

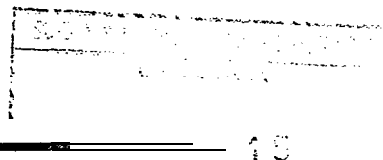
REPUBLIC OF SOUTH AFRICA

LOCAL GOVERNMENT: MUNICIPAL DEMARCATION BILL

(As amended by the Portfolio Committee on Constitutional Affairs (National Assembly))

(MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT)

[B 36B—98]



15

REPUBLIEK VAN SUID-AFRIKA

WETSONTWERP OP PLAASLIKE REGERING: MUNISIPALE AFBAKENING

*(Soos gewysig deur die Portefeuljekomitee oor Staatkundige Aangeleenthede
(Nasionale Vergadering))*

(MINISTER VIR PROVINSIALE SAKE EN STAATKUNDIGE ONTWIKKELING)

[W 36B—98]

ISBN 0621276693

BILL'

To provide for criteria and procedures for the determination of municipal boundaries by an independent authority; and to provide for matters connected thereto.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

TABLE OF CONTENTS

1. Definitions

CHAPTER 1

5 ,

MUNICIPAL DEMARCATION BOARD

Part 1: Establishment\ function and general powers of Board

2. Establishment
3. Status
4. Function
5. General powers

Part 2: Membership of Board

6. Composition
- 7 . Qualifications
8. Appointment procedure
9. Terms of office
10. Chairperson and deputy chairperson
11. Conditions of appointment of members
12. Conduct of members
13. Termination of membership
14. Vacancies

Part 3: Operating procedures of Board

15. Meetings
16. Procedures
17. Decisions
18. Committees
19. Assignment of powers and duties
20. Administrative assistance to Board

CHAPTER 2

DEMARCATION

30

Part 1: Boundary determinations

21. Determination of municipal boundaries

- 22. Work programme
- 23. When boundary determinations take effect

Part 2: Demarcation criteria

- 24. Demarcation objectives
- 25. Factors to be taken into account

Part 3: Demarcation procedure

- 26. Public notification of determination of municipal boundaries
- 27. Consideration by Board
- 28. Public meetings
- 29. Formal investigations 10
- 30. Powers of investigating committees

Part 4: Regulation of consequences of boundary determinations

- 31. Demarcation affecting existing municipalities

CHAPTER 3

ADMINISTRATIVE AND OTHER MATTERS 15

Part 1: Administration

- 32. Appointment of Manager
- 33. Responsibilities of Manager
- 34. Conditions of employment of employees
- 35. Pension rights 20

Part 2: Finances of Board

- 36. Funding
- 37. Accountability
- 38. Audit
- 39. Accountability and reporting 25

Part 3: Miscellaneous matters

- 40. Civil liability of Board
- 41. Regulations
- 42. **Offences** and penalties
- 43. Repeal of legislation 30
- 44. Transitional provisions
- 45. Short title

SCHEDULE

Definitions

- 1. (1) In this Act, unless the context otherwise indicates— 35
 - (i) “Board” means the Municipal Demarcation Board established by section 2; (xiii)
 - (ii) “committee” means a committee of the Board established in terms of section 18 and includes an investigating committee contemplated in section 30; (vii)
 - (iii) “constitution” means the Constitution of the Republic of South Africa; (v) 40
 - (iv) “Department” means the Department of Constitutional Development; (iii)
 - (v) “determination” includes any redetermination, and “determine” has a corresponding meaning; (i)
 - (vi) “Electoral Commission” means the Electoral Commission established by section 3 of the Electoral Commission Act, 1996 (Act No. 51 of 1996); (xvi) 45
 - (vii) “employee”, except in sections 35(1) and 36, includes a person seconded to the Board; (xvii)

- (viii) “financial year” means the financial year of the Board, which is the same as that of the Department; (iv)
 - (ix) “Manager” means the Manager of the Board appointed in terms of section 33; (ii)
 - (x) “MEC for local government” means the member of the Executive Council of 5 a province responsible for local government in the province; (viii)
 - (xi) “metropolitan area” means an area recognised as a metropolitan area in terms of the Local Government: Municipal Structures Act, 1998; (ix)
 - (xii) “Minister” means the Minister for Provincial Affairs and Constitutional Development; (x) 10
 - (xiii) “municipality” means a municipality mentioned in section 155(6) of the Constitution and includes a municipality which existed when this Act took effect; (xi)
 - (xiv) “organ of state” means an organ of state as defined in section 239 of the Constitution; (xv) 15
 - (xv) “President” means the President acting as the head of the national executive in terms of section 85(2) of the Constitution; (xii)
 - (xvi) “SALGA” means the South African Local Government Association recognised in terms of the Organised Local Government Act, 1997 (Act No. 52 of 1997), as the national organisation representing municipalities; (xiv) and 20
 - (xvii) “this Act” includes the regulations made under section 42. (vi) 20
- (2) When in this Act the Minister is required to act in consultation with the MECS for local government, the Minister must act with the concurrence of the majority of those MECS after all the MECS have been consulted.

