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South African Local Government Association

MSUNDUZI case study

Presentation at Leadership in Local Government

5 March 2012

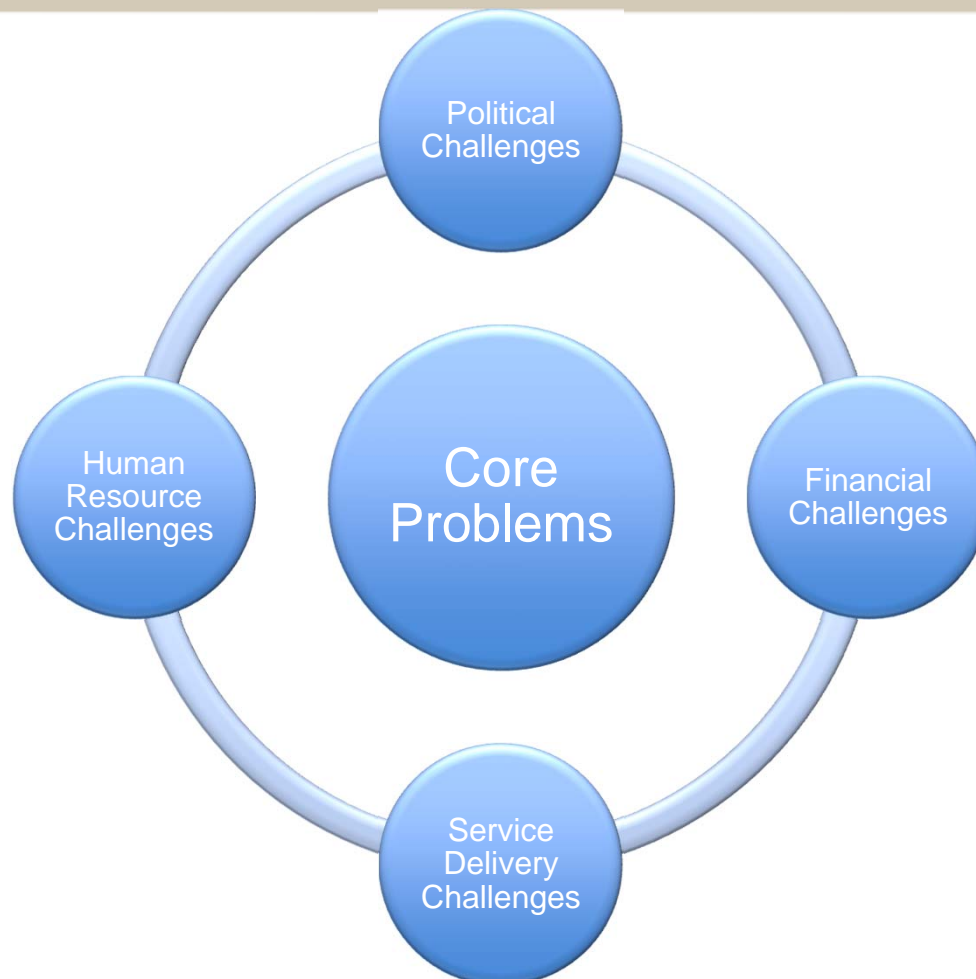
Johann Mettler



Presentation Outline

- 1) Status Quo
 - a) Political
 - b) HR
 - c) Services
 - d) Finances
- 2) Reasons
 - a) Leadership/people
 - b) Processes and systems
- 3) Turn around

1. Status Quo





Political/ governance

- Political dysfunctionality between executive and legislative arms of council
- No political oversight
- Blurring of separation of powers between management and political leadership
- Internal party-political dynamics negatively influenced council business.



