



**water & sanitation**

Department:  
Water and Sanitation  
**REPUBLIC OF SOUTH AFRICA**

# INFRASTRUCTURE RAW WATER TARIFF CONSULTATION

PRESENTED BY:

INFRASTRUCTURE OPERATIONS AND MAINTENANCE  
NORTHERN OPERATIONS  
GROBLERSDAL AREA OFFICE

Date: July 2022

## Discussions

1. Purpose
2. Introduction & background
3. Methodology for determining tariffs
4. O&M Budget for 21/22
5. Economic Classification 2022/23 and 2023/24  
Financial Years
6. Proposed 2023/24 Raw Water Tariffs
7. Revenue and Bad Debt

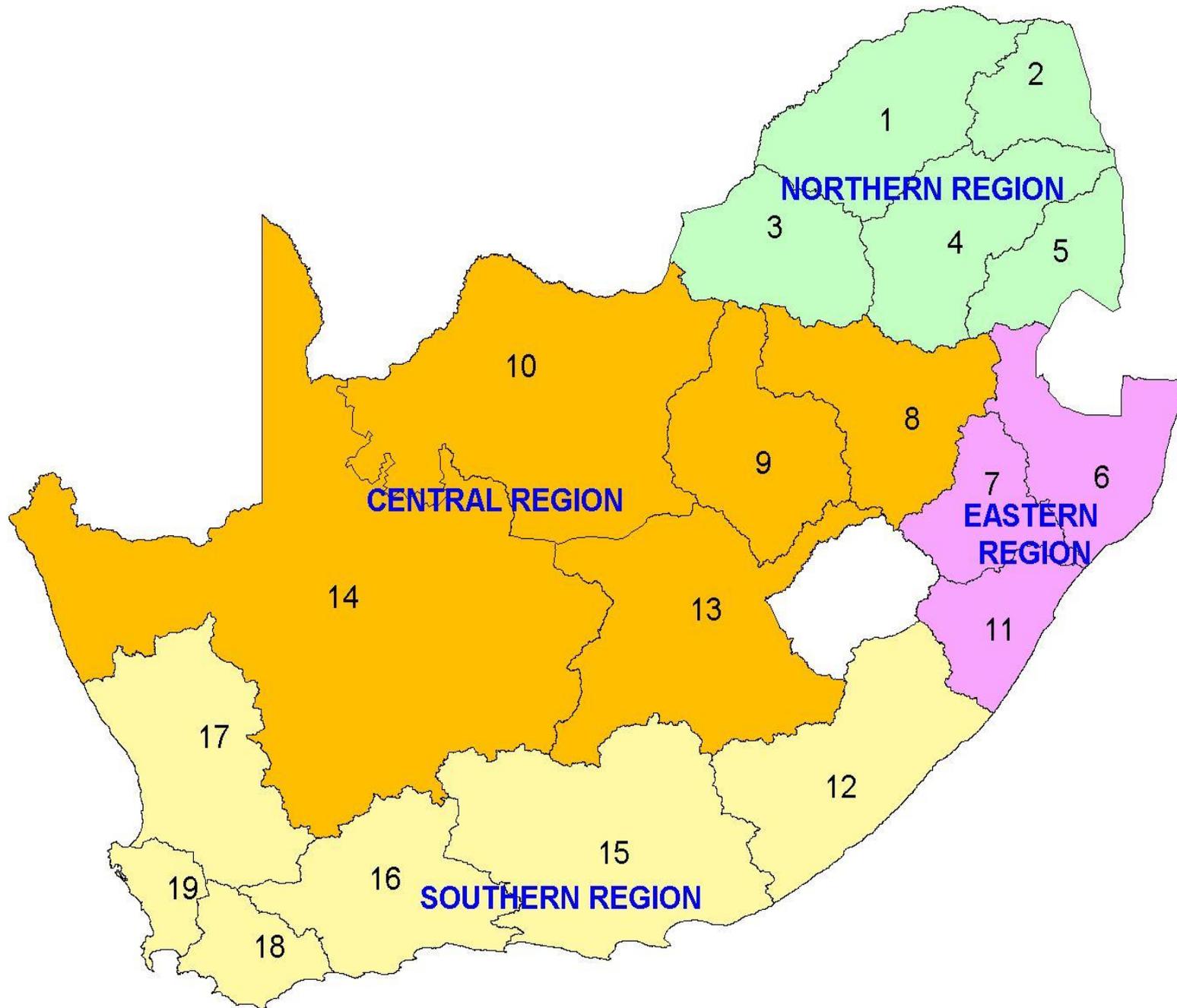
# Purpose

- To consult users on the proposed raw water use charges for National Water Resource Infrastructure (WRI) schemes for the 2023/24 financial year.
- To consider the comments/inputs of users before tariff proposals are tabled at the sector specific and national consultations and the Ministerial approval.

## **1. Introduction**

### **Background of the Cluster**

Northern Operations is strategically positioned in ensuring that the existing Water Resources Infrastructure in Limpopo, Mpumalanga and North West are operated, maintained, rehabilitated and refurbished to provide effective and efficient supply of Bulk Raw Water for Economic growth, social development and poverty eradication.



## Methodology for determining raw water tariffs

### Legislative Framework

- Legislative mandate: Sect 56-60 of NWA
- Raw Water Pricing Strategy established in Nov 1999
- First draft revision published in 2005
- Approved revision published on 16 March 2007
