

## 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	2012/13	2013/14	2014/15	2015/2016	2016/2017	>2017
Regional bulk	R 1.744.257.962	R 261.833.460	R 252.013.825	R 122.947.376	R 141.194.771	R 105.133.211	R 861.135.319
Secondary bulk	R 1.088.374.123	R 122.088.842	R 95.981.010	R 57.291.804	R 44.491.516	R 26.385.475	R 742.135.476
Reticulation	R 130.622.400	R 14.061.980	R 13.741.600	R 5.743.680	R 3.829.120	R 2.613.220	R 90.632.800
<b>Total capital (new)</b>	<b>R 2.963.254.485</b>	<b>R 397.984.282</b>	<b>R 361.736.435</b>	<b>R 185.982.860</b>	<b>R 189.515.407</b>	<b>R 134.131.906</b>	<b>R 1.693.903.595</b>
Regional bulk	TBA	TBA	TBA	TBA	TBA	TBA	TBA
Secondary bulk	TBA	TBA	TBA	TBA	TBA	TBA	TBA
Reticulation	TBA	TBA	TBA	TBA	TBA	TBA	TBA
<b>Total capital (refurbishment)</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>
<b>Total capital</b>	<b>R 2,963,254,485</b>	<b>R 397,984,282</b>	<b>R 361,736,435</b>	<b>R 185,982,860</b>	<b>R 189,515,407</b>	<b>R 134,131,906</b>	<b>R 1,693,903,595</b>

Table 9.1 (b): Capital requirements: sanitation

SANITATION	Capital requirements	2012/13	2013/14	2014/15	2015/2016	2016/2017	>2017
Bulk infrastructure	R -	R -	R -	R -	R -	R -	R -
Reticulation	R -	R -	R -	R -	R -	R -	R -
VIP toilets	R 315.820.000	59,668,000	61,884,000	59,190,000	59,402,000	60,750,000	14,926,000
<b>Total capital (new)</b>	<b>R 315,820,000</b>	<b>R 59,668,000</b>	<b>R 61,884,000</b>	<b>R 59,190,000</b>	<b>R 59,402,000</b>	<b>R 60,750,000</b>	<b>R 14,926,000</b>
Bulk infrastructure	TBA	TBA	TBA	TBA	TBA	TBA	TBA
Reticulation	TBA	TBA	TBA	TBA	TBA	TBA	TBA
VIP toilets	TBA	TBA	TBA	TBA	TBA	TBA	TBA
<b>Total capital (refurbishment)</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>
<b>Total capital</b>	<b>R 315,820,000</b>	<b>R 59,668,000</b>	<b>R 61,884,000</b>	<b>R 59,190,000</b>	<b>R 59,402,000</b>	<b>R 60,750,000</b>	<b>R 14,926,000</b>

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

<b>WATER</b>	<b>Expected Funding</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>&gt;2017</b>
MIG	R 1,104,528,000	R 220,905,600	R 220,905,600	R 220,905,600	R 220,905,600	R 220,905,600	unknown
DWAF	R 142,700,000	R 72,700,000	R 70,000,000	R -	R -	R -	unknown
Housing	R -	R -	R -	R -	R -	R -	unknown
Other grant funding	R -	R -	R -	R -	R -	R -	unknown
Loans	R -	R -	R -	R -	R -	R -	
<b>TOTAL</b>	<b>R 1,247,228,000</b>	<b>R 293,605,600</b>	<b>R 290,905,600</b>	<b>R 220,905,600</b>	<b>R 220,905,600</b>	<b>R 220,905,600</b>	
Capital requirements	R 2,963,254,485						
<b>Shortfall</b>	<b>R -1,716,026,485</b>						

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

<b>SANITATION</b>	<b>Expected Funding</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>&gt;2017</b>
MIG	R 276,132,000	R 55,226,400	R 55,226,400	R 55,226,400	R 55,226,400	R 55,226,400	unknown
DWAF	R -	R -	R -	R -	R -	R -	unknown
Housing	R -	R -	R -	R -	R -	R -	unknown
Other grant funding	R -	R -	R -	R -	R -	R -	unknown
Loans	R -	R -	R -	R -	R -	R -	
<b>TOTAL</b>	<b>R 276,132,000</b>	<b>R 55,226,400</b>	<b>R 55,226,400</b>	<b>R 55,226,400</b>	<b>R 55,226,400</b>	<b>R 55,226,400</b>	
Capital requirements	R 315,820,000						
<b>Shortfall</b>	<b>R -39,688,000</b>						

