

REPUBLIC OF SOUTH AFRICA

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# LOCAL GOVERNMENT: MUNICIPAL STRUCTURES AMENDMENT BILL

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*(As amended by the Portfolio Committee on Provincial and Local Government (National Assembly)) (The English text is the official text of the Bill)*

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(MINISTER FOR PROVINCIAL AND LOCAL GOVERNMENT)

[B 51D—2000]

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REPUBLIEK VAN SUID-AFRIKA

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# WYSIGINGSWETSONTWERP OP PLAASLIKE REGERING: MUNISIPALE STRUKTURE

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*(Soos gewysig deur die Portefeuljekomitee oor Provinsiale en Plaaslike Regering (Nasionale Vergadering)) (Die Afrikaanse teks is die amptelike vertaling van die Wetsontwerp)*

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(MINISTER VIR PROVINSIALE EN PLAASLIKE REGERING)

[W 51D—2000]

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## GENERAL EXPLANATORY NOTE:

[                      ]      Words in bold type in square brackets indicate omissions from existing enactments.

\_\_\_\_\_      Words underlined with a solid line indicate insertions in existing enactments.

# BILL

To amend the Local Government: Municipal Structures Act, 1998, so as to further regulate the contents of notices establishing municipalities; to further regulate transitional measures when existing municipalities are disestablished and new municipalities established; to further regulate the determination of the number of councillors; to redetermine the provisions from which a municipality may be exempted; to determine the date on which the first term of municipalities end; and to further regulate the transitional arrangements; and to provide for matters connected therewith.

**B**E IT ENACTED by the Parliament of the Republic of South Africa, as follows:

## CHAPTER 1

### AMENDMENT OF ACT 117 OF 1998

#### Amendment of section 12 of Act 117 of 1998, as amended by section 93 of Act 27 of 2000

1. Section 12 of the Local Government: Municipal Structures Act, 1998 (hereinafter referred to as the principal Act), is hereby amended—

- (a) by the substitution in subsection (3) for the words preceding paragraph (a) of the following words: 10  
“The notice establishing the municipality must **[specify]** set out—”;
- (b) by the insertion in subsection (3) of the following paragraph after paragraph (d):  
“(dA) in the case of a metropolitan or local municipality, the number of 15  
wards in the municipality;”; and
- (c) by the deletion of paragraph (g) of subsection (3).

#### Amendment of section 14 of Act 117 of 1998

2. Section 14 of the principal Act is hereby amended—

- (a) by the substitution for subsection (1) of the following subsection: 20  
“(1) (a) A municipality established in terms of section 12 in a particular area, supersedes the existing municipality or municipalities to the extent that the existing municipality or municipalities fall within that area.  
(b) The superseding municipality becomes the successor in law of the 25  
existing municipality subject to paragraph (c).”

- (c) Where a district municipality and one or more local municipalities within the area of the district municipality supersede the existing municipality or municipalities in that area, the district and local municipalities in that area become the successors in law of the existing municipality or municipalities depending on the specific assets, liabilities, rights and obligations allocated to the district and local municipalities respectively in terms of the relevant section 12 notice or notices.”; 5
- (b) by the substitution in subsection (2) for the words preceding paragraph (a) of the following words: 10  
“(2) If subsection (1) is applicable, the section 12 notice, or any amendment of the section 12 notice, must—”; and
- (c) by the substitution in subsection (2) for paragraph (b) of the following paragraph: 15  
“(b) regulate the legal, practical and other consequences of the total or partial disestablishment of the existing municipality, including— 15  
(i) the vacation of office by councillors of the existing municipality;  
(ii) the transfer of staff from the existing municipality to the superseding municipality, or, if there is more than one superseding municipality, to any of the superseding municipalities; 20  
(iii) the transfer of assets, liabilities, rights and obligations, and administrative and other records, from the existing municipality to the superseding municipality, or, if there is more than one superseding municipality, to any of the superseding municipalities, taking into account the interests of creditors of the existing municipality; and 25  
(iv) the continued application of any by-laws **[, regulations]** and resolutions of the existing municipality to or in that area, and the extent of such application: 30  
Provided that if the superseding municipality is a district or local municipality a transfer referred to in subparagraph (ii) or (iii) must be effected in a way that would enable the superseding municipality to perform the functions or exercise the powers assigned to it in terms of section 84(1) or (2).”; 35
- (d) by the substitution for subsection (3) of the following subsection: 40  
“(3) (a) The transfer of a staff member in terms of a section 12 notice must **[take place]** be—  
(i) on conditions of service not less favourable than those under which that staff member served in the existing municipality; and 45  
(ii) in accordance with the Labour Relations Act, 1995 (Act No. 66 of 1995).  
(b) A section 12 notice transferring staff of an existing municipality to a superseding municipality may determine that—  
(i) the staff transferred from the existing municipality to the superseding municipality form an administrative unit that functions as such until the superseding municipality has established a staff structure and has appointed staff to positions on that staff structure; and  
(ii) such administrative unit functions under the control of the municipal manager or acting municipal manager of the superseding municipality.” 50

