

# 2025/26 RAW WATER TARIFF REGULATOR REPORT



WATER IS LIFE - SANITATION IS DIGNITY

South Africa is a water-scarce country, use water sparingly



**water & sanitation**

Department:  
Water and Sanitation  
REPUBLIC OF SOUTH AFRICA







# CONTENTS

<b>Acronyms and Abbreviations</b>	<b>iii</b>
<b>Acknowledgements</b>	<b>v</b>
<b>INTRODUCTION</b>	<b>1</b>
1 EXECUTIVE SUMMARY	1
2 PURPOSE OF THE REPORT	1
3 LEGISLATION	1
4 THE ROLE OF THE WATER REGULATOR	2
<b>SECTION A: TARIFF ASSESSMENTS</b>	<b>4</b>
1 COMPLIANCE WITH TARIFF PROPOSALS	4
2 CUSTOMER ASSESSMENT QUESTIONNAIRES	4
3 KEY CHALLENGES DURING THE 2025/26 TARIFF CYCLE	4
3.1 Delays in Submission of Tariff Proposals	5
3.2 Merging of the Catchment Management Agencies	5
4 WATER RESOURCE MANAGEMENT CHARGES	5
4.1 Tariff Proposals submitted by CMAs	5
4.2 Recommendations and Approval of the Water Resource Management Charges	11
5 WATER RESOURCE INFRASTRUCTURE CHARGES	13
5.1 Operational Clusters	13
5.2 Summary of Clusters' Proposed Charges	18
5.3 2025/26 Approved Water Resource Infrastructure Charges	18
5.4 Capital Unit Charges	19
6 WATER RESEARCH LEVY	19

## SECTION B: OVERVIEW OF THE STAKEHOLDER’S CONSULTATION PROCESS -----20

1	STAKEHOLDERS’ PARTICIPATION -----	20
2	STAKEHOLDERS CONSULTATION PLATFORM USED -----	20
3	STAKEHOLDERS CONSULTED -----	21
4	REGIONAL CONSULTATION PER CATCHMENT MANAGEMENT AGENCIES -----	22
4.1	IUCMA CONSULTATIONS	
4.2	VOCMA CONSULTATIONS -----	23
4.3	LOCMA CONSULTATIONS -----	27
4.4	BOCMA CONSULTATIONS -----	28
4.5	PUCMA CONSULTATIONS -----	28
4.6	MTCMA CONSULTATIONS -----	29
5	SECTOR SPECIFIC CONSULTATIONS -----	34
6	SECTOR LEADERS REPRESENTED DURING THE 2025/26 SECTOR CONSULTATION -----	34
7	STAKEHOLDER COMMENTS ON THE PROPOSED TARIFFS -----	36
8	NATIONAL CONSULTATION -----	37
9	WRITTEN COMMENTS -----	37
10	PUBLICATION -----	37
11	FEEDBACK SESSIONS -----	37
12	GENERAL TARIFF CONSULTATION CHALLENGES NOTED -----	37

## SECTION C: RECOMMENDATIONS & SOCIAL PERSPECTIVE ON THE CONSULTATION PROCESS 38

1	REGARDING RAW WATER USE CHARGES -----	38
2	MEETING INVITATION -----	38
3	STAKEHOLDER COMMENTS -----	38
4	EARLY ADVERTISEMENT OF TARIFF PROCESS TO MEDIA HOUSES -----	39
5	ADVOCACY ON TARIFF DETERMINATION PROCESS -----	39



## TABLES

Table 1: Legislations-----	2
Table 2: 2025/26 Approved Water Resource Management Charges-----	11
Table 3: 2025/26 Approved WRMC for waste-related activities-----	12
Table 4: Southern Cluster 2025/26 proposed budget-----	13
Table 5: Southern Cluster 2025/26 Budgeted Revenue-----	14
Table 6: Northern Cluster 2025/26 Proposed budget-----	15
Table 7: Northern Cluster 2025/26 budgeted revenue -----	15
Table 8: Central Cluster 2025/26 Proposed budget-----	16
Table 9: Central Cluster 2025/26 budgeted revenue -----	17
Table 10: Eastern Cluster 2025/26 Proposed budget-----	17
Table 11: Eastern Cluster 2025/26 budgeted revenue -----	18
Table 12: Ranges of Clusters' 2025/26 proposed Water Resource Infrastructure charges per sector -----	18
Table 13: 2025/26 Approved Water Resource Infrastructure Charges for Eastern Operations & Southern Operations (Western Cape) -----	18
Table 14: 2025/26 Approved Water Resource Infrastructure Charges for Northern Operations and the Southern Operations (Eastern Cape) -----	18
Table 15: 2025/26 Approved differentiated Water Resource Infrastructure Charges for Central Operations -----	19
Table 16: 2025/26 Approved Capital Unit Charges-----	20
Table 17: 2025/26 Approved Water Research Levy -----	20
Table 18: Number of Stakeholders consulted Per Sector-----	23
Table 19: Number of meetings conducted Per Institution -----	23
Table 12: Comparison of the number of meetings conducted by IUCMA between 2024/25 and 2025/26 -----	24
Table 21: Issues raised during IUCMA consultations -----	25
Table 22: Comparison of the number of meetings conducted by VOCMA between 2024/25 and 2025/26 -----	28
Table 23: Sector Leaders in Participation at Sector-Specific -----	28
Table 24: Issues raised during Sector Specific Consultation -----	28
Table 25: Comparison of the number of meetings conducted by LOCMA between 2024/25 and 2025/26-----	29
Table 26: Issues raised during LOCMA consultations-----	29
Table 27: Comparison of the number of meetings conducted by BOCMA between 2024/25 and 2025/26 -----	29
Table 28: Issues raised during BOCMA consultations -----	30

Table 29: Comparison of the number of meetings conducted by PUCMA between 2024/25 and 2025/26 -----	30
Table 30: Issues raised during PUCMA consultations -----	31
Table 31: Comparison of the number of meetings conducted by MTCMA between 2024/25 and 2025/26-----	35
Table 32: Issues raised during MTCMA consultations-----	37

## FIGURES

Figure 1: National water regulator's role -----	3
Figure 2: Orange CMA Approved raw water use charges from 2021/22 to 2024/25-----	6
Figure 3: Vaal CMA Approved raw water use charges from 2021/22 to 2024/25-----	6
Figure 4: MTCMA Approved raw water use charges from 2021/22 to 2024/25-----	7
Figure 5: Limpopo Approved raw water use charges from 2021/22 to 2024/25-----	8
Figure 6: Olifants Approved raw water use charges from 2021/22 to 2024/25 -----	8
Figure 7: Breede Olifants Approved raw water use charges from 2021/22 to 2024/25 -----	9
Figure 8: Berg Olifants Approved raw water use charges from 2021/22 to 2024/25-----	9
Figure 9: IUCMA Approved raw water use charges from 2021/22 to 2024/25 -----	10
Figure 10: Pongola Approved raw water use charges from 2021/22 to 2024/25 -----	10
Figure 11: Waste-related activities charges approved from 2024/25 to 2025/26 -----	12
Figure 12: Platform used during the Consultations. -----	20



## ACRONYMS AND ABBREVIATIONS

BOCMA	Breede Olifants CMA
C/m <sup>3</sup>	Cents per cubic meter
CAPEX	Capital Expenditure
CD: ESR	Chief Directorate: Economic and Social Regulation
CMA	Catchment Management Agency
COE	Compensation of employees
CPI	Consumer Price index
CUC	Capital Unit Charge
D&I	Domestic and Industry
D: RWPR	Directorate Raw Water Pricing Regulation
DEP	Depreciation
DPSA	Department of Public Service and Administration
DWS	Department of Water and Sanitation
IUCMA	Inkomati Usuthu CMA
LOCMA	Limpopo Olifants CMA
MFMA	Municipal Finance Management Act
MTCMA	Mzimvubu Tsitsikamma CMA
NT	National Treasury
NWA	National Water Act
O&M	Operation and Maintenance
OPEX	Operational Expenditure
PFMA	Public Finance Management Act
PUCMA	Pongola uMzimkhulu CMA
PPI	Producer Price Index
ROA	Return on Asset
RWPS	Raw Water Pricing Strategy
SAAFWUA	South African Association for Water User Association

SALGA	South African Local Government Association
SFRA	Stream Flow Reduction Activity
TCTA	Trans-Caledon Tunnel Authority
VOCMA	Vaal Orange CMA
WB	Water Board
WDCS	Waste Discharge Charge System
WMA	Water Management Area
WMI	Water Management Institution
WRI	Water Resource Infrastructure
WRIC	Water Resource Infrastructure Charge
WRM	Water Resource Management
WRMC	Water Resource Management Charge
WRC	Water Research Commission
WRL	Water Research Levy
WTE	Water Trading Entity





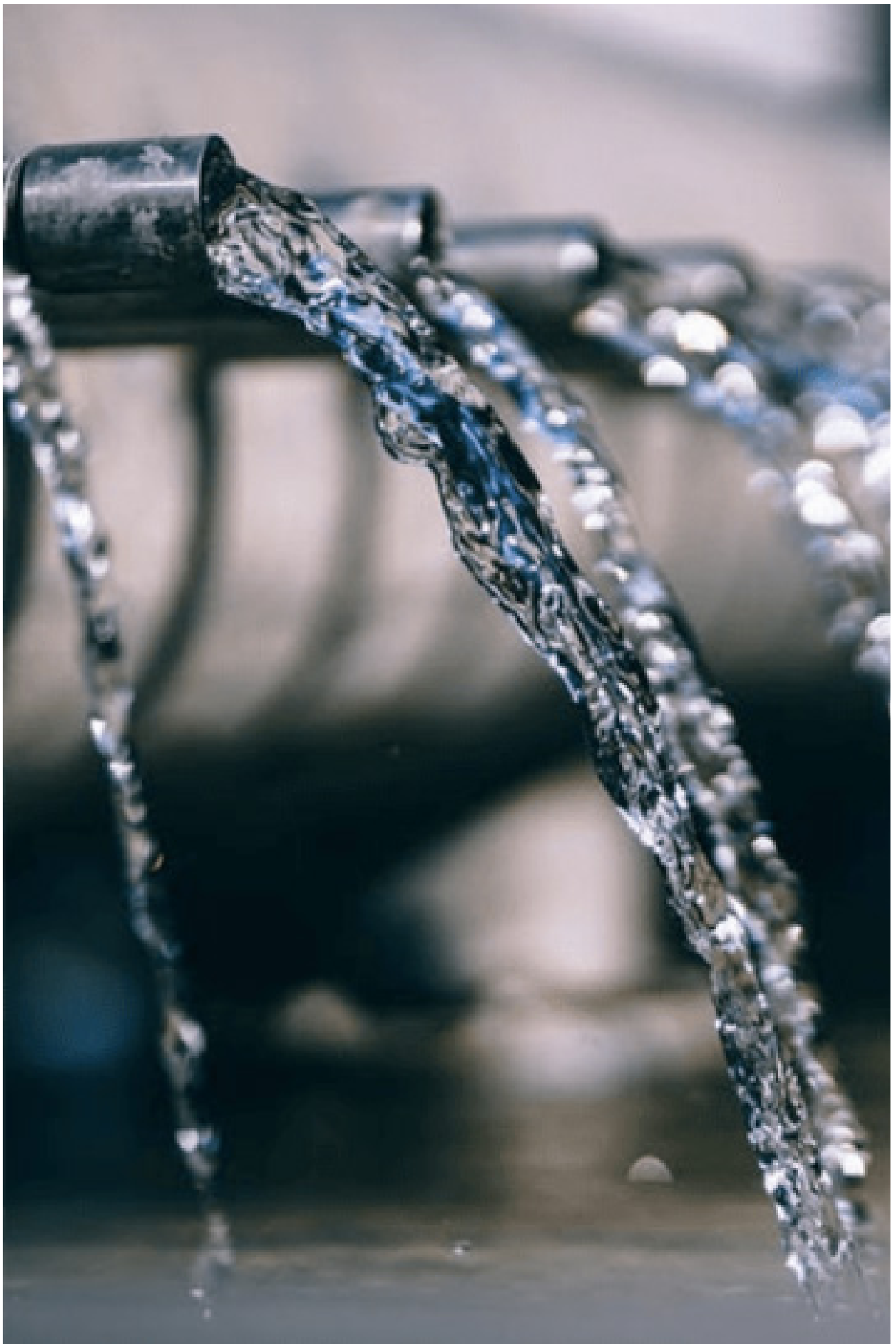
## ACKNOWLEDGEMENTS

The challenging task of the water regulator is to find a balance between cost-reflective tariffs and affordability of water resources and services rendered by the Raw Water Institutions, Water Boards, and Municipalities to their customers. The water regulator finds the balance by gathering proposals from institutions, sourcing inputs from affected stakeholders, analysing proposals and related data, formulating recommendations, and ultimately presenting such recommendations to the Ministry for consideration and approval in the case of raw water and tabling in Parliament for the Water Boards. This report captures the process followed in determining raw water use charges for the 2025/26 cycle. It is befitting to express sincere appreciation and acknowledgment to key offices that supported the regulator's work during the period leading to the approval of the charges. The water regulator would like to thank the Minister of Water and Sanitation, Ms Pemmy Majodina, the Deputy Ministers of Water and Sanitation, Mr David Mahlobo and Mr Sello Seitlholo. The Director-General, Dr Sean Phillips provided us with both policy and administrative guidance in the pursuit of the task assigned to the water regulator.

We also acknowledge the role of the Water Regulatory Commission in this process. All stakeholders who participated in the process of determining raw water use charges are appreciated and sincerely thanked. Consultations provided key stakeholders with an opportunity to submit inputs, and these represented the private sector, the public sector, professional bodies, non-governmental organisations, community-based organisations, and most importantly water sector customers. It is necessary to also acknowledge the role played by the Catchment Management Agencies, and Operational Clusters in determining the 2025/26 raw water use charges. Lastly, the regulation tasks are carried out by dedicated officials who are part of the Chief Directorate: Economic and Social Regulation, who deserve to be applauded for successfully driving the process of determining raw water use charges during this cycle.