## 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 2010-2011.

## 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**

<b>Operating costs and income</b>	<b>Total 5yr projected</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Operational costs	R 1,702,170,457	R 298,200,310	R 314,899,527	R 331,904,101	R 362,107,374	R 395,059,145
Personnel costs	R 592,140,014	R 98,745,194	R 107,731,006	R 117,534,528	R 128,230,170	R 139,899,116
<b>Total O&amp;M costs</b>	<b>R 2,294,310,471</b>	<b>R 396,945,504</b>	<b>R 422,630,533</b>	<b>R 449,438,629</b>	<b>R 490,337,544</b>	<b>R 534,958,261</b>
Equitable share: FBS	R 1,517,800,300	R 258,854,000	R 277,840,000	R 299,001,000	R 326,210,091	R 355,895,209
Income: sales (actual payment)	R 160,329,960	R 16,995,538	R 18,542,132	R 20,229,466	R 22,070,348	R 24,078,749
<b>Total income</b>	<b>R 1,678,130,260</b>	<b>R 275,849,538</b>	<b>R 296,382,132</b>	<b>R 319,230,466</b>	<b>R 348,280,439</b>	<b>R 379,973,959</b>
<b>Deficit/surplus</b>	<b>R -616,180,211</b>	<b>R -121,095,966</b>	<b>R -126,248,401</b>	<b>R -130,208,163</b>	<b>R -142,057,105</b>	<b>R -154,984,302</b>

**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					
	08/09	09/10	10/11	11/12	12/13	13/14
<b>WATER TARIFFS</b>						
0-6/KL	-	-	-	-	-	-
7-30/kl	4.40	4.40	4.40	4.40	4.40	4.40
31-40/kl	5.30	5.30	5.30	5.30	5.30	5.63
>40 kl	6.15	6.15	6.15	6.15	6.68	6.98
Commercial and Industrial	4.82	4.82	5.30	5.83	6.09	6.37
Unmetered	58.19	58.19	64.01	70.41	73.58	76.89
Other business and state	-	-	-	-	-	-
Residential-3 months consumption limited to R250	100.00	100.00	104.70	109.52	114.44	119.59
<b>WATER CONNETIONS :</b>						
Residential	600.00	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%
Businesses	600.00	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%
<b>METER TAMPERING:</b>						
First Offence	-	-	-	-	-	-
Second Offence	-	-	-	-	-	-
<b>THIRD OFFENCE :</b>						
<b>WATER RECONNECTION FEE</b>	57.00	57.00	59.68	62.42	65.23	68.17
<b>WATER TANKERS :</b>						
Loads						
Rate per kilometer	-	-	-	-	-	-
Rate per kiloliter	4.96	4.96	5.19	5.43	5.68	5.93
<b>Other Consumers</b>						
Where no working water meter is installed on which the property is occupied	Average based on previous consumption will apply					
<b>STAND ALONE / DEDICATED SCHEMES</b>		cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
	0.00	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	ULUNDI					
	08/09	09/10	10/11	11/12	12/13	13/14
<b>SEWARAGE TARIFFS</b>						
<b>DOMESTIC</b>						
Basic 0-40kl	42.00	42.00	43.97	46.00	48.07	50.23
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.89				
SEWER EXCESS - FIXED CHARGE						
<b>NON DOMESTIC, COMMERCIAL, HIGH DENSITY</b>						
Basic 0-40kl	42.00	42.00	43.97	46.00	48.07	50.23
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.89	1.98	2.07	2.16	2.26
<b>VACUUM TANK SERVICE per 5kl OR PART THEREOF</b>						
Normal week days	80.00	80.00	83.76	87.61	91.56	95.68
Weekends and Public Holidays	280.00	280.00	293.16	306.65	320.44	334.86
Rate per Kl	3.79	3.79	3.97	4.15	4.34	4.53
<b>STAND ALONE / DEDICATED SCHEMES</b>		cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
	0.00	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	NON G OMA					
	08/09	09/10	10/11	11/12	12/13	13/14
<b>WATER TARIFFS</b>						
<b>0-6/KL</b>						
7-30/kl	4.17	4.17	4.40	4.40	4.40	4.40
31-40/kl	5.32	5.32	5.30	5.30	5.39	5.63
>40kl	5.55	5.55	5.81	6.15	6.68	6.98
<b>Commercial and Industrial</b>						
<b>Unmetered</b>						
<b>Other business and state</b>	4.17	4.17	4.37	4.57	4.77	4.99
Residential-3 months consumption limited to R250	250.00	250.00	261.25	273.27	285.56	298.41
<b>WATER CONNETIONS :</b>						
Residential	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%
Businesses	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%	cost +10%
<b>METER TAMPERING:</b>						
First Offence						
Second Offence	900.00	900.00	942.30	985.65	1,030.00	1,076.35
<b>THIRD OFFENCE :</b>	1,800.00	1,800.00	1,884.60	1,971.29	2,060.00	2,152.70
<b>WATER RECONNETION FEE</b>	100.00	100.00	104.70	109.52	114.44	119.59
<b>WATER TANKERS :</b>						
<b>Loads</b>						
Rate per kilometer	3.79	3.79	4.17	4.36	4.56	4.76
Rate per kilo liter	4.96	4.96	5.19	5.43	5.68	5.93
<b>Other Consumers</b>						
Where no working water meter is installed on which the property is occupied						
<b>STAND ALONE / DEDICATED SCHEMES</b>		cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
	0.00	0.00	0.00	0.00	0.00	0.00

