**Comments on Ndlambe MTREF 2026/27 to 2028/29**

KENTON on Sea
Ratepayers Association
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# Contents

# 1. GENERAL

These comments are submitted to Ndlambe Local Municipality [NLM] as part of the public participation processes on the Council approved "Draft Integrated Development plan [IDP] 2026 – 2027".

In addition, comments are made on the approved "Draft medium term revenue and expenditure framework 2026/27 to 2028/29" document in section 7

# 2. CHAPTER 2: SITUATIONAL ANALYSIS

## 2.1 Population

We note no breakdown of population or number of households per ward.

We attach the table below, based on the 2024 GV role, for your information.

| Township | Count of Erf | Count erf % of column total | Sum of Market Value | Market Value % of column total |
|---|---|---|---|---|
| Alexandria | 2738 | 11% | R 544 135 000 | 3% |
| Alexandria RD | 246 | 1% | R 531 838 040 | 3% |
| Bathurst | 2752 | 11% | R 696 850 986 | 4% |
| Bathurst RD | 1033 | 4% | R 1 448 216 701 | 8% |
| Boesmansriviermond | 1262 | 5% | R 1 318 662 538 | 7% |
| Boknesstrand | 833 | 3% | R 874 484 042 | 5% |
| Cannon Rocks | 725 | 3% | R 737 409 053 | 4% |
| Fort D'acre | 350 | 1% | R 1 495 349 | 0% |
| Kasouga | 174 | 1% | R 317 231 000 | 2% |
| Kenton-On-Sea | 2713 | 11% | R 3 782 521 086 | 20% |
| Langholm | 214 | 1% | R 49 589 000 | 0% |
| Marselle | 2081 | 8% | R 236 378 000 | 1% |
| Nkwenkwezi | 3863 | 15% | R 406 096 000 | 2% |
| Port Alfred | 6096 | 24% | R 6 746 697 235 | 37% |
| Seafield | 711 | 3% | R 771 648 877 | 4% |
| **Grand Total** | **25791** | **100%** | **R 18 463 252 907** | **100%** |

In particular, we attach this table to outline our concerns in terms of expenditure on water and wastewater infrastructure where the Kenton/Bushman's systems provide for 24 % of all erven and 28% of the valuation role and only 7% of the water and sanitation maintenance budget is allocated to these systems. This is even more disturbing when it is noted that wards 3 and 4 use primarily RO water, which is much more expensive than water supplied through dams, boreholes etc.

## 2.2 Snapshot of Ward Issues

The Snapshot of ward issues ignores the major water availability problems in wards 3 and 4 where many households have not received water for weeks and months. We suggest that wards 3 and 4 should both have 4 stars in respect of water problems. In respect of streets and related potholes we suggest 3 stars for the first two categories in wards 3 and 4. No mention of the recycling operation in Wards 3 and 4. Please add municipal support to this operation and rate these as 2 stars for wards 3 and 4.

### Snapshot of Ward 1-10 Issues

The table below provides a snapshot or summary of the key issues and concerns identified across the 10 wards within the Ndlambe Local Municipality (2025). These issues and concerns are still relevant in 2026. It presents the specific needs of each ward while also highlighting common or cross-cutting issues that affect multiple wards.

Following a detailed assessment, including a cause-and-effect analysis to determine the root causes of the problems raised, four main development priorities were identified:

1. Maintenance of all municipal infrastructure (below and above ground)
2. Water and Sanitation
3. Roads
4. Stormwater Maintenance

| | Wards | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Issue Raised** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| **POPULATION INCREASE** | | | | | | | | | | |
| Increase in population of Ndlambe by 43%: can LM manage the impact – strain on infrastructure and future planning. | xx | x | xx | xxx | xx | xxx | | | | xxxx |
| **WATER** | | | | | | | | | | |
| No clean drinking water from tap | | | | | xxx | | | xxx | | |
| Have water but challenges related to it - leaks, incorrect readings, inadequate pressure, airlocks, frequency, quantity, poor quality, boreholes and the like | xx | | xxx | x | xxxx | xxx | | xxx | | xxxxx |
| **SEWERAGE** | | | | | | | | | | |
| No toilets / No ablution facilities / No water borne sewerage / Not disabled friendly | | | xxx | xxx | | | | x | | |
| Have toilet/sewerage but challenges related to it All **Sewerage** related challenges | | | xxxx | xxxx | xxxx | xxxx | | x | xxxx | |
| **HOUSING** | | | | | | | | | | |
| Have house, but challenges related to it – defects | | | x | | | | | x | xx | |
| Informal dwellings/ settlements upgrade challenges | | | xx | | | | | | | |
| Request for temporal housing | | x | | | | | | | x | |
| **STREETS/ROADS** | | | | | | | | | | |
| No tar or paved streets /roads /sidewalks | | x | xx | xxx | xxxx | | | | | |
| Have tar but many POTHOLES Road infrastructure maintenance to roads/streets/sidewalks is urgently required | xxx | | xx | xx | xxxx | x | x | x | xxx | xxxxx |
| Insufficient parking in the town | | x | | xxx | | | | | | |
| Need a cross over bridge | | | | xxx | | x | | | | |
| **STORMWATER** | | | | | | | | | | |
| No stormwater drainage / management | | | xxx | | xx | | | | | |
| Have, but insufficient storm water drainage – flooding during rainy season | | | xxx | xxx | xxx | | | | | xxxx |
| **HALLS** | | | | | | | | | | |
| No Community Hall | | | | | x | | | | | |
| Little to no maintenance of community halls | | | x | | | | | | | |
| **Issue Raised** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Refuse collection challenges | | | x | | | | | | | |
| **HEALTH** | | | | | | | | | | |
| Have clinic facility but challenges related to it | | x | x | | | | | | | |
| Ambulance not reaching people in time – deaths Difficult to gain access due to poor road/street conditions | | | | | x | | | | | |
| **GRAVE** | | | | | | | | | | |
| Insufficient grave sites / cemeteries /maintenance | | | xx | | xx | | | x | | |
| **NATURAL ENVIRONMENT** | | | | | | | | | | |
| Insufficient protection of the natural environment – in general (like dumping, littering, river, estuary, ocean pollution. | xx | | xxx | xxx | xx | | | | | xxx |
| **SEWER** | | | | | | | | | | |
| Sewerage seeping into rivers, estuaries, ground water etc... Water, river and ocean contamination | xx | xxx | xxxx | xxx | | | | | | |
| **BEACH** | | | | | | | | | | |
| Maintenance of public beaches | x | x | xx | xxx | | | | | | |
| **CLEAN TOWN** | | | | | | | | | | |
| Cleaning and or Beautification of the town – cutting of grass | x | xx | x | | xx | | | | | |
| **DEBT COLLECTION** | | | | | | | | | | |
| Municipal Finances: insufficient debt collection, writing off too much debt, waste, concern about deficit budget, inadequate financial management, SCM | xx | | xx | xxx | xxx | xxxx | | | | xxxx |
| People need jobs | | x | x | | xx | | | | xxx | |
| Rate /Taxes / service charges too high – not affordable – investigate affordability policy | xx | | xx | | xxxx | xx | | | | xx |
| **INVESTORS** | | | | | | | | | | |
| Towns need more investors/business/tourism | x | xx | x | x | x | | | | | xxxxx |
| **MAINTENANCE** | | | | | | | | | | |
| Insufficient road / street / town signage / street markings : urgent signage for safety of pedestrians | xx | xx | xx | xxx | xx | | | | xx | |
| Indigent application / campaign required | x | x | x | | | | | | | |
| Challenges related to commonage – lease agreements, by law enforcement, stray animals | | | xxx | | xxxx | | x | xx | | |
| **FACILITIES** | | | | | | | | | | |
| Need an abattoir | | x | | | | | | | | |
| Have sport or recreation facility but challenges related to it. Need something more for youth eg youth centre | | x | | | | | x | | | |
| Have library – but challenges with it | | | x | | | | | | | |
| Need nearby police station | | | | | x | | | | | |
| **SCHOOLS** | | | | | | | | | | |
| Need for a school (either creche or primary, or high) | | | x | | | | x | | | |
| Have schools but challenges related to it. | | | | | | | | | | |
| High crime / drugs | | | | | xxx | | | | | |
| School violence | | | | | | | | x | | |
| **SERVICES** | | | | | | | | | | |
| Proposal to start recycling within municipal area | | x | | | | xxx | | | | |
| Assistance with ID documents | | | | | | x | | | | |
| Request for a 24/7 electricity purchasing point within Thornhill. | | | | | | x | | | | |
| No follow up on community projects – once they have been completed (no seed or material provided after) | | | | | | | | x | | |
| Request for wheelie bins | | | | | | | | x | | |
| Spaza shops selling expired food | | | | | | | | x | | |
| Request for Mayoral tournaments | | | | | | | | | x | |

