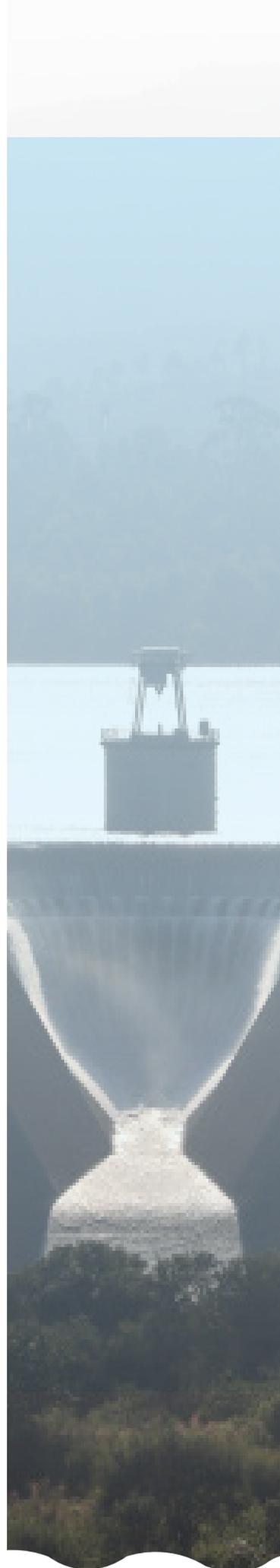




**INKOMATI-USUTHU**  
CATCHMENT MANAGEMENT AGENCY

# **ANNUAL 2025/26 TARIFF CONSULTATIONS**

## **USUTHU**



# ANNUAL 2025/26 TARIFF CONSULTATIONS PROGRAMME

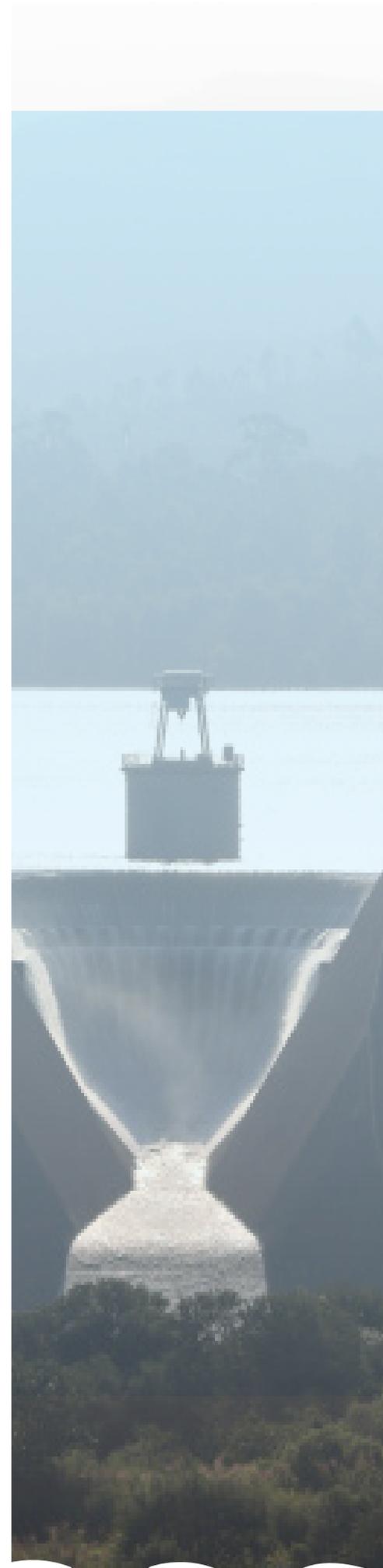
## STAKEHOLDER CONSULTATION MEETING ON ANNUAL PERFORMANCE PLAN AND TARIFF SETTING FOR 2025/26 FINANCIAL YEAR

Date: 09 July 2024 | Time: 10:00 to 14:00

Venue: Usuthu

**Programme Facilitator: Advocate MB Shabangu  
(Executive: Corporate Services)**

Item:	Proposed Time:	Person Responsible:
Registration and Morning Tea	9:30 – 10:00	All
Opening and Welcome	10:00 – 10:10	Governing Board Member: Mr M Ramushu
Annual Performance Plans for 2024/25	10:30 – 10:50	Acting Chief Executive Officer : Dr N Mhlanga-Ndlovu
Water Resources Status	10:50 – 11:10	Acting Executive Water Resource Management: Mr M Selepe
2025/26 Proposed Budget and Tariff	11:10 - 11:30	Chief Financial Officer : Ms S Mabunda
Waste Discharge Charge System	11:30 – 11:50	Department of Water and Sanitation
Infrastructure Tariffs for 2025/26	11:50 – 12:20	Department of Water and Sanitation
Question and Answers	12:20 – 12:50	All
Closure	12:50 – 13:00	Governing Board Member: Mr M Ramushu
Lunch	13:00 -14:00	All





## TABLE OF CONTENT

- Purpose
- Introduction
- Legislative Framework
- Vision, Mission and Values
- Outcomes
- Optimal operating model design
- Outcomes Alignment
- 2024/25 Performance targets



## PURPOSE

The purpose of this presentation is to outline the Annual Performance Plan of the IUCMA for 2024/25 financial year.



- ## INTRODUCTION
- Established in terms of Section 78 of the National Water Act 36 of 1998.
  - The IUCMA is mandated for the protection, conservation, development, use and management of the water resources at a localised area.
  - Stakeholders are considered a critical component of decentralised water resources management.
  - Water use activities include: Strategic use (ESKOM and Sasol Secunda Complex), Transboundary International Obligations (Mozambique and eSwatini), Agriculture, Forestry, Mining, Industry, Domestic, and Tourism.
  - Funded through Parliamentary Grant and Water Resources Charges.
  - The IUCMA is Schedule 3A Public Entity.
- 

## LEGISLATIVE FRAMEWORK

ACTIVITIES	NWA REFERENCE
Prevention and remedying of water resource pollution	Section 19
Management of emergency water resource pollution incidents	Section 20
To surrender an entitlement to facilitate a particular water use	Section 25(28, 3).
Assessment of the water uses as part of the Water Use Authorization Application	Section 21
The verification of Existing Lawful Water Use (ELU)	Sections 33 and 35
Administrative function of the water use authorization for recommendation to the Responsible Authority	Section 40
Compulsory license application	Section 43
Late applications	Section 44
Proposed Allocation Schedules and Preliminary Allocation Schedules	Section 45 and 46
Publishing a Gazette stating that a preliminary allocation schedule has become a final allocation schedule	Section 47
Procedure for earlier renewal or amendment of licence condition	Section 52
Rectification of contraventions	Section 53
Implementation of the inherent functions: investigate and advise all interested persons regarding management of water resources	Section 80
Development of CMS	
-Co-ordinate related activities of water users and water management institutions in area	
-Promote community participation in water resource management	
Appointment of authorised persons to implement inspections related to compliance with the NWA	Section 125
Make information available to the public regarding floods, droughts, failing or potential failing water works, levels of flood water, risks posed by water quality to life, health or property and any other matters	Section 145



