



**INKOMATI-USUTHU**

CATCHMENT MANAGEMENT AGENCY

## **Tariff Consultation Meeting – 2021/22**

30 July 2020 Usuthu (Mkhondo)

31 July 2020 Inkomati (Mbombela)

**Presented By: Acting: Executive Corporate Services  
Ms. Sandra Govere**



# Outline of the Presentation

- Background
- Tariff Process
- 2021/22 Budget
- 2021/22 Proposed Tariff
- 2021/22 Projected Revenue
- 2019/20 Revenue Collection
- Revenue Management
- Conclusion

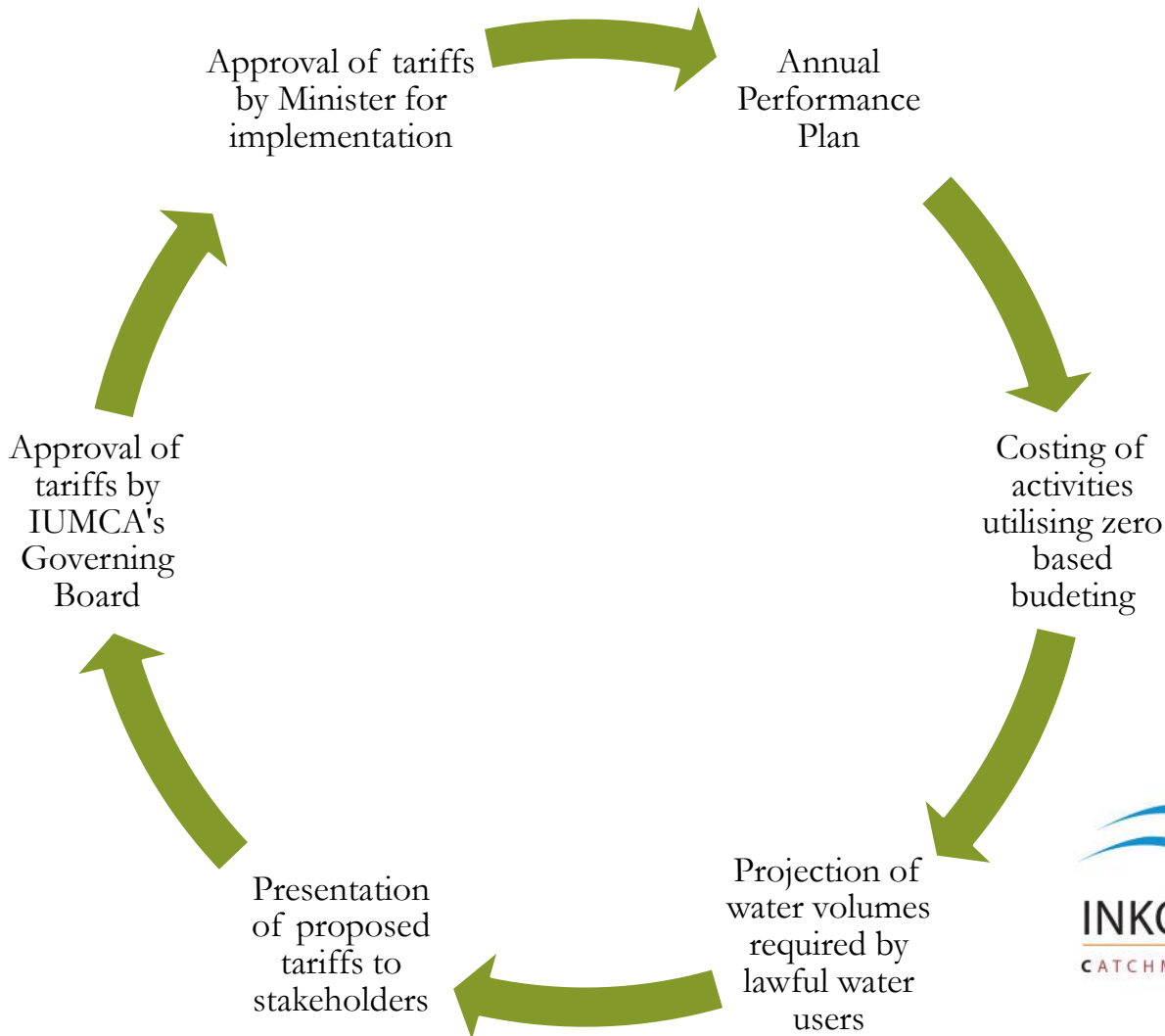


# Background

- The purpose of the meeting is to consult with stakeholders on the proposed Water Resource Management charges for the 2021/22 Financial Year as per the following Legislation.
- Section 57 of the National Water Act 36 of 1998
- The Current Pricing Strategy of April 2007 which is still under review
- Public Finance Management Act 1 of 1999
- National Treasury Regulations 2005



