

**Annual Report for
The Municipal Demarcation Board
for the period
1 April 2003 to 31 March 2004**

(PHOTO: CHAIRPERSON)

FOREWORD BY CHAIRPERSON V. MLOKOTI

The 2003/04 annual report is the first to be released under the leadership of the second Municipal Demarcation Board, which assumed office on 1 February 2004. Of course, most of the work referred to in the report was commenced by the first Municipal Demarcation Board, which was in office from 1 February 1999 to 31 January 2004.

I am privileged to have been given the opportunity to serve in both Boards. The second Municipal Demarcation Board has taken over to continue with the remarkable work and achievements of the first Municipal Demarcation Board, which stand out as a beacon of democratic practice to all countries:

- For the first time in the Constitutional history of South Africa, the 1996 Constitution made provision for an independent authority to demarcate municipal boundaries;
- The Local Government: Municipal Demarcation Act, 1998, providing for the establishment of the Demarcation Board, was the first piece of local government legislation enacted post the adoption of our new 1996 Constitution;
- For the first time in our history Board members were appointed by the President of the Republic from recommendations made through a very public and transparent process;
- For the first time the demarcation of municipal boundaries is not subject to sanction by government – the Board is independent from government, and performs its functions without fear, favour or prejudice;
- For the first time a Demarcation Board has been allocated more functions than the demarcation of boundaries. It is, amongst others, also responsible for the delimitation of wards and the assessment of the capacity of municipalities to perform their functions. It also works closely with departments on aligning service delivery boundaries;
- For the first time the whole territory of the Republic is covered by municipalities through an independent demarcation process;
- For the first time in our history, a comprehensive database was compiled by the Board to advise government on the capacity of municipalities.

No other country in the world can boast this set of democratic objectives in determining boundaries.

Since its establishment on 1 February 1999 the Board has made major contributions to the transformation of local government in South Africa:

- Within 15 months the Board completed the new boundaries of municipalities and wards for the local elections on 5 December 2000.
- The total number of municipalities was, through demarcation, reduced from 843 to 284.
- The total number of municipal councillors was reduced from 11368 to 8951. Wards, delimited by the Board, were reduced from 5952 to 3753.
- The Board was instrumental in de-racialising local government through the demarcation and delimitation processes. For the first time ever, rich and poor, black and white and rural and urban people found themselves in functionally arranged municipalities.
- Through the capacity assessment process and recommendations to provinces to adjust municipal powers and functions between district and local councils, a process has begun to enhance effective and efficient service delivery.

The short term priority for us is to delimit wards for the next local elections. The Board will also continue to improve the spatial reorganisation of South Africa through the re-determination of municipal boundaries, advice to government on various key issues such as provincial boundaries and the alignment of service delivery boundaries such as police areas and magisterial districts, to municipal boundaries. The Board will continue to assess the capacity of municipalities to ensure optimum service delivery.

All of the Board's good work would not be possible without the support given to us by local, provincial and national government, political and other institutions and organisations, and the people of our wonderful country. We will still rely on that support over the next five years, as we continue to perform our functions independently and without fear, favour or prejudice.

VUYO MLOKOTI
CHAIRPERSON: MUNICIPAL DEMARCATION BOARD

(GROUP PHOTO NEW BOARD)

WELCOME TO OUR NEW LEADERSHIP

Towards the end of the 2003/04 financial year, a second Municipal Demarcation Board came into office, following appointment by the President of the Republic of South Africa. We welcome the nine members of the second Municipal Demarcation Board, under the Chairpersonship of Dr Vuyo Mlokoti, and look forward to your insightful and inspiring leadership over the next five years.

I also wish to record my appreciation to the first Municipal Demarcation Board, under the Chairpersonship of Dr Michael Sutcliffe, and whose term of office expired on 31 January 2004, for the support and mentorship they have given me and the entire Board staff in most of the year under review. We have valued your profound guidance and leadership as we move on with the second Municipal Demarcation Board.

We pledge our support and commitment to our new leadership, in fulfilling the Board's mandate to the best of our abilities.

Rapulana H. Monare
Manager: Municipal Demarcation Board
30 August 2004

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THE BOARD

On 1 February 2004, a second Municipal Demarcation Board assumed office. They are:

Dr Vuyo Mlokoti	<ul style="list-style-type: none">• Chairperson: MDB (Full-Time);• Chair: Executive Committee;• Member: All Board Committees.
Ms Essy Morongoa Letsoalo	<ul style="list-style-type: none">• Deputy Chairperson: MDB;• Member: Executive Committee;• Chairperson: Corporate Services Committee.
Dr Michael Oliver Sutcliffe	<ul style="list-style-type: none">• Member: Executive Committee;• Member: Powers and Functions Committee;• Chairperson: Boundaries Committee.
Prof Nicolaas Steytler	<ul style="list-style-type: none">• Member: Executive Committee;• Member: Corporate Services Committee;• Chairperson: Powers and Functions Committee.
Khosi Tshililo Ramovha	<ul style="list-style-type: none">• Member: Corporate Services Committee;• Member: Audit Committee;• Member: Boundaries Committee.
Ms Modiehi Molebatsi	<ul style="list-style-type: none">• Member: Corporate Services Committee;• Member: Boundaries Committee.
Mr Landiwe Mahlangu	<ul style="list-style-type: none">• Member: Audit Committee;• Member: Powers and Functions Committee.
Ms Nondumiso Gwayi	<ul style="list-style-type: none">• Member: Audit Committee;• Member: Powers and Functions Committee
Mr Mpho Mogale	<ul style="list-style-type: none">• Member: Audit Committee;• Member: Boundaries Committee.

The Chairperson of the Audit Committee is Mr Johan P. Botha, an outside person, and a practising Accountant and Auditor.

(PHOTO MANAGER)

REVIEW BY THE MANAGER

This Annual Report reflects on the progress and achievements attained, as well as challenges encountered by the Municipal Demarcation Board (“the Board”) in the 2003/04 financial year. It also contains a summary of the Board’s strategy, achievements which are measured against strategic objectives, outputs and performance indicators.

We also provide details of Financial Statements and the Oversight Report as required in terms of the Local Government: Municipal Demarcation Act (No 27) of 1998, and the Public Finance Management Act (No 29) of 1999.

Consistent Pursuance of the Board’s Mandate

The Board has continued to consistently pursue its Constitutional mandate in terms of the Local Government: Municipal Demarcation Act (No 27) of 1998, and the Local Government: Municipal Structures Act (No 118) of 1998. Our emphasis is on:

- A thorough, inclusive and transparent process of municipal and ward boundary determinations and re-determinations, that is also fully compliant with all relevant legislation;
- Municipal capacity assessments and advice to the MEC’s for local government, in a manner that is objective, reliable and technically sound;
- Driving of the alignment of service delivery boundaries with municipal boundaries, to enhance the constitutional principles of co-operative government, the Constitutional provisions pertaining to service delivery, and the policies and legislation to give effect to the Constitution.
- Research and review of the Board’s policy positions on core aspects of the Board’s functions such as:
 - » Declaration and determination of more metropolitan municipalities;
 - » Future of the District Management Areas;
 - » Possible re-demarcation of non-viable municipalities.

Challenges in 2003/04

i. Strengthening the Administration

One of the major challenges that we faced during the period under review, was with respect to pockets of inefficiency in the Administration, particularly with respect to internal controls, and better internal systems.

A considerable amount of effort went into a revamp and improvement of policies and procedures, to guide all operations at the Board. We have during the year under review been able to attain a fair measure of improvement on internal Board administration and management.

However, the challenge remains, to ensure that we are able to provide the Board with excellent administrative and logistical support, as well as an efficient and effective implementation arm for Board's decisions.

ii. MTEF Funding

Another challenge that we continue to face is our failure to secure adequate MTEF funding to allow us to deal adequately with our mandate. In this regard we have relied considerably on assistance from the Department of Provincial and Local Government (dplg), and on the generous funding from the Norwegian and Danish governments.

iii. Office Space

We also spent a significant amount of effort in looking at various options to address our need for additional office space. In the end, a decision was taken to remain at the premises we have occupied in Hatfield since 1999, and to utilize the space we have a little more creatively.

Financial Highlights

i. An Unqualified Audit Report

The Board has received an unqualified audit report from the Auditor-General, as reflected in Annexure B. The Board would like to thank the Auditor-General for its continued support and constructive inputs during the past financial year.

ii. Moving towards an improved Financial Management: Involvement of Cluster Heads in the Management of Cluster Budgets.

One of the significant financial highlights of the 2003/04 financial year, was to involve Cluster Heads in the management of Cluster Budgets. The process must

still be refined and improved considerably, but it is an important step in the improvement of our financial and budgetary management.

iii. Budget fully spent or committed

We have also been able to spend the whole of our budget for 2003/04. While we still had a cash balance at 31 March 2004, all of the remaining cash was fully committed before the end of the financial year.

Future Direction: Strategic Plan 2004/05

Towards the end of this report, we highlight our strategic approach to the new financial year and the medium term. The Strategic Objectives that we have set are contained in the following external and internal objectives:

i. Core External Objectives

- Delimitation of wards for the 2005/06 general local elections;
- Carry out capacity assessments for 2004/05, to determine the capacity of municipalities to perform their functions;
- Finalise the Board's policy position on the declaration and determination of further metropolitan municipalities;
- Finalise the review of the Board's policy position on the future of District Management Areas;
- Finalise a study on the viability of municipalities, poor performing municipalities and the possible re-demarcation of non-viable municipalities;
- Deal with re-determinations requests that we receive.

ii. Internal Objectives

- Strengthen administrative capacity.
- Deepen compliance with Treasury Regulations, as well as corporate governance practices.

A Tribute to all Staff Members at the Board

I would like to express my sincere appreciation to all Cluster Heads, and to each and every staff member at the Board, for your support and co-operation. I value your commitment to the cause of the Board, and to fulfilling its Mandate successfully.

(GROUP PHOTO: STAFF)

OUR VISION, MISSION AND MANDATE

a. Mandate

The Board's mandate derives from the Constitution and the Demarcation Act. It has the general power to "do all that is necessary or expedient to perform its function effectively".

The Board's mission is to carry out the following major functions:

- To make decisions about all municipal and ward boundaries. Such decisions have to be made in terms of the relevant legislation ("without fear, favour or prejudice") and in an open and transparent way.
- To assess the capacity of municipalities to perform their functions;
- To give advice to the Minister and MEC's on a number of matters specified in legislation, including working with Government Departments on the alignment of service delivery boundaries.
- To ensure that it manages the process by which information is collected, processed and analysed and implemented.

b. Vision

The Board's vision is to contribute to Constitutional democracy through the spatial reorganisation of the whole territory of the Republic of South Africa, to make recommendations based on capacity assessments of the ability of municipalities to perform their powers and functions, and to give advice and support to enhance the development of a sound system of local government.

c. Mission

The mission of the Board is to perform its functions and exercise its powers in such a manner so as to empower municipalities to:

- fulfil their constitutional obligations;
- provide democratic and accountable government for the local communities;
- provide services to communities in an equitable and sustainable manner;
- promote social and economic development;
- promote a safe and healthy environment;
- enhance effective local governance;
- plan and implement integrated development; and
- develop a tax base as inclusive as possible of users of municipal services in the municipality.

ORGANISATIONAL STRUCTURE

CHAPTER 1

OPERATIONAL CLUSTERS AT THE BOARD

The Municipal Demarcation Board is supported by a staff complement that is organized into Clusters, as follows:

- Cluster 1: Administration and Human Resources Management
- Cluster 2: Finance and Procurement Control
- Cluster 3: GIS and IT Support
- Cluster 4: Research and Investigations.

Each Cluster is headed by a Cluster Head, who is charged with:

- Day to day management of cluster budget & staff;
- Develop and manage cluster programme that outlines:
 - Preparation and enforcement of plans to fulfil the Board's mandate;
 - A forecast of additional human and other resources needed in the cluster, within financial means of the Board.

CLUSTER 1: ADMINISTRATION AND HR MANAGEMENT

(PHOTO: HEAD: ADMIN & HR)

The aim of this Cluster is to provide administrative and logistical support to the Board and staff, in the following areas:

a. Administration and Internal Controls

- Management of all matters pertaining to general administration, and office management;
- Management of contracts of all Service Providers, and ensure that they are cost efficiently and effectively implemented;
- Ensuring that the relevant policies and procedures records are always up to date;
- Management of the day to day administrative duties, and ensuring that they are effectively and efficiently carried out.

b. Human Resource Management

- Management of effective provisioning, use, training, development and maintenance of human resources, bringing to reality the Board's strategic plans;
- Developing plans and strategies to ensure that all staff achieve acceptable standards of performance, through sound selection, development, motivation and discipline.

c. Travel and Accommodation

- Management of bookings for Board Members, Staff and Consultants, and ensure that they are arranged promptly and cost effectively.

d. Board and Committee Support

- Management of arrangements for conferences/workshops, staff and management meetings;
- Ensuring that minutes of Board and other meetings are accurate and distributed within a stipulated period;
- Ensuring that the necessary documents are available for relevant meetings, five days prior to the meeting.

e. Equipment Procurement and Maintenance

- Manage the ordering, refurbishing and repair of all office equipment and furniture, and ensure that it is done cost effectively, and according to policies and procedures.

f. Media Liaison

- Facilitate and manage the preparation and release of authorised media information.

g. Perform such other Function as may be required.

- Carry out any other function or activity that will enhance the administrative efficiency and effectiveness.

During the period under review, the following developments occurred in the Cluster:

- An Administrative Assistant resigned for better prospects elsewhere, and was replaced;

- There was a total review of the Board's Policies and Procedures, to capture newer developments and to address Audit queries;
- The Cluster provided a substantial amount of logistical support to the process of ushering the new Board into office, and subsequent processes in this regard;
- A need to increase and strengthen capacity within the Cluster was identified and raised. An additional position of Administrative Assistant was created and approved by the Board. However, the position has not yet been filled, and at the end of the period efforts were still underway to determine the financial feasibility of filling the position.

CLUSTER 2: FINANCE AND PROCUREMENT CONTROL

(PHOTO: CFO)

The aim of this Cluster is to provide overall Financial Management /Accounting and Procurement Control to the Board and staff, in the following areas:

a. Budget Management

- Co-ordinate and oversee the budget process, so that Board goals are achieved;
- Monitor and control financial systems and expenditure, taking appropriate corrective action where needed, to conserve and protect Board assets.

b. Operational Accounting

- Implement financial accounting system efficiently, ensuring weekly updates of data;
- Ensure compliance with financial management provisions in the Demarcation Act, Public Finance Management Act, Treasury Regulations and all other applicable legislation;
- Ensure lawful transfer of funds.

c. Payroll Management

- Maintain an accurate, up to date payroll system;
- Ensure that Board members allowances and claims are paid promptly and accurately.

d. Reports and Returns

- Prepare consolidated monthly and annual Board reports;
- Maintain an up to date, complete fixed assets register;
- Comply with all statutory reports and returns; including tax, levies, duty, pensions and audit commitments;
- Report immediately any unauthorised, irregular or wasteful expenditure or misuse of Board assets;

e. Procurement Control

- Ensure propriety, regularity and value for money when procurement policy and proposals are considered;
- Maintain accurate, complete records of procurement commitments, in terms of policy guidelines and budget;
- Verify and process claims or invoices promptly and accurately, in terms of Board commitments and policy.

f. Perform such other Function as may be required.

- Carry out any other function or activity that will enhance the administrative efficiency and effectiveness.

During the period under review, the following developments occurred in the Cluster:

- The Cluster Head was dismissed for gross misconduct, following a disciplinary hearing and appeal as prescribed;
- The Senior Finance Officer acted as Cluster Head, and at the end of the period under review, the process of filling the position of Cluster Head (CFO) was still underway. The appointment of the CFO is to be finalized in the new financial year;
- There were capacity problems in the Cluster, with the position of CFO vacant, and outside support was brought in from time to time during the year;
- A substantial effort went into addressing queries raised by the Auditor-General after the 2002/03 Audit, including a review of the Finance and Accounting policies and procedures;
- There was a substantial amount of interaction with the firm appointed to act as the Board's Internal Auditors, to ensure that all systems are in place and that all shortcomings identified by the Auditor General and by themselves as Internal Auditors, are addressed;
- Software was purchased and Staff underwent training to enhance the process of preparing Financial Statements and Financial Reports.

