

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### 3.0 Introduction

As an established Water Service Authority, Ugu District Municipality has in this financial year responded to the growing need for water supply by providing access to 3266 households across the district. The municipality owns and operates 15 of its water treatment works and two other works which are operated by Umgeni Water.

#### COMPONENT A: BASIC SERVICES

##### A.1 Introduction to Basic Services

The balance between supply and demand for the municipality is still huge, as the municipality extended supply to over 3266 households in this year, the demand point keeps increasing requiring urgent focus on regional bulk infrastructure upgrades. The municipality prides itself in that while the capacity of most water treatments may be overstretched, we are still able to supply SANS 241 compliant water to our communities. The municipality complies with the requirement of the Blue Water Services Audit and has taken internal accountability towards the maintenance of the existing 92.2% Municipal Blue Drop Scorecard and increasing the number of water treatment works to achieve Blue Drop Status. The municipality introduced for the first time in the year under review a Key Performance Indicator titled “Management Accountability Checklist” which seeks to ensure that all requirements of the Blue Water and Green Water Services Audits are adhered to meticulously.

The three major service delivery priorities in this year have mainly been to cover the backlog created in the last financial year where most targets on access to water supply were not met due to over commitment of funding. This priority was achieved and exceeded.

The municipality managed to achieve on these targets through the introduction of an effective operational programme which ensures that all bottlenecks in the management of projects were addressed by involving on a weekly basis, multidisciplinary stakeholders to fast-track progress on key projects such as Mhlabatshane Bulk Water Project, KwaXolo Water Project and the Optimization of the Weza Plant due to drought. A key priority for the municipality is to upgrade bulk water supply and the process towards achievement of this has been started and aligned to the Bhobhoyi Water Treatment Plant Upgrade which will ensure sustainable water supply to over 180,000 people within the Ray Nkonyeni Municipal area. The Weza Dam and Plant upgrade project is one such project while the Vulamehlo Water Scheme has also been unlocked for finalisation of planning processes in the next financial year. As the municipality extends supply, well over 29,000 people were still without access to piped water supply. The municipality recognised the basic need of water for these challenged communities and rolled out springs protection, borehole refurbishment and mobile water tankering. In its mandate to provide efficient water services, the municipality has for the past 12 years partnered with Umgeni Water for provision of bulk water supply to the northern areas from Scottburgh to Kelso, Umtwalume and surrounding areas.

## 3.1. WATER PROVISION

### 3.1.1 Introduction to Water Provision

	Industrial	Domestic	Unaccountable water losses
2016/2017	446 400	29 258 929	11 764 843
2015/2016	418 043	27 488 129	10 742 606
			Table 3.1.1

Water Service Delivery Levels				
Description	2013/2014	2014/2015	2015/2016	2016/2017
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Water: (above min level)</u></b>				
Piped water inside dwelling	46 000	30 000	28 539	28 837
Piped water inside yard (but not in dwelling)	22 000	14 000	14 087	14 665
Using public tap (within 200m from dwelling )	60 000	58 000	59 303	60 933
Other water supply (within 200m)	26 000	28 000	28 000	28 000
<i>Minimum Service Level and Above sub-total</i>	154 000	130 000	129 929	132 435
<i>Minimum Service Level and Above Percentage</i>	83%	72%	71.78%	73.2%
<b><u>Water: (below min level)</u></b>				
Using public tap (more than 200m from dwelling)	5 000	25 000	23 697	23 132
Other water supply (more than 200m from dwelling)	26 000	26 000	26 000	25 434
No water supply				
<i>Below Minimum Service Level sub-total</i>	31 000	51 000	49 697	48 566
<i>Below Minimum Service Level Percentage</i>	17%	28%	27%	26.8%
<b>Total number of households*</b>	185 000	181 000	181 000	<b>181 000</b>
* - To include informal settlements				Table 3.1.2





Households - Water Service Delivery Levels below the minimum Households						
Description	2013/2014	2014/2015	2015/2016	2016/2017		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	59 200	57 920	57 920	57 920	57 920	57 920
Households below minimum service level	500	500	500	500	500	500
Proportion of households below minimum service level	1%	1%	1%	1%	1%	1%
<b>Informal Settlements</b>						
Total households	125 800	123 080	123 080	123 080	123 080	123 080
Households below minimum service level	30 500	50 500	49 197	49 197	49 197	49 197
Proportion of households below minimum service level	25%	41%	41%	41%	41%	41%
					Table 3.1.3	