### **Amendment of section 16 of Act 117 of 1998**

**3.** Section 16 of the principal Act is hereby amended by the deletion of paragraph (e) of subsection (1).

#### Amendment of section 20 of Act 117 of 1998

4. Section 20 of the principal Act is hereby amended by the substitution in subsection (1) for paragraph (a) of the following paragraph:

“(a) must be determined in accordance with a formula determined by the Minister by notice in the *Government Gazette*, which formula must be based on the number of voters registered on that municipality’s segment of the national common voters’ roll on a date determined in the notice;”.

#### Amendment of section 81 of Act 117 of 1998

5. Section 81 of the principal Act is hereby amended by the substitution for the expression “10 per cent”, wherever it occurs, of the expression “20 per cent”.

#### Amendment of section 84 of Act 117 of 1998

6. Section 84 of the principal Act is hereby amended—

(a) by the substitution for subsection (1) of the following subsection:

- “(1) A district municipality has the following functions and powers:
- (a) Integrated development planning for the district municipality as a whole, including a framework for integrated development plans **[for the local municipalities within]** of all municipalities in the area of the district municipality[, **taking into account the integrated development plans of those local municipalities**].
  - (b) **[Bulk supply of water that affects a significant proportion of municipalities in the district]** Potable water supply systems.
  - (c) Bulk supply of electricity **[that affects a significant proportion of municipalities in the district]**, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.
  - (d) **[Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district]** Domestic waste-water and sewage disposal systems.
  - (e) Solid waste disposal sites **[serving the area of the district municipality as a whole]**, in so far as it relates to—
    - (i) the determination of a waste disposal strategy;
    - (ii) the regulation of waste disposal;
    - (iii) the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
  - (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
  - (g) Regulation of passenger transport services.
  - (h) Municipal airports serving the area of the district municipality as a whole.
  - (i) Municipal health services **[serving the area of the district municipality as a whole]**.
  - (j) Fire fighting services serving the area of the district municipality as a whole, which includes—
    - (i) planning, co-ordination and regulation of fire services;
    - (ii) specialised fire fighting services such as mountain, veld and chemical fire services;
    - (iii) co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
    - (iv) training of fire officers.

- (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of **[the district municipality as a whole]** a major proportion of the municipalities in the district.
- (l) The establishment, conduct and control of cemeteries and crematoria serving the **[district as a whole]** area of a major proportion of municipalities in the district. 5
- (m) Promotion of local tourism for the area of the district municipality.
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- (o) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality. 10
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.”; and
- (b) by the substitution for subsection (3) of the following subsection: 15
  - “(3)(a) The Minister may, by notice in the *Government Gazette*, and after consultation with the Cabinet member responsible for the functional area in question, and after consulting the MEC for local government in the province and, if applicable, subject to national legislation, authorise a local municipality to perform a function or exercise a power mentioned in subsection (1) (b), (c), (d) or (i) in its area or any aspect of such function or power. 20
  - (b) The Minister must in the notice referred to in paragraph (a) regulate the legal, practical and other consequences of the authorisation, which may include— 25
    - (i) the transfer of staff;
    - (ii) the transfer of assets, liabilities, rights and obligations, and administrative and other records; and
    - (iii) the continued application of any by-laws and resolutions in the area of the municipalities concerned and the extent of such application. 30
  - (c) The Minister may amend a notice issued in terms of paragraph (a) to effect technical changes or to regulate the authorisation more effectively.”.

#### Amendment of section 85 of Act 117 of 1998

- 7. Section 85 of the principal Act is hereby amended by— 35
  - (a) the substitution in subsection (1) for paragraph (b) of the following paragraph:
    - “(b) in the district municipality (excluding a function or power referred to in section 84(1) (a), (b), (c), (d), (i), (o) or (p), to the local municipality.”; and
  - (b) by the addition of the following subsection: 40
    - “(10) This section does not apply before the date of the first elections of municipal councils in terms of this Act.”.

