

20 July 2017

REPORT ON ISSUES RAISED BY CONCERNED CITIZENS COMMITTEE TO SAVE MAKANA

1. Background

A letter from the Concerned Citizens Committee to Save Makana (Grahamstown Business Forum, Grahamstown Residents Association, and Makana Unity League) was received by the municipality where a myriad of issues about the municipality were raised by the group. This report therefore seeks to respond and clarify some of those issues that are viewed as not being factual.

2. The dire financial position of Makana Municipality

The municipality is currently experiencing serious financial challenges in so far as the cash-flow is concerned. That is mainly due to old and historical debt that the municipality is required to service. The municipality has entered into payment plans with these creditors of which the biggest are Eskom, Department of Water & Sanitation, Auditor General, and Amatola Water. As a result of that, the municipality in most cases is unable to pay creditors in the form of suppliers, etc. within the 30 days stipulated by the MFMA. The municipality owes creditors an amount of about R146m. Of these Eskom is the biggest creditor. The Eskom account has been reduced to R40m as the municipality has managed to pay Eskom an amount of R33m in the last 14 days. The payment plan of Eskom is therefore up to date.

The municipality also owes the Auditor General (**AG**) an amount of R11m, Department of Water & Sanitation (**DWS**) is owed an amount of R22m, and Amatola Water (**AW**) an amount of R39m. Also the municipality owes a myriad of other Service Providers various amounts of services rendered to the municipality. Payment plans have been agreed to with some of these Service Providers though some of the plans are not being serviced.

The revenue collection of the municipality is sitting at about 70%. This translates to about R18m a month. This amount is not enough for the municipality to meet its financial obligations. The employee cost is about R12m per month. That only leaves the municipality with only R6m which goes to Eskom. Hence the municipality struggles to pay creditors within 30 days. The municipality is owed about R358m by residents, business and government departments. Most departments do pay their accounts. REVCO is assisting in cutting down the amount owed to the municipality. Programmes to register indigents are implemented.

Makana Municipality shall strive to ensure sustainable, affordable, equitable and quality services in a just, friendly secure and healthy environment, which promotes social and economic growth for all.

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Therefore the following programmes have been put in place by the municipality in improving revenue collection;

- ✓ Revenue Enhancement through ensuring that meters are read and correct billing is sent to the customers,
- ✓ Appointment of REVCO to assist the municipality with debt collections of all debts to the municipality over 90 days,
- ✓ Writing-off of irrecoverable debt that appears on the municipality's books but cannot be collected through the Section 32 Committee so as the reflection on the AFS can be closer to reality,
- ✓ Increasing the Indigent Register of the municipality so as to register as many indigents as possible,
- ✓ Sporadic electrical meter audits by the electrical department so as to curb the stealing of electricity which affects revenue.

3. The Electricity

The municipality is not obliged to use the income from electricity sales solely for paying Eskom or only electricity related activities within the municipality. The MFMA allows municipalities to use its income anyway that it sees fit. The only requirement is for municipalities to fulfil their mandate as stipulated in the MFMA. The municipality does not have a separate electricity account whatsoever.

The municipality has a payment plan with Eskom which is currently up to date so there is no threat whatsoever on the electricity supply to Makana Municipality by Eskom. The payment plan is such that the municipality pays the current account and part of the arrear debt on a monthly basis.

4. The dire shortage of water

The whole of Sarah Baartman District has been declared a Disaster Area by the Sarah Baartman District Municipality (SBDM) and that declaration has been escalated to the provincial department of Cooperative Governance & Traditional Affairs as required by the Disaster Management Amendment Act, Act No. 16 of 2015. Subsequently, SBDM has appointed consultants to assist all local municipalities with Drought Management Plans and such reports will be ready very soon.

Indeed, blackwater divers have been to both Settlers and Howiesonspoort Dams and reports of the outcomes will be ready by 26 July 2017 in the form of a report from the divers company. That report will give the municipality a more accurate account of how much raw water is still available to be pumped up to the Waainek Water Treatment Plant.

The municipality indeed owes Amatola Water an amount of approximately R39 million and the municipality has entered into a payment plan with Amatola Water.

5. Air Quality in Makana

The municipality has conducted an Air Quality test through a Service Provider and there were no issues found on the quality of air in Makana. A second air quality test will be conducted by the municipality through a service provider and the procurement process is at an advanced stage.

There have been meetings between the municipality and Makana Unity League with a view to sorting all issues in respect of the landfill site out of court. A checklist was developed to monitor the process.

6. Makana's Fire Services

Due to financial constraints experience by the municipality there has been no capital budget for equipment for Fire Services. A structure was built on Riebeeck East but could not be completed. It transpired that the other side of the building was used by a community project and the matter is receiving attention.

A funding request was submitted to SBDM for both Riebeeck East and Alicedale satellite Fire Stations.

7. Traffic Department

Financial constraints have affected operations at the Traffic Services like most municipal departments. Some of the issues raised have been attended like road markings, signage, etc. There is provision for the purchase of 3 vehicles in the new financial year of 2017/18.

8. Tourism

Makana Tourism was paid by Makana Municipality an amount of R212,500.00 on 29 June 2017 and therefore all is currently well between the municipality and Makana Tourism.

9. Stray animals

There has been numerous meetings held with various stakeholders to address the challenge of stray animals. There is also interactions with Ndlambe Municipality to offer assistance with the pound facility. The next is on the 27 July 2017.

10. The Aerodrome

Parks Department does regular maintenance of the Aerodrome in the form of grass-cutting. The Parks Department is busy with fencing of the facility to improve accessibility. There is an internal arrangement between Parks Department and the Roads Section to do pothole patching of the runway.

11. Staff

The municipality currently has a staff compliment of 700 employees. The municipality has in place a moratorium in the filling of all positions in the municipality except for the posts that are critical and compliance related.

On the issue of excessive overtime, on the Special Council Meeting that took place on 27 June 2017, the Makana Municipal Council resolved that the issue of overtime must be investigated by an independent body or organization where the findings would then be tabled in a full Council Meeting for a decision on the way-forward.

12. Administration in terms of Section 139(5) of the Constitution

All that can be said on the matter is that there is protocol that demands to be observed on issues related to the implementation of Section 139(5) of the Constitution.

13. Drought and financial assistance from National Government

As mentioned above in point number 4, the drought which now is in a disaster stage has been declared as such locally and by SBDM. Subsequently, SBDM has appointed consultants to assist all local municipalities with Drought Management Plans and such reports will be ready very soon.

That report will then be forwarded to the Disaster Management division of the provincial CoGTA who will in turn submit the report to national government for relief in the form of the funding required and other operational support requirements.

Mr. D Mlenzana
ACTING MUNICIPAL MANAGER
