

VOTE 8: DEVELOPMENT PLANNING AND LOCAL GOVERNMENT

1. Summary of Capital Budget for 2003/4 –2005/6

DESCRIPTION	2003/4	2004/05	2005/06
	VOTED	MTEF	MTEF
New capital projects	117,000	100,000	31,500
Rehabilitaion/Upgrading	-	-	-
Maintenance	-	-	-
Other - Machinery and Equipment	765	787	787
Total	117,765	100,787	32,287

2. Description and Number of Capital Projects

Annexure A (Vote 8) listed the major deliverables of the CAPEX programme.

1.1 Introduction

Government identified job creation, provision of basic services, poverty alleviation and economic regeneration as part of the objectives for the 2003/2004 financial. The department is currently implementing a project aimed addressing the backlog on basic water and sanitation project. In addition, the department will be implementing the project for the economic regeneration of the three districts in Gauteng. The department expects the implementation of these projects to positively contribute towards the achievement of the objectives of government.

2. Programme on the eradication of the water and sanitation backlog

2.1.1 Introduction

The department is responsible for coordinating the implementation of the Water and Sanitation Backlog Programme, which was approved by the Provincial Cabinet during the 2001/2002 financial year. The main aim of the programme is to address the backlog in water and sanitation infrastructure in respect of formal housing settlements. Informal settlements that will be converted into formal housing settlements will also be included in the programme on formalisation thereof.

An integrated approach for the implementation of this programme has been adopted to ensure that the benefits of improved sanitation are maximised. The Consolidated Municipal Infrastructure Programme (CMIP) under the National Department of Provincial and Local Government, the Essential Services Programme under the Gauteng Department of Housing and the infrastructure programmes of the municipalities will be coordinated to ensure maximum impact on the infrastructure backlog. This approach ensures that policies among the various stakeholders are aligned adherence to norms and standards, integrated development planning and agreement on implementation models and technical options.

The approach adopted by the department will ensure that sanitation services are financially viable both in terms of capital costs and ongoing maintenance costs. This will be achieved by involving all stakeholders in the identification of resources within their respective budget to meet the capital costs and future maintenance costs. A funding model, reflecting the share of costs by each stakeholder was completed during the 2001/2002 financial year as part of the feasibility studies. The model comprised of a high level budget reflecting the costs to be borne by CMIP, municipalities, the Essential Services Programme and DPLG. During the 2002/2003 financial year a detailed breakdown of costs and the expected number of units by municipality was completed.

The primary role of local government will be the implementation of the programme. Provincial government will be responsible for supporting local government in the implementation process and monitoring the process.

2.1.2 Purpose of Programme

Government has a Constitutional responsibility to ensure that all South Africans have access to adequate water and sanitation facilities. According to the "White Paper on Basic Household Sanitation" there is currently an estimated 18 million South Africans without access to such facilities who may be using the bucket system, pit toilets or the veld". Poor sanitation impacts on health, living conditions and the environment.

The programme is therefore aimed at addressing certain of the problems associated with poor sanitation by providing basic levels of sanitation to communities within Gauteng.

The responsibilities of the department as the coordinator of the implementation process includes:

- identification of problems related to inadequate water and sanitation facilities
- identification of the backlog

- identification of systems that will ensure that the backlog is effectively and efficiently addressed
- formulation of a broad plan for addressing the backlog
- coordination of all stakeholders to ensure that they are actively involved in the programme design
- coordination of provincial and local government planning and funding to ensure that the programme is effectively implemented within the province
- coordination of National programmes and funding aimed at addressing the backlog in water and sanitation facilities
- ensuring that the programme is adequately funded
- finalisation of institutional arrangements, roles and responsibilities among stakeholders
- formulation and roll out of mechanisms to monitor the implementation of the programme
- coordination and management of the implementation process

2.1.3 Projected costs

The costs of the project comprise mainly the initial capital costs and the ongoing maintenance costs. The projected total capital cost of the programme over the four-year implementation period will amount to R2.5billion. These costs will be divided among the various stakeholders as explained above. The share of the costs over the four-year period is as follows:

SOURCE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL
CMIP Programme	R50m	R80m	R80m	R40m	R250m
Essential Services Programme	R300m	R400m	R400m	R400m	R1 500m
Municipalities	R100m	R150m	R150m	R100m	R500m
DPLG	R50m	R70m	R100m	R30m	R250m
Total	R500m	R700m	R730m	R570m	R2 500m

A certain percentage of the funding by DPLG has been reflected under current costs as part of the project management costs.

