



Supporting the Community

DOCRRRA FEEDBACK ON DRAFT BUDGET NEGOTIATION WITH KDM

Outcomes of the Dolphin Coast Residents and Ratepayers Association (DOCRRRA) research, submission and negotiation on the proposed Capital and Operating Budgets for the KwaDukuza Municipality (KDM) for the year 2020/21 starting in July.

DOCRRRA is pleased to confirm that their submission on the Budget for KDM was well received, considered and the resultant 2-hour meeting with the Executive of both organisations was remarkably successful.

“It remains amazing to see what can be achieved through respectful and factual unpacking of information and sharing of challenges and ideas” said Deon Botha-Richards of DOCRRRA.

The ultimate outcome of this negotiation was to mitigate the increases on rates and tariffs from our Municipality and agree on the priorities of delivery and services that needs to be achieved during a particularly challenging state of disaster year. Noteworthy is that many of the services provided are administered costs determined by external organisations such as NERSA for electricity and Umgeni Water, and KDM has little or no leeway in changing these.

Outcome of the DOCRRRA negotiation on the Budget Increase

The most efficient way to determine how the increases will impact our residents and ratepayers, is to use the example of a ‘basket of services’ from KDM using the different property value categories of the community. To illustrate this, DOCRRRA has selected the example of a property valued at R4 Million, with an average electricity, water, and refuse service. The overall Budget increase, using this example, was 11,3% in 2019/2020 and 7,1% in 2018/2019.

The Budget increase, for F2020/21, will be 2,2%. This is well below inflation and has been verified by the DOCRRA team.

This is mainly achieved through a 0% increase in electricity for private residences (excluding bulk purchasing), 6% on rates, 4% on refuse and 9% on water. When these increases get weighted according to the example above (which has been kept the same over the years), then the average actual increase on the 'basket of services' from KDM, will only be 2,2%. For lower valued households, the percentage becomes even less.

"This is a huge win for our Dolphin Coast residents and ratepayers and underpins DOCRRA's constructive engagement strategy with the KwaDukuza Municipality. It dispels the flawed calculations and uninformed statements that have been made recently" says Deon Viljoen from DOCRRA.

DOCRRA has also verified that salary increases for all levels of staff, as well as Councilors, are dictated to KDM by various external structures. In addition, there is an anticipated upgrading in category for the KwaDukuza Municipality which will add additional salary determinations, and these need to be provided for. With this upgrading comes many other benefits to the community which we will unpack for our DOCRRA members in due course and when it happens.

An interesting observation is that from Director level and above, the increase directive was 2,8% for last year, and that certain bonuses were recommended but as yet, not approved by Council. We also know that there is much pressure on the Bargaining Council to reconsider the 6,25% salary increase that was negotiated 3 years ago, for the 2020/21 year. DOCRRA will keep an eye on this. It is a worthy reminder that KDM has agreed to freeze existing vacancies which is a saving of some 16% on the total salary bill.

Debt Management and Assistance

DOCRRA has also verified that the usually excellent debt collection rate for KDM (mid to high 90%) has decreased dramatically during Lockdown. Added to that there is a much lower usage of services, especially electricity by business. Coupled with an expected increase in indigent households, KDM has had to dramatically increase its provision for bad debt. This is a huge burden on the Budget, yet prudent. DOCRRA is pleased to confirm that KDM has made special provision to assist ratepayers that are struggling to pay their rates. Such ratepayers can contact KDM to apply for this assistance. We remind our ratepayers that KDM has a full range of property rates rebates which are easily implemented and valuable. You can find more details on the DOCRRA web site.

Additional positive Items of Interest

The upshot of the lower increases, compelled salary increases and bad debt provisions (the three big extraordinary items), is that there has had to be a cut back on both Capital and Operating expenses in order to balance the budget, which could compromise services. DOCRRA has a commitment from KDM that should any of the latter change and improve, such as a reduction in salary increases from the Bargaining Council, or a delay in the re-categorisation of

the Municipality and/or the collection rates and usage improves, that these savings will be re-allocated back to the forfeited Capital and Operating Budgets.

DOCRRRA can confirm that the development of affordable housing and creating self-managed housing infrastructure for the destitute is not interrupted by the cut back in the Capital Budget, as it is driven and funded by the National Department of Human Settlements and will continue.

We were delighted to learn the UIP agreement has been extended for a further 5 years. Two grants, one from the EU, will result in a comprehensively upgrading IT system for billing and a central control room for electricity management will be implemented. The latter will speed up fault identification, tracking and repair tremendously.

The short term and hap hazard appointment of contractors for streetlights will be replaced by two 3-year term contractors, materials, and supply, from 1 July 2020. These contracts have strict performance, penalties, and claw back clauses.

“This has been a long-standing issue of DOCRRRA, and the community and we will be watching this with anticipation and assist where we can” says Flip Helberg of DOCRRRA.

The new additional feeder substation has been approved, specifications determined, and tenders will be open soon. This multi million, much needed, third feeder line for the Dolphin coast will take 18 to 24 months to build and be placed in the Compensation area.

DOCRRRA is pleased to have established a renewed, respectful, and transparent working relationship with the KDM executive.

“We are particularly keen to play a meaningful role on the Performance Management Strategy as an independent and external party” says Don Forbes from DOCRRRA.

DOCRRRA and KDM spent much time discussing the annual auditor general results. The popularly held view that management is totally corrupt and completely mismanages our funds, is untrue. KDM audits are unqualified, yet with matters of emphasis. These are largely the underspending of certain budgets. Both parties agree that this is a focus area to be monitored and is on the DOCRRRA priority list (refer below). In 2018/2019, the alarming term of “fruitless and wasteful expenditure” was R200,000 or 0,01% of the budget. Most of these monies have subsequently been recovered. This does however remain another focus area of both KDM and DOCRRRA.

It is evident that the governance, operational and strategic planning at KDM is in fairly good shape and, as a community, we can take comfort in that. We are nowhere near the challenges that most other Municipalities have in South Africa. The challenge that DOCRRRA faces, and will continue working on with the Municipality, is in the inefficient and often poor implementation of many of these strategies and plans.

The areas of concern and interest to DOCRRA, and which we are working to address include, and in no particular order:

- Involvement in the Performance Management Strategy (PMS) of KDM and the team: evaluating, guiding and monitoring service delivery and infrastructure, including streetlights, potholes, security, waste disposal, and many more.
- The finalisation of the audit for F2018/19 and what flows from that
- The trend of underspending on the Capital Budget
- The trend of underspending on maintenance
- The trend of underspending on the Operating Budget
- Unpacking the instances of irregular spending and ways to mitigate
- Increased general productivity and control of service providers
- Unpacking the origin, purpose, and management of all external funding sources such as grants and more
- Quarterly tracking of spending and implementation
- Tracking the objection lodged on the sale of public open space land at Townsend Park
- More frequent meetings with KDM on all the above.

DOCRRA and KDM have made major strides over the last few weeks to cooperate on a regular basis in the interests of delivering efficient services to the Dolphin Coast Community. DOCRRA's overall goal remains to improve the lifestyle and enhance property values for all on the Dolphin Coast.

DOCRRA Chairman interview with Dave Charles on 88FM

Chairman Deon Viljoen discusses these outcomes with 88FM Life&Style Radio. To listen please click here: <https://omny.fm/shows/88fm-ballito/deon-viljoen-chairman-docrra>

For more information or to join and support DOCRRA, please go to www.docrra.co.za

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