**Mr Xolani Zwane**

**Deputy Director-General: Regulation Compliance and Enforcement**





# INTRODUCTION

## 1 EXECUTIVE SUMMARY

The Chief Directorate: Economic and Social Regulation (CD: ESR) is responsible for, amongst other things, the reviewing of the raw water use charges proposed by the Catchment Management Agencies (CMAs); Trans-Caledon Tunnel Authority (TCTA), Operational Clusters and the levy proposed by the Water Research Commission (WRC) to:

- Assess compliance with the Pricing Strategy.
- Ensure the Water Management Institutions work towards self-sustainability when recovering the costs of providing water, through cost-reflective charges.
- Advocate for affordable and cost-reflective charges payable by water users.

The proposed raw water use charges have been prepared in accordance with the 2007 Pricing Strategy established in terms of Section 56 - 60 of the National Water Act. The charges should be determined and set in a manner that contributes to social equity, redress the imbalances of the past, protect ecological reserves, ensure financial stability, and reflect the scarcity of water as an essential commodity.

The CD: ESR revised the ESR Circular 1 of 2024 titled “*Economic Regulatory Requirements*” which was subsequently approved by the Director-General in April 2024. The circular provided a framework for the minimum disclosure requirements to which tariff proposals should adhere and the due date for submission by Water Management Institutions (WMIs). The circular stipulated that failure to submit the tariff proposal would result in a non-compliance letter against institutions or offices that fail to adhere to the requirements.

## 2 PURPOSE OF THE REPORT

This Regulator Report is a public document, intended to appraise water users and other interested parties including WMIs on the:

- legislative provisions relevant to the determination of raw water use charges;
- methodology employed for determining raw water use charges, including the costs considered thereon;
- regulator perspective on the WMIs budget planning processes, charge determination, and stakeholders’ consultations on the 2025/26 raw water use charges;
- outcomes from the analysis performed on the 2025/26 raw water use charges’ proposals submitted by Water Management Institutions and Operational Clusters, to address areas of improvement moving forward;
- recommendations on how to remedy identified challenges and outcomes from the consultation sessions;
- presentation of findings flowing from the consultation with key stakeholders in the water sector;
- specific recommendations about consultations and raw water use charges determination; and
- the process followed to recommend charges to the Minister for approval.

## 3 LEGISLATION

Whereas the raw water use charges and the water research levy are expressly dealt with in the Raw Water Pricing Strategy, these find expression in the various water legislation, viz. National Water Act (NWA) and the Water Research Act (WRA) respectively. The Water Research Act in section 11 empowers the Minister, with the concurrence of the Ministry of Finance, to set tariffs in respect of water research charges levied on quantities of water supplied, or made

available for use, for agricultural purposes, urban purposes, industrial purposes, or any other purposes. Table 1 below provides details on specific sections of the NWA that are relevant to raw water use charges.

**Table 1: Legislations**

Section 56 – 60 National Water Act (NWA) (Act 36 of 1998)	Provides the Minister with the powers to establish the Pricing Strategy for raw water use charges. The primary aim of the Pricing Strategy is to find appropriate methods of funding water resource management (WRM), water resource development and use of waterworks.
Section 77 National Water Act (NWA) (Act 36 of 1998)	CMAs are established by the Minister for the purpose of ensuring protection, use, development, conservation, management, and control of the water resources within their Water Management Area (WMA).
Section 84 (2)(a) National Water Act (NWA) (Act 36 of 1998)	Provides for the CMAs to be funded through water use charges to perform the required WRM activities.
Section 109 National Water Act (NWA) (Act 36 of 1998)	Provides the Minister with powers to acquire, construct, alter, repair, operate or control government waterworks.
Section 111 National Water Act (NWA) (Act 36 of 1998)	Allows for the Minister to finance the acquisition, construction, alteration, repair, operation, and control of these government waterworks from funds appropriated by Parliament or obtained from any other source which may include, but not limited to, water use charges.
Section 42 of the MFMA  MFMA Circular No 23 Municipal Finance Management Act No. 56 of 2003	Requires extensive consultation before an organ of state can increase the price of a bulk resource supplied to a municipality or municipal entity. This legislation is also applicable to the raw water tariff consultations processes. When it comes to raw water, there is a need to go beyond the compliance to section 42 of MFMA and Circular 23. This is because, other user categories contain a certain degree of HDIs, and they are also institutions that provide raw water to municipalities.

## 4 THE ROLE OF THE WATER REGULATOR

The work of the water regulator is to ensure social and economic regulation within the country's water sector. Economic regulation is necessary as the water regulator view it as a key driver to the reforms of the water sector meant to ensure that all South Africans gain equitable access to safe, reliable water supply and dignified sanitation.

The role of the water regulator in pursuing economic regulation is amplified by its objectives, which are to:

- encourage efficient, affordable water/service provision (productive efficiency);
- set charges/tariffs for cost recovery to ensure long-term financial viability;
- ensure alignment between standards for service delivery (consumer protection) and charges/tariffs and requirements;
- encourage appropriate investment (including extension of services);
- ensure the affordability of services to low-income groups (social/equity objectives); and
- provide dispute resolution mechanisms.

The water regulator works towards achieving these objectives by performing specific duties. It assesses the financial performance of relevant institutions, sets guidelines and policies for water tariff determination, and develops best practices for effective regulation.

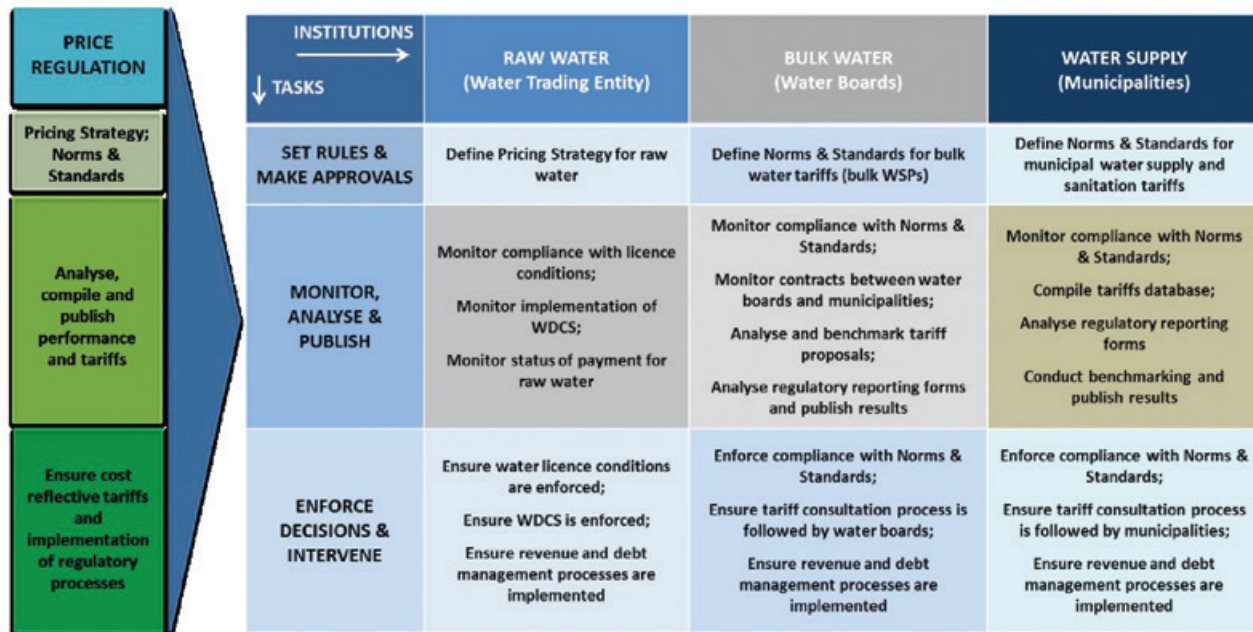


Figure 1: National water regulator's role

The South African constitution outlines water as a basic right and vest responsibility on government to ensure progressive realisation of this right. The water sector is central to the country's social and economic development and government is interested in how effective it is in providing its services. However, water sector regulation is vital for the achievement of the provision of water and sanitation services, including consumer protection, competition and investment. In summary, the economic regulation work of the national water regulator entails assessing key economic aspects, including:

- affordability of the service;
- water service providers' customer responsiveness and quality of the service;
- the reliability and efficiency of the water services network;
- the quality and quantity of water provided;
- conservation and environmental imperatives; and
- does comparison of past performance of water services providers.

The water regulator is an important role player in the provision of water in the country. The production of this report also ensures compliance with legislation and outlines the strategic functions of the water regulator. Having explained the role of the water regulator, the next section of the report discusses the process of determining Raw Water Use Charges. Further, it entails the timelines followed in the determination of raw water use charges by the water regulator.

## SECTION A: TARIFF ASSESSMENTS

### 1 COMPLIANCE WITH TARIFF PROPOSALS

The CD: ESR received raw water use tariff proposals from all Water Management Institutions: Breede Olifants CMA (BOCMA), Inkomati-Usuthu CMA (IUCMA), Pongola uMzimkhulu CMA (PUCMA), Mzimvubu Tsitsikamma CMA (MTCMA), Vaal Orange CMA (VOCMA), Limpopo Olifants CMA (LOCMA), Central Cluster, Northern Cluster, Eastern Cluster, Southern Cluster and the Trans-Caledon Tunnel Authority.

Although the proposals submitted demonstrate a commendable effort, certain improvements are still required to enhance the overall quality. After receiving the tariff proposals, the CD: ESR conducted preliminary analysis on each proposal received to ensure compliance with the set minimum disclosure requirements. The general standard of the proposals received during this cycle surpasses the standard of proposals from the previous cycle, which shows the efforts made by Water Management Institutions in compiling these documents.

### 2 CUSTOMER ASSESSMENT QUESTIONNAIRES

In line with Circular 1 of 2024 for the determination of raw water charges, WMIs were requested to share a customer evaluation questionnaire to evaluate the consultation process. The questionnaire also aimed at giving customers a voice and a platform to submit written comments after the actual consultations have been held.

Manual and electronic questionnaires were distributed through various CMAs. Section 42 and Circular 23 of the MFMA require that extensive consultations with all affected parties be conducted before bulk price increases are tabled to Parliament. When it comes to Raw Water, there is a need to go beyond the compliance of section 42 of MFMA and Circular 23 since other user categories contain a certain degree of HDIs as well.

Furthermore, the Portfolio Committee and SALGA amongst other interested parties require that the regulator ensures that extensive consultation is done before tariffs / charges are increased and provide evidence that this is done.

The number of responses or comments received from various customers countrywide is still very minimal. The CD: ESR is committed to expanding its engagement with the various CMAs to ensure that these questionnaires are advocated for and to reach the targeted people. Nevertheless, some of the stakeholders and users have taken this opportunity and have been utilising this platform to share their views and concerns on the proposed tariffs and the consultation process itself. Customer perspectives on these processes are not only beneficial to them but also provide a platform for WMIs to improve on how best to deliver during the consultations. During feedback sessions, all WMIs affected with customer complaints and responses are provided with such feedback and those comments requiring actions are referred for immediate interventions to relevant components within the sector.

Customers are thereby encouraged to participate in these platforms to ensure that their interests are heard and influence the final tariff approved by the Minister.

### 3 KEY CHALLENGES DURING THE 2024/25 TARIFF CYCLE

During the 2022/23 financial year, the Department was working on the process of finalising the establishment of the remaining CMA such as LOCMA, PUCMA, and MTCMA which took longer than anticipated. In the end, all CMAs were established from 9 to 6 as per the provision by the Minister and all the Proto CMAs commenced their operation as the CMA on 1 April 2024.





### 3.1 Delays in Submission of Tariff Proposals

CMAs and Operational Clusters were required to submit to the CD: ESR by 10th and 14 June 2024 respectively, failure of which the institutions would be furnished with a non-compliant letter which would require immediate redress of the non-compliance. Due to delays in the publication of the 2024 Producer Price Index (PPI), the Raw Water Management Institutions (WMIs) requested an extension from the dates outlined in the *ESR circular 1 of 2024*, resulting in late submission of the 2025/26 Raw Water Tariff Proposals.

### 3.2 Merging of the Catchment Management Agencies

The process of merging the Water Management Areas from nine (9) to six (6) also posed a challenge as delayed appointment of board members or executive management in some CMAs created a leadership vacuum which is necessary for providing strategic guidance during the development of financial budgets and determination of the WRM charges. To remedy the situation, the CD: ESR held an engagement with the Limpopo Olifants CMA and availed its support with any challenge encountered by that CMA. Additionally, the CD: ESR also arranged sessions to induct the newly appointed board members of the Vaal Orange and Pongola uMzimkhulu CMAs on the raw water use charges determination process and the importance of compliance with the regulatory requirements of the *ESR circular 1 of 2024*.

Mergers of CMAs also created new sets of challenges in the determination of raw water use charges. Due to coordinated financial planning for a CMA in terms of the water resource management functions, it is expected that CMAs would have a unified charge for each category of users such as Domestic and Industry or Irrigation. Endeavours to have a unified charge produced significant spikes on charges as circumstances of the previous water management areas mainly differed from the circumstances of the new WMA, thus leading to adverse outcomes for some users or the newly formed CMAs.

In such cases, some users may see the charge they were paying before the merger decline significantly whereas the opposite occurs to users who were paying a lower charge now required to pay a significantly higher charge. This presents serious challenges as the reductions in charges may not result in users who were not servicing their accounts suddenly doing so whereas those who were servicing their accounts on a lower charge may stop servicing their accounts owing to the major increases thereon. In preparatory meetings for the 2025/26 cycle, WMIs were required to consider continuing with separated charges as per the previous WMAs to limit fluctuations to charges that could negatively affect users and their own financial sustainability. While this is in place, the same WMIs are urged to develop mechanisms of having a unified charges that least impacts users and their sustainability.

## 4 WATER RESOURCE MANAGEMENT CHARGES

The section below provides a summary of the WRM charges based on the proposals received and the subsequent approval by the Minister. The WRMC serves as the financial support for water resources management activities within each WMA. These activities encompass the safeguarding, allocation, conservation, management, and regulation of the nation's water resources. The WRMC comprises two main components:

- (1) The abstraction water use charge; and
- (2) The waste discharge-related water use charge.

