

LOCAL GOVERNMENT: MUNICIPAL DEMARCATION ACT 27 OF 1998

[ASSENTED TO 24 JUNE 1998]

[DATE OF COMMENCEMENT: 1 FEBRUARY 1999]
(Unless otherwise indicated)

(English text signed by the President)

as amended by

Local Government Laws Amendment Act 51 of 2002

Local Government Laws Amendment Act 19 of 2008

ACT

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

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Schedule

1 Definitions

(1) In this Act, unless the context otherwise indicates-

'Board' means the Municipal Demarcation Board established by section 2;

'committee' means a committee of the Board established in terms of section 18 and includes an investigating committee contemplated in section 30;

'Constitution' means the Constitution of the Republic of South Africa;

'Department' means the national department responsible for local government;

[Definition of 'Department' substituted by s. 4 (a) of Act 51 of 2002.]

'determination' includes any redetermination, and **'determine'** and **'redetermine'** have corresponding meanings;

[Definition of 'determination' substituted by s. 4 (b) of Act 51 of 2002.]

'Electoral Commission' means the Electoral Commission established by section 3 of the Electoral Commission Act, 1996 (Act 51 of 1996);

'employee', except in sections 34 (1) and 35 (1), includes a person seconded to the Board;

[Definition of 'employee' substituted by s. 4 (c) of Act 51 of 2002.]

'financial year' means the financial year of the Board, which is the same as that of the Department;

'**Manager**' means the Manager of the Board appointed in terms of section 33;

'**MEC for local government**' means the member of the Executive Council of a province responsible for local government in the province;

'**metropolitan area**' means an area recognised as a metropolitan area in terms of the Local Government: Municipal Structures Act, 1998;

'**Minister**' means the national Minister responsible for local government;

[Definition of 'Minister' substituted by s. 4 (d) of Act 51 of 2002.]

'**municipal financial year**' means the financial year of a municipality commencing on 1 July each year and ending on 30 June of the following year;

[Definition of 'municipal financial year' inserted by s. 1 of Act 19 of 2008.]

'**municipality**' means a municipality mentioned in section 155 (6) of the Constitution and includes a municipality which existed when this Act took effect;

'**organ of state**' means an organ of state as defined in section 239 of the Constitution;

'**President**' means the President acting as the head of the national executive in terms of section 85 (2) of the Constitution;

'**SALGA**' means the South African Local Government Association recognised in terms of the Organised Local Government Act, 1997 (Act 52 of 1997), as the national organisation representing municipalities; and

'**this Act**' includes the regulations made under section 41.

[Definition of 'this Act' substituted by s. 4 (e) of Act 51 of 2002.]

(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

MUNICIPAL DEMARCATION BOARD (ss 2-20)

[Date of commencement of Chapter 1: 3 July 1998.]

Part 1

Establishment, function and general powers of Board (ss 2-5)

2 Establishment

There is a Board called the Municipal Demarcation Board.

[Date of commencement of s. 2: 3 July 1998.]

3 Status

The Board-

(a) is a juristic person;

(b) is independent; and

(c) must be impartial and perform its function without fear, favour or prejudice.

[Date of commencement of s. 3: 3 July 1998.]

4 Functions

The functions of the Board are-

(a) to determine municipal boundaries in accordance with this Act and other appropriate legislation enacted in terms of Chapter 7 of the Constitution; and

(b) to render an advisory service in respect of matters provided for in this Act and other appropriate legislation when so requested.

[S. 4 substituted by s. 5 of Act 51 of 2002.]

[Date of commencement of s. 4: 3 July 1998.]

5 General powers

(1) The Board may do all that is necessary or expedient to perform its function 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, for the performance of any specific act or 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 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.

(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.

[Date of commencement of s. 5: 3 July 1998.]

Part 2

Membership of Board (ss 6-14)

6 Composition

(1) The Board consists of no fewer than seven and no more than 10 members appointed by the President in accordance with section 8.

[Sub-s. (1) substituted by s. 6 of Act 51 of 2002.]

(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), 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
- (c) collectively represent a pool of knowledge concerning issues relevant to municipal demarcation in each of the provinces.

[Date of commencement of s. 6: 3 July 1998.]