CLUSTER 3: GIS AND IT SUPPORT

(PHOTO: HEAD: GIS)

The aim of this Cluster is to provide overall GIS and IT Support to the Board and staff, as well as to the Board's outside stakeholders, in the following areas:

a. Database Management

- Oversee and manage the preparation, setting up, maintenance and optimal extension of the Board's electronic database, to assist in analysis, reports, recommendations and decisions by the Board;
- Oversee and manage the systematic investigation and capturing of additional relevant data, as and when required with the Board's approval;

b. Maps

- Oversee and manage the preparation and update of demarcation maps in terms of policies and procedures, as and when required;
- Ensure that the Archive list of all maps is produced, and is easily accessible;
- Oversee and manage the implementation and improvement of the map sales and distribution system, with annual price reviews.

c. Service to External Stakeholders and Public

- Oversee and manage the provision of specialised information on request to external stakeholders and members;
- Ensure the listing of frequently asked questions and provision of information on Board's website.

d. Technical Processing

- Oversee and manage the preparation of maps of the areas of submission/objections, incorporating relevant data, for ease of reference to the Researchers and the Board;
- Process technical reports thoroughly for consideration by Manager/Exco.

e. Resource Management

- Identify requirements to be able to fulfil the Board's mandate;
- Identify the need for external consultants, prepare TOR and monitor cost efficiency.

f. Boundaries

- Oversee and manage the maintenance and changing of the boundaries/spatial database optimally, to assist with Board analysis, reports, recommendations and decisions.

g. Alignment of Service Delivery Boundaries

- Provide Advice to the Departments on the Alignment of Functional / Service Delivery Boundaries with Municipal Boundaries. Also technical alignment of municipal boundaries.

h. IT Support

- Ensure support to staff and Board with regard to computers and network systems;
- Identify and use external IT service providers when necessary.

i. Perform such other Function as may be required.

- Carry out any other function or activity that will enhance the administrative efficiency and effectiveness at the Board.

During the period under review, the following developments occurred in the Cluster:

- Additional staff were employed (2 in GIS and 1 in Website Development), to address internal capacity problems and to ensure that the Cluster will be well capacitated to deal with the ward delimitation process in preparation for the 2005 local government elections. The employment of additional staff in the Cluster followed the resignation of a Junior GIS Officer;
- At the end of the period under review, processes were still underway to assess the financial feasibility of increasing capacity in the Cluster even further;
- The Board's Website was revamped substantially, to make it even more user-friendly and accessible to a wide variety of stakeholders;
- The Board's flagship product, the SA Explorer, was reviewed and improved. At the end of the period under review, the review was being concluded.

CLUSTER 4: RESEARCH AND IMPLEMENTATION

(PHOTO: HEAD: RESEARCH)

The aim of this Cluster is to provide overall Support to the Board, staff, as well as to Board's outside stakeholders, with the running of various projects dealing with the core mandate of the Board, in the following areas:

- a. Oversee and Manage the Process of the Determination and Re-determination of Municipal and Ward Boundaries in accordance with relevant legislation and policies
 - Consider requests/submissions for the re-determination of the municipal and ward boundaries;
 - Prepare reports for tabling and presentation by the Manager to the Board;
 - Prepare and publish all legal notices with regard to determinations and re-determinations;
 - Ensure preparations for and that investigations are conducted on determination and re-determination cases as required;
 - Ensure compliance with the criteria for ward delimitation;
 - Manage teams during the ward delimitation process;
 - Facilitate holding of public and stakeholder meetings on municipal and ward boundaries;
 - Provide advise to the Board members, Staff and other Stakeholders on Demarcation Issues;
 - Maintain all demarcation Records and documentation;
 - Prepare reports for tabling at the Board's Boundaries Committee meetings;
 - Communicate with all stakeholders including members of the Board's Boundaries Committee.

- b. Oversee and Manage the assessment of the capacity of each municipality to determine whether the municipalities are in a position to perform their functions and to exercise their powers

- c. Prepare and Make Recommendation to MEC's pertaining to the adjustment of powers and functions between District and Local Municipalities
 - Manage preparation of the powers and functions questionnaire and concomitant database development to facilitate the assessment of municipal capacity to perform powers and functions;
 - Manage and oversee field visits to ensure the completion of the questionnaires;

- Ensure the preparation and generation of assessments schedules for the preparation of the draft recommendations;
 - Ensure the generation of Municipal profiles from the capacity questionnaires and distribute the profiles accordingly;
 - Circulate the draft recommendations to Board members, municipalities and members of the Board's Powers and Functions Committee for comments;
 - Oversee and facilitate the provincially based workshops to discuss the draft recommendations with municipalities;
 - Ensure amendments to draft recommendations following consultations with municipalities;
 - Submit recommendations for approval by the Board, and submit to MECs for comments and review based on capacity.
 - Prepare district reports on the capacity of all district and local municipalities, and provincial and national overview reports;
 - Prepare specialized reports on the performance of particular problematic functions of municipalities.
 - Provide the necessary support to the Head: GIS to advance this process.
- d. Development and maintenance of an Integrated Database, maintain website and popularise through SA Explorer.
- Provide the necessary support to the Head: GIS to advance this process.
- e. Provide Advise and Information to Departments.
- On request, on an ad hoc basis.
- f. Perform such other Function as may be required.
- Carry out any other function or activity that will enhance the administrative efficiency and effectiveness.

During the period under review, the following developments occurred in the Cluster:

- There was a big drive to facilitate the process of boundary re-determinations, by providing opportunities to applicants and stakeholders an opportunity to reach consensus on various cases, and thus shorten the delimitation process;
- The local elections technical committee, comprising officials from the Board, Independent Electoral Commission (IEC), National Department of Provincial and Local Government (DPLG) was strengthened. The Committee held regular meetings during the period under review, and an impressive amount of co-operation was forged;

- A number of policy documents were prepared and reviewed, to shape the way forward on policy positions with respect to the various issues that must be addressed by the Board, in collaboration with other stakeholders;
- The municipal capacity assessment that was carried out, together with the capacity assessments carried out in previous years, raised a number of issues with respect to the ability of certain municipalities to carry out their prescribed functions. At the end of the period under review, interactions were continuing between the Board and the Ministry and Department of Provincial and Local Government, on ways of addressing municipal capacity issue;
- Interactions between the Board and the DPLG resulted in a number of studies and initiatives, being mooted and actioned.

CHAPTER 2

FINANCIAL RESULTS AND ISSUES – A SUMMARY

i. The Year 2003/04

The Board had at its disposal for the period under review, a total amount of R16,506,887. The amount was made up as follows:

MTEF Allocation	14,311,000
Donor Funding (Norwegian & Danish)	2,141,034
Revenue from Sale of Maps	54,933
Discounts received	(80)

At 31 March 2004, we still had in our main account a total cash balance of R917 228. The amount was however fully committed as at 31 March 2004, as follows:

	Amount unspent at 31/03/2004	Reasons
Accruals: Outstanding at year end	385,840.25	
Adverts and Promotions	75,000.00	Adverts placed during the year, but not yet paid because we pay on original invoices only.
Printing and Stationery	20,000.00	Purchased during the year but paid after year end.
	480,840.25	
CAPEX		
Office Equipment	45,000.00	Equipment required for additional office space, which was at the end of the year approved but not yet commenced.
Furniture & Fittings	40,000.00	Furniture & Fittings required for additional office space, which was at the end of the year approved but not yet commenced.
Computer Equipment	25,000.00	Computer Equipment required for additional office space, which was at the end of the year approved but not yet commenced.
	110,000.00	

EXISTING PROJECTS		
Office Alterations	110,000.00	Alterations approved and commenced in the period under review, but flowing into the next period.
Access Control System	25,000.00	System approved in the period under review, but not yet installed at year end due to procurement process.
Notices & Publications	191,387.75	Notices placed in Provincial Gazettes, but payment not yet made at year end.
	326,387.75	
TOTAL		

ii. The Year 2004/05

For the financial year 2004/05, National Treasury allocated to the Municipal Demarcation Board, R17,023,000.

The amount, as we clearly argued at our last presentation to MTEC, is inadequate to cover the costs of fulfilling the Board's mandate properly, and we have requested assistance from the Department of Provincial and Local Government (DPLG) to secure the additional funding that we need to cover the Board's shortfall. The DPLG have to date demonstrated willingness to assist the Board in this regard.

The Board is facing serious budgetary shortfalls with respect to carrying out its core responsibilities, particularly with regard to:

- Assessing the capacity of municipalities to perform their functions as reflected in Schedules 4B and 5B of the Constitution;
- Capacity assessments and advice on the division of powers and functions;
- Delimiting wards for each metropolitan and local municipality **for each general local election** (see Chapter 5, and Section 20 read with Schedule 1 of the Municipal Structures Act in this regard).
- Activities related to the above-mentioned functions.

While we do have shortfalls with respect to different areas of our work, we are at this stage focusing efforts, with the assistance of the DPLG, only on the ward delimitation project, because it accounts for most of the shortfall in the 2004/05 financial year.

In addition to asking the DPLG for assistance, we approached the Norwegian Embassy to assist us in funding the ward delimitation process, and an amount of NOK2 million has been approved for allocation to the Board. The allocation from the Norwegians has eased our shortfall slightly, as will be indicated in the table below.

The following table reflects the absolute minimum amounts required by the Board to cover the basic costs and to ensure reasonable success in the ward delimitation process. The allocation of more funds than the amounts reflected in the table will of course allow a more elaborate and thorough process in line the example set by the IEC for the 2004 national and provincial elections.

OPERATING EXPENSES (Ward Delimitation Only)	Budget required for 2004/2005	Present allocation from MTEF	Norwegian contribution	Amount still required
PROFESSIONAL/PROJECT EXPENSES				
Local elections: Ward delimitation:				
<ul style="list-style-type: none"> Meetings of the Local Elections Technical Committee and meetings of the MDB Boundary Committee (16 meetings @ R2000 each) 	R32,000	R32,000		Nil
<ul style="list-style-type: none"> Support Consultants for investigations and public hearings (minimum of 1 consultant per committee for 2 days per district/metro municipality = 2x53xR1,000) 	R1,060,000	R710,000	NOK500,000	Nil
<ul style="list-style-type: none"> Courier Services(maps and notices need to be couriered to all municipalities, MECs etc: 3x284 = 852@ R100 each) 	R85,200	R85,200		Nil
GIS				
<ul style="list-style-type: none"> Geographic Information Systems support/mapping (due to a lack of internal capacity provision is made for the employment of SA consultants with proven 	R1,500,000	Nil	NOK500,000	R1,000,000

experience in ward delimitation and GIS ward mapping: 1 consultant per province for 416 hours each over 6 months @ R 400 per hour: 9x416xR400 = R1,497,600)				
<ul style="list-style-type: none"> Additional computer hardware (plotter), software, and consumable (we estimate that more 20 000 maps will be produced in the delimitation process which will overload the existing infrastructure). 	R500,000	Nil	NOK500,000	Nil
PUBLICATION NOTICES AND GAZETTES				
Local elections: Ward delimitation:				
<ul style="list-style-type: none"> Advertisements in the media (as part of the public consultation process -1 full page in 2 national (Sunday) newspapers x 3 times @ R150 000 per advertisement = R900 000 or alternatively more advertisements but in smaller newspapers) 	R900,000	R300,000	NOK300,000	R300,000
<ul style="list-style-type: none"> Publication of notice in Provincial Gazettes (3 gazettes per municipality for 284 municipalities = 852 gazettes containing 3754x3 = 11262 ward maps) 852 Gazette @ R5000 each) 	R4,260,000.00	R500,000	NOK700,000	R3,060,000
TRAVEL AND ACCOMMODATION				
<ul style="list-style-type: none"> Travel & accommodation - local – car hire (53 public hearings, committee comprising 5 persons for 2 days per hearing. Car hire 53 venues x 2 daysxR500) 	R53,000	R45,000	Nil	R8,000

<ul style="list-style-type: none"> Travel & accommodation - local – airfares (53 public hearings, committee comprising 5 persons for 2 days per hearing @ average R4000 per return ticket) 	R1,060,000	R75,000	Nil	R985,000
<ul style="list-style-type: none"> Travel & accommodation - local – hotel (53 public hearings, committee comprising 5 persons for 2 days per hearing) 5 persons for 53 nights @ R1000 per night per person. 	R265,400.00	R65,400	Nil	R200,000
TOTAL	R9,715,600	R1,812,600	NOK2,000,000	R5,553,000

The Board's total shortfall therefore, amounts to R5,553,000, after taking into account the Norwegian contribution, **but only with respect to ward delimitation**, because it accounts for most of the shortfall in this financial year.

We have had discussions with the DPLG on our shortfall, where we explored various ways in which the additional funding that we need can be sought.

Efforts in the above regard continue.

CHAPTER 3

OBJECTIVES

The objectives of the Board for the period 1 April 2003 to 31 March 2004 were:

a. With regard to the functioning of the Administration

- To update and improve the policies and procedures of the Board;
- To clarify to staff, fully implement and enforce the Board's policies and procedures;
- Confirm and finalise position of staff at the Board *vis a vis* the term of the first Board coming to an end;
- Deal with and table consequential staff issues and interests e.g. membership of pension fund; appropriate insurance cover etc.;
- Assess administrative capacity requirements and make necessary proposals to Board;
- Assess office space requirements and make necessary proposals to Board;
- To review and improve a cycle of job descriptions, remuneration assessments, performance assessments and performance evaluations;
- To entrench zero tolerance for ill-discipline, poor productivity and mismanagement.

b. With regard to full Compliance with Treasury Regulations and PFMA

- Address requirements for full compliance with PFMA provisions and Treasury Regulations;
- Update backlogs to ensure full compliance with PFMA and Treasury Regulations.

c. With regard to Boundary Categorisation and Redetermination

- To re-determine all Municipal Boundary requests received;
- Technical boundary re-determinations;
- Review of provincial boundaries and cross-boundary municipal boundaries;
- Review of district management areas;
- Prepare report on final boundaries for 2005 local elections, and submit to IEC to divide the national common voters roll into municipal segments;

d. With regard to Delimitation of Ward Boundaries

- Commence with preparations for ward delimitations;
- Acquire additional funding through MTEF process or alternative means for ward delimitation process;
- Finalise approach to ward delimitation with IEC and other stakeholders;

- Re-vitalise technical meetings with IEC, DPLG and other stakeholders to iron out technical issues.
- draft and finalise joint programme and timeframes with IEC, DPLG and others for the delimitation process.

e. With regard to Powers and Functions of Municipalities

- Prepare and finalise reports on:
 - Definitions;
 - Norms and standards;
 - District reports per province;
- Review Board's 2002 recommendations to MEC's where necessary;
- Prepare advise to MEC's on the implementation of adjustments;
- Update the Board's municipal capacity data base for 2003;
- Prepare the 2003 provincial and national powers and functions reports.

f. With regard to Alignment of Government Service Delivery Boundaries

- Complete mapping of all departments' service delivery boundaries that have responded to the initial survey of 2002;
- Develop a database that will be linked to the re-determinations database to determine which service delivery boundaries are affected when a boundary re-determination occurs;
- Prioritise the facilitation of the alignment of the SAPS and Justice service delivery boundaries at provincial and national levels.

g. With regard to the Categorisation of Municipalities

- Improve and finalise report on the approach and rationale for categorization of more metropolitan areas;
- Table report with Minister for PLG and agree on framework and way forward.

