



# MUNICIPAL DEMARCATION BOARD

## STRATEGIC PLAN

1 April 2009 – 31 March 2013

### TABLE OF CONTENTS

<b>FOREWORD BY THE CHAIRPERSON: MUNICIPAL DEMARCATION BOARD .....</b>	<b>2</b>
<b>INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER: MUNICIPAL DEMARCATION BOARD.....</b>	<b>4</b>
<b>CHAPTER 1: VISION, MISSION, VALUES, MANDATE, FUNCTIONS, STAKEHOLDERS &amp; REVIEW OF 2008/09 PERFORMANCES</b>	<b>5</b>
<b>CHAPTER 2: STRATEGIC THEMES AND KEY STRATEGIC DIRECTION: 1 APRIL 2009 – 31 MARCH 2013 .....</b>	<b>9</b>
<b>STRATEGIC THEME 1: DETERMINATION AND RE-DETERMINATION OF MUNICIPAL BOUNDARIES AND APPROPRIATE CATEGORISATION OF MUNICIPALITIES .....</b>	<b>10</b>
<b>STRATEGIC THEME 2: FACILITATE ACCOUNTABLE LOCAL GOVERNMENT, CONTRIBUTE TO FREE AND FAIR LOCAL ELECTIONS AND PROMOTE DEMOCRACY .....</b>	<b>13</b>
<b>STRATEGIC THEME 3: ASSESSMENT OF THE CAPACITY OF DISTRICT AND LOCAL MUNICIPALITIES IN ORDER TO ADVISE MEC's FOR LOCAL GOVERNMENT IN THEIR DECISION TO ADJUST POWERS &amp; FUNCTIONS BETWEEN DISTRICT AND LOCAL MUNICIPALITIES .....</b>	<b>16</b>
<b>STRATEGIC THEME 5: ENSURING GOOD GOVERNANCE.....</b>	<b>23</b>
<b>STRATEGIC THEME 6: ENSURING SOUND FINANCIAL MANAGEMENT .....</b>	<b>25</b>
<b>STRATEGY ON THE USE OF EXTERNAL SERVICE PROVIDERS .....</b>	<b>27</b>
<b>IMPLEMENTATION OF THE STRATEGIC PLAN .....</b>	<b>33</b>
<b>CHAPTER 3: CAPACITY OF THE BOARD.....</b>	<b>35</b>
<b>CONTACT DETAILS: MUNICIPAL DEMARCATION BOARD, South Africa.....</b>	<b>50</b>

## **FOREWORD BY THE CHAIRPERSON: MUNICIPAL DEMARCATION BOARD**

This Plan comes into operation at a significant time in the history of this institution – the Municipal Demarcation Board, given a number of important developments.

The third Municipal Demarcation Board came into office recently, on 20 February 2009, taking over from the second Board under whose guidance considerable progress was made in dealing with a number of projects, some of which are part of this Plan.

This Board comes into office just a few months before the April 2009 National and Provincial elections. In this regard the Board, at the end of August 2008, put on hold all municipal boundary re-determinations, and handed over boundaries to the Independent Electoral Commission (IEC) for them to commence with preparations for these elections.

The suspension of all municipal boundary re-determinations is also aimed at facilitating the process of preparing for the third democratic local government elections in 2011. As part of this process, our immediate priority as the Board is to, in the next financial year (2009/10), re-delimit wards for the 2011 local elections. Our Plan is to commence with this during April 2009. However this is subject to:

- the determination, by the Minister of Provincial and Local Government, of the formula for the number of councillors,
- the publication of the number of councillors by the MECs responsible for local government.

Our hope is that this will happen by the end of March 2009. Only after the 2011 local elections will the Board focus again on further refining municipal boundaries.

During the last financial year ended 31 March 2009 (2008/09), this Board has made good progress, in pursuance of its mandate.

The Board initiated a process, to consider some secondary cities for re-categorisation into metropolitan municipalities. We also initiated a new case where we proposed to re-determine the boundaries of Tshwane and Ekurhuleni metros, with a potential effect on the Metsweding District municipal area. Both of these processes were successfully and timeously concluded, and:

- As from the date of the next local elections in 2011 South Africa will have three additional metropolitan municipalities namely Mangaung in the Free State, Msunduzi in KwaZulu-Natal and Buffalo City in the Eastern Cape.
- Also as from the date of the next local elections in 2011, the District Municipality of Metsweding will cease to exist, and its area will form part of the Tshwane and Ekurhuleni metros.

The annual assessment of municipal capacity remains an important part of our annual activities, and in the last financial year, we once again successfully concluded this project. We are once again this year looking at formally launching the National Report on Municipal Capacity, which is one of the products of our municipal capacity assessments.

Due to limited financial resources for the current financial year (2009/10), the annual capacity assessments may have to be reviewed somewhat, and therefore the possibility of carrying out this project to the fullest extent this year is in doubt. We are however vigorously looking at various alternatives of dealing with this challenge.

The Board also concluded in the last financial year, the cleaning up of local government structures by the withdrawal of all declarations of all district management areas. One of the positives of this is that the full territory of the Republic will now be covered by local municipalities with effect from the date of the 2011 local elections.

The Board has also over years assisted Government Departments in aligning their service delivery boundaries with municipal boundaries, in line with a Cabinet Resolution. Though all departments were surveyed for possible support, the closest co-operation was with the Department of Justice & Constitutional Development and the SAPS over a period of several years.

Our tireless efforts will soon realize in the creation of new magisterial districts by the Department of Justice and Constitutional Development, and new SAPS boundaries.

Furthermore we initiated, in conjunction with the Department of Land Affairs, the Department of Water Affairs & Forestry and the Department of Provincial and Local Government, a process to create credible Traditional Authority boundaries. The project is at an advanced stage, and will be pursued in the new financial year.

As we begin this term of office, I look forward to working with my fellow Board Members and also with staff of the Municipal Demarcation Board. It is important that we maintain, and where possible improve, the high level of performance and outputs as this institution has done over many years. This Strategic Plan represents yet another important milestone in the Municipal Demarcation Board's history and its quest to fulfil its mandate in an impeccable and consistently professional manner. The MDB believes it will be able to achieve if it further strengthens relationships and co-operation with all the key stakeholders and partners.

**LANDIWE J MAHLANGU**  
**CHAIRPERSON**

## **INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER: MUNICIPAL DEMARCATION BOARD**

I am pleased to present the Strategic Plan for the MTEF period 1 April 2009 to 31 March 2013. Like the previous plans, this plan is a product of hard work, valuable input and participation in its development by staff and members of the Municipal Demarcation Board.

We have continued in this plan to build on the sound foundation laid in the 2006/2007 Plan, in which eight strategic themes were identified to deal with the MDB's legislative, functional and policy mandates. In this Plan, however, we have deliberately set out to make all of our objectives SMART – Specific, Measurable, Attainable, Realistic, and Timely.

In a similar manner to last year's plan, some important developments in the context of which this plan is set to achieve, makes it quite significant. Firstly, the term of the second Municipal Demarcation Board expired on 31 January 2009. This means that work programs as outlined in this plan, will be overseen by a new Board.

Secondly, the Board plans to commence with the ward delimitation process in April 2009, in preparation for the 2011 local government elections. In this regard we are currently facing a shortfall in our budget for the year 2009/2010.

Thirdly, the local government landscape is set to change quite significantly during this period, as a result of possible changes to provincial boundaries, which will have an impact on municipal boundaries.

It is with these developments in mind that this Plan will not only guide our planning and strategic and operational activities in broad terms, but also makes provision for detailed work plans, and estimated expenditure during the MTEF period 2009 to 2013. These work plans will, amongst other things, assist in the implementation of projects, and enhance the implementation of or balanced scorecard approach for the assessment of staff and institutional performance.

I wish to thank the second Municipal Demarcation Board for its guidance and leadership. Also, my sincerest appreciation to all the MDB staff for their active participation and assistance in developing this Plan. They need to take full ownership of this plan, for it is only in this way that the successful implementation of this Plan can be realised.

**Rapulana H Monare**  
**Chief Executive Officer**

# CHAPTER 1: VISION, MISSION, VALUES, MANDATE, FUNCTIONS, STAKEHOLDERS & REVIEW OF 2008/09 PERFORMANCE

## VISION

The Board's vision is to contribute to Constitutional democracy by creating functional and viable municipalities, and development through the spatial configuration of the boundaries of municipalities and municipal wards in the whole territory of the Republic of South Africa, and the identification and declaration of qualifying municipal areas into metropolitan municipalities, to assess the capacity of municipalities to perform their Constitutional functions with a view to making recommendations to MEC's responsible for local government to adjust powers and functions between district and local municipalities, and to give, within the scope of its mandate, advice and support to enhance the development of a sound system of local government.

## MISSION

The mission of the Board is to perform its functions and exercise its powers in such a manner 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.

## VALUES

Our core values are a key to achieving high performance levels and are based on Batho Pele Principles. We are striving to have an organisation at the Board that fosters the following ethos:

1. **Management Practices that:**
  - Promote and maintain high standards of professional ethics;

- Create opportunities for organisational and individual growth, and harness diversity to advance organisational effectiveness.
  - Encourage and promote accountability, i.e. taking full responsibility of all our actions;
2. **Dedication to:**
- Efficient, economic and effective use of all assets and resources;
  - Excellence in doing our work, and in providing service to all stakeholders;
  - Doing our work without fear, favour or prejudice;
  - Respect and Integrity in our relations with each other and with stakeholders.
3. **Behavioural Patterns and Practices that:**
- Set good examples and precedents for subordinates and fellow employees to follow;
  - Encourage fellow employees and subordinates to perform their duties to the maximum of their ability and to deliver acceptable objectives to the organisation;
  - Ensure the safety of all staff and that they be aware of any potential hazards and/or practices that could be harmful;
  - Encourage fellow employees and subordinates to act in a courteous, respectful manner at all times and to adhere to decent dress standards.
  - Maintain a positive corporate image, to behave in a positive manner and assist the public and stakeholders where possible.
  - Shun the negligent and deliberate misuse or damage by any employee or member of the Board, of Board property in his/her possession, care or custody, and the use of Board assets, intellectual property or the services of other employees for private use or gain.