The monthly operational costs will be borne by municipalities in the main.

2.1.4 Choice of adequate sanitation system

The choice of the adequate system to improve the sanitation facilities is influenced by:

- affordability to the household
- operation and maintenance requirements
- sustainability
- health improvements
- compliance with environmental protection requirements
- ability of community based contractors to implements
- labour intensity in the construction and maintenance of the system

2.2 Programme on the economic regeneration of the districts

2.2.3 Introduction

The Department of Development Planning and Local Government is responsible for co-ordinating the process of regenerating the economy of the District Municipalities in the Province. The Provincial Cabinet approved this process during the 2001/2002 financial year. The main aim of

the LED programme is to revitalise the economies of the District municipalities through carefully identified projects that have multiplier effect on other sectors of the economy.

An implementation programme has been outlined, starting with the assessment of the economic status quo of the District Municipalities, followed by the identification of the key economic sectors in the Districts and conducting the feasibility study of each economic sector. The feasibility study assisted to determine the economic potential in each sector of the economy. The study also identified key economic projects that would stimulate the economy and have multiplier effects that would boost other sectors of the economy.

There are four key economic projects that have been identified in each District Municipality, namely;

- Chemcity Project in Sedibeng District
- Rose and Cut Foliage Project in West Rand District
- Roodeplaat Industrial Development

The role of the Provincial Government in these projects is two fold. Firstly, Provincial Government must assist with the provision of basic infrastructure, however this is done on public/private partnership basis. The type of infrastructure that is required is bulk. The second role is the provision of institutional support, expertise, monitoring and marketing to draw in investment from the private sector.

2.2.3 Objectives for Districts Economic Development

- **To develop the manufacturing potential of the District economies**

The 1997 Provincial Trade and Industrial Strategy advocates the re-alignment of the manufacturing sector away from traditional heavy industry and low value added production towards sophisticated, high value added production as well as the development of other high value added production activities in the agriculture and mineral sectors.

The same trend in manufacturing should be followed in the District Municipalities. The relocation of the iron and steel industry in Sedibeng District has created a perfect opportunity to invest in the high value chemical production in the region, through the Chemcity project. The downstream coal based products will be high value items, which will generate substantial income within the region. The shift towards high value added manufacturing would also encourage the diversification of the region's economy.

The realisation of high value added production activities in the agriculture sector would be undertaken in the West Rand District. This will be implemented in the form of cluster based production. The cluster methodology is well supported by the Trade and Industrial Strategy. It looks at production activities not as individual sub-sectors but as integrated agglomeration of production, process, marketing and sales of the same type of products. In this case the West Rand District Municipality is planning the establishment of an agricultural cluster. The agriculture cluster involves the production of high value added agricultural products that are oriented towards export markets.

- **To develop the service sectors in the District Municipalities**

The development of the service sector to support the high value manufacturing industries is well supported in the Trade and Industrial Strategy. The Blue IQ has already moved a milestone by focussing on the financial services, technology, IT and communications, corporate head office location, etc.

However, within the context of the District Municipalities, the development of the service sector could be focussed on tourism. Dinokeng Blue IQ project will need the support of the

service sector from Metsweding region. The Roodeplaat Light Industrial Park project will be the answer to that. The park would provide among other things, space and location for a number of service providers in the tourism business operating in Dinokeng.

- **To development of human resources in the District Municipalities**

In to order to propel the Province into this new economic growth trajectory where the high value added manufacturing dominates the industry, the type of skills and education should match the requirements of the industry. Although Gauteng has higher skill levels relative to the rest of the country, it should be noted that the District Municipalities have experienced an exodus of these skills.

