

		Water and Sanitation Projects (TAP 1)	To be determined	Planning and Infrastructure Services	Water	To be determined	R 2,000,000	To be determined	To be determined	To be determined	To be determined
To provide effective and sustainable infrastructure maintenance plans	To improve Infrastructure asset management	Water and Sanitation Projects (TAP 2)	To be determined	Planning and Infrastructure Services	Water	To be determined	R 10,000,000	To be determined	To be determined	To be determined	To be determined
		Upgrade Water Supply to Glenconner & Kleinport (M3)	Upgraded water supply	Planning and Infrastructure Services	Water	01 158 78089	R 2,000,000	Feasibility concluded	EIA Logbook	Contractor on site	Upgrade Water supply completed
To provide effective and sustainable infrastructure maintenance plans	To improve CDM roads condition	CDM Drought relief contingency (DWAFF fund)	Drought relief contingency	Planning and Infrastructure Services	Water	01 158 78790	R 300,000	NA	Report on development	NA	Report on development completed
		LED1 Infrastructure Assessment Support Nlambé	MSDP review complete	Planning and Infrastructure Services	Water	01 158 78131	R 1,007,700	Appoint consultant	Draft Report 1	Draft Report 2	Final report
		Kou-Kamma Drought relief (DWAFF) - Additional water source	Additional water resource sought	Planning and Infrastructure Services	Water	01 158 75450	R 100,000	Tender process	Contractor on site	Implementation	Project complete
		Flood Damaged Roads	Flood damaged roads complete	Planning and Infrastructure Services	Roads	01 154 75995	6,250,000	Contractors on site and proceeding to plan	Contractors on site and proceeding to plan	Contractors on site and proceeding to plan	Roads damaged, Flooded, Retention stage
		Upgraded of Access Road in Mokolontsh	To be determined	Planning and Infrastructure Services	Roads	01 158 78192	R 200,000	To be determined	To be determined	To be determined	To be determined
		Rietbron roads & stormwater EPWP project	Report on Maintenance	Planning and Infrastructure Services	Roads	01 202 78122	2,000,000 (MIS Funding)	To be determined	To be determined	To be determined	To be determined
		Adde-Velencia	Completion of Housing Development	Planning and Infrastructure Services	Housing	01 157 77030	R 186,000	Service provider appointed	Execution plan	NA	Transfers
		Loutswater PH2	Completion of Housing Development	Planning and Infrastructure Services	Housing	01 157 77080	R 112,500	Service provider appointed	Execution plan	NA	Transfers
		Sandif 584	Completion of Housing Development	Planning and Infrastructure Services	Housing	01 157 76072	R 57,800	Service provider appointed	Execution plan	NA	Transfers
		Stormsvier	Completion of Housing Development	Planning and Infrastructure Services	Housing	01 157 77130	R 108,485	Service provider appointed	Execution plan	NA	Transfers
		Willowmore	Completion of Housing Development	Planning and Infrastructure Services	Housing	01 157 77140	R 100,000	Service provider appointed	Execution plan	NA	Transfers
		Rietbron Housing - 178 units	Completion of Housing Development	Planning and Infrastructure Services	Housing	01 157 77120	R 110,000	To be determined	To be determined	To be determined	To be determined
Klipplaat Disaster	Completion of Housing Development	Planning and Infrastructure Services	Housing	01 157 77980	R 430,000	Service provider appointed	Execution plan	NA	Transfers		
Nieu-Sotsheda Eradication of VIP Phase 2	Eradication complete	Planning and Infrastructure Services	Planning & Development	01 202 76123	3,450,000 (MIG Funding)	To be determined	To be determined	To be determined	To be determined	To be determined	

To promote an integration between spatial planning and transportation planning to achieve sustainable human settlements	To enhance CDW Spatial Development Framework and Integrated Transport Plan and regulate all development in accordance with plan	Annual review of SDF	Approval with IDP	Planning and Infrastructure Services	Planning & Development	-	In-house	Analysis review complete	Policy directive review complete	Investment framework review complete	Approval with IDP
	GIS Server Enhancement	To be determined	Planning and Infrastructure Services	Planning & Development	01 153 78197	R 250,000	Planning and preparations	Policy directive review complete	Investment framework review complete	Approval with IDP	
	Makana Bus Terminus	Bus terminus complete	Planning and Infrastructure Services	Road Transport	01 154 75370	R 1,912,720	Scope developed	Tender out	Contractor on site	Contractor on site	
	Ndlambe sportsfield	Sportsfield complete	Planning and Infrastructure Services	Sport and recreation	01 128 78146	R 300,000	Consultant appointed	Contractor on site	n/a	Complete	
	Existence of a sports facility at Rietbron	Completion	Planning and Infrastructure Services	Sport and Recreation	01 128 78025	R 598,087	Feasibility study completed	Construction in progress	Construction in progress	Completion	

DEVELOPMENT PRIORITY 2: CAPACITY BUILDING AND SUPPORT TO LMS										
Maximise the potential of CDM LMs and District Municipality to effectively deliver services to their communities	Building in-house capacity in CDM and in LMs so that they can perform their functions and strengthen institutional systems	Support LMs with Supply Chain Management processes and procedures	4 LMs supported	Finance & Corporate Services	Other	In-house	Consulting with 4 LMs to be supported to obtain buy-in	Two LM supported	Third LM supported	Fourth LM supported
Improve corporate governance systems, both in the district and the 8 LMs	Continual support that Audit Committees are functioning effectively	Establishment of the unemployed graduates programme	Fully effective Audit Committees	Finance & Corporate Services	Finance and Admin	In-house	NA	Survey of CDM and LMs in shortconsultings	Develop action plans	Implement action plans
To improve the performance of low capacity LMs in Organisational and HR arrangements	Development of By-Laws	Establishment of the unemployed graduates programme	Report on progress of programme	Finance & Corporate Services	Other	R 1,000,000	10 Graduates placed in organisations	Report on progress of programme	Report on progress of programme	Report on progress of programme
To improve the performance of low capacity LMs in Organisational and HR arrangements	Development of By-Laws	Development of By-Laws	By-Laws developed and implemented	Municipal Manager's Office	Other	R 500,000	To be determined	To be determined	To be determined	To be determined
To improve the performance of low capacity LMs in Organisational and HR arrangements	Provision of support to low capacity LMs in Organisational and HR arrangements	Provision of support to low capacity LMs in Organisational and HR arrangements	All LMs	Finance & Corporate Services	Finance and Admin	In-house	Meet with Ikwazi, Baylans, Camdeboo and finalisation of support programme	Programme commenced	Implementation and review of support programme	Implementation and review of support programme
Support identified LMs with stakeholder management and public participation processes	Develop communication policies (incl. media policy guidelines) and plans at local municipalities	Develop communication policies (incl. media policy guidelines) and plans at local municipalities	Communication policies available to all LM	Finance & Corporate Services	Finance and Admin	In-house	Generic communication policy completed and made available to LMs	NA	NA	Survey to all LMs testing progress with implementation of communication policy