#### Substitution of section 86 of Act 117 of 1998

- 8. The following section is hereby substituted for section 86 of the principal Act:

#### **“Resolution of disputes concerning performance of functions or exercise of powers 45**

**86. [If a district and a local municipality perform a function or exercise a power of a similar nature and] If** a dispute arises between **[them]** a district and a local municipality concerning the performance of **[that]** a function or the exercise of **[that]** a power, the MEC for local government in the province, after consulting them, may, by notice in the *Provincial Gazette*, resolve the dispute by defining their respective roles in the performance of that function or in the exercise of that power.”. 50

### Amendment of section 90 of Act 117 of 1998

9. Section 90 of the principal Act is hereby amended by the substitution in the Afrikaans text in subsection (2) for the words “betrokke munisipaliteit” of the words “betrokke provinsies”.

### Amendment of section 91 of Act 117 of 1998

10. Section 91 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) The MEC for local government in a province, within a policy framework as may be determined by the Minister, and by notice in the *Provincial Gazette*, may exempt a municipality in the province from **[a provision of section]** any of the provisions of sections 36 [(2),] (3) or (4), 38, [to 41] 39, 45 to 47, 48(2), (3) [and] or (4), 50 to 53, 58, 65 to 71, 75 and 76.”.

### Amendment of section 93 of Act 117 of 1998

11. Section 93 of the principal Act is hereby amended—

(a) by the substitution for subsection (2) of the following subsection:

“(2) If any conflict relating to the matters dealt with in this Act arises between this Act and the provisions of any other law, except the Constitution and Chapter 2 of the Local Government: Municipal Structures Amendment Act, 2000, the provisions of this Act prevail.”;

(b) by the substitution for subsection (3) of the following subsection:

“(3) The first term of all municipal councils after the enactment of this Act expires **[not later than 1 November 2000 as determined by the Minister by notice in the Government Gazette]** on 31 October 2000.”;

and

(c) by the addition of the following subsections:

“(4) Despite anything to the contrary in any other law and as from the date on which a municipal council has been declared elected as contemplated in item 26(1)(a) of Schedule 6 to the Constitution—

(a) section 10G of the Local Government Transition Act, 1993 (Act No. 209 of 1993), read with the necessary changes, apply to such a municipality; and

(b) any regulation made under section 12 of the Local Government Transition Act, 1993 (Act No. 209 of 1993), and which relates to section 10G of that Act, read with the necessary changes, apply to such a municipality.

(5) For purposes of subsection (4)—

(a) any reference in section 10G of the Local Government Transition Act, 1993 (Act No. 209 of 1993), or a regulation referred to in subsection (4)(b), to—

(i) ‘chairperson of the council’ must be construed as a reference to the speaker of the council;

(ii) ‘chief executive officer’ must be construed as a reference to the municipal manager appointed in terms of section 82;

(iii) ‘local council’, ‘metropolitan council’, ‘metropolitan local council’ and ‘rural council’ must be construed as a reference to a municipal council;

(iv) ‘MEC’ must be construed as a reference to the member of the Executive Council of a province responsible for local government;

(v) ‘MEC responsible for Finance’ must be construed as a reference to the member of the Executive Council of a province responsible for finances in the province; and

(vi) ‘remaining area’ and ‘areas of jurisdiction of representative councils’ must be construed as a reference to a district management area; and

(b) section 10G of the Local Government Transition Act, 1993 (Act No. 209 of 1993), must be regarded as having been amended by the insertion of the following subsection after subsection (6):

- (6A) (a) Despite anything to the contrary in any other law, a municipality must value property for purposes of imposing rates on property in accordance with generally recognised valuation practices, methods and standards.
- (b) For purposes of paragraph (a)—
- (i) physical inspection of the property to be valued, is optional; and
  - (ii) in lieu of valuation by a valuer, or in addition thereto, comparative, analytical and other systems or techniques may be used, including—
    - (aa) aerial photography;
    - (bb) information technology;
    - (cc) computer applications and software; and
    - (dd) computer assisted mass appraisal systems or techniques.
- (6) A district municipality or a metropolitan municipality may levy and claim a regional services levy and a regional establishment levy referred to in section 12(1)(a) of the Regional Services Councils Act, 1985, or section 16(1)(a) of the KwaZulu and Natal Joint Services Act, 1990.”.

