

Buffalo City Municipality Report

Mid-Term Review of Municipal Performance

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1. Executive Summary

Buffalo City has had its entire Mayoral Committee and six Senior Managers dismissed following the employment of an Acting Municipal Manager from the 23 March 2010. Buffalo City had no mayor at the time of the interviews and two new portfolio committee councillors were interviewed. Three of the managers interviewed were Acting Senior Managers/Directors. All the interviews took place within the context of a Turnaround Strategy in progress and thus there was a focus on events in the immediate present.

The turnaround intervention was showing every sign of being successful in terms of improved service delivery, renewed commitment to the municipality and improved productivity.

1.1. Successes

Notwithstanding the political and administrative turmoil, which Buffalo City has gone through the City thanks to the timely interventions by the Acting Municipal Manager, the fundamental strengths in all departments are reasserting themselves and the City is once again delivering services.

Turnaround successes include:

- A new R400 million road project is underway. In the past service delivery was compromised with “Malema type roads”.
- A new portfolio committee has been brought in to oversee the functioning of the municipality to ensure quality service delivery.
- Acting senior managers have been appointed to manage departments.
- Overall delivery in every function has been turned around.
- Applied for further grant funding to meet the delivery needs

1.2. Innovation

The Buffalo City Municipality is currently in a survival mode and it is more introspective. Such a state of mind does not preclude innovation though none was mentioned except the new public sector private sector partnership

introduced by the Acting Municipal Manager with a bank (ABSA) to rebuild poorly constructed houses.

1.3. Strengths and Opportunities

Notwithstanding the political and administrative turmoil which Buffalo City has gone through the City thanks to the timely interventions by the Acting Municipal Manager the fundamental strengths in all departments are reasserting themselves and the City is once again delivering services.

The present strengths as a result of the turnaround are increases in service delivery in roads, water and sanitation and the reassertion of standards of quality in housing. The financial department, human resources and planning have weathered the storm of instability.

New portfolio councillors have proved ready and able to learn the lessons of straying from the political oversight function and interfering in some of the administrative functions. They are committed to the development of their communities.

1.4. Failures

The City has been brought to its knees by intrigue between the politicians and senior managers. The municipality had become paralysed by politics. The politicians were treating the municipality as their own fiefdom. Every area of service delivery was failing and falling behind whether in housing, roads, water and sanitation and electricity.

Before the Acting Municipal Manager had arrived only 18% of the 2009/10 budget had been spent. The previous Municipal Manager had been rolling over the capital budget year after year.

The failings included the hiring of unqualified contractors and the signing off for completed jobs when the jobs were either uncompleted or poorly implemented and/or constructed.

The degree of overlap – or cronyism – between poor management, the hiring of unqualified contractors and political interference has not been officially announced as court cases are proceeding.

1.5. Capacity – Political and Administrative

The turnaround of Buffalo City has had to confront the worst aspects of cadre deployment. The ANC branches were ordering the deployed cadres who were staff members of the municipality to make the municipality ungovernable. The cadres complied aggravating and further compromising the quality of municipality governance and delivery. This type of corruption cascades down from the top positions in the municipality into every facet of the administration.

Following the experience of working on portfolio committees and learning how to fulfil the oversight role they are both convinced that all councillors should be trained so that they can improve their understanding of the role of oversight and supply chain management.

1.6. Key Constraints and Weaknesses

Overcoming the past excesses of the dismissed mayoral committee and six senior managers is a major current constraint. There are multiple consequences which the municipality must address: replacing the lost capacity (with integrity), restoring staff morale, improving service delivery and restoring the confidence of the electorate. Other constraints facing the municipality include:

The steady inward migration to the city from rural areas of high unemployment and with a slow pace of delivery increasing the demand for housing, water,

sanitation and electricity; The ageing infrastructure of the older suburbs which need replacing (but not funded by MIG grants); Supply Chain Policy time frames for tenders now stands at 18 months. There is a three committee system of regulations: Internal auditor; Auditor committee; and Oversight from politicians. The municipality by seeking compliance at every level is hampering delivery with too much compliance which detracts from the work.

1.7. Changes Required to Perform Better

The fundamental change taken in Buffalo City to overcome its failures and constraints was to mandate an Acting Municipal Manager to turn the municipality around. The turnaround is based on ensuring that the fundamentals of good governance are in place: in particular a new portfolio committee and new Acting Senior Managers creating the conditions for a change in attitude of the staff to their work in the municipality. The municipality needs to be stabilized so that staff and the electorate's confidence can return.

