



Development of a Capital Expenditure Framework (CEF) & Long-Term Financial Plan (LTFP)

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Overstrand Local Municipality

Capital Expenditure Framework & Long-Term Financial Plan

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Table of Contents

Document Details	i
List of Annexure	I
List of Figures	I
List of Tables	VII
Abbreviations	XIV
Nomenclature	XVI
1 Part 1: Introduction	1-1
1.1 What is a Capital Expenditure Framework.....	1-1
1.2 Aim of Capital Expenditure Framework	1-1
1.3 Role of the Capital Expenditure Framework as a policy instrument	1-2
1.4 Objectives of Capital Expenditure Framework.....	1-3
1.5 Structure of this Capital Expenditure Framework	1-4
2 Part 2-a: Functional Area Profiling & Spatial Categories	2-1
2.1 Aims and objectives	2-1
2.2 Context of the Municipality	2-1
2.2.1 Demarcation history.....	2-1
2.2.2 Regional context.....	2-1
2.2.3 Local context.....	2-1
2.3 Demographic profile	2-4
2.3.1 Population characteristics.....	2-4
2.3.2 Household characteristics	2-28
2.4 Economic profile	2-36
2.4.1 The value of economic production, good and services	2-37
2.4.2 Employment.....	2-40
2.4.3 Household income and expenditure.....	2-46
2.4.4 GVA and employment	2-52
2.4.5 Drivers in the economy.....	2-54
2.4.6 Economic specialisation and vulnerability	2-56
2.4.7 Fixed capital formation and capital stock.....	2-56
2.5 Settlement dynamics and change	2-62

2.5.1	<i>Historical growth</i>	2-62
2.5.2	<i>Settlement footprint</i>	2-63
2.5.3	<i>Points of interest and distribution of activities</i>	2-68
2.6	<i>Access to social facilities</i>	2-74
2.6.1	<i>Education facilities</i>	2-74
2.6.2	<i>Health facilities</i>	2-76
2.6.3	<i>Safety and security</i>	2-77
2.6.4	<i>Courts</i>	2-78
2.7	<i>Access to services</i>	2-79
2.7.1	<i>Water services</i>	2-79
2.7.2	<i>Sanitation services</i>	2-80
2.7.3	<i>Electricity services</i>	2-80
2.7.4	<i>Refuse removal</i>	2-81
2.7.5	<i>Roads</i>	2-81
2.8	<i>Municipal institutional indicators</i>	2-81
2.8.1	<i>Audit outcomes</i>	2-81
2.8.2	<i>Non-financial municipal indicators</i>	2-82
2.8.3	<i>Employment indicators</i>	2-83
2.8.4	<i>Service access indicators</i>	2-86
2.8.5	<i>Policy frameworks and agreements</i>	2-89
2.9	<i>Concluding remarks</i>	2-89
2.10	<i>Overview of Functional Areas</i>	2-90
2.11	<i>Functional Areas summary</i>	2-91
2.11.1	<i>The extent of the Functional Areas</i>	2-91
2.11.2	<i>Functional Areas classification and hierarchy</i>	2-92
2.11.3	<i>Population per Functional Area</i>	2-92
2.11.4	<i>Population density per Functional Area</i>	2-93
2.11.5	<i>Household density (households/ha) per functional area</i>	2-94
2.11.6	<i>Average household size per functional area</i>	2-94
2.11.7	<i>Social and community facilities</i>	2-95
2.11.8	<i>Access to services</i>	2-98
2.11.9	<i>Points of interest</i>	2-102

2.11.10	Road types.....	2-103
2.12	Functional Area profiles.....	2-104
2.12.1	Rooiels	2-105
2.12.2	Pringle Bay.....	2-107
2.12.3	Bettys Bay.....	2-109
2.12.4	Kleinmond.....	2-112
2.12.5	Greater Hermanus.....	2-114
2.12.6	Stanford	2-121
2.12.7	Greater Gansbaai	2-123
2.12.8	Wolwengat	2-125
2.12.9	Baardskeerdersbos	2-127
2.12.10	Pearly Beach.....	2-129
2.12.11	Overstrand Rural.....	2-131
2.12.12	Total development potential	2-132
2.13	Analysis Approach.....	2-132
2.13.1	The hexagon grid base	2-133
2.14	Index modelling	2-135
2.14.1	Steps in a multi-criteria analysis	2-135
2.14.2	The index model methodology and results	2-135
2.15	Spatial Development Framework.....	2-141
2.16	Existing Spatial Development Framework structuring elements	2-142
2.16.1	The Municipal spatial development key strategies.....	2-142
2.16.2	Overarching spatial planning principles.....	2-143
2.16.3	Settlement hierarchy	2-147
2.17	Determining priority	2-161
2.17.1	Investment philosophy	2-161
2.17.2	Priority classification	2-162
2.18	Concluding remarks	2-162
2	Part 2-b: Infrastructure Demand Quantification & Portfolio of Projects.....	2-164
2.19	Aims and objectives	2-164
2.20	Investment demand and growth.....	2-165
2.20.1	The infrastructure planning equation	2-165

2.21	Setting a data baseline for assessment	2-166
2.22	Dealing with infrastructure backlogs.....	2-168
	2.22.1 Data discrepancies	2-169
	2.22.2 Water services	2-169
	a. Sanitation services.....	2-171
	2.22.3 Electricity services.....	2-172
	2.22.4 Refuse removal	2-173
	2.22.5 Road network	2-174
	2.22.6 Dwelling structures and households	2-174
2.23	Asset renewals and renewal backlog	2-175
2.24	Demand created through growth	2-176
	2.24.1 Land demand.....	2-176
	2.24.2 Long-term capital expenditure related to growth	2-177
	2.24.3 The operating impact of capital expenditure.....	2-177
	2.24.4 Consumption and use.....	2-177
2.25	Modelling Outcomes and growth impact forecasts.....	2-177
2.26	Population growth as the basis for modelling investment demand.....	2-177
2.27	Scenario assessment.....	2-178
	2.27.1 Assumptions and inputs on housing variables.....	2-178
	2.27.2 Norms and standards for land use budgeting	2-179
	2.27.3 Service levels.....	2-180
2.28	The modelling outcomes	2-185
	2.28.1 Land use demand	2-185
	2.28.2 Summary of general elements	2-186
	2.28.3 Summary of capital expenditure per service.....	2-187
	2.28.4 Summary of operating expenditure	2-189
	2.28.5 Summary of consumption and use.....	2-190
2.29	Concluding remarks	2-192
	2.29.1 Notable elements of future demand.....	2-192
2.30	Contextualising sources	2-194
2.31	Discipline-based breakdown	2-195
	2.31.1 Water.....	2-195

2.31.2	Roads & Stormwater	2-196
2.31.3	Sewer	2-197
2.31.4	Electricity	2-197
2.31.5	Waste Removal.....	2-198
2.31.6	Housing.....	2-199
2.32	Collated portfolio of projects	2-199
2.32.1	Unpacking projects over time	2-201
2.32.2	Unpacking projects per directorate and department.....	2-203
2.32.3	Analysing through the Municipal Standard Chart of Accounts (mSCOA) perspective	2-207
2.32.4	Unpacking Project works location.....	2-213
2.32.5	Unpacking portfolio of projects relative to Spatial Development Framework.....	2-214
2.33	Concluding remarks	2-217
3	Part 3: Long-Term Financial Plan & Affordability Envelope	3-1
3.1	Aims and objectives	3-1
3.2	Significant directly impacting external and internal growth factors	3-1
3.3	Main features of the Financial Plan.....	3-2
3.3.1	Updated timeframe.....	3-7
3.3.2	Long-term Financial Plan policy, strategy, and objectives	3-8
3.3.3	Alignment and interaction	3-8
3.4	Directly impacting external and internal growth factors.....	3-10
3.4.1	Economic and socio-economic profile.....	3-10
3.4.2	Governance and internal control environment.....	3-15
3.4.3	Strategically integrated and growth-aligned prioritisation of capital investments.....	3-16
3.5	Sustainable operations towards growth in prioritised capital investments.....	3-17
3.5.1	Surplus/(Deficit) from operations.....	3-17
3.5.2	Asset and liability management.....	3-24
3.5.3	Liquidity management	3-29
3.5.4	Funding capital expenditure.....	3-33
3.6	Concluding remarks	3-36
4	Part 4: Prioritisation	4-1
4.1	Aims and objectives	4-1
4.2	Exploring the essence of prioritisation.....	4-1

4.3	The mathematical framework of prioritisation.....	4-2
4.4	What is a prioritisation rationale.....	4-3
	4.4.1 <i>Input data: strategic documentation</i>	4-3
	4.4.2 <i>Input data: prioritisation rationale</i>	4-4
4.5	Prioritisation criteria.....	4-6
	4.5.1 <i>Economic criteria</i>	4-6
	4.5.2 <i>Financial criteria</i>	4-6
	4.5.3 <i>Social criteria</i>	4-7
	4.5.4 <i>Technical criteria</i>	4-7
	4.5.5 <i>Spatial criteria</i>	4-8
	4.5.6 <i>Environmental criteria</i>	4-9
4.6	Prioritisation tool.....	4-9
4.7	Output of the prioritisation application and results.....	4-10
4.8	Overall prioritisation results.....	4-11
	4.8.1 <i>Project score analysis: Project distribution across the score range</i>	4-11
	4.8.2 <i>Project score analysis: Score spread across priority themes</i>	4-12
4.9	Prioritisation per organisation division.....	4-14
	4.9.1 <i>Project score analysis: Score distribution across directorates</i>	4-14
	4.9.2 <i>Project score analysis: Score per directorate</i>	4-16
4.10	Spatial Prioritisation.....	4-17
	4.10.1 <i>Spatial targeting based prioritisation</i>	4-17
4.11	Concluding remarks.....	4-20
5	Part 5: Capital Expenditure Programme	5-1
5.1	Aims and objectives.....	5-1
5.2	The difference between prioritisation and a budget scenario.....	5-1
5.3	Budget scenario methodology.....	5-2
	5.3.1 <i>Preparing for a budget scenario</i>	5-2
	5.3.2 <i>Budget scenario setup</i>	5-3
5.4	Budget scenario: Input & output.....	5-4
	5.4.1 <i>Input</i>	5-4
	5.4.2 <i>Output</i>	5-5
5.5	What is the Capital Expenditure programme.....	5-9

5.6	Capital Expenditure Programme results	5-10
5.6.1	<i>Budget scenario analysis: directorate and department</i>	5-10
5.6.2	<i>Budget scenario analysis: spatial distribution</i>	5-14
5.6.3	<i>Budget scenario analysis: MSCOA perspective</i>	5-21
5.7	Concluding remarks	5-33
6	Part 6: Institutional Arrangements	6-1
6.1	Part 2-a: Functional Area Profiling & Spatial Categories.....	6-1
6.1.1	<i>Socio-Economic profiling</i>	6-1
6.1.2	<i>Municipal institutional indicators</i>	6-6
6.1.3	<i>Functional Area profiling</i>	6-6
6.1.4	<i>Priority Development Areas</i>	6-6
6.2	Part 2-b: Infrastructure Demand Quantification & Portfolio of Projects	6-6
6.2.1	<i>Demand quantification</i>	6-6
6.2.2	<i>Portfolio of projects</i>	6-7
6.3	Part 4: Long-Term Financial Plan Alignment & Affordability Envelope	6-7
6.4	Part 5: Prioritisation	6-9
6.4.1	<i>The Prioritisation Rationale</i>	6-9
6.4.2	<i>The Prioritisation Tool</i>	6-9
6.4.3	<i>The Prioritisation Results</i>	6-9
6.5	Part 6: Capital Expenditure Programme	6-10
6.5.1	<i>Budget Scenario Tool</i>	6-10
6.5.2	<i>Budget Scenario Tool – Capital Expenditure Programme</i>	6-11
6.6	Capital Expenditure Framework Maturation Model.....	6-11

List of Annexure

Annexure A: Statement of Financial Performance	A
Annexure B: Statement of Financial Position	B
Annexure C: Cash Flow Statement	C
Annexure D: Funding Sources of the Capital Budget	D
Annexure E: External Loans	E
Annexure F: LTFM Assumptions	F
Annexure G: Ratios	G
Annexure H: Portfolio of Projects (Demand List)	I
Annexure I: Budget Scenario Outcome –Capital Expenditure Programme	J

List of Figures

Figure 1-1: The Capital Expenditure Framework within the built environment context	1-1
Figure 1-2: Relation Between Needs, Affordability Envelope, Prioritisation Process, & Budget Scenario	1-2
Figure 1-3: The Relationship Between Policy Instruments Affecting the Spatial Form	1-3
Figure 1-4: Overview of the Adapted CEF Methodology and content of this document.....	1-4
Figure 2-1: Regional context	2-3
Figure 2-2: Local context (Reference map).....	2-4
Figure 2-3: % of the Population: Younger than 19 years 2011	2-6
Figure 2-4: % of the Population: Working Age (20 to 65 years) 2011	2-7
Figure 2-5: Comparative population structures	2-8
Figure 2-6: Population growth 1993 to 2021	2-10
Figure 2-7: Population growth rates by population group 1993 to 2021.....	2-11
Figure 2-8: Population majority 2011	2-12
Figure 2-9: Change in language groups	2-13
Figure 2-10: Majority language group	2-14
Figure 2-11: Rate of changes in population growth, HIV infections and related deaths 1993 to 2021.....	2-15
Figure 2-12: HIV-positive persons in the population.....	2-16
Figure 2-13: HIV deaths and other deaths.....	2-16
Figure 2-14: Migration from outside South Africa	2-17
Figure 2-15: % Migration from SADC countries.....	2-18

Figure 2-16: Migration change from other provinces in South Africa	2-19
Figure 2-17: The spatial distribution of population in 1996.....	2-21
Figure 2-18: The spatial distribution of population in 2020.....	2-22
Figure 2-19: Nett population changes between 1996 and 2020	2-23
Figure 2-20: CSIR functional areas 2018.....	2-24
Figure 2-21: Census and Community Survey outcomes.....	2-26
Figure 2-22: Projections based on StatsSA data	2-26
Figure 2-23: Quantec population data.....	2-27
Figure 2-24: Forecasting population using Quantec Regional Indicators data.....	2-27
Figure 2-25: Household growth from 1993 to 2021	2-29
Figure 2-26: Comparative household growth rates from 1993 to 2021.....	2-30
Figure 2-27: Household growth rates in municipality 1993 to 2021	2-30
Figure 2-28: Household densities - Dwelling Units per km ² (2km Kernel)	2-31
Figure 2-29: Household sizes by population group	2-32
Figure 2-30: Majority tenure status.....	2-34
Figure 2-31: Household projections based on StatsSA data	2-35
Figure 2-32: Household trends based on Quantec data	2-36
Figure 2-33: GVA per sector	2-39
Figure 2-34: The spatial distribution of unemployed 2011.....	2-42
Figure 2-35: Change in level of education	2-43
Figure 2-36: Employment per sector	2-44
Figure 2-37: Comparative household income distributions 2011.....	2-47
Figure 2-38: Income per household.....	2-48
Figure 2-39: Household consumption and expenditure	2-49
Figure 2-40: Expanded consumption profile 2021	2-50
Figure 2-41: Income, savings and taxes.....	2-51
Figure 2-42: GVA per employment opportunity at constant 2015 prices	2-53
Figure 2-43: Rate of change in gross capital formation	2-58
Figure 2-44: Rate of change in fixed capital stock.....	2-59
Figure 2-45: Rate of change in consumption of fixed capital.....	2-60
Figure 2-46: Investment return ratios and GVA growth from 1993 to 2021 – Private Sector	2-61
Figure 2-47: Investment return ratios and GVA growth from 1993 to 2021 – Public Sector.....	2-62

Figure 2-48: Age of general plans	2-63
Figure 2-49: Landcover: Primary economic activities	2-64
Figure 2-50: Landcover: Human settlement activities	2-66
Figure 2-51: Settlement growth 1990 – 2014	2-67
Figure 2-52: EA Types.....	2-68
Figure 2-53: Summary of primary economic activities.....	2-69
Figure 2-54: Summary of offices, retail, entertainment and commercial	2-70
Figure 2-55: Summary of Multiple residential.....	2-71
Figure 2-56: Summary of community and social facilities.....	2-72
Figure 2-57: Summary of government, infrastructure and transport points	2-73
Figure 2-58: Summary of tourism, recreation, accommodation and natural features	2-74
Figure 2-59: Spatial distribution of education facilities.....	2-75
Figure 2-60: Spatial distribution and density of public healthcare facilities.....	2-77
Figure 2-61: Spatial distribution of SAPS stations and precincts	2-78
Figure 2-62: Spatial distribution of lower courts.....	2-79
Figure 2-63: Functional areas as delineated by the Western Cape Province	2-91
Figure 2-64: Rooiels locality	2-105
Figure 2-65: Rooiels SDF proposals.....	2-106
Figure 2-66: Pringle Bay locality.....	2-107
Figure 2-67: Pringle Bay SDF Proposals	2-108
Figure 2-68: Bettys Bay locality	2-109
Figure 2-69: Bettys Bay West SDF proposals	2-110
Figure 2-70: Bettys Bay East SDF proposals.....	2-111
Figure 2-71: Kleinmond locality	2-112
Figure 2-72: Kleinmond SDF proposals.....	2-113
Figure 2-73: Greater Hermanus locality	2-114
Figure 2-74: Fisherhaven SDF proposals.....	2-116
Figure 2-75: Hawston SDF proposals	2-117
Figure 2-76: Hermanus West SDF proposals	2-118
Figure 2-77: Hermanus Central SDF proposals.....	2-119
Figure 2-78: Hermanus East SDF proposals.....	2-120
Figure 2-79: Stanford locality.....	2-121

Figure 2-80: Stanford SDF proposals	2-122
Figure 2-81: Greater Gansbaai locality	2-123
Figure 2-82: Greater Gansbaai SDF proposals	2-124
Figure 2-83: Wolwengat locality	2-125
Figure 2-84: Baardskeerdersbos locality.....	2-127
Figure 2-85: Pearly Beach locality	2-129
Figure 2-86: Pearly Beach SDF proposals.....	2-130
Figure 2-87:The data 'bucketing' process.....	2-133
Figure 2-88: Distances from centroid to its neighbours.....	2-134
Figure 2-89: Measuring attraction distance & reach	2-135
Figure 2-90: Development of potential modelling methodology	2-136
Figure 2-91: Urban morphology index.....	2-137
Figure 2-92: Social index	2-138
Figure 2-93: Demographic index.....	2-139
Figure 2-94: Economic Index.....	2-140
Figure 2-95: Combined index.....	2-141
Figure 2-96: Biophysical Features, Process and Corridor Features.....	2-144
Figure 2-97: Physical Morphology and Landscape	2-144
Figure 2-98: Intensive Agricultural Resource Areas	2-145
Figure 2-99: Urban and Rural Settlement Pattern, Form, Hierarchy and Linkages	2-145
Figure 2-100: Draft Environmental Management Overlay Zones (EMOZs)	2-145
Figure 2-101: Draft Heritage Protection Overlay Zones (HPOZs).....	2-145
Figure 2-102: Overstrand Municipality Spatial Management Concept	2-147
Figure 2-103: Hermanus West Spatial Proposal	2-148
Figure 2-104: Hermanus Central Spatial Proposal.....	2-149
Figure 2-105: Hermanus East Spatial Proposal.....	2-150
Figure 2-106: Fisherhaven and Hawston Spatial Proposal	2-151
Figure 2-107: Greater Gansbaai Spatial Proposal.....	2-152
Figure 2-108: Kleinmond Spatial Proposal.....	2-153
Figure 2-109: Stanford Spatial Proposal	2-154
Figure 2-110: Betty's Bay Spatial Proposal	2-155
Figure 2-111: Pringle Bay Spatial Proposal	2-156

Figure 2-112: Rooiels Spatial Proposal.....	2-157
Figure 2-113: Pearly Beach Spatial Proposal	2-158
Figure 2-114: Baardskeerdersbos Spatial Proposal.....	2-159
Figure 2-115: Wolvengat Spatial Proposal.....	2-160
Figure 2-116:Buffeljags Spatial Proposal	2-161
Figure 2-117: Infrastructure investment planning equation.....	2-166
Figure 2-118: Contribution of each investment demand component to each of the infrastructure asset groups	2-189
Figure 2-119: Capex relationships.....	2-193
Figure 2-120: Total Project Demand per year	2-202
Figure 2-121: Total Project Demand per Directorate.....	2-204
Figure 2-122: Total Demand per Action and Sub-Action	2-208
Figure 2-123: Total Demand per Asset Type and Sub-Type	2-210
Figure 2-124: Total Demand per Project Location across the Municipality	2-214
Figure 2-125: Total Demand per Project Location and Priority Development Areas	2-215
Figure 2-126: Total Demand per Project Location and Priority Development Areas expressed spatially	2-216
Figure 3-1: Alignment and interaction.....	3-9
Figure 3-2: Projected population growth percentages, based on projected population numbers	3-11
Figure 3-3: Projected household growth percentages, based on projected household numbers	3-11
Figure 3-4: Overstrand historic GVA growth trend	3-13
Figure 3-5: Operating Surplus / (Deficit).....	3-18
Figure 3-6: Operating revenue.....	3-20
Figure 3-7: Operating expenditure	3-21
Figure 3-8: Funded / Non-funded depreciation	3-23
Figure 3-9: Asset growth and structure	3-24
Figure 3-10: Collection rate.....	3-25
Figure 3-11: Infrastructure vs non-infrastructure assets – 2018-2033.....	3-26
Figure 3-12: Liabilities	3-27
Figure 3-13: Cash flow statement.....	3-29
Figure 3-14: Cash Utilisation	3-30
Figure 3-15: Working Capital Cash Values.....	3-31
Figure 3-16: Movement in CRR.....	3-32
Figure 3-17: CRR as a percentage of cash and cash equivalents	3-33

Figure 3-18: Capital expenditure funding mix for 2023 – 2033	3-34
Figure 3-19: Capital expenditure history (Budget vs Actual).....	3-35
Figure 3-20: Capital expenditure forecast	3-36
Figure 4-1: Multi-Criteria Assessment (MCA) framework	4-2
Figure 4-2: Excel-Based Prioritisation Tool	4-10
Figure 4-3: Project Score Distribution.....	4-11
Figure 4-4: Average Score per Prioritisation Branch	4-13
Figure 4-5: Score Distribution per Directorate	4-15
Figure 4-6: Score per Project for All Directorates	4-16
Figure 4-7: Spatialised Representation of Project Scores	4-18
Figure 5-1: Example of Excel-Based Scenario Tool	5-2
Figure 5-2: Budget Scenario Results	5-6
Figure 5-3: Budget Fit Scenario	5-7
Figure 5-4: Budget Scenario Results per Directorate	5-11
Figure 5-5: Budget Scenario Results per Department.....	5-13
Figure 5-6: Budget Scenario Results per PDA.....	5-15
Figure 5-7: Budget Scenario Results per Electoral Ward	5-18
Figure 5-8: Budget Scenario Results per Electoral Ward	5-19
Figure 5-9: Budget Scenario Results per Asset Type Analysis	5-24
Figure 5-10: Budget Scenario Results per Asset Type per PDA.....	5-27
Figure 5-11: Budget Scenario Results per Action	5-29
Figure 5-12: Budget Scenario Results per Infrastructure/ Non-Infrastructure Factors.....	5-31
Figure 6-1: Western Cape Government- Integrated Planning Maturation Model	6-12

List of Tables

Table 2-1: Demarcation history	2-1
Table 2-2: Population and gender	2-5
Table 2-3: Age groups (StatsSA)	2-5
Table 2-4: Age Groups 2020.....	2-5
Table 2-5: Comparative population numbers by population group 2021	2-9
Table 2-6: Population groups.....	2-9
Table 2-7: Language groups	2-12
Table 2-8: Migration - country of origin	2-17
Table 2-9: Province of previous residence.....	2-18
Table 2-10: Population change from 1996 to 2020.....	2-20
Table 2-11: The functional distribution of population and households per CSIR functional area	2-23
Table 2-12: Projected population numbers.....	2-28
Table 2-13: Total households, size and density	2-28
Table 2-14: Number of households by population group	2-28
Table 2-15: Household size from 1995 to 2021	2-31
Table 2-16: Head of household by gender	2-32
Table 2-17: Dwelling type.....	2-33
Table 2-18: Dwelling ownership.....	2-33
Table 2-19: Projected household numbers	2-36
Table 2-20: GVA per annum per sector (R' million at 2015 constant prices)	2-37
Table 2-21: Labour absorption and participation.....	2-41
Table 2-22: Workforce characteristics.....	2-41
Table 2-23: The highest level of education.....	2-42
Table 2-24: The extent of employment per sector	2-44
Table 2-25: Share of labour force per sector.....	2-45
Table 2-26: Distribution of household income (R/month)	2-46
Table 2-27: GVA per employment	2-52
Table 2-28: Basic/Non-basic ratios measured against the national economy in 2021	2-55
Table 2-29: Basic/Non-basic ratios measured against the provincial economy in 2021	2-55
Table 2-30: Basic/Non-basic ratios measured against the district economy in 2021	2-56
Table 2-31: Tress index based on 22 sectors of the Standard Industrial Classification.....	2-56

Table 2-32: Gross capital formation (R' million at 2015 prices).....	2-57
Table 2-33: The extent of fixed capital stock (R' million at 2015 prices)	2-58
Table 2-34: Consumption of capital stock per municipality (R' million at 2015 prices)	2-59
Table 2-35: Landcover: Primary economic activities.....	2-64
Table 2-36: Landcover: Human settlement activities.....	2-65
Table 2-37: Ea types 2011.....	2-67
Table 2-38: Primary economic activities (Point of interest count)	2-68
Table 2-39: Offices, retail, entertainment and commercial.....	2-69
Table 2-40: Multiple residential.....	2-70
Table 2-41: Community and social facilities	2-71
Table 2-42: Government, infrastructure and transport	2-72
Table 2-43; Tourism, recreation, accommodation and natural features.....	2-73
Table 2-44: Schools in the Overstrand area	2-75
Table 2-45: Public health facilities in the Overstrand area	2-76
Table 2-46: Private health facilities.....	2-76
Table 2-47: Bed allocation of private health facilities	2-76
Table 2-48: Courts in the Overstrand area	2-78
Table 2-49: Access to water services 1996, 2001, 2011 and 2016	2-80
Table 2-50: Access to sanitation services 1996, 2001, 2011 and 2016	2-80
Table 2-51: Access to electricity services 1996, 2001, 2011 and 2016.....	2-80
Table 2-52: Access to refuse removal services 1996, 2001, 2011 and 2016.....	2-81
Table 2-53: Road services in the Municipality 2021.....	2-81
Table 2-54: Municipal Audit outcomes (2011/2016) Municipal Boundaries.....	2-82
Table 2-55: Number of councillors	2-83
Table 2-56: Managerial positions according to Section 56 of the Local Government Municipal System Act, 2000 (Act No.32 of 2000)	2-83
Table 2-57: Managerial positions according to Organogram (excluding Section 56 managers).....	2-83
Table 2-58: Employment positions, including managerial positions	2-83
Table 2-59: Employment positions excluding managerial positions in Community and Social Services	2-84
Table 2-60: Employment positions excluding managerial positions in Finance and Administration.....	2-84
Table 2-61: Employment positions excluding managerial positions in Electricity.....	2-84
Table 2-62: Employment positions excluding managerial positions in Environmental Protection.....	2-84
Table 2-63: Employment positions excluding managerial positions in Health.....	2-84

Table 2-64: Employment positions excluding managerial positions in Public Safety	2-85
Table 2-65: Employment positions excluding managerial positions in Road Transport.....	2-85
Table 2-66: Employment positions excluding managerial positions in Sport and Recreation	2-85
Table 2-67: Employment positions excluding managerial positions in Waste Management	2-85
Table 2-68: Employment positions excluding managerial positions in Wastewater Management.....	2-85
Table 2-69: Employment positions excluding managerial positions in Water Management.....	2-86
Table 2-70: Employment positions excluding managerial positions in Other	2-86
Table 2-71: Responsibility for providing services under the powers and functions.....	2-86
Table 2-72: Responsibility for providing services outsourced or commercialised	2-86
Table 2-73: Number of consumer units receiving services from municipalities	2-86
Table 2-74: Number of consumer units receiving water services.....	2-87
Table 2-75: Number of consumer units receiving sanitation services.....	2-87
Table 2-76: Has the Municipality implemented free basic service policies?	2-87
Table 2-77: Domestic units receiving free basic services	2-88
Table 2-78: Mechanisms to provide free basic services to indigent households for Water	2-88
Table 2-79: Mechanisms to provide free basic services to indigent households for Sanitation	2-88
Table 2-80; Mechanisms to provide free basic services to indigent households for Electricity	2-88
Table 2-81:Mechanisms to provide free basic refuse removal services to indigent households	2-88
Table 2-82: Monthly income cut-off points to identify indigent households.....	2-89
Table 2-83: Number of indigent households benefiting from an indigent support system.....	2-89
Table 2-84: Policy frameworks and agreements in place.....	2-89
Table 2-85: Total area of functional areas	2-91
Table 2-86: Hierarchy of functional areas	2-92
Table 2-87: population per functional area	2-93
Table 2-88: Population density (persons/ha) per functional area	2-93
Table 2-89: Households per functional area	2-93
Table 2-90: Household density (households/ha) per functional area	2-94
Table 2-91: Average household size per functional area	2-94
Table 2-92: Social and community facilities per functional area	2-95
Table 2-93: Non-urban land cover change of functional areas (ha)	2-96
Table 2-94: Urban land cover change of functional areas (ha)	2-97
Table 2-95: % Access to water services in functional areas	2-98

Table 2-96: % Access to sanitation services in functional areas	2-99
Table 2-97: % Access to refuse removal services of functional areas.....	2-100
Table 2-98: % Access to electricity services in functional areas	2-101
Table 2-99: Points of interest in functional areas.....	2-102
Table 2-100: Road types in functional areas	2-103
Table 2-101: Rooiels potential residential	2-106
Table 2-102: Pringle Bay potential residential.....	2-108
Table 2-103: Bettys Bay West Potential Residential.....	2-110
Table 2-104: Bettys Bay East Potential Residential	2-111
Table 2-105: Kleinmond potential residential	2-113
Table 2-106: Fisherhaven potential residential	2-116
Table 2-107: Hawston potential residential	2-117
Table 2-108: Hermanus West potential residential	2-118
Table 2-109: Hermanus Central potential residential	2-119
Table 2-110: Hermanus East potential residential	2-120
Table 2-111: Stanford potential residential.....	2-122
Table 2-112: Greater Gansbaai potential residential	2-125
Table 2-113: Pearly Beach potential residential.....	2-130
Table 2-114: Consolidated residential potential	2-132
Table 2-115: Priority Development Areas.....	2-162
Table 2-116: Key households and service numbers	2-167
Table 2-117: Key numbers that should be considered in the demand quantification process.....	2-168
Table 2-118: Base number assumed for demand quantification.....	2-168
Table 2-119: Access to water services 1996, 2001, 2011 and 2016	2-169
Table 2-120: Number of consumer units receiving water services	2-170
Table 2-121: Free basic water services.....	2-170
Table 2-122: Households with access to water above the minimum level	2-170
Table 2-123: Households with access to water below the minimum level	2-171
Table 2-124: Access to sanitation services 1996, 2001, 2011 and 2016	2-171
Table 2-125: Number of consumer units receiving sanitation services.....	2-171
Table 2-126: Free basic sanitation services	2-171
Table 2-127: Households with access to sanitation above the minimum level.....	2-172

Table 2-128: Households with access to sanitation below the minimum level.....	2-172
Table 2-129: Access to electricity services 1996, 2001, 2011 and 2016	2-172
Table 2-130: Free basic electricity services	2-173
Table 2-131: Access to electricity services	2-173
Table 2-132: Access to refuse removal services 1996, 2001, 2011 and 2016.....	2-173
Table 2-133: Free basic refuse removal services.....	2-173
Table 2-134: Free basic refuse removal services.....	2-174
Table 2-135: Road services in the Municipality in 2021.....	2-174
Table 2-136: Dwelling type	2-174
Table 2-137: Dwelling frame data 2020 with an urban and rural distinction.....	2-175
Table 2-138: Generic condition grading	2-175
Table 2-139: The Council’s asset base	2-176
Table 2-140: The extent of population and households growth from 2023 to 2032.....	2-178
Table 2-141: Population and household growth variables	2-178
Table 2-142: Assumptions on housing typologies, mix stand and household sizes	2-178
Table 2-143: Land use budgeting norms and standards	2-179
Table 2-144: Levels of service options for water.....	2-180
Table 2-145: Levels of service options for sanitation.....	2-180
Table 2-146: Levels of service options for electricity	2-181
Table 2-147: Levels of service options for roads and stormwater.....	2-181
Table 2-148: Levels of service options for refuse removal services	2-181
Table 2-149: Levels of service assigned per land use.....	2-181
Table 2-150: Land use demand for the programme period 2021 to 2030.....	2-185
Table 2-151 Summary of totals per annum (annual increments).....	2-186
Table 2-152: Summary of totals per annum (Cumulative).....	2-187
Table 2-153: Incremental capital expenditure: All services (R’000)	2-187
Table 2-154: Cumulative capital expenditure: All services (R’000) (Cumulative).....	2-188
Table 2-155: Incremental operating & maintenance expenditure: All services per annum (R’000)	2-189
Table 2-156: Cumulative operating & maintenance expenditure: All services per annum (R’000) (Cumulative)..	2-190
Table 2-157: Incremental consumption and usage.....	2-191
Table 2-158: Cumulative consumption and usage	2-191
Table 2-159: Summary of land use demand.....	2-192

Table 2-160: Benchmarking modelled outcomes (2021-based figures).....	2-193
Table 2-161: Master Plan Register	2-194
Table 2-162: Breakdown of the Completeness of Portfolio.....	2-199
Table 2-163: Total Project Demand per year.....	2-202
Table 2-164: Total Project Demand per Directorate	2-204
Table 2-165: Total Project Demand per Department (R'000).....	2-204
Table 2-166: MSCOA Segment Classification.....	2-207
Table 2-167: Total Demand per Action and Sub-Action.....	2-208
Table 2-168: Total Demand per Action Asset Type and Sub-Type.....	2-210
Table 2-169: Total Demand per Location across the Municipality	2-214
Table 2-170: Total Demand per Project Location and Priority Development Areas (R'000).....	2-215
Table 3-1: Year Long-Term Financial Plan Period (2023/24 – 2032/33).....	3-8
Table 3-2: Projected population growth percentages, based on projected population numbers.....	3-11
Table 3-3: Projected household growth percentages, based on projected household numbers.....	3-11
Table 3-4: Overstrand historic GVA growth percentage	3-13
Table 3-5: Comparative indicators of growth for the Overstrand municipal region	3-13
Table 3-6: History of Audit Outcomes	3-15
Table 3-7: Weighted average cost of capital	3-17
Table 3-8: Operating Surplus / (Deficit)	3-18
Table 3-9: Operating revenue	3-20
Table 3-10: Revenue management.....	3-20
Table 3-11: Operating expenditure.....	3-22
Table 3-12: Expenditure management	3-22
Table 3-13: Asset management	3-22
Table 3-14: Funded / Non-funded depreciation.....	3-23
Table 3-15: Asset growth and structure	3-24
Table 3-16: Debtors collection ratio	3-26
Table 3-17: Debtors management	3-26
Table 3-18: Liabilities.....	3-27
Table 3-19: Liability management.....	3-28
Table 3-20: Liquidity management - Current ratio.....	3-30
Table 3-21: Cash utilisation	3-30

Table 3-22: Liquidity management	3-31
Table 3-23: Managing the capital replacement reserve	3-32
Table 3-24: CRR management.....	3-33
Table 3-25: Funding mix.....	3-34
Table 3-26: Grant dependency	3-35
Table 4-1: List of Strategic Documentation	4-3
Table 4-2: Prioritisation Rationale Input.....	4-5
Table 5-1: Planned Capital Expenditure Summary	5-4
Table 5-2: Funding Envelope Summary	5-4
Table 5-3: Roll Over Budget Summary.....	5-5
Table 5-4: Budget Scenario Results.....	5-5
Table 5-5: Budget Scenario Comparison	5-7
Table 5-6: Budget Scenario Results per Directorate	5-11
Table 5-7: Budget Scenario Results per Department	5-13
Table 5-8: Budget Scenario Results per PDA Analysis	5-15
Table 5-9: Budget Scenario Results per Electoral Ward.....	5-18
Table 5-10: Budget Scenario Results per Asset Type and Sub-Asset Analysis	5-21
Table 5-11: Budget Scenario Results per Asset Type Over Time	5-23
Table 5-12: Budget Scenario Results per PDA	5-27
Table 5-13: Budget Scenario Results per Action.....	5-29
Table 5-14: Budget Scenario Results per Infrastructure/ Non-Infrastructure Factors	5-31
Table 6-1: Population Forecast	6-1
Table 6-2: Household forecast	6-2

Abbreviations

CAPEX	Capital Expenditure
CEF	Capital Expenditure Framework
CBD	Central Business District
COGTA	Cooperative Governance and Traditional Affairs
CPF	Capital Planning Forum
CPM	Capital Prioritisation Model
CRC	Current Replacement Cost
CRR	Capital Replacement Reserve
DORA	Division of Revenue Act
DRC	Depreciated Replacement Cost
EUL	Economic Useful Life
FA	Functional Area
FY	Financial Year
IDP	Integrated Development Plan
IUDF	Integrated Urban Development Framework
IUDG	Integrated Urban Development Grant
LOS	Level of Service
LTFM	Long-Term Financial Model
LTFP	Long-Term Financial Plan
LTFS	Long-Term Financial Strategy
mSCOA	Municipal Standard Chart of Accounts
MTREF	Medium-Term Revenue Expenditure Framework
NT	National Treasury
PDA	Priority Development Area
RUL	Remaining Useful Life

SDF	Spatial Development Framework
SIG	Social infrastructure Grant
SPLUMA	Spatial Planning and Land use Management Act
STATSSA	Statistics South Africa
ADJB	Adjustment Budget
CY	Calendar Year
GDP	Gross Domestic Product
GVA	Gross Value Added
DEADP	Department of Environmental Affairs and Development Planning
DITP	District Integrated Transport Plan
IPP	Independent Power Producers
IRDP	Integrated Residential Development Programme
IWMP	Integrated Waste Management Plan
MSDF	Municipal Spatial Development Framework
NLTF	National Land Transport Framework
NMT	Non-motorised transport
PLTF	Provincial Land Transport Framework
PSTP	Provincial Sustainable Transport Plan
SSEG	Small-scale embedded generation
WSDP	Water Services Development Plan

Nomenclature

Capital investments	Refers to capital budget programmes or projects, prioritised in the CEF for implementation.
Financial year	Refers to the financial year in which the last financial month is included e.g., “2023” refers to the financial year 1 July 2022 to 30 June 2023. <i>e.g., “financial year”, “FY”, “FY 2023”</i>
Budget financial year	Refers to a future financial year for which a budget has been approved as part of the “MTREF”. May refer to any of the three years forming part of the particular “MTREF” period. <i>e.g., “budget financial year”, “budget FY”, “budget FY 2023:</i>
Adjustment budget financial year	Refers to the most recent financial year for which an adjusted budget has been approved. <i>e.g., “adjustment budget financial year”, “adjustment budget FY”, “adjustment budget FY 2023”, “ADJB FY 2023”.</i>
Audited financial year	Refers to a historic financial year in which the annual financial statements have been subjected to an audit for the purposes of expressing an opinion as to whether it materially represents accurately what has taken place during that financial year. <i>e.g., “audited financial year”, “audited FY”, “audited FY 2022”.</i>

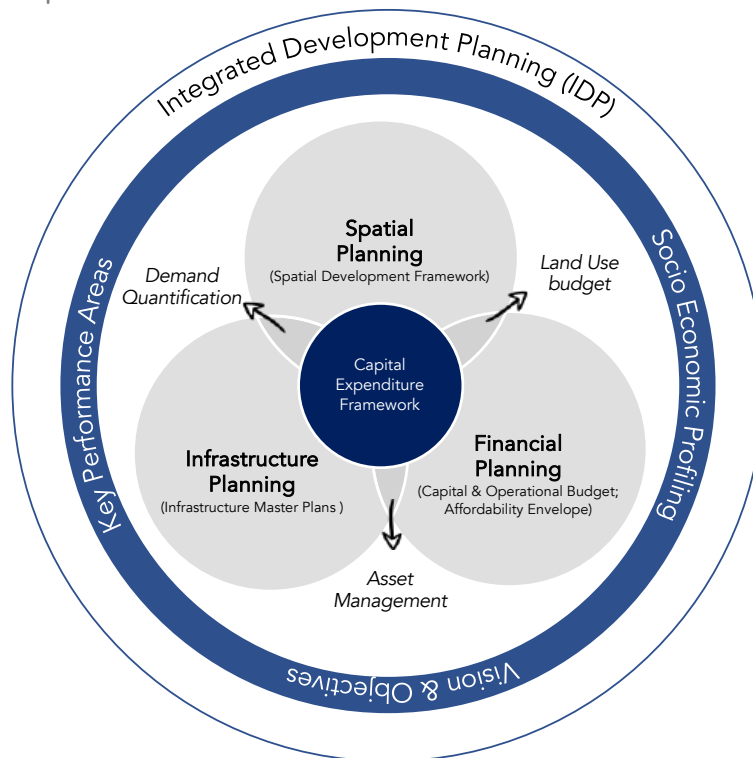
PART 1
INTRODUCTION

1 Part 1: Introduction

1.1 What is a Capital Expenditure Framework

The Spatial Planning and Land Use Management Act (SPLUMA), 2013 (Act 16 of 2013) requires that a Municipal Spatial Development Framework (MSDF) “determine a Capital Expenditure Framework for the Municipality’s development programmes, depicted spatially”. This regulation intends to link the Municipality’s development strategies spatially more effectively with the Municipality’s budget, grounded in the existing and future infrastructure backlogs and demands, as well as the affordability envelope as defined by the Long-Term Financial Plan, as illustrated in Figure 1-1.

Figure 1-1: The Capital Expenditure Framework within the built environment context

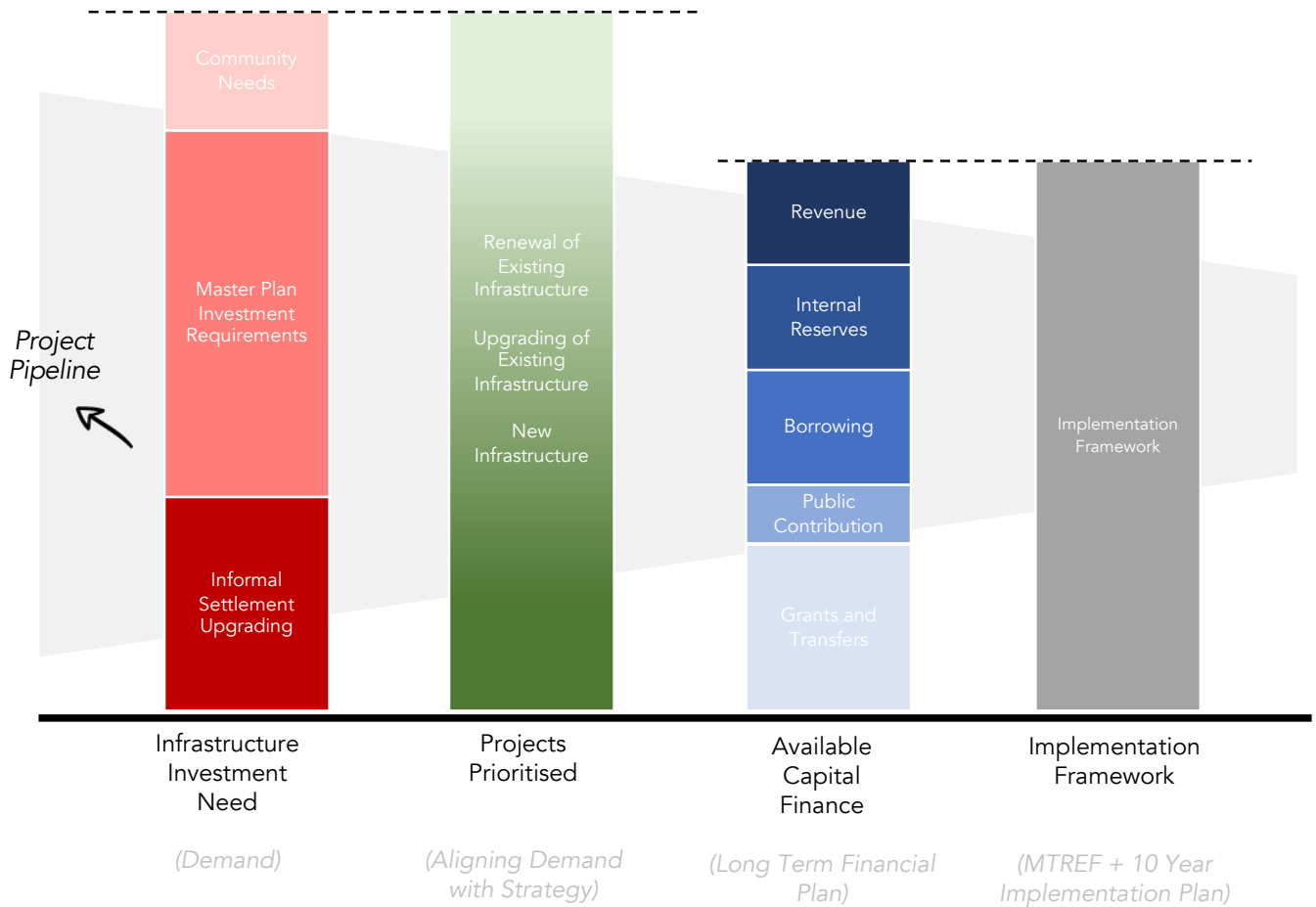


1.2 Aim of Capital Expenditure Framework

The CEF intends to link the Municipality’s spatial development strategies more effectively with the Municipality’s budget and the budgets of other government stakeholders, grounded in the existing infrastructure backlogs and future demands, as well as the affordability envelope as defined by the Long-Term Financial Plan.

From Figure 1-2 one can see the illustration that infrastructure investment need, expressed as projects, usually exceeds available capital finance, and therefore it is imperative for municipalities to partake in a prioritisation process to determine which projects are best aligned with the strategy of the Municipality, together with a budget scenario process to determine which projects are affordable and should be implemented when.

Figure 1-2: Relation Between Needs, Affordability Envelope, Prioritisation Process, & Budget Scenario



1.3 Role of the Capital Expenditure Framework as a policy instrument

One of the contributing factors to the lack of spatial transformation is that strategic policy seldom leads the implementation agenda of municipalities. Instead, the allocation and expenditure of funds are primarily concentrated on short-term objectives. This inclination is reinforced by the "term of office" political structure, outlined in the Integrated Development Plan (IDP), which sets a five-year program. Additionally, the Medium-Term Revenue and Expenditure Framework (MTREF), which stipulates three-year budget cycles, further entrenches this pattern.

Ideally, the infrastructure and built environment programmes articulated in the 5-year Integrated Development Plan should align with the spatial objectives of the MSDF, which is a 20-year plan for the management of the physical growth and development of the Municipality.

Annual assessments of municipal IDPs have generally shown a poor linkage between the spatial strategies and proposals articulated in MSDFs, and the proposed location of investment of budgeted infrastructure and built environment programmes within municipalities. This misalignment, while not apparent in all municipalities, is fundamentally problematic and must be addressed.

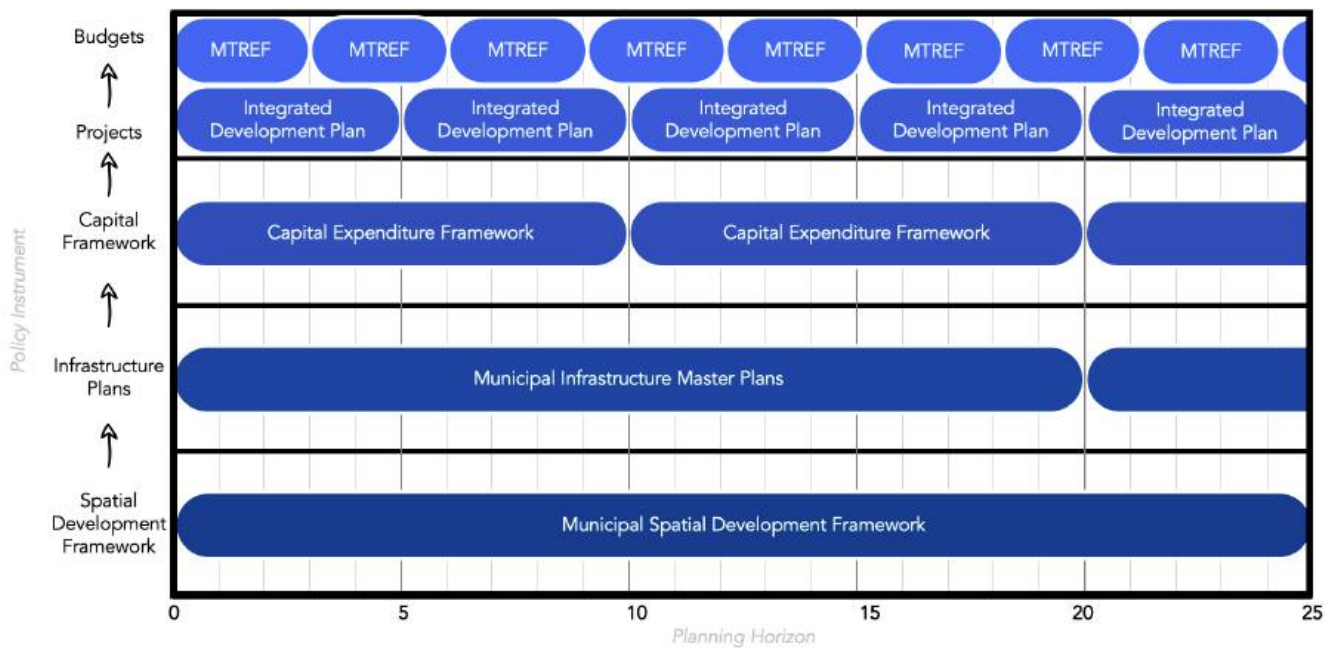
The problem lies not only with the IDP's content and process but also with the absence of clearly articulated infrastructure requirements to achieve the MSDF and the failure to integrate the MSDF as a strategic decision-making tool that impacts budgetary processes. This overwhelming misalignment between the three spheres shown in Figure 1-1 is thought to be improved through the formalisation of a CEF, but even more importantly, the collaboration

required to compile one. Due to its effectiveness, this long-term planning horizon encourages decision-makers to adopt a long-term perspective.

A view that appreciates that decisions taken today are the foundation upon which the Municipality’s spatial form, infrastructure network and financial standing will be based in the years and decades ahead.

The Capital Expenditure Framework offers a mechanism through which the Municipality’s long-term strategic development vision truly directs infrastructure implementation whilst remaining conscious of the Municipality’s financial position and infrastructure planning needs.

Figure 1-3: The Relationship Between Policy Instruments Affecting the Spatial Form



1.4 Objectives of Capital Expenditure Framework

The objectives of a CEF include:

- **Understanding municipal dynamics and needs:** The first objective is to compile the socio-economic profile (current and future) of the Municipality to better understand the Functional Areas, associated needs and future population of the Municipality.
- **Quantifying MSDF proposals:** The second objective is to determine the resources needed to implement each project by quantifying the Municipal Spatial Development Framework (MSDF) proposals in terms of Functional Areas.
- **Consolidating infrastructure demand:** The third objective is to consolidate infrastructure projects into a comprehensive list of infrastructure demands, which provides a comprehensive overview of the Municipality's infrastructure needs.
- **Contextualising affordability:** The fourth objective is to contextualise the affordability envelope, as set out in the Long-Term Financial Plan (LTFP), which helps to understand the expected revenue, expenditure, and capital budget available over 10 years.
- **Prioritising infrastructure demand:** The fifth and final objective is to determine and apply a prioritisation framework to the infrastructure demand, taking into consideration the intent of the MSDF and the financial

limitations of the LTFP. This helps to prioritise infrastructure projects based on their importance and affordability, ensuring that resources are allocated in the most effective way possible.

1.5 Structure of this Capital Expenditure Framework

This Capital Expenditure Framework is structured based on the adaptive version of the COGTA guidelines, published by the Western Cape Government. ¹ It aligns with each part as defined by the Western Cape Government guide note. A breakdown of each part of this document is defined below.

Figure 1-4: Overview of the Adapted CEF Methodology and content of this document



¹ Methodologies used to complete each part of this document are constantly under refinement, enhancement and improvement.

Part 2-a
Functional Area
Profiling & Spatial
Categories

2 Part 2-a: Functional Area Profiling & Spatial Categories

2.1 Aims and objectives

- To unpack the socio-economic and spatial characteristics of population trends;
- To determine the future population which informs demand quantification calculation, and;
- To define the spatial rationale and associated priorities per Functional Area.

2.2 Context of the Municipality

2.2.1 Demarcation history

South Africa undergoes a reassessment of its municipal boundaries before each municipal election. Changes in municipal boundaries affect all planning levels and long-term development strategies. Table 2-1 shows the municipality(s) which previously formed part of the current municipality.

Table 2-1: Demarcation history

	2016	2011	2006	2001	1996
District municipality(s) / Metropolitan area(s) affected	Overberg	Overberg	Overberg DC	City of Cape Town MM Overberg DM	Metropolitan Area Overberg DC
Local municipality(s) affected:	Overstrand	Overstrand Theewaterskloof	Caledon Greater Hermanus	City of Cape Town Overstrand Theewaterskloof	Bredasdorp TRC Caledon TRC Gansbaai TLC Greater Hermanus TLC Hangklip/Kleinmond TLC Helderberg MLC Hermanus TRC Nuweberg TRC Stanford TLC
Number of wards	13	16	13	12	No data

Source: Municipal Demarcation Board

The data shows that the Municipality had various demarcation disruptions over its history. However, fewer demarcation changes contribute to stability in the area and allow growth and development without the institutional and service delivery disruptions that typically accompany municipal boundary changes.

2.2.2 Regional context

Overstrand Local Municipality is one of four local municipalities in the Overberg District Municipality in the Western Cape Province. The R43, R317, R326 and R44 link Overstrand to the surrounding region. Importantly, the R43 connects the Municipality via the N2 with Cape Town. The Theewaterskloof Local Municipality borders Overstrand in the north, with the Cape Agulhas Local Municipality towards the East. Overstrand has a vast coastline bordering the Indian Ocean in the south.

2.2.3 Local context

The municipal area of Overstrand covers a surface of almost 1708 square kilometres. The Municipality has its head office in Hermanus, but municipal services are delivered on a decentralised basis from offices in Gansbaai, Stanford, Hermanus and Kleinmond. The area is divided into three administrations: Hangklip-Kleinmond, Greater Hermanus

and Gansbaai/Stanford. The major towns within the municipal area are Hermanus, Kleinmond, Gansbaai, Stanford and Hawston. In addition, many more small settlements are found in the municipality.

Ultimately, the municipality's unique offerings of the ultimate experience in land-based whale watching and shark cage diving, pristine Blue Flag beaches, excellent wine industry, and top-class restaurants and accommodation make it an attractive tourist destination with a variety of activities.

Figure 2-1: Regional context

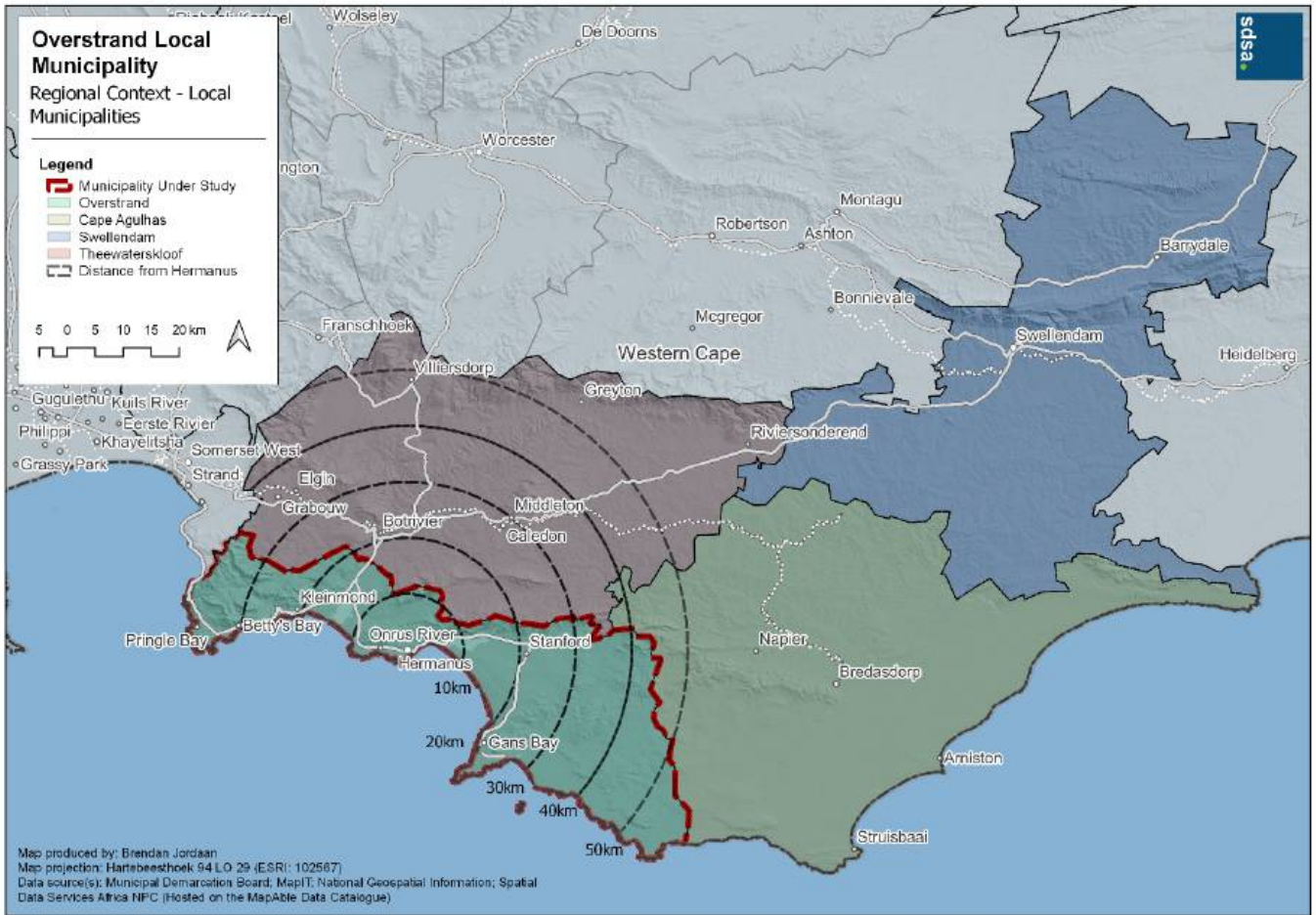
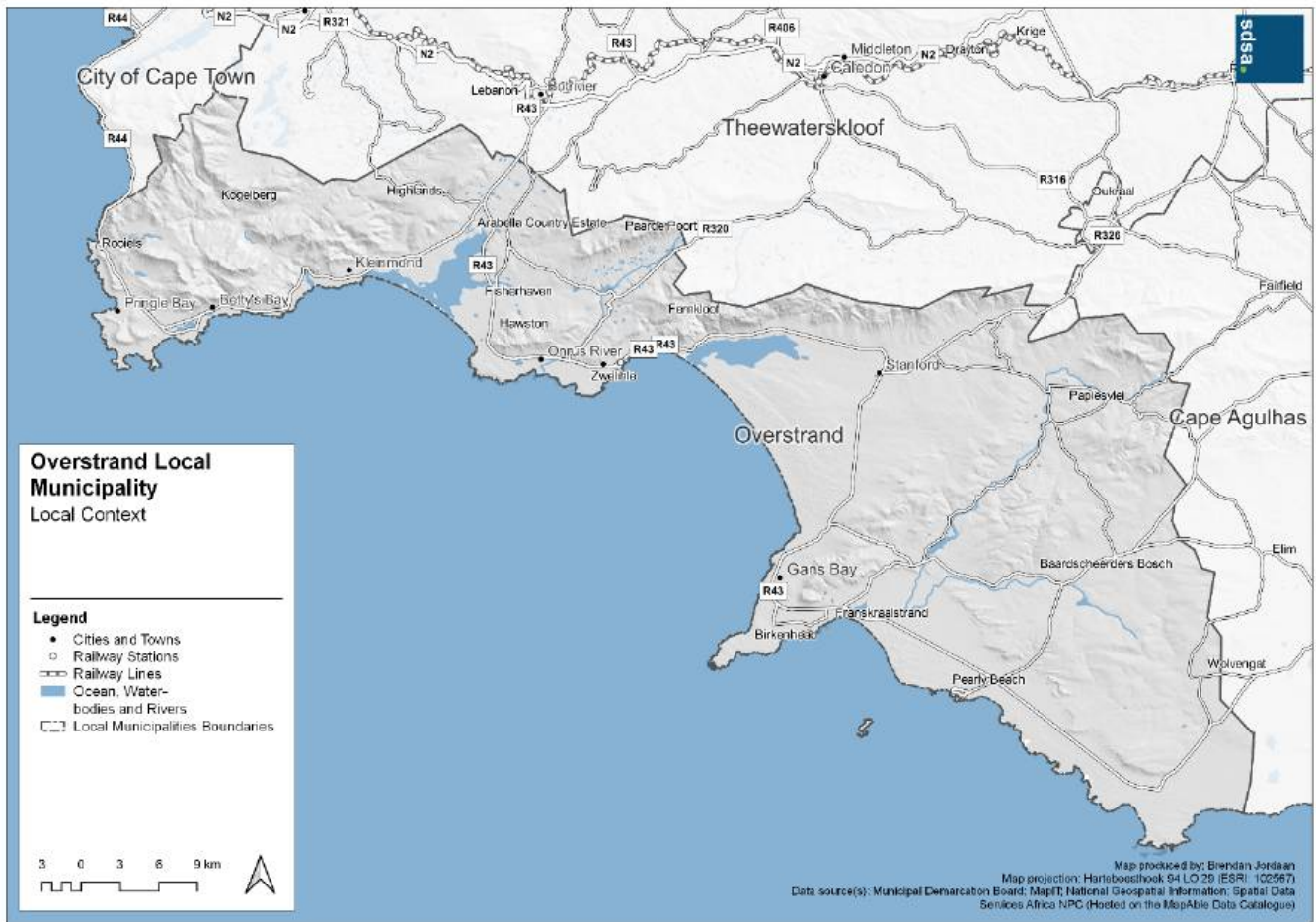


Figure 2-2: Local context (Reference map)



Source: SDSA (MapAble 2020)

Socio-Economic profiling

The purpose of compiling a socio-economic profile for the Municipality is to establish a baseline for assessment and long-term infrastructure demand modelling and identify Functional Areas that support consistent planning and policy approaches. Furthermore, an analysis of the Municipality's socio-economic profile contributes to a better understanding of the municipal area's development dynamics and service delivery processes.

2.3 Demographic profile

2.3.1 Population characteristics

The factors considered in this section are:

- Population size, household numbers and size and the expected change in these numbers;
- Age, language, and education;
- The impact of HIV and AIDS on population growth expectations, and
- Migration.

a. Population structure, age, and gender

The total population is the starting point. For any planning assessment, the total population is fundamental to the current and long-term demand for services and facilities. Table 2-2 below shows the population, with a gender split, for the three census periods, Community Survey 2016 and the 2020 WorldPop data. The time-related figures can draw inferences about population growth or decline. Gender splits, if appropriate under local conditions, also serve as a proxy for migrant labour. Generally speaking, male absenteeism is a proxy for labour leaving an area. Table 2-2 below shows that, in terms of the gender split, the region has an almost equal gender split.

Table 2-2: Population and gender

	1996	2001	2011	2016	2020
Males	18 282	26 909	39 743	46 240	56 705
Females	18 398	27 638	40 595	47 139	54 938
Population density (persons/ha)	0.22	0.32	0.47	0.55	0.65
Total Population	36 680	54 547	80 338	93 380	111 585

Source: Census 1996, 2001, 2011, Community survey 2016, /SDSA (MapAble 2020) /WolrdPop2020

Age groups are significant in any demographic assessment. The population's age structure indicates the expected long-term demand for community and social services, housing, and infrastructure services. Table 2-3 below only shows four age categories. The first category is the preschool population, the second is the school-going population's extent, and the third is the economically active population. The last group is the elderly population.

The study area's age structure has remained relatively unchanged over all age groups. Interestingly, over 56.3% of the population falls within the economically active group of 20 to 65 years, as reported in the 2016 community survey figures. This percentage has remained the same since 1996. The two following maps (Figure 2-3 and Figure 2-4) show the population below 19 years and the working-age group population. Figure 2-4 emphasises the high percentage of people within the municipality's working-age group.

Table 2-3: Age groups (StatsSA)

	1996		2001		2011		2016	
	Male	Female	Male	Female	Male	Female	Male	Female
<5	1 788	1 792	3 939	3 978	2 756	2 677	4 311	3 890
5 to 20	4 010	3 987	7 733	7 863	6 044	6 186	10 362	11 078
20 to 65	10 465	10 220	23 757	23 499	15 670	15 849	26 680	25 939
>65	1 805	2 242	4 314	5 256	2 439	2 927	4 888	6 232
Unspecified	214	157	0		0		0	
Total	18 282	18 398	26 909	27 638	39 743	40 595	46 240	47 139
	36 680		54 547		80 338		93 380	

Source: Census 1996, 2001, 2011, Community survey 2016/SDSA (MapAble 2020)

Table 2-4 below shows the different gender groups for a more detailed breakdown of the age groups.

Table 2-4: Age Groups 2020

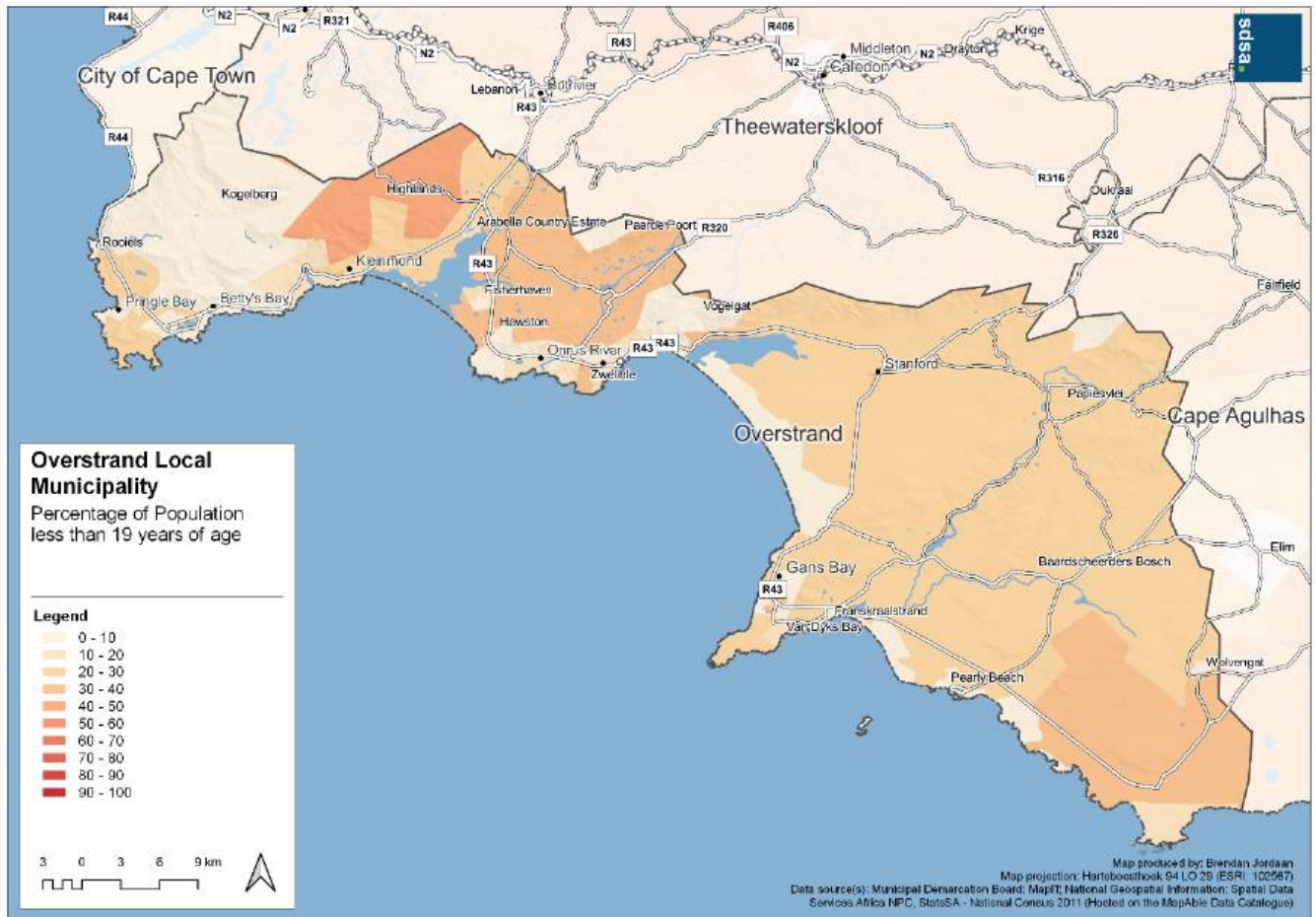
Age Group	Description	Male	%	Female	%	Total	%
0 - 5	Pre-school age	3 995	7,0%	4 068	7,4%	8 064	7,2%
6 - 13	Primary school age	5 934	10,5%	5 973	10,9%	11 907	10,7%
14 - 18	Secondary school age	3 241	5,7%	3 454	6,3%	6 694	6,0%
19 - 35	Young adults	15 620	27,5%	14 604	26,6%	30 225	27,1%
36 - 65	Adults	20 232	35,7%	19 030	34,6%	39 262	35,2%
66 - 75	Senior adults	5 290	9,3%	5 474	10,0%	10 764	9,6%
75 and up	Elderly	2 393	4,2%	2 335	4,3%	4 670	4,2%

Age Group	Description	Male	%	Female	%	Total	%
	Total	56 705	100,0%	54 938	100,0%	111 585	100,0%

Source: www.worldpop.org as calculated by SDSA (SDSA 2020)

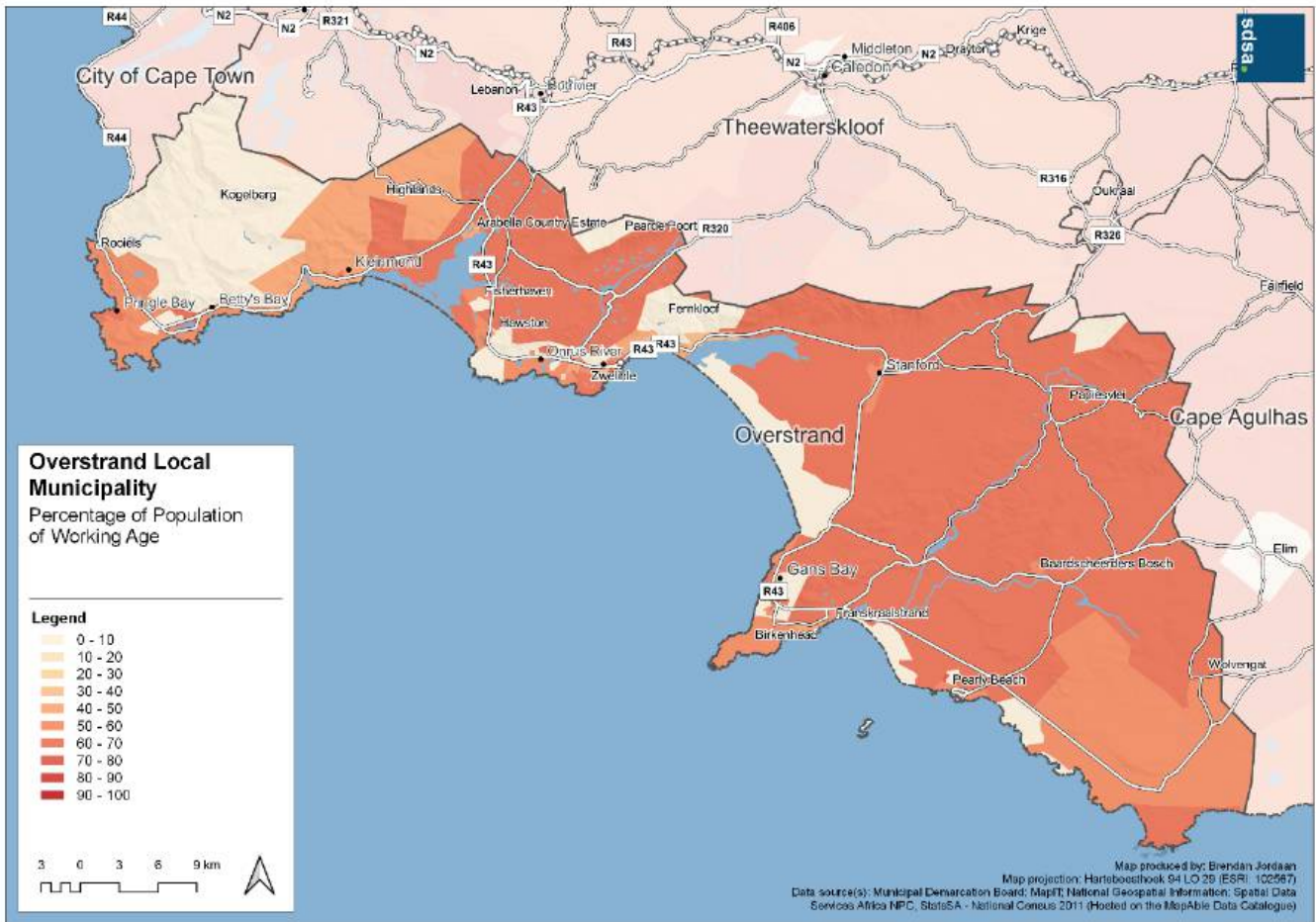
As seen in Table 2-4 above, the split between the genders remains relatively even over the different age groups.

Figure 2-3: % of the Population: Younger than 19 years 2011



Source: Census 2011 / SDSA (MapAble 2020)

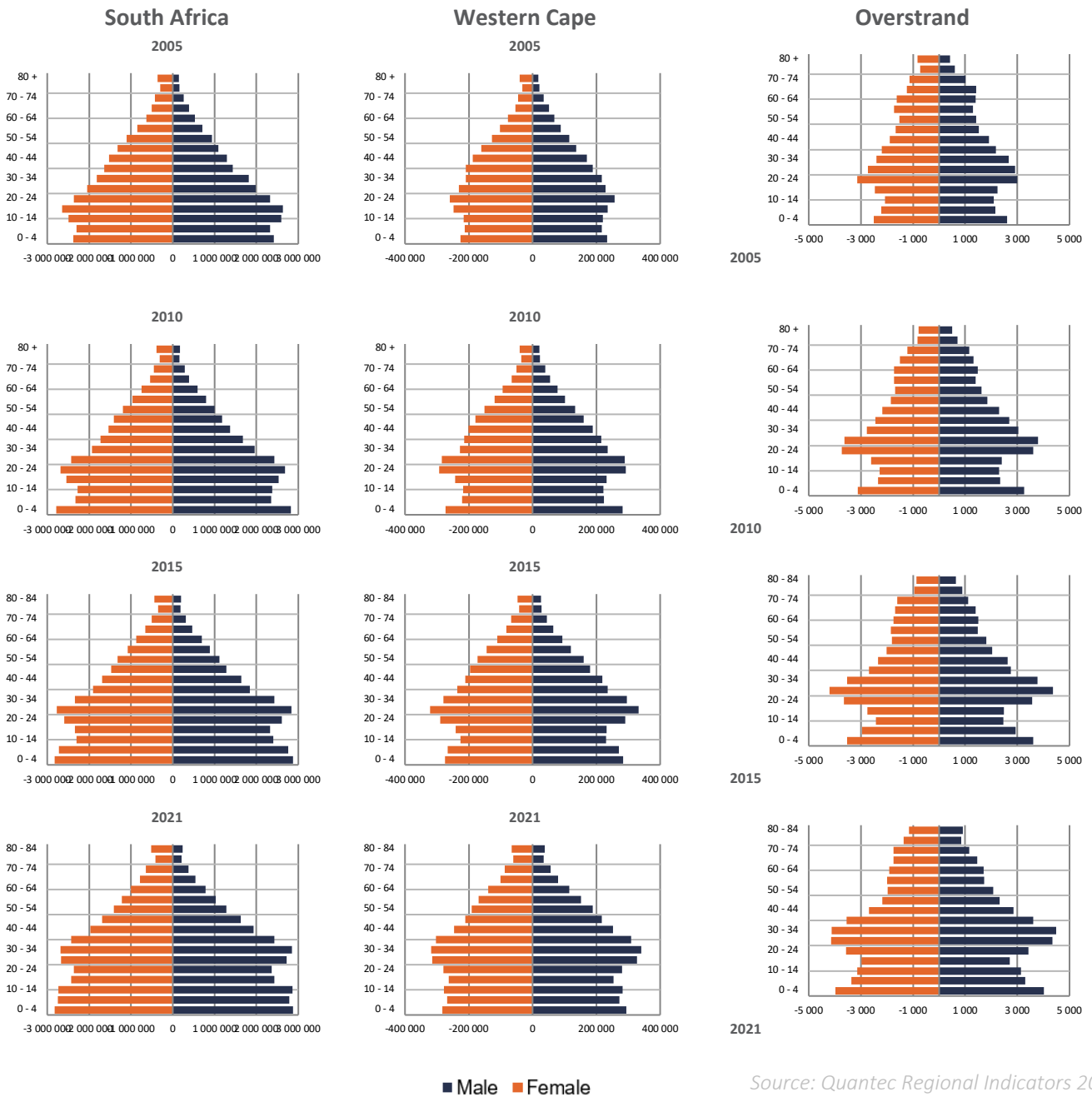
Figure 2-4: % of the Population: Working Age (20 to 65 years) 2011



Source: Census 2011 / SDSA (MapAble 2020)

The figures below (Figure 2-5) show the comparative population structures between South Africa, Western Cape, and the Overstrand Local Municipality and how they have changed since 2005. The national, provincial and local structure's overall profile is similar, especially in the later periods, with the national structure showing a slightly larger base. The national, provincial and local pyramids all show a large base in the younger age cohorts with a bulge for the working-age population, while this pattern is more pronounced locally. The Overstrand Local Municipality pyramids show the substantial economically active population described above. A unique feature of the Overstrand pyramid structure is the larger female population in the older age cohorts.

Figure 2-5: Comparative population structures



Source: Quantec Regional Indicators 2020

b. The differences in population groups

Population groups need not be a central issue in development analysis. However, looking at the local population's composition might explain current dynamics based on historical population settlement patterns. Table 2-5 shows the population at various geographic levels in 2020. The figures show structural differences in composition between the various geographic levels and racial groups. For example, the largest group in the district is the Coloured population group, whilst the largest group in the Overstrand Local Municipality is the black population group. Although the Municipality shows a more diverse population than that of the national population structure, the Asian population is below that of the national average.

Table 2-5: Comparative population numbers by population group 2021

	South Africa		Western Cape		Overberg		Overstrand	
	Total	%	Total	%	Total	%	Total	%
Black population	48 734 600	81,42%	2 701 985	38,23%	93 765	30,88%	38 634	43,04%
Coloured population	5 232 220	8,74%	3 372 083	47,72%	165 137	54,39%	28 694	31,97%
Asian population	1 472 856	2,46%	79 376	1,12%	875	0,29%	209	0,23%
White population	4 412 519	7,37%	913 657	12,93%	43 843	14,44%	22 221	24,76%
Population total	59 852 195	100,00%	7 067 100	100,00%	303 619	100,00%	89 758	100,00%

Source: Quantec Regional Indicators 2020

Table 2-6 below shows the municipality's population as it has changed over the last 26 years. The figures indicate substantial growth in the black population, and the coloured and white population groups are increasing marginally. On the other hand, the Asian population group is increasing but slower than the other groups.

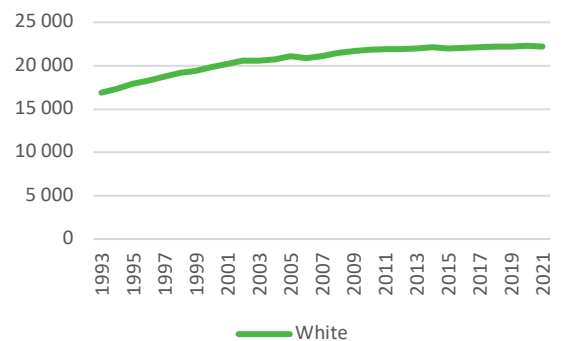
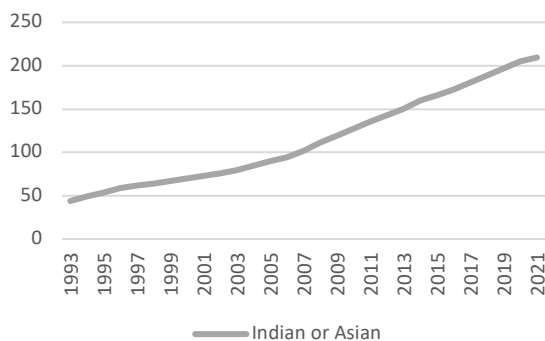
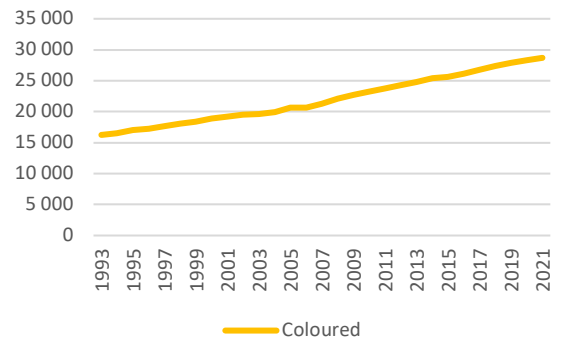
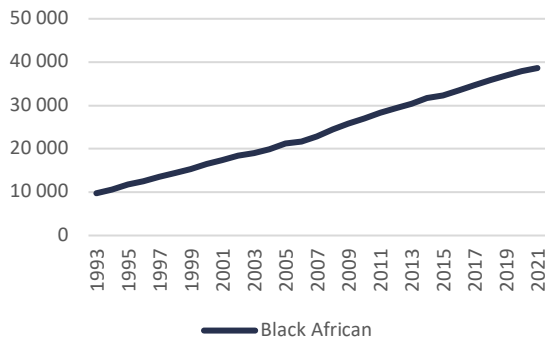
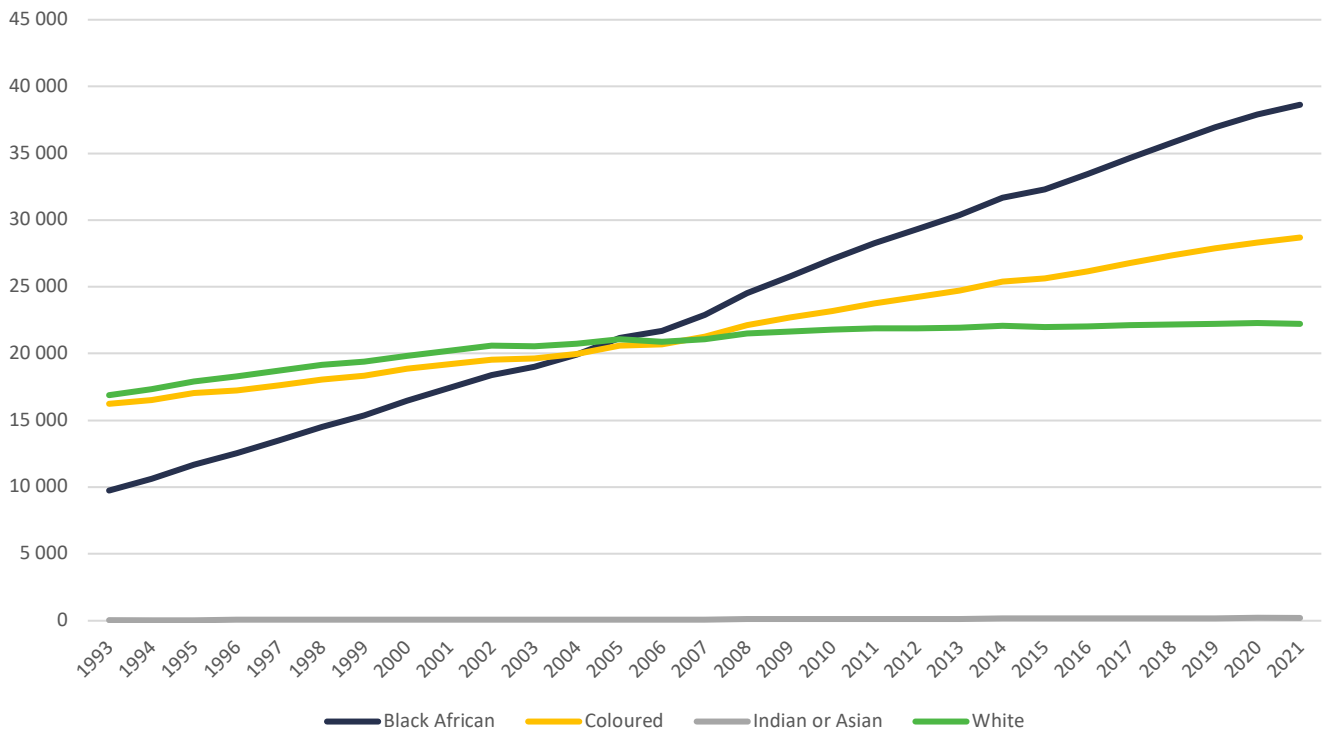
Table 2-6: Population groups

	1995	2000	2005	2010	2015	2021
Black	11 705	16 480	21 194	27 056	32 297	38 634
Coloured	17 036	18 897	20 605	23 209	25 627	28 694
Asian	54	70	90	128	166	209
White	17 934	19 839	21 063	21 815	21 993	22 221
Total	46 729	55 286	62 953	72 208	80 083	89 758

Source: Quantec Regional Indicators 2020

Figure 2-6 below illustrates these changes. Here the growth in the black population group is clearly shown. The coloured population group is below but similar than that of the black population group. The Asian population group shows only marginal growth over the assessed period. The white population group is the only population group in the Municipality that is seen to have stagnated since 2010.

Figure 2-6: Population growth 1993 to 2021

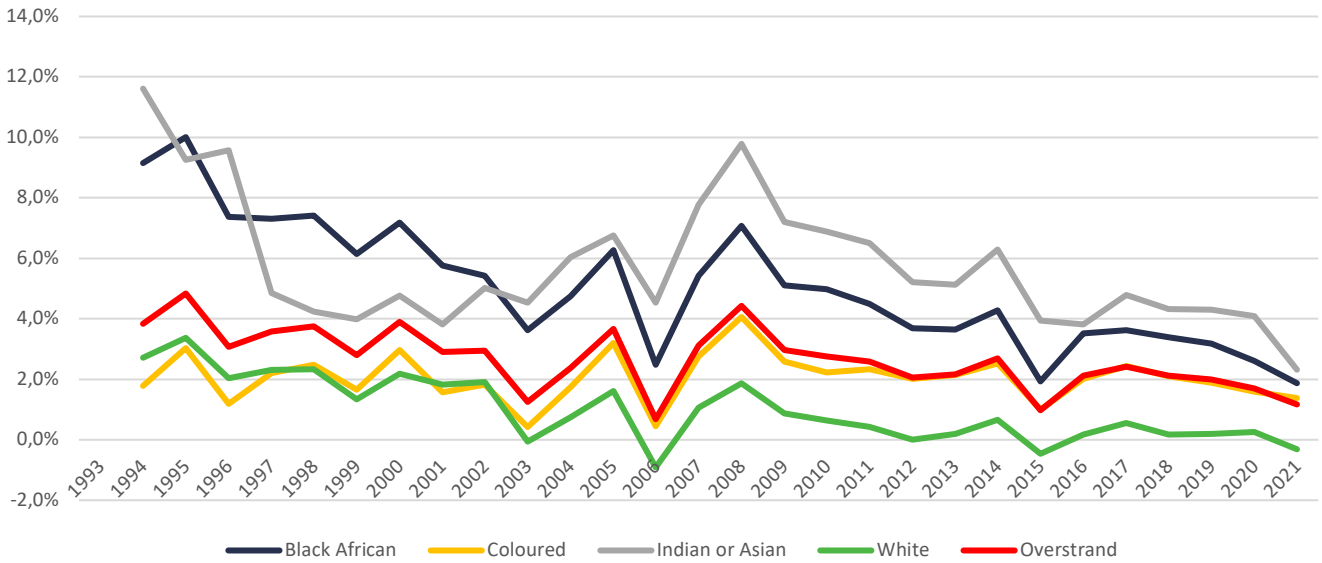


Source: Quantec 2020

Figure 2-7 below shows the rate of change between the different population groups. Interestingly, the Asian population group has the highest growth, which may be due to the small numbers this group possesses. Overall, it is seen that all the groups in local municipality have experienced a decrease in growth rate. The white population group

is the only group to experience a negative growth rate of -0.3% in 2021. On the other hand, the black, coloured and Asian population groups all still show positive growth rates of 1.9%, 1.4% and 2.3%, respectively, in 2021.

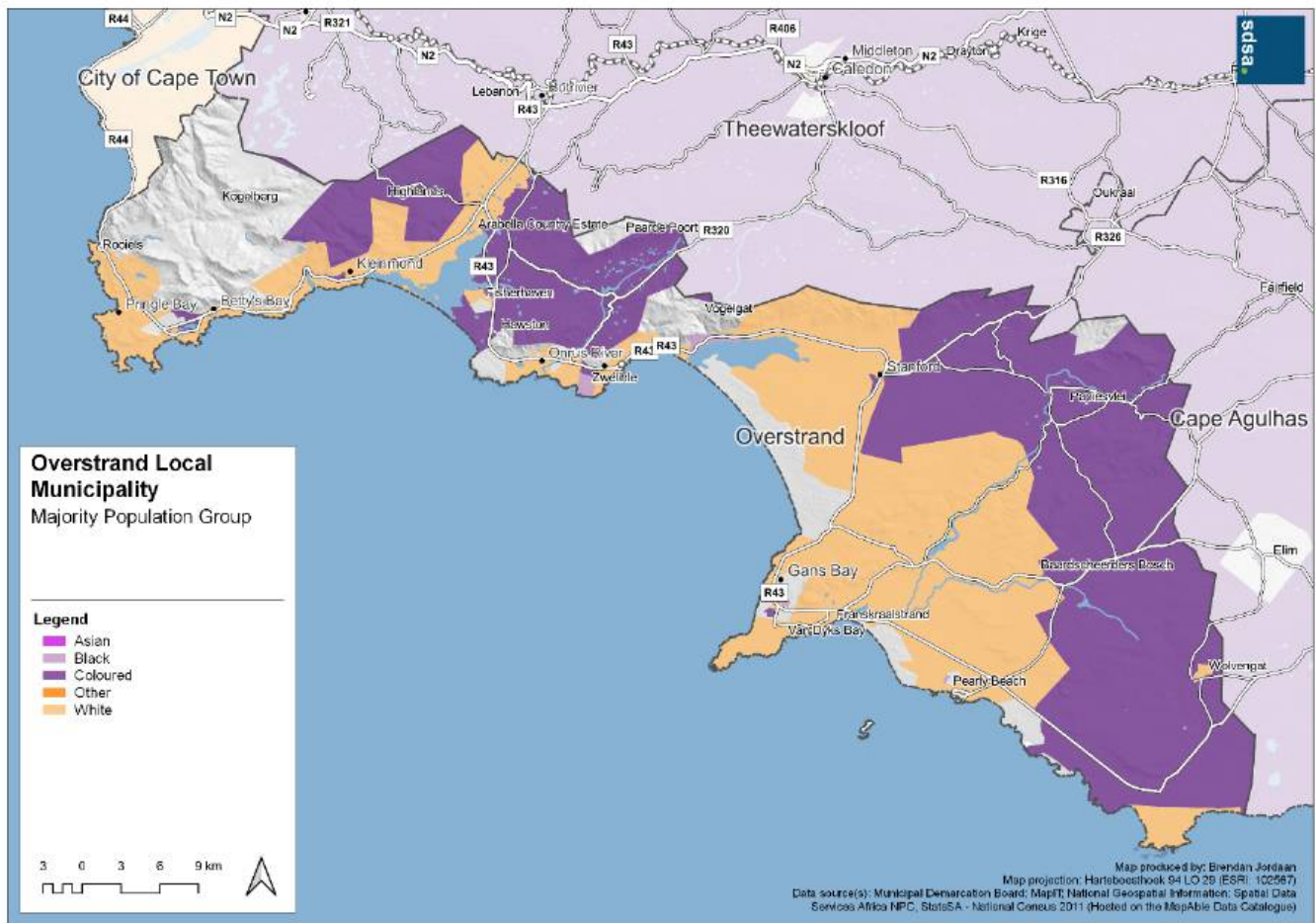
Figure 2-7: Population growth rates by population group 1993 to 2021



Source: Quantec Regional Indicators 2020

Figure 2-8 illustrates the spatial distribution of dominant population groups in the municipality.

Figure 2-8: Population majority 2011



Source: Census 2011 / SDSA (MapAble 2020)

c. Language groups

Language groups display clear spatial patterns in South Africa. These patterns and distributions have ramifications for education, labour markets, and labour relations. However, language's impact on the demand for community services, infrastructure, and social facilities is insignificant for the planner.

Table 2-7 and Figure 2-9 show that structurally, the different language groups have remained the same since 1996, except for the Xhosa language group, which has seen a steep rise since 1996. Afrikaans remains the dominant language group in the municipality.

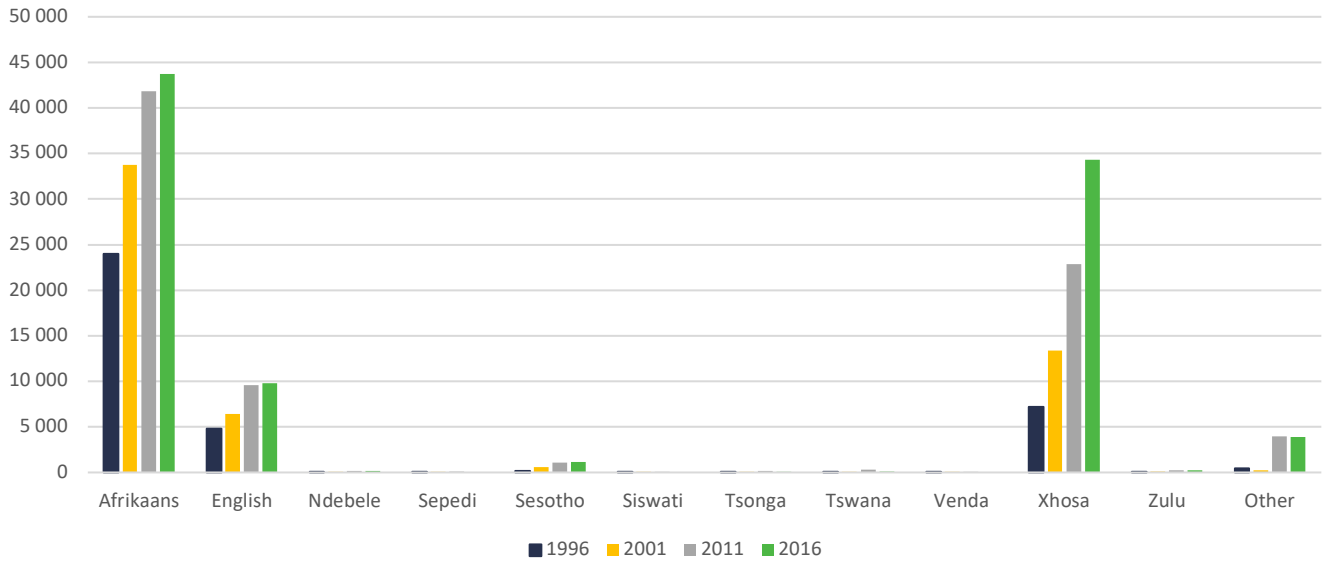
Table 2-7: Language groups

	1996	2001	2011	2016
Afrikaans	23 971	33 722	41 854	43 722
English	4 796	6 409	9 592	9 771
Ndebele	16	27	180	162
Sepedi	12	12	107	0
Sesotho	200	572	1 071	1 117
Siswati	1	18	35	0
Tsonga	7	3	157	69
Tswana	11	68	272	110

	1996	2001	2011	2016
Venda	6	21	52	0
Xhosa	7 192	13 370	22 829	34 295
Zulu	38	108	244	256
Other	429	217	3 945	3 878
Total	36 680	54 547	80 338	93 380

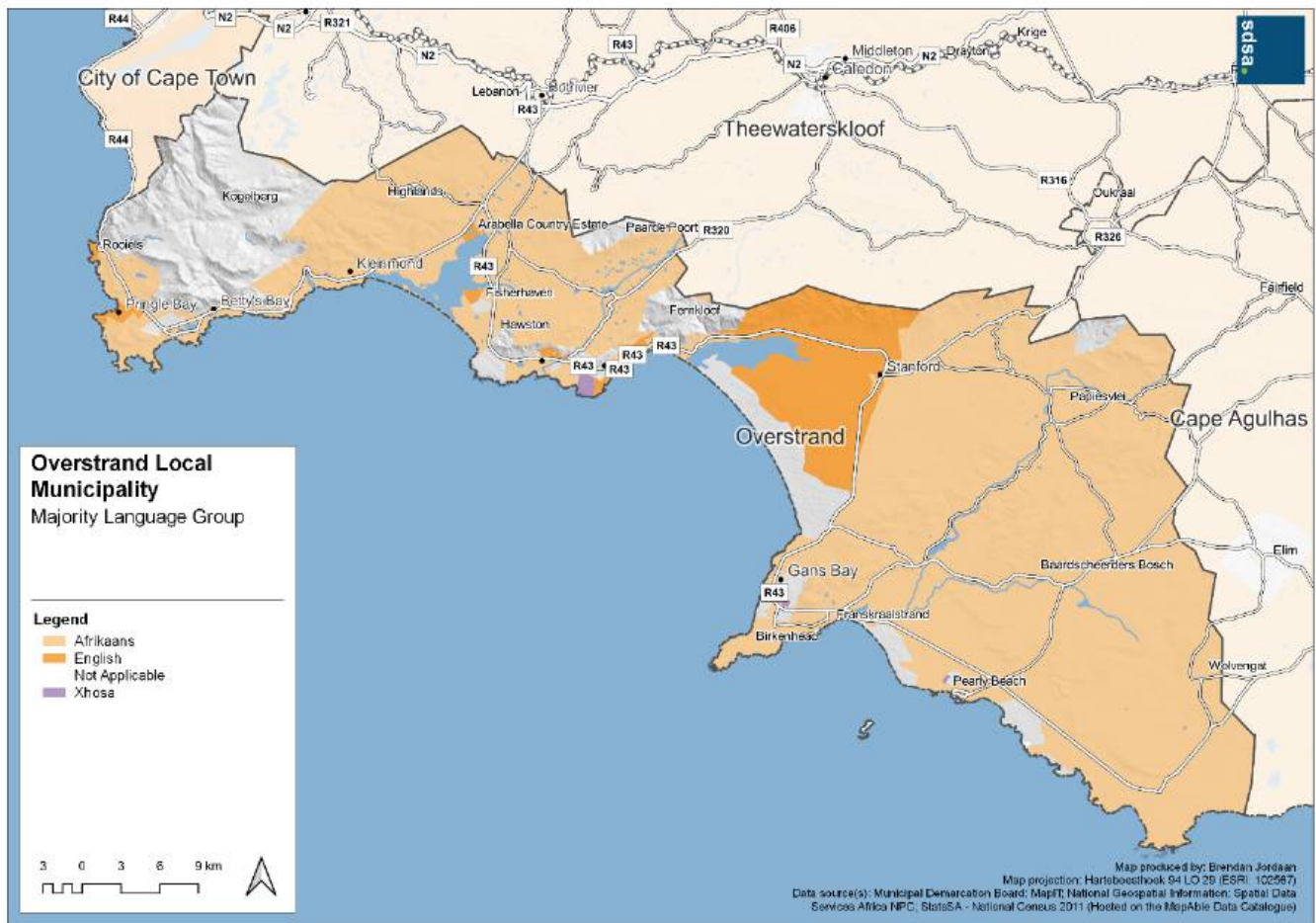
Source: Census 1996, 2001, 2011/ Community Survey 2016

Figure 2-9: Change in language groups



Source: Census 1996, 2001, 2011/ Community Survey 2016

Figure 2-10: Majority language group



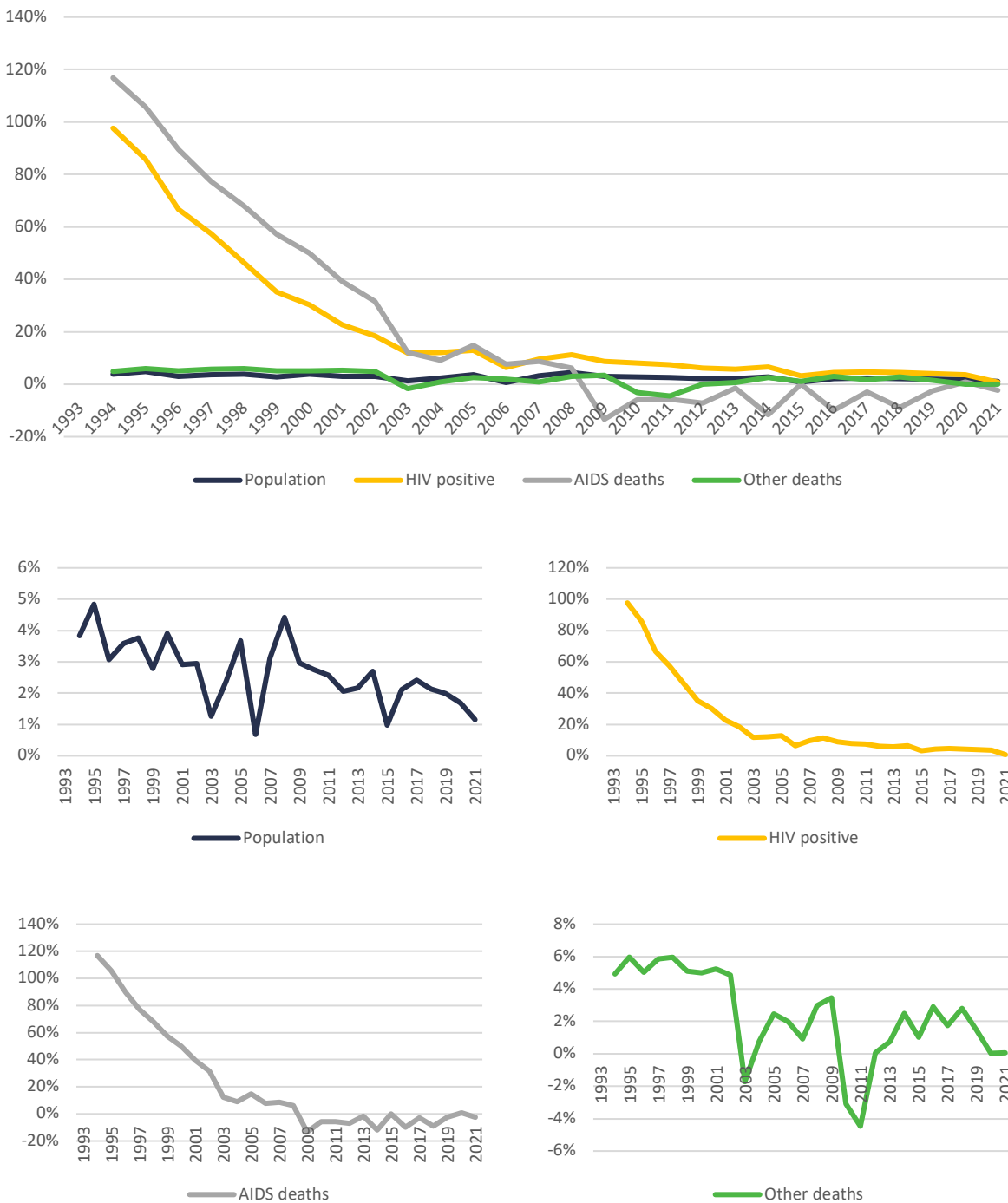
Source: Census 2011 / SDSA (MapAble 2020)

d. Population, AIDS and crude death rate

HIV and AIDS's impact was very contentious until national policy changes regarding treatment. However, HIV and AIDS's effects are integral to the South African demographic profile. HIV and AIDS's impact remains significant, albeit not at the forefront of national issues impacting development.

Figure 2-11 below shows drastic decreases in the rate at which HIV and AIDS affected demographic change. There are two stages in this process. The first shows a decline in infection and death rates up to about 2003, after that it stabilises around 2% and 0% respectively. Two factors are of consideration: the high rates resulting from growth from a relatively small base, a lack of education, and a lack of treatment for HIV and AIDS. After 2004 treatment improved, and there has been success in the understanding and general knowledge of HIV and AIDS.

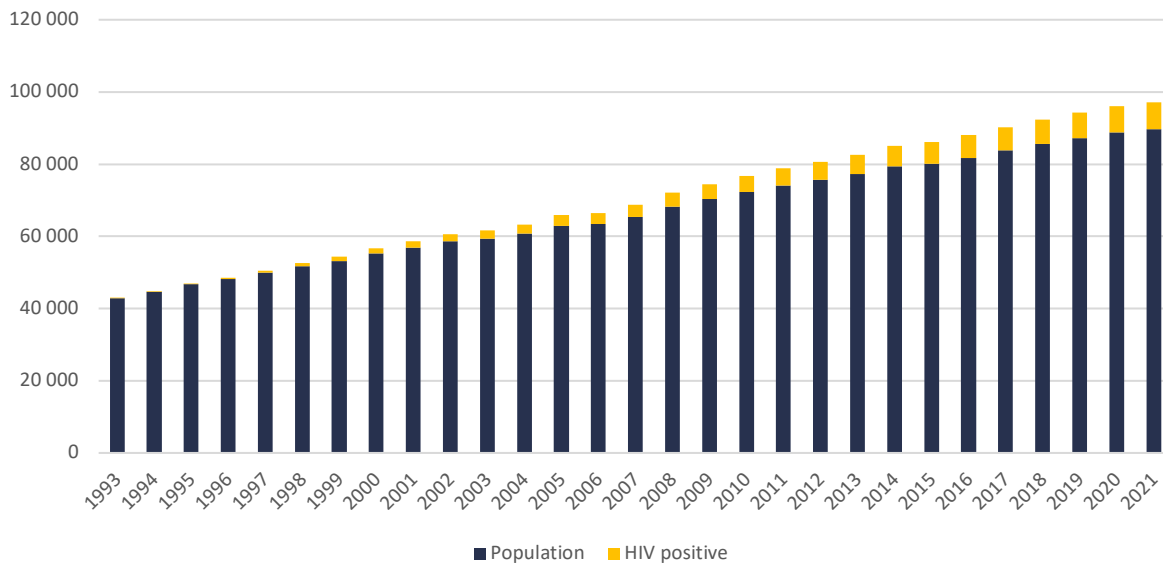
Figure 2-11: Rate of changes in population growth, HIV infections and related deaths 1993 to 2021



Source: Quantec Regional Indicators 2020

The infection and death rates show only one side of the picture. In real terms, the HIV-positive component of the population continues to increase, as shown in Figure 2-12 below.

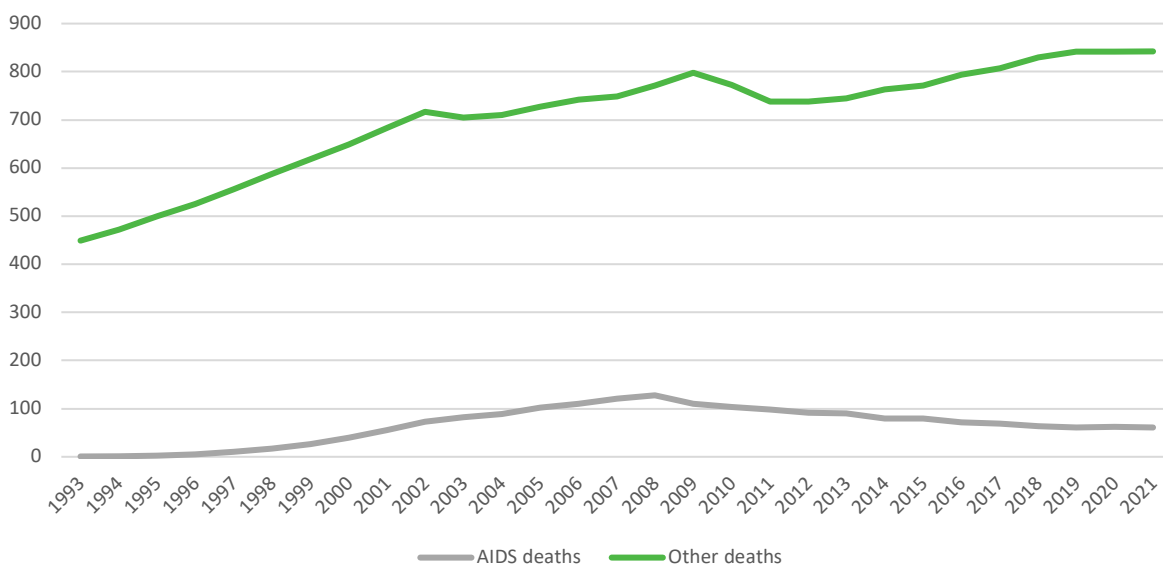
Figure 2-12: HIV-positive persons in the population



Source: Quantec Regional Indicators 2020

The increase in the number of people living with HIV and AIDS results from treating it. This is reflected in the decrease in AIDS deaths, as shown in Figure 2-13 below. The reduction in fatalities directly impacts the population structure as assessed above and reflects the increase in children below ten years old over the past decade.

Figure 2-13: HIV deaths and other deaths



Source: Quantec 2020

e. Migration

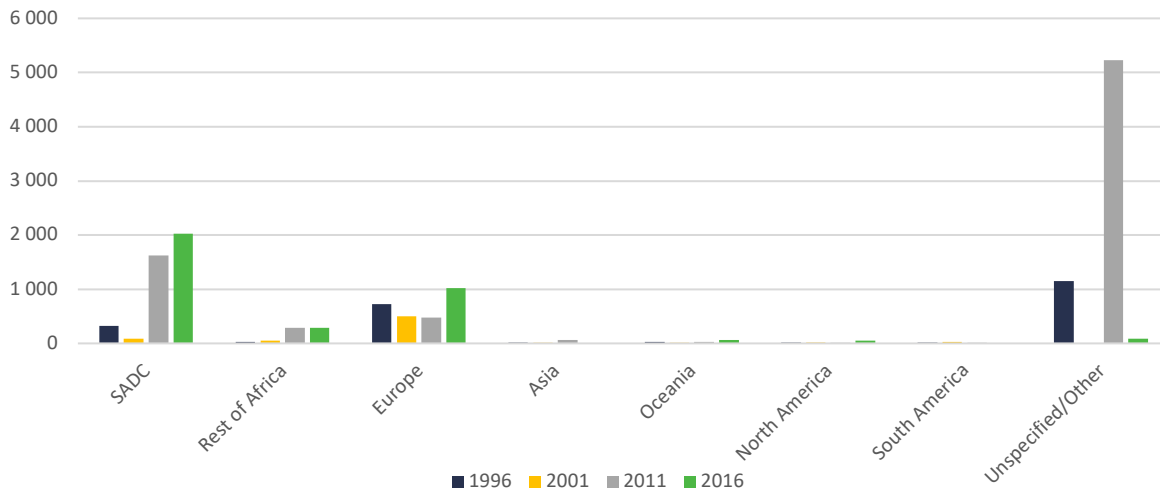
The open local economy and migration are important issues in a country where urbanisation is pivotal in long-term development strategies. Table 2-8 below shows the country of origin of residents. Migration from other areas is small, but people from other SADC countries are the leading contributor to migrants in the municipality. Figure 2-15 illustrates the distribution of people from SADC countries.

Table 2-8: Migration - country of origin

Migration	1996	2001	2011	2016
RSA Origin	34 385	53 842	72 611	89 861
SADC	318	83	1 620	2 024
Rest of Africa	23	56	292	290
Europe	720	506	481	1 015
Asia	16	6	62	0
Oceania	25	6	22	58
North America	19	21	11	51
South America	19	27	10	0
Unspecified/Other	1 156	NA	5 229	81
Total	36 680	54 547	80 338	93 380

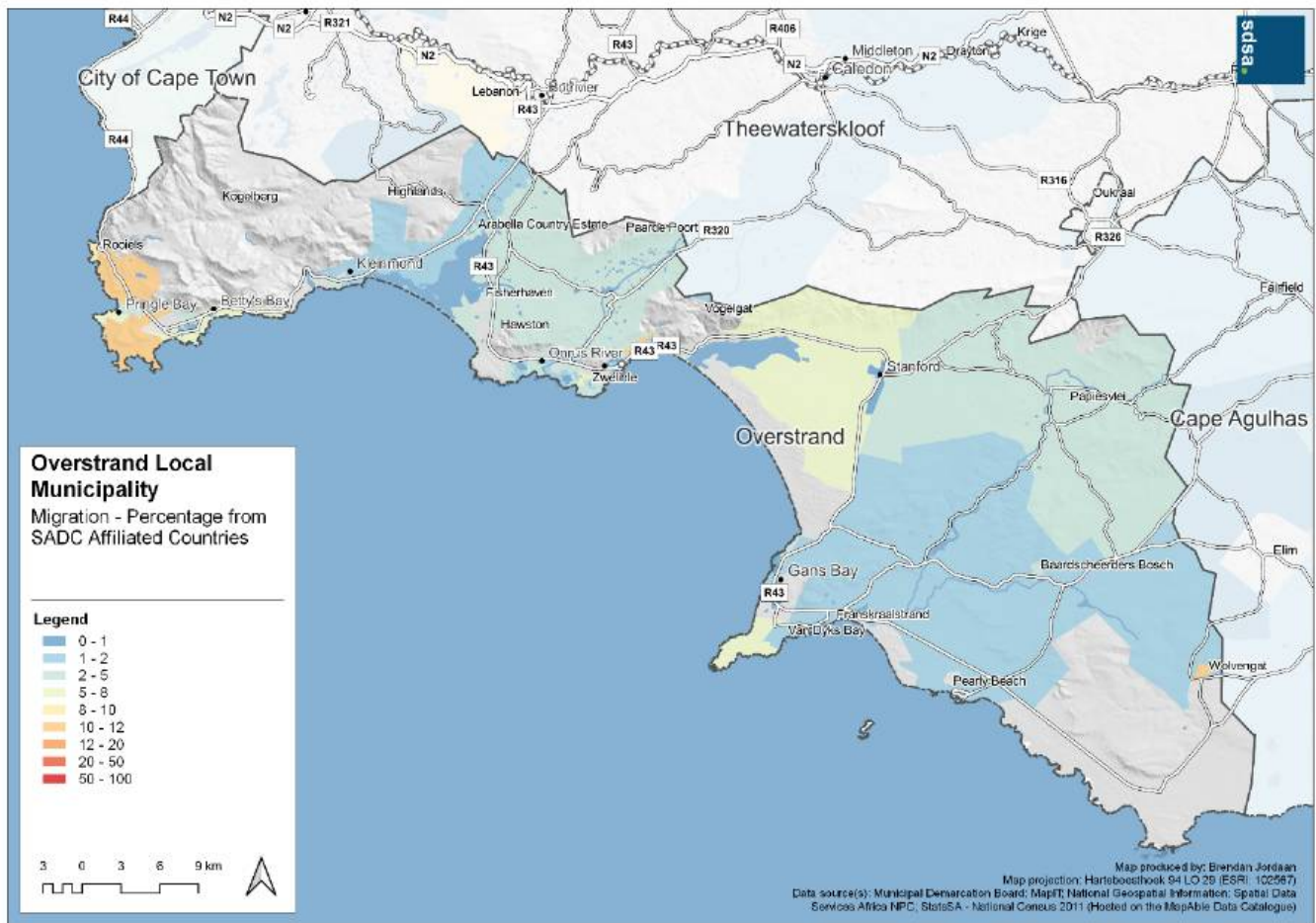
Source: Census 1996, 2001, 2011/ Community Survey 2016

Figure 2-14: Migration from outside South Africa



Source: Census 1996, 2001, 2011/ Community Survey 2016

Figure 2-15: % Migration from SADC countries



Source: Census 1996, 2001, 2011/ Community Survey 2016

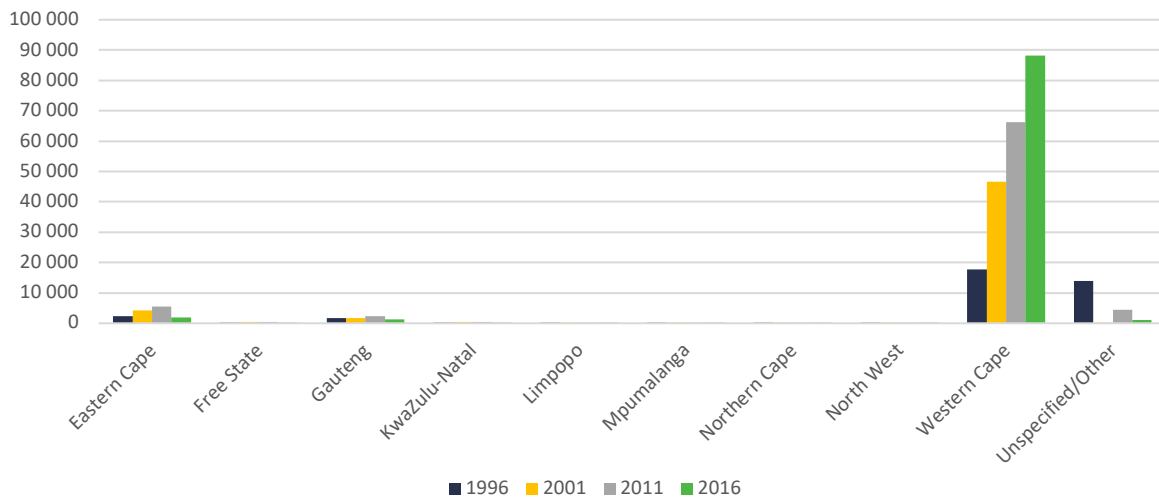
Also significant is the movement of people within South Africa to the area. The flow of people from other provinces has been small and decreased since 1996, with migrants from the Gauteng Province decreasing the most from 2011 to 2016. There are apparent inconsistencies in the data that are difficult to explain. Table 2-9 and Figure 2-16 illustrate this.

Table 2-9: Province of previous residence

Migration	1996	2001	2011	2016
Eastern Cape	2 366	4 202	5 566	1 920
Free State	253	350	355	43
Gauteng	1 599	1 740	2 323	1 283
KwaZulu-Natal	244	515	463	240
Limpopo	53	151	176	122
Mpumalanga	91	272	213	129
Northern Cape	277	314	276	111
Northwest	125	250	180	260
Western Cape	17 671	46 593	66 275	88 166
Unspecified/Other	14 000	160	4 511	1 106
Total	36 680	54 547	80 338	93 380

Source: Census 1996, 2001, 2011/ Community Survey 2016

Figure 2-16: Migration change from other provinces in South Africa



Source: Census 1996, 2001, 2011/ Community Survey 2016

f. The spatial dynamics of the population

The sections above dealt with the demographic profile of the municipality. However, with the CEF's spatial targeting aim, it is essential to give a perspective of people's spatial distribution and where changes occurred over time.

The table illustrates how spatial variances occur and why it is vital to consider population change's spatial dynamics. The following maps show where changes occurred. The first essential element is that population growth occurred in particular localities. It is mainly associated with the more critical nodal areas and areas related to access to employment opportunities.

One should note that the population growth rate in Overstrand (4.7%) is far above the rate of growth for South Africa (1.7%).

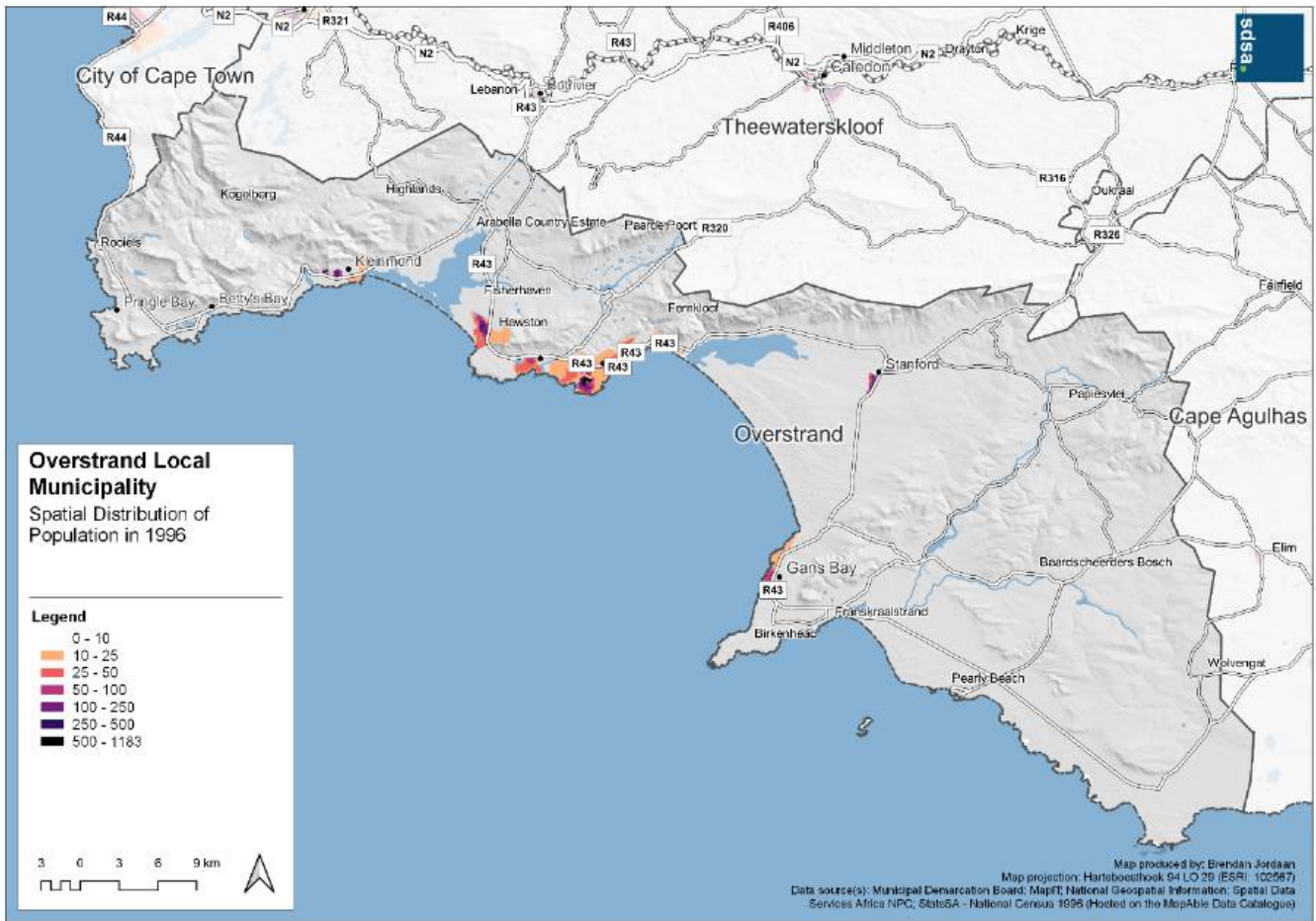
The interesting thing to notice is the extent of depopulation on the periphery of the urban areas, especially around the towns of Hawston, Zwelihle and Hermanus. Most of the municipal growth occurred in the urban areas of the towns Zwehile, Stanford and Gansbaai. This can be seen on Figure 2-17, Figure 2-18 and Figure 2-19 below.

Table 2-10: Population change from 1996 to 2020

Population characteristics	
Population (1996):	36 680
Population (2020):	111 585
Population Change	74 905
Average annual population growth rate	4,74%
Population Density (People/Ha):	0.65

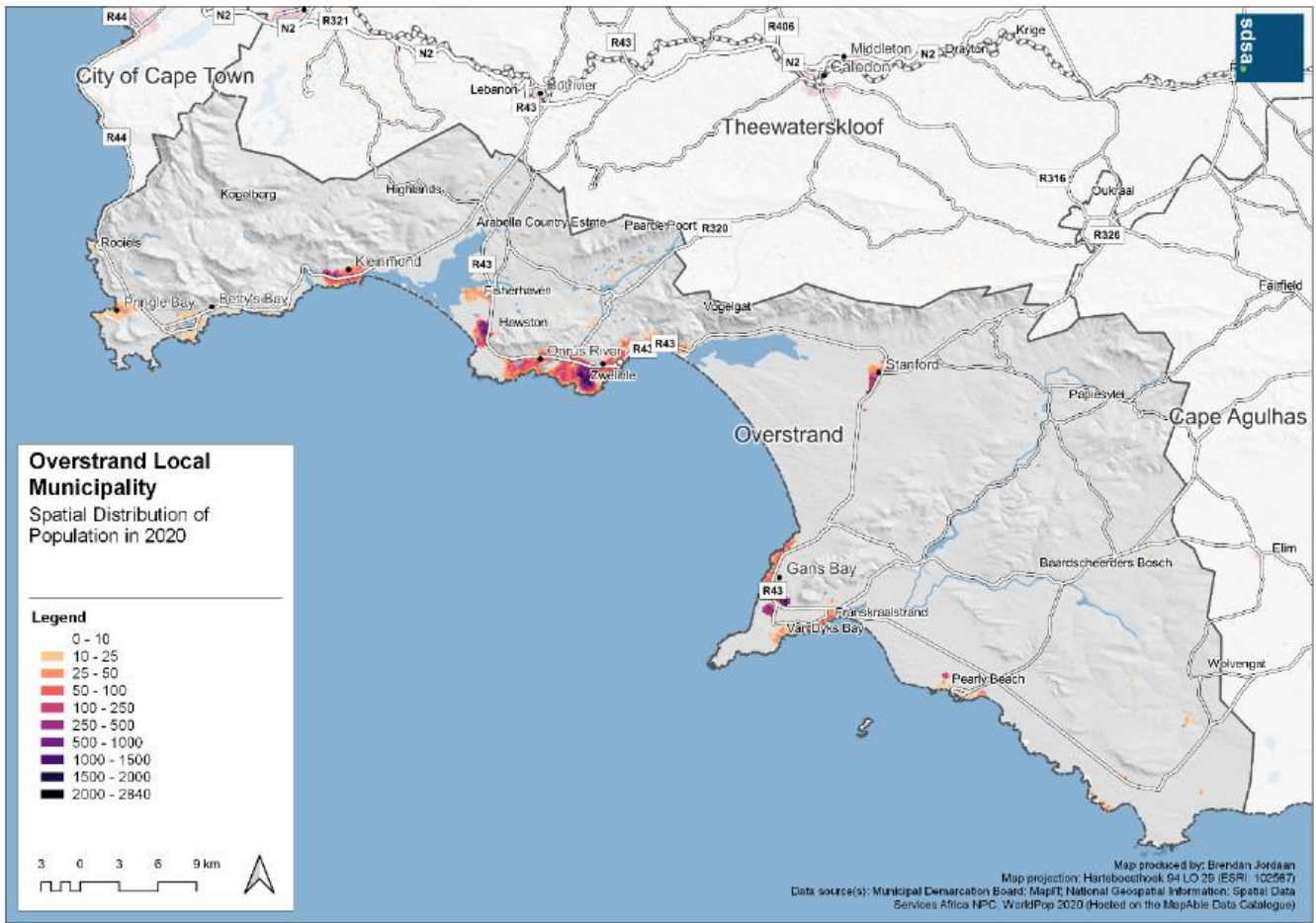
Source: SDSA (MapAble 2020)

Figure 2-17: The spatial distribution of population in 1996



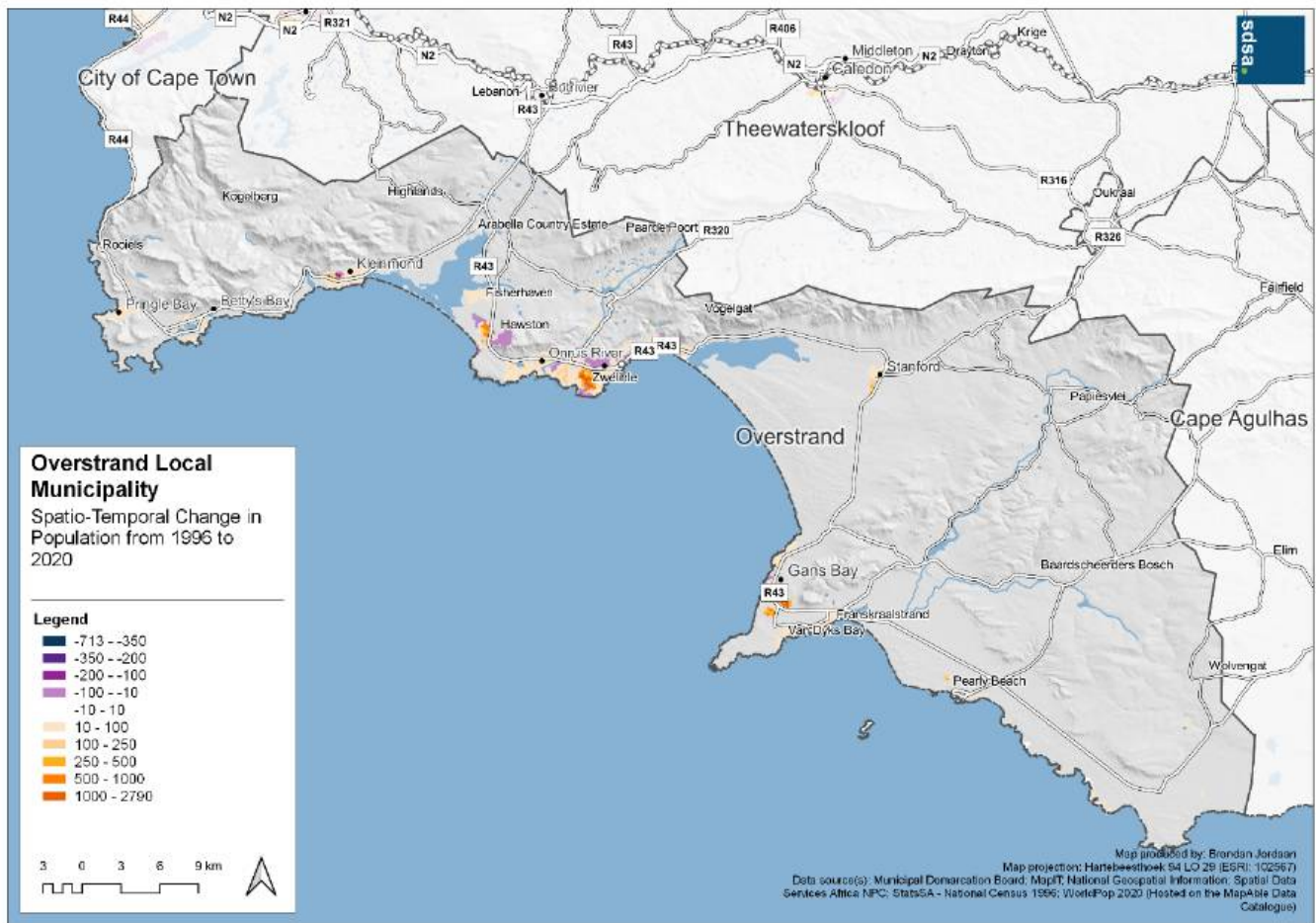
Source: SDSA (MapAble 2020)

Figure 2-18: The spatial distribution of population in 2020



Source: SDSA (MapAble 2020)

Figure 2-19: Nett population changes between 1996 and 2020



Source: SDSA (MapAble 2020)

g. The CSIR functional distribution of population and households

The CSIR developed a functional town and settlement typology to provide a finer-grained but nationally comparative overview of regional-scale settlement patterns and trends. The latter provides a mechanism to identify, calculate, and analyse development information and trends in the range of towns, cities, and high-density rural settlements across South Africa.