### 4.1 Tariff Proposals submitted by CMAs

In this section of the report, an assessment is conducted on the proposals received from CMAs for the 2025/26 cycle. The assessment considers the historical trends of charges to track the movement over the charges for comparative purposes. Since many CMAs were merged from different water management areas to realise the reform of having the reduced numbers of CMAs, the historical analysis needs to be conducted on the old water management areas. Additionally, the proposals for charges in the 2025/26 cycle may reflect the charges per the old water management areas due to challenges experienced by CMAs in developing a unified charge.

## a) Vaal – Orange CMA

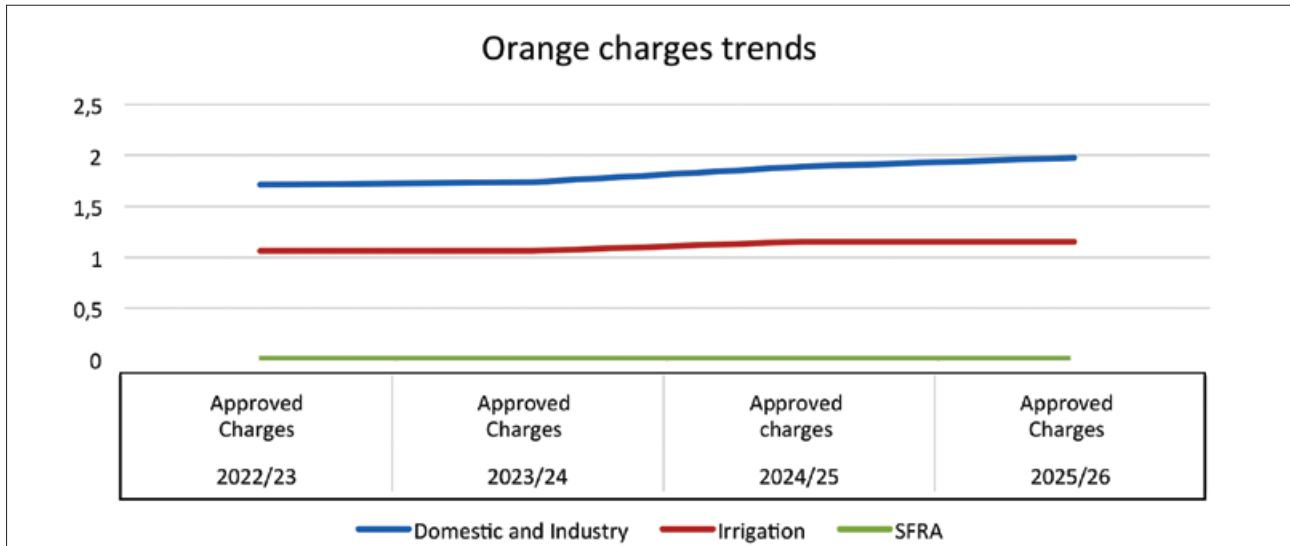


Figure 2: Orange CMA Approved raw water use charges from 2021/22 to 2024/25

The charge trends for the Orange WMA have been constant between the 2021/22 to 2023/24 financial years for both the Irrigation and Domestic and Industry sectors. The charges experienced minimal increases because of no increases in the 2021/22 to 2022/23 financial years, increases of 2% in the 2023/24 financial year, and an increase aligned to the Producer Price Index (PPI) of 8.6% in the 2024/25 financial year as provided for in the RWPS. There are no SFRA in the Orange WMA hence there is no charge determined for this sector.

Both the proposed charges for Domestic and Industry and irrigation increased by the PPI of April 2024 at 5.1% for the 2025/26 financial year.

A significant concern that existed in the charges for the former lower Orange Proto-CMA was that the WRM charges were calculated using the yield volume which resulted in relatively lower charges, and this had a negative impact on the sustainability of the CMA.

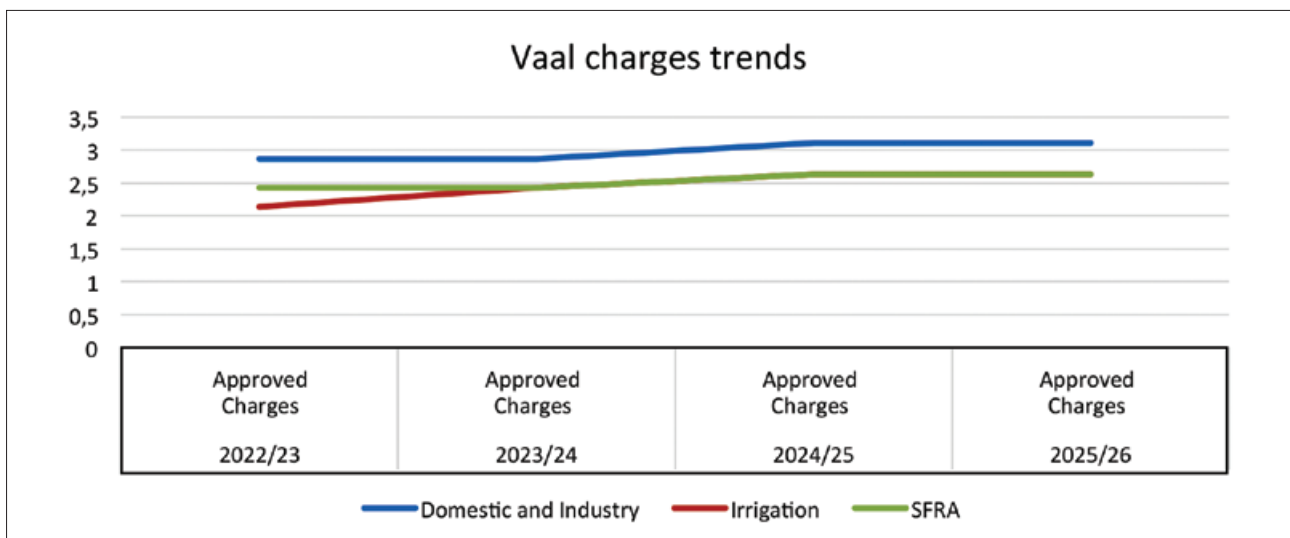


Figure 3: Vaal CMA Approved raw water use charges from 2021/22 to 2024/25





In the period between the 2021/22 and 2023/24 financial years, Vaal WMA charges for the Domestic & Industry sector remained constant at 2.87 cents per cubic meter with no rationale or motivation provided in previous proposals substantiating this management stance. Irrigation charges experienced a steady increase from 2021-22 to 2023-24 and this was aligned to the PPI of each of the tariff cycle as contained in the RWPS. Charges for both D&I and Irrigation increased by the PPI of 8.6% in the 2024/25 financial year. The same trajectory seen in the charge for Irrigation is applied to the SFRA charge. In fact, in 2023/24 going forward, the charges for Irrigation and SFRA are identical.

The CMA proposed no increase for the WRMC for abstraction activities for all the sectors in the 2025/26 financial year and a single charge of 2.79 per cubic meter for waste-related activities which amounted to a 5% decrease for the Vaal WMA (old Vaal Proto-CMA) and a 27% increase for the Orange WMA (old Orange Proto-CMA).

The Vaal Orange CMA is working towards having a single charge for all the water resource management charges which is a challenge considering the gap in the charges between the two Water Management Areas, viz. Orange and Vaal WMAs. The D&I and Irrigation charges in the Vaal charge are higher by 40% and 50% respectively when compared to similar charges in the Orange WMA. This requires the CMA to consider a method of having a unified charge that does not adversely affect the users of the Orange to an extent where they may not be able to afford the new charge as this would also translate into sustainability issues for the CMA. The regulator is of the view that such a method would require being phased-in over a few years to limit shocks to users and other possible implications such as non-payment of accounts.

## b) Mzimvubu Tsitsikamma CMA

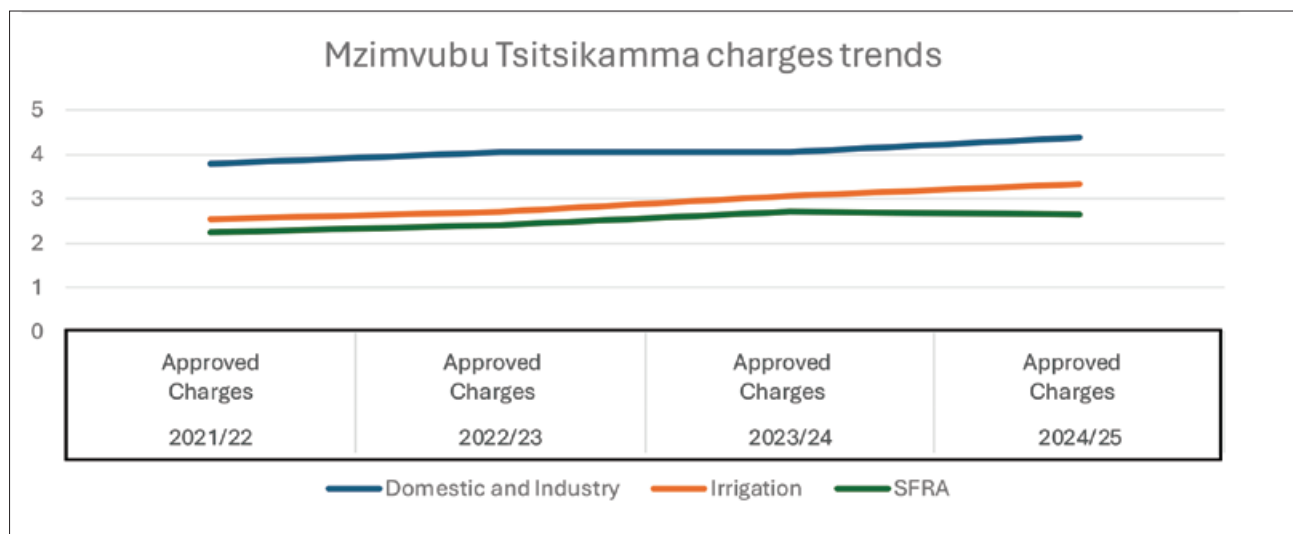


Figure 4: MTCMA Approved raw water use charges from 2021/22 to 2024/25

The figure above shows the trends of charges for the Mzimvubu Tsitsikamma CMA, demonstrating the constant increase in D&I charges in the past two years, 2023/24 and 2024/25. Increases in the irrigation and SFRA charges have been capped by the PPI of April in each of those years. In the 2025/26 financial year, the CMA proposed a no increase for D&I, 5.1% for irrigation, and 18% for the SFRA.

The proposed waste-related activities for the CMA for 2024/25 was 3.93 c/m<sup>3</sup> and the proposed charge for the 2025/26 financial year was 3.93 c/m<sup>3</sup> which culminates in an enormous increase of 29.3%.

### c) Limpopo Olifants CMA

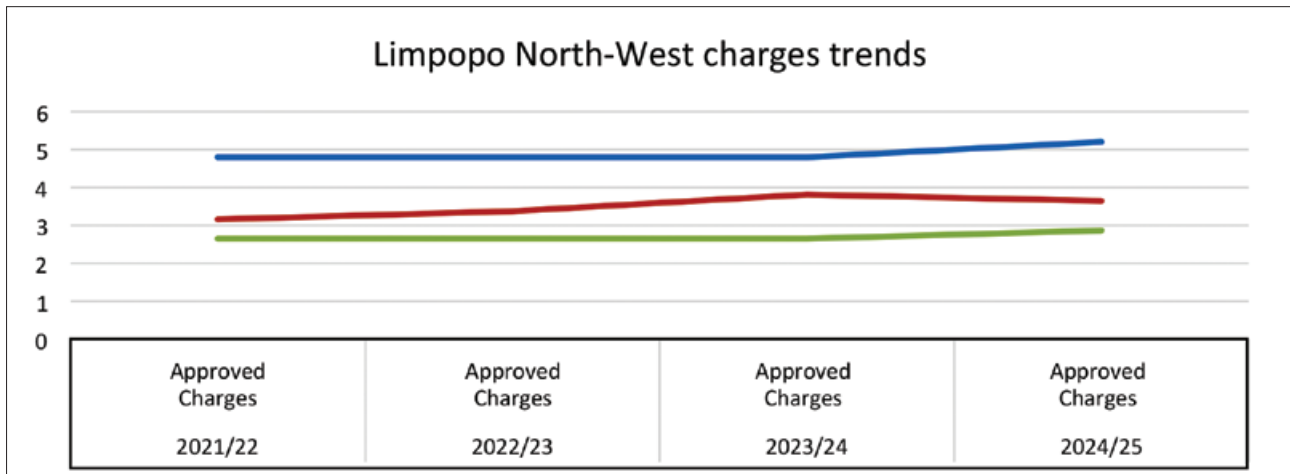


Figure 5: Limpopo, NW. Approved raw water use charges from 2021/22 to 2024/25

The charges for the Limpopo North-West WMA have been constant with no increases for the Domestic and Industry and SFRA sectors in the past three (3) financial years (2021/22 to 2023/24). Increases on the irrigation charge were limited to the PPI of 2021 and 2022 April respectively. In the 2024/25 financial year, charges increased by the PPI of April 2023 for all the sectors.

In the 2025/26 financial year, the CMA proposed no increases for Domestic and Industry, a 7% increase for SFRA, and a PPI linked increase of 5.1% for the Irrigation sector. The waste-related activities charge increased by 6% on the previous year's charge of 3.91 c/m<sup>3</sup>.