- Current Pricing Policy under review

## Types of Pricing

- Water Resource Management Charges
- **Water Resource Infrastructure Charges**  
(Responsibility of NWRI Branch)
  - TCTA Charges (where applicable)
- Water Research Levies
- Waste Discharge Charging System

# Summary of Increases & Capping on Raw Water Charges for 2023/24

- **Water Resource Infrastructure Charges:**

- **Domestic & Industrial:**

- Annual increase is limited to PPI (April 13.1%) plus 10% up until the target for development charge (**full cost recovery**) is achieved on state GWS
    - Tariffs increase range from: 0% to 23.1%

- **Irrigation charges:-**

- Operation and maintenance cost increases limited to 50% p.a. (capping)
    - Tariffs increase range from: 0% to 50%

## Overhead costs and O&M costs

- Overhead costs
  - ❖ Direct Overhead costs of Area Office:
    - Functional Support
    - Civil Maintenance
    - Mechanical & Electrical Maintenance
  - ❖ Indirect Overhead costs for Directors Office
  - ❖ Indirect Overhead costs for Head Office **NOT INCLUDED**
- O & M budgets for schemes

# **Allocation of components of charge between Water Use Sectors**

Costs are divided between Sectors in Proportion to Assurance of Supply

<b>Sector</b>	<b>% of sectoral allocation</b>	<b>Calculation of Sectoral allocation %</b>
Irrigation	91%	(100%quota@70% + 70%quota@30% of the time)
Domestic, Industrial & Mining	97%	(100%quota@70% + 90%quota@30% of the time)
Strategic Industrial	100%	No water restrictions

