

23 April 2019

To: The Amahlathi Local Municipality Accounting Officer and Municipal Council

### **ARA Communiqué 2: Meeting with Administrator**

The Amahlathi Residence Association (ARA) represent numerous households, businesses and farmers in the greater Amahlathi area. On 17 October 2018, protest action escalated to the point that various buildings and infrastructure were damaged and destroyed, this ultimately resulted in the Amahlathi Local Municipality (ALM) being closed up to the end of February 2019, a period of 4 months. An administrator (Dr Sindisile Maclean) was subsequently appointed to oversee the municipality in terms of Section 139 of the South African Constitution. The ARA requested a meeting with the Administrator.

On 1 April 2019 a delegation from the ARA hosted a contingent from ALM consisting of the Administrator, the Chief Financial Officer, the Chief Whip and the Speaker. Based on the discussions at this meeting, we want to confirm our understanding of the statements made and in addition point out areas we feel has not yet been addressed adequately:

#### **1. Revenue Collection**

##### **1.1 Billing System:**

(a) Although the municipality states it is up to date with capturing accounts information up to February 2019, there is no confirmation when hard copy accounts will be sent out. It therefore stands to reason that most ratepayers will not pay if they do not receive invoices.

(b) In addition, it seems the municipality takes very long to reconcile payments made, it is April already, the municipality cannot take a month to reconcile, reconciliations must be done within 2 working days, to avoid disputes with Revco (The information they use seems to be out of date). It is necessary to also make available the information of historical invoices that were never send out, with statements received from Revco only reflecting the most recent month, and an opening balance.

(c) ALM has charged interest on accounts in arrears, while it failed to send out statements, this is surly a very unreasonable practice. It is expected the municipality reverse all interest charges raised in the period May 2018 up to the present day.

1.2 Amnesty: The ARA is of a firm view some kind of amnesty must be extended to long outstanding debtors to incentivise them to settle their accounts, the Administrator indicated the matter will be referred to Council. It is the view of the ARA that the Administrator does have the power to take all necessary steps with or without the approval of the Council.

1.3 Disputes: The ARA is of a firm view some kind of dispute resolution mechanism need to be put in place to limit non-payment due to disputes. The CFO indicated there are very few disputes, but the matter will be referred to the council as well. It is again the view of the ARA that the Administrator does have the power to take all necessary steps with or without the approval of the Council.

1.4 Physical Payment Interface: The municipality indicated that they do not yet have a physical payment interface, with no immediate plan when such a facility will be available. The ARA urges the municipality to provide a plan and commit to a date.

## **2.0 Expenditure**

2.1 Cash Flow Crises: There is no certainty if the municipality is going meet its financial obligations for the months of April, May and June 2019. The municipality need to provide the ARA a clear plan, how it intends surviving these months.

2.2 Standardisation: It is obvious that the major contributor to the municipality's poor financial position is the standardisation of salaries, which was unfunded and therefore unauthorised expenditure, which is systematically bankrupting the municipality. The municipality need to urgently reverse this increases, regardless of the consequences or all employees will end up not getting paid.

2.3 Irregular Appointments: On the allegation that the municipality's structure is bloated, the response was that it cannot be confirmed, since job descriptions have not been finalised. The response seems to ignore the issue that the payroll is more than the available income, clearly confirming the structure is bloated or unfunded. There are also findings in the COGTA investigation, of various employees that was appointed irregularly, who still find themselves being paid by the municipality, surely these salaries must be stopped as an immediate action.

2.4 Eskom: ALM indicated they are in the process of entering into an agreement with Eskom on the outstanding payments. The ARA remains very concerned with regard to the non-payment of Eskom, we will expect the municipality to remain transparent on the matter, and confirm if and when agreement has been reached, and also indicate by when the Eskom account will be brought up to date.

## **3.0 Refunds**

3.1 Electrical: It was pointed out that both ANCA Foods and Vockerodt Electrical (Pty) Ltd, spend their own money to buy material for the municipal electricians to repair cables. It was indicated claims must be submitted to the office of the administrator with as much as possible supporting documents, indicating the nature of the incident, as well as proof of delivery.