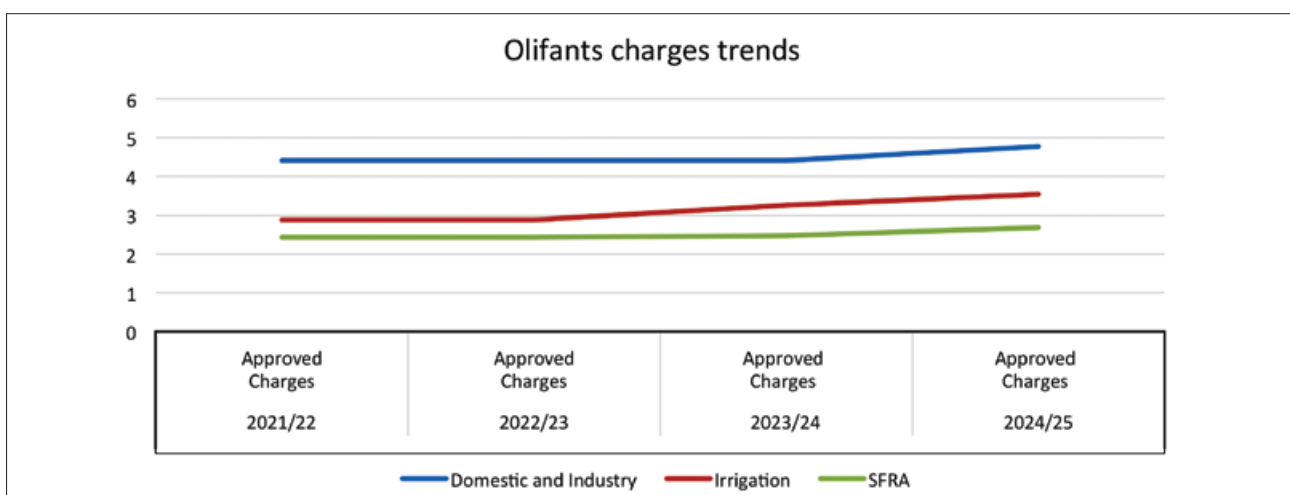


Figure 6: Olifants Approved raw water use charges from 2021/22 to 2024/25

The figure above illustrates the movement of the Olifants WMA charges from 2021/22 to the 2024/25 financial year. The increases in charges for the D&I and SFRA sectors remained constant for three (3) years, 2021/22 to 2023/24, with the irrigation charge demonstrating a sharp increase from 2022/23 to 2024/25.



The CMA is proposing no increase for D&I for the 2025/26 financial year. The increase on the irrigation charge is limited to the PPI of April 2024 and SFRA charge increases to 2.89 c/m<sup>3</sup> which culminates into 7.84% which is the highest increase from other sectors. The waste-related activities charge increased by 9% on the previous year of 3.55 c/m<sup>3</sup>.

#### d) Breede Olifants CMA

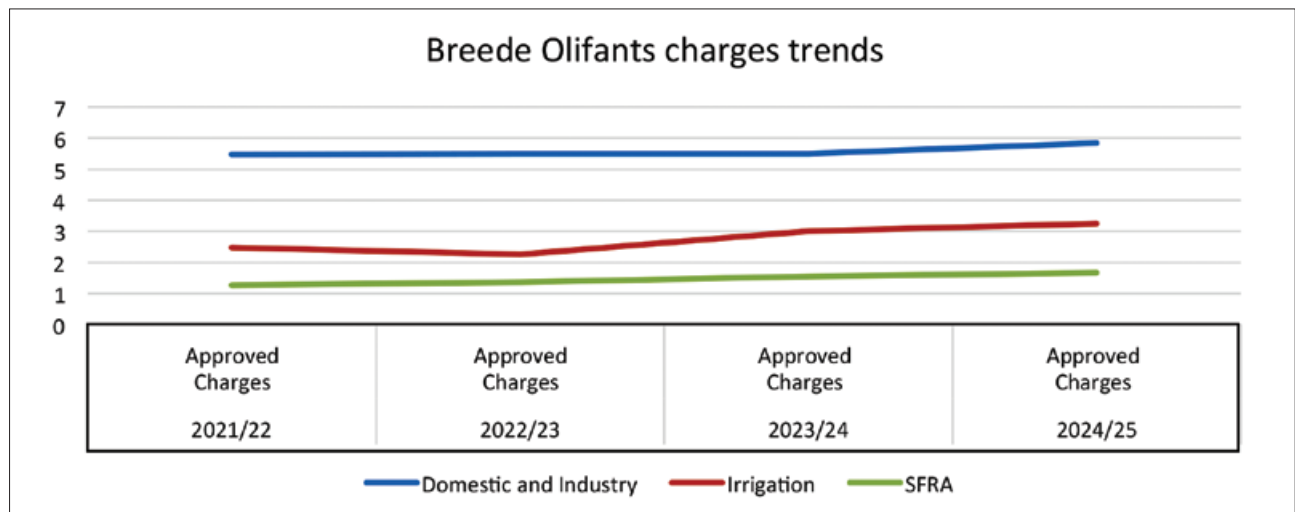


Figure 7: Breede Olifants Approved raw water use charges from 2021/22 to 2024/25

The above figures indicate that for the old Breede Olifants water management area, BOCMA had a constant increase in the D&I charge between 2022/23 to 2024/25 financial years while irrigation and SFRA increases were limited to the PPI of the tariff cycle. In the 2025/26 financial year, the CMA proposed an increase of 5% for D&I, 5.1% PPI linked increase for irrigation and a 5.4% increase for the SFRA charges. The CMA proposed an 8% increase in the waste-related activities charge which culminates to a charge of 6.14 c/m<sup>3</sup>.

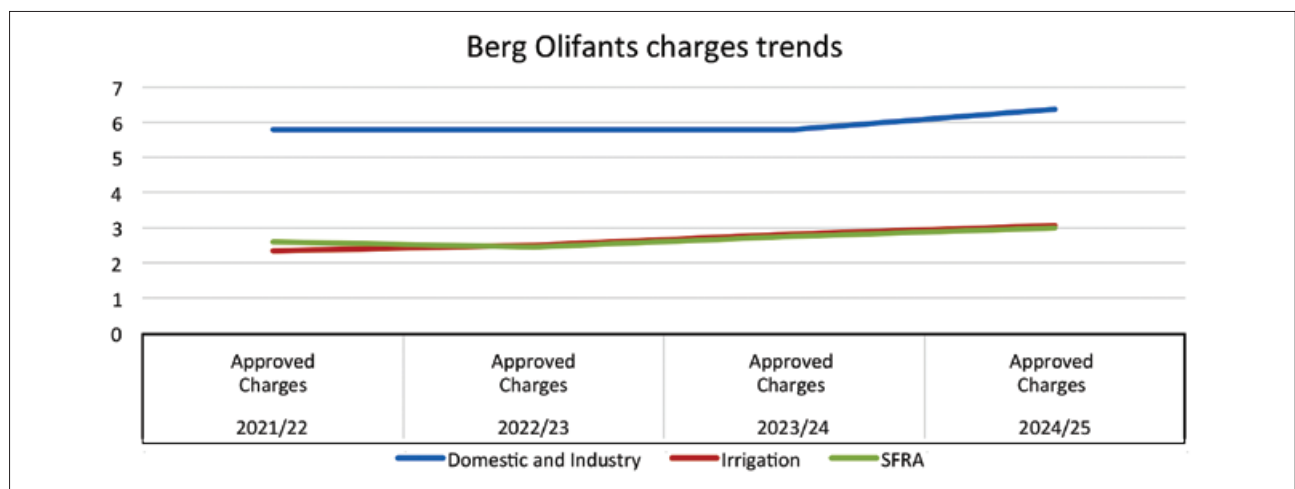


Figure 8: Berg Olifants Approved raw water use charges from 2021/22 to 2024/25

On the Berg Olifants area of BOCMA, charges for D&I had no increases from 2021/22 to 2023/24 and increased by 6% in the 2024/25 financial year. The Irrigation and SFRA charges have been fluctuating closely to each other with the charges increasing by the limitation of the annual PPI.

In the 2025/26 financial year, for the Berg Olifants, BOCMA proposed a 4% charge increase for D&I, and the irrigation and SFRA charges increases are limited to the April 2024 PPI of 5.1%. The CMA is proposing an 8% increase for the waste-related activities charge which is deemed a reasonable increase on the previous year's proposal of 4.31 c/m<sup>3</sup>.

#### e) Inkomati Usuthu CMA

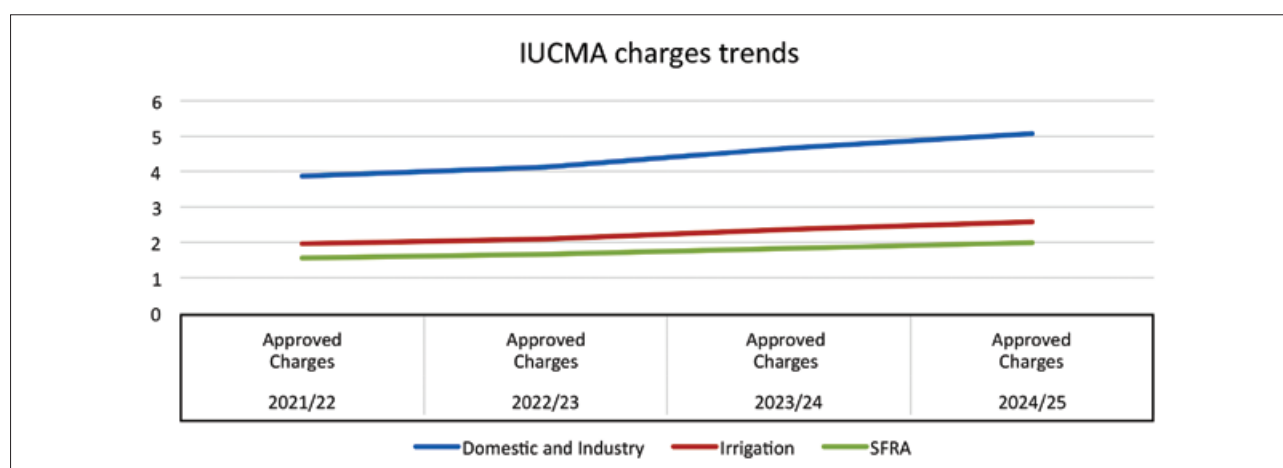


Figure 9: IUCMA Approved raw water use charges from 2021/22 to 2024/25

In the period between 2021/22 and 2024/25 financial year, the charges for D&I have increased by an average of 10%. Irrigation and SFRA have been experiencing constant increases as per the provision of the Pricing Strategy.

In the 2025/26 financial year, the CMA is proposing an increase of 11% for D&I and 21% for SFRA which signifies an enormous increase compared to proposed increases on charges of other sectors. The irrigation charge increased by 5% limited to the PPI of April 2024. The CMA proposed a waste-related charge of 5.45 c/m<sup>3</sup>.

#### f) Pongola uMzimkhulu CMA

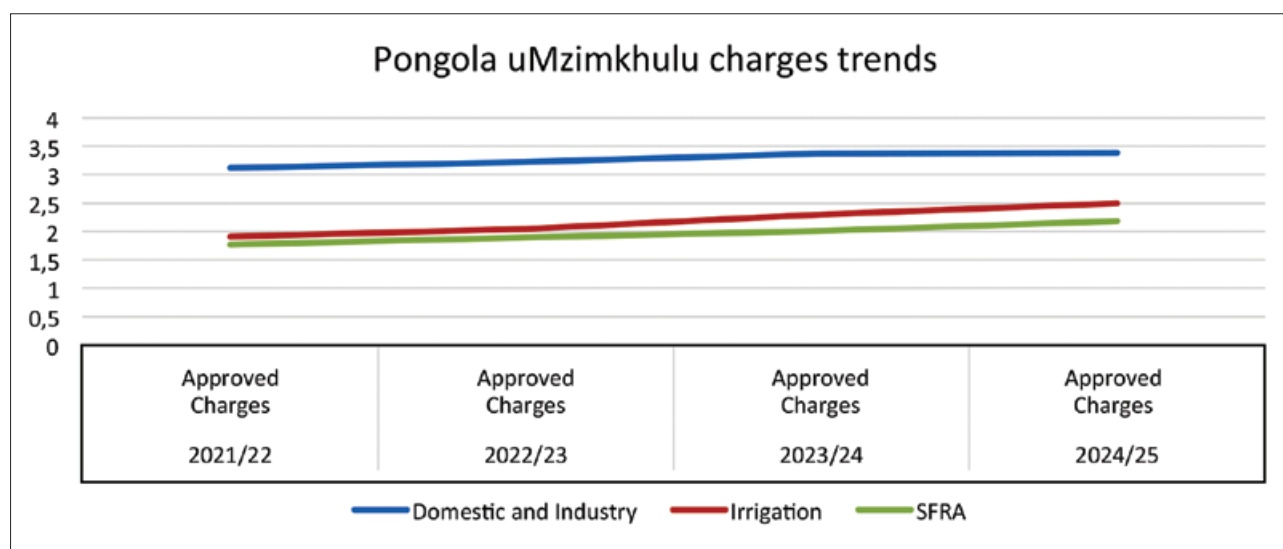


Figure 10: Pongola Approved raw water use charges from 2021/22 to 2024/25



In the period of 2023/24 to 2024/25, charges for the Pongola uMzimkhulu CMA experienced fluctuations with an average escalation of 21% across all categories. The combined increases over the two years, 2023/24 to 2024/25, for the Irrigation and SFRA sectors were 30% and 24% respectively.

In the 2025/26 cycle, the CMA is proposing a 3% increase for the D&I charge and an increase of 5.2% for the irrigation charge which is limited to the April 2024 PPI in terms of the Pricing Strategy. Furthermore, SFRA experienced a hefty, proposed increase of 43.4% at a full cost. The CMA proposed an increase of 14.46% for a waste charge of 3.46 c/m<sup>3</sup>.

## 4.2 Recommendations and Approval of the Water Resource Management Charges

After the public consultations, the CD: ESR embarked on an extensive process to analyse the budgets and charges received from the CMAs to ensure that the recommended charges promote institutions' financial sustainability and advocate for the principle of affordability. Considering this, the Water Resource Management Charges were recommended to the Minister for consideration and subsequently approved as follows:

**Table 2: 2025/26 Approved Water Resource Management Charges**

DESCRIPTION		APPROVED CHARGES 2024/25 FY			APPROVED CHARGES 2025/26 FY			% INCREASE ON CHARGES		
9 CMA / PROTO CMA's		D&I	IRR	SFRA	D&I	IRR	SFRA	D&I	IRR	SFRA
		c/m <sup>3</sup>	c/m <sup>3</sup>	c/m <sup>3</sup>	c/m <sup>3</sup>	c/m <sup>3</sup>	c/m <sup>3</sup>	%	%	%
1	Limpopo North- West	5.21	3.65	2.87	5.21	3.84	3.09	0	5.21	7.67
2	Olifants	4.78	3.54	2.68	4.78	3.72	2.89	0	5.08	7.84
3	Inkomati-Usuthu	5.07	2.57	1.99	5.07	2.57	1.99	8.09	5.10	8.04
4	Pongola-Mzimkhulu	3.39	2.50	2.19	3.56	2.63	2.37	5.01	5.10	8.22
5	Vaal	3.11	2.64	2.64	3.11	2.64	2.64	0	0	0
6	Orange	1.89	1.15	-	1.98	1.15		4.76	0	
7	Mzimvubu-Tsitsikamma	4.38	3.33	2.94	4.38	3.50	3.18	0	5.10	8.16
8	Breede-Gouritz	5.85	3.26	1.67	6.14	3.43	1.76	4.96	5.10	5.10
9	Berg-Olifants	6.36	3.06	3.00	6.59	3.22	3.15	3.62	5.10	5.35

Based on the analysis conducted, the CD: ESR, with the recommendation from the Regulator Commission, recommended the final charges as follows: the WRMC for abstraction-related activities to increase by a range of 0%- 8% for all the sectors. The rationale behind this recommendation was that over time, the shortfall between the full cost and the revenue that the CMAs/Proto-CMAs can generate has been increasing whilst the augmentation from the National Treasury has been on a decline due to fiscal constraints.