# RAW WATER TARIFF CUSTOMER CONSULTATION

## Budgets for 2021/22

Funds Center/Commitment Item	Budget	Expenditure	Available Amount	% Spend
130299 AREA MANAGER GROBLERSDAL	4,561,381	3,065,886	1,495,496	67.21%
130300 MAINTENANCE GROBLERSDALE	23,956,253	13,442,808	10,513,446	56.11%
130426 FINANCE&ADMIN SUPPORT	17,221,985	9,464,886	7,757,099	54.96%
130577 BRUGSPRUIT PURIFICAT	5,695,420	4,374,268	1,321,152	76.80%
130416 OPERATIONS MANAGER	1,709,340	11,035	1,698,305	0.65%
130301 KWENA DAM (20)	3,656,945	2,880,632	776,313	78.77%
130302 WITKLIP DAM (110)	3,001,787	1,749,092	1,252,696	58.27%
130303 INJAKADAM (352)	2,990,468	2,280,614	709,854	76.26%
130304 KOMATI RIVER GWS (DR		85,913	85,913-	#DIV/0!
130306 OHRIGSTAD DAM (87)	3,190,639	1,966,560	1,224,079	61.64%
130307 BLYDERIVERS-POORT DAM (8)	3,649,057	1,640,480	2,008,577	44.96%
130308 TOURS DAM (309)	494,441	353,820	140,622	71.56%
130309 KLASERIE RIVER-DAM	4,590		4,590	0.00%
130311 MIDDLE OLIFANTS FLAG	4,053,164	3,347,503	705,660	82.59%
130312 DE HOOP DAM	7,676,361	3,998,349	3,678,012	52.09%
130313 BUFFELSKLOOF DAM (137)	1,766,460	1,082,288	684,173	61.27%
130314 TONTELDOOS & VLUGKRA	3,438,437	2,873,884	564,553	83.58%
130317 PIET GOUW DAM LEBOWA	89,922		89,922	0.00%
130327 G DWARS DER BROCHEN	41,411		41,411	0.00%
130329 BRONKHORSTSPRUIT DAM (11)	1,955,374	711,375	1,243,999	36.38%
130330 LOSKOP DAM (88)	2,961,230	2,039,516	921,714	68.87%
130331 RUST DE WINTER DAM (28)	4,542,982	2,699,956	1,843,026	59.43%
130332 MKOMBO (RHENOSTERKOP)				
(316	1,531,361	668,597	862,764	43.66%
130419 CROCODILE/SABIE AREA	54,232		54,232	0.00%
130420 BUSHBUCKRIDGE	1,514,026	611,536	902,490	40.39%
130422 LOWER OLIFANTS	580,291	505,454	74,836	87.10%
130593 ORWRDP-2C	5,720,303	4,324,194	1,396,109	75.59%
130418 UPPER OLIFANTS	675,248	572,010	103,238	84.71%
	106,733,109	64,750,655	41,982,454	60.67%

## **Approved Operational Budget and Expenditure Summary For 2021/22 Financial Year**

<b>Cost Elements</b>	<b>Plan Costs</b>	<b>Act. Costs</b>	<b>Var/ (Abs.)</b>	<b>Var. (%)</b>
Compensation Of Employees	64,227,531	27,779,535	36,447,996	43%
Goods & Services	39,608,975	35,905,383	3,703,592	91%
Movable Assets	2,896,602	197,775	2,698,827	7%
<b>Total</b>	<b>106,733,108</b>	<b>63,882,693</b>	<b>42,850,415</b>	<b>60%</b>

**ECONOMIC CLASSIFICATION BUDGET 2023-24 FY  
% INCREASE/DECREASE**

<b>DETAILS</b>	<b>2022-23</b>	<b>2023-24</b>	<b>% Increase</b>
COE	54,089,903	55,494,007	3%
G & S	36,917,975	42,384,447	4%
ASSETS	2,943,260	3,066,877	4%
<b>TOTAL</b>	<b>93,951,138</b>	<b>100,945,331</b>	<b>2%</b>

# Staff Establishment

- Total Establishment : 254
- Current Establishment: 108
- Post filled in 2021/22: 6
- Post in process of being filled this financial year: 56
- Post to be filled in 2023/24: 12

## Reasons for the O&M budgets Increase

- The provision made for the vacant positions that have already been advertised
- CPI Adjustment on certain Goods & Services and Assets
- Anticipation of the continuous planned and unplanned maintenance on various schemes
- Mechanical/Electrical Term Contract appointed for the maintenance and refurbishment of the infrastructure.

