

Concerned Citizens Committee
GRAHAMSTOWN
PER E-MAIL: ron@micronized.com
timothybull05@aol.com
o.skae@ru.ac.za
richard@gaybba.co.za

Date 14 July 2017
Your ref 12 July 2017
Our ref B Brody/Glyn/
Direct dial 046 603 6407
Direct fax 046 622 6556
Cell 082 657 1300
Email: bbb@wheeldon.co.za

Dear Friends

CONCERNED MAKANA CITIZENS / MAKANA MUNICIPALITY

Attached please find copies of press releases and a copy of a letter sent to the MEC for Cooperative Governance & Traditional Affairs- Eastern Cape, which was also copied to the Executive Mayor and the acting Municipal Manager.

Yours sincerely

*Transmitted per e-mail
Original signed and retained*

BRIN BRODY

WRC Wheeldon, Rushmere & Cole Inc.
ATTORNEYS • NOTARIES • CONVEYANCERS

CONNAUGHT CHAMBERS, 119 HIGH STREET
PO BOX 88, GRAHAMSTOWN, 6140
DOCEX 8, GRAHAMSTOWN
VAT NUMBER: 4320101589
TEL: 046 622 7005 • FAX: 046 622 7084
WEBSITE: www.wrcattorneys.co.za

DIRECTORS BRIN BRODY BA LLB • MICHAEL VAN DER VEEN LLB
ASSISTANT & OFFICE MANAGERESS SANDRA AMM **CONSULTANTS** RICHARD LAING B.COM • SONETTE FRONEMAN BA LLB
CANDIDATE ATTORNEYS TINASHE MUTIZAMHEPO • BLAKE BRODY • DECLAN WILLIAMSON
FINANCE MANAGERESS GERTHA KEEVY • **REG NO. 2015/164499/21**
CERTIFIED B-BBEE COMPLIANT (Level 4)

PRESS RELEASE

FROM: Wheeldon Rushmere & Cole Attorneys
119 High Street
GRAHAMSTOWN
Tel: (046) 622 7576
Fax: (046) 622 6556
E-mail: bbb@wheeldon.co.za
(Ref: Mr Brin Brody)

TO: Algoa FM
Daily Dispatch
Grocotts Mail
Herald
The Talk of the Town
Die Burger
Sunday Times

**SUBJECT: CONCERNED CITIZEN'S COMMITTEE TO SAVE
MAKANA ("CCCSM") (GRAHAMSTOWN) DEMAND
THAT THE MEC FOR COGTA PLACE MAKANA
UNDER SPECIALISED ADMINISTRATION AND
GRANT URGENT FUNDING FOR DROUGHT AND
FINANCIAL RELIEF**

BRIEF SUMMARY:

CCCSM have demanded that the MEC for COGTA place Makana under specialized administration in terms of Section 139(5) of the Constitution and grant urgent funds for drought and financial relief within fourteen (14) days, failing which a high court application is contemplated.

The request has also been sent to the Minister of Finance, National Treasury, The Premier and the Minister of COGTA.

The details of the demand is attached hereto.

 **Wheelton, Rushmere & Cole Inc.**
ATTORNEYS • NOTARIES • CONVEYANCERS

CONCERNED CITIZENS COMMITTEE TO SAVE MAKANA

[Representing **Grahamstown Business Forum**, and all its members,
Grahamstown Residents' Association, and all its members, and
Makana Unity League, and all its members]

Kings Heights, Kings Crescent, Oatlands North, Grahamstown, 6139
Tel: 011 486 1919; Fax: 011 486 1928
Email: ron@micronized.com

Mr F Xasa
The MEC for Cooperative Governance & Traditional Affairs – Eastern Cape
BHISHO
PER E-MAIL:
PER FAX: (040) 639 2163

FOR THE PERSONAL ATTENTION OF THE MEC

EXTREMELY URGENT

13 July 2017

Ref: Ron Weissenberg

Dear Sir

**URGENT REQUEST THAT MAKANA MUNICIPALITY BE PLACED UNDER
ADMINISTRATION IN TERMS OF SECTION 139(5) OF THE CONSTITUTION
AND FUNDING FROM CENTRAL GOVERNMENT FOR DROUGHT RELIEF
AND FINANCIAL RELIEF**

We enclose herewith a copy of a letter addressed to the Makana Municipal Manager, the Executive Mayor, the Leader of the ANC, the Leader of the DA, the Leader of the EFF, and the Speaker of the DA on the 5th of July 2017, marked annexure "A".

We do not intend repeating what is stated in the letter or the urgency of this matter. The reasons for placing Makana Municipality under administration in terms of Section 139(5) are contained in that letter.

Although the municipality has requested an extension of time to deal with this matter, they have had some years, including several unsuccessful and inconclusive initiatives to rectify the dire situation. We are of the view that the matter is critical and extremely urgent.

We enclose herewith the attributes, qualifications, and experience that is required by the administrator to resolve the financial and other issues at Makana Municipality, marked annexure "B".

We request that you kindly proceed to place Makana Municipality under administration in terms of Section 139(5) of the Constitution and to appoint an administrator who has the attributes as reflected in annexure "B",

We further respectfully request you to assist with emergency funding for drought and financial relief in the sum of R47 million, (as set out in the letter).