The CMAs continue to propose no charge increases which further exacerbate the financial deficit of these WMIs and thus adversely impact their ability to effectively perform the required water resource management activities. The recommendations of the CD: ESR and the RC are aimed at arresting the decline in the sustainability of the CMAs through the charges. CMAs must still implement appropriate revenue measures that ensure billed charges are collected.

It was observed that the D&I charges for the Mzimvubu-Tsitsikamma, Vaal, and Limpopo-Olifants CMAs have reached the full cost, and a zero percent (0%) increase is recommended. By increasing this charge, it would result in the revenue collected by Water Management Institutions exceeding the cost, which goes against the principles of cost recovery. As the cost related to the performance of WRM activities escalates due to the consumer price index (CPI), the CD: ESR will consider adjusting charges which have reached full cost in line with the CPI of the year under review. This stance was proposed by the RC and is supported by the CD: ESR as it allows the CMAs to retain a sufficient level of funding for the WRM activities. Where inefficiencies are observed in spending, that could affect the CD: ESR recommendations in this regard.

The WRMC for waste-related activities was determined according to the principle of apportionment, wherein the total cost of the CMA was allocated to the waste activities based on the registered waste volumes.

The CD: ESR recommended the apportionment of costs for the water resource management charge for waste-related activities as populated below.

**Table 3: 2025/26 Approved WRMC for waste-related activities**

9 CMA / PROTO CMA's	APPROVED 2024/25 CHARGES C/M <sup>3</sup>	APPROVED 2025/26 CHARGES C/M <sup>3</sup>	INCREASE %
Limpopo-NW	3.91	4.16	6.39
Olifants	3.55	3.88	9.30
Inkomati Usuthu	5.07	5.45	7.50
Pongola-Mzimkhulu	3.46	3.72	10.71
Vaal	2.93	2.93	0
Orange	2.20	2.20	0
Mzimvubu-Tsitsikamma	3.04	3.35	10.10
Breede Olifants	5.67	6.14	8.29
Berg-Olifants	4.36	4.71	8.03

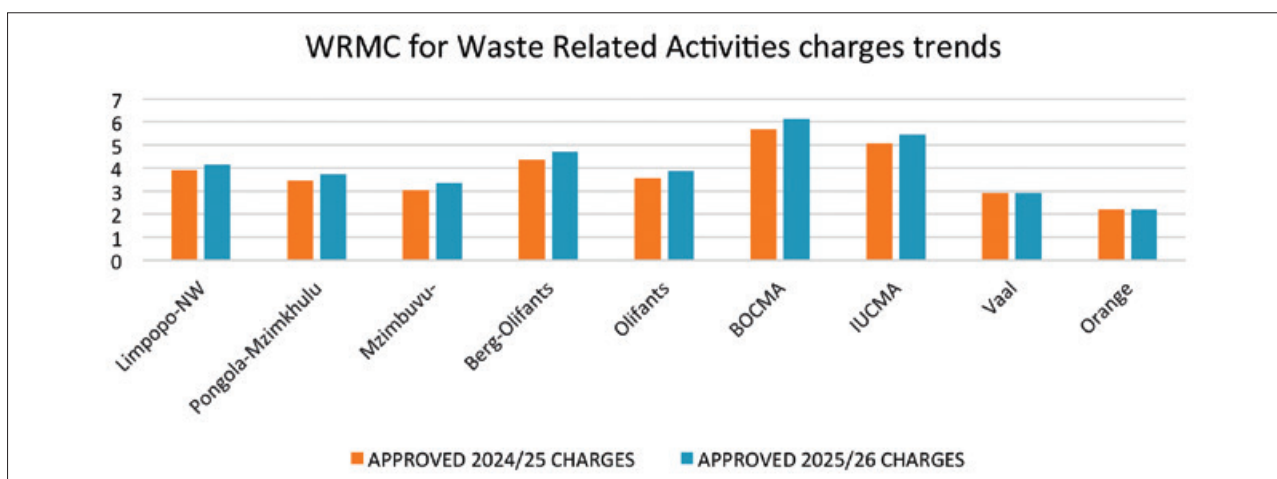


Figure 11: Waste-related activities charges approved from 2024/25 to 2025/26





The above figures provide the trends of charges for Water Resource Management Charges for waste-related activities for all the CMAs with Breede Olifants CMA presenting the highest trend and Orange CMA with the lowest trend. The overall increase is limited to a range between 0% to 10% for the 2025/26 financial year.

## 5 WATER RESOURCE INFRASTRUCTURE CHARGES

The section below provides a summary of the Water Resource Infrastructure (WRI) charges based on the proposals received and the subsequent approval by the Minister.

WRI charges are intended to recover costs associated with the planning, design, construction, operation, maintenance, refurbishment, and betterment of government water schemes. The infrastructure charges are categorised into four components, namely:

- (a) Depreciation;
- (b) Return on Assets;
- (c) Operation & Maintenance; and
- (d) Capital Unit Charge.

### 5.1 Operational Clusters

The Department has four (4) Operational Clusters, namely Northern, Southern, Eastern, and Central, responsible for infrastructure operation and maintenance. These Clusters determine and recover the Water Resource Infrastructure charges for the purposes contained in the Pricing Strategy.

#### 5.1.1 Southern Cluster

**Table 4: Southern Cluster 2025/26 proposed budget**

Economic Classification	2023/24 Approved Budget	Variance	2023/24 Actual Expenditure	Increase / Decrease	2024/25 Approved Budget	Increase / Decrease	2025/26 Proposed Budget
	R'000	%	R'000	%	R'000	%	R'000
Compensation Of Employees	107 368	76	81 312	22	131 190	3	135 685
Goods and Services	114 944	93	107 229	55	177 986	7	189 873
Capital	7 688	15	1 191	52	11 678	-10	10 532
<b>Total</b>	<b>230 000</b>	<b>82</b>	<b>189 732</b>	<b>40</b>	<b>320 854</b>	<b>5</b>	<b>336 090</b>

Southern Cluster spent 82% of its allocated budget for the 2023/24 financial year, notably underspending 85% on movable assets. Goods and Services account for 56% of the Cluster's operational budget and had a 7% underspending in the 2023/24 financial year. COE has under-expenditure of 24% against the approved budget in the 2023/24 financial year due to the moratorium on filling of vacant posts imposed by the Department of Public Service and Administration. The 2025/26 COE budget has increased by 3% which does not make any provision for wage increases or cost-of-living adjustments resulting in the over-expenditure of the Cluster and there was no explanation provided to justify the increase.

Delving into the goods and services economic classification, the cost drivers with significant contribution to the budget increases are maintenance and repairs: other machinery and equipment and travel and subsistence with proposed 34% and 26% increases in the 2025/26 financial year respectively.

The Cluster has proposed a budget increase of 56% for utilities (pumping costs) against the approved 2024/25 financial year. It has attributed the increase to the directive from the Department of Public Works which requires government institutions to settle utility accounts on premises they occupy – this is a deviation from the norm where the former was accountable for settlement of all such accounts. Over-expenditure in the budget for the energy costs or pumping costs show that this directive is already in force and is adversely affecting the Cluster's spending. This negative trend is anticipated to continue in the 2024/25 spending.

**Table 5: Southern Cluster 2025/26 Budgeted Revenue**

Revenue	2023/24	Variance	2023/24	Increase / Decrease	2024/25	Increase / Decrease	2025/26
	Approved Revenue		Billed Revenue		Approved Revenue		Proposed Revenue
	R'000		R'000		R'000		R'000
	775 354		925 099		830 226		871 738

During the 2023/24 financial year, the cluster billed 19% more revenue than anticipated. The Cluster indicated that this was due to water users over-abstracting (infrastructure charges are billed on consumption) and back-dated billing, which occurred due to the Validation and Verification of water users. Although billing users in line with the actual consumption is commendable, the Cluster must work with the relevant CMA(s) to ensure that over-abstracting are curtailed as these are against water use efficiency which is a key focus for the DWS and the CMAs. Notably, the revenue anticipated from infrastructure charges in the 2024/25 and 2025/26 are lower than the revenue billed in 2023/24 and this was not properly explained as some of the factors that gave rise to the realisation are permanent and should feature in planning of anticipated volumes.

The revenue figures do not show a breakdown per charge categories; therefore, it is difficult to assess the revenue realised for different purposes set out in the Pricing Strategy for Water Resource Development. To ensure there is transparency, the Cluster must fully disclose revenues per the infrastructure charges categories in the future processes to allow users and the CD: ESR to assess completeness and correctness on the figures.





### 5.1.2 Northern Cluster

**Table 6: Northern Cluster 2025/26 Proposed budget**

Economic Classification	2023/24	Variance	2023/24	Increase / Decrease	2024/25	Increase / Decrease	2025/26
	Actual Expenditure		Approved Budget		Approved Budget		Proposed Budget
	R'000	%	R'000	%	R'000	%	R'000
Compensation Of Employees	155 008	90	172 807	30	225 057	5	235 213
Goods and Services	276 905	70	395 748	-18	325 914	7	348 223
Capital	11 787	265	4 449	223	14 387	9	15 630
<b>Total</b>	<b>443 700</b>	<b>77</b>	<b>573 004</b>	<b>-1</b>	<b>565 360</b>	<b>6</b>	<b>599 067</b>

During the 2023/24 financial year, the cluster spent 77% of its approved budget. The 23% underspending was caused by a combination of failures to spend the goods and services and compensation of employees' budgets. The Cluster has shown tremendous improvement in spending on COE which is encouraging as the work it does depends on critical technical skills. However, like other Cluster Offices, it was hampered by the imposition of the moratorium on filling of vacant posts by the Department of Public Service and Administration (DPSA). This moratorium is likely to continue to impact the Clusters' spending on COE for the foreseeable future (possibly until the National Water Resource Infrastructure is established) and the DWS should consider approaching the DPSA to motivate for exemption of the Operational Clusters from the moratorium.

Spending on goods and services shows a notable failure to spend arising from challenges in the procurement of materials and services required for maintenance. Due to the critical nature of maintenance in the operation of infrastructure, the Department and the WTE must develop measures which ensure optimal ways to acquire services and required materials. In contrast, spending on movable assets shows significant overspending which was not explained. The Cluster must implement budget control measures which will limit the recurrence of this in the future and where the increase in the budget is justified, the Cluster must plan for the activities appropriately.

The 2024/25 budget decreased by 1% owing to a reduction in the budget for goods and services. The Cluster did not furnish the Regulator with reasons for the decrease. The proposed budget for the 2025/26 financial year has increased by a weighted average of 6% which accounts for the cost-of-living adjustments and inflationary increases for goods and services and movable assets which are required for maintenance work.

**Table 7: Northern Cluster 2025/26 budgeted revenue**

Revenue	2023/24	Variance	2023/24	Increase / Decrease	2024/25	Increase / Decrease	2025/26
	Approved Revenue		Billed Revenue		Approved Revenue		Proposed revenue
	R'000	%	R'000	%	R'000	%	R'000
	775 005	100	776 131	13	872 142	7	929 080

The Northern Cluster has billed 100% of the approved revenue budget for the 2023/24 financial year. During the 2024/25 financial year, the budgeted revenue has increased by 13% which is directly attributed to an 8.6% increase in the charges and the rise in saleable volumes in the same period. Looking ahead, the Cluster had proposed a further budget increase of 7% for the 2025/26 financial year. It is important to note that the Cluster faces constraints on charges' increases due to the provisions established by the 2007 Pricing Strategy. The revenue figures do not show a breakdown per charge categories; therefore, it is difficult to assess the revenue realised for varying purposes. To ensure there is transparency, the Cluster must fully disclose revenues per charge category in the future process.

### 5.1.3 Central Cluster

**Table 8: Central Cluster 2025/26 Proposed budget**

Economic Classification	2023/24	Variance	2023/24	Increase / Decrease	2024/25	Increase / Decrease	2025/26
	Actual Budget		Approved Budget		Approved Budget		Proposed Budget
	R'000	%	R'000	%	R'000	%	R'000
Compensation of Employees	243 208	61	401 936	13	433 480	5	454 710
Goods and Services	559 196	70	795 493	43	1 025 187	10	1 138 461
Capital	8 533	31	27 640	64	49 613	-9	45 448
<b>Total</b>	<b>810 937</b>	<b>65</b>	<b>1 225 069</b>	<b>34</b>	<b>1 508 280</b>	<b>8</b>	<b>1 638 619</b>

The Cluster utilised 65% of its 2023/24 financial year's budget, with 35% underspending. The goods and services economic classification which carries the largest budget allocation, is underspent by 30% and the Cluster attributed this to poor performance by the appointment of maintenance contractors within its schemes. To remedy the situation, the Cluster has reported that it terminated all contracts of such poorly performing contractors, and it therefore expects improvements in maintenance and by the extension of the spending thereon in the 2024/25 financial year. The COE budget in 2024/25 has also underspent by 39% which is concerning as the ability of Clusters to operate and maintain schemes and implement infrastructure projects requires technical resources. Like the other two Clusters discussed previously within this report, the Cluster has attributed the underspending to the moratorium imposed by the Department of Public Service and Administration on filling vacant positions within the public sector. On enquiry of mitigation measures it has considered against this concern, the Cluster reported that it has managed to have the DPSA approve the advertisement of some critical positions, and this should continue for the foreseeable future contributing to improved spending.