# 3. CHAPTER 3: STRATEGIC PRIORITIES AND PROJECTS

At a high level the inclusion of these priorities & the associated details in the IDP and also in the public eye is to be welcomed and applauded. Their inclusion provides clear measurable outputs against which the Municipal Manager and his executives can be publicly assessed.

We are pleased to note “Tier 1 – Core Service delivery” is a key and critical delivery output. We are much encouraged by the pages in Chapter 3 in the IDP. It is a pity they have not been there before!

However, nowhere does the IDP mention the current condition and status of the infrastructure to be managed nor its targeted condition and how this is related to performance measurement. There are no simple, measurable objectives. The Performance objectives only state that the infrastructure is to be maintained – nowhere does it state at what condition is it now and what is the desired condition should be and how this will be achieved. We propose that the strategic priorities be expanded along the lines set out below where clearer objectives are set out on the basis of the various sector plans and related budget constraints.

Hence, we propose that the Tier 1: Core Service Delivery objectives be expanded upon to achieve measurable objectives and not just “to maintain and attract investment”. Our proposals for each expanded objective are outlined below.

## 3.1 Tier 1: Core Service Delivery

### 3.1.1 Maintain Infrastructure

#### (a) Roads

As shown in the graphs below, obtained from the **January 2024 Municipal Road Maintenance Plan** prepared by EAS, the condition of most paved roads in the municipality as measured in 2022 is rated as fair to with roughly 30% rated as poor. The condition of most gravel roads is worse approaching 50% in a poor condition.

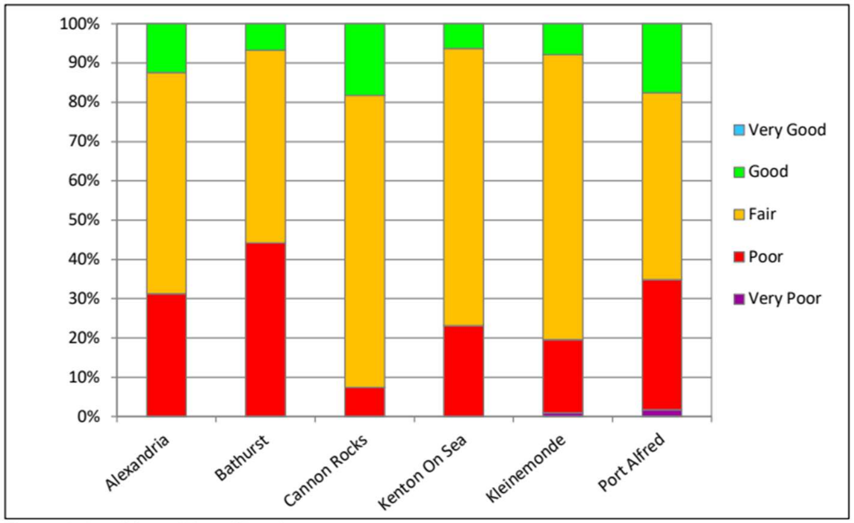


Figure 4: Condition of Paved Roads

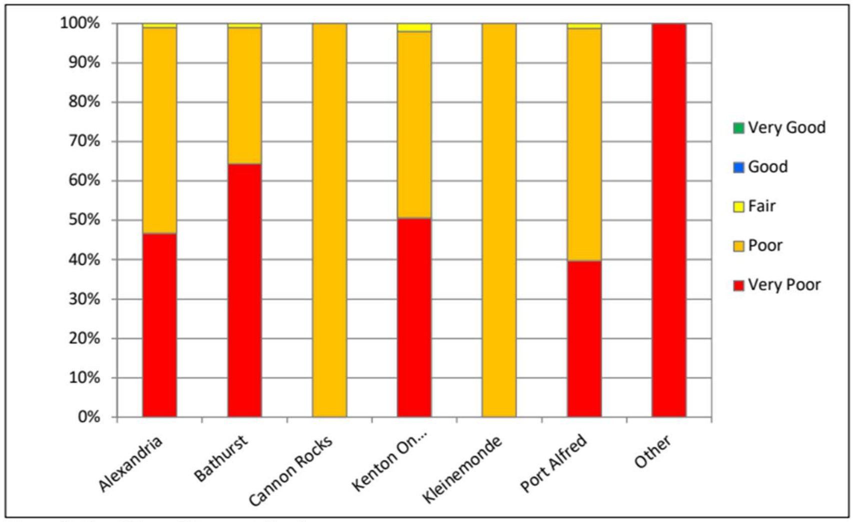


Figure 6: Condition of Unpaved Roads

We note that, while the above report is referenced later in the IDP, the poor condition of roads should be highlighted in this section. The budget constraints related to moving the entire municipality's infrastructure from a poor to a good condition should be highlighted. For example, the above report estimates that R250 million is required to remove the maintenance backlog for paved roads and R50 million for unpaved roads while the current total maintenance budget for roads in in the region of R17 million with only R9million allocated in the next financial year! Furthermore, paved road maintenance and unpaved road maintenance are very different activities with different priorities and trigger conditions. We would propose that they be addressed separately in this section.

