

**mdb**  
municipal demarcation board

SPATIALLY TRANSFORMED  
JUST & SUSTAINABLE  
COMMUNITIES

# 2021/22 ANNUAL REPORT



# **Briefing of Portfolio Committee on Co-operative Governance and Traditional Affairs on the MDB's 2021/22 Annual Report**

Delegation:

Mr Thabo Manyoni – Chairperson

Ms Mbali Myeni – Deputy Chairperson

Mr Aluwani Ramagadza – ACEO

Ms Tintswalo Baadjie – CFO

Mr Daniel Sebake – ACOO

Ms Nono Bapela – EM: CS

# OUTLINE

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# INTRODUCTION

This presentation will mainly focus on:

1. The 2021/22 audited performance of the MDB, in relation to:
  - a. Predetermined objectives; and
  - b. Financial management.

# CONSTITUTIONAL MANDATE

1. The mandate of the Board is derived from:
  - a. The Constitution of the RSA, 1996. Sections 155 (3)(b) and 157(4)(a) respectively.
  - b. Municipal Demarcation Act (MDA), No 27 of 1998.
  - c. Municipal Structures Act (MSA), No 118 of 1998.
2. In terms of the PFMA, the MDB is a schedule 1 Constitutional institution.
3. Exclusive powers provided to the Board with respect to demarcation of municipal boundaries and delimitation of wards and municipal capacity assessments.

# 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
- Opportunity to follow through on implementation of redeterminations

# VISION AND MISSION

## Vision

“To be the leading demarcation authority”

## Mission

“The Municipal Demarcation Board (MDB) is South Africa’s municipal demarcation authority, whose mission is to deepen democracy and to facilitate the socio-economic transformation of the country for the benefit of its citizens by:

- a) Enabling and facilitating a system of developmental local government, through the determination of municipal and ward boundaries, that enhances the quality of life of communities, overall,
- b) Providing advisory services, in municipal boundary matters, to state entities and other stakeholders,
- c) Being a spatial knowledge hub on all municipal and ward boundary matters.

# STRATEGIC OUTCOME ORIENTED GOALS AND STRATEGIC OBJECTIVES

## Strategic outcome oriented goals

1. Good governance and sound financial management capability;
2. Quality demarcation processes and outcomes;
3. Assessment of the capacity of municipalities;
4. Research and knowledge management capability;
5. Public participation and outreach initiatives.

## Strategic objectives

- 1.1 Strengthen the corporate governance environment.
- 1.2 Manage and enhance financial capability.
- 2.1 Conduct determination and re-determination of municipal boundaries.
- 2.2 Delimit wards for all municipalities that qualify to have wards.
- 3.1 Conduct assessment of municipal capacity
- 4.1 Establish research and knowledge management capabilities
- 5.1 Promote public participation, education and awareness.



# HIGHLIGHTS – 2021/22 ANNUAL REPORT

## The Municipal Demarcation Board:

1. Maintained its clean audit status;
2. Achieved 95% of its APP targets;
3. Developed a multi-criteria decision support tool for municipal boundary re-determination;
4. Analysed 213 municipalities in terms of administrative and service areas in relation to municipal boundaries;
5. Completed Reports on minimum norms and standards for all municipal powers and functions;
6. Assisted 142 municipalities to update their Capacity assessment data via an online questionnaire;
7. Extended its Knowledge hub by integrating two spatial data products;
8. Continued its public and stakeholder awareness and education activities on demarcation processes.