Should you not do so within fourteen (14) days of receipt of this letter, the organisations which I represent reserve the right to proceed to the High Court for the necessary application to compel you to do so in terms of your obligations in law.

We look forward to hearing from you in due course.

Yours faithfully

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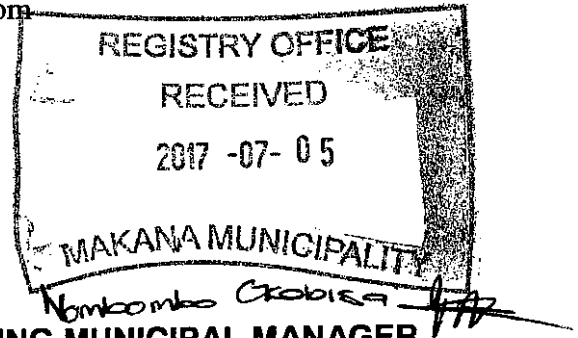
RON WEISSENBERG
CHAIRMAN OF THE CONCERNED CITIZENS COMMITTEE

CONCERNED CITIZENS COMMITTEE TO SAVE MAKANA

[Representing **Grahamstown Business Forum**, and all its members,
Grahamstown Residents' Association, and all its members, and
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Kings Heights, Kings Crescent, Oatlands North, Grahamstown, 6139
Tel: 011 486 1919; Fax: 011 486 1928
Email: ron@micronized.com

The acting Municipal Manager
Makana Municipality
High Street
GRAHAMSTOWN



FOR THE PERSONAL ATTENTION OF THE ACTING MUNICIPAL MANAGER

EXTREMELY URGENT

5 July 2017

Ref: Ron Weissenberg

Dear Sir

**URGENT REQUEST THAT MAKANA MUNICIPALITY BE PLACED UNDER
ADMINISTRATION IN TERMS OF SECTION 139(5) OF THE CONSTITUTION
AND FUNDING FROM CENTRAL GOVERNMENT FOR DROUGHT RELIEF
AND FINANCIAL RELIEF**

Introduction

1. I am mandated to address this letter on behalf of the Concerned Citizens Committee to save Makana ("the committee") which comprises of the Grahamstown Business Forum, the Grahamstown Residents' Association, the Makana Unity League, and all their respective members.
2. The purpose of this letter is to address serious concerns for the welfare of all Makana residents and stakeholders without fear or favour and without apportioning blame to anyone.
3. It is a matter of record that on the 27th of June 2017 a special Council meeting was called to discuss the dire financial position of Makana Municipality. Apparently your municipality had approached Eskom in an eleventh-hour attempt to delay cutting electricity to Grahamstown and an

agenda was tabled at that meeting setting out the dire financial position of Makana Municipality.

4. Arising out of that report, and your Council meeting, the following is evident:
 - 4.1 The municipality is indebted to creditors in the sum of **R146 184 978.00** as at the end of May 2017;
 - 4.2 The municipality is owed **R366 812 651.00**;
 - 4.3 The Eskom account now stands at **R55 050 503.00**;
 - 4.4 The municipality is unable to service the Eskom debt;
 - 4.5 Inadequate rates collection has resulted in a monthly operating deficit of approximately **R5 000 000.00** per month;
 - 4.6 **80%** of the municipality's income is spent on salaries and on servicing debts;
 - 4.7 Overtime payment amounted to **R5 000 000.00** per annum whilst only **R2.1 million** was budgeted for.

The dire financial position of Makana Municipality

5. It is clear from the report and other reports of your committees that Makana Municipality is not only in serious financial difficulty and is in fact insolvent.
6. You and your municipality have clearly admitted that it is unable to perform its Constitutional obligations due to the crisis in its financial affairs and is clearly in breach to provide services, or meet its financial obligations, as will be more fully set out below.

The electricity

7. It is clear from the report for the special Council meeting on the 27th of June 2017 that your municipality collected income for electricity of **R9 468 505.00** for the month of May 2017 and from that sum only paid **R750 000.00** to Eskom. This means that in the last month your municipality utilised electricity income for salaries and to service the debt of Makana Municipality which is in violation of the Constitution, the Municipal Finance Management Act, and the common law. At no stage did electricity users consent to electricity income being utilised for anything else other than the Eskom electricity account.
8. This diversion of funds was done by your municipality at a time when the municipality is facing an imminent shutdown of electricity from Eskom and at the eve of the National Arts Festival.

9. The transfer of funds from the electricity account to salaries and other expenses is a misappropriation of funds and which is a very serious matter.
10. I need not emphasise that if Eskom shuts down (or at the very least interrupts) the electricity supply this will have an immediate impact on the water supply for Grahamstown. I will deal more fully with the issue of the water shortage below.
11. I am reliably advised that the DA have campaigned for the purchase of light bulbs for street lamps and this is an indication of the extreme cash flow problems of your municipality.

