



## **Grahamstown Residents' Association**

PO Box 784, Grahamstown, 6140

Phone: 078-882-3918 (chairperson)

info@grahamstownresidentsassociation.co.za

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Makana Municipality  
City Hall, High Street,  
Grahamstown, 6139

### **Task Team on Makana Financial Recovery**

Dear Madam Mayor

Grahamstown Residents' Association welcomes and supports your vision of being 'The Mayor of solutions'. We understand that you want Makana municipality to run well.

All Grahamstown's residents see the effects of a failing council every day, piles of rubbish, sewage leaks, water leaks, broken roads and infrastructure. It is widely known that Makana is in financial distress and that the situation is getting worse every day. Turning round such a big problem is going to take very hard work over a sustained time period.

It was good to see that Makana Council held a meeting on 27<sup>th</sup> June 2017 especially called to address Makana's financial crisis. Residents heard a great deal about wasteful working practices and poorly managed resources. It appeared that councillors wanted to take the situation seriously and start to put things right. You gave us reason to be hopeful.

We therefore eagerly awaited the initial report of the Makana Financial Recovery Task Team due to be tabled at the Special Council meeting on 31<sup>st</sup> August. We wondered whether this team would make robust time-bound recommendations to address key issues faced by Makana LM.

It is clear that the Task Team has taken notice of the issues raised by REVCO on 15<sup>th</sup> August. Whilst these are important it only deals with one aspect of the problem. Even revenue collection needs more than data cleansing and accurate billing. Other parts of the problem include things like effective management of staff and resources, good communications both internal and external, adequate training for staff, maintenance planning, and cost-cutting measures to reduce waste.

Makana municipality has received a great deal of advice over the past few years, in particular during the period of Administration. One might question why Makana is still in a crisis when it has received so much advice. The obvious conclusion is that the municipality has not acted on that advice. One would hope that the all Task Team members are familiar with the reports written by

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the two Administrators, and would therefore be looking at ways of implementing existing recommendations, made up to two years ago.

Other advice is readily available from municipal workers, not necessarily managers. GRA has daily contact with all sorts of municipal staff from road sweepers to acting MM. We can assure you that the sorts of statements heard from councillors at meetings regarding the workforce are hugely over-simplified accounts. There are numerous employees who are crying out, but dare not tell you or senior managers about laziness, thefts and even deliberate undermining by some of their colleagues.

### **Five Observations about the Task Team**

1. The Task Team lacks urgency. Municipal debt is growing substantially every month. Recommendations need to be available for action as soon as practicable and they need to be prioritised, costed and time-bound. One only has to listen to the senior Makana Finance Team to hear that they have been working until midnight and at weekends to prepare the Annual Financial Statement. The Task Team does not appear to have any understanding of the urgency required for making changes to boost revenue and cut costs of Makana municipality.
2. The scope of the Task Team is too narrowly focussed, only looking at one aspect of the problem facing Makana. There is already a robust **Financial Recovery Plan (FRP)** adopted in 2015, supported by a **Revenue Enhancement Strategy (RES)** which provide most of the answers that the Task Team needs.
3. It lacks the municipal management input of an expert in this field. The manager of Sarah Baartman District would appear to be an obvious candidate. Such a person would draw attention to importance of things like the Financial Recovery Plan, the Risk Management policy, municipal bylaws, and Communications Strategy. Without such guidance the Task Team is very likely to miss essential issues, which already appears to be the case.
4. It lacks the financial expertise of the private sector – Mrs C Mullins has not attended any meetings so far. Business expertise would help greatly in clarifying the problems caused by not containing costs and ignoring risk management.
5. The Task Team needs to specify how implementation of the recommendations will be reviewed. There must be oversight so that recommendations produce the required actions within time limits. Otherwise the Task Team will simply produce another report that sits on the shelf, as has happened with most of the analysis and recommendations produced during Administration.

GRA is pledged to work constructively with anyone who genuinely wishes and is prepared to take actions that are necessary to transform Makana LM into a well-functioning municipality.

Accordingly GRA seeks to offer a number of practical measures that seem to have been overlooked by the Makana Financial Recovery Task Team, these are contained in Annexure A attached. We hope that the Task Team will look at each of these ideas in the positive and helpful way that they are offered. Representatives of GRA are willing to meet with you and Task Team members to discuss these and other issues.

Even with a good set of recommended actions, it will take a skilled leader to implement them. For this reason nothing in this letter lessens our insistence that Makana needs a suitably qualified turnaround specialist seconded to Makana as a matter of extreme urgency. In the absence of such an appointment, with authority to act, then further Administration would be the next step.

## **Conclusion**

GRA is very enthusiastic to see Makana achieve a turnaround and to succeed in raising its revenue collection to the National Standard of 95%. It seems obvious that this will be difficult to achieve in an environment where Makana is publicly seen to be providing poor services, wasting resources, and fails to communicate adequately with its customers.

This letter only contains a small sample of types of action that could be taken to get Makana operating better. Solutions are no good unless there is a willingness and management expertise to put them into practice. (*see p. 47 Financial Recovery Plan*). The question is how and when action will be taken?