## VISION, MISSION AND VALUES

**VISION**

Sufficient, equitable and quality water resources for all in the Inkomati-Usuthu Water Management Area

**MISSION**

To efficiently manage water resources by empowering our stakeholders in our quest to contribute towards transformation by promoting equal access to water and protecting the environment

**VALUES**

Integrity  
Batho Pele (Stakeholders Orientation)  
Accountability  
Diversity  
Transparency





## THE OPTIMAL OPERATING MODEL DESIGN

The optimal operating model design was adopted, to streamline efficiency on the reporting of performance and implementation of the IUCMA strategy, as follows:

- Programme 1: Administration and Governance, aligned to Outcome 1, 2, and 3.
- Programme 2: Water Resource Management, aligned to Outcome 4

## OUTCOMES ALIGNMENT

Outcome	Programme	Output	Output Indicators
<b>Outcome 1:</b> Increased stakeholder satisfaction  <b>Outcome 2:</b> Enhanced human resources and business capabilities  <b>Outcome 3:</b> Maintain financial sustainability	<b>Programme 1:</b> Administration	<b>Programme 1:</b> 1. Annual stakeholder management programme implemented 2. Compliance with corporate governance regulatory prescripts 3. Targeted procurement supporting SMMEs 4. Financial recovery and cost control	<b>Programme 1:</b> 1. Percentage implementation of stakeholder engagement plan 2. Percentage compliance with Approved Audit plan 3. Percentage implementation of Strategic risk register action plans 4. Percentage implementation Risk Management plan. 5. Percentage implementation of Human Resource Plan 6. Percentage implementation of the ICT strategy 7. Percentage targeted procurement supporting SMMEs 8. Working ratio (cash based) 9. Debt collection ratio: Healthy book 10. Debt collection ratio: Toxic book 11. Debtors' payment period in days (Healthy book and waste discharge charge) 12. Current Ratio
<b>Outcome 4:</b> Protection and use of water resources	<b>Programme 2:</b> Water Resource Management	<b>Programme 2:</b> 1. Water resource classes and Resource Quality Objectives determined and monitored 2. Water resource institutions established 3. Water resource institutions' compliance implemented 4. Regulatory compliance and enforcement	<b>Programme 2:</b> 1. Percentage monitoring compliance of Resource Quality Objectives 2. Percentage monitoring compliance of International obligations 3. Number of irrigation boards transformed into water user associations 4. Number of institutional annual performance plans evaluated 5. Number of institutions assessed per quarter 6. Number of institutional annual reports evaluated 7. Percentage of planned inspections for related uses of various sectors 8. Percentage of enforcement action taken against non-compliant users 9. Percentage of approved water use authorisations registered on WARMIS 10. Percentage of water use authorisations processed within the regulated timeframe

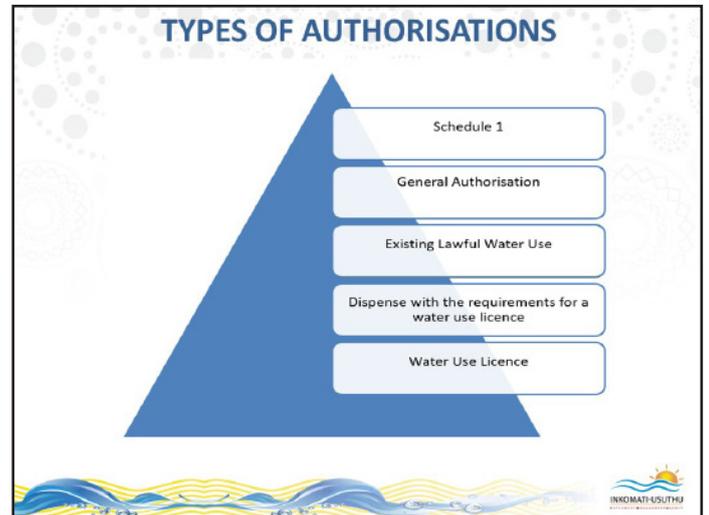
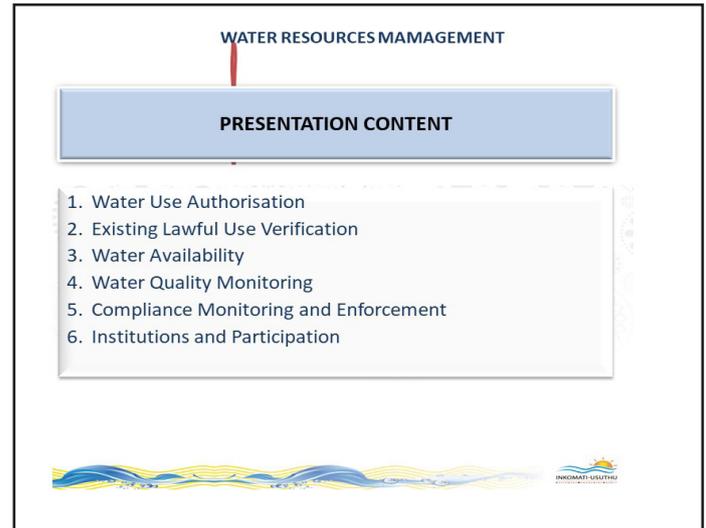
## 2024/25 PERFORMANCE TARGETS

OUTPUT INDICATORS	ANNUAL TARGET	QUARTERLY TARGETS			
	2024/25	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Percentage implementation of a stakeholder management plan	100%	100%	100%	100%	100%
Percentage implementation of a Human Resource plan	80%	20%	20%	20%	20%
Percentage implementation of the ICT strategy	60%	10%	20%	20%	10%
Percentage implementation of Strategic risk register action plans	90%	30%	30%	20%	30%
Percentage implementation Risk Management plan.	100%	30%	30%	20%	20%
Percentage compliance with Approved Audit plan	≥80%	≥80%	≥80%	≥80%	≥80%
Percentage of debt collection ratio: Healthy book	65%	15%	30%	45%	65%
Percentage of debt collection ratio: Toxic book	8%	2%	4%	6%	8%
Number of debtors' payment period in days (Healthy book)	D&I: ≤ 100 days Irrigation: ≤270 days Forestry: ≤270 days	D&I: ≤ 100 days Irrigation: ≤270 days Forestry: ≤270 days	D&I: ≤ 100 days Irrigation: ≤270 days Forestry: ≤270 days	D&I: ≤ 100 days Irrigation: ≤270 days Forestry: ≤270 days	D&I: ≤ 100 days Irrigation: ≤270 days Forestry: ≤270 days
Number of Current Ratio	≥1:1	≥1:1	≥1:1	≥1:1	≥1:1
Percentage of debt Working Ratio (cash based)	≤80%	≤80%	≤80%	≤80%	≤80%
Percentage of targeted procurement budget spent on SMMEs	40%	40%	40%	40%	40%
A Women	40%	40%	40%	40%	40%
B Youth	30%	30%	30%	30%	30%
C People with a disabilities	7%	7%	7%	7%	7%

