

Council and Legal Matters Update – Debi Nicholson

We have for years kept a very close eye on the financial management of the town and have provided input and advice to the municipality and councillors on the budget, the annual reports, input to the Auditor-General, and other financial issues if and as they arise. We predicted 18 months ago that the municipality was at a tipping point where its revenue was no longer sufficient to sustain the cost of supporting the unemployed and indigent as well as ongoing extravagant, fraudulent and unnecessary expenditure. As expected this has led to the total depletion of our cash reserves, mounting debt and lack of investment in our ageing infrastructure. Despite reductions in repairs and maintenance budgets, the organisational structure remains bloated, total staff costs continue to increase well beyond acceptable levels and questionable tenders continue to be awarded. The municipality is financially in trouble and this does not bode well for sustainable provision of services for Bitou's population growth.

We have had several meetings with the mayor and municipal manager to discuss the financial crisis in Bitou. It is disappointing that they have not responded to our offers of assistance. There has been no evidence to date of much needed cost cutting and austerity measures required to balance the books. We continue however to monitor, challenge and offer assistance.

It goes without saying that as a non-statutory body, we do not have authority or powers to involve ourselves in the actual management of our town's financial affairs. Where we find that the law has been broken and council fails to take the appropriate action, we do not hesitate to take the necessary legal action, notify the relevant Provincial minister, and the Auditor General of these issues.

Examples of two outstanding legal cases which are waiting for a court date since the mayor is not willing to settle them:

Mayoral cars.

One of the cases is against the unlawful provision of expensive vehicles for the mayor, deputy and speaker, which practice we have attempted to freeze in Bitou. Why is it important? When the municipality eventually loses the case against the provision of mayoral cars in the High Court, it will be applicable to ALL towns in South Africa and will save millions of rands for ratepayers everywhere.

Overpayment of salaries.

The second case is the overpayment of municipal salaries with a Scarce Skills Allowance (SSA) which we do not see as necessary for Plett. We all know that there is a housing boom in Plett and everyone wants to move here. So why would we need to offer an extra salary incentive to entice someone to move here?

If Bitou advertised correctly, it should have no trouble attracting suitably qualified people to come work here, or anywhere in the Southern Cape.

A Scarce Skills Allowance for Plett undermines the concept of a SSA, which is to override the standard pay rate to attract people and skew the playing field. The SSA is meant to entice people to leave desirable places and come to less desirable places, not the other way around. If every town now receives a SSA, the towns who really need the enticement lose out, and the government has to now add yet another level of enticement. That is irrational. And the cost of housing is not a reason for the extra allowance, because directors are paid over a million pa and can afford a mortgage. The illegal excess salaries need to be recovered and salaries kept within the legislated limits.

After a year of the DA and its coalition in control, how would we score them?

Using the three basic non-negotiable tenets of good governance as contained in the Constitution, which are transparency, responsiveness and accountability, as the basis of our evaluation:

Transparency:

our experience is that the council and mayor are reluctant to share information which should be in the public domain. Many council issues are discussed in secret rather than in open council meetings as they should be. We have asked how many political appointees (staff working for councillors) are on the municipal payroll, since Knysna is being challenged for theirs. After receiving no information, we have had to file a Promotion of Access to Information Act (PAIA) for the information, which we had hoped would not be necessary with the DA. We have also asked for information from municipal managers to help our Ratepayers' Association's engineers who have offered their expertise to assess the capacity and condition of the municipal infrastructure at no charge, but have received little to no cooperation from certain departments.

Responsiveness:

Most of our letters go unanswered, even though the mayor has staff to assist him. Information promised during our bimonthly meetings is not provided, nor will they even approve the minutes of the meetings. We are told from others in Plett that they experience the same frustration with non-responsiveness.

Accountability:

this has been our biggest concern. Bitou can barely meet its financial obligations, yet there are millions of low-hanging fruit they could recover from irregular expenditure and financial mismanagement, and have not done so. Legislation requires a municipality to recover funds; they are derelict in their fiduciary duties by not doing

so. For example, 23 municipal houses have to be sold because they have been so poorly managed by the municipal property manager. Instead of cash-generating assets, they now have a heap of scrap houses, and a group of occupants who are fighting for their right to stay there, all because of this poor performance and not being held to account. Has the responsible municipal employee yet been held to account, or is he still on suspension at full pay?

Ex-mayor Lobese was the subject of a Provincial forensic investigation, revealing that he and his AUF staff were responsible for millions of misappropriated funds. What has been done to recover these funds? Criminal charges, civil charges, sequestration, what?

MPAC, the council committee which is responsible for investigating irregular and unauthorized expenditure, and is the instrument of accountability, has recently recommended writing off over a hundred million rands without recovery or consequences. MPAC has not functioned for the past five years when it was chaired by the last opposition councillors, so the current committee had a considerable amount they could recover immediately, and are required by legislation to do so. Yet council agreed to write it all off.

The warning signs are everywhere of mismanagement. Council's job is oversight, and the final step of oversight is holding people to account. We have said officials act with impunity because they get away with it. Council needs to send a message to officials who steal. How would we rate the current council? Transparency, responsiveness and accountability are lacking from this council and there is considerable room for improvement.