7 Qualifications

(1) A member of the Board must be a South African citizen and have a qualification or experience in or knowledge appropriate to-

- (a) local government generally; or
- (b) any of the following:
 - (i) development economics;
 - (ii) integrated development planning;
 - (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;
- (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.

(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
- (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.

[Date of commencement of s. 7: 3 July 1998.]

8 Appointment procedure

(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;
 - (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
 - (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.

(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 referred to in subsection (4) must be submitted to the Minister and must consist of-

- (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.

[Sub-s. (5) amended by s. 7 of Act 51 of 2002.]

(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-

- (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.
[Date of commencement of s. 8: 3 July 1998.]

9 Terms of office

- (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.
[Date of commencement of s. 9: 3 July 1998.]

10 Chairperson and deputy chairperson

- (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-
 - (a) the chairperson is absent or unable to perform the functions of chairperson; or
 - (b) the office of chairperson is vacant.
- [Date of commencement of s. 10: 3 July 1998.]

11 Conditions of appointment of members

- (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-
 - (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-
 - (a) the chairperson, deputy chairperson and other members of the Board;
 - (b) full-time and part-time members; and
 - (c) any other appropriate circumstances.
- [Date of commencement of s. 11: 3 July 1998.]

12 Conduct of members

- (1) A member of the Board-
 - (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 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 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.

[Date of commencement of s. 12: 3 July 1998.]

13 Termination of membership

- (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).
- (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;
 - (b) is 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.
- (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.
(c) The President may suspend a member of the Board who is under investigation under paragraph (b).

[Date of commencement of s. 13: 3 July 1998.]

14 Vacancies

- (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.
- (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).

[Date of commencement of s. 14: 3 July 1998.]

Part 3

Operating procedures of Board (ss 15-20)

15 Meetings

- (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.
- (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.

[Date of commencement of s. 15: 3 July 1998.]

16 Procedures

The Board may determine its internal procedures.

[Date of commencement of s. 16: 3 July 1998.]

17 Decisions

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

[Date of commencement of s. 17: 3 July 1998.]

18 Committees

- (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-

- (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
- (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;
- (b) employees; or
- (c) in the service of the national government, a provincial government or a municipality.

[Date of commencement of s. 18: 3 July 1998.]

19 Assignment of powers and duties

(1) When necessary for the proper performance of its function, the Board may-

- (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
- (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.

(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.

[Date of commencement of s. 19: 3 July 1998.]

20 Administrative assistance to Board

(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.

(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.

[Date of commencement of s. 20: 3 July 1998.]

CHAPTER 2 DEMARICATION (ss 21-31)

Part 1

Boundary determinations (ss 21-23)

21 Determination of municipal boundaries

(1) The Board-

- (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 Constitution: Provided that section 26 does not apply where the Board redetermines a municipal boundary in respect of which the MEC for local government and all the municipalities that are affected by the redetermination have indicated in writing that they have no objection to such redetermination.

[Sub-s. (2) amended by s. 8 (a) of Act 51 of 2002.]

(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.

(5) The Board must-

- (a) consider any objections;
- (b) either confirm, vary or withdraw its determination; and
- (c) publish its decision in terms of paragraph (b) in the relevant *Provincial Gazette*.

[Sub-s. (5) substituted by s. 8 (b) of Act 51 of 2002.]

(6) Any person may, subject to the Promotion of Access to Information Act, 2000 (Act 2 of 2000), request the Board to provide reasons for its decision in terms of subsection (5) (b).

[Sub-s. (6) added by s. 8 (c) of Act 51 of 2002.]

22 Work programme

(1) The Board performs the function mentioned in section 21 (1)-

- (a) on its own initiative;
- (b) on request by the Minister or a MEC for local government; or
- (c) on request by a municipality with the concurrence of any other municipality affected by the proposed determination or redetermination.

(2) The Minister may, after consultation with the MEC's for local government and the Board, determine priorities and reasonable time-frames for a determination or redetermination.

(3) Where the Board performs the function mentioned in section 21 (1) on its own initiative as a result of receiving a request from a member of the public, the Board may-

- (a) require that member of the public to furnish the Board with such information as may be required by the Board; and
- (b) solicit the views of the persons and institutions referred to in section 26 (3) on the matter before the Board.

