**MEDIA STATEMENT**

**COMMITTEE ON COGTA ATTRIBUTES CHALLENGES FACING AMALGAMATED MUNCIPALITIES TO LACK OF SUPPORT**

**Parliament, Thursday, 3 November 2020** – The Portfolio Committee on Cooperative Governance and Traditional Affairs (Cogta) received briefings yesterday on, among other things, financial and sustainability of the amalgamated municipalities in the Gauteng and North West provinces from the provincial departments of cooperative governance of Gauteng and North West provincial governments.

In the course of its numerous interactions with various municipalities, the committee has observed instances of poor support to amalgamated municipalities, and that has a significant contribution to the financial, service delivery and governance challenges they encounter.

The committee has therefore deemed it necessary to have more systematic engagements with all the relevant stakeholders on this matter, with a view to draw lessons on best practices, as well as to minimise and avert pitfalls. The beginning of those engagements were marked by the meeting that took place on 13 November 2020, and yesterday’s engagement was a continuation of those engagements.

The Chairperson of the committee, Ms Faith Mthambi, said in the course of its work the committee has noted a whole range of challenges that are encountered by amalgamated municipalities and those challenges are attributable to the lack of support to the amalgamated municipalities by the structures that are constitutionally obliged to provide support to the local municipalities.

Ms Muthambi said: “The allocated budget is often not responsive to the demands of the amalgamation. There are also sensitive labour matters involved, which are not always possible to resolve without a full buy-in from the unions.”

The presentation that was made by the Gauteng-based Rand West City Municipality, which is also a merger of two municipalities, clearly illustrated these problems.

According to the presentation, the Division of Revenue Act (DORA) allocation did not adequately meet the service delivery demands of the amalgamated municipality, and the demands of labour unions on the migration and placement of staff were not met, and as a result the amalgamated municipality had to face disruptive and hostile labour unrest.

The committee heard from the presentations that the amalgamated municipalities inherit very heavy burdens of problems of the merged individual municipalities that include Eskom debt, unauthorised, irregular, fruitless and wasteful expenditure problems that make it vulnerable to poor audit outcomes.

The committee said the amalgamated municipality becomes vulnerable because a merger of financially irresponsible municipalities will inevitably negatively affect the new municipality by means of regression rather than improvement of the audit outcomes of the new entity. The North West’s presentation on the merger between Ventersdorp and Tlokwe local municipalities is a classic example. Tlokwe’s audit outcomes regressed from an unqualified audit opinion in 2014/15 to a disclaimer in the 2016/17 financial year.

Ms Muthambi attributed the problems of the amalgamated municipalities to incorrect executive decisions that led to their configuration. She said the decisions were not well thought out. She said: “All the amalgamated municipalities are characterised by serious challenges that render them unable to deliver services to the people, a responsibility they exist for.”

Ms Muthambi said these municipalities waste their time in battling to save themselves from these difficult challenges, instead of spending their time on delivering services to the people. “The most regrettable thing is that they will do so until the end of the term,” added Ms Muthambi.

 **ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, MS FAITH MUTHAMBI.**
For media enquiries or interviews with the Chairperson, please contact the Committee’s Media Officer:
**Name: Sureshinee Govender**
Parliamentary Communication Services
Tel: 021 403 2239
Cell: 081 704 1109
E-mail: sugovender@parliament.gov.za