## CHAPTER 2

### TRANSITIONAL ARRANGEMENTS IN RESPECT OF NEW LOCAL GOVERNMENT DISPENSATION

#### Definitions

- 12.** (1) In this Chapter a word or expression to which a meaning has been assigned in the Structures Act, has that meaning and, unless the context otherwise indicates—
- “**existing municipality**” means a municipality established in terms of legislation other than the Structures Act before the date of the first elections of municipal councils in terms of that Act;
- “**new municipality**” means a municipality established or to be established in terms of the Structures Act;
- “**section 12 notice**” means a notice envisaged in section 12 (1) of the Structures Act;
- “**Structures Act**” means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- “**superseding municipality**” means a new municipality which wholly or partially supersedes an existing municipality in accordance with section 14 (1) of the Structures Act;
- “**transition**” means the process of putting into operation the new local government dispensation as set out in the Structures Act read with Chapter 7 of the Constitution.

#### Duration of transition

- 13.** (1) The transition ends two years from the date of the first election of municipal councils in terms of the Structures Act, unless the Minister determines a shorter period by notice in the *Government Gazette*.
- (2) This Chapter lapses when the transition ends.

#### Transitional application of section 12 of Act 117 of 1998

- 14.** (1) For purposes of the transition, section 12 of the Structures Act must be regarded as permitting—
- (a) a new municipality to be named in the section 12 notice by way of a provisional designation which must consist of or include the number allocated to the area of the municipality when that area was demarcated in terms of the Demarcation Act; and
  - (b) the establishment of a district municipality, the establishment of local municipalities within the area of the district municipality, and the total or



partial disestablishment of existing municipalities within that area, to be effected by way of the same section 12 notice.

(2) Section 12 (4) of the Structures Act does not apply during the transition.

### **Transitional application of section 14 of Act 117 of 1998**

- 15.** For purposes of the transition— 5
- (a) section 14(2)(b) of the Structures Act must be regarded as permitting the regulation of any legal, practical and other consequences of the disestablishment of an existing municipality, to be effected by way of an amendment to the section 12 notice disestablishing the existing municipality, provided the notice is amended before the date on which the disestablishment of the existing municipality takes effect; and 10
- (b) section 14(5) of the Structures Act must be regarded to read as follows:
- “(5)(a) The MEC for local government in a province, by notice in the *Provincial Gazette*, may make provision for transitional measures to facilitate the disestablishment of an existing municipality and the establishment of a new municipality. 15
- (b) The measures contemplated in paragraph (a) may include measures—
- (i) establishing a committee to advise the MEC on any matter affecting the transition; or 20
- (ii) in relation to the existing municipality, restricting or regulating the—
- (aa) alterations to the staff establishment; 25
- (bb) appointment of staff or the filling of vacancies;
- (cc) upgrading of posts or promotions; 25
- (dd) increases in salaries or wages;
- (ee) disposal or acquisition of assets;
- (ff) conclusion of contracts with a duration longer than one year or the renewal of such contracts; or 30
- (gg) use of reserve capital. 30
- (c) The MEC must consult the existing municipality before publishing the notice contemplated in paragraph (a).”.

### **Transitional application of section 16 of Act 117 of 1998**

- 16.** (1) For purposes of the transition, section 16 (2) of the Structures Act must be regarded to read as follows: 35
- “(2) Any amendment of a section 12 notice must be consistent with the provisions of this Act read with the provisions of Chapter 2 of the Local Government: Municipal Structures Amendment Act, 2000.”.
- (2) Section 16 (3) of the Structures Act does not apply when a section 12 notice is amended for purposes of the transition. 40

### **Transitional arrangement in respect of notice and consultation**

- 17.** For purposes of the transition, the MEC for local government in a province must, before publishing a notice in terms of section 12 or 16 of the Structures Act—
- (a) consult organised local government in the province; and
- (b) publish particulars of the proposed notice for public comment for at least 14 45 days.