## 2024/25 PERFORMANCE TARGETS

OUTPUT INDICATORS	ANNUAL TARGET	QUARTERLY TARGETS			
	2024/25	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Percentage monitoring of compliance to Resource Quality Objectives	≥90%	≥90%	≥90%	≥90%	≥90%
Percentage monitoring of compliance to International obligations	≥90%	≥90%	≥90%	≥90%	≥90%
Percentage of planned inspections for related uses of various sectors	≥90%	≥90%	≥90%	≥90%	≥90%
Number of irrigation boards transformed into water user associations	3	-	-	-	3
Number of institutional annual performance plans evaluated	3	-	-	-	3
Number of institutions assessed per quarter	3	-	-	-	3
Number of institutional annual reports evaluated	3	-	-	-	3
Percentage of enforcement action taken against non-compliant users	≥90%	≥90%	≥90%	≥90%	≥90%
Percentage of approved water use authorisations registered on WARMIS	≥90%	≥90%	≥90%	≥90%	≥90%
Percentage of water use authorisations processed within the regulated timeframe	≥90%	≥90%	≥90%	≥90%	≥90%

## THANK YOU SIYABONGA RE YA LBOGA RI A LIVHUWA



TYPES OF WATER USES	
s21(a)	taking water from a water resource;
s21(b)	storing water;
s21(c)	impeding or diverting the flow of water in a watercourse;
s21(d)	engaging in a stream flow reduction activity (currently only commercial afforestation);
s21(e)	engaging in a controlled activity – activities which impact detrimentally on a water resource (activities identified in s37(1) or declared as such under s38(1)) namely: <ul style="list-style-type: none"> <li>irrigation of any land with waste or water containing waste which is generated through an industrial activity or a waterwork;</li> <li>an activity aimed at the modification of atmospheric precipitation;</li> <li>a power generation activity which alters the flow regime of a water resource; or</li> <li>intentional recharge of an aquifer with any waste or water containing waste</li> </ul>
s21(f)	discharging waste or water containing waste into a water resource through a pipe, canal, sewer, sea outfall or other conduit;
s21(g)	disposing of waste or water containing waste in a manner which may detrimentally impact on a water resource;
s21(h)	disposing in any manner of water which contains waste from, or has been heated in, any industrial or power generation process;
s21(i)	altering the bed, banks, course or characteristics of a watercourse;
s21(j)	removing, discharging or disposing of water found underground if it is necessary for the efficient continuation of an activity or for the safety of people; and
s21(k)	using water for recreational purposes

WATER USE AUTHORISATION STATUS				
APPLICANT	SECTOR	WATER USES	WATER RESOURCE & Q. CATCHMENT	COMMENTS
SANRAL: The Improvement of National Route N2 Section 34 from Piet Retief to Verzamelings.	Development	21 (C, I)	W52C	GA Confirmed
WBHO Construction Pty Ltd N2 Panbult Intersection	Development	21 (A)	Surface Water, W53A	GA Confirmed
Msukaligwa Local Municipality: Lothair Water Treatment Works Refurbishment	Local Government	21 (A, C, I)	Surface Water, W55B	Under Assessment

## ELU VERIFICATION AND WATER ALLOCATIONS REGISTER UPDATE



## ELU WATER USE VERIFICATION PROGRESS.

Catchment	ELU Verification	Total identified	Percentage
Usuthu	841	1437	58,5
Upper Komati	210	606	34,7
Lower Komati	331	409	80,9
Crocodile	2422	3201	75,7
Sabie	263	335	78,5
Sand	119	179	66,5



## WATER USE ALLOCATIONS REGISTER

SECTOR	Usuthu Volume (m3/a)	Upper Komati Volume (m3/a)	Sabie Sand Volume (m3/a)	Crocodile Volume (m3/a)	Lower Komati Volume (m3/a)
AGRICULTURE - Irrigation	25 520 153	62 094 669	58 743 648	507 570 656	373 525 393
SFRA	169 252 485	58 523 816	71 462 311	121 068 397	5 909 879
INDUSTRY	38 372 582	134 215 788	2 311 203	38 017 712	3 003 697
MINING	1 132 583	14 483 535	195 250	3 924 380	1 185 271
WATER SUPPLY SERVICE	15 484 206	20 284 372	126 378 742	53 746 138	31 135 957
OTHER (Non-Billable)	325 913	469 529	204 147	1 789 819	273 100
<b>TOTAL</b>	<b>250 087 922</b>	<b>280 071 709</b>	<b>259 295 301</b>	<b>726 117 103</b>	<b>415 033 297</b>
Percentage	12.89%	14.95%	13.36%	37.42%	21.39%



## WATER USE INFORMATION UPDATE AND WASTE DISCHARGE CHARGE SYSTEM NOTICE

### 1. Government Gazette 48187, Notice # 3137 of March 2023

#### Critical to update and/ or amend water use/rs

- Continuous update and/or amendment of all water user's personal/juristic contacts details and water use/s allocation information.

### 2. Government Gazette 48187, Notice # 3138 of March 2023

- Notice to register information on wastewater related water uses for ss 21 (e, f, g, h and j), see next slide for more details

