

2.4 Total Volume and Cost of Bulk Water Purchases

	Raw water (k)	Purified Water (k)	Cost (R)
<b>Impala Irrigation</b>	2 854 244		R 656 476.12
<b>Abaqulusi Municipality</b>		13 299	R 42 378.08

2.5 Expenditure on Operations and Maintenance of Bulk Infrastructure:

	Operations	Maintenance	Refurbishment	Total
<b>Water Plants</b>	R 10,505,561.52	R 5,253,050.05	R 955,024.30	R 16,713,635.87
<b>Wastewater Plants</b>	R 1,987,530.09	R 604,910.30	R -	R 2,592,440.39
				R 19,306,076.26

2.6 Eskom Consumption

Zululand District Municipality spent **R5 272 894.37** on Eskom electricity in water plants, sewage plants, raw water pumps, booster pumps and borehole pumps etc throughout the entire district.

LOCAL MUNICIPALITY	EXPENDITURE 2007/2008
<b>Ulundi Municipal Area</b>	R 2 332 982.90
<b>Nongoma Municipal Area</b>	R 1 447 650.13
<b>Phongolo Municipal Area</b>	R 1 004 572.32
<b>Edumbe Municipal Area</b>	R 487 689.02
<b>TOTAL</b>	<b>R 5 272 894.37</b>

3. WATER SERVICES PROVISION URBAN & RURAL RETICULATION

3.1 Background

This division deals with the reticulation of water from bulk services, attending to all operation and maintenance of the water infrastructure in both urban and rural areas. It also manages the emergency water/drought relief programme.

Currently all urban areas are serviced with water and sanitation.They are mostly metered and also receive the 6 kilolitre Free Basic Water.

The cost to department is as follows:

Personnel	Total	Cost to Employer
<b>Professional</b>	13	R 4,394,882.98
<b>Field (Supervisors/Foreman)</b>	30	R 3,995,120.80
<b>Office (Clerical/Administration)</b>	0	-
<b>Non-professional (Blue collar, outside workforce)</b>	75	R 4,393,041.00
<b>Temporary</b>	0	-
<b>Contract</b>	174	R 1,566,000.00

3.3 Water Control And Management

This division deals with the reticulation of water from bulk services, attending to all operation and maintenance of the water infrastructure in both urban and rural areas. It also manages the emergency water/drought relief programme.

Currently all urban areas are serviced with water and sanitation.They are mostly metered and also receive the 6 kilolitre Free Basic Water.

In the financial year 2007/8, utility meters were introduced so that water required by the consumer could be measured either on daily or monthly quantities as preferred by the consumer.Those who want to be limited to FBW, that can also be provided on daily or monthly basis.

The schemes in the rural areas are not metered as they are considered to be consuming water less than the FBW. Zone meters have been installed to monitor the above situation and if the consumption indicate viability of metering water, that will be considered in the due course. Currently, there are six reaction teams and contract ZDM 591/2007 is in place with a roster of service providers to provide emergency repairs to infrastructure.

3.4 Schedule of Water Schemes

The following tables indicate the schedule of water schemes per Regional Water Scheme.

Regional Water Supply Scheme	Number of Water Supply Schemes
<b>Nkonjeni RWSS</b>	47
<b>Usuthu RWSS</b>	38
<b>Mandlakazi RWSS</b>	29
<b>Gumbi/Candover RWSS</b>	-
<b>Simdlangentsha East RWSS</b>	17
<b>Simdlangentsha Central RWSS</b>	9
<b>Simdlangentsha West RWSS</b>	18
<b>Corronation RWSS</b>	
<b>Khambi RWSS</b>	17
<b>Hlahlindlela RWSS</b>	23

3.5 Water Consumption

Local Municipality	Consumption (k)☐	Revenue Received
<b>Ulundi</b>	1,607,965	R 6,831,845.91
<b>Nongoma</b>	191,161	R 824,404.02
<b>Uphongolo</b>	603,903	R 2,149,853.98
<b>Edumbe</b>	398,048	R 1,520,582.20
<b>AbaQulusi</b>	-	-
<b>Totals</b>	<b>2 801 077</b>	<b>R 11,326,686.11</b>