CHAPTER 1

25

MUNICIPAL DEMARCATION BOARD

Part 1: Establishment, function and general powers of Board

Establishment

2. There is a Board called the Municipal Demarcation Board.

status

30

3. The Board—

- (a) is a juristic person;
- (b) is independent; and
- (c) must be impartial and perform its function without fear, favour or prejudice.

Function

35

4. The function of the Board is to determine municipal boundaries in accordance with this Act and other appropriate legislation enacted in terms of Chapter 7 of the Constitution.

General powers

5. (1) The Board may do all that is necessary or expedient to perform its function 40 effectively, which includes the power to—
- (a) determine its own staff establishment subject to section 20(2), and appoint employees in posts on the staff establishment having due regard to available funds;
 - (b) obtain, by agreement, the services of any person, including any organ of state, 45 for the performance of any specific actor function;

- (c) acquire or dispose of **any** right in or to property, but ownership in immovable property may be acquired or disposed of **only** with the consent of the Minister;
 - (d) open and operate its own bank accounts;
 - (e) insure itself against any loss, damage or risk;
 - (f) perform legal acts, including acts in association with or on behalf of any other 5 person or organ of state;
 - (g) institute or defend any legal action;
 - (h) collect and disseminate relevant information; and
 - (i) do anything that is incidental to the exercise of any of its powers.
- (2) **The Board may not borrow money.** 10
- (3) The Board may require a municipality that may reasonably be affected by a boundary determination in terms of section 21, to provide the Board or any of its committees with facilities, available to that municipality, for the holding of meetings.

Part 2: Membership of Board

Composition 15

- 6. (1) The Board consists of no fewer than seven and no more than 15** members appointed by the President in accordance with section 8.
- (2) The **Minister**—
- (a) must determine the number of the members of the Board; and
 - (b) may alter from time to time the number determined in terms of paragraph (a), 20 but a reduction in the number may be effected only by not filling a vacancy when a vacancy arises.
- (3) The composition of the Board must—
- (a) be broadly representative of the South African society;
 - (b) reflect regional diversity; and 25
 - (c) collectively represent a pool of knowledge concerning issues relevant to municipal demarcation in each of the provinces.

Qualifications

- 7.(1)** A member of the Board must be a South African citizen and have a qualification or experience in or knowledge appropriate to- 30
- (a) local government generally; or
 - (b) **any** of the following:
 - (i) development economics;
 - (ii) integrated development planning; 35
 - (iii) community development;
 - (iv) traditional leadership and traditional communities;
 - (v) local government and municipal administration;
 - (vi) municipal finance;
 - (vii) municipal services;
 - (viii) social or economic geography; 40
 - (ix) town and regional planning;
 - (x) legal and constitutional matters affecting local government;
 - (xi) land survey, cartography and geographic information systems;
 - (xii) public health care; or
 - (xiii) transport planning 45
- (2) The following persons are-disqualified from becoming or remaining a member of the Board:
- (a) an unrehabilitated insolvent;
 - (b) a person who is placed under curatorship;
 - (c) a person who is declared to be of unsound mind by a court of the Republic; or 50
 - (d) a person who after 4 February 1997 has been convicted of an offence and sentenced to imprisonment without the option of a fine for a period of not less than 12 months.
- (3) A disqualification in terms of subsection (2)(d) ends five years after the imprisonment has been completed. 55

Appointment procedure

8. (1) Whenever it is necessary to appoint a person as a member of the Board, the Minister must—

- (a) through advertisements in the media circulating nationally and in each of the provinces, invite persons who comply with section 7 to apply within a specified period for appointment as a member; and
- (b) establish a selection panel consisting of—
 - (i) the President of the Constitutional Court or another member of that Court designated by the President of that Court, who must also be the convenor of the panel; 10
 - (ii) a judge designated by the Chief Justice;
 - (iii) one member of the Commission for Gender Equality, established by the Constitution, designated by that Commission;
 - (iv) two persons with specific knowledge of boundary demarcation of whom one must be designated by the Minister in consultation with the MECs for local government and the other person by SALGA; and 15
 - (v) the Chairperson of the Select Committee of the National Council of Provinces responsible for local government matters.