- Excluded:** Schedule 1 & Irrigation Board/ Water User Association water users

### 3. Consequences of failure to comply with the regulation

- Any person who fails to comply with this notice will be guilty of an offence

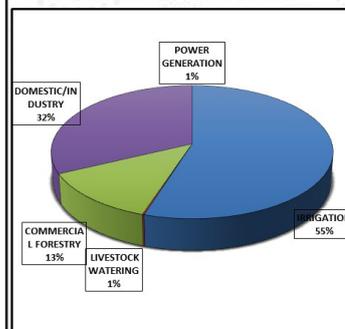


## SURFACE AND GROUNDWATER AVAILABILITY

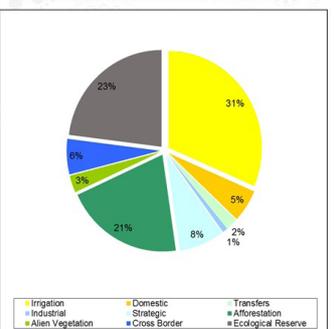


## SECTORAL WATER ALLOCATION

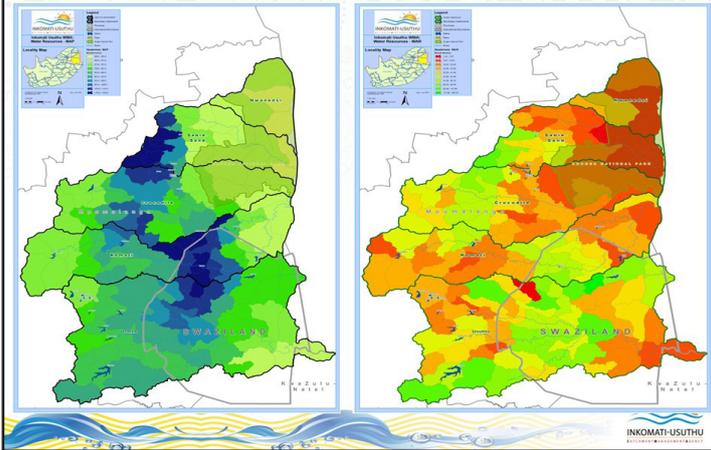
### MPUMALNGA PROVINCE



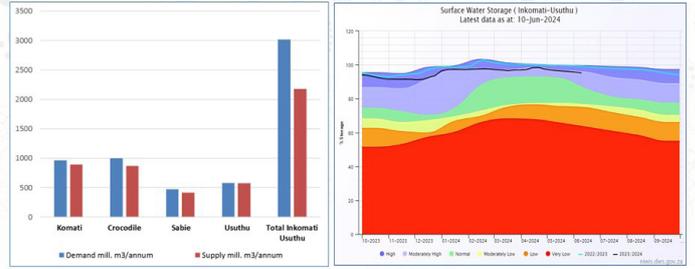
### INKOMATI-USUTHU WMA



## DISTRIBUTION OF MEAN ANNUAL RAINFALL AND MEAN ANNUAL RUNOFF IN THE WMA

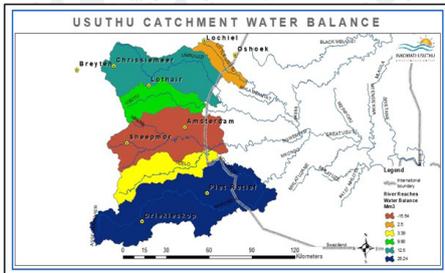


## SURFACE WATER RESOURCES STATUS



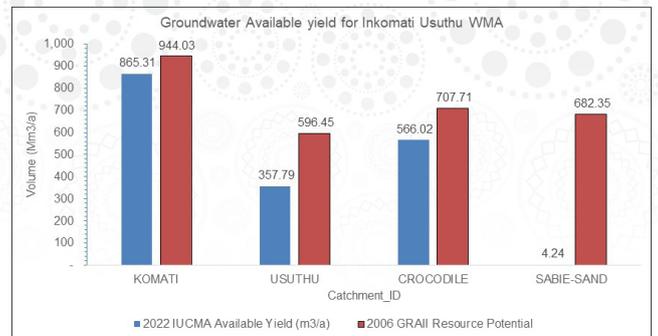
- All dams were above normal, an indication of excess water in the system for annual allocations to different sectors through to next rain season.
- However, those who rely on river flows will still be affected as the river levels are dropping until next rainy season.

## KOMATI SURFACE WATER BALANCE



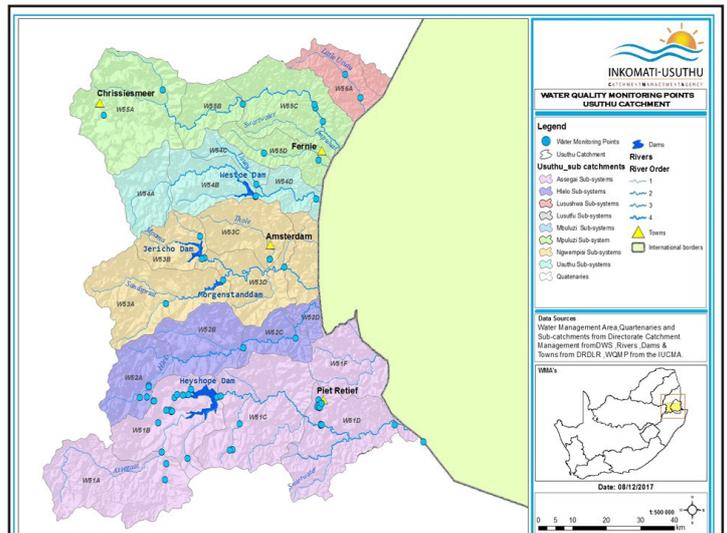
River Reach/Tributary	Water available at mixed assurance	Water requirement	Balance	
			Low assurance	High assurance
Assegai	118.3	93.1	10.0	5.0
Hiehlo	4.3	0.9	3.4	2.0
Nqempsi	24.0	27.7	-3.7	-5.0
Usuthu	20.6	10.7	3.0	1.5
Mputuzi and Matula	10.0	7.7	2.3	1.0
Lusushwana	3.8	1.3	2.5	1.0
<b>Total</b>	<b>181.0</b>	<b>141.4</b>	<b>17.5</b>	<b>5.5</b>

## GROUNDWATER RESOURCES STATUS



- ❑ Crocodile is 566 Mm<sup>3</sup>/a and Sabie-Sand is 4 Mm<sup>3</sup>/a.
- ❑ Since 2006 estimates (GRA II), Sabie-Sand is characterised by the highest (678 Mm<sup>3</sup>/a) decline whilst Crocodile declined by 239 Mm<sup>3</sup>/a.

## SURFACE WATER QUALITY



## WATER QUALITY DATA REPORTED

- The data reported for Usuthu Catchment ranges between April 2023–March 2024 (2023/2024 Financial year) within the WMA.
- The compliance of these indicator variables tabulated were compared with South African Water Guideline using the Targeted Water Quality Ranges (TWQR).
- The selected indicator variables are tabulated:

Classified Water quality variables	Indicator Variables	Statistical analysis of data
System variable	pH	Average
Salts	Electrical Conductivity	Average
Nutrients	Phosphate	Median
Microbial	<i>E coli</i>	Average

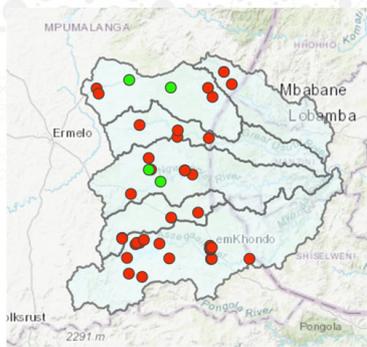


## WATER QUALITY STATUS : USUTHU CATCHMENT

Classified Water quality variables	Indicator Variables	Areas of concern
Acidity and Basicity	pH	None. Compliant with TWQR throughout the sub-catchment.
Salts	Electrical Conductivity	EC was compliant at most monitoring points with the set TWQR within the sub catchment, except for the <b>Chrissiesmeer lake, Egude River and Klipmisselspruit</b> which are dominated by residential area.
Nutrients	Phosphate	None. PO4 complied with the TQWR throughout the reporting time within the catchment, except for <b>Chrissiesmeer lake (Chrissiesmeer), Thole River (Amsterdam), Klipmisselspruit and its tributaries (eMkhondo)</b> due to poor operation and maintenance of WWTWs and its associated infrastructure as well as poor sanitation services.
Microbial	<i>E coli</i>	See water quality status map below, Microbial pollution is due to effluent discharge from WWTWs and intensive residential runoff pollution (stormwater runoff from rural and urban settlements, including direct disposal of domestic refuse, grey water, seepage from latrines, human and animal excrement, as well as sewer overflows).