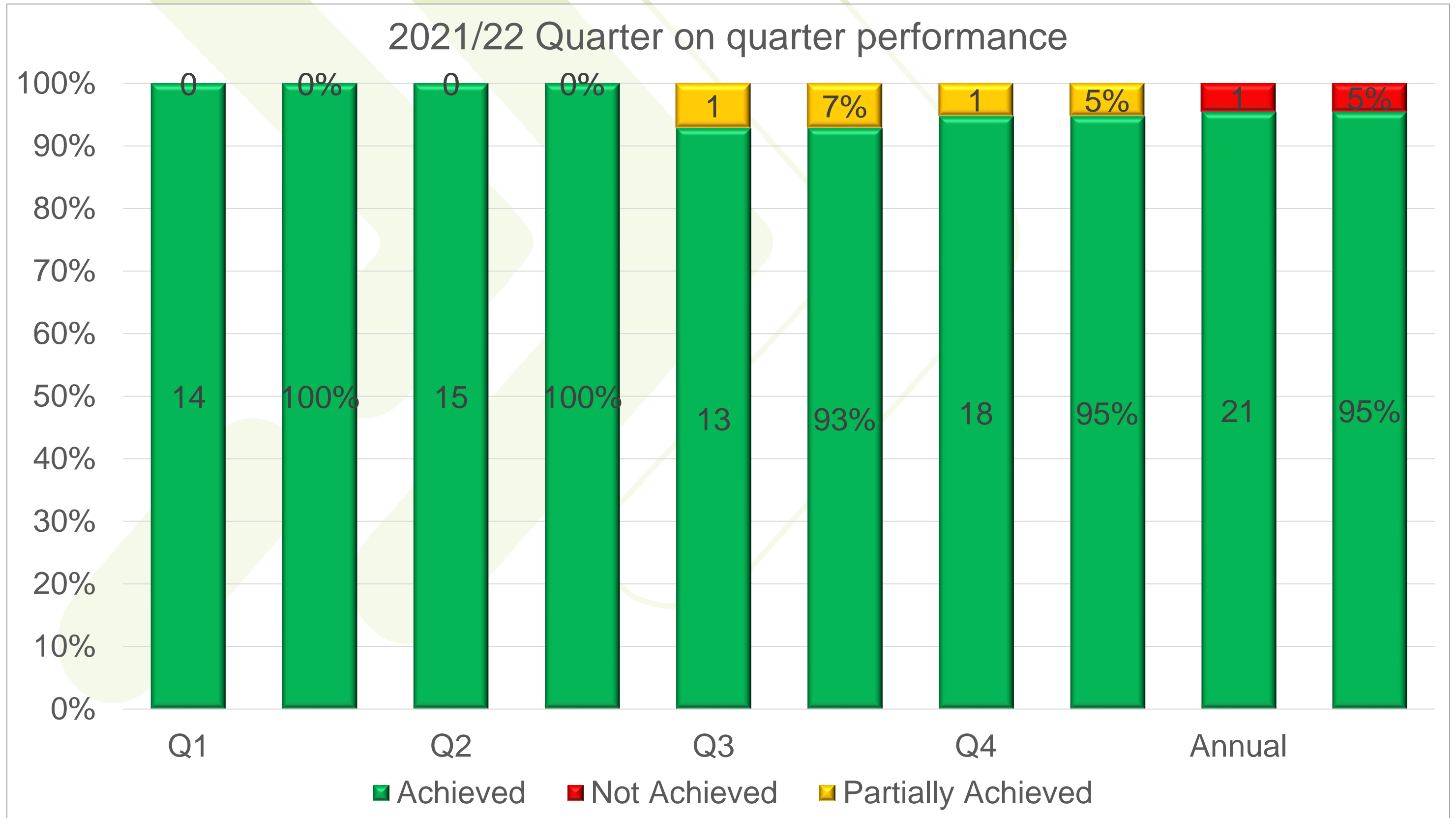




# PERFORMANCE INFORMATION



# 2021/22 QUARTER ON QUARTER PERFORMANCE





# 2021/22 PERFORMANCE PER PROGRAMME

Outcome	Output	Output Indicator	Planned Annual Target 2021/22	Actual Achievement 2020/21	Deviation from planned target to Actual achievement 2021/22	Reasons for deviations
Organisational excellence	Implementation rate of Board resolutions	Percentage Board resolutions implemented	100%	100%	None	N/A
	Committees and Board performance evaluated	Committees and Board self-performance evaluation	Committees and Board self-performance evaluation conducted	Conducted a committees and Board self-performance evaluation	None	N/A
	Reports on compliance with relevant legislation	Number of reports on monitoring of compliance with relevant legislation submitted	4	4	None	N/A
	Organisational performance review sessions conducted	Number of organisational performance review sessions conducted	4	4	None	N/A



# 2021/22 PERFORMANCE PER PROGRAMME

Outcome	Output	Output Indicator	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual achievement 2020/21	Reasons for deviations
Organisational excellence	ICT governance reports	Number of ICT governance reports submitted	4	4	None	N/A
	Vacancy rate of funded positions	Percentage vacancy rate of funded positions over the period monitored	10%	6.25%	3,75%	Vacancy rate is within 10% for the period monitored