(2) For the purposes of any subsequent establishment of a selection panel, a person designated in terms of subsection (1)(b) remains designated until replaced. 20

(3) The selection panel may determine its own procedure including its decision-making procedure, but must act in a transparent and open way.

(4) The selection panel must consider all applications and from amongst the applicants compile a list of nominees taking into account sections 6(3) and 7.

(5) The list must consist of— 2 5

- (a) three more names than the number of appointments that must be made, if six or more appointments must be made; or
- (b) two more names than the number of appointments that must be made, if fewer than six appointments must be made.

(6) If the selection panel is unable to compile a list consisting of the required number of nominees, the procedure set out in subsections (1)(a), (4) and (5) must be repeated, except that applicants who applied in the first round— 30

- (a) need not reapply; and
- (b) must be considered when the list is compiled in the second round.

(7) The President must make the required number of appointments from the list. 35

Terms of office

9. (1) A member of the Board is appointed for five years.

(2) There is no limit to the number of terms a member of the Board may serve.

(3) Any reappointment of a member of the Board is subject to section 8.

Chairperson and deputy chairperson

4 0

10. (1) The President appoints one of the members of the Board as the chairperson and another member as the deputy chairperson of the Board.

(2) The chairperson and the deputy chairperson hold office as chairperson and deputy chairperson for the duration of their terms of office as members of the Board.

- (3) The deputy chairperson acts as chairperson if—** 45
- (a) the chairperson is absent or unable to perform the functions of chairperson; or
 - (b) the office of chairperson is vacant.

Conditions of appointment of members

11. (1) The Minister, with the concurrence of the Minister of Finance, must determine the conditions of appointment of the members of the Board, taking into account— 50

- (a) the conditions of appointment of members of other institutions referred to in section 219(5) of the Constitution;
- (b) the role, duties and responsibilities of a member of the Board;

- (c) **affordability** in relation to the responsibilities of the **Board**; and
- (d) the level of expertise and experience required for a member of the Board.
- (2) A member of the Board is either a full-time or part-time member, as may be determined by the **Minister**.
- (3) Conditions of appointment may differ in respect of— 5
 - (a) the chairperson, deputy chairperson and other members of the Board;
 - (b) full-time and part-time members; and
 - (c) any other appropriate circumstances.

Conduct of members

- 12. (1) A member of the **Board**— 10
 - (a) must perform the functions of office in good faith and without fear, **favour** or prejudice;
 - (b) must **disclose** any personal or any private business interest that that member or any spouse, partner or business associate of that member may have in any matter before the Board and must withdraw from the proceedings of the Board 15 when that matter is considered by the Board, unless the Board decides that the member's interest in the matter is trivial or not relevant;
 - (c) may not use the position or privileges of a member for private gain or to improperly benefit another person;
 - (d) who is a full-time member may not undertake any other paid work, except 20 with the consent of the Board and the Minister; and
 - (e) may not act in any other way that compromises the credibility, impartiality, independence or integrity of the Board.
- (2) A member of the Board who contravenes or fails to comply with subsection (1) is guilty of misconduct. 25

Termination of membership

- 13. (1) A person ceases to be a member of the Board when that **person**—
 - (a) is no longer eligible under section 7 to be a **member**;
 - (b) resigns; or
 - (c) is removed from office in terms of subsection (4). 30
- (2) A member of **the** Board may resign by giving at least three months' **written** notice to the Minister, but the Minister may accept a shorter period in a **specific** case.
- (3) A member of the Board is regarded as having resigned if that **member**—
 - (a) accepts nomination for the National Assembly, the National Council of Provinces, a provincial legislature or a municipal council; 35
 - (b) is as an office bearer of a political party; or
 - (c) is a member of the National Assembly, a permanent delegate to the National Council of Provinces, a member of a provincial legislature or a member of a municipal council and fails to resign from such office within 30 days of having been appointed as a member of the Board. 40
- (4) (a) **The** President may remove a member of the Board from office, but only on the ground of misconduct, incapacity or incompetence.
- (b) A decision to remove such a member of the Board on the ground of misconduct or incompetence must be based on a finding to that effect by an investigating tribunal appointed by the President. 45
- (c) The President may suspend a member of the Board who is under investigation under paragraph (b).