The map below shows the distribution of these functional areas in Overstrand, summarising the key demographic attributes per functional area.

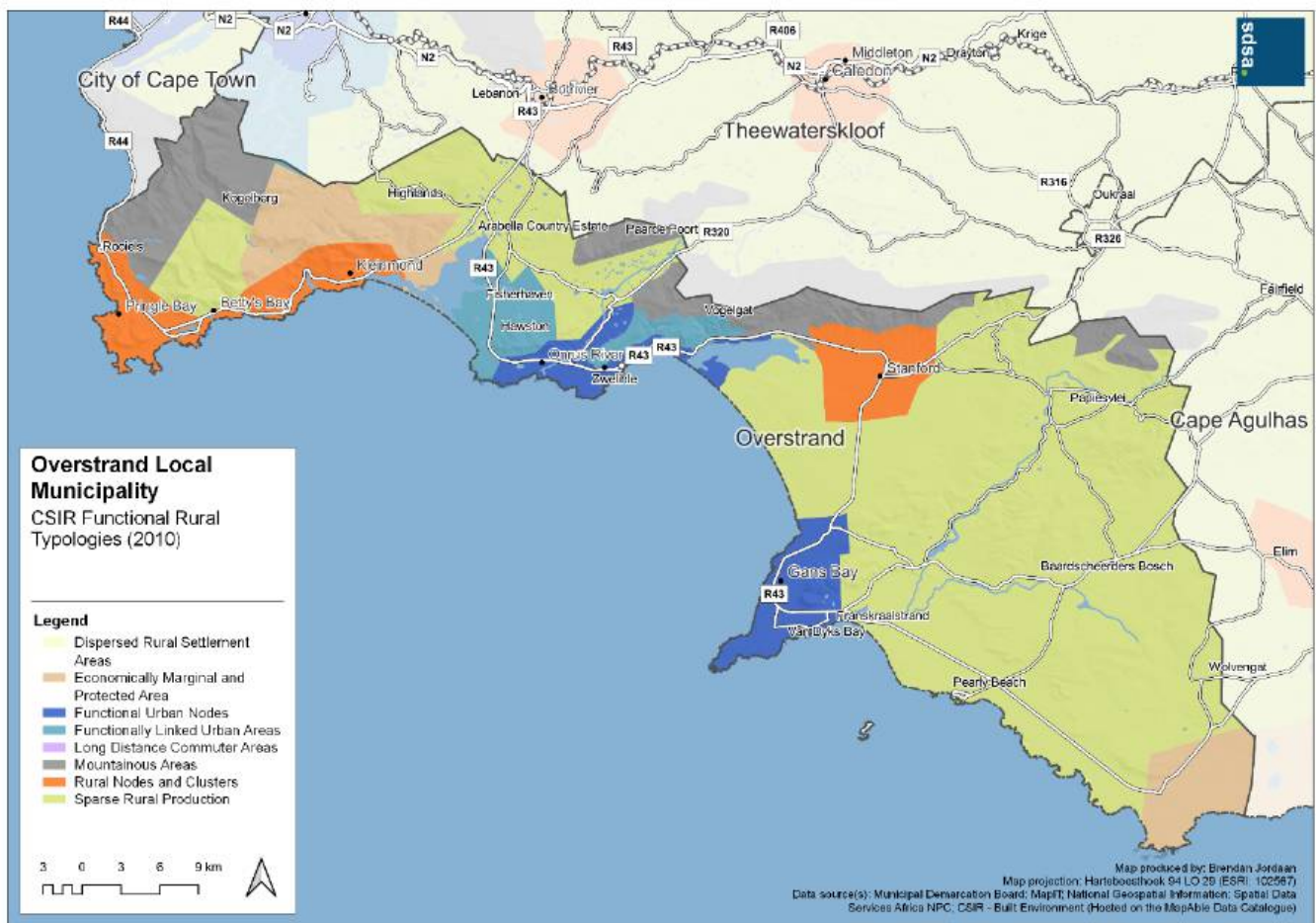
Table 2-11: The functional distribution of population and households per CSIR functional area

	Population 1996	Population 2020	Distribution	Population change 1996 to 2020	Change p/a 1996 to 2020	Area (ha)	Population density 2020 (p/ha)
Dispersed Rural Settlement Areas	0	0	0	0	0	0	0
Economically Marginal and Protected Area	308	209	0,19%	-100	-1,3%	14 268	0,01
Functional Urban Nodes	18 732	70 616	63,66%	51 884	11,5%	10 847	6,51
Functionally Linked Urban Areas	5 657	13 649	12,31%	7 992	5,9%	7 318	1,87
Long Distance Commuter Areas	0	0	0	0	0	0	0
Mountainous Areas	652	107	0,10%	-545	-3,5%	17 602	0,01

	Population 1996	Population 2020	Distribution	Population change 1996 to 2020	Change p/a 1996 to 2020	Area (ha)	Population density 2020 (p/ha)
Rural Nodes and Clusters	6 885	19 337	17,43%	12 452	7,5%	14 398	1,34
Sparse Rural Production	3 294	7 004	6,31%	3 710	4,7%	106 564	0,07
Grand Total	35 528	110 922	100,00%	75 394	8,8%	171 018	0,65

The data highlights the importance of assessing the Municipality in terms of functional areas. The CSIR functional areas are broad-based, highlighting the significant differences between urban nodal and functionally linked urban areas.

Figure 2-20: CSIR functional areas 2018



Source: CSIR

h. Population change and growth

Assessing population change in a municipal area is challenging for several reasons:

- Municipalities function in an integrated environment where changes at national, provincial, and neighbouring areas directly impact local growth.
- Data sources differ regarding baseline data used, resulting in outcomes that complicate comparative assessments.

- With a few exceptions, municipal population figures disaggregate higher-order data. Between censuses, mid-year population estimates are the only available sources at the local level. Therefore, most data sets use StatsSA's mid-year population estimates as a benchmark.
- Long-term projections (ten years and longer) are subject to high uncertainty levels because many factors drive local demographic changes.
- Interventionistic policies from the government are often unpredictable and focus on deliberately changing historical trends. This increases the level of uncertainty in outcomes.

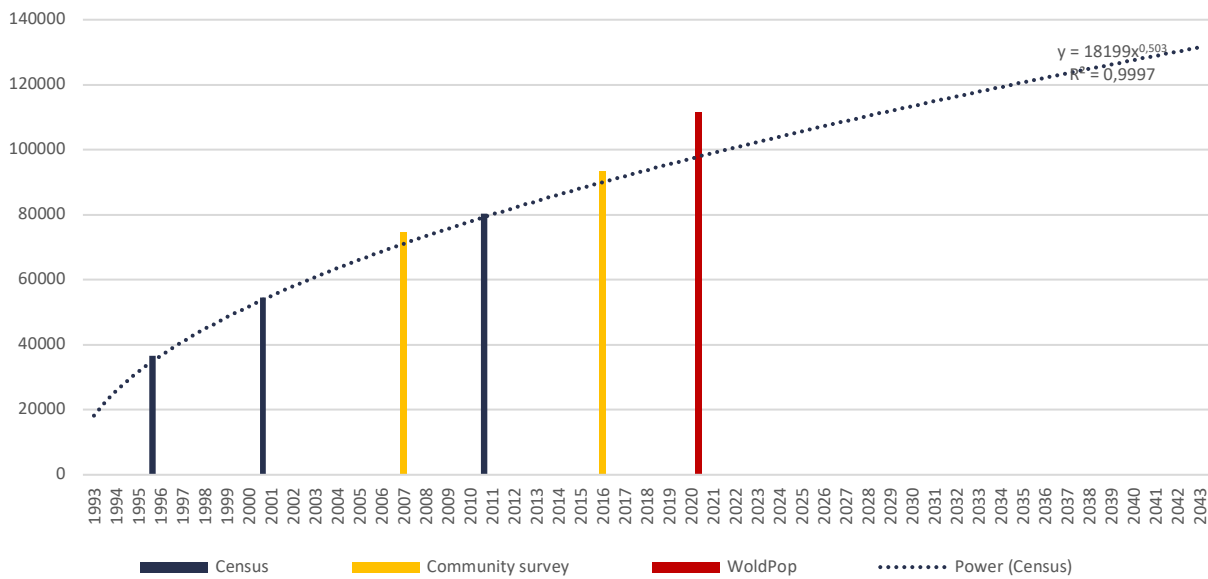
Notwithstanding these challenges, it remains essential to project and estimate future population and household numbers. This is because population and household changes are the drivers of the long-term demand for land and services.

The historical perspective on population and household changes is essential. It is also the basis for determining future household and population levels. However, countless factors impact population and household growth. Long-term estimates and the scale of a municipality remain challenging due to the open nature of the development systems and the free movement of people and access to goods and services across municipal boundaries. Therefore, any long-term projection must only be indicative, and changes must be monitored continuously. Population and household growth ultimately determine the services demand in the municipality.

The next series of graphs show how the different available data sets relate. After using trend analysis, the approach builds from the known official data and then adds the commercial datasets to reach a workable scenario. Population forecasts are problematic in the sense that most data set benchmarks back to StatsSA mid-year population estimates, resulting in very similar long-term trends.

Figure 2-21 below starts by looking at the primary StatsSA data sources. These include the census data for 1996, 2001, and 2011, the 2007 and 2016 Community Surveys and the 2020 WorldPop data. One can immediately see some questionable results, especially from the 2020 WorldPop data, where a figure of 111 585 people seems out of place compared to the other results. However, applying a trend line to the Census data, an almost perfect correlation between them occurs. Following this growth path, one sees an increase in the municipality's future population, reaching just over 130 000 people by 2043. There is no certainty which of these figures is more probable and thus underlines the importance of continuous growth monitoring.

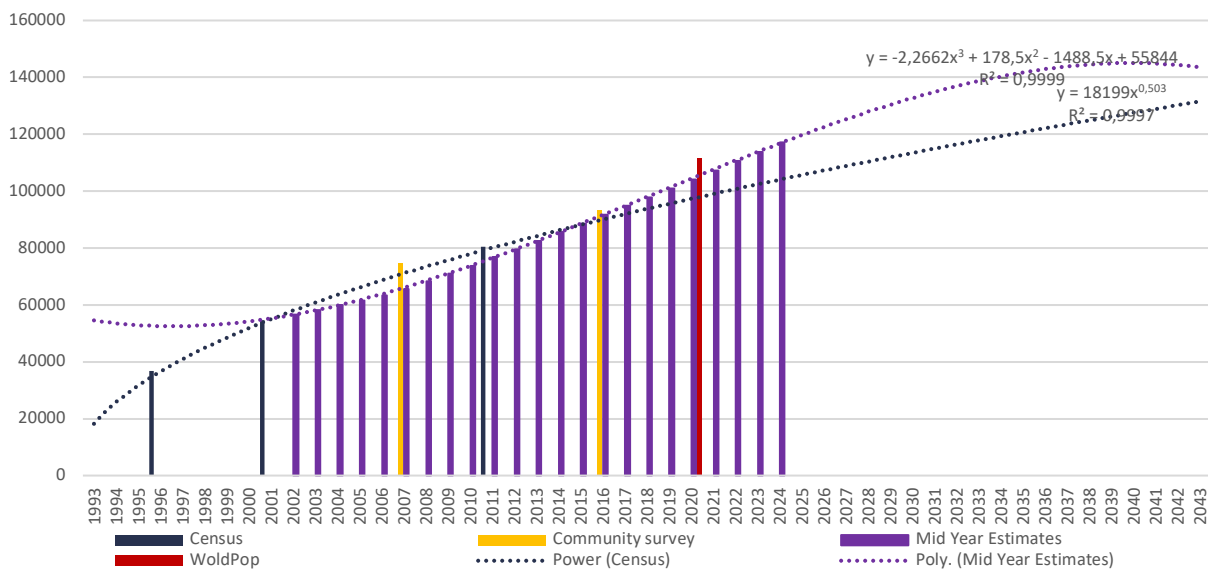
Figure 2-21: Census and Community Survey outcomes



Sources: Census 1996,2001,2011; Community survey 2007,2016

Figure 2-22 below shows the results that include the mid-year population estimates of StatsSA. The mid-year estimates data and the trendline show a stronger growth trend than the previous assessment. The trendline has a correlation of 0.99 and predicts a population of 143 595 in 2043. Based on this, one can assume that a future estimate based only on the three census figures might present inaccurate results.

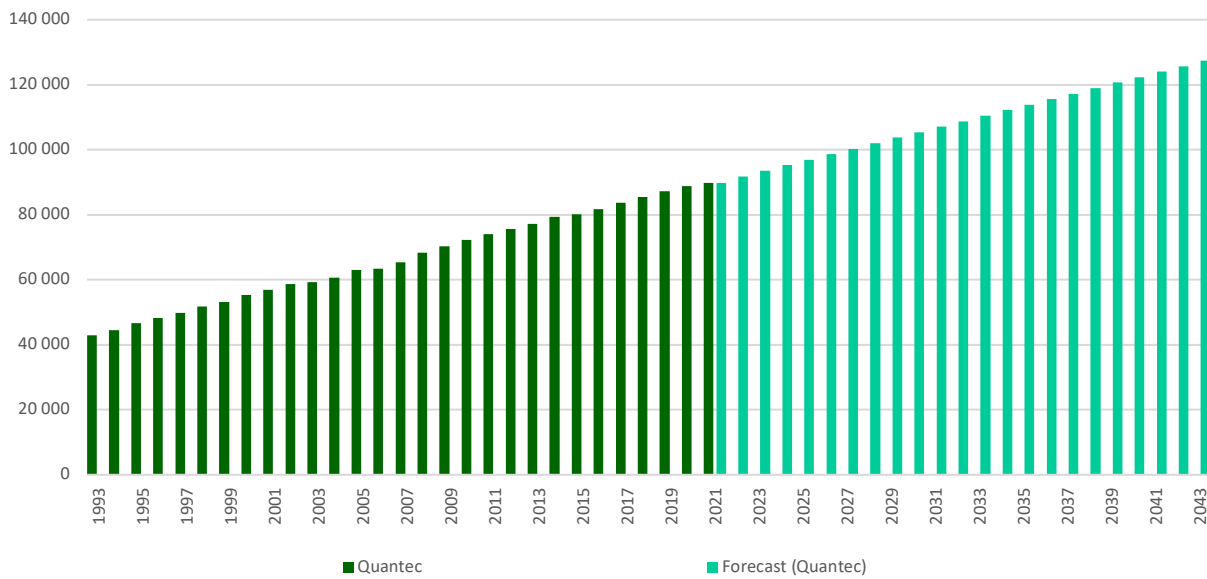
Figure 2-22: Projections based on StatsSA data



Sources: Census 1996,2001,2011; Community survey 2007,2016, StatsSA 2019 Mid-year population estimates

Figure 2-23 below includes the Quantec Regional indicators data. The Quantec Regional indicators data provides the most extended set of historical data. It is interesting to note the different trends between the data sets and that the Quantec Regional indicators data does not correlate with StatsSA's mid-year population estimates. This is unexpected as the Quantec Regional indicators data benchmarks on the mid-year population estimates.

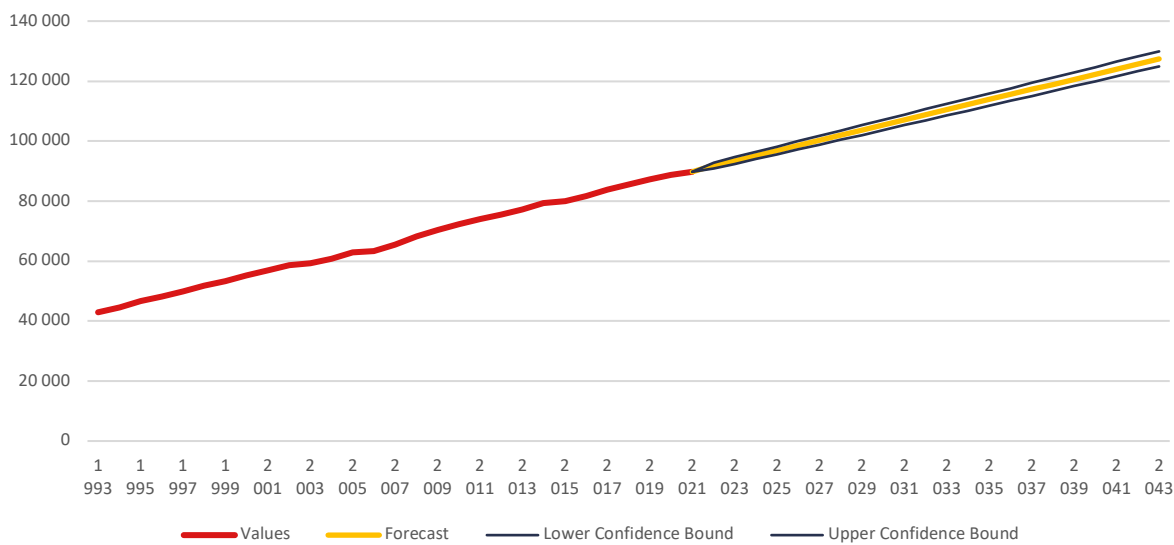
Figure 2-23: Quantec population data



Source: Quantec 2020

Using the Quantec Regional indicators data and applying a linear forecast, the following forecast shows the population levels until 2043 within a 95% confidence limit. Figure 2-24 below shows the results.

Figure 2-24: Forecasting population using Quantec Regional Indicators data



Source: Quantec Regional Indicators 2020/SDSA 2021

The forecast indicates that the expected population in 2043 is 127 396. Although this is statistically within 95% confidence levels, the upper and lower confidence bounds are different but possible. The variation in a 95% confidence between the upper and lower limits highlights the importance of continuously monitoring population changes and trends.

Table 2-12 below shows the projected population figures. The Census and Quantec trends show growth in the expected population in 2043 at 131 509 and 127 396, respectively. At the same time, the mid-year population estimate forecast is higher than both previously mentioned indicators with the 2043 predicted population at 143 595. This is a difference of about 10 000 people in the estimated population of 2043 between the different data

sets. There are various challenges with midyear population estimates and StatsSA did not release updated estimates at the municipal level for 2021.

Table 2-12: Projected population numbers

	2020	2021	2025	2030	2035	2040	2043
Quantec Regional indicators forecast	88 727	89 758	96 909	105 378	113 847	122 315	127 396
Census Trend	97 268	99 000	105 648	113 417	120 693	127 559	131 509
Mid-year population estimates trends	104 362	107 526	119 670	132 684	141 706	145 036	143 595

2.3.2 Household characteristics

a. Reported household numbers

Household numbers are usually derived from the population. This gives rise to density ratios and household size. The number of households is essential in determining the overall demand for infrastructure services and housing. Household density is an essential indicator of settlement efficiency and is vital in urban planning and development strategies. In addition, household size impacts the extent of consumption of goods and services. One should note that housing support strategies have affected household formation to the extent that there are often different rates of change between households and populations. According to census and community survey data, the basic household profile for the assessment area is shown in Table 2-13 below. Table 2-14 shows the number of households per population group, according to Quantec data.

Table 2-13: Total households, size and density

	1996	2001	2011	2016
Total households	11 399	18 656	27 945	35 709
Household density (households/ha)	0.07	0.11	0.16	0.21
Ave household size	3.22	2.92	2.87	2.62

Source: Census 1996, 2001, 2011/ SDSA (MapAble 2020)

Table 2-14: Number of households by population group

	1995	2000	2005	2010	2015	2020	2021
Black Households	3 723	5 354	6 994	9 070	10 956	12 963	13 220
Coloured households	4 081	4 570	4 984	5 597	6 161	6 787	6 877
Asian households	18	23	28	37	46	55	56
White households	7 967	8 965	9 588	9 991	10 126	10 301	10 274
Households total	15 790	18 912	21 594	24 694	27 290	30 106	30 427

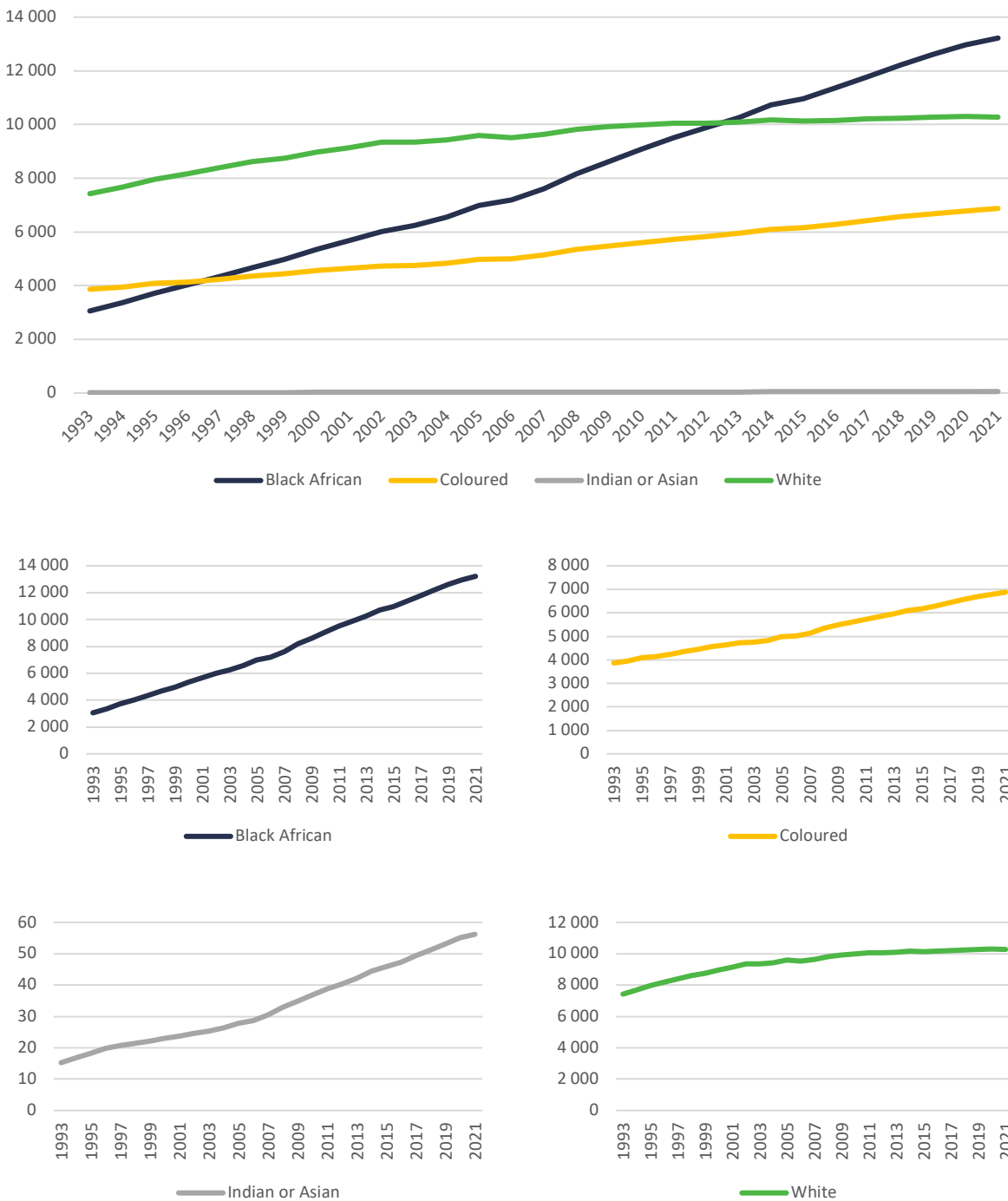
Source: Quantec Regional indicators 2020

b. Household growth trends

As shown in Figure 2-25 below, household trends are broadly the same as for the population. This is also true for the following graph showing the growth rates (Figure 2-26). However, the change dynamics in population and households are not precisely the same. Several essential aspects emerge when the two data sets are used to show household sizes and household size changes.

The number of black households has grown significantly and still shows the most robust growth of all population groups. The white households have increased over the assessed period but have stagnated in the last couple of years. Coloured households have seen consistent growth over the years, and Asian households have seen a sharp increase since 2008, but the household numbers remain low for this population group.

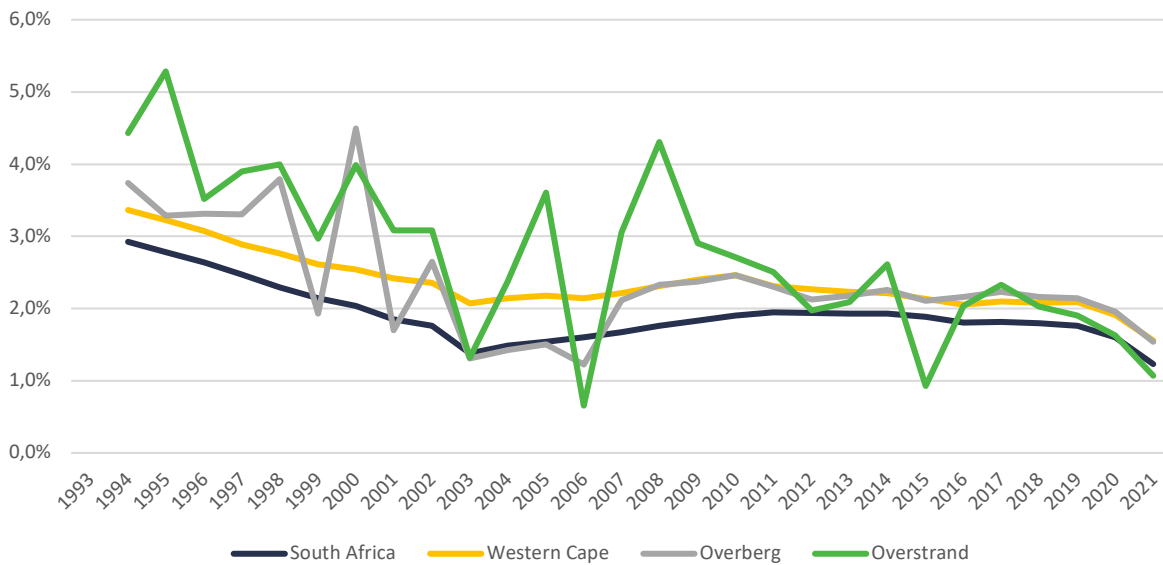
Figure 2-25: Household growth from 1993 to 2021



Source: Quantec Regional Indicators 2020

The corresponding growth rates are shown in Figure 2-26 below. The graph shows a similar trend for the country, province, district, and municipality, with the district and local municipality showing a significant drop in 2006.

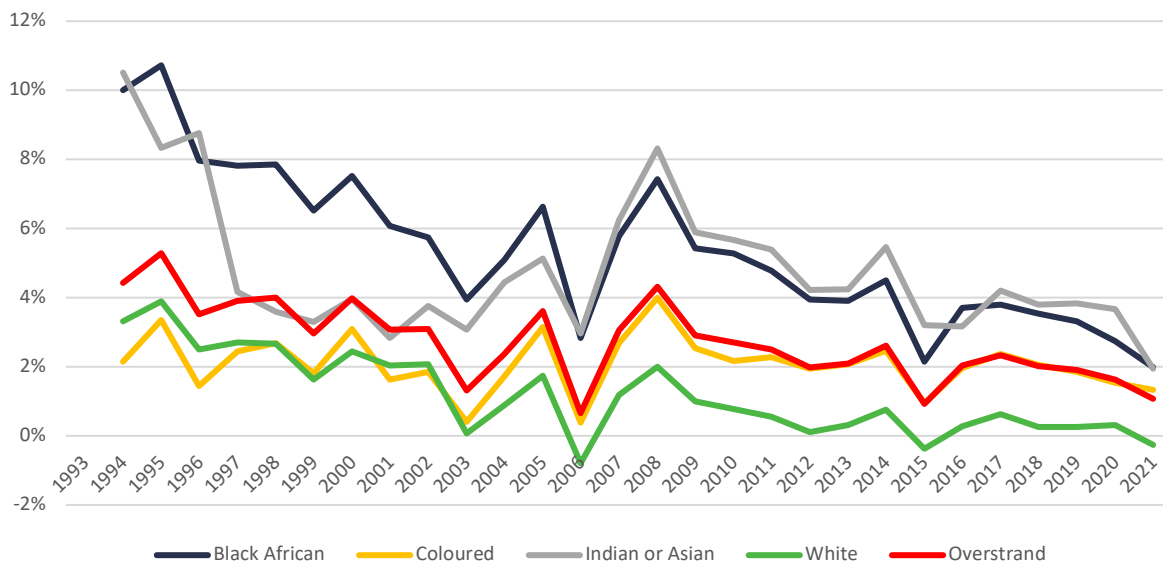
Figure 2-26: Comparative household growth rates from 1993 to 2021



Source: Quantec Regional indicators 2020

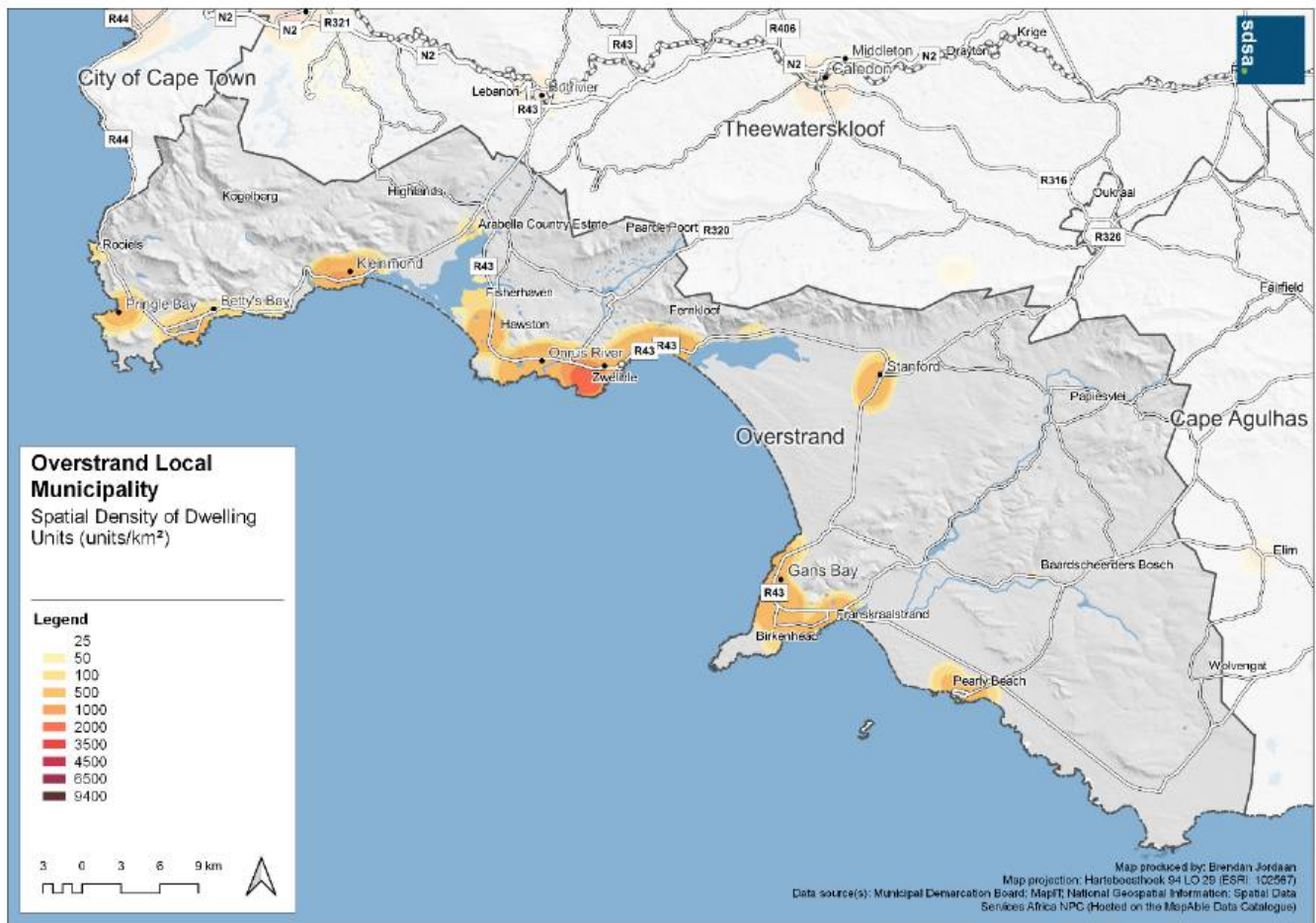
Figure 2-27 below confirms the growth rates and compares the municipality's household growth rates per population group. The Asian population group has the most robust growth in the municipality, but as previously mentioned, this group is very small compared to the others. The coloured group experienced a positive growth rate over the assessed period, with drops in 2003 to 2006 and is currently at 1.3%. The white population group has had a mostly positive growth rate, with negative growth rates in 2006 and 2015 in 2021, with a growth rate of negative 0.3%, the lowest of the municipality.

Figure 2-27: Household growth rates in municipality 1993 to 2021



Source: Quantec Regional indicators 2020

Figure 2-28 below shows household densities in the Municipality at a 2km kernel density. As expected, the overall densities follow a similar pattern to the population's spatial distribution. The highest densities are in the towns of Kleinmond, Zwebile and Gansbaai.

Figure 2-28: Household densities - Dwelling Units per km² (2km Kernel)


Source: SDSA (MapAble 2020)

c. Household size

Household size is an important indicator. In demographic terms, it relates to the stages of the demographic cycle, and decreasing household sizes is also an indicator of improving socio-economic conditions. However, increasing household sizes may also indicate economic stress leading to overcrowding and bigger households. Decreasing household sizes might also result from government housing programs that, in effect, encourage large family units to split up to access subsidised housing.

Table 2-15 below and Figure 2-29 show that household sizes have slightly decreased in the assessed period. This confirms the patterns in the sections above and correlates to the age structure analysis findings. An increase in an economically active population has resulted in smaller or more single-family households. The black and white population groups experienced a decrease in household size, while the coloured population group remained the same over the assessed period. The Asian population is the only group that experienced increased household sizes. Overall, the average household size in the Municipality decreased by 0.1.

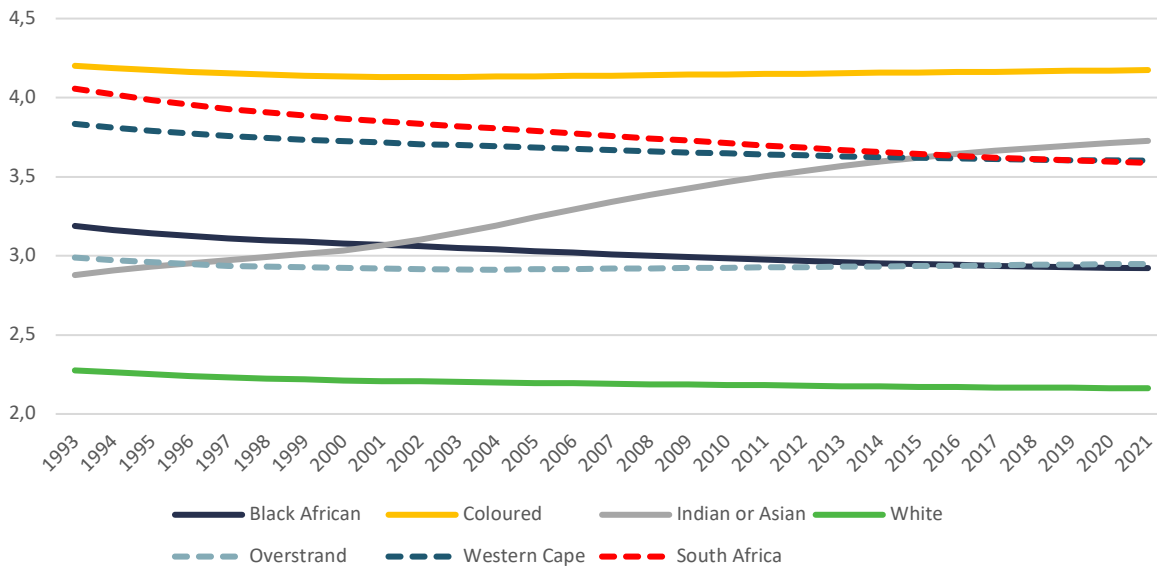
Table 2-15: Household size from 1995 to 2021

	1995	2000	2005	2010	2015	2021
Black population	3,1	3,1	3,0	3,0	2,9	2,9
Coloured population	4,2	4,1	4,1	4,1	4,2	4,2
Asian population	2,9	3,0	3,2	3,5	3,6	3,7

	1995	2000	2005	2010	2015	2021
White population	2,3	2,2	2,2	2,2	2,2	2,2
Average HH Size	3,0	2,9	2,9	2,9	2,9	2,9

Source: Quantec 2020

Figure 2-29: Household sizes by population group



Source: Quantec Regional indicators 2020

d. Head of Household

Gender is important in any development environment. The gender of household heads relates to many socio-economic and cultural practices and factors. Therefore, the data below should be interpreted within the context of the environment that is being assessed. In Table 2-16 below, most household heads are male in the municipality. However, female-headed households are increasing at a rate of 8% per annum compared to the 5% in male-headed households.

Table 2-16: Head of household by gender

	1996	2001	2011	2016
Male head of household	8 788	13 440	18 921	23 649
Female head of household	2 589	5 216	9 024	12 059
Unspecified	21	0	0	0
Total	11 399	18 656	27 945	35 709

Source: Census 1996, 2001, 2011/SDSA (MapAble 2020)/Community Survey 2016

e. Dwelling type

Housing backlogs and the demand for housing will always remain an issue in development and social support strategies in South Africa. Table 2-17 shows the different dwelling types in the Municipality under assessment. From Table 2-17, one can see that there has been an increase in the number of informal backyard dwellings growing at 12.55% per annum and informal housing, growing at 6.35% per annum. Interestingly the number of multiple housing has decreased from 1996 to 2016 at a rate of 9.8% per annum. This again reflects the municipality's economy and confirms the outcomes of the previously assessed sections.

Table 2-17: Dwelling type

	1996	2001	2011	2016
Traditional	306	346	344	174
House made of bricks	7 745	14 196	20 584	27 506
Flat	330	460	665	340
Multiple housing	724	232	686	92
Dwelling in backyard	331	247	350	248
Room/ granny flat	215	87	87	41
Informal	1 197	1 662	2 535	4 100
Informal dwelling in backyard	285	845	2 209	3 032
Other	265	581	484	176
Total	11 399	18 656	27 945	35 709

Source: Census 1996, 2001, 2011/ SDSA (MapAble 2020)/Community Survey 2016

Both in Table 2-16 and Table 2-17, one should note how the Community Survey 2016 total household figures deviate from other sources.

f. Dwelling ownership

Dwelling ownership data must be treated with caution. The data from the census below is based on the occupant's perceptions. There are many ownership systems available. If ownership is interpreted as freehold ownership in terms of a title deed, most South African areas are excluded from this form of ownership. This applies to tribal land and many of the townships in South Africa that were surveyed but never proclaimed.

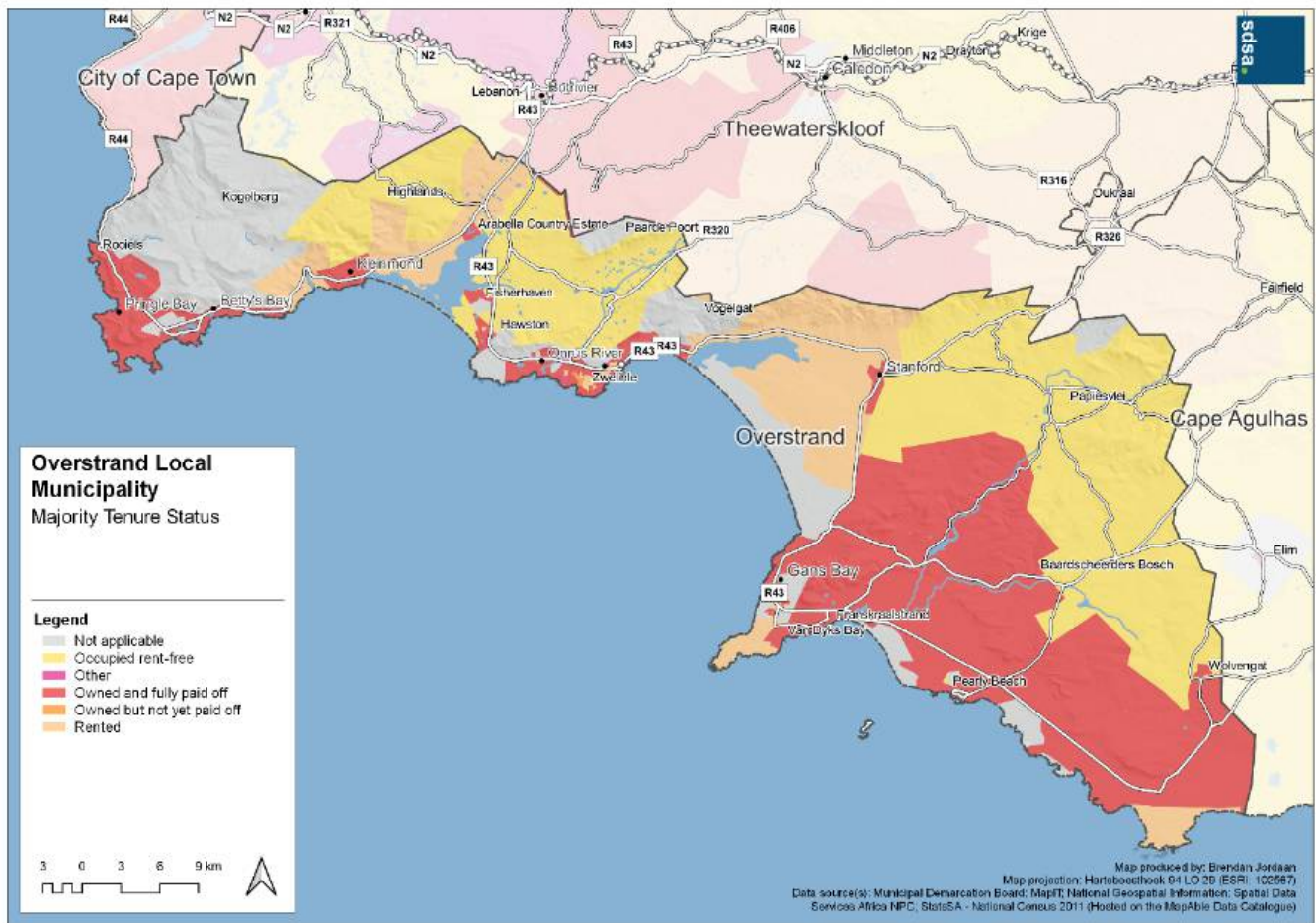
Table 2-18 below reflects the position as reported in the censuses.

Table 2-18: Dwelling ownership

	2001	2011	2016
Rented	4 482	8 691	10 773
Owned but not yet paid off	2 150	2 432	1 949
Occupied rent-free	3 221	3 472	2 489
Owned and fully paid off	8 422	12 581	16 882
Other	381	769	3 615
Total	18 656	27 945	35 709

Source: Census 1996, 2001, 2011/ SDSA (MapAble 2020)/Community Survey 2016

Figure 2-30: Majority tenure status



Source: Census 2011/ SDSA (MapAble 2020)

g. Household change and growth forecasts

Households and household change are among the most critical aspects of long-term planning in any area. The number of households translates into customer units, and households usually represent more than 97% of the customers in a municipality.

Except for the outdated censuses and community surveys, all official statistics used at a municipal or sub-municipal level are all derived from the mid-year population estimates of StatsSA. Quantec Regional indicators use mid-year estimates to calculate and calibrate their household figures. The differences in base year figures' sources are noticeable, and when these figures are projected for planning purposes, slight variations in numbers translate into significant differences over a twenty-year planning horizon.

The necessity to do forecasts is essential since it becomes the basis for all planning activities. For example, housing programmes, service delivery planning and budgets are all dependent on estimating and forecasting the long-term customer profiles of the service providers. As a previous section highlighted the challenges with population forecasts, housing units' forecasts are even more challenging. This does not imply that one should not do household forecasts, but it is crucial to monitor changes and patterns continuously. Therefore, a data and information monitoring system underlying any planning implementation system.

The following figures highlight current household data sources' implications for different forecast scenarios. StatsSA shows household data in the censuses for 1996, 2001 and 2011, community surveys for 2007 and 2016 and the mid-

year estimates. The data points are shown in Figure 2-31 below. The trendline shows an excellent correlation coefficient of 0.9 for the census trendline and on the mid-year estimates, and both show varying results. For example, the trend line for census data shows about 49 805 households by 2043, and the mid-year estimates show 53 559, a difference of 3 754 households.

Figure 2-31: Household projections based on StatsSA data

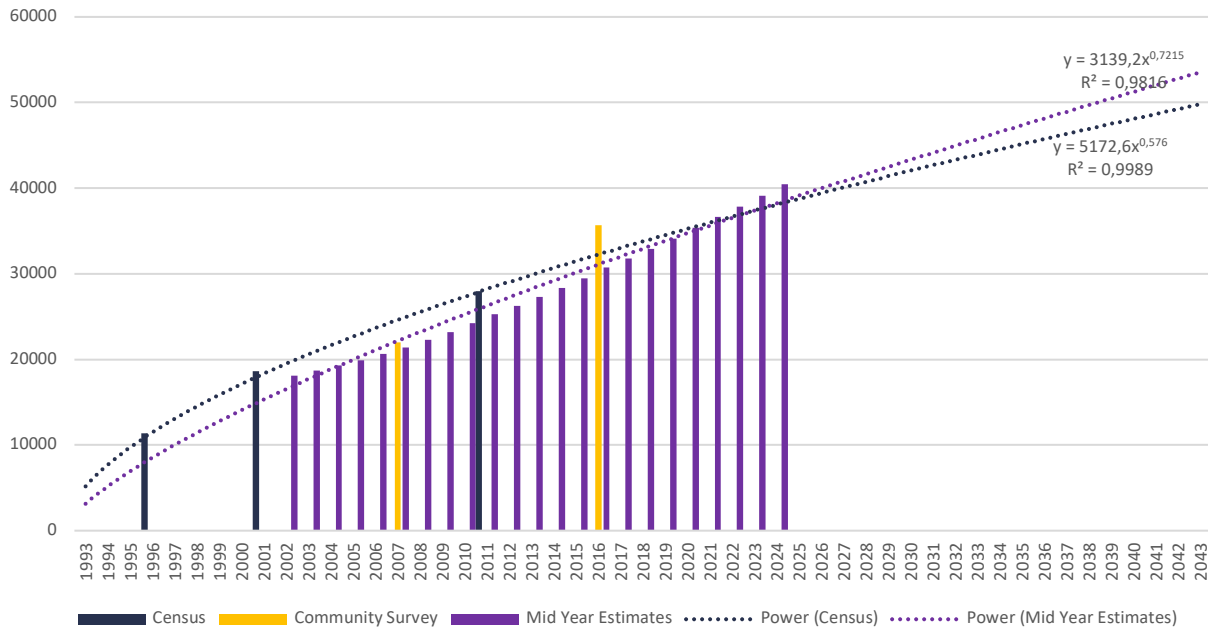
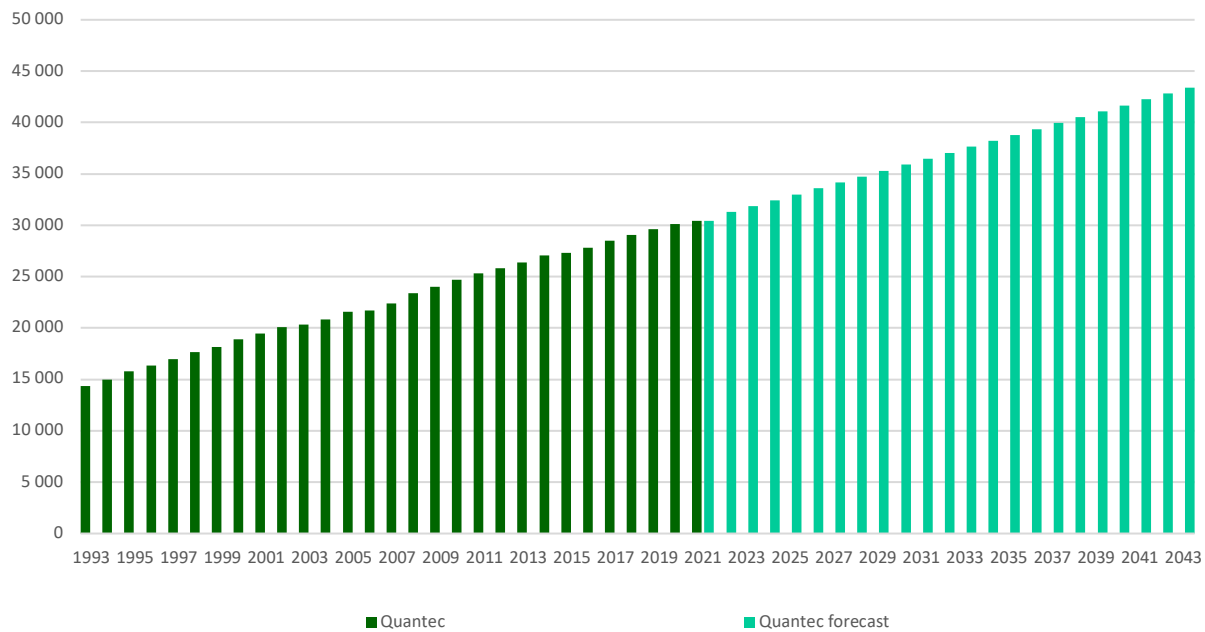


Figure 21: Household trends based on StatsSA data

Figure 2-32 below shows Quantec Regional indicators data, benchmarked to mid-year population estimates. The Quantec Regional Indicators forecast shows 43 409 households by 2043. This is a lower forecast than the mid-year estimate and census trends. The difference between the Quantec forecast and mid-year estimates forecast is about 10 000 households in 2043².

² A difference of 10 000 households is large in terms of the total numbers. In terms of infrastructure services, at a cost of R100 000 per stand in implies a capital investment of about R1bn. Accurate number are important and if it is not readily available planning growth monitoring becomes essential part of the total delivery system.

Figure 2-32: Household trends based on Quantec data



Source: Quantec Regional indicators 2020/SDSA 2021

The Mid-Year population estimates forecast and census data are within close margins from each other, but the Quantec forecast is nearly 10 000 households lower than the other data sets. This makes establishing long-term trends difficult. As a result, the growth uncertainty remains high and requires continuous growth monitoring.

The following household numbers in Table 2-19 support the identified trends.

Table 2-19: Projected household numbers

	2021	2025	2030	2035	2040	2043
Quantec forecast	30 427	33 012	35 900	38 788	41 677	43 409
Census trend	35 979	38 759	42 040	45 143	48 095	49 805
Mid-year population estimates trends	35 640	39 123	43 314	47 355	51 267	53 559

2.4 Economic profile

The economic profile of any area largely determines its resource base and the level of development it can sustain. Linked to local demographics, population and economic variables determine the demand for infrastructure and services to maintain long-term growth.

This section gives an overview of the local economy and will draw inferences based on information regarding long-term growth and development prospects. This section addresses several economic issues on a comparative geographical basis and includes the value of economic production of goods and services, employment, and household income and expenditure. This primarily descriptive section will be followed by a section dealing with relationships and performance in the economic environment. The main issues are the drivers in the local economy and specialisation levels in the economy.

Local and district municipalities are not demarcated as functional economic entities but as political-administrative units. This leads to several challenges in economic assessment. Amongst others, the following limitations should be considered:

- Economies, like a specific municipal area, are open and cannot be ring-fenced or isolated.
- Economic growth is affected by internationally linked markets; hence, supply and demand for goods and services cannot be determined locally alone.
- National fiscal policies are outside the control of local economies and are impossible to predict over the Long-Term.
- National and local politics impact local and national economies, and political stability levels are impossible to predict.
- Economic growth tends to follow cycles. These cycles are difficult to discount over the longer term.
- It is not possible to accurately discount the current COVID-19 crisis's long-term impact at a local level.

South Africa has a highly interventionist economy, and continuous efforts are made to manipulate economic development and growth. These interventions are not always based on rational economic decision-making but on socio-political agendas, such as the government's economic transformation agenda and the so-called "pro-poor" policies. The aim of these non-economic agendas is also specifically to alter the current or natural course of the economy. It becomes, therefore, virtually impossible to predict economic development outcomes based on existing trends and tendencies.

2.4.1 The value of economic production, good and services

Gross value added (GVA) is a measure of the value of goods and services produced in an area, industry, or economic sector. GVA is linked to gross domestic product (GDP), as both are output measures. Simplistically, GVA is the total of all revenues. The relationship is defined as:

$$GVA = GDP - (\text{taxes} + \text{subsidies})$$

Table 2-20 shows the GVA per sector in the Municipality from 1993 to 2021.

Table 2-20: GVA per annum per sector (R' million at 2015 constant prices)

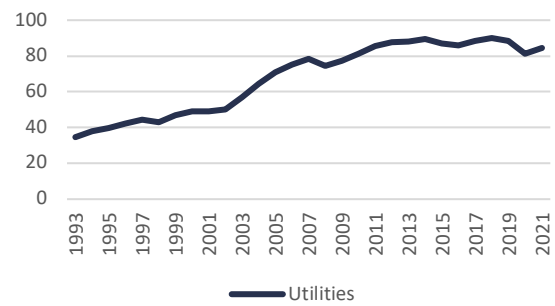
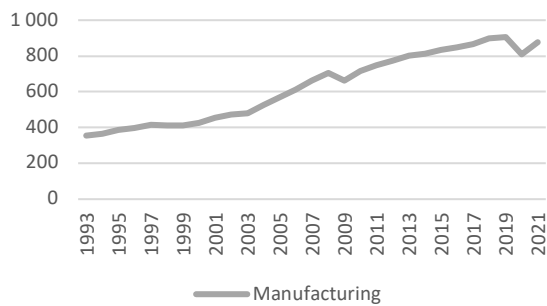
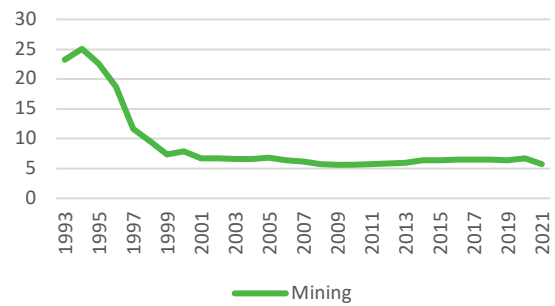
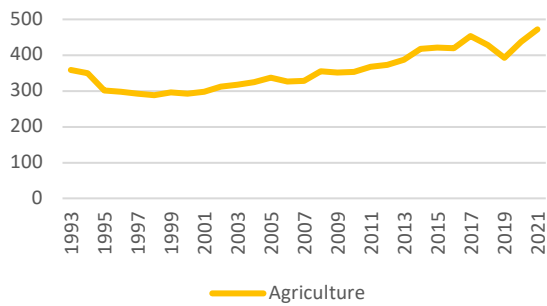
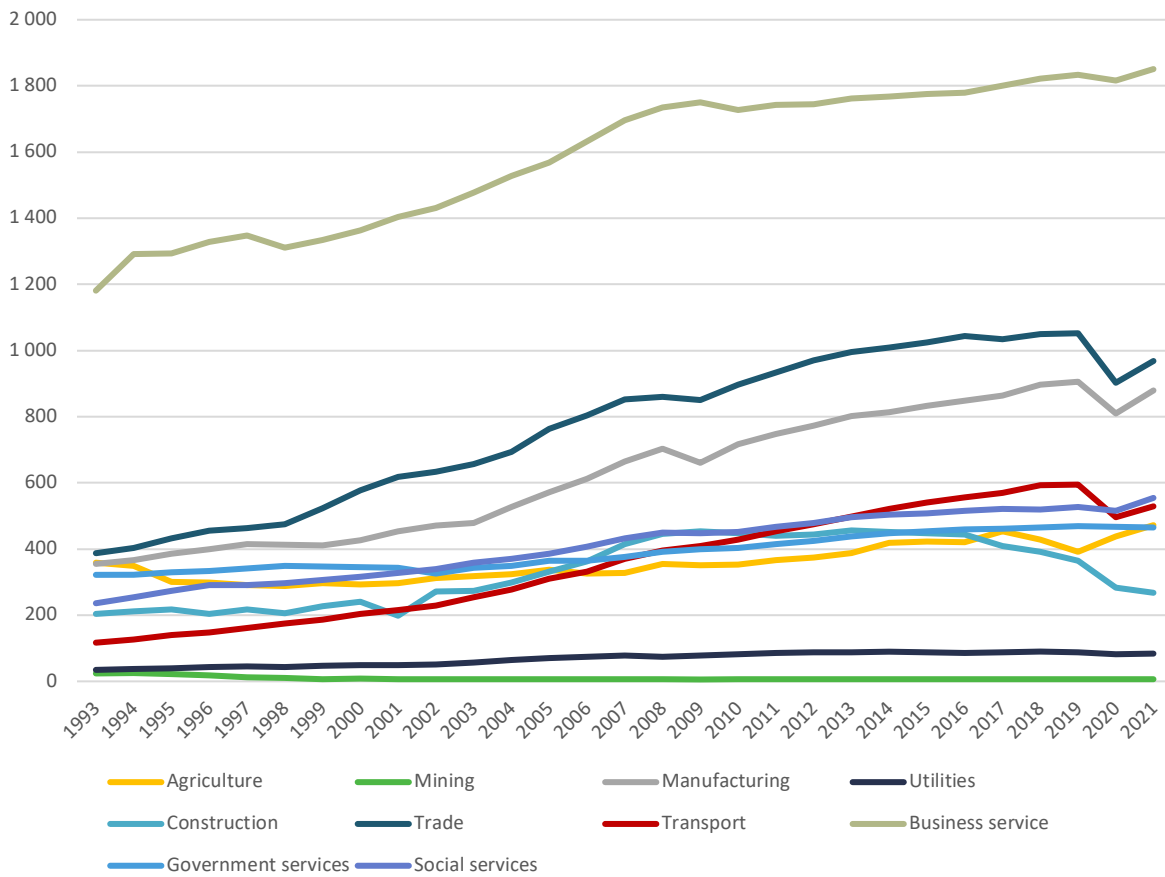
GVA	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Transport and Telecommunications	Business service	Government services	Social services	Total
1993	359	23	355	35	204	387	117	1 181	323	236	3 219
1994	349	25	367	38	211	403	126	1 292	322	254	3 387
1995	301	23	387	40	217	433	141	1 293	331	274	3 439
1996	298	19	399	42	203	456	149	1 329	334	292	3 519
1997	292	12	416	44	217	463	162	1 347	341	292	3 586
1998	288	10	413	43	206	475	175	1 311	348	297	3 567
1999	296	7	410	47	227	523	187	1 334	347	307	3 685
2000	292	8	427	49	241	578	204	1 363	346	316	3 825
2001	297	7	453	49	198	617	215	1 403	343	328	3 912
2002	313	7	471	50	271	633	230	1 431	327	339	4 072
2003	318	7	479	57	273	657	255	1 477	343	358	4 224
2004	325	7	527	65	298	694	276	1 529	349	371	4 440
2005	338	7	571	71	332	764	310	1 569	364	386	4 712
2006	326	6	612	75	363	803	332	1 633	365	408	4 923
2007	327	6	664	78	414	852	370	1 696	375	432	5 215

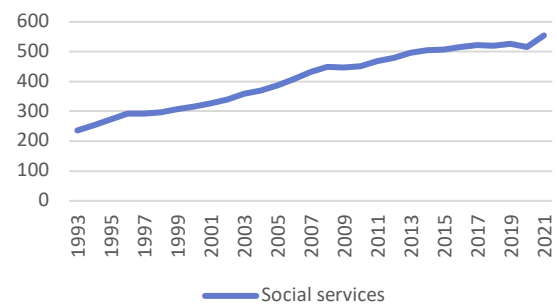
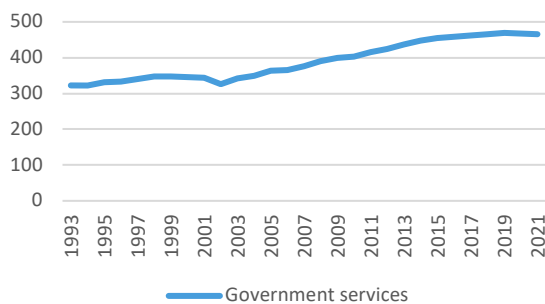
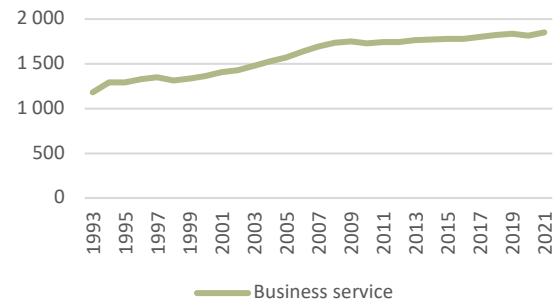
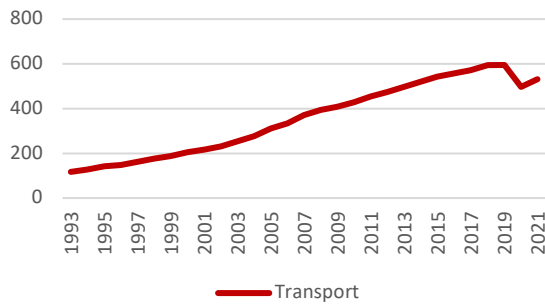
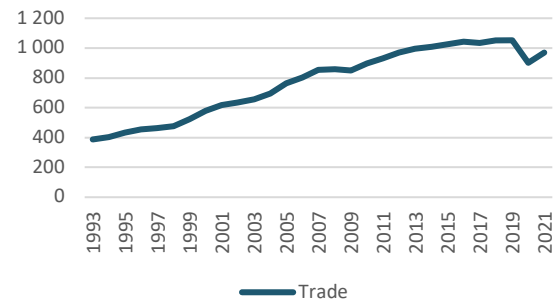
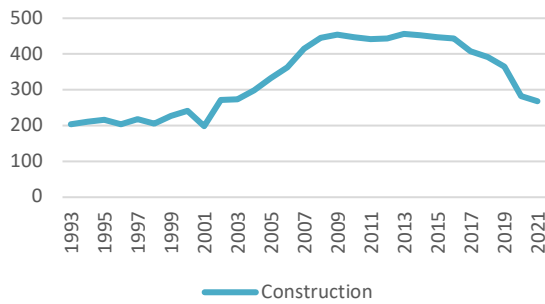
GVA	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Transport and Telecommunications	Business service	Government services	Social services	Total
2008	355	6	704	74	445	860	395	1 735	391	450	5 414
2009	351	6	662	77	454	850	409	1 751	400	448	5 407
2010	353	6	717	81	448	896	428	1 727	403	451	5 510
2011	367	6	747	86	441	933	454	1 743	416	468	5 660
2012	374	6	773	88	444	971	475	1 744	425	479	5 778
2013	388	6	803	88	456	995	498	1 762	437	496	5 929
2014	418	6	813	89	452	1 010	521	1 768	447	505	6 029
2015	422	6	832	87	448	1 024	541	1 775	454	508	6 098
2016	420	6	849	86	444	1 044	557	1 780	459	515	6 159
2017	453	6	864	88	408	1 034	570	1 801	462	521	6 209
2018	429	6	898	90	392	1 051	594	1 822	465	520	6 267
2019	392	6	906	88	365	1 052	595	1 833	469	527	6 233
2020	437	7	810	81	282	902	497	1 817	468	516	5 817
2021	472	6	879	85	267	969	530	1 851	465	555	6 078
% contribution	7,77%	0,09%	14,46%	1,39%	4,40%	15,94%	8,72%	30,45%	7,65%	9,12%	100,00%
Average growth	0,99%	-4,85%	3,29%	3,24%	0,98%	3,33%	5,55%	1,62%	1,31%	3,10%	2,30%

Source: Quantec Regional Indicators 2020

The Municipality has had an average annual economic growth rate of 2.3% during the period assessed. The most significant contributing sector is business services, contributing 30.45% to the local economy. The second-largest sector is trade at 15.94%, followed by Manufacturing at 14.46%. Most sectors' declined between the year 2019 to 2021 due to the Covid- 19 crisis, which is noticeable, except for agricultural, business, and social services, which continued to grow. On the other hand, the Transport and Telecommunications sector is the largest growing sector in the municipality, with a growth rate of 5.55%. These patterns are illustrated in Figure 2-33 below.

Figure 2-33: GVA per sector





Source: Quantec Regional indicators 2019

2.4.2 Employment

Employment and the level of employment directly impact the government sector's long-term financial well-being. Employment eventually translates into growth in all spheres of the government's potential revenue base. On the other hand, employment and eventual unemployment challenges increase poverty and the demand for the government's social support programmes.

a. Labour force characteristics

Table 2-21 below describes key labour force characteristics between 1995 and 2021. The following is evident:

- While the population grew at 3.54% per annum, the working-age population grew by 3.74% per annum. That is 0.2% more than the population growth rate.
- The economy's ability to employ new job-seekers increased by 0.11% per annum.

Table 2-21: Labour absorption and participation

	1995	2000	2005	2010	2015	2021	Average pa%
Population - Total	46 729	55 286	62 953	72 208	80 083	89 758	3,54%
Population - Working Age	29 593	35 925	41 921	48 557	53 004	58 396	3,74%
Absorption rate	63,33%	64,98%	66,59%	67,25%	66,19%	65,06%	0,11%
Not economically active	5 156	8 900	10 111	13 638	12 394	17 275	9,04%
Labour force participation rate	82,6	75,2	75,9	71,9	76,6	70,4	-0,57%

Source: Quantec Regional Indicators 2020

b. Employment and skills levels

The workforce and its employment characteristics are important. The relationships between formal and informal employment and the employment of different skill levels indicate the local economy's general well-being and stress points, which eventually impact the demand for and the council's ability to deliver services.

Table 2-22: Workforce characteristics

	1995	2000	2005	2010	2015	2021	Average change pa%
Employed - Formal and informal	23 848	25 621	28 612	30 601	35 695	31 621	1,25%
Employed - Formal - Total	18 192	19 394	19 783	19 275	22 773	23 678	1,16%
Employed - Formal - Skilled	3 722	3 730	3 954	4 145	4 948	5 428	1,76%
Employed - Formal - Semi-skilled	7 877	8 163	8 767	8 580	10 331	10 827	1,44%
Employed - Formal - Low skilled	6 593	7 501	7 062	6 550	7 494	7 423	0,48%
Employed - Informal	5 656	6 227	8 829	11 326	12 922	7 943	1,56%
Unemployed	589	1 404	3 198	4 318	4 915	9 500	58,24%
Unemployment rate (%)	2,4%	5,2%	10,1%	12,4%	12,1%	23,1%	33,05%

Source: Quantec Regional Indicators 2020

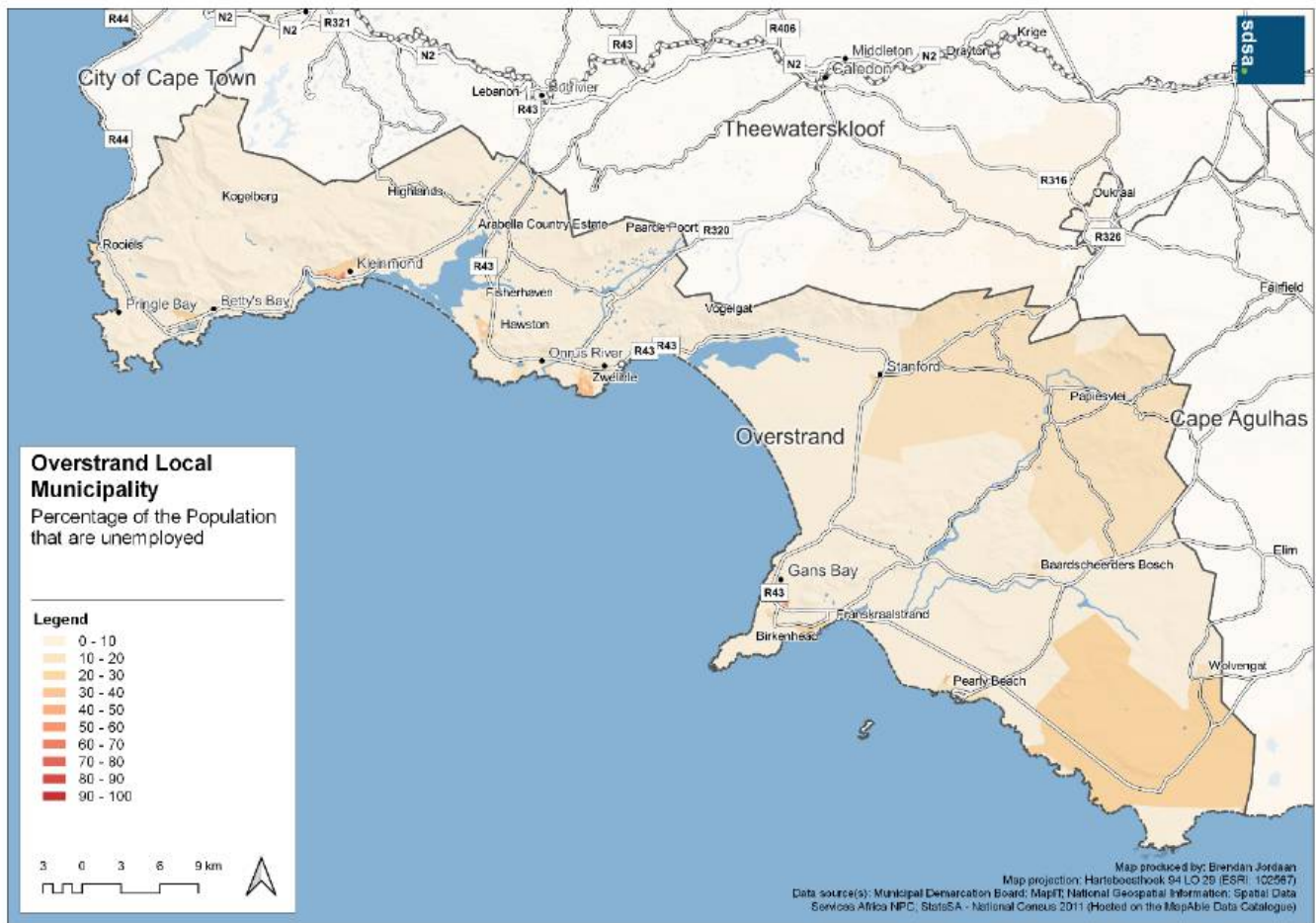
A distinction is made between skilled, semi- or unskilled (low-skilled) employment in the formal sector. Table 2-22 shows that skilled people's growth is 1.78% lower than general population growth (3.54% per annum) at 1.76%, while semi-skilled employment increased by 1.44% per annum. On the other hand, unskilled employment increased by 0.48% per annum. The net result is that total formal employment increased by 1.16%. In 1995, an estimated 18 192 formally employed persons were in the area, and the figure for 2021 was 23 678.

Employment within the informal sector continues to increase. This represents an increase of more than 2 000 informal job opportunities since 1995. Only two options remain when the economically active people's growth is considered: they either find employment in the informal sector or remain unemployed.

The informal sector experienced a 1.56% increase per annum. However, by definition, the informal sector is unrecorded and outside the municipal financial resource base's scope and does not usually allow direct cost recovery measures and taxation.

Total employment increased by 1.25%, below the growth of the active economic population. This means unemployment has grown by 58.24% per annum. The unemployment rate stood at 2.4% in 1995 and increased to 23.1% in 2021.

Figure 2-34: The spatial distribution of unemployed 2011



Source: Census 2011

c. Level of education

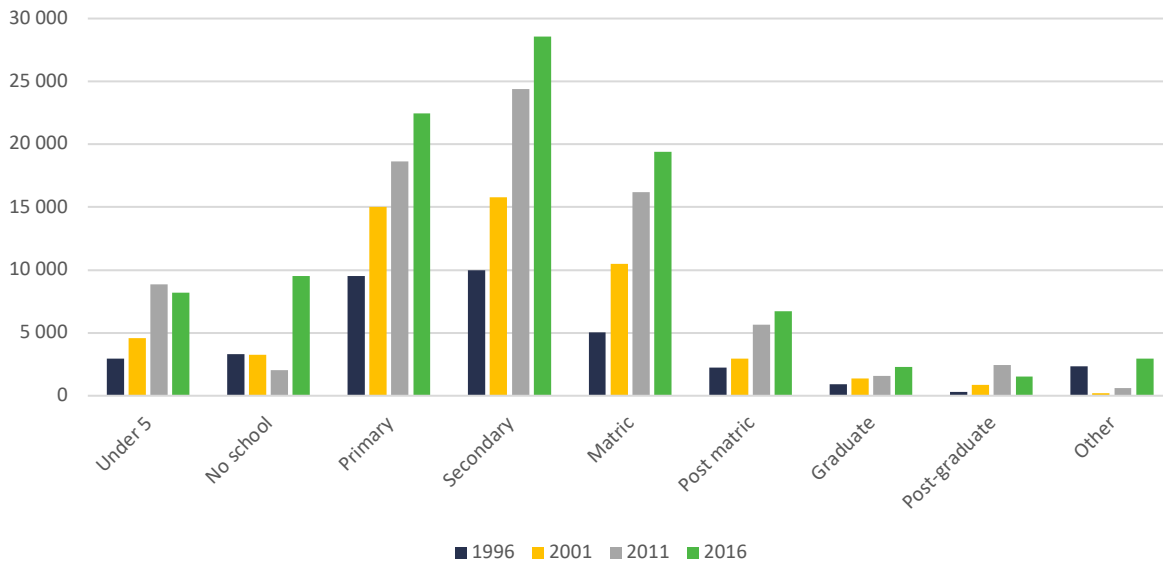
Education is pivotal in the development process. Skill levels are derivatives of levels of education. The following table shows the level of education in the area. Table 2-23 and Figure 2-35 below indicate that the Municipality has increased the total number of people with primary, secondary and matric qualifications. However, those with no schooling have increased drastically since 2011. The increase in education levels can result from expanding education services in the Municipality and the migration of skilled labourers into the municipality.

Table 2-23: The highest level of education

	1996	2001	2011	2016
Under 5	2 975	4 559	8 856	8 201
No school	3 310	3 269	2 016	9 515
Primary	9 511	15 003	18 624	22 443
Secondary	9 997	15 782	24 368	28 555
Matric	5 039	10 494	16 177	19 389
Post matric	2 265	2 969	5 628	6 708
Graduate	925	1 399	1 597	2 314
Post-graduate	314	856	2 443	1 523
Other	2 344	216	630	2 932
Total	36 680	54 547	80 338	93 380

Source: Census data/ Community Survey 2016

Figure 2-35: Change in level of education



Source: Census data/ Community Survey 2016

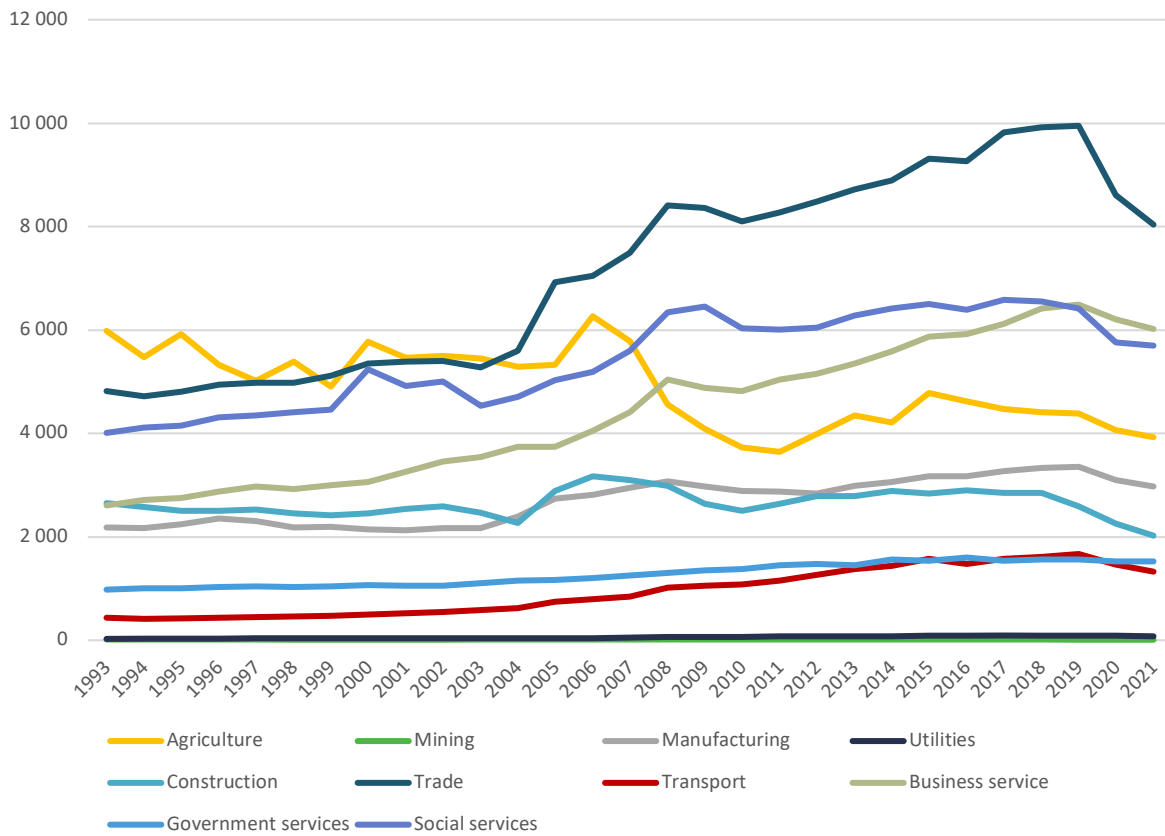
d. A change perspective on employment and unemployment (Labour)

This section assesses the employment per sector and how it changed over time. The period under investigation stretches from 1993 to 2021. The trade sector is the largest employer in the municipality, employing 25.41% of the labour force. The second-largest contributor to employment is the business service sector at 19.05%. Social services are responsible for 18.02% of jobs. Almost all sectors have shown an increase in the number of people employed, with a total average increase of 1.07%. On the other hand, agriculture, mining and construction are the sectors that have shed labour at a rate of 1.55%, 0.35% and 0.99% per annum, respectively.

The annualised employment changes per sector below show how much employment can fluctuate in the short term. Therefore, it is appropriate to monitor tendencies continuously, but long-term trends remain essential for strategic decision-making and planning.

These changes are reflected in Figure 2-36 below. Table 2-24 shows the extent of employment per sector, while Table 2-25 presents each industry's percentage share over time to the labour force.

Figure 2-36: Employment per sector



Source: Quantec Regional indicators 2020

Table 2-24: The extent of employment per sector

Employment	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Transport	Business service	Government services	Social services	Total
1993	5 979	11	2 182	32	2 650	4 813	432	2 607	979	4 010	23 695
1994	5 475	11	2 169	31	2 574	4 718	414	2 708	1 003	4 107	23 210
1995	5 926	11	2 238	31	2 506	4 810	423	2 746	1 011	4 146	23 848
1996	5 321	11	2 353	31	2 509	4 938	437	2 873	1 029	4 305	23 807
1997	5 016	11	2 306	33	2 529	4 983	449	2 973	1 039	4 350	23 689
1998	5 390	10	2 182	36	2 450	4 985	463	2 924	1 032	4 413	23 885
1999	4 902	10	2 196	36	2 420	5 118	478	2 995	1 043	4 464	23 662
2000	5 770	10	2 139	35	2 456	5 348	501	3 056	1 066	5 240	25 621
2001	5 466	10	2 127	35	2 540	5 392	523	3 256	1 050	4 922	25 321
2002	5 505	10	2 166	36	2 593	5 401	548	3 451	1 058	4 999	25 767
2003	5 446	11	2 170	34	2 471	5 281	586	3 546	1 110	4 540	25 195
2004	5 289	12	2 389	37	2 269	5 602	626	3 737	1 150	4 710	25 821
2005	5 321	14	2 742	42	2 883	6 922	749	3 747	1 167	5 025	28 612
2006	6 266	11	2 817	45	3 171	7 049	791	4 057	1 202	5 185	30 594
2007	5 785	14	2 950	51	3 096	7 490	841	4 415	1 247	5 599	31 488

Employment	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Transport	Business service	Government services	Social services	Total
2008	4 561	15	3 076	62	2 989	8 410	1 015	5 041	1 302	6 346	32 817
2009	4 094	11	2 979	62	2 634	8 357	1 049	4 876	1 348	6 456	31 866
2010	3 732	11	2 881	65	2 504	8 095	1 077	4 818	1 381	6 037	30 601
2011	3 644	11	2 870	71	2 643	8 269	1 158	5 036	1 453	6 003	31 158
2012	3 995	12	2 840	75	2 782	8 486	1 266	5 151	1 472	6 041	32 120
2013	4 351	11	2 992	77	2 786	8 713	1 378	5 351	1 452	6 281	33 392
2014	4 217	12	3 064	81	2 893	8 888	1 438	5 592	1 566	6 414	34 165
2015	4 785	13	3 178	86	2 832	9 310	1 574	5 876	1 540	6 501	35 695
2016	4 624	13	3 173	90	2 894	9 268	1 480	5 921	1 600	6 387	35 450
2017	4 474	13	3 277	92	2 852	9 815	1 570	6 114	1 533	6 583	36 323
2018	4 404	12	3 336	90	2 844	9 914	1 611	6 422	1 556	6 555	36 744
2019	4 390	10	3 354	88	2 592	9 949	1 668	6 491	1 558	6 416	36 516
2020	4 067	10	3 103	84	2 254	8 610	1 468	6 211	1 526	5 763	33 096
2021	3 923	10	2 971	81	2 023	8 035	1 326	6 024	1 531	5 697	31 621
% contribution	12,41%	0,03%	9,40%	0,26%	6,40%	25,41%	4,19%	19,05%	4,84%	18,02%	100,00%
Average growth	-1,55%	-0,35%	1,15%	3,50%	-0,99%	1,92%	4,24%	3,15%	1,67%	1,31%	1,07%

Source: Quantec Regional Indicators 2020

Table 2-25: Share of labour force per sector

	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Transport	Business service	Government services	Social services
1993	25,23%	0,05%	9,21%	0,14%	11,18%	20,31%	1,82%	11,00%	4,13%	16,92%
1994	23,59%	0,05%	9,35%	0,13%	11,09%	20,33%	1,78%	11,67%	4,32%	17,69%
1995	24,85%	0,05%	9,38%	0,13%	10,51%	20,17%	1,77%	11,51%	4,24%	17,39%
1996	22,35%	0,05%	9,88%	0,13%	10,54%	20,74%	1,84%	12,07%	4,32%	18,08%
1997	21,17%	0,05%	9,73%	0,14%	10,68%	21,04%	1,90%	12,55%	4,39%	18,36%
1998	22,57%	0,04%	9,14%	0,15%	10,26%	20,87%	1,94%	12,24%	4,32%	18,48%
1999	20,72%	0,04%	9,28%	0,15%	10,23%	21,63%	2,02%	12,66%	4,41%	18,87%
2000	22,52%	0,04%	8,35%	0,14%	9,59%	20,87%	1,96%	11,93%	4,16%	20,45%
2001	21,59%	0,04%	8,40%	0,14%	10,03%	21,29%	2,07%	12,86%	4,15%	19,44%
2002	21,36%	0,04%	8,41%	0,14%	10,06%	20,96%	2,13%	13,39%	4,11%	19,40%
2003	21,62%	0,04%	8,61%	0,13%	9,81%	20,96%	2,33%	14,07%	4,41%	18,02%
2004	20,48%	0,05%	9,25%	0,14%	8,79%	21,70%	2,42%	14,47%	4,45%	18,24%
2005	18,60%	0,05%	9,58%	0,15%	10,08%	24,19%	2,62%	13,10%	4,08%	17,56%
2006	20,48%	0,04%	9,21%	0,15%	10,36%	23,04%	2,59%	13,26%	3,93%	16,95%
2007	18,37%	0,04%	9,37%	0,16%	9,83%	23,79%	2,67%	14,02%	3,96%	17,78%
2008	13,90%	0,05%	9,37%	0,19%	9,11%	25,63%	3,09%	15,36%	3,97%	19,34%
2009	12,85%	0,03%	9,35%	0,19%	8,27%	26,23%	3,29%	15,30%	4,23%	20,26%
2010	12,20%	0,04%	9,41%	0,21%	8,18%	26,45%	3,52%	15,74%	4,51%	19,73%
2011	11,70%	0,04%	9,21%	0,23%	8,48%	26,54%	3,72%	16,16%	4,66%	19,27%
2012	12,44%	0,04%	8,84%	0,23%	8,66%	26,42%	3,94%	16,04%	4,58%	18,81%

	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Transport	Business service	Government services	Social services
2013	13,03%	0,03%	8,96%	0,23%	8,34%	26,09%	4,13%	16,02%	4,35%	18,81%
2014	12,34%	0,04%	8,97%	0,24%	8,47%	26,01%	4,21%	16,37%	4,58%	18,77%
2015	13,41%	0,04%	8,90%	0,24%	7,93%	26,08%	4,41%	16,46%	4,31%	18,21%
2016	13,04%	0,04%	8,95%	0,25%	8,16%	26,14%	4,17%	16,70%	4,51%	18,02%
2017	12,32%	0,04%	9,02%	0,25%	7,85%	27,02%	4,32%	16,83%	4,22%	18,12%
2018	11,99%	0,03%	9,08%	0,24%	7,74%	26,98%	4,38%	17,48%	4,23%	17,84%
2019	12,02%	0,03%	9,19%	0,24%	7,10%	27,25%	4,57%	17,78%	4,27%	17,57%
2020	12,29%	0,03%	9,38%	0,25%	6,81%	26,02%	4,44%	18,77%	4,61%	17,41%
2021	12,41%	0,03%	9,40%	0,26%	6,40%	25,41%	4,19%	19,05%	4,84%	18,02%

Source: Quantec Regional Indicators 2020

2.4.3 Household income and expenditure

a. Household income categories

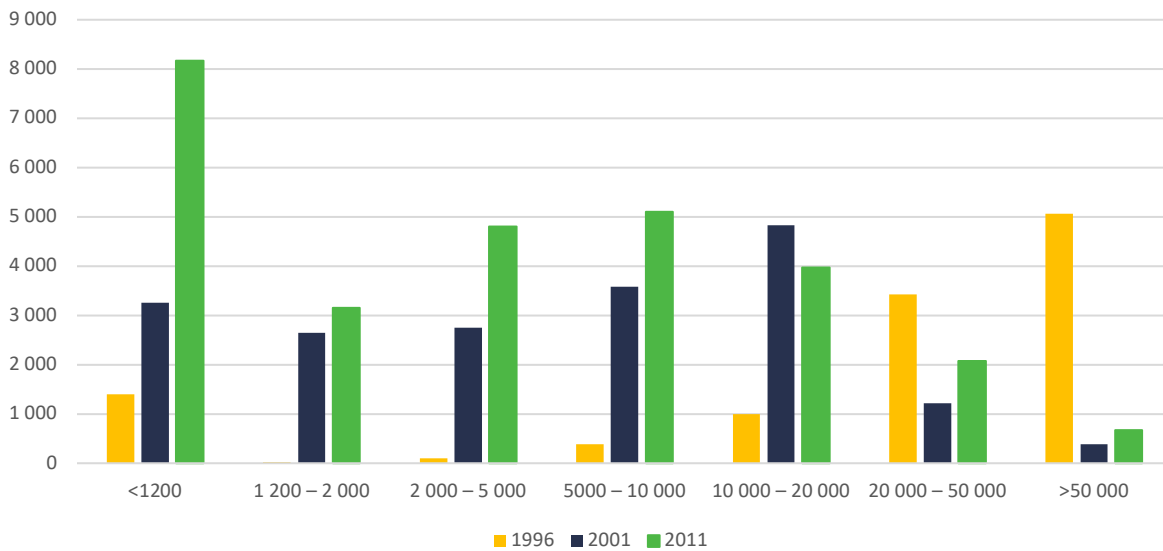
Household income and consumption expenditure directly impact the municipal area's potential revenue base. This section shows household income distribution for the municipality. Table 2-26 indicates how the population has become poorer. The number of households whose income is below R1,200 per month has increased from 12% in 1996 to 29% in 2011. On the other hand, households earning more than R50,000 per month decreased from 44% in 1996 to 2% in 2011. This is concerning as it significantly impacts the municipality's revenue base and its ability to sustain itself financially.

Table 2-26: Distribution of household income (R/month)

Income group (Rands)	1996		2001		2011	
	Count	%	Count	%	Count	%
<1200	1 405	12%	3 253	17%	8 166	29%
1 200 – 2 000	26	0%	2 644	14%	3 159	11%
2 000 – 5 000	97	1%	2 746	15%	4 800	17%
5000 – 10 000	392	3%	3 580	19%	5 099	18%
10 000 – 20 000	991	9%	4 828	26%	3 974	14%
20 000 – 50 000	3 431	30%	1 222	7%	2 081	7%
>50 000	5 059	44%	383	2%	666	2%
Total	11 399	100%	18 656	100%	27 945	100%

Source: Census 1996, 2001, 2011

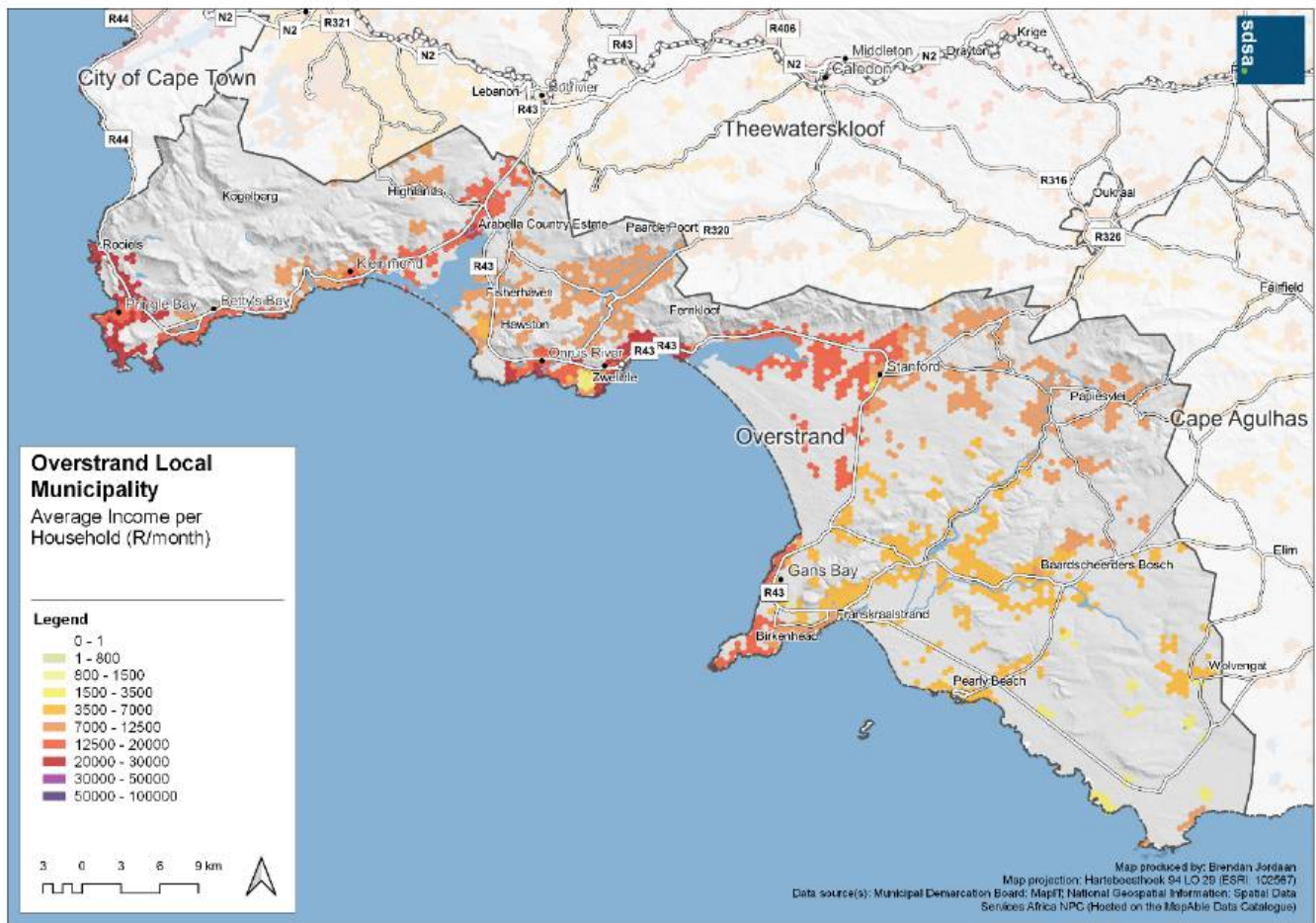
Figure 2-37: Comparative household income distributions 2011



Source: Census 1996, 2001, 2011

Figure 2-38 below illustrates the spatial distribution of the income per household. The average household income distribution clearly shows a concentration of higher-income households in and around Hermanus and Pringle Bay. The more inland rural areas of the Municipality are the poorer regions. However, the density of people has a significant impact on the overall buying power of a neighbourhood. This explains why large retail developments are viable in more impoverished areas. However, one should expect that the retail and product mix will substantially differ between the high, medium and low-income areas.

Figure 2-38: Income per household



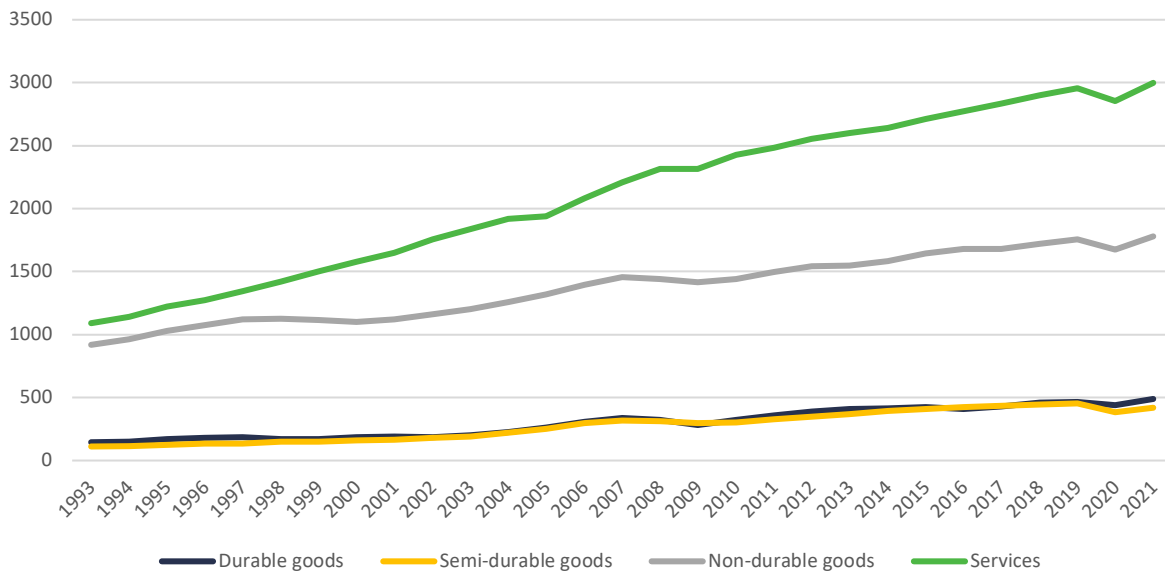
Source: Census 2011/SDSA (SDSA 2020)

b. Consumption and expenditure

Household final consumption expenditure (HFCE) is a transaction of the national account's use of income account representing consumer spending. It consists of the expenditure incurred by resident households on individual consumption goods and services, including those sold at prices that are not economically significant. It also includes various kinds of imputed expenditure, of which the imputed rent for services of owner-occupied housing (imputed rents) is generally the most important. The household sector covers not only those living in traditional households but also those living in communal establishments, such as retirement homes, boarding houses and prisons.

HFCE is measured at purchasers' prices which is the price the purchaser pays at the time of the purchase. It includes non-deductible value-added tax and other taxes on products, transport and marketing costs and tips paid over and above stated prices.

Figure 2-39: Household consumption and expenditure



Source: Quantec Regional indicators

The figure above shows household expenditure on four categories of goods and services. The first noticeable fact is the steep incline in expenditure on services and non-durable goods while expenditure on durable and semi-durable goods grew very slowly. It implies that there is pressure on households to survive harsh economic conditions. This is particularly noticeable after the economic downturn in 2008. As a result, the sale of durable goods dipped, and expenditure on non-durable goods and services increased sharply during the same period. The expanded consumption profile of the Municipality is shown in the figure below, which describes a detailed breakdown of expenditure. The significant proportional expenditure on non-durable goods, such as food, points to a lower-income consumer base.

Figure 2-40: Expanded consumption profile 2021

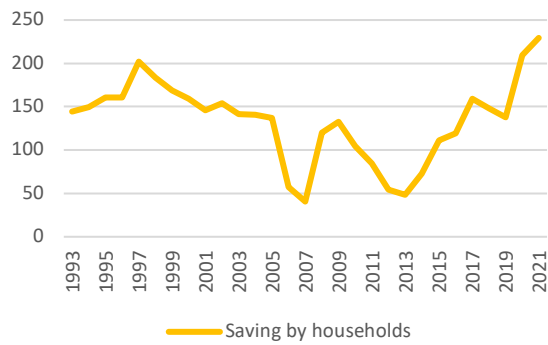
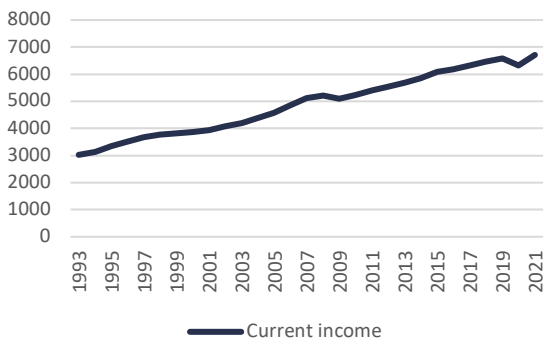
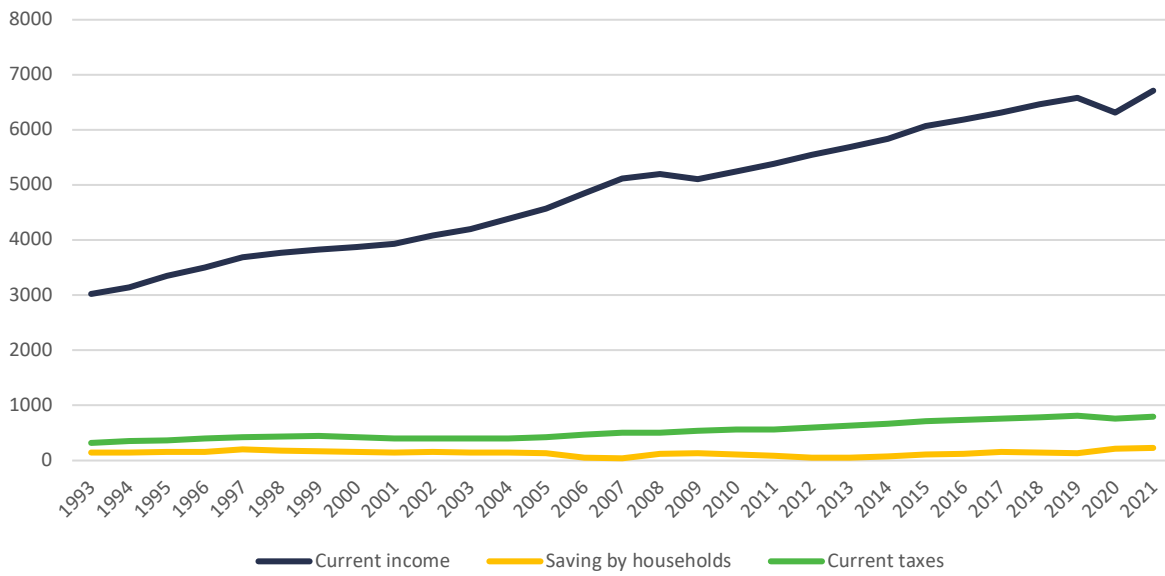


Source: Quantec Regional indicators

c. Current income and savings

Changes in current income and savings are key contributors to economic growth and investment. Figure 2-41 shows how income increased while savings remained relatively modest. Savings remained positive but clearly responded to economic downturns. As a result, savings are decreasing relative to increases in income. Not only do households put their long-term security at risk, but it also deprives the economy of much-needed resources. Savings directly impact the long-term ability of households to meet their commitments, including paying for municipal services. Moreover, sharp increases in income tax largely offset the benefits of increasing income.

Figure 2-41: Income, savings and taxes



Source: Quantec Regional indicators

2.4.4 GVA and employment

The last aspect of employment is its relation to GVA. The GVA/employment ratio change is an indicator of the extent to which a sector is capital intensive or at least its propensity to shed labour over the Long-Term.

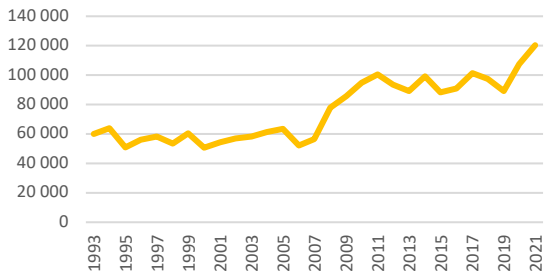
Table 2-27: GVA per employment

	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Transport	Business service	Government services	Social services	per Average worker
1993	60 001	2 110 000	162 724	1 082 594	76 826	80 478	270 572	453 034	329 663	58 859	135 864
1994	63 763	2 277 636	169 013	1 228 323	81 851	85 464	304 787	477 151	321 224	61 762	145 923
1995	50 850	2 054 545	172 819	1 286 258	86 482	90 034	332 662	470 810	327 044	66 131	144 194
1996	55 973	1 706 455	169 462	1 363 903	80 920	92 373	339 847	462 427	324 437	67 758	147 831
1997	58 136	1 061 909	180 287	1 343 818	85 937	92 881	361 339	453 078	328 352	67 054	151 363
1998	53 465	960 800	189 291	1 191 083	84 098	95 384	377 693	448 487	337 462	67 350	149 339
1999	60 479	737 400	186 893	1 299 778	93 605	102 132	391 778	445 361	332 856	68 679	155 742
2000	50 672	788 400	199 820	1 401 257	98 151	108 079	407 407	445 976	324 477	60 304	149 279
2001	54 316	672 100	213 050	1 401 829	78 115	114 501	411 870	430 981	327 063	66 605	154 479
2002	56 807	665 800	217 456	1 395 278	104 554	117 278	418 993	414 639	308 675	67 882	158 016
2003	58 428	604 000	220 651	1 678 529	110 416	124 485	435 065	416 570	308 973	78 840	167 651
2004	61 370	552 000	220 689	1 745 162	131 484	123 919	441 655	409 048	303 139	78 719	171 953
2005	63 506	487 571	208 147	1 691 310	115 234	110 383	413 383	418 680	312 266	76 909	164 690
2006	51 956	582 636	217 254	1 669 178	114 385	113 910	420 049	402 485	303 890	78 671	160 916
2007	56 610	443 214	224 957	1 534 627	133 839	113 736	440 113	384 128	300 996	77 153	165 625
2008	77 764	381 800	228 797	1 199 758	148 900	102 219	388 812	344 276	300 419	70 848	164 981
2009	85 783	510 727	222 076	1 249 484	172 287	101 719	389 954	359 064	296 493	69 320	169 672
2010	94 663	511 727	248 972	1 248 908	178 732	110 705	397 604	358 400	292 098	74 709	180 075
2011	100 651	525 364	260 206	1 206 634	166 783	112 870	392 230	346 086	286 151	77 930	181 649
2012	93 538	484 917	272 242	1 167 733	159 637	114 393	375 162	338 643	288 422	79 226	179 874
2013	89 107	543 364	268 279	1 145 390	163 766	114 245	361 369	329 258	301 280	78 911	177 562
2014	99 219	533 167	265 362	1 102 975	156 241	113 582	362 065	316 212	285 401	78 703	176 478
2015	88 183	492 846	261 883	1 010 081	158 076	110 002	343 870	302 138	294 852	78 134	170 834
2016	90 862	497 538	267 498	956 078	153 345	112 599	376 239	300 556	286 827	80 587	173 733
2017	101 291	496 923	263 800	959 359	143 098	105 371	363 028	294 558	301 155	79 190	170 927
2018	97 313	536 417	269 043	1 000 278	137 920	105 966	368 597	283 785	299 081	79 258	170 546
2019	89 351	634 500	270 032	1 003 568	140 720	105 764	356 547	282 385	301 164	82 136	170 705
2020	107 526	674 900	260 879	965 643	125 325	104 818	338 537	292 467	306 406	89 565	175 757
2021	120 337	577 100	295 775	1 044 840	132 142	120 566	399 667	307 253	303 681	97 340	192 202
Growth	2,11%	-3,99%	1,70%	-0,41%	1,76%	0,95%	0,80%	-1,55%	-0,26%	1,51%	0,92%

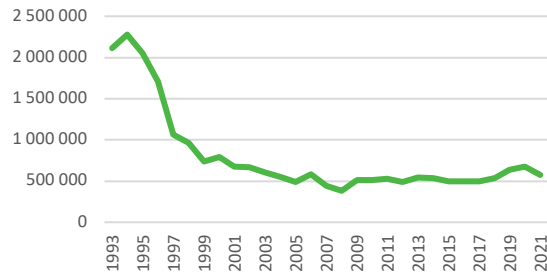
Source: Quantec Regional indicators 2020/SDSA 2021

Figure 2-42: GVA per employment opportunity at constant 2015 prices

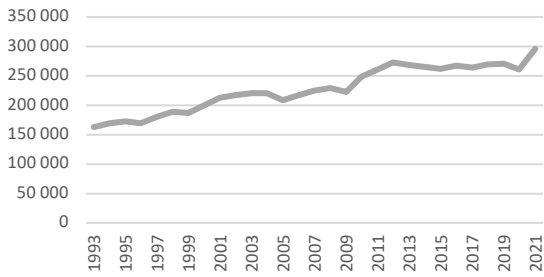
Agriculture



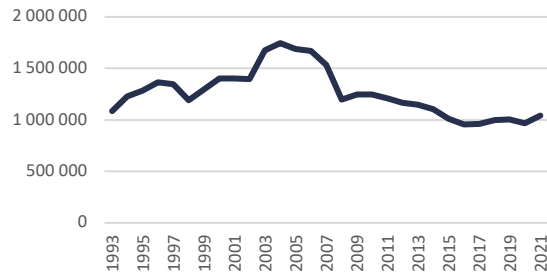
Mining



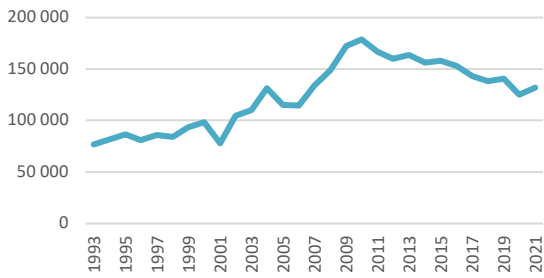
Manufacturing



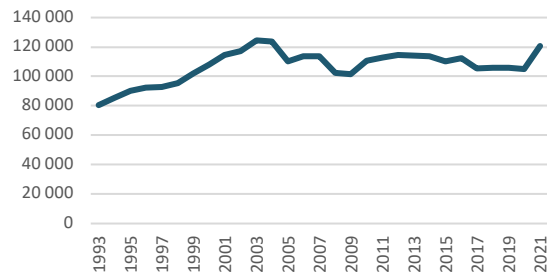
Utilities



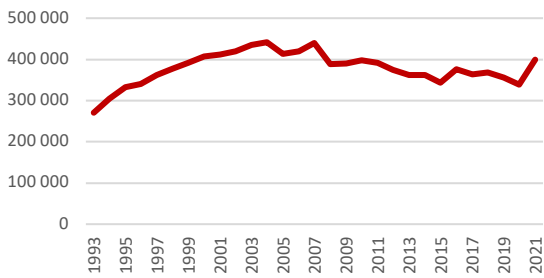
Construction



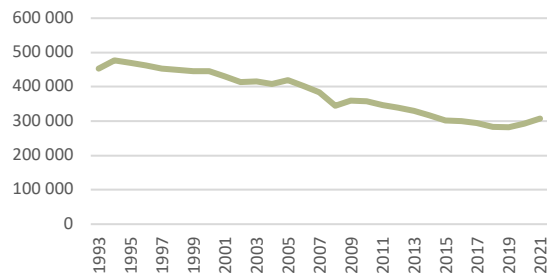
Trade



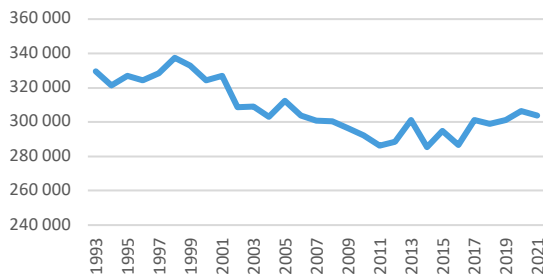
Transport



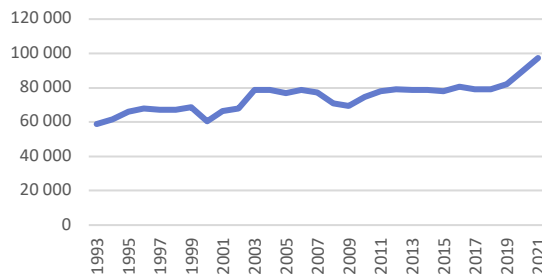
Business services



Government services



Social services



Source: Quantec Regional indicators 2020

GVA in the agriculture sector has seen an increase of 2.11% of average growth, the highest in the municipality. This, in conjunction with the decrease in the labour force in the agricultural sector, indicates that the sector has been making large shifts towards more capital-intensive practices. Social services have become more labour-intensive, correlating with government employment growth over the past two decades. Mining, utilities, business services and government services have decreased their GVA output per labour unit, with the mining sector showing the largest decrease.

2.4.5 Drivers in the economy

Priority investment should support those economic sectors that drive local development and those it supports. Finding the municipality's economic drivers is done using a basic/non-basic analysis. The comparative advantage indicates a relatively more competitive production function for a product or service in that local economy than the economy of the other comparable local economies. Therefore, the local economy produces a product or service more efficiently than the comparable economy. Comparisons between the local and provincial, and national economies are shown below.

An indication of the comparative advantage of an economy is its location quotient. (LQ) or basic/non basic ratio. If the LQ is one or more in a sector of the economy, that sector has a comparative advantage to the same sector in the comparable economy and is thus regarded as a driver of local economic development. On the other hand, if the location quotient is less than one, then the sector is a local supporting or service sector necessary for supporting the sectors sector with a comparative advantage.

As a comparative advantage measure, the location quotient effectively provides a tool to identify critical sectors driving a local economy. It employs an offset principle based on the employment figures within the various sub-sectors of the subject local and aggregate economy.

The analysis utilises two main components, basic and non-basic activities:

- Basic activities generate a surplus (i.e. a location quotient larger than 1) for the local economy and, as a result, can export its goods/services to bring in wealth from the outside.
- Non-basic activities support the basic activities and do not produce a surplus of goods/services (i.e. a location quotient smaller than 1).

The location quotient is a ratio between employment within a sub-sector of the economy divided by the total employment within the local/regional/national economy. A ratio greater than one suggests that the specific economy employs proportionally more people within the local economy than the economy it is being compared. As a result, it generates more than what can be consumed locally, and the sector is thus a net exporting sector. This implies that

it generates income for the local economy (i.e. a comparative advantage and key driver). The opposite is then valid for ratios smaller than one.

The tables below provide a comparative location quotient for the local municipality.

The Municipality shows a comparative advantage in multiple sectors within the national economic context. The agricultural sector represents the municipality's best sector. The Municipality shows a further advantage in five other sectors. It is also interesting to note that the other local municipalities and districts have similar profiles and agriculture is the best performing sector in all of the other municipalities.

Table 2-28: Basic/Non-basic ratios measured against the national economy in 2021

	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Logistics	Business service	Government services	Community services
Western Cape	1,36	0,03	1,10	0,72	1,35	1,10	1,06	1,23	1,12	0,64
Overberg	3,48	0,01	1,04	0,65	1,86	1,26	0,98	1,03	0,89	0,56
Theewaterskloof	4,81	0,01	1,07	0,78	2,19	1,19	0,94	0,89	0,85	0,53
Overstrand	2,45	0,02	1,12	0,55	1,61	1,24	1,06	1,17	0,84	0,53
Cape Agulhas	2,23	0,02	1,08	0,61	1,71	1,49	1,05	1,01	1,00	0,57
Swellendam	3,23	0,01	0,71	0,54	1,58	1,28	0,87	1,17	1,01	0,69

Source: Quantec Regional indicators 2020

When comparative advantage is measured against the provincial economy in Table 2-29 below, the Municipality has lost one sector, with the Municipality losing the Business services sector as an advantage. On the other hand, agriculture remains the municipality's best sector.

Table 2-29: Basic/Non-basic ratios measured against the provincial economy in 2021

	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Logistics	Business services	Government services	Community services
Overberg	2,56	0,38	0,94	0,90	1,37	1,15	0,93	0,84	0,80	0,87
Theewaterskloof	3,54	0,21	0,97	1,08	1,62	1,08	0,89	0,73	0,76	0,83
Overstrand	1,80	0,55	1,02	0,77	1,19	1,12	1,00	0,96	0,75	0,83
Cape Agulhas	1,64	0,64	0,98	0,86	1,27	1,35	0,99	0,82	0,89	0,88
Swellendam	2,37	0,20	0,65	0,75	1,17	1,16	0,83	0,95	0,90	1,08

Source: Quantec Regional indicators 2021

Measured against the other municipalities within the district, the municipality's strong agricultural advantage is no longer an advantage, as seen in Table 2-30 below. Furthermore, the municipality's strongest advantage now lies with the mining sector again. This assessment highlights and underlines the importance of recognising spatial differences and not treating the Municipality as a uniform economic and demographic entity.

Table 2-30: Basic/Non-basic ratios measured against the district economy in 2021

	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Logistics	Business services	Government services	Community services
Theewaterskloof	1,38	0,55	1,03	1,20	1,18	0,95	0,96	0,86	0,95	0,95
Overstrand	0,70	1,46	1,08	0,85	0,87	0,98	1,08	1,14	0,95	0,95
Cape Agulhas	0,64	1,68	1,04	0,95	0,92	1,18	1,06	0,98	1,12	1,02
Swellendam	0,93	0,52	0,68	0,83	0,85	1,01	0,89	1,13	1,13	1,24

Source: Quantec Regional indicators 2021

2.4.6 Economic specialisation and vulnerability

The size of the economy and the sectors driving the local economy are essential. However, the local economy's vulnerability is equally important, and its ability to sustain itself through economic cycles will determine sustainability at many levels of development and operations. Economic diversity is one of the significant factors that determine risk. It simply implies that the more diverse an economy is, the more resilient it is when one or more sectors are affected by external change and pressures on the local economy. Diversity in an economy is measured through the tress index. A tress index of zero represents a totally diversified economy. On the other hand, the higher the index (closer to 100), the more concentrated or vulnerable the region's economy is to exogenous variables, such as adverse climatic conditions, commodity price fluctuations, etc.

Table 2-31: Tress index based on 22 sectors of the Standard Industrial Classification

Geography	1995	2000	2005	2010	2015	2019	2020	2021
South Africa	35,6	37,1	38,2	39,2	39,5	41,1	42,7	42,7
Western Cape	45,2	46,4	46,4	46,8	46,5	48,2	49,1	49,5
Overberg	38,5	39,4	39	38,8	39,5	41,7	43,2	43,9
Theewaterskloof	35,9	36,1	34,6	34,1	35,7	37,9	39,9	40,8
Overstrand	51	50,4	48,1	46,7	45,3	47,3	47,6	47,8
Cape Agulhas	38,9	40,4	41,2	41,3	41,9	44,6	45,4	45,8
Swellendam	35	36,9	38,1	39,7	41,5	44,6	46,6	47,2

Source: Quantec Regional Indicators 2021

The Municipality has become slightly diversified over time. The Municipality with a tress index of 47.8 shows that the economy is relatively diverse. The municipality's tress index is also the highest among the other local municipalities within the Overberg District Municipality.

2.4.7 Fixed capital formation and capital stock

Gross domestic fixed investment indicates the extent to which businesses and governments are prepared to invest in an area. On the one hand, it reflects business confidence and is also an indicator of growth expectations. On the other hand, it implies that if there are high growth expectations, investment will increase. The opposite is then also true. However, one should remember that local figures must be viewed in terms of the bigger national and even international picture in an open economy. Any investment in a local economy combines general risk perceptions and market expectations.

a. Gross fixed capital formation

Fixed capital formation, formerly gross domestic fixed investment, refers to increasing fixed capital stock. Fixed capital is assets used in the productive process and holds for over a year. Fixed capital formation does not include current raw materials used in the productive process. Therefore, fixed capital can also be called Property, Plant, and Equipment (PP&E). For example, if a firm builds a new factory or invests in new machines, this will be an accumulation of fixed capital.

- Gross fixed capital formation (net investment) is the net amount of fixed capital accumulation.
- It measures the increase in the capital stock less the disposal of fixed assets.
- It excludes land purchases.
- It excludes depreciation.

Gross Fixed Capital formation is included in the expenditure approach to national income accounting. The table below shows the gross capital formation for the municipality.

Table 2-32: Gross capital formation (R' million at 2015 prices)

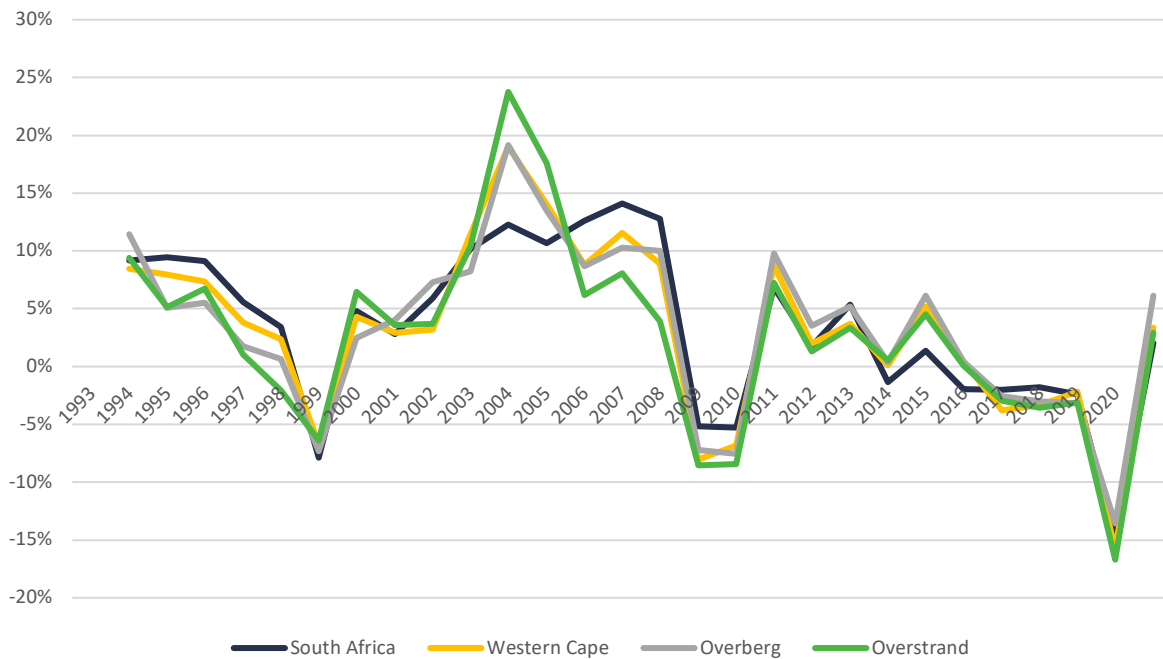
	1995	2000	2005	2010	2015	2020	2021
Theewaterskloof	606	591	918	1 138	1 543	1 275	1 382
Overstrand	531	559	965	964	1 137	859	885
Overstrand (change per annum)		1,06%	14,51%	-0,03%	3,59%	-16,70%	2,95%
Cape Agulhas	210	234	379	431	530	406	426
Swellendam	177	180	294	358	471	384	411
Total for Overberg	1 525	1 565	2 556	2 891	3 682	2 925	3 104
Change rate per annum		0,52%	12,67%	2,63%	5,47%	-13,57%	6,12%

Source: Quantec Regional Indicators 2020

Fluctuations in this indicator are often considered to show something about future business activity, business confidence, and expected economic growth. In times of economic uncertainty or recession, business investment in fixed assets will typically be reduced since it ties up additional capital for a longer interval of time, with a risk that it will not pay itself off (and fixed assets may, therefore, be scrapped faster). Conversely, in times of robust economic growth, the fixed investment will increase across the board because the observed market expansion makes it likely to be profitable.

The figure below shows the rate at which capital formation took place. Although the municipal area broadly follows the same trend as South Africa, the local variations are more pronounced and highlight a greater sensitivity or vulnerability to economic changes.

Figure 2-43: Rate of change in gross capital formation



Source: Quantec Regional Indicators 2020

b. Fixed capital stock

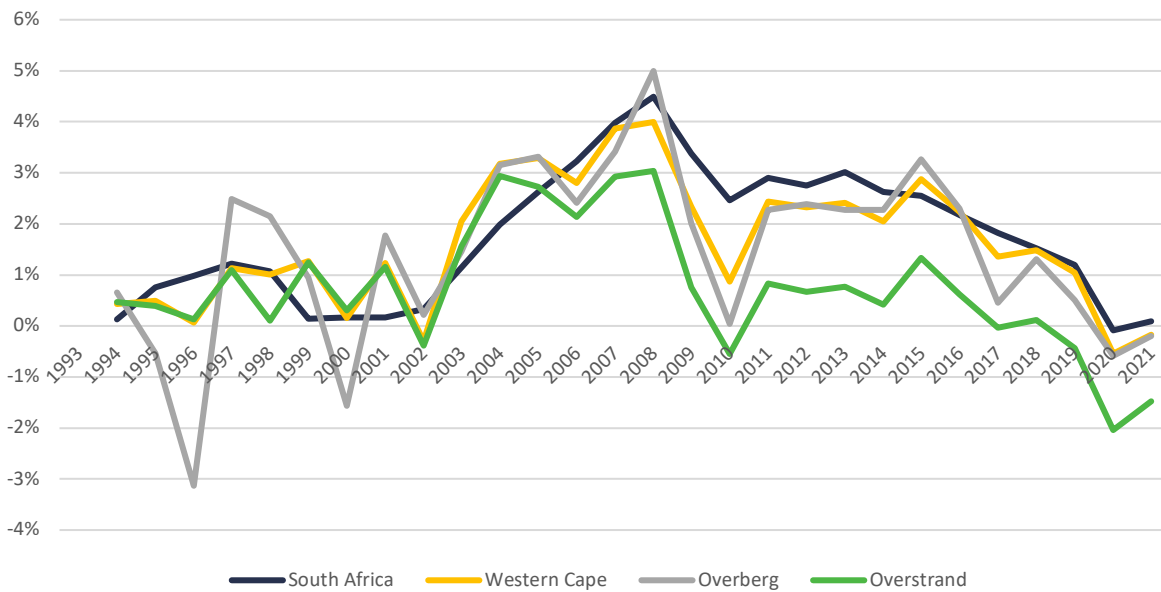
The capital stock represents the asset base of the local economy. The table below shows the extent of capital growth, and the figure below the comparative growth rates between the Municipality and the District. The fixed capital stock has mostly increased on average year after year, but the rate of this change shows more dramatic changes. The rate of change in the municipality's fixed capital stock fluctuated substantially but peaked in 2008, whereafter it declined. Capital stock growth reached a low in 2001.