### **Temporary authorisations**

- 18.** (1) The MEC for local government in a province, by notice in the *Provincial Gazette*, may authorise—
- (a) a local municipality to perform a function or exercise a power of a nature described in section 84(1) (e), (f), (g), (h), (j), (k), (l), (m) and (n) in its area or an aspect of such function or power; or 50



- (b) a district municipality to perform a function or exercise a power of the nature referred to in section 84(2) in the area of a local municipality, or an aspect of such function or power.
- (2) The MEC may issue an authorisation in terms of subsection (1) only if—
  - (a) the district municipality or the local municipality, as the case may be, cannot or does not perform the function or exercise the power in the relevant area or if, for any other reason, it is necessary to ensure the continued performance of the function or exercise of the power in that area; and
  - (b) the Demarcation Board has recommended the authorisation.
- (3)(a) If the Demarcation Board has made a recommendation in favour of an authorisation and the MEC disagrees with the recommendation, the MEC must furnish reasons, in writing, to the Board and the Minister.
- (b) After considering the reasons furnished by the MEC and after consulting the Demarcation Board, the Minister may by notice in the *Government Gazette* issue the authorisation subject to subsection (2)(a).
- (4) The MEC or the Minister must in the notice referred to in subsection (1) or (3), as the case may be, regulate the legal, practical and other consequences of the authorisation, which may include—
  - (i) the transfer of staff;
  - (ii) the transfer of assets, liabilities, rights and obligations, and administrative and other records; and
  - (iii) the continued application of any by-laws and resolutions in the area of the municipalities concerned and the extent of such application.
- (5) The MEC or Minister may amend a notice issued in terms of subsection (1) or (3), as the case may be, to effect technical changes or to regulate the authorisation more effectively.
- (6) (a) The MEC must revoke an authorisation issued in terms of subsection (1) or (3) if—
  - (i) the Demarcation Board so recommends; or
  - (ii) an adjustment concerning the relevant function or power is made in terms of section 85.
- (b) The Demarcation Board must so recommend if the reason for the authorisation is no longer valid.
- (7) When an authorisation is revoked in terms of subsection (6) or lapses in terms of section 13, the MEC must, if necessary, regulate by notice in the *Provincial Gazette* the legal, practical and other consequences resulting from the revocation or lapsing of the authorisation, which may include—
  - (a) the transfer of staff;
  - (b) the transfer of assets, liabilities, rights and obligations, and administrative and other records; and
  - (c) the continued application of any by-laws, and resolutions in the area of the municipalities concerned and the extent of such application.

#### **Transitional arrangement in respect of section 20 of Act 117 of 1998**

**19.** For the first election of municipal councils after the enactment of this Act, the date contemplated in section 20(1)(a) of the Structures Act, as amended by section 2 of this Act, must be regarded as 31 March 2000.

#### **Short title**

**20.** This Act is called the Local Government: Municipal Structures Amendment Act, 2000.

## **MEMORANDUM ON THE OBJECTS OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES AMENDMENT BILL, 2000**

1. The Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) (“the Structures Act”), provides for the new constitutional dispensation for local government, in so far as it relates to the different categories and types of municipalities, the division of power between certain categories of municipalities and the electoral system to be applied. During the municipal demarcation process, as well as the implementation of the Structures Act, it became apparent that certain amendments need to be effected to the Structures Act in order to facilitate and finalise the demarcation process and other preparations for the forthcoming local government elections.

2. In view of the fact that the Property Rates Bill and the Municipal Finance Management Bill will not be finalised during 2000, it would appear that a legal vacuum may occur after the local government elections in so far as the regulation of the financial matters of the new municipalities are concerned. The obvious short-term solution to this problem appears to be an extension of the application of section 10G of the Local Government Transition Act, 1993 (Act No. 209 of 1993) (“the Transition Act”), as part of the transitional arrangements contained in the Structures Act.

3. The Municipal Demarcation Board established by section 2 of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998), also proposed certain amendments to the Structures Act in order to finalise the demarcation process and other preparations for the forthcoming local government elections.

4. Section 12 of the Structures Act deals with the contents of the notice in terms of which a municipality is established. During the process of preparing draft notices for the newly demarcated municipalities, it was realised that a number of important issues that should be contained in the establishment notices have not specifically been provided for in section 12. It is proposed that section 12 of the Structures Act be amended to specifically provide for matters such as the number of wards. There is a school of thought that the present wording of section 12(3) of the Structures Act would require a point to point description of municipal boundaries. In order to promote legal certainty in this regard, it is proposed that the word “specify” be substituted with the expression “set out”.

5. Section 14 provides for the regulation of the effects of the disestablishment of existing municipalities and the establishment of new municipalities. Subsection (1) presently does not provide for a new municipality to become the successor in law of the existing municipality in respect of the assets, liabilities, rights and obligations allocated to the new municipality. It is proposed that subsection (1) be amended to provide for this. It is furthermore proposed that subsection (2) be amended to make it clear that a section 12 notice may be amended so that staff, assets, liabilities, rights and obligations can be transferred to more than one superseding municipality and that the transfer of staff, assets, liabilities, rights and obligations must be effected in a way that will enable the district or local municipality to perform the functions and exercise the powers assigned to it in terms of section 84.