Vacancies

- 14. (1) **As soon as practical after a vacancy** has occurred in the Board another person must be appointed as a member of the Board in accordance with section 8. 50
- (2) Subsection (1) does not apply if the Minister wants to reduce the number of the members of the Board in terms of section **6(2)(b)**.

Part 3: Operating procedures of Board

Meetings

15. (1) The chairperson of the Board decides when and where the Board meets, but must convene a meeting if a majority of the members of the Board request the chairperson in writing to convene a Board meeting at a time and place set out in the request. 5

(2) The chairperson or the deputy chairperson presides at meetings of the Board, but if both are absent from a meeting, the members of the Board present must elect another member to preside at the meeting.

Procedures 10

16. The Board may determine its internal procedures.

Decisions

17. A question before the Board is decided by a supporting vote of at least the majority of the members of the Board.

Committees 15

18. (1) The Board may—

(a) establish one or more committees to assist the Board in the performance of its function or the exercise of any of its powers; and

(b) dissolve a committee at any time.

(2) The Board— 20

(a) must determine the function of a committee;

(b) must appoint the chairperson and other members of a committee;

(c) may authorise a committee to co-opt advisory members within limits determined by the Board;

(d) may remove a member of a committee from office at any time; and 25

(e) may determine a committee's procedure.

(3) When appointing members to a committee, the Board is not restricted to Board members.

(4) Sections 7, 12 and 13(3) also apply to members of a committee and when those sections are applied to members of a committee a reference in those sections to the Board and a member of the Board must be read as a reference to a committee and a member of a committee, respectively.

(5) The Board determines the remuneration, allowances and other conditions of office of members of a committee who are not—

(a) Board members; 35

(b) employees; or

(c) in the service of the national government, a provincial government or a municipality.

Assignment of powers and duties

19. (1) When necessary for the proper performance of its function, the Board may— 40

(a) delegate any of its powers, excluding the power to make the final decision on the determination of a municipal boundary, to-

(i) a Board member;

(ii) a committee of the Board; or

(iii) an employee; or 45

(b) instruct any such member, committee or employee to perform any of the Board's duties.

(2) A delegation or instruction in terms of subsection (1)—

(a) is subject to any conditions and directions the Board may impose; and

(b) does not divest the Board of the responsibility concerning the exercise of the power or the performance of the duty. 50

(3) The Board may confirm, vary or revoke any decision taken by a member of the Board, committee, or employee, in consequence of a delegation or instruction.

Administrative assistance to Board

20. (1) The Board may conclude an agreement with the Department, a provincial department or a municipality for the provision of administrative and secretarial assistance to the Board or any of its committees. 5

(2) Before the Board determines or extends its staff establishment in terms of section 5(1)(a), it must first establish the extent to which administrative and secretarial assistance could be provided under an agreement envisaged in subsection (1) of this section. 10

CHAPTER 2

DEMARCATIION

Part 1: Boundary determinations

Determination of municipal boundaries

21. (1) The Board— 15

- (a) must determine municipal boundaries in the territory of the Republic; and
- (b) may redetermine any municipal boundaries determined by it in terms of paragraph (a).

(2) Any determination or redetermination of a municipal boundary must be consistent with this Act and other appropriate legislation enacted in terms of Chapter 7 of the 20 Constitution.

(3) The Board must publish its determination or redetermination of a municipal boundary in the relevant *Provincial Gazette*.

(4) Any person aggrieved by a determination of a municipal boundary may within 30 days of publication of that determination submit objections in writing to the Board. 25

(5) The Board must—

- (a) consider any objections; and
- (b) either confirm, vary or withdraw its determination.

Work programme

22. The Board performs the function mentioned in section 21(1)— 30

- (a) (i) on its own initiative; 35
- (ii) on request by the Minister or a MEC for local government; or
- (iii) on request by a municipality with the concurrence of any other municipality affected by the proposed determination or redetermination; and
- (b) in accordance with priorities and reasonable time-frames for demarcation determined by the Minister in consultation with the MEC's for local government after the Board has been consulted.

When boundary determinations take effect

23. (1) Once the Board has determined a municipal boundary it must without delay 40 send particulars of the determination to the Electoral Commission.

(2) If the Electoral Commission is of the view that the boundary determination—

- (a) will affect the representation of voters in the council of any of the municipalities affected by the boundary determination, the determination takes effect from the date of the next election in the area concerned; or 45
- (b) will not materially affect the representation of voters in such council, the determination takes effect from a date determined by notice in the relevant *Provincial Gazette* by the MEC for local government in the province concerned.