Table 2-33: The extent of fixed capital stock (R' million at 2015 prices)

	1995	2000	2005	2010	2015	2020	2021
Theewaterskloof	10 374	10 061	11 266	13 247	15 981	17 272	17 388
Overstrand	10 408	10 709	11 591	12 580	13 094	12 859	12 669
Overstrand (change per annum)		0,58%	1,65%	1,71%	0,82%	-0,41%	-0,30%
Cape Agulhas	3 947	4 171	4 572	5 122	5 665	5 789	5 764
Swellendam	3 236	3 239	3 646	4 317	5 152	5 574	5 591
Total for Overberg	27 965	28 180	31 076	35 266	39 891	41 494	41 411
Change rate per annum		0,15%	2,06%	2,70%	2,62%	-0,59%	-0,20%

Source: Quantec Regional indicators 2020

Figure 2-44: Rate of change in fixed capital stock



Source: Quantec Regional indicators 2020

c. Consumption of fixed capital

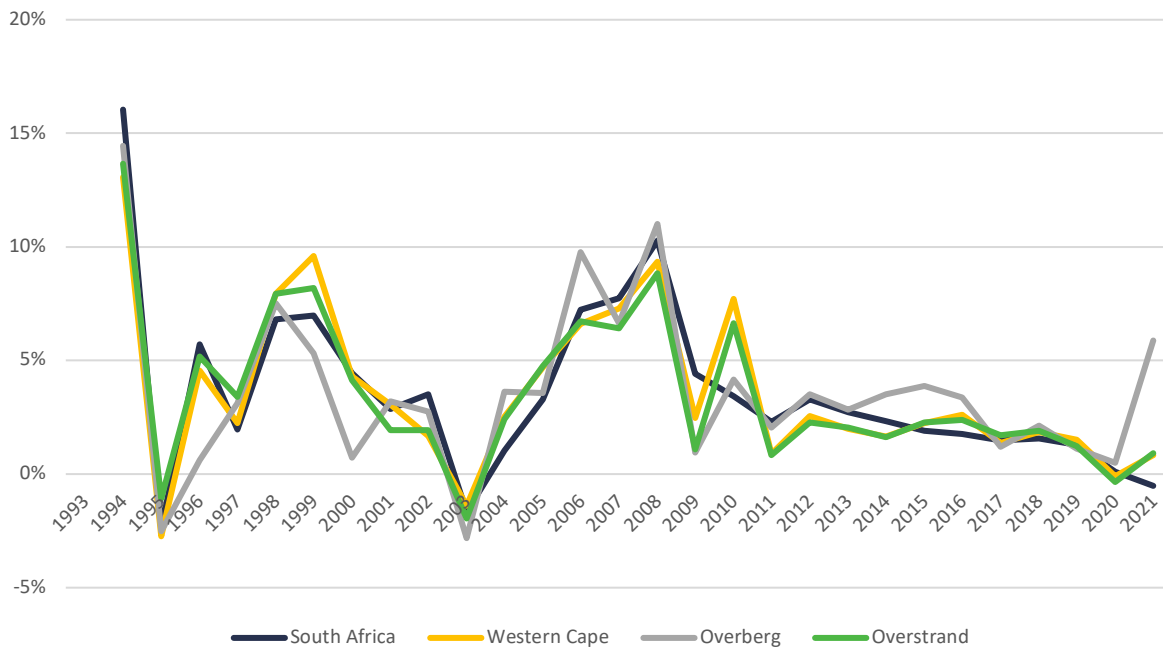
Consumption of fixed capital remains relatively constant for the assessment period. The following table shows how the consumption of fixed assets in the local economy has changed. Based on consumption rates, the asset base's expected useful life (EUL) in Overstrand is 14.5 years compared to the average for South Africa of 19.6 years. The EUL of assets shows a continuous decrease, with a 27.2-year EUL in 1933. The decrease in the EUL of assets shows either serious maintenance issues, a general lack of new capital investments, or a combination of both.

Table 2-34: Consumption of capital stock per municipality (R' million at 2015 prices)

	1995	2000	2005	2010	2015	2020	2021
Theewaterskloof	568	609	678	940	1 154	1 263	1 385
Overstrand	383	507	554	738	808	865	872
Overstrand (change per annum)		6,46%	1,86%	6,65%	1,88%	-0,07%	0,18%
Cape Agulhas	175	225	247	340	383	407	422
Swellendam	160	181	204	282	343	382	409
Total for Overberg	1 286	1 522	1 683	2 301	2 687	2 917	3 089
Change rate per annum		3,66%	2,12%	7,34%	3,36%	0,51%	5,87%

Source: Quantec Regional indicators 2020

Figure 2-45: Rate of change in consumption of fixed capital



Source: Quantec Regional Indicators 2020

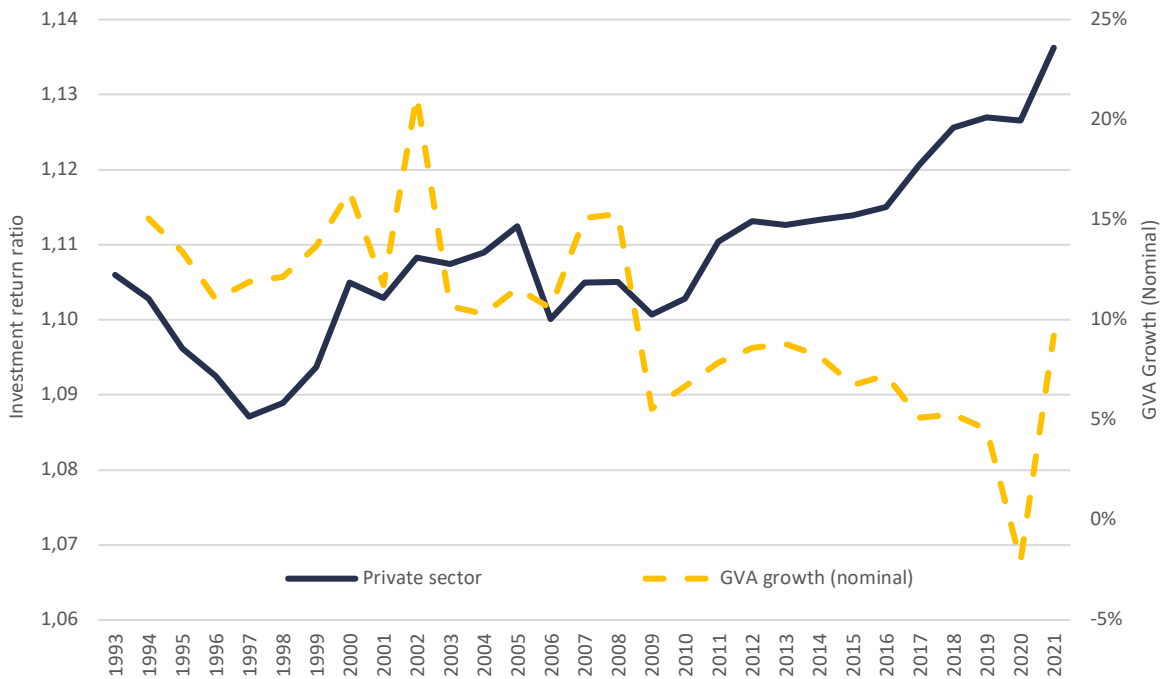
d. Return on capital investment

South Africa, and for that matter, the world, has a near dogmatic faith in infrastructure investment as the holy grail for economic growth and development. Infrastructure is part of the capital stock in the economy. Capital stock represents the country's asset base that produces goods and services. The value of goods and services produced is measured as the gross domestic product (GDP), or if taxes and transfers in the economy are excluded, it is expressed as Gross Value Added or GVA. The basic assumption is that growth in the asset base (capital stock) will lead to the production of more goods and services and hence economic growth.

The relationship between the asset base and the production of goods and services in the economy assumes that a sector's contribution to economic growth is proportionate to its asset base. Therefore, the impact of infrastructure investment can be measured through an investment ratio which relates the proportion of capital stock in a sector to the proportionate contribution of the sector to GVA. If this ratio is greater than one, then it implies that expanding capital stock in a sector contributes to economic growth or if it is smaller than one, it implies that capital investment in the sector is a drain on the economy.

The next figures show the relationship between investment returns in the government and private sectors in the Municipality and how the investment ratios relate to nominal GVA growth rates between 1993 and 2021.

Figure 2-46: Investment return ratios and GVA growth from 1993 to 2021 – Private Sector

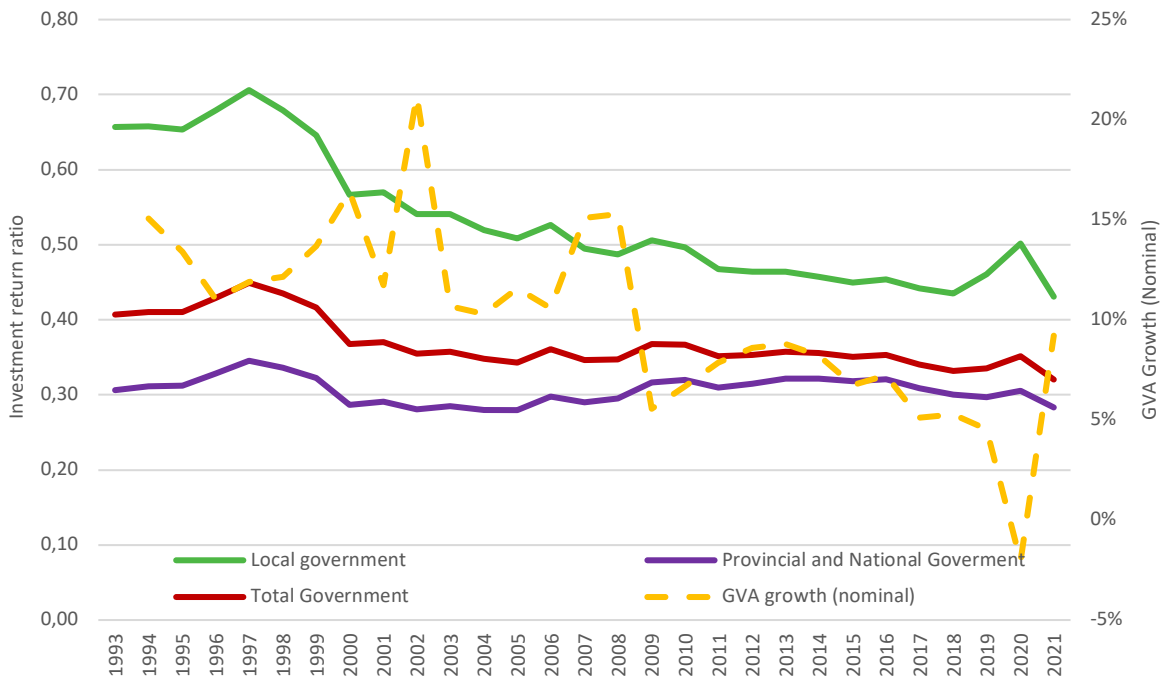


Source: Quantec Regional Indicators 2020

The private sector component of the economy showed a short-term decline between 1993 and 1997s and after that, it showed an improving investment ratio to 2005, whereafter it declined and then continued to grow. The strong correlation between this decline and GVA growth is evident and indicates how the private sector responds to market signals. Notably, the ability of the private sector to contribute to economic growth through its available capital stock is falling.

Government investment ratios and the impact of infrastructure-led investment have two important features. Firstly, the ratios are anti-cyclical and show the opposite trend of the private sector. This implies that there is no clear economic rationale for government investment and as the economy contracts government continue its spending irrespective of economic realities. The results are rising government debt and an increased economic role with no apparent positive growth results. This is clear in the trends post-2008, which corresponds with the strong rise in government debt as a percentage of GDP and related socio-political challenges.

Figure 2-47: Investment return ratios and GVA growth from 1993 to 2021 – Public Sector



Source: Quantec Regional Indicators 2020

The second aspect is that the local government sector shows signs of higher economic returns on infrastructure investment than the provincial and national governments. The provincial and central governments’ fixed capital investment clearly yields lower returns for economic growth. As the local government sector trend shows, the closer the investment decisions are to the intended beneficiaries, the better the chances for a positive economic impact. The continuous trend of centralisation on the pretext of a lack of capacity in local government does not bode well for economic growth. Serious capacity problems hamstringing the local government’s possible positive investment yield. The private sector is an essential driver of economic development. Furthermore, the private sector remains very sensitive and responsive to market signals. As a result, investors have confidence in economic prospects, and the factors determining confidence lie in the country’s political climate rather than in the economy itself.

2.5 Settlement dynamics and change

The Municipality is a combination of various changing systems. This shows in the growth and movement of people. This section shows how and to what extent growth has occurred in the Municipality and investigates the municipal areas’ historical development, changing settlement patterns, and people’s daily movement to assess the spatial realities. This should show the alignment between the proposed spatial policies and the existing situation to determine if these policies are realistic and manageable.

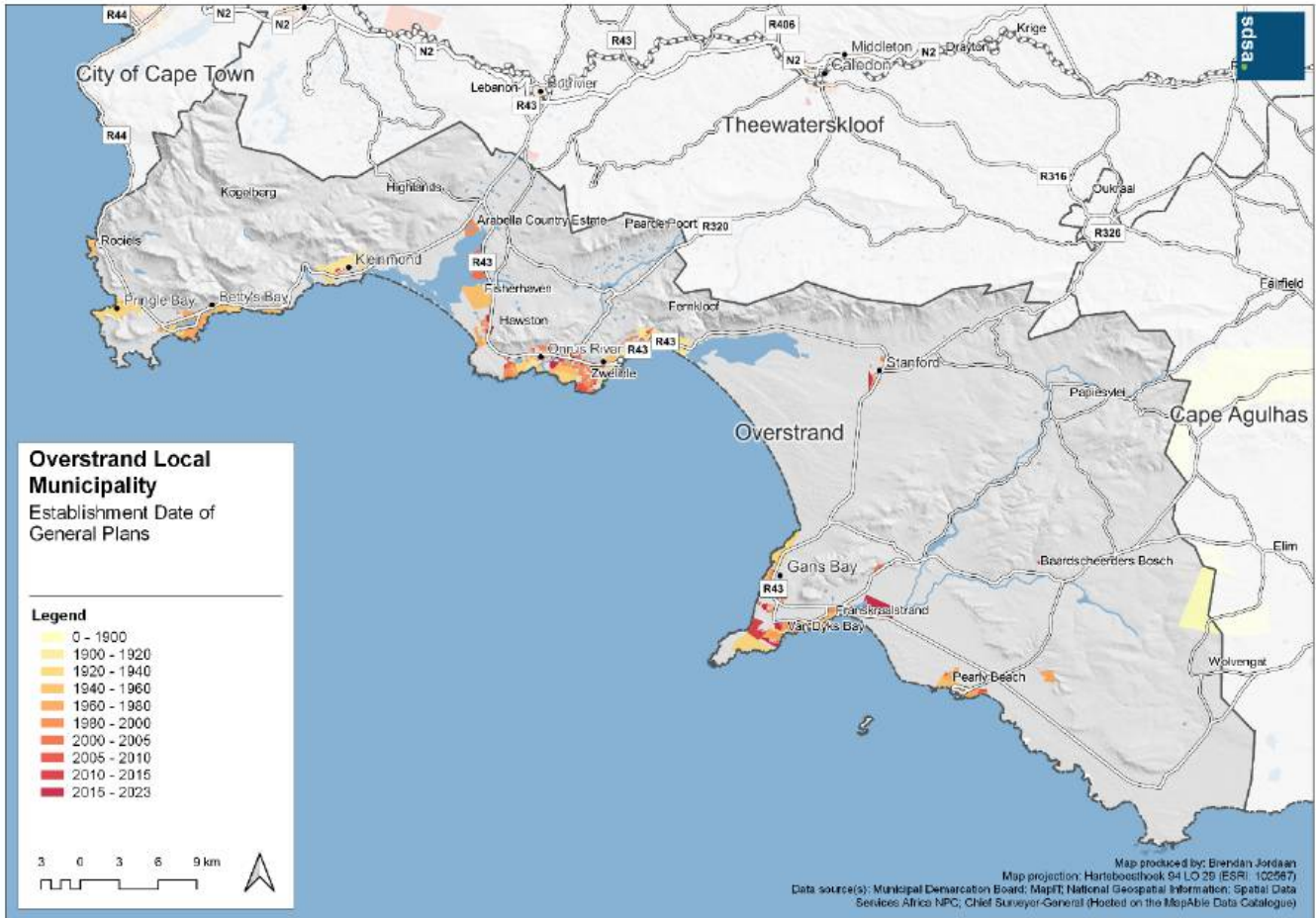
2.5.1 Historical growth

The municipality’s historical growth is assessed by mapping the age of general plans, as seen in Figure 2-48. This gives some insight into the development structure and history of the Municipality and how some policies might have shaped the municipality’s spatial structure. Figure 2-48 shows how the oldest formal settlement in the Municipality

relates to the towns of Hermanus, Kleinmond and Gansbaai. The towns of Pringle Bay, Betty's Bay and Pearly Beach developed afterwards.

Showing the age of general plans within the Municipality does not provide the entire picture, as many people are settled in agricultural areas and often in informal areas. The age of general plans reflects only the formal development that has taken place in the municipality.

Figure 2-48: Age of general plans



Source: Surveyor General

2.5.2 Settlement footprint

This section deals with land cover. The dataset has been derived from multi-seasonal Landsat 8 imagery, using operationally proven, semi-automated modelling procedures developed specifically for this dataset's generation based on repeatable and standardised modelling routines. The data is at a 30m resolution, and as a result, the accuracy of the query results is affected accordingly.

a. Primary economic activities

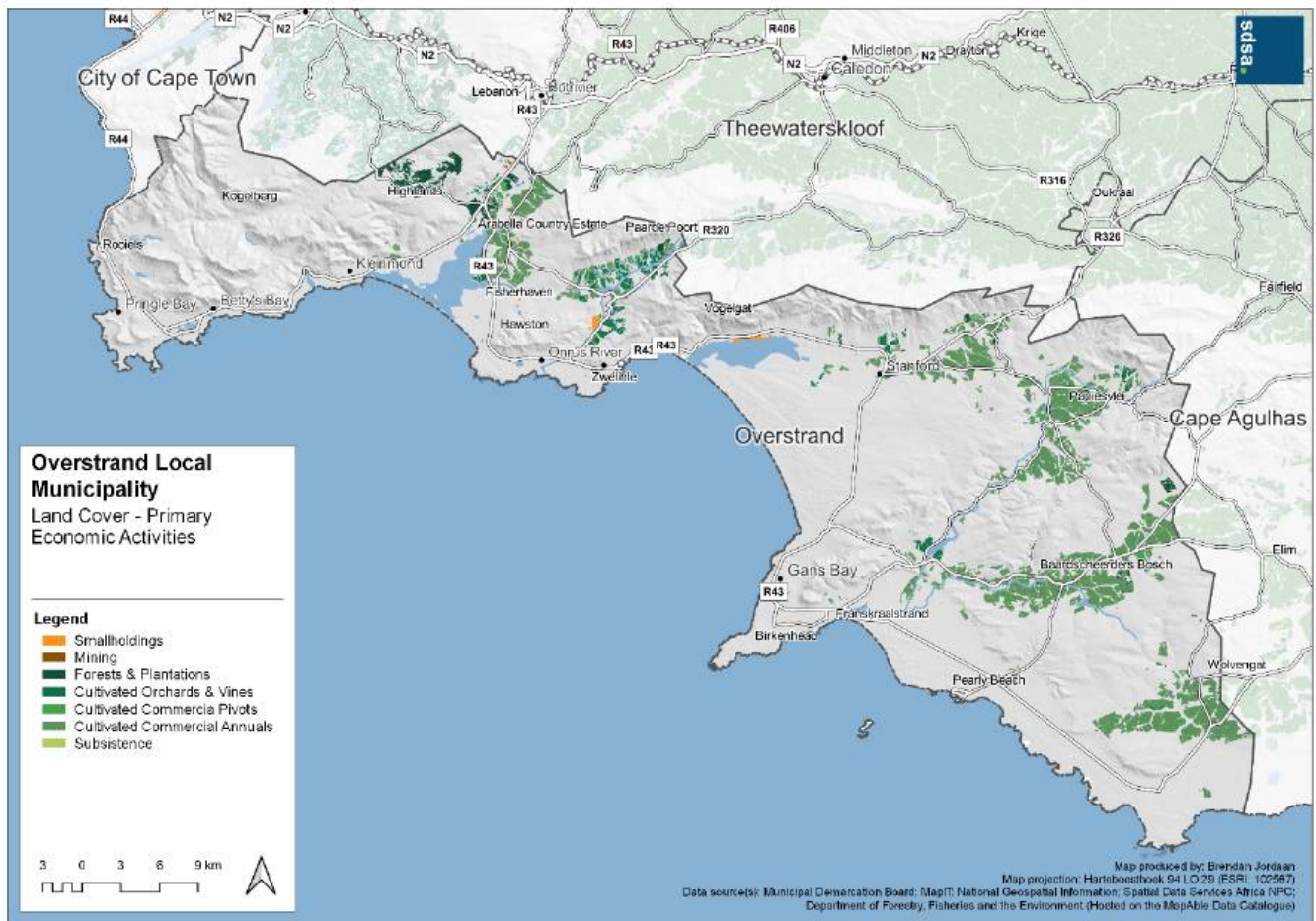
The section dealing with the municipality's economic profile clearly showed the importance of primary economic activities. These activities cover 11.12% of the municipality's total area. Overall, there has been a 7.1% decrease in land cover related to primary economic activities from 1990 to 2018 in the municipality. Cultivated commercial fields highlight the importance of agriculture in the municipality. Cultivated orchards, vines, and forests and plantations show a significant decline in land cover, decreasing by 29.9% and 18.4%, respectively.

Table 2-35: Landcover: Primary economic activities

Land cover category	Extent of cover 1990 (ha)	%	Extent of cover 2014 (ha)	%	Extent of cover 2018 (ha)	%	% change
Cultivated commercial fields	15 735	48,0%	13 000	47,1%	15 120	54,7%	-3,9%
Cultivated commercial pivot	78	0,2%	335	1,2%	411	1,5%	424,4%
Cultivated orchard and vines	1 724	5,3%	1 437	5,2%	1 208	4,4%	-29,9%
Sugarcane	0	0,0%	0	0,0%	0	0,0%	0,0%
Smallholdings	162	0,5%	144	0,5%	125	0,5%	-23,3%
Subsistence farming	0	0,0%	0	0,0%	0	0,0%	0,0%
Forests & Plantations	2 486	7,6%	1 158	4,2%	2 029	7,3%	-18,4%
Mining	10	0,0%	42	0,2%	86	0,3%	726,6%
Total	20 196	61,6%	16 117	58,3%	18 978	68,7%	-6,0%

Source: SDSA (MapAble 2020) based on Department of Environmental Affairs

Figure 2-49: Landcover: Primary economic activities



Source: SDSA (MapAble 2020) based on the Department of Environmental Affairs

b. Human settlement activities

The following table lists the extent of land cover in the Municipality related to human settlement activities. The results are expressed as hectares covered by a category, and the data for 1990 and 2014 are directly comparable.

Overall, the footprint of human settlement-related activities has increased by 12.7%. This accounts for 4 127 hectares. These activities cover a total of 2.42% of the total municipal area.

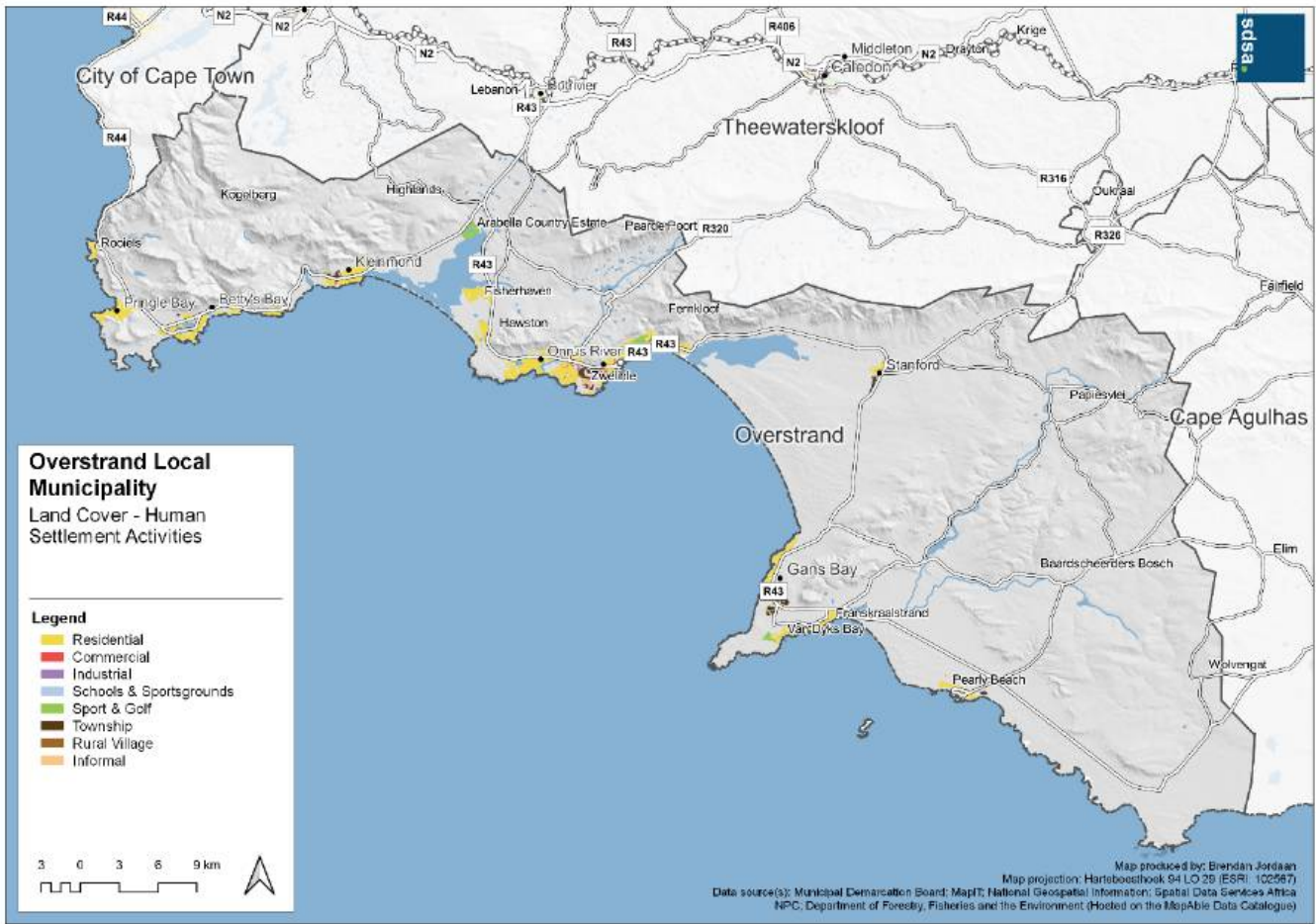
All the categories show increases in footprint, with urban built-up increasing by 143.7% and urban township by 102.8%. Urban informal shows significant growth, but this is only due to the small base from which this category is measured. The most significant contributor to human settlement activities is urban residential. This category covers 3 249 hectares, and this is 1.9% of the land cover of the municipality. This is illustrated in Figure 2-50.

Table 2-36: Landcover: Human settlement activities

Land cover category	Extent of cover 1990 (ha)	%	Extent of cover 2014 (ha)	%	% change
Urban built-up	10	0,0%	25	0,1%	143,7%
Urban commercial	67	0,2%	105	0,4%	57,4%
Urban industrial	44	0,1%	65	0,2%	49,3%
Urban residential	3 161	9,6%	3 249	11,8%	2,8%
Urban townships	104	0,3%	210	0,8%	102,8%
Urban informal	0	0,0%	45	0,2%	4359,0%
Rural villages	0	0,0%	0	0,0%	0,0%
Urban sports and golf	245	0,7%	381	1,4%	55,4%
School and sports grounds	32	0,1%	47	0,2%	46,4%
Total	3 662	11,2%	4 127	14,9%	12,7%

Source: SDSA (MapAble 2020) based on the Department of Environmental Affairs

Figure 2-50: Landcover: Human settlement activities

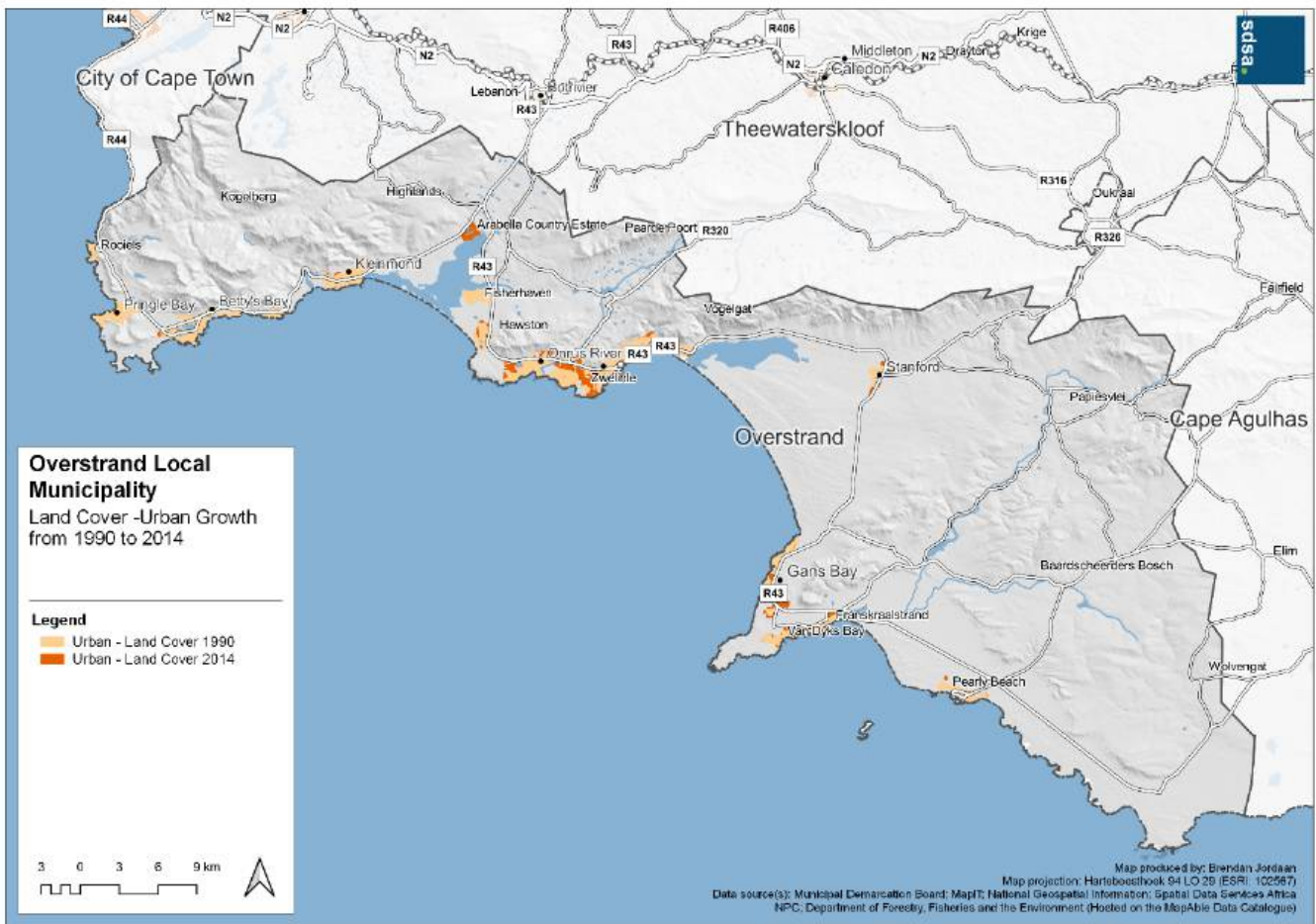


Source: SDSA (MapAble 2020) based on the Department of Environmental Affairs

c. Urban growth and expansion

Figure 2-51 below shows the municipality's physical expansion of urban-related growth from 1990 to 2014. The map clearly indicates peripheral growth. Most of this growth has occurred on the periphery of Hermanus, Zwelihle and Gansbaai. Most of the growth only took place along the municipality's coast, with almost no growth inland.

Figure 2-51: Settlement growth 1990 – 2014



Source: SDSA (MapAble 2020) based on the Department of Environmental Affairs

d. Area of municipality covered by EA types

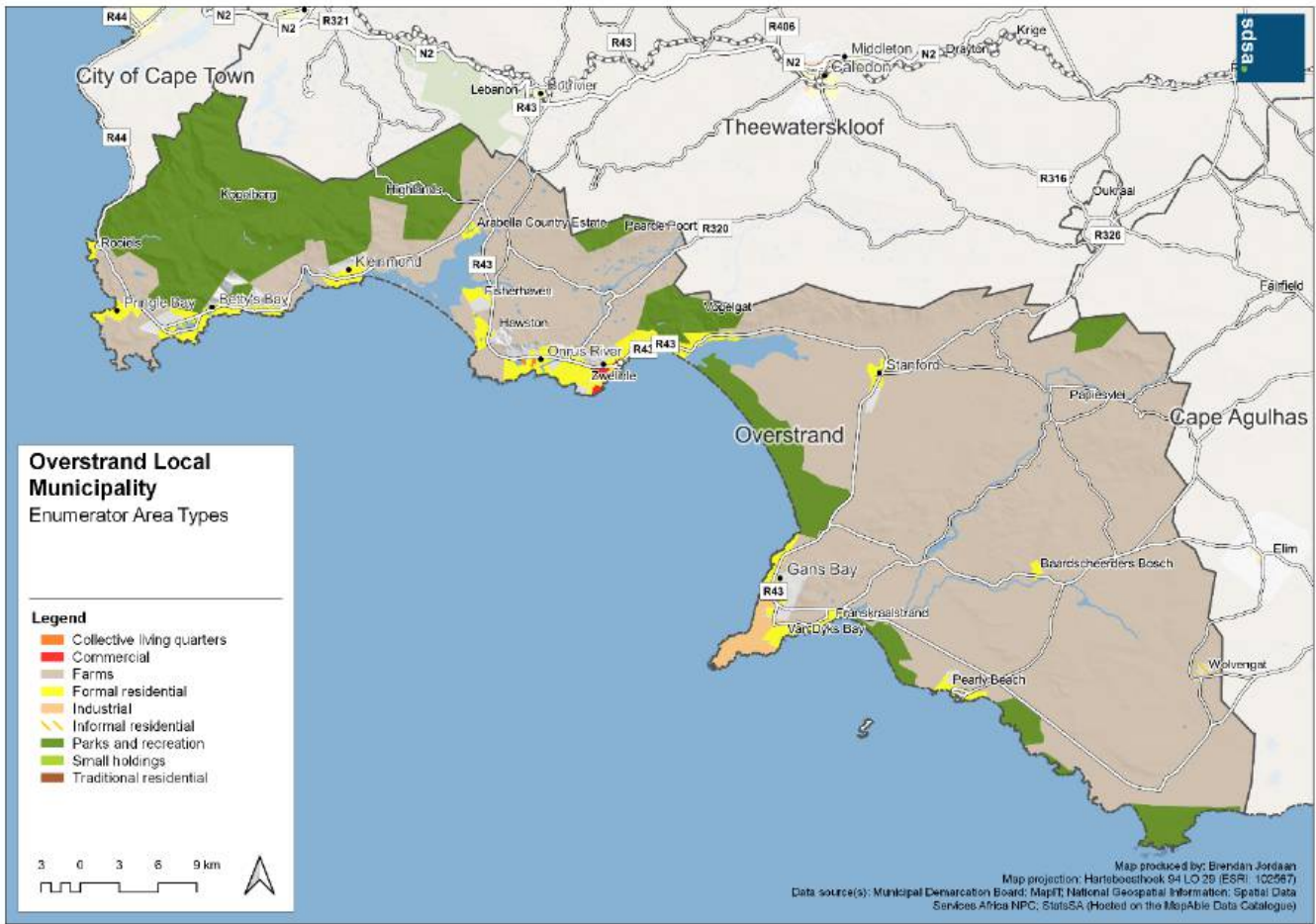
An enumerations area (EA) is the smallest geographical unit (unit of land) into which the country is divided for enumeration. Enumeration areas contain between 100 to 250 households. Statistics South Africa classifies enumeration areas that give an indication of settlement typologies in a municipal area.

Table 2-37: Ea types 2011

EA Type	Area in hectares
Collective living quarters	37
Commercial	157
Farms	125 703
Formal residential	6 772
Industrial	1 189
Informal residential	174
Parks and recreation	33 507
Traditional residential	3 130
Vacant	

Source: StatsSA 2020

Figure 2-52: EA Types



Source: StatsSA 2020

2.5.3 Points of interest and distribution of activities

MapIT (<https://mapit.co.za/>) classifies points of interest into 227 categories. It is not practical to do a listing in a report, and the categories were reclassified to reflect 17 report categories. The tables below show the instances for the 17 report categories. However, the points of interest included under each category are also listed. If necessary, it is possible to extract specific points of interest showing commercial names and addresses.

Points of interest can be an essential indicator of the local and extent of non-residential customers in a municipality.

a. Primary economic activities

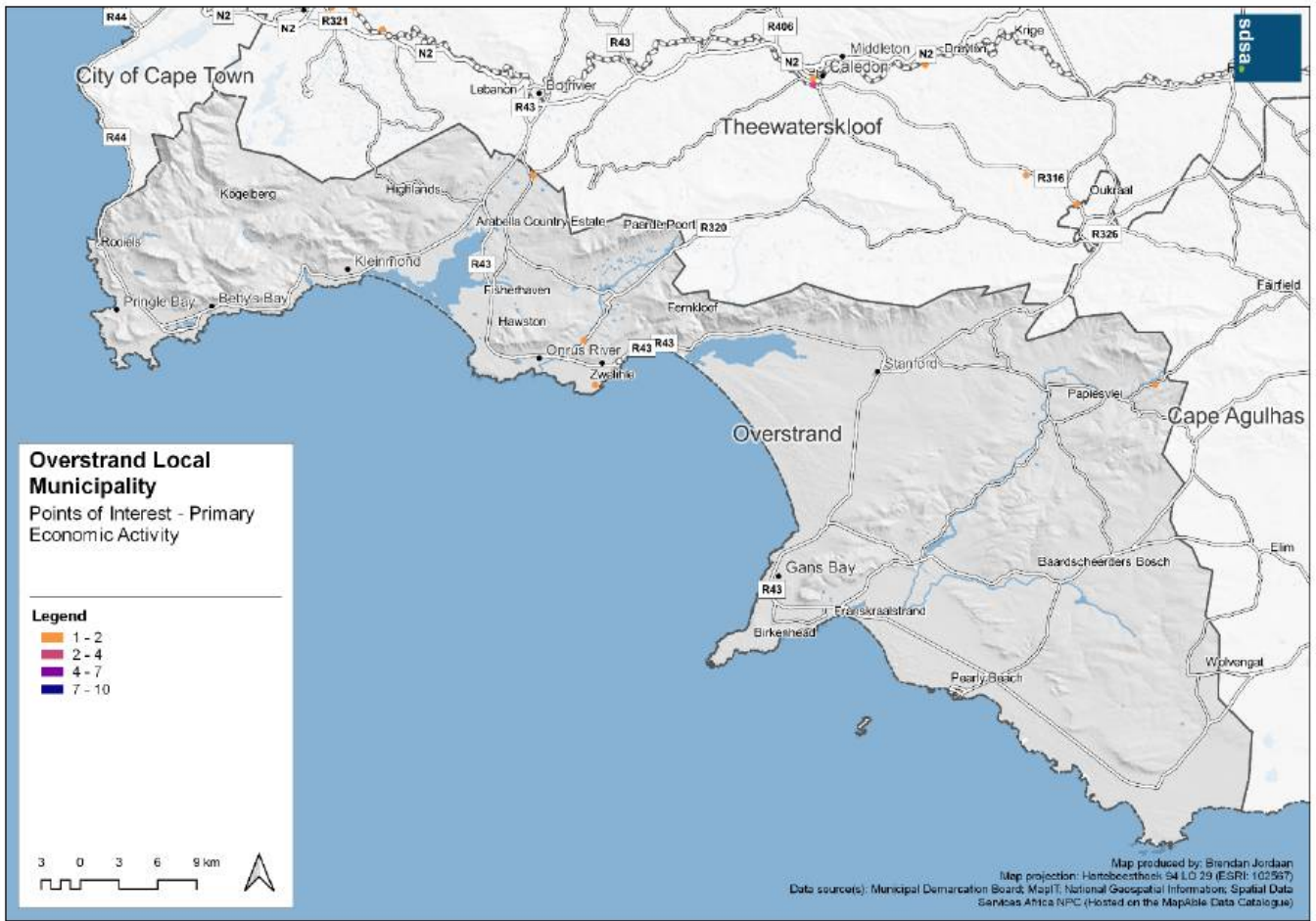
Table 2-38 and Figure 2-53 below show the points of interest in the Overstrand Local Municipality for the primary economic activities.

Table 2-38: Primary economic activities (Point of interest count)

Report Category	MapAble® Category	MapIT Points of Interest included	Instances in the area
Agriculture	Agriculture	Agricultural	6
Mining	Mining	Mining/quarrying	0

Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

Figure 2-53: Summary of primary economic activities



Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

b. Offices, retail, entertainment and commercial

Table 2-39 and Figure 2-54 below show the points of interest in the Overstrand Local Municipality for offices, retail, entertainment and commercial activities.

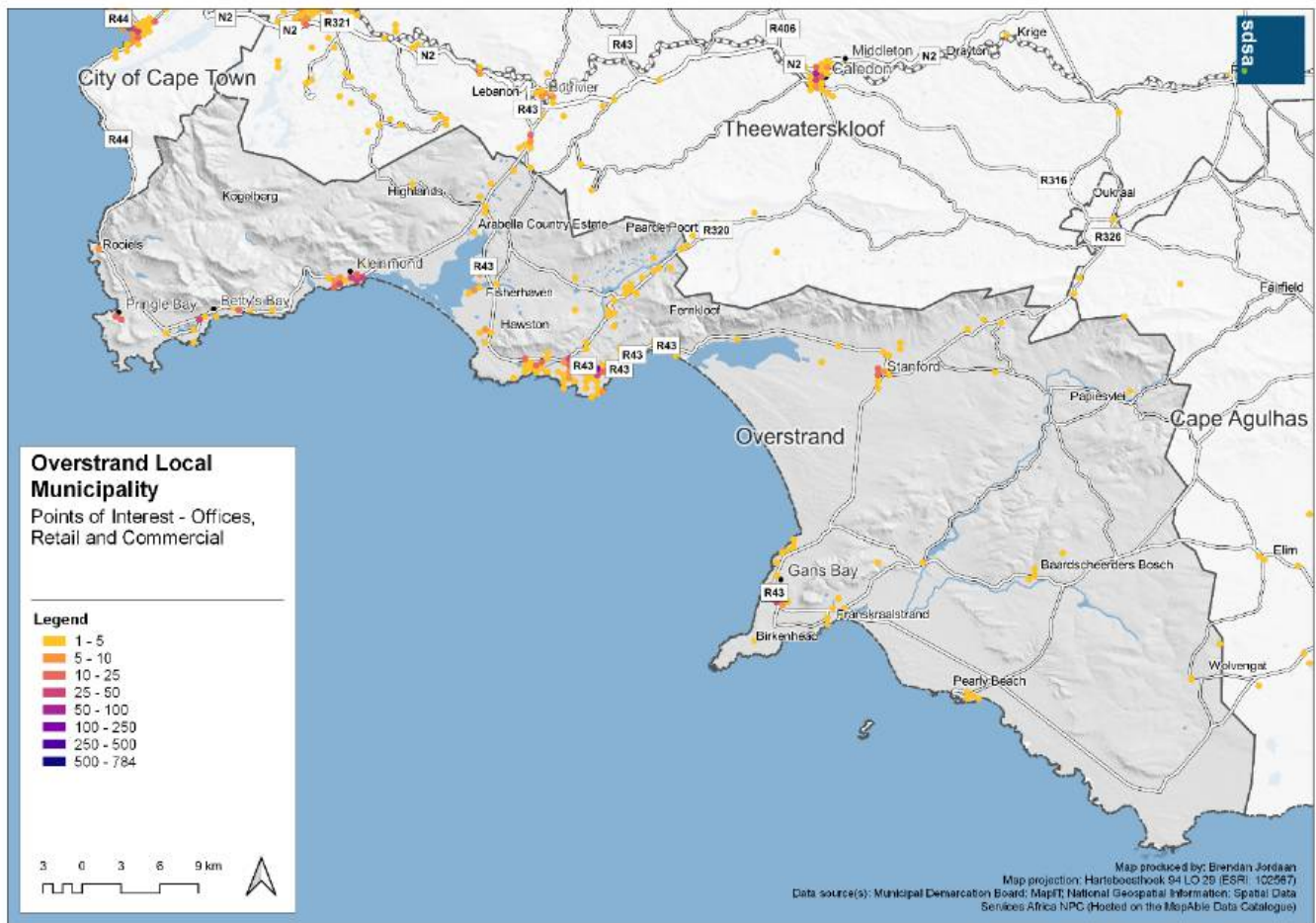
Table 2-39: Offices, retail, entertainment and commercial

Report Category	MapAble® Category	MapIT Points of Interest included	Instances in the area
Commercial and industrial	Commercial	Construction/property, construction material/equipment, transportation/storage	132
	Filling station	Filling station	
	Industrial	Manufacturing, winery	
Office and retail	Business services	Advertising, airlines, atm, bank, car service station, company, conference centre, estate agents, exchange, financial/business services other, it/communication, legal tax, motoring organisation/technical centre/club	1 371
	NGO	NGO	
	Office	Office complex/industrial complex	
	Retail	African restaurant, American restaurant, Asian restaurant, betting station, books/media, British restaurant, car dealer, car rental, car wash, catering, Chinese restaurant, clothing/accessories, coffeshop/cafeteria, computer/computer supplies, consumer electronics/electrics, convenience store, deli/sandwich restaurant, doughnut shop, european restaurant, farm stall, fast food, food and drink, french restaurant, garden centre/nursery, german restaurant, greek restaurant, home improvement businesses,	

Report Category	MapAble® Category	MapIT Points of Interest included	Instances in the area
		import/export/distributors, Indian restaurant, international restaurant, internet cafe, Italian restaurant, market/informal market, Mexican restaurant, middle eastern restaurant, mobile phone, optician, other restaurants, personal services, pizzeria, pub, retail other, seafood restaurant, shopping centre, South American Caribbean restaurant, sports shop, steak restaurant, supermarket/hypermarket, sushi bar, travel agents, vegetarian restaurant	
Entertainment	Entertainment	Amusement/theme park, casino, cinema, entertainment centre, nightlife, theatre/concert hall	

Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

Figure 2-54: Summary of offices, retail, entertainment and commercial



Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

c. Multiple residential

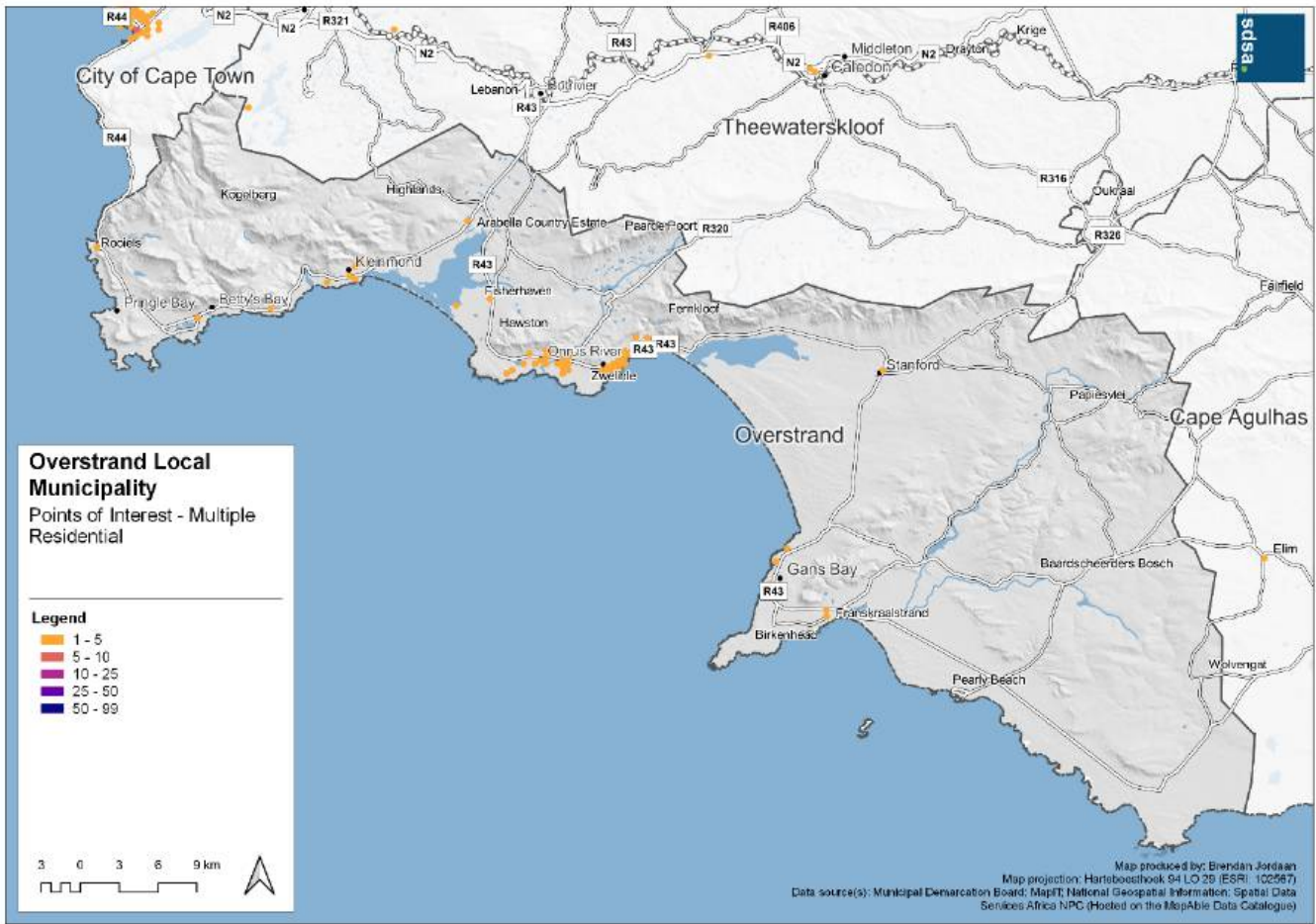
Table 2-40 and Figure 2-55 below show the points of interest in the Overstrand Local Municipality for multiple residential.

Table 2-40: Multiple residential

Report Category	MapAble® Category	MapIT Points of Interest included	Instances in the area
Multiple residential		Estates/residential controlled access areas, flats, hostels, retirement village, townhouse complexes	73

Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

Figure 2-55: Summary of Multiple residential



Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

d. Community and social facilities

Table 2-41 and Figure below show the points of interest in the Overstrand Local Municipality for the community and social facilities.

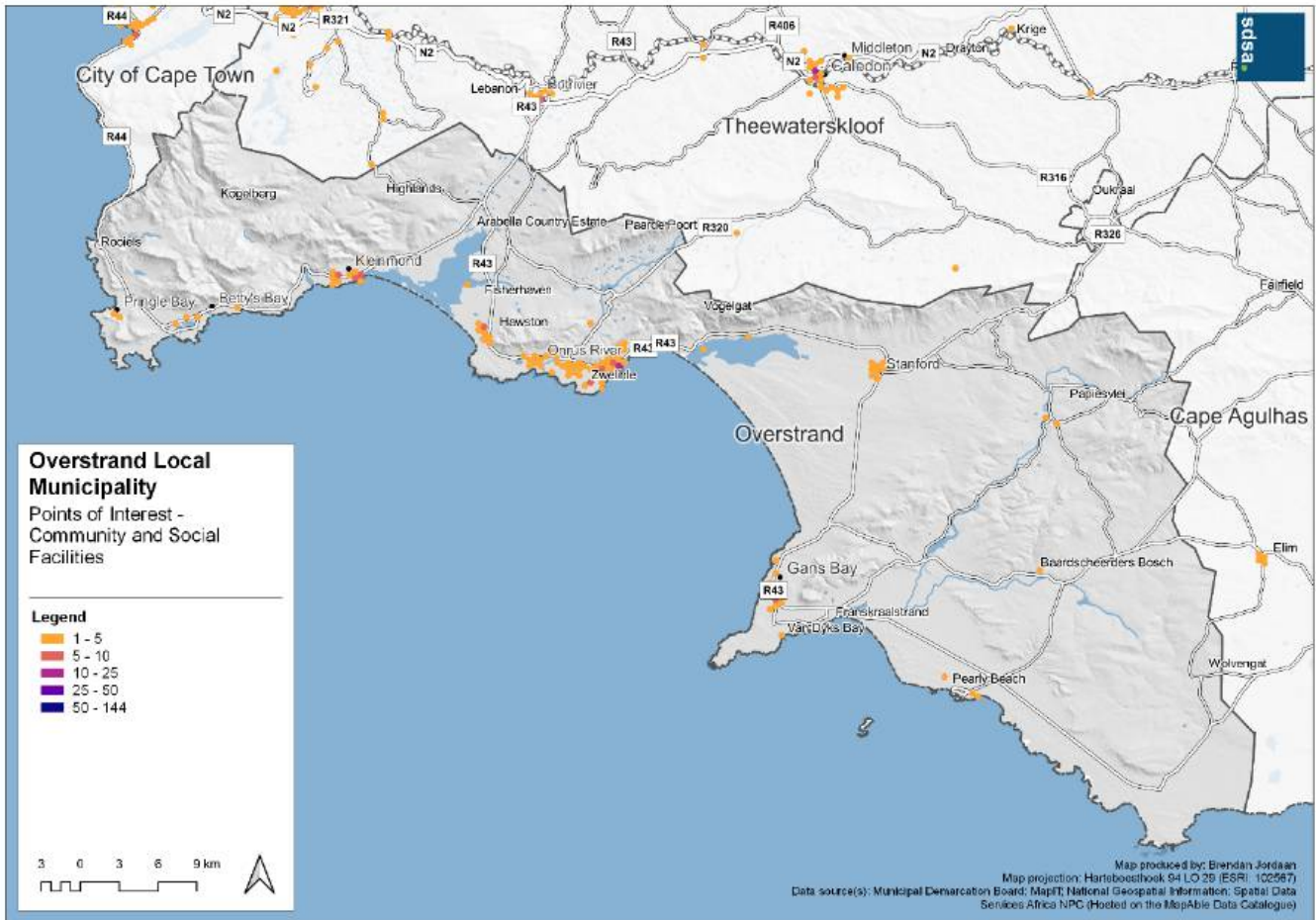
Table 2-41: Community and social facilities

Report Category	MapAble® Category	MapIT Points of Interest included	Instances in the area
Community facility	Association	Association, marina/yacht club	188
	Cemetery/Crematorium	Cemetery/crematorium	
	Community facility	Animal welfare, community centre, community service, library, postal service	
	Court	Court	
	Embassy Consulate	Embassy/consulate	
	Health facility	Healthcare services, hospital/clinic, hospital/clinic with a casualty, pharmacy/dispensary	
	Medical service	Dentist, doctor, veterinary	
	Religious	Christian, Eastern, Jewish, Muslim, unknown religion	
	Safety and security	Emergency services, fire station, police station, security	
Education	Pre-school	Pre-primary school	38
	School	Primary school, school, secondary school	
	School	Combinedschool	

Report Category	MapAble® Category	MapIT Points of Interest included	Instances in the area
	Tertiary	Adult education facility, other college, tertiary institution	

Source: MapIT data 2021 prepared by BC Gildenhuis and Associates

Figure 2-56: Summary of community and social facilities



Source: MapIT data 2021 prepared by BC Gildenhuis and Associates

e. Government, infrastructure and transport

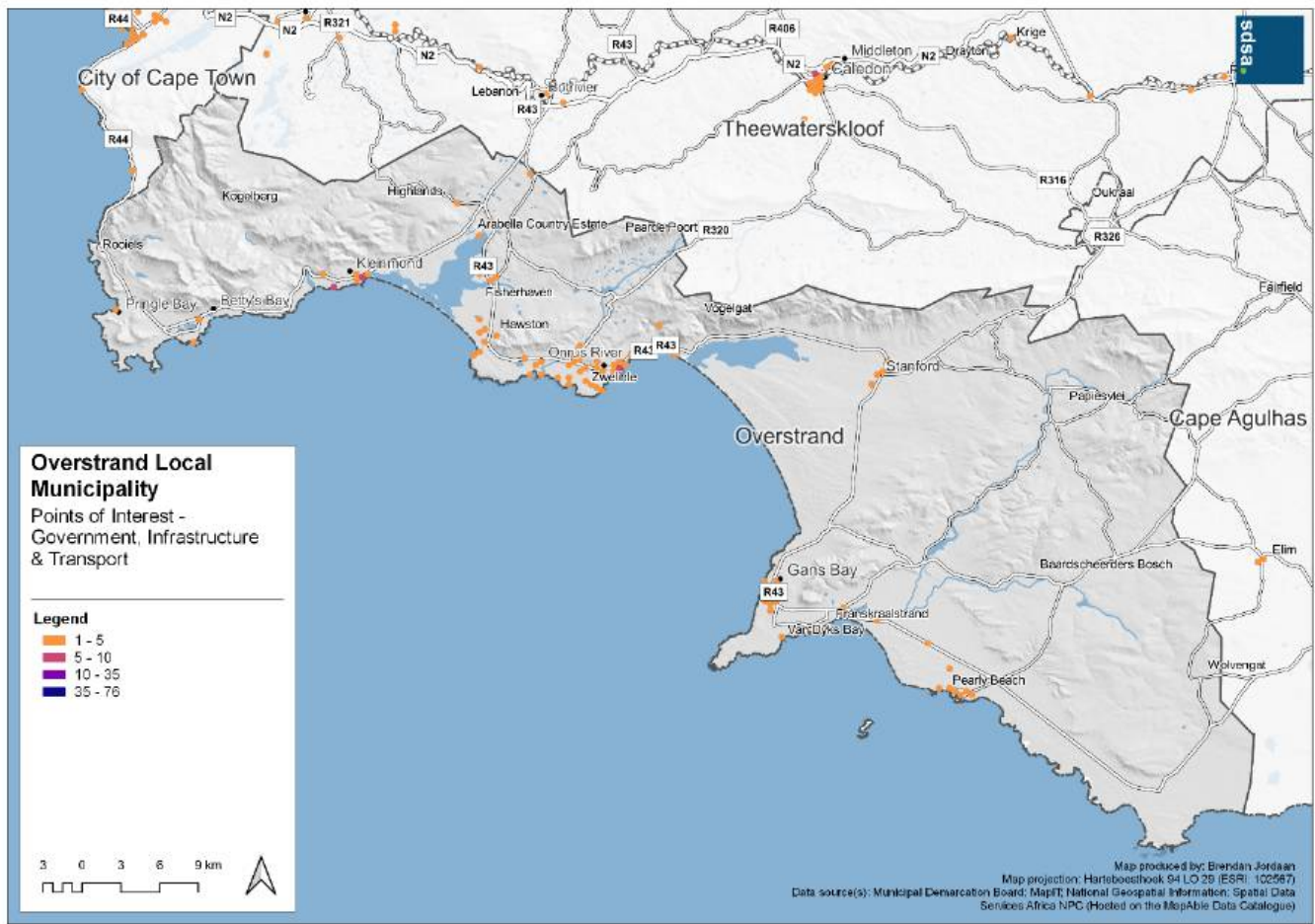
Table 2-42 and Figure 2-57 below show the points of interest in the Overstrand Local Municipality for government, infrastructure and transport activities.

Table 2-42: Government, infrastructure and transport

Report Category	MapAble® Category	MapIT Points of Interest included	Instances in the area
Government	Government	Correctional facility, government/municipal office, military structure/site, traffic department	55
Infrastructure	Infrastructure	Dam, reservoir, river crossing, tower, utility	35
Transport	Transport	Airfield, airport, airport international, airport terminal, bridge/tunnel, bus station, ferry, harbour, helipad, international border post, parking area, parking garage, railway station, rest area, taxi rank, toll plaza, truck stop, tunnel, weigh station	40

Source: MapIT data 2021 prepared by BC Gildenhuis and Associates

Figure 2-57: Summary of government, infrastructure and transport points



Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

f. Tourism, recreation, accommodation and natural features

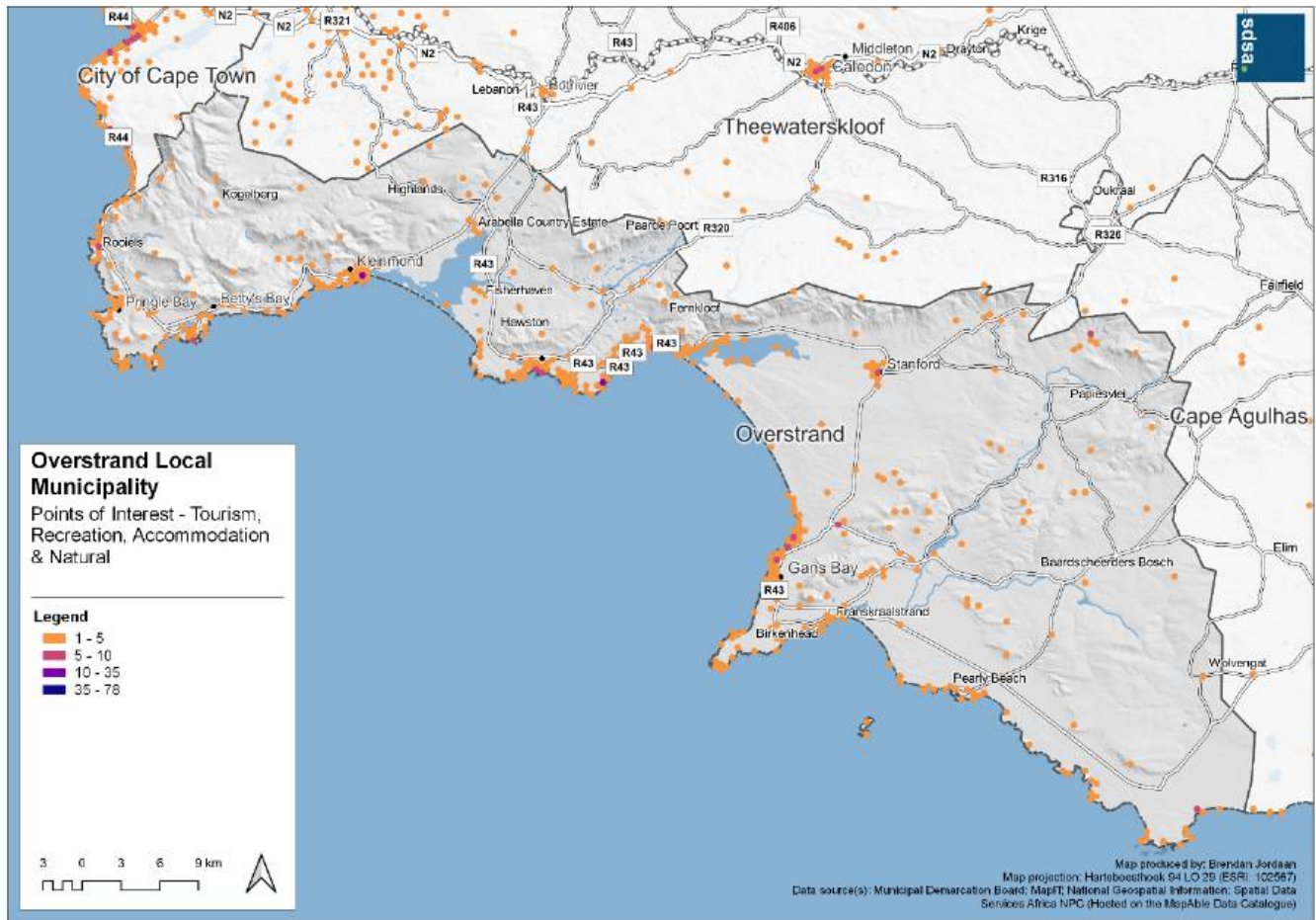
Table 2-43 and Figure 2-58 below show the points of interest in the Overstrand Local Municipality for tourism, recreation, accommodation and natural features.

Table 2-43; Tourism, recreation, accommodation and natural features

Report Category	MapAble® Category	MapIT Points of Interest included	Instances in the area
Tourism	Tourist Attractions	Battlefield, cultural centre, graves, historical monument, museum, place of interest, planetarium/exploratorium/observatory, statue/plaque/memorial, tourist information, viewpoint	59
Accommodation	Accommodation	Bed and breakfast, campsite/caravan park, hotel/motel, lodge, other accommodation, resort/spa, rest camp	349
Natural	Natural	Bay, cape, cave, cove, dune, estuary/delta, hill/mountain/mountain range, island, lagoon, location, marsh/swamp/vlei, mineral/hot springs, pan, pass, plain/flat, plateau, rapids, reef, ridge, rocks, summit, valley, water hole, well/oasis	212
Parks and recreation	Parks and recreation	Botanical garden, forest, national park, park, park gate, picnic site, reserve, zoo/aquarium	37
Sport and recreation	Sport and recreation	4x4trail/activity, adventure sport, athletics, baseball, basketball, beach, boat launch ramp, bowls, cricket, dancesport, equestrian, fishing, fitness/recreation centre, golf, hiking, hockey, ice skating, mountain bike trail, multisport venue/complex/centre, netball, other, race track equestrian, race track motorsport, rugby, soccer, stadium, swimming, tennis, watersport	107

Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

Figure 2-58: Summary of tourism, recreation, accommodation and natural features



Source: MapIT data 2021 prepared by BC Gildenhuys and Associates

2.6 Access to social facilities

Social and community facilities are an essential part of developing strong communities. As the population's size increases, this growth will pressure existing facilities and create a need for new social and community resources.

This section will provide an overview of the spatial distribution and, where available, counts of education facilities, health care facilities, and safety resources.

2.6.1 Education facilities

Education facilities include primary, secondary, combined and intermediate schools as listed in the National Department of Education database. A breakdown of the type of schools are as follows:

- 18 primary schools,
- 4 secondary schools
- 5 combined schools, and
- 0 intermediate schools

The teacher-to-learner ratio needs to be below 40. Very few schools exceed this ratio, with most schools showing some capacity available.

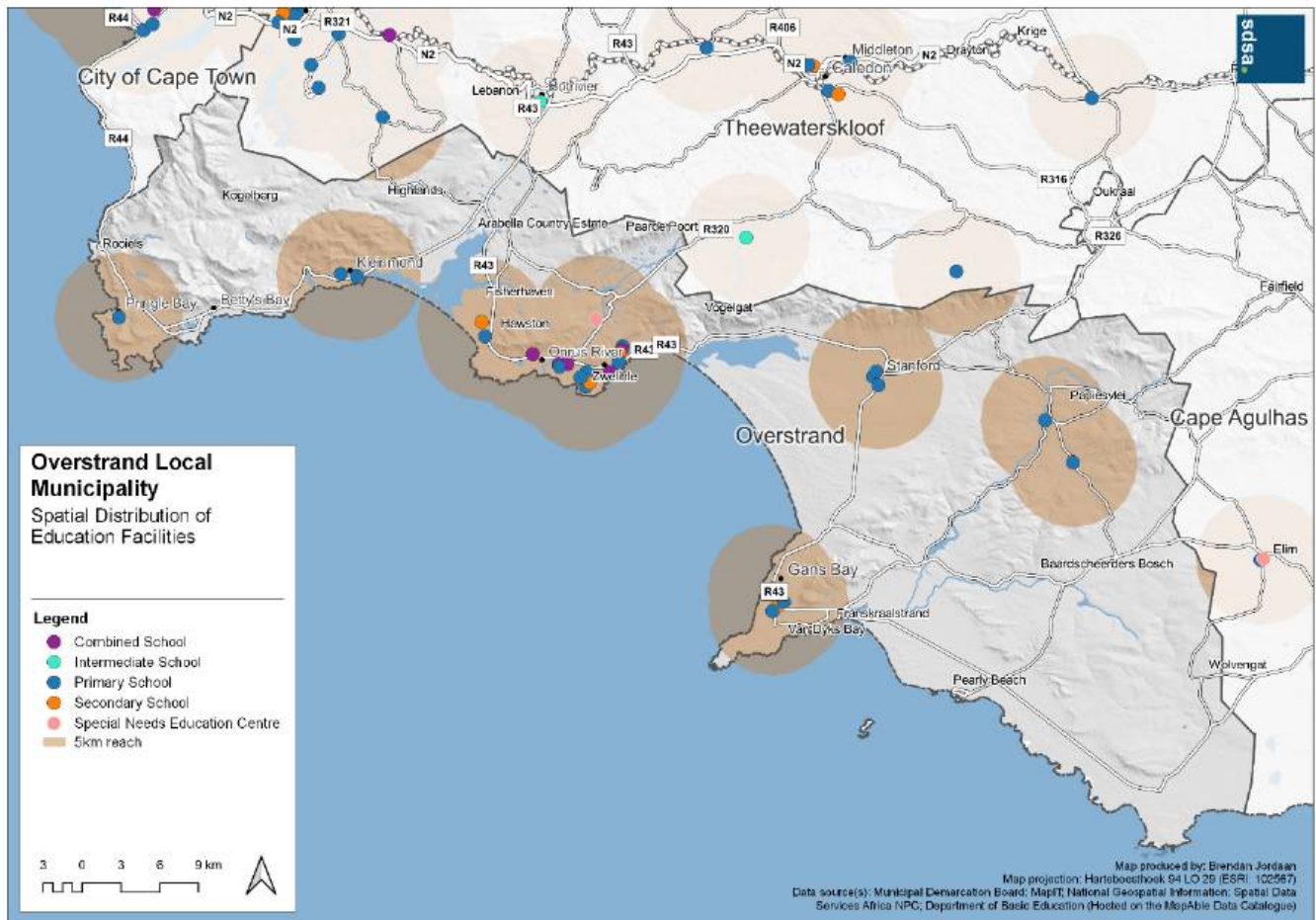
Most assessments use broad guidelines from the CSIR to determine the need for education facilities. Unfortunately, these assessments are often done without considering the facilities' existing capacity and ignoring the distance metric that plays a critical role in the provision of education facilities. Another factor often disregarded is assessing the actual age groupings of the municipality's population. These factors all contribute to the need for these facilities.

Table 2-44: Schools in the Overstrand area

School Type	Number of Schools	Total Learners	Total Teachers	Learners/Teacher
Primary	18	10 962	348	31.5
Secondary	4	4 660	141	33.05
Intermediate	0	0	0	0
Combined	5	1 658	130	12.75

Source: National Department of Education 2018

Figure 2-59: Spatial distribution of education facilities



Source: SDSA (Mapable 2020) based on National Department of Education 2018

2.6.2 Health facilities

A distinction is made between public and private health facilities in the assessment. There is a total of 16 public health facilities and one private health facility. Table 2-45, Table 2-46, Table 2-47 and Figure 2-60 below show the breakdown of the area's health facilities.

Table 2-45: Public health facilities in the Overstrand area

Public health facilities	Number of health facilities
Public Facilities	16
Private Facilities	1

Source: Department of Health 2015

Table 2-46: Private health facilities

Name of private health facility	Private health group
Hermanus Medi-Clinic	Medi-Clinic

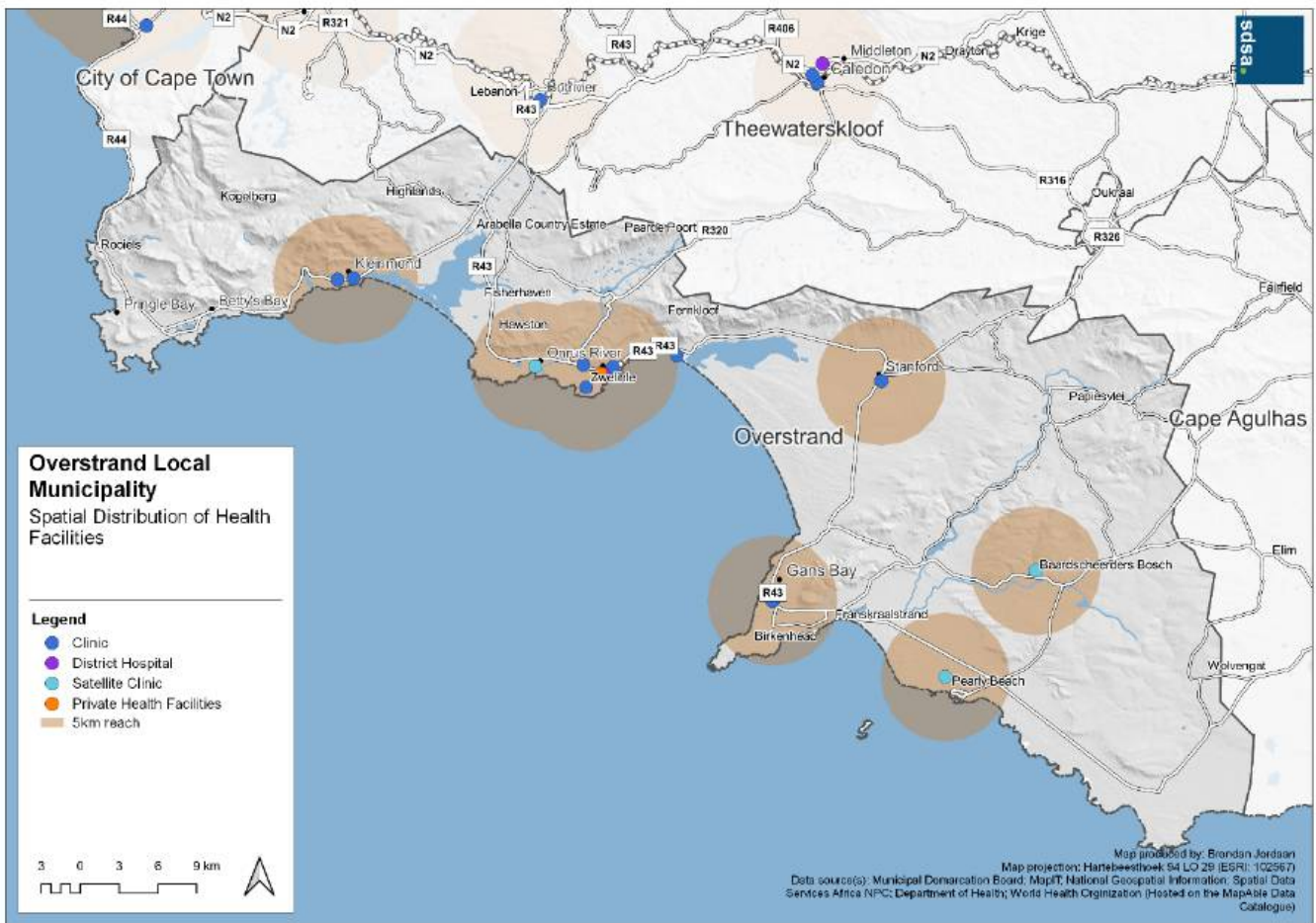
Source: Department of Health 2015

Table 2-47: Bed allocation of private health facilities

Name of private health facility	Beds: Total	Beds: ICU	Beds: Pediatric	Beds: General	Beds: Neo-ICU	Beds: Special ICU	Beds: High care	Beds: Psychiatric	Beds: Day/ Ward
Hermanus Medi-Clinic	51	3	5	34	0	0	3	0	6

Source: Department of Health 2015

Figure 2-60: Spatial distribution and density of public healthcare facilities



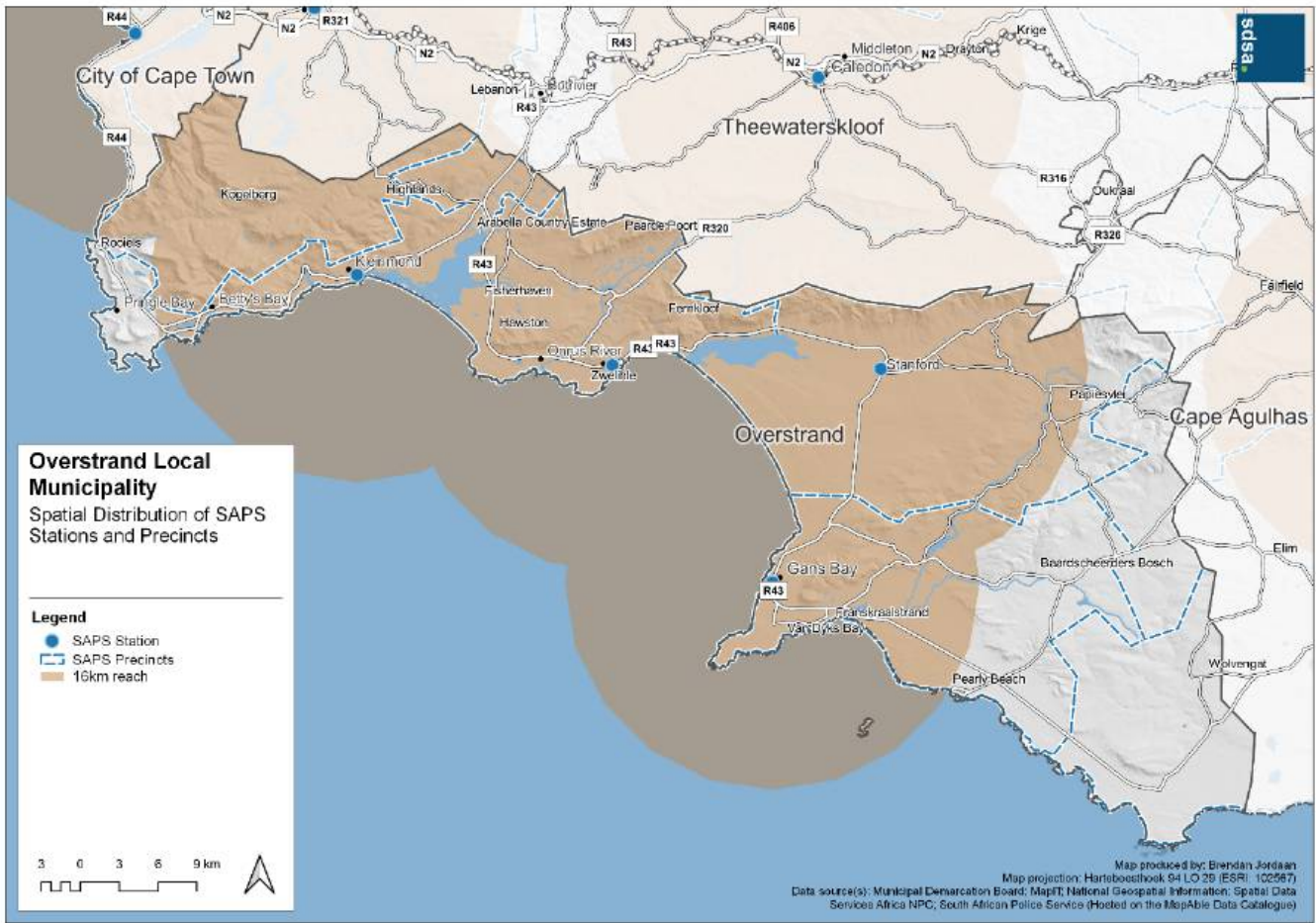
Source: SDSA (MapAble 2020) based on Department of Health 2015

2.6.3 Safety and security

There are 4 SAPS stations in the area. However, the area is serviced by a total of 9 police precincts. Police precinct boundaries do not align with municipal boundaries. The distribution of the precincts and stations may be seen in Figure 2-61. The SAPS stations include:

- Gans Bay;
- Hermanus;
- Kleinmond, and
- Stanford.

Figure 2-61: Spatial distribution of SAPS stations and precincts



Source: SDSA (MapAble 2020) based on SAPS

2.6.4 Courts

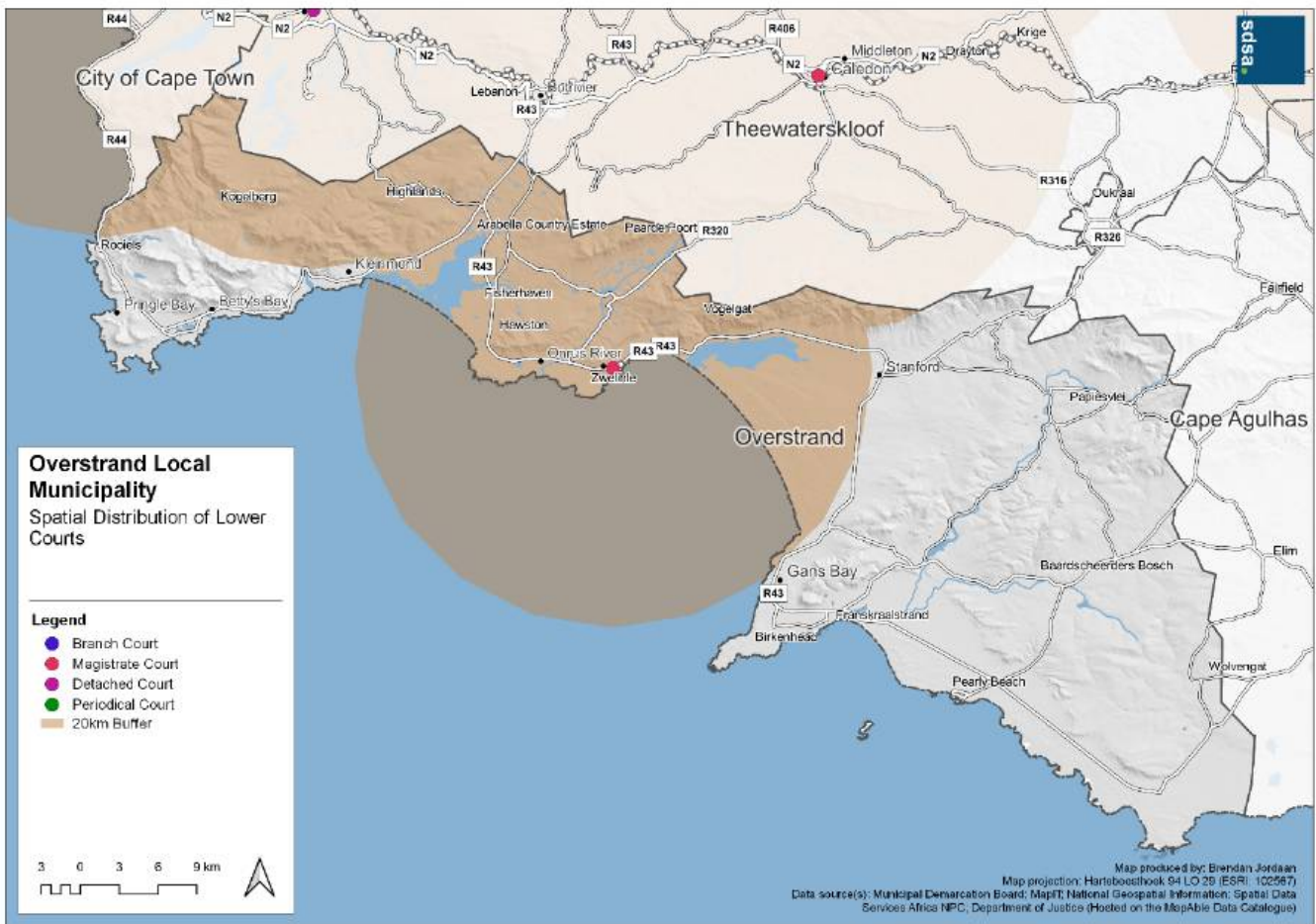
The courts of South Africa are the civil and criminal courts responsible for the administration of justice in South Africa. There is one lower court in the municipal area.

Table 2-48: Courts in the Overstrand area

Type of court	Area/Office	Address
Magistrate Court	Hermanus	63 Main Road, Hermanus 7200

Source: Department of Justice

Figure 2-62: Spatial distribution of lower courts



Source: SDSA (MapAble 2020) based on Department of Justice

2.7 Access to services

Access to infrastructure services is a driving force for the betterment of all communities in South Africa. It is a core function of government, and since 1994, access to services for previously disadvantaged communities has been emphasised to the extent that it has become the driving force of most government delivery policies. Initial approaches were to meet the health requirements of the World Health Organisation and hence the adoption of the so-called RDP standards later referred to as access to basic services. However, these policies have evolved for many reasons, to the extent that many of the services currently contemplated by the government at all levels exceed the initial norms and standards.

This section will provide an overview of the number of people that fall within a determined level of service category for water, sanitation, electricity and refuse removal services for the three census periods of 1996, 2001 and 2011. Unfortunately, at this stage, more recent figures are not available.

2.7.1 Water services

Water services have been a high priority in service delivery strategies over the past two decades. One of the critical Millennium Goals adopted in 2000 stated that countries should aim to halve people's proportion without access to safe drinking water and basic sanitation by 2015. At least 50% of households should have access to at least basic services for these goals.

Table 2-49 below shows the access to water has changed between 1996 and 2016.

Table 2-49: Access to water services 1996, 2001, 2011 and 2016

		Full	Intermediate	Basic	Below Basic	None	Total
1996	Total	8 299	1 506	906	229	458	11 399
	%	72.80 %	13.21 %	7.95 %	2.01 %	4.02%	100 %
2001	Total	13 431	2 769	1 524	760	171	18 656
	%	71.99 %	14.84 %	8.17 %	4.08 %	0.92 %	100 %
2011	Total	21 178	3 769	2 605	267	126	27 945
	%	75.79 %	13.49 %	9.32 %	0.96 %	0.45 %	100 %
2016	Total	27 726	4 692	2 813	277	201	35 709
	%	77.64 %	13.14 %	7.88 %	0.78 %	0.56 %	100 %

Source: Census 1996, 2001, 2011, 2016

2.7.2 Sanitation services

Access to appropriate sanitation services is a very high health priority. Although sanitation services received a high priority from the government, there are always challenges, and this service did not achieve the same level of success as improved access to water services. Table 2-50 shows the sanitation access for the municipality.

Table 2-50: Access to sanitation services 1996, 2001, 2011 and 2016

		Full	Intermediate	Basic	Below Basic	None	Total
1996	Total	9 702	NA	NA	805	891	11 399
	%	85.12 %	NA	NA	7.06 %	7.82 %	100 %
2001	Total	16 774	150	232	287	1 213	18 656
	%	89.91 %	0.80 %	1.24 %	1.54 %	6.50 %	100 %
2011	Total	26 161	23	44	1 295	421	27 945
	%	93.62 %	0.08 %	0.16 %	4.64 %	1.51 %	100 %
2016	Total	35 431	0	0	192	86	35 709
	%	99.22 %	0.00 %	0.00 %	0.54 %	0.24 %	100 %

Source: Census 1996, 2001, 2011, 2016

2.7.3 Electricity services

Although electricity does not have the same implications for health as water and sanitation, access to electricity is very important for general development, especially education. Access to electricity was, therefore, always a high priority. Table 2-51 below shows how access to electricity has changed since 1996. This table is based on access to lighting as a proxy for access to electricity.

Table 2-51: Access to electricity services 1996, 2001, 2011 and 2016

		Full access	Intermediate access	No access	Total
1996	Total	9 444	NA	1 954	11 399
	%	82.85 %	NA	17.15 %	100 %
2001	Total	15 553	NA	3 103	18 656
	%	83.37 %	NA	16.63 %	100 %
2011	Total	25 383	NA	2 562	27 945
	%	90.83 %	NA	9.17 %	100 %
2016	Total	34 173	207	1 329	35 709
	%	95.70 %	0.58 %	3.72 %	100 %

Source: Census 1996, 2001, 2011, 2016

2.7.4 Refuse removal

Solid waste management and refuse removal are essential for health and environmental considerations. Table 2-52 below shows how access to refuse removal services was reported in the previous three censuses.

Table 2-52: Access to refuse removal services 1996, 2001, 2011 and 2016

		Full access	Intermediate	Basic	Below Basic	No access	Total
1996	Total	9 311	327	143	879	739	11 399
	%	81.68 %	2.87 %	1.26 %	7.71 %	6.48 %	100 %
2001	Total	16 761	110	278	1 424	1 213	18 656
	%	89.84 %	0.59 %	1.49 %	7.64 %	0.44 %	100 %
2011	Total	25 588	179	565	1 001	612	27 945
	%	91.57 %	0.64 %	2.02 %	3.58 %	2.19 %	100 %
2016	Total	33 580	267	1 423	296	143	35 709
	%	94.04 %	0.75 %	3.98 %	0.83 %	0.40 %	100 %

Source: Census 1996, 2001, 2011

2.7.5 Roads

Access to road services has not been recorded in the censuses or elsewhere. The following table shows the available road data for the municipality. One should note that all roads are not the responsibility of the municipality.

Table 2-53: Road services in the Municipality 2021

Road type	Paved road (km)	Unpaved road (km)	Total road length (km)
Major road (National Major roads of a country including all freeways)	0.00	N/A	0.00
Main road (Provincial roads and major city through routes)	219.71	29.97	249.68
Secondary road (Secondary roads including slipways)	15.32	102.99	118.31
Suburban road (Formal suburban roads including slipways)	518.79	185.21	704.00
Informal roads (Alleys, Access ways, roads in informal settlements and squatter camps, farm and other small dirt roads)	15.35	695.83	711.19
Tracks (Non-routable roads: including 4x4 tracks)	N/A	N/A	299.34
Trails (Pedestrian walkways in cities and towns, walking and hiking trails)	N/A	N/A	0.00
Totals	769.17	1 014.00	2 082.51

2.8 Municipal institutional indicators

2.8.1 Audit outcomes

Within three months after the end of every municipal financial year, the Auditor General of South Africa (AGSA) receives financial statements from municipalities within which to express various audit opinions that relate mainly to financial affairs. This process primarily serves to deter poor financial management and misuse of municipal funds, strengthening accountability and enhancing municipal service delivery and clean administration.

The financial statements submitted for auditing must be free from material misstatements. Misstatements refer to incorrect or omitted information in financial statements. Examples include the incorrect or incomplete classification of transactions or incorrect values placed on assets, liabilities, financial obligations, and commitments. The objective of an audit of financial statements is to express an audit opinion on whether the financial statements are fairly present the financial position of auditees at financial year-end and the results of their operations for that financial year.

The AGSA can express one of the following audit opinions:

- **Clean audit outcome:** The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.
- **Financially unqualified audit opinion:** The financial statements contain no material misstatements. Unless the AGSA express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for the AGSA to conclude that specific amounts included in the financial statements are not materially misstated.
- **Adverse audit opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.
- **Disclaimer of audit opinion:** The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts or represents a substantial portion of the information contained in the financial statements.

Apart from auditing the financial statements, the AGSA other reporting responsibilities include auditing auditees’ reporting on their predetermined objectives and auditing auditees’ compliance with legislation.

Table 2-54: Municipal Audit outcomes (2011/2016) Municipal Boundaries

Financial Year	Audit outcome
FY 2010/11	Unqualified with findings
FY 2011/12	Unqualified with findings
FY 2012/13	Unqualified with no findings
FY 2013/14	Unqualified with no findings
FY 2014/15	Unqualified with no findings
FY 2015/16	Unqualified with no findings
FY 2016/17	Unqualified with no findings
FY 2017/18	Unqualified with no findings
FY 2018/19	Unqualified with no findings
FY 2019/20	Unqualified with no findings
FY 2020/21	Unqualified with no findings

Source: AGSA 2021

2.8.2 Non-financial municipal indicators

StatsSA conducts an annual municipal census to determine non-financial performance indicators. The results reflect the position at the end of a municipal financial year. This survey covers selected non-financial information of all. The census provides information that can serve as a framework for policymakers and other stakeholders to analyse and monitor service delivery of water, electricity, solid waste management, sewerage and sanitation, indigent households, and employment.

The information is collected annually from all municipalities through questionnaires. Inaccuracies may occur because of imperfections in reporting by municipalities. Every effort is made to reduce errors to a minimum by carefully designing the questionnaire, undertaking pilot studies/workshops and editing processes. Results are generally comparable between financial years.

2.8.3 Employment indicators

a. Councillors and the Executive

Table 2-55: Number of councillors

	Fulltime		Part-time		Vacant posts	Total (Including vacancies)
	Male	Female	Male	Female		
2017	5	2	8	9	0	24
2018	2	3	11	8	0	24
2019	3	3	11	7	0	24
2020	3	3	11	7	0	24

Source: StatsSA 2020

b. Staffing and employment

The non-financial census of municipalities by StatsSA reports the following data. The figures below show low vacancy rates for 2019.

b.1 Manager and total employment

Table 2-56: Managerial positions according to Section 56 of the Local Government Municipal System Act, 2000 (Act No.32 of 2000)

	Fulltime		Part-time		Vacant posts	Total (Including vacancies)
	Male	Female	Male	Female		
2017	5	2	0	0	0	7
2018	5	2	0	0	0	7
2019	5	2	0	0	0	7
2020	5	2	0	0	0	7

Source: StatsSA 2020

Table 2-57: Managerial positions according to Organogram (excluding Section 56 managers)

	Fulltime		Part-time		Vacant posts	Total (Including vacancies)
	Male	Female	Male	Female		
2017	33	15	0	0	2	50
2018	36	15	0	0	2	53
2019	35	16	0	0	0	51
2020	35	16	0	0	0	51

Source: StatsSA 2020

Table 2-57 and Table 2-58 show no managerial or council vacancies for 2020.

Table 2-58: Employment positions, including managerial positions

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	1 018	2	221	1 241
2018	1 047	0	74	1 121
2019	1 074	3	84	1 161
2020	1 126	0	0	1 126

Source: StatsSA 2020

b.2 Department staffing and employment

Table 2-59: Employment positions excluding managerial positions in Community and Social Services

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	89	0	7	96
2018	98	0	6	104
2019	100	0	0	100
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

The table above shows no vacancies for community and social services posts.

Table 2-60: Employment positions excluding managerial positions in Finance and Administration

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	212	2	32	246
2018	222	0	22	244
2019	225	3	34	262
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

The vacancy rate in finance and administration was 13% in 2019.

Table 2-61: Employment positions excluding managerial positions in Electricity

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	56	0	13	69
2018	57	0	11	68
2019	61	0	7	68
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

The electricity department had a vacancy rate of 10.3% in 2019.

Table 2-62: Employment positions excluding managerial positions in Environmental Protection

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	7	0	2	9
2018	7	0	0	7
2019	7	0	4	11
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

The vacancy rate for environmental protection services was 36.4% in 2019.

Table 2-63: Employment positions excluding managerial positions in Health

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

Table 2-64: Employment positions excluding managerial positions in Public Safety

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	96	0	130	226
2018	100	0	10	110
2019	108	0	14	122
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

11.5% of the positions in Public Safety was vacant in 2019.

Table 2-65: Employment positions excluding managerial positions in Road Transport

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	146	0	9	155
2018	140	0	7	147
2019	142	0	6	148
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

The vacancy rate for road transport services was 4.1%, and the corresponding figure for sports and recreation was 7.2% in 2019.

Table 2-66: Employment positions excluding managerial positions in Sport and Recreation

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	133	0	11	144
2018	131	0	9	140
2019	130	0	10	140
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2019

In waste management services, 2.1% of the positions were not filled in 2019.

Table 2-67: Employment positions excluding managerial positions in Waste Management

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	128	0	7	135
2018	134	0	2	136
2019	140	0	3	143
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

Regarding water and sanitation services, the wastewater component had a 5.6% vacancy rate, and the corresponding figure for water services was 5.3% in 2019.

Table 2-68: Employment positions excluding managerial positions in Wastewater Management

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	67	0	2	69
2018	65	0	1	66
2019	67	0	4	71
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

Table 2-69: Employment positions excluding managerial positions in Water Management

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	29	0	6	35
2018	35	0	4	39
2019	36	0	2	38
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020
Table 2-70: Employment positions excluding managerial positions in Other

	Fulltime	Part-time	Vacant posts	Total (Including vacancies)
2017	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

2.8.4 Service access indicators

The service indicators below should be read and related to the population assessment in Section 2.3 on the area's demographics and Section 2.5, dealing with settlement dynamics and change. One should also note substantial differences between the figure reported by the Council below, the data extracted from the financial system, and the household and population figures assessed earlier in this document.

a. Service responsibilities

The tables below show that the Council is responsible for all major infrastructure services. However, service areas are complicated. Therefore, external service providers are involved in the municipality.

Table 2-71: Responsibility for providing services under the powers and functions

	Water	Sanitation	Electricity	Solid waste
2017	Yes	Yes	Yes	Yes
2018	Yes	Yes	Yes	Yes
2019	Yes	Yes	Yes	Yes
2020	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020
Table 2-72: Responsibility for providing services outsourced or commercialised

	Water	Sanitation	Electricity	Solid waste
2017	Not applicable	Not applicable	Yes	Not applicable
2018	Not applicable	Not applicable	Yes	Not applicable
2019	Not applicable	Not applicable	Yes	Not applicable
2020	Not applicable	Not applicable	Yes	Not applicable

Source: StatsSA 2020

b. The extent of service coverage

Table 2-73: Number of consumer units receiving services from municipalities

	Water	Sanitation	Electricity	Solid waste
2017	29 329	33 124	23 736	28 507
2018	31 615	33 649	23 736	29 464
2019	32 211	34 069	24 011	29 994

	Water	Sanitation	Electricity	Solid waste
2020	32 357	34 337	24 011	30 438

Source: StatsSA 2020

c. Service backlogs

The details of service backlogs are dealt with as a separate element under this project. However, as indicated earlier in this document, the benchmark number of households is in the order of 30 427 (See Section 2.2.7). However, this is a gross figure, and adjustments will have to be made to address the impact of potential customers excluded from delivery, such as households on farms or backyard dwellings.

The inconsistency in the data reported for the different years also raises questions. However, compared to figures from other sources, the 2020 figure seems to be more accurate or representative of the current situation than the previous years.

Table 2-74: Number of consumer units receiving water services

	Number of domestic consumer units served through a delivery point				Total number of non-domestic consumer units receiving water services	Total number of consumer units receiving water services
	Inside the yard	Less than 200m from a yard	More than 200m from a yard	Total number of domestic consumer units receiving water services		
2017	26 888	0	0	26 888	2 441	29 329
2018	29 174	0	0	29 174	2 441	31 615
2019	29 800	0	0	29 800	2 411	32 211
2020	29 946	0	0	29 946	2 411	32 357

Source: StatsSA 2020

Table 2-75: Number of consumer units receiving sanitation services

	Flush toilets connected to public sewerage system	Flush toilets connected to septic tank	Bucket system	Ventilated improved pit latrines	Other	Total number of domestic consumer units receiving sanitation services	Total number of non-domestic consumer units receiving sanitation services	Total number of consumer units receiving sanitation services
2017	22 703	6 138	0	0	0	28 841	4 283	33 124
2018	26 113	3 052	0	0	0	29 165	4 484	33 649
2019	29 631	0	0	0	0	29 631	4 438	34 069
2020	30 060	0	0	0	0	30 060	4 277	34 337

Source: StatsSA 2020

d. Service delivery policy indicators

The Municipality has a general policy regarding free basic services in place. The following table indicates to which services a free basic service policy applies.

Table 2-76: Has the Municipality implemented free basic service policies?

	Water	Sanitation	Electricity	Solid waste
2017	Yes	Yes	Yes	Yes
2018	Yes	Yes	Yes	Yes
2019	Yes	Yes	Yes	Yes
2020	Yes	Yes	Yes	Yes

Source: StatsSA 2020

It is not clear why the units receiving free basic services have declined,

Table 2-77: Domestic units receiving free basic services

	Water	Sanitation	Electricity	Solid waste
2017	7 418	7 418	7 418	7 418
2018	7 385	7 385	7 385	7 385
2019	7 630	7 630	7 630	7 630
2020	7 595	7 595	9 595	7 595

Source: StatsSA 2019

As the table below shows, the Council applies a self-targeting approach to identify indigent households that needs assistance with service payments.

Table 2-78: Mechanisms to provide free basic services to indigent households for Water

	Technical approach	Geographic approach	Broad-based approach	Self-targeting approach	Consumption-based approach	Property value-based approach	Targeting based on plot size approach
2018	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable
2019	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable
2020	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable

Source: StatsSA 2020

Table 2-79: Mechanisms to provide free basic services to indigent households for Sanitation

	Technical approach	Geographic approach	Broad-based approach	Self-targeting approach	Consumption-based approach	Property value-based approach	Targeting based on plot size approach
2018	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable
2019	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable
2020	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable

Source: StatsSA 2020

Table 2-80; Mechanisms to provide free basic services to indigent households for Electricity

	Technical approach	Geographic approach	Broad-based approach	Self-targeting approach	Consumption-based approach	Property value-based approach	Targeting based on plot size approach
2018	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable
2019	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable
2020	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable

Source: StatsSA 2020

Table 2-81: Mechanisms to provide free basic refuse removal services to indigent households

	Technical approach	Geographic approach	Broad-based approach	Self-targeting approach	Consumption-based approach	Property value-based approach	Targeting based on plot size approach
2018	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable
2019	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable
2020	Not applicable	Not applicable	Not applicable	Yes	Not applicable	Not applicable	Not applicable

Source: StatsSA 2020

Table 2-82: Monthly income cut-off points to identify indigent households

	R1 600 and below	Between R1 601 and R3 380	Above R3 380
2018	Not applicable	Not applicable	Yes
2019	R1 780 and below Not applicable	Between R1 780 and R3 560 Not applicable	Above R 3 560 Yes
2020	R1 860 and below Not applicable	Between R1 860 and R3 720 Not applicable	Above R 3 720 Yes

Source: StatsSA 2020

The same comments apply as with Table 2-77 above.

Table 2-83: Number of indigent households benefiting from an indigent support system

	Indigent households identified	Beneficiaries			
		Water	Electricity	Sanitation	Refuse removal
2017	7 418	7 418	7 418	7 418	7 418
2018	7 385	7 385	7 383	7 385	7 385
2019	7 630	7 630	7 630	7 630	7 630
2020	7 595	7 595	7 595	7 595	7 595

Source: StatsSA 2020

2.8.5 Policy frameworks and agreements

The table below shows that all the major policy frameworks and agreements are in place.

Table 2-84: Policy frameworks and agreements in place.

	IDP submitted	WSDP submitted	Monitoring for water quality	Integrated waste management plan	Monitoring for effluent discharges	Funding agreement with Eskom	HIV/AIDS policy
2017	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2018	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2019	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2020	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported

Source: StatsSA 2020

2.9 Concluding remarks

For concluding remarks, refer to Part 6: Institutional Arrangements.

Functional Area profiling

The current developmental pressures experienced within the South African context, specifically the lack of available resources to address the infrastructure demand faced by municipalities, together with the legislative framework as set out in the constitution and other planning documents, led to the implementation of the principle of spatial targeting. Spatial targeting refers to the deliberate focus of actions on a specific spatial area. This concept is currently prevalent in the planning and urban management environment. It is a beneficial and efficient principle to apply when dealing with limited resources and when a municipality aims to address spatial injustices in a focused and integrated manner.

Therefore, this section seeks to define and delineate different Functional Areas. The section provides a brief background to Functional Areas and an overview of the methodology used. This section also presents the various development indices used to prioritise areas and develop the foundation for spatial targeting and project prioritisation.

2.10 Overview of Functional Areas

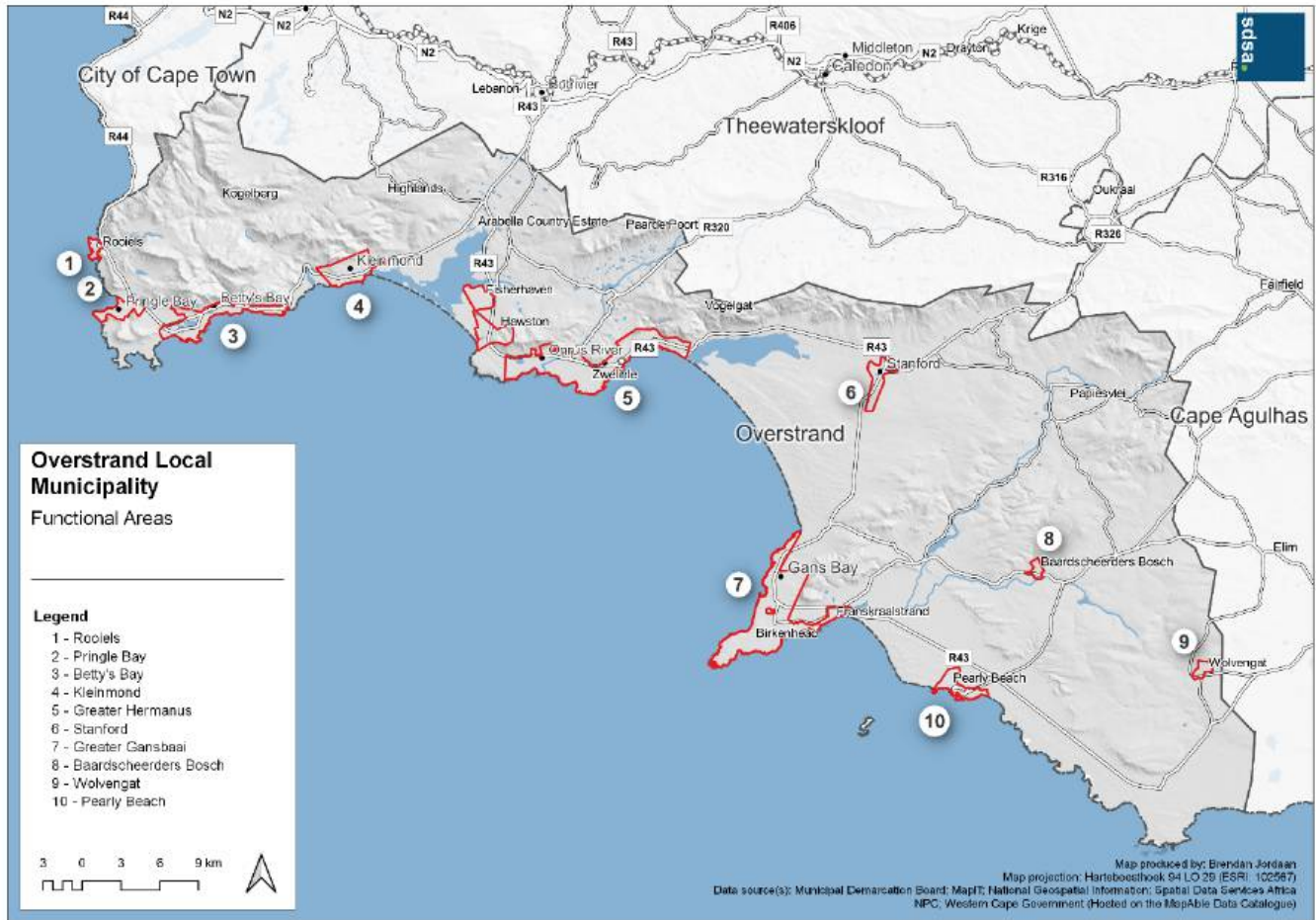
According to the CoGTA 2018 CEF guideline, a Functional Area is an area within or outside of a settlement that has similar density, urban form, service level, and service requirements, such as low-density established suburbs, industrial areas, high-density informal areas, commercial areas, a central business district or non-urban area. In addition, Functional Areas usually share the same engineering and utility service requirements and levels of service (or have similar upgrading needs).

In practice, this definition is often confused because these boundaries are often non-definable and made further problematic because it is not possible to derive accurate demographic and socio-economic data from them. Therefore, whilst Functional Areas should be delineated in line with the definition provided above, DEA&DP Spatial Planning has learned through experience that to derive accurate demand, Functional Areas should be units where a) future population, housing, and land demand can be derived from and b) where geolocated projects can be captured against. Furthermore, functional areas should correspond to the basic geographic units used to count the population by Statistics South Africa, i.e., a grouping of Enumerator Areas (EA), Sub Places or Main Places.

Notably, the SDF sets out the land yield and Spatial Categories for Investment, with which the 'forecasted demand' must be accommodated and reconciled. Therefore, the Functional Areas (Census-derived Enumerator Areas) should closely follow the settlement-by-settlement scale proposals provided in the SDF to match future demand and possible yield best.

2.11 Functional Areas summary

Figure 2-63: Functional areas as delineated by the Western Cape Province



2.11.1 The extent of the Functional Areas

Table 2-85 below shows the extent of the functional areas in hectare. Greater Hermanus covers the largest area, followed by greater Gansbaai. The other functional areas are relatively small, ranging between 112 hectares (Baardskeersdersbos) and 1 062 hectares (Betty's Bay). The average size of the functional areas is 943 hectares.

Table 2-85: Total area of functional areas

Functional Area	Area (ha)
Rooi Els	118
Pringle Bay	333
Betty's Bay	1062
Kleinmond	728
Greater Hermanus	3 328
Stanford	400
Greater Gansbaai	2 816
Baardskeersdersbos	112
Wolvengat	138
Pearly Beach	399
Rural	161 236

Functional Area	Area (ha)
Overstrand	170 670

2.11.2 Functional Areas classification and hierarchy

Table 2-86 below shows the functional classification and nodal hierarchy of the functional areas based on national, provincial, district and local spatial policy. Greater Hermanus serves a regional role and is the most central node in the municipality. The other nodal areas serve a clear local function.

Table 2-86: Hierarchy of functional areas

Functional Area	NSDF	PSDF	DSDF	MSDF	CSIR Functional Town Typology	MapAble town levels
Rooi Els	Other towns/Settlements	Secondary settlement	Local town/Settlementnode	Local Nodes	Local Towns/Settlement Nodes	5
Pringle Bay	Other towns/Settlements	Secondary settlement	Local town/Settlementnode	Local Nodes	Local Towns/Settlement Nodes	4
Bettys Bay	Other towns/Settlements	Secondary settlement	Local town/Settlementnode	Local Nodes	Local Towns/Settlement Nodes	4
Kleinmond	Other towns/Settlements	Secondary Regional Service Centres	Local town/Settlementnode	Sub-Regional Node	Local Towns/Settlement Nodes	4
Greater Hermanus	Rural Service Centers	Primary Regional Service Centre	Regional Service Centre	Regional node	Service Towns	2
Stanford	Other towns/Settlements	Secondary settlement	Local town/Settlementnode	Local Nodes	Local Towns/Settlement Nodes	4
Greater Gansbaai	Other towns/Settlements	Secondary Regional Service Centres	Small Service Town	Sub-Regional Node	Local Towns/Settlement Nodes	3
Baardskeersdersbos	Other towns/Settlements	Secondary settlement	Local town/Settlementnode	Rural Nodes	Local Towns/Settlement Nodes	5
Wolvengat	Other towns/Settlements	Secondary settlement	Local town/Settlementnode	Rural Settlements	Local Towns/Settlement Nodes	5
Pearly Beach	Other towns/Settlements	Rural Settlements with Threshold to Support Permanent Social Services	Local town/Settlementnode	Local Nodes	Local Towns/Settlement Nodes	5

Source: Department of Agriculture, Land Reform and Rural Development, Western Cape Provincial Government, Overberg District Municipality, Overstrand Local Municipality, CSIR, MapAble 2023

2.11.3 Population per Functional Area

Table 2-87 provides a summary of available population data. Population figures are derived from StatsSA census data (1996, 2002, 2011) and WorldPop2020. Other third-party data are not considered as the data must be presented at a sub-municipal level. Most other data sources only provide figures at a municipal level.

The data shows that almost 60% of the population is concentrated in the greater Hermanus area. Gansbaai accounts for about 15% of the population, followed by Kleinmond (8.5%). Almost 10% of the population resides in the rural functional area.

Table 2-87: population per functional area

Functional Area	1996	2001	2011	2020
Rooi Els	39	53	125	168
Pringle Bay	282	554	801	1 072
Bettys Bay	180	539	1 379	1 895
Kleinmond	3 114	3 465	6 635	9 212
Greater Hermanus	18 981	28 605	46 830	64 966
Stanford	1 963	3 397	4 797	6 555
Greater Gansbaai	4 526	7 740	13 315	18 484
Baardskeersdersbos	3	2	103	143
Wolvengat	2	2	50	71
Pearly Beach	249	781	1 043	1 431
Rural	7 270	9 402	5 287	7 646
Overstrand	36 609	54 540	80 365	111 643

StatsSA Census / MapAble 2023 / WordPop 2020 / Western Cape Provincial Government

2.11.4 Population density per Functional Area

Population densities in all functional areas are low. Hermanus has the highest density (19.5 people/hectare), while the average of the functional areas is 6.7 persons per hectare. Only Stanford and Kleinmond are above the average for the functional areas.

Table 2-88: Population density (persons/ha) per functional area

Functional Area	1996	2001	2011	2020
Rooi Els	0.4	0.5	1.1	1.4
Pringle Bay	0.9	1.7	2.4	3.2
Bettys Bay	0.2	0.5	1.3	1.8
Kleinmond	4.3	4.8	9.1	12.7
Greater Hermanus	5.9	8.9	14.1	19.5
Stanford	4.9	8.5	12.0	16.4
Greater Gansbaai	1.7	2.9	4.7	6.6
Baardskeersdersbos	0.0	0.0	0.9	1.3
Wolvengat	0.0	0.0	0.4	0.5
Pearly Beach	0.7	2.3	2.6	3.6
Rural	0.0	0.1	0.0	0.0
Overstrand	0.2	0.3	0.5	0.7

StatsSA Census / MapAble 2023 / WordPop 2020 / Western Cape Provincial Government

Household figures are derived from the same sources as the population data but does not include WorldPop data as it does not present household figures. The data shows similar characteristics and trends as the population figures. What is interesting to note is the decline in the number of households in the rural areas between 1996 and 2011.

Table 2-89: Households per functional area

Functional Area	1996	2001	2011
Rooi Els	23	25	63
Pringle Bay	125	284	429
Bettys Bay	92	224	664
Kleinmond	990	1283	2731
Greater Hermanus	5693	9066	15585
Stanford	511	942	1489
Greater Gansbaai	1500	2585	4654

Functional Area	1996	2001	2011
Baardskeersdersbos	1	1	39
Wolvengat	1	1	25
Pearly Beach	122	348	485
Rural	2341	3472	1781
Overstrand	11399	18231	27945

StatsSA Census / MapAble 2023 / Western Cape Provincial Government

2.11.5 Household density (households/ha) per functional area

The average household density for the functional areas are 2.96 households per hectare. As with the population, these densities are low.

Table 2-90: Household density (households/ha) per functional area

Functional Area	SDSA Database		
	1996	2001	2011
Rooi Els	0.2	0.2	0.5
Pringle Bay	0.4	0.9	1.3
Bettys Bay	0.1	0.2	0.6
Kleinmond	1.4	1.8	3.8
Greater Hermanus	1.8	2.8	4.7
Stanford	1.3	2.4	3.7
Greater Gansbaai	0.6	1.0	1.7
Baardskeersdersbos	0.0	0.0	0.4
Wolvengat	0.0	0.0	0.2
Pearly Beach	0.4	1.0	1.2
Rural	0.0	0.0	0.0
Overstrand	0.1	0.1	0.2

StatsSA Census / MapAble 2023 / Western Cape Provincial Government

2.11.6 Average household size per functional area

Table 2-91 below shows the average household size per functional area. The general trend over time is a decline in household size.

Table 2-91: Average household size per functional area

	1996	2001	2011
Rooi Els	1.8	2.2	2.1
Pringle Bay	2.3	2.0	1.9
Bettys Bay	2.0	2.4	2.1
Kleinmond	3.2	2.7	2.4
Greater Hermanus	3.3	3.2	3.0
Stanford	3.9	3.6	3.2
Greater Gansbaai	3.0	3.0	2.9
Baardskeersdersbos	3.3	3.0	2.5
Wolvengat	3.2	3.0	1.6
Pearly Beach	2.1	2.3	2.2

	1996	2001	2011
Rural	3.1	2.7	3.0
Overstrand	3.2	3.0	2.9

StatsSA Census / MapAble 2023 / Western Cape Provincial Government

2.11.7 Social and community facilities

A summary of social and community facilities per Functional Area is presented in Table 2-92 below. With the small population concentrations in the local towns, one can expect a relative absence of social facilities. On the other hand, Hermanus and its regional function mean that more social facilities are concentrated in this area. A more detailed assessment and demand for social and community facilities will be done later in the project.

Table 2-92: Social and community facilities per functional area

	Primary schools	Secondary schools	Intermediate schools	Combined schools	Public health	Private health	SAPS stations	Lower courts
Rooi Els	0	0	0	0	0	0	0	0
Pringle Bay	1	0	0	0	0	0	0	0
Bettys Bay	0	0	0	0	0	0	0	0
Kleinmond	1	0	1	0	3	0	1	0
Greater Hermanus	7	3	0	4	8	1	1	1
Stanford	3	0	0	0	1	0	1	0
Greater Gansbaai	3	1	0	0	2	0	1	0
Baardskeersders bos	0	0	0	0	1	0	0	0
Wolvengat	0	0	0	0	0	0	0	0
Pearly Beach	0	0	0	0	1	0	0	0
Rural	2	0	0	0	0	0	0	0
Overstrand	17	4	1	4	16	1	4	1

Source: Department of Basic Education 2016 / Department of Health 2015 / South African Police Services 2015 / MapAble 2023

a. Non-urban

Table 2-93 below depicts the changes in Land Cover related to non-urban uses between 1990, 2014 and 2018. As the functional areas are mostly urban, one can expect little to no non-urban-related activities. The data confirm this. However, Stanford, Baardskeersdersbos, and Wolvengat has some commercial farming activity within the demarcated functional areas.

Table 2-93: Non-urban land cover change of functional areas (ha)

	Cultivated commercial fields			Cultivated commercial pivot			Cultivated orchards and vines			Sugarcane			Subsistence farming			Forests & Plantations			Mining		
	1990	2014	2018	1990	2014	2018	1990	2014	2018	1990	2014	2018	1990	2014	2018	1990	2014	2018	1990	2014	2018
Rooi Els	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pringle Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bettys Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0
Kleinmond	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Greater Hermanus	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Stanford	4	3	4	0	0	0	14	13	12	0	0	0	0	0	0	0	0	7	0	0	0
Greater Gansbaai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24	0	1	12
Baardskeersdersbos	23	19	18	0	0	0	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0
Wolvengat	6	6	7	0	0	0	4	3	2	0	0	0	0	0	0	0	0	0	0	0	0
Pearly Beach	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rural	15702	12972	15090	78	335	411	1705	1418	1193	0	0	0	0	0	0	2484	1157	1998	10	40	73
Overstrand	15735	13000	15120	78	335	411	1724	1437	1208	0	0	0	0	0	0	2486	1158	2029	10	42	86

Source: Department of Environmental Affairs / MapAble 2023

b. Urban

Land cover data for 2018 is available from the Department of Environmental Affairs - Directorate Geospatial Information Management. However, the 2018 data had been reclassified for urban-related land cover, making direct comparisons between the different timeframes difficult. For this reason, only data related to 1990 and 2014 are shown.

From Table 2-94 below it can be deduced that the functional areas are largely residential in nature. Only Hermanus has significant levels of Urban commercial and Urban industrial land cover. The changes in land cover between 1990 and 2014 have also been relatively small. Urban townships have seen an increase in Greater Hermanus, Stanford, and Greater Gansbaai.

Table 2-94: Urban land cover change of functional areas (ha)

Land cover Urban	Urban built-up		Urban commercial		Urban industrial		Urban residential		Urban townships		Urban informal		Rural villages		Urban sports and golf		School and sports grounds		Smallholdings			
	1990	2014	1990	2014	1990	2014	1990	2014	1990	2014	1990	2014	1990	2014	1990	2014	1990	2014	1990	2014		
Rooi Els	0	0	0	0	0	0	72	65	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pringle Bay	0	0	0	0	0	0	251	234	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bettys Bay	0	0	0	0	0	0	611	569	5	4	0	0	0	0	0	0	0	0	0	0	0	
Kleinmond	0	1	9	8	1	0	282	272	25	26	0	3	0	0	42	36	6	5	0	0	0	
Greater Hermanus	7	15	54	90	38	50	1296	1401	25	79	0	33	0	0	151	149	22	35	0	0	0	
Stanford	0	1	1	1	0	2	65	68	18	37	0		0	0	5	5	3	2	0	0	0	
Greater Gansbaai	1	7	1	5	3	10	373	435	17	51	0	2	0	0	47	53	2	5	0	0	0	
Baardskeersdersbos	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wolvengat	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pearly Beach	0	0	0	0	0	0	154	144	13	13	0	5	0	0	0	0	0	0	0	0	0	0
Rural	2	1	2	2	2	3	58	61	1	1	0	0	0	0	1	137	0	0	162	144	0	0
Overstrand	10	25	67	105	44	65	3161	3249	104	210	0	45	0	0	245	381	32	47	162	144	0	0

Source: Department of Environmental Affairs / MapAble 2023

2.11.8 Access to services

a. Water services

Water services have been a high priority in service delivery strategies over the past two decades. One of the critical Millennium Goals adopted in 2000 stated that countries should aim to halve people's proportion without access to safe drinking water and basic sanitation by 2015. According to these goals, at least 50% of households should have access to basic services. Table 2-95 below shows the percentage of households that have access to full, intermediate, basic and below basic levels of services for water. All the functional areas have maintained good service levels, with most of the population receiving water services above the basic standard. The figures also show an improvement over time for all functional areas.

Table 2-95: % Access to water services in functional areas

	1996					2001					2011				
	Full	Intermediate	Basic	Below Basic	None	Full	Intermediate	Basic	Below Basic	None	Full	Intermediate	Basic	Below Basic	None
LOS	89.28%	0.00%	0.00%	7.14%	3.57%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Rooi Els	99.98%	0.01%	0.01%	0.00%	0.00%	85.37%	11.90%	0.00%	1.02%	1.70%	99.30%	0.70%	0.00%	0.00%	0.00%
Pringle Bay	99.10%	0.07%	0.82%	0.01%	0.01%	95.99%	1.75%	0.82%	0.00%	1.44%	98.65%	0.30%	0.60%	0.30%	0.15%
Bettys Bay	79.14%	1.32%	18.73%	0.30%	0.51%	59.47%	3.07%	29.50%	7.49%	0.47%	65.73%	16.93%	15.44%	1.76%	0.15%
Greater Hermanus	78.48%	15.23%	1.94%	0.06%	4.29%	67.96%	23.09%	6.34%	2.12%	0.48%	78.58%	15.13%	5.26%	0.82%	0.20%
Stanford	41.57%	17.98%	40.44%	0.00%	0.00%	86.93%	10.23%	0.43%	1.06%	1.36%	65.37%	28.00%	6.23%	0.27%	0.13%
Greater Gansbaai	64.32%	14.90%	18.86%	1.39%	0.53%	71.10%	4.06%	15.20%	8.63%	1.00%	69.31%	5.93%	23.02%	0.90%	0.84%
Baardskeersdersbos	10.32%	14.84%	0.00%	25.81%	49.03%	56.87%	19.42%	7.22%	12.03%	4.47%	97.44%	2.56%	0.00%	0.00%	0.00%
Wolvengat	57.75%	38.03%	0.00%	4.23%	0.00%	56.87%	19.42%	7.22%	12.03%	4.47%	76.92%	19.23%	0.00%	3.85%	0.00%
Pearly Beach	71.65%	0.03%	28.17%	0.05%	0.10%	66.03%	22.83%	0.86%	10.27%	0.00%	61.65%	2.06%	34.23%	1.86%	0.21%
Rural	67.09%	12.14%	3.35%	9.02%	8.40%	84.90%	6.47%	3.45%	4.14%	1.04%	81.95%	8.33%	5.17%	1.98%	2.57%
Overstrand	72.77%	13.23%	7.96%	2.03%	4.01%	72.43%	15.10%	8.00%	3.75%	0.72%	75.80%	13.47%	9.32%	0.95%	0.45%

Source: Census / MapAble 2023

b. Sanitation services

Access to appropriate sanitation services is a very high health priority. Table 2-96 below shows that despite the increase in population, the Municipality has been able to keep up with the demand for sanitation services.

Table 2-96: % Access to sanitation services in functional areas

Year	1996					2001					2011				
	Full	Intermediate	Basic	Below Basic	None	Full	Intermediate	Basic	Below Basic	None	Full	Intermediate	Basic	Below Basic	None
LOS	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Rooi Els	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Pringle Bay	99.22%	0.00%	0.00%	0.78%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	97.18%	0.00%	0.00%	2.82%	0.00%
Bettys Bay	99.89%	0.00%	0.00%	0.08%	0.03%	98.36%	0.82%	0.00%	0.00%	0.82%	99.10%	0.00%	0.00%	0.90%	0.00%
Kleinmond	98.53%	0.00%	0.00%	0.76%	0.71%	98.77%	0.00%	0.03%	0.12%	1.08%	98.67%	0.11%	0.00%	0.22%	0.99%
Greater Hermanus	89.29%	0.00%	0.00%	3.21%	7.49%	94.17%	0.12%	0.12%	1.01%	4.58%	96.17%	0.02%	0.02%	2.39%	1.40%
Stanford	42.27%	0.00%	0.00%	31.01%	26.72%	96.18%	0.00%	0.01%	1.48%	2.32%	85.23%	0.00%	0.60%	13.37%	0.80%
Greater Gansbaai	81.79%	0.00%	0.00%	6.64%	11.58%	72.83%	3.73%	3.71%	1.19%	18.54%	88.50%	0.32%	0.13%	9.76%	1.28%
Baardskeersdersbos	50.32%	0.00%	0.00%	27.10%	22.58%	75.77%	1.72%	4.98%	8.25%	9.28%	92.86%	0.00%	7.14%	0.00%	0.00%
Wolvengat	59.44%	0.00%	0.00%	11.89%	28.67%	75.77%	1.72%	4.98%	8.25%	9.28%	87.50%	0.00%	0.00%	12.50%	0.00%
Pearly Beach	69.32%	0.00%	0.00%	3.27%	27.41%	81.79%	0.86%	15.92%	0.00%	1.43%	85.71%	0.00%	0.62%	5.59%	8.07%
Rural	81.84%	0.00%	0.00%	14.18%	3.99%	87.92%	0.62%	2.49%	3.72%	5.25%	84.83%	0.40%	1.43%	9.42%	3.92%
Overstrand	85.15%	0.00%	0.00%	7.06%	7.79%	90.41%	0.72%	1.25%	1.44%	6.18%	93.63%	0.10%	0.18%	4.57%	1.52%

Source: Census / MapAble 2023

c. Refuse removal

Solid waste management and refuse removal are essential for health and environmental considerations. The functional areas show good service provision to households over the period assessed. The only area that does not meet the requirements is Wolvengat.

Table 2-97: % Access to refuse removal services of functional areas

Year	1996					2001					2011				
	Full	Intermediate	Basic	Below Basic	None	Full	Intermediate	Basic	Below Basic	None	Full	Intermediate	Basic	Below Basic	None
LOS	85.71%	0.00%	7.14%	7.15%	0.00%	90.62%	0.00%	9.38%	0.00%	0.00%	90.48%	0.00%	0.00%	4.76%	4.76%
Rooi Els	98.44%	0.00%	0.00%	0.79%	0.77%	98.98%	0.00%	0.00%	0.00%	1.02%	84.51%	0.00%	9.15%	4.93%	1.41%
Pringle Bay	99.70%	0.04%	0.01%	0.21%	0.04%	99.98%	0.00%	0.00%	0.02%	0.00%	98.19%	0.45%	1.36%	0.00%	0.00%
Bettys Bay	91.73%	6.20%	0.00%	0.10%	1.87%	94.57%	4.60%	0.00%	0.74%	0.01%	98.35%	0.22%	0.77%	0.55%	0.11%
Greater Hermanus	88.12%	4.04%	0.18%	0.27%	7.33%	96.71%	0.45%	1.13%	1.39%	0.32%	98.31%	0.21%	1.08%	0.21%	0.19%
Stanford	72.09%	0.20%	0.39%	1.57%	25.55%	99.22%	0.31%	0.02%	0.44%	0.01%	99.20%	0.40%	0.00%	0.00%	0.40%
Greater Gansbaai	93.52%	0.07%	0.20%	2.33%	3.76%	82.87%	0.00%	3.00%	14.06%	0.12%	91.29%	0.26%	5.81%	0.19%	2.45%
Baardskeersdersbos	2.60%	0.00%	0.65%	96.10%	0.65%	15.37%	0.86%	4.66%	78.93%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Wolvengat	0.00%	0.00%	2.82%	97.18%	0.00%	15.37%	0.86%	4.66%	78.93%	0.00%	0.00%	0.00%	11.11%	22.22%	66.67%
Pearly Beach	97.39%	0.00%	0.00%	1.81%	0.00%	99.10%	0.85%	0.00%	0.05%	0.00%	80.12%	14.91%	0.00%	0.00%	4.97%
Rural	53.85%	1.15%	5.61%	36.02%	3.37%	66.22%	0.41%	3.31%	29.28%	0.78%	19.62%	3.06%	3.69%	50.47%	23.15%
Overstrand	81.61%	2.87%	1.26%	7.71%	6.47%	89.58%	0.63%	1.60%	7.85%	0.33%	91.58%	0.61%	2.02%	3.59%	2.20%

Source: Census / MapAble 2023

d. Electricity Services

Although electricity does not have the same implications for health as water and sanitation, access to electricity is essential for general development, especially education. Access to electricity was, therefore, always a high priority. Table 2-98 below shows how access to electricity has changed since 1996. This table is based on access to lighting as a proxy for access to electricity. The data shows that all functional areas are well served in terms of access to electricity and that the access has improved over time.