3.6 Drought Relief

Despite the rudimentary programme that is in progress, water tankers had to be deployed to those areas with acute shortage of water:

Local Municipality	No. of Trucks	Water Delivered PA (Kilolitres)	Total Cost
<b>Ulundi</b>	5	1,800,000	R1,211,427.65
<b>Nongoma</b>	10	3,600,000	R7,157,249.98
<b>Uphongolo</b>	2	1,440,000	R1,224,846.23
<b>Edumbe</b>	1	720,000	R585,535.04
<b>Abaqulusi</b>	1	720,000	R566,447.58

DROUGHT RELIEF PROGRAMME								
	Mayibuye Ulundi	Mayibuye Abaqulusi	Mayibuye eDumbe	CrossMoore Nongoma	Aqua Trans Nongoma	TMS Pongola	Trucks Supervisor	Cost per Month
<b>Aug 2007</b>					R 646,544.71		R 25,000.00	R 671,544.71
<b>Sep 2007</b>	R 80,553.92	R 52,416.06	R 51,673.00	R 569,586.58			R 12,500.00	R 766,729.55
<b>Oct 2007</b>	R 108,427.44	R 58,993.86	R 56,490.90	R 538,786.40			R 12,500.00	R 775,198.60
<b>Nov 2007</b>	R 106,288.70	R 50,025.48	R 52,118.75	R 537,555.49	R 678,719.90		R 12,500.00	R 1,437,208.32
<b>Dec 2007</b>	R 106,275.84	R 50,405.10	R 58,128.11	R 482,509.85	R 102,698.04		R 12,500.00	R 812,516.94
<b>Jan 2008</b>	R 135,869.93	R 61,018.50	R 71,536.15	R 453,813.31	R 144,379.63	R 65,372.16	R 12,500.00	R 944,489.68
<b>Feb 2008</b>	R 106,381.51	R 53,588.58	R 57,821.34	R 586,701.40		R 82,133.16	R 12,500.00	R 899,125.98
<b>Mar 2008</b>	R 119,773.89	R 60,000.00	R 57,766.80	R 653,110.96		R 110,392.60		R 1,001,044.25
<b>Apr 2008</b>	R 147,856.43	R 60,000.00	R 60,000.00	R 562,843.71		R 119,955.99		R 950,656.13
<b>May 2008</b>	R 150,000.00	R 60,000.00	R 60,000.00	R 600,000.00		R 130,000.00	R 12,500.00	R 1,012,500.00
<b>Jun 2008</b>	R 150,000.00	R 60,000.00	R 60,000.00	R600,000.00		R 130,000.00	R 12,500.00	R 1,012,500.00
<b>Totals</b>	<b>R 1,211,427.65</b>	<b>R 566,447.58</b>	<b>R 585,535.04</b>	<b>R 5,584,907.70</b>	<b>R 1,572,342.28</b>	<b>R 637,853.91</b>	<b>R 125,000.00</b>	<b>R 10,283,514.16</b>
<b>Sub Total</b>	<b>R 10,283,541.16</b>							

Excavation of a Reticulation Line at Simdlangetsha West Using Local Labour





**Customer Care:**

*It is the Zululand District Municipality approach that our customers are treated with respect and integrity. In this way we want to display our commitment to the principle of “customer first” and ensure that service excellent is an integral part of the planning and delivery of all municipal services to its people.*

**The core values that guide our interaction with customers are:**

- Respect ( We value our relationship with customers)
- Service Excellence
- Integrity and professionalism
- Mutual trust and understanding

**Zululand District Municipality ensures that:**

- Customers are informed of any service interruptions via written notices and loud speakers.
- Customers are informed on progress in addressing their complaints/request or enquiries.
- Customers get information they need and explanation if the service cannot be provided.
- Customers are assisted in their preferred language.
- Customers receive a clear response to any service request and enquiry within a stated period of time.