## **MANDATE AND FUNCTIONS**

The mandate is the responsibility that has been given to the Municipal Demarcation Board by legislation and other directives. The Board's mandate derives from:

### **The Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996)**

- The Board is mandated in terms of section 155(3)(b) to determine municipal Boundaries independently.

### **Local Government: Municipal Demarcation Act, 1998 (Act No 27 of 1998)**

- Section 3 provides that the Board is a juristic person, is independent and must be impartial and must perform its function without fear, favour or prejudice.

- Section 4 provides that the Board must determine Municipal boundaries in accordance with this Act and other appropriate legislation enacted in terms of Chapter 7 of the Constitution, and must render an advisory service in respect of matters provided for in this act and other appropriate legislation.

#### **Local Government: Municipal Structures Act, 1998 (Act 108 of 1998)**

- The Board must delimit wards in compliance with Schedule 1 to the Act.
- In terms of section 85 the Board must consider the capacity of District and Local municipalities to perform their function and to exercise their powers, and provide advice to MEC's responsible for Local Government.
- Section 6 empowers the Board to declare District Management Areas, and to withdraw such declarations.

#### **Cabinet resolutions**

- In 1998 Cabinet resolved that departmental service delivery boundaries must be aligned to constitutional boundaries (National, Provincial and municipal boundaries) and should be finalised by departments in consultation with the Municipal Demarcation Board.

### **PRIMARY STAKEHOLDERS**

Primary stakeholders are those individuals, groups or institutions who are ultimately affected by the functions that we perform, and the manner in which we perform those functions. The Primary Stakeholders will therefore have an interest in our organisation, what the organisation does, and how the organisation carries out its functions.

Our primary stakeholders are:

- The people of South Africa
- National Sphere of Government
- Provincial Sphere of Government
- Local Sphere of Government
- Organised Local Government
- Houses of Traditional Leaders
- National Assembly
- National Council of Provinces
- Magistrates

- Board employees

## **REVIEW OF 2008/09 PERFORMANCE**

Performance during the 2008/09 financial year will be reported on in the Annual Report for the year ending 31 March 2009.

## **CHAPTER 2: STRATEGIC THEMES AND KEY STRATEGIC DIRECTION: 1 APRIL 2009 – 31 MARCH 2013**

To achieve the mission and vision of the organisation, to fulfil its mandate and perform its functions, the Municipal Demarcation Board has for this Strategic Plan identified strategic themes to focus and guide the organisation over the next five financial years. These Strategic Themes respond to the key areas that the organisation should continue to excel at, and those areas where the organisation needs to improve performance, and bring performance in such areas to expected levels, or even to exceed those expectations.

The Municipal Demarcation Board has also identified a set of strategic objectives within each theme, informed by the SWOT Analysis, which will be pursued in the short, medium, and long term with the MTEF periods from 2008-2012.

In order to implement the strategic plan, the organisation:

- embarked on a systematic strategic planning exercise and prioritised the initiatives in the plan;
- allocated available resources to implement the plan;
- identified the risks facing the organisation;
- developed operational plans and budgets; and
- developed a process for monitoring and measuring towards meeting these strategic goals.

Some of the key strengths identified in the organisation, which puts us in a good position to continue to excel in the strategic themes, were that:

- Our planning with respect to fulfilling our core mandates has over time improved substantially and is now in place;
- We have relative good information management systems in place;
- We have relative good infrastructure to do the work that we are required to do. However there is room for improvement which the budgetary allocation does not allow;
- Our staff are willing to go beyond the normal call of duty in pursuing the mandate of the Board;
- We have developed a good and unique relationship with municipalities and other stakeholders, in such a manner that we are able to access substantial internal and other information;
- We have a very effective and efficient website that is regularly updated.

This chapter deals with the strategic themes and direction of the Board for the upcoming MTEF period –2009/10, 2010/11 2011/2012 and 2012/2013. Further this chapter highlight issues of strategic significance. Central to this is planning to again contribute to free and fair local elections within sound boundaries. The Strategic Themes are further refined in internal work plans and timeframes for projects.

The intention is not to cover work plans and timeframes in this chapter, but rather to highlight issues of strategic significance. Central to this is planning to again contribute to free and fair local elections within sound boundaries. The Strategic Themes are further refined in internal work plans and timeframes for projects.

### **STRATEGIC THEME 1: DETERMINATION AND RE-DETERMINATION OF MUNICIPAL BOUNDARIES AND CATEGORISATION AND RE-CATEGORISATION OF MUNICIPALITIES**

The 2009 – 2013 Strategic Plan once again builds on the substantial progress that has been recorded since the Board's establishment in 1999. Following the major rationalisation of the number and boundaries of municipalities prior to the 2000 local elections, the process of reconfiguration and alignment of boundaries continues. In addition to the numerous municipal boundaries that have been re-determined over time, the Board also works closely with other organs of state dealing with boundary issues. In this regard the Board works on an ongoing basis with institutions such as the Provincial Departments of Local Government, IEC, StatsSA, CSIR, DPLG, Land Affairs and others. Assistance was also rendered to institutions such as the Department of Justice and the South African Police service to align the boundaries of magisterial districts and police areas to municipal boundaries. Close working relations are also maintained with DPLG, Land Affairs, Water Affairs and the Provincial Departments of Local Government in an endeavour to create a credible set of boundaries for traditional areas.

Changes to municipal boundaries is a continuous process and all stakeholders are involved in trying to ensure the creation of a spatial environment that would promote and enhance sound elections, planning, service delivery and development within municipal boundaries. In this regard the Board receives on an ongoing basis requests from various persons, traditional leaders, institutions and organs of state to change municipal boundaries.

The Demarcation Act, 1998, provides that the Board can take the initiative to change municipal boundaries, or that boundaries can be re-determined by the Board on the request of the Minister of Provincial and Local Government, the nine Provincial MEC's responsible for Local Government, or the affected municipalities. In order to enhance local consensus on any proposed boundary change the Board would, in general, not initiate changes to boundaries, and prefers that any proposed changes be negotiated locally with the involvement of all affected municipalities, communities and the provincial government. Once consensus has been reached the MEC and/or the affected municipalities can submit a request to the Board to re-determine the boundaries after which the Board will follow the necessary procedures as provided for in the Demarcation Act, 1998.

Changes to municipal boundaries also impact on national, provincial and local elections, as voting district boundaries are aligned to municipal boundaries by the IEC. Close cooperation exist between the Board and the IEC in this regard.

In order to allow for the determination of the boundaries of voting districts by the IEC for the 2009 national and provincial elections, and the delimitation of wards by the MDB for the 2011 local elections, the Board will discontinue changes to municipal boundaries during 2008, till after the local elections in 2011. However, all necessary preparatory work will be done during this period to, after the local elections, give effect to any changes that may be requested during the period 2008-2011.

**Key outputs per financial year**

OUTPUTS – MUNICIPAL BOUNDARIES	MILESTONES			
	2009/10	2010/11	2011/12	2012/13
Determination and re-determination of municipal boundaries, and categorisation and re-categorisation of Municipalities	<ul style="list-style-type: none"> <li>All section 22 requests for changes to municipal boundaries will be attended to with a view to give effect to such changes after the 2011 local elections.</li> </ul>	<ul style="list-style-type: none"> <li>All section 22 requests for changes to municipal boundaries will be attended to with a view to give effect to such changes after the 2011 local elections.</li> </ul>	<ul style="list-style-type: none"> <li>Proactive and Reactive process: Receive and record boundary requests in terms of section 22 of the Demarcation Act;</li> <li>Publish section 26 notice to invite public views and representation on each proposed re-determination;</li> <li>Publish section 21 notices to invite objections to re-determinations;</li> <li>Publish section 21(5) notices to confirm, vary or withdraw a re-determination.</li> </ul>	<ul style="list-style-type: none"> <li>Proactive and Reactive process: Receive and record boundary requests in terms of section 22 of the Demarcation Act;</li> <li>Publish section 26 notice to invite public views and representation on each proposed re-determination;</li> <li>Publish section 21 notices to invite objections to re-determinations;</li> <li>Publish section 21(5) notices to confirm, vary or withdraw a re-determination.</li> <li>Examine current and</li> </ul>

				potential metropolitan municipalities for any possibility of expanding the boundaries of existing metropolitan municipalities, or declaring new metropolitan municipalities.
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**Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
Receive and record boundary requests, allocate DEM number and open Board report	All requests recorded
Section 26 notice published in the printed media	Publish notice in newspapers in full compliance to the provisions of applicable legislation
Section 21 notice published in provincial Gazettes	Publish notices in gazettes in full compliance to the provisions of applicable legislation
Section 21(5) notice published in provincial Gazettes	Publish notices in gazettes in full compliance to the provisions of applicable legislation

**STRATEGIC THEME 2: FACILITATE ACCOUNTABLE LOCAL GOVERNMENT, CONTRIBUTE TO FREE AND FAIR LOCAL ELECTIONS AND PROMOTE DEMOCRACY**

**DELIMITATION OF WARDS**

By its delimitation of municipal wards, the Municipal Demarcation Board creates the spatial environment within which citizens/voters can exercise their basic rights, express themselves with respect to the councillors to be elected, and local matters such as service delivery, where they have freedom of movement, association and assembly with respect to local issues, and where they can demand participation without discrimination and intimidation. This does not exclude their right to hold their councillors accountable within the demarcated municipal boundaries and within the ward boundaries.

Ward delimitation must be done in terms of Local Government Municipal Structures Act, 1998, in preparation for the local government elections which are envisaged for March 2011. The process requires action by key stakeholders. In terms of the Structures Act, 1998, the Minister of Provincial and Local Government must publish a formula for the determination of the number of councillors. This is followed by the actual determination of the number of councillors by the MEC's responsible for local government, the determination of the number of wards by the MDB and then the delimitation of ward boundaries by the MDB.

The current system and processes for local elections is time consuming and costly, and the MDB has in the past submitted proposals for a more simple and cost effective system that will also enhance stability and service delivery at local level.

