

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	2013/14	2014/15	2015/2016	2016/2017	2017/2018
Regional bulk Pipes	R 1 136 675 096	R 81 618 822	R 11 584 808	R 76 405 893	R 127 159 412	R 839 906 161
Regional bulk Components	R 763 556 689	R 138 002 602	R 97 645 428	R 45 699 845	R 44 267 521	R 437 941 293
Secondary bulk	R 1 315 814 251	R 95 981 010	R 57 291 804	R 44 491 516	R 26 385 475	R 1 091 664 446
Reticulation Connections	R 137 022 280	R 6 666 220	R 8 939 760	R 8 484 820	R 10 699 920	R 102 231 560
Total capital: water	R 3 353 068 316	R 322 268 654	R 175 461 800	R 175 082 074	R 208 512 328	R 2 471 743 460

Table 9.1 (b): Capital requirements: sanitation

SANITATION	Capital requirements	2013/14	2014/15	2015/2016	2016/2017	2017/2018
Bulk infrastructure	R -	R -	R -	R -	R -	R -
Reticulation	R -	R -	R -	R -	R -	R -
VIP toilets	R 383 771 900	69 232 500	79 150 750	79 150 750	79 150 750	77 087 150
Total capital (new)	R 383 771 900	R 69 232 500	R 79 150 750	R 79 150 750	R 79 150 750	R 77 087 150
Bulk infrastructure	TBA	TBA	TBA	TBA	TBA	TBA
Reticulation	TBA	TBA	TBA	TBA	TBA	TBA
VIP toilets	TBA	TBA	TBA	TBA	TBA	TBA
Total capital (refurbishment)	TBA	TBA	TBA	TBA	TBA	TBA
Total capital	R 383 771 900	R 69 232 500	R 79 150 750	R 79 150 750	R 79 150 750	R 77 087 150

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

WATER	Expected Funding	2013/14	2014/15	2015/2016	2016/2017	2017/2018
MIG	R 861 024 750	R 196 158 750	R 221 622 000	R 221 622 000	R 221 622 000	R 221 622 000
DWA (RBIG)	R 149 341 000	R 55 341 000	R 55 000 000	R 39 000 000	Unknown	Unknown
Housing	R -	R -	R -	R -	R -	R -
Other grant funding (MWIG)	R 131 000 000	R 37 000 000	R 55 000 000	R 39 000 000	R -	R -
Loans	R -	R -	R -	R -	R -	R -
TOTAL	R 1 141 365 750	R 288 499 750	R 331 622 000	R 299 622 000	R 221 622 000	R 221 622 000
Capital requirements	R 2 935 500 657					
Shortfall	R -1 794 134 907					

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

SANITATION	Expected Funding	2013/14	2014/15	2015/2016	2016/2017	2017/2018
MIG	R 231 602 750	R 65 386 250	R 55 405 500	R 55 405 500	R 55 405 500	R 55 405 500
DWA	R -	R -	R -	R -	R -	R -
Housing	R -	R -	R -	R -	R -	R -
Other grant funding	R -	R -	R -	R -	R -	R -
Loans	R -	R -	R -	R -	R -	R -
TOTAL	R 231 602 750	R 65 386 250	R 55 405 500	R 55 405 500	R 55 405 500	R 55 405 500
Capital requirements	R 383 771 900					
Shortfall	R -152 169 150					

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 2012-2013.

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 5yr projected	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Operational costs	R 1 702 170 457	R 314 899 527	R 331 904 101	R 362 107 374	R 395 059 145	R 431 009 527
Personnel costs	R 592 140 014	R 107 731 006	R 117 534 528	R 128 230 170	R 139 899 116	R 152 629 935
Total O&M costs	R 2 294 310 471	R 422 630 533	R 449 438 629	R 490 337 544	R 534 958 261	R 583 639 462
Equitable share: FBS	R 1 517 800 300	R 277 840 000	R 299 001 000	R 326 210 091	R 355 895 209	R 388 281 673
Income: sales (actual payment)	R 144 709 365	R 15 700 199	R 17 128 917	R 18 687 649	R 20 388 225	R 22 243 553
Total income	R 1 662 509 666	R 293 540 199	R 316 129 917	R 344 897 740	R 376 283 434	R 410 525 227
Deficit/surplus	R -631 800 805	R -129 090 334	R -133 308 712	R -145 439 804	R -158 674 827	R -173 114 236

Table 9.3 (a): ZDM Water Services Tariffs

Tariff Projections:

It is essential for Zululand District Municipality to access adequate sources of funding throughout the planning horizon. To achieve this, it is necessary to determine the projected tariffs and kiloliters sold. Therefore the tariffs have been projected as

DESCRIPTION	ULUNDI				
	09/10	10/11	11/12	12/13	13/14
WATER TARIFFS					
0-6/KL	-	-	-	-	-
7-30/kl	4.40	4.40	4.40	4.40	4.40
31-40/kl	5.30	5.30	5.30	5.39	5.39
>40 kl	6.15	6.15	6.15	6.68	6.68
Commercial and Industrial	4.82	5.30	5.83	6.09	6.09
Unmetered	58.19	64.01	70.41	73.58	73.58
Other business and state	-	-	-	-	-
Residential-3 months consumption limited to R250	100.00	104.70	109.52	114.44	114.44
WATER CONNETIONS :					
Residential	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%
Businesses	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%
	-	-	-	-	-
METER TAMPERING:					
First Offence	-	-	-	-	-
Second Offence	-	-	-	-	-
THIRD OFFENCE :					
	-	-	-	-	-
WATER RECONNETION FEE	57.00	59.68	62.42	65.23	65.23
WATER TANKERS :					
Loads					
Rate per kilometer	-	-	-	-	-
Rate per kiloliter	4.96	5.19	5.43	5.68	5.68
Other Consumers					
Where no working water meter is installed on which the property is occupied					
STAND ALONE / DEDICATED SCHEMES	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	ULUNDI				
	09/10	10/11	11/12	12/13	13/14
SEWAGE TARIFFS					
DOMESTIC					
Basic 0-40kl	42.00	43.97	46.00	48.07	48.07
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89				-
SEWER EXCESS - FIXED CHARGE					-
					-
NON DOMESTIC, COMMERCIAL, HIGH DENSITY					
Basic 0-40kl	42.00	43.97	46.00	48.07	48.07
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.98	2.07	2.16	2.16
					-
VACUUM TANK SERVICE per 5kl OR PART THEREOF					
Normal week days	80.00	83.76	87.61	91.56	91.56
Weekends and Public Holidays	280.00	293.16	306.65	320.44	320.44
Rate per KI	3.79	3.97	4.15	4.34	4.34
STAND ALONE / DEDICATED SCHEMES	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	NONGOMA				
	09/10	10/11	11/12	12/13	13/14
WATER TARIFFS					
0-6/KL					
7-30/kl	4.17	4.40	4.40	4.40	4.40
31-40/kl	5.32	5.30	5.30	5.39	5.39
> 40kl	5.55	5.81	6.15	6.68	6.68
Commercial and Industrial					-
Unmetered					-
Other business and state	4.17	4.37	4.57	4.77	4.77
Residential-3 months consumption limited to R250	250.00	261.25	273.27	285.56	285.56
					-
WATER CONNETIONS :					-
Residential	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%
Businesses	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%
					-
METER TAMPERING:					-
First Offence					-
Second Offence	900.00	942.30	985.65	1 030.00	1 030.00
THIRD OFFENCE :	1 800.00	1 884.60	1 971.29	2 060.00	2 060.00
					-
WATER RECONNETION FEE	100.00	104.70	109.52	114.44	114.44
					-
WATER TANKERS :					-
Loads					-
Rate per kilometer	3.79	4.17	4.36	4.56	4.56
Rate per kiloliter	4.96	5.19	5.43	5.68	5.68
					-
Other Consumers					-
Where no working water meter is installed on which the property is occupied					-
STAND ALONE / DEDICATED SCHEMES	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
					-
	0.00	0.00	0.00	0.00	0.00

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DESCRIPTION	NONGOMA				
	09/10	10/11	11/12	12/13	13/14
SEWARAGE TARIFFS					
DOMESTIC					
Basic 0-40kl	42.00	43.97	46.00	48.07	48.07
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89				-
SEWER EXCESS - FIXED CHARGE					-
					-
NON DOMESTIC, COMMERCIAL, HIGH DENSITY					
Basic 0-40kl	42.00	43.97	46.00	48.07	48.07
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.98	2.07	2.16	2.16
					-
VACUUM TANK SERVICE per 5kl OR PART THEREOF					
Normal week days	80.00	83.76	87.61	91.56	91.56
Weekends and Public Holidays	280.00	293.16	306.65	320.44	320.44
Rate per KI	3.79	3.97	4.15	4.34	4.34
STAND ALONE / DEDICATED SCHEMES	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%