Table 2-98: % Access to electricity services in functional areas

Year	1996		2001		2011	
	Full	None	Full	None	Full	None
LOS						
Rooi Els	89.28%	10.72%	100.00%	0.00%	100.00%	0.00%
Pringle Bay	97.68%	2.32%	100.00%	0.00%	100.00%	0.00%
Bettys Bay	98.53%	1.47%	99.99%	0.01%	99.55%	0.45%
Kleinmond	80.82%	19.18%	63.92%	36.08%	79.78%	20.26%
Greater Hermanus	87.98%	12.02%	84.26%	15.74%	90.96%	9.04%
Stanford	56.49%	43.51%	91.73%	8.27%	90.50%	9.46%
Greater Gansbaai	78.88%	21.12%	76.00%	24.00%	96.98%	3.02%
Baardskeersdersbos	48.37%	51.63%	68.85%	31.15%	91.67%	7.69%
Wolvengat	51.77%	48.23%	68.85%	31.15%	88.89%	12.50%
Pearly Beach	65.01%	34.99%	82.55%	17.45%	64.20%	35.80%
Rural	80.00%	20.00%	89.21%	10.79%	89.29%	10.71%
Overstrand	82.94%	17.06%	83.42%	16.58%	90.80%	9.20%

Source: Census / MapAble 2023

2.11.9 Points of interest

The points of interest information are derived from a third-party data source (MapIT). Table 2-99 shows the number of points of interest, summarised into fifteen (15) categories. As with the urban land cover assessment and social facilities, most of the points of interest are concentrated in the Hermanus functional area. Gaansbaai is also well served.

Table 2-99: Points of interest in functional areas

POI	Agriculture	Mining	Commercial and industrial	Office and retail	Multiple residential	Community facility	Education	Government	Infrastructure	Transport	Tourism	Accommodation	Natural	Parks and recreation	Sport and recreation
Rooi Els	0	0	0	9	1	0	0	0	0	0	1	6	2	3	0
Pringle Bay	0	0	3	31	0	4	1	0	0	1	1	9	1	0	3
Bettys Bay	0	0	2	50	2	7	0	2	0	1	2	12	5	1	2
Kleinmond	0	0	9	174	6	29	3	12	2	4	5	17	1	2	14
Greater Hermanus	2	0	61	796	52	93	23	21	13	22	19	172	25	8	38
Stanford	0	0	6	42	1	11	3	3	1	0	1	12	0	3	1
Greater Gansbaai	0	0	15	211	6	37	5	12	4	7	11	57	25	2	28
Baardskeersdersbos	0	0	0	3	0	1	0	0	0	0	0	0	0	0	0
Wolvengat	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0
Pearly Beach	0	0	0	9	0	3	0	1	5	2	3	8	1	0	3
Rural	4	0	36	45	5	3	3	4	10	3	16	55	152	18	18
Overstrand	6	0	132	1371	73	188	38	55	35	40	59	349	212	37	107

Source: MapIT / MapAble 2023

2.11.10 Road types

Table 2-100 below shows the road types in each of the urban nodes. It also distinguishes between the length of paved and unpaved roads. The majority of main and suburban roads within the functional areas are paved.

Table 2-100: Road types in functional areas

Road type	Major road			Main road			Secondary road			Suburban road			Informal roads			Tracks			Trails			Totals		
	Paved road (km)	Unpaved road (km)	Total road length (km)	Paved road (km)	Unpaved road (km)	Total road length (km)	Paved road (km)	Unpaved road (km)	Total road length (km)	Paved road (km)	Unpaved road (km)	Total road length (km)	Paved road (km)	Unpaved road (km)	Total road length (km)	Paved road (km)	Unpaved road (km)	Total road length (km)	Paved road (km)	Unpaved road (km)	Total road length (km)	Paved road (km)	Unpaved road (km)	Total road length (km)
Rooi Els	0.00	n.a.	0.00	0.72	0.00	0.72	0.00	0.00	0.00	0.03	8.34	8.36	0.00	0.19	0.19	n.a.	n.a.	0.00	n.a.	n.a.	0.00	0.75	8.52	9.27
Pringle Bay	0.00	n.a.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.06	27.83	33.90	0.00	0.75	0.75	n.a.	n.a.	0.00	n.a.	n.a.	0.00	6.06	28.58	34.64
Bettys Bay	0.00	n.a.	0.00	13.57	0.00	13.57	0.11	0.00	0.11	6.91	57.04	63.95	0.36	1.47	1.83	n.a.	n.a.	0.00	n.a.	n.a.	0.00	20.95	58.51	79.46
Kleinmond	0.00	n.a.	0.00	5.05	0.00	5.05	0.00	0.00	0.00	61.63	2.01	63.64	1.21	4.88	6.09	n.a.	n.a.	0.00	n.a.	n.a.	0.00	67.89	6.89	74.78
Greater Hermanus	0.00	n.a.	0.00	20.96	0.00	20.96	0.00	0.00	0.00	270.74	39.05	309.79	11.51	17.79	29.30	n.a.	n.a.	0.00	n.a.	n.a.	0.00	303.21	56.84	360.05
Stanford	0.00	n.a.	0.00	3.45	0.00	3.45	0.00	0.00	0.00	20.82	4.24	25.07	0.09	3.21	3.29	n.a.	n.a.	0.00	n.a.	n.a.	0.00	24.36	7.45	31.81
Greater Gansbaai	0.00	n.a.	0.00	8.23	0.02	8.25	0.82	1.24	2.06	108.81	10.52	119.33	1.17	19.40	20.57	n.a.	n.a.	39.14	n.a.	n.a.	0.00	119.03	31.19	189.36
Baardskeersdersbos	0.00	n.a.	0.00	0.94	0.00	0.94	0.00	0.00	0.00	0.47	0.00	0.47	0.00	4.21	4.21	n.a.	n.a.	0.00	n.a.	n.a.	0.00	1.41	4.21	5.62
Wolvengat	0.00	n.a.	0.00	0.00	0.00	0.00	0.71	0.40	1.11	0.00	0.00	0.00	0.00	3.59	3.59	n.a.	n.a.	0.00	n.a.	n.a.	0.00	0.71	3.99	4.70
Pearly Beach	0.00	n.a.	0.00	2.94	0.25	3.19	0.00	0.00	0.00	8.80	17.64	26.45	0.00	3.87	3.87	n.a.	n.a.	0.00	n.a.	n.a.	0.00	11.74	21.77	33.51
Rural	0.00	n.a.	0.00	163.85	29.70	193.55	13.68	101.35	115.03	34.52	18.54	53.04	1.01	636.47	637.50	n.a.	n.a.	260.20	n.a.	n.a.	0.00	213.06	786.05	1259.31
Overstrand	0.00	n.a.	0.00	219.71	29.97	249.68	15.32	102.99	118.31	518.79	185.21	704.00	15.35	695.83	711.19	n.a.	n.a.	299.34	n.a.	n.a.	0.00	769.17	1014.00	2082.51

Source: MapIT / MapAble 2023

2.12 Functional Area profiles

The following sections are summary profiles for the various functional areas identified within Overstrand Local Municipality as identified in Figure 2-63.

The profiles are broken into separate tables for each functional area, showcasing different data sets. These data sets include the following:

- Locality and description;
- Total area in hectares;
- Functional Area classification and hierarchy;
- Population and household numbers;
- Social and community facilities;
- Non-urban land cover;
- Urban land cover;
- Levels of Services;
- Points of interest, and
- Road types.

2.12.1 Rooiels

a. Description and locality



Figure 2-64: Rooiels locality

Description:	Rooiels is a settlement in the Overberg District Municipality of the Western Cape province of South Africa. It was declared a township in June 1948, and is situated 5 km north of Pringle Bay, on the eastern shore of False Bay.
Extent of functional area:	118 Ha

Classification and hierarchy:	
NSDF:	Other towns/ Settlements
PSDF:	Secondary settlement
DSDF:	Local town/ Settlementnode
MSDF:	Local Nodes
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	39	53	125	168	Total households	23	25	63
Population density (persons/ha)	0.35	0.48	1.06	1.42	Household density (households/ha)	0.21	0.22	0.54
					Ave household size	1.79	2.17	2.10

c. Social and community facilities

Facility	Number in area
Primary schools	0
Secondary school	0
Intermediate school	0
Combined school	0

Facility	Number in area
Public health	0
Private health	0
SAPS stations	0
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)	
	1990	2014
Cultivated commercial fields		
Cultivated commercial pivot		
Cultivated orchard and vines		
Sugarcane		
Subsistence farming		
Forests & Plantations		
Mining		

Land cover category	The extent of land cover (ha)	
	1990	2014
Urban built-up		
Urban commercial		
Urban industrial		
Urban residential	71.99	64.71
Urban townships		
Urban informal		
Rural villages		
Urban sports and golf		
School and sports grounds		

The extent of land cover (ha)		The extent of land cover (ha)	
		Smallholdings	

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	89.28 %	0.00 %	0.00 %	7.14 %	3.57%	100 %
Water 2001	%	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100 %
Water 2011	%	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100 %
Sanitation 1996	%	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100 %
Sanitation 2001	%	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100 %
Sanitation 2011	%	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100 %
Refuse removal 1996	%	85.71 %	0.00 %	7.14 %	7.15 %	0.00 %	100 %
Refuse removal 2001	%	90.62 %	0.00 %	9.38 %	0.00 %	0.00 %	100 %
Refuse removal 2011	%	90.48 %	0.00 %	0.00 %	4.76 %	4.76 %	100 %
Electricity 1996	%	89.28 %	n.a.	n.a.	n.a.	10.72 %	100 %
Electricity 2001	%	100.00 %	n.a.	n.a.	n.a.	0.00 %	100 %
Electricity 2011	%	100.00 %	n.a.	n.a.	n.a.	0.00 %	100 %

f. SDF proposals and land availability

Figure 2-65: Rooiels SDF proposals

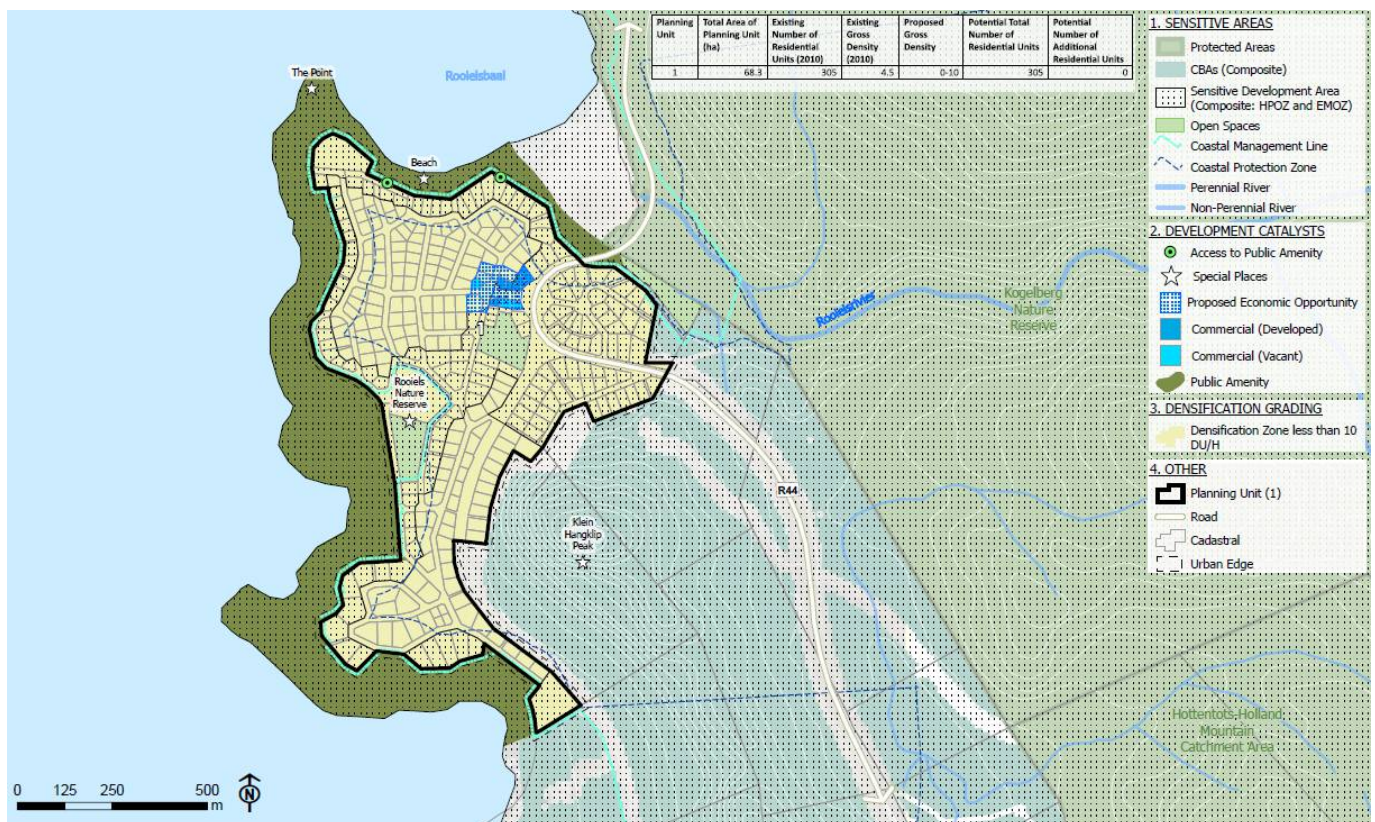


Table 2-101: Rooiels potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	68.3	305	4.5	0-10	305	0

2.12.2 Pringle Bay

a. Description and locality



Figure 2-66: Pringle Bay locality

Description:	Pringle Bay is a small coastal village in the Overberg region of the Western Cape, in South Africa. It is situated at the foot of Hangklip, on the opposite side of False Bay from Cape Point. The town and surrounds are part of the Kogelberg Biosphere Reserve, a UNESCO Heritage Site. The bay is named after Rear-Admiral Thomas Pringle, of the Royal Navy, who commanded the naval station at the Cape in the late 1790s.
Extent of functional area:	333 Ha

Classification and hierarchy:

NSDF:	Other towns/ Settlements
PSDF:	Secondary settlement
DSDF:	Local town/ Settlementnode
MSDF:	Local Nodes
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	282	554	801	1,072	Total households	125	284	429
Population density (persons/ha)	0.86	1.69	2.40	3.22	Household density (households/ha)	0.38	0.86	1.29
					Ave household size	2.25	1.95	1.87

c. Social and community facilities

Facility	Number in area
Primary schools	1
Secondary school	0
Intermediate school	0
Combined school	0

Facility	Number in area
Public health	0
Private health	0
SAPS stations	0
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)	
	1990	2014
Cultivated commercial fields		
Cultivated commercial pivot		
Cultivated orchard and vines		
Sugarcane		
Subsistence farming		
Forests & Plantations		
Mining		

Land cover category	The extent of land cover (ha)	
	1990	2014
Urban built-up		
Urban commercial		
Urban industrial		
Urban residential	251.11	234.18
Urban townships		
Urban informal		
Rural villages		
Urban sports and golf		
School and sports grounds	0.23	0.11
Smallholdings		

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	99.98 %	0.01 %	0.01 %	0.00 %	0.00%	100 %
Water 2001	%	85.37 %	11.90 %	0.00 %	1.02 %	1.70 %	100 %
Water 2011	%	99.30 %	0.70 %	0.00 %	0.00 %	0.00 %	100 %
Sanitation 1996	%	99.22 %	0.00 %	0.00 %	0.78 %	0.00 %	100 %
Sanitation 2001	%	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100 %
Sanitation 2011	%	97.18 %	0.00 %	0.00 %	2.82 %	0.00 %	100 %
Refuse removal 1996	%	98.44 %	0.00 %	0.00 %	0.79 %	0.77 %	100 %
Refuse removal 2001	%	98.98 %	0.00 %	0.00 %	0.00 %	1.02 %	100 %
Refuse removal 2011	%	84.51 %	0.00 %	9.15 %	4.93 %	1.41 %	100 %
Electricity 1996	%	97.68 %	n.a.	n.a.	n.a.	2.32 %	100 %
Electricity 2001	%	100.00 %	n.a.	n.a.	n.a.	0.00 %	100 %
Electricity 2011	%	100.00 %	n.a.	n.a.	n.a.	0.00 %	100 %

f. SDF proposals and land availability

Figure 2-67: Pringle Bay SDF Proposals

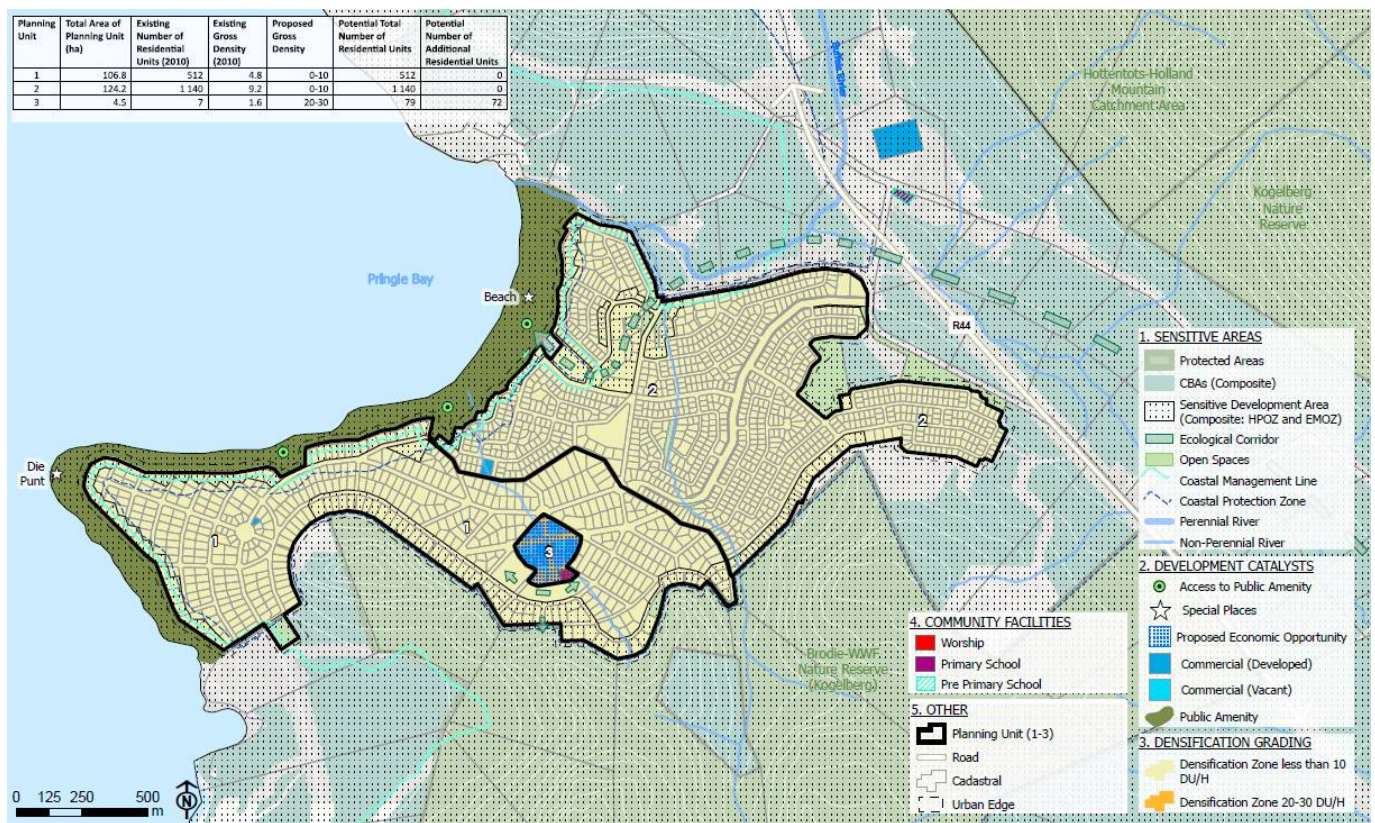


Table 2-102: Pringle Bay potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	106.8	512	4.8	0-10	512	0
2	124.2	1140	9.2	0-10	1140	0
3	4.5	7	1.6	20-30	79	72

2.12.3 Bettys Bay

a. Description and locality



Figure 2-68: Bettys Bay locality

Description:	Betty's Bay is a small holiday town situated on the Overberg coast of South Africa's Western Cape Province. It is located 100 km from Cape Town at the foot of the Kogelberg Mountains on the scenic R44 ocean drive between Pringle Bay and Kleinmond.
Extent of functional area:	1 062 Ha

Classification and hierarchy:	
NSDF:	Other towns/ Settlements
PSDF:	Secondary settlement
DSDF:	Local town/ Settlementnode
MSDF:	Local Nodes
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	180	539	1,379	1,895	Total households	92	224	664
Population density (persons/ha)	0.18	0.54	1.30	1.78	Household density (households/ha)	0.09	0.23	0.63
					Ave household size	1.98	2.40	2.07

c. Social and community facilities

Facility	Number in area
Primary schools	0
Secondary school	0
Intermediate school	0
Combined school	0

Facility	Number in area
Public health	0
Private health	0
SAPS stations	0
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)	
	1990	2014
Cultivated commercial fields		
Cultivated commercial pivot		
Cultivated orchard and vines		
Sugarcane		
Subsistence farming		
Forests & Plantations	1.43	0.92
Mining		

Land cover category	The extent of land cover (ha)	
	1990	2014
Urban built-up		
Urban commercial		
Urban industrial		
Urban residential	611.41	568.69
Urban townships	5.05	3.9
Urban informal		
Rural villages		
Urban sports and golf		
School and sports grounds		
Smallholdings		

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	99.10 %	0.07 %	0.82 %	0.01 %	0.01%	100 %
Water 2001	%	95.99 %	1.75 %	0.82 %	0.00 %	1.44 %	100 %
Water 2011	%	98.65 %	0.30 %	0.60 %	0.30 %	0.15 %	100 %
Sanitation 1996	%	99.89 %	0.00 %	0.00 %	0.08 %	0.03 %	100 %
Sanitation 2001	%	98.36 %	0.82 %	0.00 %	0.00 %	0.82 %	100 %
Sanitation 2011	%	99.10 %	0.00 %	0.00 %	0.90 %	0.00 %	100 %
Refuse removal 1996	%	99.70 %	0.04 %	0.01 %	0.21 %	0.04 %	100 %
Refuse removal 2001	%	99.98 %	0.00 %	0.00 %	0.02 %	0.00 %	100 %
Refuse removal 2011	%	98.19 %	0.45 %	1.36 %	0.00 %	0.00 %	100 %
Electricity 1996	%	98.53 %	n.a.	n.a.	n.a.	1.47 %	100 %
Electricity 2001	%	99.99 %	n.a.	n.a.	n.a.	0.01 %	100 %
Electricity 2011	%	99.55 %	n.a.	n.a.	n.a.	0.45 %	100 %

f. SDF proposals and land availability

Figure 2-69: Bettys Bay West SDF proposals

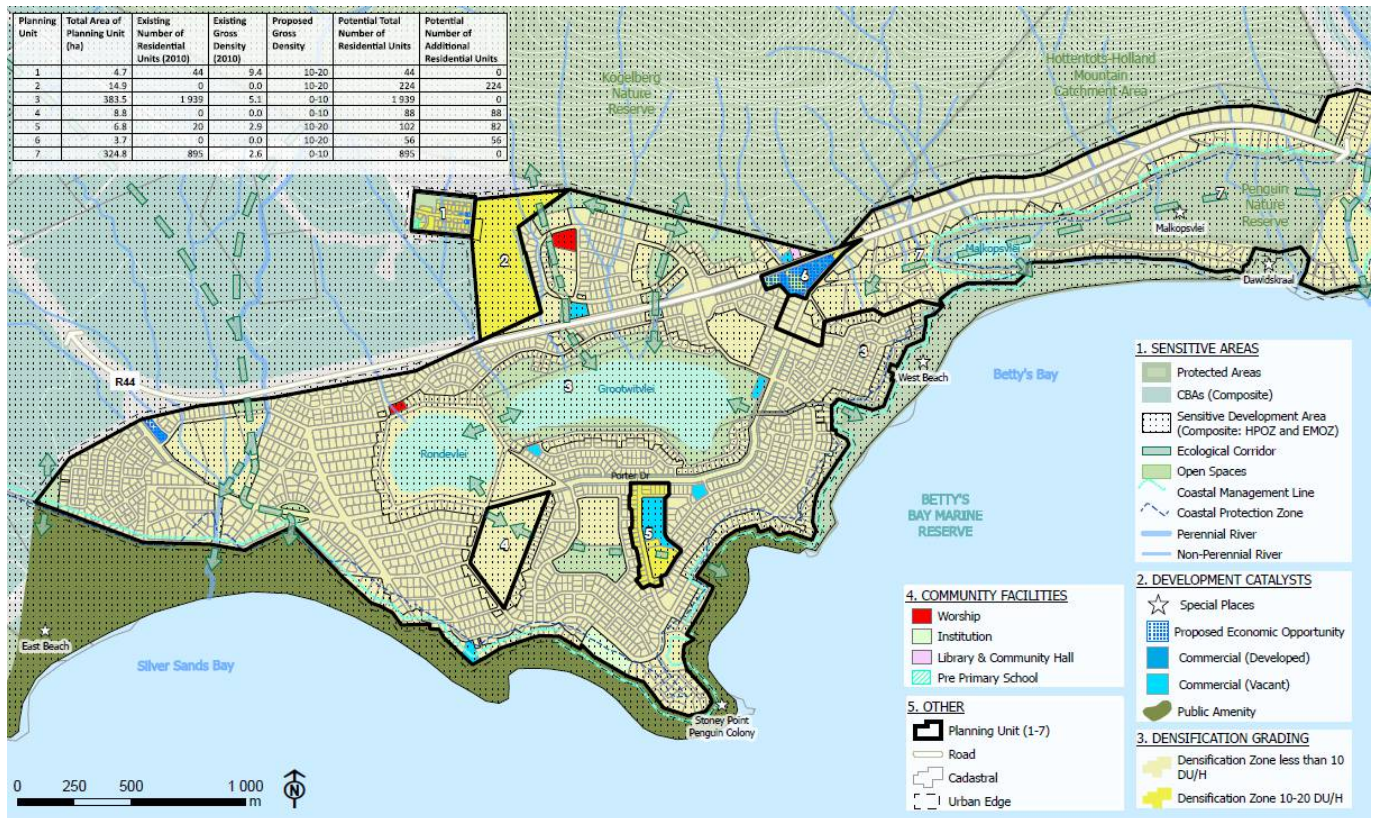


Table 2-103: Bettys Bay West Potential Residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	4.7	44	9.4	10-20	44	0
2	14.9	0	0.0	10-20	224	224
3	383.5	1939	5.1	0-10	1939	0
4	8.8	0	0.0	0-10	88	88
5	6.8	20	2.9	10-20	102	82
6	3.7	0	0.0	10-20	56	56
7	324.8	895	2.6	0-10	895	0

Figure 2-70: Bettys Bay East SDF proposals

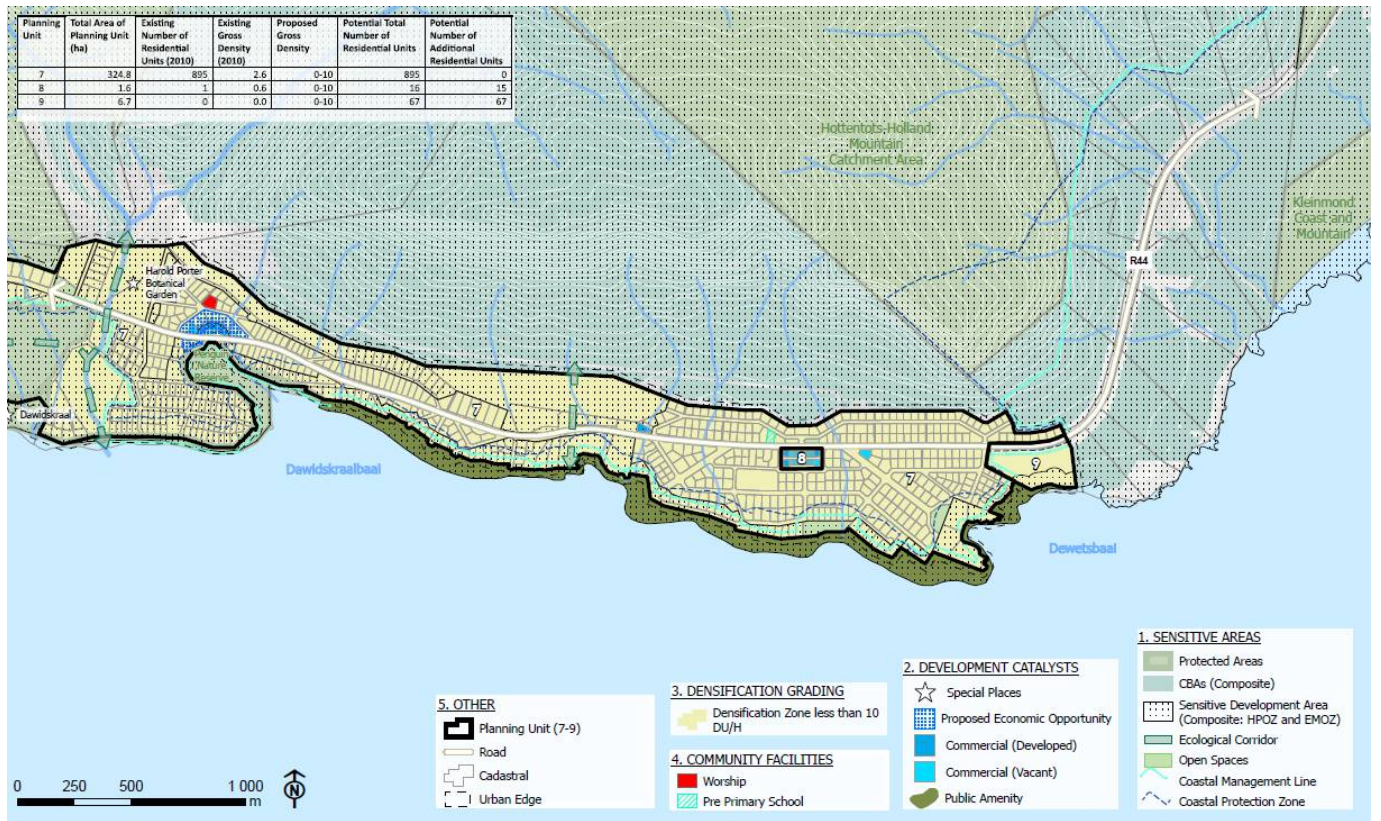


Table 2-104: Bettys Bay East Potential Residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
7	324.8	895	2.6	0-10	895	0
8	1.6	1	0.6	0-10	16	15
9	6.7	0	0.0	0-10	67	67

2.12.4 Kleinmond

a. Description and locality



Figure 2-71: Kleinmond locality

Description:	Kleinmond is a small coastal town in the Overberg region of the Western Cape Province, South Africa. It is situated inside a UNESCO-declared biosphere about 90 km east of Cape Town between Betty's Bay and Hermanus. Tourism plays a large role in the town's economy due to its popularity with tourists from across the Western Cape and Cape Town in particular.
Extent of functional area:	728 Ha

Classification and hierarchy:	
NSDF:	Other towns/ Settlements
PSDF:	Secondary Regional Service Centres
DSDF:	Local town/ Settlementnode
MSDF:	Sub-Regional Node
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	3,114	3,465	6,635	9,212	Total households	990	1,283	2,731
Population density (persons/ha)	4.31	4.79	9.11	12.65	Household density (households/ha)	1.37	1.78	3.75
					Ave household size	3.15	2.70	2.43

c. Social and community facilities

Facility	Number in area
Primary schools	1
Secondary school	0
Intermediate school	1
Combined school	0

Facility	Number in area
Public health	3
Private health	0
SAPS stations	1
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)		Land cover category	The extent of land cover (ha)	
	1990	2014		1990	2014
Cultivated commercial fields			Urban built-up	0.23	1.03
Cultivated commercial pivot			Urban commercial	8.5	7.8
Cultivated orchard and vines			Urban industrial	1.03	0.36
Sugarcane			Urban residential	281.69	272.2
Subsistence farming			Urban townships	25.28	25.74
Forests & Plantations			Urban informal		3.22
Mining			Rural villages		
			Urban sports and golf	41.62	36.48
			School and sports grounds	5.63	4.83
			Smallholdings		

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	79.14 %	1.32 %	18.73 %	0.30 %	0.51%	100 %
Water 2001	%	59.47 %	3.07 %	29.50 %	7.49 %	0.47 %	100 %
Water 2011	%	65.73 %	16.93 %	15.44 %	1.76 %	0.15 %	100 %
Sanitation 1996	%	98.53 %	0.00 %	0.00 %	0.76 %	0.71 %	100 %
Sanitation 2001	%	98.77 %	0.00 %	0.03 %	0.12 %	1.08 %	100 %
Sanitation 2011	%	98.67 %	0.11 %	0.00 %	0.22 %	0.99 %	100 %
Refuse removal 1996	%	91.73 %	6.20 %	0.00 %	0.10 %	1.87 %	100 %
Refuse removal 2001	%	94.57 %	4.60 %	0.00 %	0.74 %	0.01 %	100 %
Refuse removal 2011	%	98.35 %	0.22 %	0.77 %	0.55 %	0.11 %	100 %
Electricity 1996	%	80.82 %	n.a.	n.a.	n.a.	19.18 %	100 %
Electricity 2001	%	63.92 %	n.a.	n.a.	n.a.	36.08 %	100 %
Electricity 2011	%	79.78 %	n.a.	n.a.	n.a.	20.26 %	100 %

f. SDF proposals and land availability

Figure 2-72: Kleinmond SDF proposals

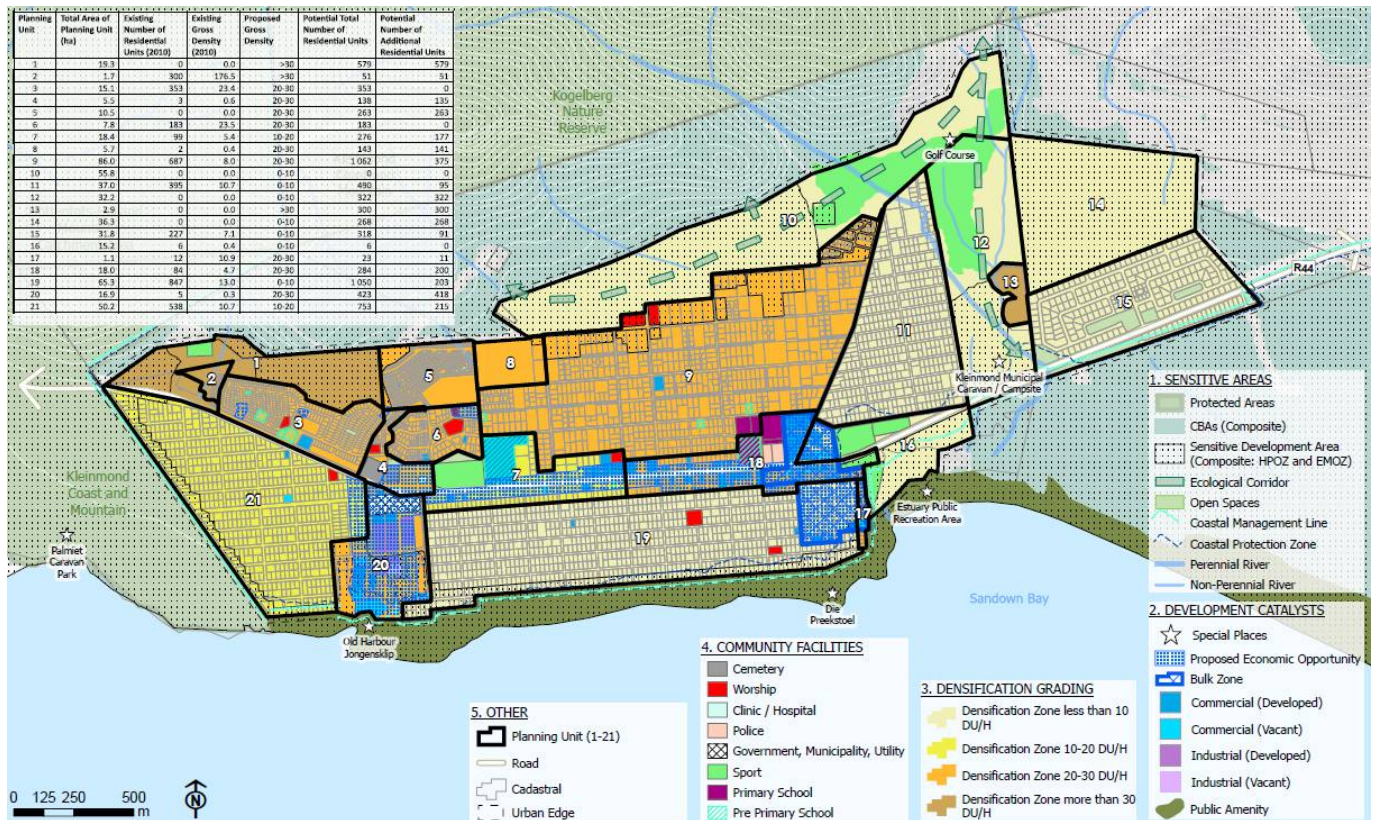


Table 2-105: Kleinmond potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	19.3	0	0.0	>30	579	579
2	1.7	300	176.5	>30	51	51
3	15.1	353	23.4	20-30	353	0
4	5.5	3	0.6	20-30	138	135
5	10.5	0	0.0	20-30	263	263
6	7.8	183	23.5	20-30	183	0

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
7	18.4	99	5.4	10-20	276	177
8	5.7	2	0.4	20-30	143	141
9	86	687	8.0	20-30	1062	375
10	55.8	0	0.0	0-10	0	0
11	37	395	10.7	0-10	490	95
12	32.2	0	0.0	0-10	322	322
13	2.9	0	0.0	>30	300	300
14	36.3	0	0.0	0-10	268	268
15	31.8	227	7.1	0-10	318	91
16	15.2	6	0.4	0-10	6	0
17	1.1	12	10.9	20-30	23	11
18	18	84	4.7	20-30	284	200
19	65.3	847	13.0	0-10	1050	203
20	16.9	5	0.3	20-30	432	418
21	50.2	538	10.7	10-20	753	215

2.12.5 Greater Hermanus

a. Description and locality



Figure 2-73: Greater Hermanus locality

Description:	Hermanus (originally called Hermanuspietersfontein, but shortened in 1902 as the name was too long for the postal service), is a town on the southern coast of the Western Cape province of South Africa. It is known for Southern Right whale watching during the southern winter to spring seasons, and is a popular retirement location.
Extent of functional area:	3 328 Ha

Classification and hierarchy:

NSDF:	Other towns/ Settlements
PSDF:	Secondary Regional Service Centres
DSDF:	Local town/ Settlementnode
MSDF:	Sub-Regional Node
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	18,981	28,605	46,830	64,966	Total households	5,693	9,066	15,585
Population density (persons/ha)	5.90	8.88	14.07	19.52	Household density (households/ha)	1.77	2.82	4.68
					Ave household size	3.34	3.15	3.00

c. Social and community facilities

Facility	Number in area
Primary schools	1
Secondary school	0
Intermediate school	1
Combined school	0

Facility	Number in area
Public health	3
Private health	0
SAPS stations	1
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)	
	1990	2014
Cultivated commercial fields		
Cultivated commercial pivot		
Cultivated orchard and vines		
Sugarcane		
Subsistence farming		
Forests & Plantations		
Mining		

Land cover category	The extent of land cover (ha)	
	1990	2014
Urban built-up	0.23	1.03
Urban commercial	8.5	7.8
Urban industrial	1.03	0.36
Urban residential	281.69	272.2
Urban townships	25.28	25.74
Urban informal		3.22
Rural villages		
Urban sports and golf	41.62	36.48
School and sports grounds	5.63	4.83
Smallholdings		

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	79.14 %	1.32 %	18.73 %	0.30 %	0.51 %	100 %
Water 2001	%	59.47 %	3.07 %	29.50 %	7.49 %	0.47 %	100 %
Water 2011	%	65.73 %	16.93 %	15.44 %	1.76 %	0.15 %	100 %
Sanitation 1996	%	98.53 %	0.00 %	0.00 %	0.76 %	0.71 %	100 %
Sanitation 2001	%	98.77 %	0.00 %	0.03 %	0.12 %	1.08 %	100 %
Sanitation 2011	%	98.67 %	0.11 %	0.00 %	0.22 %	0.99 %	100 %
Refuse removal 1996	%	91.73 %	6.20 %	0.00 %	0.10 %	1.87 %	100 %
Refuse removal 2001	%	94.57 %	4.60 %	0.00 %	0.74 %	0.01 %	100 %
Refuse removal 2011	%	98.35 %	0.22 %	0.77 %	0.55 %	0.11 %	100 %
Electricity 1996	%	80.82 %	n.a.	n.a.	n.a.	19.18 %	100 %
Electricity 2001	%	63.92 %	n.a.	n.a.	n.a.	36.08 %	100 %
Electricity 2011	%	79.78 %	n.a.	n.a.	n.a.	20.26 %	100 %

f. SDF proposals and land availability

Figure 2-74: Fisherhaven SDF proposals

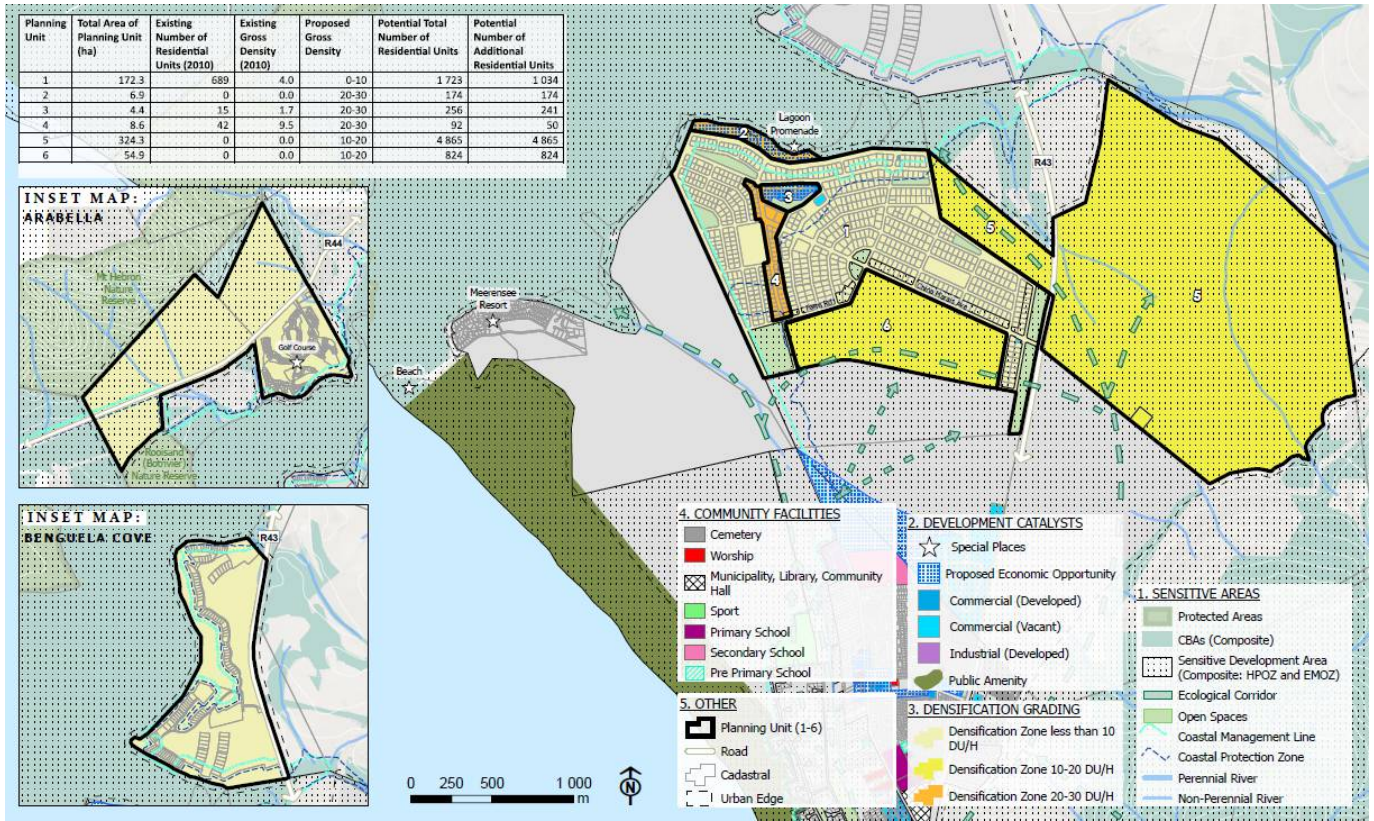


Table 2-106: Fisherhaven potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	172.3	689	4.0	0-10	1 723	1 034
2	6.9	0	0.0	20-30	174	174
3	4.4	15	1.7	20-30	256	241
4	8.6	42	9.5	20-30	92	50
5	324.3	0	0.0	10-20	4 865	4 865
6	54.9	0	0.0	10-20	824	824

Figure 2-75: Hawston SDF proposals

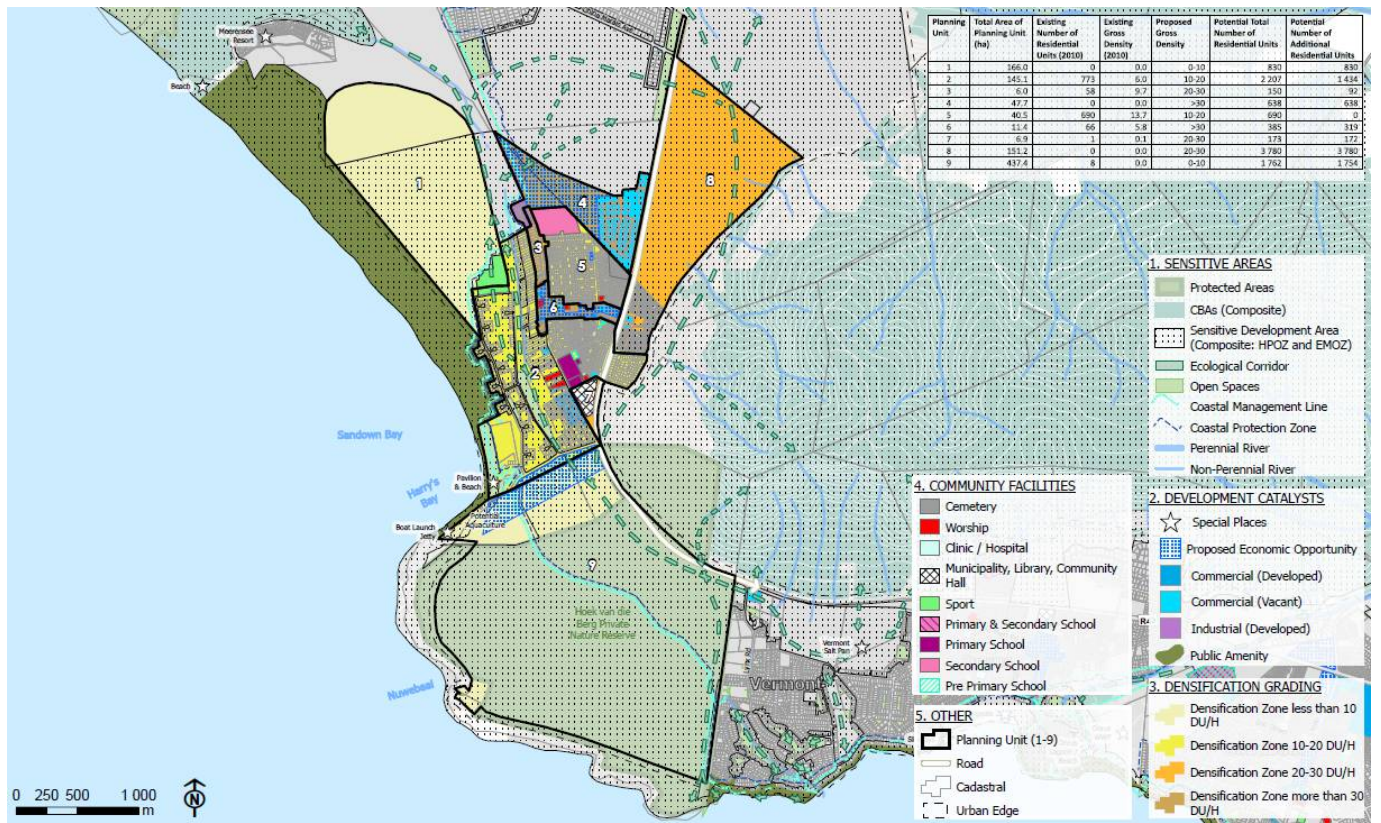


Table 2-107: Hawston potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	166	0	0.0	0-10	830	830
2	145.1	773	6.0	10-20	2 207	1 434
3	6.0	58	9.7	20-30	150	92
4	47.7	0	0.0	>30	638	638
5	40.5	690	13.7	10-20	690	0
6	11.4	66	5.8	>30	385	319
7	6.9	1	0.1	20-30	173	172
8	151.2	0	0.0	20-30	3 780	3 780
9	437.4	8	0.0	0-10	1 762	1 754

Figure 2-76: Hermanus West SDF proposals

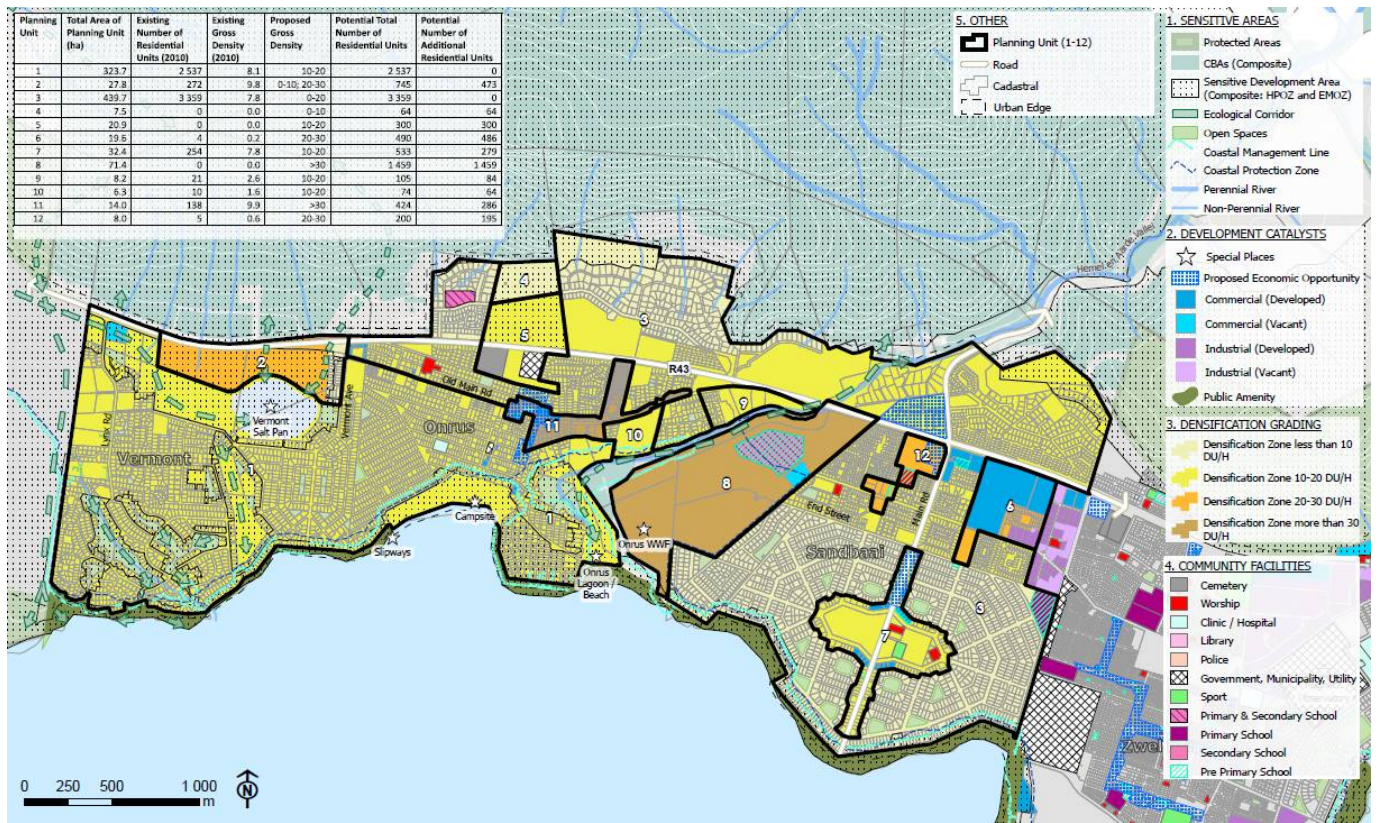


Table 2-108: Hermanus West potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	323.7	2537	8.1	10-20	2 537	0
2	27.8	272	9.8	0-10 / 20-30	745	473
3	439.7	3359	7.8	0-20	3 359	0
4	7.5	0	0.0	0-10	64	64
5	20.9	0	0.0	10-20	300	300
6	19.6	4	0.2	20-30	490	486
7	32.4	254	7.8	10-20	533	279
8	71.4	0	0.0	>30	1 459	1 459
9	8.2	21	2.6	10-20	105	84
10	6.3	10	1.6	10-20	74	64
11	14.0	138	9.9	>30	424	286
12	8.0	5	0.6	20-30	200	195

Figure 2-77: Hermanus Central SDF proposals

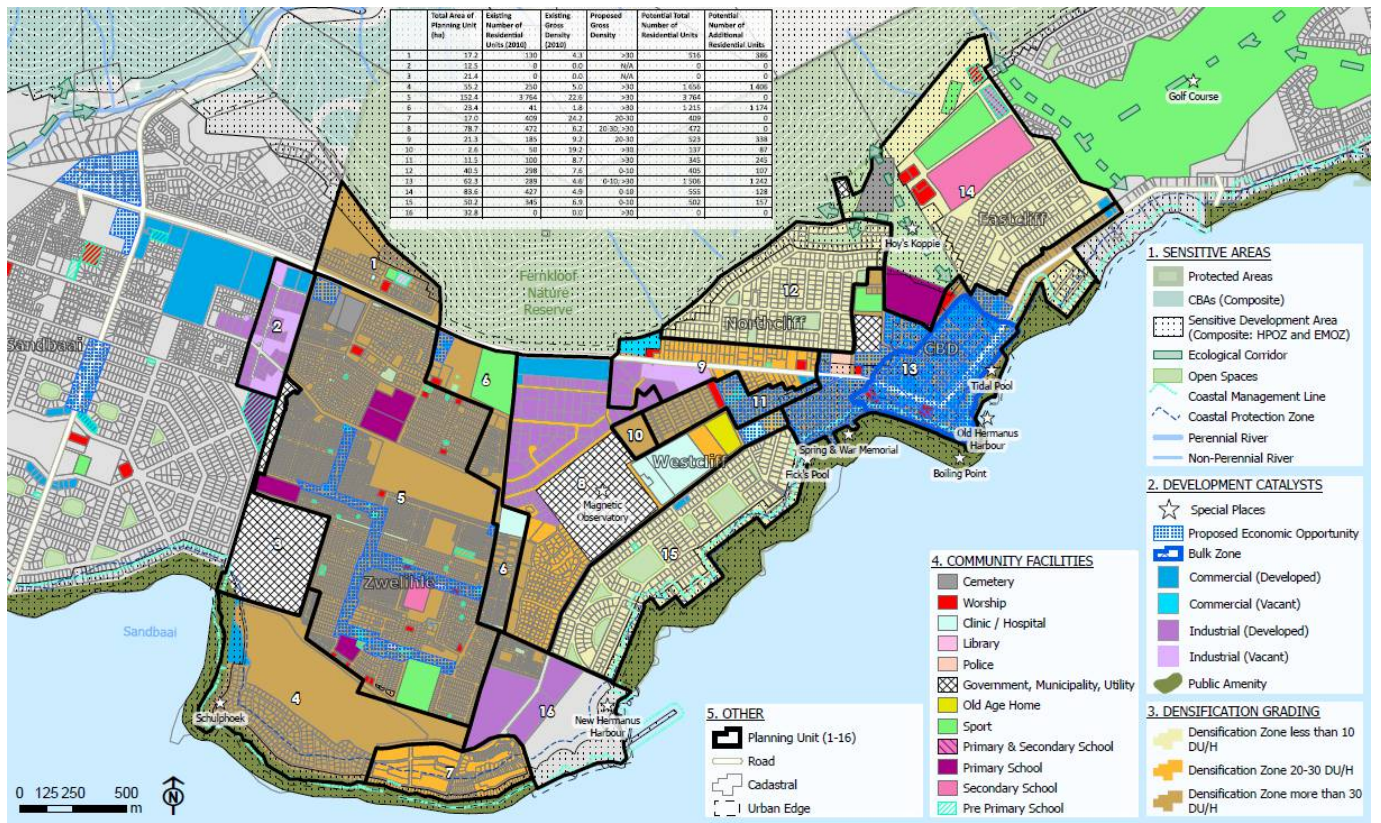


Table 2-109: Hermanus Central potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	17.2	130	4.3	>30	516	386
2	12.5	0	0.0	N/A	0	0
3	21.4	0	0.0	N/A	0	0
4	55.2	250	5.0	>30	1 656	1 406
5	152.4	3764	22.6	>30	3 764	0
6	23.4	41	1.8	>30	1 215	1 174
7	17.0	409	24.2	20-30	409	0
8	78.7	472	6.2	20-30	472	0
9	21.3	185	9.2	20-30	523	338
10	2.6	50	19.2	>30	137	87
11	11.5	100	8.7	>30	345	245
12	40.5	298	7.6	0-10	405	107
13	62.3	289	4.6	0-10	1 506	1 242
14	83.6	427	4.9	0-10	555	128
15	50.2	345	6.9	0-10	502	157
16	32.8	0	0.0	>30	0	0

Figure 2-78: Hermanus East SDF proposals

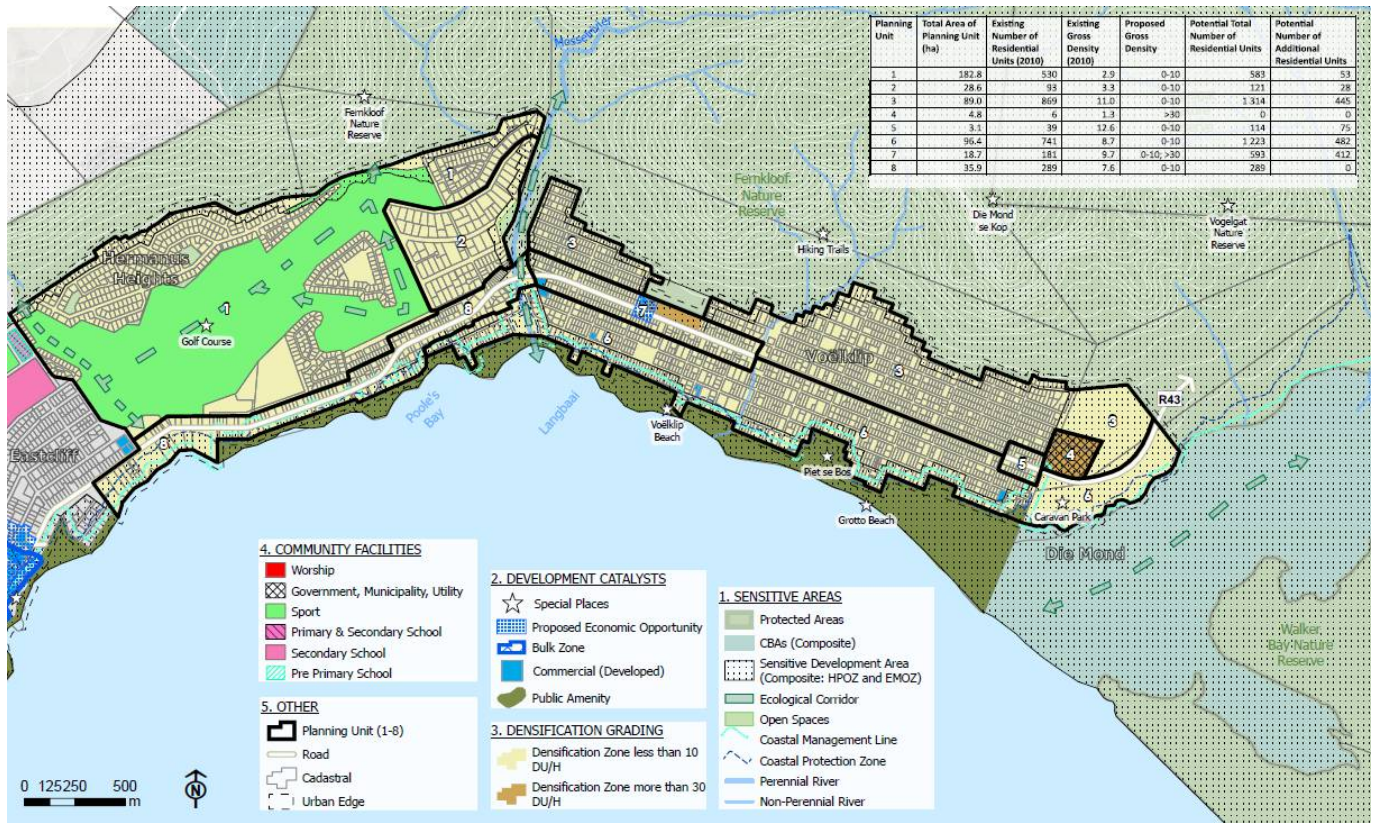


Table 2-110: Hermanus East potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	182.8	530	2.9	0-10	583	53
2	28.6	93	3.3	0-10	121	28
3	89.0	869	11.0	0-10	1 314	445
4	4.8	6	1.3	>30	0	0
5	3.1	39	12.6	0-10	114	75
6	96.4	741	8.7	0-10	1 223	482
7	18.7	181	9.7	0-10	593	412
8	35.9	289	7.6	0-10	289	0

2.12.6 Stanford

a. Description and locality

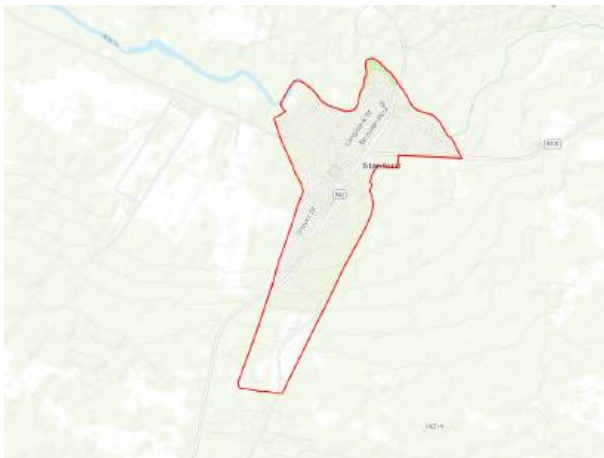


Figure 2-79: Stanford locality

Description:	Stanford is a small riverside village in the Overberg District Municipality. It is located only 16 km east of Hermanus and 22 km north-east of Gansbaai. The village of Stanford was founded in 1857 and named after its founder, Sir Robert Stanford who owned the original farm.
Extent of functional area:	400 Ha

Classification and hierarchy:

NSDF:	Other towns/ Settlements
PSDF:	Secondary settlement
DSDF:	Local town/ Settlementnode
MSDF:	Local Nodes
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	1,963	3,397	4,797	6,555	Total households	511	942	1,489
Population density (persons/ha)	4.91	8.50	12.00	16.39	Household density (households/ha)	1.28	2.36	3.73
					Ave household size	3.85	3.61	3.23

c. Social and community facilities

Facility	Number in area
Primary schools	3
Secondary school	0
Intermediate school	0
Combined school	0

Facility	Number in area
Public health	1
Private health	0
SAPS stations	1
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)	
	1990	2014
Cultivated commercial fields	4.02	3.43
Cultivated commercial pivot		
Cultivated orchard and vines	13.67	13.48
Sugarcane		
Subsistence farming		
Forests & Plantations		
Mining		

Land cover category	The extent of land cover (ha)	
	1990	2014
Urban built-up		1.03
Urban commercial	0.92	0.54
Urban industrial		1.81
Urban residential	64.73	68.1
Urban townships	17.51	37.09
Urban informal		
Rural villages		
Urban sports and golf	4.7	4.93

The extent of land cover (ha)		The extent of land cover (ha)	
		School and sports grounds	3.09
			2.29

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	41.57 %	17.98 %	40.44 %	0.00 %	0.00%	100 %
Water 2001	%	86.93 %	10.23 %	0.43 %	1.06 %	1.36 %	100 %
Water 2011	%	65.37 %	28.00 %	6.23 %	0.27 %	0.13 %	100 %
Sanitation 1996	%	42.27 %	0.00 %	0.00 %	31.01 %	26.72 %	100 %
Sanitation 2001	%	96.18 %	0.00 %	0.01 %	1.48 %	2.32 %	100 %
Sanitation 2011	%	85.23 %	0.00 %	0.60 %	13.37 %	0.80 %	100 %
Refuse removal 1996	%	72.09 %	0.20 %	0.39 %	1.57 %	25.55 %	100 %
Refuse removal 2001	%	99.22 %	0.31 %	0.02 %	0.44 %	0.01 %	100 %
Refuse removal 2011	%	99.20 %	0.40 %	0.00 %	0.00 %	0.40 %	100 %
Electricity 1996	%	56.49 %	n.a.	n.a.	n.a.	43.51 %	100 %
Electricity 2001	%	91.73 %	n.a.	n.a.	n.a.	8.27 %	100 %
Electricity 2011	%	90.50 %	n.a.	n.a.	n.a.	9.46 %	100 %

f. SDF proposals and land availability

Figure 2-80: Stanford SDF proposals

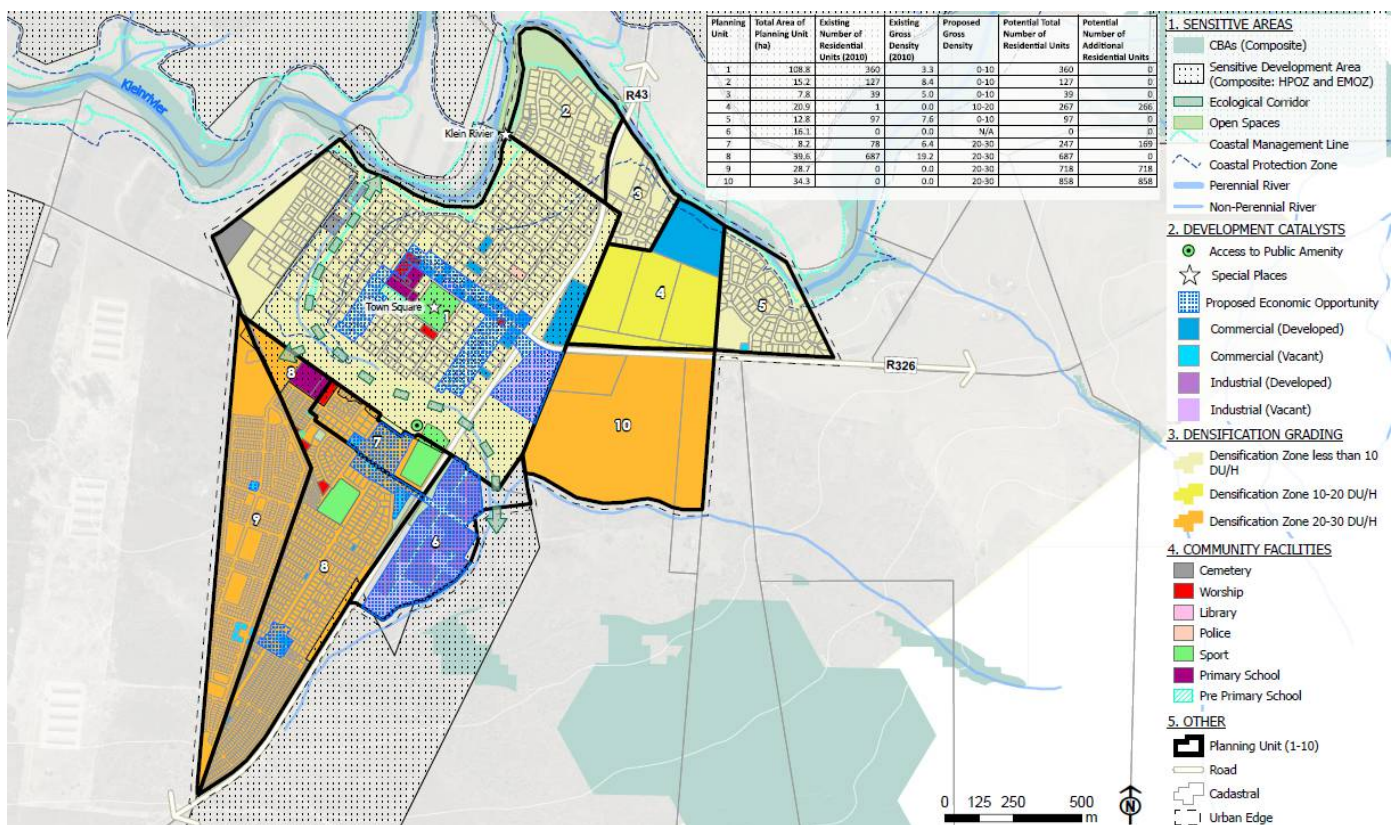


Table 2-111: Stanford potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	108.8	360	3.3	0-10	360	0
2	15.2	127	8.4	0-10	127	0
3	7.8	39	5.0	0-10	39	0
4	20.9	1	0.0	10-20	267	266

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
5	12.8	97	7.6	0-10	97	0
6	16.1	0	0.0	N/A	0	0
7	8.2	78	6.4	20-30	247	169
8	39.6	687	19.2	20-30	687	0
9	28.7	0	0.0	20-30	718	718
10	34.4	0	0.0	20-30	858	858

2.12.7 Greater Gansbaai

a. Description and locality



Figure 2-81: Greater Gansbaai locality

Description:	Gansbaai is a fishing town and popular tourist destination in the Overberg District Municipality, Western Cape, South Africa. It is known for its dense population of great white sharks and as a whale-watching location.
Extent of functional area:	2 816 Ha

Classification and hierarchy:	
NSDF:	Other towns/ Settlements
PSDF:	Secondary Regional Service Centres
DSDF:	Small Service Town
MSDF:	Sub-Regional Node
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	4,526	7,740	13,315	18,484	Total households	1,500	2,585	4,654
Population density (persons/ha)	1.70	2.88	4.73	6.56	Household density (households/ha)	0.56	0.96	1.65
					Ave household size	3.02	2.99	2.87

c. Social and community facilities

Facility	Number in area
Primary schools	3
Secondary school	1
Intermediate school	0
Combined school	0

Facility	Number in area
Public health	2
Private health	0
SAPS stations	1
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)		Land cover category	The extent of land cover (ha)	
	1990	2014		1990	2014

The extent of land cover (ha)	
Cultivated commercial fields	
Cultivated commercial pivot	
Cultivated orchard and vines	
Sugarcane	
Subsistence farming	
Forests & Plantations	
Mining	1.03

The extent of land cover (ha)		
Urban built-up	1.49	7.44
Urban commercial	1.14	4.72
Urban industrial	2.75	9.71
Urban residential	372.55	435.35
Urban townships	16.58	50.9
Urban informal		2.29
Rural villages		
Urban sports and golf	46.54	52.83
School and sports grounds	1.6	4.58

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	64.32 %	14.90 %	18.86 %	1.39 %	0.53%	100 %
Water 2001	%	71.10 %	4.06 %	15.20 %	8.63 %	1.00 %	100 %
Water 2011	%	69.31 %	5.93 %	23.02 %	0.90 %	0.84 %	100 %
Sanitation 1996	%	81.79 %	0.00 %	0.00 %	6.64 %	11.58 %	100 %
Sanitation 2001	%	72.83 %	3.73 %	3.71 %	1.19 %	18.54 %	100 %
Sanitation 2011	%	88.50 %	0.32 %	0.13 %	9.76 %	1.28 %	100 %
Refuse removal 1996	%	93.52 %	0.07 %	0.20 %	2.33 %	3.76 %	100 %
Refuse removal 2001	%	82.87 %	0.00 %	3.00 %	14.06 %	0.12 %	100 %
Refuse removal 2011	%	91.29 %	0.26 %	5.81 %	0.19 %	2.45 %	100 %
Electricity 1996	%	78.88 %	n.a.	n.a.	n.a.	21.12 %	100 %
Electricity 2001	%	76.00 %	n.a.	n.a.	n.a.	24.00 %	100 %
Electricity 2011	%	96.98 %	n.a.	n.a.	n.a.	3.02 %	100 %

f. SDF proposals and land availability

Figure 2-82: Greater Gansbaai SDF proposals

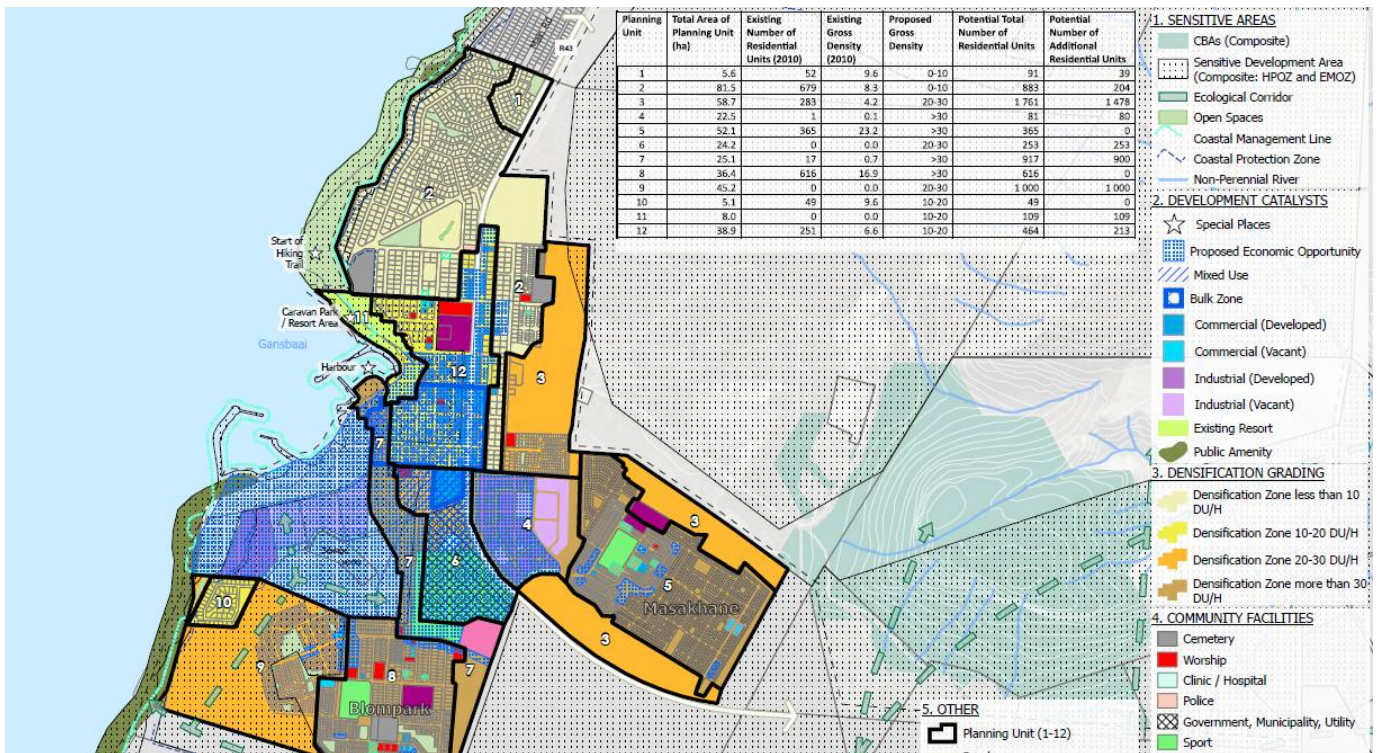


Table 2-112: Greater Gansbaai potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	5.6	52	9.6	0-10	91	39
2	81.5	679	8.3	0-10	883	204
3	58.7	283	4.2	20-30	1 761	1 478
4	22.5	1	0.1	>30	81	80
5	52.1	365	23.2	>30	365	0
6	24.2	0	0.0	20-30	253	253
7	25.1	17	0.7	>30	917	900
8	36.4	616	16.9	>30	616	0
9	45.2	0	0.0	20-30	1 000	1 000
10	5.1	49	9.6	10-20	49	0
11	8.0	0	0.0	10-20	109	109
12	38.9	251	6.6	10-20	464	213

2.12.8 Wolwengat³

a. Description and locality

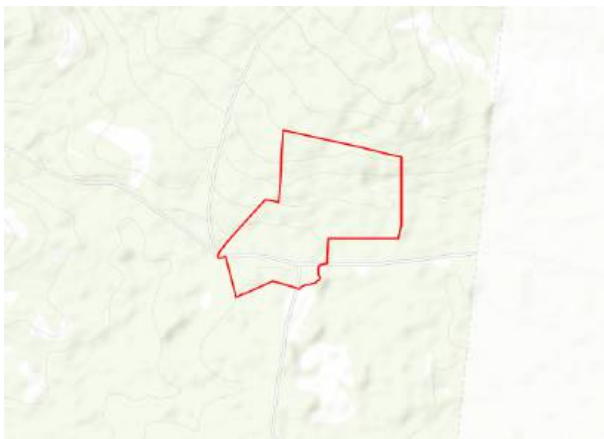


Figure 2-83: Wolwengat locality

Description:	Wolwengat, also known as Viljoenshof, is a village in the southern Overberg region, in the Western Cape province of South Africa. It is situated 10 km south of Elim and 35 km southwest of Bredasdorp. It was originally named Wolfgat or Wolwengat in reference to the brown hyena. However, when the local post office was established the authorities named it Viljoenshof in honour of DJ Viljoen, the Dutch Reformed (NGK) minister of Bredasdorp from 1904 to 1934. This name was then extended to the village. The original name Wolwengat was officially restored in 1991.
Extent of functional area:	138 Ha

Classification and hierarchy:

NSDF:	Other towns/ Settlements
PSDF:	Secondary settlement
DSDF:	Local town/ Settlementnode
MSDF:	Rural Settlements
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	2	2	50	71	Total households	1	1	25

³ Currently Wolwengat does not receive services from Overstrand Municipality.

		1996	2001	2011	2020			1996	2001	2011
Population density (persons/ha)		0.01	0.02	0.36	0.51	Household density (households/ha)		0.00	0.01	0.18
						Ave household size		3.18	2.99	1.56

c. Social and community facilities

Facility	Number in area	Facility	Number in area
Primary schools	0	Public health	0
Secondary school	0	Private health	0
Intermediate school	0	SAPS stations	0
Combined school	0	Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)		Land cover category	The extent of land cover (ha)	
	1990	2014		1990	2014
Cultivated commercial fields	5.81	5.5	Urban built-up		
Cultivated commercial pivot			Urban commercial		
Cultivated orchard and vines	3.54	3.42	Urban industrial		
Sugarcane			Urban residential		
Subsistence farming			Urban townships		
Forests & Plantations			Urban informal		
Mining	0.11		Rural villages		
			Urban sports and golf		
			School and sports grounds		

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	57.75 %	38.03 %	0.00 %	4.23 %	0.00%	100 %
Water 2001	%	56.87 %	19.42 %	7.22 %	12.03 %	4.47 %	100 %
Water 2011	%	76.92 %	19.23 %	0.00 %	3.85 %	0.00 %	100 %
Sanitation 1996	%	59.44 %	0.00 %	0.00 %	11.89 %	28.67 %	100 %
Sanitation 2001	%	75.77 %	1.72 %	4.98 %	8.25 %	9.28 %	100 %
Sanitation 2011	%	87.50 %	0.00 %	0.00 %	12.50 %	0.00 %	100 %
Refuse removal 1996	%	0.00 %	0.00 %	2.82 %	97.18 %	0.00 %	100 %
Refuse removal 2001	%	15.37 %	0.86 %	4.66 %	78.93 %	0.00 %	100 %
Refuse removal 2011	%	0.00 %	0.00 %	11.11 %	22.22 %	66.67 %	100 %
Electricity 1996	%	51.77 %	n.a.	n.a.	n.a.	48.23 %	100 %
Electricity 2001	%	68.85 %	n.a.	n.a.	n.a.	31.15 %	100 %
Electricity 2011	%	88.89 %	n.a.	n.a.	n.a.	12.50 %	100 %

2.12.9 Baardskeedersbos

a. Description and locality



Figure 2-84: Baardskeedersbos locality

Description:	Baardskeedersbos is located 20 kilometres east of Gansbaai on the Gansbaai–Elim–Bredasdorp road. It lies on the southern slopes of a mountain called Perdekop, at the base of the Boskloof through which a small river flows south off the mountain.
Extent of functional area:	112 Ha

Classification and hierarchy:

NSDF:	Other towns/ Settlements
PSDF:	Secondary settlement
DSDF:	Local town/ Settlementnode
MSDF:	Rural Nodes
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	3	2	103	143	Total households	1	1	39
Population density (persons/ha)	0.02	0.02	0.92	1.28	Household density (households/ha)	0.01	0.01	0.35
					Ave household size	3.31	2.99	2.54

c. Social and community facilities

Facility	Number in area
Primary schools	0
Secondary school	0
Intermediate school	0
Combined school	0

Facility	Number in area
Public health	1
Private health	0
SAPS stations	0
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)	
	1990	2014
Cultivated commercial fields	22.57	19.02
Cultivated commercial pivot		
Cultivated orchard and vines	1.82	2.16
Sugarcane		
Subsistence farming		
Forests & Plantations		
Mining		

Land cover category	The extent of land cover (ha)	
	1990	2014
Urban built-up		
Urban commercial		
Urban industrial		
Urban residential		
Urban townships		
Urban informal		
Rural villages		
Urban sports and golf		

The extent of land cover (ha)		The extent of land cover (ha)	
		School and sports grounds	

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	10.32 %	14.84 %	0.00 %	25.81 %	49.03%	100 %
Water 2001	%	56.87 %	19.42 %	7.22 %	12.03 %	4.47 %	100 %
Water 2011	%	97.44 %	2.56 %	0.00 %	0.00 %	0.00 %	100 %
Sanitation 1996	%	50.32 %	0.00 %	0.00 %	27.10 %	22.58 %	100 %
Sanitation 2001	%	75.77 %	1.72 %	4.98 %	8.25 %	9.28 %	100 %
Sanitation 2011	%	92.86 %	0.00 %	7.14 %	0.00 %	0.00 %	100 %
Refuse removal 1996	%	2.60 %	0.00 %	0.65 %	96.10 %	0.65 %	100 %
Refuse removal 2001	%	15.37 %	0.86 %	4.66 %	78.93 %	0.00 %	100 %
Refuse removal 2011	%	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	100 %
Electricity 1996	%	48.37 %	n.a.	n.a.	n.a.	51.63 %	100 %
Electricity 2001	%	68.85 %	n.a.	n.a.	n.a.	31.15 %	100 %
Electricity 2011	%	91.67 %	n.a.	n.a.	n.a.	7.69 %	100 %

2.12.10 Pearly Beach

a. Description and locality



Figure 2-85: Pearly Beach locality

Description:	Pearly Beach is a village in Overberg District Municipality in the Western Cape Province of South Africa, and situated 185 km from Cape Town, and 25 km from Gansbaai. The town is predominantly holiday accommodation.
Extent of functional area:	399 Ha

Classification and hierarchy:	
NSDF:	Other towns/ Settlements
PSDF:	Rural Settlements with Threshold to Support Permanent Social Services
DSDF:	Local town/ Settlementnode
MSDF:	Local Nodes
CSIR Functional Town Typology:	Local Towns/ Settlement Nodes

b. Key demographic information

	1996	2001	2011	2020
Total Population	249	781	1,043	1,431
Population density (persons/ha)	0.74	2.34	2.61	3.59

	1996	2001	2011
Total households	122	348	485
Household density (households/ha)	0.36	1.04	1.22
Ave household size	2.07	2.25	2.15

c. Social and community facilities

Facility	Number in area
Primary schools	0
Secondary school	0
Intermediate school	0
Combined school	0

Facility	Number in area
Public health	1
Private health	0
SAPS stations	0
Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)	
	1990	2014
Cultivated commercial fields		
Cultivated commercial pivot		
Cultivated orchard and vines		
Sugarcane		
Subsistence farming		
Forests & Plantations		
Mining		

Land cover category	The extent of land cover (ha)	
	1990	2014
Urban built-up		
Urban commercial		
Urban industrial		
Urban residential	153.54	143.89
Urban townships	13.46	12.86
Urban informal		5.44
Rural villages		
Urban sports and golf		
School and sports grounds		

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	71.65 %	0.03 %	28.17 %	0.05 %	0.10%	100 %
Water 2001	%	66.03 %	22.83 %	0.86 %	10.27 %	0.00 %	100 %
Water 2011	%	61.65 %	2.06 %	34.23 %	1.86 %	0.21 %	100 %
Sanitation 1996	%	69.32 %	0.00 %	0.00 %	3.27 %	27.41 %	100 %
Sanitation 2001	%	81.79 %	0.86 %	15.92 %	0.00 %	1.43 %	100 %
Sanitation 2011	%	85.71 %	0.00 %	0.62 %	5.59 %	8.07 %	100 %
Refuse removal 1996	%	97.39 %	0.00 %	0.00 %	1.81 %	0.00 %	100 %
Refuse removal 2001	%	99.10 %	0.85 %	0.00 %	0.05 %	0.00 %	100 %
Refuse removal 2011	%	80.12 %	14.91 %	0.00 %	0.00 %	4.97 %	100 %
Electricity 1996	%	65.01 %	n.a.	n.a.	n.a.	34.99 %	100 %
Electricity 2001	%	82.55 %	n.a.	n.a.	n.a.	17.45 %	100 %
Electricity 2011	%	64.20 %	n.a.	n.a.	n.a.	35.80 %	100 %

f. SDF proposals and land availability

Figure 2-86: Pearly Beach SDF proposals

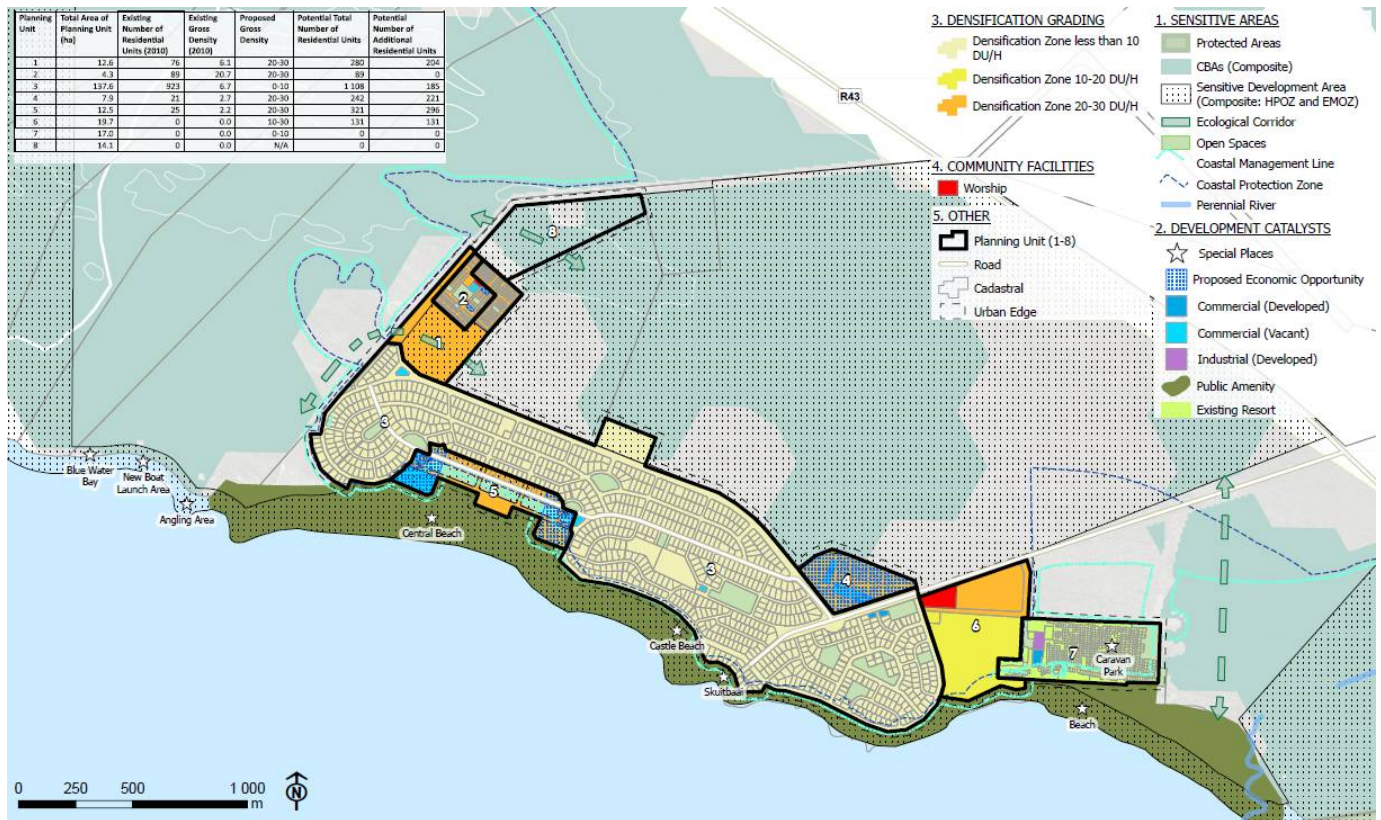


Table 2-113: Pearly Beach potential residential

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
1	12.6	76	6.1	20-30	280	204
2	4.3	89	20.7	20-30	89	0
3	137.6	923	6.7	0-10	1 108	185
4	7.9	21	2.7	20-30	242	221
5	12.5	25	2.2	20-30	321	296
6	19.7	0	0.0	10-30	131	131

Planning Unit	Total Area (Ha)	Existing Res Units (2010)	Gross Density (2010)	Proposed Gross Density	Potential Res	Additional Res units
7	17.0	0	0.0	0-10	0	0
8	14.1	0	0.0	N/A	0	0

2.12.11 Overstrand Rural

a. Description and locality

Description:	
Extent:	160 920

b. Key demographic information

	1996	2001	2011	2020		1996	2001	2011
Total Population	7,214	9,372	5,260	7,648	Total households	2,325	3,466	1,774
Population density (persons/ha)	0.05	0.06	0.03		Household density (households/ha)	0.01	0.02	0.01
					Ave household size	3.11	2.70	2.97

c. Social and community facilities

Facility	Number in area	Facility	Number in area
Primary schools	2	Public health	0
Secondary school	0	Private health	0
Intermediate school	0	SAPS stations	0
Combined school	0	Lower courts	0

d. Land cover

Land cover category	The extent of land cover (ha)		Land cover category	The extent of land cover (ha)	
	1990	2014		1990	2014
Cultivated commercial fields	15665.51	12936.6	Urban built-up	2.19	0.86
Cultivated commercial pivot	78.31	334.95	Urban commercial	1.66	1.75
Cultivated orchard and vines	1706.69	1419.04	Urban industrial	1.74	3.3
Sugarcane			Urban residential	58	60.88
Subsistence farming			Urban townships	0.97	0.76
Forests & Plantations	2486.23	1157.23	Urban informal		0.39
Mining	10.27	40.18	Rural villages		
			Urban sports and golf	0.66	136.99
			School and sports grounds		0.28
			Smallholdings	162.39	144.27

e. Services access

		Full	Intermediate	Basic	Below Basic	None	Total
Water 1996	%	65.89 %	13.19 %	3.70 %	8.67 %	8.54%	100 %
Water 2001	%	83.80 %	8.65 %	3.00 %	3.54 %	1.02 %	100 %
Water 2011	%	80.91 %	12.86 %	1.74 %	1.85 %	2.64 %	100 %
Sanitation 1996	%	80.35 %	0.00 %	0.00 %	14.93 %	4.72 %	100 %
Sanitation 2001	%	88.60 %	0.52 %	1.87 %	3.59 %	5.44 %	100 %
Sanitation 2011	%	83.42 %	0.33 %	1.51 %	10.89 %	3.85 %	100 %
Refuse removal 1996	%	53.85 %	1.44 %	4.86 %	34.91 %	4.86 %	100 %
Refuse removal 2001	%	69.24 %	0.26 %	3.10 %	26.62 %	0.72 %	100 %
Refuse removal 2011	%	20.14 %	2.20 %	3.05 %	51.44 %	23.18 %	100 %
Electricity 1996	%	79.37 %	n.a.	n.a.	n.a.	20.63 %	100 %
Electricity 2001	%	89.27 %	n.a.	n.a.	n.a.	10.73 %	100 %
Electricity 2011	%	91.75 %	n.a.	n.a.	n.a.	8.25 %	100 %

2.12.12 Total development potential

Table 2-114 below consolidates the areas identified for growth as identified in the Spatial Development Framework.

Table 2-114: Consolidated residential potential

Settlement	Area (Ha)	Retail / commercial (m2)	Industrial (m2)	Residential (m2)	Potential No. of Additional Residential units
Bettys Bay	43	3.3	-	24.7	532
De Kelders	255	-	-	178.6	2 623
Fisherhaven & Hawston	972	-	-	680.2	9 019
Franskraal	1 985	-	-	1 389.2	12 501
Gansbaai	310	-	-	251.3	4 276
Hermanus Central	368	-	-	380.9	5 270
Hermanus East	402	-	-	282.7	1 495
Hermanus West	216	-	-	137.5	3 690
Kleinmond	439	26.0	-	294.7	3 844
Pearly Beach	190	-	-	133.2	1 037
Pringle Bay	5	0.6	-	1.9	72
Stanford	92	-	-	64.5	2 011
GRAND TOTAL	5 232	26.6	-	3 794.6	45 838

Development potential

This section briefly describes the analysis approach and methodology used in developing the index. It also presents the results for the different indices that are used to develop the final combined index.

The development potential index uses critical and important spatial elements to develop a base for spatial targeting. The index is an important input into the project prioritisation process.

2.13 Analysis Approach

Before the multi-criteria GIS analysis depends on two components that made this exercise possible. The first is developing a suitable hexagon grid system, and the second is a place syntax approach for analysing data. In combination, these two elements allow for rational analysis within a consistent approach. The process results in a development potential index integrating the impact of a range of factors on any location in a municipality.

The next section provides a short overview of the two aspects that form the basis for developing Functional Areas.

- The hexagon-grid overlay made it possible to describe the status quo consistently and comparably through data partitioning and data bucketing. The hexagon grid makes this analysis possible and is a much improved and sufficient way of analysing large data sets, in more detail, at a regional scale.
- Space syntax is the approach used to analyse vast amounts of data used in this analysis. It uses the hexagon grid base and spatial data to present the data variables in terms of attraction and accessibility.

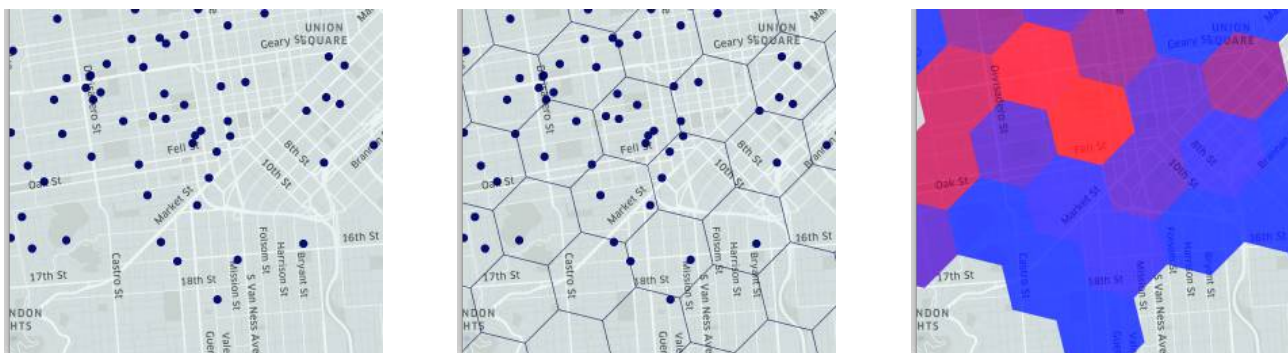
2.13.1 The hexagon grid base

Grid systems are critical to analysing sizeable spatial data sets and partitioning areas of a region into identifiable grid cells. With this in mind, a 250m hexagon grid was used⁴ for the study area to analyse, explore, compare and visualise data.

Deriving information and insights from data require analysing data of different types and form across the municipality. Because cities and spatial data are geographically diverse, this analysis needs to happen at a fine granularity. Analysis at the finest granularity, the exact location where an event occurs, is exceedingly difficult and expensive. Analysis of areas, such as neighbourhoods within a city, is much more practical.

For this reason, the hexagon grid was developed to bucket events and data into hexagonal areas. Hexagons approach was an important choice because data changes over time, units of measure change and is often not presented consistently in terms of its spatial manifestation. An example is the ever-changing ward boundaries in a municipality. Hexagons also minimise the quantisation error introduced when these data changes take place. Hexagons also allow us to approximate radiuses easily.

Figure 2-87: The data 'bucketing' process

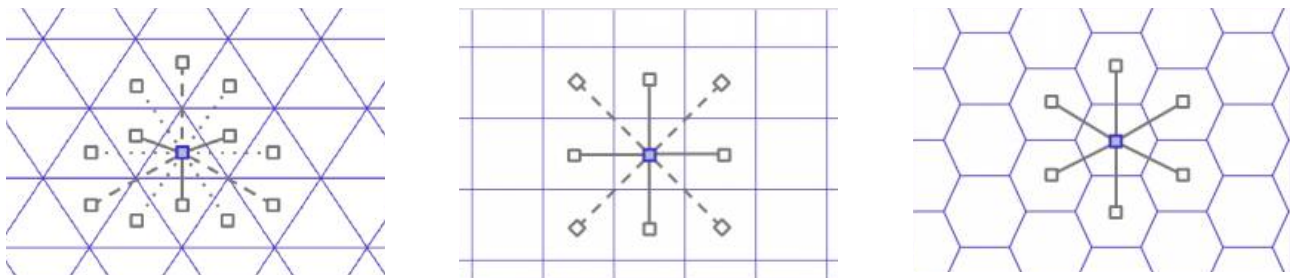


Choosing the hexagon as the basis of the analysis is important. The first consideration is the size of the hexagon. A 250m hexagon provides the right balance between the level of detail needed and the data types used in the analysis. The 250m hexagons also relate to what is considered a good size representing urban granularity. They provide a grain of information that is easy to process, analyse and visually present.

Another consideration is that hexagons have only one distance between a hexagon's centre point and its neighbours', compared to two distances for squares or three distances for triangles. This property greatly simplifies performing analysis and smoothing over gradients (Figure 2-88).

⁴ The 250m hexagon grid was developed by Spatial Data Services Africa (www.sdsafrica.net) and 22 million hexagons cover the entire South Africa.

Figure 2-88: Distances from centroid to its neighbours



a. Place syntax

A place syntax approach was used to combine the space syntax description of urban environments with conventional descriptions of attraction into a combined accessibility analysis to measure centrality. Measuring centrality can be done in several ways. The two most prominent ways are Integration or closeness centrality or betweenness centrality or choice. These measures can be defined as follows:

- Integration (or closeness centrality) is a measure that describes relativised asymmetry in the graph network.
- Choice measures movement flows through spaces. Spaces that record-high general choice is located on the shortest paths from all origins to all destinations.

Within this context, one can use various ways to apply these methodologies. They include:

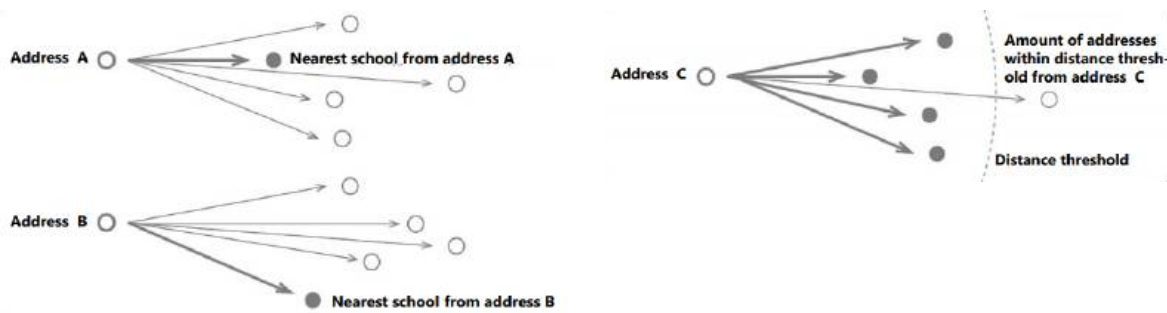
- Angular integration analysis;
- Angular betweenness analysis, and
- Accessibility analysis.

For this project, the focus was on using the accessibility analysis method. Two types of accessibility analysis were used, namely, attraction distance and attraction reach.

Attraction distance captures proximity and measures the distance from the 'origin' points such as addresses, or in this case the centroid of each hexagon, to some kind of attraction, for instance, primary schools.

Attraction reach measures the total amount of attractions that can be reached within a certain distance from the points of origin. Thus, this is a kind of density measure, gives an indication of how many schools, shops or people can be reached within a neighbourhood (defined by distance).

Figure 2-89: Measuring attraction distance & reach



Attraction analysis can also be seen as a description of the presence (or absence) of society and answers questions such as: "Which services are available within walking distance?" or "How equal is service distributed in a specific area."

2.14 Index modelling

The Functional Areas are based on existing data and information to ensure a link between current conditions and future development. This index should serve as an essential input into the decision-making process to guide development and direct the Capital Expenditure Framework's priorities.

The aggregate of the Functional Areas describes a development potential framework and provides a realistic representation of the municipality's current situation to compare and measure the spatial efficiency of the existing municipal spatial policies and strategies.

2.14.1 Steps in a multi-criteria analysis

Below are the necessary steps followed in a multi-criteria evaluation.

- **Define the problem/question:** Clearly define the goal or issue that the analysis needs to address.
- **Determine the criteria:** What are the factors and constraints that need to be considered?
- **Standardise the factors:** Normalisation process that allows various criteria to be compared with one another. Normalisation is typically done by ranking the factors in an index (i.e. 1 to 10) from high to low or good to bad.
- **Determine each factor's weight:** Decide the impact that each factor has and express it as a weighted percentage against the other factors.
- **Aggregate the criteria:** Various methods are used, of which *weighted overlay* or *arithmetic overlay* is most commonly used to get a final suitability result.
- **Validate/verify the result:** Involves checking the results and adjusting the criteria' weightings if needed.

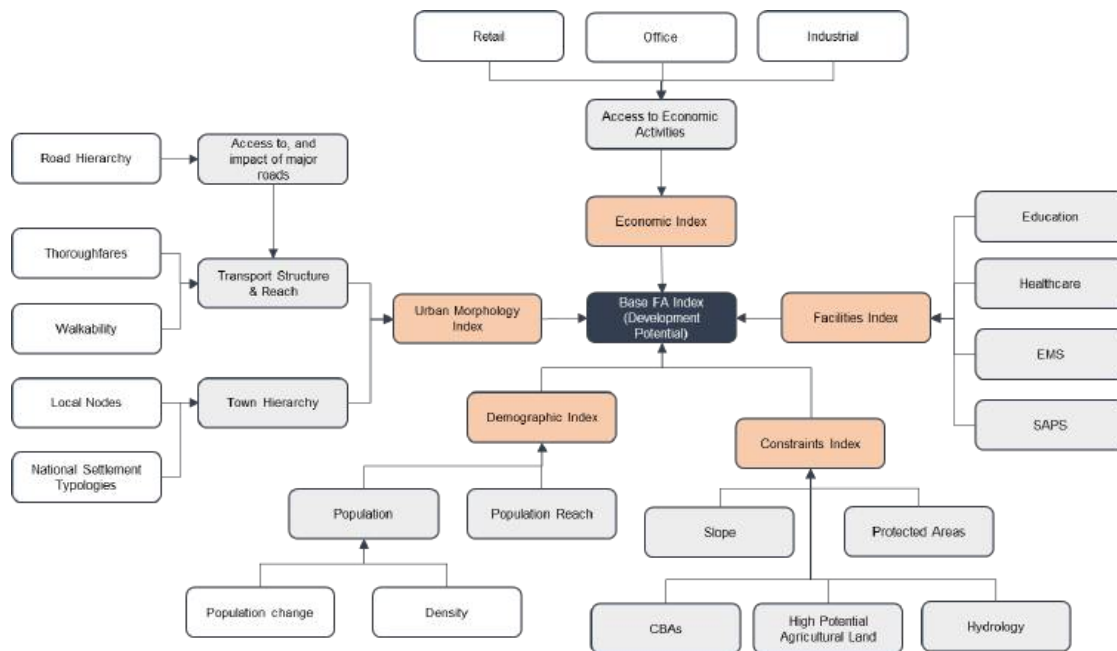
2.14.2 The index model methodology and results

The suitability model is presented in Figure 2-90. The final index comprises five (5) main criteria (sub-indexes), each of which is made up of several data and information inputs. Each of the criteria has a weighting out of 100, which shows its impact in the final results.

The five main criteria include urban morphology, access to facilities, demographic influence, economic influence, and environmental impact.

The subsequent sub-section and maps show the results of the analysis. The maps show the results of the variables considered in the development of each index map.

Figure 2-90: Development of potential modelling methodology



a. Urban morphology Index

The urban morphology index considers some of the most significant physical and human-made structuring elements that impact development. Two main aspects are analysed. The first includes the accessibility, hierarchy and impact of existing towns and the second aspect consists of the effects of access and mobility features. The road network, its hierarchy and walkability are all factors in the analysis.

b. Social Index

The social facility index measures the distance factor from schools, hospitals, clinics, emergency services and SAPS stations. These elements consider the relevant distance factor from each of these facilities described in the CSIR guidelines for social facilities provision. An attraction reach analysis was also done to identify how each hexagon cell in the Municipality is served and how many facilities a location can access. The combination of the analysis results for different facilities provided an overall facility index for the municipal area. In general the facilities index shows a broad distribution of facilities.

c. Demographic Index

The demographic index considers three aspects. It firstly assesses the spatial density and distribution of people. The second aspect is where and to what extent population change has occurred between 1996 and 2020. The third aspect is how accessible the population is. This accessibility to people is essential, especially for service delivery and the people's general well-being.

d. Economic Index

The index assesses people's ability to reach areas of employment or specific commercial and industrial activities. The results shows economic dominance in the area.

e. Combined Index

The combined index is a combination of the previous four indices. It considers all the above aspects and combines them to form a final index. Each of the indices mentioned above carries an assigned weight as part of the process. The weighting is derived from policy documents such as the IDP and SDF that guide the municipality's spatial vision and priorities.

Figure 2-91: Urban morphology index



Figure 2-92: Social index

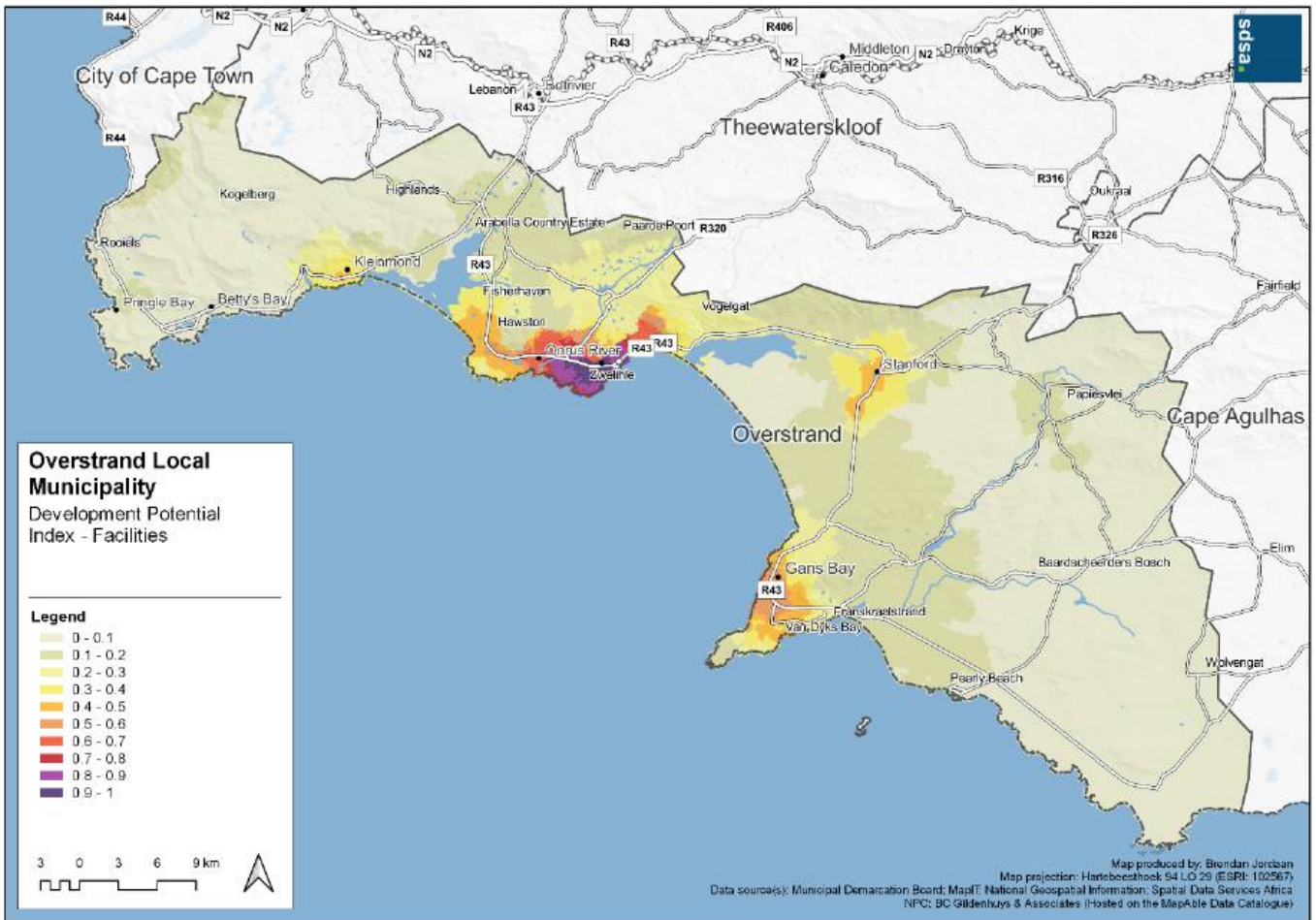


Figure 2-93: Demographic index

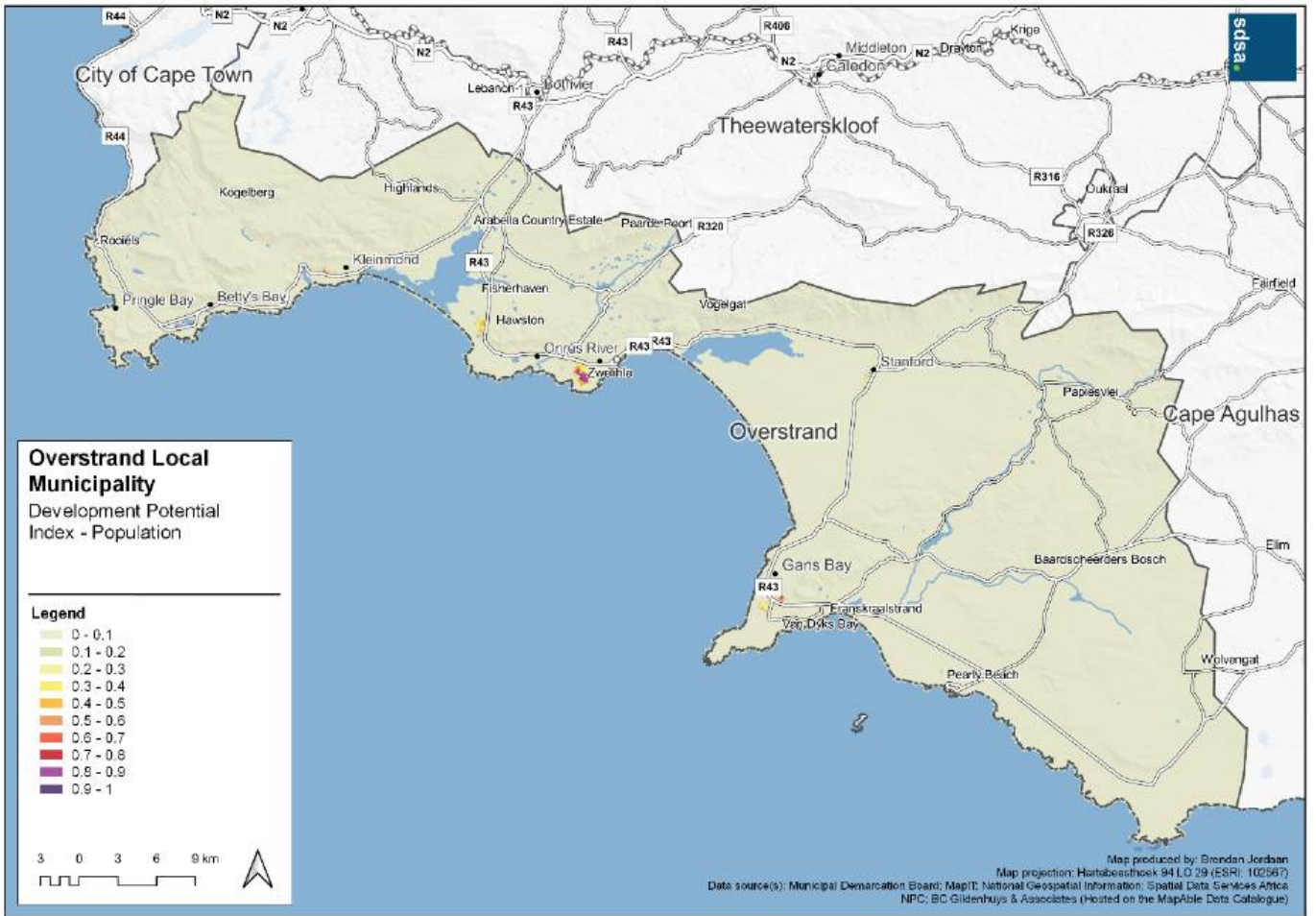


Figure 2-94: Economic Index

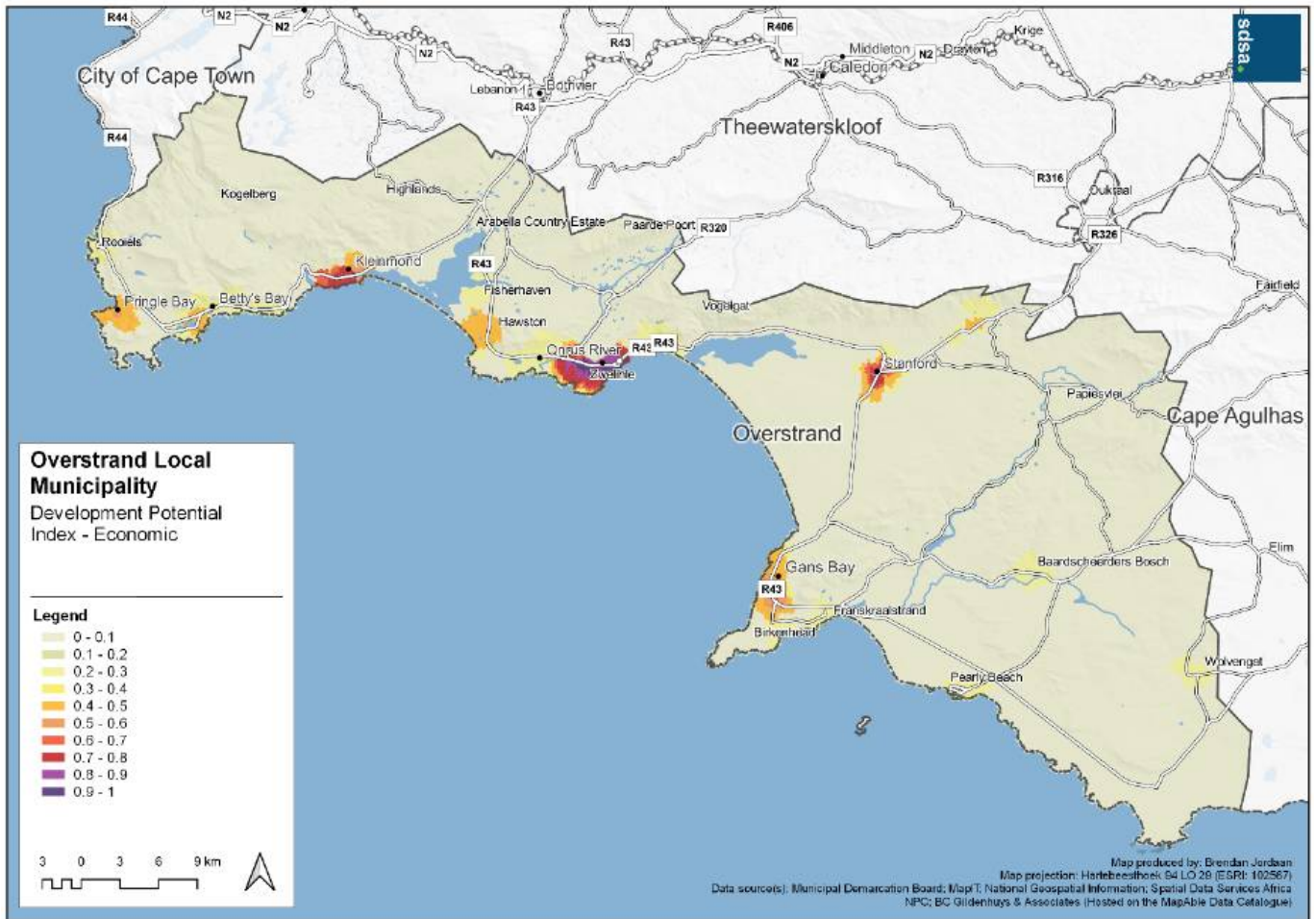
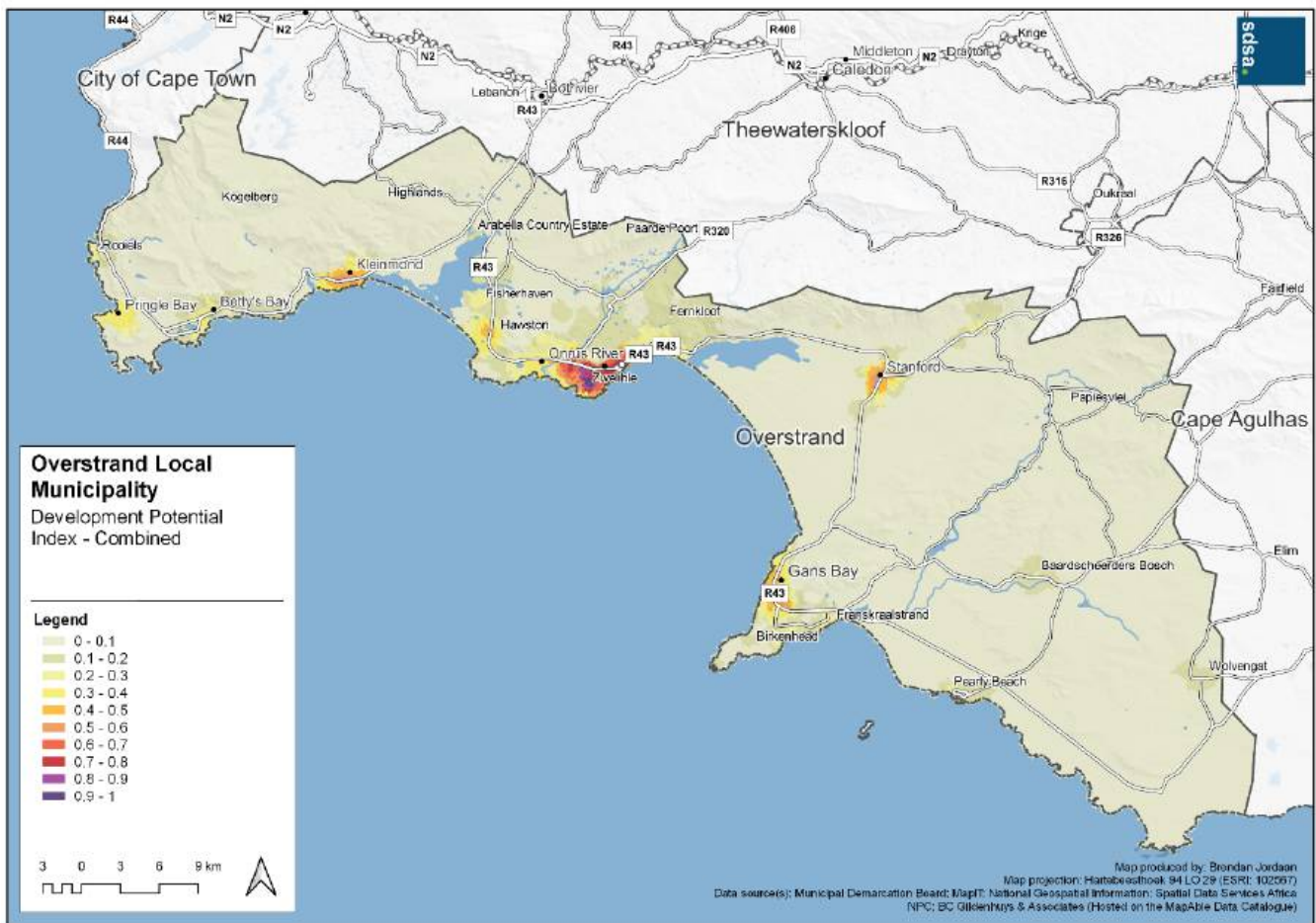


Figure 2-95: Combined index



Priority Development Areas

2.15 Spatial Development Framework

The Overstrand Spatial Development Framework (SDF) was published on May 13, 2020, and serves as an important resource to inform and guide spatial planning and development initiatives within the municipality. It aims to empower the local government to fulfil its mandate of developmental local governance by promoting the social and economic upliftment of communities and the provision of basic services to all residents. The SDF serves as a comprehensive policy directive and spatial framework for the municipality, aligning with the long-term vision of the Overstrand.

Its objective is to identify and prioritise spatial interventions that are critical for achieving the goals and objectives outlined in the Integrated Development Plan (IDP). The SDF draws upon the principles and spatial logic derived from the Provincial Spatial Development Framework (PSDF), emphasising the capitalisation of Western Cape's comparative strengths, consolidation of economic nodes, connectivity between urban and rural areas, clustering of infrastructure along transport routes, and preservation of ecological and heritage integrity. By providing a broad and strategic approach, the SDF aims to enable flexibility, accommodate changes in the status quo, and ensure sustainable and balanced development in the Overstrand Municipality.

The Overstrand SDF outlines several strategic priorities aimed at guiding the future development of the region. These priorities include the following:

- Integration of settlements and fostering of local economic development;
- Densification and linkage to promote efficient land use and connectivity;
- Restriction of urban sprawl to prevent uncontrolled expansion;
- Preservation and maintenance of ecological and heritage integrity;
- Containment of development within the Urban Edge;
- Capitalisation and development of Western Cape's comparative strengths;
- Consolidation and promotion of existing and emerging regional economic nodes;
- Connectivity between urban and rural markets, fragmented settlements, and critical biodiversity areas;
- Clustering of economic infrastructure and facilities along public transport routes, and;
- Recognition and response to unique regional identities within the Western Cape.

2.16 Existing Spatial Development Framework structuring elements

Within this subsection, an exploration of the existing SDF is undertaken by using two approaches. Firstly, the Municipal Spatial Development Key Strategies is examined, as it provides a fundamental understanding of the underlying principles on which the SDF was constructed. Secondly, it discusses the overarching spatial planning principles. This summary involves the utilisation of five distinct maps that provide insights into biophysical features, overlay zones, morphology, landscapes and corridor features which were derived from the SDF. By employing both approaches, this subsection aims to provide an overall understanding of the Overstrand Municipality's SDF.

2.16.1 The Municipal spatial development key strategies

The SDF comprises seven essential strategies aimed at the successful implementation of the spatial development concept and effective growth management. It is crucial to outline these strategies as they provide a fundamental understanding of the underlying principles on which the SDF was constructed namely:

- **Managing Population Growth and In-migration:** One of the key strategies outlined in the SDF is the management of population growth and in-migration. This strategy focuses on prioritising the provision of housing and community facilities in urban areas that hold the greatest potential for long-term economic growth. Moreover, it adheres to the principles of Spatial Justice, Spatial Sustainability, and Efficiency, as outlined in Spatial Planning and Land Use Management Act (SPLUMA).
- **Mixed-Use Densification:** Another important strategy in the SDF is the promotion of mixed-use densification. This policy aims to encourage densification in specific designated areas within urban settlements, as a response to the limited availability of greenfield land for accommodating growth. To guide sustainable development within urban areas, the Overstrand Municipal Growth Management Strategy serves as a valuable planning tool.
- **Housing Strategy:** This strategy involves revising the Overstrand Human Settlement Plan to address the existing housing needs and eliminate them effectively. It emphasises the importance of establishing human settlements that are equipped with essential community facilities near economic opportunities. Additionally, it involves proactively identifying suitable land for housing in areas with high growth potential and coordinating the development of necessary bulk services accordingly.
- **Bulk Service Infrastructure Provision:** This strategy involves developing a coordinated policy that prioritizes the implementation of bulk infrastructure based on the Growth Management Framework. It also entails upgrading and providing the necessary road and service capacities in towns and areas that hold the greatest potential for economic growth and employment opportunities.

- **Initiate Place-Specific Key Economic Development Projects/Drivers:** This strategy aims to stimulate economic growth and development by identifying and facilitating strategic economic projects in collaboration with businesses and investors. It prioritises the allocation of these projects in areas that demonstrate high growth potential.
- **Priority Areas for Biodiversity Conservation:** This strategy involves establishing a formal municipal protection area network that includes public-owned land of significant conservation value. Collaboration with the Western Cape Nature Conservation Board (WCNCB) is essential to negotiate contract nature reserves for conservation stewardship. Additionally, the SDF aims to encourage private landowners to actively participate in the stewardship program, promoting the long-term conservation of critical biodiversity areas.
- **Rural Development Strategy:** This strategy focuses on aligning rural development efforts with the guidelines provided in the Department of Agriculture and Environmental Affairs (DEADP) Rural Development Guidelines.

These strategies aim to guide decision-making processes related to spatial development in the Overstrand Municipality and promote sustainable growth, economic prosperity, and the conservation of natural resources.