To provide infrastructure development and service delivery support to LMs	To improve effectiveness in municipal revenue generation and financial management	Provision of assistance to LMs in respect to GMAP/GRAP compliance (Financial Statements) including CDM projects	Finance & Corporate Services	Finance and Admin	01 055 78030	R 596,954	Lobbying in conjunction with LMs who have provided a business plan for assistance; monitoring of LM implementation plans	Lobbying in conjunction with LMs who have provided a business plan for assistance; monitoring of LM implementation plans	Lobbying in conjunction with LMs who have provided a business plan for assistance; monitoring of LM implementation plans	
		GMAP/GRAP Training	Finance & Corporate Services	Finance and Admin	01 028 76103	R 250,000	To be determined	To be determined	To be determined	
		Support to LM's to GMAP implementation	Finance & Corporate Services	Finance and Admin	01 055 78207	R 3,000,000	To be determined	To be determined	To be determined	
		Training provided to CDM and LM's with regard to Asset Register	Finance & Corporate Services	Other	-	LM Funds	NA	Preparations made for the training	Training provided at a central venue in PE	NA
		Upgrade Infrastructure (Robron Storage and Carport)	Planning and Infrastructure Services	Planning & Development	01 202 78021	R 200,000	To be determined	To be determined	To be determined	To be determined
		Develop a shared service agreement. Project to be funded by GTZ	Planning and Infrastructure Services	Water	-	In-house	NA	LM buy-in sought (end Oct)	Draft agreement (if needed)	Implementation of model (if undertaken)
		Water quality monitoring (in conjunction with Environmental Health) for all LM's	Planning and Infrastructure Services	Water	01 182 78011	R 80,000	Quarterly statistics and proposed intervention reports	Quarterly statistics and proposed intervention reports	Quarterly statistics and proposed intervention reports	Quarterly statistics and proposed intervention reports
		Connect with Cacadu hardware installation within additional libraries within the District	Planning and Infrastructure Services	Community & Social Services	01 152 78037	R 1,500,000	Tender completed	Service provider appointed	Hardware acquired	Hardware installed
		Prov/ LM Project Tracker	Planning and Infrastructure Services	Planning & Development	01 152 78198	R 200,000	To be determined	To be determined	To be determined	To be determined
		Fencing of Cemeteries	Planning and Infrastructure Services	Community & Social Services	01 121 78198	R 200,000	To be determined	To be determined	To be determined	To be determined

Provide technical support and institutional support in managing and mitigating disasters	Existence and execution of a training plan based on identified training needs at LMs in relation to Disaster and Fire	Achievement of the training plan needs	Planning and Infrastructure Services	Other		In-house	Training assessment completed for each LM and approved	Training commenced 2 per quarter	Training ongoing 2 sessions held	Plan updated and executed
To assist municipalities in planning and implementation of infrastructural projects	To promote a shared service approach for technical assistance to LMs by Sept. 2010	Implementation of model (if undertaken) To be determined	Planning and Infrastructure Services Municipal Manager's Office	Water		In-house	NA	LM buy-in sought (and Oct)	Draft agreement (if needed)	Implementation of model (if undertaken)
To increase effectiveness and promote a district-wide approach to IDPs and performance management	To assess and enhance the use of performance management at all LMs	Intensively support 3 identified LMs in implementation of the performance management system	Municipal Manager's Office	Other	01 028 76117	R 300,000	To be determined	To be determined	To be determined	To be determined
To improve LM SDFs and IDPs	Assist LMs in the development of IDPs & SDFs (in house)	Approved IDPs	Planning and Infrastructure Services	Other	01 027 76077	R 683,121	Monitor Baylans and actively support 2 others	Monitor Baylans and actively support 2 others	Monitor Baylans and actively support 2 others	Monitor Baylans and actively support 2 others
					01 152 76225	1,300,000.00	Analysis component complete	Development priorities and projects list complete	Integration phase complete	Approved IDPs

DEVELOPMENT PRIORITY 3: ECONOMIC DEVELOPMENT											
To leverage available resources to achieve investment in economic infrastructure in partnership with relevant stakeholders	Facilitate economic infrastructure investment in strategic sectors of the district	Local Economic Development Initiative in partnership with the DSA	Service Level Agreement signed and 3 catalytic projects	Economic Development	Planning & Development	Grant	0 adjustment budget to be done)	SLA signed and Steering Committee established	To be determined	To be determined	
To achieve year-on-year economic growth by developing strategic sectors in the district	Coordinate tourism development and marketing in the district	Tourism marketing	Marketing Strategy Implemented	Economic Development	Tourism	01 400 78124	R 3,800,000	Quarterly Progress Report	Quarterly Progress Report	Quarterly Progress Report	
	Promote SMME Initiatives in the District	Support to LM Tourism Development Program	Transfer funds as per business plan	Economic Development	Tourism	01 400 78052	R 450,000	One project per LM identified	Participation in PSC meetings & funds transferred as per business plan	Participation in PSC meetings & funds transferred as per business plan	Participation in PSC meetings & funds transferred as per business plan
		Viable managed nature reserves in the District	Private-Public Partnership (PPP) pilot plan	Economic Development	Tourism	01 400 78128	R 500,000	Quarterly Progress Report	Quarterly Progress Report	Quarterly Progress Report	PPP pilot plan
		Tourism route development	To be determined	Economic Development	Tourism	01 400 78186	R 1,000,000	To be determined	Quarterly Progress Report	Quarterly Progress Report	To be determined
		Destination and sub branding	To be determined	Economic Development	Tourism	01 400 78186	R 200,000	To be determined	To be determined	To be determined	To be determined
		Tourism Education and Awareness	To be determined	Economic Development	Tourism	01 400 78127	R 500,000	To be determined	To be determined	To be determined	To be determined
		Natural Fibre Beneficiation	Evidence of Agave Americana trials in Camdeboo	Economic Development	Planning & Development	01 147 78204	R 1,500,000	Quarterly Progress Report	Quarterly Progress Report	Quarterly Progress Report	Quarterly Progress Report
		SMME Support Programme	Growing SMME Sector	Economic Development	Planning & Development	01 147 78119	R 800,000	SMME research database	SMME Directory	SMME Training	SMME Indaba
		Agri-sector strategy (in house)	Strategy to grow the agricultural and agri-processing sectors	Economic Development	Planning & Development	01 147 78188	R 2,000,000	Situational Analysis Report	Draft Strategy	Strategy complete & adopted	Implementation Plan & Strategy roll-out
		Essential Oils	2 out flower projects mentored and supported	Economic Development	LED	01 147 78047	R 250,000	Progress Report	Progress Report	Progress Report	Progress Report
LED District Support	To be determined	Economic Development	LED	01 147 78188	R 500,000	To be determined	To be determined	To be determined	To be determined		
LEDI Projects	To be determined	Economic Development	LED	01 147 78191	R 1,000,000	To be determined	To be determined	To be determined	To be determined		

To develop and enhance technical and life skills in line with labour market demands of the district in strategic sectors and	Partner with key players in Human Resources and skills development	DMA Crafts Initiatives	1 craft project operational in the DMA, Rietbron	Economic Development	LED	01 147 79580	R 500,000	Quarterly Report	Quarterly Report	Close-out report
						01 147 78173	R 500,000	Quarterly Report	Quarterly Report	Close-out report
To build appropriate internal and external institutional capacity necessary to improve integration, alignment and coordination of economic development programmes	Establishment and strengthening of municipal institutional arrangements to facilitate economic development	Support to the DMA	Functional Co-op	Economic Development	LED	01 147 78121	R 1,050,000	Quarterly Report	Quarterly Report	Close-out report
						01 148 79850	R 880,000	Quarterly Report	Quarterly Report	Quarterly Report
						01 146 78205	R 2,000,000	To be determined	To be determined	To be determined
						01 147 78118	R 750,000	Monitor and evaluate against implementation plan; Report submitted	Monitor and evaluate against implementation plan; Report submitted	Monitor and evaluate against implementation plan; Report submitted
Establishment and strengthening of partnerships between the district and other institutions, including government, institutions of higher learning, donor organisations, NGO's and the private sector	Partnership with SEDA	Support to Keiga Development Agency	Technical and funding support provided	Economic Development	Planning & Development	01 146 78205	R 2,000,000	To be determined	To be determined	To be determined
						01 147 78118	R 750,000	Monitor and evaluate against implementation plan; Report submitted	Monitor and evaluate against implementation plan; Report submitted	Monitor and evaluate against implementation plan; Report submitted

