

**NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 438 [CW536E]
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438. Mr J J Londt (Western Cape: DA) to ask the Minister of Finance:

- (1) Whether he has been approached by the Minister of Cooperative Governance and Traditional Affairs to appropriate additional funds for (a) the Municipal Demarcation Transition Grant and/or (b) any other form of grant to assist municipalities who were earmarked for the redetermination of their outer boundaries in the 2015-16 financial year; what is the position in this regard; if so,
- (2) (a) what are the details of each such grant for each municipality earmarked for the redetermination of outer boundaries, (b) how must these municipalities settle their outstanding debts if the municipality to be amalgamated ceases to exist within the next few months and (c) how will the proposed amalgamations affect the municipalities' (i) financial year, (ii) Integrated Development Plans, (iii) budgets and (iv) grant funding of the (aa) municipalities to be amalgamated and (bb) new amalgamated municipalities;
- (3) how will Municipal Infrastructure Grant funding be (a) managed for the multi-year projects, (b) transferred to the new amalgamated municipalities and (c) operated in the new amalgamated municipalities?

CW536E

REPLY:

1. Any proposal to increase to the Municipal Demarcation Transition Grant would be considered as part of the national budget process. Details of any changes to the Budget will only be made public when the Medium Term Budget Policy Statement is tabled on 21 October 2015.
2. (a) Details of conditional grant allocations per municipality and the conditions applicable to each grant will be included in the 2016 Division of Revenue Bill tabled in February 2016.

(b) When two municipalities are merged the assets and liabilities of the previously existing municipalities are inherited by the new municipality.

(c) (i),(ii) and (iii) The implications for municipal planning, budget processes and financial years will depend on the timing of the election.

(c) (iv) Grant funding will be reallocated to take account of the new municipal boundaries. Allocations determined through formulas based on objective data (including the local government equitable share and the municipal infrastructure grant) will have the data used in these formulas updated to reflect revised municipal boundaries. Statistics South Africa is currently working to recalculate Census data in the new municipal boundaries. This data will be used to update allocation formulas. Project-based grant allocations will continue to be allocated to the same projects, whether they are in a re-demarcated municipality or not.

3. Changes to the Municipal Infrastructure Grant allocations will be implemented as described above. Re-demarcated municipalities will therefore still receive sufficient funds to complete ongoing infrastructure projects. These projects will be implemented by the new (re-demarcated) municipalities.