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2014/2015	130 000	51 000	181 224
2015/2016	129 929	49 697	181 224
2016/2017	131 559	43964	181 224
			Table 3.1.4

Financial Performance 2016/2017: Water Services				
R'000				
Details	2015/2016	2016/2017		
	Actual	Original Budget	Adjustment Budget	Actual
<b>Total Operational Revenue</b>	397 771	603 124	698 729	555 845
<b>Expenditure:</b>				
Employees	146 062	146 705	162 862	165 003
Repairs and Maintenance	31 591	37 089	41 174	35 129
Other	412 010	332 977	369 648	496 612
<b>Total Operational Expenditure</b>	589 663	516 772	573 684	696 743
<b>Net Operational Expenditure</b>	-191 892	86 352	125 045	-140 898
				Table 3.1.6

Employees: Water Services					
Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		11	11	00	0.00
4 - 6		28	24	1.04	0.95
7 - 9		81	78	1.00	0.71
10 - 12		65	65	00	0.00
13 - 15		57	57	00	0.00
16 - 18		179	179	00	0.00
19 - 20		00	00	00	0.00
<b>Total</b>		<b>421</b>	<b>414</b>	<b>2.04</b>	<b>1.7%</b>

Table 3.1.5

### 3.1.1.2. Water Services Performance Overall:

Water Services have exceeded the budget on total operational expenditure due to the following reasons;

- Employee related costs

Owing to the ageing infrastructure, our employees spent more hours fixing the burst pipes, hence the municipality has incurred more on overtime and related expenditure.

- General Expenses

Sometimes the municipality had to call independent contractors to deal with the emergencies due to the shortage of qualified artisans and technicians internally, which increased the expenditure on Contracted Services. The increased tariffs by Eskom and Umngeni Water also affected the expenditure patterns on our General Expenditure.

- Repairs and Maintenance

Although the municipality is sitting with an ageing infrastructure, less money was spent on repairs and maintenance due to the lack of a proper asset maintenance plan. Most of our maintenance work was triggered by emergency breakdowns.





Capital Expenditure 2016/2017: Water Services R' 000					
Capital Projects	2016/2017				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All - R	152 108 034	171 329 322	167 294 405	-9 233 670	2 221 834 451
Kwaxolo Water Supply: Reticulation	R5 000 000	R5 000 000	R2 396 431	R4 207 311	R49 893 215
Mhlabatshane Regional Water Supply	R8 328 781	R5 379 448	R5 233 599	R3 095 182	R153 803 192
Umtamvuna Water Works Raw Water Upgrade	R40 400 000	22 634 177	R29 263 923	R15 485 036	R56 281 800
Mabheleni East Water Project	R5 000 000	R500 000	NIL	R5 000 000	R48 434 210
Harding Weza Regional Water Supply (Dam)	R20 000 000	R24 869 920	R32 021 779	-R12 021 779	R42 784 200
Harding Weza Regional Water Supply (Bulk)	NIL	R13 576 974	R6 026 482	-R6 026 482	R115 494 400
Thoyane Water Project	NIL	R1 128 322	R846 337	-R846 337	R59 931 952
Stick Farm Water Scheme	NIL	R1 500 000	R1 642 891	-R1 642 891	R7 978 832
Nyavini Water Supply Scheme	NIL	R1 522 871	R1 522 869	-R1 522 869	R32 722 174
Umzimkhulu Bulk Water Augmentaion Scheme	R20 000 000	R17 309 542	R13 440 616	R6 559 384	R188 202 913
Masinenge Bulk Water and Sanitation Project	R2 000 000	R4 645 455	NIL	R2 000 000	R14 708 339
Msikaba and Surrounds Water Supply Scheme	R10 000 000	R2 342 275	R2 664 341	R7 335 659	R155 095 000
Umzinto Slum Clearance: Farm Isonti	R14 000 000	R6 826 831	R5 363 490	R8 636 510	R77 822 259
Water Pipeline Replacements	R8 000 000	R39 822 495	R43 599 185	-R35 599 185	R705 000 000
Mistake Farm Supply Scheme	R10 000 000	R13 680 577	R14 624 515	-R4 624 515	R28 287 318
Bulk Water and Sewer Infrastructure for Mazakhele, Harding	R379 253	R563 529	NIL	R379 253	R11 506 090
Vulamehlo Cross-Border Water Scheme	R2 000 000	R4 331 733	R5 354 514	-R3 354 514	R382 626 276
Kwalembe Bulk Water Extension	R6 000 000	R1 820 740	R2 296 580	R3 703 420	R21 011 910
Kwanyuswa Water Scheme	R1 000 000	R3 874 433	R996 853	R3 147	R70 250 371
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