DEVELOPMENT PRIORITY 4: COMMUNITY SERVICES											
To improve the environmental health status of communities of Bavians, Ikwazi, DMA (north and South)	Effectively manage comprehensive EHS within the designated areas (Bavians, Ikwazi, DMA North and South)	Ensure submission of quarterly statistical report to Mayoral Committee to reflect EHS rendered in the referred areas	Monthly stats and Quarterly Mayoral Committee report by end April	Planning and Infrastructure Services	Health	-	-	In-house	NA	Areas monthly stats and 1 x Quarterly Mayoral Committee report	Areas monthly stats and 1 x Quarterly Mayoral Committee report
To improve the environmental health status of communities of Bavians, Ikwazi, DMA (north and South) (cont)	To promote environmental health education and awareness	Conduct education and awareness campaigns	Sessions conducted	Planning and Infrastructure Services	Health	01 192 78147	R 100,000	In-house	Education awareness program approved	2 sessions hold	4 sessions hold
	Community food gardens	Community food gardens	Productive food settlements in all DMA settlements	Planning and Infrastructure Services	Health	01 192 78131	R 80,000	In-house	Procurement of garden equipment and supplements	Established community gardens in 2 DMA settlements	Established community gardens in 2 DMA settlements
	To ensure effective communication between consumers and health professionals	Link environmental health to other stakeholder structures	MNNU Advisory Committee, Food Control Regional Committee, DWAF meeting attendance (EHP's and EHM)	Planning and Infrastructure Services	Health	-	In-house	In-house	NA	Minutes of meetings that have taken place reflecting attendance	Minutes of meetings that have taken place reflecting attendance
	To monitor the quality of EHS and develop strategies to address short-comings	Improve and implement an administrative system to effectively receive and manage complaints	Functioning of improved system	Planning and Infrastructure Services	Health	-	In-house	In-house	Complaints register and reduce incidents	System improved to flag complaints	Functioning of system - reports generated
	To negate negative environmental conditions relating to waste and pest control	To monitor relevant food outlets within the identified areas so as to ensure that food complies with acceptable micro and chemical standards through 4 tests in each area	4 tests in each area (Bavians, Ikwazi, DMA North and South) and respective CCOs for all complaint outlets	Planning and Infrastructure Services	Health	-	In-house	In-house	1 test in each area plus respective certificate of compliance	1 test in each area plus respective CCO issued if compliant	1 test in each area plus respective certificate of compliance
	To monitor water quality being supplied to said communities	Improve water quality in the DMA	90% of samples tested, passed, 4 campaigns completed	Planning and Infrastructure Services	Health	-	In-house	In-house	30 samples taken, only 3 failures	30 samples taken, only 3 failures	30 samples taken, only 3 failures
		To design and implement action plans to address non-acceptable food quality through education and awareness campaigns	4 campaigns completed	Planning and Infrastructure Services	Health	-	NA	NA	First campaign conducted	Second campaign conducted	Third campaign reported
											Fourth campaign completed

To effectively monitor and jointly manage environmental health services in the local municipalities of Kouga, Kei-kamma, Camdeboo, BCR, Makana, SRV and Ndlambe as per a PPSLA agreement with the relevant local municipalities	Monitor and jointly manage EH services in the areas of the relevant Local Municipalities	Monitoring of Local Municipalities Financial Expenditure Reports, Quarterly reports and Monthly statistics through acquiring of each LMs quarterly reports	Financial expenditure, statistics and quarterly reports received from 7 LMs	Planning and Infrastructure Services	Health	-	in-house	Quarterly report with associated recommended interventions	Quarterly report with associated recommended interventions	Quarterly report with associated recommended interventions
Support to LMs in the development and submission of Budget allocation	Ensure that budgets for 7 Local Municipalities are developed annually	Budgets drafted for the 7 LMs	-	Planning and Infrastructure Services	Health	-	in-house	Align budgets to needs as reflected in status quo report	Budgets approved	NA
To provide Comprehensive Primary Health Services at each service point	Annually provide to ECDeH the findings of an audit of the components rendered under PHC at each set clinic (8 MHSD, 13 KHSD, 4 CHSD) as per the PPSLA to ensure conformation to the signed PPSLA	Annual assessment completed	-	Health	Health (PHC)	-	in-house	NA	NA	Assessment completed and item forwarded to Maycom
To monitor the quality of PHC services to address shortcomings	Report to Mayor's Committee on the status of the quality assessment of PH services at all 70 service points (includes seconded Steytlerville and Klipplaat clinics)	Report to Mayo annually on status of quality assessment	-	Health	Health (PHC)	-	in-house	NA	NA	Item to Maycom
	Submit annually the budget to Council for the set clinics and mobiles	Review coverage	-	Health	Health (PHC)	-	in-house	NA	NA	Assessment completed and item forwarded to Maycom
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

Promote voluntary testing and counselling amongst the inhabitants of the CDM area of jurisdiction	Maintain voluntary counselling and testing services in clinics	Motivate for adequate funding to maintain operations post 30 June 2009	Funding motivated for	Municipal Manager's Office	Health	In-house	Communications	Communications	Communications	Funding motivated
To ensure traditional surgeons and traditional nurses are trained in general health issues, HIV & AIDS prevention and safe practices	Ensure training of lingebis and amakhankatas in safe health practices	Partnership with Province in training of lingebis and amakhankatas in safe health practices	Effective training conducted	Planning and Infrastructure Services	Health	R 50,000	List of registered lingebis and amakhankatas in CDM	Assessment report on training	Planning for training	Training conducted
To build institutional capacity within the municipalities to effectively respond to HIV & AIDS	Instil understanding and insight into HIV & AIDS as a cross-cutting issue (main-streaming)	District World AIDS day celebration	World AIDS Day celebrated	Municipal Manager's Office	Community & Social Services	R 250,000	Planning and preparations	Celebration of World AIDS Day by CDM	NA	NA
To mitigate disasters in the Cacadu district	To develop integrated Institutional Capacity for Disaster Management within CDM	Implementation of the CDM HIV and Aids Plan	Successful implementation of Plan	Municipal Manager's Office	Community & Social Services	R 400,000	1st Report on Implementation Progress	2nd Report on Implementation Progress	3rd Report on Implementation Progress	4th Report on Implementation Progress
		Establishment of a standing item on Disaster Management meeting in stead of an inter-departmental meeting	4 submissions	Planning and Infrastructure Services	Public Safety	In-House	Item per quarter	Item per quarter	Item per quarter	Item per quarter
		Establishment of response and recovery task teams in each satellite area	4 teams	Planning and Infrastructure Services	Public Safety	In-House	Establishment of task teams discussed at the DMAF and members preliminarily identified	ToR for task teams finalised	2 task teams in place	4 task teams in place (each satellite area)
		Implementation of contingency plans and disaster management policies	4 Drills per annum	Planning and Infrastructure Services	Public Safety	In-House	Team established	1st exercise	2nd exercise	3rd exercise