CHAPTER 4

PROGRAMMES/PROJECTS

In pursuance of the objectives as outlined in the last chapter, the following programmes were undertaken during the period under review:

a. Boundary Re-determinations

During the financial year the Board continued to deal with outstanding and new requests for boundary changes.

The table below is a summary of the activities during the period under review:

ACTIVITY	NUMBER OF CASES INVOLVED
Section 26 process	2
Section 21 process	10
Section 21 process where proviso was applied	2
Further investigations on section 21 and 26	8
Section 23 notices published by the IEC	23
Section 23 notices published by MEC's	12
Cross Boundary cases referred to provincial legislatures	8
Re-determinations being investigated	63

b. Technical Correction of Municipal Boundaries

This programme was reported on in the Board's Annual Report for the year 2002/03, to the effect that advanced technology was being employed to improve municipal boundaries. This project started after the 5 December 2000 elections and culminated in the following activities and outputs during the 2003/2004 financial year:

Documents were sent out to all municipalities affected by a technical re-alignment, during the first two weeks of April 2003. These documents consisted of the following:

- A letter explaining the project as well as the amendment to the Municipal Demarcation Act;
- Draft Section 21 Maps;
- Draft Section 21 notices

As a means to further assist the municipalities, technical re-determination workshops were held at District Council level from the third week of May 2003 till the end of June 2003.

As most re-determinations were technical in nature and aimed at correcting existing maps, the Board did not envisage a lack of co-operation from the municipalities, in terms of them not concurring. However lack of concurrence did become prevalent, despite the Board having expressed to municipalities the urgency of finalising the technical corrections as soon as possible so as to provide the new maps to the IEC for the division of the national common voters roll into municipal segments towards the end of 2003.

Failure to receive the expected responses from Municipalities resulted in the Board deciding to embark on the full demarcation process beginning with section 26. The following tables reflect progress during the financial year:

ACTIVITY	NUMBER OF CASES INVOLVED
Section 26 process	107
Section 21 process	85
Section 21 process where proviso was applied	0
Further investigations on section 21 and 26	12
Section 21 notices referred to IEC for section 23 process	85
Section 23 notices published by MECs	0
Cross Boundary cases referred to provincial legislatures	12
Re-determinations being investigated	436

c. Delimitation of Wards

At the request of the IEC some technical changes were effected to a few ward boundaries during the year 2003/04. All wards will be delimited during the 2004/2005 financial year. In anticipation of the magnitude of the re-delimitation of all wards before the 2005/2006 local elections, and the cooperation that will be

required from all municipalities, circulars were issued in May 2003 and February 2004. It is envisaged that further circulars will be issued in the next financial year.

In compliance with the Structures Act, the following existing wards, delimited for the 5 December 2000 local elections, must be reviewed during 2004/2005:

Province	Number of Wards	Cross Boundary Municipalities included
Eastern Cape	601	
Free State	291	
Gauteng	446	<ul style="list-style-type: none"> • Kungwini Local Munic.(CBLC2), • Merafong City Local Munic.(CBLC8), • Ekurhuleni Metropolitan Munic., • Tshwane Metropolitan Munic.
Mpumalanga	393	<ul style="list-style-type: none"> • Greater Groblersdal Munic.(CBLC4), • Bushbuckridge Munic.(CBLC6)
Northern Cape	162	<ul style="list-style-type: none"> • Ga-Segonyana Munic.(CBLC1), • Phokwane Munic(CBLC7)
Limpopo	445	<ul style="list-style-type: none"> • Greater Marble Hall Munic.(CBLC3), • Greater Tubatse Munic.(CBLC5).
North West	338	
Western Cape	330	
Kwa-Zulu/Natal	748	
Total	3754	

In broad terms the following time frames were envisaged towards the end of 2003 for the ward delimitation process:

TIME FRAME	ACTION
Feb/March 2004	“Finalise” outer boundaries of municipalities for the division of the national common voters roll into municipal segments
Feb/March 2004	Divide national common voters roll into municipal segments.
March 2004	Publish formula for the number of councillors
March 2004	Determine and publish number of councillors for each municipality.
April 2004	Determine the number of wards per municipality, and the norm for ward delimitation

May – Jul 2004	Consultation and provisional delimitation of wards
Jul / Aug 2004	Logistics for possible public hearings
Sept – Nov 2004	Consultation and public hearing where necessary
Dec 2004 - Jan 2005	Verification of ward boundaries
Jan 2005	Determination of ward boundaries
Feb 2005	Publish ward boundaries in Provincial Gazettes for objections
March 2005	Consider objections
April 2005	Publish final ward boundaries for elections
May - July 2005	Voter registration for local elections 2005/2006
Jul - Dec 2005	Electoral process
Dec 2005 –March 2006	Local elections

However a number of factors have already affected the ward delimitation process:

- The publication of the formula by the Minister for PLG was in terms of the above timeframe anticipated in March 2004, but was not yet published at the end March 2004, clearly as a result of the upcoming national and provincial elections scheduled for April 2004;
- As a result, none of the MEC's for Local Government had published the number of councilors, at the end of the period under review.

The above factors will result in the timeframe having to be adjusted to fit in with the new realities, and this might mean that the final ward boundaries for elections may be published later than the originally planned for deadline of April 2005.

The Board's funding from the National Fiscus has once again proven to be inadequate, and this puts the above process into jeopardy if the Board does not obtain the additional funding that it requires.

However, at the end of the period 1 April 2003 to 31 March 2004, engagements were underway between the Board, Ministry and Department for Provincial and Local Government. In this regard, both the Minister and the Director-General have expressed support for the Board's needs, and there are positive indications that, going forward, the Department will give the Board full support in efforts to secure the additional funding that we require.

d. Re-demarcation of Non-Viable Municipalities

In the process of capacity assessments of municipalities to perform their functions some municipalities were identified as possible non-viable entities which should be considered for re-demarcation (amalgamation with other municipalities) and disestablishment.

Based on demonstrated capacity and the number of functions performed in November 2002, some 29 local municipalities need to be further examined for possible re determination. Apart from the performance of functions, there are a number of factors that contribute to these municipalities not being viable, such as inadequate attention that is being given to these municipalities by national and provincial departments in terms of capacity building.

A request has also been received for the demarcation of an additional municipality in Kwa-Zulu/Natal.

The viability of municipalities based on the performance of municipal functions were closely monitored during the 2003/2004 capacity assessments, and the “non viable” ones will be identified once the 2003/2004 assessments and the adjustments to powers and functions have been completed.

Subject to the availability of funds the matter will be further investigated in conjunction with the provinces with a view to either decrease or increase the number of municipalities.

e. Categorisation of Municipalities

Six metropolitan areas were demarcated for the 2000 local elections. It is incumbent on the Board to regularly review the boundaries of municipalities to establish as to whether they comply with section 2 of the Structures Act, and, if so, to determine them as metropolitan municipalities.

Section 2 provides the criteria for an area which must be determined as a Category A municipality. An area must have a single category A municipality if that area can reasonably be regarded as—

- a conurbation featuring—
 - areas of high population density;
 - an intense movement of people, goods, and services;
 - extensive development; and
 - multiple business districts and industrial areas;
- a centre of economic activity with a complex and diverse economy;
- a single area for which integrated development planning is desirable; and

- having strong inter-dependent social and economic linkages between its constituent units.

An area that does not comply with the above-mentioned criteria must have municipalities of both category C and category B.

The Board investigated the need to demarcate further metropolitan areas in South Africa. Data on all major conurbations was collected and consolidated into one database to enable analysis. A draft report in this regard was circulated to all the major municipalities in January 2003 for comments. The report was also published on the Board's web-site for public scrutiny.

On 10 November 2003 the Board informed the Minister that the Board has resolved not to take decisions on the demarcation of further metropolitan areas before discussing a policy position with him.

A factor that will have to be taken into account in any decisions regarding this matter is the time required for the ward delimitation process for the 2005 local elections. This process will commence as soon as the Minister has determined the formula for the number of councillors and the MECs have determined the number of councillors in terms of the Structures Act. This process is time consuming and it is unlikely that additional metropolitan municipalities will be demarcated before the 2005 local elections.

f. Cross Boundary Municipalities

In 2003, the DPLG contracted the Board to prepare a report for the Department, with options as to how provincial boundaries could be adjusted to dispose of cross boundary municipalities.

A comprehensive report was compiled and submitted to the Minister for Provincial and Local Government in July 2003.

The DPLG has indicated that this matter will be attended to during the 2004/2005 financial year.

g. District Management Areas (DMA's)

As part of the Board's policy review process, a study has been completed on the future of DMAs. Consultation with stake holders on the contents of the report has been initiated, and a policy position on the future of DMAs was adopted by the Board during the 2003/2004 financial year. However, the new policy will not be implemented before provinces and the Department of Environment have been properly consulted during the 2004/2005 financial year.

h. Capacity Assessments:2002/2003

The main focus during the financial year was on the assessment of the capacity of municipalities to perform their powers and functions. Capacity assessments are done in compliance with the Structures Act,1998.

Early in the year, the project focus was on assisting the MECs in finalising the powers and functions adjustments prior to the implementation date of 1 July 2003. The data obtained during the 2002 capacity assessment was then used to prepare 47 district reports, 9 provincial reports and an overall national report on municipal capacity.

In addition, other reports were prepared and or expanded during 2003. For example, the Norms and Standards report prepared during 2002 was further developed based on the feed back received from stakeholders.

It was apparent during the 2003 period that concepts in relations to powers and functions and suitable definitions continue to emerge as problems. For example, economic development, municipal capacity and municipal viability are concepts which are often confused. A report was drafted in order to clarify the Boards approach on these matters. Meetings were held with the Department of Health and extensive comments drafted on the National Health Bill in relation to the definition of “municipal health services”.

Given the differing provincial approaches to the rendering of the fire fighting function, a report was prepared highlighting some of the challenges faced within the sector. The Western Cape Province requested the assistance of the MDB in clarifying the capacity of the municipalities to perform this function. Workshops were held in the five districts and a report drafted for the province.

In August and September 2003, preparations were made for the 2003/2004 municipal capacity assessment which was conducted during October 2003 with the assessment undertaken in November 2003.

For the purpose of managing the information in the district reports, the functions were clustered as follows for analysis:

- The Minister’s functions
- Environmental health and related functions
- Planning and related functions
- Transport related functions
- Roads refuse and fire and related functions
- Social services and related functions.

Under each cluster, it was determined which municipality performed the function, if not being performed by the municipality, then who performed it on their behalf, the staffing and budget levels and the availability of infrastructure.

Generally, it was found that the number and extent of the functions being performed by municipalities varied significantly within a district. This included the manner in which the functions were being resourced. It was also apparent that in a number of instances, functions were being performed by external organisations with little understanding by the municipality of their role and responsibilities. Also, the prioritisation of functions within municipalities appeared to be problematic. For example, in a few instances, the park and recreations function had a similar budget and staffing level as the water function.

The reports were circulated to the relevant municipalities for comment and amendments. Responses were received largely from district municipalities. The reports were adjusted and then released on the MDB website and circulated to all members of the powers and functions steering committee.

The following key findings were recorded in the 2002/2003 provincial reports:

i. Western Cape

- The Western Cape is one of the better capacitated provinces by national standards. The greatest challenges facing the municipalities within the Western Cape probably relates to the area of environmental health and transport where some of the functions are generally poorly performed by all municipalities within the province. Furthermore, there appears to be an over reliance on external organisations to provide for these functions. At least the following require further investigation:
 - the existence of service level agreements;
 - the municipalities' understanding with respect to their role and responsibility for performing the functions;
 - the ability to manage and monitor contracts with external service providers;
 - the existence of regulations and performance management systems; and
 - the inclusion of the environmental health services function in the integrated development planning process

By national standards, all the municipalities in West Coast District Municipality (DC1) are, at least by national standards, relatively well capacitated. By Western Cape standards two of the local municipalities in West Coast District Municipality (DC1) namely WC014 and WC015 are reasonably well capacitated, while the other three lack significant capacity.

In West Coast District Municipality (DC1), all the local municipalities perform more than 50% of their functions. One municipality performs more than 80%, two more than 70% and one more than 60%. Many of these functions are not performed for financial reasons.

West Coast District Municipality (DC1) is extremely well capacitated to perform local functions but concern must be expressed about whether it is sufficiently focused on its own functions. It was apparent from the investigations that a number of service provider agreements would be required within the local municipalities post 1 July 2002.

Boland District Municipality (DC2) is likely to be one of the most well resourced and capacitated municipalities outside the metropolitan municipalities. The service backlogs, by national standards, are also reasonably limited. Four municipalities provide approximately 80% of their functions whilst the other municipality, WC022, provides 70% of its functions which is still high when compared nationally. However, there are some functions, such as childcare facilities, licensing of dogs, pounds, markets and municipal abattoirs and transport related functions such as municipal public transport and pontoons and ferries which are not being provided comprehensively.

Boland District Municipality (DC2) does provide a limited number of local functions however it appears to lack capacity for some functions such as municipal roads and refuse removal. WCO25 lacked capacity in the municipal planning and related functions cluster.

Within Overberg District Municipality (DC3) two of the local municipalities are reasonably well capacitated. WCO31 and WCO32 have the greatest capacity, while the other two, most notably WC034 lack capacity. There are nevertheless a couple of areas where WC031 and WCO32 lack capacity. WC033 is the only municipality which provides more than 80% of the MEC's functions. WC031 and WCO32 provide more than 70% of the MEC's functions while WCO34 provides more than 60% of the MEC's functions.

Garden Route/Klein Karoo District Municipality (DC4) appeared to be performing a limited number of section 84(1) functions. It is under funding environmental functions, has no staff and lacks equipment and infrastructure for the district transport function.

There is uneven capacity in the DC4 area. Most of the resources and expertise appear to be in the 'big four', namely WC043, WC044, WC045 and WC048. These 4 municipalities are responsible for 75-80% of both operating and capital expenditure in the district. WC042 and WC044 perform more than 80% of the

MEC's functions. WC045, WC047 and WC048 perform more than 70% of their functions. WC041 however performs just over 50% of the MEC's functions.

Central Karoo District (DC5) is the most under capacitated district in the Western Cape. All the municipalities with the possible exception of WC053 lack sufficient resources to perform their constitutional responsibilities. Two of the local municipalities, WC051 and WC053 perform more than 70% of the MEC's functions, while WC052 performs less than 50%. The report suggested that an investigation should be undertaken into why WC052 is performing so few of its functions.

Central Karoo District (DC5) is providing most, but not all district functions. It is however providing a number of local planning and social service cluster functions. The identification of line-items in the budget for various functions is difficult. In particular, it is difficult to ascertain whether Central Karoo District (DC5) is funding its district functions sufficiently.

When drafting the provincial report, with the exception of Boland District Municipality (DC2), fire fighting was still one of the most contentious municipal capacity issues in the Western Cape. The MDB investigation hopefully helped to clarify these matters.

It was noted in the report that the environmental health services required urgent attention. While the due date for implementation of 'municipal health services' is in 2005, much work is required for municipalities to recognise the importance of environmental health functions and what their constitutional obligations for ensuring the rendering of services.

ii. Northern Cape

The Northern Cape Provincial Report noted that possibly the greatest single challenge facing the municipalities in the province relates to the area of environmental health. Based on the 2002 capacity assessment, these functions are generally poorly performed by all the municipalities in the province. Again, there appears to be an over reliance on external organisations to provide for these functions.

The Northern Cape is one of the provinces in South Africa which has local municipalities that form part of a cross boundary district municipality. The district municipality (Kgalagadi) therefore has to deal with two provincial administrations, that within the Northern Cape provincial government and the North West Province Department of Developmental Local Government and Housing. Differences in priorities and approaches by the different provincial administrations creates a challenging situation for the district municipality.

The district municipalities within the Northern Cape are generally poorly capacitated and have a limited impact on their respective areas of jurisdiction. The Namakwa District Municipality (DC6) currently performs only one of the Minister's functions, three district municipal functions as indicated by Section 84(1) and four local municipality functions. The Karoo District Municipality (DC7) performs three Minister's functions, four Section 84(1) district municipal functions and three local municipality functions. The Siyanda District Municipality (DC8) currently undertakes three Minister's functions, five Section 84(1) functions and four local municipality functions. The Frances Baard District Municipality (DC9) performs one of the Minister's functions, two Section 84(1) functions and five local municipality functions.