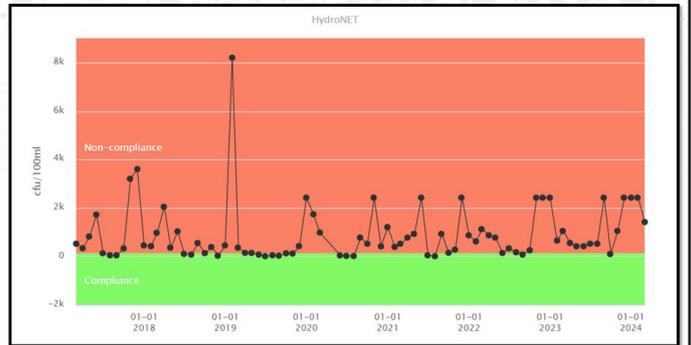
## MAP SHOWING WATER QUALITY STATUS: *E COLI*



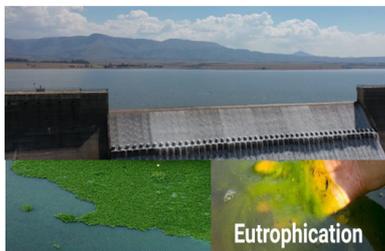
*E. coli* counts did not comply with the set TWQR for most of the monitoring sites, with high concentrations within residential areas due to the WWTW which discharge, overflowing sewer pump stations and illegal waste dumping, except for major dam (Jericho and Moegentond Dams) and two points in the Mpuluzi River system, which indicated compliance.



## CHART SHOWING E COLI TRENDS: NGULANE RIVER



## EUTROPHICATION STATUS OF THE MAJOR DAMS WITH THE WMA



## EUTROPHICATION STATUS

Reservoir Name	Average chlorophyll-a (µg/l)	Average chlorophyll-a (µg/l)	Trophic Status	Cyanobacteria Health Risk level	Recreational advisory	
	Current (18/06/24)	10 days Forecast			Partial contact	Full contact
Westoe Dam	1	1	Oligotrophic	Low	Yes	Yes
Jericho Dam	3	2.9	Oligotrophic	Low	Yes	Yes
Heyshope Dam	4	5	Oligotrophic	Low	Yes	Yes
Morgenstond Dam	1	2	Oligotrophic	Low	Yes	Yes

All the major dams in the Usuthu catchment are **Oligotrophic**, meaning it is low in nutrients and not productive in terms of aquatic animal and plant life.



## COMPLIANCE, MONITORING AND ENFORCEMENT



## COMPLIANCE MONITORING & ENFORCEMENT

- 48 Planned compliance inspections were conducted for water quality related use.
- 48 Planned compliance inspections were conducted for water quantity related use.
- > Fifty investigations/complaints/follow ups were attended to.
- >20 pollution incidents were attended, and out of these, nine (09) pollution incidents were resolved while a few remain unresolved.
- >Seven directives were issued.
- >Fourteen notices of intention to issue a directive were issued.
- A criminal case was finalized by the Directorate of Public Prosecutions CAS 03/02/1020 Against Mamokebe (Pty) Ltd for the pollution of the resource for the financial year 2023/2024.
- The accused in representative capacity pleaded guilty and sentenced. The IUCMA continues to monitor the Rehabilitation of the site.

INKOMATI-USUTHU

## INSTITUTIONS & PARTICIPATION



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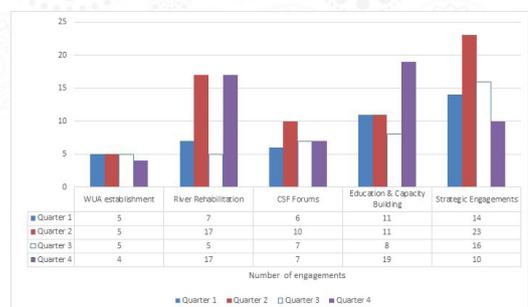
INKOMATI-USUTHU

## FUNCTIONS OF THE INSTITUTIONS & PARTICIPATION SECTION

1. Establishment, Transformation and Support of Water Management Institutions in the Inkomati Usuthu Water Management Area i.e *Transformation of Irrigation Boards into Water User Associations*
2. Implementation of Sustainable River Rehabilitation and Adopt a River Programmes.
3. Interaction with stakeholders through the co-ordination of Catchment Stewardship Forum (CSF) meetings in the 6 sub-catchments of the water management area.
4. Stakeholder Empowerment through Capacity Building Workshops, Education and Awareness initiatives targeting commercial and emerging/historically disadvantaged (HDI) water users, Traditional Authorities, Local Government and other spheres of government and the private sector. i.e *CMS development, principles of the Pricing Strategy and Tariff determination, NWRS development*.
5. Facilitating the IUCMA's participation in Local, Transboundary and International integrated water resources management (IWRM) engagements and other environmental related platforms/fora. (*Komati Joint Operations Forum, Inco-Maputo, ARaSuL, SWADE, KOBWA, Blue Deal, WISA, etc*)

INKOMATI-USUTHU

## STAKEHOLDER ENGAGEMENTS WERE ACHIEVED THROUGH DIFFERENT PLATFORMS TO REALISE THE FIVE (5) KEY PERFORMANCE INDICATORS (KPIs) OF THE I&P AS PER THE OPERATIONAL PLAN 2023/24 AS INDICATED IN THE GRAPH BELOW



INKOMATI-USUTHU

## RIVER REHABILITATION PROGRAMME IN THE WMA



River Rehabilitation Teams at work

- The Sustainable River Rehabilitation Programme (SRRP) is implemented in the six sub-catchments where 6 project sites were identified in the water management area from
- 90 people participating Community Groups involved in the River Rehabilitation Programme during 2023/24
- This programme contributes to income generation and unemployment reduction within the rural communities (especially amongst the youth and women) in the WMA.



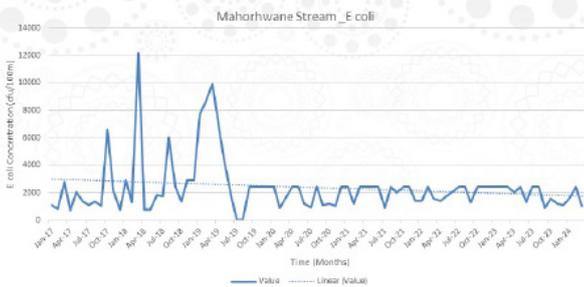
## MOHHORHWANE STREAM IN RELATION TO SRR PROJECT



Figure 3: Mohhorhwane stream before cleaning commenced in August and the stream after it was cleaned in November 2023.