# Performance

Groblersdal Area Office: Aquaville and Injaka	Workshop garage roller doors installation	Supply and Install garage roller doors for injaka workshop, plumbing workshp and electrical workshop
Aquaville and Injaka dam	Repairs on cameras	Repairs on office, workshops and Injaka dam cameras
Various dam	Security lighting	Supply security flood lights for dams and schemes
Various dams galleries	Gallery lighting	Supply and delivery of gallery lights for various dams
Various dams	Light high masts	Supply and delivery high masts for lights in various dams



# 2023/24 TARIFF PROPOSALS

# 2023/24 Proposed D&I Tariffs

DETAILS										
Regional Office	Scheme ID	Scheme Description	SMP ID	SMP Description	Sector	APPROVED 2021/22 Charges (c/m <sup>3</sup> )	APPROVED 2022/23 Charges (c/m <sup>3</sup> )	PROPOSED 2023/24 Charges (c/m <sup>3</sup> )	Full Cost2023/24 Charges (c/m <sup>3</sup> )	% INCREASE
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	57	RAW WATER FROM CROCODILE RIVER (KWENA DAM) TO OTHER CONSUMERS	D&I	38.04	40.44	45.35	45.35	12.13%
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	494	RAW WATER FROM CROCODILE RIVER (KWENA DAM) TO MUNICIPALITY OF NELSPRUIT	D&I	38.04	40.44	45.35	45.35	12.13%
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	495	RAW WATER FROM CROCODILE RIVER (KWENA DAM) TO TVL SUGAR CORPORATION LIMITED	D&I	38.04	40.44	45.35	45.35	12.13%
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	496	RAW WATER FROM CROCODILE RIVER (KWENA DAM) TO MUNICIPALITY OF MALELANE	D&I	38.04	40.44	45.35	45.35	12.13%
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	497	RAW WATER FROM CROCODILE RIVER (KWENA DAM) TO LOCAL AREA COMMITTEE OF HECTORSPRUIT	D&I	38.04	40.44	45.35	45.35	12.13%
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	498	RAW WATER FROM CROCODILE RIVER (KWENA DAM) TO FORMER KANGWANE GOVERNMENT SERVICES	D&I	38.04	40.44	45.35	45.35	12.13%
Mpumalanga	110	SAND RIVER (WITKLIP DAM)	208	FROM THE DAM	D&I	95.72	95.72	105.05	105.05	9.74%
Mpumalanga	50	DRIEKOPPIES	161	RAW WATER FROM DAM	D&I	32.79	34.99	38.50	38.50	10.03%
Mpumalanga	50	DRIEKOPPIES	762	FROM THE DAM: COMMERCIAL USERS ON LOMATI	D&I	32.79	34.99	38.50	38.50	10.03%