When there is some outward sign of visible improvement it will be so much easier to encourage the public to have a rosier view of the municipality. Good news breeds good news.

GRA would like to hear from you at the earliest opportunity how you plan to work on the these and other ongoing problems, including obtaining additional resources from Province or National government. We would also ask that you furnish Mr M Magelela, Mr B Mhlaba and Ms C Mullins with a copy of this letter for their information and consideration.

Yours sincerely

Tim Bull

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Tim Bull [timothybull05@aol.com](mailto:timothybull05@aol.com)

cc. Cllr M Masoma, Cllr L Nhanha, Cllr L Nase, Cllr M Qotoyi [Task Team Members]

Daluxolo Mlenzana [acting Municipal Manager]

Ron Weissenberg [Chairperson, CCCSM]

# Appendix A

## **Suggested priorities for Revenue Enhance and Cost-cutting (efficiency savings)**

Under s139 (1) (b) Administration it was resolved that Makana's Communications both internal and external are in need of major improvement. The first priority in the RES is better Communication – otherwise public will not be engaged and revenue enhancement becomes an uphill struggle.

Makana agreed plans to reorganise customer services under one line of command so that the public interface, and things like fault reporting are made easier. If Makana had actioned this resolution it would be in a far stronger position now. The same could be said of community consultation, using a range of tools such as satisfaction surveys to discover what the public wants and where problems lie, and suggested solutions. (*see p.52 Financial Recovery Plan and p.9 Revenue Enhancement Strategy*).

Ward Councillors and their committees could also assist greatly with engaging the public.

Grahamstown Residents' Association invite all Ward Councillors to publicise their meetings in advance and we will help to advertise. Equally Ward Councillors can be informed of any faults that have not been repaired in, say, two working days so they can support their residents to resolve problems. (*see p. 52 Financial Recovery Plan*).

## **Other significant issues**

Rhodes University has raised millions of rand from funders to develop MobiSAM fault reporting system. . Implementation is hampered by Makana allowing the 'old system' to persist. If all faults were recorded on this one system then faults can be mapped so that repeat faults can be identified. This could aid cost-saving as managers would have information about where to target resources to stop repeat faults recurring. (*see p.52 Financial Recovery Plan*).

Overtime and lack of serviceable vehicles is stated repeatedly as a serious problem at all levels of Council meetings. The introduction of variable working hours (shifts) would reduce overtime, reduce the pressure on vehicles and provide extended hours of service to the public. This should be a priority. (*see p.47 Financial Recovery Plan*).

Makana's vehicles are seen being abused and used for personal reasons every day. This wastes fuel, extra wear and tear on vehicles and staff spending work-time pursuing private business. These same vehicles are already fitted with sophisticated tracker systems that could stop all this waste instantly, provided that infringers are managed properly. (*see p. 49 Financial Recovery Plan*).

Lack of bylaw enforcement. This costs Makana a fortune. Take illegal dumping as an example. Obviously any fines would generate revenue, but lack of enforcement also means the heavy price for the municipality trying to pick up dumped rubbish. It also makes the town unattractive so it reduces investment and property values, which all impact negatively on Makana's finances. There are numerous bylaws where enforcement would generate revenue and save costs to Makana. (*see p.52 Financial Recovery Plan*).

## Appendix A continued

Dealing with stray livestock might not seem very important, but the lack of action by Makana is causing injury through road traffic accidents, rubbish is spread everywhere by foraging animals, a great deal of damage is caused to Makana's roadsides and private gardens. A major reason for all the theft of fencing around town is due to people desperate to protect their properties from straying livestock. Managing the situation properly would solve numerous problems, promote animal welfare and generate income for Makana. *(see p.52 Financial Recovery Plan).*

It was reported through Portfolio recently that the Traffic Dept road painting team spends weeks sitting idle with no paint. Such examples of inactivity are self-evident to anyone living in Grahamstown. Now that Makana has an organogram it needs to be used! Teams do not have to operate in silos – when they are not needed for one function they should be seconded to other worker. If that means less teams are needed then that would achieve substantial cost-saving. *(see p.45 of Financial Recovery Plan).*

It has been apparent that when Makana is under pressure, as it was during administration, and still is, managers are drawn into more and more meetings. This is a serious problem because they should be out managing their staff. Consideration needs to be given to holding early breakfast meetings, or evening meetings, so that managers are freed to get their real work done overseeing their staff during the normal working day. There is no way so many staff would be idling around Grahamstown if managers were conducting daily site visits, or visiting the offices where their staff work. This would also allow them to be better informed of the issues and challenges facing their staff. All this makes for greater efficiency, better performance and less waste. *(see p.46 Financial Recovery Plan).*

Makana is wasting very substantial resources by not adequately protecting property and installations. This is a combination of poor management of the contracted security service provider, despite daily breaches of contract (staff lacking equipment, training and sometimes just absent). The main underlying problem is inadequate application of risk management procedures. This problem has many facets, from staff who don't pass on information where there are problems, to lack of partnership working with SAPS, to poor risk assessment in order to employ suitable preventative measures. *(see p.52 Financial Recovery Plan and Makana Risk Management Strategy).*