Therefore, we would suggest that for roads the KPA not just be service delivery but rather:

**Paved Roads: Service Delivery - to improve the condition of roads over 3 years in order to have less than 10% of paved roads in a poor condition through cost-effective and optimised maintenance subject to budget constraints**

**Unpaved Roads: - Service Delivery – to clearly prioritise roads to be paved through traffic volumes and local conditions and to maintain unpaved roads through scheduled blading, re-shaping and regravelling to have less than 20% of unpaved roads in a poor condition.**

KOSRA has already shown the way with this by improving the condition of 25% of the paved road network in Kenton using severely restricted funding with limited financial support from the municipality.

**(b) Stormwater**

Stormwater causes 2 problems namely washaways and ponding of water on roads. We would suggest that stormwater also be divided into 2 sections:

**Stormwater washaways: - Service Delivery – to ensure regular cleaning of streets, channels and pipes to minimize stormwater blockages and prevent washaways.**

This involves activities such as identifying leaves and other debris that could block stormwater facilities and cleaning these on a regular basis. Ideal activities for EPWP.

**Stormwater ponding:- Service Delivery – to ensure that all rainwater is directed into channels and stormwater facilities and does not pond on roads.**

This involves activities such as ensuring there are no potholes or slacks on roads and that roads have adequate camber and crossfall, as well as building concrete aprons for stormwater inlets during road maintenance projects.

**(c) Water and Sanitation**

The current poor status of water provision in Kenton is not mentioned in the WSDP while residents in ward 4 spending an inordinate amount of money to buy water from alternative sources due to lack of supply from the Municipality, but still have to pay the municipality for water availability! For example, over the period 19/12/2025 to 20/4/2026 (122 days) the South Eastern Portion of Kenton-on-Sea only had water for short periods over 46 days. Merryhill has had no water for years. Many businesses spend in excess of R50 000 to buy water per annum.

This should also be subdivided into two section each with very different objectives, priorities and activities.

**Water – Service Delivery: - Ensure that all households with taps receive potable water for 360 days of the year and that the backlog of households without taps be eradicated over 10 years**

This involves a plethora of sub-activities as set out in the projects section of the report.

Furthermore, in order for this objective to be achieved the municipal water losses, currently ranging around 50% of all water supplied, will have to be reduced to around 15%. It may be appropriate to have a line item for water leak detection and repair.

**Wastewater- Service Delivery: - Ensure that wastewater trucks can respond within 24 hours, that all leaks and pump outages are rectified within 24 hours and that all wastewater treatment plants get greendrop status**

This again involves a wide range of activities and projects.

**(d) Electrical**

We agree that electrical system maintenance is a key priority, however, wards 3 and 4 are serviced by Eskom.

**(e) Tourism**

In ward 4 tourism mainly relates to the use of rivers and beaches which need to be kept in pristine condition at all times. There are several toilet facilities that are maintained by the Municipality which need to be kept in good condition for use by tourists.

### 3.1.2 Municipal Buildings

We believe this is a supporting function and not service delivery per se. The Municipal buildings in ward 4 are in poor condition.

### 3.1.3 ICT Infrastructure

We believe this is a core supporting function and not service delivery per se.

### 3.1.4 Construct and Upgrade of Infrastructure

We would suggest that the water and wastewater sections are separated.

### 3.1.5 Land and Building Development Administration

This service delivery function needs to be coupled with timescales in respect of responses submitted plans and related approvals. We would suggest that the Municipality engage with professionals in this regard to develop appropriate timescales for performance targets.

### 3.1.6 Protection, Compliance and Community Services

These KPAs are all fairly detailed and clearly elaborate on what their aims are. However, there are no operational targets set out for any of them. While this does not appear to be a major problem at this stage, it may become more of a priority as crime increases due to lack of job creation in the country. Setting up a complaints channel may help to identify shortfalls that can be addressed.

We further propose a separate line item for **Recycling Support** the objectives of which can be refined over time.

## 3.2 Tier 2: Enabling Systems

This definition begs the question of why the above Tier 1 Municipal Buildings and ICT Infrastructure are not included here.

The Municipality may want to consider how they will rate and evaluate current standards in many of these sub-headings. KOSRA, for example will rate many of them such as budgeting and resource planning as POOR.

## 3.3 Developmental Growth

The success of many of these objectives are subject to successes in the Tier 1 Core Services.

# 4. CHAPTER 4: PROJECTS

This chapter provides a listing of projects and their related allocation and costs. We would like to caution against excessive detail with regard to maintenance projects, as at this level tasks have not been adequately identified or costed.

## 4.1 Maintenance of Roads

We note this is subdivided into slurry sealing, pothole patching etc. We would suggest that this is a much more dynamic process and that there are many further activities that could be grouped here such as surface rejuvenation, chip sealing, base and subbase patching etc. Furthermore, a slurry seal should follow patching, for example. So it makes no sense to list them separately. Similarly, a decision to apply a fog spray to arrest surface deterioration in an area could be made on the spot and may not be allowed for in a “project budget” .

We do not think this core service should be subdivided the way it has but should rather be subdivided per maintenance depot/area with a consolidated budget allocated per area per road type and pro-rata to the length of each road type (unpaved, paved, block). It is then up to the area manager to develop detailed plans on a 6 monthly basis and to ensure maintenance in accordance with these plans.

## 4.2 Maintenance of Stormwater

We note and concur that this maintenance project should be allocated per ward. However, we are not sure how the quantum was allocated per ward and why in some cases it is very detailed, with substantial budgets, while in other cases details and budgets are minimal. We would suggest some sort of rating per ward and that a routine maintenance budget allocation be done per road length with an adjustment based on the rating. It is then up to area managers to develop plans for individual wards and up to higher level managers to evaluate the plans and assess their effectiveness. Then a separate sub-section can be added for the few replacement or installation improvement projects that are required per area. KOSRA has funded and repaired many stormwater problems in Kenton over the past 2 years to an amount of some R250 000.

## 4.3 Maintenance of Water Infrastructure

We like the subdivision of water projects into the categories listed – abstraction, pump stations, treatment works, reservoirs and reticulation. We propose that **bulk pipelines, securitisation** as well as **operations** be added. We suggest that the Water Services Development Plan (WSDP) be completely overhauled to show similar categories to the IDP per ward so that the WSDP, the IDP and related budgets are better aligned and easy to follow.