The dire shortage of water

12. As you know Makana is experiencing a devastating drought which is possibly the worst in the last three decades. It is a matter of record that your municipality has already declared a disaster at the Council meeting on the 4th of May 2017 and every indication is that there are only three months left of water in two of the town dams.
13. Although divers have been brought in by your municipality, and paid for by the province, to investigate the necessity for piping. This is a temporary measure and may only assist the citizens of Makana for a temporary period.
14. The devastating drought is sufficient reason enough for National Government to assist with drought relief and to transfer the necessary funds to Makana for alternative measures of water sourcing.
15. I emphasise that if Eskom shuts down the electricity, or interrupts the electricity, this will have a direct impact on the water supply for Makana.
16. Although your municipality outsourced the issue of water to Amatole Water this incurs a monthly debt of **R2 000 000.00** per month and I am reliably informed that Amatole Water is owed a substantial sum by your municipality. In fact, Amatole Water confirmed at a public meeting on the 12th of June 2017 that it was owed the sum of **R35.8 million** by your municipality.

Air quality in Makana

17. It is further a matter of record that a High Court Order was obtained by the Makana Unity League compelling your municipality to comply with the High Court order, the permit conditions, and the directives of the Department of Environmental Affairs in respect of the dumpsite which burns on a regular basis, and which is not properly controlled.

18. Despite the High Court order your municipality has failed to comply with those conditions and various officials of your municipality are facing contempt of court proceedings, (which has to be heard on the 31st of August 2017).
19. The failure to control access to the landfill site and to have an operating grader at the site resulted in a devastating fire in December 2016 which resulted in the burning down of 26 horse stables and now results in constant noxious fumes blowing across Grahamstown at the risk of ill health to the citizens of Makana.

Makana's Fire Services

20. It is a matter of record that your fire service department has not had any capital budget for equipment for the last four years and that there is a lack of cover for Alicedale town and Riebeeck East town.
21. It is a matter of logic that if Eskom interrupts the electricity, which then has an impact on the water supply for Makana, that this will have a direct impact on your fire department's ability to fight any fire.
22. On the 14th of June 2017 Social Development Portfolio Committee indicated that there was a constant lack of support and resources from your municipality and that this has, and will have, a direct impact on the department's ability to fight fires.

Traffic Department

23. At the Social Development Portfolio meeting on the 14th of June 2017 a report was tabled by the Manager of Traffic and Licensing and which indicates that there is a shortage of vehicles, which hampers law enforcement, the franking machine does not work, and therefore fines cannot be processed, and warrants of arrest cannot be issued.
24. The calibration of speed and law enforcement equipment cannot take place as there is no income for the necessary tests to be undertaken.
25. Traffic vehicles are not roadworthy and pose a risk to Makana Municipal officials and the state of road markings and signs in Makana Municipality are in a shocking state.
26. I am aware that institutions in Grahamstown are required to provide the paint for road markings to be done before they are painted and this is an indication of extreme desperation.
27. Vehicle licensing cannot be attended to optimally as vacant positions have not been filled and printing paper and cartages are not supplied in this department. The manager complained that the office comes to a standstill on a regular basis.

28. As a final indication that Makana Municipality is completely bankrupt the Traffic Department has a shortage of toilet paper for the ablution blocks and which causes a health risk.

Tourism

29. It is further a matter of record that Makana Tourism have not been paid since December 2016 and the vast majority of current projects have stalled due to no funding being available from your municipality.

Animals wandering the streets

30. Donkeys, cows, and goats wander freely throughout Makana Municipality posing a threat to the health of its citizens and also the road traffic safety.
31. The donkeys tear rubbish bags that are placed in the streets and cause general mayhem. This is a perfect example of how the municipality's by-laws are not being applied by your municipality and to the extreme detriment of businesses, citizens, and tourism.

The Aerodrome

32. Despite the fact that the transformer was stolen from your municipality's electricity workshops for the aerodrome during 2016, this has not been replaced, and this poses a serious risk to aeroplanes and they cannot land at night.
33. Fences have not been maintained around the aerodrome and this poses a further threat in that animals freely walk onto the aerodrome runways without hinder. This is in contravention of the licensing requirements in terms of the Civil Aviation Act and the sustainability of the aerodrome is now in question.

Staff

34. Your municipality had a staff complement of approximately 350 employees a decade ago and now have a staff complement of approximately 800 at a time when it is under extreme financial strain and insolvency. This at a time where the citizenship of Makana have not exceeded a growth rate of more than 1% per annum.
35. Overtime has increased to **R5 000 000.00** per annum when a decision had been taken by your municipality to suspend all non-essential overtime in June 2016.
36. This is a clear indication that there is no control over the expenditure of salaries and overtime and a state of maladministration.

37. It is further a matter of record that disciplinary action is not taken against errant staff and that no retrenchments have followed despite the parlous financial position of Makana Municipality.
38. I reserve the right to give further reasons of maladministration, in due course, if required to do so.