To provide effective fire fighting in the district	Assistance to Local Municipalities	Fire training to fire services personnel	Training of 7 Fire Fighters	Planning and Infrastructure Services	Public Safety	01 113 77390	R 500,000	Tender for service awarded	Training of FF1 and 4 Hazmat	Training of 13 FF1 and 3 Hazmat officials	Training of 4 FF2 officials
		Purchase of fire fighting equipment for LMs	Fire Equipment for Fire Truck	Planning and Infrastructure Services	Public Safety	01 113 76112	R 1,000,000	Quotes finalised	Equipment procured	Equipment delivered	NA
		Purchase of Hazmat truck for Paterson	Delivery of truck	Planning and Infrastructure Services	Public Safety	01 113 76208	R 1,300,000	To be determined	To be determined	To be determined	To be determined
		Purchase of Hazmat clothing	Clothing purchased	Planning and Infrastructure Services	Public Safety	01 113 76211	R 300,000	To be determined	To be determined	To be determined	To be determined
		Fire Education and Awareness campaigns	Supply and delivery of material to 10 schools	Planning and Infrastructure Services	Public Safety	01 113 76209	R 500,000	5 schools visited and workshops held with LMs	7 schools visited and workshops held with LMs	Schools to be visited	10 schools visited and workshops conducted at 3 LMs
		Nwabea Safety Rehabilitation	To be determined	Planning and Infrastructure Services	Public Safety	01 118 76203	R 1,000,000	To be determined	To be determined	To be determined	To be determined
		Construction of Fire Breaks (Koukamma)	To be determined	Planning and Infrastructure Services	Public Safety	01 113 76126	R 50,000	To be determined	To be determined	To be determined	To be determined
		Paterson Integrated Emergency Services Centre	To be determined	Planning and Infrastructure Services	Public Safety	01 113 76202	R 5,000,000	To be determined	To be determined	To be determined	To be determined
		Restoration of Fire Hydrants District Wide	To be determined	Planning and Infrastructure Services	Public Safety	01 113 76201	R 300,000	To be determined	To be determined	To be determined	To be determined
		Promote effective fire fighting	Host 4 workshops at LMs	Planning and Infrastructure Services	Public Safety	-	In-house	1 workshop at LM	1 workshop at LM	1 workshop at LM	1 workshop at LM
		Forecast employment opportunities at planning stage of projects for the purpose of providing projected training needs (to ensure that appropriate skills are available and can be taken advantage of)	Established process of information dissemination	Municipal Manager's Office	Community & Social Services	-	In-house	Sourcing of opportunity areas and inclusion in forum agendas for dissemination	Sourcing of opportunity areas and inclusion in forum agendas for dissemination	Sourcing of opportunity areas and inclusion in forum agendas for dissemination	Sourcing of opportunity areas and inclusion in forum agendas for dissemination
		Facilitate access to funding for business initiatives and empowerment	Established process of information dissemination	Municipal Manager's Office	Community & Social Services	-	In-house	Sourcing of opportunity areas and inclusion in forum agendas for dissemination	Sourcing of opportunity areas and inclusion in forum agendas for dissemination	Sourcing of opportunity areas and inclusion in forum agendas for dissemination	Sourcing of opportunity areas and inclusion in forum agendas for dissemination

To ensure the activities of the district are guided through Policy framework	To ensure the activities of the district are guided through Policy framework	To be determined	Municipal Manager's Office	Community & Social Services 76101	R 200,000	To be determined	To be determined	To be determined	To be determined
	Policy development	To be determined	Municipal Manager's Office	Community & Social Services 76101	R 120,000	To be determined	To be determined	To be determined	To be determined
	Empowerment of people with disabilities	To be determined	Municipal Manager's Office	Community & Social Services 76810	800,000	To be determined	To be determined	To be determined	To be determined
	Development of Youth	To be determined	Municipal Manager's Office	Community & Social Services 76220	R 900,000	To be determined	To be determined	To be determined	To be determined
	Women Empowerment	To be determined	Municipal Manager's Office	Community & Social Services 76820	R 900,000	To be determined	To be determined	To be determined	To be determined
	Monitor and maintain the effectiveness of the Forums in the District	4 meetings held for each Forum	Municipal Manager's Office	Community & Social Services	In-house	1 meeting per Forum (3 meetings)	2 meetings per Forum (6 meetings)	3 meetings per Forum (9 meetings)	4 meetings per Forum (12 meetings)
	Host events and activities within the district (Commemoration days)	3 commemoration days hosted	Municipal Manager's Office	Community & Social Services 01 005 76028	R 500, 000 R 300, 000	Women's Day	NA	Human Rights Day	Youth Day
	Awareness programmes at schools	Talks taken place	Municipal Manager's Office	Community & Social Services	In-house	NA	Planning meetings	Campaign at schools	NA
	Municipal By-laws review	To be determined	Municipal Manager's Office	Community & Social Services 01 028 76106	R 100,000	To be determined	To be determined	To be determined	To be determined
	Technical Town Planning Assistance to LM's	Project management quarterly updates & weekly turn-around of invoices	Planning and Infrastructure Services	Planning & Development 76195	R 750,000	To be determined	To be determined	To be determined	To be determined
	Implementation of the new MPPA	4 LM's supported	Finance & Corporate Services	Finance and Admin	In house	undertake needs survey	meet with LM's to develop appropriate strategies	Implement strategies	Implement strategies
	Assist with dealing with Audit Exceptions	4 LM's supported	Finance & Corporate Services	Finance and Admin	In house	develop a template	arrange a workshop	resolving issues in AG's report (management letter)	resolving issues in AG's report (management letter)
	Revenue enhancement project	4 LM's assisted	Finance & Corporate Services	Finance and Admin	In house	plan for a workshop	arrange a workshop	Implement system	Implement system

4.2.3 THE INSTITUTIONAL PLAN

Institutional Background to the CDM

The Cacadu District Municipality was established after abolition of the Western District Council and with the creation of the Nelson Mandela Metropolitan Municipality. As a metropolitan municipality, the Nelson Mandela Municipality received all income from RSC levies collected in its area of jurisdiction; previously these were paid to the Western District Council. This resulted in a reduction of 94% in the District's RSC Levy tax base.

The reduction in RSC levy income thus removed the capacity of the District Municipality to perform the key function for which it was previously established which was to provide financing for infrastructure projects.

In the face of this, the Municipality embarked on a very substantial restructuring and downsizing exercise. The departmental structure was changed from six to three departments and the staff establishment reduced from 255 to 57 people (2002).

While this radical and decisive restructuring process has succeeded in avoiding complete financial collapse, much of the previous rationale for the existence of the District Municipality was also removed in the process.

A critical issue was the determination of the new role the District Municipality.

The CDM has developed a new business model and institutional arrangements to support its business strategy. There have been a number of strategic interventions since 2002 to ensure that the necessary institutional capacity is created to enable the municipality to provide support to local municipalities and to achieve its developmental objectives.

The Development Facilitation Role

CDM has the legal and policy mandate to undertake a development facilitation role.

The development facilitation service integrates a number of different responsibilities of the district (such as the IDP, regional spatial planning, economic development and tourism, infrastructure implementation support, local capacity building and support) to provide a more efficient, integrated and holistic service. The strategic planning/IDP process at district and local level provides a strategic framework for development to identify appropriate projects. The capacity building and implementation support functions must assist local municipalities and other role players to develop coherent project plans, implement the projects and to improve service delivery.

This is supported by a resource leveraging role where CDM:

- identifies and secures potential funding for such projects from donors, national and provincial government and private sector investors;
- facilitates the transfer of appropriate knowledge and learning regarding similar projects from elsewhere in the municipal sector; and

- identifies appropriate partner organizations or individual specialists who help deliver the project where required.

In addition, CDM fulfils a monitoring and evaluation function in regard to the IDP and other projects. This role allows it to identify appropriate support interventions at an early stage where required and to regularly review the efficacy of its policy and strategic frameworks. It will also provide a measure of comfort for funders where there are concerns regarding the capacity of the local municipality.

Local Capacity Building and Support

CDM has already done significant work in developing approaches to supporting local municipalities and building their capacity.

The CDM must therefore ensure that all national and provincial capacity building programmes active in the district are channeled through the district municipality and, if appropriate, be housed in CDM premises. This would provide a single, clear reference point and facilitate the co-ordination of local capacity building initiatives.

Review of Existing Organizational Structure

Since April 2003, there have been many changes in the internal and external environment which have impacted on the operations of the CDM. It is necessary in view of changes in the environment, to assess the existing organizational structure on an ongoing. The basic organizational structure is reviewed using a set of guiding principles.

At the Strategic Planning intervention held on 31 August to 2 September 2006, the successes and challenges of the development facilitation model were debated. It was agreed that CDM's current position, its service menu and institutional arrangements must be reviewed in order to improve and maximize its service delivery impact at local municipalities.