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Human Resources

- Appointments without required qualification and competencies
- Organisational restructuring processes not finalised – three organograms
- No PMS
- Excessive over-time regime



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Service Delivery

- Collapse of service delivery, especially waste management, filthy City
- No planned maintenance of infrastructure
- Ageing fleet and abuse thereof
- No data on service delivery backlogs
- No long-term planning for infrastructure development



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Finances

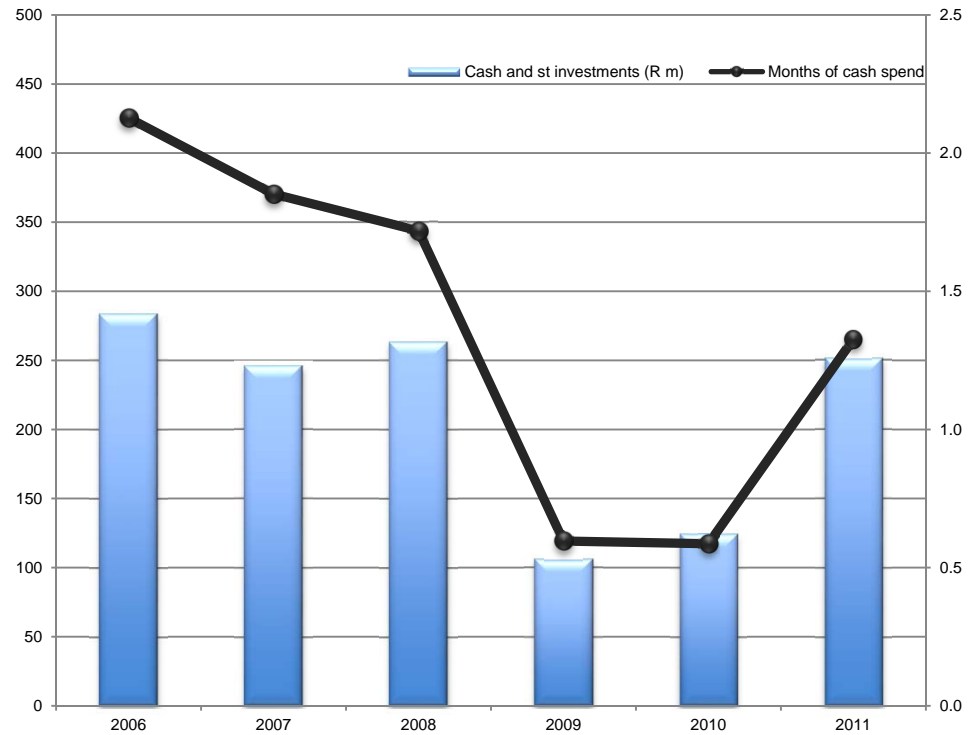
- Municipality was bankrupt
- Financial mismanagement and non-compliance with MFMA and supply chain management policies and regulations
- Struggle to pay Eskom's Winter Tariffs and other creditors
- Conditional grants not cash-backed
- Demand for salary increases could not be met and had to apply for exemption
- Liquidity crisis owing to erratic revenue collection which stood at an average of 53%;
- Theft of electricity and water losses
- Debtors' book has been escalating unabatedly at least since 2003
- Budgets were not aligned with the IDP



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Finances cont.