The Water Services Development Plan needs to be adapted to start monitoring availability together with customers and to develop and detail strategies to achieve improvements on the status quo.

### 4.3.1 Abstraction

Under water abstraction a line item for the Diaz Cross water Abstraction works needs to be included with a budget of R350 000 for replacement of vandalized electrical cable sand equipment and a continuous maintenance cost of some R300 000 per annum.

### 4.3.2 Securitisation

The securitisation section can deal with new fences being built and CCTV cameras installed. KOSRA is happy to work with Ndlambe with a view to including the CCTV system within the current Kenton CCTV monitoring and response system.

### 4.3.3 Pumphouses

The current condition of the pumphouses in Kenton-on-Sea are very poor. They need to be cleaned and switchgear and SCADA systems replaced. Backup pumps need to be re-installed.

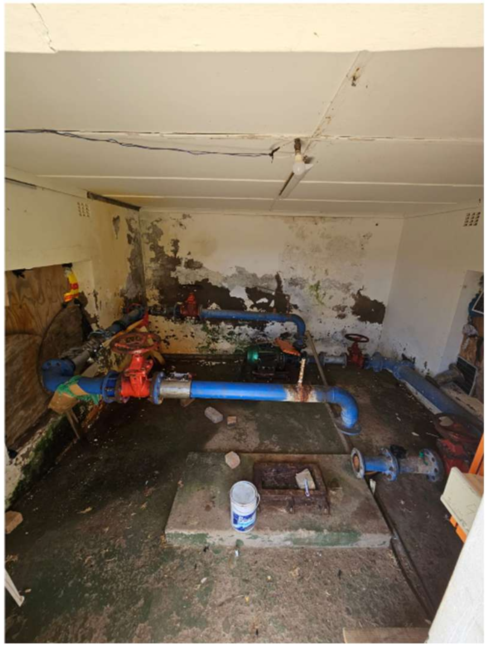

*Figure 1: Kenton - Pumphouse for Elevated Tanks*

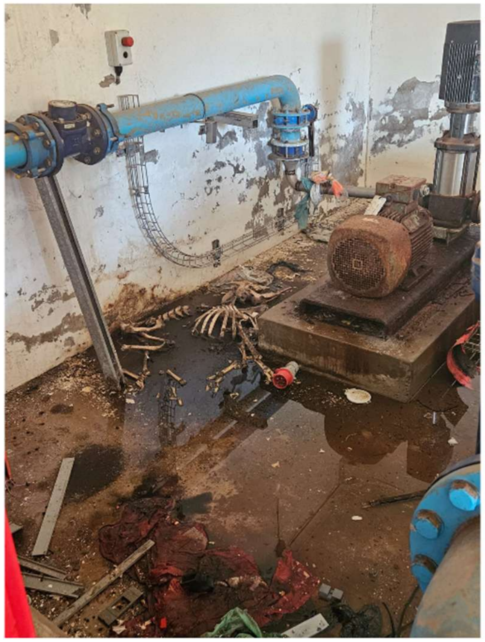

*Figure 2: Kenton- Pumphouse for Eco-Estate*

The following budget changes are suggested:

| | | | | | | |
|---|---|---|---|---|---|---|
| 000T1 WMAIN | **Maintenance of Ekuphumleni Booster Pump Station** | Ekuphumleni, Kenton-on-Sea | **R 210 000,00** | R - | R 210 000,00 | R 220 500,00 |
| | | | R | R | R | R |
| | ▪ Pump Servicing | | R 95 000,00 | R - | R 95 000,00 | R 99 750,00 |
| | ▪ Electrical Inspections and panels | | R 55 000,00 | R - | R 55 000,00 | R 57 750,00 |
| | ▪ Valve and pipework repair | | R 45 000,00 | R - | R 45 000,00 | R 47 250,00 |
| | ▪ Telemetry and SCADA servicing | | R 15 000,00 | R - | R 15 000,00 | R 15 750,00 |
| 000T1 WMAIN | **Maintenance of Marselle Booster Pump Station** | Marselle, Kenton-on-Sea | **R 90 000,00** | R - | R 90 000,00 | R 94 500,00 |
| | ▪ Pump Servicing | | R 30 000,00 | R - | R 30 000,00 | R 31 500,00 |
| | ▪ Electrical Inspections and panels | | R 25 000,00 | R - | R 25 000,00 | R 26 250,00 |
| | ▪ Valve and pipework repair | | R 20 000,00 | R - | R 20 000,00 | R 21 000,00 |
| | ▪ Telemetry and SCADA servicing | | R 15 000,00 | R - | R 15 000,00 | R 15 750,00 |
| 000T1 WMAIN | **Maintenance of Bushmans Booster Pump Station** | Bushmans | **R 90 000,00** | R - | R 90 000,00 | R 94 500,00 |
| | ▪ Pump Servicing | | R 40 000,00 | R - | R 40 000,00 | R 42 000,00 |
| | ▪ Electrical Inspections and panels | | R 20 000,00 | R - | R 20 000,00 | R 21 000,00 |
| | ▪ Valve and pipework repair | | R 15 000,00 | R - | R 15 000,00 | R 15 750,00 |
| | ▪ Telemetry and SCADA servicing | | R 15 000,00 | R - | R 15 000,00 | R 15 750,00 |

The Ekuphumleni station needs to include the installation of a backup pump for R350 000 in 2027/2028 and the items shown for 2027/2028 need to be repeated in 2026/27. The telemetry and SCADA systems are non-existent and need to be installed at a cost of R50 000 for each pumpstation.

The Eco-Estate pumphouse is not mentioned and needs a refurbishment project with a budget of at least R500 000.

### 4.3.4 Reservoirs

Under maintenance of water reservoirs the budget is currently as follows:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | ▪ Minor structural repairs | | | R 50 000,00 | R - | R 50 000,00 | R 52 500,00 |
| 000T1 WMAIN | **Maintenance of Kenton-on-Sea Reservoirs** | 4 | Kenton-on-Sea | **R 150 000,00** | R - | R 150 000,00 | R 157 500,00 |
| | ▪ Cleaning and disinfection | | | R | R - | R | R - |
| | ▪ Valve servicing | | | R 60 000,00 | R - | R 60 000,00 | R 63 000,00 |
| | ▪ Telemetry and level sensor servicing | | | R 40 000,00 | R - | R 40 000,00 | R 42 000,00 |
| | ▪ Minor structural repairs | | | R 50 000,00 | R - | R 50 000,00 | R 52 500,00 |
| 000T1 WMAIN | **Maintenance of Bushmans Reservoir** | 3 | Bushmans | **R 130 000,00** | R - | R 130 000,00 | R 136 500,00 |
| | ▪ Cleaning and disinfection | | | R | R - | R | R - |
| | ▪ Valve servicing | | | R 40 000,00 | R - | R 40 000,00 | R 42 000,00 |
| | ▪ Telemetry and level sensor servicing | | | R 40 000,00 | R - | R 40 000,00 | R 42 000,00 |
| | ▪ Minor structural repairs | | | R 50 000.00 | R - | R 50 000.00 | R 52 500.00 |

It is proposed that under Maintenance of Kenton-on-Sea reservoirs, a line item for "Replacement of the 80kl Elevated Tanks" needs to be added at a cost of R1 000 000 over each of the next 2 financial years to replace one tank each year. The telemetry item needs to be repeated for the 2026/27 financial year.

