

BAIL OUT NOT AN OPTION – MEC XASA

Makana Municipality's Executive Mayor Cllr Nomhle Gaga is positive that the municipality can turn its financial situation around without relying on a bail out from provincial government. This emerged during a visit by a delegation from the Cooperative Governance and Traditional Affairs (Cogta) to Makana on Tuesday this week, led by Cogta MEC Fikile Xasa.

Xasa and his team were in Makana to kick-start provincial visits to municipalities to offer support as part of Cogta's mandate. The meeting that took place in the council chambers on Tuesday was attended by the Council of Makana Municipality as well as officials. Xasa told the gathering that since last year's local government elections they had been visiting four municipalities that had been amalgamated in the province.

The visits according to the MEC were meant to offer support to the amalgamated municipalities in dealing with the "peculiar problems" they face. Following the conclusion of the visits to the amalgamated municipalities Xasa said Makana was the first municipality to be visited as part of their visits to municipalities around the province to find out how they can best provide support to them. Xasa also expressed concern over the municipality's ongoing water and sanitation problems, saying instead of the situation improving it seemed to be a recurring problem, particularly in the lead up to the National Arts Festival. In response to this Gaga said as long as the municipality doesn't solve problems of water and sanitation there will always be problems for the festival because people come in large numbers. "If we can sort out the issue of water and sanitation we will solve most of our problems," she said.

During the discussions Gaga said the municipality wasn't looking for a bail out from the provincial government, despite the fact that the municipality is facing a dire financial situation. Gaga appealed to Cogta to really consider seconding a person from the province to act in the position of municipal manager while the municipality awaits the outcome of the case where the process of appointing a full time municipal manager was interdicted, to be finalised in court.

ANC Chief Whip in Council Mabhuti Matyumza said the municipality always appreciates assistance from government. Matyumza said he, however, felt that even though assistance was needed, it wouldn't require the dissolution of council as per Section 139(1)(c) of the Constitution.

Acting Municipal Manager Dali Mlenzana presented an overview of the current state of the municipality to the Cogta delegation. In his presentation Mlenzana said the municipality is currently experiencing serious financial challenges in so far as the cash-flow is concerned. This is mainly due to old and historical debt that the municipality is required to service. Mlenzana said the municipality has entered into payment plans with some 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," he said.

Mlenzana said the revenue collection of the municipality is currently sitting at 70% on average, which translates to an amount of about R18m a month. "This amount is not enough for the municipality to meet its monthly financial obligations which are almost R30m. The average employee costs per month are about R12m. That only leaves the municipality with only R6m which goes to Eskom. That is the reason the municipality struggles to pay creditors within 30 days," he said.

In conclusion Mlenzana said Makana can only provide services to communities of Makana if there is funding to finance operations. "Makana is doing everything in its disposal to ensure that it is financially viable. That includes increasing revenue collection by improving the municipality's billing system, improving the meter reading, writing off irrecoverable debt, registering of indigents," he said.

Mlenzana said the Office of the Executive Mayor has also formed a Financial Recovery Task Team, adding that Makana is also in the process of disposing of all obsolete assets in and around the municipality.

The acting municipal manager recommended that EC-CoGTA as a matter of urgency speed up the process of the secondment of an Acting Municipal Manager. That the municipality restarts the process of the appointment of a permanent Municipal Manager as soon as the court case is concluded. That the municipality ensures that revenue collection is increased to reach the acceptable threshold of 90%. That the municipality reduces its expenditure by reducing employee costs more specifically on overtime.

The Executive Mayor concluded by saying that as the Council they are committing themselves to working towards turning the municipality around.