(3) The Electoral Commission, within 60 days after having received the particulars 50 referred to in subsection (1), must make known its view as envisaged in subsection (2) by notice in the relevant *Provincial Gazette*.

Part 2: Demarcation criteria

Demarcation objectives

24. When the Board determines a municipal boundary its objective must be to establish an area that would—
- (a) enable the municipality for that area to fulfil its constitutional obligations, 5
including—
 - (i) the provision of democratic and accountable government for the local communities;
 - (ii) the provision of services to the communities in an equitable and sustainable manner; 10
 - (iii) the promotion of social and economic development; and
 - (iv) the promotion of a safe and healthy environment;
 - (b) enable effective local governance;
 - (c) enable integrated and development; and
 - (d) have a tax base as inclusive as possible of users of municipal services in the 15 municipality.

Factors to be taken into account

25. In order to attain the objectives set out in section 24, the Board must, when determining a municipal boundary, take into account—
- (a) the interdependence of people, communities and economies as indicated by— 20
 - (i) existing and expected patterns of human settlement and migration;
 - (ii) employment;
 - (iii) commuting and dominant transport movements;
 - (iv) spending;
 - (v) the use of amenities, recreational facilities and infrastructure; and 25 ,
 - (vi) commercial and industrial linkages;
 - (b) the need for cohesive, integrated and unfragmented areas, including metro-politan areas;
 - (c) the financial viability and administrative capacity of the municipality to perform municipal functions efficiently and effectively; 30
 - (d) the need to share and redistribute financial and administrative resources;
 - (e) provincial and municipal boundaries;
 - (f) areas of traditional rural communities;
 - (g) existing and proposed functional boundaries, including magisterial districts, voting district, health, transport, police and census enumerator boundaries; 35
 - (h) existing and expected land use, social, economic and transport planning;
 - (i) the need for co-ordinated municipal, provincial and national programmed and services, including the needs for the administration of justice and health care;
 - (j) topographical, environmental and physical characteristics of the area;
 - (k) the administrative consequences of its boundary determination on— 40
 - (i) municipal creditworthiness;
 - (ii) existing municipalities, their council members and staff; and
 - (iii) any other relevant matter; and
 - (l) the need to rationalise the total number of municipalities within different categories and of different types to achieve the objectives of effective and 45 sustainable service delivery, financial viability and macro-economic stability.

Part 3: Demarcation procedure

Public notification of determination of municipal boundaries

26. (1) Before the Board considers any determination of a municipal boundary in

terms of section 21, it must publish a notice in a newspaper circulating in the area concerned—

- (a) stating the Board's intention to consider the matter; and
 - (b) inviting written representations and views from the public within a specified period (which may not be shorter than 21 days). 5
- (2) When the Board publishes a notice it must convey by radio or other appropriate means of communication the contents of the notice in the area concerned.
- (3) The Board must send by registered post, electronic means or by hand a copy of the notice to-
- (u) the MEC for local government in the province concerned; 10
 - (b) each municipality that will be affected by the Board's consideration of the matter;
 - (c) the magistrate concerned if any magisterial district is affected; and
 - (d) the provincial House of Traditional Leaders concerned established by provincial legislation in terms of section 2 12(2)(a) of the Constitution if the 15 boundary of a traditional authority is affected,
- and invite them to submit written representations or their views on the matter to the Board within the period determined in terms of subsection (1).

Consideration by Board

27. When the period for written representations and views has expired, the Board— 20
- (a) must consider all representations and views submitted to it; and
 - (b) may take a decision on the determination or, before it takes such a decision—
 - (i) hold a public meeting;
 - (ii) conduct a formal investigation; or
 - (iii) do both. 25

Public meetings

28. (1) If the Board decides to hold a public meeting it must publish a notice in the newspaper circulating in the area concerned—
- (a) stating the time, date and place of the meeting or of each meeting; and 30
 - (b) inviting the public to attend the meeting or meetings.
- (2) When the Board publishes a notice, it must convey, where appropriate, by radio or other appropriate means of communication the contents of the notice in the area concerned.
- (3) At a public meeting a representative of the Board must—
- (a) explain the issues the Board has to consider, including any options open to the 35 Board;
 - (b) allow members of the public attending the meeting to air their views on these issues; and
 - (c) answer relevant questions. 40

Formal investigations

29. (1) If the Board decides to conduct an investigation it may conduct the investigation itself or in terms of section 18 designate one or more Board members or other persons as an investigating committee to conduct the investigation on its behalf.
- (2) If an investigation committee has been appointed, the committee must report and make recommendations to the Board. 45