Councillors need training in the constitution, all the act covering municipalities and budgets so that they can understand the process of local government. Province needs to fulfil its planning function and co-operate with the District. The high expectations of the community need to be politically addressed by national and provincial leaders.

2. Municipalities Perspective of its Performance

2.1. Political Perspective (Politicians' Interviews)

2.1.1. Accomplishments

Buffalo City has had its entire Mayoral Committee and six Senior Managers dismissed following the employment of an Acting Municipal Manager from 23 March 2010. Buffalo City had no mayor at the time of the interviews and two new portfolio committee councillors were interviewed. All the interviews took

place within this context and thus there was a focus on events in the immediate present.

With the acting Municipal Manager appointed by the National Minister a Turnaround Strategy is in place at Buffalo City. Overall service delivery of housing, roads, water and sanitation and electricity is now back on track after the dismissals. One councillor said, “We are now doing the roads nicely.”

For the new councillors on the portfolio committees it is “a great achievement to get all the departments pulling together” after the removal of so many senior administrators and politicians. In the past, it was assumed that once a director signs off, for example, the completion of a road that the road was completed. But in fact this was not going on so a new system is being considered where councillors will play an oversight role in the wards to monitor the contractors and if the delivery is incomplete then the City will not pay them.

In King Williams Town there are major problems with a housing project and the City is developing a new strategy in partnership with ABSA. With this partnership the pulling down and rebuilding of the houses will take place.

2.1.2. Failures

The City has been brought to its knees by intrigue between the politicians and senior managers. Every area of service delivery was failing and falling behind whether in housing, roads, water and sanitation and electricity.

The failings included the hiring of unqualified contractors and the signing off for completed jobs when the jobs were either uncompleted or poorly implemented and/or constructed. The degree of overlap – or cronyism – between poor management, the hiring of unqualified contractors and political interference has not been officially announced as court cases are proceeding.

2.1.3. Assessment of political capacity and commitment

The politics of the City has been shaken up by the dismissal of the Mayoral Committee. As one councillor said, “People, (including politicians) have lost the vision of what the ANC stand for.” The removal of the errant politicians has not decreased the political jockeying for power in the municipality.

The two councillors each believe that their knowledge of the municipality has increased since being on the portfolio committee: we “have come to understand governance and supply chain management much better.” Following the experience of working on portfolio committees and learning how to fulfil the oversight role they are both convinced that all councillors should be trained so that they can improve their understanding of the role of oversight and supply chain management.

The acting Municipality Manager has reintroduced administrative stability and staff are becoming more focused on work again. The degree of dysfunction and demoralisation in the municipality, which is to be expected, can be gauged by the comment of the Technical Service Manager that 25% of staff were off on holiday or sick leave on any given day – staff were using their maximum sick leave over the three year cycle.

2.1.4. Role of other spheres of government & other stakeholders

The councillors said that the City needed better IGR with both provincial and national government. Interaction between spheres is rare and only since the crisis have they seen some of the many departments. The fundamental problem for the councillors is that “These spheres have educated people. But the university is not producing skilled people they are trained to be philosophers. They feel big and they act big but they don’t know what we do. They only think they know.” And thus the practical issues of service delivery of the municipality are not broached by provincial or national government. Rather province in particular just starts projects without consultation.

This problem is compounded by the fact that the community does not understand that, for example, roads are the responsibility of the three spheres of government; they hold the municipality responsible for all roads. Indeed, the community presumes the municipality responsible for all government delivery. The community regards the municipality responsible for providing jobs. The community says “We cannot listen to you until we are helped with a job.” In this municipality the community “go for toyi-toyiing very easily” and the municipality gets caught up in issues that have nothing to do with functions and powers of the municipality. Civil society is seen as well organised but “they need more knowledge of local government.”

It is believed that SALGA should assist wherever it can because much is needed to ensure the success of Buffalo City. Not much was known of DBSA other than its role in funding.

2.1.5. Constraints and opportunities

Overcoming the past excesses of the dismissed mayoral committee and six senior managers is a major current constraint. There are multiple consequences which the municipality must address: replacing the lost capacity (with integrity), restoring staff morale, improving service delivery and restoring the confidence of the electorate.

The other constraints facing the municipality include:

The steady inward migration to the city from rural areas of high unemployment and with a slow pace of delivery increasing the demand for housing, water, sanitation and electricity;

The ageing infrastructure of the older suburbs which need replacing (but not funded by MIG grants);

Vandalism with water and electricity: including illegal connections and the theft of wire and taps (plastics taps are now being installed).