2.16.2 Overarching spatial planning principles

To analyse and examine the existing SDF, a comprehensive spatial analysis is performed. This analysis involves the utilisation of five distinct maps that provide insights into various components, dynamics, and observations derived from the SDF. These maps are generated based on the Overstrand SDF: Fifth Generation 2022/2023 – 2026/2027. The following list specifies the page numbers of the SDF used for generating the maps, accompanied by a concise description of each map’s content and purpose:

- **Figure 2-96: Biophysical Features, Process and Corridor Features :** This map highlights areas regarded as crucial for biodiversity and the maintenance of ecological services, such as water production. It includes protected areas, vegetation and habitat of high irreplaceability value (both locally and globally), rivers and wetlands, as well as areas important for maintaining ecological and evolutionary processes.
- **Figure 2-97: Physical Morphology and Landscape:** This map examines the main land elements that contribute towards defining the landscape, namely mountains and steep slopes, valley floors, the coastline, and natural waterways.
- **Figure 2-98: Intensive Agricultural Resource Areas:** This map showcases the main agricultural resource areas, which include Klein River Valley (Stanford), Boesmansrivier (Baardskeerdersbos), Uilkraalsrivier (Baardskeerdersbos), Wolvengat, Onrusrivier Valley, and Hemel-en-Aarde.
- **Figure 2-99: Urban and Rural Settlement Pattern, Form, Hierarchy and Linkages:** This map illustrates the hierarchy order and nodes within the urban and rural settlement pattern of the area. The hierarchy is as follows:
 - Regional Node: Greater Hermanus (including Onrus, Fisherhaven, and Hawston)
 - Sub-Regional Node: Greater Gansbaai, Kleinmond
 - Local Nodes: Rooiels, Pringle Bay, Betty’s Bay, Stanford, Pearly Beach
 - Rural Nodes: Baardskeerdersbos
 - Rural Settlements: Buffeljags, Wolvengat
- **Figure 2-100: Draft Environmental Management Overlay Zones (EMOZs):** This map displays the composite of all draft Environmental Management Overlay Zones (EMOZs) and draft Heritage and Conservation Overlay Zones (HPOP), illustrating the regulated land uses within environmentally sensitive areas for preservation.

- **Figure 2-101: Draft Heritage Protection Overlay Zones (HPOZs):** This map illustrates the draft overlay zones specifically designed to regulate land uses within heritage-sensitive areas, aiming to preserve them. It provides a visual representation of the Heritage Protected Overlay Zones (HPOZs) and their role in the overall Spatial Management Concept for the Overstrand Municipal area.
- **Figure 2-102: Overstrand Municipality Spatial Management Concept:** This map represents the spatial management concept that serves as a guide for land use and development within the municipality. This concept is an informed response to comprehending the spatial dynamics of the interplay between growth potential, anthropogenic impacts, socio-economic factors, natural features, and processes.

Figure 2-96: Biophysical Features, Process and Corridor Features Figure 2-97: Physical Morphology and Landscape Corridor Features

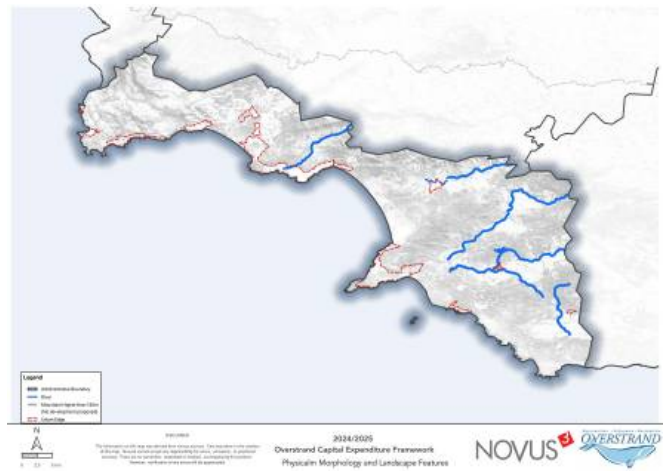
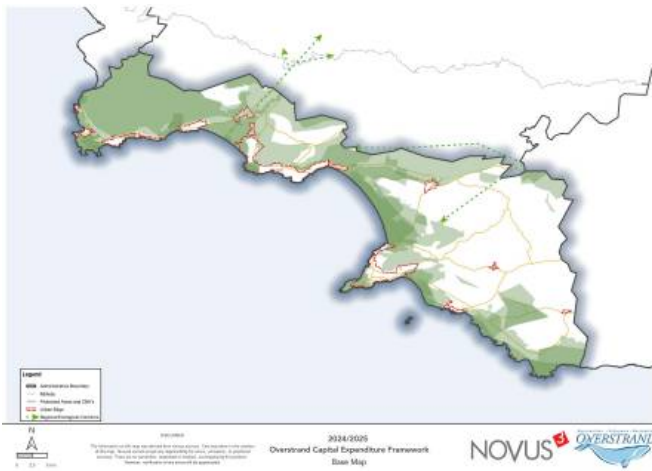


Figure 2-98: Intensive Agricultural Resource Areas

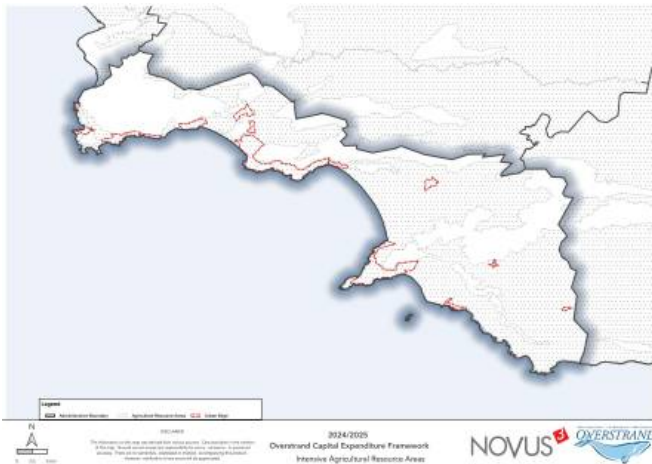


Figure 2-99: Urban and Rural Settlement Pattern, Form, Hierarchy and Linkages



Figure 2-100: Draft Environmental Management Overlay Zones (EMOZs)

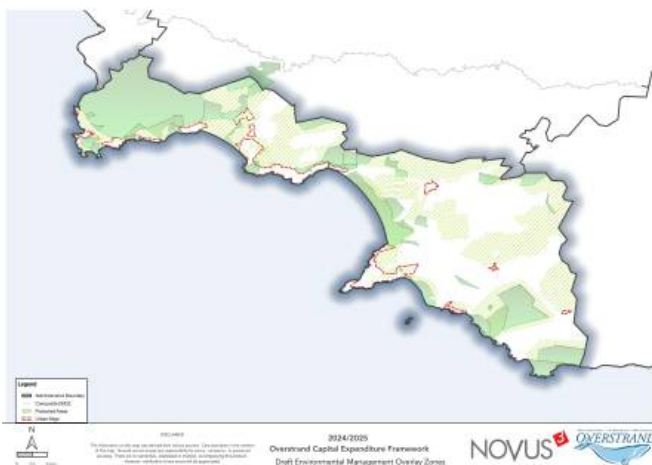
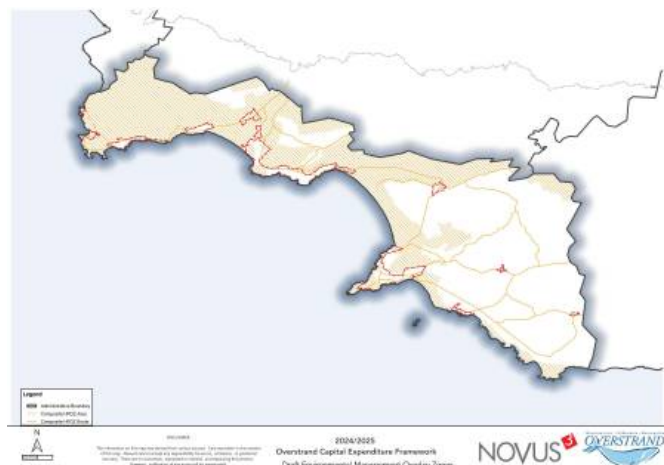


Figure 2-101: Draft Heritage Protection Overlay Zones (HPOZs)

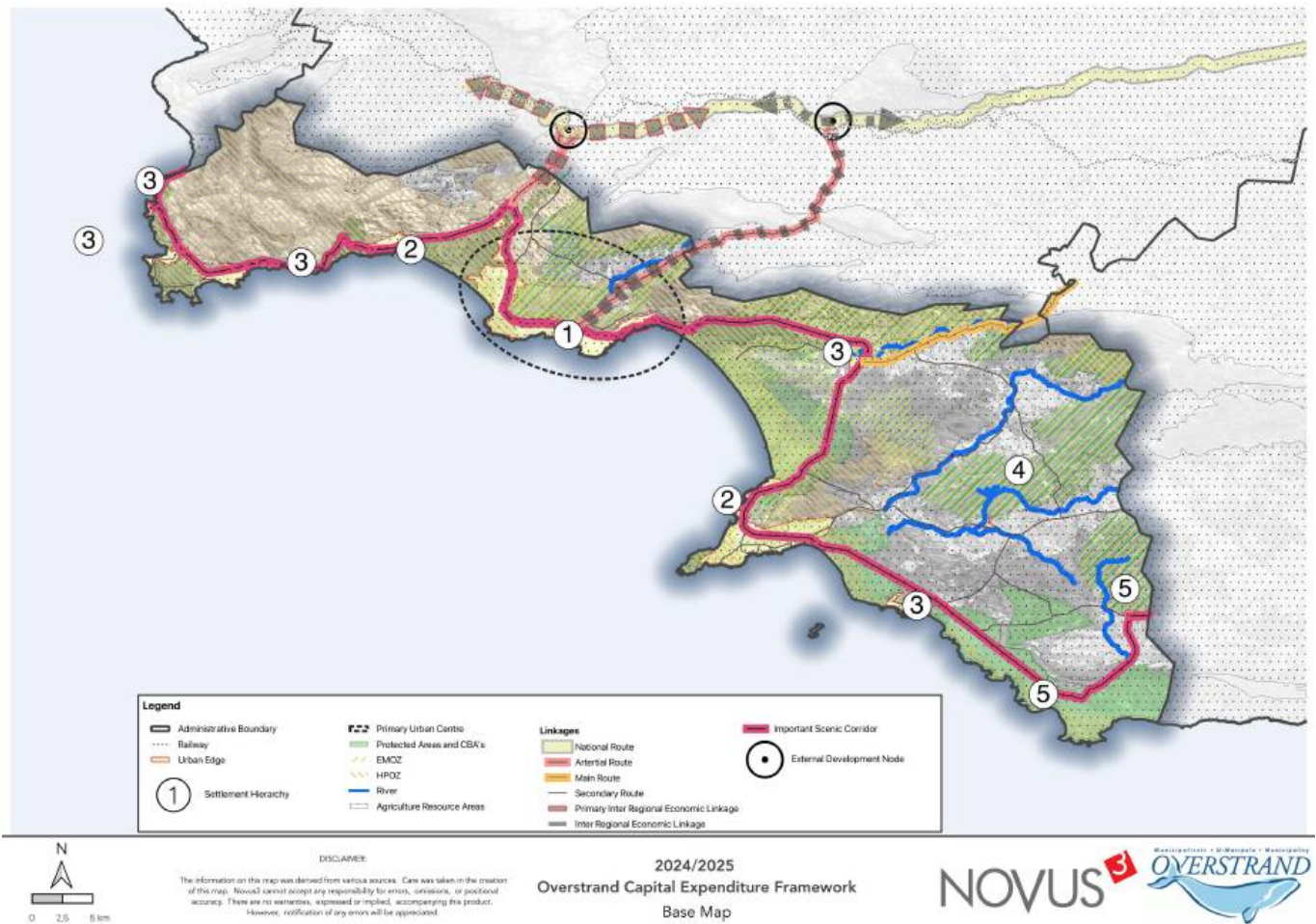


The Spatial Management Concept for Overstrand Municipality is shown in Figure 2-96. When assessing the SDF in terms of the Functional Areas, it is important to understand the developmental intent of each overarching spatial planning principle. This is expressed in the SDF as follows:

- **Identity and overarching spatial development pattern within a clear hierarchy of nodes and settlements:** When guiding development in the Overstrand region, it is crucial to follow an overarching hierarchical spatial development pattern that takes into account the specific needs of different areas and settlements. This hierarchy should be clearly defined based on empirical assessments of growth potentials, the principles of comparative advantage, and the imperative of sustainable development. This is achieved through the Settlement Hierarchy stipulated in Figure 2-102.
- **Containment:** To ensure orderly and controlled development, it is important to strictly contain the growth of urban nodes and rural/agricultural settlements within clearly defined boundaries. This containment should also apply to any new potential rural development areas, utilizing the same mechanism to maintain a well-regulated expansion. This is achieved through the Urban Edge and Core Urban Area stipulated in the illustration.

- **Compact and Densification:** An effective Growth Management Strategy entails directing and absorbing development pressures within the designated urban areas as much as possible. This can be achieved through compaction and densification measures. It is crucial to encourage appropriate densification practices tailored to each urban area to minimize undesirable sprawl into the rural hinterland. The specific guidelines and recommendations for managing growth in this manner are outlined in detail in the Overstrand Growth Management Strategy.
- **Ecological Integrity:** Preserving the diversity, health, and productivity of natural ecosystems is crucial across rural, urban, and agricultural areas. This can be achieved by establishing and maintaining an interconnected network of natural spaces and protecting important and sensitive habitats. The Overstrand Strategic Environmental Management Framework from 2014 serves as a foundation for translating this principle into practical implementation. By adhering to this framework, efforts can be made to safeguard ecological integrity and ensure the long-term sustainability of the region's natural environment.
- **Agricultural Enhancement:** It is essential to safeguard and enhance prime and unique agricultural areas by preventing non-soil-based land use activities within these regions. By protecting these agricultural areas from activities that may compromise their productivity and viability, the Overstrand Municipality can promote the sustainable use of land resources and support agricultural development. This approach helps to prioritise the preservation and enhancement of agricultural lands, ensuring their long-term productivity and contribution to the local economy and food security.
- **Land Use Diversification:** To stimulate economic growth and increase employment opportunities in rural areas, it is important to promote the diversification of rural and industrial-based development opportunities. This can be achieved by identifying and capitalizing on the locational and comparative resource advantages of specific areas. By encouraging the development of various economic sectors in these selected areas, such as agriculture, manufacturing, tourism, or renewable energy, we can foster a more robust and resilient rural economy. This approach aims to create a diverse range of job opportunities and improve the livelihoods of the rural population.

Figure 2-102: Overstrand Municipality Spatial Management Concept



2.16.3 Settlement hierarchy

Having gained an understanding of the municipal spatial development key strategies and overarching spatial planning principles, it becomes important to understand the Settlement Hierarchy and the rationale behind their significance within the municipality. This section aims to delve into the nature of the respective settlement hierarchy and provides a brief overview of the overall spatial growth management strategy and the objectives outlined in the SDF for these areas. By exploring these aspects, we gain a comprehensive understanding of the role and importance of the settlement hierarchy in the overall spatial planning and development strategy within the municipality.

a. Regional Node (Greater Hermanus including Onrus, Fisherhaven, and Hawston)

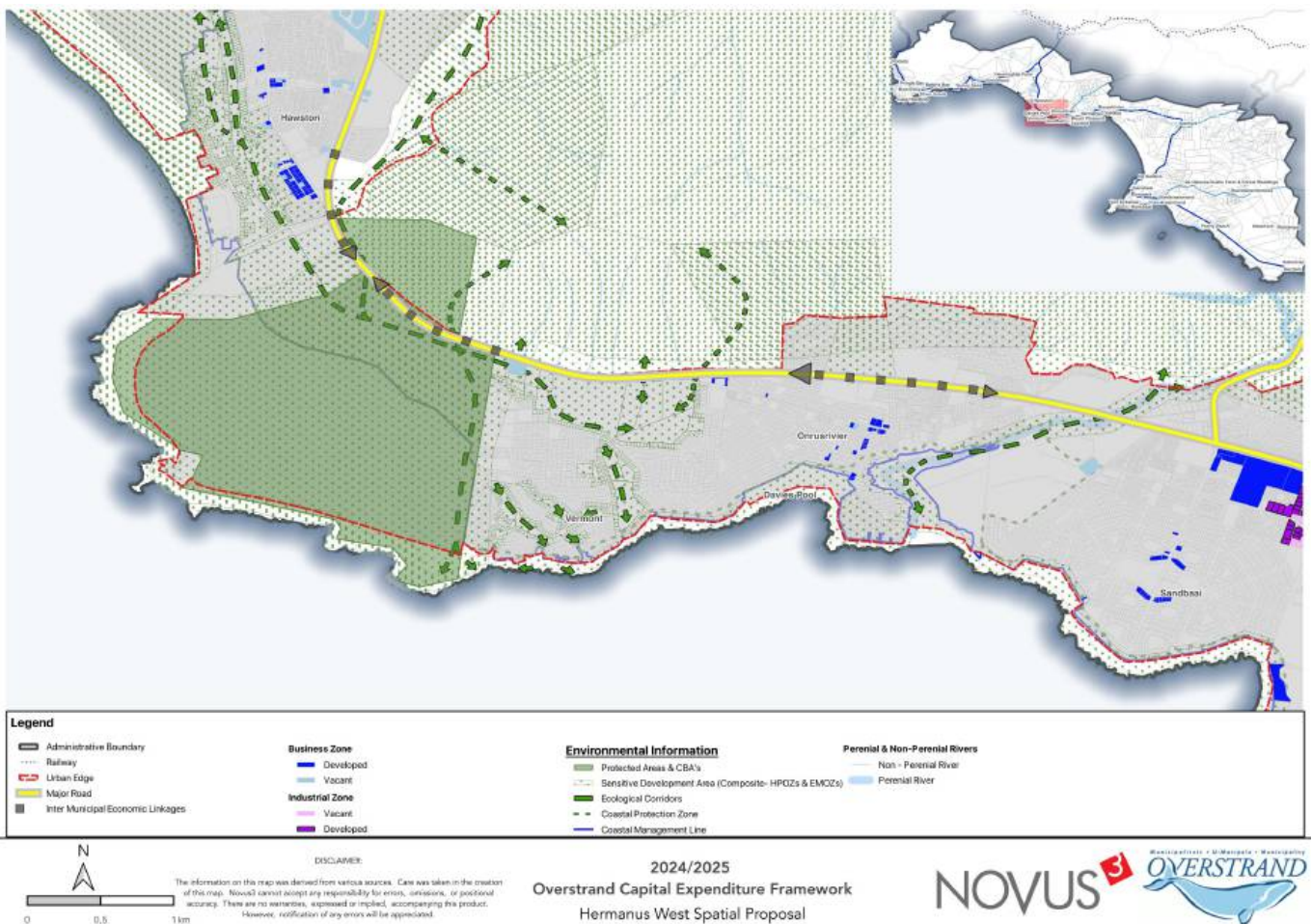
The Greater Hermanus along with Fisherhaven and Hawston settlements, are being considered for integrated planning and development in the SDF. These areas have experienced high population growth rates due to immigration and a housing shortage.

Greater Hermanus is divided into three interconnected areas: Hermanus West (Figure 2-103), Central (Figure 2-104), and East (Figure 2-105). According to the SDF, the local spatial development and growth management principles for Greater Hermanus focus on conservation, equitable distribution of community facilities, tourism, and economic diversification. Industrial development is restricted to service industries and light industries, while sensitive areas are protected through overlay zone regulations. The Growth Management Strategy emphasises the provision of a range

of residential housing types and appropriate densification to meet the growing population’s needs while retaining the character of Greater Hermanus. The spatial structuring elements for Greater Hermanus include promoting conservation, equitable distribution of community facilities, containment of the urban footprint, and focusing on sensitive development areas. The Growth Management Strategy involves providing a range of residential housing types, appropriate densification, and adherence to regulations for sensitive areas.

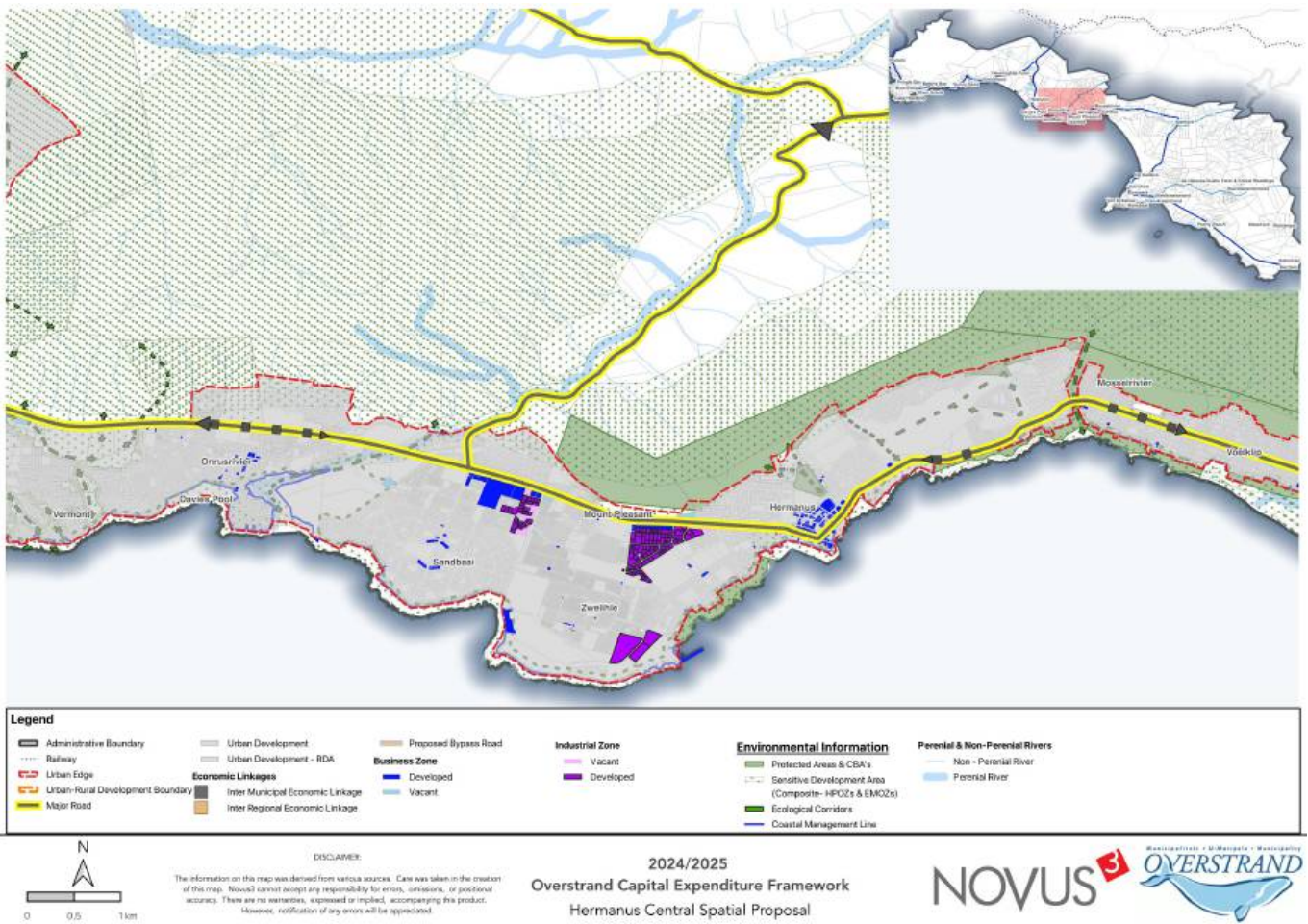
The Fisherhaven and Hawston (Figure 2-106) settlements are located close to each other and require integrated planning considering their different historical and social development patterns as stipulated by the SDF. The main objectives for these areas include sustainable integrated development, conservation of natural and cultural environments, spatial integration of residential areas, provision of employment opportunities, promotion of tourism, and development of business and service industries. The Growth Management Strategy aims to address the high population growth rates and housing needs through the provision of suitable land and the creation of sustainable employment opportunities. The proposed spatial structuring elements include promoting sub-regional growth, conserving natural and cultural resources, maintaining open space corridors, containing the urban footprint within a defined edge, and implementing overlay zone regulations. The spatial proposal emphasizes sensitive development areas, with specific land use proposals for industrial, commercial, and new urban development, as well as the conservation of biodiversity corridors and critical biodiversity areas.

Figure 2-103: Hermanus West Spatial Proposal



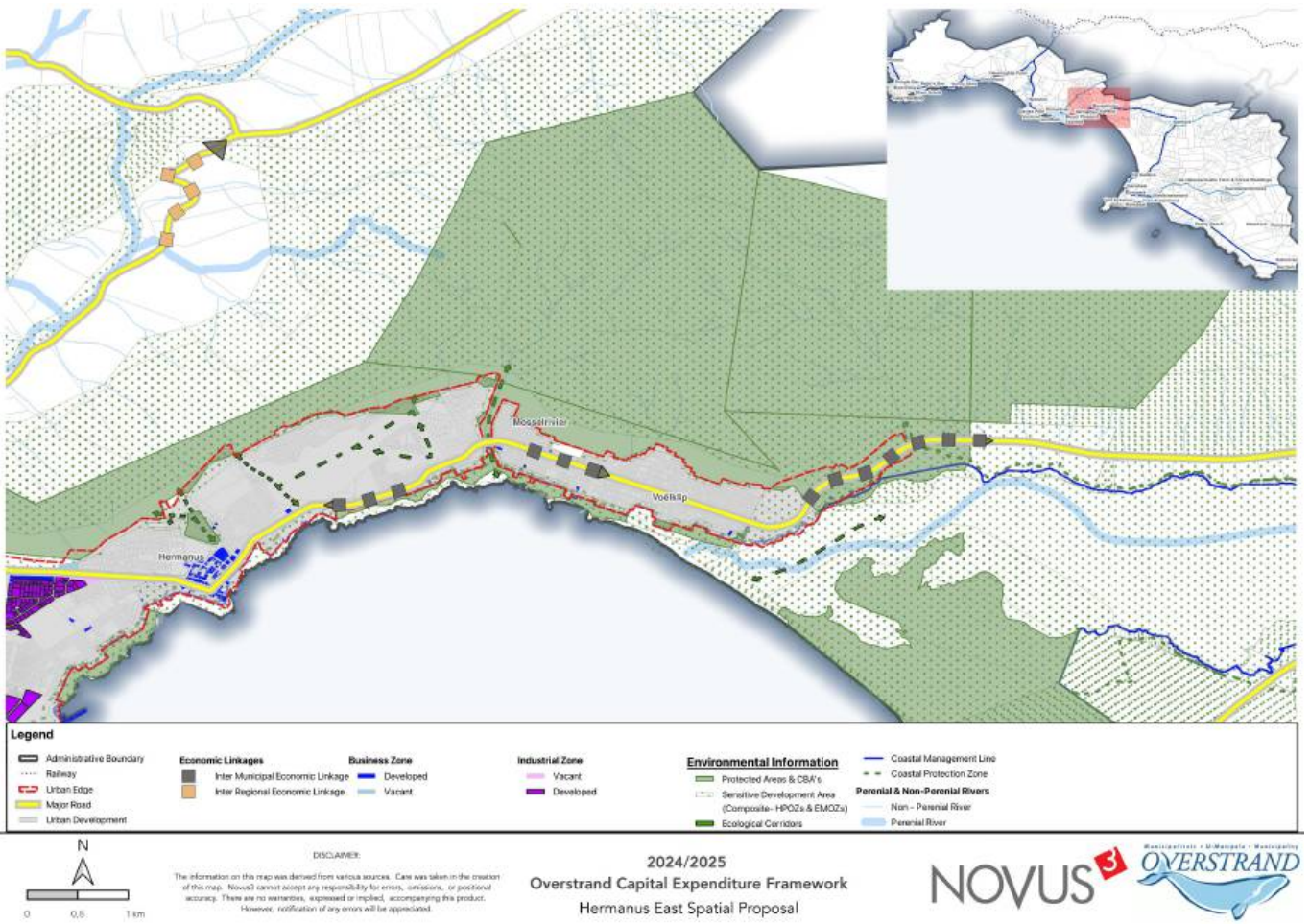
Source: Overstrand SDF, 2020; pages: 204

Figure 2-104: Hermanus Central Spatial Proposal



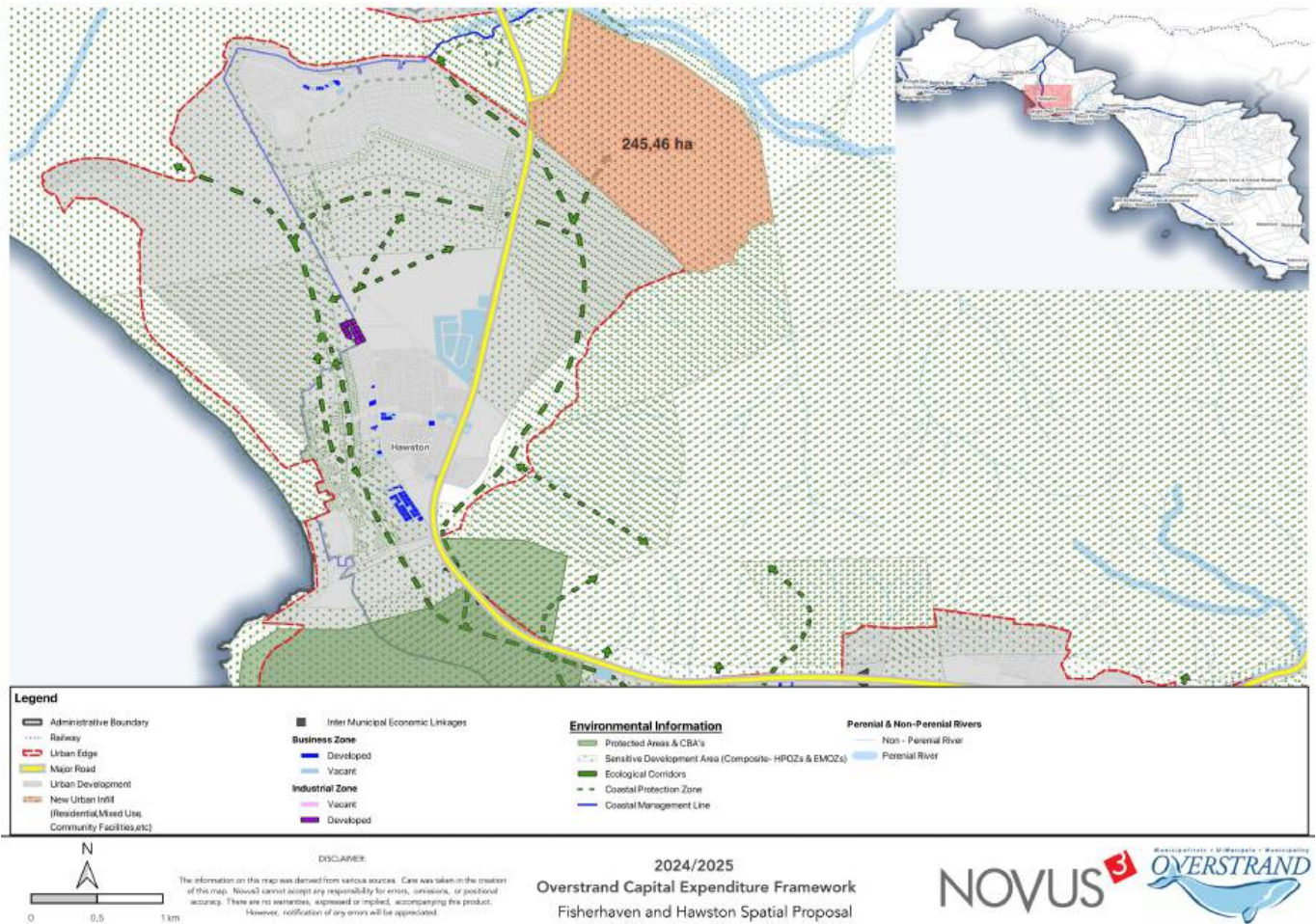
Source: Overstrand SDF, 2020; pages: 206

Figure 2-105: Hermanus East Spatial Proposal



Source: Overstrand SDF, 2020; pages: 208

Figure 2-106: Fisherhaven and Hawston Spatial Proposal



Source: Overstrand SDF, 2020; pages: 196

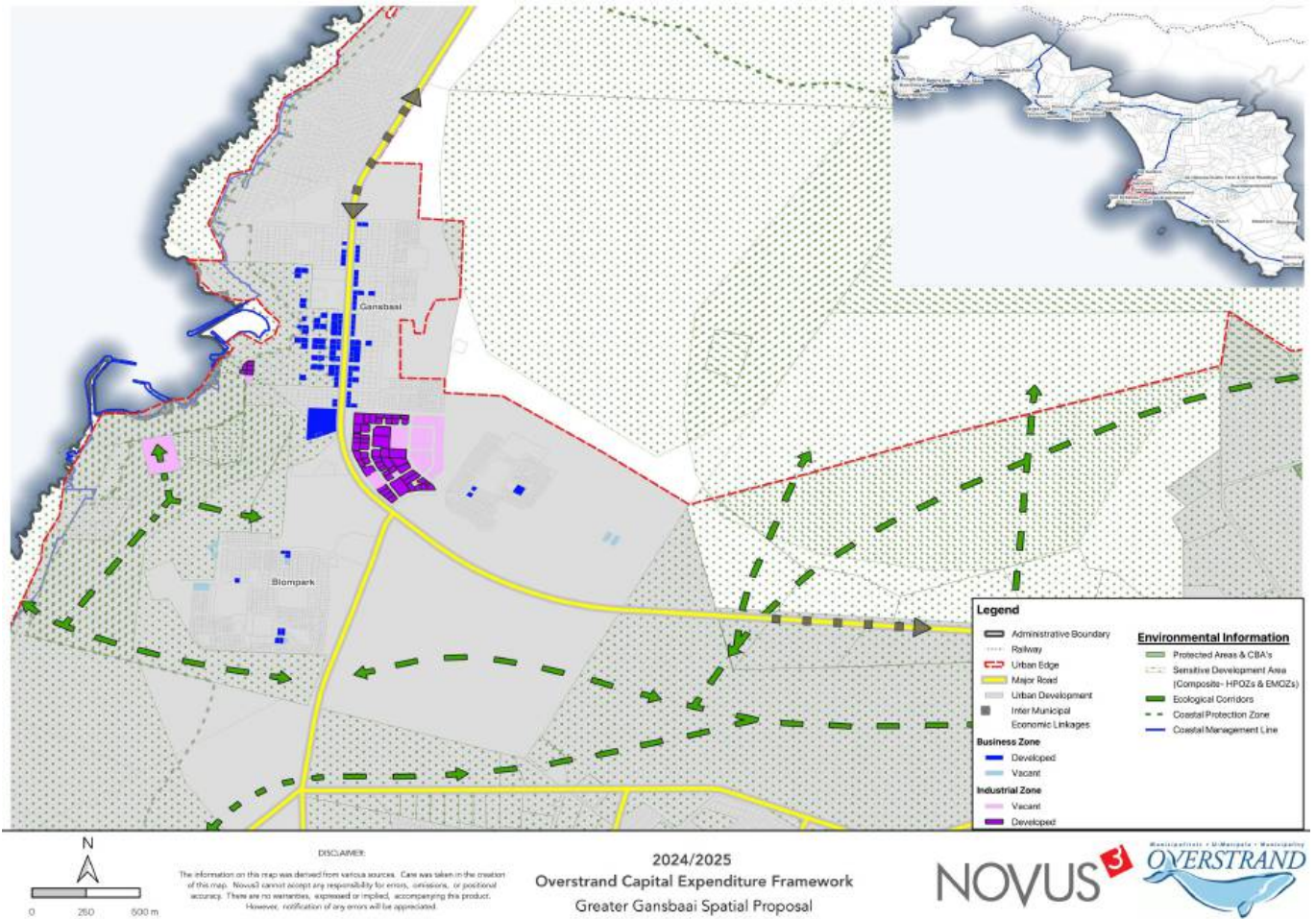
b. Sub-Regional Node (Greater Gansbaai, Kleinmond)

The Greater Gansbaai and Kleinmond areas have specific objectives for spatial development and growth management. Greater Gansbaai (illustrated in Figure 2-107), consisting of De Kelders, Gansbaai Proper, and Franskraal, serves as a fishing centre, residential area, retirement destination, and holiday town. Its objectives include promoting a balanced land use mix, tourism development, the fishing industry, and providing diverse housing options while restricting urban development to designated areas. The unique character of the villages is to be maintained through heritage and environmental regulations. Kleinmond (illustrated in Figure 2-108) primarily functions as a retirement, residential, and holiday destination, serving as a service centre for neighbouring settlements. The objectives for Kleinmond include conserving the natural environment, promoting it as a retirement and tourism town, and establishing a light service industrial area. Industrial development is limited to specific areas, and the expansion of informal settlements is restricted. The unique character of Kleinmond is to be preserved through the implementation of overlay zones. Both areas aim to achieve sustainable development, protect natural resources, and enhance the well-being of residents through strategic growth management and the conservation of sensitive areas.

Spatial growth management principles prioritise the conservation of natural environments, integration of land use components, and preservation of the unique character of each town. They encourage the promotion of tourism, the establishment of light-service industrial areas, and the restriction of industrial development to designated zones. The

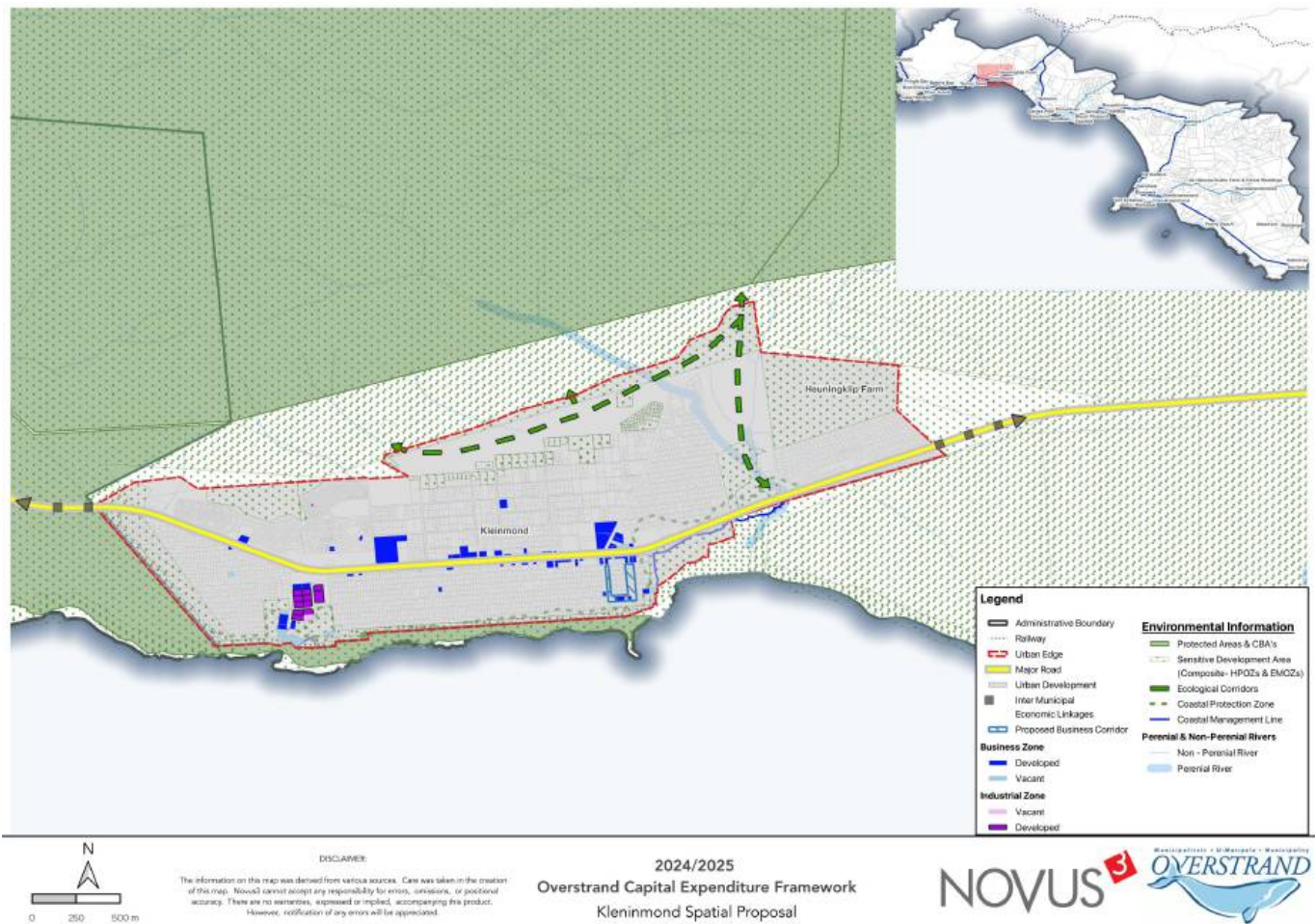
expansion of informal settlements is limited, while the maintenance of open space corridors and aquatic systems is emphasised. Densification opportunities are identified, subject to infrastructure upgrades and the provision of community facilities. The proposed spatial plans aim for compact, efficient, and environmentally sustainable urban forms. The protection of sensitive areas, adherence to overlay zone regulations, and the preservation of heritage and biodiversity are also key elements of the planning strategies.

Figure 2-107: Greater Gansbaai Spatial Proposal



Source: Overstrand SDF, 2020; pages: 222

Figure 2-108: Kleinmond Spatial Proposal



Source: Overstrand SDF, 2020; pages: 185

c. Local Nodes (Rooiels, Pringle Bay, Betty’s Bay, Stanford, Pearly Beach)

Rooiels, Pringle Bay, Betty’s Bay, Stanford, and Pearly Beach are rural settlements located in the Overstrand Municipality. The main objectives for these areas are to protect environmental resources, promote sustainable development, and manage spatial growth.

Rooiels (illustrated in Figure 2-112) is a rural settlement located west of Kleinmond and the main objective according to the SDF is to protect the environmental resources within and surrounding the settlement. The proposed spatial development and growth management principles include promoting the conservation of the natural environment, infilling development within existing boundaries, and emphasizing Rooiels’ role as a retirement and holiday village. The growth management strategy aims to contain the urban footprint of Rooiels within a clearly defined urban edge, with limited densification proposed in the future.

Pringle Bay’s (illustrated in Figure 2-108) main objective is also to protect the environmental resources within and surrounding the settlement. The proposed spatial development and growth management principles include promoting the conservation of the coastal village character, the natural environment, and the role of Pringle Bay as a retirement and holiday village. Similar to Rooiels, the growth management strategy aims to contain the urban footprint of Pringle Bay within a clearly defined urban edge, with limited densification proposed.

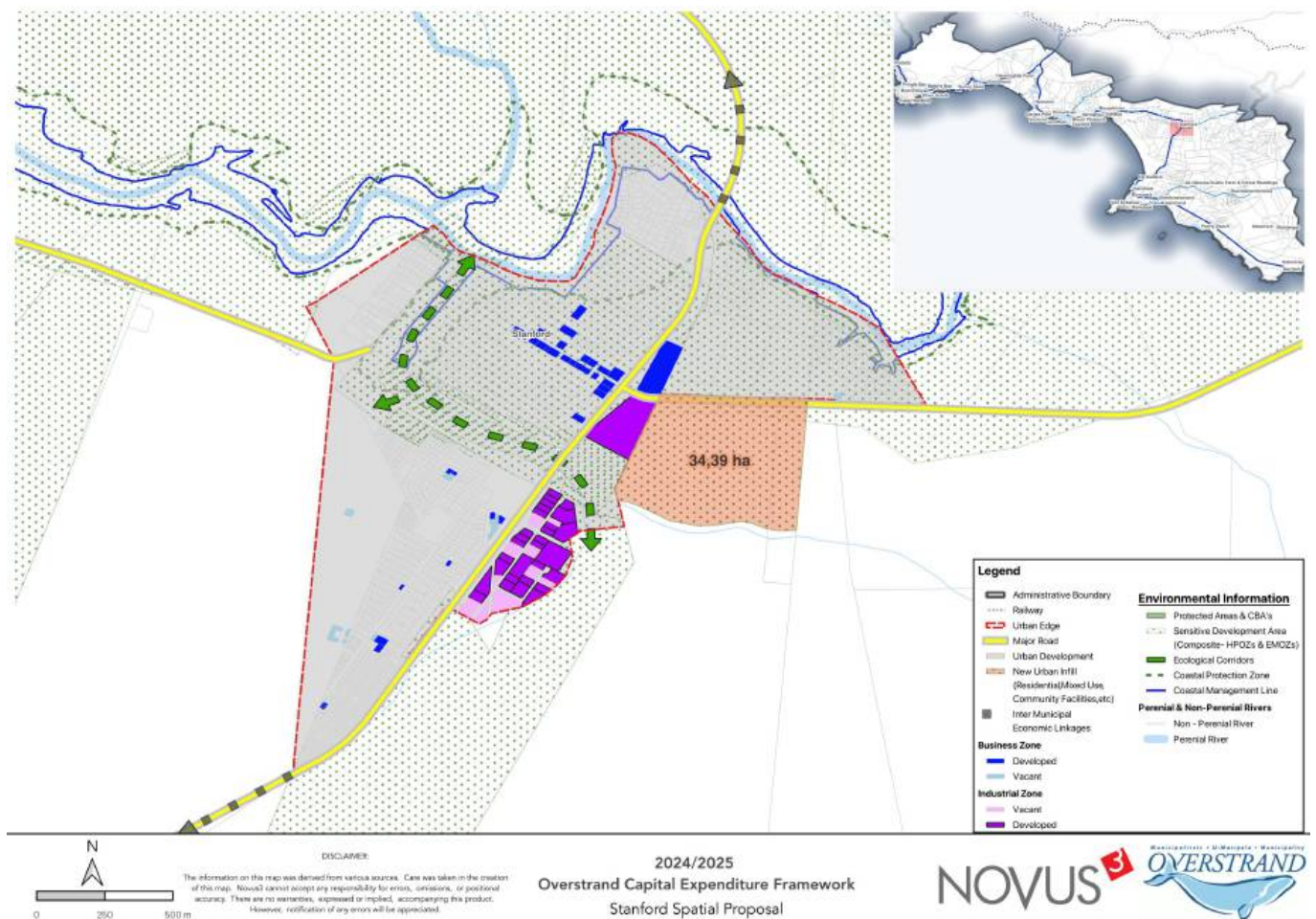
Betty’s Bay (illustrated in Figure 2-110) is a rural settlement located 19km west of Kleinmond. The main objectives for Betty’s Bay are to conserve sensitive natural resources, protect cultural heritage resources, and maintain its

unique town/rural character. The proposed spatial development and growth management principles include promoting the conservation of natural and cultural resources, infill development, and tourism-based development focused on ecological and heritage value. The growth management strategy allows for limited densification, subject to necessary infrastructure upgrades and community facilities.

One of the main objectives for Stanford (illustrated in Figure 2-109) is to retain and enhance its heritage character and resources. The proposed spatial development and growth management principles include conserving the historical townscape and heritage resources, promoting rural tourism development, and balanced residential development. The growth management strategy aims to limit industrial development, protect non-agricultural areas along the Klein River, and encourage urban expansion in less sensitive areas.

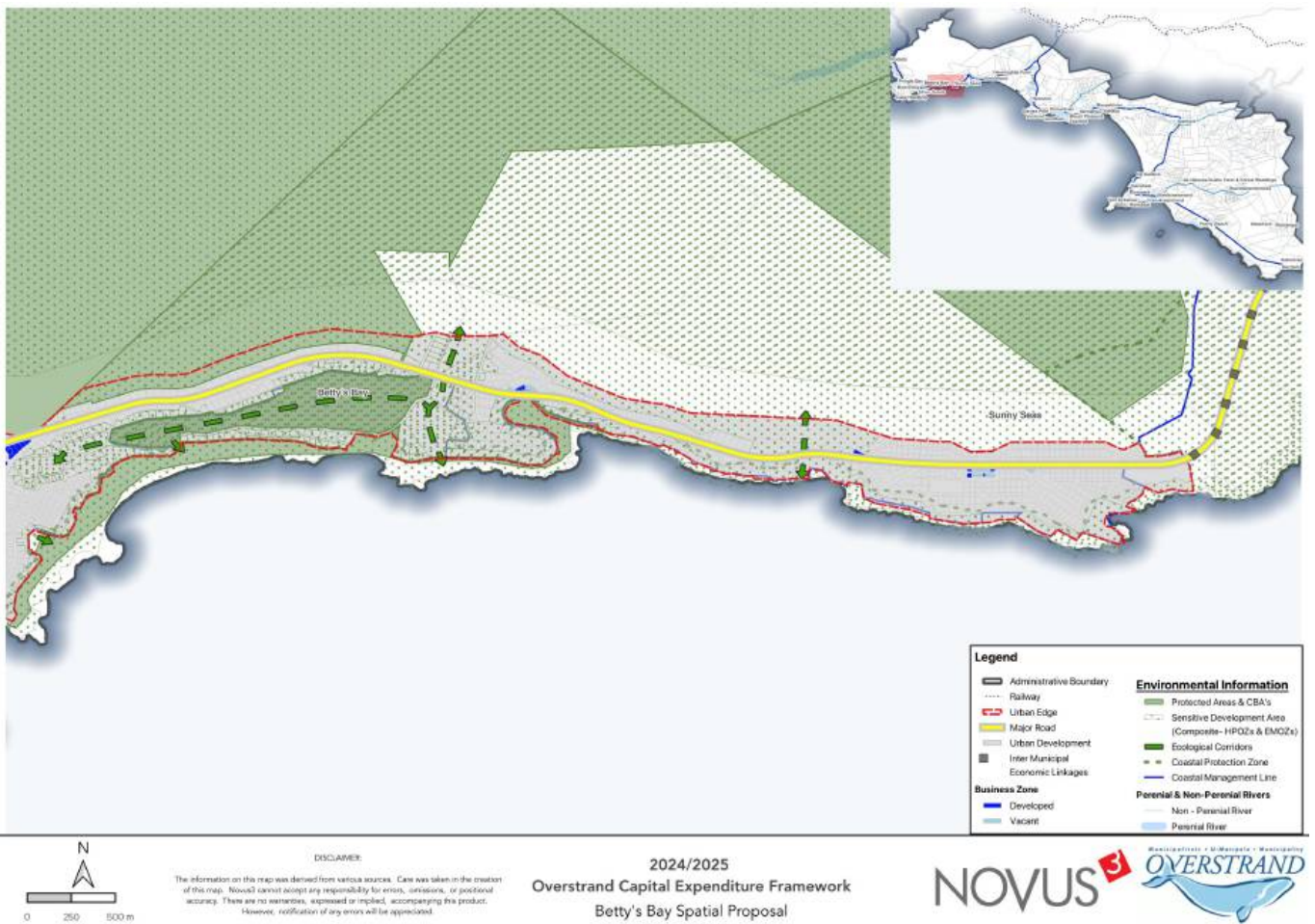
Lastly, Pearly Beach (illustrated in Figure 2-113) functions primarily as a holiday and retirement destination. The focus for its future development is on preserving the natural environment, coastal character, and heritage resources. The proposed growth management strategy suggests limited densification, with potential for future expansion based on infrastructure upgrades and community facility provisions. Industrial development is not envisioned, and commercial activities should be concentrated in a central area. The protection of surrounding conservation and protected areas are emphasised, while sensitive development may be considered within the guidelines of heritage and environmental regulations. Overall, Pearly Beach aims to maintain its unique rural charm and coastal setting while promoting sustainable tourism and retirement opportunities.

Figure 2-109: Stanford Spatial Proposal



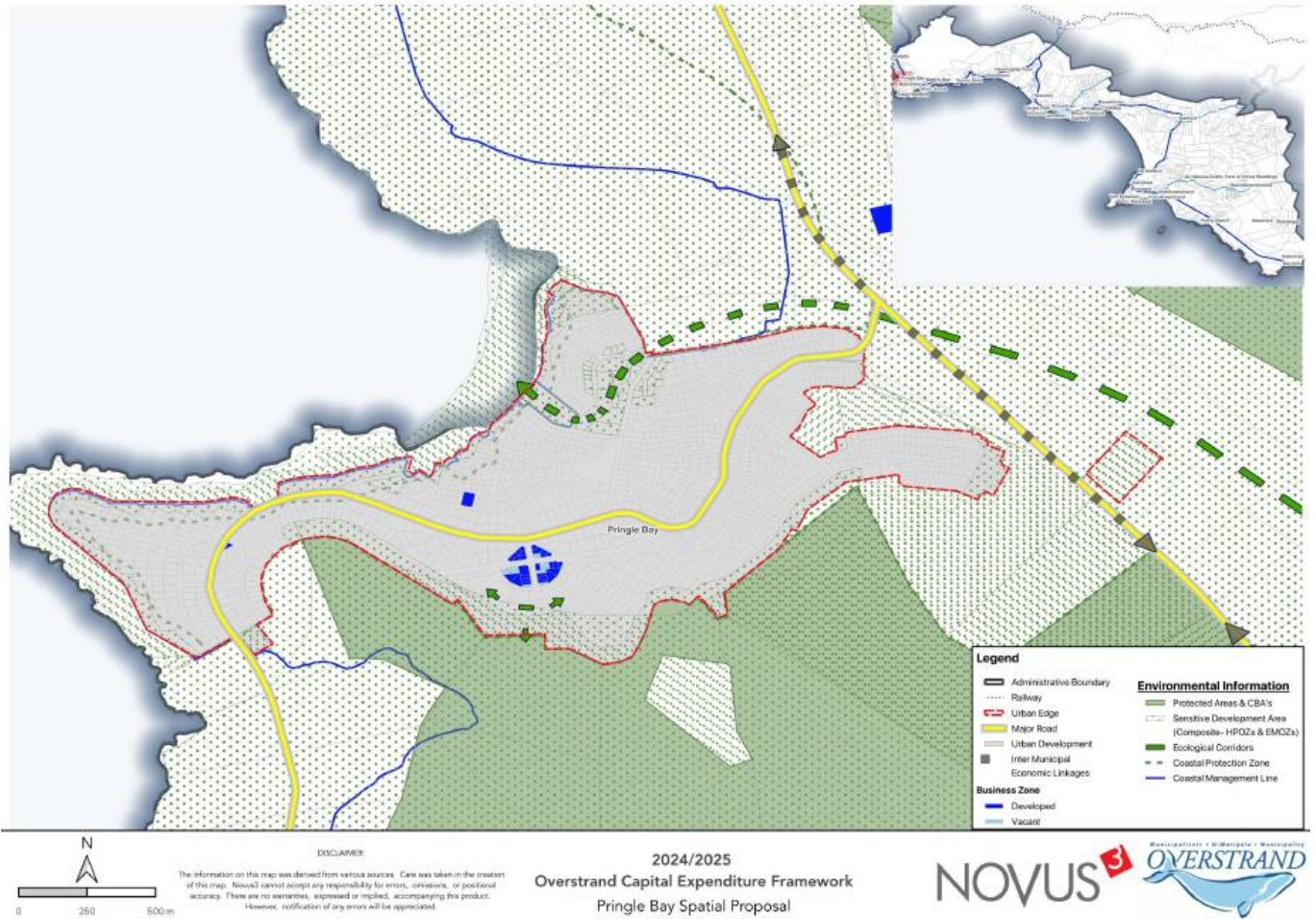
Source: Overstrand SDF, 2020; pages: 214

Figure 2-110: Betty's Bay Spatial Proposal



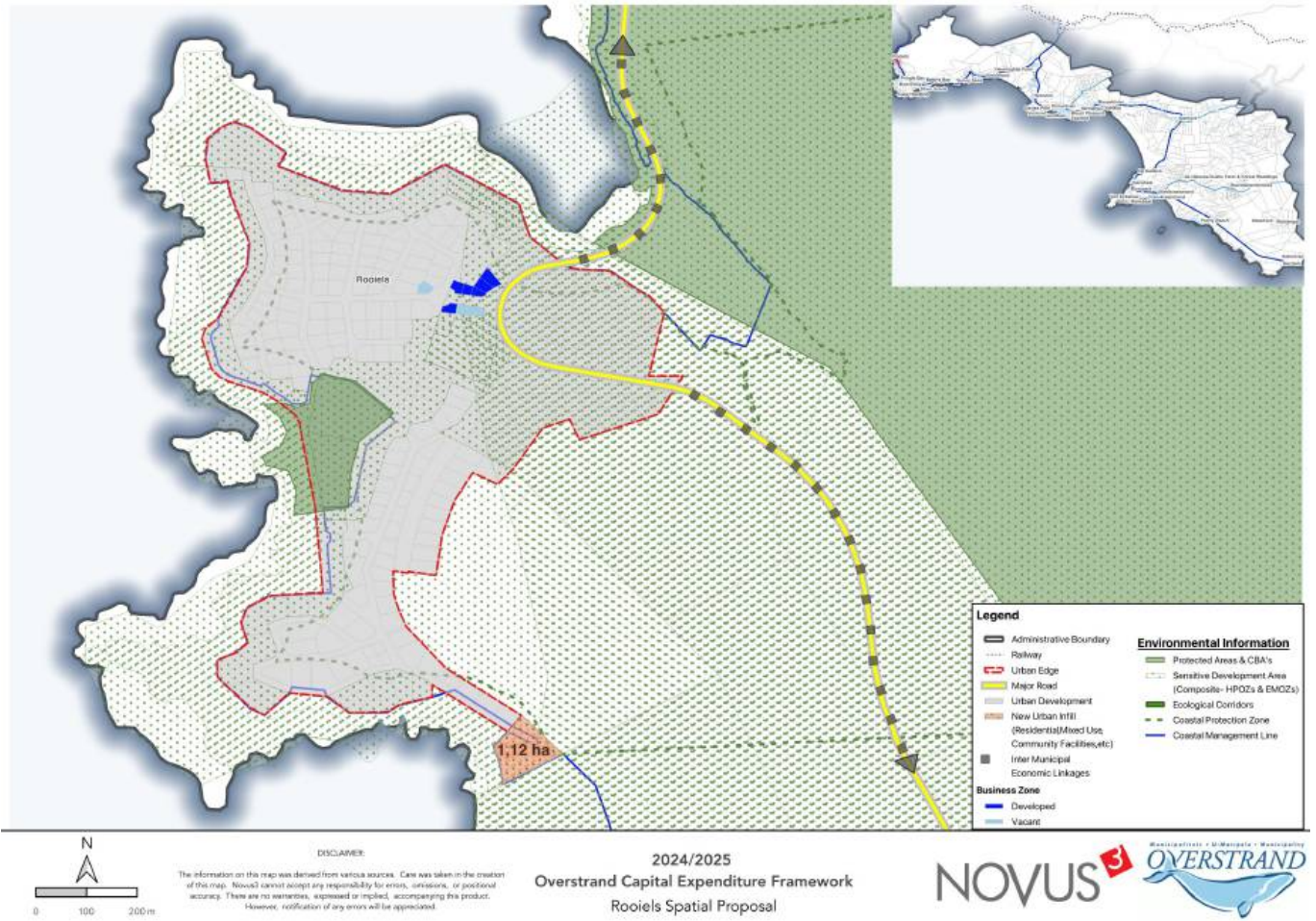
Source: Overstrand SDF, 2020; pages: 177

Figure 2-111: Pringle Bay Spatial Proposal



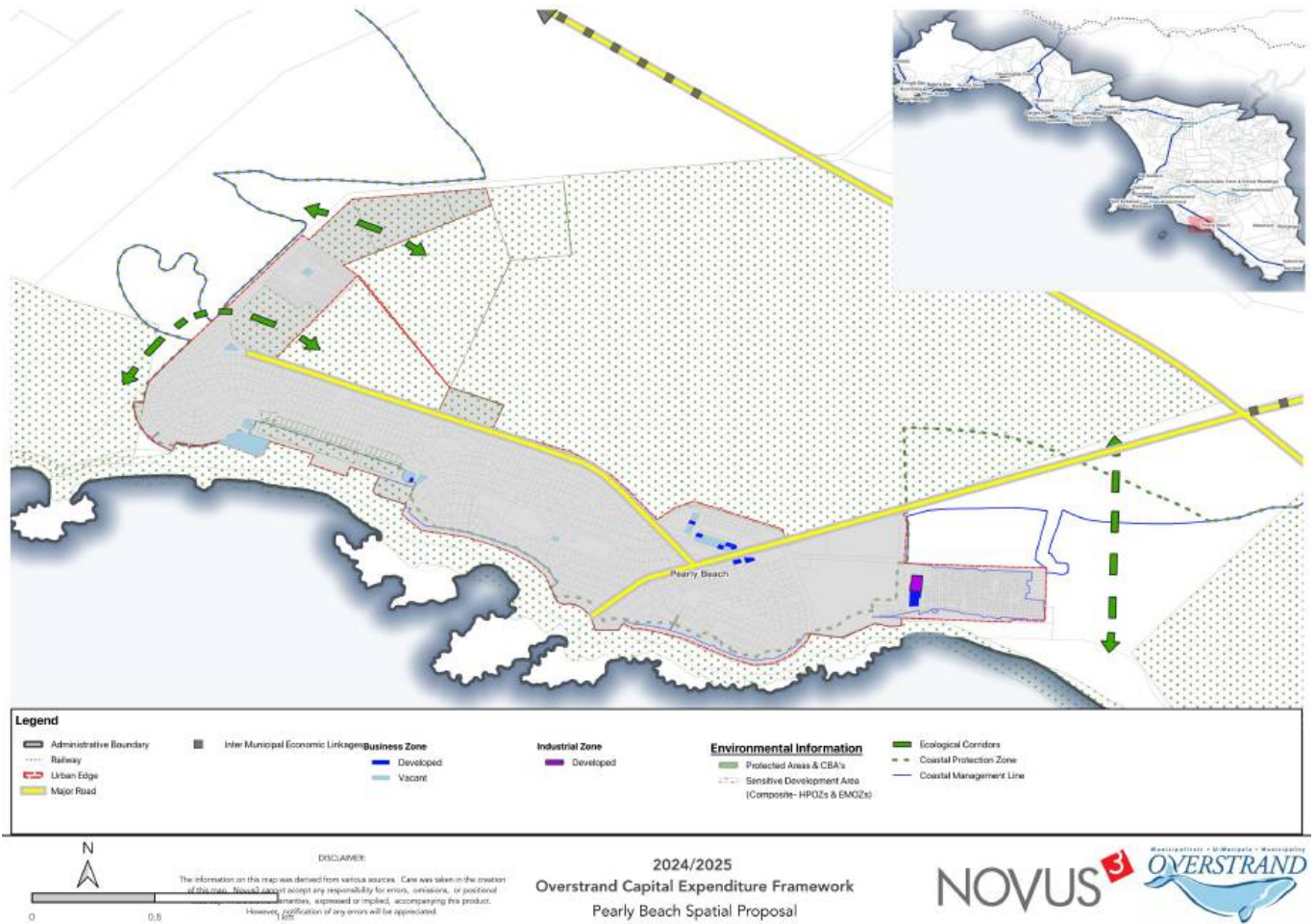
Source: Overstrand SDF, 2020; pages: 169

Figure 2-112: Rooiels Spatial Proposal



Source: Overstrand SDF, 2020; pages: 169

Figure 2-113: Pearly Beach Spatial Proposal

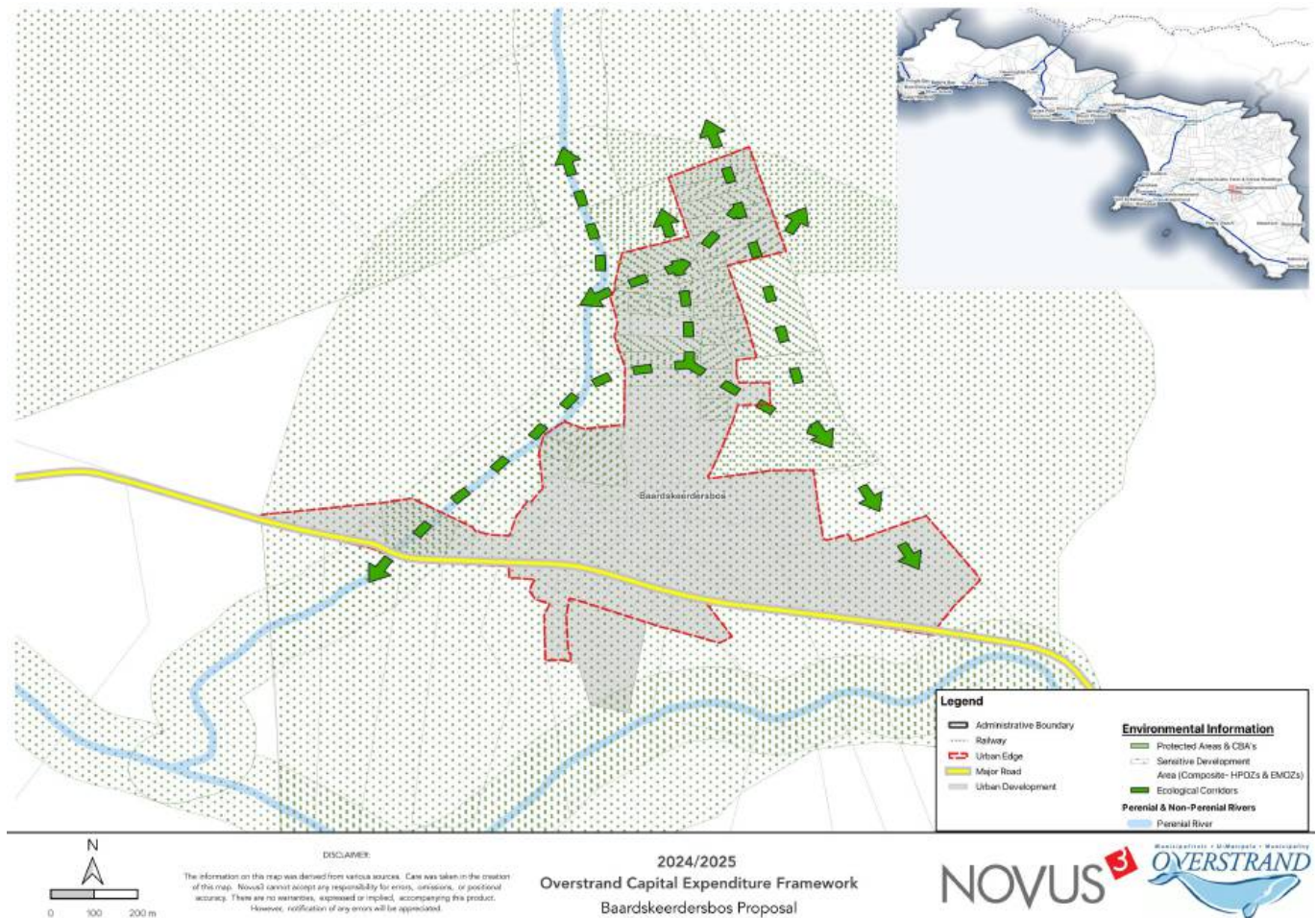


Source: Overstrand SDF, 2020; pages: 230

d. Rural Nodes (Baardskeerdersbos)

Baardskeerdersbos is an area with special agricultural significance and heritage value. The main objectives for the area include promoting appropriately scaled tourism development based on agriculture and heritage, supporting rural cottage industries, and encouraging residential development that preserves the village’s character. The focus is on maintaining the unique rural character of Baardskeerdersbos and ensuring a high-quality tourist experience. The development footprint is contained within the defined rural edge of the town. The Growth Management Strategy does not involve densification in rural development areas. The key strategic land use proposals emphasize the protection of heritage and environmental resources, with limited development permitted in alignment with the proposed Heritage Protection Overlay Zone (HPOZ) and Environmental Management Overlay Zone (EMOZ) regulations.

Figure 2-114: Baardskeerdersbos Spatial Proposal



Source: Overstrand SDF, 2020; pages: 235

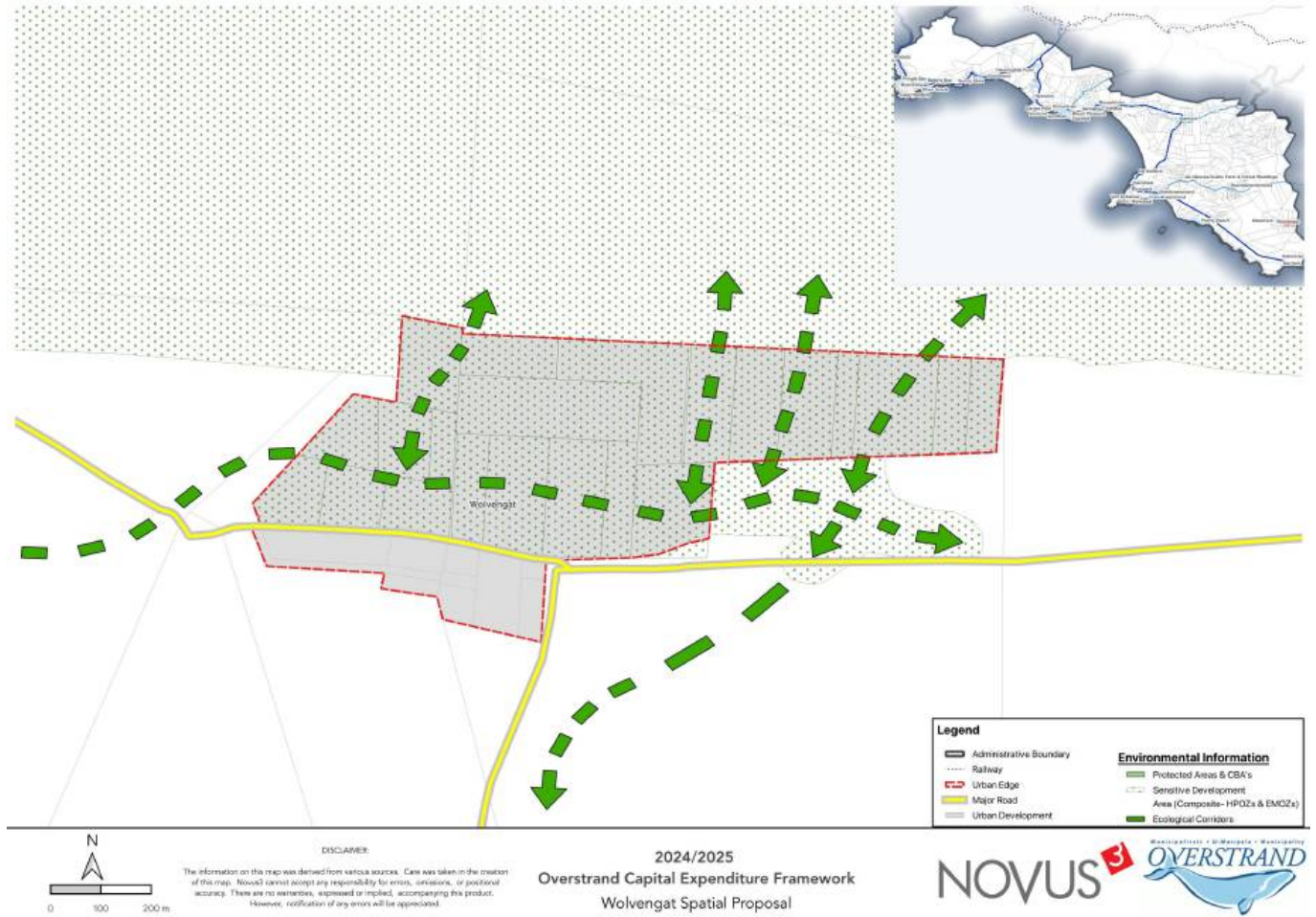
e. Rural Settlements (Buffeljags, Wolvengat)

Buffeljags and Wolvengat are both rural settlements with specific objectives for their development and growth management. Buffeljags is a small residential community associated with abalone farming along the easternmost coastal border of the Overstrand. The main objective is to promote Buffeljags as a fishing settlement and explore its potential for further development as a specialist mariculture area. Residential development is restricted until a local development framework is established. The Growth Management Strategy does not involve densification. Industrial development is not foreseen, and there are no proposed business nodes in the area. The urban edges have been adjusted to accommodate future growth, but development should be carefully considered and limited to protect the area’s heritage and environmental resources. The surrounding Conservation Buffer Areas (CBA) and protected areas should be preserved and maintained according to the proposed EMOZ regulations.

Wolvengat is a rural settlement similar in nature to Baardskeerdersbos and consists of a prominent biodiversity corridor system. The main objectives for Wolvengat include promoting its role as an agricultural zone of special significance, appropriately scaled tourism development based on agriculture and heritage, and supporting rural cottage and agro-processing industries. Residential development is restricted until a local development framework is established. Densification is not proposed for rural development areas. Industrial development is not foreseen, and there are no proposed business nodes or new urban development in Wolvengat. The protection of heritage and environmental resources is emphasised, with limited development considered under the proposed HPOZ and EMOZ

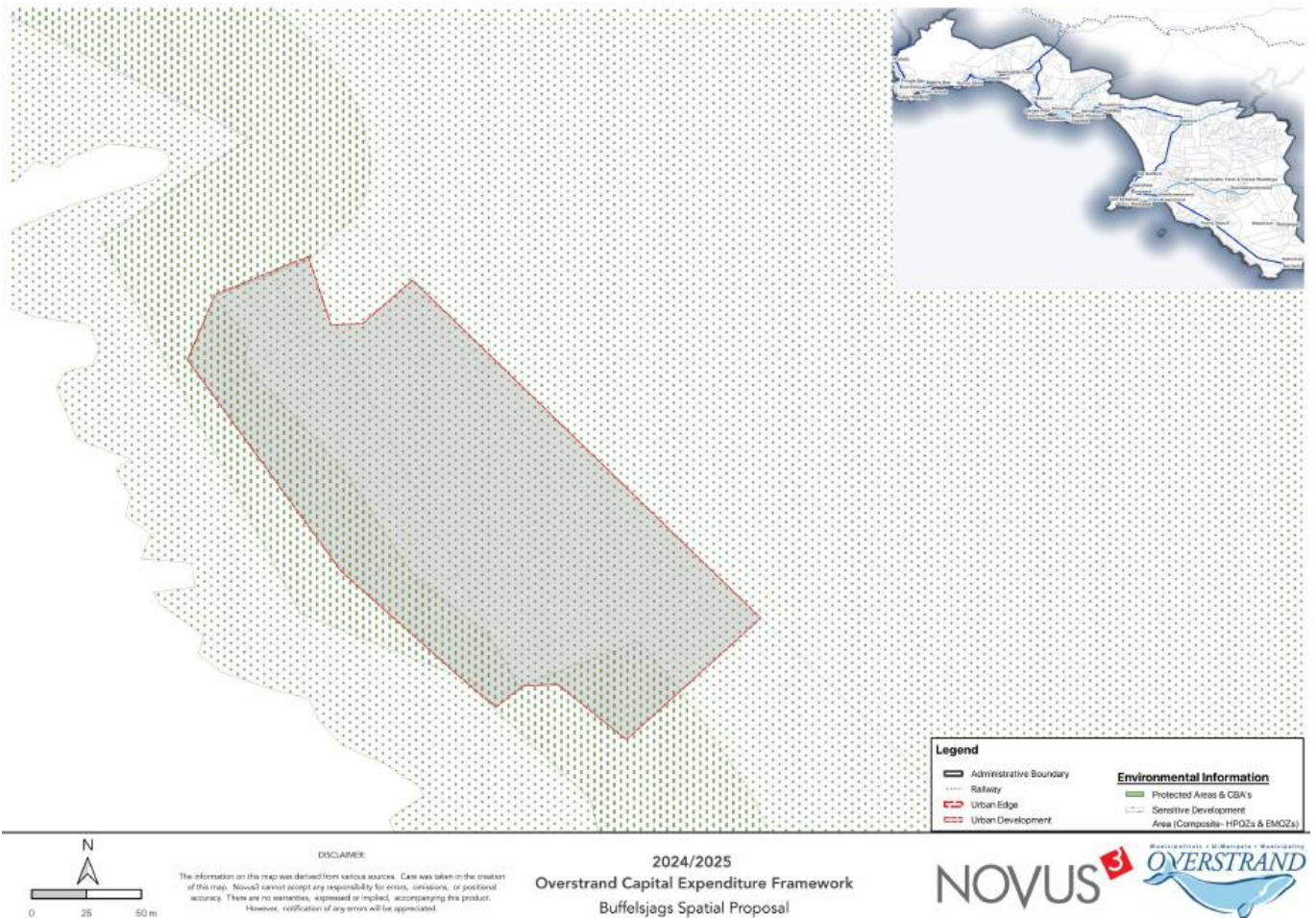
regulations. The surrounding CBA and protected areas should be preserved and maintained as outlined in the draft EMOZ regulations.

Figure 2-115: Wolvengat Spatial Proposal



Source: Overstrand SDF, 2020; pages: 236

Figure 2-116: Buffeljags Spatial Proposal



Source: Overstrand SDF, 2020; pages: 237

2.17 Determining priority

Priority areas can be defined as areas where the Municipality aims to focus investment to achieve the goals of the Spatial Development Framework or other lower-order plans. Priority areas are often referred to as focus areas and are defined in terms of Functional Areas. For this reason, Functional Areas can include specific priority areas such as specific nodes focusing on servicing rural areas. There is a direct relationship between Functional Areas and priority areas. Entire Functional Areas can be recognised as a priority area or one Functional Area can include several priority areas.

2.17.1 Investment philosophy

The bid-rent model is an economic model used to explain the relationship between the price of land and its location. It is based on the concept that the value of land is influenced by its location and the potential revenue that can be generated from it, often tied to accessibility to various activities. According to the bid-rent model, as one moves away from the central business areas of a city, the land becomes less valuable, and the bid rent decreases. This is because the further one gets from the central business area, the lower the potential revenue from the land. Understanding this relationship is crucial for determining the Functional Area investment priority. It helps identify that the central business areas hold more value in comparison to the outskirts, as services are generally more expensive the further away they are from the central business areas.

2.17.2 Priority classification

The Priority Development Areas (PDAs) are organised per the SDF, specifically Nodes and Linkages, as well as the Functional Area Investment Priority. Within Table 2-115 below, a relative hierarchy is presented for each PDA, based on the fundamental principles derived from the relationship between these two models. This hierarchy, as expressed in Table 2-115, indicates the investment priorities of the municipality. It serves as a spatial input for the multi-criteria assessment framework that will be utilised to prioritise the capital expenditure of the municipality. By considering the interplay between the SDF, Functional Area Investment Priority, and the relative hierarchy of PDAs, the Municipality can effectively allocate resources and guide their capital investments in a manner that aligns with their overall development objectives.

Table 2-115: Priority Development Areas

Hierarchy	Priority	Node	Ranking
Regional Node	Primary Investment Node: Function as urban areas and main service centre	Greater Hermanus (including Onrus, Fisherhaven, and Hawston)	100
Sub-Regional Node	Variety of uses. Densification in certain urban nodes	Greater Gansbaai, Kleinmond	90
Local Nodes	Upgrading Area: Residential, suburban, tourist areas	Stanford	70
Local Nodes	Light industry Linked to urban nodes	Rooiels, Pringle Bay, Betty’s Bay, Pearly Beach	50
Rural Nodes	Maintenance Area: Rural areas	Baardskeerdersbos	40
Rural Settlements	Agricultural activities	Buffeljags	20
	Unfavourable development conditions Largest functional area	Wolvengat	20
Overlay Zones		EMOZ & HMOZ	50
Linkages		National Route	100
		Arterial Route	90
		Secondary Route	80
		Primary Inter-Regional Economic Linkage	70
		Inter-Regional Economic Linkage	60

2.18 Concluding remarks

For concluding remarks, refer to Part 6: Institutional Arrangements.

Part 2-b
Infrastructure Demand
Quantification &
Portfolio of Projects

2 Part 2-b: Infrastructure Demand Quantification & Portfolio of Projects

2.19 Aims and objectives

- Based on population trends, and LOS policy of the Municipality, determine the land use budget and associated capital investment requirements per service, and related operational expenditure;
- Establish a baseline for required services within the Municipality which ultimately serves as an additional informant to prioritisation, and;
- To collate all planned capital investment of the Municipality in one portfolio of projects.

Demand Quantification

The capital investment emphasis within the local government in South Africa has been mainly on extending services to poor households over the past two decades. Service extension happened in an environment where major population shifts occurred through accelerated urbanisation, decreased population growth, and even a decline in population in some rural and urban areas. However, extending access to services must be regarded as only one of three major investment areas requiring attention to sustain or accelerate development and economic growth in any municipality. In this dynamic process, three components contribute to the demand for investment:

- The number of existing households without access to services;
- The need to renew (rehabilitate and maintain) existing infrastructure and;
- The growth in households and the economy.

Addressing backlogs (service access) remains a key focus, while demand created through growth received indirect and mostly inadequate attention. The inability to meet growth demands resulted in and contributed to growing backlogs. Infrastructure practitioners have consistently recognised the need to address infrastructure renewal, but it has only recently started to feature in the policy debate and filter through formal government support strategies.

The purpose of this section is to quantify long-term investment demand by considering the following three elements:

- Population-based demand – population change and characteristics determine the current and future customer base served by the Council and thus what the quantum of the services to be delivered should be;
- Level of Service (LOS) choices – the LOS offered by the Council for each infrastructure component varies but has a significant effect on the affordability of services, and;
- The land use requirements and the resulting capital and operating expenditure consequences of investment demand in the context of the Council's service delivery policies and choices.

Although project prioritisation and planning allow for spatial targeting and considering the Functional Areas in the Municipality, demand quantification reflects on the Municipality as one integrated delivery and financial system. Consequently, the demand for services and the impact thereof on the capital and operating account of the Council affects the total system and cannot be attributed to any specific geographic locations in the Municipality.

2.20 Investment demand and growth

Investment demand is a function of three core processes, namely, the investment required to address backlogs in services access, secondly, the investment to address the required renewal of assets and renewal backlogs, and lastly, the investments that are necessary to address the demand created through growth.

The purpose of this section is to contextualise the demand quantification process elements. It shows how the critical aspects of infrastructure demand relate to each other and how they manifest in the municipal area. Investment demand is a function of three core processes, namely:

- The investment required to address backlogs in services access;
- Investment to address the required renewal of assets and renewal backlogs, and;
- The investments that are necessary to address the demand created through growth.

2.20.1 The infrastructure planning equation

Long-term customer growth is usually one of the biggest drivers of investment demand. The ability to address growth ensures, at a minimum, that increases in backlogs do not occur. It, however, adds to operating expenditure and the maintenance burden of a service provider, which must be offset against income and revenue streams.

The services, infrastructure delivery, and the relationship with demand and supply within a sustainable framework are embedded in the analytical framework shown in Figure 2-117.

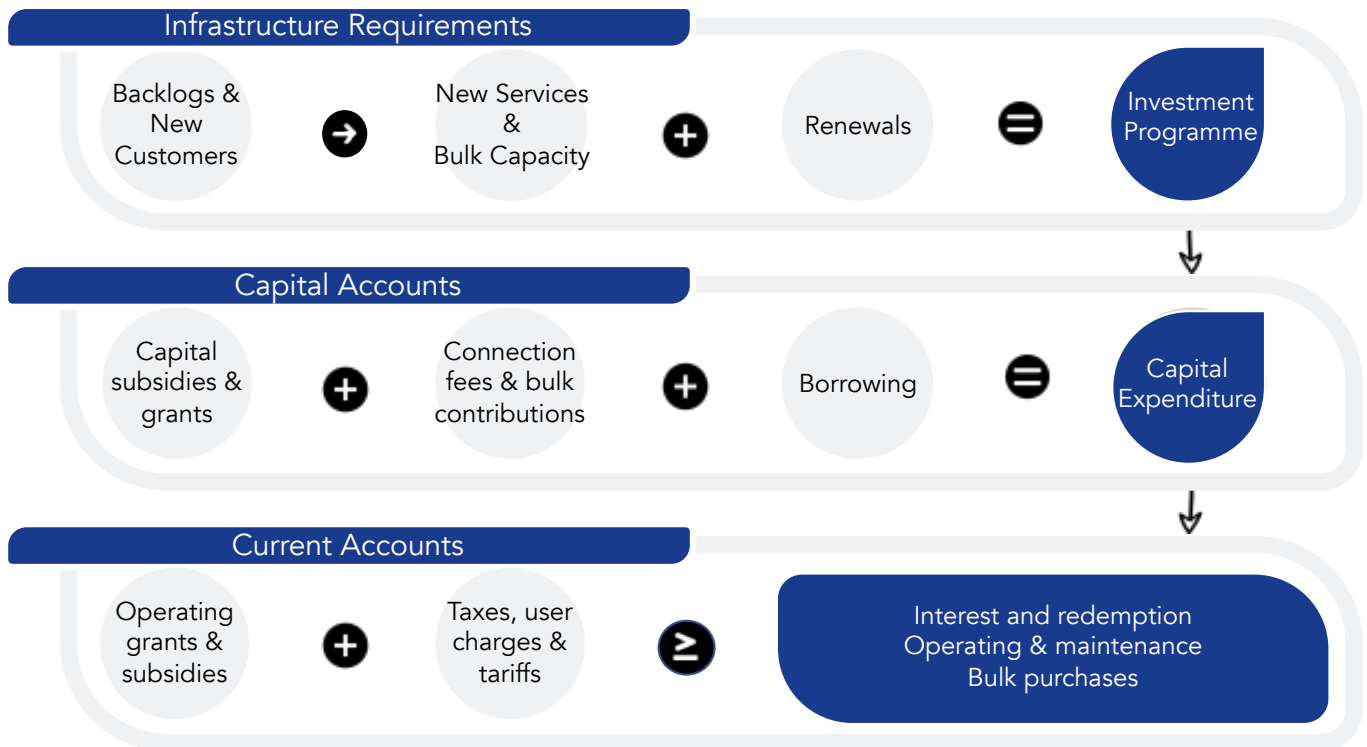
This framework describes the relations between:

- Infrastructure requirements are determined by the extent of existing backlogs and residential and non-residential growth (new customers). The growth in customers translates into the demand for new services, upgrading existing services and providing adequate bulk capacity. When the requirements for the renewal of existing services are added to the equation, the result is the quantum of the total investment programme.
- The capital account shows the funding sources to meet the capital expenditure requirements resulting from the investment programme. Developing a funding framework for the investment programme usually prioritises capital grants and subsidies. Connection fees paid by customers augment capital grants and subsidies. However, borrowing money in the open market is the only alternative if there is still a gap between the funding sources and the investment programme. Many factors impact a Council's ability to balance an investment programme's requirements and the capital account's capacity. The factors that affect the extent of the investment programme are:
 - The extent of urbanisation
 - Economic growth cycles
 - Service delivery policies and specifically the levels of services
 - Cost recovery and service pricing
 - Life cycle cost management of the infrastructure asset base

The level of capital expenditure is a function of available funding (i.e. the affordability envelope) and access to funding sources (i.e. optimal funding mix). The investment programme must be appropriately funded, which may imply replanning, reprioritising investment projects and addressing the impact of service delivery and indigent policies.

- The current account shows the impact of the investment program and capital account on the Council's cash flow. To balance this equation, the impact of capital expenditure, interest, and redemption, operating and maintenance and bulk purchases must be smaller or equal to the total income sources. Financial sustainability implies that this equilibrium must be maintained over the Long-Term. The CEF deals with these issues over ten years, but the cumulative impact of investment decisions on the current account may manifest only over the Long-Term. Inappropriate investment policies and strategies often result in irreversible structural impediments.

Figure 2-117: Infrastructure investment planning equation



Source: BCGA

2.21 Setting a data baseline for assessment

The backlog data shown in paragraph 2.22 below are extracts based on official data. The biggest challenge lies in estimating households settled in informal structures and then households occupying informal structures and rooms in the backyards of existing formal houses.

The different data sets provide a pool of data. However, each element and how it is presented has a different meaning, and there are nuanced differences depending on who is dealing with and presenting the data. The following should be considered. The following data elements are used in the municipal service delivery environment and are closely related but not similar. Depending on the approach to the issues, seemingly similar data sources can render important differences based on interpretation and understanding. The following terms are important:

- Households** is an economic concept specifically defined by StatsSA. It means a group of people living from a single budget. It can imply any number of people, an extended family, or often a single person, such as a student in a residence or a worker in a hostel.
- Structures** in a municipality usually represent residential and non-residential structures. These figures may refer to different types of buildings.

- **Customer units** are entities that can demand services from the Council and legally enter into service agreements to receive and pay for those services.
- **Debtors** are the customers reflected in the financial system and often do not reflect all the potential customers in a municipality.
- **Erven or stands** are related to all the above but describe cadastral units occupied by single or multiple entities.
- **Service connections** are related to stands and debtors but provide a technical perspective. Service connection to customers may vary according to the type of service.
- **Levels of services** refer to the different technologies used to provide customers, households, and non-residential entities access to services. Service levels have a quantitative connotation and service standards reflect the qualitative aspects of service delivery.
- **Urban / Non-urban, impact service areas**, will differ depending on service type and the service approaches.
- **Family** is a social concept but has a specific connotation regarding housing typologies and, for example, government policies to convert hostels into family units.
- **Informal structures** are an essential element as it relates to service delivery and housing. An informal structure can be serviced but still form part of a housing backlog. Importantly, the approach to do in-situ upgrading versus relocating households also directly describes and quantifies households and service demand.
- **Backyard settlements** have many forms ranging from formal housing, such as granny flats, to informal structures attached to households. A council’s policy regarding backyard settlement directly impacts dealing with service demand. If backyard settlement is an acceptable housing typology, then it eliminates the demand for capex, but it may lead to overextending the design capacities of water, sanitation and electricity services.

These elements are all related but can render vastly different outcomes when interpreted or often used interchangeably.

The following are the available figures for different components:

Table 2-116: Key households and service numbers

Source	Total	Unit
StatsSA Community Survey 2016	35 709	households
StatsSA Non-Financial Census of Municipalities	32 357	households receiving water
OLM Annual Report 2021/22	34 326	households receiving water
StatsSA Non-Financial Census of Municipalities	34 337	households receiving sanitation
OLM Annual Report 2021/22	34 930	households receiving sanitation
StatsSA Non-Financial Census of Municipalities	24 011	households receiving electricity
OLM Annual Report 2021/22	26 439	households receiving electricity
StatsSA Non-Financial Census of Municipalities	30 438	households receiving refuse removal
OLM Annual Report 2021/22	34 819	households receiving refuse removal
StatsSA Dwelling farms 2020	41 443	dwelling units urban
Quantec (commercial database)	30 106	households
StatsSA Midyear Estimates 2020	35 375	households
Census data-based projection	35 259	households
OLM Annual Report 2021/22	36 076	households

The following should also be considered:

Table 2-117: Key numbers that should be considered in the demand quantification process

Source	Total	Unit	Comment/note
Valuation roll	31 881	single residential stands	Some single residential stands are vacant, but one can assume they are all serviced. One can therefore assume that they do not constitute part of the backlog and can be accepted as part of the current capital stock.
Valuation roll	1 786	"group housing" stands	Estimating the number of households on group housing stands is impossible within the context of this project. One can safely assume at least four units per stand through a visual inspection of satellite imagery.
Housing waiting list	15 947	households	The housing waiting list should include households in informal settlements and backyard shacks but is not necessarily an all-inclusive figure.
Backyard estimates @ 2 units per stand in "township" areas	15 009	households	Due to a lack of space, there are very many backyard shacks. For assessment purposes, the focus was on the "township" areas. The average number of shacks per stand was estimated at an average of two and three, providing two different estimates.
Backyard estimates @ 3 units per stand in "township" areas	21 549	households	
Informal structures not on stands @ 150 units/ha	11 300	households	Informal settlement densities as high as 280 units per hectare exist in Overstrand. This net density does not account for movement or other open space. Larger informal settlement areas in Kleinmont, Hermanus and Gansbaai were identified, and estimates were made at densities of a100, 120 and 150 units per hectare. There are many more smaller areas than were used in the estimates.
Informal structures not on stands @ 120 units/ha	10 221	households	
Informal structures not on stands @ 100 units/ha	8 516	households	

The residential stands amount to 33 667 units, close to the figures quoted for service access from the different sources. This figure and the fact that the Council reported no service backlogs confirms that at least backyard settlements were not accounted for, and one should further assume that all people in the larger informal settlements were also not included in service demand figures. It is difficult, if not impossible, to be certain about the final numbers. It is, however, clear that there may be a substantial underestimation of the population and households in the municipality. For assessment purposes, the following base numbers were used.

Table 2-118: Base number assumed for demand quantification

Contributing element	Units	Household size	Population
Valuation roll: Single residential	31 881	3.6	116 028
Valuation roll: Group housing	7 144	3.0	21 432
Backyard estimates @ 2 units per stand in "township" areas	15 009	2.3	33 770
Informal structures not on stands @ 150 units/ha	11 300	2.3	25 425
Total	65 334	3.0	5

2.22 Dealing with infrastructure backlogs

Infrastructure services are crucial for the betterment of all communities in South Africa. It is a core function of government, and since 1994 access to services for previously disadvantaged communities has been emphasised to the extent that it has become the driving force of most government delivery policies. Initial approaches were to meet the health requirements of the World Health Organisation and hence the adoption of the so-called RDP standards, later referred to as access to basic services. However, service delivery policies have remained in tack for the past 25 years, but the application has evolved, and services currently provided exceed the initial norms and standards.

Reliable and verifiable service access data is one of the biggest challenges in infrastructure investment planning. Not only does the way census data present access to services data vary between each census, but available data is also outdated and not verifiable. The community surveys help, but they only present data at a municipal level, and it is challenging to do a spatial assessment of the distribution of service access in a municipality.

StatsSA releases a non-financial census of municipalities showing the position at the end of June each year. The date coincides with the end of the municipal financial year. The non-financial census provides information as a framework for policymakers and other stakeholders to analyse, plan, and monitor service delivery. In using the data, one should consider that:

- This publication is not necessarily comparable with the Stats SA population census of 2011, the community survey of 2016, or household survey data, mainly due to:
 - The data source is municipalities themselves as opposed to households in a census.
 - The different definitions of ‘household’ is a challenge. Most municipalities do not have a system for identifying multiple households served by one billing unit or delivery point. For example, a bulk water meter at a block of flats will indicate a single customer in the debtor system while it services multiple households. However, there are multiple customers on the same stand for electricity services. These discrepancies remain unresolved within the scope of this project.
- The term ‘consumer unit’ or ‘billing unit’ (used by the Municipality for record purposes) is not directly comparable with other Stats SA household-based surveys.

In the last instance, in assessing access to services, one should also consider that service provider areas differ between services and that service providers do not necessarily cover the entire municipal area. The best example is electricity which is usually a combined effort between the Municipality and Eskom. Also, although constitutionally obliged, municipalities usually exclude commercial farming areas from water and sanitation delivery. These variances make it exceedingly difficult to accurately and definitively profile service access in any area.

2.22.1 Data discrepancies

There are clear challenges with service data. The approach for this assessment was to do cross-comparisons between different data sources. Selecting figures for modelling purposes was then based on eliminating anomalies in available statistics and then determining trends against the demographic and household profile of the Council while taking cognisance of service supply areas and settlement typologies in the municipality.

The differences between data sets are apparent. However, service areas, the involvement of different service providers, uncertainty about the extent of the potential customer base and many other factors can contribute to these differences.

The figures reported by the Council to StatsSA for the Non-Financial Census of Municipalities differ substantially from other sources. Discrepancies exist between the Non-Financial Census of Municipalities figures and those reported by StatsSA in the censuses and Community Survey 2016. The Council’s Annual Report 2021/2022 is based on the 2021 data from an unknown source. The core data were drawn from the 2020 Non-Financial Census and adjusted through counts and estimates using various data sources. The best-case scenario would indicate long-term trends and tendencies rather detailed quantitative forecasts of investment demand and its consequences.

2.22.2 Water services

Water services have been a high priority in service delivery strategies over the past two decades. One of the Millennium Goals adopted in 2000 stated that countries should aim to halve the proportion of people without access to safe drinking water and basic sanitation by 2015. At least 50% of households should have access, as a minimum, to basic services in terms of these goals.

The table below shows that access to water has changed between 1996 and 2016

Table 2-119: Access to water services 1996, 2001, 2011 and 2016

		Full	Intermediate	Basic	Below Basic	None	Total
1996	Total	8 299	1 506	906	229	458	11 399
	%	72.80 %	13.21 %	7.95 %	2.01 %	4.02%	100 %

		Full	Intermediate	Basic	Below Basic	None	Total
2001	Total	13 431	2 769	1 524	760	171	18 656
	%	71.99 %	14.84 %	8.17 %	4.08 %	0.92 %	100 %
2011	Total	21 178	3 769	2 605	267	126	27 945
	%	75.79 %	13.49 %	9.32 %	0.96 %	0.45 %	100 %
2016	Total	27 726	4 692	2 813	277	201	35 709
	%	77.64 %	13.14 %	7.88 %	0.78 %	0.56 %	100 %

The data shows that the Council provides differentiated services with a strong emphasis on full and intermediate services, representing a yard connection to a stand or a house connection in the case of full services. However, regarding national policy, backlogs are extremely low and stable, just below 300 units. However, substantial upgrading may be required, given the local approach of providing full services.

Table 2-120: Number of consumer units receiving water services

	Number of domestic consumer units served through a delivery point				Total number of non-domestic consumer units receiving water services	Total number of consumer units receiving water services
	Inside the yard	Less than 200m from a yard	More than 200m from a yard	Total number of domestic consumer units receiving water services		
2017	26 888	0	0	26 888	2 441	29 329
2018	29 174	0	0	29 174	2 441	31 615
2019	29 800	0	0	29 800	2 411	32 211
2020	29 946	0	0	29 946	2 411	32 357

Source: StatsSA Non-financial census data

The table below shows the position with free basic services in the Council area. The self-targeting approach is acceptable and might be preferred to a blanket free basic services policy. However, 25% of all domestic customers receive free basic services. The extent is substantial, and the figure seems fairly stable over the base four years, notwithstanding growth in the number of households in the municipality.

Table 2-121: Free basic water services

	Customers receiving services from the municipality	Receiving free basic services	Has the Council a free basic services policy?	Mechanisms for providing Free basic services
2017	29 329	7 418	Yes	Self-targeting
2018	31 615	7 385	Yes	Self-targeting
2019	32 211	7 630	Yes	Self-targeting
2020	32 357	7 595	Yes	Self-targeting

Source: StatsSA Non-financial census data

The Council's Annual Report 2021/2022 reported the following figures. The figures are higher and differ from the figures reported to StatsSA.

Table 2-122: Households with access to water above the minimum level

Description	2018/2019	2019/2020	2020/2021	2021/2022
Piped (tap) water in side dwelling/institution	29 800	29 946	30 111	30 990
Piped (tap) water inside yard	0	0	0	0
Piped (tap) water on community stand: distance less than 200m from dwelling/institution	3 620	3 675	3 775	3 536
Other water supply (within 200m)	3 555			
TOTAL	33 420	33 621	33 886	34 526

Source: Overstrand Annual Report 2021/2022

Table 2-123: Households with access to water below the minimum level

Description	2018/2019	2019/2020	2020/2021	2021/20222
No access to piped (tap) water	0	0	0	0
Piped (tap) water more than 200m from the dwelling	0	0	0	0
Unspecified - Not applicable	0	0	0	0
TOTAL	0	0	0	0

Source: Overstrand Annual Report 2021/2022

a. Sanitation services

Access to appropriate sanitation services is a high health priority. Although sanitation services receive a high priority from the government, there are always challenges. This section shows the sanitation access for the municipality.

Table 2-124: Access to sanitation services 1996, 2001, 2011 and 2016

		Full	Intermediate	Basic	Below Basic	None	Total
1996	Total	9 702	NA	NA	805	891	11 399
	%	85.12 %	NA	NA	7.06 %	7.82 %	100 %
2001	Total	16 774	150	232	287	1 213	18 656
	%	89.91 %	0.80 %	1.24 %	1.54 %	6.50 %	100 %
2011	Total	26 161	23	44	1 295	421	27 945
	%	93.62 %	0.08 %	0.16 %	4.64 %	1.51 %	100 %
2016	Total	35 431	0	0	192	86	35 709
	%	99.22 %	0.00 %	0.00 %	0.54 %	0.24 %	100 %

There is a clear preference for providing waterborne sanitation. However, this approach is costly and water-intensive, which may pressure water and sanitation infrastructure. The extent of sanitation backlogs is relatively small, but the number of households receiving full waterborne sanitation may create affordability problems (households receiving a level of service which they cannot pay for) which may contribute to long-term cash flow problems for the Council.

The table below shows that the figures the Council to StatsSA reported differ from the census and community survey trends. This illustrates the necessity to cross-correlate data from different sources and the dangers of working with a single data source. These discrepancies were discounted in the quantification process.

Table 2-125: Number of consumer units receiving sanitation services

	Flush toilets connected to public sewerage system	Flush toilets connected to septic tank	Bucket system	Ventilated improved pit latrines	Other	Total number of domestic consumer units receiving sanitation services	Total number of non-domestic consumer units receiving sanitation services	Total number of consumer units receiving sanitation services
2017	22 703	6 138	0	0	0	28 841	4 283	33 124
2018	26 113	3 052	0	0	0	29 165	4 484	33 649
2019	29 631	0	0	0	0	29 631	4 438	34 069
2020	30 060	0	0	0	0	30 060	4 277	34 337

The table below shows the reported number of customers receiving free basic services.

Table 2-126: Free basic sanitation services

	Customers receiving services from the municipality	Receiving free basic services	Has the Council a free basic services policy?	Mechanisms for providing Free basic services
2017	33 124	7 418	Yes	Self-targeting
2018	33 649	7 385	Yes	Self-targeting

	Customers receiving services from the municipality	Receiving free basic services	Has the Council a free basic services policy?	Mechanisms for providing Free basic services
2019	34 069	7 630	Yes	Self-targeting
2020	34 337	7 595	Yes	Self-targeting

Households receiving free basic services remain stable through the reporting period.

The Council's Annual Report 2021/2022 reported the following figures. Again the figures are higher and differ from the figures reported to StatsSA. It is not easy to reconcile these figures.

Table 2-127: Households with access to sanitation above the minimum level

Description	2018/2019	2019/2020	2020/2021	2021/2022
Flush toilet (connected to sewerage system)	29 696	30 060	30 420	31 394
Other above minimum levels ⁵	3 555	3675	3 779	3 536
Chemical toilet	0	0	0	0
Pit toilet with ventilation (VIP)	0	0	0	0
Flush toilet (with septic tank)	0	0	0	0
TOTAL	33 251	33 735	34 199	34 930

Source: Overstrand Annual Report 2021/2022

Table 2-128: Households with access to sanitation below the minimum level

Description	2018/2019	2019/2020	2020/2021	2021/2022
Pit toilet without ventilation	0	0	0	0
Other-Not applicable	0	0	0	0
None	0	0	0	0
Pit toilet with ventilation (VIP)	0	0	0	0
Bucket toilet	0	0	0	0
TOTAL	0	0	0	0

Source: Overstrand Annual Report 2021/2022

2.2.2.3 Electricity services

Although electricity does not have the same implications for health as water and sanitation, access to electricity is essential for general development, especially education. Access to electricity was, therefore, always a high priority. The table below shows how access to electricity has changed since 1996. This table is based on access to lighting as a proxy for access to electricity.

Table 2-129: Access to electricity services 1996, 2001, 2011 and 2016

		Full access	Intermediate access	No access	Total
1996	Total	9 444	NA	1 954	11 399
	%	82.85 %	NA	17.15 %	100 %
2001	Total	15 553	NA	3 103	18 656
	%	83.37 %	NA	16.63 %	100 %
2011	Total	25 383	NA	2 562	27 945
	%	90.83 %	NA	9.17 %	100 %
2016	Total	34 173	207	1 329	35 709
	%	95.70 %	0.58 %	3.72 %	100 %

⁵ It is not clear what this entails.

The Council's electricity supply area does not cover the total municipal area. However, it shows good coverage and progress in providing access to electricity. However, the current backlog is substantially lower than in 1996, which shows that the Council and Eskom could keep pace with the impact of population and household growth. However, it seems the capacity to reduce backlogs has decreased since 2011.

Table 2-130: Free basic electricity services

	Customers receiving services from the municipality	Receiving free basic services	Has the Council a free basic services policy?	Mechanisms for providing free basic services
2017	23 736	7 418	Yes	Self-targeting
2018	23 736	7 385	Yes	Self-targeting
2019	24 011	7 630	Yes	Self-targeting
2020	24 011	9 595	Yes	Self-targeting

One should note that indigents grew by 7.1% per annum over the four reporting years, and in 2020 recipients for FBS constituted 40% of all customers.

The Council's Annual Report 2021/2022 indicates the following:

Table 2-131: Access to electricity services

	2018/2019	2019/2020	2020/2021	2021/2022
Electricity (Credit meters)	5 831	5 946	5 826	5 618
Electricity (Pre-paid)	19 464	19 731	20 146	20 821
Electricity (Pre-paid < minimum level)	0	0	0	0
Other	0	0	0	0
TOTAL	25 295	25 677	25 927	26 439

Source: Overstrand Annual Report 2021/2022

2.22.4 Refuse removal

Solid waste management and refuse removal are essential for health and environmental considerations. The table below shows how access to refuse removal services was reported in the previous three censuses and the 2016 Community Survey of StatsSA.

Table 2-132: Access to refuse removal services 1996, 2001, 2011 and 2016

		Full	Intermediate	Basic	Below Basic	None	Total
1996	Total	9 311	327	143	879	739	11 399
	%	81.68 %	2.87 %	1.26 %	7.71 %	6.48 %	100 %
2001	Total	16 761	110	278	1 424	1 213	18 656
	%	89.84 %	0.59 %	1.49 %	7.64 %	0.44 %	100 %
2011	Total	25 588	179	565	1 001	612	27 945
	%	91.57 %	0.64 %	2.02 %	3.58 %	2.19 %	100 %
2016	Total	33 580	267	1 423	296	143	35 709
	%	94.04 %	0.75 %	3.98 %	0.83 %	0.40 %	100 %

Table 2-133: Free basic refuse removal services

	Customers receiving services from the municipality	Receiving free basic services	Has the Council a free basic services policy?	Mechanisms for providing Free basic services
2017	28 507	7 418	Yes	Self-targeting
2018	29 464	7 385	Yes	Self-targeting
2019	29 994	7 630	Yes	Self-targeting
2020	30 438	7 595	Yes	Self-targeting

The Council's Annual Report 2021/2022 reports the following:

Table 2-134: Free basic refuse removal services

Description	2018/2019	2019/2020	2020/2021	2021/2022
Removed by local authority/private company at least once a week	34 782	33 366	33 895	34 819
Communal container/central collection point	0	0	0	0
No rubbish disposal	0	0	0	0
Other	0	0	0	0
Own refuse dump	0	0	0	0
Removed by local authority/private company less often	0	0	0	0
	34 782	33 366	33 895	34 819

Source: Overstrand Annual Report 2021/2022

2.22.5 Road network

Access to road services is not recorded in the censuses. It is challenging to get spatial data on roads and access roads and access roads data from a household perspective.

The following table shows the available road data for the municipality.

Table 2-135: Road services in the Municipality in 2021

Road type	Paved road (km)	Unpaved road (km)	Total road length (km)
Major road (National Major roads of a country including all freeways)	0.00	N/A	0.00
Main road (Provincial roads and major city through routes)	219.71	29.97	249.68
Secondary road (Secondary roads including slipways)	15.32	102.99	118.31
Suburban road (Formal suburban roads including slipways)	518.79	185.21	704.00
Informal roads (Alleys, Access ways, roads in informal settlements and squatter camps, farm and other small dirt roads)	15.35	695.83	711.19
Tracks (Non-routable roads: including 4x4 tracks)	N/A	N/A	299.34
Trails (Pedestrian walkways in cities and towns, walking and hiking trails)	N/A	N/A	0.00
Totals	769.17	1 014.00	2 082.51

2.22.6 Dwelling structures and households

Housing backlogs and the demand for housing will always remain an issue in development and social support strategies in South Africa. The next table shows the different dwelling types in the Municipality under assessment.

Table 2-136: Dwelling type

	1996		2001		2011		2016	
	No	%	No	%	No	%	No	%
Traditional	306	2.7%	346	1.9%	344	1.2%	174	0.5%
House made of bricks	7 745	67.9%	14 196	76.1%	20 584	73.7%	27 506	77.0%
Flat	330	2.9%	460	2.5%	665	2.4%	340	1.0%
Multiple housing	724	6.4%	232	1.2%	686	2.5%	92	0.3%
Dwelling in backyard	331	2.9%	247	1.3%	350	1.3%	248	0.7%
Room/ granny flat	215	1.9%	87	0.5%	87	0.3%	41	0.1%
Informal	1 197	10.5%	1 662	8.9%	2 535	9.1%	4 100	11.5%
Informal dwelling in backyards	285	2.5%	845	4.5%	2 209	7.9%	3 032	8.5%
Other	265	2.3%	581	3.1%	484	1.7%	176	0.5%
Total	11 399	100.0%	18 656	100.0%	27 945	100.0%	35 709	100.0%

The following picture emerges in terms of the 2020 dwelling frame data released by StatsSA.

Table 2-137: Dwelling frame data 2020 with an urban and rural distinction

	Rural	Urban	Total
Dwelling units	2 685	33 665	36 350
Businesses unit	20	475	495
Special institution unit	3	127	130
Service units	4	62	66
Recreation units	37	80	117
Other units	1 506	989	2 495
Vacant units	33	6 112	6 145
Total dwelling frame units	4 288	41 510	45 798
Total dwelling units	2 919	41 443	44 362

In the final analysis and for demand quantification purposes, the 1 193 farm dwellings were excluded. It implies that backyard dwellings were included in the demand for services. There is no clear policy on whether informal households in backyards must be regarded as part of the backlog. Whether to accept backyard settlement as a permanent form of housing can have far-reaching implications. If backyard settlement is excluded, it implies it becomes part of the backlog and will have capital expenditure implications. However, if backyard settlement is accepted as a permanent feature, it implies it will not require capital. However, it will increase operating demand (use of water, wastewater discharge and electricity consumption), which may exceed the design capacities of the areas where they settle, resulting in deterioration in service standards.

2.23 Asset renewals and renewal backlog

Asset renewals and renewal backlogs are calculated from asset registers and as reported in the Council's annual financial statements. Condition assessments are central to the process. The general rule is that asset renewals should more or less equal the annual depreciation on assets based on their Expected Useful Life (EUL). Renewal backlogs are a function of an asset's condition, and renewal backlogs occur where an asset's Remaining Useful Life (RUL) is less than 45% of its Current Replacement Cost (CRC).

The following condition grading determines the text of renewal backlogs.

 Table 2-138: Generic condition grading⁶

Grade	Description	Detailed description	Indicative RUL
1	Very good	Sound structure, well maintained. Only normal maintenance is required.	71-100% EUL
2	Good	Serves needs but minor deterioration (< 5%) Minor maintenance is required.	46-70% EUL
3	Fair	Marginal, clearly evident deterioration (10-20%). Significant maintenance is required.	26-45% EUL
4	Poor	Significant deterioration of the structure and / or appearance. Significant impairment of functionality (20-40%). Significant renewal/upgrade required.	11-25% EUL
5	Very poor	Unsound, failed needs reconstruction/ replacement (> 50% needs replacement)	0-10% EUL

Note: 'EUL' is Expected Useful Life & 'RUL' is Remaining Useful Life

The following applies the Council's asset base.

⁶ The Department of Provincial and Local Government, *Guidelines for infrastructure asset management in local government 2006 – 2009*

Table 2-139: The Council's asset base

Asset group	Current replacement cost (CRC)	Depreciated replacement cost (DRC)	DRC as % of CRC	Renewal backlog	Renewal target years	% of CRC	Average CRC per household	CRC per serviced household
	R'000	(R'000)						
Water	1 159 583	502 705	43.4%	19 107	10	22.4%	17 560	33 588
Sanitation	805 718	449 724	55.8%	0	10	15.6%	12 201	23 338
Electricity	1 105 479	503 511	45.5%	0	10	21.4%	16 741	47 164
Roads & Stormwater	2 025 839	1 301 918	64.3%	0	10	39.2%	30 678	71 559
Refuse removal	76 183	40 053	52.6%	0	10	1.5%	1 154	2 207
Infrastructure total	5 172 802	2 797 911	54.1%	19 107	0	100.0%	78 333	177 856
Total asset base	6 417 667	3 749 378	58.4%					
Infrastructure as % of total	80.6%	74.6%	0.0%					

Are several issues when interpreting the data. The following is important:

- Technically water infrastructure is in a fair condition, with some deterioration (10-20%) clearly evident. Significant maintenance is required. The assets seem to be valued higher than expected (22.4% of the CRC of the capital base versus an average of 13%)
- Sanitation infrastructure is in good condition, with minor deterioration (<5%) evident. Minor maintenance is required. The CRC per serviced residential customer is lower than expected, given the extent of service coverage and the services the Council provides.
- Electricity assets are on the lower threshold of being in good condition, with major maintenance that may be required shortly. The CRC per serviced residential customer is within acceptable ranges.
- Roads are in good condition with minor deterioration (< 5%). Minor maintenance is required. The CRC per serviced residential customer is very close to the expected average.
- Refuse removal and solid waste assets are in good condition, with minor deterioration (< 5%). Minor maintenance is required.
- The average CRC per serviced household is R177 856, per household and which is 30.5% higher than the modelled average of R131 254 for fully serviced stands.
- The Annual Financial Statements for FY2021 reported the cost or valuation of infrastructure at R5.2 billion and the total asset base at R6.4 billion. Infrastructure represents 81% of the total asset base.

2.24 Demand created through growth

In the process of determining the demand created by growth, four elements were addressed:

- Land demand as a result of growth expectations;
- Long-term capital requirements to meet the growing demand;
- Operating impact of capital expenditure and;
- Consumption and use.

2.24.1 Land demand

Land demand is determined by norms and standards applied to various land uses. In this respect, a distinction between the demand for housing (residential demand) and the demand for other land uses, including business, industrial, open space, Community, and social facilities. However, the land demand for the other uses is a function

of thresholds to sustain them, and it was calculated on the total growth demand in the total municipal area. This is technically not 100% correct since the service function of these uses may exceed administrative boundaries. Nevertheless, it gives recognition that factors outside its jurisdiction may determine development demand in a municipality. In this assessment, the long-term demand was only calculated based on growth expectations within the municipal area. The extent of the work scope for this project does not allow for a full threshold demand analysis, and future demand was based on growth within the municipal boundaries.

2.24.2 Long-term capital expenditure related to growth

Long-term capital expenditure is a function of land demand and customer growth. The results show the incremental cost for bulk and reticulated infrastructure. The point of departure is assigning appropriate service levels to each user or customer category. This is essentially a policy matter. For assessment, the Council's current approach of providing higher than basic levels of service levels was adopted. The capital cost for each land use category was calculated per infrastructure service category.

2.24.3 The operating impact of capital expenditure

It is relatively easy to calculate capital demand. However, the critical aspects are the long-term operating impact of capital expenditure. Furthermore, an over-investment in capital investment that does not address affordability may lead to structural impediments where the Council will find it challenging to meet the operating obligations of customers that cannot pay for services. This is usually one of the main contributors to cash flow constraints in municipalities. Operating cost is based on a life-cycle approach considering maintenance and operating costs. All costs are presented as marginal costs.

2.24.4 Consumption and use

Since consumption and use norms and standards are used to calculate operating costs, the same values are used to calculate the demand for water, wastewater discharge, electricity consumption, roads required, solid waste volume, and tonnage. The results are also presented as annual increments to reflect the impact of growth.

2.25 Modelling Outcomes and growth impact forecasts

The demand quantification is the outcome of a multivariable modelling process that integrates socio-economic attributes, service livery variables and growth expectations. The outcomes are presented as a probable service delivery scenario showing land demand, capital and operating expenditure required.

This section of the document deals with the population growth scenario, which is the basis of demand quantification. It describes the assumption upon which the quantification is based and provides outputs in a ten-year framework to support the completion of the Capital Expenditure Framework for the municipality. This section builds on the preceding Socio-economic section that addresses the socio-economic profile of the municipality.

2.26 Population growth as the basis for modelling investment demand

As indicated earlier, the investment demand modelling is premised on population growth that translates into customer units. Therefore, the first step was a population growth forecast. The Municipality is more than 70% urbanised, and the impact of the rural area is discounted through the impact service population that shows the demand for non-residential land uses. There are indications of stabilisation, if not a decline, in the rural population. The assumption is that the bulk of population growth will have to be accommodated within the urban areas of the Municipality.

The issues and challenges with reliable population and household figures were highlighted in the previous section on the socio-economic characteristics of the municipal area. Consistent with a conservative approach, low population growth was accepted, where the population would increase at an average rate of 1.33% per annum. The following projection was used for modelling purposes.

Table 2-140: The extent of population and households growth from 2023 to 2032

Year	Population increment	Residential customers	Other customers	Total customer units
2023	1 675	514	10	524
2024	1 648	537	17	554
2025	1 623	585	15	600
2026	1 598	527	21	548
2027	1 575	569	17	586
2028	1 553	515	15	530
2029	1 532	496	23	519
2030	1 511	531	17	548
2031	1 492	520	23	543
2032	1 473	457	15	472
Total	15 679	5 250	173	5 423

The critical growth numbers are as follows:

Table 2-141: Population and household growth variables

	Service demand (total municipal area)	Housing demand (total urban areas)
Average household size	3.07	3.07
Base year population	196 655	149 733
Population growth rate	0.77%	0.92%
Population estimate at the end of the programme	212 334	165 412
Households in the base year	65 334	48 773

2.27 Scenario assessment

The scenario applied for assessment tried to emulate the Municipality’s current policy and strategy choices as closely as possible. However, it is important to remember that this remains a modelling approach that crudely aims to replicate a very complicated system. Therefore, making some basic assumptions before the model was calibrated was necessary.

2.27.1 Assumptions and inputs on housing variables

As described above, the model uses the growth in population to determine housing demand and ancillary uses. However, several vital inputs need to be considered. They are:

- Residential typologies;
- The residential mix in terms of stand sizes and;
- Stand sizes are assigned to the different typologies.

Housing typologies for the CEF are configured around low, medium and high-density residential development, including different housing typologies. Stands and households sizes were linked to each of these typologies. Table 2-142 shows the input assumptions for housing typologies, stand sizes and household sizes.

Table 2-142: Assumptions on housing typologies, mix stand and household sizes

Residential types	Residential mix	Stand sizes	Household size
Single Residential: Low income	52.00%	200	3.56

Residential types	Residential mix	Stand sizes	Household size
Single Residential: Medium income	10.00%	450	3.25
Single Residential: High income	6.00%	500	2.00
Medium Density: Low income	21.00%	2 000	2.50
Medium Density: Medium income	4.00%	3 000	2.50
Medium Density: High income	2.00%	3 000	2.00
High Density: Low income	3.00%	6 000	2.50
High Density: Medium income	1.00%	3 000	2.00
High Density: High income	1.00%	3 000	1.50

The base distinction between income groups was derived from the 2011 census for the area. Backyard dwellers were included as part of the demand for capital expenditure in the equation, but they already have an operating cost impact because of their current implicit use and consumption of services.

2.27.2 Norms and standards for land use budgeting

The following land use norms and standards were used in the land use budgeting process.

Table 2-143: Land use budgeting norms and standards

Land use	Provision unit	Provision norm - persons/cars/ children	Ruling stand size m2
Residential			
Single Res: Low Inc	units per net ha (net)	50	200
Single Res: Med Inc	units per net ha (net)	22	450
Single Res: High Inc	units per net ha (net)	20	500
Medium Dens: Low Inc	units per net ha (net)	20	2 000
Medium Dens: Med Inc	units per net ha (net)	25	3 000
Medium Dens: High Inc	units per net ha (net)	30	3 000
High Dens: Low Inc	units per net ha (net)	60	6 000
High Dens: Med Inc	units per net ha (net)	60	3 000
High Dens: High Inc	units per net ha (net)	60	3 000
Backyard dwellings	units per household	0	0
Business			
3rd Order commercial	m2 per capita	2.00	2 000
2nd Order Commercial	m2 per capita	3.00	5 000
1st Order Commercial	m2 per capita	6.00	25 000
Market/trading area	m2 per capita	7.00	5 000
Garages & filling stations	per 2500 cars	1.00	2 000
Industrial & commercial			
Light industrial	ha per 1000 people	1.00	3 000
Heavy industrial	ha per 2000 people	1.00	10 000
Storage and warehouses	ha per 2000 people	1.00	10 000
Public spaces: recreation			
Parks: public	ha per 1000 people	0.05	5 000
Parks: private	ha per 1000 people	0.50	10 000
Sports fields	per 1000 housing units	3.50	10 000
Stadiums	per 125000 people	1.00	50 000
Community facilities: municipal			
Municipal office	per 75000 people	1.00	3 000
Community hall	per 25000 people	1.00	3 000
Library	per 50000 people	1.00	1 500
Primary health clinic	per 50000 people	1.00	3 000
Fire station & Ambulance	per 75000 people	1.00	7 500
Solid waste/Mini dump/depot	per 75000 people	1.00	3 000
Cemeteries	ha per 5500 people	1.00	20 000
Crematorium	m2 per capita	0.20	3 000

Land use	Provision unit	Provision norm - persons/cars/children	Ruling stand size m2
Service utilities	ha per 10000 people	1.00	7 500
Taxi ranks	m2 per capita	0.10	3 000
Community facilities: other			
Post office	per 20000 people	1.00	1 500
Lower Court	per 100000 people	1.00	2 000
Post collection point	per 3000 housing units	1.00	200
Police station	per 80000 people	1.00	5 000
Hospital	per 300000 people	1.00	50 000
Community health centre	per 100000 people	1.00	2 000
Hospice	per 50000 people	1.00	2 000
Old age home	per 50000 people	1.00	10 000
Children's homes	per 200000 people	1.00	5 000
Thusong centre	per 70000 people	1.00	10 000
Place of worship	per 1000 people	1.00	2 000
Crèche	per 2800 people	1.00	2 000
Grade R / Nursery	per 5000 people	1.00	3 000
Primary school	per 7000 people	1.00	32 000
Secondary school	per 12500 people	1.00	45 000
After school centre	per 5000 people	1.00	2 000
Tertiary/Skills training centre	per 50000 people	1.00	50 000

The norms and standards were derived from different sources. The main sources were the cadastre from the office of the Surveyor-General, the CSIR norms and standards for social and Community facilities and then also calculated from the current land cover in the Municipality. The approach was calibrating the model on local data as far as possible.

2.27.3 Service levels

Service levels relate to the technology used to supply a customer with a service. It should not be confused with a service standard that represents the qualitative aspects of service delivery.

The following describes the levels of services (LOS) available for the modelling process.

Table 2-144: Levels of service options for water

Level of services	Description	Policy service category
LOS00	No formal service	Below basic
LOS01	Waterpoint more than 200m distance	Below basic
LOS02	Communal standpipe less than 200m distance	Basic
LOS03	Yard tap connection (single tap) and or limited supply with a dry on-site system	Intermediate
LOS04	Yard tap connection (single tap) and or limited supply linked to waterborne sanitation	Intermediate
LOS05	House/building connection unlimited metered supply	Full
LOS06	Supply volume is limited to 100mm connection, peak flow is limited, and on-site storage required	Commercial
LOS07	All requirements met up to 150mm pipe, 150mm connection	Commercial

Table 2-145: Levels of service options for sanitation

Level of services	Description	Policy service category
LOS00	No formal service	Below basic
LOS01	Bucket system	Below basic
LOS02	Unventilated pit latrines and soakaways	Below basic
LOS03	Ventilated improved pit (VIP)	Basic
LOS04	Dry composting toilet	Basic
LOS05	Communal chemical toilet	Basic

Level of services	Description	Policy service category
LOS06	Low flow (small bore) system with toilet structure	Intermediate
LOS07	Septic or conservancy tank with toilet structure	Intermediate
LOS08	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Full
LOS09	Waterborne sewerage to each stand 110mm connection, with toilet structure	Full
LOS10	Waterborne sewer available, max connection size 150 mm or larger	Commercial
LOS11	Waterborne sewerage, discharge load is above normal limits.	Commercial

Table 2-146: Levels of service options for electricity

Level of services	Description	Policy service category
LOS00	No electricity service	Below basic
LOS01	None grid electricity service	Intermediate/full
LOS02	Grid-connected and metered - Single phase 230V up to 20A or 4.6 kVA	Intermediate
LOS03	Grid-connected and metered - Single phase 230V up to 60A or 13.8kVA	Full
LOS04	Grid-connected and metered – Three-phase / Multiphase 230/400V up to 150A or 100kVA	Full/Commercial
LOS05	Grid-connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Commercial
LOS06	Grid-connected and metered - Bulk - exceeding 11kV (at least 100 kVA)	Commercial

Table 2-147: Levels of service options for roads and stormwater

Level of services	Description	Policy service category
LOS00	No service	Below basic
LOS01	Tracks (Graded)	Basic
LOS02	Gravel within 500m	Basic
LOS03	Gravel	Intermediate
LOS04	Paved 4.5m	Full
LOS05	Paved 5.5m	Full
LOS06	Paved 6.5	Full
LOS07	Paved heavy capacity of 7.5m	Commercial

Table 2-148: Levels of service options for refuse removal services

Level of services	Description	Policy service category
LOS00	None	Below basic
LOS01	Communal waste collection point	Basic
LOS02	Weekly kerbside waste removal	Full
LOS03	Bi-weekly kerbside waste removal	Full/commercial
LOS04	Bi-weekly waste removal from site 1	Commercial
LOS05	Daily waste removal from site 1	Commercial
LOS06	Bi-weekly waste removal from site 2	Commercial
LOS07	Daily waste removal from site 2	Commercial

The following levels of services were assigned to the land uses in the development cost model based on the available service level options. Changes in the levels of service do have significant impacts on the demand for capital and hence the operating position of the Council and its sustainability. The impact of different service level choices and resulting scenarios were not tested as part of this document.