**Our Customer Care Number is 035 874 5530**

**4 Performance Highlights:**

**Achievements:**

- Compilation of the district asset management register (Bulk Assets)
- Adequate continuity of the water supply services.
- Improvements on water quality by utilization of the correct quality instruments.
- Increased sampling frequency: Rudimentary schemes and reticulation samples.
- Improved on the performance and management of Simdlangentsha scheme.
- Routine maintenance program.

- Prompt response to emergencies.
- Refurbishment of plant and equipment.
- Establishments of health and safety committee.
- Legal, Occupational Health and Safety (OHS) compliance review – AIA surveys (legal requirements)
- Facilities survey, recommendation being addressed.
- Major hazardous installations compliance being addressed in chlorine installations.
- Staff optimization; filling of gaps to improve operational efficiency.

**Challenges:**

- Water Quality:** Rudimentary schemes still remain a challenge because most of them do not have proper treatment facilities e.g. filters and clarifiers.
- High cost to meet DWAF requirements in frequency of samples.
- Waste water quality:** compromised by the age of waste water treatment facilities, ponds in particular.
- Design capacity of plants being exceeded.
- Power failures and load shedding.
- Turnaround time for new power installation and response to power failures.

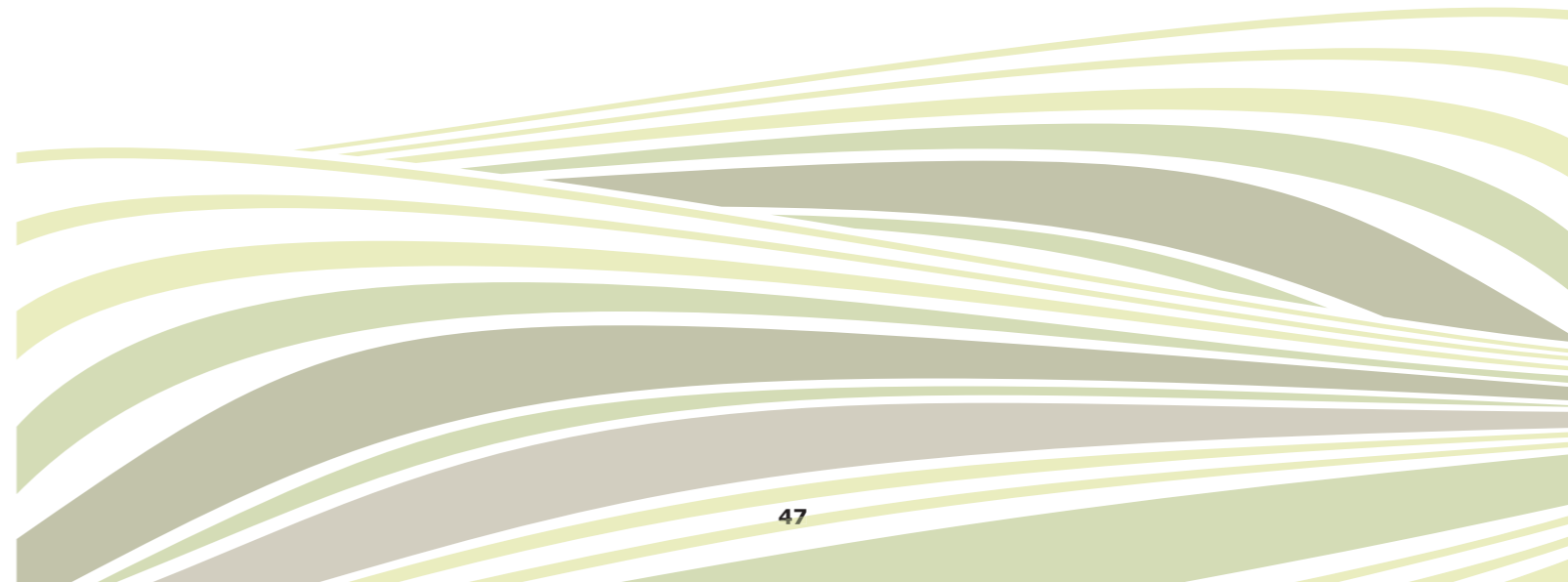
**Hlobane Sports Field**



**Grand Stand at Hlobane Sports Field**



**Mbhekeni Crèche with fencing and VIP Toilets**



4.4 Budget and Treasury Office

Background

The Zululand District Municipality's budget and treasury office has been established in terms of the section 80 of the Municipal Finance Management Act.

