



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

**NATIONAL ASSEMBLY**  
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MEC Fikile Xasa  
Cooperative Governance and Traditional Affairs  
Eastern Cape Provincial Legislature  
Independence Avenue  
Bhisho

15 November 2018

Dear Sir

### **REQUEST TO PLACE ENOCH MGJIMA MUNICIPALITY UNDER ADMINISTRATION**

I write to you requesting that you place Enoch Mgijima Municipality under administration in terms of section 139(1), 139(4) and 139(5) of the Constitution as the Municipality has failed to meet its objectives in terms of Section 152(1) of the Constitution, namely:

- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organisations in the matters of local government

Section 139 (1) provides for general interventions in instances where a Municipality fails to fulfil an executive obligation.

Section 139 (4) provides for instances where a Municipality fails to approve a budget or any revenue raising mechanisms to give effect to the budget as required by legislation.

Section 139 (5) provides for interventions instances where a Municipality due to its financial affairs is unable to deliver services or meet its obligations.

The Municipality has, to date, not initiated steps in terms of Section 32 of the Municipal Finance Management Act to investigate and recover approximately R1billion unauthorised, irregular, fruitless and wasteful expenditure.

On or about 26 February 2018, the Municipality tried to pass a resolution to condone and write-off this amount. This includes the R1.8million paid to eight ANC Councillors after they were illegally appointed as full-time councillors in 2017.

I believe it is known to you that corruption is allegedly rampant and that some Councillors are allegedly implicated, yet the Municipality has failed to investigate and report same to investigative authorities.

Last month the Municipality applied for a R40 million overdraft to pay salaries. It is uncertain whether salaries and creditors will be paid in the next two weeks.

The Municipality owes Eskom between R40 million and R60 million. Creditors inform me they have not been paid in months, and some face closure.

It is a real fear that the R40 million Municipal Infrastructure Grant expected 31 March 2018 will be used to fund operating expenditure, as is what happened with the previous draw-down. Further, the Department of Treasury has threatened to recover R10 million to due maladministration and misappropriation.

Municipal infrastructure, like roads and sewerage systems, is collapsing. Regular electricity and water outages detrimentally affect residents and businesses. Municipal vehicles and equipment lie idle in disrepair, and service delivery is defunct.

The mid-term budget was recently passed, but it is not credible. This paper budget is a fantasy; with projected revenue being grossly overstated and insufficient cash flow to pay historical and current Municipal debt.

In terms of the Constitution, a section 139 intervention will allow municipal administrators to take control of the municipality until such time as it can manage its own affairs.

I implore you to place the residents before Party and to initiate the necessary procedures forthwith. I look forward to your written confirmation thereof.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Terri Stander', is written over a light blue rectangular background. The signature is fluid and cursive.

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Terri Stander, MP  
Shadow Deputy Minister for Women in the Presidency  
Constituency Leader for Enoch Mgijima Municipality