(4) Where the Board has solicited the views of persons and institutions as provided for in subsection (3) (b), the Board does not need to comply with section 26 when it considers the determination or redetermination of a municipal boundary under the circumstances referred to in subsection (3).

(5) Where the Board performs the function mentioned in section 21 (1) on request by a municipality, the Board may require that municipality to furnish the Board with such information as may be required by the Board.

[S. 22 substituted by s. 9 of Act 51 of 2002.]

23 When boundary determinations take effect

(1) After the Board has considered any objections in terms of section 21 (5), or has

redetermined a boundary under the circumstances provided for in the proviso to section 21 (2), the Board must without delay send particulars of the determination to the Electoral Commission.

[Sub-s. (1) substituted by s. 10 (a) of Act 51 of 2002.]

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

(b) The MEC for local government in the province concerned must publish the notice referred to in subsection (2) (b) within three months of the date of the notice published by the Electoral Commission in terms of paragraph (a), and send a copy of the notice to the Board.

[Para. (b) added by s. 10 (b) of Act 51 of 2002.]

(4) (a) A determination referred to in subsection (2) (b) takes effect on the commencement date of the municipal financial year following the date of publication of the notice effecting such determination.

(b) The Board must, at least six months prior to the commencement of the municipal financial year in which boundary determinations are to take effect, inform the Minister of Finance of such determinations.

(c) The Minister of Finance may, in exceptional cases, including those referred to in section 87 of the Municipal Structures Act, 1998 (Act 117 of 1998), decide on a different or shorter period than the period referred to in paragraph (a) and (b).

[Sub-s. (4) added by s. 2 of Act 19 of 2008.]

Part 2

Demarcation criteria (ss 24-25)

24 Demarcation objectives

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, 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;
 - (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 development; and
- (d) have a tax base as inclusive as possible of users of municipal services in the municipality.

25 Factors to be taken into account

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-
 - (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
- (vi) commercial and industrial linkages;
- (b) the need for cohesive, integrated and unfragmented areas, including metropolitan areas;
- (c) the financial viability and administrative capacity of the municipality to perform municipal functions efficiently and effectively;
- (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 districts, health, transport, police and census enumerator boundaries;
- (h) existing and expected land use, social, economic and transport planning;
- (i) the need for co-ordinated municipal, provincial and national programmes 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-
 - (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 sustainable service delivery, financial viability and macro-economic stability.

Part 3

Demarcation procedure (ss 26-30)

26 Public notification of determination of municipal boundaries

(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).

(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-

- (a) the MEC for local government in the province concerned;
- (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 212 (2) (a) of the Constitution if the 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).

27 Consideration by Board

When the period for written representations and views has expired, the Board-

- (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.

28 Public meetings

(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
- (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 Board;
- (b) allow members of the public attending the meeting to air their views on these issues; and
- (c) answer relevant questions.

29 Formal investigations

(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.

30 Powers of investigating committees

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-
 - (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
 - (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 (a) (ii) or (b) (ii).

Part 4

Regulation of consequences of boundary determinations (s 31)

31 Demarcation affecting existing municipalities

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.

CHAPTER 3

ADMINISTRATIVE AND OTHER MATTERS (ss 32-44)

Part 1

Administration (ss 32-35)

32 Appointment of Manager

- (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.

33 Responsibilities of Manager

- (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;
 - (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-
 - (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.

34 Conditions of employment of employees

- (1) An employee of the Board is employed subject to the terms and conditions of 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.

35 Pension rights

- (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 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 (ss 36-39)***

36 Funding

- (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.
- (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
 - (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.
- (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.

37 Accountability

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;
- (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.

38 Audit

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

39 Accountability and reporting

(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.

Part 3

Miscellaneous matters (ss 40-45)

40 Civil liability of Board

(1) The State Liability Act, 1957 (Act 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.

41 Regulations

The Minister may make regulations not inconsistent with this Act or any Act of Parliament-

- (a) by prescribing, 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 (l); or
- (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.

42 Offences and penalties

(1) A person commits an offence if that person-

- (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;

- (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
 - (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
- (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.

43 Repeal of legislation

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

44 Transitional provisions

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

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.

Schedule

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