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

39. Your municipality has failed to comply with its requirements in terms of Section 11(2) of the Local Government Municipal Systems Act 2000 and has failed to comply with Section 41 of the Constitution.
40. As your municipality has admitted that it is unable to, and due to a crisis in its financial affairs, to provide services, or meet its financial obligations, a Section 139(5) of the Constitution administration is appropriate.
41. There can be no doubt that your municipality has failed to fulfil its executive obligations and the only appropriate step is now for the urgent appointment of an administrator with suitable experience and qualifications.
42. Unless your Council takes a resolution to submit to administration, by the MEC in terms of Section 139(5) of the Constitution within seven (7) days of receipt of this letter further steps will be taken to place your municipality under administration and which will include *inter alia* the following:
- 42.1 A demand addressed to the MEC;
- 42.2 A demand addressed to the Premier;
- 42.3 A demand addressed to the Minister of Cooperative Government and Traditional Affairs ("COGTA"); and
- 42.4 A demand to the National Treasury.

Drought and financial assistance from Central Government

43. It is further a matter of record that your municipality has already addressed a letter to COGTA for urgent relief and we request that within seven (7) days of receipt of this letter you furnish us with a copy of your request to COGTA, and any other central Government Minister or Department for urgent drought and financial relief in the sum of at least **R47 000 000.00**.
44. The aforesaid sum is for the following urgent services:
- 44.1 Eskom R20 000 000.00

- | | |
|---|----------------|
| 44.2. Amatole Water | R10 000 000.00 |
| 44.3 Essential supplies for the various departments | R10 000 000.00 |
| 44.4 Dumpsite | R 3 000 000.00 |
| 44.5 Fire Department | R 4 000 000.00 |

45. I emphasise that if this funding is given by central Government it cannot be utilised for salaries and the servicing of debt and must be utilised for essential services that are basic rights in terms of our Constitution.

46. I further emphasise that the funding must be made simultaneously with the appointment of an administrator and in terms of Section 139(5) of the Constitution.

Conclusion

47. This letter is addressed in the best interests of the citizens of Makana and should be dealt with as a matter of urgency by your Council, failing which, the necessary action will be taken as indicated above.

48. The financial situation is accelerating and deteriorating at a rapid rate and urgent intervention is required.

Yours faithfully



RON WEISSENBERG
CHAIRMAN OF THE CONCERNED CITIZENS COMMITTEE

ANNEXURE “B”

Municipal Commercial Turnaround Specialist (MCTS) / Administrator (Adm).

Description of Appointee

The role, which is anticipated to take 2 years, is required to lead in:

1. Quickly developing a challenging and achievable commercial plan that will assure the viability of the municipality.
2. Be correctly supported, empowered and authorised by the Municipality or Provincial/national government structures to implement the commercial plan.
3. Define a clear sense of mission and manage its implementation.
4. Demonstrate strong, optimistic leadership
5. Setting the Vision, Strategy and Direction
6. Re-establishing relationships with rates and service payers, suppliers, investors, and lenders
7. Motivating for appropriate grants and investments required to take the Municipality forward. while focusing on improving the financial and operational performance.

Apart from management ability this position also requires strong leadership and business knowledge - mainly supported by financial and legal knowledge. Key Performance Indicators (KPI's) to be implemented across the municipality and appointed MCTS/Adm needs to strengthen the team ensuring the municipality improves its level of service and delivery.

This role requires the ability to build trust, negotiate, delegate, and bring inclusivity, even within an often hostile process.

The role requires the crucial ability of implementing the commercial plan.

Profile of Appointee

The MCTS / Adm needs analysis, evaluation and perceptive skills, sound commercial judgement and to choose the appropriate remedial measures. Decisive leadership and develop a rescue plan that will be supported and implemented.

The MCTS /Adm is required to have a high degree of commercial acumen, confidence and well developed interpersonal skills. Furthermore, an individual

who is ambitious, energetic and a credible strategic business builder with the desire and tenacity to drive the Municipality towards growth while retaining stability.

Minimum Requirements:

- A Graduate Qualification in Business Leadership.
- 10 to 15 years of hands on leadership and management experience in a sizeable company or municipality.
- An established and referenced track record of business turnaround specialisation and business rescue.

Characteristics of Appointee:

- Demonstrate strong integrity, passion and focus; motivates, leads, and empowers others to achieve organisational goals (strong credibility and confidence required)
- Complete commitment to commercial sustainability, goals and values
- MCTS /Adm must have the ability to establish trust, involve affected parties, negotiate deals, communicate effectively, and delegate functions as part of managing the enterprise
- Ability to focus on the vision and to communicate that vision to stakeholders
- Strong decision making abilities – apply problem-solving processes; evaluate options; exercise judgement; and make rapid and accurate decisions, with or without detailed analysis and strategizing
- Passion for overall municipal excellence
- Can demonstrate entrepreneurial flair.

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PRESS RELEASE

FROM: Wheeldon Rushmere & Cole Attorneys
119 High Street
GRAHAMSTOWN
Tel: (046) 622 7576
Fax: (046) 622 6556
E-mail: bbb@wheeldon.co.za
(Ref: Mr Brin Brody)

TO: Algoa FM
Business Report
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Independent on Saturday
Mail & Guardian
Pretoria News
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Saturday and Sunday Argus
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The Star and Saturday Star
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SUBJECT: CONCERNED CITIZEN'S COMMITTEE TO SAVE MAKANA ("CCCSM") (GRAHAMSTOWN) DEMAND THAT THE MEC FOR COGTA PLACE MAKANA UNDER SPECIALISED ADMINISTRATION AND GRANT URGENT FUNDING FOR DROUGHT AND FINANCIAL RELIEF

BRIEF SUMMARY:

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The request has also been sent to the Minister of Finance, National Treasury, The Premier and the Minister of COGTA.