FUNCTIONS PERFORMED BY THE BUDGET AND TREASURY OFFICE INCLUDE:

Advising the Accounting Officer on the exercise of powers and duties as assigned by the Municipal Finance Management Act.

Assisting the Accounting Officer in the administration of municipal bank accounts, preparation and implementation of the municipal budget.

Advising other senior managers on financial matters.

Performing the budgeting, accounting analysis, financial reporting, cash management, debt management, supply chain management, risk management and other functions as may be delegated by the Accounting Officer from time to time.



The budget and treasury office is headed by Mr.S.B Nkosi.The budget and treasury office consists of the Chief Financial Officer and officials allocated by the Accounting Officer to the Chief Financial Officer and all service providers contracted to assist the budget and treasury office.

2007/2008 PERFORMANCE HIGHLIGHTS

Budgeting

The 2007/2008 budget was approved at the end of May 2007; one month prior to the legislated deadline.

Hereunder is the total budget summary that was approved:

EXPENDITURE	BUDGET 2007/2008	ACTUALS 2007/2008
Operating	197 604 778	133 583 572
Capital	184 297 042	164 654 393
<b>Total</b>	<b>381 901 820</b>	<b>298 237 966</b>

The budget implementation is monitored through the monthly issuing of management accounts (GS 560 reports) to the Accounting Officer, Heads of Departments and other users of the information.

The challenge faced in the budgeting function is the smooth implementation of the Service Delivery and Budget Implementation Plan. However, the shortcomings will be overcome in 2008/2009 financial year.

FINANCIAL REPORTING

The 2007/2008 financial statements were submitted to the office of Auditor General in time. In addition, the reports required in terms of the Division of Revenue Act were submitted to the respective responsible departments on time. Monthly budget statements ( In year reporting) are reported as stated in Section 71 of the Municipal Finance Management Act by no later than 10 working days after the end of each month to the Mayor and responsible departments. All quarterly reports were made and reported to relevant stakeholders. Mid-year budget was made and reported to relevant stakeholders.

The following reporting weaknesses were identified and will be improved upon in the next financial year:

- Report all tenders above tenders R100 000.00 to National Treasury.
- Report all oral or written quotations awarded for each month.
- Report all formal quotations awarded for each month.

The DORA grants received during the financial year were spent as follows:

Grant Name	Grant Purpose	Usage of grant	Amount received	Amount spent
<b>FMG</b>	To finance reforms in financial management	Grant was used for intended purposes	500 000	500 000
<b>MIG</b>	To supplement capital finance for basic municipal infrastructure	Grant was used for intended purposes	106 533 000	106 533 000
<b>MSIG</b>	To assist municipality to perform their functions and stabilise institutional and governance	Grant was used for intended purposes	1 000 000	838 000
<b>DWAF</b>	To subsidies water schemes owned by departments to municipalities	Grant was used for intended purposes	9 866 000	9 866 000
<b>EQUITABLE SHARE</b>	TO finance the operation of the municipality	Grant was used for intended purposes	103 479 000	103 479 000

**Cash Management**

Zululand District Municipality maintained a sound cash flow position throughout the 2007/2008 financial year. This is clearly evidenced by the acid test ratio of 5.23 : 1.

**Debt Management**

The municipality took over the following additional water and sewerage debtors were taken over during the 2007/08 financial year:

- Edumbe: 1662 debtors; and
- Nongoma: 1500 debtors

The majority of Zululand District Municipality debtors struggle on monthly basis to settle their accounts. Moreover, the majority of debtors taken over are basically indigent. The billing and debt management information is summarised as follows:-

**WATER DEBTORS BILLING FOR 2007/2008**

Month	Number of accounts issued	Amount Billed	Amount Collected
<b>Totals</b>	<b>104 264</b>	<b>17 096 660.33</b>	<b>15 584 949.98</b>

**DEBTORS' ANALYSIS:**

Current	30 Days	60 Days	90+ Days	Totals
2 895 203.59	1 589 157.76	991 854.51	11 847 738.39	17 323 954.25

The revenue collected during 2006/2007 financial year was R13 464 993 and for 2007/2008 financial year it was R15 584 949.98, there is an increase in revenue collection.