## IMPACTS OF THE RIVER REHABILITATION PROGRAMME: REDUCTION OF E.COLI LEVELS



## SCIENCE SCHOOLS PROJECTS



- The Science Schools projects presented by learners in the 2024 Competitions which are conducted during the annual National Water Month in March
- A water supply and purification supply system model designed by learners presented during the Science Schools Competition in March 2024



## SCIENCE SCHOOLS PROJECTS

### MPUMALANGA PROVINCE

### INKOMATI-USUTHU WMA



- The IUCMA engaging Learners from Sibahle Primary School during the Mkhondo Arbor Day Celebrations 07/09/2023.
- The IUCMA conducting a HDIs farmers during water use authorization workshop as part of the Education and Awareness programmes in the Sand Sub-catchment 21/09/2023



## CONCLUSIONS AND RECOMMENDATIONS

- The verification and validation initiative will be continued as a very important measure in addressing water allocation management in the WMA.
- Water Quality in the upper Komati is generally good but punctuated by microbial (E. coli) pollution) and Salts (EC and Sulphate) which indicated non-compliance at various sites due to WWTWs & its associated infrastructure and mining activities. The IUCMA is working on implementing a mining impact management plan.
- The IUCMA will continue to monitor compliance to licence conditions and apply enforcement to address land use activities impacting on water resources (Source Directed Controls) as per the provision(s) of the NWA.
- The River Rehabilitation Programme is implemented and is to be continued in areas where some of the municipalities are not providing waste removal services as part of addressing water quantity and quality improvement in the WMA. The IUCMA is engaging these Municipalities to conclude service level agreements.
- The IUCMA will continue to pursue the Ministerial Directive through Gazette No. 48483 Notice No. 3355 dated 28 April 2023, a notice of intention to transform Irrigation Boards into Water User Associations (WUAs) as a means of ensuring equitable access to water.



THANK YOU



## CATCHMENT TARIFFS CONSULTATION FOR 2025/26 FINANCIAL YEAR

Presented by: Ms. Sandra Mabunda - CFO

## LEGISLATIVE MANDATE

The purpose of the meeting is to consult with stakeholders on the proposed water resource management charges for the 2025/26 financial year as per the following legislation:

- ✓ Section 57 of the National Water Act 36 of 1998
- ✓ Pricing Strategy of April 2007\*
- ✓ Public Finance Management Act (PFMA) 1 of 1999
- ✓ National Treasury Regulations 2005

\* Strategy undergoing review



## OUTCOME OF TARIFF CONSULTATION

- ✓ **Tariff determination cycle:**
  - i. The tariff consultations within the Catchment Management Area (CMA) of the IUCMA serve as the first process in tariff determination.
  - ii. Following catchment-based sessions, the IUCMA will participate in sectoral tariff consultations where tariffs will be further deliberated.
  - iii. All recommendations from (i) and (ii) will be formally submitted to the Minister of Water and Sanitation as the final determiner of applied tariffs for 2025/26.
- ✓ **Tariffs, as presented today, are influenced by the following factors:**
  - i. Water Pricing Strategy;
  - ii. Proposed budget for 2025/26; and
  - iii. Currently registered water volumes.



## PROJECTED BUDGETED EXPENDITURE BY NATURE FOR 2024/25

- ✓ The budget has been formulated to respond to strategic outcomes identified by costing-associated cost drivers.
- ✓ The projected budget for 2024/25 is presented with a 9% increase based on the budget approved and applied for 2023/24.
- ✓ The proposed budget of the IUCMA is made up of the following expenses by nature of expenditure:
  - i. 71% (R110,2 million) allocated to salaries and wages for key positions that are deemed critical for the delivery of the overarching mandate;
  - ii. 25% (R39million) allocated to goods and services;
  - iii. Less than 1% (R714k) allocated to repairs and maintenance as well a capital outlay; and
  - iv. 1,8% (R2,7 million) allocated to board-related costs.

DESCRIPTION	APPLIED BUDGET	PROPOSED BUDGET	MOVEMENT	
	2024/25	2023/24	Rand	%
Salaries and Wages	107,005,603	110,215,771	3,210,168	3%
Goods and Services	29,949,572	39,454,543	9,504,971	32%
Repairs and Maintenance	450,000	463,500	13,500	3%
Capital Outlay	200,000	206,000	6,000	3%
Board Related Costs	2,691,050	2,707,581	16,531	1%
<b>GRAND TOTAL</b>	<b>140,296,224</b>	<b>153,047,395</b>	<b>12,751,170</b>	<b>9%</b>



## WATER PRICING STRATEGY

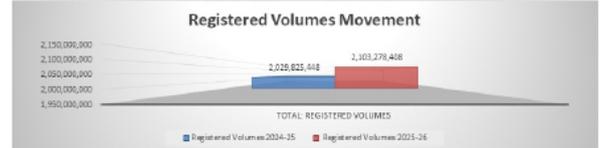
- 1. FORESTRY (capped by pricing strategy)**  
The application of the strategy requires the Agency to apply the following computations:
  - ✓ Capped at R10 per hectare. The Agency has not yet reached this tariff therefore any increment is applicable. The Agency has reviewed 4-year trend and found that a 21% increment is within acceptable limits given the projected registered volumes.
- 2. IRRIGATION (capped by pricing strategy)**  
The application of the strategy requires the Agency to apply the following computations:
  - ✓ Capped at 1,5c per cubic meter. The Agency has reached the cap therefore the applicable increment rate should be PPI of 5.5%.
- 3. DOMESTIC INDUSTRY (not capped by pricing strategy)**  
The Agency has reviewed 4-year trend and found that the application 11% is within acceptable limits given the projected registered volumes.
- 4. WASTE DISCHARGE CHARGE**  
The Department of Water and Sanitation implemented waste discharge charge as per Water Pricing Strategy as of 01 April 2024. The department issued a government notice No. 3138 of 2023 to notify all water users to register water use especially section 21 (e) (f) (g) (h) and (j). The agency is therefore proposing an increase of 7% of the 5.07c tariff approved in the current year.