**Key outputs per financial year**

OBJECTIVE	MILESTONES/EXPECTED MEASURABLE OUTCOMES			
	2009/10	2010/11	2011/12	2012/13
De-limit wards for all municipalities that qualify to have wards, in consultation with all relevant stakeholders	This financial year will be marked by the delimitation of wards, and consultation with all stake holders on ward boundaries. The process will include: <ul style="list-style-type: none"> <li>• Formal consultation</li> </ul>	Ward delimitation will be finalised during this financial year. Activities will include: <ul style="list-style-type: none"> <li>• Publish Gazettes of ward boundaries for objections;</li> </ul>	No ward activities.	No ward activities.

	<p>between the Board, SALGA, the IEC and communities as required by the Structures Act;</p> <ul style="list-style-type: none"> <li>• Draft boundaries for the estimated 4000 wards;</li> <li>• Consult with the public regarding ward boundaries;</li> <li>• Publish Gazettes of ward boundaries for objections;</li> <li>• Establish delimitation committees to consider objections to ward boundaries;</li> <li>• Confirm final ward boundaries in Provincial Gazettes.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish delimitation committees to consider objections to ward boundaries;</li> <li>• Confirm final ward boundaries in Provincial Gazettes.</li> <li>• Submission of ward boundaries to the IEC;</li> <li>• Calling of the elections date (Minister);</li> <li>• The electoral process (IEC) and local elections.</li> </ul>		
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**Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
Formal consultation between the Board, SALGA, the IEC and communities as required by the Structures Act.	Consultation with IEC in terms of Schedule 1 to the Structures Act.
Draft boundaries for the estimated 4000 wards (Maps & publications).	Prepare maps for all wards de-limited.
Communication to ensure meaningful public participation.	Consider 100% inputs received from the public.
Gazettes published for all wards delimited	Published gazettes for 100% coverage of geographical area.

Establish delimitation committees to consider objections to ward boundaries.	Address 100% of objections received from the public regarding voting districts.
Provincial Gazettes published to confirm final ward boundaries.	Publish final ward boundaries by July 2010 prior to local elections.

**STRATEGIC THEME 3: ASSESSMENT OF THE CAPACITY OF DISTRICT AND LOCAL MUNICIPALITIES IN ORDER TO ADVISE MEC's FOR LOCAL GOVERNMENT IN THEIR DECISION TO ADJUST POWERS & FUNCTIONS BETWEEN DISTRICT AND LOCAL MUNICIPALITIES**

In terms of section 85(9) of the Municipal Structures Act, MEC's responsible for local government in a province must regularly review the capacity of a relevant municipality and reallocate a function or power to a municipality when that municipality acquires the capacity to perform its function or exercise its power. 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. Furthermore, section 85(4) requires that the Demarcation Board consider the capacity of a district or local municipality to perform the functions and exercise the powers vested in the municipality in terms of section 84(1) or (2) when determining or re-determining the boundaries of the district and the local municipality, or when so requested by the MEC for local government in the province concerned.

Since 2002, the annual capacity assessment project has been outsourced. Subject to the availability of funding it will again have to be outsourced in years to come.

**Key outputs per financial year**

OUTPUTS – CAPACITY ASSESSMENT	MILESTONES			
	2009/10	2010/11	2011/2012	2012/13
To provide quality annual assessment of Municipal Capacity and recommendations to MEC's responsible for local government regarding adjustment of powers and functions.	<ul style="list-style-type: none"> <li>Gathering of data for all district and local municipalities;</li> <li>Collected data fully analysed and ready for report writing by end October of each year;</li> <li>Issue 46 district reports including 231 local municipalities by December of each year.</li> </ul>	<ul style="list-style-type: none"> <li>Gathering of data for all district and local municipalities;</li> <li>Collected data fully analysed and ready for report writing by end October of each year;</li> <li>Issue 46 district reports including 231 local municipalities by December of each year.</li> </ul>	<ul style="list-style-type: none"> <li>Gathering of data for all district and local municipalities;</li> <li>Collected data fully analysed and ready for report writing by end October of each year;</li> <li>Issue 46 district reports including 231 local municipalities by December of each year.</li> </ul>	<ul style="list-style-type: none"> <li>Gathering of data for all district and local municipalities;</li> <li>Collected data fully analysed and ready for report writing by end October of each year;</li> <li>Issue 46 district reports including 231 local municipalities by December of each year.</li> </ul>

	<ul style="list-style-type: none"> <li>Issue nine provincial and one national report by end of March each year</li> </ul>	<ul style="list-style-type: none"> <li>Issue nine provincial and one national report by end of March each year</li> </ul>	<ul style="list-style-type: none"> <li>Issue nine provincial and one national report by end of March each year</li> </ul>	<ul style="list-style-type: none"> <li>Issue nine provincial and one national report by end of March each year</li> </ul>
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**Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
Gathering of data from all district and local municipalities.	100% of questionnaires should be distributed and completed in full.
Analysis of data collected.	Provide relevant, reliable and understandable data for report writing purposes.
Drafting and distribution of 46 district, 231 local municipality, nine provincial and one national report.	Issue 46 district reports including 231 local municipality reports by December of each year. Issue nine provincial and one national report by end March of each year.

## **STRATEGIC THEME 4: BOARD SUPPORTED BY AN EFFECTIVE AND EFFICIENT ORGANISATIONAL STRUCTURE**

Building the capacity of the Board's internal machinery is a priority for the Board. Previous Strategic Plans had a number of strategic objectives, aimed at building capability within the administrative arm of the Board, in order to improve performance. The Strategic Plan 2009 – 2013 must continue to pursue this strategic objective and find more innovative ways of facilitating the implementation of its objectives. The improvement of the Board's internal capacity continues to be adversely affected by budgetary constraints, 34% of the posts on the Board's staff establishment can not be filled due to an inadequate budget, and staff turnover was at its highest in 2007/2008.

The main capacity challenges to be addressed relate to:

- Organisational Development and Design;
- Operational Processes and Systems;
- Monitoring and Evaluation; and
- Resources Mobilisation and Policy Development.

The capability challenges relate to:

### **Staff:**

Every organisation needs highly skilled, well-led and experienced staff to achieve its strategic direction. Along with effective systems and support processes, the MDB relies on having the best people to meet the challenges of a continually changing environment. The MDB faces capability challenges such as retaining skilled staff, and increasing the proportion of staff with skills in the core Clusters. These and other capability issues will need to be addressed during the 2008/09 to ensure that the outcomes presented are achieved.

### **Processes:**

The MDB maintains a highly secure and reliable information systems infrastructure, and it has a wide variety of information management and technology solutions. The MDB is evaluating its internal systems, processes and policies, and it needs to ensure that the benefits from the process improvement are realised.

### **Relationships:**

To achieve its outcomes, the MDB needs the support of, and strong relationships with Government and its agencies, data providers, data users and the citizens. Currently, contact is maintained with key stakeholders through a variety of mechanisms ranging from informal networks to formal meetings of committees.

### **Maintaining long-term capability:**

In terms of maintaining long-term capability, the MDB will:

- further develop relationship-building with stakeholders;

- increase competencies and skills among serving employees which are relevant and appropriate to ensure operational efficiencies, and thus more effective ways of achieving the Board's mandate;
- building a culture of high performance in all employees, and provide training, mentoring and guidance to staff requiring such support;

There are continuing pressures to do more with less, potentially putting at risk the quality and timing of products and services. To meet these pressures, the MDB will increase organisational productivity and responsiveness to change, and in particular:

- streamline internal processes to improve operational efficiency, flexibility and work prioritisation
- encourage a focus on performance, personal development, learning and continuous improvement,
- gain better leverage from technological advances, and
- continue to develop and apply new methodologies for cost-effective processes.

The MDB will also develop capability in two important areas. Firstly, it will put in place, within its structures, processes and people that are capable, hard-working and responsive to its mandate. Secondly, it will strengthen leadership and management capabilities and develop a larger pool of successors.

This theme will be achieved through the implementation of the following strategic objectives:

- **Develop and nurture capability at all levels within the Board.**

This strategy will entail:

- Managerial Development through implementing a leadership and management training programme; the aim of this programme is not only to provide middle managers with cutting-edge competencies, but also to prepare them for the challenges for the Senior Management Services.
- Human Resources Development through conducting training needs analysis on job specific competence requirements, Facilitating the development of Personal Development Plans, as well as implementing a seminar series programme to entrench employee research skills and competencies.
- Working on HR Administrative Processes and Systems to improve turn around times for minutes and documents, and to improve information storage and accessibility. Electronic systems to modernise HR processes researched and developed.
- Using consultants at the Board in such a manner as to add value to the work of the Board and to grow a pool of professionals to provide service and advice, optimise our financial resources, empower the employees of the Board, and progressively scale down on professional fees in a predictable and logical manner.
- **Create an enabling environment at the Board that allow for the acquisition of competencies and skills among serving employees which are relevant and appropriate to ensure operational efficiencies, and thus more effective ways of achieving the Board's mandate.**

- **Build a culture of high performance in all employees, and provide training, mentoring and guidance to staff requiring such support;**
- **Accounting for Performance – Requires that all staff perform at a high level. Performance management links individual performance objectives to the goals of the organization which is the accountability framework. Effective performance management will incorporate benchmarking of expectations and encourage performance-based rewards.**

Cumulatively, we believe that the implementation of these strategies will lead to the development of capable employees, with increased levels of skills, competencies and professionalism, and also better staff retention.

### **Building Human Capacity**

Employees are the most valued asset of the organisation. Well-trained staff are essential for the sustainable production of quality products and services. This requires a strategy which will guide and systematise investment in human resources in order to transfer knowledge, broaden the skills base and raise staff motivation in the following ways:

- Recruitment and retention of employees, guided by an employment equity plan as well as the implementation of policies on staff rotation, career development and staff motivation;
- Development and implementation of a people development programme to enhance the qualifications, skills and competencies of staff;
- Quality and co-ordination of human development by ensuring compliance with the national skills development legislation and the workplace skills plan.

