

9. Financial profile

The financials of water services are divided into two aspects namely, new capital projects and operations and maintenance (O&M) of existing infrastructure. The financial budgets of the ZDM are divided between income and expenditure for each of these aspects, and are further separated between water and sanitation.

9.1 Capital funds

Indicated below in Tables 9.1 (a) & (b) is the capital required to meet the national objectives of eradicating backlogs for water and sanitation by providing at least the RDP level of service to all households. The costs indicated have been calculated at present value and therefore excludes an allowance for future escalation. Tables 9.1 (c) & (d) indicate available funding up to 2014 and the shortfall in funding in order to eradicate backlogs by not later than 2014.

Current and future refurbishment requirements have not yet been included since investigations in this regard are still being done and the results will be included in future revisions of the document.

Table 9.1 (a): Capital requirements: water

WATER	CAPITAL REQUIREMENTS	2011/12	2012/13	2013/14	2014/15	2015/2016	>2015
Regional bulk	R 1 678 153 890	R 152 723 894	R 187 568 283	R 132 923 056	R 205 808 112	R 92 639 942	R 906 490 603
Secondary bulk	R 1 264 661 100	R 48 539 366	R 56 784 557	R 110 904 824	R 44 400 348	R 161 239 378	R 842 792 627
Reticulation	R 149 007 580	R 12 193 740	R 13 355 600	R 13 880 560	R 7 499 980	R 3 829 120	R 98 248 580
Total capital (new)	R 3 091 822 570	R 213 457 000	R 257 708 440	R 257 708 440	R 257 708 440	R 257 708 440	R 1 847 531 810
Regional bulk	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Secondary bulk	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Reticulation	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Total capital (refurbishment)	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Total capital	R 3 091 822 570	R 213 457 000	R 257 708 440	R 257 708 440	R 257 708 440	R 257 708 440	R 1 847 531 810

Table 9.1 (b): Capital requirements: sanitation

SANITATION	CAPITAL REQUIREMENTS	2011/12	2012/13	2013/14	2014/15	2015/2016	>2015
Bulk infrastructure	R -	R -	R -	R -	R -	R -	R -
Reticulation	R -	R -	R -	R -	R -	R -	R -
VIP toilets	R 381 754 000	R 45 420 000	R 55 226 400	R 55 226 400	R 55 226 400	R 55 226 400	R 115 428 400
Total capital (new)	R 381 754 000	R 45 420 000	R 55 226 400	R 55 226 400	R 55 226 400	R 55 226 400	R 115 428 400
Bulk infrastructure	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Reticulation	tbd	tbd	tbd	tbd	tbd	tbd	tbd
VIP toilets	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Total capital (refurbishment)	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Total capital	R 381 754 000	R 45 420 000	R 55 226 400	R 55 226 400	R 55 226 400	R 55 226 400	R 115 428 400

Table 9.1 (c): Source of capital income: water

WATER	FUNDING	2011/12	2012/13	2013/14	2014/15	2015/16	>2016
MIG	R 1 065 302 400	R 181 680 000	R 220 905 600	R 220 905 600	R 220 905 600	R 220 905 600	unknown
DWAF	R 134 000 000	R 61 300 000	R 72 700 000				unknown
Housing	R -						unknown
Other grant funding	R -						unknown
Loans	R -						unknown
Confirmed funding	R 1 199 302 400	R 242 980 000	R 293 605 600	R 220 905 600	R 220 905 600	R 220 905 600	
Capital requirements	R 3 091 822 570						
Shortfall	R -1 892 520 170						

Table 9.1 (d): Source of capital income: sanitation

SANITATION	FUNDING	2011/12	2012/13	2013/14	2014/15	2015/16	>2016
MIG	R 266 325 600	R 45 420 000	R 55 226 400	R 55 226 400	R 55 226 400	R 55 226 400	unknown
DWAF	R -						unknown
Housing	R -						unknown
Other grant funding	R -						unknown
Loans	R -						unknown
Confirmed funding	R 266 325 600	R 45 420 000	R 55 226 400	R 55 226 400	R 55 226 400	R 55 226 400	
Capital requirements	R 381 754 000						
Shortfall	R -115 428 400						

9.2 Operating costs and income (water & sanitation)

Of critical importance is the funding of Operations and Maintenance of existing and future schemes as they are being commissioned. Correct O&M of physical infrastructure is arguably more important than infrastructure construction because unless successful preventative maintenance procedures are instituted schemes will become inoperative. As a large proportion of expenditure relates to staff, competent personnel are required to ensure that the large investments in water services are not negated through dysfunction or dereliction.