# 2021/22 PERFORMANCE PER PROGRAMME

Outcome	Output	Output Indicator	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual achievement 2020/21	Reasons for deviations
Organisational excellence	Training interventions provided	Number of staff members provided with training interventions	14	21	7	Due to restriction on gatherings and social distancing measures in terms of the COVID-19 pandemic risk mitigation measures, training institutions offered virtual engagements with no restrictions on the number of attendees for a course to take place. As a result, there were minimal challenges relating to logistics of training such as suitable dates and number of delegates per class. Therefore, a higher number of staff members were provided with training interventions than originally planned.

# 2021/21 PERFORMANCE PER PROGRAMME

Outcome	Output	Output Indicator	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual achievement 2020/21	Reasons for deviations
Organisational excellence	AGSA report	Maintain the audit opinion expressed by AGSA	Unqualified audit opinion with no findings (clean)	Unqualified audit opinion with no findings (clean) issued	None	N/A
	Financial management reports	Number of financial management reports submitted	4	4	None	N/A
	Strategic risk register	Annual strategic risk register developed	Develop annual strategic risk register by end March 2022	Annual Strategic risk register developed by end March 2022	None	N/A
	Risk mitigation reports	Number of risk mitigation reports submitted	4	4	None	N/A
	Report on implementation status of audit recommendations	Percentage of audit action plan implemented	100%	100%	None	N/A

# 2021/22 PERFORMANCE PER PROGRAMME

Outcome	Output	Output Indicator	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual achievement 2020/21	Reasons for deviations
Well-defined municipal spaces	Reports on preliminary analysis of municipal boundary re-determination proposals	Percentage of municipal boundary re-determination proposals, received by 31 March 2021 analysed	100%	100%	None	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	Multi-criteria decision support tool for municipal boundary re-determination developed	Developed the multi-criteria decision support tool for municipal boundary re-determination	None	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	213	213	None	N/A



# 2021/22 PERFORMANCE PER PROGRAMME

Outcome	Output	Output Indicator	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual achievement 2020/21	Reasons for deviations
Improved access to research and spatial information	Integrated Spatial Knowledge Hub	Integrate MDB spatial data products into spatial knowledge hub	Integrate spatial data products into spatial knowledge hub	Spatial data products integrated into spatial knowledge hub	None	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	7	7	None	N/A
	Research reports	Number of research reports produced in line with Research strategy	2	2	None	N/A