Table 2-149: Levels of service assigned per land use

	Water	Sanitation	Electricity	Roads & stormwater	Refuse removal
Residential					
Single Res: Low Inc	Yard tap connection (single tap) and or limited supply linked to waterborne sanitation	Waterborne sewerage to each stand 110mm connection, with toilet structure	Grid connected and metered - Single phase 230V up to 20A or 4.6 kVA	Paved 4.5m	Weekly kerbside waste removal

	Water	Sanitation	Electricity	Roads & stormwater	Refuse removal
Single Res: Med Inc	Yard tap connection (single tap) and or limited supply linked to waterborne sanitation	Waterborne sewerage to each stand 110mm connection, with toilet structure	Grid connected and metered - Single phase 230V up to 60A or 13.8kVA	Paved 4.5m	Weekly kerbside waste removal
Single Res: High Inc	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Single phase 230V up to 60A or 13.8kVA	Paved 5.5m	Weekly kerbside waste removal
Medium Dens: Low Inc	Yard tap connection (single tap) and or limited supply linked to waterborne sanitation	Waterborne sewerage to each stand 110mm connection, with toilet structure	Grid connected and metered - Single phase 230V up to 20A or 4.6 kVA	Paved 4.5m	Weekly kerbside waste removal
Medium Dens: Med Inc	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection, with toilet structure	Grid connected and metered - Single phase 230V up to 60A or 13.8kVA	Paved 4.5m	Weekly kerbside waste removal
Medium Dens: High Inc	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Single phase 230V up to 60A or 13.8kVA	Paved 5.5m	Weekly kerbside waste removal
High Dens: Low Inc	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Single phase 230V up to 20A or 4.6 kVA	Paved 4.5m	Weekly kerbside waste removal
High Dens: Med Inc	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Single phase 230V up to 60A or 13.8kVA	Paved 5.5m	Weekly kerbside waste removal
High Dens: High Inc	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Single phase 230V up to 60A or 13.8kVA	Paved 5.5m	Weekly kerbside waste removal
Backyard dwellings	House/building connection unlimited metered supply	No formal service	No electricity service	No service	Weekly kerbside waste removal
Business					
3rd Order commercial	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Daily waste removal from site 1
2nd Order Commercial	House/building connection unlimited metered supply	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Paved 6.5	Daily waste removal from site 1
1st Order Commercial	All requirements met up to 150mm pipe, 150mm connection	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk - exceeding 11kV (at least 100 kVA)	Paved heavy capacity 7.5m	Daily waste removal from site 1
Market/trading area	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Daily waste removal from site 1
Garages & filling stations	House/building connection unlimited metered supply	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Industrial & commercial					
Light industrial	House/building connection unlimited metered supply	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Daily waste removal from site 1

	Water	Sanitation	Electricity	Roads & stormwater	Refuse removal
Heavy industrial	House/building connection unlimited metered supply	Waterborne sewerage, discharge load is above normal limits.	Grid connected and metered - Bulk - exceeding 11kV (at least 100 kVA)	Paved heavy capacity 7.5m	Daily waste removal from site 1
Storage and warehouses	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Paved 6.5	Bi-weekly waste removal from site 1
Public spaces: recreation					
Parks: public	House/building connection unlimited metered supply	No formal service	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 5.5m	Weekly kerbside waste removal
Parks: private	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 5.5m	Weekly kerbside waste removal
Sports fields	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 5.5m	Weekly kerbside waste removal
Stadiums	All requirements met up to 150mm pipe, 150mm connection	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Community facilities: municipal					
Municipal office	House/building connection unlimited metered supply	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Paved 6.5	Weekly kerbside waste removal
Community hall	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Library	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Primary health clinic	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Fire station & Ambulance	Supply volume. is limited to 100mm connection, peak flow limited and on site storage required	Waterborne sewerage, discharge load is above normal limits.	Grid connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Paved 6.5	Weekly kerbside waste removal
Solid waste/Mini dump/depot	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Cemeteries	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase / Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Crematorium	House/building connection unlimited metered supply	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk - exceeding 11kV (at least 100 kVA)	Paved 6.5	Weekly kerbside waste removal
Service utilities	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm	Grid connected and metered - Three phase /	Paved 6.5	Daily waste removal from site 1

	Water	Sanitation	Electricity	Roads & stormwater	Refuse removal
		connection (no toilet structure)	Multi phase 230/400V up to 150A or 100kVA		
Taxi ranks	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Daily waste removal from site 1
Community facilities: other					
Post office	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Lower Court	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Post collection point	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Single phase 230V up to 60A or 13.8kVA	Paved 6.5	Weekly kerbside waste removal
Police station	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Hospital	Supply volume. is limited to 100mm connection, peak flow limited and on site storage required	Waterborne sewerage, discharge load is above normal limits.	Grid connected and metered - Bulk - exceeding 11kV (at least 100 kVA)	Paved 6.5	Daily waste removal from site 1
Community health centre	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Bi-weekly waste removal from site 1
Hospice	House/building connection unlimited metered supply	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Bi-weekly waste removal from site 1
Old age home	All requirements met up to 150mm pipe, 150mm connection	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Paved 6.5	Weekly kerbside waste removal
Children's homes	All requirements met up to 150mm pipe, 150mm connection	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Paved 6.5	Weekly kerbside waste removal
Thusong centre	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Place of worship	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Crèche	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Grade R / Nursery	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal

	Water	Sanitation	Electricity	Roads & stormwater	Refuse removal
Primary school	House/building connection unlimited metered supply	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Paved 6.5	Weekly kerbside waste removal
Secondary school	House/building connection unlimited metered supply	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk higher than 230/400V - not exceeding 11kV (at least 25 kVA)	Paved 6.5	Weekly kerbside waste removal
After school centre	House/building connection unlimited metered supply	Waterborne sewerage to each stand 110mm connection (no toilet structure)	Grid connected and metered - Three phase/ Multi phase 230/400V up to 150A or 100kVA	Paved 6.5	Weekly kerbside waste removal
Tertiary/Skills training centre	All requirements met up to 150mm pipe, 150mm connection	Waterborne sewer available, max connection size 150 mm or larger	Grid connected and metered - Bulk - exceeding 11kV (at least 100 kVA)	Paved 6.5	Bi-weekly waste removal from site 1

2.28 The modelling outcomes

This section documents the results of the modelling process. The outcomes are presented as a high-level summary. It is important to note that the tables show incremental quantities, which include all service elements and components. It is impossible to model the impact of major interventions such as building a new wastewater treatment work or big investments to reconfigure solid waste management. Those aspects must be discounted in the project prioritisation process.

Although the results link the demand to a specific year, it is still important to take note of budgeting processes and the extent of lead times before project implementation can commence. The figures indicate annual demands, and the actual demands will be reflected in the project prioritisation process as part of the project outputs.

2.28.1 Land use demand

Table 2-150 shows the summary of land use demand resulting from the growth forecasts.

Table 2-150: Land use demand for the programme period 2021 to 2030

Land uses	No of units	% of total land	No of stands required	Area included in project (ha)
Totals	17 156	100.0%	11 486	1 048.9
Residential	17 156	44.0%	11 151	461.8
Single Res: Low Inc	7 362	14.0%	7 362	147.2
Single Res: Med Inc	1 550	6.6%	1 550	69.7
Single Res: High Inc	1 511	7.2%	1 511	75.6
Medium Dens: Low Inc	4 231	10.1%	529	105.8
Medium Dens: Med Inc	806	2.6%	90	26.9
Medium Dens: High Inc	504	1.9%	67	20.1
High Dens: Low Inc	604	0.7%	13	7.6
High Dens: Med Inc	252	0.3%	11	3.4
High Dens: High Inc	336	0.5%	19	5.6
Backyard dwellings	0	0.0%	0	0.0
Business		2.5%	53	26.5
3rd Order commercial		0.3%	15	3.0
2nd Order Commercial		0.4%	9	4.5
1st Order Commercial		0.7%	3	7.5
Market/trading area		1.0%	21	10.5
Garages & filling stations		0.1%	5	1.0

Land uses	No of units	% of total land	No of stands required	Area included in project (ha)
Industrial & commercial		2.8%	66	29.6
Light industrial		1.5%	52	15.6
Heavy industrial		0.7%	7	7.0
Storage and warehouses		0.7%	7	7.0
Public spaces: recreation		19.4%	206	203.5
Parks: public		0.2%	5	2.5
Parks: private		2.4%	25	25.0
Sports fields		16.8%	176	176.0
Stadiums		0.0%	0	0.0
Community facilities: municipal		1.9%	17	20.3
Municipal office		0.0%	0	0.0
Community hall		0.1%	2	0.6
Library		0.0%	1	0.2
Primary health clinic		0.0%	1	0.3
Fire station & Ambulance		0.0%	0	0.0
Solid waste/Mini dump/depot		0.0%	0	0.0
Cemeteries		1.7%	9	18.0
Crematorium		0.1%	3	0.9
Service utilities		0.0%	0	0.0
Taxi ranks		0.0%	1	0.3
Community facilities: other		6.3%	108	66.3
Post office		0.0%	2	0.3
Lower Court		0.0%	0	0.0
Post collection point		0.0%	0	0.0
Police station		0.0%	0	0.0
Hospital		0.0%	0	0.0
Community health centre		0.1%	5	1.0
Hospice		0.0%	1	0.2
Old age home		0.1%	1	1.0
Children's homes		0.0%	0	0.0
Thusong centre		0.0%	0	0.0
Place of worship		1.0%	50	10.0
Crèche		0.3%	17	3.4
Grade R / Nursery		0.3%	10	3.0
Primary school		2.1%	7	22.4
Secondary school		1.7%	4	18.0
After school centre		0.2%	10	2.0
Tertiary/Skills training centre		0.5%	1	5.0
Roads totals		23.0%	0	240.9

2.28.2 Summary of general elements

Table 2-151 (annual increment) and Table 2-152 (cumulative totals) show the results.

Table 2-151 Summary of totals per annum (annual increments)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Service population increments	1 675	1 648	1 623	1 598	1 575	1 553	1 532	1 511	1 492	1 473
Housing population increments	5 144	5 117	5 092	5 067	5 044	5 022	5 001	4 980	4 961	4 942
Total area (ha)	98	102	103	99	102	100	99	99	98	101
Average stand size m ²	828	860	871	839	874	855	855	850	850	868
Population density (p/ha):	17.1	16.1	15.7	16.1	15.4	15.5	15.4	15.3	15.2	14.6
Household density (hh/ha):	17.4	16.8	16.7	17.7	16.6	17.0	17.0	17.3	17.4	16.7
Residential Cus	1 710	1 722	1 726	1 761	1 700	1 704	1 690	1 702	1 704	1 680
Other CUs:	49	60	56	59	56	61	55	58	56	65

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total customer units	1 759	1 782	1 782	1 820	1 756	1 765	1 745	1 760	1 760	1 745
Total no of stands	1 184	1 191	1 184	1 182	1 171	1 174	1 161	1 160	1 154	1 161
Roads area (ha)	21.3	21.3	21.1	21.1	21.0	20.6	20.5	20.0	19.9	19.9
Roads as % of total area	21.8%	20.8%	20.4%	21.2%	20.5%	20.5%	20.7%	20.3%	20.3%	19.7%

Table 2-152: Summary of totals per annum (Cumulative)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Service population increments	1 675	3 323	4 945	6 544	8 119	9 672	11 204	12 715	14 206	15 679
Housing population increments	5 144	10 261	15 353	20 420	25 464	30 486	35 487	40 468	45 428	50 370
Total area (ha)	98	200	304	403	505	605	705	803	901	1 002
Average stand size m2	828	1 688	2 559	3 398	4 272	5 127	5 982	6 831	7 682	8 550
Population density (p/ha):	17.1	16.6	16.3	16.2	16.1	16.0	15.9	15.8	15.8	15.6
Household density (hh/ha):	17.4	17.1	17.0	17.2	17.1	17.0	17.0	17.1	17.1	17.1
Residential Cus	1 710	3 432	5 158	6 919	8 618	10 322	12 012	13 714	15 417	17 097
Other CUs:	49	109	165	224	280	341	396	454	510	575
Total customer units	1 759	3 541	5 323	7 143	8 898	10 663	12 408	14 168	15 927	17 672
Total no of stands	1 184	2 375	3 559	4 741	5 912	7 086	8 247	9 407	10 561	11 722
Roads area (ha)	21.3	42.6	63.7	84.8	105.8	126.3	146.8	166.8	186.7	206.6
Roads as % of total area	21.8%	21.3%	21.0%	21.0%	20.9%	20.9%	20.8%	20.8%	20.7%	20.6%

2.28.3 Summary of capital expenditure per service

Table 2-153 and Table 2-154 show the required capital expenditure incrementally per annum and cumulative per annum to accommodate the forecasted demand.

Table 2-153: Incremental capital expenditure: All services (R'000)

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Growth investments	171 409	175 214	174 340	177 679	172 040	174 031	170 369	171 822	172 119	174 170
Access backlogs	176 203	176 203	176 203	176 203	176 203	176 203	176 203	176 203	176 203	176 203
Renewals	105 318	109 387	113 558	117 681	121 896	125 965	130 106	134 136	138 222	142 283
Renewal backlog	1 911	1 911	1 911	1 911	1 911	1 911	1 911	1 911	1 911	1 911
Total (R'000)	454 841	462 715	466 012	473 474	472 050	478 110	478 589	484 072	488 454	494 567
Water										
Growth investments	21 369	21 863	21 834	22 581	21 731	21 680	21 424	21 690	21 725	22 201
Access backlogs	24 800	24 800	24 800	24 800	24 800	24 800	24 800	24 800	24 800	24 800
Renewals	15 432	15 717	16 008	16 298	16 599	16 888	17 176	17 462	17 750	18 039
Renewal backlog	1 911	1 911	1 911	1 911	1 911	1 911	1 911	1 911	1 911	1 911
Total	63 512	64 290	64 552	65 589	65 040	65 278	65 310	65 862	66 186	66 951
Sanitation										
Growth investments	56 455	56 450	56 535	56 662	55 796	55 854	55 261	55 163	55 249	55 083
Access backlogs	52 585	52 585	52 585	52 585	52 585	52 585	52 585	52 585	52 585	52 585
Renewals	28 340	30 326	32 312	34 300	36 293	38 256	40 220	42 164	44 105	46 048
Renewal backlog	0	0	0	0	0	0	0	0	0	0
Total	137 380	139 361	141 432	143 548	144 674	146 695	148 066	149 913	151 938	153 716
Electricity										
Growth investments	37 829	39 315	39 213	39 758	38 560	39 388	38 056	38 306	38 924	39 583
Access backlogs	39 172	39 172	39 172	39 172	39 172	39 172	39 172	39 172	39 172	39 172
Renewals	22 608	23 381	24 185	24 987	25 800	26 589	27 394	28 173	28 956	29 752
Renewal backlog	0	0	0	0	0	0	0	0	0	0
Total	99 608	101 868	102 571	103 917	103 532	105 149	104 623	105 650	107 052	108 507
Roads & Stormwater										
Growth investments	53 907	54 995	54 900	56 076	54 103	54 505	53 782	54 097	54 370	54 027
Access backlogs	59 604	59 604	59 604	59 604	59 604	59 604	59 604	59 604	59 604	59 604
Renewals	34 133	35 041	35 968	36 893	37 837	38 749	39 667	40 573	41 485	42 401

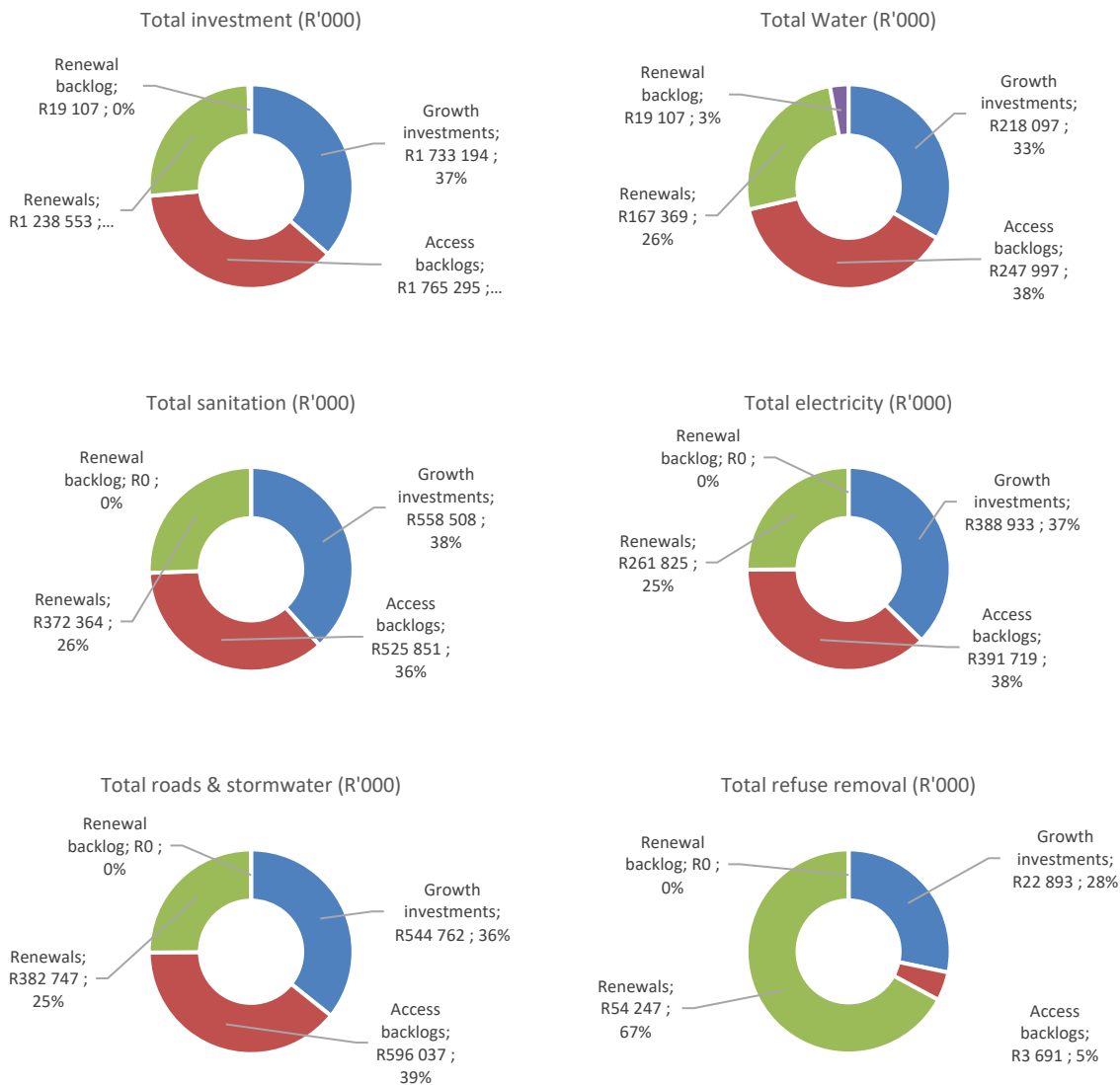
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Renewal backlog	0	0	0	0	0	0	0	0	0	0
Total	147 643	149 640	150 471	152 572	151 544	152 858	153 053	154 275	155 459	156 032
Refuse removal										
Growth investments	1 850	2 591	1 857	2 601	1 850	2 604	1 847	2 566	1 851	3 276
Access backlogs	43	43	43	43	43	43	43	43	43	43
Renewals	4 805	4 922	5 086	5 203	5 367	5 484	5 648	5 764	5 926	6 043
Renewal backlog	0	0	0	0	0	0	0	0	0	0
Total	6 699	7 555	6 985	7 847	7 259	8 130	7 537	8 372	7 819	9 362

Table 2-154: Cumulative capital expenditure: All services (R'000) (Cumulative)

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Growth investments	171 409	346 623	520 963	698 642	870 682	1 044 714	1 215 083	1 386 905	1 559 024	1 733 194
Access backlogs	176 203	352 406	528 609	704 812	881 015	1 057 218	1 233 421	1 409 624	1 585 827	1 762 030
Renewals	105 318	214 706	328 263	445 944	567 841	693 806	823 912	958 048	1 096 270	1 238 553
Renewal backlog	1 911	3 821	5 732	7 643	9 554	11 464	13 375	15 286	17 197	19 107
Total (R'000)	454 841	917 556	1 383 568	1 857 041	2 329 092	2 807 202	3 285 791	3 769 863	4 258 318	4 752 884
Water										
Growth investments	21 369	43 231	65 066	87 646	109 378	131 057	152 481	174 171	195 896	218 097
Access backlogs	24 800	49 599	74 399	99 199	123 998	148 798	173 598	198 397	223 197	247 997
Renewals	15 432	31 149	47 157	63 455	80 054	96 942	114 118	131 580	149 330	167 369
Renewal backlog	1 911	3 821	5 732	7 643	9 554	11 464	13 375	15 286	17 197	19 107
Total	63 512	127 801	192 354	257 943	322 983	388 261	453 572	519 434	585 620	652 571
Sanitation										
Growth investments	56 455	112 905	169 440	226 103	281 899	337 753	393 014	448 177	503 426	558 508
Access backlogs	52 585	105 170	157 755	210 341	262 926	315 511	368 096	420 681	473 266	525 851
Renewals	28 340	58 666	90 978	125 278	161 572	199 827	240 048	282 212	326 317	372 364
Renewal backlog	0	0	0	0	0	0	0	0	0	0
Total	137 380	276 742	418 174	561 722	706 396	853 091	1 001 158	1 151 070	1 303 009	1 456 724
Electricity										
Growth investments	37 829	77 144	116 357	156 116	194 676	234 064	272 121	310 426	349 350	388 933
Access backlogs	39 172	78 344	117 516	156 688	195 859	235 031	274 203	313 375	352 547	391 719
Renewals	22 608	45 989	70 174	95 161	120 961	147 550	174 944	203 117	232 073	261 825
Renewal backlog	0	0	0	0	0	0	0	0	0	0
Total	99 608	201 476	304 047	407 964	511 497	616 645	721 268	826 918	933 970	1 042 477
Roads & Stormwater										
Growth investments	53 907	108 902	163 802	219 878	273 981	328 486	382 268	436 365	490 735	544 762
Access backlogs	59 604	119 207	178 811	238 415	298 018	357 622	417 226	476 830	536 433	596 037
Renewals	34 133	69 174	105 141	142 034	179 871	218 620	258 288	298 861	340 346	382 747
Renewal backlog	0	0	0	0	0	0	0	0	0	0
Total	147 643	297 283	447 754	600 327	751 871	904 728	1 057 781	1 212 056	1 367 514	1 523 546
Refuse removal										
Growth investments	1 850	4 441	6 298	8 900	10 749	13 353	15 200	17 766	19 616	22 893
Access backlogs	43	85	128	170	213	255	298	341	383	426
Renewals	4 805	9 728	14 813	20 016	25 383	30 866	36 514	42 279	48 205	54 247
Renewal backlog	0	0	0	0	0	0	0	0	0	0
Total	6 699	14 254	21 239	29 086	36 345	44 475	52 012	60 385	68 204	77 566

The figures below show the contribution or demand of each expenditure component to total expenditure.

Figure 2-118: Contribution of each investment demand component to each of the infrastructure asset groups



2.28.4 Summary of operating expenditure

One of the key elements that are often overlooked in capital investment planning is the operating consequences of capital investment. The next two tables show the forecasted operating and maintenance cost associated with the projected capital expenditure. It is an incremental cost and does not reflect on the revenue side and cost recovery strategies that the Municipality may apply.

Table 2-155: Incremental operating & maintenance expenditure: All services per annum (R'000)

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Growth investments	8 357	8 635	8 593	8 727	8 455	8 603	8 378	8 424	8 506	8 631
Access backlogs	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715
Total (R'000)	16 072	16 350	16 308	16 442	16 171	16 318	16 093	16 139	16 221	16 346
Water										
Growth investments	273	280	279	290	278	278	274	278	278	286
Access backlogs	333	333	333	333	333	333	333	333	333	333
Total	606	612	612	622	611	610	607	610	611	618
Sanitation										

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Growth investments	1 655	1 664	1 668	1 675	1 644	1 649	1 629	1 629	1 633	1 632
Access backlogs	1 462	1 462	1 462	1 462	1 462	1 462	1 462	1 462	1 462	1 462
Total	3 117	3 126	3 130	3 137	3 106	3 111	3 091	3 091	3 095	3 094
Electricity										
Growth investments	3 637	3 818	3 805	3 834	3 732	3 828	3 690	3 689	3 781	3 864
Access backlogs	2 895	2 895	2 895	2 895	2 895	2 895	2 895	2 895	2 895	2 895
Total	6 532	6 713	6 699	6 729	6 627	6 723	6 585	6 584	6 676	6 758
Roads & Stormwater										
Growth investments	2 722	2 775	2 771	2 830	2 730	2 750	2 714	2 731	2 743	2 725
Access backlogs	3 024	3 024	3 024	3 024	3 024	3 024	3 024	3 024	3 024	3 024
Total	5 746	5 799	5 795	5 854	5 754	5 774	5 738	5 755	5 767	5 750
Refuse removal										
Growth investments	70	98	71	99	70	99	70	97	70	124
Access backlogs	2	2	2	2	2	2	2	2	2	2
Total	72	100	72	100	72	101	72	99	72	126

Table 2-156: Cumulative operating & maintenance expenditure: All services per annum (R'000) (Cumulative)

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Growth investments	8 357	16 992	25 585	34 312	42 767	51 370	59 748	68 172	76 678	85 309
Access backlogs	7 714	15 428	23 142	30 856	38 571	46 285	53 999	61 713	69 427	77 141
Total (R'000)	16 071	32 420	48 727	65 169	81 338	97 655	113 747	129 885	146 105	162 450
Water										
Growth investments	273	553	832	1 122	1 400	1 678	1 952	2 230	2 508	2 794
Access backlogs	333	665	998	1 331	1 663	1 996	2 329	2 661	2 994	3 327
Total	606	1 218	1 830	2 452	3 064	3 674	4 281	4 891	5 502	6 120
Sanitation										
Growth investments	1 655	3 319	4 986	6 661	8 306	9 954	11 583	13 212	14 845	16 477
Access backlogs	1 462	2 924	4 386	5 848	7 309	8 771	10 233	11 695	13 157	14 619
Total	3 117	6 243	9 372	12 509	15 615	18 726	21 816	24 907	28 002	31 096
Electricity										
Growth investments	3 637	7 455	11 259	15 093	18 825	22 653	26 343	30 032	33 814	37 677
Access backlogs	2 895	5 790	8 685	11 580	14 474	17 369	20 264	23 159	26 054	28 949
Total	6 532	13 244	19 944	26 673	33 300	40 022	46 608	53 191	59 868	66 626
Roads & Stormwater										
Growth investments	2 722	5 497	8 267	11 097	13 828	16 578	19 292	22 023	24 766	27 491
Access backlogs	3 024	6 048	9 072	12 096	15 121	18 145	21 169	24 193	27 217	30 241
Total	5 746	11 545	17 340	23 194	28 948	34 723	40 461	46 216	51 983	57 733
Refuse removal										
Growth investments	70	169	239	338	408	507	578	675	745	870
Access backlogs	1	1	2	2	3	3	4	4	5	5
Total	71	170	241	340	411	511	581	679	750	875

The “negative” operating impact implies a saving for the Council. This results from the fact that the long-term operating cost of a gravel road is lower than that of a graded although the capital cost of a gravel road is substantially higher than that of a graded road. This illustrated the importance of service level choices when formulating an infrastructure investment and service delivery strategy.

2.28.5 Summary of consumption and use

Service delivery is about consumption and use. The next two tables show the expected demand for water and electricity. The values are net and exclude the impact of losses in water and electricity. These numbers can be used to assess the impact of future demand on the existing capacities of bulk facilities.

Table 2-157: Incremental consumption and usage

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Water (Ml/day)										
Non-revenue %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Growth investments	1.0	1.1	1.0	1.1	1.1	1.1	1.0	1.1	1.0	1.1
Access backlogs	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Total	1.9	2.0	2.0	2.0	2.0	2.0	1.9	2.0	2.0	2.1
Sanitation (Ml/day)										
Growth investments	0.7	0.8	0.7	0.8	0.7	0.8	0.7	0.8	0.7	0.8
Access backlogs	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1
Electricity (MWh/day)										
Losses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Growth investments	85.3	97.8	97.6	107.0	98.0	98.4	95.9	94.7	104.0	102.1
Access backlogs	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Total	95.7	108.2	108.0	117.4	108.4	108.8	106.3	105.1	114.4	112.5
Roads & Stormwater(km/a)										
Growth investments	19.2	19.5	19.5	19.9	19.2	19.3	19.1	19.2	19.2	19.1
Access backlogs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total										
Refuse removal (tons/day)										
Growth investments	61.9	64.7	64.1	64.0	79.7	64.9	63.2	64.6	63.2	83.9
Access backlogs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	61.9	64.7	64.1	64.0	79.7	64.9	63.2	64.6	63.2	83.9
Refuse removal (m3/day)										
Growth investments	123.9	129.6	128.5	128.2	159.8	129.9	126.6	129.5	126.7	168.0
Access backlogs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	123.9	129.6	128.5	128.2	159.8	129.9	126.6	129.5	126.7	168.0

Table 2-158: Cumulative consumption and usage

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Water (Ml/day)										
Non-revenue water %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Growth investments	1.0	2.1	3.1	4.2	5.2	6.3	7.3	8.3	9.4	10.5
Access backlogs	0.9	1.9	2.8	3.7	4.7	5.6	6.6	7.5	8.4	9.4
Total	1.9	3.9	5.9	7.9	9.9	11.9	13.8	15.8	17.8	19.9
Sanitation (Ml/day)										
Growth investments	0.7	1.4	2.2	2.9	3.7	4.4	5.1	5.9	6.6	7.4
Access backlogs	0.2	0.5	0.7	1.0	1.2	1.5	1.7	2.0	2.2	2.4
Total	0.9	1.9	2.9	3.9	4.9	5.9	6.9	7.9	8.8	9.9
Electricity(MWh/day)										
Losses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Growth investments	85.3	183.1	280.7	387.7	485.7	584.1	680.0	774.7	878.7	980.8
Access backlogs	10.4	20.8	31.3	41.7	52.1	62.5	72.9	83.3	93.8	104.2
Total	95.7	204.0	312.0	429.3	537.8	646.6	752.9	858.0	972.4	1 084.9
Roads & stormwater (km)						0.0%	0.0%	0.0%	0.0%	0.0%
Growth investments	19.2	38.7	58.2	78.1	97.3	116.6	135.7	154.9	174.2	193.3
Access backlogs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	19.2	38.7	58.2	78.1	97.3	116.6	135.7	154.9	174.2	193.3
Refuse removal (tons/day)										
Growth investments	61.9	126.6	190.6	254.6	334.3	399.2	462.3	526.9	590.1	674.0
Access backlogs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	61.9	126.6	190.6	254.6	334.3	399.2	462.3	526.9	590.1	674.0
Refuse removal (m3/day)										
Growth investments	123.9	253.6	382.1	510.3	670.1	800.0	926.6	1 056.1	1 182.8	1 350.7
Access backlogs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total	123.9	253.6	382.1	510.3	670.1	800.0	926.6	1 056.1	1 182.8	1 350.7

The figures for water and electricity are net and do not account for losses.

2.29 Concluding remarks

For concluding remarks, refer to Part 6: Institutional Arrangements.

2.29.1 Notable elements of future demand

a. Land required

Over the next ten years, the Council will require 312ha to accommodate growth and development. Residential demand will be an estimated 143.8ha, with about 54% (80ha) required for low-income housing.

Table 2-159: Summary of land use demand

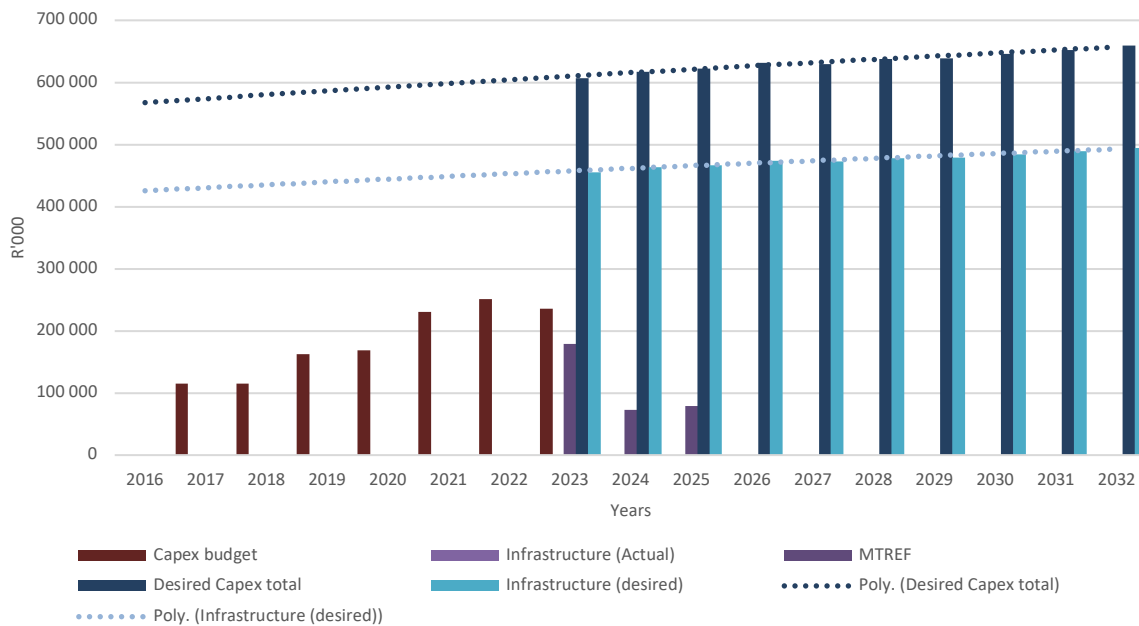
Land uses	No of units	Total area of uses	% of total land	No of stand required	Area included in project (ha)	% split
Residential	17 156	462	44.0%	11 151	461.8	44.0%
Single Res: Low Inc	7 362	147	14.0%	7 362	147.2	14.0%
Single Res: Med Inc	1 550	70	6.6%	1 550	69.7	6.6%
Single Res: High Inc	1 511	76	7.2%	1 511	75.6	7.2%
Medium Dens: Low Inc	4 231	106	10.1%	529	105.8	10.1%
Medium Dens: Med Inc	806	27	2.6%	90	26.9	2.6%
Medium Dens: High Inc	504	20	1.9%	67	20.1	1.9%
High Dens: Low Inc	604	8	0.7%	13	7.6	0.7%
High Dens: Med Inc	252	3	0.3%	11	3.4	0.3%
High Dens: High Inc	336	6	0.5%	19	5.6	0.5%
Backyard dwellings	0	0	0.0%	0	0.0	0.0%
Business	0	29	2.5%	53	26.5	2.5%
Industrial & commercial	0	31	2.8%	66	29.6	2.8%
Public spaces: recreation	0	205	19.4%	206	203.5	19.4%
Community facilities: municipal	0	22	1.9%	17	20.3	1.9%
Community facilities: other	0	70	6.3%	108	66.3	6.3%
Roads totals	0	241	23.0%	0	240.9	23.0%
Totals	17 156	732	100.0%	11 486	1 048.9	100.0%

b. Capital expenditure

The capital requirements to address infrastructure (growth, access backlogs and asset renewal) will average more than R475 million annually. The Council will require about R173 million per annum to accommodate new growth and a further R176 million per annum to address service backlogs. Based on the current replacement cost (CRC), renewal backlogs will require a further R1.9 million per annum and asset renewal a further R123 million per annum.

The capex budget (CPI adjusted) for the past six years averaged R183 million per annum. The planned expenditure for the MTREF years averaged R145 million per annum. The figure for infrastructure is R118 million and R113 million per annum, respectively. One should note the large variations between financial years. The figure below shows the anticipated capex with historical patterns and trends.

Figure 2-119: Capex relationships



The desired level of capital expenditure must be viewed against the Council's funding capacity. Adjustments in these gaps should be addressed by reassessing the Council's service delivery policies, strategies, and service levels provided.

The Council spent R783 per capita on infrastructure in 2021, which is below the modelled outcome of R3 718. This level of expenditure will continue in the next three MTREF years. The national average capex is about R741 per capita per annum and R1 152 in the Western Cape.

The table below shows the outcomes of the demand quantification for the Municipality in the national and provincial average context. The following should be considered:

- Unit costs are affected by the level of service mix. The national figure is a mix of areas with very low levels of services, for example, rural areas and areas with very high levels of services, such as higher-income areas. The service mix depends on the municipality's service delivery policies.
- The unit rates for the modelled outcomes are affected by access and renewal backlog eradication targets. For example, if one accelerates backlog eradication, it will imply higher front-end capex. This will affect comparisons such as those in the table below.

Table 2-160: Benchmarking modelled outcomes (2021-based figures)

Base year position (FY19/20)	National Average	WC Average	Overstrand (WC032)	Modelled outcomes
Population	59 622 350	7 067 100	196 655	196 655
Households	16 613 347	1 962 092	65 334	48 773
Total capital expenditure (R'000)	68 808 464	11 758 151	251 586	606 418
Total capex on infrastructure (R'000)	44 204 406	8 143 982	153 943	454 813
Per capita capex (infrastructure)	741	1 152	783	2 313
Per household capex (infrastructure)	2 661	4 151	2 356	9 325
Infrastructure capex as % of total	64.2%	69.3%	61.2%	75.0%
Benchmarked against Council's budget				
Per capita capex on infrastructure	0.64	1.00	0.68	2.01
Per household capex on infrastructure	0.64	1.00	0.57	2.25

Base year position (FY19/20)	National Average	WC Average	Overstrand (WC032)	Modelled outcomes
Benchmarked against national averages				
Per capita capex	1.00	1.55	1.06	3.12
Per household capex	1.00	1.56	0.89	3.50

c. The operating impact

The operating impact of the investment demand will accumulate to an additional R163 million per annum at the end of 2032. About 53% of the impact will come from growth and the rest from providing service access to existing households. The following must be considered:

- The Council have no control over growth. The inability to continuously address growth will result in accumulating backlogs that become more challenging to address in future.
- Expected future growth also represents growth in predominantly poor people who cannot pay for services, implying that the subsidy demand will increase. The resulting pressure on the Council's cash flow must be in the context of the slowing economic growth in the Municipality and the decline in fixed capital investment. The demand for asset renewal is becoming more urgent, as confirmed by the decrease in the useful economic life of assets as detailed in the Socio-economic section. The combined impact on the council's operating position should be considered a matter of priority. The continued investment in unaffordable infrastructure causes structural problems that cannot be undone.

Portfolio of projects

This section presents an extensive and comprehensive assessment of all infrastructure investment projects required for the forthcoming 10-year period as identified by the Municipality. As per the Western Cape CEF Practise Note, this evaluation consolidates projects derived from various consultations with officials, master and strategic documentation, including the Integrated Development Plan (IDP), Infrastructure Master Plans, Sector Plans, and proposals from the Municipal Spatial Development Framework (MSDF), covering both municipal-wide and settlement scale projects intended for implementation. The core purpose of this section is to collate all identified infrastructure needs, whether pertaining to new developments, renewals, or maintenance endeavours, into a unified, comprehensive set to further better strategic decision-making as part of the CEF.

The output of this section culminates in the formulation of a consolidated table, detailing key attributes of infrastructure investment requirements reflecting the 10-year capital project portfolio.

2.30 Contextualising sources

To determine a collated set of infrastructure needs identified by the Municipality, several municipal documents need to be considered. In addition to Table 2-161 which provides a summary of all the Municipality's masterplans analysed, the Integrated Development Plan was also interrogated to ultimately collated to compile a portfolio of projects representative of the investment needs identified by the Municipality.

Table 2-161: Master Plan Register

Service Type	Master Plan Name	Updated By	Updated Year	Planning Horizon	Project Specific Details
Housing	Overstrand Housing Strategy: Five-year program	Undetermined	2023	Undetermined	Yes
Electricity	Master Planning and status report on the electrical infrastructure	WorleyParsons RSA	2022	2019-2029	Yes

Service Type	Master Plan Name	Updated By	Updated Year	Planning Horizon	Project Specific Details
	in Gansbaai and Stanford				
Electricity	Master planning and status Report on the electrical infrastructure in Hermanus, Hawston and Kleinmond	WorleyParsons RSA	2022	2019-2029	Yes
Water and Sanitation	Water Services Development Plan (WSDP)	iX Engineers (Pty) Ltd	2022	2021-2060	Yes
Sewerage	Development Of a Sanitation Master Plan for Overstrand Municipality	GLS Consulting Engineers (Pty)	2022	2021-2060	Yes
Water	Update Of the Water Master Plan for Overstrand Local Municipality	GLS Consulting Engineers (Pty)	2021	2021-2060	Yes
Roads and Stormwater	Local Integrated Transport Plan	SMEC South Africa	2020	2019-2024	Yes
Waste Removal	Integrated Waste Management Plan (IWMP)	JPCE (Pty) Ltd	2020	Undetermined	No
Roads and Stormwater	Provincial Sustainable Transport Programme: Overstrand Sustainable Transport Plan	Western Cape Gov Transport and Public Works	2018	2018-2028	Partial

Table 2-161 includes master plans for various service types, such as Housing, Electricity, Water, Sewerage, Roads and Stormwater, and Waste Removal. However, it's important to note that not all service types have corresponding master plans listed in the table. For example, there is no master plan listed for Waste Removal in the planning horizon column. This suggests that while the Municipality has master plans for several service types, waste removal might not currently have a specific master plan outlined in the provided table. This could indicate that waste removal planning might be handled differently or is not as extensively documented as other service types within the municipality.

The municipality's master plans exhibit diverse planning horizons. The Housing plan's horizon is unspecified, implying a likely focus on short-term strategies or broad conceptual programmes. Electricity plans span 2019-2029, indicating a decade-long approach to infrastructure and capacity growth. The Water Services Development Plan, Sewerage, and Water Master Plans all cover 2021-2060, revealing a comprehensive, multi-decade strategy for resource management and sustainability. Roads and Stormwater plans range from 2019-2024 to 2018-2028, accommodating the dynamic nature of transportation planning. The Integrated Waste Management Plan lacks a specific horizon, possibly suggesting flexible waste management strategies. Overall, these planning horizons reflect the municipality's tailored approach to different service types, considering both short-term responsiveness and long-term foresight.

2.31 Discipline-based breakdown

2.31.1 Water

a. Water Services Development Plan (2022)

The Water Services Development Plan (WSDP) for the Overstrand Municipality was published on May 30, 2022, with the primary objective of providing a long-term strategy for water services in the area. The document starts with an overview of the current state of water services, including infrastructure, demand, challenges, and opportunities for

improvement. The plan outlines the municipality's vision and goals, aiming for universal access to safe, reliable, and affordable water services, water conservation, and enhanced service delivery efficiency. The plan includes a comprehensive analysis of the risks and opportunities associated with different water service scenarios, and outlines strategies for managing these risks and leveraging opportunities to achieve the municipality's vision. Emphasising community engagement, the WSDP proposes partnerships and strategies for involving stakeholders in the plan's development and implementation. The document incorporates a monitoring and evaluation framework to track progress and make necessary adjustments.

Regarding capital projects and budgets, it references the municipality's annual budget and various funding sources for water service projects, such as municipal budgets, external grants, and collaborations with government agencies and private sector entities. The plan references several specific capital projects and infrastructure investments, such as the construction of new water treatment plants, the upgrade of existing water supply infrastructure, and the installation of new water meters and other monitoring equipment.

b. Update Of The Water Master Plan For Overstrand Local Municipality (2021)

The Water Master Plan for Overstrand Municipality was prepared by GLS Consulting Engineers (Pty) Ltd to update the existing master plan for the water distribution system within the municipality. Whilst the WSDP encompasses a broader range of considerations, including water services, sanitation, and community needs, the Water Master Plan specifically focuses on the technical aspects of water infrastructure and resource management.

The primary objective of this plan is to analyse and evaluate the water distribution systems of the towns in Overstrand, located within the Western Cape. The study area covers various towns and water districts, including Buffels River System (Rooi Els, Pringle Bay & Betty's Bay), Kleinmond, Greater Hermanus (the area from Fisherhaven to Voëlklip), Stanford & Baardskeerdersbos, Greater Gansbaai (De Kelders, Gansbaai, Kleinbaai, Franskraal), Pearly Beach & Buffeljagsbaai. This master plan builds upon previous planning efforts conducted in March 2008, January 2011, June 2012, and June 2016. These previous master plans have inter alia been updated in this Water Master Plan. This Water Master Plan for Overstrand Local Municipality focuses on the distribution of potable water within the area. The plan aims to provide the Municipality with an accurate representation of the existing water distribution system and support effective water management and planning. The plan references several specific capital projects and infrastructure investments, such as the construction of various distribution systems, bulk supply systems, water demand management.

2.31.2 Roads & Stormwater

a. Local Integrated Transport Plan (2020)

Overstrand Local Municipality operates under the jurisdiction of the Overberg District Municipality (ODM). The formulation of the OM Municipality LITP is a collaborative effort shared by ODM and OM. The plan adheres to the 'Minimum Requirements for Integrated Transport Plans, 2016,' as outlined in the Government Gazette of July 29, 2016. Aligned with the Overberg District Integrated Transport Plan (DITP), it applies to the 2020-2024 period. Encompassing the OM region along the Western Cape coast, adjacent to Cape Metro, the study area spans about 1674.9 km², including 26 townships like Zwelihle, Gans Bay, and Hermanus, each with diverse population distributions.

The LITP's purpose is to craft a strategic, integrated transport plan in harmony with national, provincial, and local transport policies. It addresses transportation issues, gaps, and developmental needs during the implementation period. Covering all modes of transportation and infrastructure, the plan interfaces with the local Integrated Development Plan (IDP) and the Provincial Land Transport Framework (PLTF), contributing to the National Land

Transport Framework (NLTF). The development process also incorporates considerations from the Spatial Development Framework (SDF). The plan references several specific capital projects and infrastructure investments, such as the rehabilitation of roads, road upgrades, and paving of sidewalks.

b. Provincial Sustainable Transport Programme: Overstrand Sustainable Transport Plan (2018)

The Provincial Sustainable Transport Plan (PSTP Plan) is a collaborative effort between the Western Cape Government and the Overstrand Municipality, developed under the Provincial Sustainable Transport Programme (PSTP). The plan aims to enhance local transport systems through sustainable initiatives, particularly focusing on public and non-motorised transport (NMT) and improved access for marginalised and low-income communities.

Key issues affecting the Overstrand transport system have been identified, including the lack of formal public transport services for low and no-income communities, high reliance on private vehicles and NMT, safety concerns for NMT users, increasing congestion in Hermanus, and limited accessibility for persons with disabilities. The PSTP Plan establishes a transport vision for Overstrand, backed by seven objectives. These objectives include providing access for all to key services, improving safety and security, contributing to residents' quality of life, offering attractive transport choices, supporting economic growth, minimising environmental impacts, and embracing technological change. The plan proposes six strategies with associated interventions to achieve the vision and objectives. The strategies cover public transport enhancements, cycling and walking improvements, smarter choices through behavioural change, efficient roads and traffic management, technological advancements, and integrated development planning.

2.31.3 Sewer

a. Development Of A Sanitation Master Plan For Overstrand Municipality (2022)

The Sewer Master Plan for Overstrand Municipality, published in February 2022, serves as a comprehensive guide to updating the sewer distribution system in the region. Its primary objective is to establish computer models for sewer systems, linking them to relevant databases and evaluating networks. The plan aims to accommodate future developments, address deficiencies, and enhance system capacity to meet the growing sewer flow demands in the area. Through detailed analyses and proposed works, this master plan provides a roadmap for sustainable and efficient sewer management, ensuring the continued functionality of the sewer system within Overstrand Municipality. The study area covers various towns and water districts, including Buffels River System (Rooi Els, Pringle Bay & Betty's Bay), Kleinmond, Greater Hermanus (the area from Fisherhaven to Voëlklip), Stanford & Baardskeerdersbos, Greater Gansbaai (De Kelders, Gansbaai, Kleinbaai, Franskraal), Pearly Beach & Buffeljagsbaai. Furthermore, the plan proposes various capital projects and infrastructure investments mainly dealing with the distribution systems, bulk infrastructure, pumping stations, and rising mains.

2.31.4 Electricity

a. Master Planning and status report on the electrical infrastructure in Gansbaai and Stanford (2022)

Initially built upon the 2019 WorleyParsons report, this master plan, executed by Neil Lyners & Associates with PJ Technologies, aligns with the 2020 Spatial Development Framework, ensuring an up-to-date and sustainable approach. At its core, this electrical master plan aspires to achieve several key objectives. It seeks to ascertain the current state of the 11kV and low voltage infrastructure, incorporating the most recently completed projects into the as-built records. The plan's multifaceted analysis involves scrutinising the impacts of new developments and growth on the existing infrastructure. A comprehensive load flow study assesses the implications of normal

expansion and novel projects on the electricity supply, with the town's reliability and quality of service as paramount considerations.

Additionally, the master plan delves into grid capacity studies across the Overstrand Municipal supply area, propelling efforts to facilitate the integration of renewable energy sources within the network. These studies elucidate the potential for accommodating various forms of renewable energy, from small-scale embedded generation (SSEG) to Independent Power Producers (IPP) and wheeling arrangements. The guidelines resulting from these studies stand as a crucial deliverable of this endeavour, charting a course for the seamless coexistence of traditional and sustainable energy sources. The electrical master plan for Gansbaai and Stanford's 11kV and low voltage infrastructure is an evolving, long-term framework aimed at enhancing system reliability and predictability. Drawing from previous reports by Aurecon and Worley Parsons, the plan integrates updated as-built information and recent project details. It conducts load flow studies to assess the impact of growth and new developments on electricity supply quality and reliability. The plan includes grid capacity studies to facilitate the integration of renewable energy, outlining guidelines for various sources.

The plan alludes to numerous capital projects and infrastructure investments, encompassing endeavours like the revision of the masterplan and GIS database, the establishment of a voltage regulator, provision of electrical services for economical housing, and enhancements to substations.

b. Master planning Report on the electrical infrastructure in Hermanus, Hawston and Kleinmond (2022)

Published as an evolving and comprehensive long-term strategy, the water master plan for Hermanus, Kleinmond, and Hawston's 66kV, 11kV, and low voltage infrastructure establishes a robust framework for reliable and efficient electrical systems. This plan draws upon the expertise of Neil Lyners & Associates (RF) (Pty) Ltd, with support from specialist consulting firm PJ Technologies, and is commissioned by Overstrand Municipality. Updated insights from previous reports by Aurecon and Worley Parsons guide this master plan, which seeks to accommodate the present and future energy needs of these areas. By capturing recent project data and conducting on-site assessments, the plan ensures accuracy in its as-built information. Load flow studies evaluate the impact of growth and new developments on the existing infrastructure, leading to recommendations for enhancement. Additionally, grid capacity studies explore the integration of renewable energy, yielding guidelines for its incorporation. This volume 2 report, based on the latest Spatial Development Framework of May 2020, contributes to fostering a stable, reliable network. The plan's timeframes span from the base year of 2022 through the short-term (2022 to 2032) to the longer-term (2032 and beyond), making it a forward-looking blueprint for sustainable energy management. The plan cites various targeted capital initiatives and infrastructure investments, including the substitution of overhead lines, replacements of medium voltage components, and upgrades to low voltage systems.

2.31.5 Waste Removal

a. Integrated Waste Management Plan (2020)

JPCE (Pty) Ltd has been commissioned by the Overstrand Municipality in the Western Cape's Overberg District to develop its fifth-generation Integrated Waste Management Plan (IWMP). This comprehensive plan, set to materialise between 2019 and 2020, will supersede the prior generation IWMP following Council endorsement. The fundamental objective of this endeavour is to ensure compliance with the National Environment Management: Waste Act (Act no. 59 of 2008) and the stipulations laid out by the Western Cape Department of Environmental Affairs and Development Planning (DEADP). The IWMP encompasses a meticulous assessment of the waste management landscape, encompassing demographic profiles, waste generation, service provisions, compliance, and environmental repercussions. Additionally, it delineates objectives, targets, an implementation strategy, and a system for

monitoring and review. The earlier draft IWMP by JPCE (Pty) Ltd, having secured an 85% approval rating from DEADP in 2015, was revised to incorporate the suggested enhancements. This IWMP is fashioned to align with national, provincial, and municipal waste management strategies, with a vision of promoting sustainable waste management practices and environmental stewardship. The plan references several goals and objectives and makes mention of the 2019/2020 budget, in which three projects were identified. However, due to the date of these projects they do not qualify for the purpose of identifying demand. Even though no projects were identified, it's important to note that this master plan was interrogated and two important projects were noted from the municipality, namely Refurbishment of Gansbaai Landfill Weigh Bridge and the Generator for Materials Recovery Facility.

2.31.6 Housing

a. Overstrand Housing Strategy: Five-year program (2023)

The Overstrand Housing Strategy: Five-year program presents a comprehensive compilation of priority projects and programs in a tabular format. This list of initiatives is categorised by distinct project numbers, including the corresponding number of Integrated Residential Development Programme (IRDP) units and serviced sites. Notably, the table highlights the funding origins for each project and program, providing a comprehensive overview of the total anticipated costs spanning the five years from 2023/2024 to 2027/2028. This structured presentation offers a clear understanding of the investment required for each endeavour in the specified timeframe. The plan references several specific capital projects and infrastructure investments, such as Integrated Residential Development Programme (IRDP), Housing Programmes and the Emergency Housing Programme.

2.32 Collated portfolio of projects

After interrogation of the various source documents, it was possible to compile a collated Portfolio of Projects and structure it in terms of several key attributes. The purpose of having one investment needs portfolio is to enable the Municipality to make evidence-based informed decisions during the process of prioritisation and capital budgeting.

Annexure H: Portfolio of Projects (Demand List) comprises a single portfolio of projects, and associated attributes.

It should be noted that the Municipality currently does not have one single platform for all capital investment needs and is therefore reliant on firstly the masterplans noted above, and the insights of employees of the Municipality to keep track of all investment requirements. Over time, the Municipality will mature towards a more sustainable setup where all capital investment requirements will be maintained on an online database enabling better and more accurate data management, decision-making and implementation tracking.

The following table outlines the completeness of data found in the portfolio of projects:

Table 2-162: Breakdown of the Completeness of Portfolio

Master Plan	Directorate & Department		MSCOA Classification		Project Name		Cost Estimates		Project Description		Project Location	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Water Services Development Plan (WSDP)	127	0	0	127	127	0	52	75	48	79	0	127
Update Of the Water Master Plan for Overstrand Local Municipality	238	0	0	238	238	0	238	0	0	238	238	0
Development Of a Sanitation Master Plan for Overstrand Municipality	337	0	0	337	337	0	337	0	0	337	337	0

Master Plan	Directorate & Department		MSCOA Classification		Project Name		Cost Estimates		Project Description		Project Location	
Provincial Sustainable Transport Programme: Overstrand Sustainable Transport Plan	40	0	0	40	40	0	0	40	0	40	0	40
Local Integrated Transport Plan	34	0	0	34	34	0	34	0	0	34	0	34
Master Planning and status report on the electrical infrastructure in Hermanus, Hawston, Kleinmond, Gansbaai and Stanford	88	0	0	88	88	0	88	0	0	88	85	3
Overstrand Housing Strategy: Five-year program	16	0	0	16	16	0	15	1	0	16	0	16
Integrated Waste Management Plan (IWMP)	0	0	0	0	0	0	0	0	0	0	0	0
Total	880	0	0	880	880	0	764	116	48	832	660	220
% Total	100%	0%	0%	100%	100%	0%	87%	13%	5%	95%	75%	25%

Key observations from Table 2-162 are noted below:

- Across all master plan projects, there is a remarkable 100% completion rate for both Directorate & Department and Project Name fields. This achievement signifies a high level of precision in project description and percentage, underscoring the municipality's robust organisational structure. This accuracy not only improves communication and reporting but also enhances decision-making efficiency. The inclusion of comprehensive Directorate & Department and Project Name entries establishes unambiguous ownership and accountability for each project. This, in turn, facilitates the monitoring of progress, allocation of resources, and evaluation of performance. Ultimately, this meticulous approach streamlines project management by effectively assigning and tracking responsibilities.
- All projects show 0% completion for MSCOA Classification. This indicates that MSCOA classification details are missing in the master plans. While projects are linked to Directorates and departments, MSCOA classification is required to standardise infrastructure types, key actions etc.. Some project names include terms like "New" or "Upgrading," signifying the need for specific MSCOA strings to categorise them accurately. The absence of the MSCOA Classification indicates a lack of detailed categorisation in the master plans. While the Directorate & Department offers high-level organisation responsibility, MSCOA provides more detailed standardisation and classification. This absence suggests the master plans might lack the needed level of detail for MSCOA requirements. The separation of MSCOA allocation from the master plans might indicate a need for integration between the project planning phase and the broader financial systems. This integration could streamline the process of categorising projects based on their MSCOA classification.
- The low completion rate of 5% for Project Description suggests that a substantial majority of projects lack comprehensive documentation of their objectives, scope, and intended outcomes. This indicates a potential gap in conveying project details effectively. The insight that some project details are provided in the naming of the projects underscores the reliance on naming conventions to convey essential project information. However, this approach might not capture all necessary details, potentially leading to ambiguity or incomplete understanding.

- The low completion percentage for Project Description suggests that there is a need to enhance the clarity and comprehensiveness of project documentation. While unique project identifiers and naming conventions can provide some insight, a comprehensive and well-structured Project Description is essential for effective stakeholder communication, accountability, and project success.
- The 87% completion rate for cost estimates indicates that the majority of projects have undergone pre-project planning, including financial estimation and allocation. This suggests that a significant portion of projects are well-prepared and have considered the financial implications before implementation begins.
- The absence of budgets for a subset of projects (13%) may indicate that these projects are still in the conceptualisation or early planning stages. The lack of capital estimates might be attributed to ongoing discussions, incomplete project scoping, or the need for further validation before financial commitments are made. Projects without budgets might also reflect resource availability and prioritisation strategies. The decision to delay capital estimates might stem from resource constraints or a strategic prioritisation of other projects that are closer to implementation.
- The combination of budgeted and non-budgeted projects could reflect an iterative planning process. This implies that projects might move through phases of planning, validation, and refinement before budget allocation is finalised, contributing to better project selection and resource allocation decisions.
- The completion percentage of 75% for Project Location indicates that a substantial portion of projects have specified locations. This information provides spatial context, aiding in the prioritisation of projects based on their alignment with strategic goals and regional development priorities. Projects with specified locations enable better decision-making by considering spatial factors such as infrastructure needs, population density, and economic opportunities. The availability of location data supports data-driven project selection and resource allocation. The absence of location data might pose challenges in achieving a holistic view of the municipality's spatial transformation efforts.

2.32.1 Unpacking projects over time

Unpacking projects over time illuminates evolving demand trends, considering the municipal capital expenditure process grounded in a three-year budget cycle under the Medium-Term Expenditure Framework (MTREF). However, this approach inadvertently confines municipalities to a short-term horizon. The introduction of the CEF revolutionises this, offering a 10-year capital expenditure perspective, and enhancing our grasp of capital dynamics. Notably, diverse master plans highlight capital needs surpassing the CEF's 10-year scope, reflecting robust long-term planning.

Efforts to cultivate institutional support for long-range planning, particularly in sectoral plans and municipal Integrated Development Plans (IDPs) spanning five years, lay the foundation for a mature 10-year project pipeline. This evolution fosters a deeper understanding of the Municipality's developmental trajectory. Importantly, the further we project into the future, the complexity of expressing planned capital expenditure intensifies, leading to a decline in projected expenditure as the years progress. This multifaceted process refines our perception of infrastructure evolution and allocation within an intricate temporal framework.

Figure 2-120: Total Project Demand per year

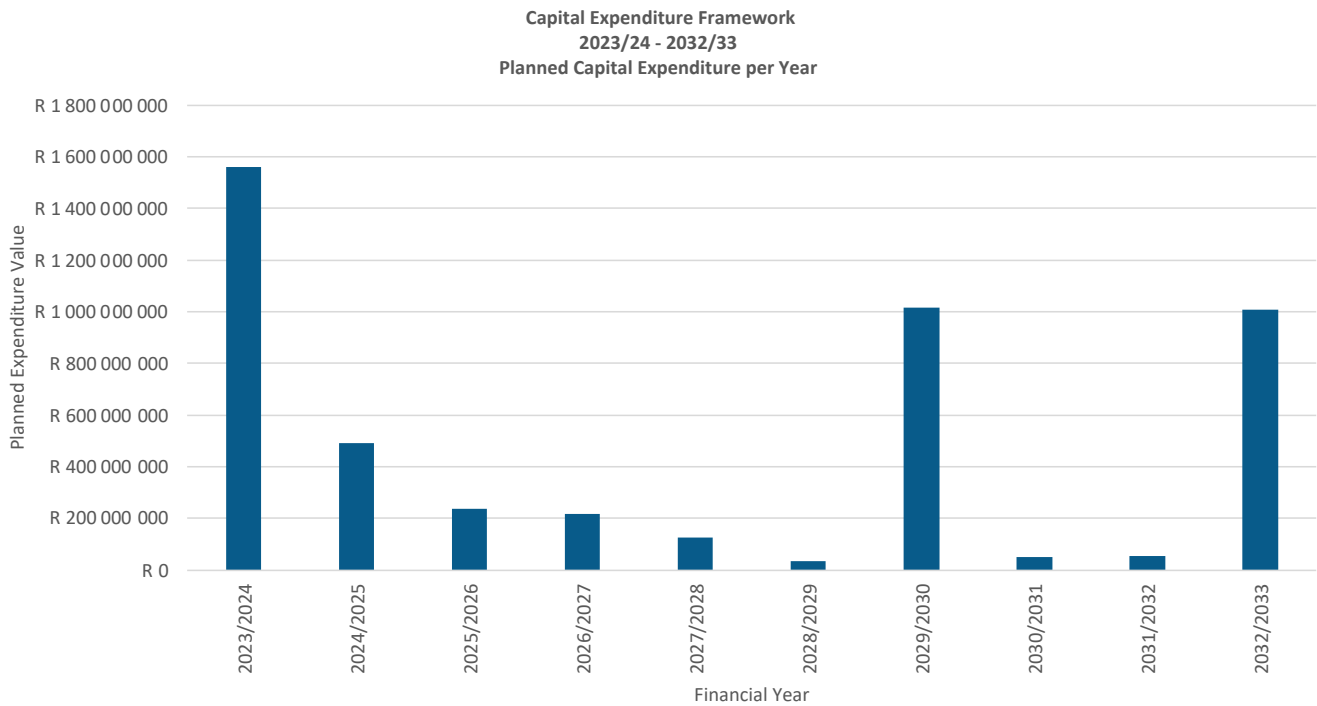


Table 2-163: Total Project Demand per year

Year	Total Capital Demand	Percentage
2023/2024	R1 558 874 444	33%
2024/2025	R490 459 819	10%
2025/2026	R235 817 215	5%
2026/2027	R217 357 615	5%
2027/2028	R124 560 000	3%
2028/2029	R35 610 000	1%
2029/2030	R1 016 332 000	21%
2030/2031	R50 810 000	1%
2031/2032	R52 651 400	1%
2032/2033	R1 006 620 000	21%
Grand Total:	R4 789 092 493	100%

Key observations from Figure 2-120 and Table 2-163 are noted below:

- The data spans over multiple years, indicating that the Municipality is engaged in long-term planning and budgeting. This long-term perspective aligns with the idea of unpacking projects over time, allowing for better insight into evolving demand trends and the allocation of resources accordingly.
- The capital demand for projects displays notable fluctuations across years, with the peak demand occurring in the fiscal year 2023/2024 at R1,558,874,444, constituting roughly 33% of the total. This substantial demand could potentially result from the carryover of unmet demand from previous years into the current financial year. This implies the presence of significant projects or initiatives planned for this period and the accumulation of

demand from previous years (2021, 2022, and 2023) throughout the analysis period. This situation highlights the municipality's endeavour to address both current and past needs, potentially indicating a strategy to reduce backlogs and promote comprehensive development and service delivery.

- The approved budget for the fiscal year 2023/2024 is only R209,409,052 while the capital demand for the same year is significantly higher indicates that there is a considerable gap between the financial resources required and the budget available. This disparity might necessitate careful prioritisation, phased implementation, or seeking additional funding sources to bridge the gap. The overall ratio of 1:4.53 illustrates a significant contrast, revealing that for every R1 the Municipality allocates, an additional R4.53 is necessary to respond to the identified demand. This discrepancy underscores the magnitude of the challenge. Although the municipality's MTREF total of R504,175,802 for capital expenditures might seem adequate, the actual demand requires an expenditure of R2,285,151,478 across the MTREF period. This incongruity highlights the substantial gap between planned budgets and the financial reality of meeting comprehensive demands
- There are noticeable drops in capital demand in certain years. For instance, after the peak demand in 2023/2024, there's a significant decrease in the subsequent years, particularly in 2028/2029. This could signify that some major projects are front-loaded, while others are deferred to later years. Eliminating outlier spikes reveals an underlying trend of declining capital demand over time. These spikes are often associated with projects from electricity and engineering master plans, contributing to the irregular fluctuations.
- The capital demands demonstrates the municipality's strategic balance between short-term and long-term planning. While the initial years see higher demands, there are also substantial capital requirements in later years, such as in 2029/2030 and 2032/2033. This balance suggests a strategic approach to addressing both immediate and future priorities. The mix of higher demands in certain years and lower demands in others suggests a nuanced approach that considers both demand backlogs, immediate needs and future priorities.

2.32.2 Unpacking projects per directorate and department

The portfolio of projects per directorate and department, as summarised in Figure 2-121, Table 2-164 and Table 2-165 offers valuable insights into the distribution of projects and their associated costs within the organisational structure. This perspective allows us to discern the specific directorates and departments that are more engaged in infrastructure development or have projects with a higher total cost over the analysis period. By unpacking the portfolio in this manner, we gain a comprehensive understanding of the demand for investment in projects and the required allocation of resources across different areas of responsibility within the Municipality. This view enables us to identify potential directorates with a good understanding of the need for their respective services across the Municipality, and conversely, areas that might require further attention or additional support. Additionally, it enables and ultimately facilitates effective project management practices, as it provides a clear maturity of understanding project-based responses required to respond to the identified need in the Municipality.

Through this analysis, the Municipality can identify directorates that require additional support in project preparation and project-based responses to needs identified to ultimately improve prioritisation and budgeting practices in the Municipality.

Figure 2-121: Total Project Demand per Directorate

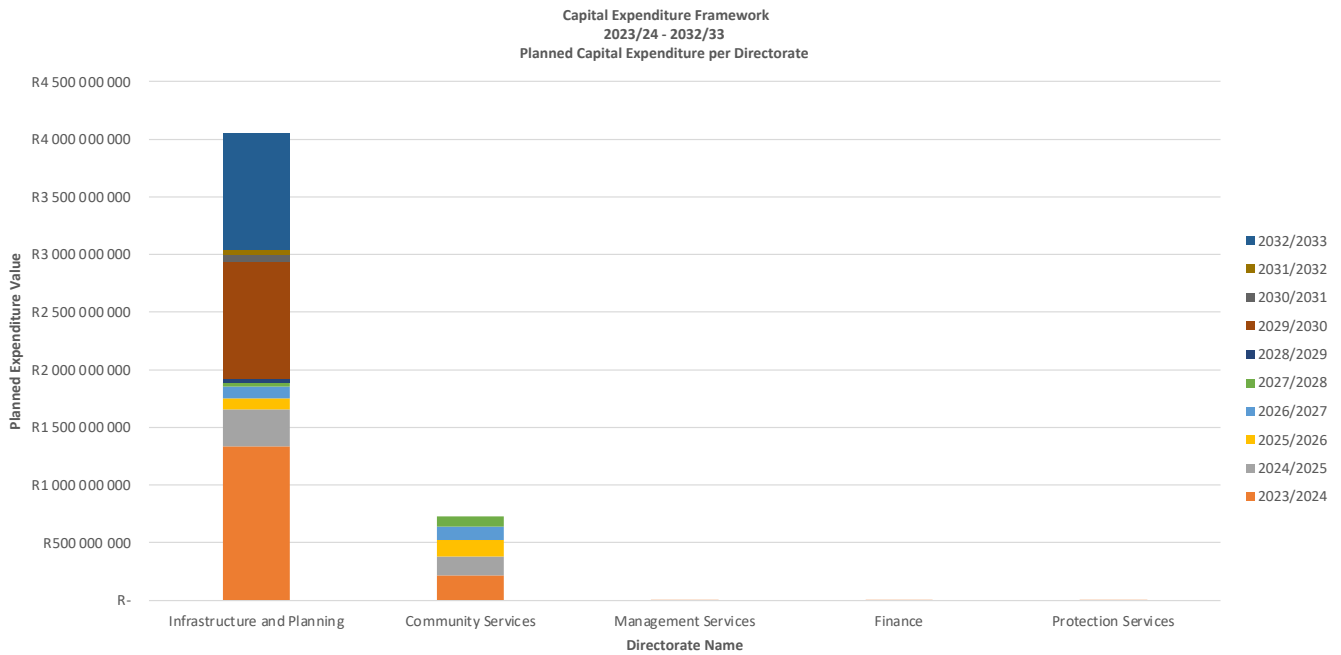


Table 2-164: Total Project Demand per Directorate

Year	Infrastructure and Planning	Community Services	Management Services	Finance	Protection Services
2023/2024	R1 333 245 543	R215 653 901	R5 005 000	R4 070 000	R900 000
2024/2025	R325 718 069	R164 741 750	R0	R0	R0
2025/2026	R93 950 000	R141 867 215	R0	R0	R0
2026/2027	R99 290 000	R118 067 615	R0	R0	R0
2027/2028	R37 240 000	R87 320 000	R0	R0	R0
2028/2029	R35 610 000	R0	R0	R0	R0
2029/2030	R1 016 332 000	R0	R0	R0	R0
2030/2031	R50 810 000	R0	R0	R0	R0
2031/2032	R52 651 400	R0	R0	R0	R0
2032/2033	R1 006 620 000	R0	R0	R0	R0
Total	R4 051 467 012	R727 650 481	R5 005 000	R4 070 000	R900 000
Total %	84,60%	15,19%	0,10%	0,08%	0,02%

Table 2-165: Total Project Demand per Department (R'000)

Department	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	%
Engineering Planning	R1 103 128	R257 185	R37 000	R43 500	R0	R0	R983 322	R0	R0	R1 006 620	71,6%
Housing Administration	R198 909	R148 501	R126 867	R101 068	R87 320	R0	R0	R0	R0	R0	13,8%
Hermanus and Kleinmond Electricity	R38 553	R22 100	R26 240	R26 910	R21 010	R27 080	R21 930	R31 430	R31 571	R0	5,2%
Gansbaai and	R55 599	R12 650	R20 630	R20 900	R16 150	R8 450	R11 000	R19 300	R20 500	R0	3,9%

Department	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	%
Stanford Electricity											
Engineering Services	R81 638	R14 204	R6 000	R3 000	R0	R0	R0	R0	R0	R0	2,2%
Overstrand Electricity	R53 725	R19 580	R4 080	R4 980	R80	R80	R80	R80	R580	R0	1,7%
Sports and Recreation	R16 745	R16 241	R15 000	R17 000	R0	R0	R0	R0	R0	R0	1,4%
Strategic Services	R5 005	R0	R0	R0	R0	R0	R0	R0	R0	R0	0,1%
Expenditure and Asset Management	R4 070	R0	R0	R0	R0	R0	R0	R0	R0	R0	0,1%
Traffic Law Enforcement and Task Team	R900	R0	R0	R0	R0	R0	R0	R0	R0	R0	0,0%
Property Administration	R602	R0	R0	R0	R0	R0	R0	R0	R0	R0	0,0%
Town Planning	R0	R0	R0	R0	R0	R0	R0	R0	R0	R0	0,0%
Hermanus Administration	R0	R0	R0	R0	R0	R0	R0	R0	R0	R0	0,0%
Kleinmond Administration	R0	R0	R0	R0	R0	R0	R0	R0	R0	R0	0,0%
Financial Services	R0	R0	R0	R0	R0	R0	R0	R0	R0	R0	0,0%
Grand Total	R1 558 874	R490 460	R235 817	R217 358	R124 560	R35 610	R1 016 332	R50 810	R52 651	R1 006 620	100%
%	33%	10%	5%	5%	3%	1%	21%	1%	1%	21%	

Notable findings from Figure 2-121, Table 2-164 and Table 2-165 are outlined as follows:

- The data reveals varying capital demands across different directorates within the municipality. The Infrastructure and Planning Directorate consistently holds the highest capital demand, reaching its peak in 2023/2024 with R1,333,245,543. The majority and most expensive projects planned for the Directorate includes the Seawater desalination plant, Electrification Of Low Cost Housing Areas, the Renovation and Replacement of Overstrand water pipelines and Paving Of Strategic Roads Ward 10. Accessibility to infrastructure and services plays an integral part in boosting the economy of the district and providing accessibility to social services for rural communities.
- Community Services Directorate follows, showing its highest demand in the same fiscal year with R215,653,901. This distribution reflects a strategic approach where the majority of resources are directed toward infrastructure and planning initiatives. The majority of programmes planned for the Directorate includes the Integrated Residential Development Programme, the upgrade of the Hawston Sport Complex and the Emergency Housing Programme.
- The Management Services, Finance, and Protection Services Directorates maintain relatively consistent capital demands throughout the years, indicating steady allocation for essential functions. These combined make up a smaller portion of the total demand. Seeing that these Directorates are unlikely to hold a big demand due to the

nature of their projects, this is not bad. Most of these directorates hold smaller demands as their capital projects do not cost a lot as they are not infrastructure based.

- The Engineering Planning Department stands out with significant funding requirements, especially in 2023/2024 and 2032/2033, signifying a strong emphasis on both immediate infrastructure development and long-term maintenance. In the 2023/24 projects, key focuses include Seawater Desalination, Replacement of Water Pipelines, and WWTW refurbishment and upgrade. In contrast, the 2032/33 projects centre around the Overberg Water Distribution System, additional reservoir capacity in Franskraal, and bulk infrastructure in various areas. This targeted allocation of resources underscores the department's dedication to enhancing the quality and resilience of local infrastructure, with a focus on addressing pressing needs and ensuring future sustainability.
- The two Electricity Departments, such as Hermanus and Kleinmond, Gansbaai and Stanford, and Overstrand, receive notable funding for improving electrical infrastructure. This underscores the municipality's commitment to enhancing essential services. Some of the planned projects for 2023/2024 include the Electrical Services for Low Cost housing, New 66kV overhead line from Eskom Substation and Hermanus MV LV Upgrade Replacement(F1/3).
- The Housing Administration Department necessitates a substantial capital demand of 13.8%. The Department's primary programs encompass the Integrated Residential Development Programme, the Onrus Beach Ablution And Facilities Upgrade, and the Emergency Housing Programme. This allocation underscores the sector's dedication to addressing housing needs comprehensively, including integrated residential development, community facilities improvement, and emergency housing provision, reflecting a holistic approach to housing administration and social welfare.
- The Engineering Services Department also requires stands out with substantial funding requirements, especially in 2023/2024, showcasing a robust emphasis on infrastructure development and maintenance. The majority of projects are concentrated on road paving, additional sidewalks, and the enhancement of stormwater infrastructure. This highlights the department's dedication to enhancing the local physical environment, focusing on crucial aspects like transportation accessibility, pedestrian safety, and the resilience of stormwater systems. The concentration of funding in this area underscores the department's commitment to ensuring effective and sustainable urban development.
- Capital Demand demonstrates variability across departments such as Sports and Recreation, Strategic Services, and Expenditure and Asset Management. Prominent projects encompass the installation of Floodlights at Overhills Soccer field, Minor Assets Council, UPS replacement, and Emergency and Operational Digital Radio Systems. This diverse range of projects highlights the municipality's multifaceted approach to enhancing recreational facilities, optimizing asset management, and bolstering emergency communication infrastructure. The allocation of resources underscores a strategic focus on community well-being, operational efficiency, and public safety across various sectors.
- Departments such as Property Administration, Town Planning, Hermanus Administration, Kleinmond Administration, and Financial Services do not request any capital demand for the MTREF or the next 10 years. However, this lack of capital demand does not necessarily signify a lack of planned capital expenditure. Instead, it reflects their specific mandates or the unavailability of planned capital expenditure information during the sourcing process for the Portfolio of Projects. It's important to consider that these departments might focus on operational activities, services, or projects that might not require significant capital investment or the details might not have been available for inclusion in the Portfolio of Projects.

2.32.3 Analysing through the Municipal Standard Chart of Accounts (mSCOA) perspective

National Treasury has implemented Integrated Financial Management and Internal Control System processes for local government. Key to this is the implementation of the Regulation of a Standard Chart of Accounts, commonly referred to as the Municipal Standard Chart of Accounts (mSCOA). MSCOA makes provision for a uniform and standardised financial transaction classification framework as per the Municipal Regulations and Standard Chart of Accounts as gazetted on 22 April 2014 (Gazette No 37577). Table 2-166 shows a summary of the Municipal Chart of Accounts regulated segment classifications.

Table 2-166: MSCOA Segment Classification

Project Scope (using mSCOA)										
Project segment			Fund segment	Function segment		Region segment			Item Assets sub-segment	Costing segment
Expenditure			Capital	Core	Non-core	(Municipal-specific)	City-wide	Administrative HQ	Non-current assets	
Class	Action	Type								
Sub-class	Sub-action	Sub-type								
		Detail-sub-type								
		Component-detail-sub-type								

a. Unpacking projects per action and sub-action

Examining projects per action and sub-action provides valuable insights into the distribution of the portfolio of projects. The project Action and Sub-Action component of the Project Segment within MSCOA is an umbrella term that includes a “New” or “Existing” project. Sub-actions for an “Existing” project include “Upgrade” or “Renewal”. For ease of reference, the category descriptions are as follows:

- **New:** Capital projects to provide new assets to meet the current and future growth demands;
- **Existing:** Capital projects to provide an upgrade or renewal to an asset to meet the current and future demands;
- **Existing – Upgrade:** Upgrade projects are generated according to the requirement for the replacement of a part of an asset component to increase the current capacity of the asset, and;
- **Existing – Renewal:** Replacing existing infrastructure that has reached a Remaining Useful Life (RUL) of zero, while providing the same capacity and service.

This analysis allows us to determine whether the capital investment demand lies in new projects or is predominantly focused on existing projects, particularly those related to renewal or upgrading. By unpacking projects in this manner, we gain a comprehensive understanding of the quantum of projects falling under each action and sub-action, as well as their related investment requirements.

This information enables us to gauge the extent to which the Municipality is emphasising infrastructure expansion versus maintaining and enhancing existing assets. It further aids in formulating strategic plans and prioritising initiatives to effectively meet the future needs of the Municipality.

Figure 2-122: Total Demand per Action and Sub-Action

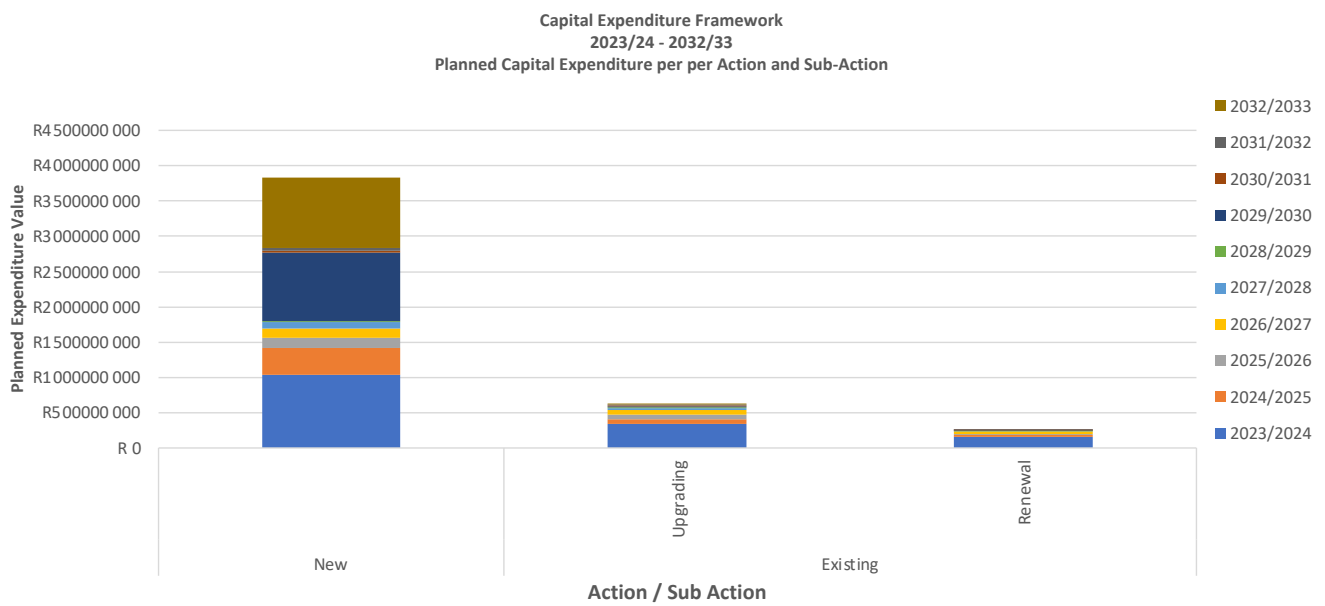


Table 2-167: Total Demand per Action and Sub-Action

Action	New	Existing		No MSCOA Info
Sub Action		Upgrading	Renewal	
2023/2024	R1 038 898 472	R341 723 299	R162 983 673	R15 269 000
2024/2025	R386 514 519	R64 973 900	R28 112 400	R10 859 000
2025/2026	R142 467 600	R73 699 615	R15 450 000	R4 200 000
2026/2027	R122 335 000	R64 022 615	R30 800 000	R200 000
2027/2028	R93 910 000	R19 250 000	R9 400 000	R2 000 000
2028/2029	R16 610 000	R15 000 000	R4 000 000	R0
2029/2030	R965 679 000	R19 251 000	R4 500 000	R26 902 000
2030/2031	R35 710 000	R10 100 000	R5 000 000	R0
2031/2032	R37 451 400	R9 700 000	R5 500 000	R0
2032/2033	R988 161 000	R17 218 000	R0	R1 241 000
Total	R3 827 736 991	R634 938 429	R265 746 073	R60 671 000
Total %	79,9%	13,3%	5,5%	1,3%

Notable findings from Figure 2-122 and Table 2-167 are outlined as follows:

- The Municipality allocates a substantial portion (80%) of its capital demand to "New" projects, indicating a proactive approach towards accommodating current and future growth demands through the creation of fresh assets. The significant investment in "New" projects reflects the municipality's focus on expanding infrastructure to support growth. Typically, new assets should only amount to between 10% to 20% of a municipality's capital expenditure demand. The longer-term emphasis on new assets demand, highlights an underlying dilemma regarding maintenance and upgrading. This creates a burden to the Municipality with regards to the affordability on its operational expenditure for the new assets and shows the financial implication from a planning perspective.

- While "Existing" projects (comprising "Upgrading" and "Renewal" sub-actions) represent a smaller proportion (13%) of the total demand, the balanced allocation between these sub-actions showcases a strategic effort to maintain and enhance existing assets. The demand towards "Existing" projects underscores a commitment to sustaining and improving current assets, demonstrating a balanced approach.

b. Unpacking projects per asset type and sub-type

By using the asset types and sub-types within mSCOA, this approach provides a nuanced perspective on how projects are distributed and categorised within the Project Class. By scrutinising the portfolio from this angle, we gain insights into which specific asset types and sub-types are prominent within the project class. Project class is understood as the following:

- **Infrastructure:** Infrastructure assets pertain to essential physical structures and systems that underpin community functionality. These include categories like Electrical Infrastructure, Water Supply Infrastructure, Roads Infrastructure, Solid Waste Infrastructure and more.
- **Non-Infrastructure:** Non-infrastructure assets within MSCOA encompass a diverse range of holdings not directly tied to physical structures. This category covers items like Computer Equipment, Furniture and Office Equipment, Intangible Assets, Investment Properties, and various types of resources such as Biological or Cultivated Assets and Community Assets.

This analysis not only highlights the distribution of projects across various asset categories but also underscores their alignment with the Municipality's financial classification system. This process facilitates more informed decision-making, resource allocation, and strategic planning, as it ensures that projects align with financial priorities and objectives. Through this lens, the local government can effectively optimise project selection, maximise resource utilisation, and ensure that infrastructure investments harmonise with the Municipality's financial structure and objectives.

Figure 2-123: Total Demand per Asset Type and Sub-Type

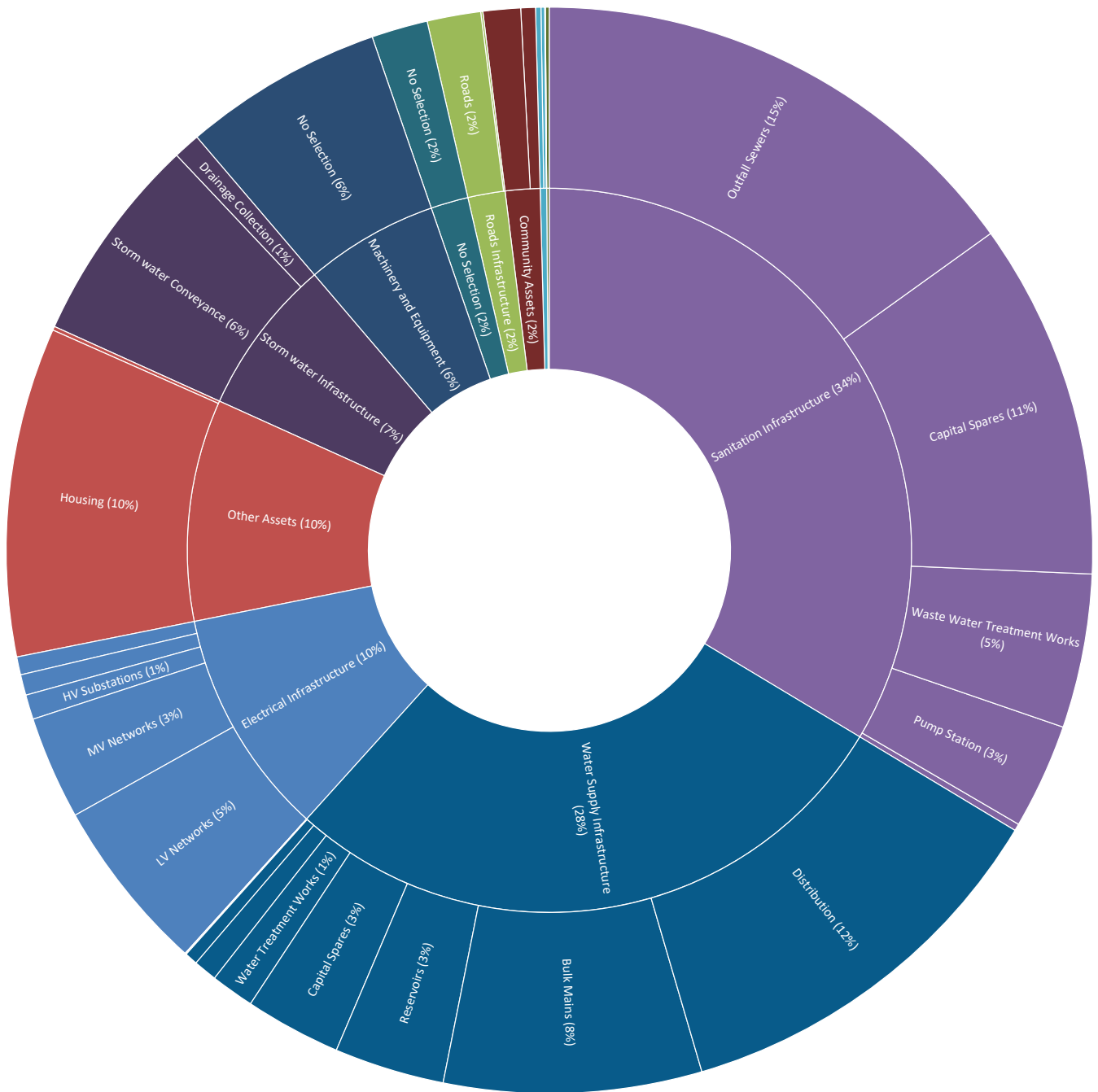


Table 2-168: Total Demand per Action Asset Type and Sub-Type

Type	Sub Type	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031	2031/ 2032	2032/ 2033	%
Electrical Infrastructure	MV Networks	R27 911	R19 000	R19 480	R23 800	R1 950	R8 000	R8 500	R24 000	R24 800	R0	10,2%
Electrical Infrastructure	MV Substations	R21 415	R0	R2 000	R6 000	R2 000	R0	R0	R0	R0	R0	
Electrical Infrastructure	LV Networks	R90 949	R35 330	R30 670	R26 190	R32 690	R20 810	R11 510	R9 810	R8 051	R0	
Electrical Infrastructure	HV Substations	R7 602	R0	R0	R0	R0	R0	R0	R15 000	R15 000	R0	

Type	Sub Type	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031	2031/ 2032	2032/ 2033	%
Electrical Infrastructure	MV Switching Stations	R0	R0	R0	R0	R0	R7 000	R13 200	R2 200	R5 000	R0	
Other Assets	Operational Buildings	R4 350	R500	R500	R500	R0	R0	R0	R0	R0	R0	9,9%
Other Assets	Housing	R148 406	R88 761	R101 967	R74 868	R87 120	R0	R0	R0	R0	R0	
Roads Infrastructure	Roads	R59 110	R13 489	R6 000	R3 000	R0	R0	R0	R0	R0	R0	1,7%
Roads Infrastructure	Capital Spares	R3 301	R0	R0	R0	R0	R0	R0	R0	R0	R0	
Sanitation Infrastructure	Wastewater Treatment Works	R200 878	R16 500	R17 000	R0	R0	R0	R0	R0	R0	R0	33,6%
Sanitation Infrastructure	Pump Station	R7 740	R38 185	R0	R0	R0	R0	R61 781	R0	R0	R52 863	
Sanitation Infrastructure	Outfall Sewers	R29 833	R110 833	R0	R2 000	R0	R0	R350 504	R0	R0	R278 833	
Sanitation Infrastructure	Capital Spares	R48 785	R11 453	R700	R700	R0	R0	R377 752	R0	R0	R103 487	
Sanitation Infrastructure	Toilet Facilities	R0	R10 536	R0	R0	R0	R0	R0	R0	R0	R0	
Solid Waste Infrastructure	Waste Transfer Stations	R0	R500	R500	R0	R0	R0	R0	R0	R0	R0	0,3%
Solid Waste Infrastructure	Waste Drop-off Points	R90	R0	R0	R0	R0	R0	R0	R0	R0	R0	
Solid Waste Infrastructure	Landfill Sites	R600	R4 000	R3 000	R600	R0	R0	R0	R0	R0	R0	
Solid Waste Infrastructure	Waste Processing Facilities	R5 500	R0	R0	R0	R0	R0	R0	R0	R0	R0	
Water Supply Infrastructure	Bulk Mains	R107 416	R12 897	R1 000	R1 100	R0	R0	R125 506	R0	R0	R144 557	28,1%
Water Supply Infrastructure	Reservoirs	R61 504	R8 410	R6 000	R13 000	R0	R0	R31 364	R0	R0	R47 153	
Water Supply Infrastructure	Distribution	R46 867	R41 643	R0	R0	R0	R0	R53 252	R0	R0	R464 784	
Water Supply Infrastructure	Pump Station	R9 800	R0	R3 000	R7 000	R0	R0	R0	R0	R0	R0	
Water Supply Infrastructure	Capital Spares	R119 913	R12 229	R3 500	R7 500	R0	R0	R1 127	R0	R0	R2 305	
Water Supply Infrastructure	Water Treatment Works	R38 180	R13 000	R0	R15 000	R0	R0	R0	R0	R0	R0	
Water Supply Infrastructure	PRV Stations	R750	R0	R0	R0	R0	R0	R0	R0	R0	R0	
Water Supply Infrastructure	Pump Stations	R1 000	R0	R0	R0	R0	R0	R0	R0	R0	R0	
Water Supply Infrastructure	Dams and Weirs	R36 000	R0	R0	R0	R0	R0	R0	R0	R0	R0	
Machinery and Equipment	No Selection	R165 112	R69 770	R25 500	R26 600	R0	R0	R17 529	R0	R0	R0	6,0%
Community Assets	Community Facilities	R14 224	R0	R0	R8 000	R0	R0	R0	R0	R0	R0	1,5%
Community Assets	Sport and Recreation Facilities	R16 745	R16 241	R15 000	R9 000	R0	R0	R0	R0	R0	R0	
Transport Assets	No Selection	R5 931	R215	R0	R0	R0	R0	R0	R0	R0	R0	0,1%
Stormwater Infrastructure	Stormwater Conveyance	R317 342	R0	R0	R0	R0	R0	R0	R0	R0	R0	7,0%

Type	Sub Type	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031	2031/ 2032	2032/ 2033	%
Stormwater Infrastructure	Drainage Collection	R414	R8 551	R0	R0	R0	R0	R9 496	R0	R0	R22 398	
Stormwater Infrastructure	Attenuation	R0	R0	R0	R0	R0	R0	R0	R0	R0	R0	
No Selection	No Selection	R15 269	R11 864	R4 200	R200	R2 000	R0	R49 872	R0	R0	R2 220	1,7%
Grand Total		R1 612 937	R543 906	R240 017	R225 058	R125 760	R35 810	R1 111 393	R51 010	R52 851	R1 118 600	100%
Percentage		32%	11%	5%	4%	2%	1%	22%	1%	1%	22%	

Notable findings from Figure 2-123 and Table 2-168 are outlined as follows:

- The Municipality places the highest emphasis on Sanitation Infrastructure, with 445 projects of the total demand. This commitment is evident through substantial investments in projects like Outfall Sewers (15%; 219 projects), Wastewater Treatment Works (5%), Pump Stations (3%), and Capital Spares (11%), indicating a strong focus on enhancing sanitation services and wastewater management. The diverse urban morphology of the Overstrand area is likely a significant driver behind the higher percentage of capital demand for Sanitation Infrastructure. Different urban development types, population distribution, infrastructure conditions, and unique challenges associated with each area contribute to the need for a robust and adaptable sanitation network. The municipality's focus on sanitation infrastructure investment underscores its commitment to providing reliable and effective sanitation services to cater to the varied needs of its residents.
- Water Supply Infrastructure follows closely with 386 projects of the total demand. Within this category, key projects such as Distribution (12%; 168 projects), Bulk Mains (8%), and Capital Spares (3%) underscore the municipality's dedication to maintaining a reliable water supply, managing distribution networks, and ensuring water treatment and storage. The elevated demand for water infrastructure in the Overstrand area is driven by various factors. Firstly, the region's population growth drives an increased need for water supply and distribution systems to cater to expanding households, businesses, and facilities. Additionally, ongoing urban development and the establishment of new housing and commercial zones necessitate the creation of freshwater distribution networks. Seeing that Overstrand serves as a popular tourist destination, the potential for substantial seasonal population surges underscores the requirement for upgraded water infrastructure to ensure ample supply during peak demand periods. Furthermore, the adoption of sustainable water management practices may call for investments in bulk water mains, reservoirs, and distribution systems to guarantee efficient utilisation and conservation of water resources. Lastly, the ageing existing infrastructure and the need for its replacement or upgrading to ensure dependability and minimise water losses due to leakage also contribute to this demand.
- Electrical Infrastructure ranks next in priority, accounting for 107 projects of the total demand. The capital demand is distributed across various sub-types: LV Networks (5%), MV Networks (3%), HV Substations (1%), MV Switching Stations (1%), and MV Substations (1%). This reflects a focus on improving and expanding electrical services to cater to current and future demands. Population and economic growth are driving factors behind the heightened demand for electrical infrastructure in the Overstrand area. Considering South Africa's history of load shedding due to electricity supply constraints, addressing the demand for electrical infrastructure becomes even more urgent for Overstrand to ensure a stable and uninterrupted power supply for its growing population and expanding economy. Ageing infrastructure prompts the consideration of upgrades or replacements to ensure safety, efficiency, and reliability. Maintaining stable voltage and dependable distribution becomes critical as electricity demand fluctuates, prompting investments in substations and switching stations.
- The relatively low capital demand for Machinery and Equipment (6%; 49 projects) underscores the municipality's emphasis on maintaining efficient municipal operations by investing in functional equipment. This strategic

percentage ensures that essential operational tools are kept in optimal condition to support various municipal functions.

- Storm Water Infrastructure accounts for 7% of the total demand, emphasising the significance of managing stormwater runoff and drainage systems. This includes projects like Storm Water Conveyance (6%) and Drainage Collection (1%). This indicates a commitment to mitigating flooding risks and maintaining proper drainage, particularly in an area with varying urban morphology and potential for runoff challenges.
- Community Assets receive 1,5% of the total demand, with investments in projects like Sports and Recreation Facilities (1%) and Community Facilities (0.5%), contributing to community well-being and recreational opportunities.
- Road infrastructure is 1,7% of the total demand, reflecting a commitment to enhancing transportation networks and ensuring efficient connectivity within the municipality. This low percentage could be attributed to the Western Cape's relatively well-looked-after roads and connectivity. These roads would not need a significant amount of refurbishment or upgrading but rather maintenance.

2.32.4 Unpacking Project works location

Using the project's spatial attributes allows the Municipality to better understand spatial realities, ultimately informing locationally based decision-making. This analysis allows us to understand the specific areas targeted for development as per the Spatial Development Framework, as well as other spatial lenses. The location data reveals areas where capital demand is intended to take place, providing a clear understanding of the areas earmarked for investment requirements to either service growth or enhancement.

- **Administrative HQ:** The Administrative HQ serves as the central office for identifying expenditures linked to administrative and daily operational aspects.
- **City-wide:** City-wide services yield municipality-wide benefits, with specific details lacking for lower-level allocation.
- **Not Mapped:** "Not mapped" refers to items lacking spatial locations.
- **Mapped:** refers to all projects that have spatial locations attached to them.

Understanding these details becomes instrumental in assessing the equitable distribution of resources and infrastructure investments across the Municipality. Additionally, it allows for spatially driven decision-making using location as one of the key prioritisation considerations. By scrutinising projects at this spatial level, the local government gains valuable insights into the geographic concentration of needs.

Figure 2-124: Total Demand per Project Location across the Municipality

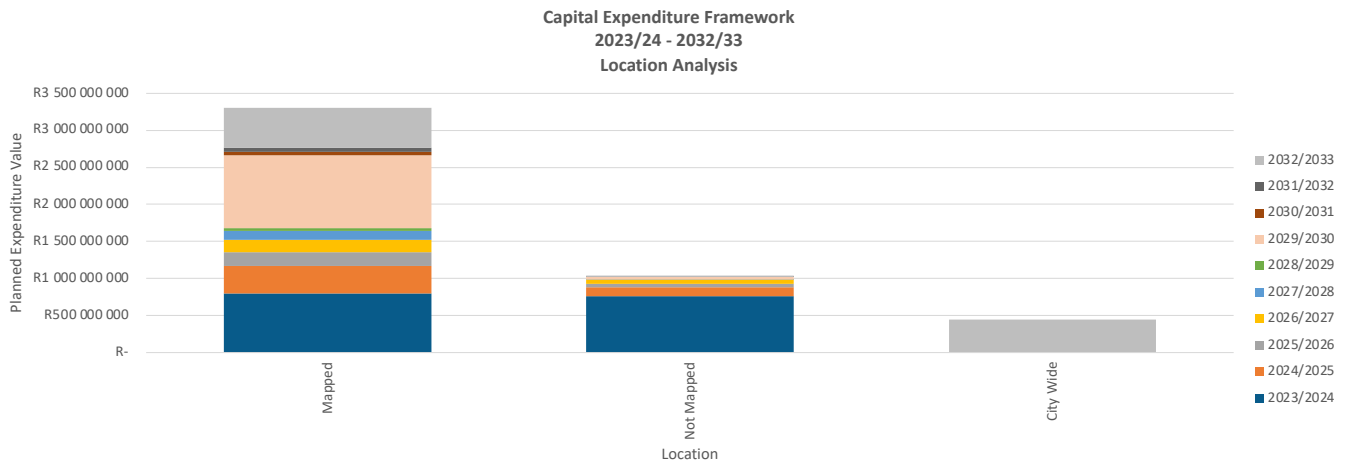


Table 2-169: Total Demand per Location across the Municipality

Location	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	Total	%
Mapped	R795 314	R377 132	R185 030	R160 638	R122 480	R35 530	R982 468	R50 730	R52 071	R543 498	R3 304 891	69%
Not Mapped	R763 561	R113 328	R50 787	R56 720	R2 080	R80	R33 864	R80	R580	R14 431	R1 035 511	22%
City Wide	R0	R0	R0	R0	R0	R0	R0	R0	R0	R448 691	R448 691	9%
Grand Total	R1 558 874	R490 460	R235 817	R217 358	R124 560	R35 610	R1 016 332	R50 810	R52 651	R1 006 620	R4 789 092	100%

Notable findings from Figure 2-124 and Table 2-169 are outlined as follows:

- The substantial demand to mapped areas signifies a strategic focus on well-defined and planned regions within the municipality. These areas likely correspond to zones identified in the municipality's planning documents, such as the Spatial Development Framework (SDF) or other urban planning initiatives. The high percentage allocated to these mapped areas suggests a proactive approach to concentrated development and infrastructure enhancement in line with the municipality's spatial vision.
- Projects that have capital demand which are categorised as "Not Mapped" indicate a lack of locational or GPS information. This designation may imply that these projects are either in an early developmental stage requiring further determination or were omitted from the masterplans.
- The demand of projects per "City-wide" projects indicates an investment in initiatives that benefit the Municipality as a whole rather than being limited to specific mapped or designated areas. These projects could include those that have broader impacts on urban infrastructure, services, and resources that affect the entire municipality equally. Some of these projects include the Overberg Water Distribution Projects such as the TWL Reservoir, Pump Stations and Water Treatment Facilities.

2.32.5 Unpacking portfolio of projects relative to Spatial Development Framework

By using the Spatial Development Framework (SDF), the Municipality can examine how projects align with the geographical development priorities outlined in the strategic document. By scrutinising the portfolio through this lens, we gain insights into how projects contribute to the spatial transformation and development goals of the Municipality. This analysis highlights the geographic areas targeted for growth, redevelopment, and enhancement, as designated by the SDF. Unpacking projects based on their alignment with the SDF enables strategic decision-making that ensures projects are in harmony with broader spatial development objectives.

Figure 2-125: Total Demand per Project Location and Priority Development Areas

**Capital Expenditure Framework
2023/24 -2032/33
Spatial Development Analysis**

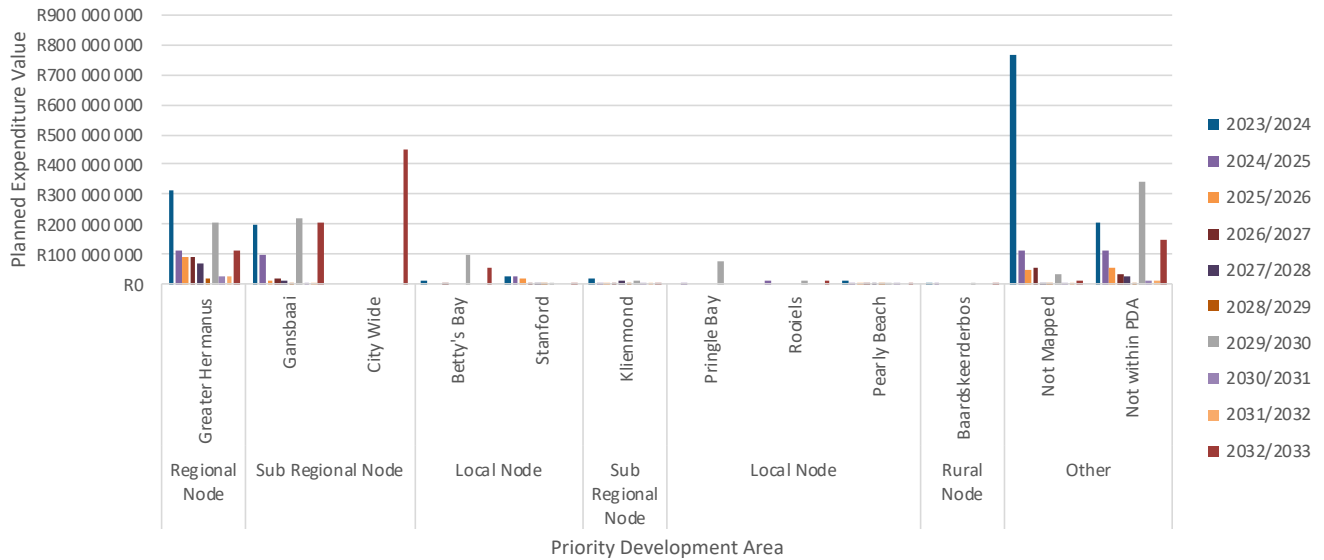
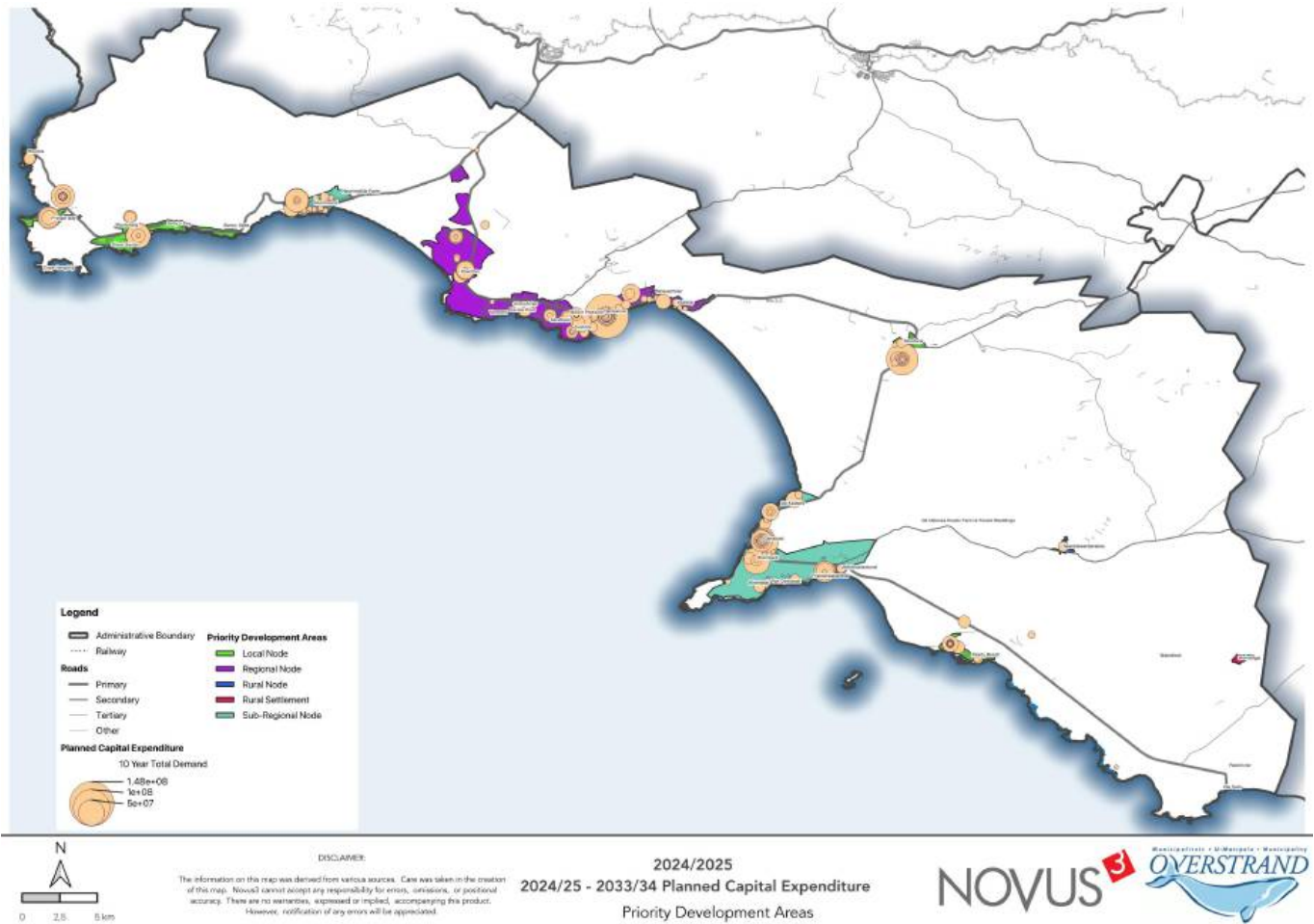


Table 2-170: Total Demand per Project Location and Priority Development Areas (R'000)

Spatial Development Framework	Priority Development Areas	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	Total	%
Regional Node	Greater Hermanus	R315 606	R116 858	R89 433	R92 533	R71 750	R20 750	R205 792	R26 000	R26 500	R115 789	R1 081 010	22,6%
	Not Mapped	R763 561	R113 328	R50 787	R56 720	R2 080	R80	R33 864	R80	R580	R14 431	R1 035 511	21,6%
	Not within PDA	R208 416	R109 875	R54 061	R35 667	R23 853	R1 983	R344 190	R15 580	R15 675	R147 164	R956 464	20,0%
Sub-Regional Node	Gansbaai	R196 077	R100 521	R14 082	R19 178	R9 650	R4 300	R217 218	R3 400	R5 200	R203 531	R773 157	16,1%
	City Wide	R0	R0	R0	R0	R0	R0	R0	R0	R0	R448 691	R448 691	9,4%
Local Node	Betty's Bay	R13 970	R0	R0	R4 000	R0	R0	R102 308	R0	R0	R55 755	R176 033	3,7%
Local Node	Stanford	R30 047	R24 696	R21 333	R166	R5 096	R1 900	R6 891	R0	R0	R1 885	R92 014	1,9%
Sub-Regional Node	Kleinmond	R20 842	R8 695	R5 321	R7 794	R10 831	R5 297	R12 218	R4 850	R4 697	R709	R81 254	1,7%
Local Node	Pringle Bay	R0	R1 106	R0	R0	R0	R0	R79 107	R0	R0	R0	R80 213	1,7%
Local Node	Rooiels	R0	R9 927	R0	R0	R0	R0	R11 737	R0	R0	R15 875	R37 539	0,8%
Local Node	Pearly Beach	R10 316	R30	R800	R1 300	R1 300	R1 300	R1 918	R900	R0	R1 701	R19 565	0,4%
Rural Node	Baardskeerderbos	R40	R5 424	R0	R0	R0	R0	R1 089	R0	R0	R1 089	R7 642	0,2%
Grand Total		R1 558 874	R490 460	R235 817	R217 358	R124 560	R35 610	R1 016 332	R50 810	R52 651	R1 006 620	R4 789 093	100,0%

Figure 2-126: Total Demand per Project Location and Priority Development Areas expressed spatially



Notable findings from Figure 2-125, Table 2-170 and Figure 2-126 are outlined as follows:

- The Regional Node (Greater Hermanus) requires the highest percentage (22.6%), indicating a significant emphasis on developing infrastructure in the regional centre of Greater Hermanus. The Regional Node demonstrates a substantial commitment to strategic urban development and growth. The significant percentage of capital demand to the Regional Node indicates a strong alignment with the priority areas defined in the SDF. This suggests that the Municipality is strategically investing a substantial portion of its resources to develop and enhance the regional hub, which is likely a key economic and urban centre within the municipality's overall spatial plan. The focus on the Regional Node as a priority aligns with the SDF's goals and vision for concentrated development and efficient land use.
- A percentage of 22% of the capital demand is "Not within PDA" which indicates projects that do not intersect with the mapped priority areas. These could be projects that address infrastructure needs that aren't directly related to the defined development nodes, possibly including more dispersed or specific projects throughout the rest of the municipality. The notable percentage demonstrates the municipality's commitment to balanced development, extending resources to areas beyond the main priority zones.
- Sub-Regional Nodes (Gansbaai) requires 16.1% of the capital demand and this signifies a focus on developing secondary urban centres that contribute to the overall urban network's efficiency and resilience. This percentage recognises the importance of balanced growth across different areas.

- Local Nodes indicates an investment of 10.3% in smaller urban centres or local neighbourhoods. This percentage underscores the municipality's commitment to improving the quality of life and infrastructure in more localised areas.
- Despite the small percentage, the 0.2% requirement of capital demand to Rural Nodes (Baardskeerdersbos) reflects some emphasis on rural development in the current capital demand plan. This particular area demonstrates the municipality's commitment to addressing the needs of rural areas, ensuring equitable development as per the Spatial Development Framework.
- The 9,4% to "City Wide" projects underscores initiatives with a broad impact across the entire municipality. This category likely includes projects benefiting the entire community, potentially contributing to overall municipal improvements.
- The percentage to "Not Mapped" suggests a portion (21.6%) of the capital demand that has not been specifically tied to mapped priority areas. This significant percentage might encompass various projects distributed throughout the municipality, addressing various infrastructure and non-infrastructure needs that don't fall into specific Priority Development Areas.

2.33 Concluding remarks

For concluding remarks, refer to Part 6: Institutional Arrangements.

Part 3
Long-Term Financial
Plan & Affordability
Envelope

3 Part 3: Long-Term Financial Plan & Affordability Envelope

3.1 Aims and objectives

- Building and maintaining financially sustainable municipal operations and service delivery;
- Supporting the citizens of the Municipality in growing the local economy through strategically integrated and growth-aligned prioritised capital investments, and;
- Identify a sustainable affordability envelope.

Synopsis

This update to the LTFP is brought about by the development of the Capital Expenditure Framework for Overstrand Local Municipality in the third quarter of the 2023 calendar year (CY). The Capital Expenditure Framework effectively integrates the three important municipal spheres of spatial planning, infrastructure planning and financial planning within the ambit of the Integrated Development Plan (IDP) and municipal annual budget process.

The municipal economic and socio-economic profile is compiled in the CEF and used as an input to the Long-term Financial Model (LTFM) – the same which is used to inform LTFP. As part of the LTFP, the capital expenditure affordability envelope is projected and included in the CEF.

The Capital Expenditure Framework ensures strategically integrated and growth-aligned prioritisation of capital investments within the affordability envelope – an important assumption of the long-term financial model and plan.

The LTFP is compiled based on an analysis of forecast projections from the long-term financial model. It spans a ten-year period (2022/23 – 2032/33), the first four of which include adjusted budget and medium-term revenue and expenditure framework budget data. This forecast uses a five-year historic period of available audited outcome financial data.

As a guiding consideration, the Municipality determines whether it would take a prudent approach in preparing the forecast by leaning towards the conservative end of what is deemed as a reasonable forecast spectrum.

Overstrand Local Municipality is of the view that current (existing) circumstances and exogenous factors will have a long-term constraining impact on its operations. Amongst others, the Municipality is increasingly facing the realities of climate change and other rising cost pressures to municipal service delivery within the context of pronouncements by the National Government of decreasing financial (grant) allocations. As a result, Overstrand Local Municipality is aligning its strategic planning accordingly. Where applicable, the LTFP indicates this approach and advises that consideration may need to be given to include revisions to the LTFP should there be material differences to actual realised values.

3.2 Significant directly impacting external and internal growth factors

A summary of the most significant directly impacting external and internal growth factors:

- Although forecast population growth only loosely relates to household growth, both population and household growth projections indicate an upward trend during FY 2024 to FY 2030, followed by a downward trend for the last three years up to the end of the planning timeframe at FY 2033. In addition, when considering the trend in the proportionality of indigent households to total households and its impact on revenue growth assumptions applied in the LTFM, current indicators point to a possible continuation (in all material respects) of the trend emerging from the MTREF.

- Gross Value Addition (GVA) growth trends look to be indicating the start of an upward cycle. Combined with the intended strategically integrated and growth-aligned prioritisation of local capital investment as set out in the CEF, it is plausible to assume an upward trajectory in regional GVA growth. Historic actual GVA growth percentages are used in determining the weighted average cost of capital for the Municipality in quantifying the proxy for the growth impact of capital investment.
- Agriculture, Mining, Construction, Trade, Business services, Manufacturing, and Logistics, are the main industrial sectors which drive economic growth in the region in which the Municipality is located, and these drivers should be prioritised in Capital Expenditure Framework-led capital investment planning.
- The Municipality estimates that infrastructure investment towards alternative sources of electricity provision (refer to projects prioritised in the CEF) will move into the operational phase starting FY 2030 (forecast year 7). This may adversely affect municipal revenue from service charges from electricity and is prudently reflected in the revenue assumptions included in the LTFM. It highlights the importance of prioritising capital investment projects aimed at safeguarding and growing the municipality's ability to deliver a reliable electricity service to its citizens at affordable tariffs, in the CEF prioritisation model.
- The Municipality is addressing the need for reliable and affordable water provision to its citizens through various infrastructure projects (refer to projects prioritised in the CEF). In particular, the large-scale investment in a seawater desalination plant will make a significant contribution towards growing municipal water service delivery. Projected project timelines and estimates indicate a 20% increase in water provision in FY 2027 at the operationalisation of Phase 1 of the seawater desalination plant. A further 20% increase is projected at the implementation of Phase 2 in FY 2030. Phase 3 implementation in FY 2035 falls outside the timeline of this LTFP. The projections above are reflected in the assumptions of the LTFM.
- Historically solid municipal governance and internal controls underpin reliance on the accuracy of historic data as well as trend analysis.
- The LTFM includes a quantified input of the long-term impact which capital investments will have on the financial performance of operations, the financial position, and the liquidity position of the municipality. The weighted average cost of capital used to quantify this impact consists of the rates of return required by providers of:
 - Internally generated funds – GVA growth percentage;
 - Borrowings – cost of debt, and;
 - Government grants and subsidies – GDP⁷ growth percentage.

3.3 Main features of the Financial Plan

The main features of the financial plan for sustainable operations towards growth in prioritised capital investment are:

- **Capital investment accuracy:** For this financial plan to be achievable and realisation of possible upward adjustments, the Capital Expenditure Framework must ensure that capital investments are strategically integrated, and growth aligned.

⁷ National Treasury: 2023 Budget Review Economic Outlook

- **Interpretation notes:** Revenue and expenditure items are forecast on a line-item basis e.g., “electricity”. As the LTFP spans a long-term period (10 years) and not only an MTREF budget period (3 years), the LTFM utilises annual growth percentage assumptions, which would encompass both prices and volumes per line item (where applicable). Therefore, annual growth percentages expressed in the LTFP should be interpreted on both a price and volume basis.
- **Surplus/(deficit) from operations:** Over the forecast period, an operational surplus is an indicator of financially sustainable operations. Accumulated surpluses are utilised in keeping to affordable tariffs (during budget setting) and capital investment towards economic growth and the benefit of the citizens of the municipality. Historically, operations produced a surplus of revenue over expenditure, declining from R136m for FY 2020 to R26m for FY 2021 and showing recovery to R44m for FY 2022. A deficit of R6m for adjustment budget FY 2023 starts a budgeted up and down cycle over the MTREF, settling on a surplus for budget FY 2026 (R19m). Movements in the surplus/(deficit) position correlate to periods where annual growth in budgeted total expenditure exceeds annual growth in budgeted total revenue. The largest contributing factor to this occurrence over the MTREF is the NERSA-approved increases. Eskom tariff increases as approved by NERSA (18.49% for 2023/24) are above the NERSA-approved tariff increases that municipalities may impose (15.10%). This is reflected in the annual growth percentages during the MTREF. This occurrence sets a structural change in the growth trend for revenue from electricity service charges and expenditure for bulk purchases of electricity. In the absence of further material impacts which would significantly alter the growth trend emerging from the MTREF, this trend is projected to continue over the forecast period. Resultantly, projected annual growth in electricity service charges is lower than projected annual growth in the associated expense item. This is the major contributing factor to the projected declining surplus position over the forecast period. Over the forecast period, a surplus of R105m for FY2027 declines to a small surplus of R29m at the end of the forecast period (FY 2033). Again, this shows a correlation to periods where annual growth in forecast total expenditure exceeds annual growth in forecast total revenue, mainly due to higher electricity input costs than what may be recovered. Implementation of capital investment towards alternative electricity provision sources needs to be monitored to determine whether these assumptions need to be reconsidered and the LTFP revised accordingly. Strategically integrated and growth-aligned capital investment should have a positive impact on the forecast surplus position, which is quantified and included in each of the forecast years. The assumption is supported by the municipalities’ historic track record of surplus generation. The assumption also highlights the importance of the role of the CEF in setting the framework to support this requirement.
- **Risks and recommendations - Surplus/(deficit) from operations:**
 - Strong emphasis must be placed on strategically integrated and growth-aligned prioritisation of capital investments via the CEF.
 - Actual realised surplus/(deficit) data needs to be monitored on a continuous basis in determining whether the projections in the LTFM need to be reconsidered. The LTFP needs to be adjusted accordingly to ensure the goals of the plan are achieved.
 - Implementation of capital investment towards alternative electricity provision sources needs to be monitored to determine whether the assumptions in relation to electricity service charges and bulk electricity purchases need to be reconsidered and the LTFP revised accordingly.
 - Monitoring of realised surpluses should be used as a possible indication of the degree to which capital investment is growth-aligned and strategically accurate. Consideration should then be given to possible changes to the CEF and LTFP, in accordance with actual data.

- Total assets:
 - Projected growth in the nominal value of property, plant and equipment aligns with budgeted and forecast capital expenditure, both over the MTREF as well as the forecast period. Overstrand Local Municipality is considering methods to deal with the challenges it is facing in climate change, rising cost pressures for municipal service delivery and reduced grant funding from other spheres of government. At the same time, the goals of the LTFP are to manage and maintain financial sustainability while also growing prioritised capital investments.
 - Therefore, it is considering (as part of this plan) growing its cash and investments balance over the forecast period, in a measured fashion. The objectives would be to maintain adequate cash cover of operations; create financial resilience against unforeseen events through adequate cash-backed reserves, and increasingly fund capital investment from cash-backed internally generated funds reserves. All statutory reserves, working capital, short-term provisions and liabilities, and commitments will remain cash-backed prior to growing any cash-backed internally generated funds reserves.
 - As funding of capital expenditure from internally generated funds (CRR) supports the financial sustainability goals of this plan, forecast growth in the nominal value of cash and investments would mainly be driven by growth in cash-backed CRR (internally generated funds).
 - Should this option be implemented, a portion of the available CRR balance will be utilised for capital expenditure. This will support growth in the cash reserve position of the municipality, bolstering its financial resilience against unforeseen events while maintaining and growing operational efficiency. Although the proportional percentage of PPE and cash and investments would move inversely, property, plant and equipment (and total assets) are managed towards growth by using sufficient gearing levels to fund capital expenditure (refer to Total liabilities below).
 - The Municipality is estimating a slight decline in the collection rate over the forecast period, emanating from the MTREF trend in the proportionality of indigent households to total households. This may result in immaterial nominal growth in receivables over the forecast period. The Municipality continues to follow a prudent debt collection process as set out in its Customer Care Credit Control Debt Collection Policy of 26 July 2023.
- Total liabilities:
 - As stated in the previous item, Overstrand Local Municipality is considering methods to deal with the challenges it is facing in climate change, rising cost pressures for municipal service delivery and reduced grant funding from other spheres of government. At the same time, the goals of the LTFP are to manage and maintain financial sustainability while also growing prioritised capital investments. As part of the strategy to deal with these issues and accomplish these goals, the Municipality will continue using external borrowings as a funding source for continued optimal capital expenditure within the parameters as set out in the municipal Borrowings Policy 31 May 2022.
 - This will create the space necessary to slowly grow the cash and investments balance. At the same time, it supports keeping capital expenditure at an optimal level for capital investment towards economic growth. Following the repayment of a bullet loan in FY2026, the Municipality estimates annual drawdowns of R60m over the forecast period. The proportional percentage for borrowings in relation to total liabilities should then decrease over the forecast period as the nominal value will remain constant, leading to an effective reduction in external borrowings over time.

- Risks and recommendations - Asset and liability management:
 - Consideration will be given to growing the cash and investments position in relation to the capital replacement reserve. The goals of growing the municipal cash position would be to maintain adequate cash cover of operations; create financial resilience against unforeseen events through adequate cash-backed reserves; and increasingly fund capital investment from cash-backed internally generated funds reserves.
 - The collection rate needs to be monitored to determine whether the assumption of its slight decline needs to be revised in the LTFP.
 - The CEF provides the overarching framework to ensure capital investment is strategic and growth-aligned, balancing between infrastructure and non-infrastructure assets. The LTFP provides the financial parameters, taking into consideration the shared impacting factors.
 - External borrowings will be used to support sufficient capital expenditure towards strategic and growth-aligned capital investment.
- Liquidity management:
 - As stated in the total assets and total liabilities items above, the Overstrand Local Municipality is considering methods to deal with the challenges it is facing in climate change, rising cost pressures for municipal service delivery and reduced grant funding from other spheres of government while also maintaining financial sustainability and growing prioritised capital investments. Therefore, it may opt to grow its cash and investments balance over the forecast period, in a measured fashion. The objectives would be to maintain adequate cash cover of operations; create financial resilience against unforeseen events through adequate cash-backed reserves; and increasingly fund capital investment from cash-backed internally generated funds reserves.
 - In finding a balanced approach, the aim would be to possibly grow its cash position (specifically, cash-backed CRR) while using sufficient and affordable levels of gearing. Should effect be given to this option, the projected current ratio would rise gradually over the forecast period from 2.21:1 for FY 2027 to 2.94:1 for FY 2033. It would be necessary to support sufficient cash cover of various statutory reserves and municipal reserves as well as selected liabilities. The municipal policy requires a minimum of three months' cash cover of working capital (operational expenditure). This requirement is met over the forecast period and will remain the priority should the CRR balance be increased over the forecast period.
 - Should it be implemented, a growing CRR will bolster the municipality's resilience against unforeseen events and its ability to fund capital investment from internally generated funds. The most important contributor to the CRR balance is cash-funded depreciation. As the CRR balance is also cash-backed, transfers of cash-funded depreciation to the CRR are managed to ensure cash cover of all other reserves and liabilities are met. The utilisation of the available balance may be kept lower than what was transferred to the reserve in the preceding year to ensure growth in the CRR balance. Sufficient levels of external debt are used to ensure that capital expenditure remains at an optimal level. Should this option be implemented, utilisation of CRR is projected to increasingly contribute to funding of capital expenditure over the forecast period.
- Risks and recommendations - **Liquidity management**:
 - Overstrand Local Municipality may consider, as part of this LTFP, growing the cash and investment position in relation to the cash-backed CRR. The overarching objectives would be maintaining adequate cash cover of operations; creating financial resilience against unforeseen events through adequate cash-backed reserves; and increasingly funding capital investment from cash-backed internally generated funds reserves.

The aim of growing the cash-backed CRR and using sufficient levels of gearing is a balanced approach to dealing with the external challenges facing the Municipality and reaching the goals of this plan. All statutory reserves, working capital, short-term provisions and liabilities, and commitments will remain cash-backed prior to growing any cash-backed internally generated funds reserves.

- The current ratio should be managed slightly higher should growth in the CRR balance be implemented.
- Three months' working capital cash cover will remain in place throughout.
- Cash-funded depreciation expense may be contributed to CRR to the level where full cash cover of working capital is kept in place alongside cash cover of the CRR balance. The projected decline in operational surplus would lead to reduced contributions to CRR and result in reduced funding availability for capital investment. Actual data needs to be monitored throughout and the plan adapted accordingly.
- **Funding capital expenditure:** Determining the optimal value for annual capital expenditure is a balancing act between an optimal mix of funding sources and the level of implementation which is possible given the operational capacity. The nominal contribution of external debt is projected to remain constant over the forecast period. As the CRR balance grows, utilisation of internally generated funds to fund capital expenditure will increase accordingly. It reduces slightly in the last forecast year due to the projected decline in the operational surplus in the last two forecast years. Actual realised operational surplus/(deficit) needs to be monitored throughout to determine whether the underlying prudent assumptions of the plan need to be changed, as it may have an impact on the funding mix. As a result of the funding mix between external debt and internally generated funds, dependence on grant funding may slowly decline over the forecast period. This plan may effectively reduce the impact of the identified risk of decreasing financial (grant) allocations. When comparing the budgeted/forecast capital expenditure and the estimated level of expenditure given existing operations, it is estimated that implementation of the projected capital expenditure over the forecast period should be achievable. Continual monitoring of these items needs to inform any possible changes to implementation capacity drivers (employee-related costs and contracted services), should implementation capacity need to be increased.
- **Risks and recommendations - Funding capital expenditure:**
 - As a result of the projected funding mix between external debt and internally generated funds, dependence on grant funding may slowly decline over the forecast period, effectively reducing the impact of the identified risk of decreasing financial (grant) allocations.
 - Actual realised operational surplus needs to be monitored throughout to determine whether the underlying prudent assumptions of the plan need to be changed. This may have an impact on the availability of internally generated funds with which to fund capital expenditure.
 - Municipal capacity for the implementation of forecast capital expenditure looks to be sufficient over the planning period. However, continual monitoring of these items needs to inform any possible changes to the implementation capacity drivers (employee-related costs and contracted services), should implementation capacity need to be increased.

3.3.1 Updated timeframe

a. Context

The LTFP, defined by statutory guidance and the municipal Long-Term Financial Planning and Implementation Policy, spans a period of ten (10) years, inclusive of the statutory three-year medium-term revenue and expenditure framework (MTREF) budget period.

This needs to be understood in the context of the difference between “setting a budget” and “preparing a forecast”.

a.1 *Setting a budget*

When a budget is set, existing factors (current FY and the most recently audited FY) are considered in setting targets for the short- to medium-term. These targets are purposely aimed to achieve and may therefore be interpreted as “what is likely to take place”.

However, it should be noted that medium-term targets (budget FY 2 and budget FY 3) will have a higher degree of exposure to exogenous and/or unknown factors when compared to short-term targets (budget FY 1).

Nonetheless, modelled scenarios in the LTFM assume the approved MTREF budget as what is likely to take place and includes it as such. To accommodate LTFM classification requirements, non-material adaptations may be made to approved MTREF values included in the LTFM.

a.2 *Preparing a forecast*

In contrast, a forecast aims to provide an indication of what is likely to take place in future financial years, given sight of available information and data points. This would include but is not limited to, the likelihood of “black swan” events, economic growth trends, structural economic changes, municipal capital investment, etc.

As a result, the interaction between all these factors, both historic and future (where available), needs to be considered when preparing a forecast.

As an overarching or guiding consideration, the Municipality determines whether it would take a prudent approach in preparing the forecast by leaning towards the conservative end of what is deemed as a reasonable forecast spectrum.

b. Timeframes

The following timeframes encompass this update to the LTFP:⁸

- Historic audited financial data: 2017/18 – 2021/22 (audited FY -5 to audited FY -1). Refer to the blue section in Table 3-1.
- Adjustment budget financial data: 2022/23 (ADJB FY 0). Although this financial year has been closed at the time of this plan, it is still the latest adjustment budget available for consideration. Refer to the grey section in Table 3-1.
- MTREF budget financial data: 2023/24 – 2025/26 (budget FY 1 to budget FY 3). This is the latest MTREF budget available for consideration. Refer to the grey section in Table 3-1.

⁸ The South African local government financial year spans 1 July to 30 June.

