

**MINISTRY FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**QUESTION NUMBER:** **2017/279**

**Mr K J Mileham (DA) to ask the Minister of Cooperative Governance and Traditional Affairs:**

1. Whether the amalgamation of municipalities after the 2016 Local Government Elections has resulted in any positive consequences for the newly established municipalities; if not, what are the relevant details of the negative consequences; if so, what are the relevant details of the positive consequences in each case;
2. Whether the financial position of the newly amalgamated municipalities has improved since the amalgamation; if not, what (a) were the causes of the deterioration of each municipality’s financial status and (b) is the quantum of the deterioration; if so, what (i) were the causes of the improvement of the specified municipalities’ finances and (ii) is the quantum of each change;
3. Whether any legal challenges have arisen from the amalgamation of the specified municipalities, if so, what are the relevant details thereof in each case.

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**REPLY:**

1. The amalgamated municipalities were established post the 03 August 2016 local government elections. It is, therefore, premature to ascertain whether there are any positive or negative consequences in this regard as the assessment is still to be conducted at least two years after their establishment.

However, it can be stated that in some municipalities a reduction in costs have been realised in the following areas:

1. Insurance premiums reduced after a combination of the short-term insurance contracts of the amalgamated municipalities during the 2016/17 financial year;
2. License fees on financial management systems reduced after integration into a single financial management system; and
3. Utilisation of a single municipal valuer for the compilation of the municipal valuation rolls.
4. No.

The financial position of the amalgamated municipalities has not shown any sign of improvement as yet. However, it is anticipated that there will be an improvement once all systems, polices and strategies have been fully rationalised and implemented after the two year transition period.

1. There have been historic debts in some of the former municipalities that have now been inherited by the newly amalgamated municipalities. In some instances, municipalities that were financially sound prior to the merger had to utilise their financial reserves to settle debts to creditors.
2. The impact of the merger or disestablishment will be measured in the medium to longer term. It is envisaged that rationalisation processes will provide for economies of scale in the delivery of services, and it is anticipated to improve efficiency and financial performance, as mentioned above.
3. No legal challenges have emerged from the amalgamation of municipalities.