# Tariff Process







# IUCMA Registered Volumes

SECTORS	2021/22 VOLUMES	2020/21 VOLUMES	DIFFERENCE
Domestic/Industry	543,863,056	364,172,438	179,690,618
Agriculture	1,065,055,953	1,034,751,823	30,304,130
SFRA	437,622,287	589,411,259	(151,788,972)
<b>TOTAL</b>	<b>2,046,541,296</b>	<b>1,988,335,520</b>	<b>58,205,776</b>



# Budget 2021/22

## Sources of Funding

SOURCE	BUDGET 2019/20	BUDGET 2021/22	%	BUDGET 2022/23	BUDGET 2023/24
MAIN ACCOUNT	R175 725 917,00	R84 375 000,00	64%	R89 437 500,00	R94 804 000,00
WTE- IUCMA	R50 086 018,00	R47 193 285,00	35%	R50 024 882,10	R54 485 359,00
INTEREST RECEIVED	R0,00	R1 100 000,00	1%	R2 000 000,00	R2 300 000,00
<b>TOTAL FUNDING SOURCES</b>	<b>R225 811 935,00</b>	<b>R132 668 285,00</b>		<b>R141 462 382,10</b>	<b>R151 589 359,00</b>

# Proposed Budget 2021/22

PROPOSED BUDGET					
DESCRIPTION	BUDGET 2019/20	BUDGET 2021/22	%	BUDGET 2022/23	BUDGET 2023/24
SALARIES AND WAGES	R86 125 956,00	R88 375 000,00	67%	R95 380 000,00	R101 076 000,00
GOODS AND SERVICES	R122 938 857,00	R40 843 285,00	31%	R42 732 382,10	R45 801 359,38
REPAIR AND MAINTENANCE	R1 714 056,00	R720 000,00	0%	R790 000,00	R822 000,00
CAPITAL OUTLAY	R11 983 031,00	R630 000,00	0%	R300 000,00	R1 530 000,00
BOARD RELATED COST	R3 050 034,00	R2 100 000,00	2%	R2 260 000,00	R2 360 000,00
<b>GRAND TOTAL</b>	<b>R225 811 935</b>	<b>R132 668 285</b>		<b>R141 462 382</b>	<b>R151 589 359</b>

# 2021/22 Proposed Tariff Increase

Sectors	Domestic/ industrial c/m3	Irrigation c/m3	Forestry c/m3
2020/21 Proposed Tariff	3.70c	1.95c	1.44c
2020/21 Approved Tariff	3.70c	1.93c	1.44c
<b>2021/22 Proposed Tariff</b>	<b>4.18c</b>	<b>1.95c</b>	<b>1.55c</b>
<b>% Increase on full cost</b>	<b>13.1%</b>	<b>1.2%</b>	<b>7.58%</b>
Capping Policy Applications	D&I - no capping applicable	Irr - 1.5 c/m3 plus April PPI of 1.2%	SFRA - 10p/h plus April PPI of 1.2%



# 2021/22 Projected Revenue from WRMC

SECTORS	2021/22 PROJECTED VOLUMES (c/m3)	2021/22 PROPOSED TARIFF (per c/m3)	2021/22 PROJECTED REVENUE
Domestic & Industry	543 863 056	4.18c	R22 733 476
Irrigation	1 065 055 953	1.95c	R20 768 591
Forestry	437 622 287	1.44c	R6 783 145
<b>TOTAL</b>	<b>2 046 541 296</b>		<b>R50 285 212</b>