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DESCRIPTION	NON G OMA					
	08/09	09/10	10/11	11/12	12/13	13/14
<b>SEWARAGE TARIFFS</b>						
<b>DOMESTIC</b>						
Basic 0-40kl	42.00	42.00	43.97	46.00	48.07	50.23
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.89				
SEWER EXCESS - FIXED CHARGE						
<b>NON DOMESTIC, COMMERCIAL, HIGH DENSITY</b>						
Basic 0-40kl	42.00	42.00	43.97	46.00	48.07	50.23
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.89	1.98	2.07	2.16	2.26
<b>VACUUM TANK SERVICE per 5kl OR PART THEREOF</b>						
Normal week days	80.00	80.00	83.76	87.61	91.56	95.68
Weekends and Public Holidays	280.00	280.00	293.16	306.65	320.44	334.86
Rate per Kl	3.79	3.79	3.97	4.15	4.34	4.53
<b>STAND ALONE / DEDICATED SCHEMES</b>		cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%

DESCRIPTION	PONGOLA					
	08/09	09/10	10/11	11/12	12/13	13/14
<b>WATER TARIFFS</b>						
0-6/KL						
7-30/kd	2.64	2.64	2.90	3.19	3.51	3.87
31-40kl	3.87	3.87	4.26	4.68	5.15	5.67
> 40kl	5.10	5.10	5.61	6.15	6.68	6.98
Commercial and Industrial	5.03	5.03	5.53	5.83	6.09	6.37
Unmetered	60.75	60.75	66.83	73.51	76.82	80.27
Other business and state	2.64	2.64	2.90	3.19	3.51	3.87
Residential-3 months consumption limited to R250	250.00	250.00	261.25	273.27	285.56	298.41
<b>WATER CONNETIONS :</b>						
Residential	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
Businesses	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
<b>METER TAMPERING:</b>						
First Offence	900.00	900.00	942.30	985.65	1,030.00	1,076.35
Second Offence	1,800.00	1,800.00	1,884.60	1,971.29	2,060.00	2,152.70
<b>THIRD OFFENCE :</b>						
<b>WATER RECONNECTION FEE</b>	100.00	100.00	104.70	109.52	114.44	119.59
<b>WATER TANKERS :</b>						
Loads						
Rate per kilometer	3.79	3.79	3.97	4.15	4.34	4.53
Rate per kiloliter	4.96	4.96	5.19	5.43	5.68	5.93
<b>Other Consumers</b>						
Where no working water meter is installed on which the property is occupied						
<b>STAND ALONE / DEDICATED SCHEMES</b>		cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
	0.00	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	PONGOLA					
	08/09	09/10	10/11	11/12	12/13	13/14
<b>SEWARAGE TARIFFS</b>						
Health Awareness/ Promotion						
Basic 0-40kl	42.00	42.00	43.97	46.00	48.07	50.23
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.89				
SEWER EXCESS - FIXED CHARGE						
<b>NON DOMESTIC, COMMERCIAL, HIGH DENSITY</b>						
Basic 0-40kl	42.00	42.00	43.97	46.00	48.07	50.23