The shifting of powers and functions from one government institution to another, changes in legislation and the changing needs of clients (LM's) continually impact on the operations of the CDM and require it to review its role, business operations, processes and its organizational structure to respond to these changes.

The CDM's current service delivery menu has been developed in terms of its new business model and legislative requirements. **The CDM has adopted a policy of appointing local municipalities as "Preferred Service Providers" which has impacted on the way it is currently organized and on its staff establishment.**

The primary role of the CDM would be that of a Development Facilitator. This role included three complementary subsidiary roles:

- District as a district wide integrated development planning authority;
- District as an infrastructure development agency; and
- District as a technical and institutional capacity resource (capacity building and support) to local municipalities.

These roles focused on high level planning, management, facilitation, capacity building and support rather than direct service delivery.

Development Priorities and Strategic Trust

The CDM's development priorities were debated and adopted at the IDP / Budget Stakeholders Forum held on 13 December 2006. The development priorities are:

- Capacity Building and Support to LM's;
- Infrastructure Investment;
- Economic Development; and
- Provision of Community Services.

The revision of the development priorities had a significant influence on the institutional arrangements of the municipality.

Review of Organizational Structure

The capacity building and technical support for local municipalities was viewed as an important focus area and there is strong view that not enough resources and time are allocated to this function.

At various strategic planning workshops there was general agreement that unless dedicated personnel / units are established to provide support and capacity building programmes, the district municipality will not make the desired impact in the district.

The relatively small income base of the CDM prevents it from deviating significantly from the 2003 principles and policies adopted in terms of its Development Facilitation Strategy. The municipality must ensure that its payroll costs are maintained within affordable limits. To reduce risks in this regard the CDM has carefully considered its service delivery options.

To facilitate the debate regarding organizational design which is appropriate for the CDM's Development Facilitation and Capacity Building / Support business model, a proposed organizational structure was developed based on the following principles / assumptions:

- Dedicated personnel / units to provide capacity building and support programmes to local municipalities;
- Priority focus in the design must reflect and give optimal effect to the vision, mission and the capacity building and support function;
- Appropriate organization – Form should follow function. Where it is appropriate similar related functions should be grouped;
- Clear lines of accountability including manageable span of control;
- Use of ICT – the design should exploit modern information technology to establish efficient and effective communication and information management systems;
- Flexible approach to centralization and decentralization;
- Financial sustainability – the design should be realistic in terms of CDM's financial capacity.

It was also necessary to identify operational shortcomings which include:

- Duplication of functions;
- Overlapping of functions;
- Inappropriate splitting of functions;
- Lack of operational integration;
- Streamline the span of control of the Municipal Manager to enhance integration, co-ordination, management and oversight; and
- Identify clear reporting lines.

There have been a number of major developments in the broad local government environment which have necessitated changes to the institutional arrangements to meet ever growing challenges. These include :

- The provincialisation of Primary Health Care Services;
- Inadequate discretionary revenue sources requiring cost cutting measures;
- The ongoing efforts to align the organizational structure to the business model;
- To reduce span of control in the Municipal Managers office to ensure a strategic focus in the MM's office; and
- Financial Sustainability issues.

Initially a high level structure approved by Council on 30 May 2007 made provision for four departments namely:

- Planning and Infrastructure Services;
- Economic Development;
- Community Services; and
- Finance and Corporate Services.

The biggest threat facing the institution was the fact that the municipality was balancing its budget with interest earnings which is not sustainable. These financial constraints and issues relating to the PHC function transferred to the municipality without financial resources has forced the municipality to review previous organizational structure arrangements resulting in the Council approving the following changes on 30 January 2008:

- The functions of Performance Management, Capacity building and SPU remain in the office of the Municipal Manager;
- The function of Disaster Management be placed under the Department: Planning and Infrastructure Services;
- The function of HIV and AIDS be placed under the Administrative Unit – Health Services which falls under the Municipal Manager;
- The function of Public Relations be placed under the Department: Finance and Corporate Services.

The Revised Organizational Structure and changes are detailed below:

Municipal Manager

The PRO function was transferred to Corporate Services Division of the Department: Finance and Corporate Services. The Disaster Management and Fire Fighting Services functions were transferred to the Department: Infrastructure Services and Planning. The

functions of Capacity Building and Support and Performance Management Systems, HIV and Aids and Special Programmes remained in the office of the Municipal Manager.

Health Services Administrative Unit

The Primary Health Care function was supposed to have provincialised by 01 July 2007, due to various factors, the provincialisation process is no hold. Currently the Primary Health Care (PHC) function is incorporated in an "Administrative Unit" which reports to the Municipal Manager.

Department: Infrastructure Services and Planning

The provision of Infrastructure and Housing will always be an important function of any municipality. The infrastructure grant funding sources such as RSC Levies, NMMM and MIG have almost been exhausted. The future functions of the department will to a large extent be dependent on the availability of new sources of finance. However, there has been a planned and structured shift to a technical support and capacity building role. It has been decided to centralize all Strategic and Spatial Development Planning activities in the Directorate Infrastructure Services and Planning. In future personnel performing all functions relating to the Integrated Development Planning, IDP Support to local municipalities and Spatial Development will report to the Director: Infrastructure Services and Planning.

Department: Economic Development

The growing importance and responsibility of municipalities to create an enabling environment for economic development to flourish is recognized. Hence, a new department of Economic Development was established. With the establishment of the Directorate: Economic Development, centralization of the planning and IDP support functions in the Directorate: Infrastructure Services and Planning and transfer of Capacity Building and Support to the Municipal Manager's office, the Directorate Development Facilitation was disestablished.

Department: Finance and Corporate Services

The department provides support services and its size, functions and services are dependent on the needs of its clients. The shifting of functions including Health Services will impact on the department's services. The support services will have to be aligned to the needs of the line departments.

The basic business units / sections and the majority of business processes will continue uninterrupted. It will be necessary to establish the high level structure first and thereafter the placement of activities / services and processes to be placed under departments can be reviewed.

Teamwork and Networking

The debates and discussions regarding appropriate institutional arrangements are based on organizational development principles and best practice to improve performance focused on the need to align functions. A hierarchical structure with elements of teamwork and effective networking will be introduced to facilitate creativity and flexibility. Research has established that teams which are committed to a common purpose and performance targets and which accept joint responsibility and accountability play an important role in achieving organizational goals and strategic objectives. Such teamwork can break down barriers to effective performance such as working in silos

(departments). In future teams will be established to deal with cross cutting functions, issues and projects.

Human Resources Requirements

Given its current staff size and structure, the CDM has amended its organogram to ensure that the organisation has the required human resources capacity to cope with all its new focus and functions. The need for this became particularly apparent once the IDP projects had been formulated. At the same time, it is necessary to consider the cost implications. It is important that the CDM ensures that it can both afford and justify the additional personnel costs. The CDM has therefore undertaken to explore all possible avenues that will ensure delivery through creative and innovative means.

Skills Development Plan

The objectives of the Skills Development Plan are to train and build capacity among the staff of the CDM. The CDM acknowledges that the continuous growth and development of its staff is fundamental to its future success as an organization. Whilst most of the current staff complement is new to the sphere of local government, it is important to note that most of these new recruits are young, enthusiastic and willing to learn. As may be seen in the project template on Effective Local Governance, provision is made for the training of the internal staff. Furthermore, a 'Knowledge Resource Centre' - reflected on the same project template - will provide the staff with on-site access to knowledge and information to empower them and to build their capacity. It is clear that the CDM is serious about staff development and it is dedicated to the development of a culture of learning within the institution.

Employment Equity Plan

The CDM has formulated an Employment Equity Plan, which includes the personnel development and training policy. This plan will be revised as circumstances require. The gender component that is outlined in the Integrated Poverty Reduction and Gender Equity Programme highlights the CDM's concern with the employment of women. This is part of its commitment to rectify the imbalances of the past. The CDM's current organizational structure reflects its commitment to employment equity and placing women in strategic positions.