The housing programme even if it had of been successful does not address the issue of a living environment. The programme just delivered houses but a community also needs schools, clinics and churches so that all of the

community needs can be taken care of. The failure of province to co-ordinate its delivery with the City hampers the development of a living environment. “Province only talks all their talk. There is no action.”

2.1.6. Specific changes to improve service delivery

The municipality needs to be stabilized so that staff and the electorate’s confidence can return. Part of the process of achieving this is to complete the turnaround processes introduced by the Acting Municipal Manager and to appoint a contract Municipal Manager and new contract Senior Managers. The danger is that these appointments may be delayed because of the legal challenges facing the municipality. These further delays on the road to stability will reproduce a return to low staff morale.

Councillors need training in the constitution, all the act covering municipalities and budgets so that they can understand the process of local government.

Province needs to fulfil its planning function and co-operate with the District. The high expectations of the community need to be politically addressed by national and provincial leaders.

2.2. Administrative Perspective (MM/CM Interviews)

2.2.1. Accomplishments

The Acting Municipal Manager, appointed by the National Department of CoGTA is operating in terms of a “mandate to turnaround ‘the most problematic municipality in South Africa’”. The aim is to restore the “fundamentals of good governance” in the municipality. The following issues of good governance and improved delivery are being established:

- A new R400 million road project is underway. In the past service delivery was compromised with “Malema type roads”.
- A new public sector private sector partnership is in place with a bank (ABSA) to rebuild poorly constructed houses.

- A new portfolio committee has been brought in to oversee the functioning of the municipality to ensure quality service delivery.
- Acting senior managers have been appointed to manage departments.
- Overall delivery in every function has been turned around.
- Applied for further grant funding to meet the delivery needs.

2.2.2. Failures

Before the Acting Municipal Manager had arrived only 18% of the 2009/10 budget had been spent. The previous Municipal Manager had been rolling over the capital budget year after year.

The municipality had become paralysed by politics. The politicians were treating the municipality as their own fiefdom.

The worst aspects of cadre deployment have surfaced in Buffalo City. The ANC branches were ordering the deployed cadres who were staff members of the municipality to make the municipality ungovernable. The cadres complied aggravating and further compromising the quality of municipality governance and delivery. This type of corruption cascades down from the top positions in the municipality into every facet of the administration.

The M & E systems were neutralized by political interventions.

2.2.3. Assessment of administrative capacity & commitment

In the past there was little or no commitment to the municipality on the part of the Mayoral Committee and some of the Senior Managers. The key to the Turnaround Strategy is to rebuild the Mayoral Committee with competent and committed politicians and ensure that effective, efficient and committed Senior Managers direct, administer and supervise their respective departments. The political positions on the portfolio committee have been filled and acting managers have been appointed.

With these appointments the municipality is on the road to stability and the appointment of Municipal Manager. What is emphasized to staff during this turnaround is that: “if they do not work they will get dismissed”; and they are “not accountable to councillors.” Staff must learn to be professional

employees committee to the rules and regulations of the municipality and give in to the demands, requests and favours of politicians. What is emphasised to councillors is that “their role is one of oversight.”

2.2.4. Role of others

The National Department of CoGTA is championing the turnaround strategy for Buffalo City. The Turnaround Strategy of Buffalo City is the current all consuming focus.

In the future planning and co-ordination with province must be improved. An improved framework is now in place for the DBSA to interact with the municipality. The new partnership programme with the private sector in housing could become a model for other areas of public/private sector co-oration.

The future Municipal Manager will develop these relations as well as those with SALGA and the community.

2.2.5. Constraints and Opportunities

The mandate of the Acting Municipal Manager is to overcome the identified constraints of political paralysis, deployment, corruption and poor service delivery. These processes at the time of the interview were well underway.

2.2.6. Specific changes to improve service delivery

The fundamental change taken in Buffalo City to overcome its failures and constraints was to mandate an Acting Municipal Manager to turn the municipality around. The turnaround is based on ensuring that the fundamentals of good governance are in place: in particular a new portfolio committee and new Acting Senior Managers creating the conditions for a change in attitude of the staff to their work in the municipality.

2.3. Technical Perspectives

2.3.1. Technical services Accomplishments

Since appointed as Acting Technical Services Manager in April the department has managed to:

- Implement financial turnaround completing 30% of MIG budget in 21/2 months
- Plan strategy for new year – to consolidate progress into the next year
- Advertise all vacant posts in the department.