The strategy for developing human resources will focus in the medium term on achieving the following strategic objectives:-

- **Becoming an employer of choice** that attracts and retains valuable employees by ensuring that the organisation is respected for its products and services, competitive in its compensation packages, concerned with the welfare of its employees, and appreciated for its overall contribution to the development of the country. The Municipal Demarcation Board aims to achieve this through implementing a human resource strategy that focuses on competency-based career planning, aligning organisational and individual goals, and rewarding excellent performance.
- **Achieving equity and diversity in the workplace** by promoting equal opportunities and fair treatment of all employees, and implementing the Employment Equity Plan and Affirmative Action policy and programme, which include career advancement initiatives and the creation of a diverse workforce. The success of this objective will be measured against achieving and maintaining the set equity targets.
- **Creating a learning organisation** calls on the organisation to ensure that it develops its people and continually learns from its experiences in the quest for excellence.

The Municipal Demarcation Board aims to develop the necessary skills and expertise to effectively produce and deliver excellent service. An annual programme for training ensures the development of staff, based on the competencies required. This enables a career development system for all employees, which promote retention of critical skills.

The essence of a learning organisation is its ability to harness and optimise its experiences and lessons. A knowledge management system facilitates this objective.

- **Creating an enabling corporate culture and environment** where all people want to be involved in decisions that affect them, take pride in themselves, their jobs, one another and their place of work, and want to share in the success of their efforts.

**Key outputs per financial year**

OUTPUTS – EFFECTIVE AND EFFICIENT ORGANISATIONAL STRUCTURE	MILESTONES			
	2009/10	2010/11	2011/12	2012/13
Board supported by an effective and efficient organisational structure	<ul style="list-style-type: none"> <li>• Develop and maintain individual performance contracts that supports strategic objectives;</li> <li>• Develop an Internship programme to mitigate risks associated with staff turnover;</li> <li>• Develop an employee satisfaction measure and set satisfaction levels;</li> <li>• Continuous training of staff;</li> <li>• Recruit candidates that support employment equity.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor individual performance contracts that supports strategic objectives;</li> <li>• Maintain an Internship programme to mitigate risks associated with staff turnover;</li> <li>• Maintain acceptable employee satisfaction levels;</li> <li>• Continuous training of staff;</li> <li>• Recruit candidates that support employment equity.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor individual performance contracts that supports strategic objectives;</li> <li>• Maintain an Internship programme to mitigate risks associated with staff turnover;</li> <li>• Maintain acceptable employee satisfaction levels;</li> <li>• Continuous training of staff;</li> <li>• Recruit candidates that support employment equity.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor individual performance contracts that supports strategic objectives;</li> <li>• Maintain an Internship programme to mitigate risks associated with staff turnover;</li> <li>• Maintain acceptable employee satisfaction levels;</li> <li>• Continuous training of staff;</li> <li>• Recruit candidates that support employment equity.</li> </ul>

### **Measurable objectives and expected outcomes**

<b>Measurable Objective</b>	<b>Target</b>
Develop individual performance contracts that support strategic objective.	All performance contracts in line with the strategic objectives
Develop and approve an Internship programme.	Two interns per year subject to affordability
Employee satisfaction measure developed, approved and implemented.	Carry out employee satisfaction surveys and meet target level of employee satisfaction
Continuous training to ensure personal development plans are implemented.	Achieve training spend as a percentage of total employee benefit costs
Workforce composition: Gender equity ratio and affirmative action	Minimum of 45%

## **STRATEGIC THEME 5: ENSURING GOOD GOVERNANCE**

The Municipal Demarcation Board endeavours to ensure that good governance arrangements are in place throughout the organization, to support the Board processes effectively and comply with legislation. Good governance arrangements already exist at the Board. It is however important that there is constant examination and review of these arrangements, to ensure that an appropriate set of checks and balances on the stewards of the organization, is maintained at all times.

We still need to improve steadily in the development and maintenance of administrative systems and processes. Furthermore, budgetary management must continue to improve to come to an acceptable standard, and need to maximise the operations of our integrated accounting and procurement systems

The following are the strategic objectives for this theme:

- **Complying with legal frameworks:** As a constitutional institution funded from appropriations by Parliament, the Board is compelled to comply with various legal frameworks such as the Public Finance Management Act, the Municipal Demarcation Act and others. We have developed policies and procedures to guide our compliance. We have also carried out a risk assessment, and have developed the risk management strategy. The strategy is being implemented to ensure that the organisation focuses on those areas of risk that have a high probability of affecting the performance of the organisation.
- **Improving the efficiency and effectiveness of administrative processes and systems** by enhancing capacity in the relevant areas, implementing policies, procedures and best practice, and redesigning processes to meet user requirements. The ultimate aim is to improve the lead times of key processes.
- **Improving the quality and usage of management information** is key to ensure sound management, decision-making and good governance. A central initiative in achieving this objective is to implement the Board's in-house management information system (Intranet) to provide relevant and regular updated management information.
- **Planning and executing activities within budget** is a key requirement to ensure that the Board provides cost-efficient products and services. The Board will seek to acquire a procurement management system, to assist the organisation to monitor the procurement and execution of activities against plans and budgets.
- **Managing risks effectively** is a managerial responsibility. The internal control component will play an important role in assisting management in mitigating risks through the implementation of the risk management strategy. Management carried out risk assessment which forms part and complements the strategic plan. The strategic risks identified at the annual risk assessment and the SWOT analysis are attached herewith.
- **Effective leadership, management and decision-making** are required to ensure that the Board continues to excel in areas where we are performing well, and to improve significantly in areas where we are still lacking. The Board aims to create and develop a cadre of

organisational leaders and managers that will guide the organisation to effectively manage performance, and to ensure that we capitalize on our strengths, minimize or address our weaknesses, take advantage of our opportunities, and manage our threats effectively.

**Key outputs per financial year**

OUTPUTS – GOOD GOVERNANCE	MILESTONES			
	2009/10	2010/11	2011/12	2012/13
To ensure good Corporate Governance	<ul style="list-style-type: none"> <li>External auditing;</li> <li>Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal Audit methodology;</li> <li>Formulate and review policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>External auditing;</li> <li>Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal Audit methodology;</li> <li>Formulate and review policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>External auditing;</li> <li>Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal Audit methodology;</li> <li>Formulate and review policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>External auditing;</li> <li>Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal Audit methodology;</li> <li>Formulate and review policies and procedures.</li> </ul>

**Measurable objectives and expected outcomes**

Measurable Objective	Target
External Audit: Audit opinion by the Auditor General	Attain an unqualified audit opinion each year
Policies and procedures address current needs such as risks, internal controls etc.	All policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e AG, internal audit, new legislation, etc.
Effective risk management	Perform risk assessment annually and implement action plans accordingly

## **STRATEGIC THEME 6: ENSURING SOUND FINANCIAL MANAGEMENT**

Doing more with less is one of the major challenges facing the public sector today. Budgetary pressures are compounded by increasing costs, rising expectations and legislative mandates. Eventually, organisations have to decide how to provide the right services with the appropriate resources, while attaining strategic objectives and managing performance. The Board is no different from any other public sector entities in that it is also facing the challenge of limited resources in the coming medium term expenditure period.

This theme addresses effective financial management of allocated resources to ensure that it achieves its legislative mandate. In this regard, the sound financial management is informed by four principles, detailed as below:

- **Manage resources to accomplish strategic goals** – To assure that program priorities are achieved within provided funding levels, systems must be in place, that provide management with timely insight into trends and financial results. Therefore, management monitors budget execution, including monitoring projects, tasks, program accomplishments, and the overall financial health of its operations to ensure that plans and priorities are achieved.
- **Effectiveness of financial planning** – Financial planning encompasses, budget preparation for the medium term informed by the work programs of the various clusters at the Board. Budgets are formulated with programmatic insight, resulting in justifiable requests for resources to satisfy mission needs.
- **Ensure adherence to laws, regulations and contractual obligations** – The Board has the responsibility to ensure that all applicable laws and regulations are carried out to make certain that there is responsible use of taxpayer money and the protection of the Board's assets against fraud, waste, abuse and mismanagement. The primary laws which the Board should adhere in respect to financial management are the Public Finances Management Act, the Preferential Procurement Policy Framework Act and the Treasury Regulations issued in terms of PFMA. The target is to achieve an unqualified audit opinion as expressed by the Auditor General on an annual basis.
- **Ensure effective and efficient use of resources** – Management takes responsibility to ensure that scarce resources are being utilized economically and efficiently. Oversight efforts and analyses focus on the high impact areas. In this regard, regular cost control measures have been put in place to monitor adherence to budget allocations for each program.
- **Accurate and relevant financial reporting.** Financial reporting entails external reporting as required in terms the PFMA and internal reporting for various governance structures, i.e. Audit Committee, Exco and the Board. Financial information is essential to planning, real time decision making and assessing program performance. This information is presented in a useful format that addresses the needs of those structures.

**Key outputs per financial year**

OUTPUTS – SOUND FINANCIAL MANAGEMENT	MILESTONES			
	2009/10	2010/11	2011/12	2012/13
To ensure sound financial management of the entity	<ul style="list-style-type: none"> <li>• Effective management of working capital;</li> <li>• Prepare short and long term budgets;</li> <li>• Control costs consistently.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective management of working capital;</li> <li>• Prepare short and long term budgets;</li> <li>• Control costs consistently.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective management of working capital;</li> <li>• Prepare short and long term budgets;</li> <li>• Control costs consistently.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective management of working capital;</li> <li>• Prepare short and long term budgets;</li> <li>• Control costs consistently.</li> </ul>

**Measurable objectives and expected outcomes**

Measurable Objective	Target
Effective management of working capital	Current ratio: 2:1, Quick ratio: 1:1
Cost control	Actual expenditure to grants received : 95% to 105%
Sourcing adequate funds	Planned expenditure to budgeted income 95% to 105%