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.89	1.98	2.07	2.16	2.26
<b>VACUUM TANK SERVICE per 5kl OR PART THEREOF</b>						
Normal week days	80.00	80.00	83.76	87.61	91.56	95.68
Weekends and Public Holidays	280.00	280.00	293.16	306.65	320.44	334.86
Rate per Kl	3.79	3.79	3.97	4.15	4.34	4.53
<b>STAND ALONE / DEDICATED SCHEMES</b>		cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
				-		
	0.00	0.00	0.00	0.00	0.00	0.00



DESCRIPTION	EDUMBE					
	08/09	09/10	10/11	11/12	12/13	13/14
<b>WATER TARIFFS</b>						
0-6/KL						
7-30/kd	4.40	4.40	4.40	4.40	4.40	4.40
31-40kl	4.60	4.60	5.30	5.30	5.39	5.63
> 40kl	4.80	4.80	5.28	5.81	6.39	6.68
<b>Commercial and Industrial</b>	4.40	4.40	4.84	5.32	6.09	6.36
<b>Un metered</b>						
Other business and state	4.40	4.40	4.61	4.82	5.04	5.26
Residential-3 months consumption limited to R250	250.00	250.00	261.75	273.79	286.11	298.99
<b>WATER CONNETIONS :</b>						
Residential	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
Businesses	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
<b>METER TAMPERING:</b>						
First Of fence	900.00	900.00	942.30	985.65	1,030.00	1,076.35
Second Offence	1,800.00	1,800.00	1,884.60	1,971.29	2,060.00	2,152.70
<b>THIRD OF FENCE :</b>						
<b>WATER RECONNETION FEE</b>	100.00	100.00	104.70	109.52	114.44	119.59
<b>WATER TANKERS :</b>						
Loads						
Rate per kilometer	3.79	3.79	4.17	4.36	4.56	4.76
Rate per kiloliter	4.96	4.96	5.18	5.42	5.66	5.92
<b>Other Consumers</b>						
Where no working water meter is in stalled on which the property is occuppied						
<b>STAND ALONE / DEDICATED SCHEMES</b>		cost + 10%	cost + 10%	cost + 10%	cost + 10%	cost + 10%
					-	-
	0.00	0.00	0.00	0.00	0.00	0.00

DESCRIPTION	EDUMBE					
	08/09	09/10	10/11	11/12	12/13	13/14
<b>SEWARAGE TARIFFS</b>						
<b>DOMESTIC</b>						
Basic 0-40kl	42.00	42.00	43.97	46.00	48.07	50.23
SEWER EXCESS >40kl OF WATER CONSUMPTION	1.89	1.89				
SEWER EXCESS - FIXED CHARGE						
<b>NON DOMESTIC, COMMERCIAL, HIGH DENSITY</b>						
Basic 0-40kl						
SEWER EXCESS >40kl OF WATER CONSUMPTION	42.00	42.00	43.97	46.00	48.07	50.23
	1.89	1.89	1.98	2.07	2.16	2.26
<b>VACUUM TANK SERVICE per 5kl OR PART THEREOF</b>						
Indegenous Games	80.00	80.00	83.76	87.61	91.56	95.68
Gender Conference	280.00	280.00	293.16	306.65	320.44	334.86
Rate per Kl	3.79	3.79	3.97	4.15	4.34	4.53
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	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.