While the housing backlog is substantial (about 120000 outstanding houses) and will not be eradicated by 2014 the water backlog (only R26 million) and the sanitation backlog (about R450 million) will be completed by 2014. The supply of water in the area is good as before 1994 villages in the new City municipality were provided with water. It is estimated the municipality needs to spend R95000000 per annum to eradicate the sanitation backlog.

There is a 40% loss of water because of old pipes, illegal connections and bad meter readings. These challenges will be met by establishing an internal business unit. The department will be: In charge of own income and expenditure; install meter for everyone - so far 90000 out of 170000; and take over meter reading.

Supply Chain Policy time frames for tenders now stands at 18 months. To expedite supply the municipality needs training and experience to cut through what in effect is a three committee system of regulations: Internal auditor; Auditor committee; and Oversight from politicians. The municipality by seeking compliance at every level is hampering delivery with too much compliance which detracts from the work.

2.3.2. Municipal finance

The municipality is fully MFMA and GRAP compliant with the submission of monthly, quarterly and annual reports. With the new GRAP standards the

municipality has a few qualifications. The audit qualifications were in terms of the external audit disagreeing with an agreement reached between the A-G and the municipality in the interpretation of interest on conditional grants and does not reflect on integrity of the municipality. “eThekweni Metro does what we do and they don’t get a qualification but we do” because different standards are used and that is the issue of contention.

National Treasury complemented the department in June 2010 in terms of the budget submitted and in meeting all regulation requirements.

According to the electronic tool used by a delegation from CoGTA Buffalo City does not need a Turnaround Strategy as the municipality was strong, very strong. What the tool had analysed was the IDP – the design of the tool was generic it only measured administration – but merely because the IDP is in order it does not mean that the municipality is in order. The political reality in this municipality is that the “ANC camp is breaking up” and this political jockeying for power has engulfed and enflamed the municipality.

2.3.3. Local Economic Development

The LED identified the following sectors as the key sectors that contribute to the economic growth in the area:

- Tourism – based on the natural scenery, tourist infrastructure and urban attractions;
- Agriculture – based on access to suitable agricultural land especially in rural areas where people rely on farming;
- Manufacturing – Buffalo City has one of the biggest car manufacturing companies, i.e., Mercedes Benz, located in the area;
- SMME Sector - as it contributes significantly towards employment.

Current themes in LED which need to be dealt with and /or implemented are:

- Land release for development e.g. Transnet
- Refurbishment and development of infrastructure
- Buffalo River bridge
- Harbour expansion
- Inadequate infrastructure to support economic development programs and activities within the municipality.
- Procurement policy to support SMME development programs

- Lack of economic data intelligence to monitor economic development impact.
- Inadequate LED Budget to implement LED programmes.
- Limited human capital within LED Department.

The community has high and unachievable expectation from the municipality. The municipality is expected to: create jobs, support local businesses and industry to stop job shedding, provide homes and economic development, provide skills development, build capacity, awarded tenders, develop infrastructure, and to facilitate small business by the provision of start up equipment and seed funding and premises to operate from. The challenge is limited resources to implement LED strategies and programs in response to community expectations.

2.3.4. Human Resources

The Acting Director Corporate Services has constructed an ideal organogram that shows that if the City is to fulfil 100% of its task, for example sweep all the streets and guard all the beaches, then the City needs 8900 posts and the current slightly over 5000 posts. The municipality has 350 vacant posts which are being filled. Approximately 400 people a day apply for jobs and the municipality has a data base of 50000 people seeking work.

Notwithstanding the size of this data base there is a scarcity of skills in specific categories. A scarce skills allowance allows Buffalo City to compete with other employees yet people with such qualifications move quickly for better pay.

The Acting Director Corporate Services believes that Buffalo City has one of the better Human Resource Departments in Local Government and he pointed to the hiring policy, applicant testing and training to substantiate his claim.

Reflecting on the conflict within the municipality The Acting Director Corporate Services said that “You cannot have administrative stability without political

stability.” The challenge is that although human resources are focused on administration it is impossible to create a viable administration if the politics is in a conflictual phase. The human resources department in such a situation deals with the symptoms and not the cause. Political forces play themselves out in the administration and need to be dealt with directly as they are often the prime cause of corruption in a municipality. Political instability compounds the staffing problems by making people feel insecure and then such employees will seek employment elsewhere.