- Cash balances

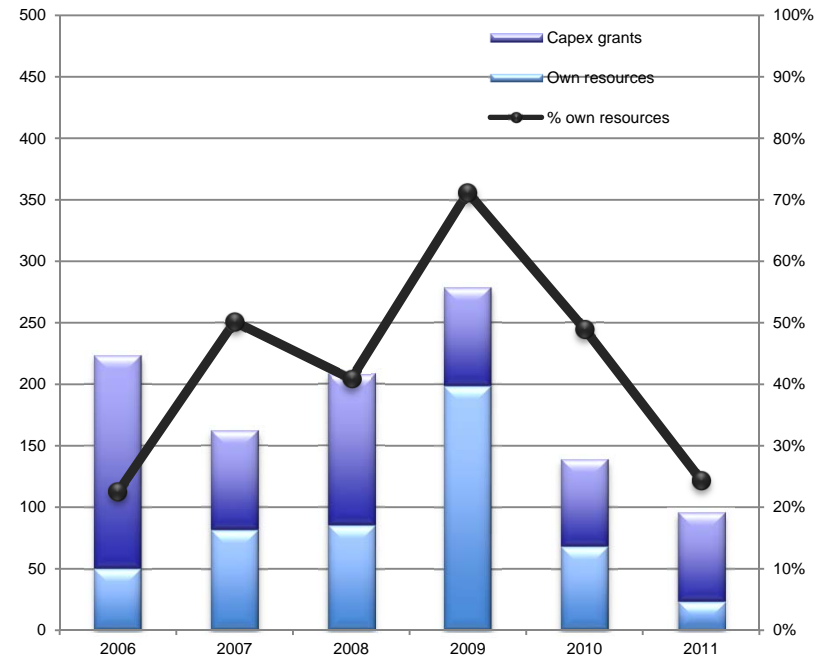
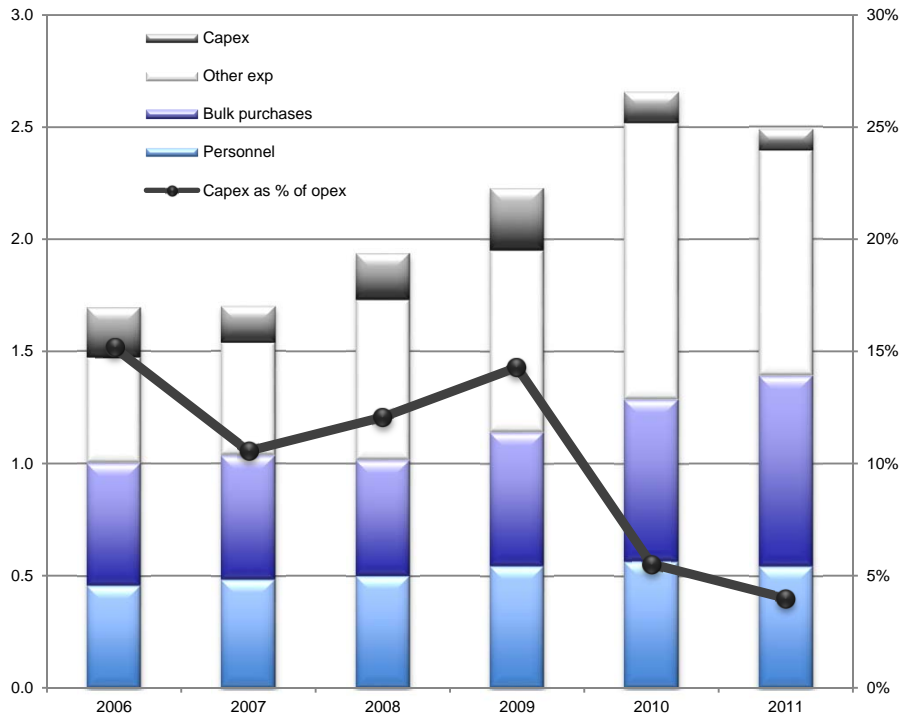




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Finances cont

- Funding of CAPEX, and spending profile





Summary of reasons for collapse

- No or destructive political leadership
 - Within municipality
 - Within broader party-political environment
- Administrative leadership completely absent
 - Allowed whole-scale collapse of internal controls across the board
 - Refusing to take responsibility
 - Blaming “political interference”
- Good people doing nothing, or taking too long
 - “I just gave up” – previous MM
- Resulted in complete disconnect with community



Turn-around

- Decisive political intervention by Province (Party and Government)
 - Within party-structures
 - Within municipality
- **Important milestones**
 - 1. Appointment of Administrator
 - 2. Dissolution of EXCO and political leadership
 - 3. Appointment of PEC Task Team to manage regional office transition
 - 4. Adoption and Implementation of Communication programme
 - 5. First Exit Strategy June 2011
 - 6. Exit Strategy December 2011
 - 7. Implementation of Turnaround Strategy including Financial Recovery Plan – post December 2011



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Discussion

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