Therefore given the anticipated requirements of the future of District economies, critical measures to develop vocational and advanced technical skills need to be undertaken. Also, there must be closer training links between educational institutions and the relevant industry. This could be realised at the West Rand agriculture cluster project, which has plans to establish an agricultural training centre within the cluster. The same would be required for the Chemcity project in Sedibeng, whereby scientific and technical training would be required especially in the chemical field.

2.2.3 Projected Costs

The costs comprise mainly of the initial capital costs that will go towards the implementation of the projects. The projected total cost of implementation including support and marketing will amount to R144 million.

Year 2 and 3 reflects the funds for support and marketing. Once the implementation has begun the Department would largely be concentrating on supporting the implementation, marketing as well as monitoring.

3. Review of 2002/2003

Provision of water and sanitation services:

- Completed design of project
- Provided water and sanitation services to 24000 households

Economic regeneration of the districts:

- Complete the design of certain projects such as Roodeplaat Industrial Park
- Establish partnerships with local municipalities and other stakeholders
- Develop the implementation programme

4. Outlook for 2003/2004

Provision of water and sanitation services:

- Provided water and sanitation services to 24 000 households

Economic regeneration of the districts:

- Implementation of hardcore projects
- Marketing the projects
- Provide institutional and professional support
- Identify the beneficiaries

5. Summary of Expenditure

PROGRAMME 2: Quality Service Delivery

Key Government Objectives

To create Communities where people have access to affordable, appropriate and sustainable quality services to meet their needs, thus make them economically functional.

Programme Policy Developments

The department will be formulating the Gauteng water and sanitation policy. This policy document defines the policy with regards to the Gauteng Water and Sanitation Programme [WSP] as a strategy for accelerated delivery, with focus on informal settlements, eradication of the bucket system and the elimination of water and sanitation backlogs.

CAPITAL EXPENDITURE AND ESTIMATES

Sub – Programmes	2000/0 1 Actual R'000	2001/0 2 Estima ted Actual R'000	2002/0 3 Budge t R'000	2003/0 4 MTEF R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
Intermediate level of water and sanitation in formal settlements			28,000	63,000	93,000	27,500
Total for Programme 2			28,000	63,000	93,00	27,500

GFS CLASSIFICATION OF EXPENDITURE AND ESTIMATES

GFS CLASSIFICATION	2000/0 1 Actual R'000	2001/0 2 Estima ted Actual R'000	2002/0 3 Budge t R'000	2003/0 4 MTEF R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
CAPITAL						
Non-financial assets		-	-	-	-	
Buildings and structures						
Machinery and equipment		-	-	-	-	
Other assets						
Non-produced assets						
Capital transfers			-	-		
Transfers to Local government			14,000	31,500	46,500	13,750
Other capital transfers			14,000	31,500	46,500	13,750
Financial assets			-	-		
Total Capital	-	-	28,000	63,000	93,000	27,500
Total GFS classification	-	-	28,000	63,000	93,000	27,500

PROGRAMME 3 Integrated Development

Key Government Objectives The following are the key government objectives on local economic development:

- To promote economic growth
- To create job opportunities
- To alleviate poverty
- To create opportunities for investment in local municipalities
- To improve municipal services and infrastructure
- To raise municipal income

Programme Policy Developments

The economic development of Gauteng Province is strategically guided by the Gauteng Trade and Industrial Strategy of 1997.