## **FRAMEWORK FOR REPORTING PERFORMANCE INFORMATION**

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
Assessment of District and Local municipalities in order to advise MEC's for Local Government to adjust powers and functions	Municipal Capacity Assessment : To provide quality annual assessments of Municipal Capacity and Recommendations to MECs responsible for local government regarding adjustment of powers and functions		Compile and issue 46 District municipality and 231 local municipalities by December of each year. Compile and issue 9 provincial and 1 National report by March of each year.	Compile and issue 46 District municipality and 231 local municipalities by December of each year. Compile and issue 9 provincial and 1 National report by March of each year.	Compile and issue 46 District municipality and 231 local municipalities by December of each year. Compile and issue 9 provincial and 1 National report by March of each year.	Compile and issue 46 District municipality and 231 local municipalities by December of each year. Compile and issue 9 provincial and 1 National report by March of each year.
	Gathering of data from all district and local municipalities	Number of questionnaires distributed and completed.	100% of questionnaires should be distributed and completed in full.	100% of questionnaires should be distributed and completed in full.	100% of questionnaires should be distributed and completed in full.	100% of questionnaires should be distributed and completed in full.
	Analysis of data collected	Collected data fully analysed and ready for report writing by end October of each year	Provide relevant, reliable and understandable data for report writing purposes.	Provide relevant, reliable and understandable data for report writing purposes.	Provide relevant, reliable and understandable data for report writing purposes.	Provide relevant, reliable and understandable data for report writing purposes.
	Drafting and distribution of 46 district, 231 local municipality, 9 provincial reports and 1 National report	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year	Issue 46 district reports including 231 local municipalities by December of each year. Issue provincial and 1 national reports by end March of each year

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
						year
<b>Facilitate accountable government, contribute to free and fair local elections and promote democracy</b>	<b>De-limit wards for all municipalities that qualify to have wards, in consultation with all relevant stakeholders</b>		<b>Delimit all municipalities in the countries that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to IEC</b>	<b>Delimit all municipalities in the countries that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to IEC</b>	<b>Delimit all municipalities in the countries that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to IEC</b>	<b>Delimit all municipalities in the countries that qualify to have wards in terms of the Municipal Structures Act and hand over ward boundaries to IEC</b>
	Formal consultation between the Board, SALGA, communities and the IEC as required by the Municipal Structures Act	Consultation has occurred	Consultation with IEC in terms of the Schedule 1 to the Structures Act	Consultation with IEC in terms of the Schedule 1 to the Structures Act	n/a	n/a
	Draft boundaries for the estimated 4000 wards	Number of maps for all wards delimited by the deadline date	Maps for all wards de-limited	Maps for all wards de-limited	n/a	n/a
	Consult with the public regarding ward boundaries	Number of provinces consulted regarding ward boundaries	Inputs received from the public	Inputs received from the public	n/a	n/a
	Publish Gazettes of ward boundaries for objections	All publishing of all wards delimited	100% coverage of geographical area	100% coverage of geographical area	n/a	n/a
	Establish delimitation committees to consider objections to ward boundaries	Adequacy of responses and actions taken by the Board	Address 100% of objections received from the public	Address 100% of objections received from the public	n/a	n/a

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
			regarding voting districts	regarding voting districts		
	Confirm final ward boundaries in Provincial gazettes	Confirmation gazetted	Publish final ward boundaries by July 2010 prior to local elections	Publish final ward boundaries by July 2010 prior to local elections	n/a	n/a
<b>Determination and re-determination of municipal boundaries and appropriate categorisation of municipalities</b>		<b>Percentage of requests for changes to boundaries finalised or actioned</b>	<b>Process 100% of request for boundary changes.</b>	<b>Process 100% of request for boundary changes.</b>	<b>Process 100% of request for boundary changes.</b>	<b>Process 100% of request for boundary changes.</b>
	Reactive process: Receive and record boundary requests in terms of Section 22 of the Demarcation Act	DEM number allocated and Board report opened	n/a	n/a	All requests recorded	All requests recorded
	Publish Sec 26 Notice to invite public views and representations on each proposed re-determination	Media advertisements published	n/a	n/a	Publish notice in newspapers in full compliance to the provisions of applicable legislation.	Publish notice in newspapers in full compliance to the provisions of applicable legislation.
	Publish Sec 21 Notices to invite objections to re-determinations	Provincial gazettes published	n/a	n/a	Publish gazettes in full compliance to the provisions of applicable legislation.	Publish gazettes in full compliance to the provisions of applicable legislation.
	Publish Sec 21(5) Notices to confirm, vary or withdraw a re-determination	Provincial gazettes published	n/a	n/a	Publish gazettes in full compliance to the provisions of applicable legislation.	Publish gazettes in full compliance to the provisions of applicable legislation.

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
						legislation.
<b>Board supported by an effective and efficient organisational structure</b>						
	Continuous training of staff	Percentage of training costs to total employee cost	3.5% of total employee benefits	3.5% of total employee benefits	3.5% of total employee benefits	3.5% of total employee benefits
	Recruit candidates that support employment equity	Workforce composition: Gender equity ratio & affirmative action	Minimum 45%	Minimum 45%	Minimum 45%	Minimum 45%
<b>To ensure good corporate governance</b>						
	External auditing	Audit opinion by the Auditor General	Attain an Unqualified audit opinion each year, without matters of emphasis	Attain an Unqualified audit opinion each year, without matters of emphasis	Attain an Unqualified audit opinion each year, without matters of emphasis	Attain an Unqualified audit opinion each year, without matters of emphasis
	Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal audit methodology	Audit opinion by the Auditor General,	Full compliance with Treasury Regulations.	Full compliance with Treasury Regulations.	Full compliance with Treasury Regulations.	Full compliance with Treasury Regulations.
	Improve effectiveness of the internal audit function, by ensuring full compliance to Treasury Regulations regarding Internal audit methodology	Internal audit activity	Carry out the following audits in terms of the audit plan: Municipal boundaries audit; IT Governance; Budget and reporting process review; Follow up	Carry out the following audits in terms of the audit plan: Supply chain management; Human resource planning and strategy; Strategic performance	Carry out the following audits in terms of the audit plan: Performance information audit; Financial Discipline review and Corporate	Carry out the following audits in terms of the audit plan: Municipal boundaries audit; IT Governance; Budget and reporting

Strategic objectives	Output/Activities	Key performance indicator	Target			
			2009/10	2010/11	2011/12	2012/13
			audits	audit; Follow-up audits	governance Review	process review; Follow up audits
	Formulate and review policies and procedures	Policies and procedures address current needs such as risks, internal controls etc.	Policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e. AG, internal audit, new legislation etc.	Policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e. AG, internal audit, new legislation etc.	Policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e. AG, internal audit, new legislation etc.	Policies are reviewed, recommendations implemented for new policies in terms of systems of controls i.e. AG, internal audit, new legislation etc.
<b>To ensure sound financial management of the entity</b>						
	Effective management of working capital	Current ratio	Current ratio: 2:1, Quick ratio: 1:1			
	Prepare short and long term budgets	Budgeted expenditure to Budgeted income	95% or 105%	95% or 105%	95% or 105%	95% or 105%
	Control costs consistently	Actual expenditure to Grants received	95% or 105%	95% or 105%	95% or 105%	95% or 105%

## **STRATEGY ON THE USE OF EXTERNAL SERVICE PROVIDERS**

The use of external service providers at the Board is underpinned by a number of clear principles, and these principles will continue to inform our engagement of external service providers over this planning period:

a. Use external service providers to optimise our financial resources

Service Providers at the Board are employed over short periods of time, only when they are needed. This means that we do not carry any additional staff that are not fully utilised at any point in time.

b. Expenditure on external service providers that is progressively predictable, and that follows a logical pattern

Expenditure on service providers will stabilise from year to year, only increasing sharply when another round of ward delimitation process comes again in 2009/10, or the Board is required to carry out work that was not initially provided for in our MTEF allocations.

The Board maintains that expenditure on service providers cannot be completely eliminated, because:

- There can never be enough employees at the Board to do all of its work internally, especially with respect to annual projects such as municipal capacity assessments;
- There will always be annual inflationary increases in the fees paid to consultants

c. Use external service providers to add value to the work of the Board and to grow a pool of professionals to provide service and advice

The Board will continue to employ Black and Female service providers, who actually add value to its work. This means that:

- Qualified and experienced black and female service providers will be employed in their individual capacities;
- Young and emerging consultants will be employed to work with the more experienced service providers, thus affording them the opportunity to gain the valuable experience and skills, and to break into the field of consulting;
- A pool of new black and female service providers will grow, to provide the service and advise that is needed in a cost-effective manner.

d. Use external service providers to empower the employees of the Board

Employees at the Board will continue to be fully involved in the work that service providers do for the Board, to ensure that:

- Employees gain the necessary expertise where it is lacking;
- Employees are in a position to do the work internally, should capacity allow us to do so;
- Professional fees can be scaled down over the MTEF period, as some aspects of the work that were previously done by service providers, are done internally.

## **IMPLEMENTATION OF THE STRATEGIC PLAN**

### **a) Implementing and Managing the Work Programme going Forward**

In order to ensure that the Board achieves its vision and mission, and that it continues to fulfil its mandate, the organisation is implementing and managing its work programme on an ongoing basis. Depending on priorities and the available resources workplans are reviewed whenever necessary.

### **b) Monitoring and Reporting**

In order to ensure compliance with the relevant legislation, the organisation has put measures in place to monitor and report on its progress and overall performance.

- i) Annual reporting: An annual report is compiled and tabled in Parliament on the overall performance of the organisation in terms of the annual targets outlined in the strategic plan.
- ii) Quarterly reporting: Reports are compiled and submitted to DPLG, outlining progress made against quarterly targets as outlined in the strategic plan.

### **c) Monitoring and Evaluation**

The Municipal Demarcation Board has adapted the perspectives of the balanced scorecard to suit its own requirements. The Strategic Themes and Strategic Objectives are key in measuring performance of staff. Organisational performance is monitored and evaluated in terms of key targets and timeframes provided for in project work plans.

The Balanced Scorecard approach enables the organisation to:

- Effectively measure the implementation and performance;
- Ensure long term sustainable growth and development;
- Understand, predict and improve performance in key focus areas;
- Build a culture of continuous improvement through managing and measuring behaviours that drive the targeted organisational results.

The four perspectives of the Board's Balanced Scorecard are:

- **External Stakeholders:** From this perspective, the organisation looks at what it needs to deliver to its stakeholders;
- **Fulfilling the Mandate:** From this perspective, the Board has identified the focus areas in the value chain of the process of fulfilling the mandate, on which it should place emphasis;
- **Governance:** From this perspective, the critical governance or non-core business functions are measured;
- **Investment in the Future:** From this perspective, the investment that the organisation is making in its people to ensure success and growth is measured.