The Cluster's approved budget for 2024/25 increased by 34% compared to the 2023/24 budget and it has proposed a slight increase of 8% for the 2025/26 financial year. The 8% increase was due to the annual salaries cost-of-living-adjustment: filling of vacant positions, and inflationary adjustment to existing maintenance contracts. The 2024/25 proposed budget shows an increase in the compensation of employees by 5%, an increase of 10% in goods and services, and a decrease of 9% for capital assets.



**Table 9: Central Cluster 2025/26 budgeted revenue**

	2023/24 Approved Revenue	Increase / Decrease	2024/25 Approved Revenue	Increase / Decrease	2025/26 Proposed Revenue	Variance	2025/26 Full Cost Revenue
	R'000	%	R'000	%	R'000	R'000	R'000
Revenue	1 924 452	5.6	2 031 319	37	2 783 919	482 366	3 266 285

The above table depicts the revenue movement for the past two (2) financial years, between the 2023/24 and 2024/25 financial years where the revenue increased by 5.6%. There was a significant increase of 37% between 2024/25 and 2025/26 financial years due to a major increase in the revenue lever; Return on Assets and Depreciation projection and considering the implication of the proposed increase in charges limited to 15.1% for the cluster. The revenue approved for 2024/25 amounted to R 2 031 billion, and the proposed revenue for 2025/26 amounted to R2 783 billion, which increased by 37% compared to the previous year. The full cost revenue on the approved Raw Water Use Charges amounted to a total of R3.2 billion, but due to pricing strategy capping, the projected revenue amounted to R2.7 billion, with a shortfall of 482 million.

#### 5.1.4 Eastern Cluster

**Table 10: Eastern Cluster 2025/26 Proposed budget**

Economic Classification	2023/24	Variance	2023/24	Increase / Decrease	2024/25	Increase / Decrease	2025/26
	Actual Expenditure		Approved Budget		Approved Budget		Proposed Budget
	R'000	%	R'000	%	R'000	%	
Compensation of Employees	63 130	87	72 561	0	72 765	27	92 165
Goods and Services	126 979	55	230 043	-20	183 666	35	247 080
Capital	1 731	18	9 653	622	69 670	-82	12 272
<b>Total</b>	<b>191 840</b>	<b>61</b>	<b>312 257</b>	<b>4</b>	<b>326 101</b>	<b>8</b>	<b>351 517</b>

In the 2023/24 financial year, the Cluster spent 61% of its approved budget. The capital assets show an enormous underspending of 82%. To show a lack of appropriate planning, the same economic classification saw an astronomical increase of 622% in the 2024/25 budget and a decrease of 468% in the 2025/26 budget. These fluctuations were unexplained. Goods and services showed a worryingly high level of under-expenditure of 45% in the 2023/24 financial year. This was followed by a reduction of 20% in the budget in the 2024/25 financial year and a hike of 35% in the 2025/26 proposed budget. The underspending in the 2024/25 financial year was attributed to delays in the appointment of maintenance contractors which is concerning as this implies revenue raised to perform maintenance work was not spent for its intended purpose and this exacerbates the level of required maintenance for optimal functioning of the schemes. In 2023/24, compensation of employees underspent by 13% which was attributed to delays in filling the vacant positions. This economic classification did not increase in the 2024/25 financial year, and it then rose by 27% in the 2025/26 budget. These fluctuations did not have adequate explanation, and this should be addressed by the Cluster to ensure the budgeting process is transparent and predictable.

**Table 11: Eastern Cluster's 2025/26 budgeted revenue**

Revenue	2023/24	Variance	2023/24	Increase / Decrease	2024/25	Increase / Decrease	2025/26
	Billed Revenue		Budgeted Revenue		Approved Revenue		Proposed revenue
	R'000	%	R'000	%	R'000	%	R'000
	721 122	77	938 659	10	1 029 324	31	1 349 162

The Eastern Operation managed to bill 77% of its budgeted revenue and proposes a 31% increase in its proposed revenue for the 2025/26 financial year.

## 5.2 Summary of Clusters' Proposed Charges

**Table 12: Ranges of Clusters' 2025/26 proposed Water Resource Infrastructure charges per sector**

SECTOR	PROPOSED RANGE
Domestic and Industry	0 – 15.1%
Irrigation	0 – 50%

The Operational Clusters applied the price capping provided for in the Pricing Strategy, which meant that the increases for the Domestic and Industry and Irrigation sectors were 15.1% and 50% respectively.

## 5.3 2025/26 Approved Water Resource Infrastructure Charges

**Table 13: 2025/26 Approved Water Resource Infrastructure Charges for Eastern Operations & Southern Operations (Western Cape)**

SECTOR	WATER RESOURCE INFRASTRUCTURE CHARGE
Domestic & Industry	5.1% – 10%
Irrigation	5.1% – 10%
Forestry	N/A

**Table 14: 2025/26 Approved Water Resource Infrastructure Charges for Northern Operations and the Southern Operations (Eastern Cape)**

SECTOR	WATER RESOURCE INFRASTRUCTURE CHARGE
Domestic & Industry	0% – 10%
Irrigation	0% – 10%
Forestry	N/A



**Table 15: 2025/26 Approved differentiated Water Resource Infrastructure Charges for Central Operations are as follows:**

Schemes	WATER RESOURCE INFRASTRUCTURE CHARGE
Integrated Vaal River System:	2,32%
Komati and Usutu Schemes:	0% - 15,1%
Orange-Vaal Schemes	5 % - 10%

The Pricing Strategy provisions allow for a maximum increase of 15.1% for the Domestic and Industry sector. The tariff increases for the Central Operations range from 2,32% to 15,1%, noting the complexities of the three operational Areas and the different user categories, there will be differentiated tariff increases. These increases are also in support of viable water management institutions.

#### 5.4 Capital Unit Charges

The Trans Caledon Tunnel Authority (TCTA) is mandated by the Department of Water and Sanitation (DWS) to raise funds for the implementation of the bulk water infrastructure. Tariff determination is an integral part of any project finance process. Tariff-setting principles are agreed on during the negotiation phase of the institutional arrangements involving the off-takers.

The charges calculation methodology involves the input of different variable models and seeks charges that will enable the TCTA to repay the debt within the specified repayment period while considering end-user affordability.

The Capital Unit Charges (CuC) proposed charges are in accordance with the provisions of the relevant implementation/income agreements and the prevailing Pricing Strategy for Raw Water Use Charges. Below are the recommended charges for the 2025/26 financial year.

**Table 16: 2025/26 Approved Capital Unit Charges**

Project	Augmentation Scheme Tariff Description	2025/26 Approved tariffs R/m <sup>3</sup>
Vaal River System (VRS)	VRS Capital Unit Charge (CuC) (R/m <sup>3</sup> )	2.200
	Bulk Operation and Royalties Charge (BO&RC) (R/ m <sup>3</sup> )	2.232
Berg Water Project (BWP)	BWP Capital Charge (R/m <sup>3</sup> )	0.077
	BWP Third Party Capital Charge (R/m <sup>3</sup> )	12.645
Vaal River Eastern Sub-System Augmentation Project (VRESAP)	Eskom-User tariff (R/m <sup>3</sup> )	1.861
	Sasol-User tariff (R/m <sup>3</sup> )	3.539
	Marginal tariff (R/m <sup>3</sup> )	5.564
Komati Water Scheme Augmentation Project (KWSAP),	KWSAP User tariff (R/m <sup>3</sup> )	3.184
	KWSAP Marginal tariff (R/m <sup>3</sup> )	7.260
Mokolo and Crocodile River (West) Water Augmentation Project Phase -1 (MCWAP-1)	User tariff (R/m <sup>3</sup> )	4.53
	Marginal Tariff (R/m <sup>3</sup> )	6.95
Mooi-Mgeni Transfer Scheme 2 (MMTS-2)	MMTS-2 Capital tariff (R/m <sup>3</sup> )	0.000 (Zero-rated)
	MMTS-2 Incremental tariff (R/m <sup>3</sup> )	5.133
Umkhomazi Water Project -Phase 1 (uMWP-1)	Raw Water Tariff (R/m <sup>3</sup> )	2.256

## 6 WATER RESEARCH LEVY

The Water Research Levy (WRL) is paid into a National Water Research Fund and used by the Water Research Commission to fund water-centered Research and Development for South Africa based on the Water Research Act (WRA) sections 11 and 12. The WRL is payable by the Irrigation, Domestic and Industry sectors and is determined based on the registered users.

The proposed WRL for the 2025/26 financial year is illustrated in the table below:

**Table 17: 2025/26 Approved WRL**

SECTOR	2024/25 APPROVED WRL	2025/26 APPROVED WRL	% INCREASE
Irrigation (R/ha)	7.95	8.31	4.48%
Domestic and Industry (c/m <sup>3</sup> )	7.73	8.08	4.48%

The 2025/26 WRL was approved as recommended with a 4.48% increase as it shows a gradual increase that will not cause adverse effects on affordability, and it was limited to the Consumer Production Index (CPI) of April 2024.



## SECTION B: OVERVIEW OF THE STAKEHOLDER'S CONSULTATION PROCESS

### 1 STAKEHOLDERS' PARTICIPATION

In the 2025/26 tariff cycle, there was a significant increase in the number of consultation meetings held in comparison to the previous years. This was because of the request from the Chief Directorate: Economic and Social Regulation that was relayed to the CMAs to consult more areas to ensure that the consultative process is inclusive of as many areas as possible, and this has seen an increase in the number of users participating in the consultation meetings.

Since the changes made to the sector-specific consultation on raw water use charges, where the nominated sector leaders were invited to provide their inputs on the proposed charges to a panel of the relevant Deputy-Director Generals, Chief Directors within the Department, and the Regulator Commission. There has been an increase in the number of participants and an improvement in the level of collaboration between the Department and stakeholders.

### 2 STAKEHOLDERS CONSULTATION PLATFORM USED

The regional offices consulted the stakeholders through different platforms such as virtual, physical, and hybrid platforms. Forty- five (45) provincial consultation meetings were conducted across the nine (9) provinces of which forty- two (42) were held physically and three (3) were held virtually between June and August 2024.

The national office held Sector-specific consultation meeting physically, and National consultation in a hybrid platform in August 2024. Below is the diagram which shows the platforms used to consult stakeholders.

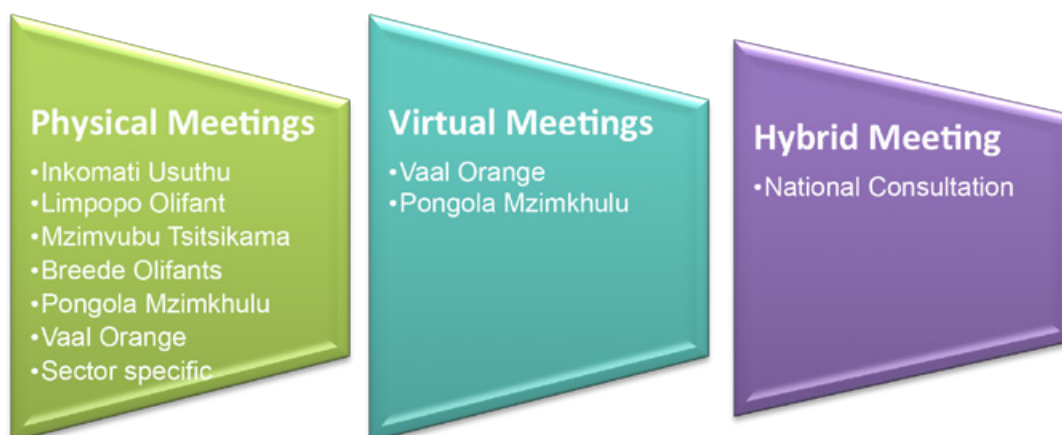


Figure 12: Platform used during the Consultations.



### 3 STAKEHOLDERS CONSULTED

The proposed raw water use charges were consulted with various stakeholders such as domestic and industry, irrigation, forestry, and other national departments. The consultation process was done from July until August 2024. The number of stakeholders consulted has increased compared to the previous year due to the National Consultation conducted on a hybrid platform and through the Ministerial invitation. Below is a table showing the total number of stakeholders consulted per sector:

**Table 15: Number of Stakeholders consulted Per Sector**

Sector	2024/25 cycle	2025/26 cycle
Irrigation	231	296
Domestic and Industry	184	238
Forestry	69	2
National Departments and other institutions	2	30
<b>Total</b>	<b>487</b>	<b>565</b>





## 4 REGIONAL CONSULTATIONS PER CATCHMENT MANAGEMENT AGENCIES

The regional consultations meetings commenced from 28 June 2024 and concluded on 31 July 2024. The consultations were a great success regardless of the changes brought by the amalgamation of the various Proto-CMAs into CMAs.

### TOTAL NUMBER OF MEETINGS CONDUCTED PER WMI

**Table 18: Number of meetings conducted Per Institution**

INSTITUTIONS	NUMBER OF MEETINGS CONDUCTED	
	2024/2025	2025/2026
BOCMA	6	4
IUCMA	5	5
VOCMA	5	7
MTCMA	7	6
PUCMA	6	6
LOCMA	8	14
<b>Total number of consultations held per WMI</b>	<b>37</b>	<b>42</b>

### 4.1 IUCMA CONSULTATIONS

The Inkomati-Usuthu Catchment Management Agency (IUCMA) conducted a total number of five meetings, they were all physical and held in Mbombela, Malelane, Baadplaas, Mkhuhlu and Amsterdam.

All five sub-catchments were represented ensuring that a wider stakeholder consultation is achieved. Few stakeholders including municipalities participated in these meetings, which remains a concern.