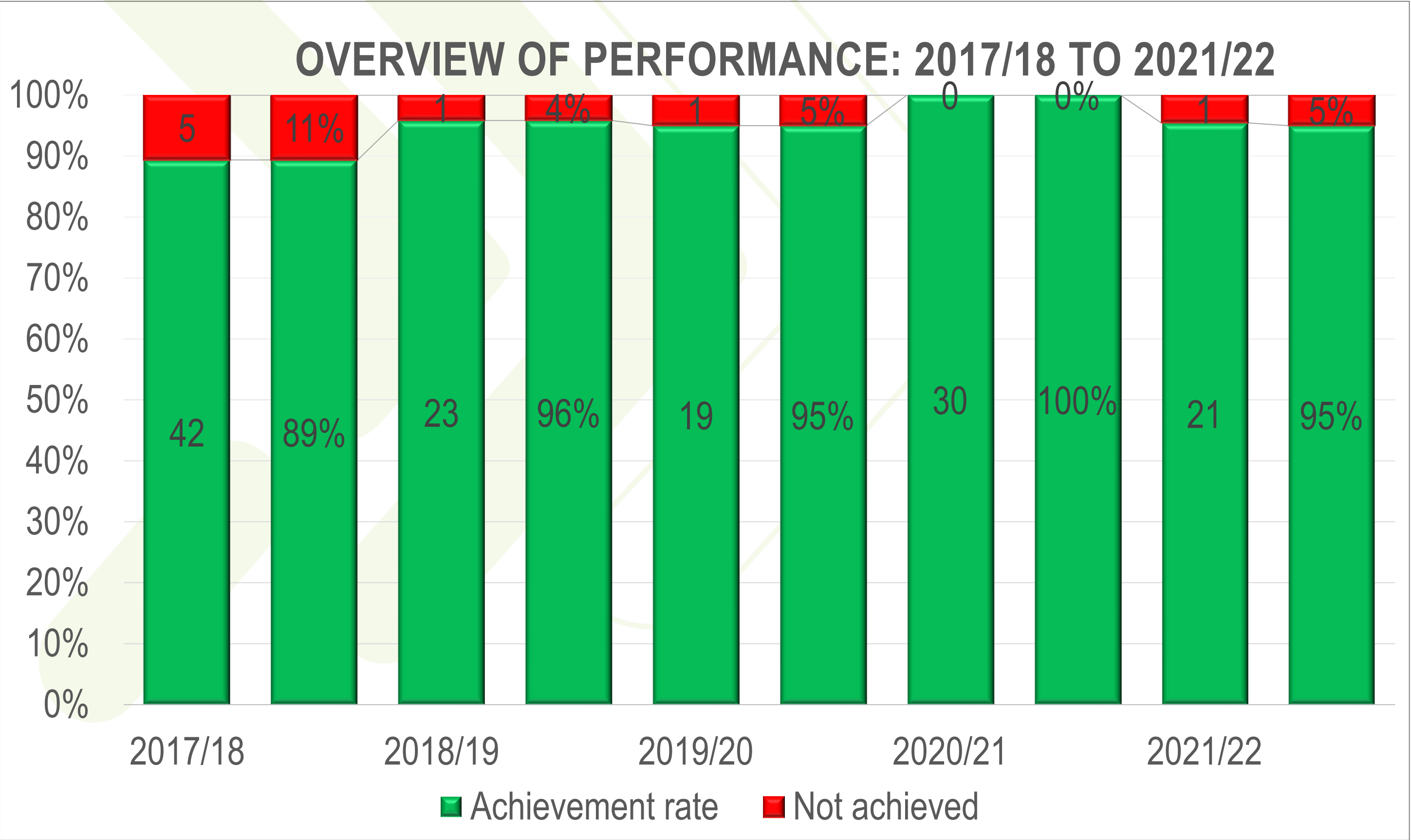
# 2021/22 PERFORMANCE PER PROGRAMME

Outcome	Output	Output Indicator	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual achievement 2020/21	Reasons for deviations
Improved access to research and spatial information	Updated capacity assessment data available	Number of municipalities with updated capacity assessment data	249	142	107	Insufficient number of municipalities updated required data to planned level.

# 2021/22 PERFORMANCE PER PROGRAMME

Outcome	Output	Output Indicator	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual achievement 2020/21	Reasons for deviations
Improved public and stakeholder participation	Public awareness and education activities	Number of public awareness and education activities completed	8	10	2	More activities than planned were completed due to forthcoming demarcation processes.
	Stakeholder awareness and education activities	Number of stakeholder awareness and education activities completed	8	9	1	More activities than planned were completed due to forthcoming demarcation processes.
	Media coverage	Number of items across print, electronic and broadcast media generated by MDB or arising from its work	4	6	2	More activities than planned were completed due to forthcoming demarcation processes.