## CHAPTER 3: CAPACITY OF THE BOARD

In order to deal with its strategic themes to the best of its ability, the Board needs to have at an optimal level, the necessary human resources, financial resources, and infrastructure. It is therefore important that the gap between the optimised allocation and integration of the inputs, and the current level of allocation, be analysed, and an approach to managing the gap, if not to close it, be investigated.

An analysis of '*where we are now?*' and '*where do we want to be?*' must therefore be done on a regular basis, with respect to the three inputs of human resources, financial resources, and infrastructure.

### **HUMAN RESOURCE CAPACITY TO GIVE EFFECT TO THE BOARD'S MANDATE**

The Board has human resources at two levels, and these may be used to varying degrees to give effect to the Board's mandate:

#### **a. Board Members**

The Board comprises a full time Chairperson, a part time Deputy Chairperson, and eight part time members.

Obviously, the Chairperson is the only board member who would be more readily available as a resource, simply because he is full time. However, with careful planning and co-ordination, all Board members can actually be used quite effectively for a variety of active roles in pursuit of the Board's mandate. This calls for a detailed plan of exactly how this can be achieved, to be tabled for consideration and approval by the Board.

#### **b. Staff**

The Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998), makes provision for the Board to appoint the Manager: Municipal Demarcation Board, as the Administrative Head of the organisation (**Chief Executive and Accounting Officer**) and with the ultimate executive responsibility to implement the Strategic Plan:

##### **As Chief Executive Officer**

- Ensure efficient and effective administration
- Manage all employees

- Maintain discipline
- Carry out decisions of the Board
- Assign and re-assign functions between clusters and employees, in consultation with the Board, through the Chairperson.

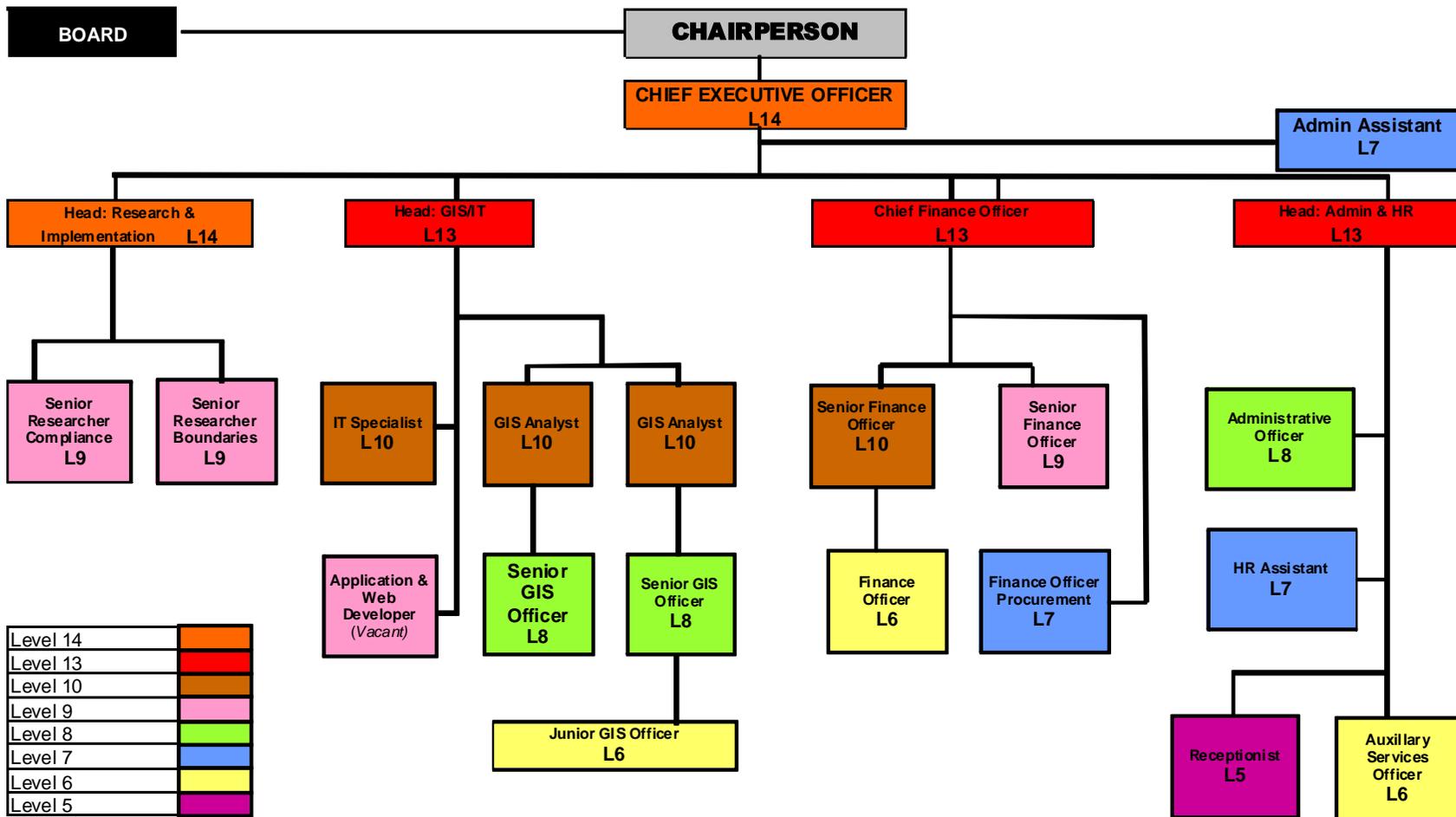
**As Accounting Officer**

- Ensure proper financial controls
- Ensure effective, efficient, economical and transparent use of the resources of the Board.
- Ensure that funds are collected and managed properly and diligently
- Maintain assets and manage liabilities of the Board
- Comply with tax, levies, duty, pensions and audit commitments of the Board  
Settle debts and obligations within prescribed periods
- Report immediately unauthorised, irregular or fruitless and wasteful expenditure  
Take effective disciplinary steps against employees contravening provisions of the Demarcation Act, the Public Finance Management Act and other applicable legislation and/or policies.
- Ensure lawful transfer of funds
- Ensure propriety, regularity and value for money when policy proposals are considered
- Ensure proper management of the budget
- Ensure proper maintenance of records., financial statements and reporting
- Ensure proper delegations.

In order to carry out his/her responsibilities as outlined above, the CEO and Accounting Officer requires a strong, qualified and adequate complement of staff members. This includes Cluster Heads, to whom the CEO delegates aspects of his/her responsibilities, although he/she remains primarily responsible for the carrying out of those responsibilities.

It is therefore important to always ensure that the organisational structure meets the Board's requirements for optimal operations, and if this is not the case, to determine how the organisational structure can be revised to meet our requirements.

## The Municipal Demarcation Board's Current Organisational Structure



Level 14	
Level 13	
Level 10	
Level 9	
Level 8	
Level 7	
Level 6	
Level 5	

29 September 2008

**c. Optimal Requirements: Human Resource Capacity**

Optimal requirements at the Board with respect to human resource capacity can be summarised as follows:

- Sufficient number of qualified researchers and GIS specialists to process and to manage individual boundary re-determinations cases coming out of all nine provinces;
- Sufficient number of qualified researchers and GIS specialists to work on ward re-delimitations, in preparation for every local government election;
- Sufficient number of qualified IT and web development specialists, for day to day IT and Web Support;
- Sufficient number of qualified accounting and finance personnel for effective accounting and financial controls, as well as for effective segregation of duties;
- Sufficient number of qualified administrative personnel.

The tables below provide a quick comparison of the current HR situation per cluster, and what is considered to be the required situation for optimal operations.

i) Office of the Chairperson: Municipal Demarcation Board

<b>CURRENT SITUATION</b>		<b>REQUIRED SITUATION</b>	
1	Chairperson: Municipal Demarcation Board	1	Chairperson: Municipal Demarcation Board
1	Administrative Assistant (also serving the CEO and Board Committees)	1	Administrative Assistant (new post, to serve the Chairperson)

A new Administrative Assistant/PA is required for the Office of the Chairperson, to manage the office of the Chairperson and his diary, and to attend to all the official requirements of the Chairperson.

ii) Office of the Chief Executive Officer

<b>CURRENT SITUATION</b>		<b>REQUIRED SITUATION</b>	
1	Chief Executive Officer	1	Chief Executive Officer
1	Administrative Assistant (also serving the Chairperson	1	Administrative Assistant (also serving Board Committees)

and Board Committees)			
1	Internal Auditor (Outsourced)	1	Internal Auditor Outsourced

The administrative assistant will now serve the office of the CEO, as well as preparation of documents and minutes for the Board and its Committees.

The Internal Audit Function has been outsourced to Gobodo Forensic and Investigative Accounting (Pty) Ltd (GFIA). A three year contract has been entered into with them, from September 2008 until August 2011.

iii) Research & Investigations Cluster

CURRENT SITUATION		REQUIRED SITUATION	
1	Head: Research & Investigations	1	Head: Research & Investigations
2	Senior Researcher	2	Senior Researchers
1	Researchers (Vacant)	1	Researchers (Vacant)

The cluster is responsible for the management, co-ordination, consultation, advice, and processing of documentation pertaining to boundary re-determinations, the declaration and withdrawal of declarations of district management areas, the delimitation of wards and capacity assessments in compliance with the Local Government: Municipal Demarcation Act, 1998 and the Local Government: Structures Act, 1998.

The Position of Researcher in the Cluster is to remain vacant for the 2009/2010 financial year.

iv) GIS & IT Cluster

CURRENT SITUATION		REQUIRED SITUATION	
1	Head: GIS & IT	1	Head: GIS & IT
1	Database Administrator (Vacant)	1	Database Administrator (Frozen)
2	GIS Analysts	2	GIS Analysts
2	Senior GIS Officer	2	Senior GIS Officer

1	Junior GIS Officer	1	Junior GIS Officer
1	IT Specialist	1	IT Specialist
1	Web Developer (vacant)	1	Web Developer (Frozen)

The required situation with respect to the GIS and IT Cluster represents the filling of an existing position of Senior GIS Officer, which is vacant at the moment, and the freezing of the Database Administrator Position. The idea is for the second Senior GIS Officer to take care of the duties of Database Administration, so that we do not have to immediately employ a database administrator at a higher cost, at this stage. The post will however be kept, for in case it is required in the future.