The current challenges in the municipality are conflict, instability and bureaucracy. The solution to these challenges strong leadership, less rules, more definitive and clear roles for people and implement conflict resolution.

2.3.5. Planning

When the municipality was assisted by a delegate from CoGTA in terms of the need for the Turnaround Strategy according to the assessment the IDP was very strong.

There is limited or no participation of Provincial and National Departments in the IDP process.

Investment in IDP prioritized Development Zones, Corridors and Nodes in line with the SDF is still a challenge. Enactment of the LUM Bill is still a challenge as the City has different regulations based on applicable legislations. The municipality has ready as soon as the LUM System is finalized and implemented.

The competitive advantages of the City are: the strategic location which makes the City a gateway to most of the municipalities in the province; good public infrastructure; a broad range of skills; the City has a budget of about R2 billion.

3. Conclusion

3.1. Strengths within the municipality

Notwithstanding the political and administrative turmoil which Buffalo City has gone through the City thanks to the timely interventions by the Acting Municipal Manager the fundamental strengths in all departments are reasserting themselves and the City is once again delivering services.

The present strengths as a result of the turnaround are increases in service delivery in roads, water and sanitation and the reassertion of standards of quality in housing. The financial department, human resources and planning have weathered the storm of instability.

The CFO observed wryly that according to delegation from CoGTA the administration of Buffalo City was very strong underscoring the belief of the Acting Director Corporate Services that political instability causes administrative instability.

New portfolio councillors have proved ready and able to learn the lessons of straying from the political oversight function and interfering in some of the administrative functions. They are committed to the development of their communities.

3.2. Weaknesses within the municipality

Without outside support Buffalo City had been unable to arrest its downward slide in service delivery, in governance and in political oversight.

Before the Acting Municipal Manager had arrived only 18% of the 2009/10 budget had been spent. The previous Municipal Manager had been rolling over the capital budget year after year.

The municipality had become paralysed by politics. The politicians were treating the municipality as their own fiefdom.

The worst aspects of cadre deployment have surfaced in Buffalo City. The ANC branches were ordering the deployed cadres who were staff members of the municipality to make the municipality ungovernable. The cadres complied aggravating and further compromising the quality of municipality governance and delivery. This type of corruption cascades down from the top positions in the municipality into every facet of the administration.

The M & E systems were neutralized by political interventions.

This situation is now being turned around.

3.3. IGR strengths that supports service delivery

The support of the National Depart CoGTA was crucial for the successful turnaround intervention in Buffalo City. Support from CoGTA has continued for the Buffalo City departments of Corporate Services (which receives administrative, legal land financial support) and Technical Services (which receives team support for delivery). Without ongoing support from CoGTA for the Acting Municipal Manager the turnaround would have faltered. Province has not played a significant role in the turnaround process.

3.4. IGR weaknesses that undermines service delivery

The other Buffalo City departments of Planning and Finance don't receive support from either provincial or national government. There is limited or no participation of Provincial and National Departments in the IDP process. After addressing the political oversight issues and the administrative delivery issues the role of provincial and national departments needs to be turned around to ensure that the IDP has the supportive funding it requires for implementation.

4. Role of SALGA

SALGA is not seen as an important role player in the Buffalo City Municipality and the senior managers and politicians do not expect much from them.

On Legislation and regulations: There is a paradox with the legislation, for example the Municipal Finance Management Act (2003), the more it aims at transparency and accountability the more mechanistic, uniform and restrictive it becomes. The legislation cripples productivity and ends quick service delivery. The internal regulations for compliance in the supply chain policy have led to regulation by three committees (Internal auditor, Auditor committee and Oversight from politicians) which take 18 months to process tenders.

Other challenges are that policies reflect the thinking of national, for example, national policy requires particular spreadsheets. Precisely how do these spreadsheets assist the thinking of national? Furthermore how do these spreadsheets assist the municipality in its work? Indeed, was one municipality consulted on this. It is possible to go through policies asking the same questions: what does national get out of this information, how is it used? And how does this information assist the municipality with its function? The whole body of legislation needs a rethink.

On skills and capacity development needs: it would be helpful to Buffalo City Municipality to have more staff training and councillor training even without the conditions which produced the present turnaround.

On facilitation of exchange/support: Exchanges can lead to good insight. Exchanges should be linked to mentoring so that staff can receive advanced practical hands-on training.

SALGA needs to investigate these options in order to find a way forward with municipal support.