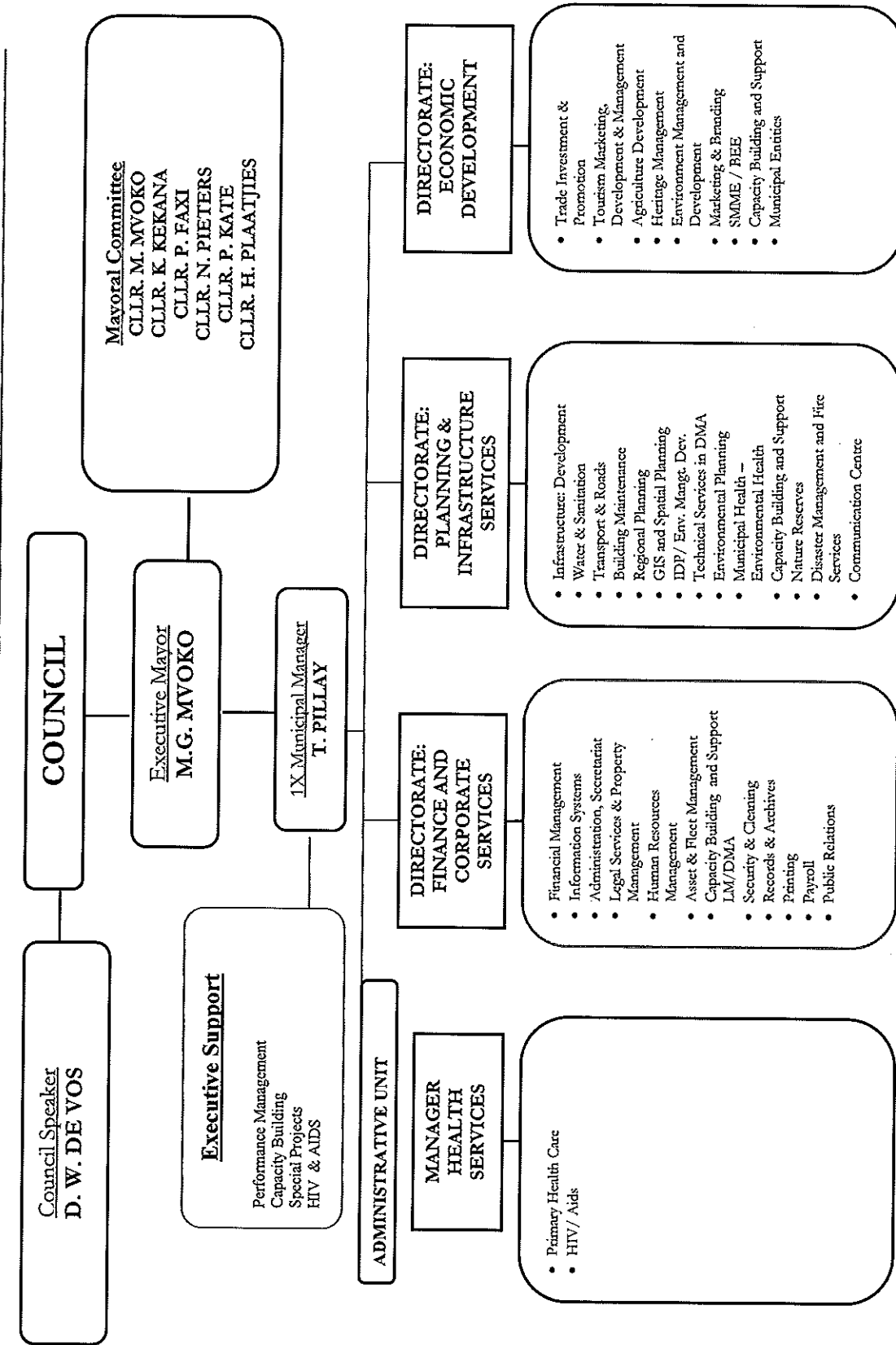


Figure 4.8 : Overall organisation structure

4.2.4 THE FINANCIAL PLAN

Details of Cacadu District Municipality's three year Financial Plan is laid out in its budget document. Rather than repeat issues which are dealt with in depth in the Budget, this commentary will deal with the broad principles of that plan. A high level summary of the three year plan is set out in the tables below.

OPERATING BUDGET 1 JULY 2010 TO 30 JUNE 2013 REVENUE AND EXPENDITURE BY VOTE

Vote Description R thousand	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Budget	Budget Year 200/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue by Vote						
Executive and Council Finance and Corporate Services	13,015	15,962	6,930	10,276	1,738	1,819
Planning and Development	95,446	99,759	99,483	100,544	90,936	96,216
Health	13,938	29,008	33,066	22,607	-	-
Community and Social Services	48,154	45,559	39,954	49,253	51,617	54,198
Housing	91	91	91	201	1	1
Public Safety	3,835	3,987	1,396	2,935	16	16
Sport and Recreation	8,241	7,516	8,091	7,351	1,001	1,001
Waste Management	2,392	3,142	1,743	899	-	-
Roads	85	85	95	95	97	100
Water	142,764	205,290	204,577	18,363	-	-
Electricity	11,765	18,636	12,499	57,890	128	128
Other	7,911	7,870	5,870	2,040	40	40
	-	1,400	9,533	-	-	-
Total Revenue by Vote	347,637	438,304	423,328	272,453	145,573	153,519
Expenditure by Vote, to Be appropriated						
Executive and Council Finance and Corporate Services	40,286	43,881	39,492	48,422	38,067	39,966
Planning and Development	31,405	34,717	31,854	30,241	31,240	32,917
Health	25,892	41,169	36,741	26,723	5,340	5,742
Community and social Services	52,809	50,493	50,006	57,689	60,461	63,732
Housing	92	92	91	201	1	1
Public Safety	4,131	4,284	1,932	3,483	593	639
Sport and Recreation	15,231	14,506	13,998	11,817	4,659	4,975
Waste Management	2,392	3,142	1,743	1,599	700	700
Roads	19	19	19	20	20	21
Water	144,759	207,285	205,823	20,436	2,179	2,352
Electricity	12,634	19,505	12,906	59,895	1,086	1,176
Other	7,945	7,904	5,883	2,074	75	76
	10,042	11,308	11,167	9,855	1,151	1,223
Total Expenditure by Vote	347,637	438,304	411,656	272,453	145,573	153,519
Surplus/(Deficit) for the year			11,672			

Draft 2010/2011 Operating Budget

OPERATING BUDGET 1 JULY 2010 TO 30 JULY 2013

REVENUE BY SOURCE AND EXPENDITUE BY TYPE

Description R thousand	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue By Source						
Property rates	215	215	185	365	350	400
Service charges – water revenue	173	173	180	180	181	182
Service charges – Sanitation revenue	-	-	-	-	-	-
Service charges – refuse Revenue	20	20	23	23	24	26
Service charges – other	41	41	41	41	41	41
Rental of facilities and Equipment	897	897	931	985	1,033	1,084
Interest earned – external Investment	25,762	25,762	25,732	24,540	10,742	11,708
Interest earned – Outstanding debtors	-	-	-	-	-	-
Agency services	30	30	32	33	35	37
Transfers recognised – Operational	288,316	366,661	351,780	209,904	131,127	137,979
Other revenue	32,184	44,596	44,515	36,383	2,041	2,063
Gains on disposal of PPE	-	-	-	-	-	-
Total Revenue (excluding Capital transfers and Contributions)	347,637	438,394	423,418	272,453	145,573	153,519
Expenditure by Type						
Employee related costs	36,845	36,845	33,269	41,918	40,762	43,681
Remuneration of Councillors	4,648	5,148	4,615	5,065	5,318	5,743
Debt impairment	50	50	50	1,000	1,000	1,000
Depreciation & asset Impairment	2,216	2,216	1,493	1,490	1,531	1,584
Finance Charges	26	26	-	-	-	-
Bulk purchases	15	15	15	15	16	16
Other materials	-	-	-	-	-	-
Contracted services	3,507	3,492	3,315	3,640	3,836	4,012
Transfers and grants	221,519	299,174	290,045	143,406	59,555	62,917
Other expenditure	78,812	91,428	78,943	75,920	33,555	34,565
Loss on disposal of PPE	-	-	-	-	-	-
Total Expenditure	347,637	438,394	411,746	272,453	145,573	153,519
Surplus/(Deficit) for the year			11,672			