The details of the demand is attached hereto.

 **Wheeldon, Rushmere & Cole Inc.**
ATTORNEYS • NOTARIES • CONVEYANCERS

CONCERNED CITIZENS COMMITTEE TO SAVE MAKANA

[Representing **Grahamstown Business Forum**, and all its members,
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Mr F Xasa
The MEC for Cooperative Governance & Traditional Affairs – Eastern Cape
BHISHO
PER E-MAIL:
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FOR THE PERSONAL ATTENTION OF THE MEC

EXTREMELY URGENT

13 July 2017

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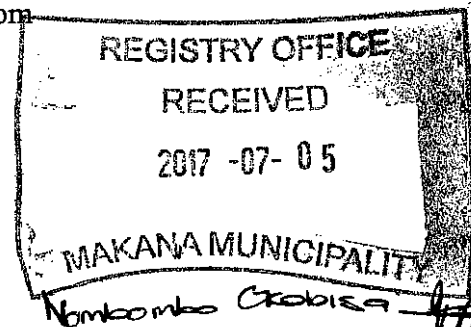
RON WEISSENBERG
CHAIRMAN OF THE CONCERNED CITIZENS COMMITTEE

CONCERNED CITIZENS COMMITTEE TO SAVE MAKANA

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Tel: 011 486 1919; Fax: 011 486 1928
Email: ron@micronized.com

The acting Municipal Manager
Makana Municipality
High Street
GRAHAMSTOWN



FOR THE PERSONAL ATTENTION OF THE ACTING MUNICIPAL MANAGER

EXTREMELY URGENT

5 July 2017

Ref: Ron Weissenberg

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Introduction

1. I am mandated to address this letter on behalf of the Concerned Citizens Committee to save Makana ("the committee") which comprises of the Grahamstown Business Forum, the Grahamstown Residents' Association, the Makana Unity League, and all their respective members.
2. The purpose of this letter is to address serious concerns for the welfare of all Makana residents and stakeholders without fear or favour and without apportioning blame to anyone.
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agenda was tabled at that meeting setting out the dire financial position of Makana Municipality.

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The dire financial position of Makana Municipality

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12. As you know Makana is experiencing a devastating drought which is possibly the worst in the last three decades. It is a matter of record that your municipality has already declared a disaster at the Council meeting on the 4th of May 2017 and every indication is that there are only three months left of water in two of the town dams.
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23. At the Social Development Portfolio meeting on the 14th of June 2017 a report was tabled by the Manager of Traffic and Licensing and which indicates that there is a shortage of vehicles, which hampers law enforcement, the franking machine does not work, and therefore fines cannot be processed, and warrants of arrest cannot be issued.
24. The calibration of speed and law enforcement equipment cannot take place as there is no income for the necessary tests to be undertaken.
25. Traffic vehicles are not roadworthy and pose a risk to Makana Municipal officials and the state of road markings and signs in Makana Municipality are in a shocking state.
26. I am aware that institutions in Grahamstown are required to provide the paint for road markings to be done before they are painted and this is an indication of extreme desperation.
27. Vehicle licensing cannot be attended to optimally as vacant positions have not been filled and printing paper and cartages are not supplied in this department. The manager complained that the office comes to a standstill on a regular basis.

28. As a final indication that Makana Municipality is completely bankrupt the Traffic Department has a shortage of toilet paper for the ablution blocks and which causes a health risk.

Tourism

29. It is further a matter of record that Makana Tourism have not been paid since December 2016 and the vast majority of current projects have stalled due to no funding being available from your municipality.

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The Aerodrome

32. Despite the fact that the transformer was stolen from your municipality's electricity workshops for the aerodrome during 2016, this has not been replaced, and this poses a serious risk to aeroplanes and they cannot land at night.
33. Fences have not been maintained around the aerodrome and this poses a further threat in that animals freely walk onto the aerodrome runways without hinder. This is in contravention of the licensing requirements in terms of the Civil Aviation Act and the sustainability of the aerodrome is now in question.

Staff

34. Your municipality had a staff complement of approximately 350 employees a decade ago and now have a staff complement of approximately 800 at a time when it is under extreme financial strain and insolvency. This at a time where the citizenship of Makana have not exceeded a growth rate of more than 1% per annum.
35. Overtime has increased to **R5 000 000.00** per annum when a decision had been taken by your municipality to suspend all non-essential overtime in June 2016.
36. This is a clear indication that there is no control over the expenditure of salaries and overtime and a state of maladministration.

37. It is further a matter of record that disciplinary action is not taken against errant staff and that no retrenchments have followed despite the parlous financial position of Makana Municipality.
38. I reserve the right to give further reasons of maladministration, in due course, if required to do so.