Due to the limited number of databases utilized at the Board and the simplicity of the databases the expertise of a Database Administrator would not fully be utilized. Therefore it is recommended that a Senior GIS Officer be rather appointed, in light of the upcoming ward delimitations the appointment of a Senior GIS Officer would be more advantages to the Cluster. The work load could be shared as well as the knowledge and experiences related to specific projects. Emphasis could be placed on cartography skills, since this will definitely enhance the mapping skills of the Administration division of the Board.

It is therefore advisable that rather a Senior GIS Officer be appointed and that the Database Administrator and web developer positions be frozen till further review.

v) Finance and Procurement Control Cluster

CURRENT SITUATION		REQUIRED SITUATION	
1	Chief Financial Officer	1	Chief Financial Officer
2	Senior Finance Officers	2	Senior Finance Officers
1	Finance Officer	1	Finance Officer
1	Procurement Officer	1	Procurement Officer

The finance cluster has a full staff complement, having appointed a procurement officer in 2008.

vi) Administration and HR Cluster

<b>CURRENT SITUATION</b>		<b>REQUIRED SITUATION</b>	
1	Head: Administration & HR	1	Head: Administration & HR
1	Archivist/Administrative Officer	1	Archivist/Administrative Officer
1	HR Assistant	1	HR Assistant
1	Receptionist	1	Receptionist
1	Auxiliary Services Officer	1	Auxiliary Services Officer

There are no required changes in the staff complement in the Administration and HR Cluster.

## **FINANCIAL RESOURCE CAPACITY TO GIVE EFFECT TO THE BOARD'S MANDATE**

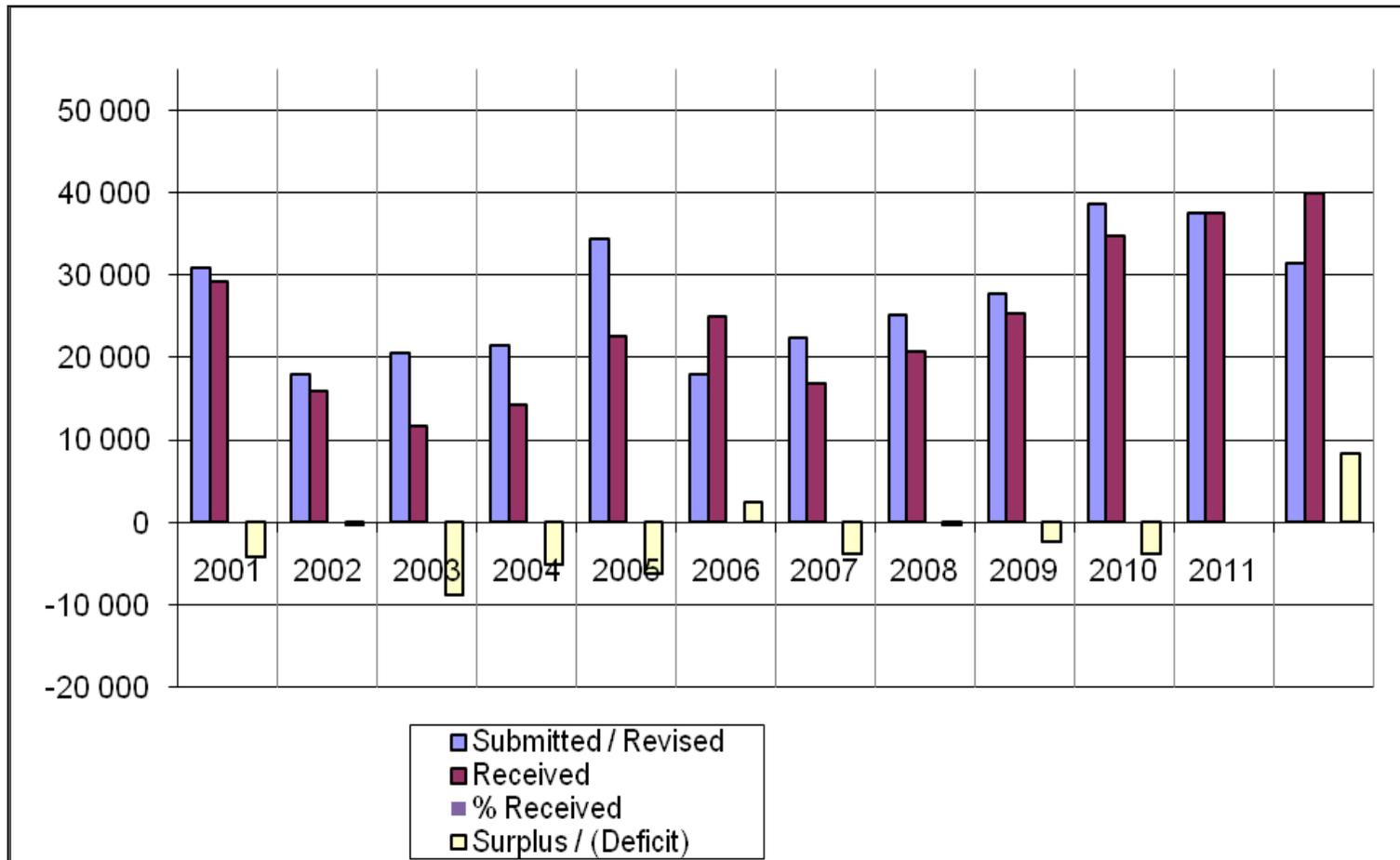
The Board receives its money through appropriations by Parliament. Since inception, however, funding for the Board has been largely inadequate, as the table below indicates, with the result that our capacity to give effect to our mandate has been severely hampered:

### **a) Funding Trends – 2000/2001 – 2011/2012**

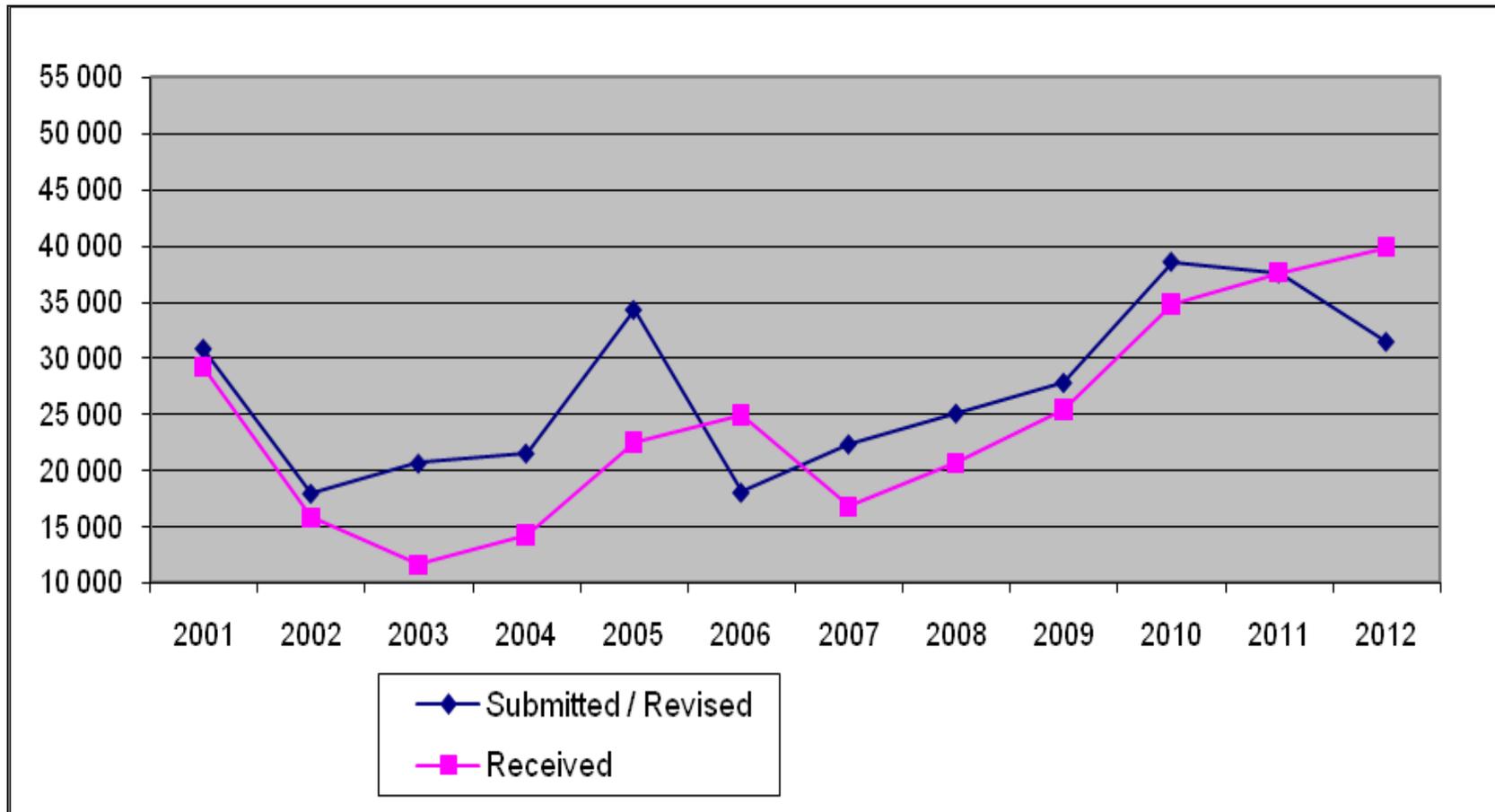
#### **Budget received versus proposed**

Amounts in R '000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Submitted / Proposed	30,828	17,923	20,607	21,508	34,294	18,015	22,322	25,067	27,803	35,405	37,960	31,864
Received	29,215	15,842	11,670	14,311	22,523	24,959	16,827	20,664	25,419	34,801	37,563	39,817
% Received	95%	88%	57%	67%	66%	139%	75%	82%	91%	98%	99%	125%
Expenditure	33,335	16,163	20,465	19,392	28,638	22,408	20,538	20,888	27,803	35,405	38,148	31,449
Surplus / (Deficit)	-4,120	-321	-8,795	-5,081	-6,115	2,551	-3,711	-224	-2,384	-604	-397	7,953
Donor Funds	1,156	3,110	3,738	3,165	3,970	650	2,650	0	0	0	0	0
Net Surplus / (Deficit)	-2,964	2,789	-5,057	-1,916	-2,145	3,201	-1,061	-224	-2,384	-604	-397	7,953

**Budget received v proposed**



Budget trends (2000/2001 – 2011/2012)



## b) Expenditure Trends

Expenditure trends also give a clear indication of the inadequate funding that the Board has been allocated. In view of the budget deficits as indicated in the table below, the Auditor-General has also on several occasions expressed doubt on the ability of the Board to continue as a going concern. In 2007/8, a surplus of R5.1 million was realised, mainly due to reversal of accounting estimates and delays in finalising projects i.e. SABC campaign for the capacity assessment and boundary redeterminations and re-categorisation of certain municipalities. The Board requested retention of the surplus which was subsequently partially approved by the National Treasury. An amount of R384,000 was repaid to National Treasury during the 2008/9 financial year.