*Figure 3: Poor Condition of inside of Elevated Tank*

### 4.3.5 Reticulation

We believe that the amount budgeted for the maintenance of the Water Reticulation Network should be adequate although the Municipaity may have a better grasp on this having recently received tenders for this work.

### 4.3.6 Operations

These should be detailed per operational system and reflect the ongoing cost of system operation.

## 4.4 Sanitation

We note the amounts budgeted for sewage pumpstations and reticulation and believe these are reasonable, although we are aware that many of these pumpstations give recurring problems which may need to be resolved by installing backup pumps and related SCADA systems and switchgear. The budgeted amounts appear to be inadequate for this.

We also note the amounts budgeted for the Bushman's and Kenton wastewater treatment plants and believe these may fall short of the relatively extensive maintenance, restoration and operational work required to ensure that these plants continue to operate effectively.

## 4.5 Electrical

There is a conflict between the IDP and MTREF as the MTREF shows a continuing contract of some R20 million per year for electrical maintenance while the IDP only shows minor streetlight maintenance.

## 4.6 Further Projects

We note that there are also no projects for Capital Works in the IDP. In Ward 4 we would like to reserve funding for the "Expansion of the Water Abstraction system to identify and implement alternative water sources"

There appears to be a major disconnect between the level of detail provided for infrastructure maintenance projects versus the very extensive detail provided for the softer operational projects. For example, "Erection of signage at landfill sites"! We suggest that there are far too many

Surely these budgets should be allocated per division with a list of responsibilities instead of "projects". We would suggest far fewer project subdivisions may be much easier to manage and control - such as shown alongside:

**4.6.1 Administrative and Operations**

**(a) Head Office**

**(b) Infrastructure**

**(c) Land and Building Services**

**(d) Parks, Beaches, Sportsfields, Cemeteries and Community Buildings**

**(e) Environmental Management**

**(f) Waste Management**

**(g) Traffic, Community Safety and Emergency Services**

# 5. SECTOR PLANS

## 5.1 Waste Management

We note this plan and propose that the Municipality play a more active role in supporting recycling initiatives. We propose that an amount of some R100 000 be budgeted per year in support of recycling initiatives which are difficult to operate successfully being very far from recycling centres.

We have not been informed on any plans related to solid waste disposal sites and sold waste transfer stations.

# 6. GOOD GOVERNANCE

Comments on this are provided as part of KOSRA’s comments on the MTREF

# 7. FINANCIAL PLANNING

Comments on this are provided as part of KOSRA’s comments on the MTREF (Draft Medium term Revenue and Expenditure 2026/27 to 2028/29 [MTREF 2026/29]) as out below.

## 7.1 Overview.

Note that this document has many problems related to the amounts shown in columns have R1000’s in the header or not and it often seems that some amounts are in 1000s while others are not.

We are, however, skeptical that the old habits of continued unauthorised, irregular & wasteful expenditure and blatant disregard for management’s service delivery obligations will suddenly be cast aside and that a new client driven service delivery oriented ethos and frugal disciplined financial management will emerge like a new chrysalis!

## 7.2 Budget Assumptions in the IDP and MTREF

### 7.2.1 CPI inflation rate for budget and MTREF periods

**National Treasury issued “2026/27 MTREF Budget Circular No 132”**

This circular is issued to address the inflation outlook for the period of the budget and the MTREF until 2028/29. It states that the estimated CPI for 2026/27 is 3.7%. This implies that the CPI to be used in the MTREF and IDP should be 3.7%. The screenshot below is extracted from NLM’s MTREF 202627 to 2028/29 on page 53. Despite NT’s very clear circular that CPI is 3.7%, NLM has applied a CPI of 5.2% as its base increase for all tariffs

**2.6.2 General inflation outlook and its impact on the municipal activities**
The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2026/27 MTREF.

| Fiscal year | 2022/23 Actual | 2023/24 Actual | 2024/25 Actual | 2025/26 Estimate | 2026/27 | 2027/28 Forecast | 2028/29 |
|---|---|---|---|---|---|---|---|
| CPI Inflation | 6.9% | 5.9% | 4.4.% | 3.3% | 3.7% | 3.3% | 3.2% |

*Source: 2026/27 MTREF Budget Circular No. 132.*

The adjacent screenshot is extracted from the draft budget paper presented to Council for its approval at its 31 March 2026 meeting.

This blatant disregard for NT's estimated CPI rate of 3.7% and deciding that the CPI rate it will apply is 5.2% is baseless and requires an explanation

The imposition of 5.2% as the base rate for all other tariff increases is unacceptable to the rate payers, especially when there have been ongoing failures to deliver basic services, like water for many years.

Double digit tariff increases are unacceptable!

"Sanitation/ pump out fees" are increased by 10.2%. This is excessive and unacceptable.

4. **THAT** the draft tariffs be NOTED with the following increases:

- **Property rates:** A 5.2% increase for 2026/2027.
- **Environmental fee**: A 5.2% increase for 2026/2027.
- **Water Basic Fee:** A 10.2% increase (comprising of 5.2% CPI inflation plus 5% for tariff structure change derived from cost of supply study conducted in 2023/24 and implemented in 2024/2025) for the current and two outer years.
- **Water Usage:** A 5.2% increase for 2026/2027.
- **Sewerage Basic Fee:** A 5.2% increase for 2026/2027
- **Sanitation/Pump Outs**: A 10.2% increase (5.2% inflationary plus a 5% for tariff structure change derived from cost of supply study conducted in 2023/24 and implemented in 2024/2025)
- **Waste Collection:** A 5.2% increase for 2026/2027.
- **Electricity tariff**: An average increase of 7% for 2026/27 due to tariff structure change derived from cost of supply study conducted in 2023/24

**Miscellaneous tariffs:** An increase of 5.2% for 2026/2027

The pump out service is so poor that the sewerage trucks do not meet the booked times and residents desperate for their conservancy tanks to be cleared often resort to paying bribes to the drivers to empty their tanks!