There are three local municipalities within the Northern Cape that perform less than 50% of the local municipality functions. These local municipalities are the !Kheis Municipality (NC084); the Kgatelopele Municipality (NC086) and the Dikgatlong Municipality (NC086). While the other local municipalities are recorded as rendering 50% or more of the local municipality functions, there are numerous cases where no budgetary provision has been made for the function.

iii. Eastern Cape

As in other provinces, a core problem in the Eastern Cape is the poor performance of the environmental health functions. This is generalized across the province.

Where functions are currently not performed by municipalities, for whatever reason, no budgetary allocation has been made. This is of concern since it indicates that there is no attempt, on behalf of the municipality, to introduce the performance of the function. Part of the integrated development planning process should be examining the functions municipalities are expected to perform, preparing strategic plans for the introduction of the service and budgeting accordingly.

The Cacadu District Municipality (DC10) comprises the remainder of the service area of the former Western Transitional District Council after the formation of the Nelson Mandela Metropolitan Municipality. With the formation of the Metro, the district municipality surrendered much of its revenue base and skilled staff complement. The main area of concern is the current budgeting practice. Little attempt is made to create cost centres for functions that include critical services such as water and sanitation. This will need to be remedied in the 2003 / 2004 operating budget to facilitate the implementation of the Minister's authorisations and the MEC's adjustment for functions

However, when compared with the other district municipalities in the Eastern Cape, the Cacadu District Municipality (DC10) appears generally to have sufficient capacity for municipalities to perform the functions as indicated in

Section 84(1) and Section 84(2) of the Municipal Structures Act. Only the Sunday's River Valley Municipality appears to currently perform less than 50% of the MEC's functions

The Cacadu District Municipality (DC10) has large district management areas in which the district municipality is responsible for delivering all the local government functions. Currently there are a number of these functions not performed by the district municipality including a significant portion of the Section 84(1) functions. The provincial report recommended that the relationship between the district municipality and the district management areas be examined by the Department of Local Government and Housing in the Eastern Cape to ensure that communities living within these areas are indeed receiving municipal services.

The Amatole District Municipality (DC12) is dominated by the Buffalo City Municipality (EC125); the Buffalo City Municipality currently renders some 85% of the MEC's functions. While the Buffalo City Municipality (EC125) and the Amahlathi Municipality (EC124) render more than 50% of the MEC's functions, none of the other local municipalities have achieved more than 40%. The report noted that this lack of performance requires urgent attention. Not only should these matters be addressed via the integrated development plans of the municipalities but if a municipality is not able to perform a function, it should be undertaking a Section 78 investigation in terms of the Municipal Systems Act in order to identify alternative service providers.

In the case of the Chris Hani District Municipality (DC13), while three local municipalities currently perform more than 50% of the MEC's functions, two perform exactly 50% of the functions and the other three render less than 50% of these functions (although in the three municipalities more than 40% of the functions are performed). Certain functions are generally poorly performed within this district municipality namely environmental health, the planning related functions and those related to the transport sector.

When examining the capacity levels of the local municipalities within the Ukhahlamba District Municipality, the Maletswai Municipality (EC143) and the Gariiep Municipality (EC144) appear to be fairly stable. For example, the Gariiep Municipality renders more than 90% of the MEC's functions while the Maletswai Municipality performs in excess of 70% of the functions. However, the Elundini Municipality (EC141) and the Senqu Municipality (EC142) appear to lack capacity which is pronounced in the environmental health, planning, transport and social services clusters. The Elundini Municipality currently performs only 40% of the allocated functions.

There are a number of instances which, based on the manner in which the municipalities responded to the MDB questionnaires, reflected a lack of understanding of the roles and responsibility required for the performance of

powers and functions. Furthermore, there appears to be a problem in some cases with budgetary prioritisation. For example, non-essential services have a bigger allocation in the operating estimates than that for the provision of basic needs. The provincial report recommended that these aspects should be investigated by the provincial authorities and addressed where possible.

While, with the exception of the King Sabata Dalindyebo Municipality (EC157), all the municipalities within the O R Tambo District Municipality (DC15) currently perform 50% or less of the MEC's functions, it is clear that the municipalities in this district have been the target of capacity building programmes. Certainly functions such as the technical services and planning related activities have been allocated budget and in most instances staff. Budget information, while in some cases reflecting poor funding, is far better than for many other municipalities in the Eastern Cape. Backlog levels are high, capacity is limited and it would appear that certain fundamentals required for municipal stability are becoming evident. An area which requires attention is the level of access to equipment and infrastructure. The provincial authorities should take note and include such initiatives in their future capacity building programmes. Furthermore, it would appear that training is required on powers and functions related matters. Certainly an understanding of a municipality's role and responsibility with respect to providing services needs to be enhanced.

According to the information provided to the MDB, approximately 50% of the MEC's local functions are performed by each of the local municipalities in the Alfred Nzo District Municipality (DC44). However, on the whole, it would appear that all municipalities within the district lack the necessary capacity to render services that meets the constitutional requirement for local government. The provincial report noted that toward the 2005 local government elections, it may be necessary for the MDB to examine the continuation of the district municipality and the existing configuration of the local municipalities within its area of jurisdiction.

iv. Free State

Strategic decisions are made on the basis of information contained in national data bases such as that prepared by the MDB in October 2002. The collated information influences the recommendations made to the MEC to adjust the allocation of powers and functions between the district municipality and the local municipalities that comprise that district municipality. More importantly, it can in the longer term influence outer boundaries and the continued existence of a municipality. The Matjhabeng Municipality (FS184), in terms of population, is the second largest local municipality in the Free State. It is located in the heart of the Free State goldfields with a number of urban centres in its service area. It is therefore difficult to comprehend that the Matjhabeng Municipality currently renders less than 50% of the MEC's functions while the other four local

municipalities in the Lejweleputswa District Municipality (DC18) all perform more than 50% of those functions.

A similar situation exists with regard to the Metsimaholo Municipality (FS204) located within the Northern Free State District Municipality (DC20). This local municipality has within its service area the industrial centre of Sasolburg. In terms of the information provided to the MDB during the October 2002 survey, it appears that the Metsimaholo Municipality currently renders only 30% of the MEC's functions while the other three local municipalities in the district perform 50% and more of these functions.

It is possible that care was not taken when preparing the responses to the MDB during the October 2002 capacity survey. However, in each case the questionnaire was signed off by a senior member of the administration of the municipality confirming the accuracy of the information provided. Once this information had been captured by the MDB on its data base, the completed questionnaire was returned to the municipality for verification. If, in fact, these two local municipalities with staff complements of 2353 and 637 respectively, do perform more of the MEC's functions than was indicated in their respective questionnaires, it is recommended that the Department of Local Government and Housing in the Free State undertake an investigation to determine the reasons for the inaccurate responses being made to the MDB.

From the information obtained by the MDB during the October 2002 capacity survey, it would appear that the Xhariep District Municipality (DC16) plays a very weak role within its area of jurisdiction with the majority of the district functions being performed by the local municipalities. In this regard it is noted, however, that only the Mantsopa Municipality (FS163) is currently rendering in excess of 50% of the MEC's functions while the Kopanong Municipality (FS162) performs just less than 40% of these functions and the Letsemeng Municipality (FS161) just more than 20%.

Two of the local municipalities in the Motheo District Municipality, the Mangaung Municipality (FS172) and the Mantsopa Municipality (FS173), currently perform in excess of 80% and 75% of the MEC's functions respectively. When compared nationally, these two municipalities rank favourably with the leading local municipalities in South Africa. On the other hand, the Naledi Municipality (FS171) currently performs less than 40% of the MEC's functions.

Two of the five local municipalities in the Thabo Mafutsanyane District Municipality (DC19), the Dihlabeng Municipality (FS192) and the Maluti a Phofung Municipality (FS194) currently render more than 50% of the MEC's functions. While the latter performs just more than 50% of these functions, the Dihlabeng Municipality performs close to 80% of the functions. The other three local municipalities in the district, the Setsoto Municipality (FS191); the Nketoana Municipality (FS193) and the Phumelela Municipality (FS195) render less than

50% of the functions with Setsoto performing the least number of MEC's functions at just over 30%.

The situation in the Lejweleputswa District Municipality (DC18) and the Northern Free State District Municipality (DC20) has been outlined above with the most prominent local municipality in each district being the worst performer.

The district municipalities in the Free State have serious capacity limitations. The Xhariep District Municipality does not currently render any of the Minister's functions, namely the district municipality functions as set out in Section 84(1) of the Municipal Structures Act or any of the local municipality functions. The Motheo District Municipality (DC17) does not perform any of the Minister's functions but renders five of the district municipality functions and four local municipality functions. The Lejweleputswa District Municipality (DC18) provides one of the Minister's functions partially and further renders one of the district municipality functions listed in Section 84(1) of the Municipal Structures Act. The Thabo Mofutsanyane District Municipality (DC19) provides only the Section 84(1) function of promotion of local tourism while the Northern Free State District Municipality (DC20), in common with the Xhariep District Municipality (DC16) does not perform any of the functions listed above. It is recommended, therefore, that the Department of Local Government and Housing in the Free State focus its attention on capacitating the district municipalities to be more effective vehicles of local governance in the Free State.

v. Kwa-Zulu/Natal

Currently, the environmental health functions are generally poorly performed by all municipalities within the province. Furthermore, there appears to be an over reliance on external organisations to provide for these functions. The Kwa-Zulu Natal Department of Traditional and Local Government Affairs should investigate at least the following:

- the existence of service level agreements;
- the municipalities' understanding with respect to their role and responsibility for performing the functions;
- the ability to manage and monitor contracts with external service providers;
- the existence of regulations and performance management systems; and
- the inclusion of the environmental health services function in the integrated development planning process.

There is one particular outstanding matter that may affect the number of MEC's functions performed by the local municipalities within the Ugu District Municipality. As already mentioned earlier in this report, the municipal health services and the environmental health functions require urgent attention. While the due date for the implementation of municipal health services is

2005, much work is required for municipalities to recognise the importance of the environmental health functions and what their constitutional obligations are for ensuring the rendering of these services.

All the local municipalities within the area of jurisdiction of the Ugu District Municipality with the exception of KZ211 (Vulamehlo Municipality), KZ213 (Umzumbe Municipality) and KZ215 (Ezinqoleni Municipality) perform more than 50% of the MEC's functions. The three local municipalities mentioned above are 100% rural in nature and are newly established municipalities. Consequently they have serious capacity constraints and are not in a position to render the MEC's functions. Due consideration needs to be given to a process, with the assistance of the district municipality and provincial and national authorities, to build the necessary capacity within these municipalities in order that they can begin to address their constitutional and legislative obligations.

The local municipalities within the uMgungundlovu Municipality (DC22) have varying degrees of compliance with the MECs functions. In this regard it is surprising, given the dominance of KZ225 (Msundusi Municipality) in the district that it is KZ222 (Mngeni Municipality) that currently performs the most of the MEC's functions namely 90%. Three of the other local municipalities within the district render more than 50% of the functions. In descending order they are KZ225 (Msundusi Municipality), KZ223 (Mooi Mpofana Municipality) and KZ227 (Richmond Municipality). The other three municipalities have performance levels of below 50% although KZ221 (uMshwathi Municipality) is just below that level. The significance of the three municipalities below 50% is that they are predominantly rural in nature and hence face severe capacity constraints.

In the Uthukela District Municipality (DC23), all the local municipalities with the exception of KZ233 (Indaka Municipality) and KZ236 (Imbabazane Municipality) perform more than 50% of their functions. KZ232 (Emnambithi-Ladysmith Municipality) and KZ234 (Umtshezi Municipality), with the largest population and the lowest population respectively, stand out of among the five local municipalities in the district, performing more than 70% of the MECs functions. KZ236 (Imbabazane Municipality), which is 100 % rural in nature, and performs below 5% of the MECs functions, is the local municipality which requires the greatest amount of attention. Serious investigations need to be made to determine the extent of governance and service delivery in this Municipality.

The performance of the MEC's functions by the local municipalities within DC24 (Umzinyathi District Municipality) reflects, to some extent, the disparate distribution of resources in the district municipality. KZ241 (Endumeni Municipality) which is primarily urban in nature, currently performs 65% of the MECs functions and leads the local municipalities in this regard. KZ244

(Msinga Municipality) is 100% rural in nature and currently performs only 15% of the MECs functions due, in the main, to the inadequacy of resources.

All the local municipalities within the Amajuba District Municipality (DC25) currently perform more than 60% of the MEC's functions. This is one of a few cases where predominantly rural municipalities like KZ253 (Utrecht Municipality) and KZ254 (Dannhauser Municipality) have managed to develop capacity to render more than 60% of the functions. These municipalities need to be commended and should serve as a focal point for other similar municipalities.

All municipalities within the Zululand District Municipality (DC26) with the exception of KZ265 (Nongoma Municipality) perform more than 50% of the MEC's functions. This municipality, which is 98.8% rural, renders only half of the functions performed by other municipalities in the district. A serious investigation needs to be conducted to determine the extent of governance and service delivery needs in the Nongoma Municipality.

From the information obtained from the October 2002 capacity survey, it is noted that all of the local municipalities within the uMkhanyakude District Municipality (DC27) are currently performing less than 50% of the MEC's functions. This outcome is somewhat surprising for the Mtubatuba Municipality (KZ275) which has a nearly 50% urban population and was established around the former Mtubatuba transitional local council. The specified level of 44% of the MEC's functions for the Mtubatuba Municipality (KZ274) needs to be reviewed.

Currently three of the six local municipalities within the uThungulu District Municipality (DC28) render at least 50% of the MEC's functions within their area of jurisdiction. The predominantly urban local municipality KZ282 (uMhlatuze Municipality) is quite outstanding, performing almost 100% of the functions. The other two local municipalities that have achieved more than 50% of the MEC's functions are KZ284 (Umlalazi Municipality) and KZ285 (Mthonjaneni Municipality).

The three local municipalities that failed to perform 50% of the MEC's functions are those with the highest proportion of rural municipalities in the uThungulu District Municipality (DC28). In this regard, however, it is noted that although the Nkandla Municipality (KZ286) is 100% rural in nature, it currently renders 48% of all the MEC's functions which is quite an achievement given its limited resources.

Local municipalities in DC29 (iLembe District Municipality), with the exception of KZ292 (KwaDukuza Municipality) and to some extent KZ294 (Mapumulo Municipality), are not performing as far as the rendering of the MEC's

functions are concerned. The worst of the local municipalities is KZ293 (Ndwedwe Municipality) that currently undertakes only 2% of the MEC's functions. Although this municipality is predominantly rural, this is not the primary reason for the poor level of performance since KZ294 (Mapumulo Municipality) is 100% rural and yet renders some 55% of the functions. An interesting aspect of the operation of KZ293 (Ndwedwe Municipality) is that the staff budget of R 2 709 480 makes up 49% of the total operating budget of the municipality; unfortunately no information is available regarding the number of employees within Ndwedwe Municipality.

In DC43, all municipalities with the exception of the Ingwe Municipality (KZ5a1) perform more than 50% of the MECs functions.