Details	2001		2002		2003		2004		2005		2006		2007		2008	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Income	30 928	100%	19 267	100%	16 109	100%	17 976	100%	26 694	100%	25 873	100%	19 707	100%	21 022	100%
DPLG	29 215	94%	15 842	82%	11 670	72%	14 311	80%	22 523	84%	24 959	96%	16 827	85%	20 664	98%
Donor	1 156	4%	3 110	16%	3 738	23%	3 165	18%	3 970	15%	650	3%	2 650	13%	0	0%
Other	557	2%	315	2%	701	4%	500	3%	201	1%	264	1%	230	1%	358	2%
Expenditure	33 335	100%	16 163	100%	20 465	100%	19 392	100%	28 638	100%	22 408	100%	20 578	100%	15 863	100%
Board remuneration	1 982	6%	1 537	10%	1 919	9%	1 456	8%	2 327	8%	2 745	12%	2 632	13%	1 177	6%
Salaries	2 737	8%	2 966	18%	4 719	23%	5 186	27%	5 193	18%	4 949	22%	6 995	34%	6 447	31%
Insurances	177	1%	199	1%	288	1%	308	2%	392	1%	402	2%	163	1%	176	1%
Professional Fees	15 206	46%	4 557	28%	8 181	40%	5 942	31%	6 071	21%	6 115	27%	4 020	20%	4 093	20%
Auditors costs	100	0%	51	0%	93	0%	268	1%	477	2%	578	3%	1 012	5%	932	5%
Donor expenses	0	0%	0	0%	0	0%	3 165	16%	3 970	14%	647	3%	2 650	13%	0	0%
Travelling costs	2 204	7%	1 302	8%	1 846	9%	1 665	9%	1 893	7%	1 373	6%	941	5%	1 297	6%
Telephone	388	1%	387	2%	240	1%	291	2%	302	1%	298	1%	266	1%	227	1%
Other	10 541	32%	5 164	32%	3 179	16%	1 111	6%	8 013	28%	5 301	24%	1 899	9%	1 514	7%
(Deficit) / Surplus	<u>-2 407</u>	-8%	<u>3 104</u>	16%	<u>-4 356</u>	-27%	<u>-1 416</u>	-8%	<u>-1 944</u>	-7%	<u>3 465</u>	13%	<u>-871</u>	-4%	<u>5 159</u>	25%

## CAPITAL BUDGET FOR THE MTEF

### MULTI-YEAR PROJECTIONS

#### 1. CLUSTER BUDGET FOR THE MTEF PERIOD 2009 TO 2013

Cluster	2009/2010	2010/2011	2011/2012	2012/2013
HR	6 318 350	6 590 569	6 977 151	7 497 517
Finance	4 742 635	5 269 384	5 239 051	5 949 333
GIS	6 227 345	4 649 373	4 475 740	4 621 084
Research	12 702 366	16 710 748	10 204 451	10 058 454
Manager	2 801 139	2 299 774	2 464 584	2 665 850
Board	2 613 542	2 440 768	2 503 095	2 788 451

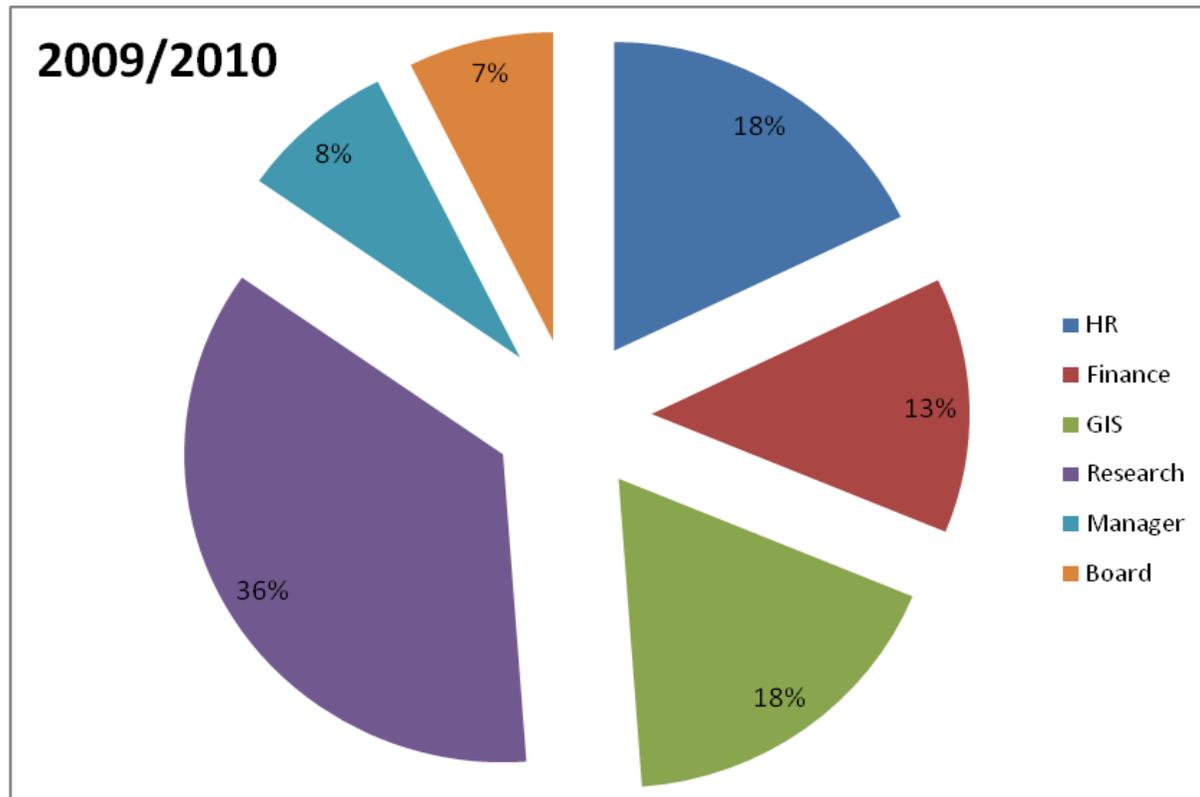
Item	2009/2010	2010/2011	2011/2012	2012/2013
Total budgetted expenditure	35 405 377	37 960 615	31 864 073	33 580 690
2008 MTEF Allocation	34 801 000	37 563 000	39 817 000	33 580 690
Variance (Deficit) / Surplus	-604 377	-397 615	7 952 927	0
% Variance (Deficit) / Surplus	-2%	-1%	20%	0%

## 2009/10 - 2012/13 MEDIUM TERM EXPENDITURE FRAMEWORK

	2009/2010	2010/2011	2011/2012	2012/2013*
<b>Income</b>	<b>35 261 000</b>	<b>37 908 000</b>	<b>40 182 000</b>	<b>33 897 815</b>
Grants	34 801 000	37 563 000	39 817 000	33 580 690
Sundry income	85 000	95 000	105 000	112 875
Interest income	375 000	250 000	260 000	204 250
<b>Expenses</b>	<b>35 865 377</b>	<b>38 305 615</b>	<b>32 229 073</b>	<b>33 897 815</b>
Capacity Assessment	4 610 494	4 900 955	5 180 309	5 568 833
Ward delimitation	8 182 040	10 759 728	0	0
Boundary determination	100 000	200 000	3 140 000	3 318 980
Rental expense	2 500 000	2 500 000	2 500 000	2 500 000
Salaries	8 615 542	9 340 842	9 996 176	11 130 277
Depreciation	793 447	813 847	375 000	650 000
Members allowances	513 483	1 438 822	1 529 468	1 616 647
Audit expenses	1 751 340	1 896 474	2 056 121	2 210 331
Staff Training	149 200	152 120	187 500	263 250
Other expenses	8 649 831	6 302 828	7 264 499	6 639 498
<b>Net (deficit) or surplus</b>	<b>-604 377</b>	<b>-397 615</b>	<b>7 952 927</b>	<b>0</b>

*Funds not yet allocated \**

## Budget per cluster



**2. EXPECTED OTHER INCOME FOR THE PERIOD 2008 TO 2013**

<b>Items</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Revenue - maps	85 000	95 000	105 000	112 875
Interest income	375 000	250 000	260 000	204 250
<b>Total</b>	<b>460 000</b>	<b>345 000</b>	<b>365 000</b>	<b>317 125</b>

**3. CAPITAL EXPENDITURE BUDGET**

<b>Items</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Laptops / Desktops	180,000	120,000	110,000	250,000
Photocopiers / Printers	250,000	0	0	0
Plotters	300,000	0	0	0
Servers	300,000	0	0	0
Tape Recorders	4,000	0	0	0
Video Projectors	30,000	0	0	0
Furniture & Fittings	0	0	0	0
Vehicles	0	210,000	0	0
<b>Total</b>	<b>1,064,000</b>	<b>330,000</b>	<b>110,000</b>	<b>250,000</b>

**4. MAINTENANCE OF FIXED ASSETS**

<b>Items</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Hardware Maintenance	25,940	28,000	25,000	26,875

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