## REGISTERED VOLUMES

- ✓ The Agency is continuously reviewing the correctness of its registered volumes and as such the volumes are prone to adjustments.
- ✓ Additional notable changes to volumes include the voluntary surrender of water rights as well as the conversion of land use that impacts volumes per sector.
- ✓ The Agency's largest allocation remains under Irrigation (50%).
- ✓ This sector whilst consuming the most volumes has the lowest assurance. The low assurance inadvertently reduces results in the 2<sup>nd</sup> lowest tariff being applied.
- ✓ An increase of 4% on registered volumes has been recorded in the projections of 2025-26 FY

Sectors	Registered Volumes 2024-25	Registered Volumes 2025-26	Movement	2025-26 Projected Allocation in %
Domestic & Industry	434 551 561	445 835 179	11 283 618	21%
Irrigation	1 016 907 245	1 051 304 638	34 397 393	50%
Forestry	424 141 080	425 962 037	1 820 957	20%
Waste Discharge Charge	154 225 553	180 178 555	25 950 992	9%
<b>Total: Registered Volumes</b>	<b>2 029 825 448</b>	<b>2 103 278 408</b>	<b>73 452 959</b>	<b>100%</b>



### PROPOSED TARIFFS FOR 2025/26

- ✓ The Agency has proposed tariff increments that are aligned with the Pricing Strategy.
- ✓ Proposed increments range from 5,5% to 21% across the 3 sectors
- ✓ The Agency has implemented the Waste Discharge Charge System in the current year.
- ✓ Proposed tariffs are deemed to support economic activities in the catchment whilst supporting the Agency to attract sufficient funding to protect the resource.

Sectors	Domestic/Industrial €/m3	Irrigation €/m3	Forestry €/m3	Waste Discharge Charge €/m3
Proposed 2025/26 Tariffs	5,64c	2,70c	2,41c	5,45c
% Increments	11%	5,5%	21%	7%
Capping Policy Applications as per Pricing Strategy	D&I - no capping applicable	Irrigation – Base year x PPI of 5% as per Water Pricing Strategy	SFRA – R10 per hectare [10,000€/m3] + Base year x PPI of 5% as per Water Pricing Strategy.	

Sectors	Registered Volumes 2025-26	Proposed Tariffs	Percentage Increase	Projected Revenue
Domestic & Industry	445,835,179	5,64	11%	25,145,104
Irrigation	1,091,304,638	2,70	5,5%	28,385,225
Forestry	425,962,037	2,41	21%	10,295,685
<b>Total: Abstraction</b>	<b>1,923,101,853</b>			<b>63,796,014</b>
Waste Discharge Charge	180,176,555	5,45	7%	9,819,622
<b>Total Projected Revenue: 2024-25</b>	<b>2,103,278,408</b>			<b>73,615,637</b>



### PROPOSED FUNDING STREAM BY NATURE FOR 2024/25

The Agency's funding stream comprises the following major streams per the National Water Act.

- 49% (R75,5 million) is expected to be received as a grant appropriated by parliament;
- 48% (R63,8 million from abstraction & streamflow reduction and R9,8 million from water discharge charges) is expected to be billed to lawful water users in the catchment with a recoverability of 70% in 2025/26, and
- 2.5% (R3,9 million) funded through interest received.

SOURCE OF FUNDING	APPLIED BUDGET 2024/25	PROPOSED BUDGET 2025/26	MOVEMENT	
			Rand	%
Augmentation	72,306,000	75,545,000	3,239,000	4%
Water Resource Charges - Abstraction & Streamflow reduction	56,606,698	63,804,533	7,197,845	13%
Water Resource Charges - WWDC	7,819,236	9,812,775	1,993,539	25%
Interest Received	3,564,300	3,885,087	320,787	9%
<b>GRAND TOTAL</b>	<b>140,296,224</b>	<b>153,047,395</b>	<b>12,751,171</b>	<b>9%</b>

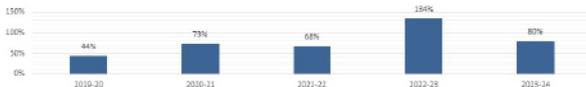


### DEBTORS PERFORMANCE FOR 2023/24

- ✓ Collection rates have improved over the years as noted by the five-year analysis
- ✓ Collections have increased from 44% to 80% over the last five years due to increased strategic engagements as well as the implementation of a responsive debt management strategy.
- ✓ There is a slight decrease in terms of collection rate in the 2023-24 compared to 2022-23 FY due to an increase in actual billables.

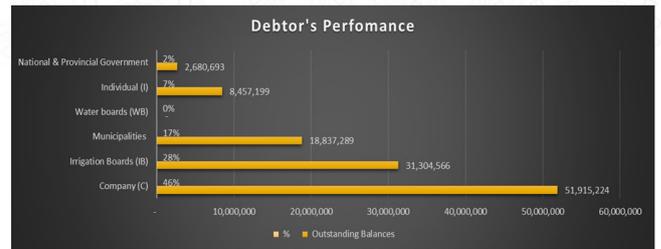
Period	Projected Billing	Actual Billing	Actual Payments	Collection Rates
2019-20	51,957,518	47,601,490	20,845,696	44%
2020-21	42,139,563	44,897,733	32,880,946	73%
2021-22	55,485,141	34,894,114	23,614,065	68%
2022-23	54,425,408	40,350,434	54,214,046	134%
2023-24	64,425,924	55,902,181	44,617,161	80%

Collection Rates



### DEBTORS PERFORMANCE FOR 2023/24

- ✓ Total debt owed year to date amounts to R113,1 mil.
- ✓ The highest debt is owed by companies, Irrigation Boards and Municipalities at 46%, 28% and 17% respectively.
- ✓ Of the reported debt outstanding, 76% of the debt is older than 180 days and 24% ranges between 120 days to the current.