The following local municipalities have demonstrated limitations in capacity to render the MEC's functions -

- KZ211 (Vulamehlo Municipality), KZ213 (Umzumbe Municipality) and KZ215 (Ezinqoleni Municipality) in the Ugu District Municipality (DC21).
- KZ221 (uMshwathi Municipality), KZ224 (Impendle Municipality) and KZ226 (Mkhambathnini Municipality) in the uMgungundlovu District Municipality (DC22).
- KZ233 (Indaka Municipality) and KZ236 (Imbabazane Municipality) in the Uthukela District Municipality (DC23).
- KZ242 (Nquthu Municipality) and KZ244 (Msingas Municipality) in the Umzinyathi District Municipality (DC24).
- KZ265 (Nongoma Municipality) in the Zululand District Municipality (DC26).
- In the case of the uMkhanyakude District Municipality (DC27) all the local municipalities within the district.
- KZ281 (Mbonambi Municipality) and in particular KZ283 (Ntambanana Municipality) in the Uthungulu District Municipality (DC28).
- KZ291 (eNdondakusuka Municipality) and in particular KZ293 (Ndwedwe Municipality) in the iLembe District Municipality (DC29).
- Ingwe Municipality (KZ5a1) in the Sisonke District Municipality (DC43) has demonstrated that its resources are not adequate to address the needs of its communities.

vi. Mpumalanga

Mpumalanga is one of the provinces in South Africa which is affected by the presence of cross boundary district municipalities. By way of example, the Sekhukhune District Municipality (CBDC3) and the Bohlabela District Municipality (CBDC4) have to deal with two provincial administrations, the Mpumalanga Department of Local Government and Traffic and the Limpopo Department of Local Government and Housing. Differences in approach, such as the determination of the water services authority (in Mpumalanga the local

municipalities are the water authority while in Limpopo it is the district municipality) make this a very challenging situation for both the district municipality and the local municipalities.

The Eastvaal District Municipality (DC30) is the most capacitated of the district municipalities that are wholly situated within the province of Mpumalanga; it performs the four Ministers' functions, eight of the district municipality functions as outlined in Section 84(1) of the Municipal Structures Act and three local municipality functions. However, in a number of cases this district municipality, although it indicated that it performs a function, provided neither a budgetary estimate for the function or a staff complement to perform the function. The Nkangala District Municipality (DC31) currently performs only two of the Section 84(1) functions while the Ehlanzeni District Municipality performs one of the Minister's functions, a Section 84(1) function and two local municipality functions. The cross boundary district municipalities are similarly lacking in capacity.

There are four local municipalities within Mpumalanga that currently render less than 50% of the local municipality functions. These local municipalities are the Thembeleshe Municipality (MP315); the Thaba Chweu Municipality (MP321); the Greater Tzaneen Municipality (CBLC5) and the Bushbuckridge Municipality (CBLC6). They are all predominantly rural in nature.

vii. Limpopo

The Limpopo Province is one of the provinces in South Africa that is affected by the existence of cross boundary district municipalities. The Sekhukhune District Municipality (CBDC3) and the Bohlabela District Municipality (CBDC4) therefore have to deal with two provincial administrations, the Department of Local Government and Housing in the Limpopo Province and the Mpumalanga Department of Local Government and Traffic. Differences in approach exist such as in the case of the determination of water services authorities. In Limpopo Province this responsibility is allocated to the district municipalities while in Mpumalanga the local municipalities are the water services authorities make this a very challenging situation for both the cross boundary district municipalities and the local municipalities within the cross boundary district.

The MEC's adjustments place the responsibility for the majority of the environmental health functions on the local authorities within the Limpopo Province. The provision of a safe and healthy environment is one of the stated objects of local government in Section 152(1) of the Constitution while health is one of the human rights functions conferred to municipalities as a responsibility. It is evident that the majority of the environmental health functions are poorly performed by the local municipalities in the Limpopo Province. From the information obtained by the MDB during the October 2002 capacity assessment.

- There is a lack of understanding with respect to the municipal responsibilities for the performance of the environmental health functions.
- There is a reliance on either external private organisations or other organs of state for the performance of these functions and yet in most cases no formal agreements have been entered into with the institutions performing the functions.
- Some municipalities are not aware of who the service provider is for a particular function.

Given this scenario, it is clear that the constitutional requirements for a safe and healthy environment being assured by the local municipality for its service area, is not being met.

As demonstrated in the introduction to this report, the district municipalities in the Limpopo Province, including the cross boundary district municipalities, lack capacity, both human and financial. The Mopani District Municipality (DC33) currently performs two of the Minister's functions, five Section 84(1) functions and one local municipality function while the Vhembe District Municipality (DC34) renders one Minister's function and two Section 84(1) functions. Neither the Capricorn District Municipality (DC35) and the Waterberg District Municipality (DC36) currently perform any of the Minister's functions – they perform three and four of the Section 84(1) functions respectively while the Capricorn District Municipality also renders a local municipality function. Although the Capricorn District Municipality has within its service area the Polokwane Municipality (NP354) and the Vhembe District Municipality (DC34) has the local municipality with the largest population, Thulamela Municipality (NP343), based on the information above, the Mopani District Municipality is the most capacitated district municipality in the province. Even then it is severely lacking in the capacity to render those functions which have been allocated to it in terms of the legislation.

There are two local municipalities that fall within district municipalities that are wholly located within the Limpopo Province that currently render less than 50% of the MEC's functions – they are the Mutale Municipality (NP342) and the Aganang Municipality (NP352). However, all three Limpopo Province local municipalities that fall within the two cross boundary district municipalities are currently rendering less than 50% of the MEC's functions. The local municipalities concerned here are the Makhudutamaga Municipality (NP03A2); the Fetakgomo Municipality (NP03A3); and the Maruleng Municipality (NP04A1). This situation, combined with the lack of capacity within the cross boundary district municipalities, should be a primary focus of attention for the Department of Local Government and Housing in the Limpopo Province.

viii. North West

Section 152(1)(d) of the Constitution requires local government to ensure the existence of a safe and healthy environment for its residents. From the

information gathered by the MDB during the October 2002 capacity assessment, it is evident that the municipalities within the North West Province do not currently render many of the environmental health functions. Furthermore, reliance is placed on external entities to undertake these functions without any agreement being entered into with these service providers. Bearing in mind the constitutional requirement noted above, it is doubtful whether most local municipalities in this province are meeting their obligations.

There are eight local municipalities within the North West Province that currently perform less than 50% of the MEC's functions – they are the Moretele Municipality (NW371); the KgetlengRivier Municipality (NW374); the Setla-Kgobi Municipality (NW381); the Tswaing Municipality (NW382); the Kagisano Municipality (NW391); the Greater Taung Municipality (NW394); the Molopo Municipality (NW395) and the Lekwa-Teemane Municipality (NW396).

From the foregoing information, it is evident that among the district municipalities wholly located within the North West Province, the Bophirima District Municipality (DC39) is the least capacitated. There is significant unevenness in service provision across all services in the Bophirima District Municipality and, it is assumed, between urban and rural areas. The inability of local municipalities to provide adequate basic services, the extent of service delivery infrastructure backlogs, and the allocation of unfunded mandates in an increasingly constrained financial environment puts considerable pressure on the resources of a district municipality such as Bophirima District Municipality (DC39).

It is important that the provincial authorities assist the district municipalities to develop more refined assessments of capacity and performance. Realistic strategies are to be designed to improve service delivery in the most critical arenas, with the support systems for the local authorities (district and local municipalities) clearly articulated. With these strategies, priorities need to be clearly identified since it is unlikely that municipalities will be capable of undertaking all the MEC's functions adequately in the short to medium term. The nature of each district municipality to be supported – demographics; the rural / urban divide; levels of poverty; levels of employment, opportunities and constraints for local economic development among other factors – should all inform the development of the strategy.

ix. Gauteng

The Merafong Municipality (CBLC8) is located partially within Gauteng and partially within the North West Province. Its relationship with both the district municipality (which is also a cross boundary) and the respective provincial authorities is therefore potentially fraught with difficulty.

All the local municipalities within the Gauteng Province currently render at least 50% of the local municipality functions listed in Schedule 4 Part B and Schedule

5 Part B of the Constitution. Where there are still gaps, the local municipalities concerned should address these through the integrated development planning process. Where a local municipality cannot perform a function, a Section 78 (of the Municipal Systems Act) investigation can be conducted in order to identify alternative service providers with whom service level agreements can be concluded.

The following core conclusions were also contained in the 2002/2003 National Capacity Report.

i. Legal considerations

Section 85(9)(a) provides that if a function or power has been allocated in terms of subsection (1), the MEC for local government in the province must regularly review the capacity of the relevant municipality and reallocate that function or power to that municipality when that municipality acquires the capacity to perform that function or exercise that power. In terms of the Constitution and the Structures Act, it is incumbent on the provincial government to monitor and build the capacity of a municipality to perform its functions, and then to revoke an adjustment when a municipality, in which a function is vested, has the necessary capacity to perform that function. A reallocation must be made with the concurrence of the receiving municipality or, in the absence of such concurrence, after having consulted the Demarcation Board.

However, the adjustment of a function to either a district or a local municipality includes its legislative and executive authority. It is not possible to staff, budget, purchase or allocate assets to a function which a municipality has no authority to perform. Therefore, the ability of a municipality to develop the capacity to perform a function which has been adjusted to another municipality is therefore not likely. Rather, it is possible that the on going assessment may well result in further adjustment as opposed to the reduction thereof. The report therefore recommends that section 85(9) is re-examined to check its effectiveness in practice.

A further aspect identified for consideration was the criteria of capacity underpinning the MEC's adjustments to powers and functions and the lack of specified criteria for the Minister's functions. Based on the November 2002 assessment, it was apparent that in many instances where the majority of the municipalities lacked the capacity to perform a function, it would have been preferable to pool the resources in the district for the benefit of the entire area. The capacity limitations of section 85 made this not possible reinforcing the past spatial patterns of service delivery. The report therefore recommended that section 85 be re examined to include other and more flexible criteria for the adjustment of functions.

The lack of clarity and different interpretations in respect to the definitions for the local government functions was marked during the assessment process. For example, what is considered refuse removal in one municipality is regarded as cleansing in another. Few municipalities understood the difference between, for example, public place and public amenities. Public works remains a catch all for functions such as roads, refuse removal, parks and recreations etc. The MDB has drafted a definitions, norms and standards document to facilitate understanding in relation to the powers and functions. However, it is critical that the definitive document be prepared and the definitions for the Schedule 4 and 5 Part B functions be gazetted.

In addition, functions for which there is shared responsibility between national, provincial and local government, such as roads, requires urgent attention. This includes the primary health care function and environmental health services. The report again recommends that clarity is clearly laid out in legislation.

The National Capacity Report notes that an urgent review is required of all legislation having an affect on local government. This includes the ongoing preparation and enacting of legislation which assigns functions to local government – the Disaster Management Act is a case in point. Certainly, it is important to develop a mechanism that adequately assesses the implications during the drafting process and tracks and monitors the implications after enactment.

The MDB assessment did not allow an assessment of the extent to which non core functions were being performed by municipalities. However, it was evident when examining municipality organograms that this practice is wide spread. Activities relating to aspects such as “poverty alleviation”, “youth development”, “HIV /AIDs” are being performed widely. This situation may have arisen as a consequence of the IDP process, the lack of understanding of local government powers and functions or ambiguous interpretation of the objects for local government.

ii. Performance and role of District Municipalities

The National Capacity Report noted that the role of the district municipality requires urgent clarification. In a number of instances, districts perform no or very few section 84(1) functions and appear to be stuck in the role played by the RSCs. The Free State Province and Mpumalanga appear to be the worst affected provinces. In some instances, the districts are tending to define themselves more in terms of the responsibilities contained in section 83(3) as opposed to ensuring the performance of their functions in terms of section 84. In many instances, functions such as roads, waste management and cemeteries have been adjusted to part of or for the entire area of the district preventing the

opportunity for effective and efficient planning and management of these functions.

It is possible that the failure of the districts to develop the necessary capacity between 2000 and 2002 is partly linked to a lack of understanding of the districts role in the rendering of its functions.

The role of the district municipality in the Western Cape also requires close examination. Most districts in the province perform a very high percentage of functions contained in Schedule 4 Part B and Schedule 5 Part B arguing that they do so in the District Management Areas. However, when examining the budget and staffing allocations, it is evident that functions may not be being restricted to these areas only.

iii. Shared functions – district and local municipalities

A further area which appeared to be causing confusion between the district and local municipalities was in relation to certain provisions within section 84 and especially the interpretation of the words “for the district as a whole”. The MDB obtained a legal opinion from Advocate Kennedy SC in order to clarify the matter.

The issues relating to the shared functions between district and local municipalities is highlighted using fire fighting as a way of example. Section 156(1)(a) of the Constitution of the Republic of South Africa, Act 108 of 1996, deals with the powers and functions of municipalities and specifies that “a municipality has executive authority in respect of and has the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5”. Fire fighting is listed as a local government function in Schedule 4 Part B.

However, section 156(1)(a) in the Constitution does not differentiate between district and local municipalities with the division being indicated in Section 84 of the Municipal Structures Act as amended. Specifically Section 84(1)(j) of the Act states the following:

- (j) Fire fighting services serving the area of the district municipality as a whole, which includes-
 - (i) planning, co-ordination and regulation of fire services;
 - (ii) specialised fire fighting services such as mountain, veld and chemical fire services;
 - (iii) co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
 - (iv) training of fire officers.

In some instances, provinces have chosen to interpret the above provision as meaning that the district should perform the full firefighting function for the district as a whole. The information contained in Roman numerals i - iv are then an indication of aspects that the district should ensure are provided over and above the services ordinarily rendered by a municipality performing the fire fighting function. The crux of the interpretation are the words **“serving the area of the district as a whole”**.

Conversely, the approach taken by other provinces and the MDB to date, is rather to interpret section 84(1)(j) as meaning that the matters listed in numerals i-iv are those which should be rendered by the district for the area as a whole. The fire fighting functions not mentioned in this section of the Act would then be rendered by the local municipality in its area of jurisdiction.

According to an opinion obtained from Advocate P Kennedy SC, the phrase “serving the district municipality as a whole” should be interpreted against exclusivity but rather in favor of complementarity between the functions and powers of the district and local municipalities. Further, the reference to planning, coordination and regulations suggests the likely existence of various fire fighting services in different areas which would require coordination and regulation at the level of the district. The opinion notes that a similar comment could be made for the provision for the co-ordination of standardisation of infrastructure, vehicles, equipment and procedures.

The reference to specialized fire fighting in section 84(j)(ii) suggests that each of the local municipalities may undertake the conventional form of fire fighting within its own area but where there are specialized services requiring special resources, skills, equipment, this would be provided by the district rather than the local municipality.

The training of fire officers would be undertaken at the level of the district municipality rather than within each local municipality. Again this would suggest complementarity between the functions and powers of the district and its local municipalities. It would allow for local municipalities to provide their own fire fighting services, co-ordinated with those of other local municipalities by the district municipality which would fulfil additional roles such as specialized services, standardization of equipment and training etc.

Advocate P Kennedy’s opinion further notes that it would not be in the interests of achieving the constitutional objective of cost effective and efficient provision of resources if there were to be unnecessary duplication and additional cost. It is in this context that the district municipality would fulfil the function of planning, co-ordinating and regulating fire fighting services within the area of its district. The district municipality would also be required to act in accordance with the constitutional requirement of co-operative government in all spheres and at all levels.

The same or similar argument contained above would be applicable for functions such as:

- Solid waste
- Municipal roads
- Municipal airports
- Markets and abattoirs
- Cemeteries, and
- Local tourism.

Clarifying the role of the district and local municipality in relation to the shared responsibilities may be addressed by a nation wide training programme of powers and functions. KwaZulu Natal has recently developed training material that could be modified and rolled out to other provinces.

Based on the municipal capacity assessments, it is evident that municipalities differ significantly between and within provinces for a wide range of influencing factors. Furthermore, it is apparent that while there is some consistence in relation to what functions are performed, it is not sufficient. For example, the fact that in some instances, a greater or equal staffing per capita ratio was found for parks and recreation than for water and sanitation is concerning. While it is important to advocate for developmental local government, it is critical that every attempt be made to ensure that essential services receive first priority.

The report therefore suggested that municipalities be categorised and certain core functions be attached to each category. The categorisation requires further investigation and possibly linked to the model recently prepared by Treasury.”

i. Capacity Assessments: 2003/2004

The process for the 2003/2004 capacity assessments also commenced towards the end of 2003.