# OVERVIEW OF PERFORMANCE: 2017/18 TO 2021/22



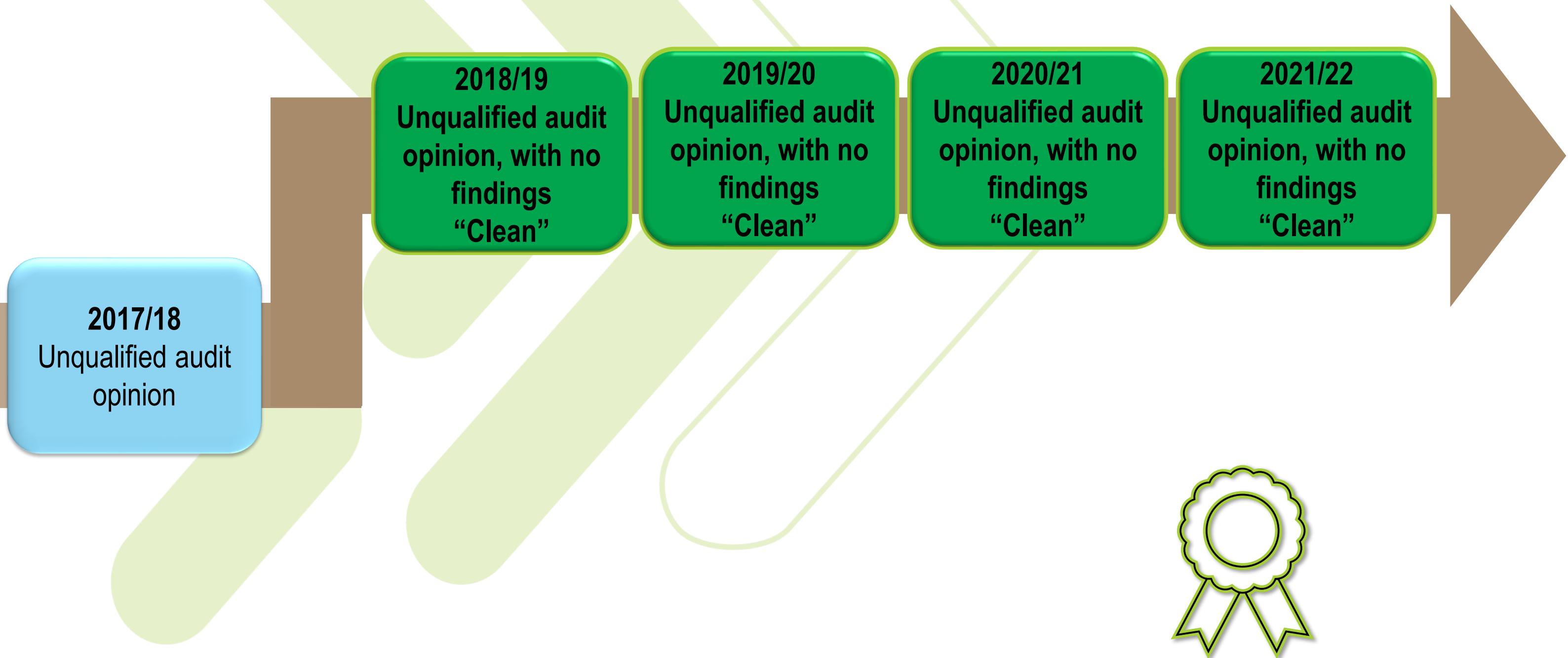


# AUDIT OUTCOMES

The MDB maintained its clean audit opinion on its Annual Financial Statements and performance information for the year ended 31 March 2022.



