. |
| Exceptions | 14 | The first connection of Water and sewage service to residential households must be made free of charge. | | |
| Penalties | 15 | The Penalties for persons who violates the Regulation will be as follows. | | |
| | | (a) | | A person who intentionally provides false information to the Authority or the Ministry or a person designated by the Ministry and the Authority shall be liable to a fine not exceeding 50,000 (fifty thousand rufiyaa). |
| | | (b) | | If a person without reasonable cause, fails to provide the information requested by the Ministry within the period for which the Ministry requests for the information, such person shall be liable to a fine not exceeding 5000/- (five thousand rufiyaa). |

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| | | (c) | Any person who obstructs the performance of the duties and responsibilities of an enforcement officer, obstructs the provision of services, intentionally or negligently causes physical harm, harassment, or other disturbance to the work of a service employee shall be liable to a fine of between 5000/- (five thousand rufiyaa) and 25000/- (twenty-five thousand rufiyaa) shall be imposed. If the Act involves a criminal offence, it shall be submitted to the relevant authorities for investigation. |
| Commencement | 16 | This Regulation will come into effect after its publication in the Government Gazette | |
| Definitions | 17 | Unless otherwise stated in this Regulation, the following words and phrases shall be interpreted as specified below. Terms not defined in this Regulation shall have the meaning assigned to them in Act No. 08/2020 (Water and Sewage Act). | |
| | | (a) | "Ministry" shall mean the Ministry mandated with the responsibility of implementing the Water and Sewerage Policy; |
| | | (b) | "Authority" shall mean the Utility Regulatory Authority established under Act No. 06/2020 (Utility Regulatory Authority Act). |
| | | (c) | "Service Provider" shall mean the provider of water and sewerage services. |
| | | (d) | "Maximum Price" shall mean the highest fee that recipients can charge for water and sewage services. |
| | | (e) | "Cost Plus methodology" shall mean a model that determines the percentage of profits in addition to the cost of the service. |
| | | (d) | "Investment" shall mean the expenditure made to expand the business further. |
| | | (e) | "Financial Audit Report" shall means the business of a licensee recognized by the government for a specified period, for reports prepared after calculation. |
| | | (f) | "Band" shall mean the division of daily water consumption into portions to charge for water use. |