**Table 19: Comparison of the number of meetings conducted by IUCMA between 2024/25 and 2025/26**

	2024/2025		2025/2026
Crocodile Catchment	6	Crocodile Catchment	5
Lower Komati		Lower Komati	
Sabie Sand River Komati		Sabie Sand River Komati	
Upper Komati		Upper Komati	
Usuthu Catchment		Upper Komati	
1 x Virtual		Usuthu Catchment	



Picture 1: taken during the IUCMA 2025/2026 raw tariff sector meeting in Amsterdam (Mpumalanga)



Picture 2: taken during the IUCMA 2025/2026 raw tariff meeting in Baadplaas (Mpumalanga)

**Table 20: Issues raised during IUCMA consultations**

TARIFF RELATED ISSUES	GENERAL ISSUES AND RESPONSES
Tariff is affordable and justifiable as they explained how they came about the tariff and this show transparency/accountability from the organisation.	Tariff presentations were shared prior actual consultation.
Tariff is acceptable; however, stakeholders need to be updated about the financial tariff status, money collected/loss causation/profit incurred during the 2024/2025 financial year.	The contract between DWS and the debt collection PSP has expired and has been extended until March 2025. Most of the debt has been resolve, users are still encouraged to use the incentives that has been offered.
	A case has been opened regarding the poor water quality and pollution emanating from their wastewater treatment works.
	The department has engaged with the compliance, monitoring and enforcement unit to assist on the removal of the alien plants in the rivers.
	The department held a meeting with the Department of Forestry, Fishers and Environment, it was agreed that the two departments will work together on the allien plants challenges at the Mokolo River and will update on the upcoming meetings.
	Clarity on the WDSCS will be presented during the roll out of the revised pricing strategy for raw water use charges.

## 4.2 VOCMA CONSULTATIONS

The Vaal-Orange Catchment Management Agency (VOCMA) conducted a total number of seven meetings, they were all physical and held in Upington, Kimberly, Bloemfontein, Aliwali North; Klerksdorp, Bethlehem and Pretoria. The CMA has done well in trying to reach a broader representation. Regardless of the current changes in institutional realignment and reform, the CMA has done well.

Their presentations were very detailed, and stakeholders were also engaging. The only challenge that remains is that only few stakeholders attend the meetings, and this has been the same challenge noted from the other CMAs.



**Table 21: Comparison of the number of meetings conducted by VOCMA between 2024/25 and 2025/26**

2024/2025	2024/2025	2025/2026	2025/2026
TCTA	5	7	Upington
Upington			Kimberly
Kimberly			Bloemfontein
Bloemfontein			Aliwal North
Aliwal North			Klerksdorp
			Bethlehem
			Vanderbijlpark

**Table 22: Issues raised during VOCMA consultations**

TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
<p>Proposed tariff reasonable (Orange Vaal WUA).</p> <p>Aware of the transition to a fully functional VOCMA.</p> <p>Transfer of personnel are of concern.</p> <p>Not convinced that the personnel establishment can be filled 90% within the financial year in question.</p> <p>Regarding Sec 198 transfers, there are no information provided to users to illustrate the willingness and number of personnel to be transferred.</p> <p>Not sufficiently presented to justify a budget increase from R268m to R328 = 22%, this while there was a 17% expenditure in the previous year.</p> <p>Require clarity of debt currently presented, most of LA and Water Boards debt are part of WUA debt, please reconcile figures to avoid duplication and wrong information.</p> <p>Question the "ZERO Based budget" principal that the DWS apply, we recommend that only approved processes are been budgeted for with recourses in place.</p> <p>Revenue management is a great concern, in future reflect on the actions and processes in place to ensure payments by various stakeholders, this holds a high risk in terms of financial sustainability.</p> <p>On the infrastructure charges, we recommend that the WUAs be part of the prioritisation of projects and the planning and execution thereof. This will align funding and promote effectiveness of implementation.</p> <p>The "to be Infrastructure Agency" are something new, require clarity on the way forward and the applicability of the Agency on various WUAs.</p>	<p>The presentation was very small to read for the people at the back.</p> <p>Some speakers were not audible.</p> <p>Presentations emailed after meeting.</p>

TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
<p><b>KLERSDORP CONSULTATION (23 JULY 2024)</b></p> <p>Harmony mine enquired on the billing method. They stated that there were so many discrepancies that need to be corrected on their registered water use licenses and what is on WARMS systems were totally different. They requested for the misalignment to be corrected.</p> <p>Stakeholder enquired on the structure of VOCMA if the institution will appoint new officials or they were going to remain as they were.</p> <p>Harmony mine enquired if the figures that were presented were audited and correct as they received invoices and notices where there were miscalculations on costs, and they ended up sending proof of payments for their Upington office.</p> <p>Harmony Mine enquired on irrigation charges why was it the same not increased while industry and domestic are increased was there a particular reason for that.</p> <p>The CE of Midvaal water company enquired on the debt issue that has been ongoing for years which affects the operation of water boards. He further enquired on what mechanism are employed by the department to mitigate the debt or resolutions to the challenge.</p> <p>The CE requested that the officials induct the Minister and inform her of policies and functions of COGTA as most debts are those owed by municipalities to Water Boards.</p> <p>Harmony enquired if the tariff will ever reach a point where it will not increase.</p> <p>Harmony mine enquired on when will the department expand the system to areas such as Karoo, where there's only maintenance and no expansion of pipeline.</p> <p>The CE stated that Ngaka Modiri Molema and others are depending on borehole of 320 per capacity, he then enquired based on vacant capacity, can the department use the water that Midvaal water company has at their disposal where it is needed and if they can who do they contact to assist as they are willing to assist.</p> <p>The stakeholders enquired on the impact of the raw water tariff when phase 11 commence on the Lesotho Highland Project.</p> <p>Stakeholders also expressed how they were not pleased with the municipality not in attendance of the consultation session to provide them with answers.</p>	



TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
<p><b>PRETORIA CONSULTATION (26 JULY 2024)</b></p> <p>Rand Water CE enquired on the increase why is the institution proposing an increase and a projection that is high on expenditure why increase the budget when they only spend 30% of it?</p> <p>Sasol also enquired on the 30% of the budget on how it is beneficial to the users since they are also paying.</p> <p>Vaalharts suggested that the since the first quarter of the year has passed the institution should also take that into consideration when preparing their budget. The user further raised the issue of plants invasion that they were paying for from their budget however there is no change.</p> <p>The users requested for the O&amp;M charge to be removed as they will be billed for it by the Municipality.</p> <p>Rand Water enquired on an old contract and requested for an extension of that contract or temporary license, they further request for a merged invoice that will reflect the volumes for both licenses. Rand Water CE stated that the request emanates from the misalignment experienced where last Financial Year projections decreased and reflected a misalignment. They requested for a separate component.</p> <p>ESKOM raised their concern with the 5-year average tariff and asked why the institution is using an average that is lower than previous FY. They then suggested that the department use data provided by the users.</p>	

### 4.3 LOCMA CONSULTATIONS

A total number of eight consultations were conducted by Limpopo-Olifants Catchment Management Agency in Giyani, Tzaneen, Groblesdale, Witbank, Groot-Marico, Thabazimbi, Brits and Bela-Bela.

**Table 23: Comparison of the number of meetings conducted by LOCMA between 2024/25 and 2025/26**

2024/2025	2024/2025	2025/2026	2025/2026
All Days	8	14	All Days
Thohoyandou			Thohoyandou
Tshipise			Tshipise
Polokwane			Polokwane
Lephalale			Lephalale
Groot Marico			Alma Vaalwater
Hartbeespoort			Giyani
Belabela			Tzaneen
			Groot Marico
			Brits
			Thabazimbi
			Belabela

**Table 24: Issues raised during LOCMA consultations**

TARIFF RELATED ISSUES	GENERAL ISSUES REP ORTED
<p>Tariffs are fair given the information that was shared by DWS in terms of projects undertaken and other expenditure that the tariffs are used for.</p> <p>Concerned about unclean water flowing to catchment areas i.e. sewerage in some areas, industrial untreated waste, insufficient maintenance of water treatment works.</p> <p><b>LEPHALALE AND ALLDAYS CONSULTATION (11 – 12 JULY 2024)</b></p> <p>The User and the PSP had a misunderstanding on collecting the revenue.</p> <p>The water users have identified water resource pollution.</p> <p>Users requested CMA to take criminal actions against the illegal water users.</p> <p>CMA requested to ensure that programs for removal of the alien plants in the rivers are in action.</p> <p>Users are still confused on the WDCS, they still need training on the charge.</p> <p>The user was concerned on established of the Limpopo Olifants CMA.</p> <p>HDI users still need more clarity on pricing strategy and WDCS.</p> <p>The domestic and Industry users requested that there be a separation of their tariff asper their inputs in the previous consultation.</p>	<p>Presentations were easy to understand.</p> <p>The user complimented the DWS for sharing the budget and also, the way the revenue has been collected.</p> <p>User requested Sepedi and English language during consultation meetings and relevant documents must also be reach them on time (translation).</p> <p>The department has engaged with the compliance, monitoring and enforcement unit to assist on the removal of the alien plants in the rivers.</p> <p>The department held a meeting with the Department of Forestry, Fishers and Environment, it was agreed that the two departments will work together on the alien plants challenges at the Mokolo River and will update on the upcoming meetings.</p> <p>Clarity on the WDCS will be presented during the roll out of the revised pricing strategy for raw water use charges.</p>



#### 4.4 BOCMA CONSULTATIONS

A total number of four consultations were conducted by the Breede-Olifants Catchment Management Agency in Piketberg, Vredendal, Worcester and George.

**Table 25: Comparison of the number of meetings conducted by BOCMA between 2024/25 and 2025/26**

2024/2025	2024/2025	2025/2026	2025/2026
Robertson	6	4	George
George			Clanwilliams
Oudtsoorn			Porterville
Ladysmith			Worcester
Clanwilliams			
Porterville			

**Table 26: Issues raised during BOCMA consultations**

TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
Tariffs reasonable but service for the value of the funds is not always there, no trade-off between tariff and service delivery.	Tariff proposal not received on time.
The 15.1% increase for D&I in the Withoogte Scheme is high.	Slides were too small and unreadable from distance.
	No information was received prior to the consultation.
	Presentations unreadable on screen with too lengthy speeches that are not always to the point.

#### 4.5 PUCMA CONSULTATIONS

A total number of six consultations were conducted by the Pongola Umzimkhulu Catchment Management Agency in Jozini, Richards Bay, Underberg, Pietermaritzburg. Two were virtual meetings and four were physical.

**Table 27: Comparison of the number of meetings conducted by PUCMA between 2024/25 and 2025/26**

2024/2025	2024/2025	2025/2026	2025/2026
Jozini	6	6	Jozini
Richardsbay			Richards Bay
PMB			Underberg
New Castle			Pietermaritzburg
Virtual Meeting			Virtual
Virtual Meeting			Virtual



**Table 28: Issues raised during PUCMA consultations**

TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
Proposed tariff supported and the R0,40/kl we pay for raw water is low and it is of great importance to protect the environment, rivers and dams.	Tariff proposal shared to users but not enough time to interrogate document prior tariff consultations.
Request that emphasis is placed on improving the catchment, water quality and infrastructure as these items are not currently being addressed. Incompetent scientists who ignore the damage done by flush toilets and pit toilets.	Good information presented but some of the presentations were not sent out, so awaiting those.
There are much cheaper solutions that require no infrastructure, and all the nutrients discharged from the bladder and the intestine are recycled, germ free and without chemicals. These functions must be adequately funded and undertaken.	Nothing gets done by the institution.
The cost to protect the water source is low compared to the other costs in the value chain.	
Cognisance should be taken on the effect of the Raw Water tariff on the Bulk Potable Water tariff which has a more direct impact on the end user.	
Require a presentation outlining the potential impact on the Bulk Water tariff.	
Require more clarity for all physical projects funding the tariff, more money has been spent on the CAPEX side.	

#### 4.6 MTCMA CONSULTATIONS

A total number of six consultations were conducted by the Mzimvubu-Tsitsikamma Catchment Management Agency in Queenstown, Cradock, Gqeberha, Fort Beaufort, East London and Kokstad.

**Table 29: Comparison of the number of meetings conducted by MTCMA between 2024/25 and 2025/26**

2024/2025	2024/2025	2025/2026	2025/2026
Queenstown	7	6	Queenstown
Cradock			Cradock
Gqeberha			Gqeberha
Fort Beaufort			Fort Beaufort
East London			East London
Kokstad			Kokstad
Mthatha			





**Table 30: Issues raised during MTCMA consultations**

TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
<p><b>FORT BEAUFORT</b></p> <p>Users at Kat River are struggling with license applications as small farmers. They enquired on how they can get water allocations proportional to their farm hectors.</p> <p>Currently, the CMA is experiencing a backlog, which hinders its ability to expand water allocations to users who want to increase their volumes.</p> <p>The Mzimvubu-Tshitsikama officials pledged to work on the system to expedite the process despite having limited resources.</p> <p>The users were dissatisfied with the required assessment before receiving water, often they complete all the assessment only to have their applications rejected due to a lack of water. They questioned why they are not informed about the water availability beforehand to avoid wasting time and money on the assessments.</p> <p>The users expressed their dissatisfaction with the CMA officials, stating that when they have queries or seek assistance, CMA officials do not communicate with them. Although they have all the contact information, they are unable to reach the officials whenever they try to initiate contact.</p> <p>The users were not pleased with having to pay for safety measures at Kat River. They inquired about whose responsibility was it to maintain the infrastructure's safety. The CMA reported numerous burglaries occurring at the river and urged the community to assist in aiding the challenge.</p> <p>The customers were not pleased with the tariff increase. Their concerns were that the institution holds session each year to inform them of the increase but shows no results for what they are paying. Noting that Kat River is small compared to the other rivers.</p> <p>The users stated that as black farmers their outstanding debt were significantly higher than those of white farmers.</p>	<p>User attendance included: Municipality Council, Local Media, SALGA, CoGta, MM: Chris Hani, Farmers, Pro – CMAs, Southern Cluster, Domestic and Industry.</p> <p>CMAs agreed to arrange an awareness around their area.</p> <p>The users requested that the submission of their accounts/invoices must be sent to the users not third parties only.</p> <p>They found it difficult to pay off their debt and, assumed that there is an abstracting of raw water on their farms.</p> <p>To assist on revenue collections and will be able to switch off automatically if not paid.</p> <p>The Water Users were requested to engage with their CMA, and WUA officials who will assist on the licence registration applications.</p> <p>CMAs has created a 90-day debt write-off incentive scheme.</p> <p>CM Forums will communicate with all users and CMA will assist on licence registration applications.</p> <p>Most of the Municipalities agreed to participate in the debt incentive.</p> <p>The SALGA promised to engage with municipalities on the recovering of the outstanding debt.</p> <p>DWS does not have authority on the vacant post only DPSA, due to cost containments, we are unable to advertised vacant posts.</p> <p>Regulator must monitor dams, rivers and schemes.</p> <p>User requested IsiXhosa language during consultation meetings and relevant documents must also reach them on time.</p>



TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
<p><b>EAST LONDON (GARDEN COURTS)</b></p> <p>The users stated that every year they raise the same issues, which are consistently ignored. Despite filling out the questionnaires, they do not receive accurate responses to their comments.</p> <p>Customers requested that their challenges be addressed before the institution presents its agenda, as they are repeatedly asked the same questions every year and no response.</p> <p>The users requested that when they are invited for consultations, all relevant parties especially the municipalities, should also be invited to provide responses to the issues raised each year.</p> <p>User requested for the Tariff formular to consider the needs of the indigent customers. They proposed that the formular be differentiated from that of places such as the Gauteng Province, as the current tariff is difficult for them to afford.</p> <p>The customers stated that they are not pleased with the municipality's absence from the consultations, as it prevents them from addressing their challenges and hearing their concerns.</p> <p>The customers also raised concerns regarding the tariff. They stated that while urban areas like Nahon can afford the tariff, rural areas such as Sandile cannot. They requested a differentiated tariff based on geographical areas.</p> <p>The users requested that previous debts be written off, as some of those debts were incurred due to circumstances beyond their control.</p> <p>Customers at 7stars are paying water that they do not receive, while Kieskammahoek has access to water while they don't have portable water. The users believe that they are paying for water, yet those who use it do not attend the tariff consultations.</p> <p>Currently, 7stars users have access to a borehole that provides insufficient drinking water. They request that Gamtos offer an alternative solution while they wait for the project to be completed.</p>	



TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
<p><b>KOKSTAD</b></p> <p>The small farmers are not provided with detailed information on the billing of raw water services, such as the frequency of billing, they were only informed about the billing for raw water during the consultation.</p> <p>The agricultural users stated that they cannot afford the tariff increase, as it is affecting their crops and contributing to a declining economy. They are not generating a profit; they requested that the CMA consider these factors in their tariff increase and in the pricing strategy.</p> <p>The stakeholders expressed their concerns about the municipality's absence from the consultation.</p> <p>The users requested a platform for regular engaging with the CMA, where they can share and receive information on issues that concern them as small farmers.</p> <p><b>CRADOCK, QUEENSTOWN AND GQEBERHA: (02 -04 JULY 2024)</b></p> <p>Tariff not fair due to emerging farmers and inflation rate.</p> <p>The water users requested to know all CMAs around their area and to understand their responsibilities.</p> <p>The users also requested a one-on-one meeting with their CMAs.</p> <p>The debt of the users does not reach the users in time due to their third parties.</p> <p>User requested the municipalities to authorise a legal dumping, sites and have a repercussion for illegal dumping especial near water bodies and rivers.</p> <p>Price capping may create a challenge if the CMAs increased beyond affordable.</p> <p>The tariff is uncertain for the discharged/levy.</p> <p>Most users especially the black farmers requested boreholes.</p>	



TARIFF RELATED ISSUES	GENERAL ISSUES REPORTED
<p>The user requested the smart water meters.</p> <p>The water users at Qamata Dam requested assistance to apply for WUA, and to received water from the Qamata Dam, they do not have any water user licence registration.</p> <p>The municipalities are in debt and fail to maintain proper communication channels with their users on the shortage of water, within their areas.</p> <p>There is a high rate of unemployment and municipalities has also a high rate of indigents, no revenues are collected. The raw water tariff is not affordable.</p> <p>WDCS methodology calculate a different charges and benefits to be derived from the implementation of the WDCS.</p> <p>HDI users still need more clarity on pricing strategy.</p> <p>Collaboration between the Department for Land Reform and Agriculture during consultation.</p> <p>CMFs does not communicate/share the information that concerns the users e.g., presentations, meetings, inputs.</p> <p>There is illegal connection of water waste treatment works.</p> <p>CMA requested municipalities to participate in the debt incentive programme and also requested SALGA to intervene on the debt owed by Municipalities.</p> <p>The user requested another update on vacant post because it's been there in the previous consultations.</p> <p>Lack of monitoring of dams, rivers.</p>	



## 5 SECTOR SPECIFIC CONSULTATIONS

The sector specific consultations were conducted on 15 August 2024 and comprised of various sectors representing various users in the sector. SALGA, SAAFWUA, AGRI-SA; BUSA, COGTA; AFASA and WBs were amongst the sectors represented. The attendance was a success and a total sum of 48 stakeholders recorded.

The consultation was very robust and engaging with sector leaders given an opportunity to present their status, challenges in the sector. These sectors were very much in support of the proposed tariffs.



Picture 3: taken during the Sector Specific tariff meeting



Picture 4: taken during the 2025/2026 raw tariff sector specific meeting in Pretoria

## 6 SECTOR LEADERS REPRESENTED DURING THE 2025/26 SECTOR CONSULTATION

The following sector leaders presented their comments on the 2025/26 proposed raw water use charges at the Sector Specific Consultation held on 15 August 2024 which received positive feedback from the other users who also commended the department for its continuous collaboration with water users on ensuring effective water resource management in South Africa. The next tariff cycle will include the participation of civil society organisations, to present their issues of concern as far as water and tariff is concerned. During this cycle, they were not prepared to present in the sector specific and they will be brought onboard to ensure that their interests are heard and attended to.

**Table 31: Sector Leaders in Participation at Sector-Specific**

SECTOR	INSTITUTION
Irrigation	AgriSA
	SAAFWUA
	AFASA
Domestic & Industry	SALGA
	BUSA





**AGRISA – Agricultural of South Africa**  
presented by **Janse Rabie**



**SAAFWUA – South African Association for Water User**  
Association presented by **Nic Knoetze**



**AFASA – African Farmers Association of South Africa**  
presented by **Keith Middleton**



**SALGA – South African Local Governance Association**  
presented by **James Matsie**



**BUSA – Business Unit of South Africa**  
presented by **Jane Molony**



## 7 STAKEHOLDER COMMENTS ON THE PROPOSED TARIFFS

**Table 32: Issues raised during Sector Specific Consultation**

Topic	Issue (s) raised
Revenue Management	High levels of non-revenue water, increasing tariffs without improved efficiency. Lack of detailed information on actual revenue collection and worries about how unmet revenue projections affect overall expenditure.
Effective Budgeting and Funding	With the underspending by the institutions and its impact on tariffs, there is a need for more timely information sharing to ensure efficient planning and management.
Water Quality and Quantity	Deteriorating water quality and quantity impacts the industry. Concerns about contamination of water from municipal wastewater treatment work and non-point sources of pollution are not adequately managed.
Effective budget	Lack of transparency and accountability in tariff setting and use of charges, inconsistency across CMAs. Concerns about the transparency of information provided by CMAs regarding budget increases. Difficulty engaging due to lack of transparency on area-specific infrastructure charges, billing, and fund utilisation. Request for more detailed budgeting information and explanations of the budgeting process to enable constructive input during consultations
Water use authorisation	BUSA recently wrote a letter to the Minister regarding water licenses, stating that there is now a condition for submitting applications 250 days in advance. Issues with water application processes and related costs were a concern.
Ringfencing of water revenue	National Treasury is proposing the ringfencing of water revenue. However, experience has shown that municipalities have previously diverted such funds to other purposes. Energy and water, often treated as cash cows, seem to be utilised for activities beyond their intended scope.
Municipal tariff increase	There was a concern that while Rand Water passed on a 5.9% charge increment, some municipalities would increase their tariffs by up to 15.9%. This approach does not align with the intended resolution of the issues at hand, and the matter of outstanding debts remains a significant concern for both the department and water boards.
Removal of Caps	With the caps being phased out, is there a plan to keep the water viable for irrigation?
Capital Unit Charges	How long does it take before the structure is considered fully paid off concerning the Capital Unit Charge that is being paid? Will users see a reduction in costs, or will they be required to continue payments as long as water flows through the structure?
Waste Discharge Charges	Clarification was required regarding the Waste Discharge Charges, as the costs are being incurred every month, yet those responsible for payment are unclear as to why these charges are applicable. It is essential to engage with various stakeholders to address this issue.
Outstanding Debt	A proposal was submitted regarding the outstanding amounts owed by municipalities to the water boards which suggests that the department either utilise its resources or consider an arrangement where the amounts water boards pay to the government for that component are offset by the outstanding debts from municipalities.



## 8 NATIONAL CONSULTATION

The National tariff consultations was conducted on the 28 August 2024 and was also a big success, some stakeholders attended virtually as most were already represented during the sector specific meeting. A limited number of 20 stakeholders/users attended physically with more attendees from DWS. The meeting was also a great success.

The stakeholders were presented with the following topics (1) Institutional reforms, (2) status of water use in SA and determination of existing lawful use (validation and verification), (3) status of infrastructure; (4) Waste Discharge Charge System and lastly, (5) the Raw water use charges for the 2025/2026 financial year were announced.

## 9 WRITTEN COMMENTS

The submission of the written comments by stakeholders continues to pose a challenge as some users do not have access to emails. From the Regional to National consultations, a total of 2 (two) written stakeholder comments on the proposed tariffs were received by the Department. These consisted of comments from the following stakeholders:

The Paper Manufacturers Association of South Africa (PAMSA)

Great Fish River Water User Association (GFRWUA)

The written comments were taken into consideration in the finalisation of the recommended tariffs. The CD: ESR ensures that written responses are formally forwarded to the relevant stakeholders in due course.

## 10 PUBLICATION

The approved raw water use charges are published on the Gazette Notice and uploaded on the Departmental website and are accessible at the following link: [DWS: WARMS - Water Charges 2025/26](#).

## 11 FEEDBACK SESSIONS

The feedback sessions were conducted in November and concluded in December 2024. Six (6) meetings were held with Mzimvubu Tsitsikamma; Pongola Mzimkhulu, Limpopo Olifants, Eastern and Southern Cluster through a physical platform, while Vaal Orange and Breede Olifants CMAs were consulted through a virtual platform. Inkomati Usuthu, Northern, and Central Cluster complied with the minimum regulatory requirements outlined in the ESR circular 1 of 2024 and were forwarded the feedback reports. No major issues were raised during the feedback except for delays in the filling of vacant positions which have been a concern in all the WMIs resulting in the underspending of their allocated budget taking into consideration that the CMAs are fully established.

## 12 GENERAL TARIFF CONSULTATION CHALLENGES NOTED

While support from DWS officials is acknowledged in these consultations, the concern for high number of DWS officials dominating the meetings still remain. Young water professional and/or woman in water not given platform to present their issues as compared to the dominating sectors such as the AGRI-SA, BUSA etc. These sectors get their voices heard more compared to the marginalised. These groups must be identified, given the voice/platforms and be part of decision taken.



## SECTION C: RECOMMENDATIONS & SOCIAL PERSPECTIVE ON THE CONSULTATION PROCESS

### 1 REGARDING RAW WATER USE CHARGES

- No WMIs should budget for a deficit unless there was pre-approved fiscal support to cover the deficit.
- All tariffs should increase by a minimum of the Production Price Index (PPI) for April as mandated by the current Raw Water Pricing Strategy.
- Tariffs need to be indexed to inflation and charges increases presented net of inflation. That is, if the inflation is 5% all the tariffs should be adjusted by at least 5% (This is a neutral or zero increase should be presented as a 1% real increase).
- Tariff proposals are required to be submitted within the provided period and should meet the outlined minimum disclosure requirements and be distributed to the stakeholders 10 days before the consultation date.
- Stakeholders must be given tariff proposals well ahead of consultation meetings to allow for meaningful engagements during meetings.

### 2 MEETING INVITATION

- There is a need to expand our stakeholder list and include categories of woman participating in water, young water professionals should begin to be invited in these meetings.
- Even though some may not be fully involved in the economic activities of water but, they are the future, and we must start to engage them in the economics of water very early.
- There is a need to invest in young water professionals in the sector, and the good thing is that they are already present, they just need to be invited.
- Water Management Institutions are required to conduct stakeholder consultation meetings in all their sub-catchments to accommodate all the users from different areas, especially the HDIs, and should also consider virtual meetings.

### 3 STAKEHOLDER COMMENTS

- Stakeholders are encouraged to submit written comments before the final recommendation of the raw water charges is approved by the Minister.
- Stakeholders and the water users should make use of the assessment questionnaires provided as another easy process of submitting their comments.
- WMI should encourage stakeholders to submit written comments before National Consultation to ensure that comments are taken into consideration before the Final Recommendation of the Raw water Tariffs is approved by the Minister.
- Proactive measures must be put in place to ensure that stakeholder consultation meetings are seen as value-adding engagements by the various stakeholders to ensure maximum participation.
- Invite civil society organization leaders to present their interests during the sector specific consultations.

## 4 EARLY ADVERTISEMENT OF TARIFF PROCESS TO MEDIA HOUSES

- Invitations should be made available for the entire public not only the user/stakeholder database. Public consultations should be strictly public, should not be by association, invite even those who are not affiliated with any organisation because their inputs matters.
- Therefore, it is recommended that these consultations should be announced through national platforms as early as possible through popular media houses.
- Media houses should not be involved during the process only, but there should be a space to publicly advertise these consultations prior.
- Tariff proposal should be shared with all users' prior actual consultations to allow users enough time to engage with the documentation thoroughly.
- CMAs should engage users frequently through other consultative platforms to capacitate users on relevant matters of concern.

## 5 ADVOCACY ON TARIFF DETERMINATION PROCESS

- It is also recommended that tariff capacity building workshops be established and conducted throughout the four quarters.
- Several stakeholders do not understand the tariff determination process, how the rands and cents are calculated.
- Head office must align their tariff annual programs/functions to train the various regions, their users and stakeholders on this process.
- This will help unpack the process for the user/stakeholder and create a space for them to be able to interrogate the proposed tariffs.
- Some emerging users struggle to understand the process and thereby fail to provide constructive comments.
- Have the tariff analysis program presented during stakeholder forum meetings as a means to capacitate them in the process.
- This should be a continuous process and should not be done only during the tariff cycle season.





Layout and design  
CD: Communication Services | Media Production