The core objective of the 2003 - 2004 capacity is to advise the Provincial MECs on any changes in capacity which has occurred within the last year.

When determining if an adjustment should be reversed, the following criteria were used in the assessment process:

- Whether the municipality, from which the function had been removed, had acquired the capacity during the 2002/2003 assessment period
- Whether the municipality, to which the adjustment was made, now no longer has capacity.

Based on the data received in the October 2003 Capacity Assessment, a spread sheet was prepared per district municipality containing the following information:

- Function

- Current authorisation
- Comment received by the municipality on the authorisation
- The 2002/2003 results indicating if the municipality performed the function, had a budget, staff and equipment allocated for the function
- The 2003/2004 results for indicating if the municipality performed the function had a budget, staff and equipment allocated for the function.

In all instances, the gazetted authorisations were checked and the results from 2002/2003 and 2003/2004 compared.

Provisional recommendations for the review of the adjustment of powers and functions between district and local municipalities, were submitted to the 9 MECs responsible for local government on 2 February 2004. Comments received were incorporated in the 2003/2004 district reports which were distributed for comments to municipalities in towards the end of February 2004. Final recommendations will be made to MEC towards the end of March/beginning of April 2004. Thereafter, and subject to the availability of funds, the provincial and national capacity assessment reports will be drafted, and the viability of some municipalities will be reviewed. Preparation for the 2004 capacity assessment will commence in August 2004 in order to maintain the existing data base on municipal capacity, and to allow MECs to take decisions on adjustments before decisions on municipal budgets and the division of revenue are taken.

In conclusion then, it is evident that the work undertaken by the board on the capacity of municipalities to perform their powers and functions has contributed significantly toward an understanding of municipal capacity and related aspects. It has identified some of the strengths and weakness in the current local government system, highlighted areas requiring urgent attention. The work done by the Board thus far clearly indicate that at least the following need to be flagged for further attention:

- The Constitution and all post 1996 legislation be examined for consistency;
- Service level agreements be concluded where no adjustment/authorizations have been made, or that staff assets and liabilities be transferred as a matter of urgency;
- An acceptable bench mark be prepared per function for the per capita expenditure and per capita staffing levels and thereafter, municipalities be encouraged to realign their budgets and staffing levels to the national average per function;
- Capacity building interventions to ensure that municipalities perform all their original functions and/or functions authorized/adjusted;
- Functions should be prioritized for capacity building intervention, and
- The continued existence of municipalities performing a negligible number of municipalities be reconsidered for re demarcation.

j. Municipal Viability

The matter of municipal viability was discussed by the Municipal Demarcation Board, and was also tabled at the meeting of the Board's Powers and Functions Committee held on 11 April 2003. All Provinces, DPLG, SALGA, DoH, DME, DoF, DWAF are members of the Committee, and membership is, when necessary also extended to include representatives from other institutions such as Eskom and some professional local government institutions. The Committee concurred with the view of the Board that the demarcation of municipal boundaries, and the division of municipal powers and functions, are but two factors that may impact on the viability of municipalities. There may be many more factors that may adversely affect a municipality's viability.

The Municipal Viability Report concluded that the demarcation process toward the 2000 Local Government elections was aimed at creating a spatial framework within which municipalities could be established for the provision of democratic and accountable government for the local communities. The capacity assessments and the division of powers and functions were and are but mechanisms to bring clarity as to what functions should be performed by which municipalities for improving the quality of life of the inhabitants of each municipal area. The report noted that demarcation and powers and functions can never be an end in itself, but merely create a framework for development to satisfying the needs of communities and to put measures in place to ensure viable jurisdictions.

Even if municipal services were rendered at a fairly acceptable level in a municipal area, it can not be said that such an area is viable in all respects. Certainly, the question of municipality viability is a thorny one and consequently difficult to define. Municipal boundaries and capacity cannot and should not be equated to municipal viability. While a municipality that has sufficient capacity should be viable, this is not always the case. A number of internal and external factors can easily affect municipal viability such as major retrenchments or the relocation of a key industry.

Some would argue that an economic base is the ultimate solution for creating viable municipalities. The validity of these arguments can not be disputed. However, the economic spatial configuration in South Africa makes this a near impossible task. Currently, the relatively efficient system of inter governmental financing results in some municipalities demonstrating "internal" viability without having any economic base.

It is important that a system of sectoral integration to enhance the viability of municipalities be established. The strategy should not only include the contributions of government institutions but also those from the private sector, community based organizations and non-government organizations.

Elected municipal councils should play a strategic role in facilitating this engagement, cooperation and integration with a view to enhance the viability of their areas of jurisdiction. This should go hand in hand with the priorities of each municipality, and its planning and implementation processes.

Subject to available funding the Board will continue to monitor the viability of municipalities, especially in relation to the re-demarcation of municipal boundaries referred to earlier in this report.

k. Investigations into Key Municipal Functions

In addition to the general capacity assessments of all municipalities, the Board also identified some key functions requiring special attention. Amidst capacity and financial constraints the Board attended to the fire fighting function during the financial year.

It was clear in all workshops and subsequent discussions held with provincial departments of local government that not only is the fire fighting a contentious issue between local and district municipalities, but there is much confusion with respect to the role each type of municipality plays in the performance of the fire fighting service.

The report prepared by the Board examined:

- The current legal framework for the fire fighting function and its relationship to the Municipal Structures Act
- Disaster management and ambulance services and the legal context for local government
- A comment on the pattern of the MECs adjustments for this function nationally
- The provincial department of local government's approach to the fire fighting services given the legal framework
- A case study of the Metro fire fighting services during the transition phase 1995-2000 examining the advantages and disadvantages of the system

A review of the approach taken by the provincial authorities in respect of the fire fighting function reflects four distinct alternatives –

- The full fire fighting function is allocated to the district municipalities as has been the approach of the Limpopo Province
- The full fire fighting function is allocated to the local municipalities as has been the approach of both the Mpumalanga Province and the Free State
- An allocation of responsibility to the district municipality and the local municipalities based on the pertinent legislative requirements of each (Section 84 of the Municipal Structures Act and Schedule 4 Part B respectively) as has been the approach of the Western Cape

- A combination of approaches based on availability of capacity where either the district municipality or the local municipality has the authority to render a full function or the legislative requirement is adhered to

It is evident that the theme running through the approach taken by the MEC for local government in each province is to ensure that there is capacity to render a fire fighting function across the province. Section 83(3) of the Municipal Structures Act sets the standard approach of the district municipality being responsible for infrastructure, capacity development and the equity of resource distribution while the local municipalities are responsible for the operation on the ground. This standard has been maintained in the manner in which the legislation has shared the fire fighting function between the district municipality and the local municipalities that make up the district's area of jurisdiction. It could be argued that the assumption built in to this division, however, is availability of capacity to render the aspect of the function as indicated. In the case of many district and local municipalities across the country, the lack of capacity means that an alternative approach is needed until such capacity can be developed. However, funding constraints are likely to result in a situation where capacity development is undertaken in such a way that the objective of rendering the service is achieved without reaching the optimal division of the responsibility for the function envisaged in the legislation.

What also appears to be pertinent is the complexity of implementing the shared responsibility for the fire fighting function. Not only in many areas will the function be rendered by the municipality for the first time but the division in the function requires the district and local to organize it in a manner which has historically not been done between these categories of municipalities. Municipalities will be required to undertake section 78 investigations and if necessary identify external service providers.

The district fire fighting function and the role for districts in the Disaster Management Act requires close consideration. Certainly, it would be appropriate to develop the capacity for both functions simultaneously.

Based on the findings in the report, the investigation undertaken by the MDB in the Western Cape and the Fire Fighting Workshop held at DPLG in October 2003, the report made the following recommendations for consideration by the relevant authorities:

- The wording of section 84(1)(j) will be reviewed with special reference to subsection (ii) which refers to chemical and specialist fires. This subsection appears to be the one which is causing the most difficulty between local and district municipalities. It was therefore recommended that at least subsection (ii) be removed.

- It was also recommended that the full fire fighting function be located at either the district or local government level. While in many instances section 78 investigations would resolve service delivery challenges, it is argued by practitioners that the service should not be a shared responsibility.

This report however does not make a firm recommendation as to whether the function should be a district or a local responsibility. Currently there is no agreement between provinces and/or indeed within certain provinces.

- All legislation which may have an impact on the fire fighting service should be reviewed to ensure it compliance with the Constitution, Municipal Structures and Municipal Systems Act. Certainly, an attempt should be made to remove any unnecessary ambiguity.
- In order to support the section 78 process, it was recommended that supporting documents/ a manual be prepared to assist municipalities.
- It would appear that at a sector level, there is a lack of understanding of legal requirements and matters. It was therefore recommended that training on legal matters pertaining to the Constitution, Municipal Structures Act, Municipal Systems Act and the relationship with sub ordinate legislation is considered. This should include the tracking and linking of legislation.
- It was also recommended that fire fighting, as a sole responsibility of local government, should be reconsidered. It would appear that, in many instances, municipalities lack the necessary resources and equipment for performing the function requiring more sustained support from national and provincial government.

Subject to the availability of funds, another key function, namely the performance of municipal roads function will be addressed during the next financial year. The performance of this function appears to be unclear especially since it is a concurrent function with national, provincial and local government.

I. Support to other Organs of State

i. Legislation

The Board has, over the years, in undertaking local government demarcation and capacity assessments, encountered a number of difficulties with respect to the current and proposed legislative frameworks impacting on local government. The difficulties around capacity assessments relate primarily to

inconsistencies in defining the powers and functions of municipalities and increasingly more complex provisions that must be met by municipalities in performing their functions. With regard to demarcation issues the relevant legislation needs to be streamlined to, amongst others, deal with the time consuming process to get a municipal boundary changed and to deal with the problems around cross boundary municipalities.

In an attempt to address the difficulties the Board recommended to the Minister of Provincial and Local Government that inconsistencies and problems around the following legislation be investigated:

- The National Health Bill, 2003;
- The Local Government: Municipal Structures Act No. 117 of 1998;
- The Constitution of the Republic of South Africa Act No. 108 of 1997
- Local Government: Cross-boundary Municipalities Act, 2000;
- The Local Government: Municipal Demarcation Act No 27 of 1998;
- The Fire Brigade Services Act No 99 of 1987;
- The Disaster Management Act No 57 of 2002;
- The Municipal Systems Act No 32 of 2000; and
- New legislation on environmental affairs.

ii. Kwa-Zulu/Natal Provincial Department of Traditional and Local Government Affairs

Prior to the finalisation of the adjustment to the MECs powers and functions in KwaZulu-Natal, the provincial department of local government had undertaken a fairly extensive consultation process with the district and local municipalities.

In addition, the Province appointed their own consultant to re verify the results contained in the MDB 2002 capacity assessment questionnaire. While there were some minor modifications, the majority were as a result of changes having occurred in the municipality itself.

The MDB assisted the province in finalising the recommended adjustments prior to publication on 1 July 2003.

iii. Support to the Western Cape on Fire Fighting

The Provincial Minister for Local Government in the Western Cape has opted not to make any adjustments for functions within the province for the 2003/2004 financial period. Consequently, the Category B and C municipalities were responsible for performing the functions as per the division contained in Section 84 of the Municipal Structures Act.

The Provincial Minister for Local Government, requested the Board in March 2003 to conduct a full investigation into the capacity of the municipalities in the Western Cape to perform the fire fighting function.

In line with the Minister's request, the MDB held a workshop in each of the district municipalities within the Western Cape. The objectives were to facilitate agreement between the municipalities within the district on:

- The definition for the fire fighting function
- The minimum service level required for aspects of the function
- Existing capacity at category B and C level, and
- Identification of service delivery options.

Thereafter, a comprehensive report was drafted for the province which included a detailed capacity assessment for the fire fighting function and an explanation on how to undertake a section 78 investigation for determining a service delivery mechanism.

The report was submitted to the Province in early September 2003.

iv. Support to DPLG – drafting of the provincial boundaries report

The Board was contracted by DPLG to draft a comprehensive report on cross-boundary municipalities. The report has been submitted to the Minister, but indications are that Government will only attend to this urgent matter after the 2004 national and provincial elections.

v. Definitions municipal functions and norms and standards

To enhance the review of the definitions of, and norms and standards for the performance of municipal functions, the Board submitted a report to the Minister in this regard in November 2003.

It is the Board firm view that clarity on these issues will enhance service delivery. Furthermore service delivery can also be enhanced by a prioritisation of municipal functions. The following may be a starting point in considering this matter:

Function	Function Priority
Water (Potable)	1
Municipal roads	1
Sanitation	1
Refuse removal, refuse dumps and solid waste disposal	1
Municipal Planning	1

Storm water	1
Cemeteries, funeral parlours and crematoria	1
Electricity reticulation	1
Municipal Health Services	1
Fire Fighting	1
Traffic and parking	1
Cleansing	2
Building regulations	2
Street lighting	2
Licensing and control of undertakings that sell food to the public	2
Street trading	2
Trading regulations	2
Control of public nuisance	2
Fencing and fences	2
Noise pollution	2
Pounds	2
Air pollution	2
Beaches and Amusement facilities	2
Municipal public transport	2
Pontoons and ferries	2
Local sport facilities	3
Municipal parks and recreation	3
Public places	3
Local tourism	3
Billboards and the display of advertisements in public places	3
Local amenities	3
Licensing of dogs	3
Municipal airport	3
Control of undertakings that sell liquor to the public	3
Child care facilities	3
Facilities for the accommodation, care and burial of animals	3
Markets	3
Municipal abattoirs	3

With regard to clarifying roles in service delivery clarity also needs to be given to role players the minimum level of service the public can expect. An example of submission to the Minister in this regard is contained below:

Minimum Level of Service – Air pollution

Minimum Level of Service	Municipal Requirement	MDB Assessment
<p>If performed internally:</p> <p>The municipality should have the ability to:</p> <ul style="list-style-type: none"> • Establish air quality standards for the municipality which are compliant with national and provincial legislation • Monitor the air quality within the municipality • Enforce air quality regulations <p>If performed externally:</p> <ul style="list-style-type: none"> • Perform the authority role linked to the air pollution function • Be able to undertake a section 78 investigation • Prepare a service level agreement which includes performance criteria • Ability to perform the function if the contractor fails to perform or terminates the contract 	<p>If performed internally then it should have:</p> <p>A department or sub section with:</p> <ul style="list-style-type: none"> • At least one qualified environmental health officer • Equipment and infrastructure necessary for checking air quality and database management • Budget allocation in the operating budget estimates <p>If performed externally:</p> <ul style="list-style-type: none"> • Contracts manager to prepare and monitor the service level agreement • Legal department to ensure legal compliance • Finance controls to ensure payment is against performance 	<p>MDB will assess if:</p> <ul style="list-style-type: none"> • The function is performed internally by the municipality or externally • The performance of the function is included in the municipality's IDP <p>If internally, determine whether:</p> <ul style="list-style-type: none"> • Post/s are identified in the municipality's organogram • It has sufficient staff to perform the function for the whole municipal area • It has a budget allocation for the air pollution control in the operating estimates • It has equipment and infrastructure for monitoring air quality control and other related aspects to the function. <p>If externally, determine whether:</p> <ul style="list-style-type: none"> • A service level agreement is in place with the external service provider • Mechanisms are in place to ensure contract performance • If relevant, an estimate is in the operating budget for financing the function

The Definitions and Norms and Standards report should be viewed as work to continue should steps at national level not be taken to create a legal framework in this regard.

vi. National Department of Health

As one of many projects to assist in creating a sound legal framework and a sound system of local government, comments have been submitted to the Department of Health and the Portfolio Committee to improve the National Health Bill.