- Forecast financial data: 2026/27 – 2032/33 (forecast FY 4 to forecast FY 10). Refer to the pink section in Table 3-1.

Table 3-1: Year Long-Term Financial Plan Period (2023/24 – 2032/33)

						10 Year Long term Financial Plan period (2023/24 - 2032/33)									
-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033

3.3.2 Long-term Financial Plan policy, strategy, and objectives

This update has been brought about by the introduction of the CEF in the third quarter of the 2023 CY, which necessitated this update to the LTFP.

Consideration will be given to possible amendment of the municipal Long-Term Financial Planning and Implementation Policy, to introduce the role of the CEF and the interaction between the LTFP and CEF.

The objectives of the LTFP are:

- Building and maintaining financially sustainable municipal operations and service delivery.
- Supporting the community in growing the economy through strategically integrated and growth-aligned prioritised capital investments.

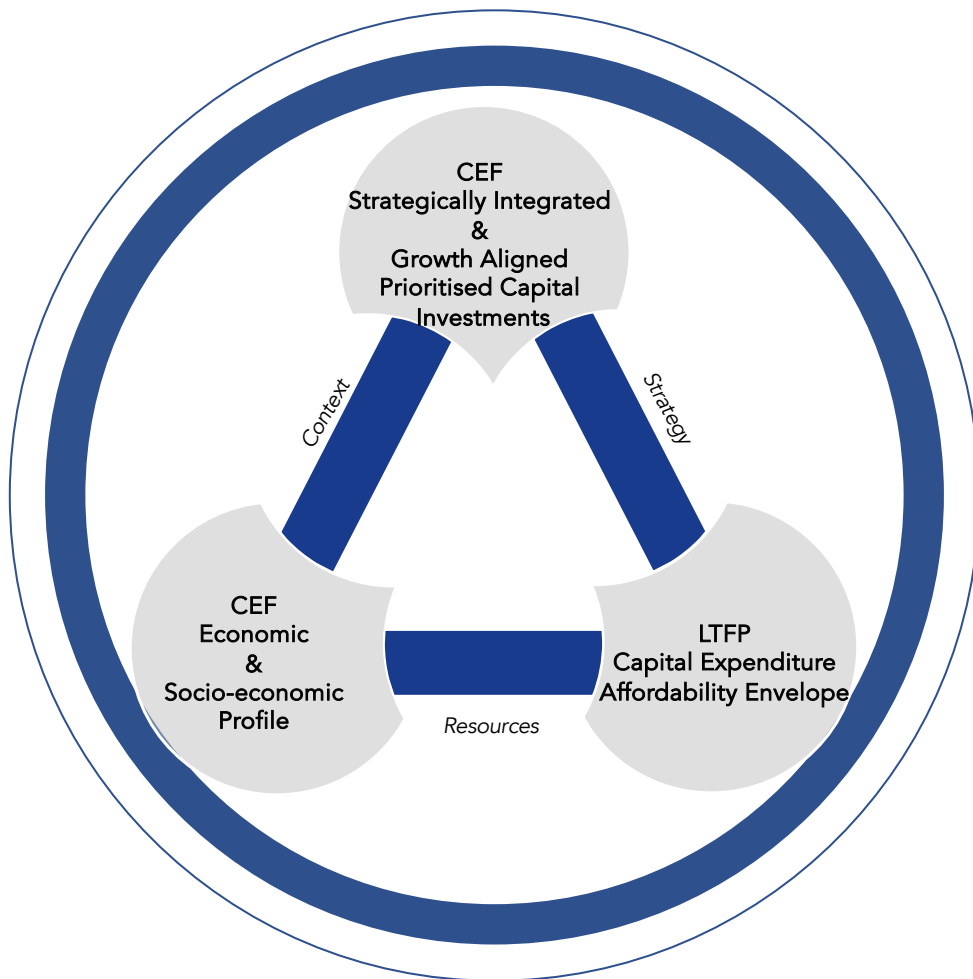
3.3.3 Alignment and interaction

a. Direct

A key ingredient to achieving the goal of the CEF is the capital expenditure affordability envelope as projected in the LTFP, using the long-term financial model (LTFM) results. In turn, the LTFP aligns with the integrated framework by adopting the CEF economic and socio-economic profile and using it as an input to the LTFM. A further key responsibility of the CEF is to ensure strategically integrated and growth-aligned prioritisation of capital investments within the affordability envelope. The LTFP refers to the CEF in this regard, and it is an important assumption in the LTFM.

The direct interaction between the CEF and LTFP can be summarised as follows:

Figure 3-1: Alignment and interaction



b. Indirect

When all contributing stakeholders keep within the combined framework set by the CEF, the result is likely to converge to the financial goals as set out by this plan.

Long-Term Financial Plan

Compiling a financial plan which would deliver on continually building and maintaining financially sustainable municipal operations while also providing sufficient financial support towards integrated strategic and growth-aligned capital investments, requires an appreciation and understanding of:

- External and internal factors which directly impact the growth of the municipal region are quantified, and expressed in financial terms over the LTFP timeframe.
- The existing and future operations of the municipality, quantified and expressed in financial terms over the LTFP timeframe.

This is accomplished by using the LTFM⁹ by combining the above inputs, being cognisant of the impacts they have on each other. The results are interpreted in financial terms over the timeframe, informing the recommendations of the LTFP and the capital expenditure affordability envelope included in the CEF.

Various scenarios are included in the LTFM and analysed with the view toward determining the most realistic optimal future financial position of the Municipality over the planning timeframe. This scenario results informs the LTFP and its recommendations.

Amongst others, the Municipality is increasingly facing the realities of climate change and other rising cost pressures to municipal service delivery within the context of pronouncements by the National Government of decreasing financial (grant) allocations. As a result, Overstrand Local Municipality is aligning its strategic planning accordingly, and the municipality's view is that it will have a long-term effect on the municipal region and the financial position of the municipality, the assumptions included in the LTFM are on the conservative end of the spectrum. Therefore, the projections used in compiling this update to the LTFP are conservative and may need to be adjusted over the planning period as actual data becomes available.

The remainder of this section covers these inputs, results, and recommendations.

3.4 Directly impacting external and internal growth factors

3.4.1 Economic and socio-economic profile

The LTFP refers to the socio-economic section of the CEF for an in-depth analysis of the economic and socio-economic profile of the municipal region. Although the full body of information is considered during the preparation of this plan, only certain aspects are highlighted in this section of the LTFP.

a. Population and household growth trends

Population, and more specifically households, are direct drivers of:

- Revenue from service charges;
- Revenue from property rates, and;
- Expenses related to delivering municipal services.

It is important to consider these growth trends in the assumptions of the LTFM.

⁹ Saldanha Bay Local Municipality long-term financial model, revised to include capital expenditure funding scenarios and a quantified proxy for the growth impact of capital investment – Annexure H.

Figure 3-2: Projected population growth percentages, based on projected population numbers

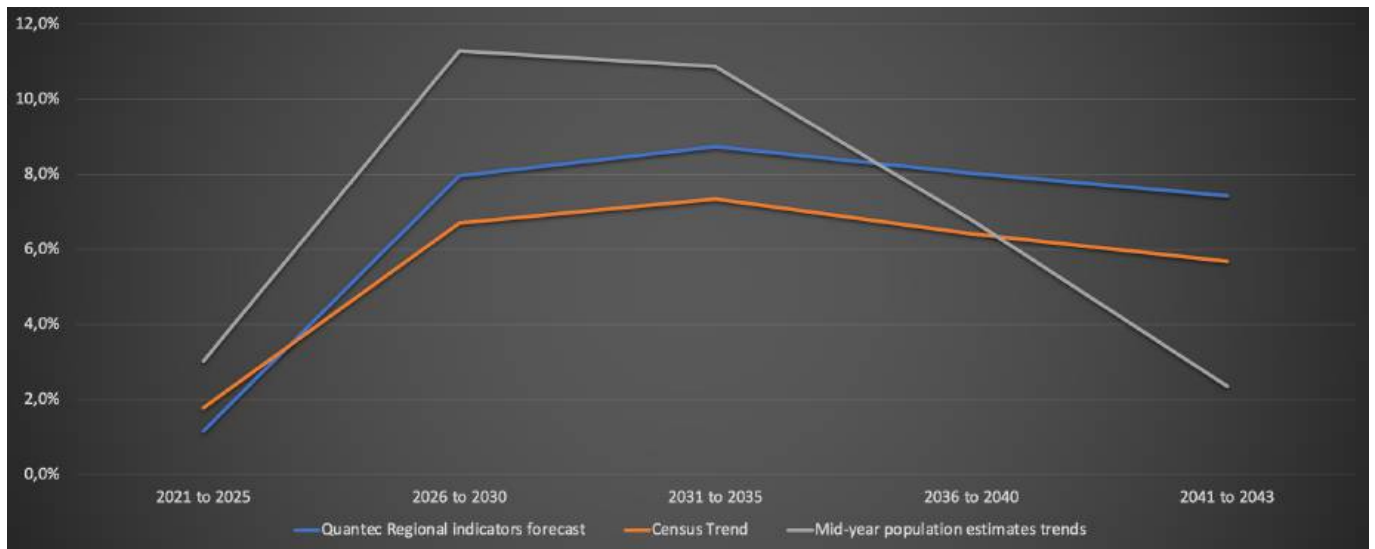


Table 3-2: Projected population growth percentages, based on projected population numbers

	2021 to 2025	2026 to 2030	2031 to 2035	2036 to 2040
Quantec Regional Indicators forecast	1,2%	8,0%	8,7%	8,0%
Census Trend	1,8%	6,7%	7,4%	6,4%
Mid-year population estimate trends	3,0%	11,3%	10,9%	6,8%

Figure 3-3: Projected household growth percentages, based on projected household numbers

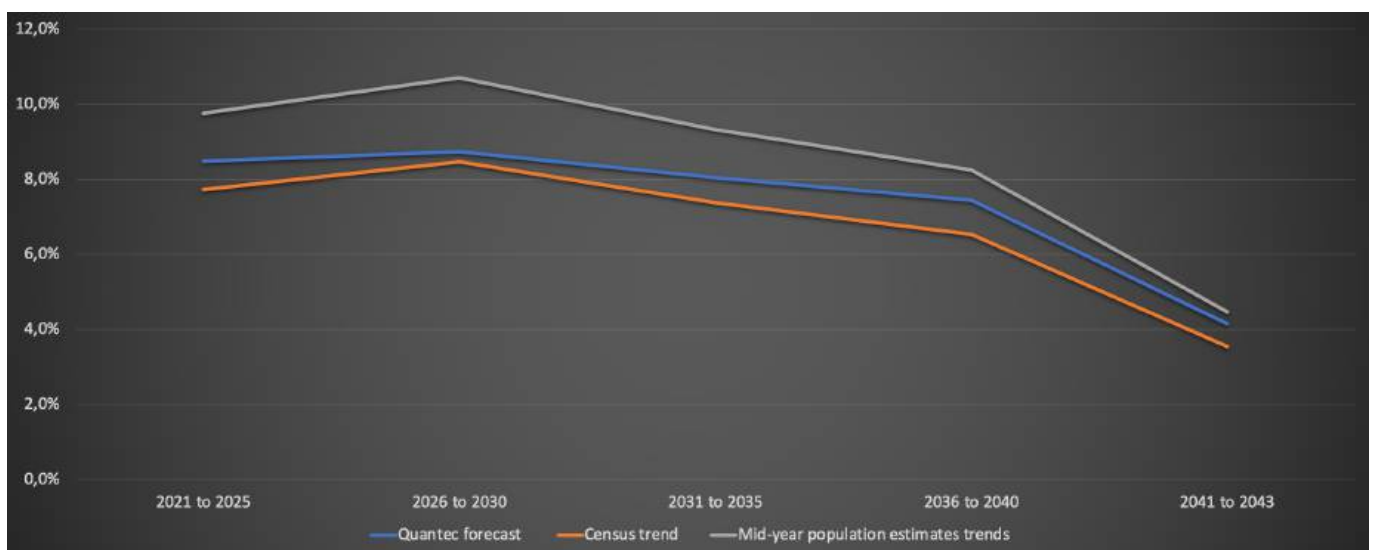


Table 3-3: Projected household growth percentages, based on projected household numbers

	2021 to 2025	2026 to 2030	2031 to 2035	2036 to 2040
Quantec Regional Indicators forecast	8,5%	8,7%	8,0%	7,4%
Census Trend	7,7%	8,5%	7,4%	6,5%
Mid-year population estimate trends	9,8%	10,7%	9,3%	8,3%

The Overstrand municipal region forecast population growth only loosely relates to household growth i.e., the trajectory in changes in population growth is far more pronounced than that of household growth. Nonetheless, an upward trend during FY 2024 to FY 2030 is followed by a downward trend for the last three years up to the end of the planning timeframe at FY 2033.

a.1 Proportionality of indigent households

In accordance with the municipal Indigent Policy¹⁰, registered indigent households receive subsidised basic services from the municipality. These registered households also receive free water up to 10 kilolitres per month and free electricity up to 50kWh per month. Therefore, the proportionality of indigent households to total households needs to be considered in the revenue assumptions of the LTFM.

The following indicators were considered, amongst others, in determining whether the historic trend of indigent households in proportion to total households would be materially impacted over the planning period:

- Household income categories as reported in the CEF: Data from 1996 to 2011 indicates a proportional shift towards lower household income in the municipal region. Given the amount of time that has passed since this official data has been available, this occurrence was well reflected in the existing proportional indigent household trend.
- Municipal Indigent Registration Campaign 2023: In accordance with statutory requirements, the Municipality is providing significant support to qualifying citizens in re-applying or applying for indigent subsidy support. This process will impact the number of indigent households in the medium term, which is evident in revenue assumptions for the MTREF period of the LTFM. As this process will be done annually, it is not likely to have a material impact over the forecast period as it is established as part of the trend emerging during the MTREF period. Any changes in proportional growth over the forecast period most likely relate to economic factors.
- Other structural and significant impacting factors: Economic and socio-economic factors are likely to continue in the trends identified in the CEF and LTFP. Therefore, it is not likely to have a material impact on the proportionality trend emerging from the MTREF.

Therefore, the revenue growth assumptions in the LTFM are that the trend in proportionality of indigent households to total households over the forecast period will not be materially different from the MTREF period. This trend will be monitored as implementation occurs, and any identified material impacts to the trend will be considered.

b. Growth in regional Gross Value Added (GVA)

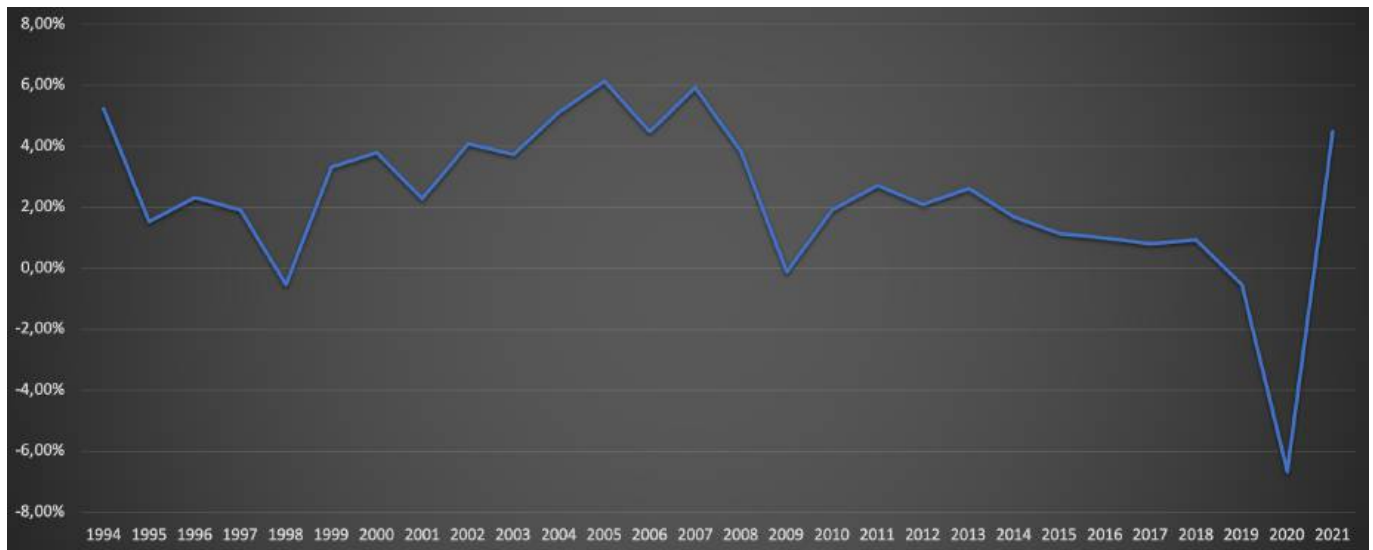
Trends in historic GVA¹¹ growth percentages are used as an indicator of regional economic growth over the planning timeframe. Total GVA¹² reflects the overall economic position of the municipality. Both the growth trend as well as the latest published growth percentage were considered in determining appropriate line-item assumptions in the LTFM.

¹⁰ Overstrand Municipality/Indigent Policy/Approved by Council 26 July 2023/Retrospective implementation date 1 July 2023/Section 5.

¹¹ Gross value added (GVA) measures the value of goods and services produced in an area, industry, or economic sector. GVA is linked to gross domestic product (GDP). It is GDP – (taxes + subsidies).

¹² Total GVA is added across the 10 industry classifications i.e., it is the sum of the GVA per industry across the 10 classified industries.

Figure 3-4: Overstrand historic GVA growth trend



The GVA growth trend for the Overstrand municipal region is indicative of having reached a bottom in 2020, after which it looks to be moving into an upward cycle (starting with a significant correction in 2021). The Overstrand Local Municipality, through the capital investment framework of the CEF, could make a direct intervention in the regional economy through growth-aligned capital investments.

Considering that the GVA growth trend are indicating the start of an upward cycle as well as the intended strategically integrated and growth-aligned prioritisation of capital investment of the CEF, it is plausible to assume an upward trajectory in the municipal region’s GVA growth. Historic actual GVA growth percentages are used in determining the weighted average cost of capital for the Municipality in quantifying the proxy for the growth impact of capital investment– refer to section 3.4.3.

Table 3-4: Overstrand historic GVA growth percentage

	2018	2019	2020	2021
Total GVA growth percentage	0,93%	-0,54%	-6,67%	4,49%

c. Industrial sectors driving regional economic growth

The CEF identified several key industrial sectors as drivers of economic growth for the Overstrand municipal region, based on the comparative location quotient of the municipal region within the national, provincial and district economic contexts.

Table 3-5: Comparative indicators of growth for the Overstrand municipal region

	Agriculture	Mining	Manufacturing	Utilities	Construction	Trade	Logistics	Business service	Government services	Community services
National economic context	2,45	0,02	1,12	0,55	1,61	1,24	1,06	1,17	0,84	0,53
Provincial economic context	1,80	0,55	1,02	0,77	1,19	1,12	1,00	0,96	0,75	0,83
District economic context	0,70	1,46	1,08	0,85	0,87	0,98	1,08	1,14	0,95	0,95

It is recommended that capital investment priority setting in the CEF needs to give preference to projects which contribute to the following industries:

- Agriculture;
- Mining;
- Construction;
- Trade;
- Business services;
- Manufacturing, and;
- Logistics.

The inclusion of these factors in the CEF prioritisation model is a key assumption in quantifying the proxy for the growth impact of capital investment – refer to section 3.4.3.

d. Settlement dynamics, access to social facilities, access to services

To achieve a balanced approach between maintaining and growing service delivery according to the needs of the community and supporting local economic growth through prioritised capital investment, the prioritisation model of the CEF also needs to consider settlement dynamics and changes, community needs in accessing social facilities, and community needs in accessing services. These factors have a direct impact on the operations of the Municipality and assumptions in the LTFM are inclusive of these factors being balanced adequately in the prioritisation model.

e. Service delivery: Electricity

The national energy crisis is well-known and its impact on the Overstrand Local Municipality, along with the municipality's response thereto in terms of tariff setting, was documented in the 2023/24 Final Budget Report¹³.

In relation to the LTFP, a slightly different view should be considered in addition to the current/medium-term view. Although the energy crisis is estimated to reduce in impact over the next two years, it is causing structural changes in the provision of electricity by the municipality. The following impacts are note-worthy:

- Bulk purchase tariff increases from Eskom will not be eroded in the Long-Term, creating a significantly higher base from which future increases be done.
- Conversely, municipal electricity service charges (tariffs) have increased at a smaller increment than the increase in bulk purchases – a gap which is also not likely to be eroded over the Long-Term.
- Electricity consumers are turning to alternative sources to achieve reliable electricity supply. By nature, these are mostly long-term changes.

The Municipality estimates that infrastructure investment towards alternative sources of electricity provision (refer to projects prioritised in the CEF) will only start moving into the operational phase starting FY 2030 (forecast year 7).

Considering the structural changes highlighted in this section, the implementation timeline of these projects will likely adversely affect municipal revenue. This likelihood is reflected in the revenue assumptions included in the

¹³ Overstrand Municipality Final Budget Report 2023/24.

LTFM. See section 3.5.1a for the detailed annual revenue growth assumption in relation to service charges: electricity.

Furthermore, it highlights the importance of prioritising capital investment projects aimed at safeguarding and growing the municipality’s ability to deliver a reliable electricity service to its citizens at affordable tariffs in the CEF prioritisation model.

Particularly as the provision of electricity is a key economic driver which supports citizens in making a productive economic contribution. In addition, it is one of the main sources of income for the municipality.

f. Service delivery: Water

Providing reliable, adequate, and affordable water supply to the citizens of Overstrand Local Municipality, is a key economic driver and one of the main sources of income for the municipality. This is reflected in the prioritised capital investment planning in the municipal CEF.

The Municipality is addressing this need through various infrastructure projects (refer to projects prioritised in the CEF). In particular, the large-scale investment in a seawater desalination plant will make a significant contribution towards growing municipal water service delivery.

Projected project timelines and estimates indicate a 20% increase in water provision in FY 2027 at the operationalisation of phase 1 of the seawater desalination plant. A further 20% increase is projected at the implementation of phase 2 in FY 2030. Phase 3 implementation in FY2035 falls outside the timeline of this LTFP.

The implementation of the seawater desalination plant will permanently increase revenue from service charges: water at the operationalisation of each phase. The repairs and maintenance requirements will similarly increase at each of these points. Refer to section 3.5.1 for the detailed annual growth assumptions in relation to service charges: water; and general expenses (inclusive of repairs and maintenance expenses).

3.4.2 Governance and internal control environment

The governance structures of Overstrand Local Municipality, supported by the internal control environment, underpins the confidence level of the LTFP. It is crucial that these items are maintained, and where necessary, are improved upon.

a. Audit outcomes

The positive audit outcome history of the Municipality is indicative of proper financial reporting and associated internal controls.

Table 3-6: History of Audit Outcomes

Financial Year	Audit Outcome
FY 2010/11	Unqualified with findings
FY 2011/12	Unqualified with findings
FY 2012/13	Unqualified with no findings
FY 2013/14	Unqualified with no findings
FY 2014/15	Unqualified with no findings
FY 2015/16	Unqualified with no findings
FY 2016/17	Unqualified with no findings
FY 2017/18	Unqualified with no findings
FY 2018/19	Unqualified with no findings
FY 2019/20	Unqualified with no findings
FY 2020/21	Unqualified with no findings
FY 2021/22	Unqualified with no findings

As a result, a high degree of confidence is placed in:

- Historic data used in the LTFM, and;
- The municipality's ability to continue in operational trends which are mainly driven by solid governance and internal controls, same which translates into the trends and assumptions used in the LTFM.

3.4.3 Strategically integrated and growth-aligned prioritisation of capital investments

The LTFP refers to the CEF prioritisation model and its results to ensure that capital investments are strategically integrated to meet the service delivery needs of the citizens of Overstrand Local Municipality and aligned to the growth drivers of the local municipal region, thereby supporting its citizens in making productive economic contributions.

However, the LTFP needs to inform the CEF prioritisation outcome with the affordability envelope within which capital investments can be made. To do so, the LTFM requires a quantified input of the long-term impact which capital investments will have on the financial performance of operations, the financial position, and the liquidity position of the municipality.

In the absence of such a quantified input, a forecast would indicate that the Municipality is in a declining financial position over the long-term as capital investment is not translating to growth in its financial position. This may be correct, but only if capital investments are misaligned to the growth potential of the municipal region.

As capital investments are decided after the estimation of the affordability envelope, a proxy must be used to quantify the possible impact of capital investment. To do so, the key assumption is that prioritised capital investments will be strategically integrated and aligned to the growth potential of the municipal region.

Following this assumption, the Municipality should realise a minimum return on its capital investment as required by the providers of funding for the capital investment. The quantified minimum required return on capital investment is included in the operational surplus/(deficit), starting from five years after investment - as capital investments typically take an average of five years before reaching the operational stage.

The providers of funding would typically require the following minimum returns:

- Internally generated funds – GVA growth percentage;
- Borrowings – cost of debt, and;
- Government grants and subsidies – GDP¹⁴ growth percentage.

For the LTFP timeframe, Table 3-7 includes the applicable weighted average cost of capital percentages used in the LTFM.

¹⁴ National Treasury: 2023 Budget Review Economic Outlook

Table 3-7: Weighted average cost of capital

-5	-4	-3	-2	-1	0	1	2	3	4	5
2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2,98%	1,99%	-2,46%	5,62%	5,83%	3,07%	5,63%	5,67%	5,88%	5,18%	5,13%

3.5 Sustainable operations towards growth in prioritised capital investments

This section presents the analysis of the conservative future financial position of the Municipality and the financial plan for managing it sustainably while also growing prioritised capital investments. Focus is placed on the most significant items and is expressed in financial terms, inclusive of the recommended financial plan for the timeframe.

3.5.1 Surplus/(Deficit) from operations

Over the forecast period, an operational surplus is an indicator of financially sustainable operations. Accumulated surpluses are utilised in keeping to affordable tariffs (during budget setting) and capital investment towards economic growth and the benefit of the citizens of the municipality.

Figure 3-5 and Table 3-8 indicates that historically, operations produced a surplus of revenue over expenditure, declining from R136m for FY 2020 to R26m for FY 2021 and showing recovery to R44m for FY 2022.

A deficit of R6m for budget FY 2023 starts an up-and-down cycle over the MTREF, settling on a surplus for budget FY 2026 (R19m). It correlates to periods where annual growth in budgeted total expenditure exceeds annual growth in budgeted total revenue – see Table 3-8. Sections a and b provide a detailed context of the budgeted revenue and expenditure items which drive this occurrence.

As the Municipality is taking the prudent view that the current constraints which prevail during the MTREF period will have a long-term impact on its operations (see section 3.3.1), the projected surplus position declines over the forecast period.

A surplus of R105m for FY2027 declines to a small surplus of R29m at the end of the forecast period (FY 2033). It correlates to periods where annual growth in forecast total expenditure exceeds annual growth in forecast total revenue – see Table 3-8. Sections a and b provide a detailed context of the forecast revenue and expenditure items which drive this occurrence.

Of note is the positive impact of the minimum required return on capital investment on the surpluses, indicated in the difference between the operating surplus/(deficit) including the minimum required return on capital investment versus the operating surplus/(deficit) in Table 3-8. It emphasises the importance of strategically integrated & growth-aligned prioritisation of capital investments. This return is calculated and included in the LTFM as a quantification of the long-term impact of the municipality's capital investments. Refer to section 3.4.3 for a detailed explanation of this methodology.

In the absence of the return on capital investment, the Municipality would have a surplus of R26m for FY2027 and move into a deficit position from FY 2029 (operating surplus/(deficit) excluding the minimum required return on capital investment in Table 3-8). The historical trend indicated in Figure 3-5 and Table 3-8 shows the municipality's ability to generate a surplus, even in the most difficult environment which was brought about by the impacts of the

Covid-19 pandemic. This provides further support for the inclusion of the quantified effect of capital investment and the forecast surpluses.

Monitoring of realised surpluses should be used as a possible indication of the degree to which capital investment is growth-aligned and strategically accurate. Consideration should then be given to possible changes to the CEF and LTFF, in accordance with actual data.

Figure 3-5: Operating Surplus / (Deficit)

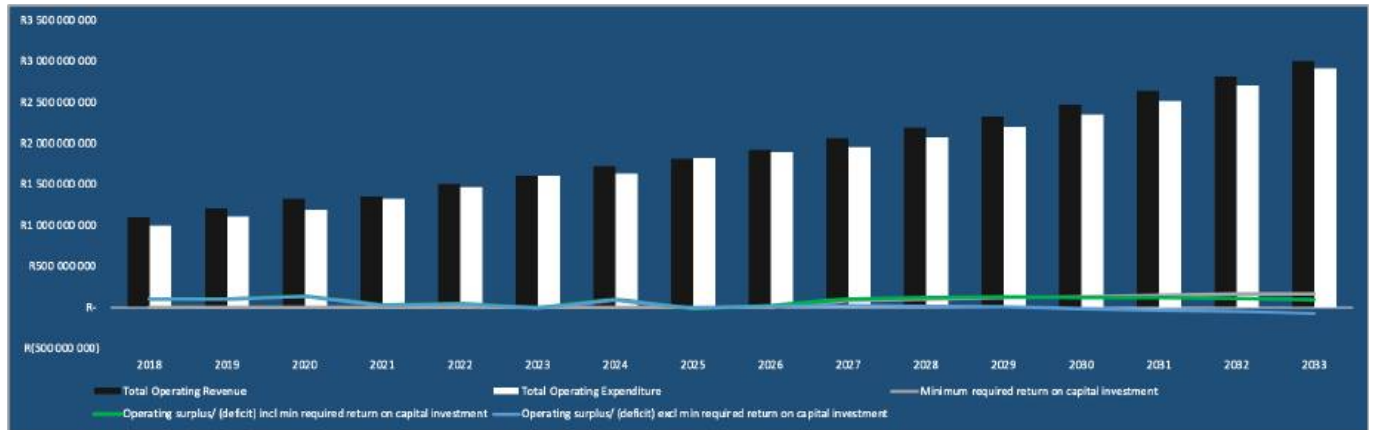


Table 3-8: Operating Surplus / (Deficit)

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Operating Revenue	1 102	1 208	1 326	1 348	1 509	1 603	1 721	1 808	1 918	2 060	2 189	2 326	2 469	2 635	2 813	3 004
Total Operating Expenditure	997	1 108	1 190	1 322	1 465	1 609	1 629	1 819	1 898	1 953	2 072	2 201	2 351	2 516	2 702	2 913
Minimum required return on capital investment	0	0	0	0	0	0	0	0	0	79	97	118	131	148	162	168
Operating surplus/ (deficit) incl min required return on capital investment	105	101	136	26	44	-6	93	-11	19	107	116	125	119	119	112	92
Operating surplus/ (deficit) excl min required return on capital investment	105	101	136	26	44	-6	93	-11	19	28	20	7	-12	-29	-50	-77
Annual growth percentage: total revenue		9.6%	9.7%	1.7%	11.9%	6.3%	7.4%	5.0%	6.1%	7.4%	6.2%	6.3%	6.2%	6.7%	6.8%	6.8%
Annual growth percentage: total expenditure		11.1%	7.4%	11.1%	10.8%	9.8%	1.2%	11.7%	4.4%	2.9%	6.1%	6.2%	6.8%	7.1%	7.4%	7.8%

The surplus/(deficit) is analysed in terms of the revenue and expenditure items.

a. Operational revenue

Interpretation note: Revenue items are forecast on a line-item basis e.g., “electricity”. As the LTFF spans a long-term period (10 years) and not only an MTREF budget period (3 years), the LTFFM utilises annual growth percentage assumptions, which would encompass both prices and volumes per line item (where applicable). Therefore, annual growth percentages expressed in the LTFFM should be interpreted as such. Refer to 3.3.1 for a detailed explanation of these methodologies.

Refer to Figure 3-6 and Table 3-9.

Historically, Overstrand Local Municipality has shown strong revenue growth. The only exception was during the after-effects of the Covid-19 pandemic. Taking a prudent view of the impact of current challenges faced by the municipality, budgeted total revenue growth over the MTREF period indicates a downward trend from the historic period. The Municipality is prudently estimating that current challenges may have a long-term impact on its operations. As a result, forecasted revenue growth percentages remain in line with the MTREF trend, unless impacting factors are included in the growth assumptions.

Further context to the overall growth trends in total revenue can be found in the analysis of the major contributing revenue items:

- Service charges: electricity – annual growth percentages over the MTREF period are mainly driven by tariff increases due to the NERSA-approved tariff increase. Based on the likely impact of the projected timelines for alternative electricity provision sources in year 7 of the forecast, growth assumptions are kept slightly lower than the MTREF for years 4 – 7. Due to the structural changes discussed in section 3.4.1e, the projected growth percentage from year 8 onwards may only show a modest increase. Implementation of capital investment towards alternative electricity provision sources needs to be monitored to determine whether these assumptions need to be reconsidered and the LTFP revised accordingly. Importantly, annual growth in the projected bulk purchases expense is higher than annual growth in this revenue item. This is the major contributing factor to the declining surplus position over the forecast period. Refer to 3.5.1 above and section b below.
- Property rates – in the first MTREF year, the Municipality plans to align property rates with the newest valuation roll. For the remainder of the MTREF, annual growth percentages return in alignment with historic growth. As no other material impacting factors were identified (see section 0), forecasted growth percentages assume inflationary growth trends combined with a moderate household increase over the forecast period.
- Service charges: water – annual growth percentages over the MTREF period remain constant and in line with historic averages. Due to the structural changes brought about by the seawater desalination plant (see section 3.4.1f), annual growth is projected to increase in FY 2027 (phase 1 operationalisation) and again in FY 2031 (phase 2 operationalisation).
- Operational and capital grants – this item is a function of grants received and utilisation of grants which has been received. Due to the unpredictability of grant allocations (determined by different spheres of government) as well as recent pronouncements by the National Government being indicative of declining conditional grant allocations in future, growth assumptions for this leg of the equation are conservatively estimated to remain in line with past amounts or to decline (in some instances). Effectively, this translates to a decline in annual growth percentages from years 5 – 10 of the forecast period. Over the forecast period, the Municipality will aim to fully utilise the grant allocations it receives, indicated by an initial sharp increase in the annual growth percentage for year 4 of the forecast. Utilisation is assumed to remain at this level over the remainder of the forecast period.
- Service charges: sanitation – in line with growing costs in providing this service, the Municipality is budgeting for an increase in the first MTREF year. For the remainder of the MTREF period, annual growth percentages return in alignment with historic growth. As no other material impacting factors were identified (see section 0), forecasted growth percentages assume inflationary growth trends combined with a moderate household increase over the forecast period.
- Service charges: refuse - in line with growing costs in providing this service, the Municipality is budgeting for an increase in the first MTREF year. For the remainder of the MTREF period, annual growth percentages return in alignment with historic growth. As no other material impacting factors were identified (see section 0), forecasted growth percentages assume inflationary growth trends combined with a moderate household increase over the forecast period.

Figure 3-6: Operating revenue

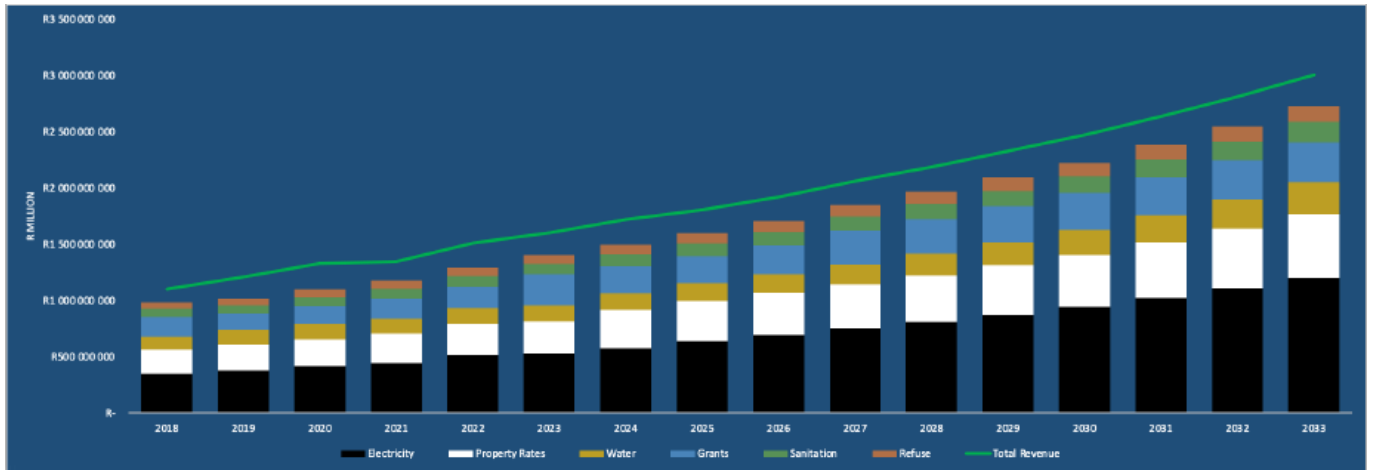


Table 3-9: Operating revenue

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjusm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Total Revenue	1 102	1 208	1 326	1 348	1 509	1 603	1 721	1 808	1 918	2 060	2 189	2 326	2 469	2 635	2 813	3 004
Electricity	349	379	416	444	513	528	578	639	694	749	809	874	944	1 023	1 108	1 201
Property Rates	216	233	241	263	278	288	341	358	375	395	416	439	464	495	530	569
Water	111	130	133	131	143	138	147	157	166	178	191	205	220	239	259	282
Grants	181	138	161	178	190	280	239	241	254	299	309	318	327	337	346	356
Sanitation	72	78	81	87	93	91	105	111	118	125	132	140	149	158	167	177
Refuse	58	62	68	72	77	79	85	91	96	102	108	114	121	128	136	144
Other Revenue	116	189	226	173	215	199	226	212	214	212	224	236	245	255	265	275
Annual growth percentage: total revenue		9,6%	9,7%	1,7%	11,9%	6,3%	7,4%	5,0%	6,1%	7,4%	6,2%	6,3%	6,2%	6,7%	6,8%	6,8%
Annual growth percentage: electricity		8,4%	9,8%	6,7%	15,6%	3,0%	9,5%	10,5%	8,6%	8,0%	8,0%	8,0%	8,0%	8,4%	8,4%	8,4%
Annual growth percentage: property rates		8,0%	3,4%	9,4%	5,6%	3,5%	18,3%	5,0%	5,0%	5,2%	5,3%	5,5%	5,7%	6,9%	7,1%	7,3%
Annual growth percentage: water		17,1%	2,4%	-1,6%	9,2%	-3,3%	6,6%	6,3%	6,2%	7,2%	7,2%	7,2%	7,2%	8,7%	8,7%	8,7%
Annual growth percentage: grants		-23,6%	16,1%	11,0%	6,6%	47,3%	-14,5%	0,8%	5,5%	17,6%	3,2%	3,1%	3,0%	2,9%	2,8%	2,8%
Annual growth percentage: sanitation		7,8%	4,1%	7,5%	7,1%	-2,4%	15,1%	6,2%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%
Annual growth percentage: refuse		8,9%	10,5%	5,7%	6,7%	2,5%	8,3%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
Annual growth percentage: other revenue		63,6%	19,8%	-23,7%	24,3%	-7,2%	13,4%	-6,2%	0,9%	-1,0%	5,6%	5,5%	3,9%	4,1%	4,1%	3,6%

Table 3-10 indicates that, for a few of the years across the planning period, the revenue growth % as calculated and interpreted according to circular 71, is slightly above the top end of the inflationary band set by the South African Reserve Bank. This should be interpreted against the backdrop of continually rising cost pressures (higher annual growth in expenses than revenue), which requires revenue growth estimates at levels which would maintain and grow the financial sustainability of the municipality. The Municipality will continue to consider inflationary effects when budgets (and tariffs) are set.

Table 3-10: Revenue management

		-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjusm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Revenue Growth (%)	= CPI																
	CPI	4,7%	4,1%	3,3%	4,5%	6,9%	6,0%	4,9%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
	Total Revenue (Previous)	1 010	1 010	1 208	1 326	1 348	1 509	1 603	1 721	1 808	1 918	2 060	2 189	2 326	2 469	2 635	2 813
		1 102	1 208	1 326	1 348	1 509	1 603	1 721	1 808	1 918	2 060	2 189	2 326	2 469	2 635	2 813	3 004
Revenue Growth (%) - Excluding capital grants	= CPI																
	CPI	-4,7%	11%	9%	0%	13%	0%	12%	6%	6%	6%	7%	7%	7%	7%	7%	7%
	Total Revenue Ex. Capital (Previous)	964	964	1 070	1 166	1 170	1 319	1 323	1 482	1 567	1 663	1 761	1 880	2 008	2 142	2 298	2 467
		921	1 070	1 166	1 170	1 319	1 323	1 482	1 567	1 663	1 761	1 880	2 008	2 142	2 298	2 467	2 648

b. Operational expenditure

Interpretation note: Expenditure items are forecast on a line-item basis e.g., “employee-related cost”. As the LTFP spans a long-term period (10 years) and not only an MTREF budget period (3 years), the LTFM utilises annual growth percentage assumptions, which would encompass both prices and volumes per line item (where applicable). Therefore, annual growth percentages expressed in the LTFP should be interpreted as such. Refer to section 1.4 for a detailed explanation of these methodologies.

Refer to Figure 3-7 and Table 3-11.

Overstrand Local Municipality prudently manages its expenditure to remain within acceptable levels, aiming to keep to associated revenue levels (where applicable). Nonetheless, the Municipality is subject to exogenous cost price setting which, at the same time, also sets the associated sale price level – in this case at a level lower than cost. As a result, the Municipality is prudently projecting annual growth in total expenditure to be more than annual growth in revenue, towards the end of the forecast period.

Growth in total expenditure needs to be interpreted within the context of the following major contributing expenditure line items:

Employee-related cost – projected growth in this line item is a function of salary increases determined through future collective bargaining agreements and changes in personnel numbers. Annual growth percentages in the first two MTREF budget years reflect existing indicators for these two variables. Over the forecast period, average inflationary growth plus 50 basis points is assumed.

Bulk purchases – Eskom tariff increases as approved by NERSA, are both high (18.49% for 2023/24) and above the NERSA-approved tariff increases that municipalities may impose (15.10%). This is reflected in the annual growth percentages during the MTREF. This occurrence sets a structural change in the growth trend for bulk purchases of electricity. In the absence of further material impacts which would significantly alter the growth trend emerging from the MTREF (see section 0), it is assumed to continue over the forecast period. Implementation of capital investment towards alternative electricity provision sources needs to be monitored to determine whether these assumptions need to be reconsidered and the LTFP revised accordingly. Importantly, projected annual growth in service charges: electricity is lower than projected annual growth in this item. This is the major contributing factor to the declining surplus position over the forecast period. Refer to 3.5.1 above and section a above.

Depreciation and amortisation – projected growth in this line item is a function of asset depreciation rates and changes in the asset base (through capital expenditure). Depreciation rates are likely to remain aligned to historic rates. The annual growth in this line item is mostly driven by capital expenditure and the resultant growth in the asset base.

Contracted services – projected growth is indicative of possible changes in either price and/or volume. As there are no indications of material impacts to this line item over the forecast period, annual growth is projected at average inflationary levels.

Figure 3-7: Operating expenditure

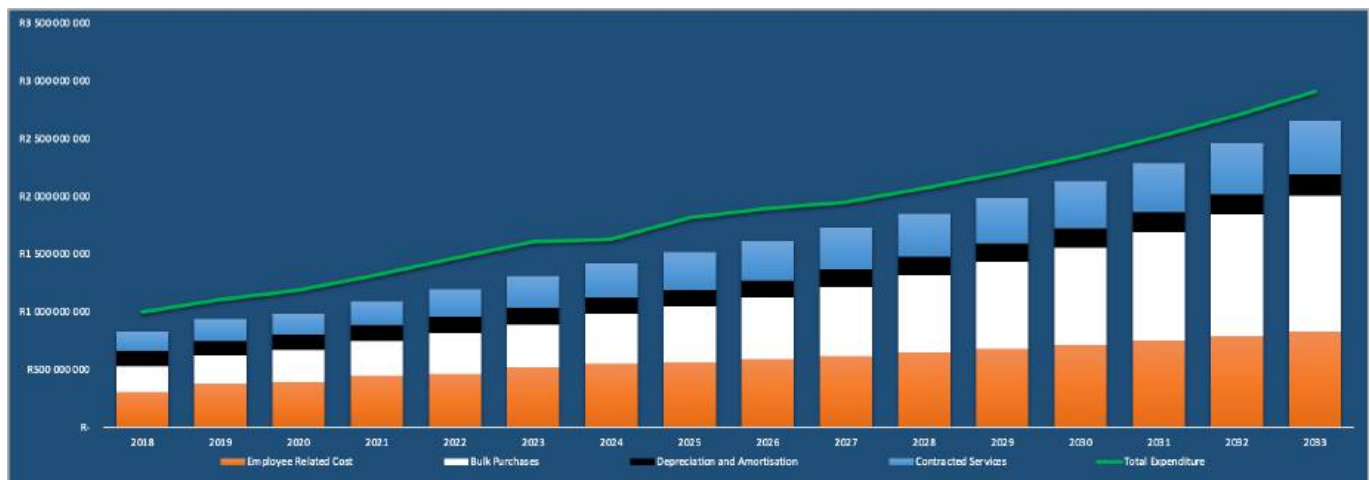


Table 3-11: Operating expenditure

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Expenditure	997	1 108	1 190	1 322	1 465	1 609	1 629	1 819	1 898	1 953	2 072	2 201	2 351	2 516	2 702	2 913
Employee Related Cost	307	379	394	449	466	518	550	562	591	620	651	684	718	754	791	831
Bulk Purchases	226	243	279	298	352	372	430	485	533	597	669	749	839	939	1 052	1 178
Depreciation and Amortisation	130	130	133	137	141	147	142	145	149	152	156	161	166	171	176	182
Contracted Services	167	186	178	209	237	271	301	323	342	357	373	390	407	426	445	465
Other Expenditure	167	171	206	229	269	301	206	303	284	226	223	218	221	227	237	257
Annual growth percentage: total expenditure		11.1%	7.4%	11.1%	10.8%	9.8%	1.2%	11.7%	4.4%	2.9%	6.1%	6.2%	6.8%	7.1%	7.4%	7.8%
Annual growth percentage: employee related cost		23.4%	4.0%	14.1%	3.8%	11.2%	6.2%	2.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Annual growth percentage: bulk purchases		7.4%	14.8%	7.1%	17.9%	5.7%	15.7%	12.7%	10.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Annual growth percentage: depreciation and amortisation		-0.2%	2.4%	2.9%	3.3%	4.0%	-3.1%	2.1%	2.7%	2.3%	3.1%	3.1%	3.1%	3.2%	3.2%	3.3%
Annual growth percentage: contracted services		11.5%	-4.3%	17.1%	13.5%	14.3%	10.9%	7.6%	5.6%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Annual growth percentage: other expenditure		1.9%	20.8%	11.0%	17.5%	12.1%	-31.7%	47.3%	-6.3%	-20.4%	-1.2%	-2.5%	1.5%	2.6%	4.5%	8.3%

Table 3-12 and Table 3-13 sets out circular 71 ratios and interpretations.

In terms of the statutory requirement, projected remuneration as a percentage of total operating expenditure remains within the prescribed band during the planning period.

Table 3-12: Expenditure management

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Remuneration as % of Total Operating Expenditure	25% - 40%	31%	34%	33%	34%	32%	32%	34%	31%	31%	32%	31%	31%	31%	30%	29%
Employee/personnel related cost	297	368	383	438	455	506	538	549	577	606	636	668	702	737	774	812
Councillors Remuneration	10	11	11	11	12	12	13	13	14	14	15	15	16	17	18	18
Total Operating Expenditure	997	1 108	1 190	1 322	1 465	1 609	1 629	1 819	1 898	1 953	2 072	2 201	2 351	2 516	2 702	2 913
Taxation Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Repairs and maintenance expenditure meets the target ratio for repairs and maintenance as a % of PPE and investment property. Growth in the ratio over the forecast period is driven by increased maintenance requirements of the desalination plant. Refer to section 3.4.1f for additional context.

Table 3-13: Asset management

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	8%	5%	6%	5%	6%	7%	7%	8%	8%	9%	9%	9%	10%	10%	11%	12%
Total Repairs and Maintenance Expenditure	160	215	189	211	246	271	293	315	327	345	365	386	408	437	468	502
PPE at carrying value	3 346	3 405	3 486	3 602	3 638	3 799	3 864	3 848	3 863	3 856	3 852	3 898	3 947	4 000	4 059	4 123
Investment Property at Carrying value	114	117	123	128	127	133	139	144	149	156	163	170	178	186	194	203

Depreciation and amortisation expense is used to allocate funds towards eventual replacement of assets, during the estimated useful lifespan of the assets. This expense¹⁵ may be considered for transfer to the capital replacement reserve to the extent that it is cash funded, which would support funding the replacement of assets from internally generated funds. The operational surplus/(deficit) directly influences the extent to which the depreciation and amortisation expense will be cash-funded.

Figure 3-8 and Table 3-14 indicate the effect of the forecast surplus position on the projected cash funding of depreciation over the forecast period. The budgeted deficits in the MTREF period translate to diminished cash funding of depreciation over the MTREF period. Inversely, this position changes to a significant portion of cash-funded depreciation over the forecast period, in line with the forecast surplus position. Refer to section 3.5.1 above for context on the forecast surplus/deficit position.

¹⁵ Obtaining grant funding for asset replacement costs (at the end of an asset’s useful life) will be subject to meeting conditions of any grant funding applied for and obtaining approval of said grant funding. Therefore, it should not be assumed that grant funding will be obtained for replacement of an asset, where that asset may have originally been funded (whether purchased or built) by grant funding or external borrowings. It is also prudent to reduce reliance on grant funding over time. Therefore, the LTFM considers the full depreciation expense in projecting the cash-funded portion of the expense.

Figure 3-8: Funded / Non-funded depreciation

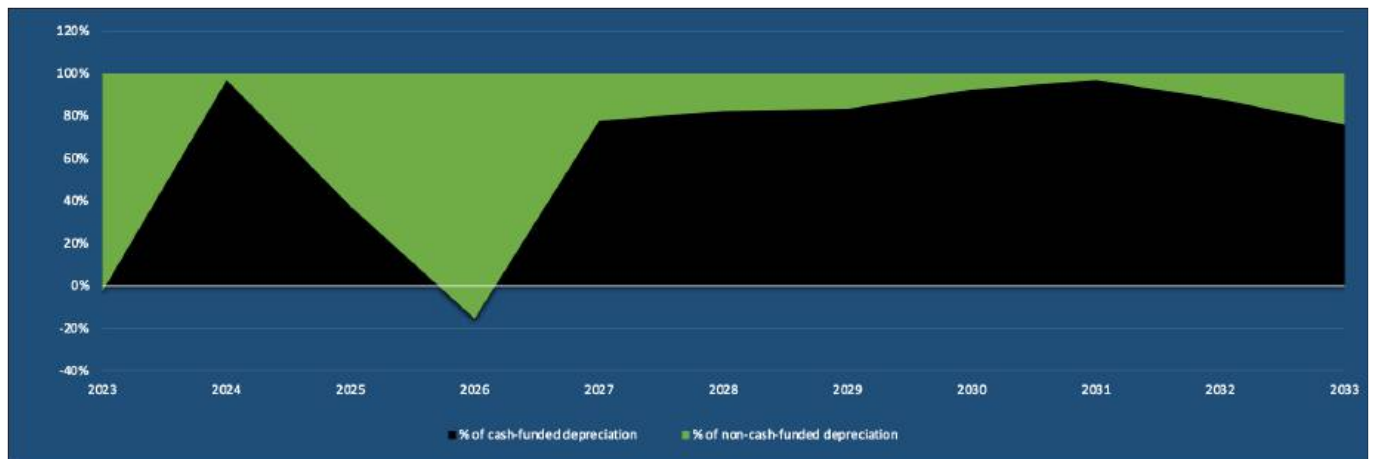


Table 3-14: Funded / Non-funded depreciation

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
% of cash-funded depreciation	155%	136%	170%	81%	84%	-3%	97%	38%	-15%	78%	82%	83%	92%	97%	88%	76%
% of non-cash-funded depreciation	0%	0%	0%	19%	16%	103%	3%	62%	115%	22%	18%	17%	8%	3%	12%	24%
Total depreciation amount	130	130	133	137	141	147	142	145	149	152	156	161	166	171	176	182
Cash-funded depreciation amount	202	176	225	111	119	-4	137	55	-23	118	128	134	153	166	155	138

c. Risks and recommendations

- Strong emphasis must be placed on strategically integrated & growth-aligned prioritisation of capital investments via the CEF.
- Actual realised surplus/(deficit) data need to be monitored on a continuous basis in determining whether the projections in the LTFM need to be reconsidered. The Long-Term Financial Plan needs to be adjusted accordingly to ensure the goals of the plan are achieved.
- Implementation of capital investment towards alternative electricity provision sources needs to be monitored to determine whether the assumptions in relation to service charges: electricity and bulk purchases need to be reconsidered and the LTFP revised accordingly.
- Monitoring of realised surpluses should be used as a possible indication of the degree to which capital investment is growth-aligned and strategically accurate. Consideration should then be given to possible changes to the CEF and LTFP, in accordance with actual data.

See Annexure A: Statement of Financial Performance for the projected statement of financial performance.

See Annexure F: LTFM Assumptions for a summary of relevant LTFM assumptions.

3.5.2 Asset and liability management

a. Total assets

Figure 3-9: Asset growth and structure

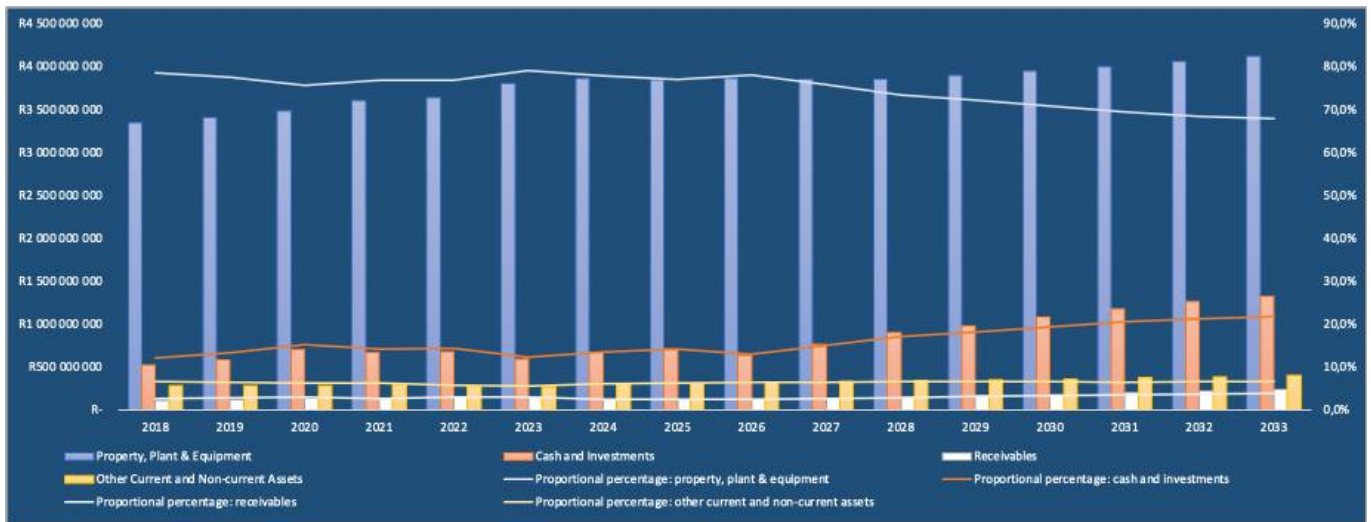


Table 3-15: Asset growth and structure

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjusm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Total Assets	4 261	4 397	4 605	4 691	4 731	4 802	4 959	4 996	4 949	5 093	5 245	5 401	5 574	5 757	5 928	6 079
Property, Plant & Equipment	3 346	3 405	3 486	3 602	3 638	3 799	3 864	3 848	3 863	3 856	3 852	3 898	3 947	4 000	4 059	4 123
Cash and Investments	520	584	700	667	677	593	669	712	640	768	900	984	1 080	1 179	1 263	1 321
Receivables	110	123	134	127	144	145	123	124	125	137	151	167	183	203	219	236
Other Current and Non-current Assets	285	285	284	295	272	265	303	312	322	332	342	352	364	375	387	400
<i>Proportional percentage: property, plant & equipment</i>	<i>78.5%</i>	<i>77.4%</i>	<i>75.7%</i>	<i>76.8%</i>	<i>76.9%</i>	<i>79.1%</i>	<i>77.9%</i>	<i>77.0%</i>	<i>78.1%</i>	<i>75.7%</i>	<i>73.4%</i>	<i>72.2%</i>	<i>70.8%</i>	<i>69.5%</i>	<i>68.5%</i>	<i>67.8%</i>
<i>Proportional percentage: cash and investments</i>	<i>12.2%</i>	<i>13.3%</i>	<i>15.2%</i>	<i>14.2%</i>	<i>14.3%</i>	<i>12.4%</i>	<i>13.5%</i>	<i>14.3%</i>	<i>12.9%</i>	<i>15.1%</i>	<i>17.2%</i>	<i>18.2%</i>	<i>19.4%</i>	<i>20.5%</i>	<i>21.3%</i>	<i>21.7%</i>
<i>Proportional percentage: receivables</i>	<i>2.6%</i>	<i>2.8%</i>	<i>2.9%</i>	<i>2.7%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.7%</i>	<i>2.9%</i>	<i>3.1%</i>	<i>3.3%</i>	<i>3.5%</i>	<i>3.7%</i>	<i>3.9%</i>
<i>Proportional percentage: other current and non-current assets</i>	<i>6.7%</i>	<i>6.5%</i>	<i>6.2%</i>	<i>6.3%</i>	<i>5.8%</i>	<i>5.5%</i>	<i>6.1%</i>	<i>6.2%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.6%</i>

a.1 Property, plant and equipment

Projected growth in the nominal value of property, plant and equipment as indicated in Figure 3-9 and Table 3-15 aligns with budgeted and forecast capital expenditure, both over the MTREF as well as the forecast period (see section 3.5.4 for detailed capital expenditure).

a.2 Cash and investments

The section under the Long-Term Financial Plan highlights the external challenges which Overstrand Local Municipality is facing. At the same time, the goals of the LTFP are to manage and maintain financial sustainability while also growing prioritised capital investments. In finding ways to deal with these challenges and work towards the goals of this plan, the Municipality is considering (as part of this plan) slowly growing its cash and investments balance over the forecast period. The objectives would be to maintain adequate cash cover of operations; create financial resilience against unforeseen events through adequate cash-backed reserves; and increasingly fund capital investment from cash-backed internally generated funds reserves (see section 3.5.3). All statutory reserves, working capital, short-term provisions and liabilities, and commitments will remain cash-backed prior to growing any cash-backed internally generated funds reserves. As funding of capital expenditure from internally generated funds (CRR) supports the financial sustainability goals of this plan, growth in the nominal value of cash and investments in Figure 3-9 and Table 3-15 is mainly driven by growth in cash-backed CRR (internally generated funds). As indicated in section 3.5.3e, only a portion of the available CRR balance will be utilised for capital expenditure. This will support growth in

the cash reserve position of the municipality, bolstering its financial resilience against unforeseen events while maintaining and growing operational efficiency. Refer to section 3.5.3 for the envisaged liquidity management plan. Although the proportional percentage of PPE and cash and investments move inversely (see Figure 3-9 and Table 3-15), property, plant and equipment (and total assets) are managed towards growth by using sufficient gearing levels to fund capital expenditure (see section d).

a.3 Receivables

The Municipality is estimating a slight decline in the collection rate over the forecast period, emanating from the MTREF trend in the proportionality of indigent households to total households (see section 3.4.1a). This may result in insignificant¹⁶ nominal growth in receivables over the forecast period, as indicated in the proportional percentage for receivables in Figure 3-9 and Table 3-15. The Municipality continues to follow a prudent debt collection process as set out in its Customer Care Credit Control Debt Collection Policy of 26 July 2023.

b. Current assets

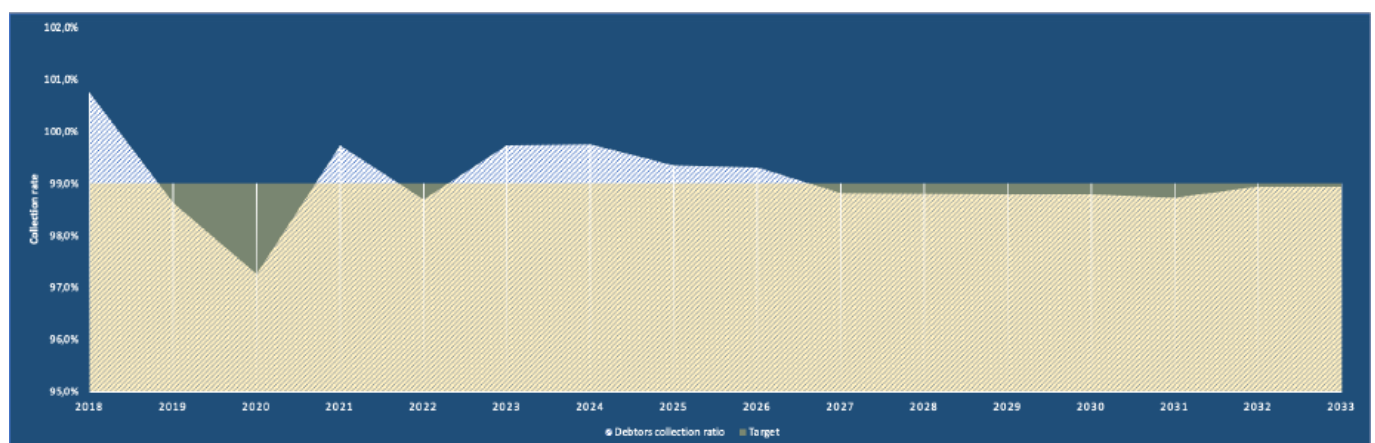
Municipal debtors’ management is projected to remain healthy over the planning period.

As indicated in section a.3 above, the Municipality is prudently estimating a slight and immaterial decline in the debtor’s collection ratio over the forecast period, emanating from the MTREF trend in the proportionality of indigent households to total households (see section 3.4.1a). Figure 3-10 and Table 3-16 show that the collection rate may drop by a maximum of 30 basis points below the target in FY 2031 only, after which it returns to within 10 basis points of the target.

Actual data will be monitored closely to determine whether this assumption should be revised.

The Municipality will continue to follow a prudent debt collection process as set out in its Customer Care Credit Control Debt Collection Policy 26 July 2023. If deemed necessary, write-downs against the provision for bad debt will be done according to the approved formula.

Figure 3-10: Collection rate



¹⁶ After the reporting timeframe of the LTFP, data became available which indicates a possible 1%-2% effect on the collection rate of the municipality. The municipality indicates that this may have a material impact on the cash position (R10m-R20m) which should be taken into consideration.

Table 3-16: Debtors collection ratio

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Debtors collection ratio	100.7%	98.6%	97.3%	99.7%	98.7%	99.7%	99.8%	99.3%	99.3%	98.6%	98.6%	98.8%	98.8%	98.7%	98.9%	98.9%
Target	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%

Debtors will be monitored on a continuous basis, and should the projected collection ratio materialise, consideration may be given to reducing the provision for bad debts.

Net debtors’ days statutory guideline (circular 71) is met across the planning period (Table 3-17).

Table 3-17: Debtors management

		5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Net Debtors Days	30 days	26 days	27 days	30 days	27 days	28 days	28 days	25 days	24 days	23 days	24 days	25 days	26 days	26 days	27 days	27 days	27 days
	Gross debtors	77	89	115	114	126	126	123	126	130	143	156	171	187	206	222	239
	Bad debts Provision	19	23	36	39	40	38	35	35	37	40	43	46	49	52	56	61
	Billed Revenue	810	885	944	1001	1108	1128	1262	1361	1456	1555	1663	1779	1904	2051	2209	2382

c. Non-current assets

Overstrand Local Municipality continues to work towards maintaining and expanding a balanced non-current asset base approach which would:

- Provide the service delivery needs (both basic services and non-infrastructure) of its citizens; and
- Support the productive economic contribution of its citizens through aligned infrastructure and services.

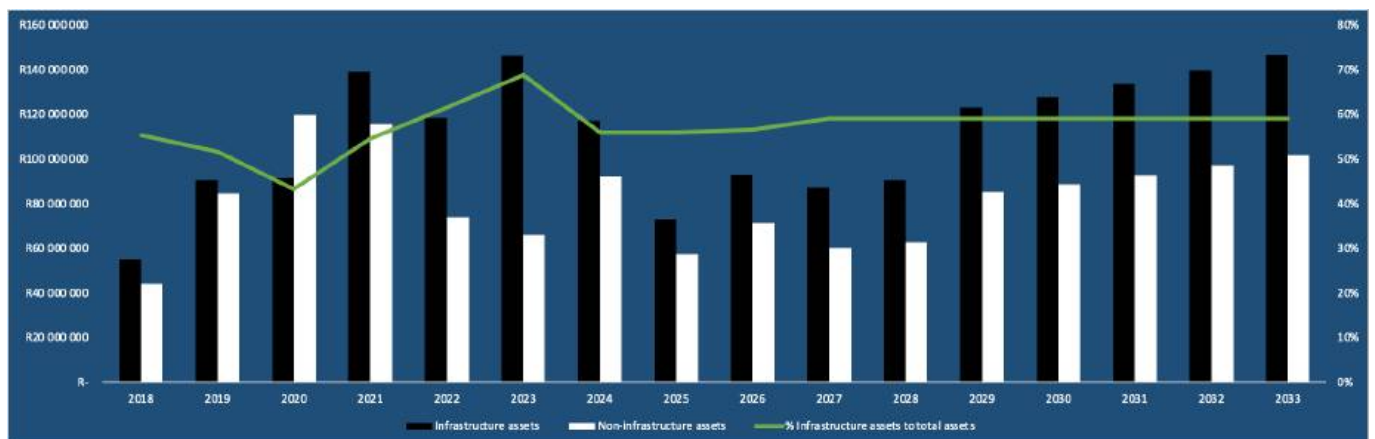
To achieve this goal, consideration will be given to maintaining a balance between infrastructure (59%) and non-infrastructure (41%) assets (Figure 3-11). It is informed by the historic average (average between 2018 and 2022).

This position needs to be monitored continually during actual implementation and adjusted accordingly to determine the impact of deviations.

Although the balance between infrastructure and non-infrastructure assets is important in ensuring that all service delivery needs of citizens are met, economic growth is primarily driven by ensuring capital investment is strategic and growth-aligned in both infrastructure and non-infrastructure assets. The balance between infrastructure and non-infrastructure assets is a secondary consideration to the primary consideration of strategic and growth-aligned investment (to both asset classes). Refer to section 0 for detailed considerations.

The CEF sets out the overarching considerations in this regard and provides the backbone for planning and resultant implementation of capital investment in infrastructure and non-infrastructure assets.

Figure 3-11: Infrastructure vs non-infrastructure assets – 2018-2033



d. Total liabilities

Figure 3-12: Liabilities

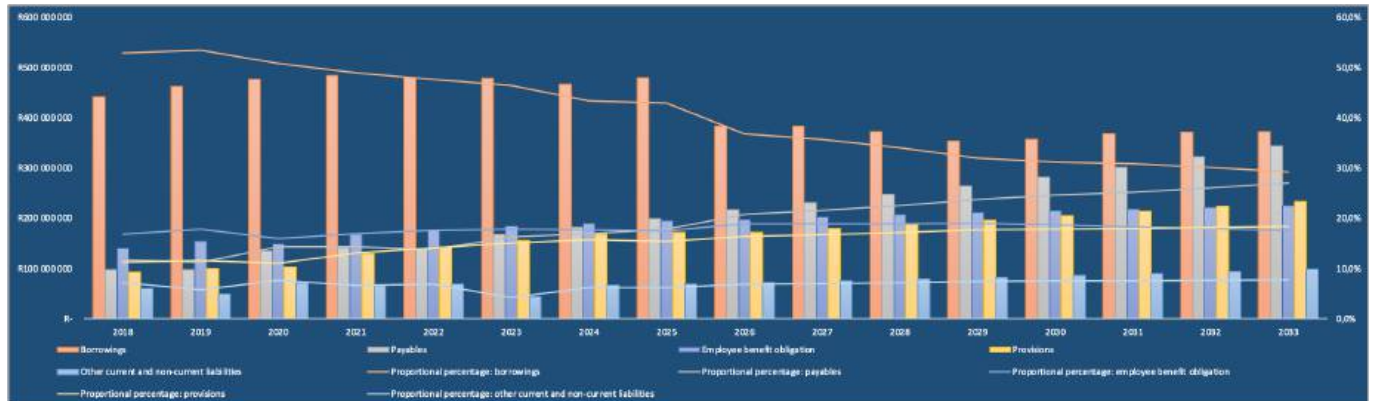


Table 3-18: Liabilities

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjusm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Total Liabilities	835	866	937	990	1 009	1 032	1 077	1 117	1 045	1 074	1 095	1 110	1 147	1 194	1 234	1 275
Borrowings	442	463	477	484	480	480	467	480	384	384	373	355	358	369	372	373
Payables	98	98	135	141	139	168	182	200	218	232	248	264	282	301	322	344
Employee benefit obligation	141	155	150	168	177	184	191	195	198	203	207	212	215	219	222	225
Provisions	94	100	104	130	143	156	169	172	172	180	188	196	205	214	224	234
Other current and non-current liabilities	60	50	72	66	70	44	67	70	73	76	79	83	86	90	94	99
Proportional percentage: borrowings	52.9%	53.4%	50.9%	48.9%	47.6%	46.5%	43.4%	43.0%	36.8%	35.7%	34.1%	32.0%	31.2%	30.9%	30.1%	29.2%
Proportional percentage: payables	11.7%	11.3%	14.4%	14.3%	13.8%	16.3%	16.9%	17.9%	20.8%	21.6%	22.6%	23.8%	24.6%	25.2%	26.1%	27.0%
Proportional percentage: employee benefit obligation	16.9%	17.9%	16.0%	17.0%	17.6%	17.9%	17.7%	17.5%	19.0%	18.9%	18.9%	19.1%	18.8%	18.3%	18.0%	17.7%
Proportional percentage: provisions	11.2%	11.6%	11.1%	13.1%	14.1%	15.1%	15.7%	15.4%	16.5%	16.7%	17.2%	17.7%	17.9%	17.9%	18.1%	18.4%
Proportional percentage: other current and non-current liabilities	7.2%	5.8%	7.7%	6.7%	6.9%	4.3%	6.2%	6.2%	6.9%	7.1%	7.2%	7.5%	7.5%	7.6%	7.6%	7.7%

a.1 Borrowings

The section under the Long-Term Financial Plan highlights the external challenges which Overstrand Local Municipality is facing. At the same time, the goals of the LTFP are to manage and maintain financial sustainably while also growing prioritised capital investments. As part of the strategy to deal with these issues and accomplish these goals, the Municipality will continue using external borrowings as a funding source for capital expenditure (section 3.5.4). This will create the space necessary to slowly grow the cash and investments balance (see section a). At the same time, it supports keeping capital expenditure at an optimal level for capital investment towards economic growth (see section 3.5.4).

Figure 3-12 and Table 3-18 sets out the projected growth path for borrowings. Following the repayment of a bullet loan in FY2026, the Municipality estimates annual drawdowns of R60m over the forecast period. The proportional percentage for borrowings in relation to total liabilities should then decrease over the forecast period as the nominal value will remain constant, leading to an effective reduction in external borrowings over time. At all times, key ratios are monitored, and borrowings will continue to be managed within the parameters as set out in the municipal Borrowings Policy 31 May 2022.

Statutory ratios as set by circular 71, remain positive and strengthen over the forecast period.

Table 3-19: Liability management

			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	6% - 8%	Interest Paid	8%	7%	7%	7%	7%	6%	7%	5%	11%	5%	5%	5%	4%	3%	3%	3%
		Redemption	46	45	47	49	48	48	49	49	50	39	38	36	33	33	33	33
		Total Operating Expenditure	30	33	40	47	54	51	61	47	156	61	71	78	57	49	58	59
		Taxation Expense	997	1 108	1 190	1 322	1 485	1 609	1 629	1 819	1 898	1 953	2 072	2 201	2 351	2 516	2 702	2 913
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Debt (Total Borrowings) / Revenue	45%	Total Debt	48%	43%	41%	41%	36%	36%	32%	31%	23%	22%	20%	18%	17%	16%	15%	14%
		Total Operating Revenue	442	463	477	484	480	480	467	480	384	384	373	355	358	369	372	373
		Operational Conditional Grants	1 102	1 208	1 326	1 348	1 509	1 603	1 721	1 808	1 918	2 060	2 189	2 326	2 469	2 635	2 813	3 004
			181	138	161	178	190	280	239	241	254	299	309	318	327	337	346	356

a.2 Payables

The Municipality will continue to settle its obligations as they become due and payable. This is supported by adequate cash cover of working capital (see section 3.5.3d). Resultantly, forecast growth in payables aligns with the average inflation rate over the forecast period (see Figure 3-12 and Table 3-18).

a.3 Employee benefit obligation

Growth in the employee benefit obligation is subject to variability based on actuarial valuations and other factors, the same which will only be known at the time when it occurs. Therefore, a prudent view is taken where forecast values are either aligned to average inflationary increases or based on historic averages (depending on the underlying drivers of the item) over the forecast period. Figure 3-12 and Table 3-18 indicate the forecast movement in employee benefit obligation.

a.4 Provisions, other current and non-current liabilities

Provisions (mainly environmental rehabilitation provisions) are conservatively estimated to grow at average inflation over the forecast period.

Similarly, the nature and underlying drivers of all other current and non-current liabilities align with growing at average inflation over the forecast period.

e. Risks and recommendations

- Consideration will be given to growing the cash and investments position in relation to the capital replacement reserve. The goals of growing the municipal cash position would be to maintain adequate cash cover of operations; create financial resilience against unforeseen events through adequate cash-backed reserves; and increasingly fund capital investment from cash-backed internally generated funds reserves.
- The collection rate needs to be monitored to determine whether the assumption of its slight decline needs to be revised in the LTFP.
- The CEF provides the overarching framework to ensure capital investment is strategic and growth-aligned, balancing between infrastructure and non-infrastructure assets. The LTFP provides the financial parameters, taking into consideration the shared impacting factors.
- External borrowings will be used to support sufficient capital expenditure towards strategic and growth-aligned capital investment.

See Annexure B: Statement of Financial Position for the projected statement of financial position.
 See Annexure E: External Loans for the projected movement in external debt (loans).

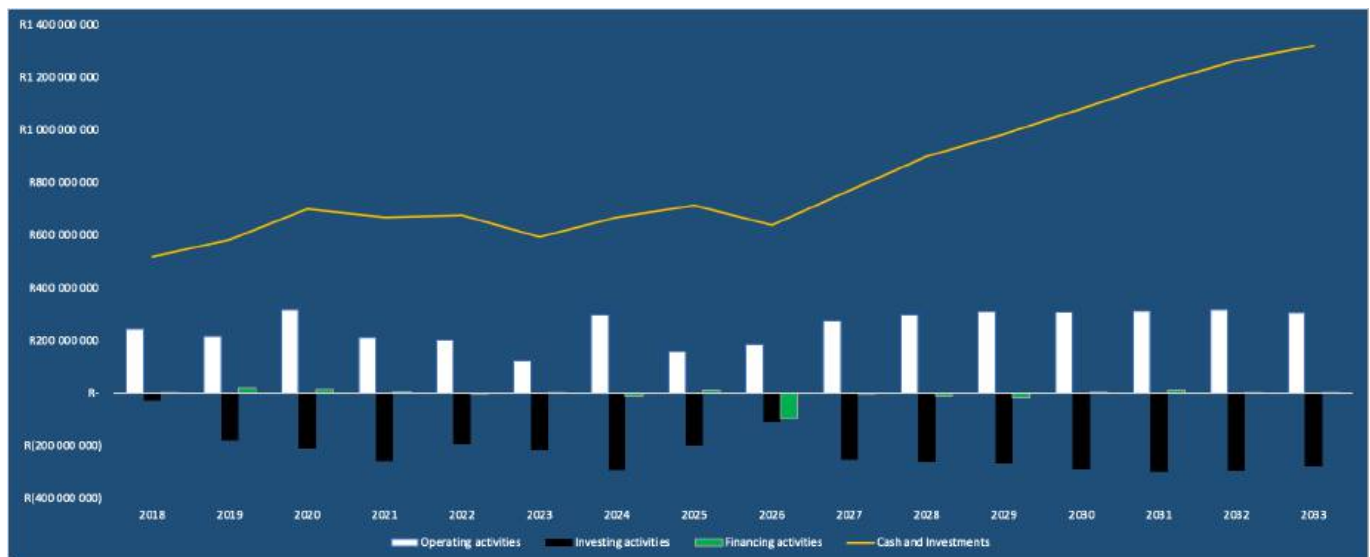
3.5.3 Liquidity management

Active management of cash and investments remains one of the key focus areas in maintaining and continually improving the overall financial position of Overstrand Local Municipality. As indicated in section 3.5.2a, it is considering, as part of this LTFP, growing the cash and investment position in relation to the cash-backed capital replacement reserve (CRR). The overarching objectives would be maintaining adequate cash cover of operations; creating financial resilience against unforeseen events through adequate cash-backed reserves; and increasingly funding capital investment from cash-backed internally generated funds reserves. All statutory reserves, working capital, short-term provisions and liabilities, and commitments will remain cash-backed prior to growing any cash-backed internally generated funds reserves. The sections under the Long-Term Financial Plan highlights the external challenges which Overstrand Local Municipality is facing. At the same time, the goals of the LTFP are to manage and maintain financial sustainably while also growing prioritised capital investments. The aim of growing the cash-backed CRR and using sufficient levels of gearing (section d) is to find a balanced approach to dealing with the external challenges and reaching the goals of this plan.

a. Cash flow statement

Analysis of the overall cash flow statement items in Figure 3-13 indicates that should the increase in cash and investments be implemented over the forecast period, it will mainly be generated from operations with a small contribution from financing activities over the last four years of the forecast period. In the first three years of the forecast period, it will be employed in repaying borrowings (financing activities) and investing in the asset structure of the municipality. Over the last four years of the forecast period, it will mainly be employed in investing in the asset structure of the municipality.

Figure 3-13: Cash flow statement



b. Current ratio

To achieve the liquidity management goals of the plan as set out in section 3.5.3 above, the current ratio (Table 3-20) rises consistently over the forecast period from 2.21:1 for FY 2027 to 2.94:1 for FY 2033. It would be necessary to keep the current ratio at the higher end to support sufficient cash cover of various statutory reserves and municipal reserves as well as selected liabilities. Refer to section d below.

Table 3-20: Liquidity management - Current ratio

		-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Current Ratio	1.5 - 2:1	2,74	2,99	2,62	2,38	2,49	2,29	2,34	1,82	2,00	2,21	2,41	2,64	2,82	2,88	2,94	2,94
	Current Assets	670	735	856	824	845	750	836	885	817	961	1 109	1 211	1 327	1 448	1 551	1 629
	Current Liabilities	244	246	327	345	339	327	357	486	408	435	461	458	471	502	528	553

c. Utilisation of cash and investments

Figure 3-14: Cash Utilisation

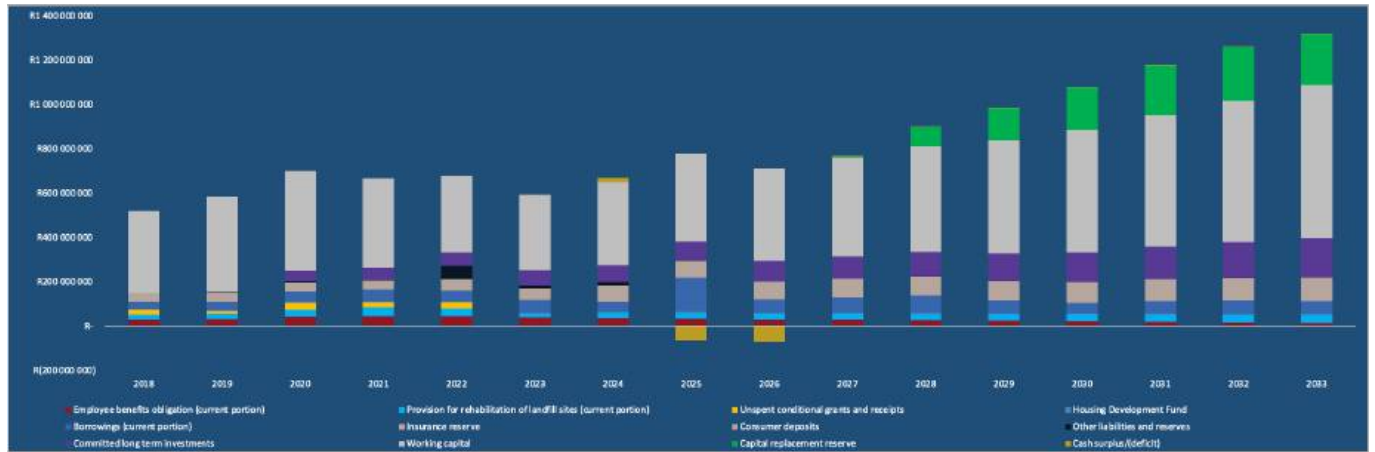


Table 3-21: Cash utilisation

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Employee benefits obligation (current portion)	30	32	42	44	43	39	37	34	30	28	26	23	21	19	17	15
Provision for rehabilitation of landfill sites (current portion)	23	26	33	40	37	17	23	26	27	28	30	31	32	34	35	37
Unspent conditional grants and receipts	22	10	31	24	26	0	0	0	0	0	0	0	0	0	0	0
Housing Development Fund	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Borrowings (current portion)	33	40	45	54	50	59	47	156	61	71	78	57	49	58	59	59
Insurance reserve	0	0	0	0	9	9	9	9	9	9	9	9	9	9	9	9
Consumer deposits	38	40	41	42	43	43	65	68	71	74	77	81	85	88	92	96
Other liabilities and reserves	0	3	7	3	59	13	13	0	0	0	0	0	0	0	0	0
Committed long term investments	0	0	47	54	61	70	78	86	94	103	113	123	135	148	162	177
Working capital	370	430	451	403	345	341	374	396	415	445	477	512	550	593	640	692
Capital replacement reserve	0	0	0	0	0	0	0	0	0	5	86	144	193	226	244	232
Cash surplus/(deficit)	0	0	0	0	0	20	-66	-70	2	1	0	3	1	2	2	2
	520	584	700	667	677	593	669	712	640	768	900	984	1 080	1 179	1 263	1 321

The Municipality will continue to keep adequate cash cover in place of the items in Figure 3-14 and Table 3-21¹⁷. While maintaining the cash cover, consideration will be given to growing the CRR balance over the forecast period as set out in this plan (see section e below).

Should this be implemented, the forecast CRR balance would need to be managed at levels where all other cash cover requirements are met. Over the forecast period, it is achieved by reducing transfers of cash-funded depreciation.

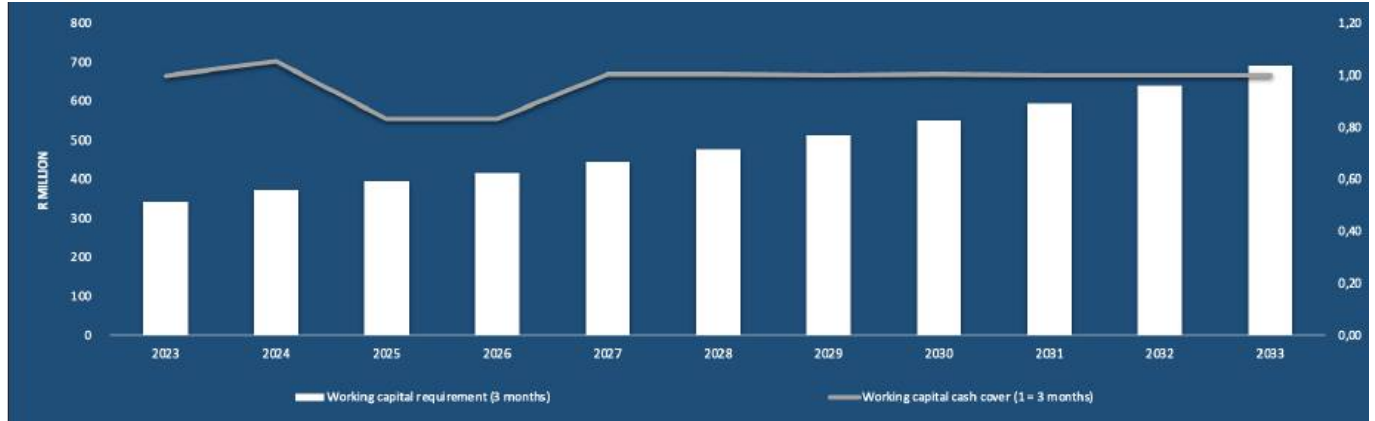
Actual operational surplus data and the effect thereof on the cash position need to be monitored throughout to determine if the cash and investment position should be managed differently over the planning period.

¹⁷ After the reporting timeframe of the LTFP, the municipality’s view of projections for *Employee benefits obligation (current portion)* and *Insurance reserve* was amended to indicate a steady increase over the forecast period. This should be taken into consideration when interpreting these projections. In addition, consideration should be given to the end date of 30 June 2026 for *Committed long term investments*, after which date it is likely that these values will no longer need to be cash-backed.

Interpretation note: Data available at the time of the compilation of this plan for FY 2023 was adjustment budget data. At the time of publishing this plan, FY 2023 values may be different.

d. Cash cover of operational expenditure

Figure 3-15: Working Capital Cash Values



Interpretation note: A working capital cash cover of 1 is equal to 3 months’ working capital cash cover.

The municipal policy requires a minimum of three months’ cash cover of working capital (operational expenditure). This requirement is met over the forecast period (see Figure 3-15). As indicated in section c above, this requirement will remain the priority should the CRR balance be increased over the forecast period.

The Circular 71 requirement for cash coverage of working capital is one to three months. The municipal policy is for three months’ working capital cash cover. Therefore, the statutory requirement is maintained and exceeded over the forecast period.

Table 3-22: Liquidity management

		-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjusm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months	6 Month	6 Month	7 Month	6 Month	5 Month	4 Month	5 Month	5 Month	4 Month	5 Month	5 Month	5 Month	6 Month	6 Month	6 Month	5 Month
		475	533	654	613	616	523	516	486	466	487	509	531	555	580	606	634
		22	10	31	24	26	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		45	51	47	54	61	70	153	226	174	281	391	453	525	599	657	687
	997	1 108	1 190	1 322	1 465	1 609	1 629	1 819	1 898	1 953	2 072	2 201	2 351	2 516	2 702	2 913	

e. Capital replacement reserve

Should it be implemented, a growing CRR will bolster the municipality’s resilience against unforeseen events and its ability to fund capital investment from internally generated funds (see sections 3.5.23.5.2 and 3.5.3).

Funds which are generated internally with which to fund capital expenditure, are transferred to the CRR – the same which is cash-backed.

The most important contributor is cash-funded depreciation (see section 3.5.1b). When possible, additional transfers are made from surplus cash after all required liabilities, reserves and the minimum working capital requirement have been backed by cash.

As the CRR balance is also cash-backed, its impact forms part of managing the utilisation of cash and investments. As indicated in section c above, it is managed by keeping transfers to the CRR at a level which would balance the overall cash position with the funding need for capital expenditure. Based on benchmarking with other municipalities, the CRR balance should be managed towards 40% of cash and cash equivalents, after ensuring all other cash cover requirements are met.

Table 3-23 sets out how these items may be managed over the forecast period, should this option be implemented. Transfers of cash-funded depreciation to the CRR is managed to ensure cash cover of all other reserves and liabilities are met (see section c). The utilisation of the available balance may be kept lower than what was transferred to the reserve in the preceding year to ensure growth in the CRR balance. Sufficient levels of external debt are used to ensure that capital expenditure remains at an optimal level (see section d).

Table 3-23: Managing the capital replacement reserve

Capital Replacement Reserve

Opening balance
Cash-funded depreciation
Capital contributions: Received
Additional transfer from cash surplus
Other
Less: Capital expenditure
Closing balance

Cash-funded depreciation contribution to CRR

Total depreciation cost
Cash-funded depreciation cost
% cash-funded depreciation cost
% cash-funded depreciation cost contributed to CRR

Additional transfer from cash surplus as percentage of FY cash surplus

FY cash surplus/(deficit)
Additional transfer to CRR as percentage of cash surplus

4	5	6	7	8	9	10
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
2027	2028	2029	2030	2031	2032	2033
0	5	86	144	193	226	244
5	86	116	115	106	101	80
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	-5	-58	-65	-73	-83	-93
5	86	144	193	226	244	232

4	5	6	7	8	9	10
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
2027	2028	2029	2030	2031	2032	2033
152	156	161	166	171	176	182
118	128	134	153	166	155	138
78%	82%	83%	92%	97%	88%	76%
4%	67%	87%	79%	64%	69%	58%

4	5	6	7	8	9	10
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
2027	2028	2029	2030	2031	2032	2033
447	478	512	553	594	642	693
0%	0%	0%	0%	0%	0%	0%

Refer to forecast growth in and management of the CRR, should this option be implemented, as set out in Figure 3-16, Figure 3-17 and Table 3-24.

The utilisation of the CRR balance is forecast to grow over the forecast period, overtaking contributions in the last forecast year – which would lead to a slight reduction of the CRR balance in the last forecast year. Nonetheless, growth in the balance is forecast to reach 18% of cash and cash equivalents at the end of the forecast period.

The decline in the projected surplus for FY 2032 is driving the declining CRR position in FY 2033 (see section 3.5.1). Resultantly, actual data needs to be monitored and the assumptions of this plan be revised as differences in a realised surplus/(deficit) may have a material impact.

Figure 3-16: Movement in CRR

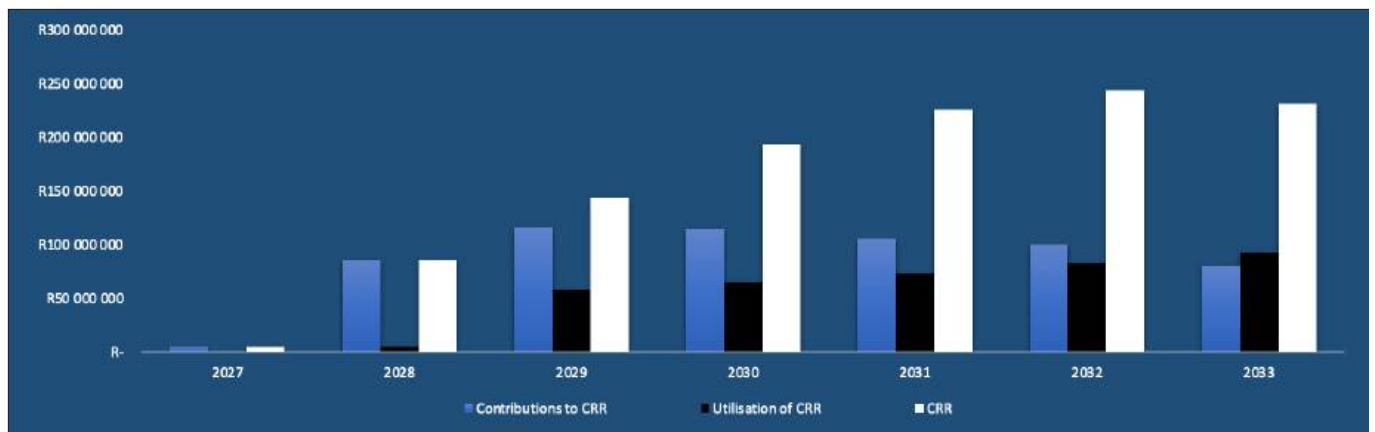


Figure 3-17: CRR as a percentage of cash and cash equivalents

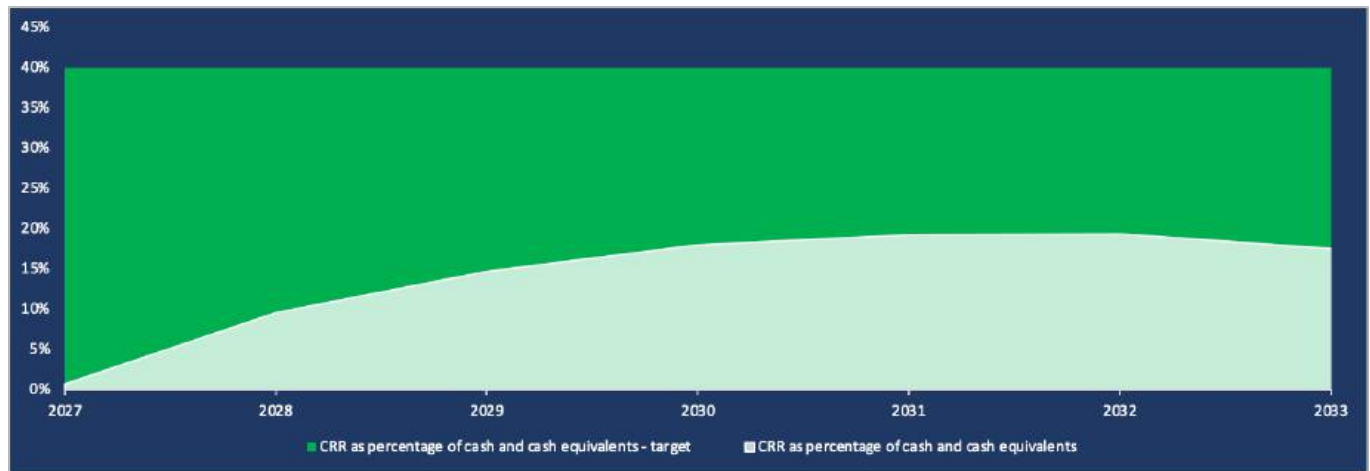


Table 3-24: CRR management

Contributions to CRR
Utilisation of CRR
CRR
CRR as percentage of cash and cash equivalents
CRR as percentage of cash and cash equivalents - target

	4	5	6	7	8	9	10
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
2027	2028	2029	2030	2031	2032	2033	
5	86	116	115	106	101	80	
0	5	56	65	73	83	93	
5	86	144	153	226	244	232	
1%	10%	15%	18%	19%	19%	18%	
40%	40%	40%	40%	40%	40%	40%	

f. Risks and recommendations

- Overstrand Local Municipality may consider, as part of this LTFP, growing the cash and investment position in relation to the cash-backed capital replacement reserve (CRR). The overarching objectives would be maintaining adequate cash cover of operations; creating financial resilience against unforeseen events through adequate cash-backed reserves; and increasingly funding capital investment from cash-backed internally generated funds reserves. The aim of growing the cash-backed CRR and using sufficient levels of gearing is a balanced approach to dealing with the external challenges facing the Municipality and reaching the goals of this plan.
- The current ratio should be managed slightly higher should growth in the CRR balance be implemented.
- Three months’ working capital cash cover will remain in place throughout.
- Cash-funded depreciation expense may be contributed to CRR to the level where full cash cover of working capital is kept in place alongside cash cover of the CRR balance. The projected decline in operational surplus would lead to reduced contributions to CRR and result in reduced funding availability for capital investment. Actual data needs to be monitored throughout and the plan adapted accordingly.

See Annexure C: Cash Flow Statement for the projected cash flow statement.

3.5.4 Funding capital expenditure

Determining the optimal value for annual capital expenditure is a balancing act between an optimal mix of funding sources and the level of implementation which is possible given the operational capacity.

Actual realised operational surplus/(deficit) needs to be monitored throughout to determine whether the underlying prudent assumptions to the plan need to be changed. This may have an impact on the funding mix, as indicated in section 3.5.3e. The plan would need to be adapted accordingly.

a. Forecast optimal funding mix

Figure 3-18: Capital expenditure funding mix for 2023 – 2033

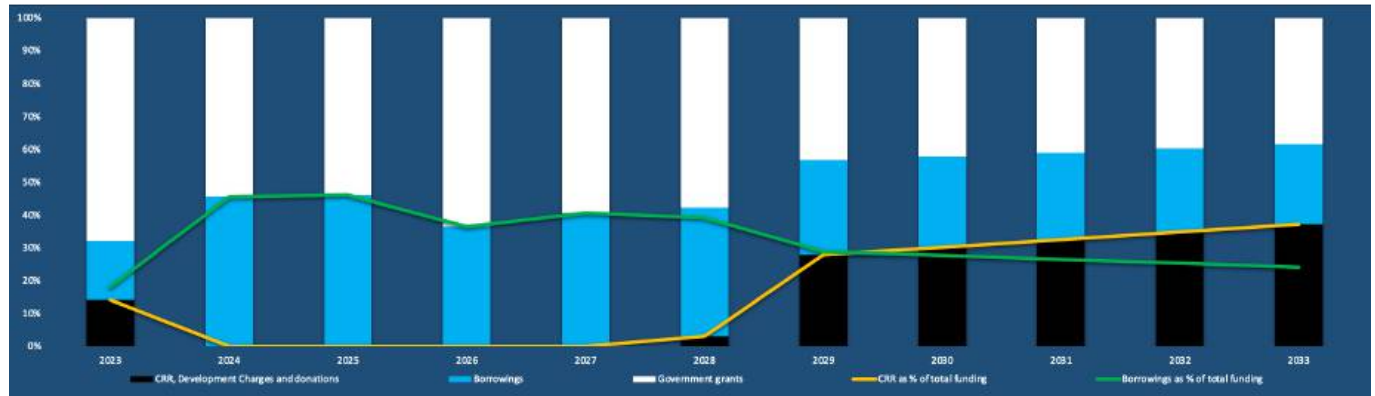


Table 3-25: Funding mix

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
CRR, Development Charges and donations	22	73	42	126	89	30	0	0	0	0	5	58	65	73	83	93
Borrowings	19	36	50	45	65	38	95	60	60	60	60	60	60	60	60	60
Government grants	64	66	119	83	38	144	114	70	104	87	89	90	91	93	94	96
CRR as % of total funding	20.7%	41.4%	19.8%	49.4%	46.3%	14.0%	0.0%	0.0%	0.0%	0.0%	3.1%	28.0%	30.1%	32.5%	34.9%	37.3%
Borrowings as % of total funding	18.2%	20.8%	23.9%	17.8%	33.9%	18.1%	45.5%	46.0%	36.5%	40.7%	39.1%	28.8%	27.7%	26.5%	25.3%	24.2%
	105	175	211	255	192	212	209	130	164	147	153	208	216	226	237	248

a.1 Borrowings

The sections under the Long-Term Financial Plan highlights the external challenges which Overstrand Local Municipality is facing. At the same time, the goals of the LTFP are to manage and maintain financial sustainably while also growing prioritised capital investments. As part of the strategy to deal with these issues and accomplish these goals, the Municipality will continue using external borrowings as a funding source for capital expenditure (see section d). This will create the space necessary to slowly grow the cash and investments balance in relation to the CRR, which is being considered as part of this plan (refer to section 3.5.3e).

As indicated in Table 3-25, new external debt of R60m is projected to be utilised as funding for capital expenditure for each financial year in the forecast period.

a.2 Capital Replacement Reserve

Section 3.5.3e provides a detailed plan for measured utilisation of the CRR balance in funding capital expenditure. See Table 3-25 for the detailed projected funding amounts towards capital expenditure over the forecast period.

Should this option be implemented, borrowings as a percentage of total funding should decline over the forecast period while CRR as a percentage of total funding will increase by slightly more than the declining contribution of borrowings. Refer to Figure 3-18 and Table 3-25.

a.3 Government Grants

As a result of the funding mix between external debt and internally generated funds, dependence on grant funding may slowly decline over the forecast period (see Table 3-26 and Figure 3-18). This plan may effectively reduce the impact of the identified risk of decreasing financial (grant) allocations. Refer to the sections under the Long-Term Financial Plan

Table 3-26: Grant dependency

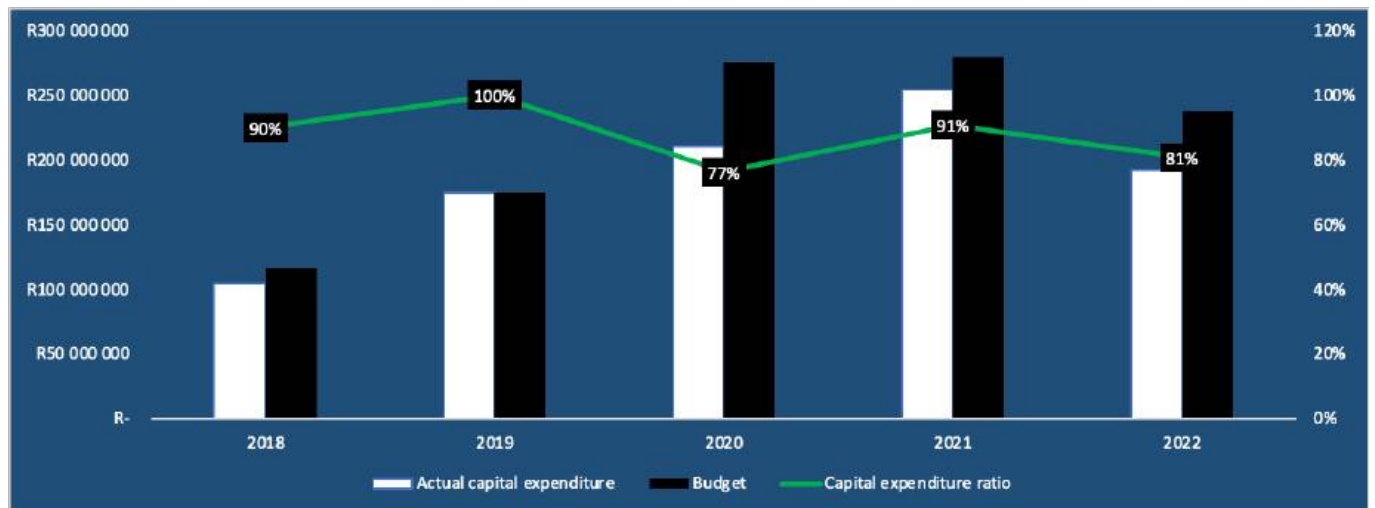
			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	None	Internally generated funds	35%	48%	43%	58%	78%	32%	45%	46%	36%	41%	42%	57%	58%	59%	60%	61%
		Borrowings	17	47	39	102	85	30	0	0	0	0	5	58	65	73	83	93
		Total Capital Expenditure	19	36	50	45	65	38	95	60	60	60	60	60	60	60	60	60
			105	175	211	255	192	212	209	130	164	147	153	208	216	226	237	248

			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	None	Internally generated funds	17%	27%	19%	40%	44%	14%	0%	0%	0%	0%	3%	28%	30%	32%	35%	37%
		Borrowings	17	47	39	102	85	30	0	0	0	0	5	58	65	73	83	93
		Total Capital Expenditure	105	175	211	255	192	212	209	130	164	147	153	208	216	226	237	248

b. Implementation level

Historically, the Municipality has had an **average** implementation ratio of 88% of the capital expenditure budget (R188m). Figure 3-19 indicates that the lowest implementation level was 77%, the same which occurred during the Covid-19 pandemic timeframe. 81% actual implementation of the budget for FY2022 is deemed to be a more reliable indicator of likely implementation capacity. Therefore, capital expenditure over the forecast period is capped at 80% of the projected value for implementation capacity.

Figure 3-19: Capital expenditure history (Budget vs Actual)

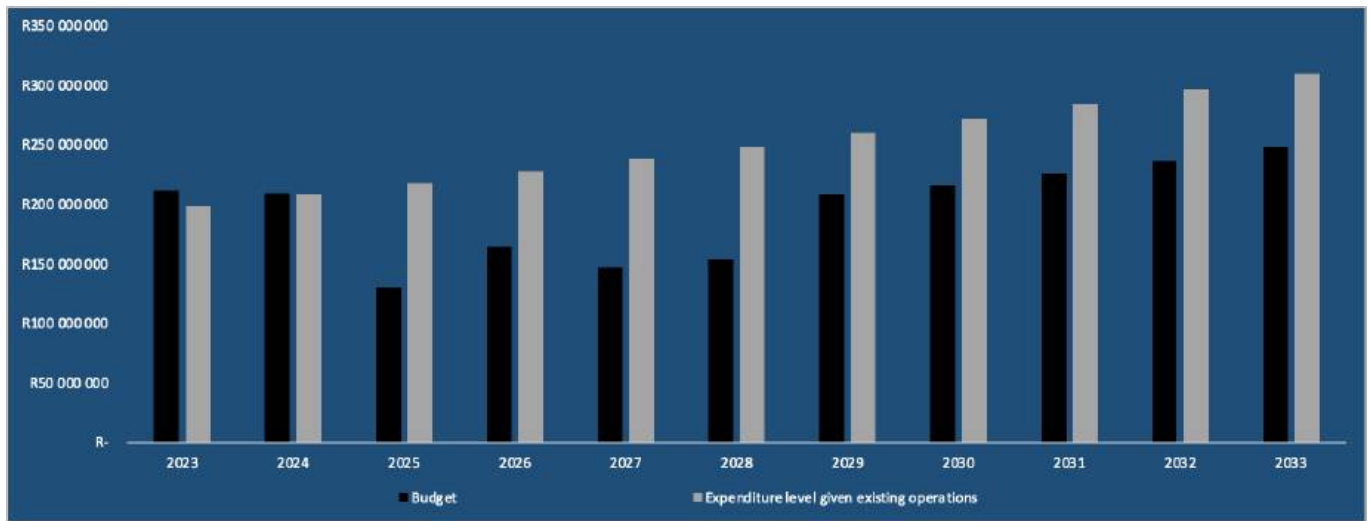


The historic average implementation value is determined as the starting point in estimating the expenditure implementation level if the current implementation capacity (existing operations) remains in place. It is adjusted for inflation over the planning period.

The results of the comparison between the budgeted/forecast capital expenditure and the estimated level of expenditure given existing operations are illustrated in Figure 3-20. From this comparison, it is estimated that implementation of the projected capital expenditure over the forecast period should be achievable.

Continual monitoring of these items needs to inform any possible changes to implementation capacity drivers (employee-related costs and contracted services), should implementation capacity need to be increased.

Figure 3-20: Capital expenditure forecast



c. Risks and recommendations

- As a result of the projected funding mix between external debt and internally generated funds, dependence on grant funding may slowly decline over the forecast period, effectively reducing the impact of the identified risk of decreasing financial (grant) allocations.
- Actual realised operational surplus needs to be monitored throughout to determine whether the underlying prudent assumptions of the plan need to be changed. This may have an impact on the availability of internally generated funds with which to fund capital expenditure.
- Municipal capacity for the implementation of forecast capital expenditure looks to be sufficient over the planning period. However, continual monitoring of these items needs to inform any possible changes to the implementation capacity drivers (employee-related costs and contracted services), should implementation capacity need to be increased.

See Annexure D: Funding Sources of the Capital Budget for projected capital expenditure and funding thereof.

3.6 Concluding remarks

For concluding remarks, refer to Part 6: Institutional Arrangements.

Part 4

Prioritisation

4 Part 4: Prioritisation

4.1 Aims and objectives

- To define the prioritisation rationale of the Municipality;
- To establish a multi-criteria assessment framework which should be used to evaluate all projects in the portfolio of projects, and;
- To evaluate the results generated by the multi-criteria assessment framework in order to confirm the intent of the prioritisation rationale is met.

Prioritisation methodology

The use of a Capital Prioritisation Framework (CPM) is crucial in implementing a Capital Expenditure Framework. This framework establishes a methodology for ranking projects based on their alignment with strategic objectives and the overall strategic intent of the Municipality. Using quantitative methods, it assigns a numerical value to each project's priority, providing a systematic and objective approach to prioritisation. The CPM serves as a scientific basis for decision-making and strategic planning, encompassing spatial, infrastructure, and financial considerations. In the following sections, the CPM will be discussed, including a prioritisation rationale, high-level approach, detailed criteria, application, and results.

4.2 Exploring the essence of prioritisation

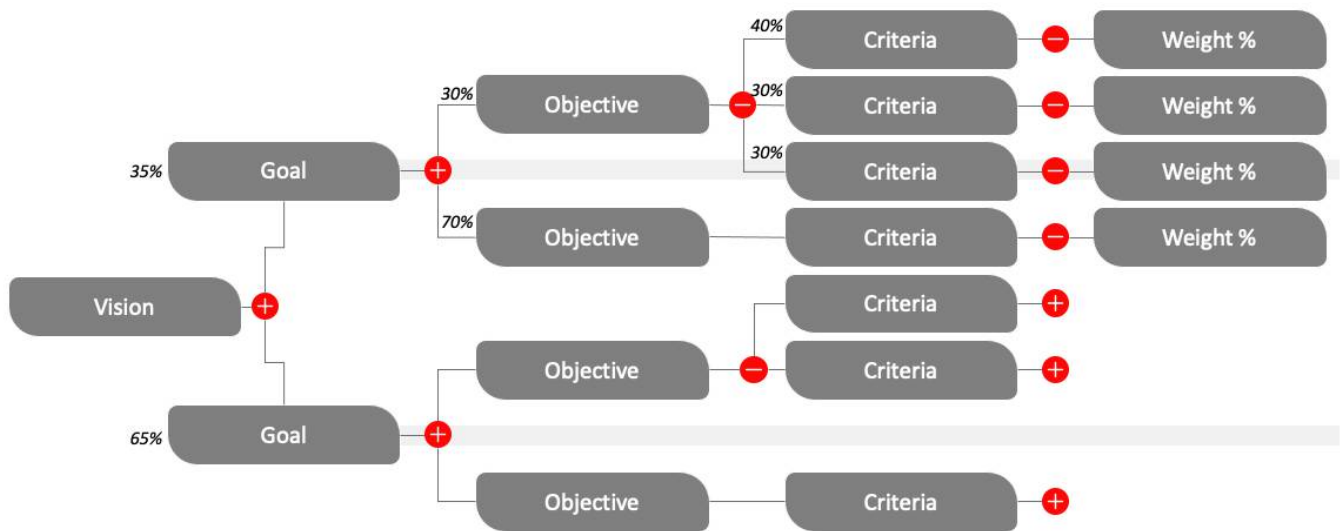
Prioritisation in a CEF refers to the process of ranking and selecting investment projects based on their relative importance, measured in terms of their strategic alignment. This is typically done to ultimately, as input to the budget scenario process, allocate limited resources to the most aligned projects and ensure that the Municipality's goals and objectives are met most efficiently and effectively.

Multi Criteria Assessment (MCA) frameworks are often used in prioritisation, as they provide a systematic and comprehensive approach to evaluating and comparing projects. These frameworks consider multiple dimensions or criteria that are relevant to the Municipality, such as financial prudence, strategic alignment, infrastructure needs, and spatial impact.

In a multi-criteria assessment framework, each project is rated against each criterion using a set of predefined weights and scales. The ratings are then combined to generate an overall score or rank for each project, which can be used to determine its priority. The selection of criteria and their relative importance is determined based on the specific goals and objectives of the Municipality, as well as any relevant constraints or limitations.

Using a multi-criteria assessment framework can help local municipalities to make more informed and objective decisions about their capital expenditure priorities, by taking into account a wide range of factors and considering trade-offs between different criteria. This can lead to better alignment with strategic goals, improved allocation of resources, and highlighted data governance requirements.

Figure 4-1: Multi-Criteria Assessment (MCA) framework



4.3 The mathematical framework of prioritisation

Given the diverse range of different role-players within the Municipality and the divergent needs stemming from each, it was deemed essential that the methodology lends itself towards participation and allows for easy calibration by key decision-makers. To fully consider all factors relevant in deciding which projects to receive priority, the Utility Analysis Method is used which takes all the relevant system constraints into account.

Utility analysis is in effect a semi-quantitative means of 'trading off' the effects of implementing any given scheme, that is, the relative desirability of achieving a given set of goals and objectives and the degree to which this target system is fulfilled, are combined to give a measure of how far each scheme will go in meeting all or any of the goals and objectives, and so provides the answer to the question of the effectiveness of the scheme. The distinguishing feature of utility analysis is that it can handle financial, quantitative and qualitative effects simultaneously. Consequently, all of the impacts or effects of a project which can be envisaged can be included in the analysis."

Evaluation of Transportation Projects – Utility Analysis; JV Baxa; January 1981; CSIR

Utility analysis provides a structured input mechanism for the decision-maker and indicates the overall effectiveness with which alternatives will satisfy the complex target system. The process begins by defining the problem in a structured way. As already mentioned, the problem definition can incorporate diverse inputs that cover quantitative, qualitative, and spatial factors.

The starting point for a utility analysis is to define the goals that should ultimately be addressed by the modelling. Each of these goals and subsequent objectives must be established. Each objective requires a specific input, which will be modelled based on a predetermined method or value function, to provide an output. The following basic steps apply:

- Define the relative preferences for each goal that was set out;
- Define relative preferences for each objective that was set out, and;
- Weight each criterion that was set up to reflect their relative importance.

By following these steps, each alternative (or in the case of capital prioritisation – each project) can be 'scored' to attain a measurement of performance that can be translated into several points system with which each criterion is weighted, as indicated on the matrix of utilities, is normalised to a number between 0 and 100.

The complexity of the number of variables that must be considered in the model from the Municipality’s point of view requires that the model methodology be adapted to allow for more than one level of “objectives”. Importantly, these objectives all contribute towards a fundamental set of goals defined at the start of the utility analysis process. These goals possess the ability to influence how projects will be rated rather dramatically, by their hierarchical importance relative to objectives and criteria on the utility analysis. The benefit of this is that the Municipality now can fix the fundamental considerations on this level, to ensure that it manifests in prudent financial management whilst still ensuring that the transformation as contained in the various municipal strategies, manifests itself at this level.

This approach offers a significant advantage in that the “principles” of prioritisation become important debating points, instead of individual merits projects. Projects emanating from different departments do not have “common ground” to enable a meaningful one-to-one comparison. Using this model though provides a platform where all projects, irrespective of their origin or sophistication, are subjected to the same principles.

Prioritisation Rationale

4.4 What is a prioritisation rationale

A prioritisation rationale is a written explanation that outlines the reasoning behind prioritising projects, initiatives, or investments. The criteria informing the prioritisation process and how each project will be evaluated and ranked are detailed in the rationale. This document provides transparency and accountability in the decision-making process and allows stakeholders to understand why the prioritisation framework is configured. To do that, this section of the document reflects a summarised compilation of the prioritisation rationale expressed across the various policies, plans and programmes of the Municipality. This summarised compilation will form the basis upon which the Multi-Criteria Assessment (MCA) prioritisation framework will be configured.

The prioritisation rationale is influenced by the strategic goals and objectives of the Municipality. It typically includes objectives, criteria, and weights associated with each. Having a clear prioritisation rationale can help build trust and support among stakeholders and serve as a reference for future decision-making. The rationale is an important step towards compiling a model that represents the Municipality's decision-making rationale.

4.4.1 Input data: strategic documentation

The first step to define the prioritisation rationale was through the evaluation and analysis of the strategic documentation of the Municipality. This was done to independently identify the essence of the strategic rationale that should be modelled through the prioritisation tool, as defined across the various policy documents of the Municipality. The value added of this step is then to centralise all priority-related statements. Strategic documentation that was provided included:

Table 4-1: List of Strategic Documentation

List of Sources	Date Published
Approved Integrated Development Plan	2023
Disaster Management Plan	2023
Rural Development Plan	2023
Approved Integrated Development Plan	2022
Long-Term Financial Plan	2022
Spatial Development Framework	2020
Environmental Management Plan for Overstrand	2016

List of Sources	Date Published
Growth Management Strategy	2010
Local Economic Development Plan	2007

4.4.2 Input data: prioritisation rationale

Table 4-2 shows a summary of the findings concluded from the input data discussed above. The summary comprises three elements namely:

- The first element is a criterion grouping;
- The second is the prioritisation expression identified, and;
- The third is a reference to the expression identified.

The purpose of this section is neither to reiterate the statements made in the relevant documents nor to answer the question of “why” certain strategic positions are made, but rather to distil them into harmonised findings, which will be used to inform measurable criteria as part of the prioritisation framework that will be used to scientifically determine a priority of capital projects, in line with each finding.

Table 4-2: Prioritisation Rationale Input

Criteria Grouping	Rationale Input	Approved Integrated Development Plan	Annual Report	Rural Development Plan	Long-Term Financial Plan	Spatial Development Framework	Environmental Management Plan	Growth Management Strategy	Local Economic Development Plan
Economic	<ul style="list-style-type: none"> • Prioritisation of available and well-maintained municipal infrastructure that enhances economic growth (revenue-generating assets) and promote proactive maintenance of Municipal Infrastructure. 	Pg 75 Pg 93, 78	Pg 103 Pg 116		Pg 16 Pg 45	Pg 14			Pg 5
	<ul style="list-style-type: none"> • Encourage and support the rural economy, through Aquaculture and Fisher Production Support Unit (PSU) 	Pg 225	Pg 34			Pg 145			Pg 5
	<ul style="list-style-type: none"> • Promote sustainable local economic development / creation of an environment conducive for LED. 	Pg 75, Pg 188,	Pg 103 Pg 114		Pg 18 Pg 25	Pg 157	Pg 19		Pg 2
	<ul style="list-style-type: none"> • Development of Tourist Facilities and the promotion of Tourism and Hospitality Industry as a driver of economic growth. 	Pg 125 Pg 228	Pg 114	Pg 52	Pg 10 Pg 27	Pg 138	Pg 50		Pg 4
Financial	<ul style="list-style-type: none"> • Encourage Effective Financial Management. 	Pg 104	Pg 302		Pg 25				
	<ul style="list-style-type: none"> • Encouraging an economic enabling environment where external funding is encouraged/promoting investment in high-production sectors. 	Pg 201			Pg 15 Pg 16	Pg 245			Pg 5
	<ul style="list-style-type: none"> • Encourage affordable and sustainable development. 		Pg 79		Pg 18	Pg 29			
Social	<ul style="list-style-type: none"> • Eliminate the current housing need by providing sustainable human settlement / Development of Integrated Human Settlements. 	Pg 135 Pg 201	Pg 175 Pg 206			Pg 156 Pg 119	Pg 49		
	<ul style="list-style-type: none"> • Promotion of community facilities and the development of the community. 	Pg 94 Pg 99				Pg 248			
	<ul style="list-style-type: none"> • Facilitate social amenities related to, educational, cultural, health, welfare safety and security services. 	Pg 75 Pg 192				Pg 29		Pg 15	
Technical	<ul style="list-style-type: none"> • Effective Development of Municipal Infrastructure - Comprehensive Bulk infrastructure (Water, Sanitation, Roads, Refuse, ICT) / The provision of bulk infrastructure and services to industrial areas must be given high priority. 	Pg 200			Pg 18	Pg 156 Pg 146		Pg 14 Pg 15	Pg 4
	<ul style="list-style-type: none"> • Support effective development, management, operation, and maintenance of Municipal Infrastructure (asset types responsive to roads, potholes, stormwater, mechanical, electrical and telemetry installations, parks, amenities, water meters, cemeteries). 	Pg 200				Pg 14			
	<ul style="list-style-type: none"> • Ensure that there is available and well-maintained municipal infrastructure that enhances social growth. 	Pg 75				Pg 254			
	<ul style="list-style-type: none"> • Support developments within areas with appropriate terrains. (In circumstances where the terrain is not suitable for human settlement, development should not be encouraged). 	Pg 143		Pg 57				Pg 12 Pg 13 Pg 15	
	<ul style="list-style-type: none"> • Implementation and prioritisation of Special Rating Areas (SRA's). 	Pg 274	Pg 87						
Spatial	<ul style="list-style-type: none"> • Encourage growth and development in priority areas. 					Pg 152		Pg 10	
	<ul style="list-style-type: none"> • Promotion of more compact, denser, efficient, and environmentally sustainable urban form (Compaction and Densification). 					Pg 150	Pg 64	Pg 5 Pg 10 Pg 15	
	<ul style="list-style-type: none"> • Restrict urban sprawl and contain growth within the Urban Edge. 			Pg 53		Pg 157	Pg 64	Pg 8	
	<ul style="list-style-type: none"> • Spatial integration of housing developments through Greater Hermanus Priority Human Settlements & Housing Development Areas (PHSHDA's), 	Pg 148							
Environmental	<ul style="list-style-type: none"> • Promote conservation for Critical Biodiversity Areas (CBAs) and Ecological Support Areas (ESAs) 	Pg 114	Pg 266	Pg 16		Pg 151	Pg 65	Pg 15	
	<ul style="list-style-type: none"> • The protection of the natural coastline and estuaries as well as the conservation of the associated ecological functions. 	Pg 125				Pg 49	Pg 53		
	<ul style="list-style-type: none"> • Manage development to environmentally sensitive areas through the EMOZ and HPOZ overlay zones. 	Pg 126 Pg 127	Pg 270	Pg 17		Pg 49	Pg 53	Pg 15	

4.5 Prioritisation criteria

The Capital Prioritisation Model (CPM) incorporates a range of categories across economic, social, technical, strategic, and environmental dimensions to ensure that projects align with the Municipality's overarching goals and objectives. The rationale input outlined in the previous section provides the basis of the criteria for the CPM. Each criterion plays a vital role in determining the project's potential impact and contribution to the overall development of the Municipality. These criteria include economic, social, technical, strategic, and environmental dimensions which will be discussed extensively in this section.

4.5.1 Economic criteria

The economic criterion in the CPM assesses the extent to which projects in the municipal capital budget contribute to the growth of the local economy and enhance the economic well-being of residents. The economic alignment score is calculated based on several distinct categories, as outlined below:

- **Population density:** This category helps assess the level of demand and potential impact of the projects on the local economy. Higher population density may indicate a greater need and benefit for certain types of infrastructure or services, which can influence the feasibility of the projects. Regarding the promotion of densification and reducing urban sprawl as indicated in the Growth Management Strategy, this criterion focuses on prioritising projects in areas with higher population densities.
- **Revenue-generating assets:** This criterion focuses on revenue-generating assets, which evaluates the potential income generated by projects. This assessment helps determine the financial impact and sustainability of the proposed projects, ensuring that they make a positive contribution to the municipality's economy. This aligns with the prioritisation rationale of promoting economic growth by investing in assets that generate revenue, whether through new assets, maintenance, or upgrading of existing assets. By prioritising revenue-generating projects, Overstrand can foster economic development and enhance its economic stability.
- **Economic Activity Index:** This index assesses the overall economic vitality and productivity of the municipality. It takes into account various factors, including employment rates, business activity, and industry growth, to gauge the potential economic benefits of projects. This index assists Overstrand officials in determining which projects contribute the most to the economic activity of the municipality. By considering these economic indicators, officials can make informed decisions regarding project prioritisation and identify opportunities that will enhance the economic prosperity of the municipality.
- **Tourism Facilities:** This refers to assets that prioritise and promote tourism by providing both soft and hard infrastructure. These assets encompass a wide range of elements related to tourism, recreation, and hospitality facilities. Projects falling into these categories are given priority within the prioritisation model, as they align with the Municipality's mandate of promoting economic development through the hospitality and tourism industry. Consistent with the prioritisation rationale, this criterion ensures the promotion and support of the tourism and hospitality industry.

4.5.2 Financial criteria

The financial alignment theme of the CPM evaluates the degree to which projects in the municipal capital budget are considered to be affordable or funded by another institution, to align the capital budget towards improving the fiscal position of the Municipality. The financial alignment score is calculated within the following distinct categories, namely:

- **External funding:** This explores the availability of financial support from other institutions, such as grants, loans, or partnerships. This is done to determine whether the projects can be partially or fully funded through external sources, reducing the financial strain on the municipality. Regarding the prioritisation rationale, Overstrand is encouraging an economic enabling environment where external funding is encouraged.
- **Affordability:** This examines whether the projects can be feasibly financed within the municipality's existing financial resources. It considers the municipality's revenue streams, budget constraints, and financial obligations to ensure that the proposed projects can be realistically implemented without placing an excessive burden on the municipality's finances. Using this criterion, the prioritisation model ensures that the Municipality uses its resources effectively and sustainably, keeping in line with its objectives of promoting affordable and sustainable development.
- **Monetary Impact:** This criterion calculates the total project budget over its lifespan. This value is compared to the maximum project budget to determine the percentage of the budget allocated to the project, therefore if a project requires a high percentage of the budget, it will have an impact on the project's score. This is an important metric as it helps assess the financial implications of projects relative to other projects. By considering the monetary impact, Overstrand officials heed the call to practice and encourage effective financial management as required by the IDP.

4.5.3 Social criteria

The social alignment theme of the CPM assesses the extent to which projects in the Municipality align with addressing the needs of areas with the highest demand and the most vulnerable communities. The social alignment score is calculated based on several distinct categories, outlined below:

- **Social Facilities:** This category examines the availability and accessibility of essential social infrastructure such as schools, healthcare facilities, community centres, and public services. The assessment aims to ensure that projects prioritise areas with a lack of adequate social facilities, addressing the needs of the community. Using this criterion, Overstrand ensures it stays true to its priorities of community development and promoting sustainable development.
- **Responsible Units:** To further reiterate community development in Overstrand, this category assesses the involvement of relevant government departments responsible for providing social amenities in specific areas. It ensures that the projects are coordinated and aligned with the responsible units, facilitating effective implementation and delivery of services. Depending on the implementing Units, certain projects will receive higher scores when providing social amenities.
- **Housing Priority Programs:** These programs target specific social housing, affordable housing, or general housing projects. The assessment aims to determine whether the projects contribute to or support these priority programs, thereby addressing the most pressing housing challenge in Overstrand.

4.5.4 Technical criteria

The technical alignment theme of the CPM assesses the extent to which projects in the municipal capital budget align with priority programs, asset management plans, and the technical analysis and modelling conducted by utility services departments. The technical alignment score is calculated based on several distinct categories, which are outlined below:

- **Infrastructure Services:** According to the prioritisation rationale of Overstrand, it is important to maintain and provide basic services and infrastructures (health care, stormwater, waste infrastructure, roads etc.). Therefore,

this category assesses the alignment of projects with the provision and improvement of essential technical services, such as water supply, sanitation, electricity, transportation, and communication infrastructure. It ensures that the projects contribute to enhancing the quality and accessibility of these services in the municipality.

- **Urban morphology:** This category examines the existing layout and structure of the urban environment, including factors such as land use patterns, transportation networks, and spatial organisation. It helps identify areas where projects can optimize the urban morphology, promoting efficient and sustainable development. It also notes the limited land availability in Overstrand, ensuring appropriate and sustainable development.
- **Special Rating Areas (SRA):** This allows for the prioritisation of projects based on their location within an SRA. Projects situated within an SRA can be given higher priority. This ensures that resources are allocated to projects that directly contribute to the improvement and upgrading of the SRA, enhancing top-up services, and promoting the well-being of residents. The SRA criterion enables targeted investment and resource allocation, optimising limited resources to enhance the quality of life and satisfaction of property owners within the SRA.
- **Developmental Facilities:** This pertains to departments that prioritise the upliftment of society through the provision of soft infrastructure assets. These assets encompass various elements related to community development, recreation, municipal council facilities, housing, and recycling facilities. Projects falling within these categories receive priority within the prioritisation model, as they align with Overstrand's mandate of promoting available and well-maintained municipal infrastructures that enhance social growth. By considering these developmental facilities, the prioritisation model ensures that projects addressing the needs of the community and enhancing their quality of life are given due importance and consideration.

4.5.5 Spatial criteria

The spatial alignment theme of the CPM assesses the extent to which projects in the municipal capital budget align with the spatial objectives and strategic outcomes outlined in the Municipality's strategic guiding document. The alignment score is calculated based on several distinct categories, which are outlined below:

- **Functional Areas:** This category focuses on the jurisdiction and boundaries of the Municipality, considering its specific functional role within the larger region. It aims that projects are aligned with the designated Functional Area of the Municipality, as outlined in the Functional Area analysis section. This ensures that development activities are appropriately prioritized in the corresponding functional areas, aligning with their intended purposes.
- **Priority Development Areas:** According to the Overstrand SDF, certain areas have been designated as having a greater priority for development. This prioritisation is determined by strategic considerations derived from the Growth Management Strategy. By assessing and identifying these areas, projects can be spatially targeted in areas that is identified as per the SDF for development and maintenance.
- **Urban Development Boundary:** It delineates the boundary or limit within which urban development is allowed or encouraged. The assessment intends that projects adhere to the designated urban development boundary, thereby supporting the Municipality's endeavours to effectively manage and guide urban growth. Following the Growth Management Strategy, it is essential to prioritise urbanisation while also restraining urban sprawl.
- **Greater Hermanus Priority Human Settlements & Housing Development Areas (PHSHDA's):** This category emphasises the spatial integration of housing programs within the designated Greater Hermanus Priority Human Settlements & Housing Development Areas. Housing developments and projects located within these areas will receive higher scores and priority to ensure their prioritisation. By elevating the importance of projects within

these areas, the Municipality aims to focus resources and efforts on promoting housing development in these specific regions, fostering sustainable and equitable human settlements as mandated by the Overstrand SDF.