Powers of investigating committees

30. For the purposes of its investigation the Board or an investigating committee may—
- (a) by written notice summon a person who in its opinion has information which is material to the investigation to appear before the Board or the committee— 50
 - (i) to give evidence; or

- (ii) to produce a document available to that person and specified in the summons;
- (b) call a person present at a Board or committee meeting, whether summoned or not—
 - (i) to give evidence before the Board or committee; or 5
 - (ii) to produce a document in that person's custody;
- (c) administer an oath or solemn affirmation to that person;
- (d) question that person, or have such a person questioned by a person designated by the Board or committee; and
- (e) retain for a reasonable period a document produced in terms of paragraph 10 (a)(ii) or (b)(ii).

Part 4: Regulation of consequences of boundary determinations

Demarcation affecting existing municipalities

31. The legal, practical and other consequences resulting from the area of a municipality being wholly or partially incorporated in or combined with the area of another municipality, must be dealt with in terms of the Local Government: Municipal Structures Act, 1998. 15

CHAPTER 3

ADMINISTRATIVE AND OTHER MATTERS

Part 1: Administration 20

Appointment of Manager

- 32. (1) The Board must appoint a person as the Manager of the Board.
- (2) The person appointed as the Manager holds office—
 - (a) for an agreed term not exceeding five years, but which is renewable; and
 - (b) subject to the terms and conditions applicable to employees. 25

Responsibilities of Manager

- 33. (1) The Manager is the chief executive officer and also the accounting officer of the Board.
- (2) As chief executive officer of the Board, the Manager is responsible for—
 - (a) the formation and development of an efficient administration; 30
 - (b) the organisation, control and management of all staff, including persons seconded to the Board from any other organ of state;
 - (c) the maintenance of discipline; and
 - (d) the carrying out of the decisions of the Board.
- (3) As accounting officer of the Board the Manager is responsible for— 35
 - (a) all income and expenditure of the Board;
 - (b) all assets and the discharge of all liabilities of the Board; and
 - (c) the proper and diligent implementation of Part 2 of this Chapter.

Conditions of employment of employees

- 34. (1) An employee of the Board is employed subject to the terms and conditions of 40 employment determined by the Board.
- (2) The terms and conditions must comply with the basic values and principles set out in section 195 of the Constitution.
- (3) Persons in the public service or other state institutions seconded to the Board, perform their functions under the control and directions of the Manager. 45

Pension rights

35. (1) A person appointed as an employee of the Board may become a member of the Government Employees' Pension Fund mentioned in section 2 of the Government Employees' Pension Law, 1996 (Proclamation No. 21 of 1996).

(2) An employee of the Board who becomes a member of that pension fund, is entitled to pension and retirement benefits as if that person is an official in the public service.

Part 2: Finances of Board

Funding

36. (1) The Board is entitled to money appropriated annually by Parliament to enable it to perform its functions effectively. The Board may receive money from any other source through the National Revenue Fund. 10

(2) For the purposes of subsection (1) the Board—

(a) must submit to the Minister and the Minister of Finance, during each financial year, but before a date set by the Minister, estimates of the Board's income and expenditure for the next financial year; and 15

(b) may submit to the Minister and the Minister of Finance, at any time during a financial year, estimates of the Board's income and expenditure supplementary to those mentioned in paragraph (a).

(3) When submitting the estimates the Board must disclose full particulars of any income that has accrued, or is expected to accrue, to the Board from a source other than an appropriation by Parliament. 20

(4) The Board must refund to the National Revenue Fund any money paid to the Board in terms of an appropriation under subsection (1) that has not been used at the end of a financial year, unless otherwise agreed with the Minister acting with the concurrence of Minister of Finance. 25

Accountability

37. As accounting officer of the Board, the Manager must—

(a) keep full and proper records of—

(i) all income and expenditure of the Board; and

(ii) all assets, liabilities and financial transactions of the Board; 30

(b) ensure that the Board's available resources are properly safeguarded and used in the most efficient and effective way;

(c) ensure that all statutory measures applicable to the Board are complied with; and

(d) prepare annual financial statements in accordance with generally accepted accounting practice within three months after the end of each financial year. 35

Audit

38. The financial statements and records of the Board must be audited annually by the Auditor-General.

Accountability and reporting 40

39. (1) (a) The Board is accountable to parliament and must annually submit to both Houses of Parliament a written report on the activities of the Board during a financial year.