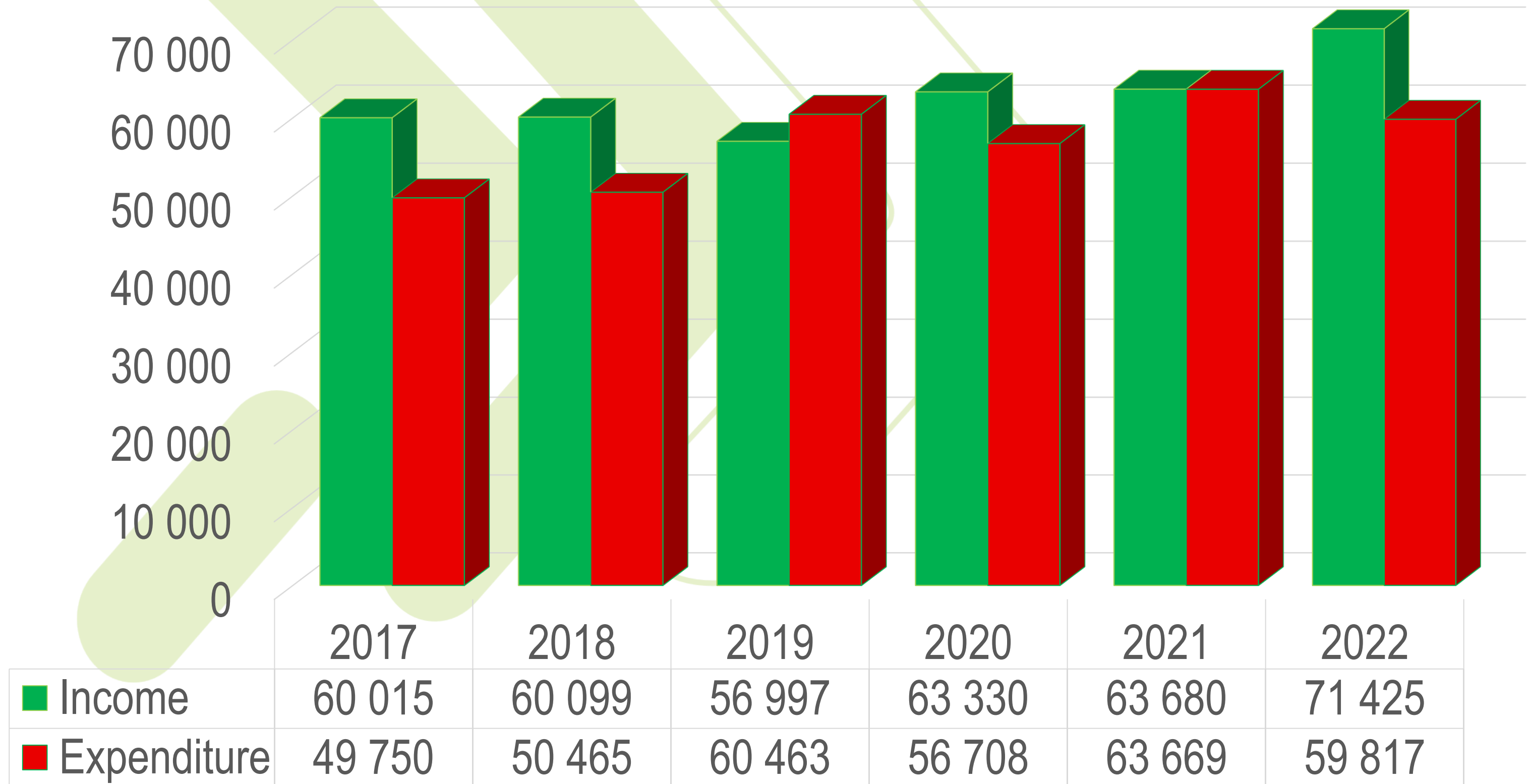
# OVERVIEW OF AUDIT OUTCOMES





# FINANCIAL INFORMATION

# SPENDING TREND ANALYSIS (Rm)





# REASONS FOR UNDER EXPENDITURE

The surplus for the 2021/22 financial year consists of:

	R'000
Government grant	70 601
Other Income	824
<b>Total Income</b>	<b>71 425</b>
Employee Costs	(35 874)
Administrative Costs	(18 125)
Other operating costs	(5 818)
<b>Total Expenditure</b>	<b>(59 817)</b>
<b>Surplus/(Deficit)</b>	<b>11 608</b>

# IMPACT ON BUDGET ALLOCATION


1. Revenue received for the year was R71 425 million and expenditure of R59 817 million resulting in the surplus of R11 608 million.

This surplus is mainly due to:

- a) investigations on municipal boundary re-determination proposals that have been carried over to the next financial year (2022/2023);
- b) publication of notices in gazettes for those municipal boundary redetermination proposals; and
- c) stakeholder awareness and education projects.

# 2023 MTEF

Expenditure	Audited	Approved budget	Medium Term Expenditure		
	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000
Compensation of employees	36 091	37 571	41 196	44 355	47 767
Other goods and services	18 416	29 837	32 682	28 989	29 245
Public awareness/ Advertisement	2 326	5 909	4 832	4 344	6 666
Office accommodation	3 257	3 304	3 305	3 260	3 307
Publication Notices	6 673	232	150	-	-
Consulting: Boundary Re-determination	4 845	4 000	6 500	-	-
Board fees	4 865	4 272	4 502	5 264	4 854
Capex	1 051	3 850	1 612	960	960
<b>Total Expenditure</b>	<b>63 680</b>	<b>71 258</b>	<b>75 490</b>	<b>74 304</b>	<b>77 972</b>



# **MUNICIPAL BOUNDARY RE-DETERMINATION PROCESS**

# MUNICIPAL BOUNDARY RE-DETERMINATION PROCESS

1. The MDB opened the submission of new demarcation proposals in November 2021 until 31 March 2022.
2. The demarcation cases were split into two groups:
  - i. Class 1 (minor and technical alignment) of the municipal boundary redeterminations, which affect small number of the population and may not negatively affect functioning of the municipalities.
  - ii. Class 2, 3 and 4 (consolidations and annexations, amalgamations and categorisation into metropolitan municipalities, respectively), which affect medium to large population and may negatively affect the functioning of the municipalities.
3. The details of the processes have been shared with our stakeholders and the public through the consultation meetings, radio, print and social media.