Table 9.2 (a) below shows the operational costs associated with the provision of water services in the district. The figures have been derived from the ZDM budget of 2009/10.

9.3 Tariffs and charges

The ZDM tariff structure for various levels of water and sanitation services, including the Free Basic Services (FBS) allowance to households, are indicated in Table 9.3 (a) below. The demographics of the ZDM indicate that the level of poverty in the ZDM is high (Section 1). The ZDM cannot afford the expenses of maintaining an indigent roster and therefore provides all households in the district with FBS. Only institutions (schools, clinics, etc.) are not provided with FBS. ZDM might in future refine the above approach to a more targeted approach based on different residential areas.

Table 9.2 (a): Operational costs and income

OPERATING COSTS AND INCOME	TOTAL (5 years)	2011/12	2012/13	2013/14	2014/15	2015/16
Operational costs	R 712 411 812	R 126 379 291	R 133 962 049	R 141 999 771	R 150 519 758	R 159 550 943
Personnel costs	R 474 941 207	R 84 252 861	R 89 308 032	R 94 666 514	R 100 346 505	R 106 367 295
Total O&M costs	R 1 187 353 020	R 210 632 152	R 223 270 081	R 236 666 285	R 250 866 263	R 265 918 239
Equitable share	R 1 072 647 581	R 190 283 820	R 201 700 849	R 213 802 900	R 226 631 074	R 240 228 938
Income: sales	R 114 705 435	R 20 348 332	R 21 569 231	R 22 863 385	R 24 235 188	R 25 689 299
Total income	R 1 187 353 017	R 210 632 152	R 223 270 080	R 236 666 285	R 250 866 262	R 265 918 238

Table 9.3 (a): ZDM water services tariffs

ZDM Water and Sewage Tariffs				
Water tariffs	Ulundi	Nongoma	Pongola	eDumbe
0-6/kl	R -	R -	R -	R -
7-30/kl	R 4.40	R 4.40	R 3.19	R 4.40
31-40/kl	R 5.30	R 5.30	R 4.68	R 5.30
>40 kl	R 6.15	R 6.15	R 6.15	R 5.81
Commercial and Industrial	R 5.83	R -	R 5.83	R 5.32
Unmetered	R 70.41	R -	R 73.51	R -
Other business and state	R -	R 4.57	R 3.19	R 4.82
Residential 3 months consumption limited to R250	R 109.52	R 273.27	R 273.27	R 273.79
Water connections				
Residential	cost +10%	cost +10%	cost +10%	cost +10%
Businesses	cost +10%	cost +10%	cost +10%	cost +10%
Meter tampering				
First offence	R -	R -	R -	R -
Second offence	R 985.65	R 985.65	R 985.65	R 985.65
Third offence	R 1 971.29	R 1 971.29	R 1 971.29	R 1 971.29
Water reconnection fee	R 109.52	R 109.52	R 109.52	R 109.52
Water tankers				
Loads	R -	-	-	-
Rate per kilometer	R -	4.36	4.15	4.36
Rate per kiloliter	R 5.43	5.43	5.43	5.42
Where no working water meter is installed on which the property is occupied	Average based on previous consumption will apply			
Stand alone/ dedicated schemes	cost + 10%	cost + 10%	cost + 10%	cost + 10%
Sewerage tariffs	Ulundi	Nongoma	Pongola	eDumbe
Domestic				
Basic 0-40kl	R 46.00	R 46.00	R 46.00	R 46.00
Sewer excess >40kl of water consumption	R -	R -	R -	R -
Non domestic, Commercial, High density				
Basic 0-40kl	R 46.00	R 46.00	R 46.00	R 46.00
Sewer excess >40kl of water consumption	R 2.07	R 2.07	R 2.07	R 2.07
Vacuum Tank Service per 5kl or part thereof				
Normal week days	R 87.61	R 87.61	R 87.61	R 87.61
Weekends and Public Holidays	R 306.65	R 306.65	R 306.65	R 306.65
Rate per kl	R 4.15	R 4.15	R 4.15	R 4.15
Stand alone/ dedicated schemes	cost + 10%	cost + 10%	cost + 10%	cost + 10%

9.4 Income and sales

ZDM has developed a WSP reporting system, which is in the process of being rolled out, where actual income from water sales will be monitored on a monthly basis. Data from this system will be included in future revisions of the WSDP.

9.5 Metering and billing

The WSP reporting system referred to above will also report on metered and unmetered supply points and strategies being implemented to improve the situation. Data from this system will be included in future revisions of the WSDP.