

# **Strategic Plan for the fiscal years 2020 to 2025 Annual Performance Plan for 2021/22 and Budget**

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**Portfolio Committee – 14 April 2021**





# OUTLINE OF PRESENTATION

1. Purpose of the presentation
2. Institutional arrangements
3. Constitutional and Legislative mandate
4. Progress on achievement of 2020/21 targets
5. Strategic Plan for the fiscal years 2020 to 2025
6. Annual Performance Plan for 2021/22
7. Medium Term Expenditure Framework
8. Impact of budget cuts
9. Challenges
10. Concluding remarks



# PURPOSE OF THE PRESENTATION

1. To present to the Portfolio Committee:
  - a. MDB Strategic Plan for the fiscal years 2020 to 2025;
  - b. Annual Performance Plan for the 2021/22 financial year;
  - c. Budget allocation of the institution; and
  - d. Challenges encountered by the institution.



# INSTITUTIONAL ARRANGEMENTS

## 1. THE BOARD

The Board is led by the Chairperson, and discharges its duties through the following committees:

- a. Governance, Social and Ethics;
- b. Human Capital;
- c. Audit and Risk;
- d. Ward delimitation and Boundary determination Committee;
- e. Research and Knowledge Management;
- f. Finance (Newly established committee).

## 2. ADMINISTRATION

The administration is led by the Chief Executive Officer, who is also the Accounting Officer.

The Board has four programmes which are:

- a. Administration;
- b. Demarcation and Spatial Transformation Excellence;
- c. Research, Spatial Information and Intelligence Development; and
- d. Stakeholder Engagement.



# THE BOARD'S CONSTITUTIONAL MANDATE

The Board's constitutional mandate is primarily derived from sections 155(3)(b) and 157(4) of the Constitution of the Republic of South Africa, Act 108 of 1996.

# LEGISLATIVE MANDATE

## Determination of municipal outer boundaries

- Section 4(a) of the Municipal Demarcation Act 27 of 1998 (MDA).
- Section 4 of the Municipal Structures Act 117 of 1998 (MSA) provides for categorisation of municipalities.

## Delimitation of municipal ward boundaries

- Schedule 1 to the MSA – MDB, after consultation with the Electoral Commission must delimit wards for purposes of local elections.

## Assessment of municipal capacity

- Section 85 of MSA provides for the MDB to assess municipal capacity when determining boundaries.

## Rendering of advisory services to stakeholders

- Section 4(b) of the MDA.



# PROGRESS ON ACHIEVEMENT

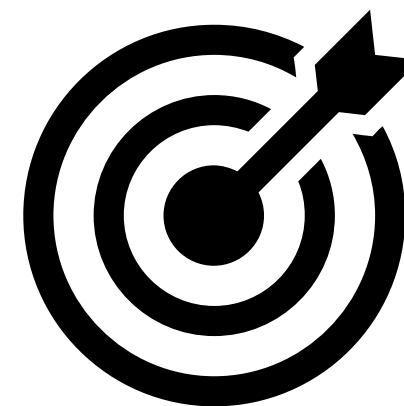
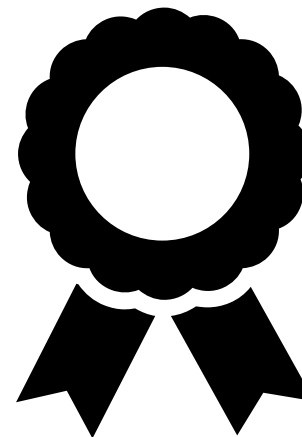
## 2020/21 TARGETS



# PERFORMANCE AGAINST PREDETERMINED OBJECTIVES 2020/21 FINANCIAL YEAR (Q4)

The following main deliverables have been achieved:

1. Unqualified audit opinion, with no findings 'clean audit' from the AG for the 2019/20 financial year;
2. Delimited wards for all municipalities that qualifies;
3. Spatial boundary descriptions for 58 municipalities;
4. Eight reports on minimum norms and standards for municipal capacity to perform its powers & functions
5. Activities to strengthen public and stakeholder awareness and education of demarcation processes, specifically on ward delimitation processes.