On the 17 June 2003, a presentation was made to a meeting of Environmental Health practitioners organised by the National Department of Health. The main aspects covered were issues relating to the definition of municipal health services as contained in the National Health Bill, the current levels of performance of the environmental health functions, the implications of the assignment of functions and some suggestion for a way forward. Specifically, the following points were raised:

- the legal problems in relation to schedule 4B and schedule 5B functions and the definition for municipal health service as contained in the National Health Bill needed to be urgently resolved;
- Review the Minister's authorisations for municipal health function and the MECs' adjustments for the environmental functions as contained in the schedules to the Constitution
- Address the current under performance of environmental health by municipalities which include aspects such as poor funding allocations; staffing levels and the lack of equipment.
- The need to determine which of the Schedule 4 Part A and Schedule 5 Part A environmental health functions would be assigned to local government and the appropriate mechanism for doing so.
- The need for financial modeling in relation to extending and improving the delivery of environmental health services nationally.

m. Alignment of Service Delivery Boundaries

During the period under review, the Board continued to pursue the mandate given to it by Cabinet in 1998, to ensure that:

- All departments endeavour to align their functional/service-delivery boundaries with constitutional boundaries.
- Functional/service-delivery are finalised by departments in consultation with the Municipal Demarcation Board.

- Departments supply data for the establishment of an information technology system for demarcation purposes.
- All departments provide maps and information on their functional/service-delivery boundaries to the Municipal Demarcation Board.

The main focus during the period was on the alignment of the South African Police Service (Police Precinct and Area Boundaries) and Department Of Justice Boundaries (Magisterial District Boundaries).

The table below is a summary of progress at the end of the period under review, on various aspects of the project:

<p>Outline of proposed activities</p>	<ul style="list-style-type: none"> • <i>Research on existing arrangement of government service delivery</i> • <i>Identification of policy approaches in each Department defining how governance should be arranged.</i> • <i>Development of possible functional boundaries for service delivery.</i> • <i>Finalisation of service delivery boundaries</i> • <i>Workshops during and after the boundary process.</i> 	<ul style="list-style-type: none"> • <i>Completed</i> • <i>Ongoing</i> ▪ <i>Completed</i> ▪ <i>Completed/Ongoing</i>
<p>Verifiable indicators</p>	<ul style="list-style-type: none"> • <i>Availability of a comprehensive database to be compiled by the Demarcation Board. (The ability of some departments to provide data may be problematic but could be overcome by research assistance from the Board.)</i> • <i>Aligned and identifiable service delivery boundaries. This is verifiable through the</i> 	<ul style="list-style-type: none"> • <i>Achieved – but to be extended and refined</i> • <i>Achieved – verification to be finalised (web site)</i> • <i>Achieved – verification to be finalised</i>

	<p><i>publication of maps.</i></p> <ul style="list-style-type: none"> • <i>Improved co-operation between the three spheres of government. This can be verified through interviews with the different stakeholders.</i> • <i>Improved service delivery. This can be measured through comparative statistical analyses.</i> 	<ul style="list-style-type: none"> • <i>Achieved – verification to be finalised</i>
Tie-in with national policies	<ul style="list-style-type: none"> • <i>The Constitutional principles of co-operative government, the Constitutional provisions pertaining to service delivery, and the policies and legislation to give effect to the Constitution are enhanced by a project of this nature. Of particular relevance is the improvement of South Africa's health and criminal justice systems.</i> 	<ul style="list-style-type: none"> • <i>Achieved most notably through alignment of SAPS and Justice boundaries</i>

n. Improving the GIS, IT, Web-Site and Database

i. Improving the Geographical Information System (GIS)

The Boards' GIS system has matured significantly over the past two years and an entirely new system architecture was implemented during the period under review.

These include the following:

- Conversion from ESRI's ArcView software range to its new ArcGIS software range
- A seamless geographical database ('geodatabase') in Oracle with spatial and related attribute data being accessed through a 'spatial

- data engine' (SDE) – a much more stable and faster way of accessing large volumes of data such as spatial or geographical data
- An imagery server that includes Survey and Mappings' topographical map imagery series, as well as orthophoto and satellite imagery

The database is continuously updated with new spatial data sets.

ii. Information Technology Section

The primary aim of the IT section is to safeguard the integrity of the Board's IT infrastructure (i.e. sound networks, programs, data, services, devices and connections) and to ensure that it is consistently and reliably accessible to authorized personnel. The IT infrastructure at the Board serves to support and complement the objectives of the Board, and seeks to ensure that the Board's digital data is safe from potential hazards and risks of loss.

The infrastructure consists of 100 Mbit Ethernet network in a hybrid star topology. It consists of 3 servers, a firewall and approximately 22 thick clients.

iii. Website Revamp

The GIS cluster has, with input from Management, in the period under review commenced with the revamp and revitalization of the Board's website, to improve both content and look, to keep stakeholders interested and to give them an indication of updates on the website.

The website revamp exercise will continue in the new year, and will involve an extensive amount of skills transfer from consultants to permanent IT/GIS staff, and capacity building for the staff at the Board.

The items that must still be dealt with are as follows:

- The site will be converted from the current 3-frame layout to a two-frame layout. This will entail the reformat and redesign of all sections of the current website.
- There will be a consolidation of the global navigation links to fit in with the new design and facilitate a more pleasant user experience of the website.
- A site map will be added.
- Search drop downs is to be a permanent fixture in banner.
- The current search on our site facility will be enhanced to incorporate both an index server search as well as a database

driven search. The index server will also be tuned to exclude “junk” data.

- All existing database driven areas will be converted to ASP.NET, and will be redesigned to fit into the new design.
 - Boundary alignment
 - Gazettes
 - Municipal Contacts
 - Provincial Pages – MDB – Update info
 - New Municipal Names
 - Councilor Search
 - Election Results
 - Boundary Data
 - Capacity Assessments
- A new access database will be created of existing data, excluding irrelevant/duplicated data.
- This database will be normalized, updated with new tables added and tweaked to incorporate the new searches to be developed as part of work to be carried out on SA Explorer
- New census 2001 tables will be added to the access database.
- All other databases will be consolidated e.g. gazettes, section 21 etc.
- The completed access database will be converted to Oracle.
- All code on database driven sections of the site will be converted to use the new oracle database.
- The maps and demographics sections will be completely redone with the searches to be consolidated. The locational and institution searches will form the core of this section.
- Searches:
 - Locational (Munic Name/Code, Sub Place, Main Place, EA name, Province, District)
 - Institution
 - VS Name
 - STR Name
 - Farm Name
- The results page for this section will be the core data source for the MDB website.
- These results pages will be portals for municipal information and will resemble mini websites.
- They will give a user direct access to all the MDB’s digital products e.g.
 - SA Explorer Online
 - Documentation
 - Gazettes

- Proclamations (maps)
- Powers and functions
- Municipal Profiles
- Statistics (Census 96/2001)
- Budgets (2001/2002/2003/2004)
- Government Funding
- Projects
- Electoral Info
- Media
- Online Maps – SA Explorer
- Locational - (areas, farms, schools, institutions, medical, places of interest, tlc etc)
- Boundary data downloads
- Downloadable maps in various sizes
- Redeterminations
- Contact Info
- Ward Info
- Up and Down links to provincial and ward sections respectively
- Additional searches

- A full cleanup of the site folders will be undertaken to remove old unnecessary data.

o. The Norwegian Funded Project

i. Co-operation Programme: Phase II

Following the approval of the business plan for Phase 2 in December 2001, and a visit by officials from the Norwegian Mapping Authority in March 2003, a team from the Board's GIS Cluster visited the Norwegian Mapping Authority in August 2003 as part of knowledge exchanges between us and the Norwegians.

The Board's team consisted of the following delegates:

Mr. Nic Scheepers (Head: GIS)
 Me. Liz Mazibuko (GIS Analyst), and
 Me. Belinda Venter (Junior GIS Officer)

The workshops held in Norway consisted of mutual presentations, where relevant, discussions on relevant technology, initiatives and experiences that could be implemented in a South African context as well as physical visits and study tours to municipalities and agencies investigating the practical implications of significant projects.

Major Focus Areas of Co-operation

The following are the major areas where the Demarcation Board received valuable skills knowledge and experience from the NMA:

- Mapping techniques and spatial analysis
- Local government capacity building
- Information dissemination through various means of media (i.e. SA Explorer, Municipal Profiles, Web Site, etc.)
- Database design, implementation and management
- Remote sensing
- Standardisation
- Data collection
- Data Capturing
- Spatial data infrastructure (Norwegian programmes AREALIS and GEOVEKST)
- Environmental management at local government level

p. Communication with Stakeholders

i. Helpdesk and Map Distribution

The Board now has a fully functional helpdesk through which all map distribution is directed. The facility also handles numerous special requests from stakeholders and provides a daily information service on demarcation related issues to local government.

ii. SA Explorer

At the end of the period under review, the release of version 3 of the SA Explorer was being planned. This updated version most notably includes:

- The Version 2 release of the municipal boundaries,
- The service delivery boundaries according to the work coordinated by the MDB the past two years
- Updating the current version (2.x) to 3.X with fixed bugs etc.
- Data changes to the demographic information to indicate the Census 2001 data
- Updating of spatial data (addition of health facilities, update of place names etc)
- Updating the metadata section to reflect the changes to the data being provided.
- Revision of Help file and Tutorial

It is envisaged that an additional CD will be included with SA Explorer that will contain the formal maps of the MDB.

iii. Municipal Profiles

The Municipal Profiles have been updated with the 2001 Census information as well as the 2003/2004 budget information. All spatial related data have also been updated according to new information received.

q. Other Projects to Enhance the Functioning of the Administration

i. Update and Improvement of the Policies and Procedures

During the period under review, the Board's Policies and procedures were completely revamped, to make them more comprehensive, and clearer to both Staff and Board.

The policies and procedures continue to be improved at all times, but all improvements and amendments must be tabled before the Board for approval before they become official.

ii. Clarifying the Position of Staff working for the Board

During the period under review, the position of staff working for the Board, who since the inception of the Board in 1999, had been on contracts running concurrently with that of the Board, was changed.

All of the Board's staff, with the exception of the Manager, are now permanent employees. The Manager is on a terms contract, which may be renewed at the discretion of the Board.

iii. Addressing the Internal Capacity Requirements

During the period under review, there were marginal increases in the Board's staff. The GIS Cluster benefited the most from the marginal increases, the idea being to ensure that work that has over time be done by consultants, gets to be done internally.

The Board approved the marginal increases only after satisfying itself that the additional positions are justifiable, both in the short, medium, and long term.

iv. Addressing the Office Space Requirements

The need for additional office space for the Board became an issue of concern during the period 1 April 2003 to 31 March 2004, and various options, including the buying of own office building, were explored and considered.

In the end, mainly as a result of cost considerations, it was decided that the existing office space will be re-configured, to accommodate more persons. As a result, at the end of the period under review, the Board had approved plans to:

- Use up the existing boardroom to fit in additional workstations;
- Use part of the existing reception area for a smaller boardroom, that can seat up to eight persons;
- Re-design other areas of the Board's offices, to use space more efficiently.

The cost of the abovementioned work is minimal, and definitely far less than the other options that were considered to address the office space requirements.

v. Litigation against the Board

The long-running case brought against the Board by its former Manager, was settled during the period under review.

The former Manager admitted that she has been fairly dismissed by the Board in the year 2000, and withdrew with a full apology, all allegations that she had over the years made against the individual Board members, and against the Board as a whole.

The other former employee of the Board, its former Deputy Manager: Corporate Services, who had taken the Board to Labour Court following his retrenchment in the year 2001, has now issued fresh summons against the Board, in which he claims compensation for loss of income during the period 2001 – 2004.

vi. Compliance with PFMA and Treasury Regulations

During the period under review, we have continued to strive for full compliance with the provisions of the PFMA and Treasury Regulations.

One area in which we are still not in full compliance, due to the low numbers of our staff in the Finance Cluster, and the low volumes of our

transactions, is the implementation of Supply Chain Management System.

CHAPTER 5

OUTPUTS AND SERVICE – PERFORMANCE INDICATORS

The following table reflects the original outputs which were set by the Board for the 2003/04 financial year, together with the report of the achievements reached.

Outputs	Performance Indicators	Actual Performance
a. Efficient and Effective Administration		
<ul style="list-style-type: none"> Confirm and finalise position of staff at the Board <i>vis a vis</i> present Board's term coming to an end. 	<ul style="list-style-type: none"> Clarity from the Board as to how the position of staff, all on contract, will be handled when the term of the first Municipal Demarcation Board expires on 31 January 2004. 	<ul style="list-style-type: none"> The position of staff has now been clarified, to the effect that all staff working for the Board are now permanent employees of the Board, with the exception of the Manager, who is employed for a term that may be renewed.
<ul style="list-style-type: none"> Deal with and table consequential staff issues and interests e.g. membership of pension fund; appropriate insurance cover etc. 	<ul style="list-style-type: none"> Clarity from the Board as to whether the permanency of staff changes in any way the initial position of the Board, that it pays a full all-inclusive remuneration package, and that employees must ensure on their own that they contribute to a pension fund, have appropriate medical cover etc. 	<ul style="list-style-type: none"> The Board has clarified its position, to the effect that the permanency of staff does not change the initial arrangement. The Board continues to pay all-inclusive remuneration packages as before, and staff must make any further arrangements for pension fund, medical cover etc on their own.
<ul style="list-style-type: none"> Assess administrative capacity requirements and make necessary proposals to Board. 	<ul style="list-style-type: none"> All Cluster have a full complement of the staff that they need to perform their functions efficiently and effectively, but within budgetary constraints 	<ul style="list-style-type: none"> A full assessment of staffing requirements were made, and at the end of the period 1 April 2003 to 31 March 2004, processes were underway to fill available positions to enhance capacity, within budgetary constraints.
<ul style="list-style-type: none"> Assess office space requirements and make necessary 	<ul style="list-style-type: none"> The Board and its staff accommodated in an optimal manner 	<ul style="list-style-type: none"> Various options were explored during the year ending 31 March 2004, including the possibility of

<p>proposals to Board.</p>	<p>that will enable it to carry out its functions effectively and efficiently.</p>	<p>buying own office building.</p> <ul style="list-style-type: none"> • Ultimately, the Board settled on re-organising the existing office space to accommodate more persons. This has meant using up the Boardroom for office space, and setting up a smaller Boardroom.
<ul style="list-style-type: none"> • To update and improve the policies and procedures of the Board. 	<ul style="list-style-type: none"> • The initial version of the policies and procedures fully updated; • A process in place to ensure that all staff and board members can remain abreast of all amendments to policies and procedures. 	<ul style="list-style-type: none"> • A process was initiated to update and fully revamp the Board’s policies and procedures. These were tabled for perusal and approval by the Board; • Processes were put in place to regulate the further amendments and updating of policies and procedures, to ensure uniform understanding at Board and staff levels; • Processes were put in place to engage staff on the policies and procedures, how they are being updated, and amended provisions; • Staff engagements were still continuing at the end of the period under review.
<ul style="list-style-type: none"> • Address requirements for full compliance with PFMA provisions and Treasury Regulations. 	<ul style="list-style-type: none"> • Formulate and implement a PFMA Implementation Plan. 	<ul style="list-style-type: none"> • There was little progress with the formulation of the PFMA Implementation Plan, to drive a process that will ensure full compliance with the PFMA and Treasury Regulations. • The slow progress was as a result of lack of capacity in this regard – the fact that a CFO was still being appointed; • However, provisions of the PFMA have been fully incorporated in the revised policies and procedures.
<ul style="list-style-type: none"> • Update backlogs to ensure full compliance with PFMA and Treasury Regulations. 	<ul style="list-style-type: none"> • Implement a PFMA Implementation Plan 	<ul style="list-style-type: none"> • There was little progress with the formulation of the PFMA Implementation Plan, to drive a process that will ensure full compliance with the PFMA and Treasury Regulations. • The slow progress was as a result