CAPITAL EXPENDITURE AND ESTIMATES

	2000/01 Actual R'000	2001/02 Estimated Actual R'000	2002/03 Budget R'000	2003/04 MTEF R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
Sub – Programmes						
Local Economic Development				54,000	7,000	4,000
Total for Programme 2				54,000	7,000	4,000

GFS CLASSIFICATION OF EXPENDITURE AND ESTIMATES

	2000/01 Actual R'000	2001/02 Estimated Actual R'000	2002/03 Budget R'000	2003/04 MTEF R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
GFS CLASSIFICATION						
CAPITAL						
Non-financial assets		-	-	-	-	-
Buildings and structures						
Machinery and equipment		-	-	-	-	-
Other assets						
Non-produced assets						
Capital transfers			-	-		
Transfers to Local government				54,000	7,000	4,000
Other capital transfers						
Financial assets						
Total Capital	-			54,000	7,000	4,000
Total GFS classification				54,000	7,000	4,000

6. Performance Measurement Framework

6.1.Provision of water and sanitation services:

The success of the project will be measured based on indicators on:

- the number of units delivered each year
- number of jobs created
- efficiency with which funds employed are utilised

The Project Manager will be submitting progress reports on a regular basis, indicating the extent to which programme objectives have been met.

The following targets have been set as a key service delivery indicator :

Outcome	Description of output	Key Performance Indicator	Output Targets			Standard	Source of data
			03/04	04/05	05/06		
➤ Communities with access to affordable, appropriate and sustainable basic infrastructure	Eradication of buckets to improve sanitation services	Buckets eradicated in Gauteng	45%	80%	100%		DWAF/ Baseline data from STATSSA
➤ Communities with access to affordable, appropriate and sustainable basic infrastructure	Families in formalised settlements provided with clean water and sanitation services	Number of families provided with clean water and sewerage services	24,000	24,000	24,000		
➤ Communities with access to affordable, appropriate and sustainable basic infrastructure	Families in informal settlements provided with access to clean water and sanitation services within 200m from dwelling	% of families in informal settlements with access to clean water and sanitation services	45%	80%	100%		

6.2 Economic regeneration of the districts:

The success of the project will be measured based on indicators on:

- ◆ The number of partnerships created
- ◆ The institutional support structures established
- ◆ The extent to which the implementation of hardcore projects have been met
- ◆ The efficiency with which the budget is utilised by end of the 2003/04 financial year

The following are the key delivery indicators:

Outcome	Description of Output	KPI	Output Targets		
			03/04	04/05	05/06
Economic Regeneration of the three district municipalities of Gauteng	◆ An industrial park in Metsweding to service the Dinokeng Blue IQ project	The extent to which the projects have been implemented	R68m	R38m	R38m
	◆ Chemcity project – providing basic infrastructure and integrating the PDI into the downstream chemical industry	The number of downstream chemical businesses created			
	◆ Rose and Cut foliage project – providing infrastructure to kick start the agricultural projects in Merafong	Number of businesses attracted in Roodeplaat Ind. Park Number of jobs created in the rose and cut foliage projects <i>(Applicable to all of the outputs as reflected in the "outputs" column)</i>			

ANNEXURE A

CONSTRUCTION PROJECTS: NEW INFRASTRUCTURE (PROJECTS CURRENTLY RUNNING)

NO.	PROJECT NAME	REGION / DISTRICT	MUNICIPALITY	PROJECT DESCRIPTION	PROJECT DURATION		PROJECT COST		BUDGET 2003/04 ECONOMIC CLASSIFICATION		
					DATE: START	DATE: FINISH	AT START	AT COMPLETION	TRANSFERS	OTHER	TOTAL
	Gauteng Water and Sanitation Backlog Eradication Programme	*	*	Provision of basic sanitation in formal housing settlements	Apr-01	Mar-05	R 200,000,000		R 63,000,000	R 7,000,000	R 70,000,000
	Local Economic Development Programme	*	West Rand, Sedibeng and Metsweding	Regeneration of the Economies of the three districts in Gauteng	Apr-03	Mar-06	R 144,000,000		R 54,000,000	R 14,000,000	R 68,000,000
TOTAL							R 344,000,000		R 117,000,000	R 21,000,000	R 138,000,000

*** NOTE:**

Grand Total

R 344,000,000 R

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R 117,000,000 R

21,000,000 R

138,000,000

Currently the determination of projects and costs per municipality are being finalised in consultation with municipalities.

The final estimated cost figures will be made available during 2003.