# STRATEGIC PLAN FOR THE FISCAL YEARS 2020 TO 2025



# OUR MISSION, VISION & VALUES

## Our vision

Spatially transformed, just and sustainable communities

## Our mission

To create spatial conditions for sustainable development and transformation of local communities through municipal and ward boundary demarcation; provide advisory services, and serve as a knowledge hub for stakeholders to promote socio-economic development, democratic participation, equality and access to services



# BROAD STRATEGIC DIRECTION

<b>Impact Statement</b>		Develop democratic, spatially integrated and socio-economically sustainable communities	
<b>MTSF priority</b>		Priority 4: Spatial integration, human settlement and local government	
<b>Outcome</b>	<b>Outcome indicator</b>	<b>Baseline</b>	<b>Five-year target</b>
Organisational excellence	Achieve level 5 on the corporate governance capability maturity model	Baseline to be determined	Maturity level 5 achieved by 2025
Well-defined municipal spaces	Ward and municipal boundaries demarcated	257 municipalities; 4 392 wards	4 468 wards delimited for 2021 local government elections Municipal boundary re-determination proposals considered by 2025
Improved access to research and spatial information	Research and spatial information accessible	Disjointed and inaccessible information system	Research and spatial information accessible to stakeholders and the public by 2025
Improved public and stakeholder participation	Increased number of education and awareness activities to reach stakeholders and the public	Baseline to be determined	80 public participation, education and awareness events activated/supported



# Annual Performance Plan for 2021/22

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# PROGRAMMES SUPPORTING IMPLEMENTATION OF STRATEGY

The implement of the strategy is supported by four programmes as follows:

1. Programme 1: Administration
2. Programme 2: Demarcation and Spatial transformation excellence
3. Programme 3: Research, Spatial Information and Intelligence Development
4. Programme 3: Stakeholder Engagement

Per programme, we have set the following number of outputs and indicators to achieve our envisaged outcomes. These outputs and indicators are detailed in the slides following.

Prog	Outcome	Number of Outputs and indicators	Percentage
1	Organisational excellence	12	55%
2	Well-defined municipal spaces	3	13.5%
3	Improved access to research and spatial information	4	18%
4	Improved public and stakeholder participation	3	13.5%
TOTAL		22	100%

# MEDIUM TERM PERFORMANCE TARGETS

## PROGRAMME 1: ADMINISTRATION

### Purpose:

To ensure adequate and sustainable resources, capabilities and core competencies to aid the achievement of the MDB mandate. The intention over the next five years is to enhance best practice governance in administrative and financial control systems, capability and financially resourced, staffed and structured MDB with the required infrastructure to fully execute its mandate.

Output	Output indicator		Medium Term Target		
			2020/21	2021/22	2022/23
Implementation rate of Board resolutions	Percentage Board resolutions implemented	1.1	100%	100%	100%
Committees and Board performance evaluated	Committees and Board self-performance evaluation	1.2	Committees and Board self-performance evaluation conducted	N/A	Committees and Board self-performance evaluation conducted
Reports on compliance with relevant legislation	Number of reports on monitoring and evaluation of compliance with relevant legislation submitted	1.3	4	4	4



# MEDIUM TERM PERFORMANCE TARGETS

## PROGRAMME 1: ADMINISTRATION

Output	Output indicator		Medium Term Target		
			2020/21	2021/22	2022/23
Organisational performance review sessions conducted	Number of organisational performance review sessions conducted	1.4	4	4	4
ICT governance reports	Number of reports on ICT governance submitted	1.5	4	4	4
Vacancy rate of funded positions	Percentage vacancy rate of funded positions over the period monitored	1.6	10%	10%	10%
Training interventions provided	Number of staff members provided with training interventions	1.7	14	16	18
AGSA report	Maintain the audit opinion expressed by AGSA	1.8	Unqualified audit opinion with no findings (clean)	Unqualified audit opinion with no findings (clean)	Unqualified audit opinion with no findings (clean)
Financial management reports	Number of financial management reports submitted	1.9	4	4	4

# MEDIUM TERM PERFORMANCE TARGETS

## PROGRAMME 1: ADMINISTRATION

Output	Output indicator		Medium Term Target		
			2020/21	2021/22	2022/23
Strategic risk register	Annual strategic risk register developed	1.10	Develop annual strategic risk register by end-March 2022	Develop annual strategic risk register by end-March 2023	Develop annual strategic risk register by end-March 2024
Risk mitigation reports	Number of risk mitigation reports submitted	1.11	4	4	4
Report on implementation status of audit recommendations	Percentage of audit action plan implemented	1.12	100%	100%	100%

# MEDIUM TERM PERFORMANCE TARGETS

## PROGRAMME 2: DEMARCATION AND SPATIAL TRANSFORMATION EXCELLENCE

### Purpose:

To determine and re-determine municipal outer boundaries and delimit wards for all municipalities that qualify to have wards to enhance spatial justice, equality and efficiency, and deepen democracy and active citizenry.