# MUNICIPAL BOUNDARY RE-DETERMINATION PROCESS

4. The Class 1 municipal boundary re-determinations were published in terms of Section 26 of the MDA. Section 21 notices were published in Provincial Gazettes in September 2022 for objections. Class 1 re-determinations will be finalised in March 2023.
5. Due to the complexity of Class 2 to 4 municipal boundary redeterminations, the processes will only be concluded in January 2024.
6. Therefore, the entire demarcation process should be completed by January 2024, and municipal boundaries ready for the 2024 national and provincial elections.
7. The processes also include intensive communication, public participation and consultation processes.

# MUNICIPAL BOUNDARY RE-DETERMINATION PROCESS

## BROAD PROGRAMME FROM 2022 TO 2024

ACTIVITIES	START DATE	END DATE
Conduct studies on class 2 to 4 re-determination proposals and Assess Capacity of affected municipalities	September 2022	December 2022
Intention to consider the re-determination of municipal boundaries in terms of Section 26 of the MDA (Publication of Notice in Newspaper)	January 2023	February 2023
The Board must consider all views and representations and resolve to determine or re-determine municipal boundaries, decide to hold public meetings, conduct investigation committee hearings, or do both.	February 2023	March 2023
Hold Public Meetings	April 2023	May 2023
Conduct Investigation committee hearings in terms of Section 29 and 30 of MDA	June 2023	August 2023
The Board consider all inputs from research studies, public meetings and investigation hearings and determine or re-determine municipal boundaries in terms of Section 21 of the MDA ( Publication in Provincial Gazettes)	September 2023	October 2023

# MUNICIPAL BOUNDARY RE-DETERMINATION PROCESS

## BROAD PROGRAMME FROM 2022 TO 2024

ACTIVITIES	START DATE	END DATE
The Board must consider all objections received and resolve to confirm, vary or withdraw the determination or re-determination. The final decision must be published in the provincial gazette in terms of Section 21(5) of the MDA.	November 2023	January 2024
The IEC, Minister of Finance and MECs for local government and all other stakeholders must be notified of the final decision	November 2023	January 2024

# KEY CHALLENGES

1. Inadequate financial and human resources constraining the MDB to optimally fulfil its mandate.
2. Lack of regional representation continues to constrain the MDB's work.
3. High dependence on municipalities and/or departments to facilitate communication with communities.
4. MDB continues to receive requests for major municipal boundary re-determinations citing reasons related to the poor or lack of service delivery.



# PROPOSED INTERVENTIONS

1. Work on the **review of the MDB's founding legislation**, currently referred to as the “Independent Demarcation Authority Bill” should be expedited
2. MDB continue to intensify its **public and stakeholder education and awareness programs.**
3. **MDB through collaboration and partnerships will coordinate spatial data and information** for better access by all state and public development partners.
4. Class 3 and 4 municipal boundary changes should only **be limited to small boundary alignments i.e. class 1 to allow more time for municipal consolidation.**
5. **DDM to be strengthened to also foster Inter-municipal collaborations on district wide development projects to encourage service delivery and economic growth.**

# CONCLUDING REMARKS

1. The board is looking forward to interacting with the committee in order to amongst others:
  - a. Expedite the legislative review process (Independent Demarcation Authority Bill);
  - b. Further engage with the committee on the broader mandate of the MDB.
2. The MDB remain in full support of the committee in its endeavor to ensure that local government achieves its constitutional objectives.

# Thank you

**Physical Address:**

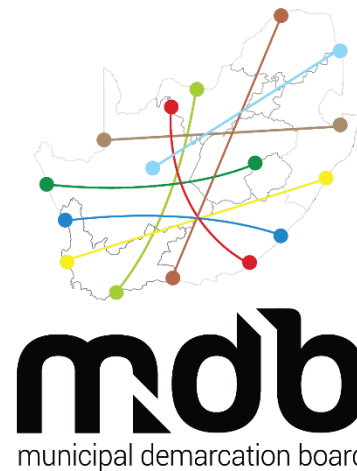
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