DESCRIPTION	PONGOLA				
	09/10	10/11	11/12	12/13	13/14
WATER TARIFFS					
0-6/KL					
7-30/kl	2.64	2.90	3.19	3.51	3.51
31-40/kl	3.87	4.26	4.68	5.15	5.15
> 40kl	5.10	5.61	6.15	6.68	6.68
Commercial and Industrial	5.03	5.53	5.83	6.09	6.09
Unmetered	60.75	66.83	73.51	76.82	76.82
Other business and state	2.64	2.90	3.19	3.51	3.51
Residential-3 months consumption limited to R250	250.00	261.25	273.27	285.56	285.56
WATER CONNETIONS :					
Residential	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
Businesses	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
METER TAMPERING:					
First Offence	900.00	942.30	985.65	1 030.00	1 030.00
Second Offence	1 800.00	1 884.60	1 971.29	2 060.00	2 060.00
THIRD OFFENCE :					
WATER RECONNETION FEE	100.00	104.70	109.52	114.44	114.44
WATER TANKERS :					
Loads					
Rate per kilometer	3.79	3.97	4.15	4.34	4.34
Rate per kiloliter	4.96	5.19	5.43	5.68	5.68
Other Consumers					
Where no working water meter is installed on which the property is occupied					
STAND ALONE / DEDICATED SCHEMES	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	PONGOLA				
	09/10	10/11	11/12	12/13	13/14
SEWARAGE TARIFFS					
Health Awareness/ Promotion					
Basic 0-40kl	42.00	43.97	46.00	48.07	48.07
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89				-
SEWER EXCESS - FIXED CHARGE					-
NON DOMESTIC, COMMERCIAL, HIGH DENSITY					
Basic 0-40kl	42.00	43.97	46.00	48.07	48.07
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.98	2.07	2.16	2.16
VACUUM TANK SERVICE per 5kl OR PART THEREOF					
Normal week days	80.00	83.76	87.61	91.56	91.56
Weekends and Public Holidays	280.00	293.16	306.65	320.44	320.44
Rate per KI	3.79	3.97	4.15	4.34	4.34
STAND ALONE / DEDICATED SCHEMES	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
			-		
	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	EDUMBE				
	09/10	10/11	11/12	12/13	13/14
WATER TARIFFS					
0-6/KL					
7-30/kl	4.40	4.40	4.40	4.40	4.40
31-40/kl	4.60	5.30	5.30	5.39	5.39
> 40kl	4.80	5.28	5.81	6.39	6.39
Commeccial and Industrial	4.40	4.84	5.32	6.09	6.09
Unmetered					-
Other business and state	4.40	4.61	4.82	5.04	5.04
Residential-3 months consumption limited to R250	250.00	261.75	273.79	286.11	286.11
					-
WATER CONNETIONS :					-
Residential	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
Businesses	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
					-
METER TAMPERING:					-
First Offence	900.00	942.30	985.65	1 030.00	1 030.00
Second Offence	1 800.00	1 884.60	1 971.29	2 060.00	2 060.00
THIRD OFFENCE :					-
					-
WATER RECONNETION FEE	100.00	104.70	109.52	114.44	114.44
					-
WATER TANKERS :					-
Loads					-
Rate per kilometer	3.79	4.17	4.36	4.56	4.56
Rate per kiloliter	4.96	5.18	5.42	5.66	5.66
					-
Other Consumers					-
Where no working water meter is installed on which the property is occupied					-
					-
STAND ALONE / DEDICATED SCHEMES	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
					-
					-
	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	EDUMBE				
	09/10	10/11	11/12	12/13	13/14
SEWARAGE TARIFFS					
DOMESTIC					
Basic 0-40kl	42.00	43.97	46.00	48.07	48.07
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89				-
SEWER EXCESS - FIXED CHARGE					-
					-
NON DOMESTIC, COMMERCIAL, HIGH DENSITY					-
Basic 0-40kl					-
SEWER EXCESS >40kl OF WATER CONSUMPTION	42.00	43.97	46.00	48.07	48.07
	1.89	1.98	2.07	2.16	2.16
VACUUM TANK SERVICE per 5kl OR PART THEREOF					-
Indegenous Games	80.00	83.76	87.61	91.56	91.56
Gender Conference	280.00	293.16	306.65	320.44	320.44
Rate per KI	3.79	3.97	4.15	4.34	4.34
Youth Day Celebration					-
Widows,Orphans & Disability Day	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
					-
	0.00	0.00	0.00	0.00	0.00

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.