Output	Output indicator		Medium Term Target		
			2020/21	2021/22	2022/23
Reports on preliminary analysis of municipal boundary re-determination proposals	Percentage of municipal boundary re-determination proposals, received by 31 March 2021 analysed	2.1	100%	N/A	N/A
A multi-criteria decision support tool for municipal boundary re-determination	Develop a multi-criteria decision support tool for municipal boundary re-determination	2.2	Multi-criteria decision support tool for municipal boundary re-determination developed	N/A	N/A
Reports on analysis of administrative and service areas in relation to municipal boundaries	Number of municipalities analysed in terms of administrative and service areas in relation to municipal boundaries	2.3	213	N/A	N/A

# MEDIUM TERM PERFORMANCE TARGETS

## PROGRAMME 3: RESEARCH, SPATIAL INFORMATION AND INTELLIGENCE DEVELOPMENT

### Purpose:

To establish an end-to-end integrated system for generating, processing, leveraging and managing spatial data, research, information and knowledge for informed and evidence-based decision-making and to provide proficient advisory service. This entails the development of strategic research, spatial data analysis and information development to facilitate innovation and access to spatial knowledge as a meaningful source for sustainable spatial transformation.

Output	Output indicator		Medium Term Target		
			2020/21	2021/22	2022/23
Integrated Spatial Knowledge Hub	Integrate MDB spatial data products into spatial knowledge hub	3.1	Integrate spatial data products into spatial knowledge hub	N/A	N/A
Norms and standards for municipal capacity	Number of reports compiled on minimum norms and standards for municipalities to perform its powers and functions	3.2	7	N/A	N/A

# MEDIUM TERM PERFORMANCE TARGETS

## PROGRAMME 3: RESEARCH, SPATIAL INFORMATION AND INTELLIGENCE DEVELOPMENT

Output	Output indicator		Medium Term Target		
			2020/21	2021/22	2022/23
Research reports	Number of research reports produced in line with Research strategy	3.3	2	2	2
Updated capacity assessment data available	Number of municipalities with updated capacity assessment data	3.4	249	N/A	N/A

# MEDIUM TERM PERFORMANCE TARGETS

## PROGRAMME 4: STAKEHOLDER ENGAGEMENT

### Purpose:

To increase the MDB's effectiveness to deliver on its mandate and rally stakeholders to deepen awareness, understanding and knowledge of demarcation matters through coordinated consultations, meaningful stakeholders and public participation.

Output	Output indicator		Medium Term Target		
			2020/21	2021/22	2022/23
Public awareness and education activities	Number of public awareness and education activities completed	4.1	8	10	8
Stakeholder awareness and education activities	Number of stakeholder awareness and education activities completed	4.2	8	10	8
Media coverage	Number of items across print, electronic and broadcast media generated by MDB or arising from its work	4.3	4	4	5