It is unacceptable that NLM is proposing a 10.2% increase in the Water Basic Fee when it has been unable to supply many rate payers with piped water for periods extending from several days to several years. Water supply to Kenton is very poor through lack of maintenance at the RO plant, other supply points and the entire reticulation system.

## 7.3 Ndlambe Water losses – period FY 2018 – 2025 (AG annual reports)

The adjacent screenshots shows the massive water losses over eight years for FY 2018 -2025. [Extracted from the Auditor General's annual reports].

These are substantial and clearly water infrastructure maintenance needs to receive adequate funding to identify and repair leaks as set out above.

**NDLAMBE WATER LOSSESS**

From the Auditor General's Audit Report

"Material water losses were incurred which were predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore apparent losses were realised due to metering ineffiences, meter faults and unauthorised and unmetered consumption"

| Fin Year Ending June | Water Losses R Millions | %of Water Purchased | | KL Purchased | KL Sold | KL Unaccounted For |
|---|---|---|---|---|---|---|
| 2018 | 23.1 | 49.9% | | 3,785,606 | 1,898,290 | 1,887,316 |
| 2019 | 27.1 | 53.0% | | 3,793,860 | 1,783,911 | 2,009,949 |
| 2020 | 20.2 | 43.0% | | 3,291,957 | 1,876,139 | 1,415,818 |
| 2021 | 17.4 | 40.0% | | 2,852,685 | 1,707,676 | 1,145,009 |
| 2022 | 14.1 | 38.2% | | 2,650,127 | 1,637,510 | 1,012,617 |
| 2023 | 22.3 | 45.3% | | 3,346,810 | 1,831,998 | 1,514,812 |
| 2024 | 27.7 | 48.5% | | 3,674,237 | 1,892,032 | 1,782,205 |
| 2025 | 22.6 | 30.5% | | 4,317,514 | 3,001,963 | 1,315,551 |
| | **174.5** | 43.6% | (Average) | | | **12,083,277** |

Population Growth between 2011 and 2024 A3

| | | | |
|---|---|---|---|
| 2011 | 61,176 | | |
| 2022 | 87,797 | | |
| Growth | 26,621 | 43.5% | 4.35% PA on average |

## 7.4 Budget assumptions – Collection rates

The budget projects the collection rates for the various services. These are key assumptions as they drive the budgeted cash flows. The MTREF states in paragraph 1.3 Executive Summary that the average collection rates are 82%.

The veracity of this figure is questioned and we would suggest it should be set closer to 75-78%.

The adjacent screenshot of the Projected (budgeted) Collection Rates for the various services is extracted from the MTREF on page 53.

The projected collection rates for "water" is a glaring omission! Is this an oversight or a deliberate omission as the water debtors are the biggest single service debt and the oldest? Their collection rates are woeful. As at 31 December 2025, some 60% are greater than one year in arrears , 75% are older than 90 days. *[<u>Source</u> - Section 52(d) report Q2 FY 2026 - December 2025 – Table SC3 – Debtors age analysis]*

**1.6 OVERVIEW OF BUDGET ASSUMPTIONS**

**2.6.1 Projected Collection Rate**

The municipality has projected an average collection rate per service as per table below:

| Source of Income | Projected Collection Rates |
|---|---|
| Property Rates | 90% |
| Billed Electricity | 82% |
| Sewerage / Sanitation | 81% |
| Refuse Removal | 82% |
| Environmental levy | 75% |
| Housing Rental/Rentals | 83% |
| Lease | |
| Interest Earned Outstanding Debtors | 21% |

The prepaid electricity and other miscellaneous tariffs are expected to be collected at 100%.

Ndlambe's biggest service debt is Water and over 60% of it is older than one year, will probably never be collected and will, in time, be written off. Higher water tariffs are likely to worsen the water debt even further! Those debtors are not paying for water at the previous tariff will probably have a worse payment record with a 10.2% increase.

## 7.5 Operational budgets.

### 7.5.1 Salaries and allowances – massive increases for Senior managers

These are some 32% of total operating expenditure [MTREF – page 9 of 82], which are within the NT's (National Treasury) guidelines of 25-40%. However, the detail of the budgets that reveals several problems. Ndlambe's service delivery performance is woeful and despite this, Senior Managers (Executive Directors) are paid very generous "performance bonuses" and their basic salaries are increased by 9.05% instead of the estimated CPI of 3.7%.

Their budgeted bonuses will increase by 133%. [FY 2026 forecast R584k compared to R1, 363k in FY 2027 is a 133% increase]

See Screenshots below – [Source MTREF page 58 of 82]

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Senior Managers of the Municipality**<br>**Salaries and Allowances** | 2 | | | | | | | | | |
| Basic Salary | | 5,197 | 6,413 | 7,802 | 6,950 | 6,950 | 6,950 | 7,579 | 7,958 | 8,356 |
| Bonuses | | 831 | 1,061 | 1,339 | 579 | 584 | 584 | 1,363 | 1,395 | 1,272 |

The total percentage increase for all the costs and allowances for Senior managers is 8.7% See Screenshot below – [Source MTREF page 60 of 82]

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sub Total - Senior Managers of Municipality** | | **8,830** | **10,826** | **12,654** | **11,261** | **11,266** | **11,266** | **12,242** | **12,762** | **13,154** |
| **% increase** | 4 | | **22.6%** | **16.9%** | **(11.0%)** | **0.0%** | **–** | **8.7%** | **4.3%** | **3.1%** |
| **Other Municipal Staff**<br>**Salaries and Allowances** | | | | | | | | | | |
| Basic Salary | | 96,547 | 105,895 | 114,574 | 132,023 | 130,068 | 130,068 | 138,828 | 145,769 | 153,058 |
| Bonuses | | – | – | – | – | – | – | – | – | – |

The “Other Staff” basic salary increase is 6.73%

### 7.5.2 Other staff bonuses

It is noted that no Performance bonuses are disclosed as being paid in FY 2025, despite the audited AFS in Note 29 stating that total bonuses of R9, 875,679 were paid to "Employees costs – ex S57 managers". [Section 57 managers are executive directors].