**Creditors**

Creditors are paid on monthly basis, and within the 30 days time limit set by the Municipal Finance Management Act.

**Supply Chain Management**

The primary objective of this section is to provide supply chain management which is fair, transparent, efficient, equitable, competitive and which ensures best value of money for the municipality and promotes local economic development.

**Members Of Bid Committees**

**Bid Specification**

- Mr C Nel - Chairperson
- M Dladla
- J Jordaan
- M Zuma
- G Nene

**Bid Evaluation**

- Mr. S Khumalo - Chairperson
- U Payne
- M Gwamanda
- S Landman
- N Hlengwa

**Bid Adjudication**

- Mr. SB Nkosi - Chairperson
- Mr. MN Shandu
- Mr. C Nel
- Mr. TL Xaba

**Number of meetings held during 2007/08 financial year**

Bid Specifications	23
Bid Evaluation	17
Bid Adjudication	20

The challenge experienced within this function is the fact that the municipality does not have a suppliers' database. DIMMS was developed as a possible solution to this challenge, however, the procurement modules in DIMMS have not yet been completed and as a result, the supplier's database as required is not fully implemented as per the regulations. To overcome this shortcoming all purchases were advertised on the notice board and the websites. This practise ensured fairness, transparency, equity, competition and value for money.

**Asset Management**

The total value of assets owned and controlled by the municipality is R842 817 670 million. The pressing challenge is that, notwithstanding the amount of capital investment on infrastructure, the annual MIG allocation still does not provide for the operation and maintenance of such infrastructure. The envisaged risk is that infrastructure is not maintained, like a car not serviced, is bound to break and cause disruption of basic services.

**Risk Management**

The shared internal audit function started to function effectively in the 2007/2008 financial year. As a result, the Audit Committee was also effective through the consideration of internal audit reports. The Audit Committee held 5 meetings during 2007/2008 financial year. They covered the following matters:

**- Corporate Services**

- Human Resources
- Registry

**- Finance Income**

- Receipting, cashiers and banking
- Metered Billings and other income
- Bank Reconciliations
- Investments

**- Finance Expenditure**

- Creditors and Payments
- Payroll
- Stores
- Budgeting
- Grants and Subsidies
- Insurance

**- Technical Services**

- Tenders & Contracts
- Repairs and Maintenance

**- Other**

- Follow up of previous internal audit reports
- Performance Management

The recommendations of the audit committee are progressively implemented. Some challenges do exist, especially with the IT internal audit report.

**CHIEF FINANCIAL OFFICER'S COMMENTS ON THE ANNUAL FINANCIAL STATEMENTS**

**Financial position:**

The municipality's financial position has improved when compared to the 2006/07 financial year. This is evident in the current ratio of 5:1 compared to last year's 4:1. The current ratio is a measure of Current Assets versus the Current Liabilities.

**Operating results:**

**The major revenue streams for the current year were:**

- Government Grants;
- Water and sanitation service charges; and
- Interest earned on external investments.

**Capital Expenditure was as follows:**

EXPENDITURE	ACTUAL 2008	BUDGET 2008	ACTUAL 2007
<b>Property, Plant &amp; Equipment</b>	<b>237 198 089</b>	<b>175 717 000</b>	<b>141 944 749</b>
<b>Source of Finance:</b>			
<b>Contributions from Revenue</b>	637 313	17 131 778	3 919 695
<b>External Loan</b>	-	-	1 471 891
<b>Sundry Funds &amp; Donations</b>	236 560 775	158 585 222	136 553 163
	<b>237 198 088</b>	<b>175 717 000</b>	<b>141 944 749</b>