3.2 Environmental Audit: An environmental audit was done on the town, and paid for by ANCA Foods, the report will remain a baseline for the rehabilitation of the town. The cost of performing the Audit will also be submitted in the form of a claim to the ALM. It would also be expected a follow up audit be done as soon as ALM claims it has addressed the problems, as it stands very little has been done with the town and refuse site remaining in a very unhygienic state.

3.3 Refuse Charges: There was a total of four months where no refuse was removed or processed in the town from November 2018 to February 2019, ALM agreed the refuse charges for this period will be considered for refunding and they will present this to the council. It is again the view of the ARA that the Administrator does have the power to take all necessary steps with or without the approval of the Council.

## **4.0 Service Delivery**

4.1 Priority List: It is the expectation of the ARA and its members that the municipality prepare a clear action list of when all services offered by the municipality will be restored. It was agreed that Management will issue an Action Plan of when and how service delivery will be restored.

4.2 Communication: Communication remains an area where the municipality can improve allot. For any major breakage it will help if ALM please acknowledge that you aware of it and provide a realistic resolution time. If you do not have the resources to address the problem, admit it, and perhaps we can assist.

4.3 Buildings: It was indicated that the Finance Department (BTO) is operating from the Engineering Department building. You also indicated your server is still located in East London, with a tender planned to migrate it back to Stutterheim. In terms of the rebuilding of offices no decisions have been made to date. Some planning in this regard is also expected to be communicated.

4.4 Traffic Department: The Municipality claim the traffic department is operational again, however, it does seem there is a kind of strike ongoing at the traffic department, due to a dispute relating to uniforms. It is also clear there is no policing of traffic in the town, with traffic officials observed using vehicles to commute from home, with no patrolling of the town or enforcement of the law visible.

4.5 Damage and Sabotage of Municipal Infrastructure: There is escalating incidents of damage and theft of telecommunications, water and electrical infrastructure which is costing the municipality millions in repair cost, as well as lost revenue. The situation also contributes to the increase of crime levels if street lights are not working, while it is posing a major health risk to the community if the water supply is disrupted. All cases must be reported as infrastructure sabotage to SAPS, all open excavation must be closed up, vegetation must be cleared around open power lines and all streetlights must be made operational as soon as possible.

4.6 Illegal Businesses: Various businesses are being opened the Municipal area and in many cases operating from premises not appropriately zoned, they do not meet regulatory requirements in terms of employment practices, as well as health and safety standards. These businesses have a negative economic impact on established businesses that do adhere to the law. It is clear there is at present no enforcement of municipal bylaws, which must be addressed as a matter of urgency.

## 5.0 Summary

In summary the ARA requires ALM to urgently respond to the following key demands:

5.1 ALM must issue hard copy statements of all transactions processed on every account, since February 2108, to all Residents.

5.2 ALM must reverse the refuse charges from the beginning of November 2018 up to end of February 2019.

5.3 ALM must reverse all interest charged during the period May 2018 up to the point where hard copy statements have been issued to rate payers.


5.4 Implement the recommendations from the Audits done by COGTA, including dismissing all irregularly appointed staff and reversing the salaries increases of staff overpaid due to standardisation, with immediate effect, with all historical overpayments to be recovered from staff.

5.5. Ensure the traffic department is fully operational, which includes patrolling the streets and prosecuting traffic offenders.

In terms of the time frames to resolve the above, we would appreciate a written commitment in the form of a public notice indicating, by when the various issues will be addressed, by no later than 30 April 2019.

Should you wish to communicate directly with the ARA you can forward any correspondence to Donald Kemp who will serve as the liaison for the purposes of communication (Mobile number: 073 427 2119 & e-mail: [donald@barkaybirds.co.za](mailto:donald@barkaybirds.co.za)).

Yours Sincerely



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Chair Person of the ARA