See adjacent screenshot of Note 29 – "Employee related Costs" – Audited AFS FY 2025. [Source – Audited AFS FY 2025 – notes 29; page 76]

**Ndlambe Local Municipality**
Annual Financial Statements for the year ended 30 June 2025

**Notes to the Annual Financial Statements**

| Figures in Rand | 2025 | 2024 |
|---|---|---|
| **29. Employee related costs** | | |
| Basic | 114 573 992 | 105 895 470 |
| Bonus | 9 875 679 | 8 978 213 |
| Allowances | 5 331 946 | 5 956 000 |
| Post-employment benefits | 30 810 838 | 28 497 534 |
| Medical aid - company contributions | 16 084 194 | 14 929 852 |
| UIF | 1 037 855 | 1 042 649 |
| Leave pay accrual charge | 2 193 005 | 873 318 |
| Overtime payments | 13 170 494 | 13 018 143 |
| Long-service awards | 1 916 999 | 1 863 236 |
| Car allowance | 5 885 621 | 5 226 044 |
| Housing benefits and allowances | 1 038 420 | 490 724 |
| Group insurance | 234 662 | 268 295 |
| Industrial levy | 104 627 | 104 151 |
| **Employee costs - ex S57 managers** | **202 258 332** | **187 143 629** |

Clearly any budgeted performance bonuses would look odd especially if none were paid in FY 2025? Is this an error or a deliberate omission so that the costs could be understated? It would appear that performance bonuses will be paid to the "other staff" irrespective of assessed performance or lack thereof. Notwithstanding the above comment, the Other Staff total costs increase is 3.6%.

See screenshot below – "Sub total - Other Municipal staff" [Source – MTREF page 61 of 82]

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Costs Capitalised to PPE | | – | – | – | – | – | – | – | – | – |
| **Sub Total - Other Municipal Staff** | | **170,622** | **184,386** | **198,178** | **202,165** | **204,713** | **204,713** | **212,076** | **222,057** | **232,617** |
| **% increase** | 4 | | **8.1%** | **7.5%** | **2.0%** | **1.3%** | **–** | **3.6%** | **4.7%** | **4.8%** |

### 7.5.3 Proposed solutions

- The senior managers' salary increases should be reduced to the same level as those of "Other staff". [So that there is no ambiguity, their salary increases should be the same as those that SALGA has negotiated for municipal employees]
- Ndlambe should not discriminate between senior and other levels of staff in allocating increases.
- The senior managers should not receive a performance bonus at all.
  - Performance bonuses, by definition, are paid for exceeding the agreed basic outputs of the respective management positions.
  - Ndlambe is not meeting its basic service delivery obligations and as such the senior managers, particularly the Executive Directors who have responsibility to meet those obligations, should not be paid performance bonuses.

## 7.6 Financial service operational budget [IDP page 74 -75 of 175]

### 7.6.1 Consultant Accounting and Auditing – R800k - [IDP – page 74]

It is very surprising to see that there is a budget item for this. Its very presence means that Ndlambe does not have the requisite skills and / or knowledge to prepare the Annual Financial statements [AFS] nor prepare the working papers for the annual audit. This expenditure highlights that there are serious skills and resourcing shortcomings in the Finance area which need to be addressed.

See screenshot below – [IDP – page 74]

**Financial Services Operational Budget**

**STRATEGIC OBJECTIVE: MAINTAIN FINANCIAL SUSTAINABILITY THROUGH EFFECTIVE REVENUE, EXPENDITURE, AND COMPLIANCE MANAGEMENT**
**KPA 5: FINANCIAL PLANS & BUDGETS**

**PERFORMANCE OBJECTIVE COST CENTRE: MAINTAIN CREDIBLE BUDGETS, EFFECTIVE CASH FLOW, AND STATUTORY REPORTING IN LINE WITH THE MFMA**

| Project Code | Project | Ward | Town/Suburb | SDF Node/GPS | Funding Source | Status | Cost | 2026/27 | 2027/28 | 2028/29 |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUE, EXPENDITURE AND COMPLIANCE** | | | | | | | | | | |
| 000T2 T2B&T | **Annual Financial Statements readiness and preparation**<br>▪ Consultant Accounting and Auditing<br>▪ Professional Services: Actuaries<br>▪ Hire Charges<br>▪ Accommodation<br>▪ Catering Services | 10 | Port Alfred | | Opex | | **R1 095 850.00**<br>R800 000.00<br>R18 500.00<br>R200 000.00<br>R42 350.00<br>R35 000.00 | R1 095 850.00 | | |
| 000T2 T2B&T | Municipal Finance Management Internship Programme (MFMIP) x 5 interns | 10 | Port Alfred | | Opex/FMG | | R500 000.00 | R500 000.00 | | |
| 000T2 T2B&T | **Funded Budgets and Mid-year Budgets preparation**<br>▪ Advertising municipal activities<br>▪ Courier and delivery services<br>▪ Software license<br>▪ Consumables standard rated | 10 | Port Alfred | | Opex | | **R49 000.00**<br>R22 000.00<br>R1 000.00<br>R6 000.00<br>R20 000.00 | R49 000.00 | | |

### 7.6.2 Property valuation roll – R8m - [IDP – page 75]

This is a perplexing budget item, particularly as FY 2027 is not a year in which the properties are revalued at market value in terms of the Market Rates Act. The next valuation will be done in FY 2029.

This budget item in FY 2027 appears to be excessive for supplementary valuations? See screenshot below – [IDP – page 75]

**PERFORMANCE OBJECTIVE COST CENTRE:**

| | | | | |
|---|---|---|---|---|
| 000T2 REVCR | Free Basic Service Delivery | All | R2 600 000.00 | R2 600 000.00 |
| 000T2 REVCR | Property Valuation Roll | All | R8 200 000.00 | R8 200 000.00 |
| **TOTAL FINANCIAL SERVICES OPERATIONAL BUDGET** | | | **R16 880 798,29** | **R16 880 798,29** |

### 7.6.3 Contracts having future budget implications - [MTREF FY 2027 – page 64 of 82]

Disclosure is made of the contracts into which Ndlambe has entered that have a duration of greater than a year. See Screen shot below of Supporting Table SA32 – [Source MTREF FY 2027 – page 65 of 82]

**4.3 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**

The contracts that are outlined in the table below are the current contracts that the municipality has entered for more than a year.