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

39. Your municipality has failed to comply with its requirements in terms of Section 11(2) of the Local Government Municipal Systems Act 2000 and has failed to comply with Section 41 of the Constitution.
40. As your municipality has admitted that it is unable to, and due to a crisis in its financial affairs, to provide services, or meet its financial obligations, a Section 139(5) of the Constitution administration is appropriate.
41. There can be no doubt that your municipality has failed to fulfil its executive obligations and the only appropriate step is now for the urgent appointment of an administrator with suitable experience and qualifications.
42. Unless your Council takes a resolution to submit to administration, by the MEC in terms of Section 139(5) of the Constitution within seven (7) days of receipt of this letter further steps will be taken to place your municipality under administration and which will include *inter alia* the following:
- 42.1 A demand addressed to the MEC;
- 42.2 A demand addressed to the Premier;
- 42.3 A demand addressed to the Minister of Cooperative Government and Traditional Affairs ("COGTA"); and
- 42.4 A demand to the National Treasury.

Drought and financial assistance from Central Government

43. It is further a matter of record that your municipality has already addressed a letter to COGTA for urgent relief and we request that within seven (7) days of receipt of this letter you furnish us with a copy of your request to COGTA, and any other central Government Minister or Department for urgent drought and financial relief in the sum of at least **R47 000 000.00**.
44. The aforesaid sum is for the following urgent services:
- 44.1 Eskom R20 000 000.00

44.2. Amatole Water	R10 000 000.00
44.3 Essential supplies for the various departments	R10 000 000.00
44.4 Dumpsite	R 3 000 000.00
44.5 Fire Department	R 4 000 000.00

45. I emphasise that if this funding is given by central Government it cannot be utilised for salaries and the servicing of debt and must be utilised for essential services that are basic rights in terms of our Constitution.

46. I further emphasise that the funding must be made simultaneously with the appointment of an administrator and in terms of Section 139(5) of the Constitution.

Conclusion

47. This letter is addressed in the best interests of the citizens of Makana and should be dealt with as a matter of urgency by your Council, failing which, the necessary action will be taken as indicated above.

48. The financial situation is accelerating and deteriorating at a rapid rate and urgent intervention is required.

Yours faithfully



**RON WEISSENBERG
CHAIRMAN OF THE CONCERNED CITIZENS COMMITTEE**

ANNEXURE “B”

Municipal Commercial Turnaround Specialist (MCTS) / Administrator (Adm).

Description of Appointee

The role, which is anticipated to take 2 years, is required to lead in:

1. Quickly developing a challenging and achievable commercial plan that will assure the viability of the municipality.
2. Be correctly supported, empowered and authorised by the Municipality or Provincial/national government structures to implement the commercial plan.
3. Define a clear sense of mission and manage its implementation.
4. Demonstrate strong, optimistic leadership
5. Setting the Vision, Strategy and Direction
6. Re-establishing relationships with rates and service payers, suppliers, investors, and lenders
7. Motivating for appropriate grants and investments required to take the Municipality forward. while focusing on improving the financial and operational performance.

Apart from management ability this position also requires strong leadership and business knowledge - mainly supported by financial and legal knowledge. Key Performance Indicators (KPI's) to be implemented across the municipality and appointed MCTS/Adm needs to strengthen the team ensuring the municipality improves its level of service and delivery.

This role requires the ability to build trust, negotiate, delegate, and bring inclusivity, even within an often hostile process.

The role requires the crucial ability of implementing the commercial plan.

Profile of Appointee

The MCTS / Adm needs analysis, evaluation and perceptive skills, sound commercial judgement and to choose the appropriate remedial measures. Decisive leadership and develop a rescue plan that will be supported and implemented.

The MCTS /Adm is required to have a high degree of commercial acumen, confidence and well developed interpersonal skills. Furthermore, an individual

who is ambitious, energetic and a credible strategic business builder with the desire and tenacity to drive the Municipality towards growth while retaining stability.

Minimum Requirements:

- A Graduate Qualification in Business Leadership.
- 10 to 15 years of hands on leadership and management experience in a sizeable company or municipality.
- An established and referenced track record of business turnaround specialisation and business rescue.

Characteristics of Appointee:

- Demonstrate strong integrity, passion and focus; motivates, leads, and empowers others to achieve organisational goals (strong credibility and confidence required)
- Complete commitment to commercial sustainability, goals and values
- MCTS /Adm must have the ability to establish trust, involve affected parties, negotiate deals, communicate effectively, and delegate functions as part of managing the enterprise
- Ability to focus on the vision and to communicate that vision to stakeholders
- Strong decision making abilities – apply problem-solving processes; evaluate options; exercise judgement; and make rapid and accurate decisions, with or without detailed analysis and strategizing
- Passion for overall municipal excellence
- Can demonstrate entrepreneurial flair.

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CONCERNED CITIZENS COMMITTEE TO SAVE MAKANA

[Representing **Grahamstown Business Forum**, and all its members,
Grahamstown Residents' Association, and all its members, and
Makana Unity League, and all its members]

Kings Heights, Kings Crescent, Oatlands North, Grahamstown, 6139
Tel: 011 486 1919; Fax: 011 486 1928
Email: ron@micronized.com

Mr F Xasa
The MEC for Cooperative Governance & Traditional Affairs – Eastern Cape
BHISHO
PER E-MAIL:
PER FAX: (040) 639 2163

FOR THE PERSONAL ATTENTION OF THE MEC

EXTREMELY URGENT

13 July 2017

Ref: Ron Weissenberg

Dear Sir

**URGENT REQUEST THAT MAKANA MUNICIPALITY BE PLACED UNDER
ADMINISTRATION IN TERMS OF SECTION 139(5) OF THE CONSTITUTION
AND FUNDING FROM CENTRAL GOVERNMENT FOR DROUGHT RELIEF
AND FINANCIAL RELIEF**

We enclose herewith a copy of a letter addressed to the Makana Municipal Manager, the Executive Mayor, the Leader of the ANC, the Leader of the DA, the Leader of the EFF, and the Speaker of the DA on the 5th of July 2017, marked annexure "A".