## 2020/21 Projected Revenue



Interest Revenue 1%

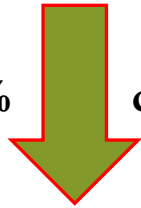


Water Users 35%



Government Subsidy 64%

Budget performance 41%



compared revised budget for 2020/21

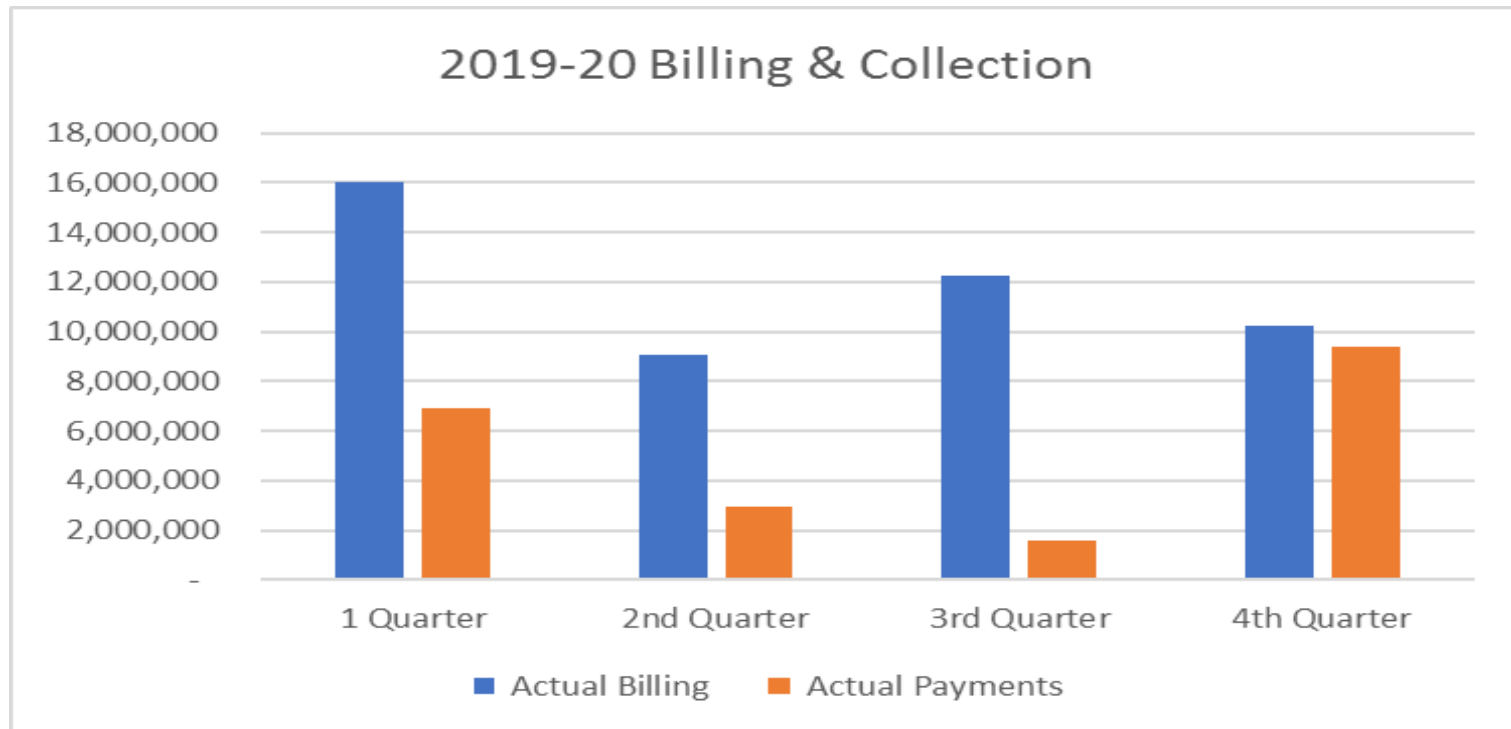


# 2019/20 Revenue Collection

## Revenue Collection for 2019/20

Period	Projected Billing	Actual Billing	Actual Payments	Collection Rate
Quarter 1	R12 046 405,00	R16 035 722,00	R6 899 064,00	43%
Quarter 2	R9 253 552,00	R9 043 620,00	R2 930 595,00	32%
Quarter 3	R12 043 406,00	R12 267 108,00	R1 609 105,00	13%
Quarter 4	R9 253 552,00	R10 255 040,00	R9 406 921,00	92%
<b>TOTAL</b>	<b>R42 596 915,00</b>	<b>R47 601 490,00</b>	<b>R20 845 685,00</b>	<b>44%</b>

# 2019/20 Revenue Collection







# Revenue Management

The current Water resource charges is still not sufficient to fully fund the IUCMA Annual Budget thereby necessitating the annual augmentation portion from the Department of Human Settlement, Water and Sanitation

This raises the need for a revenue strategy that can only be well implemented in conjunction with strategic stakeholders like yourselves.

The billing and recovery of the Water Resource Management charges (WRMC) function has undergone strategic changes which include establishment of a revenue department.



# Conclusion

- The IUCMA appreciates the co-operation of its stakeholders for its financial viability and sustainability
- The IUCMA continues to strive for good quality water for all in the Inkomati-Usuthu
- IUCMA has progressively created capacity to undertake its full mandate
- The Water Resource Management Charge continues to strive towards being cost reflective and balanced



THANK YOU