Draft 2010/2011 Operating Budget

Capital budget 1 July 2010 to 30 June 2013

Narration	2010/2011	2011/2012	2012/2013
Funding Source			
Accumulated Surplus	5,207,500	-	-
Total	5,207,500	-	-
Asset Type			
Other motor vehicles	1,050,000	-	-
Plant & equipment	1,670,000	-	-
Office equipment	1,537,500	-	-
Buildings	950,000	-	-
Total	5,207,500	-	-

Long Term Financial Sustainability and Significant Financial Risks

Council has also prepared a 10 year Financial Plan which is currently being reworked to take account of the newest information available. While it follows that the longer the time projection the less reliable the figures become, such a plan does however give some indication of issues which may need to be addressed, now and in the future, to ensure the viability and sustainability of the municipality.

Discretionary Revenue and Funding Options

Since 2002, the CDM has struggled to perform its legal mandate due to the fact that it had its tax base significantly reduced. With the abolition of RSC levies, it is now totally dependent on national government grants to finance its operating expenditure. Since 2002, in spite of limited revenue base, additional functions such as fire fighting services, environmental health as well as onerous legislative compliance requirements have placed enormous demands on the institution, which has had to increase its staff establishment to respond to the additional responsibilities.

In order to respond to these challenges the municipality had to adopt a pragmatic approach to ensure that it is able to continue providing services and adding value in the district. Over a number of years it has been able to maintain reserve funds (Capital Replacement Reserve), which have recently been transferred to the accumulated surplus account which is fully funded. It has only been possible to maintain service standards through the use of interest on investments to finance operating expenditure.

Although there are concerns that this financing methodology is not sustainable in the long term, the municipality has had no other funding option at this stage in its history. It is obvious that the municipality would be ineffective if it had to reduce its expenditure and its staff establishment to available discretionary resources excluding interest income.

National Treasury has advised that it will continue to compensate district municipalities through the RSC levy replacement grant.

Reforms will however be made to the Replacement Grant in future to make it more reflective of the extent of service delivery responsibilities of the municipality rather than historical RSC levy collection rates. This is very good news for the Cacadu District, as grants to the municipality have been calculated on an inaccurate baseline amount. Revisions to the local government fiscal framework are being considered, including determining appropriate funding for district municipalities which will be informed by the outcomes of the DPLG White Paper policy review.

Until that process has been finalized, it is evident that the current funding approach will have to be maintained to ensure that service provision is not disrupted or compromised. It is however incumbent on the management and political representatives to ensure that the utilization of unsustainable revenue sources to finance operating expenditure is undertaken in a responsible manner and that a capping is placed on the utilization of these resources until a clearer picture emerges of future district municipality's revenue sources.

Measures to Reduce Dependence on Non-Sustainable Discretionary Income

It is evident that the dependence on interest income and contributions from the accumulated surplus has increased since 2004/2005 financial year. This is mainly due to increased operating costs and the fact that infrastructure projects and other programmes are being funded from own discretionary resources.

It has already been stated that CDM is unable to introduce new resources of revenue or to generate additional income from existing sustainable discretionary resources.

This means that if the municipality wishes to continue providing existing services at current levels it must continue to utilize interest income until a clearer picture emerges from the White Paper Process regarding future role and function and revenue sources.

It is difficult to predict how long the White Paper Process will take or how long it will be before the new revenue sources of district municipalities are finalized. In view of these uncertainties it will not be prudent to continue utilizing own sources to finance infrastructure projects and to deplete the accumulated surplus in the medium term as it provides a significant amount of non-sustainable discretionary resources which is vital for sustaining current service levels.

There is no doubt that the spending of conditional grants is gaining momentum and that interest from this source and reduced interest rates will significantly decrease interest earnings in the medium term. It was necessary to undertake financial modeling exercises in an effort to establish the impact of these unfolding trends.

Projected Income and Expenditure – Impact on accumulated Surplus Account and Interest Earnings

A medium term financial model based on the 2010/2011 Operating Budget provided some insight on what will happen in the medium term should current expenditure trends continue. The assumptions that were made are:

- that payroll cost will increase at 10% pa;
- that other operating expenditure will increase by 15% pa;
- that project expenditure will remain constant at about R50m pa; and
- that interest earned on investments will decrease as follows from the 2009/2010 financial year:

	<u>%</u>
2010/2011	6
2011/2012	6
2012/2013	5
2013/2014	5

It was evident based on the above assumptions and current expenditure trends that the use of the accumulated surplus to finance infrastructure projects will have the following impact:

- interest income will be drastically reduced in the short term;
- the accumulated surplus will be depleted in the medium term; and
- by 2012/2013 financial year there will be inadequate revenue sources to balance the budget.

It is also evident that the municipality will have to undertake a drastic downsizing exercise unless additional revenue sources are available to the municipality by 2012. It is therefore suggested that the current budget financing practice whereby interest earnings are utilized to finance operating expenditure continue in the short term and be combined with cost cutting exercises. The review of policies which involve the financing of infrastructure projects with contributions from the accumulated surplus is also considered necessary.

Other Risks on the Radar Screen

It is also important to place other financial risks on the radar screen which could worsen the municipality's financial position:

These include:

- The inadequate PHC allocations from the ECDoH.
- Demands for additional expenditure including posts for EHS and Fire Fighting services;
- Demands from Labour Unions and employees to implement the job evaluation results; and
- Staff retention policies resulting in higher payroll costs.

REVENUE

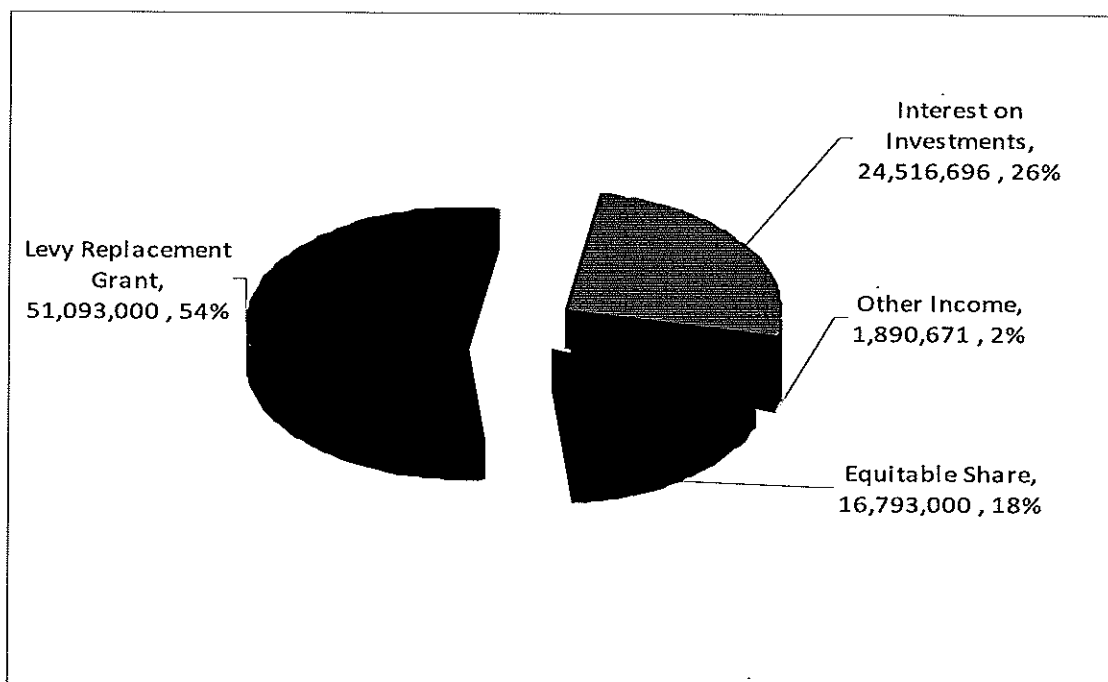
CDM has very few significant sources of discretionary or sustainable revenue. In addition to this fact, there are a few areas of particular concern to the municipality:

- Interest Earnings;
- Equitable Share;

- Municipal Infrastructure Grant;
- Levy replacement Grant;
- The establishment of regional electricity distributors (RED's);
- Donor funding; and
- Implementation of the Local Government: Municipal Property Rates Act.