(b) A copy of the report must also be submitted to each provincial legislature.

(2) The report must be submitted within six months after the end of the financial year to which it relates. and must include audited financial statements if those statements are available at that time. reflecting the Board's financial affairs during the year, consisting of at least—

(a) a balance sheet:

(b) an income statement; and

(c) a report of the auditors. 50

*Part 3: Miscellaneous matters***Civil liability of Board**

40. (1) The State Liability Act, 1957 (Act No. 20 of 1957), applies, with the necessary changes, in respect of the Board, and in such application a reference in that Act to the Minister of the department concerned must be construed as a reference to the chairperson of the Board.

(2) No member of the Board, is liable for anything done or omitted in good faith when performing a duty or exercising a power in terms of this Act.

Regulations

41. **The Minister may make regulations not inconsistent with this Act or any Act of 10 Parliament—**

- (a) **by presiding, on the advice of the Board, further procedures relating to the way in which the Board operates when performing its function;**
- (b) **by prescribing objectives and general targets for the rationalisation of municipalities as contemplated in section 25(1); or** 15
- (c) **concerning any matter referred to in this Act which in the opinion of the Minister is necessary or expedient for the effective carrying out or furtherance of the provisions and objects of this Act.**

Offences and penalties

42. (1) A person commits an offence if that person— 20

- (a) wilfully disrupts the proceedings of the Board or a Board committee;
- (b) wilfully hinders, obstructs or threatens members of the Board or of a committee, or other persons in the exercise of their powers or the performance of their duties in terms of this Act;
- (c) does anything calculated to improperly influence the Board or a committee in its consideration of a matter; 25
- (d) after having been summoned in terms of section 31(a) fails—
 - (i) to be present at a meeting of the Board or an investigating committee at the time and place specified in the summons;
 - (ii) to remain present until excused by the Board or committee; or 30
 - (iii) to produce a document specified in the summons;
- (e) after having been called in terms of section 31(b) refuses—
 - (i) to appear before the Board or the committee;
 - (ii) to answer any question; or
 - (iii) to produce a document in that person's custody; or 35
- (f) falsely gives out to be a Board member, a committee member or an employee.

(2) A person convicted of an offence in terms of subsection (1) is liable to a fine or to imprisonment not exceeding one year or to both a fine and imprisonment.

Repeal of legislation

43. The legislation mentioned in the first column of the Schedule is hereby repealed 40 to the extent set out in the other column of the Schedule.

Transitional provisions

44. The boundaries of municipalities which existed immediately before this Act took effect, continue to exist until superseded by boundaries determined by the Board in terms of section 21. 45

Short title

45. This Act is called the Local Government: Municipal Demarcation Act, 1998, and takes effect on the date on which the Local Government: Municipal Structures Act, 1998, comes into effect,

(2) Chapter 1 comes into effect on the date of the publication of this Act.

5

SCHEDULE

No. and year of law	Short title	Extent of repeal
Act No. 91 Of 1983	Promotion of Local Government Affairs Act, 1983	The repeal of Chapter 1A
Act No. 209 Of 1993	Local Government Transition Act, 1993	The repeal of sections IOE, 10J and 10K

MEMORANDUM ON THE OBJECTS OF THE LOCAL GOVERNMENT: MUNICIPAL DEMARCATION BILL, 1998

1. The main object of the Bill is to establish criteria and procedures for the determination of municipal boundaries by an independent authority as required by section 155(3)(b) of the Constitution.

2. Part 1 of Chapter 1 of the Bill provides for the establishment, status, functions and general powers of the Municipal Demarcation Board (hereinafter referred to as the Board). In clause 3, which deals with the status of the Board, it is clearly stated that the Board is independent and that it must be impartial and perform its functions without fear, favour or prejudice. In clause 5, which deals with the general powers of the Board, provision is *inter alia* made that the Board may determine its own staff establishment and appoint employees in posts on that establishment having due regard to available finances. The Board is, however, in terms of clause 20(2) obliged to establish the extent to which administrative and secretarial assistance could be provided by the Department, a provincial department or a municipality, before the Board determines or extends its staff establishment.

3. Part 2 of Chapter 1 of the Bill deals with the membership of the Board. Clause 6 provides that the Board will consist of no fewer than 11 and not more than 15 members as determined by the Minister and appointed by the President. The Board must furthermore be composed in such a manner that it reflects regional diversity and collectively represents a pool of knowledge concerning issues relevant to municipal demarcation in each province. The qualification for membership is set out in clause 7.