# 2023/24 Proposed IRR Tariffs

DETAILS										
Regional Office	Scheme ID	Scheme Description	SMP ID	SMP Description	Sector	APPROVED 2021/22 Charges (c/m³)	APPROVED 2022/23 Charges (c/m³)	PROPOSED 2023/24 Charges (c/m³)	Full Cost2023/24 Charges (c/m³)	% INCREASE
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	57	RAW WATER FROM CROCODILE RIVER (KWENA DAM) TO OTHER CONSUMERS	IRR	6.62	7.07	8.17	45.35	15.53%
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	499	RAW WATER FROM CROCODILE RIVER (KWENA DAM) UPSTREAM OF KROKODILPOORT	IRR	6.62	7.07	8.17	45.35	15.53%
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	500	RAW WATER FROM CROCODILE RIVER (KWENA DAM) DOWNSTREAM OF KROKODILPOORT (INCLUDING KROKODILPOORT MALELANE CANALS)	IRR	6.62	7.07	8.17	45.35	15.53%
Mpumalanga	20	CROCODILE RIVER (KWENA DAM)	501	RAW WATER FROM CROCODILE RIVER (KWENA DAM) TO DEPT OF AGRICULTURE	IRR	6.62	7.07	8.17	45.35	15.53%
Mpumalanga	110	SAND RIVER (WITKLIP DAM)	208	FROM THE DAM	IRR	32.75	32.75	39.10	105.05	19.37%
Mpumalanga	110	SAND RIVER (WITKLIP DAM)	506	FROM THE DAM: E.J. KAY	IRR	32.75	32.75	39.10	105.05	19.37%
Mpumalanga	110	SAND RIVER (WITKLIP DAM)	507	FROM THE DAM: AVELON FARMS	IRR	32.75	32.75	39.10	105.05	19.37%
Mpumalanga	352	SABIE RIVER (INJAKA DAM)	756	RELEASES FROM THE DAM TO DOWNSTREAM RIVER USERS	IRR	10.45	10.79	11.44	61.46	6.02%
Mpumalanga	352	SABIE RIVER (INJAKA DAM)	757	SUPPLY DIRECTLY FROM THE DAM PUMP STATION	IRR	10.45	10.79	11.44	61.46	6.02%
Mpumalanga	309	TOURS DAM	549	FROM THE DAM	IRR	35.01	38.51	57.41	80.76	49.07%
Mpumalanga	50	KOMATI RIVER (DRIEKOPPIES DAM)	524	RAW WATER FROM DAM	IRR	10.04	10.72	13.60	13.60	15.44%
Mpumalanga	50	KOMATI RIVER (DRIEKOPPIES DAM)	762	FROM THE DAM: COMMERCIAL USERS ON LOMATI	IRR	10.04	10.72	13.60	13.60	26.92%
Mpumalanga	50	KOMATI RIVER (DRIEKOPPIES DAM)	763	FROM THE DAM: RESOURCE POOR FARMERS ON LOMATI	IRR	10.04	10.72	12.37	13.60	15.44%
Mpumalanga	50	KOMATI RIVER (DRIEKOPPIES DAM)	161	FROM THE DAM: COMMERCIAL USERS ON KOMATI	IRR	10.04	10.72	13.60	13.60	26.92%



# **REVENUE PERFORMANCE FOR 2021/22**

## Billing Management 2021/22

Projections	R 181,900,000
Billing	R 182,516,584
Difference	(R 616, 584)

## Revenue Collection 2021/22

Region	April 2020 - March 2021	April 2021 - March 2022	Difference
<b>Mpumalanga</b>	<b>R 69,339,181.15</b>	<b>R 104,069,694.48</b>	<b>R 34,730,513.33</b>

**Hall of Fame/  
Major Contributors (Million) for 2021/22  
Deserve a Round of Applause**

**CROCODILE RIVER MAJOR IRRIGATION BOARD**

**SAND RIVER IRRIGATION BOARD**

**LEBALELO WATER USER ASSOCIATION**

**KOMATI RIVER IRRIGATION BOARD**

**LOSKOP IRRIGATION BOARD**

**LOWER BYDE WATER USER ASSOCIATION**

**WATERVALS RIVER IRRIGATION BOARD**

**TWO RIVERS PLATINUM**

**LEPELLE NORTHERN WATER**

**OTHER WATER USERS BELOW R1M**

**Hall of Shame/Total Outstanding Debt  
as at 31 March 2022  
(Pleading for Payments to Reduce Outstanding Debt )**

<b>Sector</b>	<b>Amount</b>
<b>Municipalities</b>	<b>R 268,353,135.84</b>
<b>Company</b>	<b>R 372,037,319.80</b>
<b>Water boards</b>	<b>R 222,482,215.25</b>
<b>Farmers</b>	<b>R 89,862,952.78</b>
<b>Government Departments</b>	<b>R 38,695,143.94</b>
<b>Irrigation Boards</b>	<b>R 302,041,484.26</b>
<b>Total Outstanding</b>	<b>R 1,293,472,251.87</b>

# Customer Relations

- AMBITION TO RESOLVE ALL QUERIES
- CUSTOMER VISIT
- REPAYMENT PLAN AND INCENTIVES
- LITIGATION

# Customer Relations

*Please send your account queries or meeting request  
To*

[NgobeS@dws.gov.za](mailto:NgobeS@dws.gov.za)

[MafaloG@dws.gov.za](mailto:MafaloG@dws.gov.za)

[OppermanM@dws.gov.za](mailto:OppermanM@dws.gov.za)

## *RAW WATER TARIFF CUSTOMER CONSULTATION*



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