The Pie Chart below indicates all the discretionary revenue sources utilized to fund the 2010/2011 operating budget.

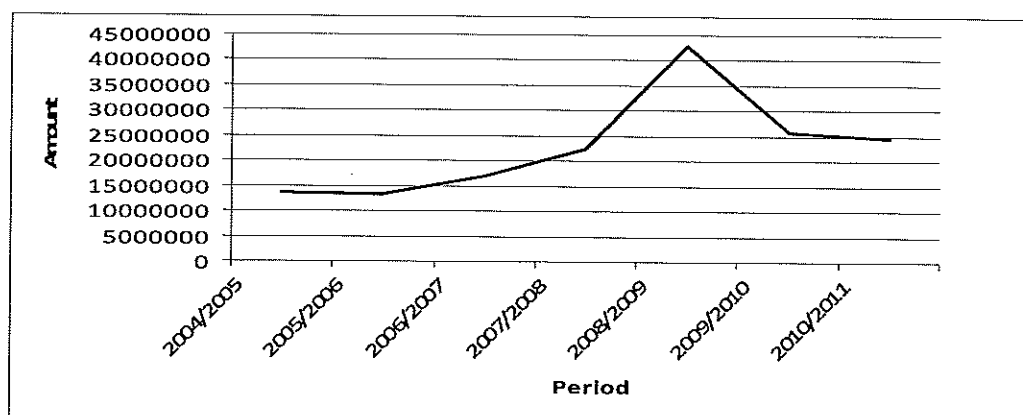
REVENUE BY SOURCE



Interest Earnings

In 2010/11 interest earnings on investments are budgeted to contribute R 25.7 m (11 %) of total revenue. It is evident that the municipality has become dependent on interest earning to balance its operating budget. This financing approach is not sustainable and strategies will be developed to reduce expenditure in line with discretionary sources of revenue. The irony is that, in the medium to long term, the more efficient the municipality becomes at delivering its budgeted result, the greater this investment income will be reduced.

The graph below illustrates the extent to which interest has been used since the 2004/2005 financial year to finance Operating Expenditure:



Equitable Share

While previous financial models have been based on the premise that the CDM's Equitable Share would rise at similar rates to the increase in national funds for this purpose, this has not proved to be the case. Unless these funds can be increased, CDM will be very restricted in the range of services and support it can deliver.

The equitable share allocation to the local sphere of government takes account of the fiscal capacity, fiscal efficiency, developmental needs, extent of poverty and backlogs in municipalities, to the extent that such information is available.

The Division of Revenue Act DORA 2010/2011 does reflect a reasonable increase over the next three financial years considering the rate of inflation.

Financial year	Amount	% increase
2010/11	16,8	0%
2011/12	19,3	14,9%
2012/13	21,4	10,9

Municipal Infrastructure Grant

The largest infrastructure transfers over the MTEF years are through the MIG, which supports government's objectives of expanding the delivery of basic services to poor households and alleviation of poverty. The grant also seeks to stimulate local economic development and job creation over the medium term. Municipalities are required to dedicate a portion of their capital budgets to labour-based infrastructure methods to meet the objectives of the expanded public works programme. This grant is listed on Schedule 4 of the Division of Revenue Act, as it supplements municipal allocations for infrastructure.

Levy Replacement Grant

Recognizing that the RSC levies performed poorly with regards to the generally accepted principles of sound taxation (e.g. equity, efficiency, certainty, simplicity, ease of administration), the Minister of Finance announced in the 2005 Budget that RSC levies

will be phased out on 1 July 2006. However, for municipalities to meet their expenditure obligations, especially in terms of poverty alleviation and social and economic development, it is important to maintain existing levels of revenue. The 2005 *Medium Term Budget Policy Statement* indicated that national government would compensate municipalities for lost revenue within the national budget framework, and options for alternative tax or revenue sharing arrangements are under consideration. The RSC Levy Replacement Grant for the 2010/2011 financial year and outer years reflects a low growth rate as more fully detailed below:

Financial year	Amount	% increase
2010/2011	51,1	0%
2011/2012	52,6	2,9%
2012/2013	54,2	3,0%

Future allocations for the Budget will be subject to further reforms to replace RSC levies with alternative sources of revenue. A discussion document on Options for the *Replacement of RSC and JSB levies* has been released for comment. The discussion document highlights the following options as possible replacement sources:

- **Tax sharing of an existing national tax instrument** (such as general fuel levy);
- **A surcharge on user charges for municipal services**, including a municipal electricity surcharge;
- **Grant** which could perform two functions, namely:
 - A guaranteed revenue source for municipalities or categories of municipalities; and
 - A transitional funding mechanism to smooth any possible shocks from the abolition of RSC Levies.

It is evident that the increases in the Levy Replacement Grant are significantly lower than the inflation rate which means that the programmes of the Cacadu District Municipality will be negatively affected.

Restructuring of the electricity distribution industry and the establishment of regional electricity distributors (RED's)

The restructuring of electricity distribution, if not correctly implemented, could have a significant negative impact on the revenue of larger municipalities that distribute electricity. Alternative restructuring models were considered to limit the fiscal risk and exposure of these municipalities, including the revision of the six RED(s) boundaries.

Donor funding

In the light of the funding uncertainties described above, Council is keen to pursue options for accessing other funds, notably from donors, both internal (i.e. Development Bank of Southern Africa) or external (overseas aid). It needs to be noted, however, that even if the CDM should prove successful in its attempts to secure such funds, they can only ever be regarded as short term and unsustainable sources of revenue.

Implementation of the Local Government: Municipal Property Rates Act

Although the Municipal Property Rates Act took effect from 2 July 2005, the new property rating and evaluation system will only take effect when a Council has adopted its rates policy and has prepared the first valuation roll in terms of the Act (municipalities are required to bring their valuation records up to date within four years of the effective date of the legislation). The Act also requires that a rate levied on newly rateable property must be phased in over a period of three financial years. It extends or increasingly extends property rates to public service infrastructure and state properties. The CDM is targeting 1 July 2009 as the earliest date for introducing new valuation rolls in the DMA area in terms of the Act.

EXPENDITURE

There are three aspects of expenditure which deserve special attention:

- ensuring that expenditure on salaries remains in proportion to revenue;
- use of consultants and skills transfer; and
- Unfunded mandates.

Salaries

The largest single expense of the municipality is salaries. For this reason it is important that the salaries budget of the municipality remains in the same proportion that has been established over recent years.

PAYROLL COST AS A % OF TOTAL OPERATING EXPENDITURE (excl Health Agency, Pensioners, Conditional Grants)



Unfunded mandates

The Primary Health Care Services function provided on an agency basis is grossly underfunded. For the last few years, CDM has not been fully reimbursed for the costs of delivering primary health services on behalf of the Provincial Government.