		<p>of lack of capacity in this regard – the fact that a CFO was still being appointed;</p> <ul style="list-style-type: none"> • However, provisions of the PFMA have been fully incorporated in the revised policies and procedures.
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<p>b. Determination and re-determination of Municipal Boundaries in accordance with relevant legislation and policies</p>		
<ul style="list-style-type: none"> • Municipal Boundary re-determinations; 	<ul style="list-style-type: none"> • Ongoing work on requests for the re-determination of municipal boundaries gets done quite effectively; • All reports are duly prepared and tabled with the Board and Boundaries Committee, covering, amongst other things: <ul style="list-style-type: none"> - The status of existing DEM's and new applications received. 	<ul style="list-style-type: none"> • At the end of the period under review, a total of 128 cases were at various stages of the boundary re-determination process.
<ul style="list-style-type: none"> • Technical boundary re-determinations; 	<ul style="list-style-type: none"> • Ongoing work on requests for the re-determination of municipal boundaries gets done quite effectively; • All reports are duly prepared and tabled with the Board and Boundaries Committee, covering, amongst other things: <ul style="list-style-type: none"> - The technical DEM's. 	<ul style="list-style-type: none"> • At the end of the period under review, a total of 737 cases were at various stages of the technical boundary re-determination process.
<ul style="list-style-type: none"> • Review of provincial boundaries and cross-boundary municipal 	<ul style="list-style-type: none"> • Technical Report dully prepared and handed over to the relevant 	<ul style="list-style-type: none"> • During the period under review, the Board was contracted by the dplg to prepare a report for the

boundaries;	political authorities.	Department, with options on how provincial boundaries could be adjusted to dispose of all cross boundary municipalities; <ul style="list-style-type: none"> The Report was submitted to the dplg in July 2003;
<ul style="list-style-type: none"> Review of district management areas; 	<ul style="list-style-type: none"> Report on the future of DMA's prepared outlining the Board's policy position; Consultations with relevant stakeholders in this regard undertaken and completed. 	<ul style="list-style-type: none"> A study was completed on the future of DMA's, as part of the Board's policy review process; Consultations with stakeholders on the contents of the report were undertaken; The Board adopted a policy position on the future of DMA's; Only National Conservation Areas and Heritage sites to be kept as DMA's; The rest to be incorporated into local municipalities; Minister for Environmental Affairs and Forestry was at the end of the period under review, still to be consulted on the Board's policy position.
<ul style="list-style-type: none"> Prepare report on final boundaries for 2005 local elections, and submit to IEC to divide the national common voters roll into municipal segments; 	<ul style="list-style-type: none"> Report duly prepared and submitted to the IEC within the agreed upon timeframes. 	<ul style="list-style-type: none"> A report was duly prepared towards the end of the period under review, and submitted to the IEC; Engagements with the IEC have continued into the next financial year (2004/05) to deal with problem areas in the report and to proceed with the rest of the ward delimitation process.
c. Delimit each municipality that qualifies to have wards, into wards		
<ul style="list-style-type: none"> Preparations for ward delimitations; 	<ul style="list-style-type: none"> Processes and systems set up to prepare for the ward delimitation process. 	<ul style="list-style-type: none"> Circulars were issued to municipalities in May 2003 and February 2004, to enhance co-operation from municipalities in the ward delimitation process; A third circular was being envisaged in the next financial year.
<ul style="list-style-type: none"> Acquire additional 	<ul style="list-style-type: none"> Additional funding as 	<ul style="list-style-type: none"> Attempts to secure additional

<p>funding through MTEF process or alternative means for ward delimitation process;</p>	<p>required acquired from the national fiscus or from alternative sources</p>	<p>funding through the MTEF process have failed;</p> <ul style="list-style-type: none"> At the end of the period under review, a process was underway to engage dplg and other sources to assist with the additional funding that we require; Engagements in this regard with the parliamentary and NCOP committees on local government, were also envisaged in the next financial year.
<ul style="list-style-type: none"> Finalise approach to ward delimitation with IEC and other stakeholders; 	<ul style="list-style-type: none"> Set up systems to engage with IEC and other stakeholders constantly. 	<ul style="list-style-type: none"> Engagements between the Board, IEC and other stakeholders proceeded on a regular basis at a technical, executive and political levels during the period under review; A common approach to ward delimitation has been developed, and the approach has been placed under constant scrutiny as part of our engagements.
<ul style="list-style-type: none"> Re-vitalise technical meetings with IEC, DPLG and other stakeholders to iron out technical issues. 	<ul style="list-style-type: none"> Set up systems to engage with IEC and other stakeholders constantly. 	<ul style="list-style-type: none"> Engagements between the Board, IEC and other stakeholders proceeded on a regular basis at a technical, executive and political levels during the period under review; A common approach to ward delimitation has been developed, and the approach has been placed under constant scrutiny as part of our engagements.
<ul style="list-style-type: none"> draft and finalise joint programme and timeframes with IEC, DPLG and others for the delimitation process. 	<ul style="list-style-type: none"> Set up systems to engage with IEC and other stakeholders constantly. 	<ul style="list-style-type: none"> A joint programme and timeframes were finalized during the period under review. The programme and timeframes are being constantly reviewed in view of new developments and challenges.
<p>d. Categorisation of municipalities</p>		
<ul style="list-style-type: none"> Draft and finalise report on the 	<ul style="list-style-type: none"> Analytical report on the categorization drafted 	<ul style="list-style-type: none"> The Board investigated the need to demarcate further

<p>approach and rationale for categorization of more metropolitan areas.</p> <ul style="list-style-type: none"> • Table report with Minister for PLG and agree on framework and way forward. 	<p>and discussed with relevant stakeholders.</p> <ul style="list-style-type: none"> • Policy position of the Board on the matter outlined. 	<p>metros;</p> <ul style="list-style-type: none"> • Data was collected on 24 major conurbations in all provinces, including the six existing metros; • The report was circulated to all the major municipalities affected and to provinces for comment; • The Board's policy position on this issue was discussed with the Minister for PLG; • Letters were also written to the MEC's and SALGA, indicating that: <ul style="list-style-type: none"> – the investigation has been conducted; – the Board's view following the investigation is that no additional metros be declared at this stage; – Ask for their views.
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e. Division of functions and powers

<ul style="list-style-type: none"> • Prepare and finalise reports on: 		
<ul style="list-style-type: none"> - Definitions, Norms and standards. 	<ul style="list-style-type: none"> • Report on definitions, norms and standards prepared 	<ul style="list-style-type: none"> • A ground-breaking report on definitions, norms and standards was prepared during the period under review. • The report has remained open to inputs and comments, as a means of improving it as much as possible, and in view of the complexity of the matter; • Feedback received has been positive. • The report has been posted on the Board's website.
<ul style="list-style-type: none"> - District reports per province. 	<ul style="list-style-type: none"> • All nine DC reports prepared. 	<ul style="list-style-type: none"> • All districts reports in this regard were duly completed; • The reports have been posted on the Board's website.
<ul style="list-style-type: none"> - Review Board's 2002 recommendations to 	<ul style="list-style-type: none"> • Recommendations reviewed where 	<ul style="list-style-type: none"> • The recommendations were reviewed for 2003.

MEC's where necessary.	necessary.	
- Prepare advise to MEC's on the implementation of adjustments.	• Advise duly prepared.	• Advise to MEC's was done, and dispatched to them; • The MEC's consulted on the basis of our recommendations.
- Update the Board's municipal capacity data base for 2003.	• Database duly updated.	• The database was duly updated.
- Prepare the 2003 provincial and national powers and functions reports.	• Reports duly prepared.	• The reports were duly prepared.
f. Satisfactorily expend the Norwegian and Danish funding to the Board, in terms of the Business Plans.		
• Update of existing data and collection of new data.	• Data duly updated and new data duly collected.	<ul style="list-style-type: none"> • Working with Departments and through its own research initiative, the Board has been involved in a comprehensive data collection exercise including the following: <ul style="list-style-type: none"> – The existing functional service delivery boundaries – Infrastructure available for each function, and the physical location of these – Updated satellite and orthophoto imagery – An assessment of the needs to be satisfied. – An assessment of resources available. – Budgets and projects spending by the departments. – An assessment of existing resource alignment, and cooperation arrangements e.g. which police station works with which magistrate's court – An assessment of the possible realignment of resources. – An assessment of areas of possible co-operation to scale

		down duplication of resources and to effect savings.
<ul style="list-style-type: none"> • Capturing of historical data that is not currently digitally available, as well as information providing insight into the newly created municipalities. 	<ul style="list-style-type: none"> • Historical data captured as well as information providing insight into the newly created municipalities. 	
<ul style="list-style-type: none"> • Conversion to the Oracle database so that both the spatial and attribute data can be stored alongside each other in the same database, for much faster data retrieval and stability of the database. 	<ul style="list-style-type: none"> • Conversion to Oracle database duly completed. 	<ul style="list-style-type: none"> • A seamless geographical database ('geodatabase') in Oracle is now in place with spatial and related attribute data being accessed through a 'spatial data engine' (SDE) – a much more stable and faster way of accessing large volumes of data such as spatial or geographical data.
<ul style="list-style-type: none"> • ISO standardisation of GIS data and systems and the development of a quality assurance plan. 	<ul style="list-style-type: none"> • ISO Standardisation completed and quality assurance plan developed. 	
<ul style="list-style-type: none"> • Metadata documentation (i.e. dataset description). 	<ul style="list-style-type: none"> • Metadata duly documented. 	<ul style="list-style-type: none"> • Metadata has been fully documented
<ul style="list-style-type: none"> • SA Explorer CD update, implementation of on-line version and website enhancements. 	<ul style="list-style-type: none"> • SA Explorer updated ; • On-line version implemented ; • Website enhancements done. 	<ul style="list-style-type: none"> • The update of the SA Explorer was completed at the end of the financial year, and plans were underway to release the updated version 3, which will include: <ul style="list-style-type: none"> – The version 2 release of the municipal boundaries; – The service delivery boundaries according to the work coordinated by the MDB the past two years – Updating the current version (2.x) to 3.X with fixed bugs etc. – Data changes to the demographic information to indicate the Census 2001 data – Updating of spatial data

		<p>(addition of health facilities, update of place names etc)</p> <ul style="list-style-type: none"> - Updating the metadata section to reflect the changes to the data being provided. - Revision of Help file and Tutorial <ul style="list-style-type: none"> • Extensive revamp of the Board's website has been undertaken
<ul style="list-style-type: none"> • Information support programme to local government ; 	<ul style="list-style-type: none"> • Support provided as and when required. 	<ul style="list-style-type: none"> • We have through our helpdesk continued to handle numerous special requests from stakeholders and provided daily information service on demarcation related issues to local government
<ul style="list-style-type: none"> • Research, Workshops and visits to exchange knowledge, skills and experience. 	<ul style="list-style-type: none"> • As and when required. 	<ul style="list-style-type: none"> • During the period under review, a substantial amount of knowledge exchanges was undertaken between the Board and the Norwegian mapping Authority, on relevant technology, initiatives and experiences in both countries.
g. Alignment of service delivery boundaries and MDB, IEC, Statistics and other boundaries		
<ul style="list-style-type: none"> • Complete mapping of all departments' service delivery boundaries that have responded to the initial survey of 2002; 	<ul style="list-style-type: none"> • Mapping duly completed. 	
<ul style="list-style-type: none"> • Develop a database that will be linked to the re-determinations database to determine which service delivery boundaries are affected when a boundary re-determination occurs; 	<ul style="list-style-type: none"> • Database duly developed 	<ul style="list-style-type: none"> • A comprehensive database of well aligned administrative and functional boundaries has been developed, providing a source framework in referencing almost all other data in the country.
<ul style="list-style-type: none"> • Prioritise the facilitation of the alignment of the 	<ul style="list-style-type: none"> • Alignment of SAPS and Justice service delivery boundaries at an 	<ul style="list-style-type: none"> • The alignment of the SAPS and Justice boundaries was at a very advanced stage at the end of the

SAPS and Justice service delivery boundaries at provincial and national levels.	advanced stage.	period under review; <ul style="list-style-type: none">• The alignment is expected to be completed early in the new financial year.
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CHAPTER 6

THE STRATEGIC CONTEXT – 2004/05 to 2006/07

i. The Year 2004/05

The Strategic Focus for the Board during this year will be on the delimitation of wards for the 2005 local elections.

Planning for the ward delimitation process commenced in 2003/04. The Board has set up a Local Elections Technical Committee for liaison between the Board the IEC and DPLG, to manage the ward delimitation process. Participation by provinces, SALGA and other stakeholders is also provided for through the Board's Boundaries Committee.

In broad terms the Board's latest draft delimitation programme makes provision for 4 phases:

Phase 1: Planning (October 2003 to April 2004)

1. Programme planning in consultation with stakeholders such as the IEC, the DPLG, StatsSA, and the Provincial Departments of Local Government. This process already started in 2003 within the MDB Boundary Committee and the Local Elections Technical Committee.
2. The division of the national common voters roll into municipal segments which has been finalized by the IEC.
3. Publication of the formula for the number of councillors which is the responsibility of the Minister of Provincial and Local Government.
4. Determination of the number of councillors which is the responsibility of the MECs responsible for local government.

Phase 2: Consultation (April to December 2004)

1. Consultation with the public and other stakeholders, which includes a media campaign to invite proposals, meetings of the abovementioned committees, and other workshops with stakeholder.
2. Repetitive production of ward maps, to accommodate representations.
3. Public hearings.

Phase 3: Finalise objections and ward boundaries. (January to April 2005)

1. Gazette all ward maps in provincial gazettes for objections.
2. Consider objections.
3. Gazette final ward boundaries.

Phase 4: Electoral process (April to December 2005)

1. IEC to prepare for the local elections.

In addition to our main objective for 2004/2005, the Board will also attend to the following projects (subject to the availability of human and financial resources):

- 2004/2005 capacity assessments to determine the capacity of municipalities to perform their functions;
- A study on metropolitan municipalities;
- A study on the performance of the roads and transport functions;
- A study on the viability of municipalities, poor performing municipalities and the possible re-demarcation of non-viable municipalities.

A great deal depends on whether or not we will be able to secure the additional funding that we require. Failure to obtain the funds that we need will seriously compromise firstly the ward delimitation and secondly, the other projects as mentioned above.

ii. The Years 2005/06 and 2006/07

An important objective that we must pursue in the above years, in addition to objectives to fulfil our core mandate, will be to, with the assistance of the DPLG, intensify our engagements with the National Treasury, on the rationale behind the Board's funding requirements.

The Board has largely been unsuccessful in getting National Treasury to realize the need for them to allocate the additional funding that we have requested from year to year, with the result that the Board has consistently received far less than what we actually need to pursue our mandate even more effectively.

Such engagements must commence in 2004/05 already, but will need to be intensified in the following years.

CHAPTER 7

CONCLUSION

The Board has continued to consistently pursue its Constitutional mandate in terms of the Local Government: Municipal Demarcation Act (No 27) of 1998, and the Local Government: Municipal Structures Act (No 118) of 1998.

We are faced with a number of challenges with respect to administrative controls, full compliance with procurement legislation, and MTEF funding. Efforts to address the problems are being pursued vigorously in the new financial year.

There was a big drive to facilitate the process of boundary re-determinations, by providing opportunities to applicants and stakeholders an opportunity to reach consensus on various cases, and thus shorten the delimitation process.

A number of policy documents were prepared and reviewed, to shape the way forward on policy positions with respect to the various issues that must be addressed by the Board, in collaboration with other stakeholders.

The municipal capacity assessment that was carried out, together with the capacity assessments carried out in previous years, raised a number of issues with respect to the ability of certain municipalities to carry out their prescribed functions. At the end of the period under review, interactions were continuing between the Board and the Ministry and Department of Provincial and Local Government, on ways of addressing municipal capacity issue.

Interactions between the Board and the DPLG resulted in a number of studies and initiatives, being mooted and actioned.

The short term priority for the Board is to delimit wards for the 2005/06 local government elections.

The local elections technical committee, comprising officials from the Board, Independent Electoral Commission (IEC), National Department of Provincial and Local Government (DPLG) was strengthened. The Committee held regular meetings during the period under review, and an impressive amount of co-operation was forged.