# MEDIUM TERM EXPENDITURE FRAMEWORK



# OVERVIEW OF 2021/22 BUDGET AND MTEF ESTIMATES

Budgeted expenditure by economic classification	Audited outcomes			Revised estimate	Medium term Expenditure Estimates		
R thousand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>REVENUE</b>							
Transfers - Appropriated funds	50 631	53 568	56 568	63 017	70 601	74 340	73 104
Additional allocation	7 000	2 000	7 700	-	-		
Other income	2 468	1 928	1 041	1 100	1 120	1 150	1 200
Sundry Income (Surplus)	-			5 944	-		
<b>Total revenue</b>	<b>60 099</b>	<b>57 496</b>	<b>65 330</b>	<b>70 061</b>	<b>71 721</b>	<b>75 490</b>	<b>74 304</b>
<b>OPERATING EXPENDITURE</b>							
<b>Total Expenditure</b>	<b>51 577</b>	<b>60 835</b>	<b>58 767</b>	<b>70 061</b>	<b>71 721</b>	<b>75 490</b>	<b>74 304</b>
<b>Current payments</b>	<b>50 465</b>	<b>60 476</b>	<b>56 465</b>	<b>68 596</b>	<b>68 571</b>	<b>73 878</b>	<b>73 344</b>
<i>Compensation of employees</i>	26 607	28 341	32 354	38 848	41 953	45 315	47 898
<i>Goods and services, of which:</i>	23 858	32 135	24 111	29 751	26 618	28 564	25 447
Operating lease	3 759	3 965	3 571	3 272	3 304	3 305	3 307
Publications and notices	2 660	449	482	7 409	100	-	-
Communication	612	808	617	621	750	850	882
Auditors	405	2 290	2 102	2 544	2 674	2 794	2 929
Travel cost	99	1 969	3 370	831	2 042	1 433	1 331
Other operating expenses	16 324	22 744	13 969	15 073	17 748	20 182	16 998
<b>Capex</b>	<b>1 112</b>	<b>359</b>	<b>2 073</b>	<b>1 466</b>	<b>3 150</b>	<b>1 612</b>	<b>960</b>
<b>Surplus/Deficit</b>	<b>8 522</b>	<b>(3 358)</b>	<b>6 792</b>	<b>-</b>	<b>-</b>	<b>-</b>	

# RELATING EXPENDITURE TO OUTCOMES

Budgeted expenditure by economic classification	Audited outcomes			Revised estimate	Medium term Expenditure Estimates		
R thousand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Revenue</b>							
Government grant	57 631	55 568	56 568	63 017	70 601	74 340	73 104
Other Income	2 468	1 928	1 041	1 100	1 120	1 150	1 200
Other	-			5 944	-		
<b>Total Revenue</b>	<b>60 099</b>	<b>57 496</b>	<b>65 309</b>	<b>70 061</b>	<b>71 721</b>	<b>75 490</b>	<b>74 304</b>
<b>Classification per programme</b>							
Administration	32 621	36 431	37 920	41 562	45 705	47 867	50 072
Demarcations	10 364	10 842	12 054	19 521	13 618	14 013	14 745
Research and Knowledge Management	4 033	7 376	2 235	2 784	3 205	3 301	3 489
Stakeholder management and communication	3 456	8 758	4 257	4 728	6 043	8 697	5 039
<b>Capex</b>	<b>1 112</b>	<b>359</b>	<b>2 073</b>	<b>1 466</b>	<b>3 150</b>	<b>1 612</b>	<b>960</b>
<b>Surplus/(deficit)</b>	<b>8 512</b>	<b>(3 358)</b>	<b>6 792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# IMPACT OF BUDGET CUTS

1. MDB's budget was increased by R24,680 million over the medium term in the 2020 MTEF allocation, to cater for implementation of the job evaluation results and public participation and awareness programmes.
2. This increase was however initially offset by a reduction that has been done by top slicing the allocation by R4,938 million (R1,335 million on the special adjusted budget announced in June and R3,603 million for CoE adjustment), R4,003 million and R6,327 million for the 2021/2022 and 2022/2023 financial years respectively.
3. The decision to reduce the baseline was reversed by National Treasury after extensive negotiations with the department and National Treasury. Several meetings were held with the budget office, the HOD and presentations made to the Minister of COGTA. Presentations were also made to National Treasury to indicate the predicament that will be faced by MDB should the reduction be carried out.



# CHALLENGES

## Challenges faced by MDB remains as follows:

1. The outbreak of Covid-19 pandemic, interfered with the programmes of the MDB, however all efforts were employed to ensure that outputs are not negatively affected.
2. The inadequate financial and human resources constraining the MDB to optimally fulfil its mandate.
3. High dependence on municipalities and/or departments to facilitate communication with communities.
4. Lack of regional representation continues to constrain the MDBs work, even more so under prevailing Covid-19 conditions.
5. Outstanding finalisation of the Demarcation Amendment Bill.



# CONCLUDING REMARKS

1. The MDB wishes to indicate that, even though the ward delimitation process was conducted and finalised during a very difficult period with Covid-19 pandemic, the process was concluded on time to allow the IEC time to prepare for a successful 2021 local government elections.
2. MDB appreciates the support and continuous guidance by the committee and wishes to indicate that it will continue to work closely with the committee.
3. We look forward to more engagements, especially when the Bill on Demarcation is dealt with by the committee.



# Thank you



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