6. Section 20 of the Structures Act provides for the determination of a formula for the determination of the number of councillors, which formula must be based on the number of voters registered on each municipality’s segment of the national common voters’ roll. Uncertainty has arisen regarding the question as to which date should be used for the determination of the number of registered voters. The proposed amendment to section 20 provides that the date will be specified in the notice setting out the formula. However, in order to avoid any dispute regarding the date that was used in respect of the forthcoming elections, a transitional arrangement has been included in the Bill to fix the date that was used in the present instance.

7. Section 81 of the Structures Act regulates the participation of traditional leaders in the proceedings of a municipal council. The number of traditional leaders that may so participate is, however, limited to 10% of the total number of councillors in a particular municipality. At the request of traditional leaders this limit is increased to 20%.

8. Section 84 of the Structures Act provides for the division of powers and functions between district and local municipalities. Due to problems experienced in the application of especially subsection (1), amendments are proposed in order to promote legal certainty and also to provide for proposals made by other national departments regarding the functional areas of Water and Health. The proposed amendments entail

that the functions relating to water, sewage and health are assigned to district municipalities. The Minister is, however, empowered to authorise a local municipality to perform any of the abovementioned functions or aspects of such functions.

9. Section 85 of the Structures Act, which deals with the adjustment of powers and functions between district and local municipalities, is suspended until the elections have taken place. The reason for the suspension is that it was difficult, if not impossible, to assess the capacity of municipalities that do not exist.

10. In terms of section 91 of the Structures Act, the MEC may exempt a municipality from the provisions of certain sections of that Act. It was realised that certain of these provisions relate to matters that all municipalities should comply with, such as the election of a speaker. Consequently, it is proposed that section 91 be amended so as to remove the reference to provisions in respect of which no municipality should be exempted.

11. In view of the fact that consideration is being given to proclaiming 1 November 2000 as the date on which the local government elections are to take place, it is necessary to amend section 93(3) of the Structures Act to reflect at least the date immediately prior to 1 November 2000 as the date on which the term of the existing municipal councils expire.

12. As it does not appear possible to enact financial legislation that would apply to the new municipalities before the forthcoming elections take place, it is deemed necessary to provide for an appropriate transitional arrangement by extending the application of section 10G of the Transition Act to the new municipalities. This extension would also require further transitional arrangements regarding the valuation of property for purposes of imposing rates.

13. During the process of disestablishing the existing 843 municipalities and establishing the 284 newly demarcated municipalities it became clear that the Structures Act does not adequately provide for this process. In order to provide for this process, and to deal with the fact that section 85 cannot be applied before the election, it is proposed that a separate chapter be inserted in this Bill providing for transitional arrangements. It is firstly proposed that the chapter will lapse two years from the date of elections unless the Minister determines a shorter period. Secondly, it is proposed that the present requirement in respect of the names having to be specified in the section 12 notices, be extended to allow for a mere designation to be used. As all provinces have indicated the need for a specific provision that allows for a moratorium to be placed on municipalities in respect of matters such as the disposal and acquisition of assets, it is proposed that section 14(5) should provide for such matters.

14. Due to problems experienced in complying with the consultation process prescribed by sections 12(4) and 16(3) of the Structures Act, it is proposed that these provisions be suspended for the duration of the transition and that a shorter process of consultation when section 12 notices are made or amended be permitted during the transition.

15. In order to ensure that the provision of services are not disrupted due to the establishment of new municipalities and to deal with the fact that section 85 is not applicable during this process, it is proposed that the MECs be permitted to, on the recommendation of the Demarcation Board, authorise a district or local municipality to perform certain functions assigned to a local or district municipality, as the case may be.

## **16. CONSULTATION**

The Municipal Demarcation Board was consulted.

## **17. FINANCIAL IMPLICATIONS FOR STATE**

No direct implication for national government. The financial implication for local government is difficult to ascertain at this stage.

**18. PARLIAMENTARY PROCEDURE**

The State Law Advisers and the Department of Provincial and Local Government are of the opinion that this Bill must be dealt with in accordance with the procedure established by section 75 of the Constitution since it contains no provision to which the procedure set out in section 74 or 76 of the Constitution applies.