**Ndlambe - Supporting Table SA32 List of external mechanisms**

| External mechanism<br>Name of organisation | Yrs/ Mths | Period of agreement 1.<br>Number | Service provided | Expiry date of service delivery agreement or contract | Monetary value of agreement 2.<br>R thousand | Balances<br>R thousand |
|---|---|---|---|---|---|---|
| Nuwater Systems | Yrs | 5 | Operational water services | 04-Oct-26 | 17,291 | -27,205,943 |
| Sizwe Amanzi | Yrs | 1 | Maintenance of RO plant | 31-Jul-26 | 11,648 | 1,299,835 |
| CDR Tenchical | Yrs | 10 | Thornhill Bulk MV Support Infrastructure & Switch House Upgrade and Protection Schemes | 30-May-30 | 15,500,000 | 14,679,088 |
| CDR Technical (monthly variable) | Yrs | 10 | Provision of electricity to household | 30-May-30 | 29,779,375 | 13,380,597 |
| CDR Technical (Monthly Fixed) | Yrs | 10 | Provision of electricity to household | 30-May-30 | 169,087,217 | 105,200,550 |
| Richefond Pearls | Yrs | 1 | Free basic alternative energy (gel and stoves) | 31-Aug-26 | 8,184 | 673,281 |
| Mphele Engineers and Projects Mangement | Yrs | 3 | External facilities: Maintenance of landfill sites | 30-Nov-27 | 23,064 | 5,471,176 |
| NJH Group | Yrs | 3 | Public security in Ndlambe area | 30-Jun-28 | 8,667,331 | 8,184 |
| Cacadu Security Services | Yrs | 3 | Public security in Ndlambe area | 30-Jun-28 | 11,562,260 | 9,399,073 |
| Ibubesi likaNoni Security and Cleaning | Yrs | 3 | Public security in Ndlambe area | 30-Jun-28 | 9,447 | 6,857,854 |
| Multi Security Services | Yrs | 3 | Public security in Ndlambe area | 30-Jun-28 | 1,286 | 347,399 |
| Umhlanga Consulting Group | Yrs | 5 | Operational: Municipal Running Cost | 30-Jun-29 | 5,758,709 | 2,135,447 |
| Penny Lindstrom VA | Yrs | 5 | Annual property valuations and valuation certificate | 30-Jun-29 | 3,595 | 3,595 |
| Munsoft | Yrs | 3 | | 30-Jun-28 | 1,781,770 | 0 |
| RUMAS | Yrs | 6 | Addressing of Audit Findings To Improve the Audit Outcomes | 30-Oct-28 | 2,526,550 | 524,256.61 |

Overall comments on amounts in the schedule and accuracy of the monetary amounts disclosed.

- The Schedule states that the 'Monetary values" and "Balances" are in R thousands.
- We suggest that this is incorrect and should read "Rands"
  - If the monetary amounts are "R Thousands" then the value of CDR Technical (monthly fixed) contract is R169bn, which is impossible.
- We would suggest that all the contract amounts be reviewed for correctness. By way of two examples:-
  - Nuwater – has a contract value of R17 291 (Thousands – so this is R17 291 000 as disclosed) and it has negative balance of –R27 205 943. [Thousands as disclosed so this is a negative balance of R27bn which is impossible? In addition, how can there be a negative balance?
  - Richefond Pearls – contract value of R8 184 [Thousands – so this is R8 184 000 as disclosed] and a balance of R673 281 [thousands as disclosed, so this is R673 281 000 – which is impossible?]

There are number of very significant contracts which amount to many millions of rands up to 2030.

Note – We have presumed that these amounts should be in Rands

**(a) CDR Technical – "Household upgrade and Protector services"; "Provision of electricity to household"**

We note that the three contracts with CDR Technical have a substantial value and all expire on 30 May 2030.

One service is identified as Household upgrade and Protector Services. Two other services provided are identified as "Provision of electricity to household". We seek clarity on exactly what services this entity provides and the value that accrues to Ndlambe as a result?

Please clarify which MMC and Executive Director within Ndlambe are accountable and responsible for the deliverables under these contracts?

Please clarify how the performance of this entity is monitored & assessed in terms of the contacted deliverables, who undertakes the assessment, the frequency of the assessment and monitoring of remedial actions that are required?

- Household upgrade and Protector services
  - This has a contract value of R15 500 000 with an outstanding balance of R14 697 088
- "Provision of electricity to household" – two contracts
  - Firstly, Monthly variable with a contract value R29 779 376 with an outstanding balance of R13 380 597 to 30 May 2030.
  - Secondly, Monthly fixed with a contract value of R169 087 217 with an outstanding balance of R105 200 550 to 30 May 2030.

**(b) Public Security in Ndlambe area**

- NJH Group; Cacadu Security Services; Ibubesi likaNoni Security and cleaning; Multi Security Services. All contracts expire on 30 June 2028.
  - The combined contract value of these companies is R20 240 324 with an outstanding balances of R16 612 214
- Please provide clarity on exactly what services these entities provide and the value that accrues to Ndlambe as a result?
- Please clarify which MMC and Executive Director within Ndlambe are accountable and responsible for the deliverables under these contracts?
- Please clarify how the performance of these entities is monitored & assessed in terms of the contacted deliverables, who undertakes the assessment, the frequency of the assessment and monitoring of remedial actions that are required?

**(c) Umhlanga Consulting group – "Operational – Municipal running cost"**

The contract value is R5 758 709 with an outstanding balance of R2 136 447. This contract expires on 30 June 2029.

- Please provide clarity on exactly what services this entity provide and the value that accrues to Ndlambe as a result?
- Please provide clarity on why this service is provided by an external consultant and why its deliverables are not provided internally?
- Does the very existence of this contract identify a critical shortcoming with Ndlambe's Finance division's management structure and skills set?

- Please clarify which MMC and Executive Director within Ndlambe are accountable and responsible for the deliverables under these contracts?
- Please clarify how the performance of this entity is monitored & assessed in terms of the contacted deliverables, who undertakes the assessment, the frequency of the assessment and monitoring of remedial actions that are required?

**(d) Penny Lindstrom VA – "Annual property valuation and valuation certificate"**

The contract value is R3 595 000 with a balance of the same amount. This contract expires in 30 June 2029.

- Please clarify the objectives of this contract and the value received?
- As discussed above at para 1.3.2 there is a budget item of R8 000 000 for property valuation in FY 2027.
  - Is the R8 000 000 a separate contract with another service provider?
  - If yes, then why are there two contracts totaling over R13m to deliver the similar/ or the same outcomes?

**(e) RUMAS – "Addressing of audit findings to improve the audit outcomes"**

The contract value is R2 526 550 with an outstanding balance of R524 256. This contract expires on 30 October 2028.

- Please provide clarity on exactly what services this entity provide and the value that accrues to Ndlambe as a result?
- Please provide clarity on why this service is provided by an external consultant and why its deliverables are not provided internally?
  - Does the very existence of this contract identify a critical shortcoming with Ndlambe's Finance division's management structure and skills set?
- Please clarify which MMC and Executive Director within Ndlambe are accountable and responsible for the deliverables under these contracts?
- Please clarify how the performance of this entity is monitored & assessed in terms of the contacted deliverables, who undertakes the assessment, the frequency of the assessment and monitoring of remedial actions that are required?

We look forward to Ndlambe's considered response to the questions asked and the issues raised in the above analysis. We hold ourselves available to discuss and engage on any aspect with a view to providing assistance in the furtherance of the best interests of the communities served by Ndlambe, particularly the Kenton-on-Sea Ratepayers.

Yours faithfully

KENTON-ON-SEA RATEPAYERS' ASSOCIATION

*Transmitted electronically and therefore not signed*