### FUTURE PLANS ON IMPROVING THE FINANCIAL POSITION OF THE AGENCY

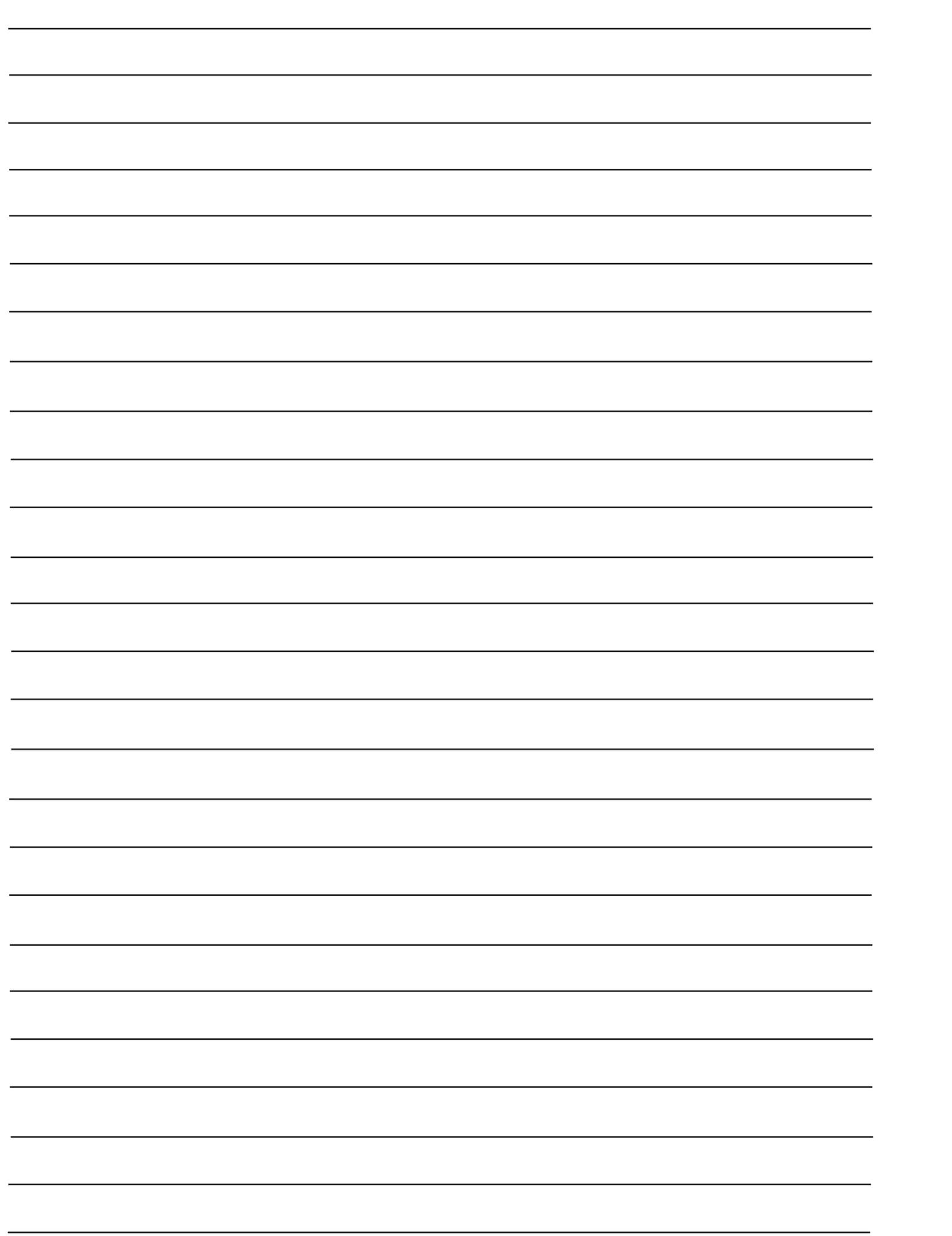
The Agency continuously assesses opportunities to improve its economic viability by the development and identification of innovative solutions.

- Implementation of a responsive and measurable debt management strategy that ensures:**
  - ✓ Customer data integrity
  - ✓ Legal action against non-paying customers
  - ✓ Increased engagement at strategic levels
- Implementation of cost containment strategy**
  - ✓ The Agency has already seen material savings under goods and services in financial year 2023/24.
- Identification of alternative funding streams to augment the currently strained revenue streams**
  - ✓ Management has identified areas worth exploration. Management is now actively working on a concept document that hopes to see a change of how CMA's are funded and managed.

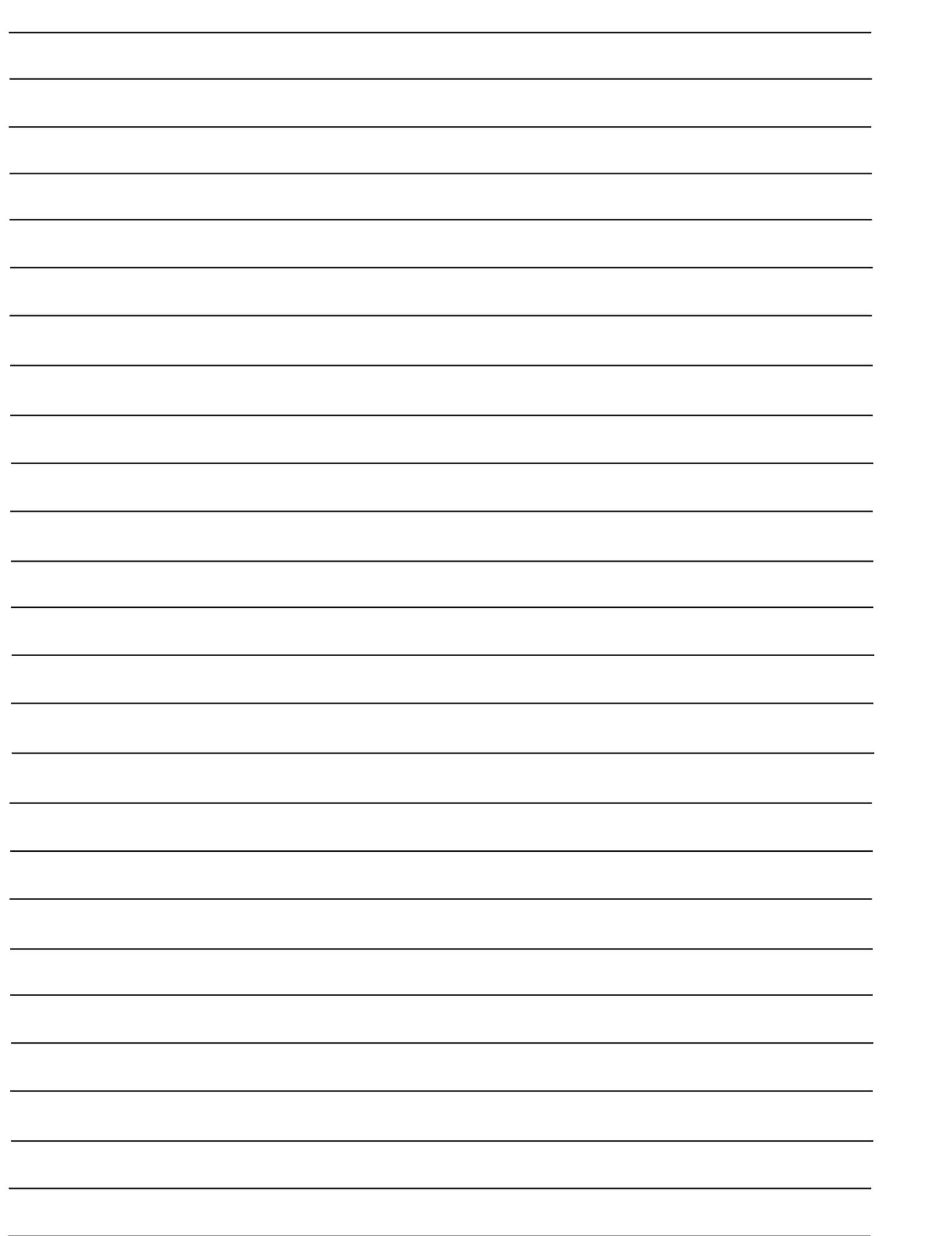


# THANK YOU



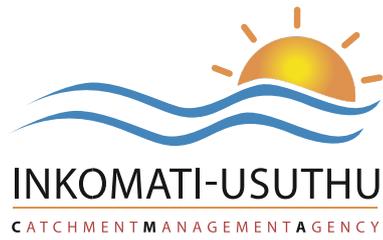












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