We do not intend repeating what is stated in the letter or the urgency of this matter. The reasons for placing Makana Municipality under administration in terms of Section 139(5) are contained in that letter.

Although the municipality has requested an extension of time to deal with this matter, they have had some years, including several unsuccessful and inconclusive initiatives to rectify the dire situation. We are of the view that the matter is critical and extremely urgent.

We enclose herewith the attributes, qualifications, and experience that is required by the administrator to resolve the financial and other issues at Makana Municipality, marked annexure "B".

We request that you kindly proceed to place Makana Municipality under administration in terms of Section 139(5) of the Constitution and to appoint an administrator who has the attributes as reflected in annexure "B",

We further respectfully request you to assist with emergency funding for drought and financial relief in the sum of R47 million, (as set out in the letter).

Should you not do so within fourteen (14) days of receipt of this letter, the organisations which I represent reserve the right to proceed to the High Court for the necessary application to compel you to do so in terms of your obligations in law.

We look forward to hearing from you in due course.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ron Weissenberg', with a stylized, cursive script.

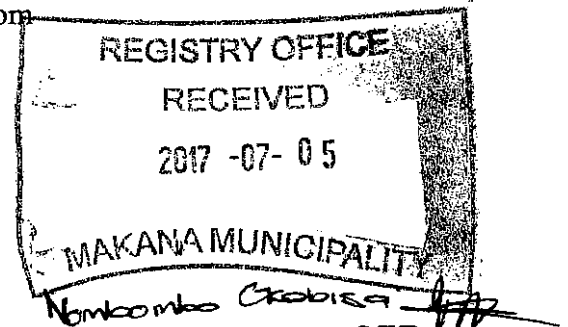
RON WEISSENBERG
CHAIRMAN OF THE CONCERNED CITIZENS COMMITTEE

CONCERNED CITIZENS COMMITTEE TO SAVE MAKANA

[Representing **Grahamstown Business Forum**, and all its members,
Grahamstown Residents' Association, and all its members, and
Makana Unity League, and all its members]

Kings Heights, Kings Crescent, Oatlands North, Grahamstown, 6139
Tel: 011 486 1919; Fax: 011 486 1928
Email: ron@micronized.com

The acting Municipal Manager
Makana Municipality
High Street
GRAHAMSTOWN



FOR THE PERSONAL ATTENTION OF THE ACTING MUNICIPAL MANAGER

EXTREMELY URGENT

5 July 2017

Ref: Ron Weissenberg

Dear Sir

URGENT REQUEST THAT MAKANA MUNICIPALITY BE PLACED UNDER ADMINISTRATION IN TERMS OF SECTION 139(5) OF THE CONSTITUTION AND FUNDING FROM CENTRAL GOVERNMENT FOR DROUGHT RELIEF AND FINANCIAL RELIEF

Introduction

1. I am mandated to address this letter on behalf of the Concerned Citizens Committee to save Makana ("the committee") which comprises of the Grahamstown Business Forum, the Grahamstown Residents' Association, the Makana Unity League, and all their respective members.
2. The purpose of this letter is to address serious concerns for the welfare of all Makana residents and stakeholders without fear or favour and without apportioning blame to anyone.
3. It is a matter of record that on the 27th of June 2017 a special Council meeting was called to discuss the dire financial position of Makana Municipality. Apparently your municipality had approached Eskom in an eleventh-hour attempt to delay cutting electricity to Grahamstown and an

agenda was tabled at that meeting setting out the dire financial position of Makana Municipality.

4. Arising out of that report, and your Council meeting, the following is evident:
 - 4.1 The municipality is indebted to creditors in the sum of **R146 184 978.00** as at the end of May 2017;
 - 4.2 The municipality is owed **R366 812 651.00**;
 - 4.3 The Eskom account now stands at **R55 050 503.00**;
 - 4.4 The municipality is unable to service the Eskom debt;
 - 4.5 Inadequate rates collection has resulted in a monthly operating deficit of approximately **R5 000 000.00** per month;
 - 4.6 **80%** of the municipality's income is spent on salaries and on servicing debts;
 - 4.7 Overtime payment amounted to **R5 000 000.00** per annum whilst only **R2.1 million** was budgeted for.

The dire financial position of Makana Municipality

5. It is clear from the report and other reports of your committees that Makana Municipality is not only in serious financial difficulty and is in fact insolvent.
6. You and your municipality have clearly admitted that it is unable to perform its Constitutional obligations due to the crisis in its financial affairs and is clearly in breach to provide services, or meet its financial obligations, as will be more fully set out below.