In terms of clause 8 vacancies on the Board must be advertised and suitably qualified persons may apply for appointment as a member. A selection panel consisting of—

- (a) the President of the Constitutional Court or another member of that Court designated by the President of that Court;
- (b) a judge designated by the Chief Justice;
- (c) a member of the Commission for Gender Equality;
- (d) two persons with specific knowledge of boundary demarcation of whom one is designated by the Minister in consultation with the MECS for local government in the provinces and the other is designated by SALGA; and
- (e) the Chairperson of the Select Committee for Constitutional Affairs and Public Administration,

must consider all applications and from amongst the applicants compile a list containing three or two more names than the number of appointments that must be made.

4. The rest of Part 2 of the Bill deals with the terms of office of members of the Board (clause 9); chairperson and deputy chairperson (clause 10); conditions of appointment of members (clause 11); conduct of members (clause 12); termination of membership (clause 13) and vacancies (clause 14).

5. Part 3 of Chapter 1 of the Bill deals with the operating procedures of the Board and the more important provisions of this Part are:

- (a) clause 18, which provides for the establishment of one or more committees to assist the Board with the performance of its functions or exercise of its powers;
- (b) clause 19, which deals with the assignment of powers and duties by the Board.

6. Chapter 2 of the Bill is divided into four Parts, i.e.—

- (a) Part 1, which deals with boundary determination.

In clause 21 the Board is empowered to determine and redetermine municipal boundaries and to publish such determination or redetermination in the relevant *Provincial Gazette*. Furthermore, provision is made for any person who is aggrieved by a determination to submit his or her objections to the Board, which must then consider the objection and either confirm, vary or withdraw its determination.

In clause 22 the Minister is empowered to determine priorities for demarcation.

Clause 23 regulates the taking effect of a boundary determination, and provides that if the Electoral Commission is of the view that a boundary determination—

- will materially affect the representation of voters in the council, the determination takes effect from the date determined by the MEC for Local Government by notice in the *Provincial Gazette* taking into account the date of the next election in the municipal council; or
 - will not materially affect the representation of voters in the council, the determination takes effect from a date determined by notice in the relevant *Provincial Gazette* by the MEC of local government in the provinces concerned.
- (b) Part 2, which deals with demarcation criteria.
This Part is divided into two sections, which provide for demarcation objectives (clause 24) and factors to be taken into account when municipal boundaries are determined (clause 25).
- (c) Part 3, which deals with the demarcation procedures.
In this Part provision is made for the notification of the determination of municipal boundaries (clause 26), the holding of public meetings and the procedure at such meetings (clause 28), the holding of formal investigations (clause 29) and the powers of investigating committees (clause 30).
- (d) Part 4, which deals with the consequences of boundary determinations.
In short the MEC for local government in the province is authorised to make regulations for the regulation of all the consequences of a boundary determination.
7. Chapter 3 of the Bill deals with administrative and other matters and is divided into three Parts.
- 7.1. Part 1 of Chapter 3 deals with administration and provides for—
- (a) the appointment of a Manager of the Board;
 - (b) the responsibilities of the Manager;
 - (c) the terms and conditions of employment of employees of the Board; and
 - (d) the pension rights of employees.
- 7.2. Part 2 of Chapter 3 deals with the finances of the Board and provides for—
- (a) the funding of the Board;
 - (b) the Manager to be the accounting officer;
 - (c) the auditing of the accounts and financial records of the Board; and
 - (d) the annual report of the Board.
- 7.3. Part 3 of Chapter 3 deals with miscellaneous matters and provides for—
- (a) legal proceedings against the Board;
 - (b) regulations;
 - (c) offences and penalties;
 - (d) repeal of legislation; and
 - (e) transitional provisions.
8. The following departments, institutions and persons were consulted:
- * President of the Constitutional Court;
 - * Chief Justice;
 - * Commission for Gender Equality;
 - * The nine MECS responsible for local government;
 - * Department of Finance (Pensions Administration);
 - * Department of Public Service and Administration;
 - * Auditor General; and
 - * Independent Electoral Commission.

The Bill was also published for public comments as required in terms of section 154 of the Constitution.

In the opinion of the Department of Constitutional Development and the State Law Advisers this Bill must be dealt with in accordance with the procedure established by section 76 of the Constitution.

This Bill makes provision for the determination of municipal boundaries by an independent authority. All the provinces are, however, affected by it due to the fact that the provinces are required in terms of section 155(6) of the Constitution to establish municipalities within their boundaries as determined by the Board.