

The Star

Municipalities may be cut

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SIYABONGA MKHWANAZI

THE FINANCIAL and Fiscal Commission (FFC) has proposed the scrapping of some of the district municipalities to cut costs.

Bongani Khumalo, the commission's acting chairman, told journalists at a media briefing in Parliament yesterday that some of the district municipalities were struggling financially.

When he was co-operative governance minister, Pravin Gordhan early last year proposed the scrapping and merger of 22 financially unviable municipalities.

However, the Municipal Demarcation Board approved the merger of 11 municipalities.

The board said insufficient time made it impossible to complete the other merger applications by the then minister.

Gordhan was attempting to improve the financial performance of these municipalities with his proposals for mergers.

Khumalo said the FFC had looked into this matter.

The FFC tables its budget proposal 10 months before the finance minister delivers his Budget speech.

"What has come out in our submission is that there are certain areas where you do not necessarily need district municipalities," he said.

"You might save a lot of money because they rely on the equitable share and grants; there are various grants that they receive from the fiscus," he said.

Khumalo said there would need to be a review of the district municipalities that are battling financially.

However, in deep rural areas, some of the municipalities were important for the services they provide.

But those closer to stronger municipalities in the cities would need to be merged, he said.

Professor Nico Steytler, of the FFC, said the question of district municipalities had been on the agenda for a long time.

There had been arguments about whether you need them where you have strong local councils, he said.

He said a differentiated approach was needed where there were stronger municipalities.

In the proposal that was made last year, the demarcation board turned down an application to merge the Nkandla local municipality in KZN with neighbouring municipalities on order to create a metro.

The board also turned down an application to amalgamate Baviaans municipality with Camdeboo and Ikwezi in the Eastern Cape.

Also in the Eastern Cape, Nkonkobe municipality was merged with Nxuba municipality.