

Intervening into Warrenton

On 17 February 1999, the provincial executive of the Northern Cape Province intervened into the Warrenton municipality. On 16 March, the matter was reported to the chairperson of the NCOP and three days later, the NCOP process got off to a start. This article will examine the circumstances that gave rise to the intervention, the handling of the intervention by all concerned and any lessons that may be learnt from it.

Problem areas

Between 1995 and February 1999, the provincial department of housing and local government gave financial assistance to the tune of close to R 7 m to avert the total collapse of municipal services in Warrenton. In April 1998, the MEC for Housing and Local Government appointed an administrator. His report revealed that the council's debtors stood at over R 9 m and the outstanding creditors at over R 1,75 m with both amounts escalating at an alarming rate; that the overdraft limit of R 1 m had been exceeded by R 620 000,00 and that Warrenton was unable to pay the salaries and wages of its staff for February and March 1998. This resulted in court action and the MEC had to foot the settlement bill to the value of R 1,2 m to avoid further legal costs. A further corrective measure was the appointment of financial consultants to manage the treasury department of Warrenton for a period of three months. However, a review of the financial situation as at 10 February 1999, indicated that Warrenton continued its plunge into financial crisis. To add to its financial woes, the municipality was unable to generate acceptable levels of revenue although it had over R 12 m worth of outstanding debt on its books. During February, ESKOM, one of its main creditors, had to cut the electricity supply and the Water Board was due to follow suit. The MEC had to pay more than R 300 000 to ESKOM for the re-connection of the electricity supply. The Provincial Executive found this scenario sufficient to justify intervention in terms of the Constitution.

The intervention

On 17 February 1999 the Northern Cape provincial government appointed an administrator, Mr Abraham Marais, to take over the entire administration of the Warrenton municipality in terms of section 139(1)(b) of the Constitution.

The Minister of Constitutional Development and Provincial Affairs duly approved the intervention and the MEC for Local Government and Housing, notified the NCOP on 16 March 1999.

Terms of intervention

The provincial government sought approval from the NCOP, and obtained it on the following terms:

A. Provision of services

The administrator had to ensure that:

- the water supply is maintained;
- water purification standards are met;
- the electricity supply is maintained;
- refuse removal services are rendered on a regular and sustainable basis; and
- all other services are maintained.

B. Financial management

The administrator had to ensure that:

- rates, fees, levies and other outstanding monies due to the municipality are collected;
- the financial obligations of the municipality are met; and
- the municipality is placed in a position to comply with the provisions relating to financial management as outlined in section 10 G of the LGTA.

C. Administrative procedures

The administrator had to ensure that:

- policies and procedures for the use of assets and services of the municipality are adhered to;
- municipal services and assets are used solely for the purposes for which it was intended; and
- the affairs of the municipality are conducted in an open, transparent, accountable and responsible manner.

D. Co-operation of the Town Clerk

The Town Clerk must co-operate fully with the administrator and must render all reasonable assistance to the administrator in the carrying out of his or her functions.

E. Meetings of councillors and administrator

The Executive of the Council and the administrator must meet once a week to discuss matters of mutual interest and to allow the administrator to submit a progress report to the Council. The full Council and the administrator must meet at least once a month.

F. Co-operation between councillors and administrator

The administrator and councillors must carry out their respective duties in a co-

operative manner. However, in the event of a dispute between the parties, such dispute must be resolved by mediation by a representative of SALGA. Should the matter remain unresolved after mediation, it must be decided by the MEC.

G. Competency of councillors

Councillors remain competent to carry out their legislative functions.

Visit by the NCOP delegation

The NCOP delegation consisting of the Chairperson of the Select Committee on Constitutional Affairs, Public Service and Administration, a NCOP permanent delegate of the Northern Cape, and staff of Parliament met with the role players in the area namely the MEC, councillors, the Town Clerk, SALGA representatives and representatives from the community. It transpired that the main reason for the state of affairs could be ascribed to a severe lack of capacity on the part of certain municipal officials which resulted in, among other things, the ineffective collection of revenue. On the positive side, there was the political will on the part of the councillors and officials to return the municipality to a position of financial and administrative viability.

Current position

The administrator, Mr Marais, is confident that, after a period of 5 months since the intervention started, the municipality is able to fulfil its executive obligations. He noted that the total amount due to creditors decreased from close to R 6 m to R 2,5m. Also, the culture of payment increased from 43% in February to 70%. At the next review by the NCOP, due to take place on 23 July 1999, he may recommend that the intervention ceases.

Assessment

Although one could probably find fault with certain of the procedures preceding the intervention (see article on Butterworth, page 13), it appears that the purpose of the intervention was achieved. The test, however, would be whether the municipality can sustain its newfound lease on life. The onus would surely be on the province to monitor the progress and to render effective support.

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