The electricity

7. It is clear from the report for the special Council meeting on the 27th of June 2017 that your municipality collected income for electricity of **R9 468 505.00** for the month of May 2017 and from that sum only paid **R750 000.00** to Eskom. This means that in the last month your municipality utilised electricity income for salaries and to service the debt of Makana Municipality which is in violation of the Constitution, the Municipal Finance Management Act, and the common law. At no stage did electricity users consent to electricity income being utilised for anything else other than the Eskom electricity account.
8. This diversion of funds was done by your municipality at a time when the municipality is facing an imminent shutdown of electricity from Eskom and at the eve of the National Arts Festival.

9. The transfer of funds from the electricity account to salaries and other expenses is a misappropriation of funds and which is a very serious matter.
10. I need not emphasise that if Eskom shuts down (or at the very least interrupts) the electricity supply this will have an immediate impact on the water supply for Grahamstown. I will deal more fully with the issue of the water shortage below.
11. I am reliably advised that the DA have campaigned for the purchase of light bulbs for street lamps and this is an indication of the extreme cash flow problems of your municipality.

The dire shortage of water

12. As you know Makana is experiencing a devastating drought which is possibly the worst in the last three decades. It is a matter of record that your municipality has already declared a disaster at the Council meeting on the 4th of May 2017 and every indication is that there are only three months left of water in two of the town dams.
13. Although divers have been brought in by your municipality, and paid for by the province, to investigate the necessity for piping. This is a temporary measure and may only assist the citizens of Makana for a temporary period.
14. The devastating drought is sufficient reason enough for National Government to assist with drought relief and to transfer the necessary funds to Makana for alternative measures of water sourcing.
15. I emphasise that if Eskom shuts down the electricity, or interrupts the electricity, this will have a direct impact on the water supply for Makana.
16. Although your municipality outsourced the issue of water to Amatole Water this incurs a monthly debt of **R2 000 000.00** per month and I am reliably informed that Amatole Water is owed a substantial sum by your municipality. In fact, Amatole Water confirmed at a public meeting on the 12th of June 2017 that it was owed the sum of **R35.8 million** by your municipality.

Air quality in Makana

17. It is further a matter of record that a High Court Order was obtained by the Makana Unity League compelling your municipality to comply with the High Court order, the permit conditions, and the directives of the Department of Environmental Affairs in respect of the dumpsite which burns on a regular basis, and which is not properly controlled.

18. Despite the High Court order your municipality has failed to comply with those conditions and various officials of your municipality are facing contempt of court proceedings, (which has to be heard on the 31st of August 2017).
19. The failure to control access to the landfill site and to have an operating grader at the site resulted in a devastating fire in December 2016 which resulted in the burning down of 26 horse stables and now results in constant noxious fumes blowing across Grahamstown at the risk of ill health to the citizens of Makana.

Makana's Fire Services

20. It is a matter of record that your fire service department has not had any capital budget for equipment for the last four years and that there is a lack of cover for Alicedale town and Riebeeck East town.
21. It is a matter of logic that if Eskom interrupts the electricity, which then has an impact on the water supply for Makana, that this will have a direct impact on your fire department's ability to fight any fire.
22. On the 14th of June 2017 Social Development Portfolio Committee indicated that there was a constant lack of support and resources from your municipality and that this has, and will have, a direct impact on the department's ability to fight fires.

Traffic Department

23. At the Social Development Portfolio meeting on the 14th of June 2017 a report was tabled by the Manager of Traffic and Licensing and which indicates that there is a shortage of vehicles, which hampers law enforcement, the franking machine does not work, and therefore fines cannot be processed, and warrants of arrest cannot be issued.
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Animals wandering the streets

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

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43. It is further a matter of record that your municipality has already addressed a letter to COGTA for urgent relief and we request that within seven (7) days of receipt of this letter you furnish us with a copy of your request to COGTA, and any other central Government Minister or Department for urgent drought and financial relief in the sum of at least **R47 000 000.00**.
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Conclusion

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Yours faithfully



RON WEISSENBERG
CHAIRMAN OF THE CONCERNED CITIZENS COMMITTEE

ANNEXURE “B”

Municipal Commercial Turnaround Specialist (MCTS) / Administrator (Adm).

Description of Appointee

The role, which is anticipated to take 2 years, is required to lead in:

1. Quickly developing a challenging and achievable commercial plan that will assure the viability of the municipality.
2. Be correctly supported, empowered and authorised by the Municipality or Provincial/national government structures to implement the commercial plan.
3. Define a clear sense of mission and manage its implementation.
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The role requires the crucial ability of implementing the commercial plan.

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The MCTS /Adm is required to have a high degree of commercial acumen, confidence and well developed interpersonal skills: Furthermore, an individual

who is ambitious, energetic and a credible strategic business builder with the desire and tenacity to drive the Municipality towards growth while retaining stability.

Minimum Requirements:

- A Graduate Qualification in Business Leadership.
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- An established and referenced track record of business turnaround specialisation and business rescue.

Characteristics of Appointee:

- Demonstrate strong integrity, passion and focus; motivates, leads, and empowers others to achieve organisational goals (strong credibility and confidence required)
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- Can demonstrate entrepreneurial flair.

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