Table 3.1.7

#### • Capital Expenditure

The municipality is dependent on grants to finance its capital projects and due to the current economic situation, the national government has decreased grant funding to local government, hence the expenditure on capital projects has decreased compared to the previous financial year.

## 3.2 WASTE WATER (SANITATION) PROVISION

### 3.2.1 Introduction to Sanitation Provision

Households - Sanitation Service Delivery Levels below the minimum						
Description	2013/2014	2014/2015	2015/2016	2016/2017		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	59 200	57 920	57 920	57 920	57 920	57 920
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
<b>Informal Settlements</b>						
Total households	125 800	123 080	123 080	123 080	123 080	123 080
Households below minimum service level	65 000	60 000	57 289	57 289	57 289	57 289
Proportion of households below minimum service level	51.66%	48.75%	46.55%	46.55%	46.55%	46.55%
					Table 3.2.1	





Sanitation Service Delivery Levels				
Households				
Description	2013/2014	2014/2015	2015/2016	2016/2017
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>	34 000	34 000	34 000	34 500
Flush toilet (connected to sewerage)				
Flush toilet (with septic tank)	15 000	16 110	16 860	16 860
Chemical toilet	87	87	87	87
Pit toilet (ventilated)	53 000	58 000	58 347	58 610
Other toilet provisions (above min.service level)	-	-	-	
Minimum Service Level and Above sub-total	102 087	108 197	109 294	110 057
Minimum Service Level and Above Percentage	56.89%	59.71%	60.38%	60.80%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet	3 000	3 000	2 854	2854
Other toilet provisions (below min.service level)	-	-	-	61 089
No toilet provisions	8000	8000	7000	7000
Below Minimum Service Level sub-total	65 000	60 000	57 289	70 943
Below Minimum Service Level Percentage	36.22%	33.15%	31.65%	39.20%
<b>Total households</b>	<b>179 440</b>	<b>181 000</b>	<b>181 000</b>	<b>181 000</b>

\*Total number of households including informal settlements

Table 3.2.2

Access to Sanitation	
	Proportion of households with access to sanitation
2014/2015	117 204
2015/2016	116 711
2016/2017	118 974

Table 3.2.3

Employees: Sanitation Services					
Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		00	00	00	0.00
4 - 6		06	04	0.42	0.97
7 - 9		24	20	0.96	1.94
10 - 12		36	36	00	0.00
13 - 15		27	27	00	0.00
16 - 18		113	113	00	0.00
19 - 20		00	00	00	0.00
<b>Total</b>		<b>206</b>	<b>200</b>	<b>1.38</b>	<b>2.9%</b>

Table 3.2.4

Financial Performance 2016/2017: Water Services					
R'000					
Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	107 384	119 472	119 472	112 502	6 970
Expenditure:					
Employees	29 356	31 263	31 263	37 425	-6 162
Repairs and Maintenance	4 995	10 075	10 075	8 531	1 544
Other	51 552	47 393	47 393	62 993	-15 600
<b>Total Operational Expenditure</b>	85 903	88 731	88 731	108 949	-19 791
<b>Net Operational Expenditure</b>	21 481	30 741	30 741	3 554	27 188

Table 3.2.5





Municipal Vote/Capital project	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	2016/17 Medium Term Revenue & Expenditure Framework	
R thousand	6	3	3	Budget Year 2016/17	Actual 2016/2017
<b>Parent municipality:</b>					
<i>Capital projects grouped by Municipal Vote</i>					
Finance and Administration	No	Intangibles	Computers - software & programming		
Public Safety/Disaster	No	Other Assets	Furniture and other office equipment		
Public Safety	No	Other Assets	Buildings		
Finance and Administration	No	Other Assets	Other		
Finance and Administration	No	Other Assets	Other		
Finance and Administration		Other Assets	General vehicles		
OMM		Other Assets	General vehicles		
OMM	No	Other Assets	Furniture and other office equipment		
OMM	No	Other Assets	Computers - hardware/equipment	90	
OMM	No	Other Assets	Computers - hardware/equipment	150	
OMM	No	Other Assets	General vehicles	2,400	
Treasury	No	Other Assets	Computers - hardware/equipment	15,000	
Corporate Services	No	Other Assets	Computers - hardware/equipment	1,605	
Corporate Services	No	Other Assets	Computers - hardware/equipment	700	
Corporate Services	No	Other Assets	Furniture and other office equipment	10,750	
Corporate Services	No	Other Assets	General vehicles	16,000	
Public Safety	No	Other Assets	Other Buildings	1,000	
Water Services	No	Other Assets	Furniture and other office equipment		
	No	Infrastructure - Water	Reticulation		
	No	Infrastructure - Water	Reticulation	2,500	
	No	Infrastructure - Water	General vehicles	89,489	
	No	Infrastructure - Water	Reticulation	5,000	38,676
	No	Infrastructure - Water	Reticulation	8,329	9,434
	No	Infrastructure - Water	Reticulation	17,382	31,564
	No	Infrastructure - Water	Reticulation	5,000	18,347
	No	Infrastructure - Water	Reticulation	20,000	65,365
	No	Infrastructure - Water	Reticulation	20,000	14,673
	No	Infrastructure - Water	Reticulation	7,718	40,240
	No	Infrastructure - Water	Reticulation	2,000	42,024
	No	Infrastructure - Water	Reticulation	14,000	5,363
	No	Infrastructure - Water	Reticulation	8,000	148,239
	No	Infrastructure - Water	Reticulation	7,000	27,743
	No	Infrastructure - Water	Reticulation	8,000	
	No	Infrastructure - Water	Reticulation	13,000	44,890
	No	Infrastructure - Water	Reticulation	6,000	5,682
	No	Infrastructure - Water	Reticulation	5,000	
		Infrastructure - Water	Reticulation		4,207
					8,165
					846
					1,343
					2
					2,297
Waste Water Management				5,000	6,953
			Sewerage purification	18,334	20,990
			Sewerage purification	13,000	2,996
			Sewerage purification	13,500	45,195
			Sewerage purification	13,800	27,107
			Sewerage purification	1,751	6,208
			Sewerage purification	6,059	7,161
			Sewerage purification	2,000	6,396
			Sewerage purification	1,500	178
			Sewerage purification	2,500	1,933
			Sewerage purification	5,000	
<b>Parent Capital expenditure</b>				<b>368,557</b>	<b>634,217</b>
<b>Entities:</b>					
<b>Entity A</b>					
<i>Ugu South Coast Tourism Entity</i>			Furniture and other office equipment	540	
<b>Entity B</b>					
<i>Ugu South Coast Development Agency</i>			Furniture and other office equipment	50	
<b>Entity Capital expenditure</b>				<b>590</b>	
<b>Total Capital expenditure</b>				<b>369,147</b>	<b>634,217</b>

Table 3.2.6

## 3.3 FREE BASIC SERVICES AND INDIGENT SUPPORT

### 3.3.1 Introduction to Free Basic Services and Indigent Support

Households earning less than R1,100 per month					
			Free Basic Water		Free Basic Sanitation
	Total	Access	%	Access	%
2014/2015	6484	3890	60	2594	40
2015/2016	6739	4043	60	2696	40
2016/2017	5820	3492	60	2328	40

Table 3.3.1

Financial Performance 2016/2017: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2015/2016	2016/2017			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	48 261	99 136	99 136	112 707	-13 071
Total	48 261	99 136	99 136	112 707	-13 071

Table 3.3.2

#### 3.3.1.1 Free Basic Services and Indigent Support:

There was a slight decrease of 0.01% in the number of households provided with free basic services in 2016/2017 compared to the previous year. This decrease was caused by the review that was done on the indigent support register, whereby some households were no longer qualifying as indigent for various reasons such as deaths, change of economic status, etc.

With regards to the budget against actual expenditure on free basic services, the current year's actual expenditure exceeded the allocated budget by 13,63% and the current year's actual expenditure exceeded last year's expenditure by 143,63%. The reasons for this variance is that the municipality had challenges last year whereby the meters for the standpipes were not read by the service provider that was appointed to perform this function.