4.5.6 Environmental criteria

The environmental alignment theme of the CPM assesses the extent to which projects in the municipal capital budget align with the environmental objectives and outcomes outlined in the Municipality's strategic guiding document. The alignment score is calculated based on several distinct categories, which are outlined below:

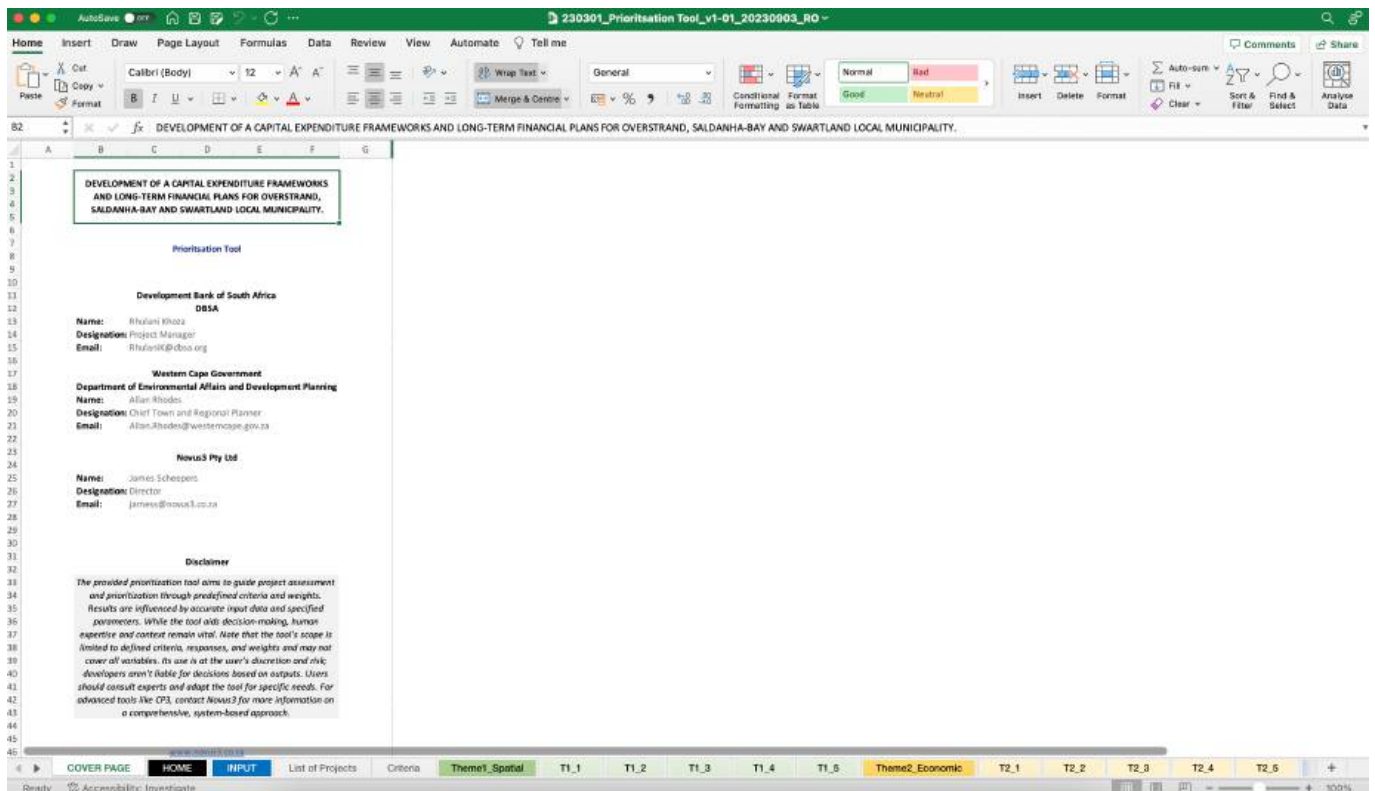
- **Protection of natural open space system:** This criterion will assess the degree to which projects protect and manage the natural open space system within the municipality. This includes critical biodiversity areas and ecological support areas, as well as areas earmarked for agriculture. The evaluation will focus on whether projects contribute to maintaining the integrity of these areas, preserving ecological processes and habitats, and promoting tourism and investment opportunities. Projects that prioritise environmental conservation and sustainable practices will receive higher scores in the environmental criteria.
- **Protection of the natural coastline and estuaries:** This evaluation will assess whether projects contribute to the protection of the natural coastlines and estuaries within the Municipality. Projects that fall within these areas will receive a lower score, reflecting the need for heightened protection and preservation of these coastlines and estuaries.
- **Environmental Protection Areas:** This assesses the location of projects concerning specific environmental designations, such as the EMOZ and HMOZ, as outlined in the municipality's strategic documents. Projects that fall within the EMOZ and HMOZ areas receive a lower score, reflecting the need for heightened protection and preservation of this environmentally significant area. This criterion ensures that projects are evaluated based on their alignment with the municipality's environmental objectives, striking a balance between conservation and appropriate development within environmentally sensitive areas.

In conclusion, as illustrated the CPM provides a comprehensive assessment approach, enabling the Municipality to make informed decisions about project prioritisation. By considering these diverse criteria, the Municipality can ensure that projects contribute to the sustainable development and long-term vision of the community, benefiting both current and future generations.

4.6 Prioritisation tool

A basic Excel-based project prioritisation tool was a requirement as part of this project, with the ability to represent the prioritisation rationale of the Municipality shown in Figure 4-2. It is based on a multi-criteria assessment framework, incorporating spatial, economic, social, financial and technical metrics. The model aims to apply all capital projects identified and provide a relative ranking that can be used in the budget scenario section.

Figure 4-2: Excel-Based Prioritisation Tool



4.7 Output of the prioritisation application and results

A multi-criteria assessment framework is a decision-making tool that helps in evaluating different options based on multiple criteria. It involves a step-by-step process that assigns scores to each alternative based on their performance against the criteria. The scores are then converted into points for each criterion and project. The weightage of each criterion is pre-determined using a points system, where a higher number indicates a greater level of importance.

By applying this framework, decision-makers can assess multiple options objectively, based on their performance against various criteria. It helps in identifying the most suitable option that meets the needs of the organisation or project. This approach also ensures transparency in the decision-making process, as the criteria and weightage assigned to each criterion are clearly defined beforehand.

The outcome of a multi-criteria assessment framework is a set of scores or rankings for each alternative being evaluated, based on their performance against multiple criteria. The scores are typically presented as a set of numbers, where each number represents the performance of a specific alternative on a particular criterion.

Prioritisation results

The following subsection offers a comprehensive analysis of the relative ranking obtained through the implementation of the CPM. This analysis of the results and relative ranking will empower the Municipality to make strategic decisions regarding project prioritisation. The derived ranking will provide valuable insights and contribute significantly to the budget scenario routine.

4.8 Overall prioritisation results

4.8.1 Project score analysis: Project distribution across the score range

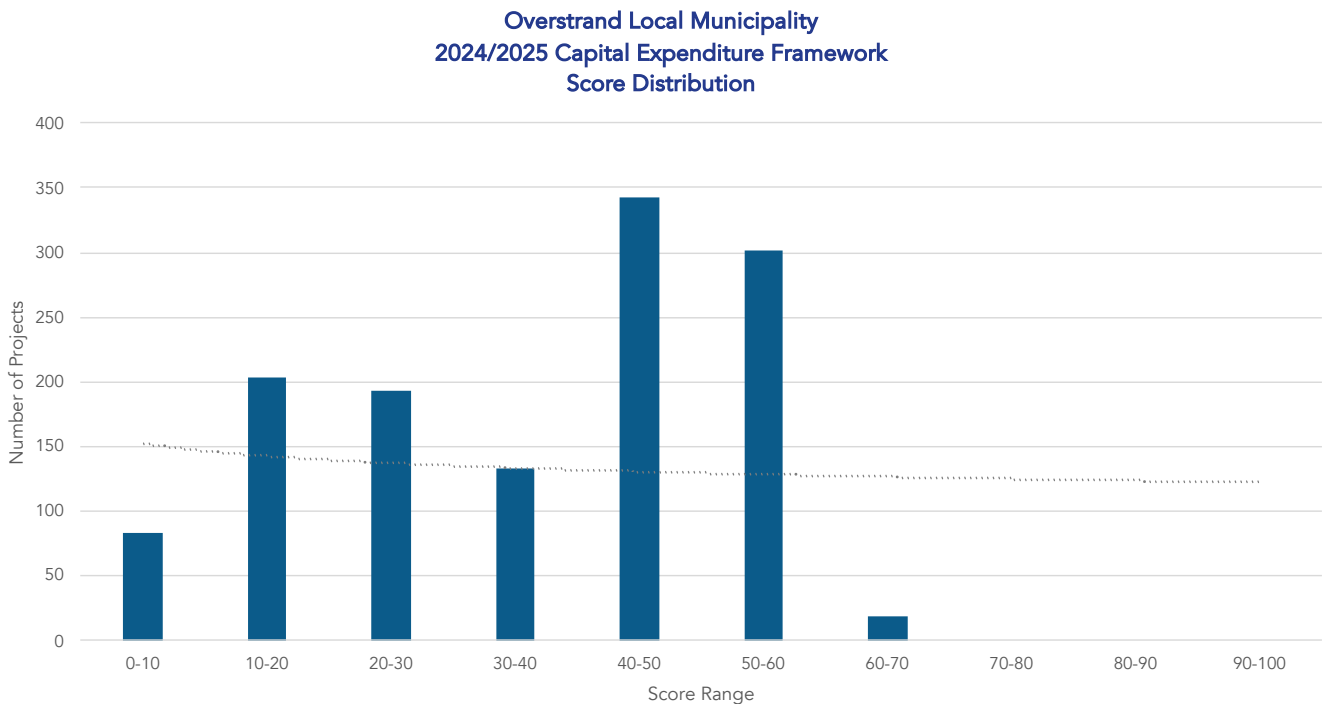
The visualisation and analysis of prioritised projects through score distribution is a valuable technique. By examining score distributions, we can detect data trends and patterns, while also pinpointing potential gaps or biases requiring attention. One metric used to gauge distribution is skewness, which measures the degree of asymmetry in the data. A perfectly symmetrical distribution yields a skewness of zero. Conversely, positive skewness signifies a rightward skew, indicating a longer tail on the positive side of the axis.

Within the context of project scores, a positive skewness suggests a preponderance of projects with lower scores and fewer with higher scores. This is typical of the start-up effect (running the model for the first time) and might indicate the necessity for standardising data collection procedures and ensuring uniform evaluation criteria for all projects. Additionally, it could point toward the need for an extra criterion to bolster the prioritisation process. However, it's crucial to emphasize that achieving a normal distribution of scores is of paramount importance. Achieving a normal distribution of scores is crucial for several reasons. Normal distributions, well-understood in statistics, offer predictability for estimating probabilities and making inferences about project outcomes. They enable fair project comparisons, aid balanced decision-making, and support efficient resource allocation. Additionally, striving for a normal distribution encourages ongoing evaluation process refinement, identifying and rectifying biases or inconsistencies, ultimately leading to improved decision quality.

Ultimately, comprehending the skewness of the score distribution empowers municipalities to enhance project planning practices and optimise resource allocation.

Figure 4-3 illustrates the project score distribution for the Municipality.

Figure 4-3: Project Score Distribution



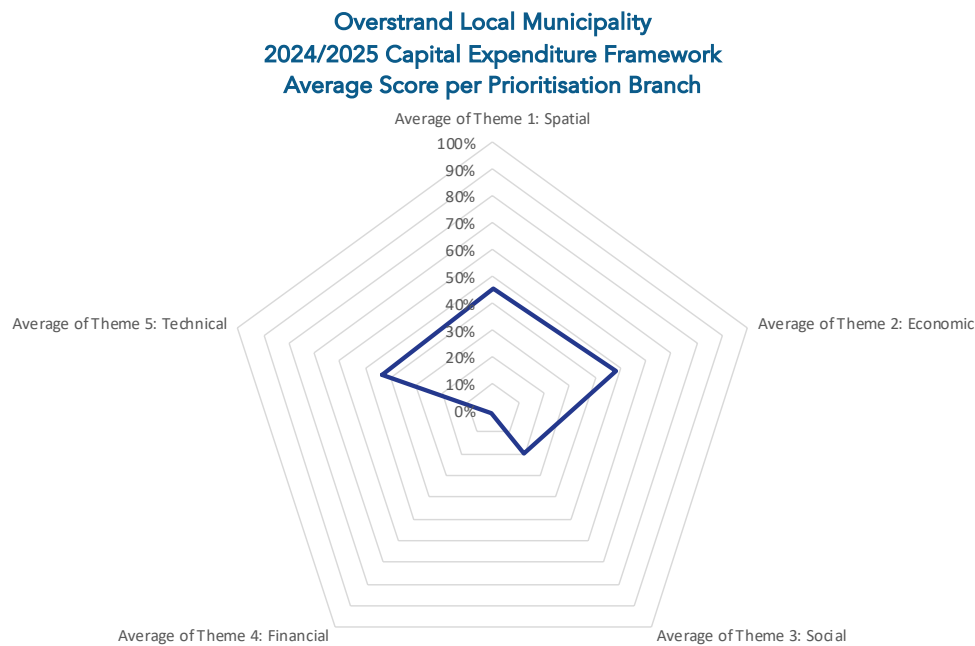
The following observations can be made from Figure 4-3:

- **Skewness Analysis:** The data exhibits positive skewness, as evidenced by the concentration of projects in the lower score ranges (0-30), implying fewer high-scoring projects. The substantial number of projects in the 40-50 and 50-60 score ranges may indicate consistently higher ratings, making them potential priorities for resource allocation or further evaluation. The absence of projects in the 70-80 and 80-90 score ranges suggests no projects achieving such high scores, possibly due to project data or scoring criteria. The lower scores also suggest that, during the data collection process, there could have been fluctuations in data availability or completeness, resulting in data that is inconsistent or incomplete. To address this issue, introducing minimum data collection standardisation in the planning practices can be a valuable step for municipalities. Continuous data clean-up and verification are recommended to ensure fair scoring for all projects. Having a standardisation of information will ensure that all relevant information is being collected uniformly. This will improve the accuracy and completeness of the data, which will lead to better decision-making, accurate representation of the community needs and more effective prioritisation of them.
- **Score Distribution Overview:** Seeing that this is the first time the Municipality is doing such an exercise, the data that will be collected and subjected to the prioritisation model will only mature and higher scores will be reached. As an objective for the municipality, it would be best to achieve a more balanced distribution of scores (closer to a normal distribution) is important for fair comparisons and resource allocation. This aligns with the start-up effect previously discussed, which is typical for the initial implementation of the model and underscores the need to standardise data collection procedures and establish uniform evaluation criteria for all projects.
- **Projects Overview:** Several projects have achieved scores in the 60-70 range and should be investigated further. Notably, many electricity-related initiatives have performed admirably, aligning harmoniously with the Long-Term Financial Plan's suggestions to allocate resources towards electrical infrastructure enhancement. In addition to the high-scoring infrastructure ventures, encompassing both water and electricity, it is noteworthy that a significant portfolio of housing and community projects scored favourably. These include notable endeavours like the Zwelihle Library and Mount Pleasant Sports Ground. Projects that score favourably, particularly those related to infrastructure enhancement and community development, have the potential to contribute to the municipality's long-term financial sustainability and growth. These projects align with the LTFP's objectives of building and maintaining financially sustainable municipal operations and supporting economic growth through strategic investments.

4.8.2 Project score analysis: Score spread across priority themes

A radar analysis is a data visualisation technique used to display multivariate data in a two-dimensional graphical format. It is particularly useful for comparing multiple quantitative variables across several categories or entities. Within the intricate tapestry of prioritisation encompassing spatial, economic, social, financial, and technical objectives, radar analysis offers a beacon of clarity. Each axis on the radar chart symbolises a distinct facet of the prioritisation model, analogous to the diverse threads woven into a strategic tapestry. Collectively, these axes paint a comprehensive picture, exemplified by the relationship between project scores and their alignment with different branches, as illustrated in Figure 4-4:

Figure 4-4: Average Score per Prioritisation Branch



The following observations can be made from Figure 4-4:

- Highest Alignment:** The economic theme boasts the highest average score among all themes, standing at 48%. This indicates a strong emphasis on economic considerations, which aligns with the LTFP's objective of supporting local economic growth through prioritised capital investments. It suggests that the model effectively identified projects with economic advantages encompassing aspects like revenue generation and tourism infrastructure. Notably, several projects aligned with economic objectives have secured high scores, and it is worth highlighting a few examples, including the Upgrading of Hawston Swimming Pool, the Construction of a Concrete Sitting Pavilion at Masakhane Sports Field, and the Installation of Pumping Stations and Rising Mains. These facilities make neighbourhoods more attractive, potentially enhancing property values, and could serve as assets that can be rented out to sports clubs and other organisations.
- Second Highest Alignment:** The spatial theme receives the second-highest alignment score, suggesting a moderate level of spatial relevance among the projects. This alignment connects with the LTFP's objective of integrating spatial planning within the IDP. Projects in this category likely contribute to functional areas, Priority Development Areas, and urban boundary considerations, which are essential for sustainable urban development and growth. Several projects aligned with spatial objectives have secured high scores, and a few examples include the Sandbaai Stormwater Project in Long Street, the Direct wastewater reuse scheme for Hermanus, and the Seawater Desalination scheme.
- Third Highest Alignment:** The technical theme demonstrates a moderate alignment with technical aspects across the projects. These projects align with criteria related to basic and developmental infrastructure services, which is in line with the LTFP's goal of building and maintaining sustainable municipal operations and service delivery. Examples of projects such as infrastructure upgrades and replacements reflect the municipality's commitment to maintaining its technical infrastructure. Some projects aligned with technical objectives have secured high scores, including the Hermanus MV LV Upgrade Replacement, the Hermanus WWTP Gravity Drainage Area and the Replacement of the 11kV Switchgear in Sandbaai.

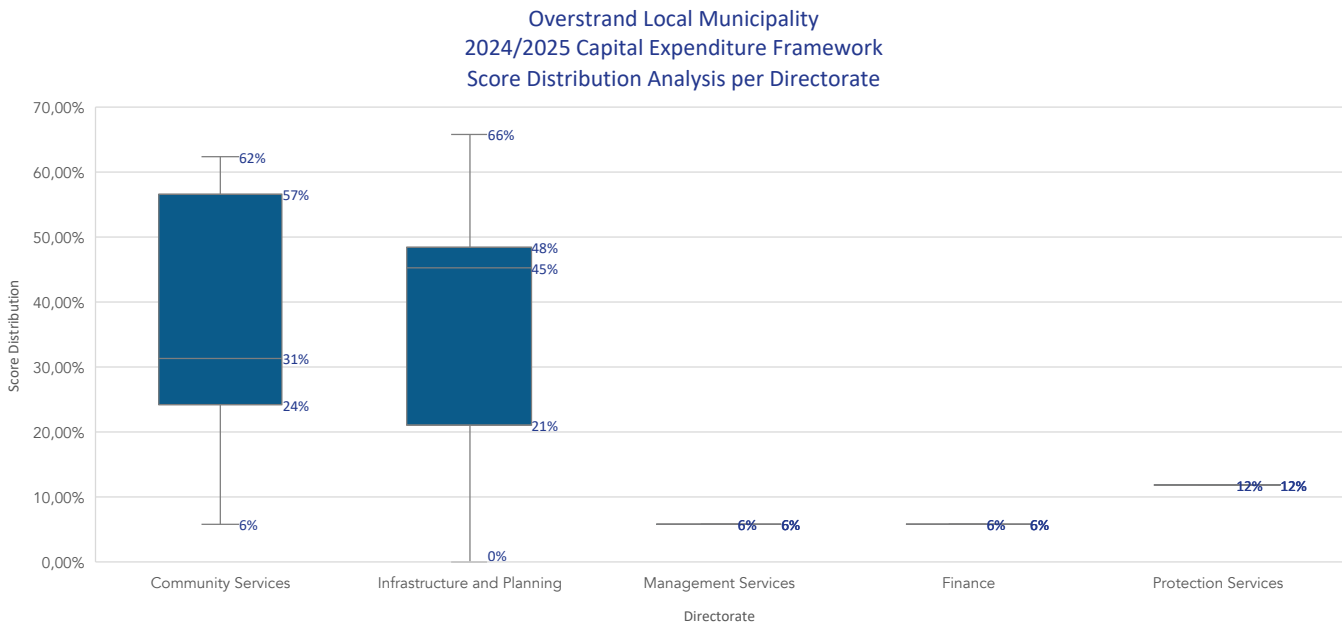
- **Fourth Highest Alignment:** The social theme had the second lowest average score among all themes, standing at 20%. This suggests that projects may have relatively fewer social objectives or impacts. The projects that did align with these criteria mainly revolved around social facilities, housing, or their association with a specific Directorate. Several projects that are closely aligned with social objectives include the Housing Projects in Zwelihle Greenfields and Schulphoek and the Hawston Seafarms in Hermanus. Notably, the Hawston Seafarms project in Hermanus stands out as it not only aligns with social objectives but also corresponds with the LTFP's vision. The Long-Term Financial Plan highlights the municipality's primary economic drivers, which encompass a variety of industrial sectors, including Agriculture, Mining, Construction, Trade, Business Services, and Logistics. These sectors are anticipated to be the driving forces behind economic expansion within the region. In this context, the Hawston Seafarms project reflects a multifaceted alignment, addressing both social and economic goals outlined in the Long-Term Financial Plan.
- **Lowest Scoring Theme:** The financial theme receives the lowest score, mainly due to two factors identified in the analysis. Beyond the existing criteria of affordability and monetary impact, the prioritisation model may benefit from additional comprehensive financial criteria, potentially emphasising project-specific aspects. This highlights an opportunity for further refinement to incorporate financial considerations that align with the LTFP's financial sustainability objectives. Secondly, the absence of data on external funding for projects could affect their alignment with the financial goals outlined in the LTFP. Incorporating funding sources and financial impact assessments into the prioritisation process can enhance alignment with long-term financial objectives.

4.9 Prioritisation per organisation division

4.9.1 Project score analysis: Score distribution across directorates

Comparing project scores within the Municipality serves to discern projects that closely align with the strategic goals and rationale of the Municipality. The visual representation in Figure 4-5 employs a box and whisker diagram to portray the composite project scores spanning the entire Municipality. This diagram is a powerful visual aid that effectively condenses a range of data points into a coherent summary. This graphical representation provides insight into several key aspects of the data. It highlights the median score of a given unit, along with the spectrum between the minimum and maximum scores. Furthermore, it visually conveys the distribution of scores encompassed between the 25th and 75th percentiles. The "x" symbol corresponds to the unit's average score. Meanwhile, the endpoints of the whiskers extend to indicate the maximum and minimum scores. In this diagram, projects that fall within the range of scores spanning from the minimum value to the 25th percentile are positioned along the lower whisker. Conversely, projects with scores ranging from the maximum value to the 75th percentile find their place along the upper whisker and within the box section of the diagram.

Figure 4-5: Score Distribution per Directorate



The following observations can be made from Figure 4-5:

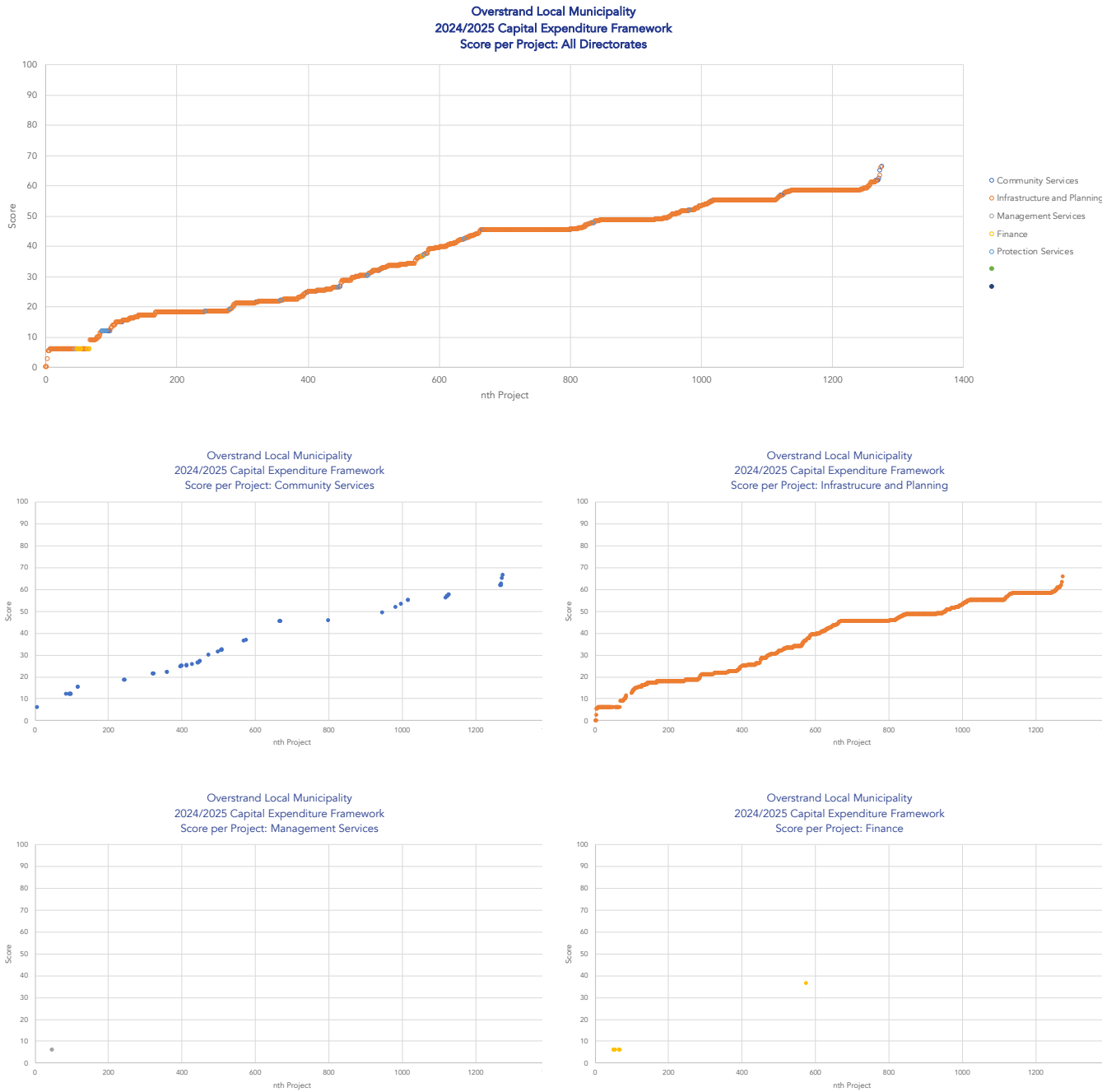
- **Outliers:** The absence of outliers suggests that the data points are relatively consistent and do not exhibit extreme variations. This can be a positive sign, indicating stability and predictability in the dataset.
- **Skewness:** The size and position of each block per Directorate are indicative of skewness in data. For instance, directorates such as Community Services and Infrastructure and Planning are relatively balanced compared to all other directorates, which shows a skewness to the lower end of the scoring range.
- **Spread:** The project scores within the Municipality vary significantly, spanning from a minimum score of 3% to a maximum of 66%. The median score across all projects is 37%, indicating the central tendency of the dataset. On average, projects have a score of 23%, reflecting the distribution of scores and highlighting the diversity in project performance within the Municipality. This data suggests that there is significant variability in the scores across these categories, with Infrastructure and Planning having both the highest average and maximum scores, while Management Services and Finance have the lowest average scores. This wide range suggests varying degrees of alignment with the Municipality's strategic goals and rationale across different directorates.
- **Grouping:** Directorates such as Management Services, Finance and Protection Services exhibit a consistent clustering of scores within a similar range. While this pattern could traditionally imply a lack of alignment with the priorities delineated in this model, the contextual nuances diverge from this expectation. As delineated in the Portfolio of Projects, these Directorates preside over a limited portfolio of capital expenditure (capex) projects pertaining to infrastructure. The inherent nature of these Directorates is the primary determinant behind their relatively modest scores, a circumstance deemed both justifiable and acceptable.

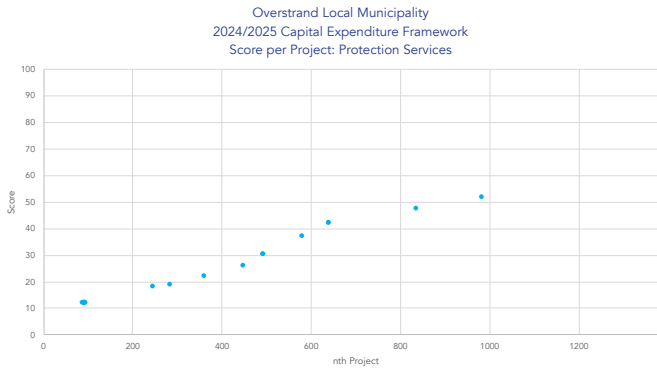
This analysis holds significant potential in aiding the municipality's decision-making processes and confirms that the prioritisation model does measure what it is set out to measure. Furthermore, by detecting outliers and data skewness, it offers insights into directorates' performance in planning practices, allowing the Municipality to make informed decisions on resource allocation and support strategies. Ultimately, this analysis contributes to more effective and cohesive project implementation across the municipality.

4.9.2 Project score analysis: Score per directorate

The prioritisation model is used to rank projects in order of importance. To validate the model, the distribution of scores of projects must be considered. A fair score distribution should show a gradual increase in the number of projects as the score increases. A clustered distribution of scores could indicate bias within the model or an underrepresentation of data attributes. For example, if most projects do not have a location or a budget, then most projects will score low resulting in a clustered distribution – even if the model is well calibrated. Figure 4-6 illustrates the score per project for all directorates.

Figure 4-6: Score per Project for All Directorates





The following observations can be made from Figure 4-6:

- **Gradual Increase in Project Scores:** An overall gradual increase in project scores is an encouraging sign as it suggests that the prioritisation model is unbiased. This indicates that the model effectively distinguishes between projects based on their importance or alignment with the established criteria.
- **Wide Range of Scores for Infrastructure and Planning and Community Services:** The wide range of scores for these Directorates may be attributed to several factors:
 - **Number of Projects:** If these Directorates manage a large number of projects, it's expected that their scores would span a broad range.
 - **Data Completeness:** These Directorates may have more complete and comprehensive data for their projects, which allows for a more accurate assessment of their alignment with the model's criteria. Project diversity and project type have a substantial impact on the varied scores assigned to projects within these Directorates. Different project types, each come with their unique criteria for success and alignment with the municipality's objectives. Additionally, the availability of comprehensive data for certain projects can lead to more accurate scoring. These two factors likely account for the wide spectrum of scores observed among projects within these Directorates.
- **Narrow Range of Scores for Finance, Management Services, and Protection Services Manager Directorates:** The fact that these Directorates do not show a wide spread of scores and lack representation of high scores suggests potential issues:
 - **Alignment with Prioritisation Model:** These Directorates may not be aligning their projects effectively with the criteria defined in the prioritisation model. This could be due to a variety of reasons, such as differing priorities, incomplete project information, or a lack of awareness regarding the model's criteria.
 - **Responsiveness:** The Directorates may not be responsive to the model's priorities or may not have projects that closely align with the model's objectives. As mentioned in the Portfolio of Projects, these Directorates preside over a limited portfolio of capital expenditure (capex) projects pertaining to infrastructure. The inherent nature of these Directorates is the primary determinant behind their relatively modest scores, a circumstance deemed both justifiable and acceptable.

4.10 Spatial Prioritisation

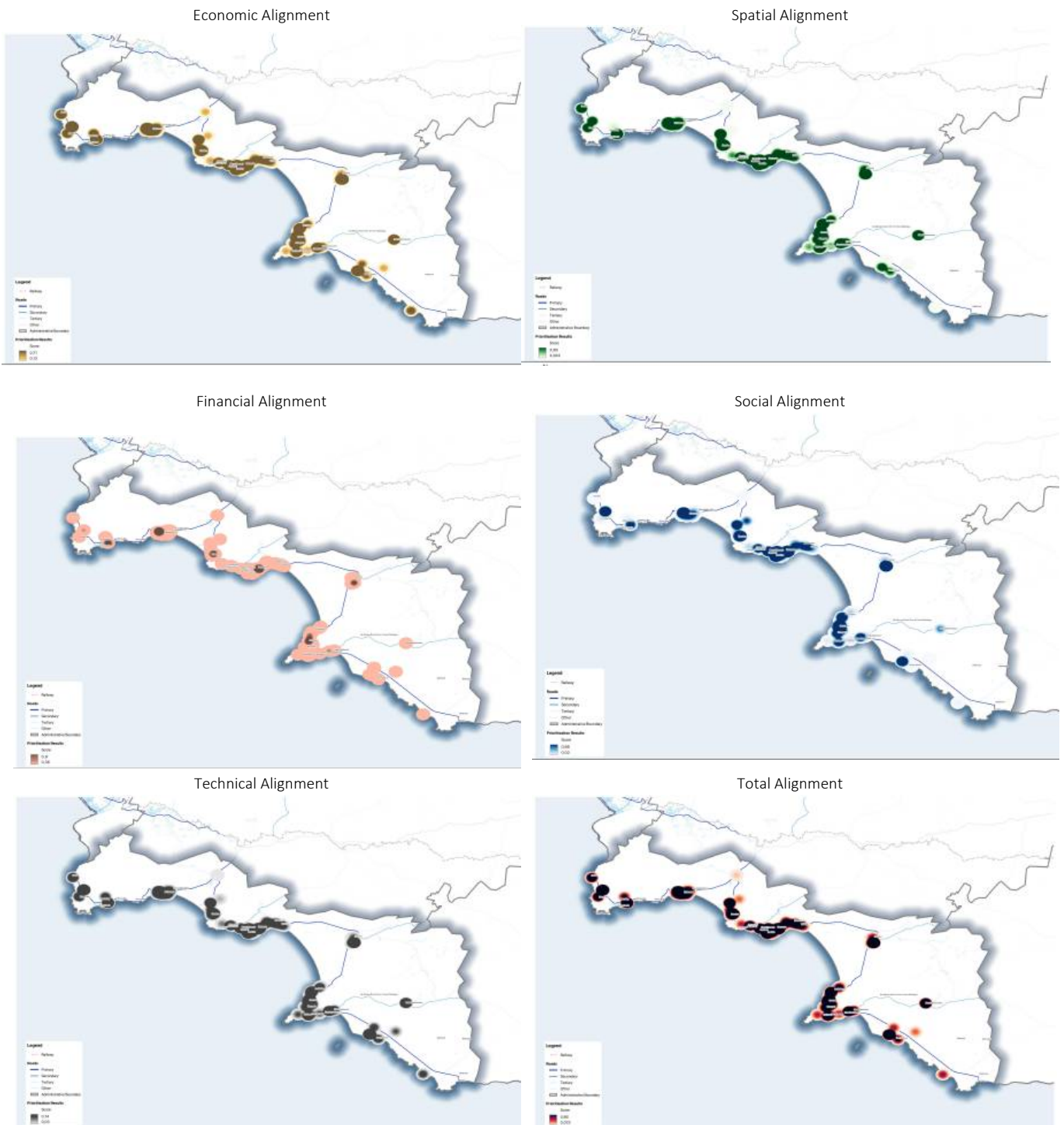
4.10.1 Spatial targeting based prioritisation

As per Section 152 (1) (b), (c), and (d) of the Constitution, a municipality is obligated to ensure sustainable provision of services to communities, foster social and economic development, and create safe and healthy environments.

Section 152 (2) further emphasizes that a municipality must endeavour, within its financial and administrative capacities, to realize the goals outlined in Section 152 (1).

Given the prevailing developmental pressures in South Africa, notably the scarcity of resources to meet municipalities' infrastructure demands, this scenario is coupled with the constitutional framework and other planning documents. Consequently, the principle of spatial targeting has been adopted. Spatial targeting involves a deliberate concentration of efforts within a specific spatial area to attain a particular desired outcome or objective.

Figure 4-7: Spatialised Representation of Project Scores



As per Figure 4-7, the following observations can be made:

- **Spatial Concentration:** A significant number of projects are strategically located within and around the Priority Development Areas of Hermanus, Gansbaai, Stanford, Kleinmond, and Hawston. This spatial distribution underscores the projects' relative correlation with the key nodes within the municipality. It not only demonstrates a well-considered allocation of resources but also aligns strongly with the spatial structure and developmental goals outlined in the SDF. The concentration of projects within these PDAs represents a strategic move by the municipality. These areas already benefit from existing services and infrastructure, making them ideal for revenue generation and further development. By prioritising these established zones, the Municipality capitalises on the advantages of densely populated areas to maximise the impact of its projects. This concentration not only signifies prudent resource allocation but also parallels the bid rent model's premise that land in proximity to central points commands higher value due to increased accessibility. Therefore, the municipality's approach harmonises with the bid rent model by optimising the impact of projects in areas where they can most effectively enhance the quality of life and economic opportunities, ultimately maximising potential returns on these investments. This strategy not only fosters efficiency and cost-effectiveness but also underscores the municipality's unwavering commitment to enhancing the quality of life and economic prospects in regions where they can have the most significant and immediate positive influence.
- **Economic Concentration:** When examining the economic concentration within the spatial distribution of projects, it becomes evident that Hermanus and Gansbaai stand out with the highest scores. This alignment is logical given that these regions primarily serve as hubs for revenue generation, particularly through tourism and service industries. Additionally, the scoring of projects in areas characterised by a high to moderate population density, such as Pearly Beach, Pringle Bay, and Kleinmond, is noteworthy. This indicates that projects have performed well in locations with a strong population density, ensuring that a significant portion of the populace stands to benefit from the capital investments made through these initiatives. In essence, the strategic project placement considers both revenue potential and the ability to positively impact a substantial portion of the local population.
- **Social Concentration:** In terms of social concentration, it's evident that projects with a significant social impact are primarily located in less affluent areas like Zwelihle, as well as within the Priority Development Areas of Hermanus and Gansbaai. These projects tend to perform favourably when they contribute to the provision of social facilities, and housing, or are closely associated with specific Directorates focused on Community Services. This underscores the municipality's commitment to addressing social needs in areas where they are most pronounced, ensuring that projects are strategically placed to enhance the well-being and quality of life for residents in these communities.
- **Technical Concentration:** The technical concentration of projects reveals a strong presence within PDAs such as Hermanus, Gansbaai, Pringle Bay, Stanford, Hawston, Kleinmond and their vicinity. These project placements align closely with criteria related to fundamental and developmental infrastructure services, a commitment that resonates with the Long-Term Financial Plan's overarching objective of establishing and sustaining efficient municipal operations and service delivery. Illustrative examples of projects, such as infrastructure upgrades and replacements, underscore the municipality's dedication to preserving and enhancing its service-based infrastructure. This approach aligns logically with the municipality's dual priority of investing in new assets while concurrently ensuring the continued maintenance and renewal of existing ones. By strategically focusing on technical projects in these key areas, the Municipality demonstrates its commitment to ensuring the long-term sustainability and functionality of critical infrastructure components within its jurisdiction.
- **Financial Concentration:** The financial concentration analysis offers an intriguing perspective. While the financial theme comprises the fewest projects aligned with prioritisation criteria, its spatial distribution is notably

diverse throughout the municipality. In contrast to other themes, the financial theme stands out as the only one demonstrating a robust concentration of project scores in three PDAs (Kleinmond, Hermanus, and Gansbaai). This spatial distribution suggests that projects that are more affordable (which incidentally is also allocated in areas with less population and are more remote) score better. In contrast, projects in areas with higher population densities and urban complexities require more expensive capital outlay, and are therefore by means of the financial perspective, penalised. The cost-effectiveness of projects in the less urbanised areas makes them a favourable choice for prioritisation, allowing the Municipality to allocate resources efficiently. By concentrating on these economically viable options, the Municipality can ensure that it maximises the value of its investments while still addressing essential financial objectives in multiple regions across its jurisdiction.

In summary, the spatial analysis underscores the municipality's strategic focus. Projects concentrate on Priority Development Areas to maximize existing resources, promote efficiency, and enhance economic opportunities. Hermanus and Gansbaai emerge as hubs for revenue generation, while less affluent areas receive attention to address social needs and improve quality of life. Furthermore, the technical projects are strategically placed within Priority Development Areas, aligning with the Long-Term Financial Plan's goal of efficient municipal operations and service delivery. The financial theme exhibits a diverse spatial distribution, suggesting cost-effectiveness and efficient resource allocation. In essence, project placement aligns with the strategic objectives of both the LTFP and the SDF, catering to the diverse needs of residents in the municipality.

4.11 Concluding remarks

For concluding remarks, refer to Part 6: Institutional Arrangements.

Part 5
Capital Expenditure
Programme

5 Part 5: Capital Expenditure Programme

5.1 Aims and objectives

- To determine the best strategically aligned, and affordable projects over the analysis period;
- To define a budget scenario methodology, which results in a 10-year Capital Expenditure Programme, and;
- To unpack the 10-year Capital Expenditure Framework in terms of various analysis frames.

Budget scenario development

The process of developing a budget scenario is a crucial step in the annual capital planning process, designed to guide the allocation of resources efficiently and effectively. This systematic approach leverages the wealth of information gathered during the planning process and employs a defined set of rules and scenario parameters to determine which projects should be incorporated into the 10-year Capital Expenditure Framework, in conjunction with the annual draft budget.

In this section, the primary objectives are to establish a clear understanding of the budget determination process and delve into the budget components concerning modelled demand, planned capital expenditure, and affordability. These objectives form the foundation upon which prudent financial decisions are made.

The Municipality relies on the budget scenario methodology to construct the draft MTREF capital budget on an annual basis. The methodology utilised in this CEF integrates the outcomes of various planning processes to create a well-informed budget scenario:

- **Portfolio of Projects:** The portfolio of projects identified during the demand identification phase is evaluated and integrated into the annual capital planning process, ensuring that there is a transparent and succinct way to incorporate new demand into the annual capital planning processes.
- **Roll Over Budget:** The recently approved capital budget is used as an input to the budget scenario, to ensure that current commitments by the Municipality are considered for particular commitments with a multi-year implication.
- **Long-Term Financial Model Alignment:** The results of the Long-Term Financial Model (LTFM) are synchronised with the budget scenario parameters. This alignment helps establish sustainable affordability envelopes for a 10-year planning horizon, ensuring fiscal responsibility.
- **Project Prioritisation:** Projects identified within the portfolio of projects are ranked in terms of their relative importance. The Capital Prioritisation Model (CPM) outcomes are seamlessly incorporated into the budget scenario preparation process, aiding in strategic project selection.

Through this comprehensive approach, the Municipality not only crafts a budget scenario that aligns with its long-term objectives and capital demand but also prioritises projects that align with the strategy of the Municipality while adhering to financial sustainability principles.

5.2 The difference between prioritisation and a budget scenario

Prioritisation and budget scenarios are related but distinct concepts in the local government space. Prioritisation involves identifying and ranking the most important projects that a municipality should undertake based on their

level of strategic importance and alignment. Prioritisation is typically done during the planning process before the budget is developed.

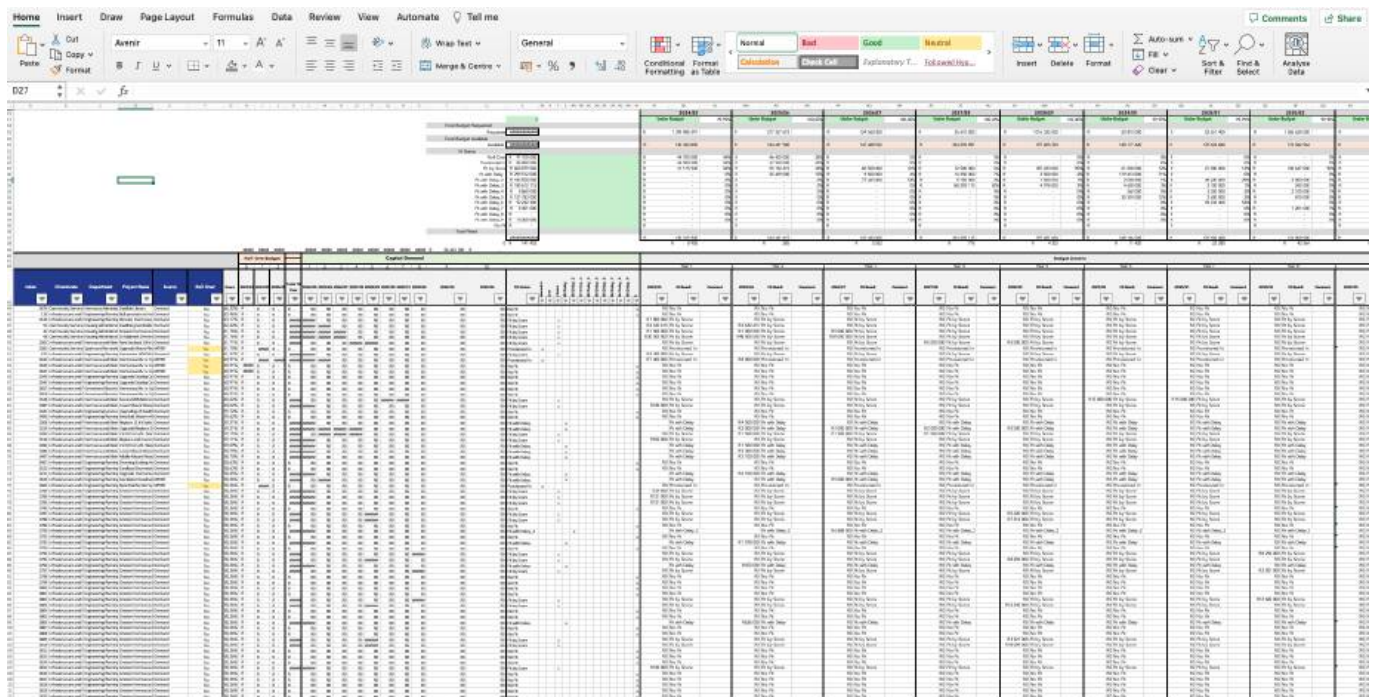
A budget scenario, on the other hand, involves allocating remaining resources to the initiatives that have been prioritised. It involves creating an investment framework in line with the financial plan that outlines how much money is available. Budget scenarios are developed based on various factors, such as a municipality's financial resources, priorities, and previous commitments.

5.3 Budget scenario methodology

Developing a budget scenario should be done through a systematic approach that builds on the annual capital planning process to determine which projects should be included in the 10-year Capital Expenditure Framework and annual draft budget based on pre-defined rules and scenario parameters.

As per the requirements set out by the Western Cape Government, an Excel-based tool was developed to sequence and fit the prioritised projects to the available/affordable funding over the analysis period and is represented in. Where the previous sections of the CEF were dedicated to determining the capital needs (demand), and the available funds (supply), this tool enabled the Municipality to determine which demand would be met, by the available supply (in line with the LTFM outputs provided by the Municipality). It must be noted that the first three years' output of the budget fit process represents the MTREF budget and therefore develops an MTREF budget for consideration by the Municipality.

Figure 5-1: Example of Excel-Based Scenario Tool



5.3.1 Preparing for a budget scenario

To initiate the process of applying a budget scenario, several input variables should be prepared first. These variables provide the input content of the budget scenario. They include:

- Capital Demand (Portfolio of Projects);
- Project Status (Roll Over Budget);

- Affordability Envelope (LTFP), and;
- Project Priority (Prioritisation Score).

a. Capital demand (Portfolio of projects)

During the development of a portfolio of projects, it is imperative to identify all projects requiring capital investment over the next 10 years.

b. Project status (Roll-over budget)

During the budget scenario process, project status is given priority. This status is determined by considering projects that are Assets Under Construction (AUCs), committed projects from previous budgets, and projects that are ready for implementation.

c. Affordability Envelope (LTFP)

The CEF entail the development of an LTFP, of which one of the key outputs is the identification of available funds or capital investment over a 10-year period.

d. Project priority (Prioritisation score)

The CPM is a methodology to rank projects based on their alignment with the Municipality's objectives. It derives a numerical value to determine a project's priority. During budget scenario preparation, the CPM is applied to obtain an order of importance for projects and capital demand. The relative importance determines budget allocation sequencing within the scenario's parameters.

5.3.2 Budget scenario setup

To create a budget scenario template, parameters are used to set rules for budget scenario results. The LTFM determines a 10-year affordability envelope.

a. Applying a budget scenario

Projects are assigned a status and fitted into the budget scenario template using a predefined routine. This routine determines the sequence of project allocation (as per the sequence of the statuses below) and the corresponding financial year. The status of projects is assigned in the following order:

- **Roll-Over:** Projects were allocated funds due to the nature of their previous commitments. Projects with this status are typically currently under construction.
- **Provisioned In:** Provisioned-in projects are fitted due to the nature of their previous commitments.
- **Fit by Score:** Projects were allocated funds in the year they requested funds, due to their priority. The higher the priority score, the better the chances are to fit but score.
- **Fit with Delay:** Projects were allocated funds in a subsequent year than when they originally requested funds, due to their priority. The lower the priority score, the better the chances are that projects will be fit with a delay. Projects can be delayed up to 10 years (outside the fit period which is 10 years in the case of a CEF).
- **No Fit:** Projects were not allocated any funds within the 10-year period.

b. Negotiated adjustments

Once a draft implementation framework has been developed using the budget scenario process, the portfolio of projects which make up the draft implementation framework needs to undergo several municipal approvals.

A negotiated adjustment process is accommodated in the budget scenario process whereby projects can be added or removed from the portfolio of capital projects based on motivations and representations made during budget forums.

5.4 Budget scenario: Input & output

5.4.1 Input

a. Planned capital expenditure review

The annual planned capital expenditure can be expressed as follows:

Table 5-1: Planned Capital Expenditure Summary

Year	Planned Capital Expenditure	%
2024/2025	R1 309 988 391,00	33%
2025/2026	R217 357 615,00	6%
2026/2027	R124 560 000,00	3%
2027/2028	R35 610 000,00	1%
2028/2029	R1 016 332 000,00	26%
2029/2030	R50 810 000,00	1%
2030/2031	R52 651 400,00	1%
2031/2032	R1 006 620 000,00	26%
2032/2033	R56 261 000,00	1%
2033/2034	R56 261 000,00	1%
Total	R3 926 451 406,00	100%

b. Funding envelope

The available funds as per the LTFP can be expressed as follows:

Table 5-2: Funding Envelope Summary

Year	Funding Envelope	%
2024/2025	R130 324 850,00	7%
2025/2026	R164 441 900,00	8%
2026/2027	R147 468 552,17	7%
2027/2028	R153 439 271,13	8%
2028/2029	R208 330 726,97	11%
2029/2030	R216 465 053,05	11%
2030/2031	R226 204 991,83	11%
2031/2032	R236 937 198,47	12%
2032/2033	R248 268 145,68	13%
2033/2034 ¹⁸	R248 268 145,68	13%
Total	R1 980 148 834,96	100%

¹⁸ Refer to the Long-term Financial Plan. At the time of drafting the LTFP, and at the time of submitting the Budget scenario, the Municipality has not finalised the Audited Financial Statements. Considering the 10-year horizon of the Capital Expenditure Framework, the safest assumption is to extrapolate the 10th year of the LTFP.

c. Budget-related status review: Roll-over budget

Table 5-3: Roll Over Budget Summary

Year	Projects with a multi-year implication (committed)		% of Total 2023/24 MTREF		Projects with an outer-year implication (Provisioned In)		% of Total 2023/24 MTREF	
	#	R	#	R	#	R	#	R
Total	17	R295 018 791	5%	29%	18	R111 928 349	5%	11%

Table 5-1 and Table 5-2 provide an overview of the input data relevant to the budget scenario. Table 5-1 is a summary of the current demand of the municipality, identified in the portfolio of projects. Table 5-2 is a summary of the available funds, supply, as per the LTFP.

Of particular interest is the content of Table 5-3, which presents a summary of the Roll Over Budget. 17 Projects have received committed budget in the first year of the Roll-Over Budget, and has outer year implications within that same budget period (MTREF). This means that by committing to those 17 projects, 29% of the available budget is not available for other projects to claim, or rather 5% of the number of projects, claims 29% of the available budget in that year. Also worthy to note, is that 18 projects were not funded in the first year of the MTREF, but they were allocated funds in year 2 and 3 of the Roll-Over budget. This means that they are, after the committed projects, next eligible to claim of the available funds. In summary, committed projects and provisioned for projects represents legacy decisions, and cannot be changed. Their Long-Term impact should be weaved into the 10-year framework.

When combined, these figures account for 40% of the total MTREF budget available, underscoring the substantial budgetary requirements for numerous projects committed by the Municipality within the initial three years. As it will become evident in the subsequent sections, this has a significant impact on how budget allocation is determined for other projects based on their project status or their compatibility with delayed projects.

5.4.2 Output

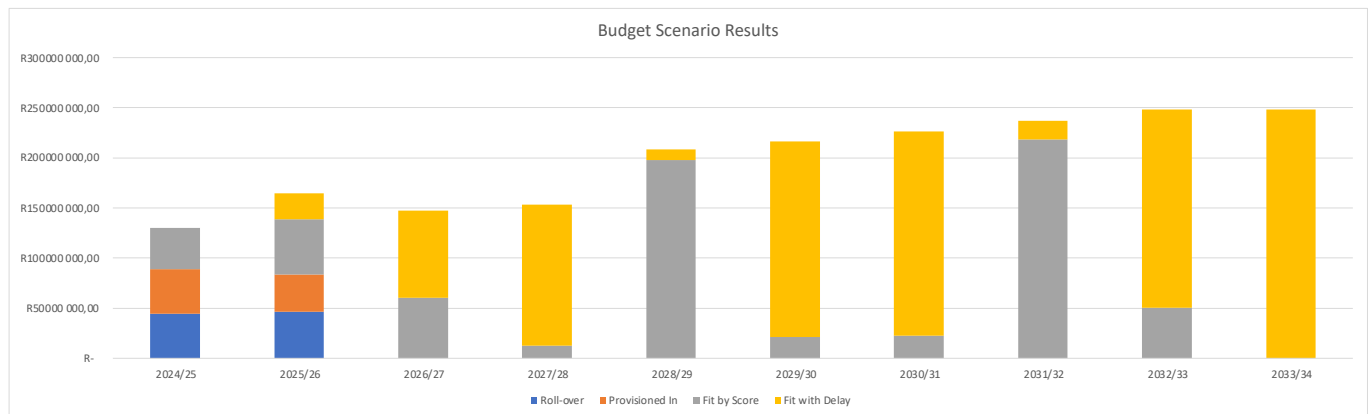
a. Fit status summary

After the budget scenario has been applied, the following summary can be observed:

Table 5-4: Budget Scenario Results

Status	Total for Analysis Period	%
Roll-over	R91 100 000,00	34%
Provisioned In	R82 000 000,00	57%
Fit by Score	R679 531 845,00	4%
Fit with Delay	R1 127 305 900,00	5%
Total	R1 979 937 745,00	100%

Figure 5-2: Budget Scenario Results



The following observations can be made from Table 5-4 and Figure 5-2:

- Roll-Over:** Roll-over projects are those that have secured committed funds based on prior budget commitments in the FY 2023-2024. These projects are either already in progress or approaching completion, justifying the continued allocation of budget until their conclusion. As evident, this category claims a substantial share (34%) of the budget, underscoring the municipality's commitment to honouring its existing obligations and ensuring the successful completion of ongoing projects. This allocation also emphasises that a significant portion of the available budget is channelled towards projects currently in progress, notably absorbing a substantial budget allocation in the years 2024-25 and 2025-26. The majority of these projects originate from the Engineering Planning Department, including initiatives like the Electrification of Low-Cost Housing and the Upgrading of Bulk Water Infrastructure and Pump Stations. Allocating the budget to these projects first demonstrates a strong alignment with the LTFP's objectives of providing essential services such as electricity and water.
- Provisioned In:** Provisioned-in projects have secured a place in the budget due to their alignment with previous commitments in accordance with the municipality's approved budget. They have been allocated funding within the 2024-25 and 2025-26 fiscal years as stipulated by the 2023-24 approved MTREF budget to initiate their implementation. The allocation of 57% of the budget to provisioned-in projects underscores a strong commitment to advancing these initiatives. This budget allocation constitutes a substantial portion of the overall budget allocation. As depicted in Figure 5-2, similar to roll-over projects, provisioned-in projects also claim a substantial share of the budget for the years 2024-25 and 2025-26. The majority of these projects originate from the Community Services and Infrastructure and Planning Directorates, including waste projects such as WWTW Refurbishments and electricity projects like LV Upgrades and Transfer Stations. Additionally, upgrades to the Mount Pleasant Sports Ground and Hawston Swimming Pool are included in this category. These projects complement those that performed well in the prioritisation model, highlighting the connection between project status and their ranking in terms of priority.
- Fit by Score:** Fit-by-score projects receive funding in the year they request funds, based on their priority score. The higher the priority score, the better the likelihood of receiving funding. This category is allocated a smaller portion of the budget (4%), underscoring that priority score alone is not the sole determinant for funding, given the prior allocations to Roll-Over and Provisioned-In projects. The majority of these projects received scores ranging from 64% to 19%, indicating a consideration of a wide range of score values. Particularly noteworthy is the illustration for the FY 2028-29 and 2031-32, where the majority of the budget is allocated to projects with scores. This allocation aligns with the fact that most of these projects originate from the Infrastructure and Planning Departments and have received high scores, demonstrating the alignment between the prioritisation model and the budget scenario tool. Typically, master plans involve long-term planning in increments of 5 and

10 years, and it is those infrastructure projects with high scores in those years that are given precedence, while other projects are accommodated in different years. This exemplifies effective planning for short-, medium-, and long-term projects, reflecting commendable planning within the municipality's infrastructure landscape.

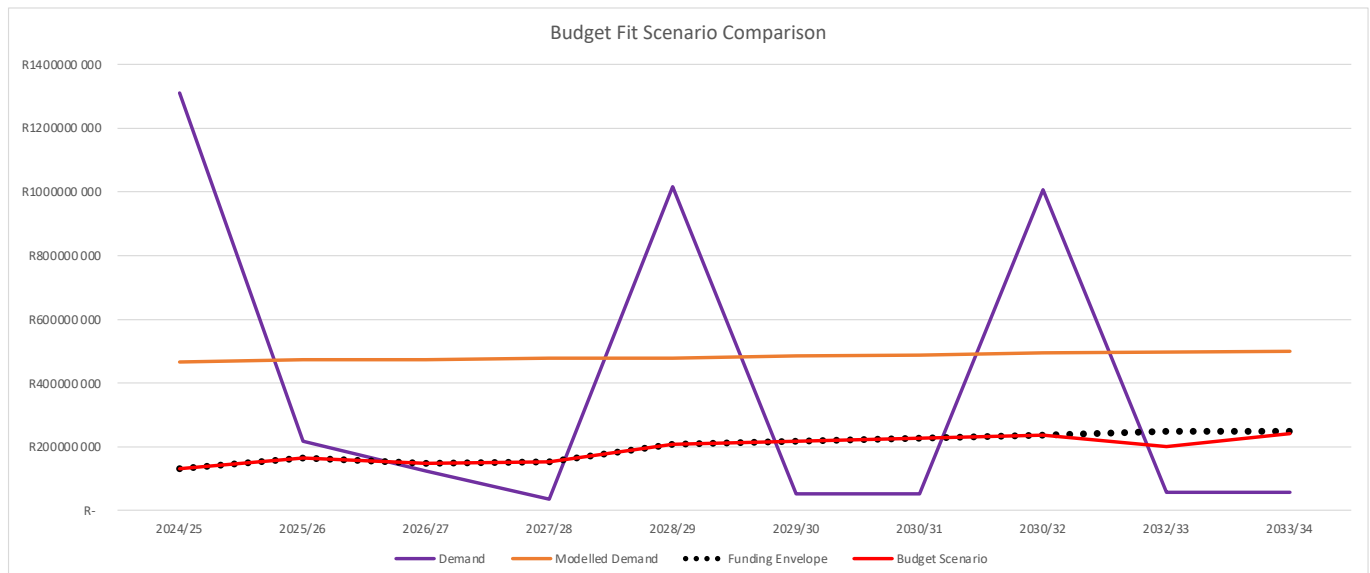
- **Fit with Delay:** Projects in the "Fit with Delay" categories are allocated funding, but their funding is deferred to subsequent years compared to their initial request, primarily based on their priority score and project status. With this approach, the lower a project's priority score or lack of status, the more significant the delay it experiences. In essence, projects with lower priority scores encounter longer delays, with the delay period increasing as the priority score decreases. This approach is designed to prioritise and fund higher-priority, committed, and provisioned-in projects before addressing those with lower priority scores, ensuring that the most critical projects are adequately funded first.

b. Budget scenario comparison

Table 5-5: Budget Scenario Comparison

Year	Demand	Modelled Demand	Funding Envelope	Budget Scenario
2024/25	R1 309 988 391	R466 012 000	R130 324 850	R130 321 230
2025/26	R217 357 615	R473 474 000	R164 441 900	R164 441 615
2026/27	R124 560 000	R472 050 000	R147 468 552	R147 463 000
2027/28	R35 610 000	R478 110 000	R153 439 271	R153 422 500
2028/29	R1 016 332 000	R478 589 000	R208 330 727	R208 306 000
2029/30	R50 810 000	R484 072 000	R216 465 053	R216 464 000
2030/31	R52 651 400	R488 454 000	R226 204 992	R226 179 000
2030/32	R1 006 620 000	R494 567 000	R236 937 198	R236 916 000
2032/33	R56 261 000	R496 935 000	R248 268 146	R201 245 000
2033/34	R56 261 000	R500 141 000	R248 268 146	R241 976 000
Total	R3 926 451 406	R4 832 404 000	R1 980 148 835	R1 926 734 345

Figure 5-3: Budget Fit Scenario



The following observations can be noted from Table 5-5 and Figure 5-3:

- **The Demand vs Funding Envelope:** The "Demand of the Municipality" reflects the projected requirements for capital expenditure as envisioned by the Municipality whereas, the "Funding Envelope" represents the available budget based on the LTFP. As illustrated, fluctuations in the Demand are evident, indicating a dynamic approach to capital expenditure requirements that may be driven by specific infrastructure projects. Notably, the Demand

of the Municipality consistently exceeds the available budget within the Funding Envelope in all years, revealing that the municipality's budget requirements, as initially projected, are beyond the financial resources available through the LTFP. Specific periods, such as between 2025-26 and 2027-28 and from 2029-30 to 2030-31, highlight shortfalls where the Demand of the Municipality falls below the Funding Envelope, reflecting the municipality's approach to their infrastructure planning. Consequently, robust budget prioritisation and resource allocation strategies are imperative to balance the municipality's capital expenditure goals with the constraints of the Funding Envelope. This analysis emphasizes the need for careful planning to bridge budgetary shortfalls and ensure the realisation of essential infrastructure projects.

- **The Demand of the Municipality vs. Modelled Demand:** As discussed, the "Demand of the Municipality" signifies the anticipated capital expenditure requirements projected by the municipality, while the "Modelled Demand" represents the calculated demand based on factors such as population growth and socioeconomic considerations. The "Demand of the Municipality" exhibits fluctuations throughout the analysis period, with values at times higher or lower than the "Modelled Demand" in all years. As depicted in Figure 5-3, the Municipality's Demand starts significantly higher than the Modelled Demand. Between the years 2025-26 and 2027-28, it experienced a sharp decline, indicating a decreasing demand that falls below the Modelled Demand. Following this period, it displays intermittent fluctuations, resembling a heartbeat pattern. This pattern is intriguing because it suggests that the Municipality plans for peak demands during the FY 2028-29 and 2030-32, while the Modelled Demand follows a more consistent trajectory over the entire 10-year period. It is evident that the Municipality has incorporated various infrastructure projects into its master plans, with a focus on execution at 5-year intervals. This strategic planning approach aligns with the observed fluctuations in capital expenditure requirements, with the Municipality gearing up for peak demands at specific time points, likely corresponding with the implementation of planned infrastructure projects designed to meet the municipality's evolving needs.
- **Budget Scenario vs. Demand of the Municipality:** The most obvious discrepancy illustrated in the graph is the gap between the Budget Scenario and the Demand of the Municipality throughout the analysis period. There are some years, such as 2027-28, 2029-30 to 2030-31, in which the Demand of the Municipality falls short of the Budget Scenario. Typically, one would make the assumption that the shortfall in these years suggests that, while the Municipality tries to meet its budget requirements, there are limitations in the available funds. However, in this case, you can see that the Demand of the Municipality is too inconsistently high, for the Budget Scenario to follow the fluctuations.
- **Modelled Demand vs. Funding Envelope:** The "Funding Envelope" represents the available budget based on the LTFP. As illustrated, the Modelled Demand consistently surpasses the Funding Envelope in all years. This indicates a notable funding gap or shortfall when considering the Modelled Demand. The municipality's budget requirements, as determined by the Modelled Demand, are not entirely met by the funds available through the LTFP. This situation raises concerns about potential budget constraints and underscores the necessity to evaluate project prioritisation strategies or explore alternative sources of funding, such as grants or investments from external sources, to bridge the budgetary deficit.
- **Funding Envelope vs. Budget Scenario:** The "Budget Scenario" reflects the real allocation of funds to projects based on the budget available in the Funding Envelope. It is evident that the Funding Envelope and Budget Scenario closely align in terms of total budget allocation over the analysis period. The Funding Envelope appears to be efficiently utilised in the Budget Scenario. It can be noted that during the FY 2032-33, the Budget Scenario falls short of the Funding Envelope, indicating that there is a small amount of money which is not being used. However, through the budget scenario tool, the Municipality has successfully allocated the available funds in

accordance with its strategic priorities and has effectively balanced the total budget allocation with the resources within the Funding Envelope.

- **Modelled Demand vs. Budget Scenario:** The comparison between Modelled Demand and the Budget Scenario reveals a consistent pattern where the Modelled Demand significantly exceeds both the Budget Scenario and the Funding Envelope throughout the analysis period. This clearly indicates a substantial funding gap or shortfall when considering the Modelled Demand. The municipality's budget requirements, as calculated based on the Modelled Demand, are not fully covered by the funds available through the LTFP. This situation raises serious concerns about potential budget constraints and highlights the urgency of re-evaluating prioritisation strategies.

This analysis of the Municipality's projected Demand, Modelled Demand, Funding Envelope, and Budget Scenario provides insights into the municipality's budget planning and allocation strategies. The fluctuations observed in the Demand of the Municipality reveal a dynamic approach to capital expenditure requirements, aligning with the municipality's strategic planning, which anticipates peak demands at specific intervals. However, the comparison with the Funding Envelope underscores a notable funding gap, emphasising the need for a thorough re-evaluation of project prioritisation and exploration of external funding sources. The close alignment between the Funding Envelope and the Budget Scenario demonstrates efficient resource utilisation, but the persistent gap between the Modelled Demand and the Budget Scenario highlights the urgency of addressing budget constraints. Furthermore, the disparity between the Demand of the Municipality and the Budget Scenario necessitates careful analysis and negotiation to determine which projects should be included and the potential for breaking larger projects into smaller ones. This analysis underscores the importance of adaptive financial planning and strategic collaboration to bridge funding shortfalls and effectively meet the municipality's evolving needs. The overall comparison underscores the difficulty of aligning the municipality's budget requirements with the available funds from the LTFP. The Budget Scenario reflects a commendable attempt to allocate funds strategically within the constraints of the affordability envelope.

Capital expenditure programme

5.5 What is the Capital Expenditure programme

A Capital Expenditure Programme (CEP) refers to a detailed programme that outlines the Municipality's list of projects that are required to be implemented over a multi-year period. This program is the Municipality's list of projects that are prioritised according to the strategic prioritisation process in which projects were given a ranking. Using the budget scenario tool, these projects were allocated resources efficiently, in line with their respective demand estimates, whilst ensuring that their collective cost aligns with the affordability envelope of the Municipality.

There are multiple benefits of having this overview, some of which are listed below:

- **Improved service delivery:** A Capital Expenditure Programme identifies the most essential projects required to improve service delivery in the Municipality. It allows for more effective planning and allocation of resources to meet the needs of the population.
- **Strategic planning:** A Capital Expenditure Programme enables the Municipality with a strategic plan, based on an understanding of the projects that are necessary to meet the needs of the Municipality. It allows for a long-term vision to be developed that is aligned with the goals of the Municipality.
- **Increased efficiency:** By understanding the essential projects, the Municipality can ensure that resources are used efficiently. Projects are already prioritised based on their importance, and resources have been allocated accordingly.

- **Attraction of investment:** A comprehensive overview of necessary projects can help attract investment to the Municipality. It provides potential investors with a clear understanding of the opportunities that exist in the area and the projects that are necessary to support growth and development.
- **Attraction and retention of residents:** By addressing the needs of the population through these essential projects, the Municipality can attract new residents whilst retaining the current population. This can lead to increased economic activity and a higher quality of life for those living in the region.
- In essence, the CEP furnishes the Municipality with a comprehensive perspective on the essential capital undertakings it must carry out to fulfil its current and future service delivery responsibilities, while concurrently enticing investment, commerce, and inhabitants from throughout the province.

5.6 Capital Expenditure Programme results

As municipalities strive to deliver basic infrastructure services and meet the needs of their communities, budgeting is a critical process. Through the Budget Scenario Tool, the Municipality was able to consider various budget-related parameters and align resources, strategic priorities and investment demand. In this section, the results of the budget scenario are presented using different perspectives, detailing the proposed implementation framework over the 10-year horizon. This section aims to provide insight into how the Municipality intends to allocate its resources to meet its strategic objectives. Understanding the budget scenario results over the next 10 years in a municipality is crucial for effective long-term planning. A clear understanding of budget scenario results enables municipalities to prioritise the right capital projects, allocate resources accordingly, and ensure that funds are available to complete critical projects. It also helps to identify areas of improvement required in the planning process over the Long-Term, acting as an early warning system in the planning and project preparation process. This understanding can also support infrastructure maintenance and improvement, economic growth, and development and promote transparency and accountability in government. This section explores the budget scenario results for 10 years in a municipality.

5.6.1 Budget scenario analysis: directorate and department

In this section, an analysis of the budget scenario for each directorate within the Municipality is conducted. It provides a breakdown of the budget scenario results specific to each Directorate in the Municipality. Figure 5-4 illustrates how much capital is provisionally planned per Directorate whereas Figure 5-5 demonstrates how much capital is provisionally planned per Department, offering valuable insights into the Municipality's priorities and its resource allocation strategy aimed at serving the community. This could change over time as the Municipality's understanding of capital investment demand changes over time.

Figure 5-4: Budget Scenario Results per Directorate

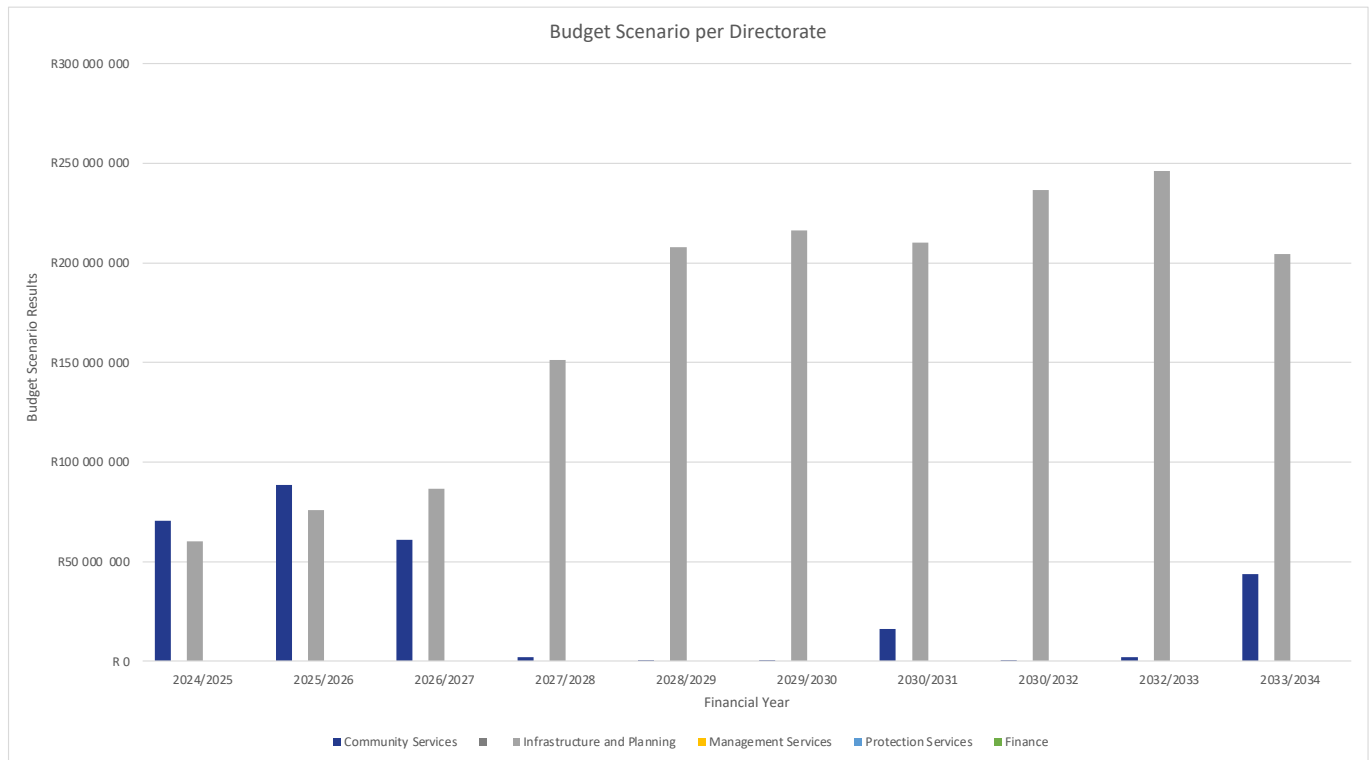


Table 5-6: Budget Scenario Results per Directorate

Year	Community Services	Infrastructure and Planning
2024/2025	R70 332 615	R59 988 615
2025/2026	R88 632 615	R75 809 000
2026/2027	R60 850 000	R86 613 000
2027/2028	R2 150 000	R151 272 500
2028/2029	R278 000	R208 028 000
2029/2030	R290 000	R216 174 000
2030/2031	R16 200 000	R209 979 000
2030/2032	R200 000	R236 716 000
2032/2033	R2 000 000	R246 248 400
2033/2034	R43 727 600	R204 448 400
Total	R284 660 830	R1 695 276 915
%	14%	86%

The following can be noted from Figure 5-4 and Table 5-6:

- The Infrastructure and Planning emerges as a central pillar, aligning with the Long-Term Financial Plan's strategic emphasis on development projects. The substantial allocation of funds to Infrastructure and Planning, comprising 86% of the total budget, underscores the municipality's commitment to long-term planning and sustainable growth. The Directorate plays a critical role in overseeing major infrastructure initiatives, such as road construction and municipal infrastructure, aimed at fostering economic development, accommodating population growth, and maintaining existing infrastructure. This significant funding reflects the municipality's dedication to building a robust foundation for both current and future community well-being over the 10-year scenario. The Infrastructure and Planning Directorate's focus on creating resilient urban spaces and adapting to technological advancements positions the Municipality for continued growth and adaptability.

- Conversely, the Community Services Directorate, while allocated a smaller percentage of the budget (14%), represents a substantial commitment to community-related initiatives. The Directorate's concentrated focus on the first three years, as evidenced by the allocation of R219 815 230 during this period, suggests a strategic emphasis on addressing immediate community concerns. The notable surge in 2030/2031 suggests a potential response to an increased demand for community-centric projects. Community Services encompass a broad spectrum, including social programs, cultural initiatives, and recreational facilities. Therefore, it is imperative for the Directorate to maintain a balanced and responsive approach, ensuring that investments align with the diverse and evolving needs of the community. In the realm of community services, where needs often fluctuate, planning for the Long-Term can be particularly challenging. Unlike some sectors where projects have well-defined timelines and outcomes, community services may involve responding to dynamic and evolving needs. It is essential to investigate whether the initial investments aim to address immediate community concerns or if there are specific short-term initiatives that taper off over time. Recognizing the inherent challenges of predicting long-term needs and aligning them with tangible projects will provide insights into the department's priorities. Understanding how the budget adapts to the often unpredictable fluctuations in community needs will shed light on the department's strategic approach and its ability to flexibly respond to evolving circumstances beyond the initial planning period. Regular assessments and community engagement will be crucial to fine-tune the capital expenditure strategy and maximize its positive impact on residents' well-being.
- Other Directorates: the absence of significant capital demand in certain departments, as mentioned in the Portfolio of Projects, such as Property Administration, Town Planning, Hermanus Administration, Kleinmond Administration, and Financial Services, explains the reason why these Directorates did not feature in the budget scenario results. While these departments may not explicitly request capital expenditure, it is crucial to acknowledge that their operational focus may centre on activities, services, or projects that do not necessitate substantial capital investment. The interplay between the capital demand dynamics and budget scenario results reflects a comprehensive approach by the municipality, balancing diverse needs and priorities to effectively serve the community while adapting to changing circumstances over time.

Figure 5-5: Budget Scenario Results per Department

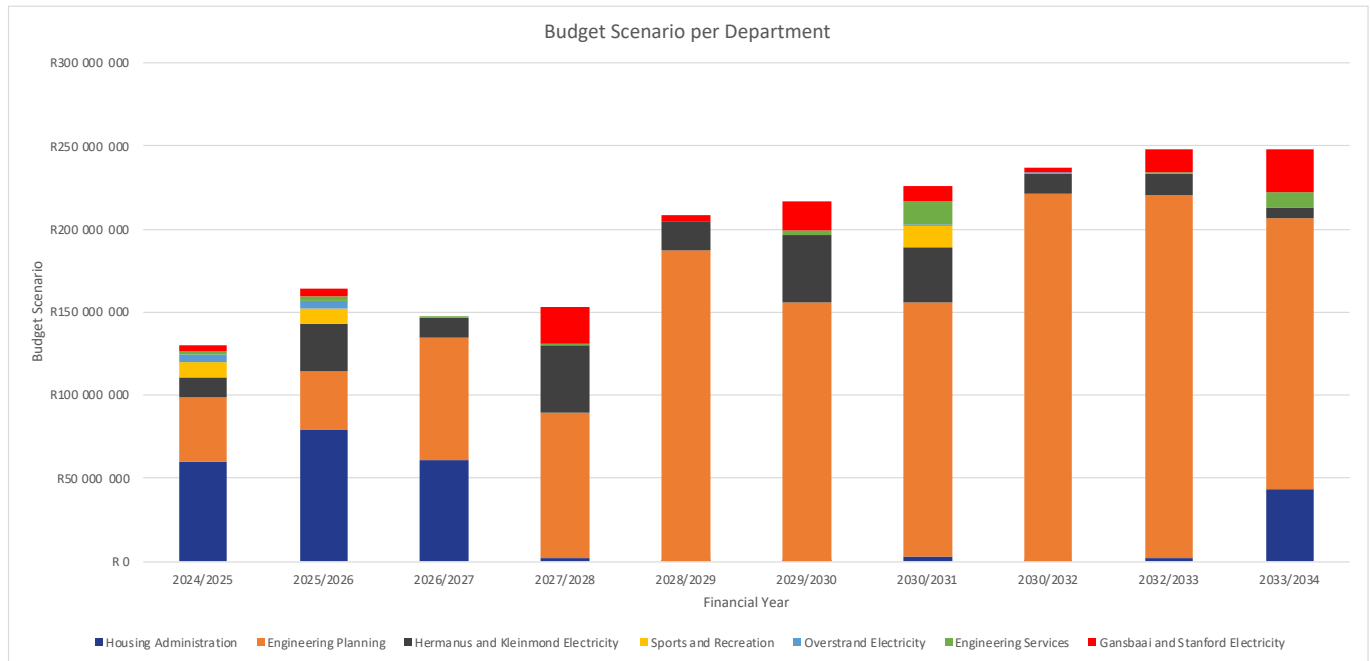


Table 5-7: Budget Scenario Results per Department

Department	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2030/32	2032/33	2033/34
Housing Administration	R60 332 615	R79 632 615	R60 850 000	R2 150 000	R278 000	R290 000	R3 200 000	R200 000	R2 000 000	R43 727 600
Engineering Planning	R38 258 615	R34 334 000	R74 213 000	R87 051 000	R187 128 000	R155 721 000	R152 674 000	R221 036 000	R218 216 000	R162 677 000
Hermanus and Kleinmond Electricity	R11 730 000	R28 900 000	R12 000 000	R40 530 000	R17 500 000	R40 357 000	R33 355 000	R12 080 000	R13 235 000	R6 571 400
Sports and Recreation	R10 000 000	R9 000 000	R0	R0	R0	R0	R13 000 000	R0	R0	R0
Overstrand Electricity	R4 000 000	R4 500 000	R0	R0	R0	R0	R250 000	R400 000	R0	R0
Engineering Services	R2 000 000	R3 075 000	R400 000	R1 186 000	R0	R2 740 000	R14 500 000	R0	R395 000	R9 600 000
Gansbaai and Stanford Electricity	R4 000 000	R5 000 000	R0	R22 505 500	R3 400 000	R17 356 000	R9 200 000	R3 200 000	R14 402 400	R25 600 000
Grand Total	R130 321 230	R164 441 615	R147 463 000	R153 422 500	R208 306 000	R216 464 000	R226 179 000	R236 916 000	R248 248 400	R248 176 000
%	7%	8%	7%	8%	11%	11%	11%	12%	13%	13%

The following can be noted from Figure 5-4 and Table 5-6:

- Over the years, the Department for Engineering Planning has shown a consistent increase in its expenditure, emphasizing a commitment to major infrastructure projects in line with its responsibility for overseeing the planning and execution of engineering initiatives. Meanwhile, Engineering Services has experienced a gradual uptick in its expenditure, suggesting potential growth in projects or an expansion of services. Aligned with its mandate to supervise engineering functions, the department's budget trajectory indicates ongoing investments in infrastructure projects.
- The Housing Administration department consistently maintains expenditures for the first two years, reflecting a sustained commitment to its ongoing initiatives. However, the change in capital allocation from 2026/27 onwards prompts a thoughtful examination. Considering the department's customary role in shaping housing policies and initiatives, it is opportune for the Municipality to reassess this budget adjustment. This evaluation

should aim to ensure that the reallocation aligns seamlessly with broader housing goals and, if necessary, explore adjustments that support the sustained progress of housing-related endeavours. This proactive approach allows the Municipality to fine-tune its financial strategy in harmony with evolving priorities and community needs.

- The capital expenditure trend of the Hermanus and Kleinmond Electricity department is on a decline, prompting caution about its capacity to uphold and enhance electrical services. It is imperative to comprehend the underlying reasons for the budget reduction to assess potential repercussions on the community. Given the department's responsibility to ensure dependable electricity services, sustained investment may be indispensable to accommodate escalating demands. Likewise, the Gansbaai and Stanford Electricity departments face a substantial budget decrease starting from 2026/27, requiring careful examination. Gaining insight into the factors driving this reduction is critical to ensure the ongoing provision of electricity services and prevent potential disruptions.
- Sports and Recreation are consistent, but a relatively modest budget implies a continued commitment to community well-being. To assess the appropriateness of this allocation, the Municipality should consider whether it aligns with community needs and if additional investments are required for enhancing recreational facilities and programs.

5.6.2 Budget scenario analysis: spatial distribution

In the following section, an exploration of the budget scenario will be undertaken, with a focus on its spatial aspects. This will involve an examination of Priority Development Areas (PDAs) and Electoral Wards. The spatial investment paradigm, established through the prioritisation and budget scenario methodology, forms the core of this analysis. This section will present the spatial distribution of the Capital Expenditure Programme, providing clear illustrations of how the budget scenario results are strategically distributed across various geographic areas within the Municipality. Navigating through this section, the goal is to better understand the degree of spatial targeting.

a. Budget scenario analysis: Priority Development Area

The budget scenario results are presented with a particular focus on Priority Development Areas spanning over a 10-year horizon. The main objective is to assess the Municipality's attempts to spatially target its resource allocation. This analysis seeks to offer insights into the manifestation of strategic decisions through budgetary action as outlined in the 10-year plan within distinct geographic zones. Consequently, it provides a comprehensive understanding of the spatial distribution and potential impact of the budget scenario across Priority Development Areas.

To further illustrate these insights, Figure 5-6 offers a visual representation of how budget scenario results are allocated across the different Priority Development Areas. Additionally, Table 5-8 provides a detailed breakdown of the budget scenario results, specifically within the context of Priority Development Areas.

Figure 5-6: Budget Scenario Results per PDA

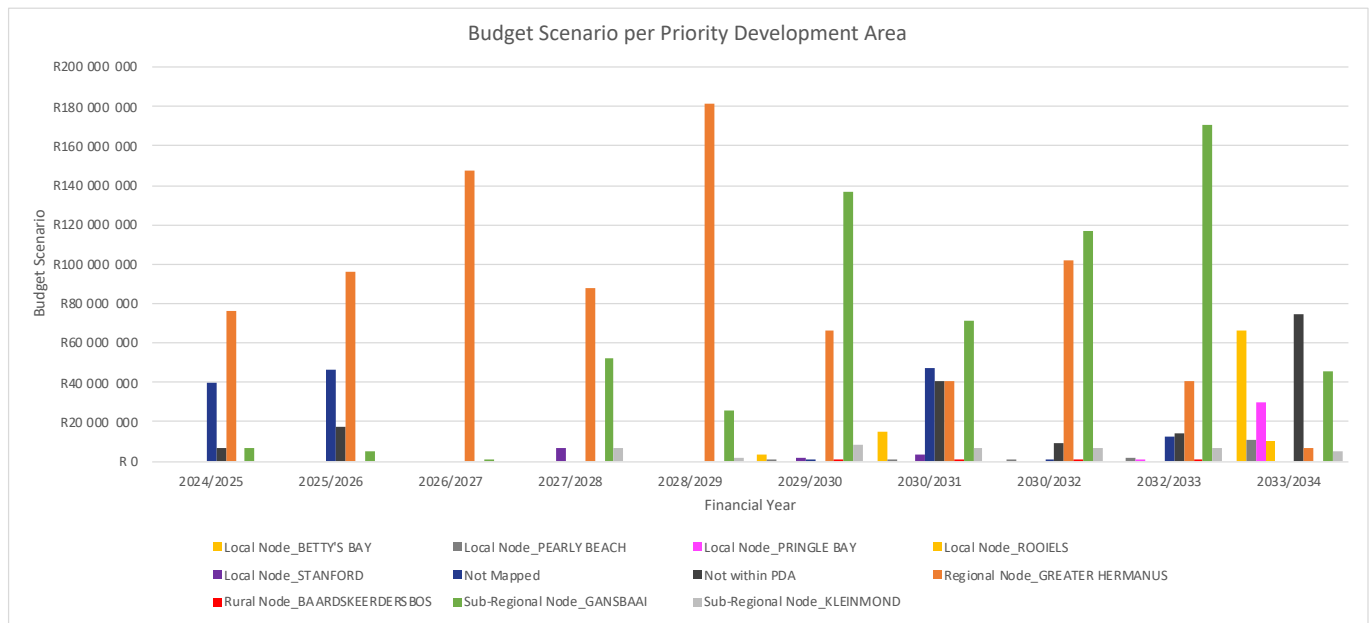


Table 5-8: Budget Scenario Results per PDA Analysis

Priority Development Area	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2030/32	2032/33	2033/34	Total	%
Local Node_BETTY'S BAY	R0	R0	R0	R0	R0	R3 000	R14 970	R0	R0	R66 472	R84 442	4%
Local Node_PEARLY BEACH	R0	R0	R0	R0	R0	R500	R500	R500	R1 300	R10 900	R13 700	1%
Local Node_PRINGLE BAY	R0	R0	R0	R0	R0	R0	R0	R0	R1 106	R29 667	R30 773	2%
Local Node_ROOIELS	R0	R0	R0	R0	R0	R0	R0	R0	R0	R9 927	R9 927	1%
Local Node_STANFORD	R0	R0	R0	R6 450	R0	R1 900	R3 700	R0	R0	R0	R12 050	1%
Not Mapped	R39 700	R46 431	R0	R0	R0	R290	R47 265	R1 041	R12 638	R0	R147 365	7%
Not within PDA	R7 030	R17 000	R0	R0	R0	R0	R40 421	R9 109	R14 309	R74 706	R162 574	8%
Regional Node_GREATER HERMANUS	R76 585	R96 011	R147 361	R88 237	R181 213	R66 062	R40 603	R101 878	R40 833	R6 500	R845 282	43%
Rural Node_BAARDSKEERDE RS BOS	R0	R0	R0	R0	R0	R102	R987	R1 089	R1 201	R0	R3 379	0%
Sub-Regional Node_GANSBAAI	R7 007	R5 000	R102	R52 106	R25 593	R136 363	R71 063	R116 969	R170 531	R45 433	R630 167	32%
Sub-Regional Node_KLEINMOND	R0	R0	R0	R6 630	R1 500	R8 247	R6 670	R6 330	R6 330	R4 571	R40 278	2%
Grand Total	R130 321	R164 442	R147 463	R153 423	R208 306	R216 464	R226 179	R236 916	R248 248	R248 176	R1 979 938	100%

The following observations can be noted from Figure 5-6 and Table 5-8:

- **Significant investment in the Regional Node:** Substantial investment has been directed towards the Regional Node, representing a significant share of the total planned capital expenditure at 43%. Regional nodes are typically distinguished by their higher population density, diverse economic activities, and central administrative functions. The projects within this node span a spectrum from infrastructure development, such as Bulk provision to Hermanus by Overberg Water, Sea Water Desalination Plant and the Reroute Hermanus WWTW Treated

Effluent Irrigation Pipeline, to community facilities like the development of Zwelihle Library and essential utilities such as the Hermanus Wastewater Treatment Works (WWTW) upgrade Screens, Return Activated Sludge Pump (RAS) and Sludge Dewatering. Several projects within this node focus on upgrading electrical capacity, including the establishment of the New Sanbaai 11kV switching station, the Upgrade of Mount Pleasant Sport Grounds, and the enhancement of existing capacity in the Hermanus Wastewater Treatment Plants (WWTP) Gravity Drainage Area. Notably, the Hermanus Medium Voltage/ Low Voltage (MV LV) Upgrade/Replacement projects are strategically phased across three fiscal years. The emphasis on capacity upgrades suggests a concerted effort to support the growing demands in the area, indicating a well-thought-out and long-term development plan. The heightened capital expenditure in the Regional Node (Greater Hermanus) aligns with the anticipated characteristics of a regional hub, further emphasizing its role as a focal point for strategic and comprehensive development.

- **Noteworthy investment in the Sub-Regional Node:** As a sub-Regional Node, Gansbaai receives, in this scenario, a notable share of the planned capital expenditure (31%). The undertaken projects, encompassing electrical services, sewer network extension, and drainage upgrades, underscore a deliberate and strategic approach to development. Sub-regional nodes typically function as intermediate centres, embodying a blend of urban and rural characteristics. Notable projects within Gansbaai include electrical services for low-cost housing, the establishment of new substations, sewer network extensions, and upgrades in drainage areas. The explicit mention of energy meter replacements indicates a keen focus on energy management. Similar to Hermanus, Gansbaai has implemented a phased approach to drainage area upgrades. The projects within Gansbaai as a Sub-Regional align with the dual objectives of supporting residential development and enhancing overall infrastructure. The accentuation on energy efficiency and the systematic implementation of drainage upgrades reflect a comprehensive and sustainable development strategy. The capital expenditure allocated to the Sub-Regional Node (Gansbaai) underscores the diverse and strategic nature inherent in sub-regional nodes, affirming their role in fostering mixed-use development and overall strategic objectives.
- **Harmonious investment in Kleinmond:** Despite receiving a smaller share of the capital expenditure at 2%, Kleinmond's projects showcase a harmonious blend of infrastructure upgrades, housing development, and network improvements. Noteworthy among these is the initiative to replace overhead lines, signifying a substantial enhancement to the electrical infrastructure. Additionally, housing development is addressed through projects such as Kleinmond Integrated Residential Development Programme (IRDP) (200 units) and Overhills Informal Settlement. Furthermore, network upgrades, including improvements to networks and cables, play a crucial role in the overall development strategy. The projects within this Sub-Regional Node of Klienmond collectively underscore a balanced approach, strategically combining infrastructure upgrades, housing development, and network enhancements. This equilibrium is likely driven by a dual consideration of both infrastructure and community development. This proactive modernisation effort aligns with the overarching goal of enhancing reliability and reflects a comprehensive approach to fostering sustainable growth in the region.
- **Fair investment in Local Nodes (Betty's Bay, Stanford, Pringle Bay, Rooiels):** Local Nodes feature a diverse array of projects, encompassing upgrades to electrical networks, improvements to sewer systems, construction of reservoirs, and service provision for existing erven. These nodes are typically associated with smaller populations and a heightened focus on local services and amenities. Notably, projects within this category include electrical network upgrades, sewer system enhancements, reservoir construction, and service provision for existing erven. Betty's Bay and Pringle Bay, specifically, are involved in projects related to bulk sewer system upgrades, while Pringle Bay introduces phased service provision to existing erven. The varied nature of projects within Local Nodes is tailored to meet their distinct needs. The deliberate and phased service provision approach

suggests a systematic methodology, likely influenced by considerations such as budget constraints and project timelines.

- **Limited investment in Rural Node:** Baardskeerdersbos is designated as a Rural Node, indicative of its lower population density and emphasis on rural or agricultural activities. The limited capital expenditure underscores its rural nature, with a relatively smaller percentage (0,2%) allocated to this node. Project analysis reveals comprehensive efforts to enhance water supply infrastructure, encompassing the construction of a reservoir, pump station, and distribution system items. Commitment to efficient water use is evident through telemetry implementation and adherence to the Western Cape Water Demand Management Strategy. Consideration of groundwater development signifies awareness of alternative water sources crucial for rural nodes. Infrastructure development, including a new treatment plant and sewer infrastructure, addresses fundamental needs for water access and sanitation. The projects align with typical representations of a rural node, featuring a scale tailored to a smaller community's needs, an agricultural focus, and an emphasis on responsible resource management. Observations indicate a thoughtful approach in Baardskeerdersbos, with capital expenditure aligning with rural node expectations and projects strategically addressing water supply, demand management, and sanitation needs essential for the community's well-being.
- **Cross-Cutting Observations:** Project types within the PDAs exhibit discernible trends, despite the absence of strict categorisation. Notably, infrastructure and capacity upgrades emerge as recurrent themes across various nodes, underscoring the universal significance of robust utilities in all areas. The variations in investment among nodes are likely influenced by strategic considerations, including factors such as population density, economic activity, and the current level of development. While there is no apparent pattern indicating preferential investment in specific areas, the implementation of phased projects in different nodes suggests a deliberate prioritization based on local needs and the readiness for developmental initiatives. This approach reflects a thoughtful strategy aimed at addressing diverse requirements across the region.
- **Not within a PDA:** This category is distinguished by a capital expenditure of 8% of the total, which encompasses projects not specifically aligned with any designated PDA within the municipality. A comprehensive analysis of the listed projects within this category reveals a diverse spectrum of activities, ranging from infrastructure upgrades and road rehabilitation to reservoir capacity expansion, sports facility improvements, and beach facilities upgrades. This diversity suggests a decentralized approach, with investments strategically distributed across various areas that may not fall under the umbrella of a designated PDA. Observations highlight that the capital expenditure in this category appears tailored to address specific needs or capitalize on development opportunities that transcend the confines of any particular PDA. The decentralised nature of these projects further underscores a thoughtful consideration of diverse community requirements, reflecting a strategic and inclusive approach to municipal development.
- **Not Mapped:** This category, constituting 8% of the total expenditure, signifies projects that may not have an explicit assignment to a specific geographic location within the municipality. Observations suggest that 'Not Mapped' projects reflect a strategic and distributed investment approach, likely addressing needs spanning multiple geographic areas. This category appears to encapsulate initiatives with a broader impact on the municipality, beyond the confines of a single Priority Development Area (PDA). As part of a commitment to continual improvement in capital expenditure planning practices, the aim is to enhance data and spatial tracking capabilities. Moving forward, efforts will be made to identify the spatial location of every investment requirement, ensuring a more comprehensive understanding of the geographical reach of initiatives.

b. Budget scenario analysis: Electoral wards

In the analysis of the budget scenario results per Electoral Wards, the focus shifts towards understanding the allocation and utilisation of financial resources within specific electoral divisions. This examination seeks to illuminate how the budget scenario results is distributed across different wards, providing insights into the Municipality's strategic investment priorities at a localised level. By scrutinising the budget scenario through the lens of Electoral Wards, this analysis unveils the geographic nuances that influence financial decisions, reflecting the Municipality's commitment to addressing the unique needs and development requirements of each electoral area. Figure 5-7 and Table 5-9 serve as valuable tools in comprehending the localised impact of budgetary decisions as per the budget scenario on the development landscape within each Electoral Ward.

Figure 5-7: Budget Scenario Results per Electoral Ward

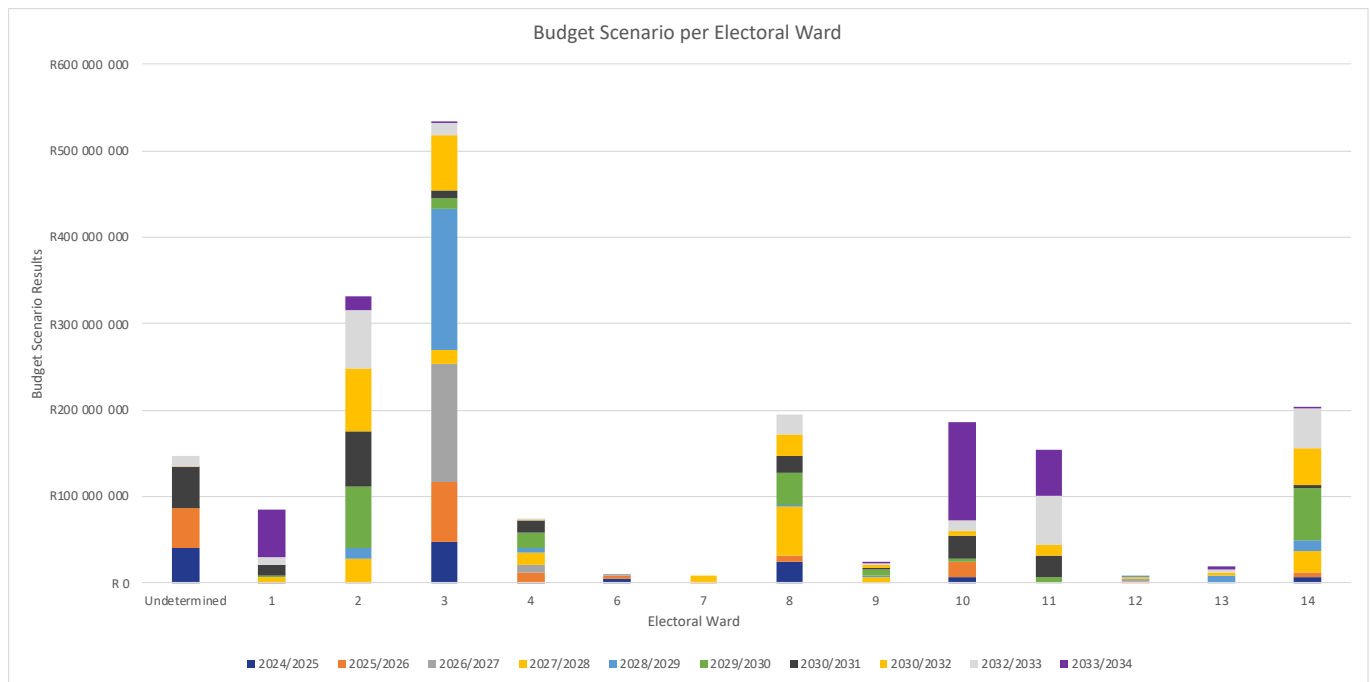
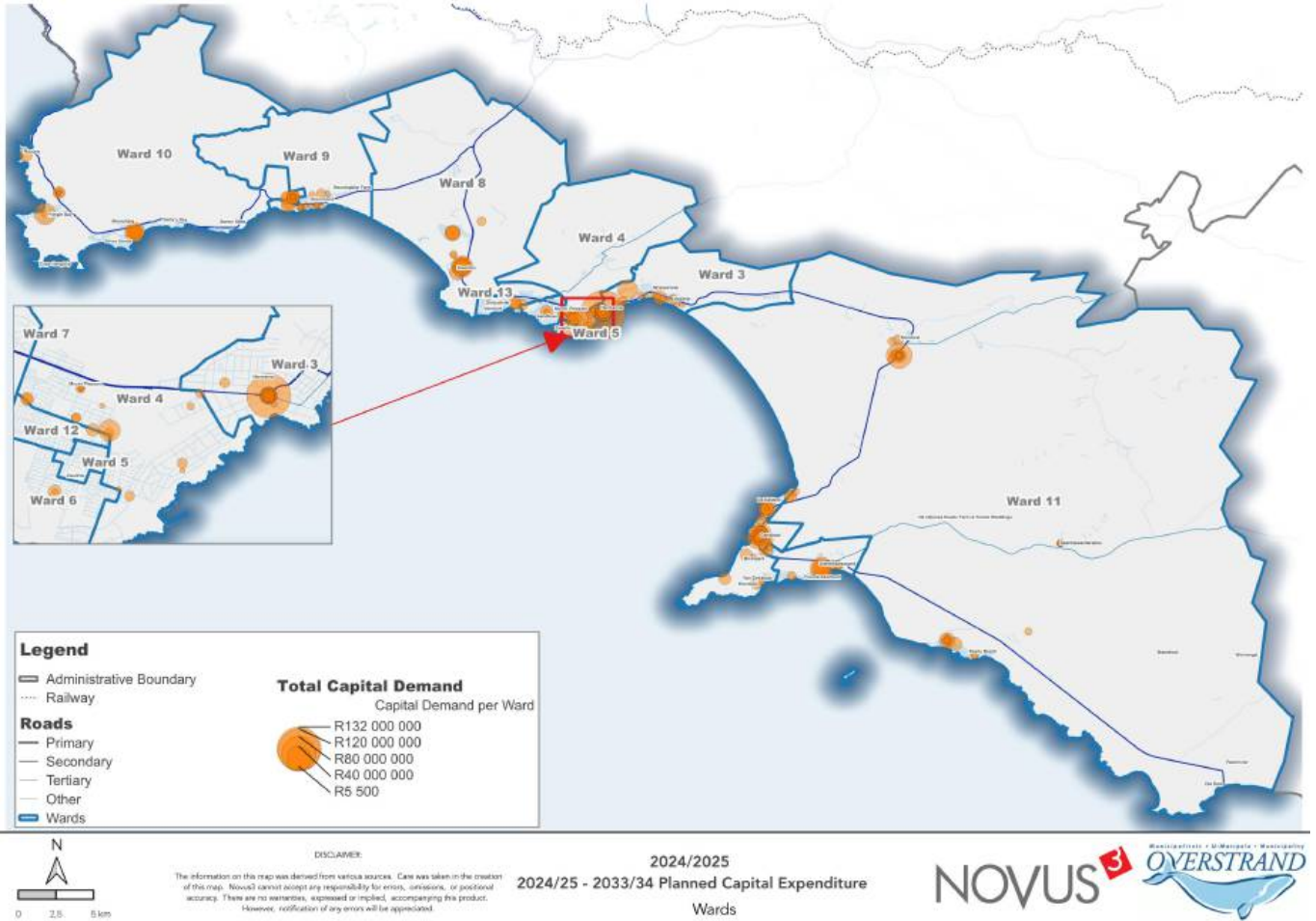


Table 5-9: Budget Scenario Results per Electoral Ward

Wards	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2030/2032	2032/2033	2033/2034	Total	%
Undetermined	R39 700	R46 431	R0	R0	R0	R290	R47 265	R1 041	R12 638	R0	R147 365	7%
1	R6	R0	R0	R6 450	R0	R1 900	R13 343	R0	R7 245	R55 133	R84 076	4%
2	R0	R0	R102	R28 166	R12 699	R69 617	R64 184	R72 529	R68 946	R15 881	R332 124	17%
3	R47 272	R69 403	R136 311	R16 601	R163 026	R11 660	R9 185	R64 326	R14 377	R2 000	R534 161	27%
4	R180	R12 400	R8 850	R13 066	R6 500	R16 500	R15 000	R300	R175	R0	R72 971	4%
6	R4 633	R4 633	R200	R0	R0	R0	R0	R0	R0	R0	R9 465	0%
7	R0	R75	R0	R500	R0	R0	R0	R8 374	R0	R0	R8 949	0%
8	R24 500	R7 500	R0	R56 070	R1 500	R37 902	R19 418	R24 759	R23 281	R0	R194 930	10%
9	R0	R0	R0	R6 630	R1 500	R7 077	R2 790	R2 000	R2 000	R3 000	R24 997	1%
10	R7 024	R17 000	R0	R0	R0	R4 170	R26 602	R5 043	R12 500	R113 037	R185 376	9%
11	R0	R0	R0	R0	R0	R6 902	R24 513	R12 485	R56 712	R53 525	R154 137	8%
12	R0	R2 000	R2 000	R2 000	R2 000	R0	R0	R0	R0	R0	R8 000	0%
13	R0	R0	R0	R0	R8 187	R0	R0	R4 119	R3 000	R4 500	R19 806	1%
14	R7 007	R5 000	R0	R23 940	R12 894	R60 446	R3 879	R41 940	R47 374	R1 100	R203 580	10%

Wards	2024/20 25	2025/20 26	2026/20 27	2027/20 28	2028/20 29	2029/20 30	2030/20 31	2030/20 32	2032/20 33	2033/20 34	Total	%
Total	R130 321	R164 442	R147 463	R153 423	R208 306	R216 464	R226 179	R236 916	R248 248	R248 176	R1 979 938	100 %

Figure 5-8: Budget Scenario Results per Electoral Ward



Over the 10-year horizon, the total planned capital expenditure for Overstrand wards amounts to R1 979 937 745,00. Each ward within Overstrand receives a varying percentage of the total budget, reflecting the municipality's commitment to addressing the unique needs of each area:

- Hermanus within the Ward 3, emerges as a strategically significant hub for economic, cultural and community development. The budget scenario results for Ward 3 over the 10-year horizon underscores the municipality's dedicated commitment to addressing the unique needs of this central area. Recognised for its scenic beauty and vibrant community, Hermanus plays a pivotal role in tourism therefore, the overall development landscape. The budget allocation for Ward 3 constitutes 27,4% of the budget scenario results for the Overstrand Municipality. This substantial investment signals the municipality's acknowledgment of Hermanus as a key driver of economic and tourist activities, emphasizing its importance in the broader regional context. An analysis of budget allocation per ward unveils geographic nuances specific to Hermanus, providing insights into the municipality's strategic investment priorities. Hermanus is poised to witness a diverse range of projects aimed at enhancing both infrastructure and community facilities. Specific projects within Hermanus may include, but are not limited to, initiatives such as the Hermanus Sport Facility Improvement, focusing on enhancing educational and cultural facilities. Additionally, projects like Bulk provision to Hermanus by Overberg Water aim to strengthen water

infrastructure to support the growing population, while the Reroute Hermanus WWTW Treated Effluent Irrigation Pipeline emphasizes sustainable wastewater management for environmental benefit.

- Gansbaai North-East and Masakhane in Ward 2, holds a pivotal position in shaping the developmental trajectory of the Overstrand Municipality. The budget scenario results for this ward is strategically crafted to cater to the distinctive needs and aspirations of the communities it comprises. With a budget allocation that represents 17% of the budget scenario results, Ward 2 signifies a substantial investment in economic and infrastructural development. Notably, the "Upgrade Eskom supply point to 30MVA" project reflects a dedicated focus on enhancing energy infrastructure, crucial for supporting both industrial and residential needs in Gansbaai North-East and Masakhane. Similarly, the "Replacement of oil CB's" project underscores a commitment to modernize and maintain critical infrastructure, ensuring a reliable and efficient electrical grid for the communities. The impact of these investments extends to Gansbaai North-East, commonly associated with industrial activities, where targeted initiatives may stimulate economic growth, potentially generating job opportunities and nurturing local industries. In Masakhane, as an integral part of Ward 2, community empowerment projects like the "Construction of Concrete Sitting Pavilion Masakhane Sportsfield" and the upgrading of electrical services in low cost housing, are envisioned to enhance the overall well-being of residents. The range of projects outlined for Ward 2 covers diverse facets of infrastructure development, spanning electrical supply, water distribution and pumping stations, collectively contributing to the holistic advancement of Gansbaai North-East and Masakhane.
- Ward 8, encompassing Fisherhaven and Hawston, emerges as a pivotal focus within the budget scenario results framework of the Overstrand Municipality. Accounting for 10.1% of the budget scenario results, this ward emerges as a strategic area for significant developmental initiatives and investments. The identified projects within Ward 8 offer valuable insights into the precise areas of focus for capital expenditure. The diverse range of projects reflects a comprehensive approach to addressing various facets of community development, aiming to enhance the overall quality of life for residents. Initiatives such as the upgrade of Hawston Sport Complex, improvements to the Hawston Swimming Pool, and the comprehensive wastewater treatment infrastructure upgrades illustrate the commitment to recreational facilities, public amenities, and environmental sustainability. Additionally, the focus on stormwater management, road infrastructure, housing electrification, electrical infrastructure upgrades, and water supply augmentation collectively contribute to a holistic and impactful approach to community development in Fisherhaven and Hawston.
- The anticipated capital expenditure in Wards 10, 14, and 11 constitutes a substantial 20.5% of the overall budget scenario results. Ward 10, incorporating Pringle Bay, Proteadorp, Overhills, Rooi-Els, Mooi-Uitsig, and Betty's Bay, features projects such as Bulk Supply Augmentation for the Hawston Reservoir (Phase 1 and 2) and a New Booster Pump Station from Gansbaai to De Kelders, highlighting a commitment to improving water supply infrastructure for multiple wards. In Ward 14, covering Blompark, De Kelders, Gansbaai South-West, and Van Dyksbaai, projects include the upgrading of healthcare facilities, installation of a new 66/11kV Substation, and the commissioning of a second reactor for the Gansbaai Wastewater Treatment Works, addressing healthcare, energy, and environmental sustainability. Ward 11, comprising Baardskeerdersbos, Eluxolweni, Pearly Beach, Buffeljachtbaai, and Franskraal, focuses on electrical infrastructure upgrades, drainage enhancements, and healthcare facility improvements.
- Collectively, Wards 5, 6, and 12 constituting a mere 1% of the municipality's comprehensive capital budget. This allocation signals a limited emphasis on the development and enhancement of infrastructure within the Zwelihle community. Despite the relatively modest financial commitment, the inclusion of projects such as the Zwelihle

Library, the upgrade of the Zwelihle taxi rank, and the construction of sidewalks in Zwelihle suggests a dedication to improving living conditions and amenities for residents in low-income communities.

- The allocation categorised as "Not Mapped," accounting for 7.6% of the budget scenario results. This encompasses a spectrum of initiatives that may extend across multiple wards or involve projects that do not neatly align with specific geographic boundaries. The funds allocated are designated for initiatives with broad-reaching community impact or infrastructure development that serves the collective needs of the entire municipality rather than being confined to individual wards. This includes projects that contribute to the overall well-being of the community or address shared challenges that transcend ward-specific considerations.

Overall, these observations highlight a commitment to localised development tailored to the unique needs of each area. The analysis serves as a foundation for understanding Overstrand Municipality's strategic investment priorities, potentially guiding future resource allocations for community development.

5.6.3 Budget scenario analysis: MSCOA perspective

In the subsequent sections, the budget scenario outcomes will be explored through the lens of the Municipal Standard Chart of Accounts (mSCOA). The National Treasury has introduced Integrated Financial Management and Internal Control System processes for local government, a significant component of which is the implementation of the Regulation of a Standard Chart of Accounts—commonly known as mSCOA. This standardised financial transaction classification framework, in accordance with mSCOA, gazetted on April 22, 2014 (Gazette No 37577), plays a pivotal role in ensuring consistency and uniformity in financial reporting for municipalities.

a. Budget scenario analysis: MSCOA asset type

In this section, a detailed analysis is conducted of the budget scenario results based on the MSCOA Asset Type. This perspective involves the intricate details of how the budget scenario results is allocated and managed across various asset types within the municipal environment. The visual representations in Figure 5-9, Table 5-10, and Table 5-11 illustrate the budget scenario results per Asset Type and Sub-Type. This analysis not only sheds light on the fiscal dynamics of the Municipality but also facilitates a nuanced understanding of the prioritisation and strategic planning associated with distinct asset types.

Table 5-10: Budget Scenario Results per Asset Type and Sub-Asset Analysis

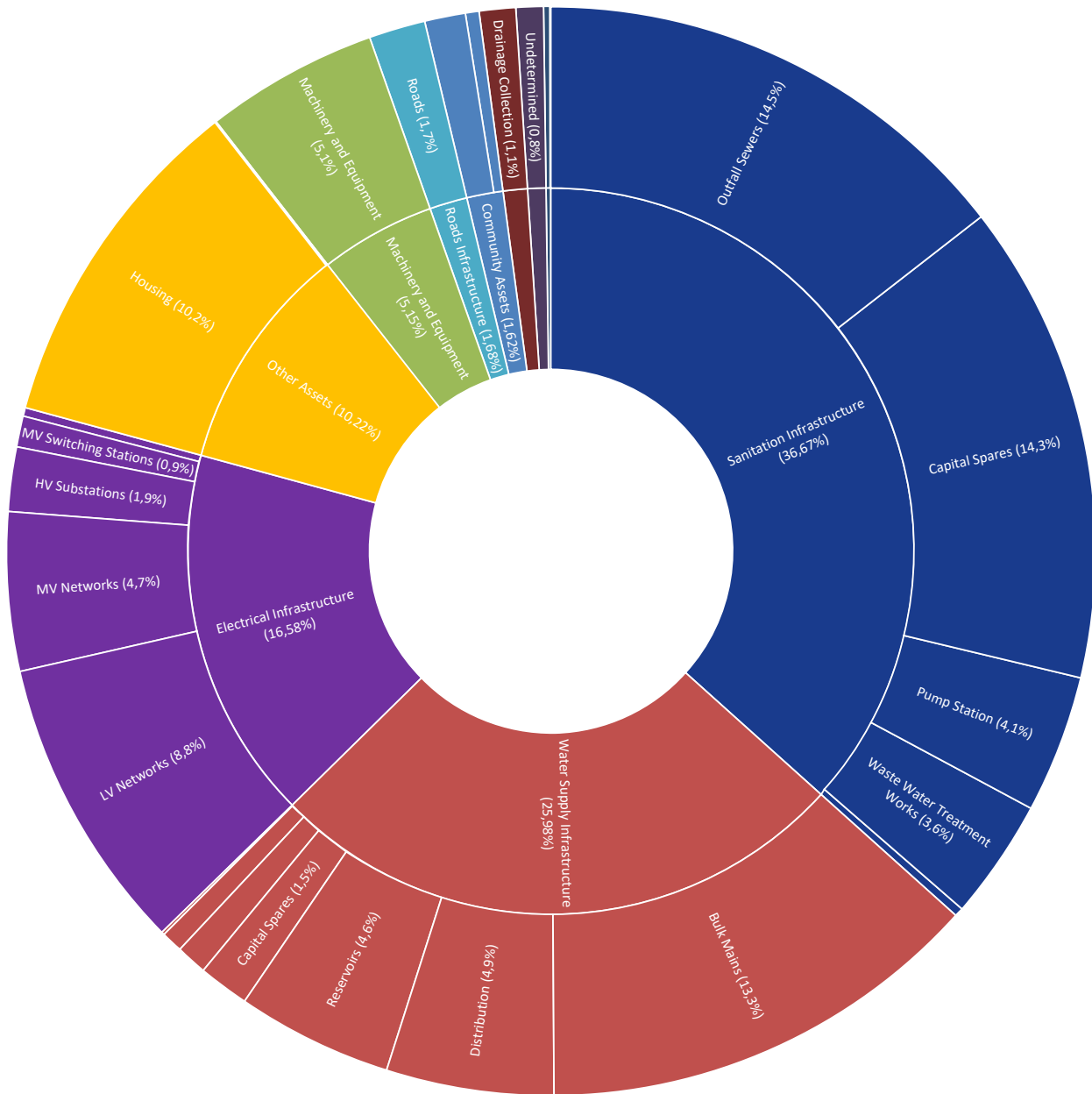
Asset Type	Asset Total	Sub-Type	Sub-Type Total	%
Community Assets (1,62%)	R32 000 000	Community Facilities	R8 000 000	0,4%
		Sport and Recreation Facilities	R24 000 000	1,2%
Electrical Infrastructure (16,58%)	R328 272 300	HV Substations	R37 602 400	1,9%
		LV Networks	R174 059 900	8,8%
		MV Networks	R93 410 000	4,7%
		MV Substations	R5 000 000	0,3%
		MV Switching Stations	R18 200 000	0,9%
Machinery and Equipment (5,15%)	R101 905 000	Machinery and Equipment	R101 905 000	5,1%
Other Assets (10,22%)	R202 384 830	Housing	R201 384 830	10,2%
		Operational Buildings	R1 000 000	0,1%
Roads Infrastructure (1,68%)	R33 181 000	Roads	R33 181 000	1,7%
Sanitation Infrastructure (36,67%)	R725 973 000	Capital Spares	R282 330 000	14,3%
		Outfall Sewers	R286 671 000	14,5%

Asset Type	Asset Total	Sub-Type	Sub-Type Total	%
		Pump Station	R81 204 000	4,1%
		Toilet Facilities	R5 268 000	0,3%
		Wastewater Treatment Works	R70 500 000	3,6%
Solid Waste Infrastructure (0,21%)	R4 100 000	Landfill Sites	R3 600 000	0,2%
		Waste Transfer Stations	R500 000	0,0%
Storm water Infrastructure (1,08%)	R21 389 000	Drainage Collection	R21 389 000	1,1%
		Storm water Conveyance	R0	0,0%
Transport Assets (0,01%)	R215 000	Transport Assets	R215 000	0,0%
Undetermined (0,81%)	R16 096 000	Undetermined	R16 096 000	0,8%
Water Supply Infrastructure (25,98%)	R514 421 615	Bulk Mains	R262 447 615	13,3%
		Capital Spares	R30 079 000	1,5%
		Distribution	R97 869 000	4,9%
		Pump Station	R13 000 000	0,7%
		Pump Stations	R1 000 000	0,1%
		Reservoirs	R92 026 000	4,6%
		Water Treatment Works	R18 000 000	0,9%
Grand Total (100%)			R1 979 937 745	(100,0%)

Table 5-11: Budget Scenario Results per Asset Type Over Time

Asset Type	Community Assets	Electrical Infrastructure	Machinery and Equipment	Other Assets	Roads Infrastructure	Sanitation Infrastructure	Solid Waste Infrastructure	Storm water Infrastructure	Transport Assets	Undetermined	Water Supply Infrastructure
2024/2025	R10 000	R19 730	R25 500	R36 133	R2 000	R21 871	R3 000	R0	R0	R4 000	R8 088
2025/2026	R9 000	R38 400	R26 600	R54 157	R3 075	R6 800	R0	R0	R0	R0	R26 410
2026/2027	R0	R12 000	R0	R60 850	R400	R34 735	R0	R0	R0	R0	R39 478
2027/2028	R0	R63 036	R155	R0	R1 186	R66 646	R500	R1 840	R0	R0	R17 910
2028/2029	R0	R20 900	R0	R278	R0	R78 807	R0	R0	R0	R0	R108 321
2029/2030	R0	R57 713	R0	R290	R2 700	R118 694	R600	R0	R40	R0	R36 427
2030/2031	R13 000	R41 005	R49 650	R3 000	R14 000	R51 095	R0	R6 164	R0	R4 500	R43 765
2030/2032	R0	R15 680	R0	R0	R0	R90 688	R0	R6 164	R0	R200	R116 963
2032/2033	R0	R27 637	R0	R1 800	R220	R119 349	R0	R0	R175	R7 396	R91 671
2033/2034	R0	R32 171	R0	R43 728	R9 600	R137 288	R0	R0	R0	R0	R25 389
Total	R32 000	R328 272	R101 905	R200 235	R33 181	R725 973	R4 100	R14 168	R215	R16 096	R514 422
%	2%	17%	5%	10%	2%	37%	0,2%	1%	0,0%	1%	26%

Figure 5-9: Budget Scenario Results per Asset Type Analysis



The following observations can be noted from Figure 5-9 , Table 5-10 and Table 5-11:

- Sanitation Infrastructure:** The substantial allocation of 37% of the budget scenario results to sanitation infrastructure underscores its pivotal role in the municipality's development strategy. With a peak investment of R137 288 000 in 2033/2034, the Municipality demonstrates a clear commitment to improving and expanding sanitation facilities. This signifies a recognition of the critical importance of sanitation in enhancing public health, environmental sustainability, and overall community well-being. The detailed long-term planning and significant funding for sanitation infrastructure projects suggest a comprehensive approach to addressing the municipality's current and future sanitation needs. The capital expenditure in Sanitation Infrastructure aligns with several key projects aimed at enhancing the municipality's waste management and sewage systems. The Greater Hermanus Distribution System (PRJ-OHS-033OHS29.1), represents a targeted effort to optimize the distribution network for improved sanitation services. Additionally, projects like the Upgrade of the Zwelihle sewer network, the Hawston Sewer Network Extension, and the Kleinmond Sewer Network Extension underscore the municipality's

commitment to expanding and upgrading its sanitation infrastructure. These initiatives directly contribute to the well-being of residents by ensuring efficient and accessible sanitation services. It is also worth noting that, the absence of investment in reticulation, a critical component of sanitation infrastructure, poses risks for the municipality. Inefficient or outdated reticulation systems can lead to service disruptions, public health hazards, and environmental pollution. The potential spread of waterborne diseases increased operational costs, and unequal access to sanitation services are among the consequences of neglecting reticulation.

- **Water Supply Infrastructure:** The allocation of 26% of the budget scenario results, amounting to R499 799 615, to water supply infrastructure reflects a strategic focus on ensuring a reliable and sustainable water source for the municipality. The variation in planned expenditures across years, with a peak in 2028/2029 at R108 321 000, suggests a concerted effort to address both immediate and long-term water supply challenges. The capital investment in Water Supply Infrastructure is closely tied to key projects aimed at securing a sustainable and reliable water supply. Projects such as Bulk provision to Hermanus by Overberg Water from The Waterskloof Dam and the New Bulk Water Infrastructure for Zwelihle Informal Area Formalization reflect a strategic approach to water resource management. Additionally, the Sea Water Desalination Plant and the New Disinfection System at Preekstoel Water Treatment Works demonstrate the municipality's proactive measures to diversify water sources and ensure the quality of water supply. These projects collectively contribute to building a resilient and sustainable water infrastructure system.
- **Housing Assets:** Within the Municipal Standard Chart of Accounts, the classification of "Other Assets" encompasses a significant portion of the capital expenditure. The category of "Other Assets" within mSCOA, encompass housing development or housing projects. Initiatives such as the Blompark Housing Project Bus Route, Development Related Infrastructure in Hawston, and the Gansbaai Blompark Top Structures are integral components of the municipality's efforts to address housing needs and create inclusive communities. The emphasis on infrastructure development in conjunction with housing projects, as seen in the Hawston New Housing Development R43 Wall and Development Related Infrastructure in Gansbaai, reflects a holistic approach to urban planning that considers both housing and supporting infrastructure for the well-being of residents.
- **Electricity Infrastructure:** The significant investment of 16% of the budget scenario results, totalling R316614 900, in electrical infrastructure highlights the municipality's commitment to enhancing its power infrastructure. With a peak expenditure of R63,035,500 in 2027/2028, the Municipality is evidently focused on providing and securing a reliable energy supply. The substantial capital expenditure in Electrical Infrastructure corresponds to a series of critical projects aimed at improving the reliability of the municipality's electrical systems. Projects such as the Replacement of 11 kV Switchgear in Sandbaai S/S, the Upgrade/Replacement of Zwelihle O/H MV and LV Bundle, and the LV O/H to U/G projects in Northcliff and Westdene demonstrate a commitment to infrastructure upgrades and grid optimisation. The exclusion of certain types of sub-assets such as Power Plants, HV Transmission Conductors, MV Switching Stations, and Capital Spares from the electrical infrastructure investment plan raises concerns for a municipality grappling with load shedding and potential theft challenges. In the absence of planned investments over the next decade, the Municipality may face operational challenges in maintaining and upgrading these essential assets. For instance, the exclusion of Power Plants could hinder the municipality's ability to address current and future energy demands, exacerbating load shedding issues. Additionally, the omission of Capital Spares raises concerns about the municipality's preparedness to swiftly respond to equipment failures or theft-related damages, potentially leading to prolonged downtime during crucial periods. In a context where load shedding is a concern, and theft poses a risk, the absence of planned investments in these crucial components could magnify operational challenges, threatening service reliability and increasing vulnerability to external disruptions.

- **Cross-Cutting Observations:** The collective investment in sanitation, water supply, housing, and electricity infrastructure reflects an integrated approach to enhancing community well-being in Overstrand Municipality. This approach acknowledges the interconnectedness of these systems in promoting public health, environmental sustainability, and overall quality of life for residents.
- **Critical Considerations for Low-Percentage Assets:** While the Municipality demonstrates a comprehensive approach to infrastructure investment, the assets with notably low percentages, such as roads and stormwater and community assets, may raise questions about their long-term sustainability and potential consequences for the municipality. The municipality's allocation of notably low percentages to assets such as roads, stormwater, solid waste infrastructure, and community assets is rooted in the limited demand for projects in these categories. Upon examination of strategic documentation, it was found that only 74 out of 1276 projects originated from the Local Integrated Transport Plan 2019-2024 and the Provincial Sustainable Transport Plan. Moreover, the prioritisation model favoured basic infrastructure, giving preference to assets like roads and stormwater infrastructure. Limiting investments in roads and stormwater management poses risks, from increased traffic congestion and impaired mobility to the potential for flooding and property damage during adverse weather conditions. The recent heavy rains and storms in Overstrand, underscore the critical importance of consistent investment and strategic planning for roads and stormwater management within municipal infrastructure. The severe weather conditions resulted in widespread flooding, home inundations, and road closures, necessitating emergency response measures from the municipality. The subsequent damage to roads, particularly in areas like Betty's Bay and Pringle Bay, highlights the vulnerability of current infrastructure to extreme weather events. In the aftermath, the Municipality faces the daunting task of not only immediate repairs but also comprehensive assessments of the damage. This situation reinforces the necessity of sustained investment in infrastructure resilience, emphasizing that a proactive approach is essential to minimize the impact of natural disasters on roads and stormwater systems, ensuring the safety, well-being, and overall resilience of the community. Lastly, a limited focus on community assets, including recreational facilities and community buildings, may hinder social cohesion and compromise the residents' quality of life. A more balanced and comprehensive investment strategy, addressing these seemingly less prominent but crucial categories, is imperative for ensuring the resilience, safety, and well-being of the Municipality in the face of evolving challenges.

b. Budget scenario analysis: Asset type per Priority Development Area

In this section, a detailed analysis is conducted of the budget scenario results based on the MSCOA Asset Type as per the PDAs in the Municipality. By integrating the MSCOA Asset Type classification into the assessment of PDAs, the Municipality can understand how the diverse development initiatives impacts different priority areas. This dual perspective, incorporating both asset types and PDAs, contributes to a comprehensive insight into how the Municipality strategically invests in various types of assets within each designated Priority Development Area, fostering a more informed and targeted approach to local development. Figure 5-10 and Table 5-12 illustrates the impact of budgetary decisions on the asset type within each PDA.

Figure 5-10: Budget Scenario Results per Asset Type per PDA

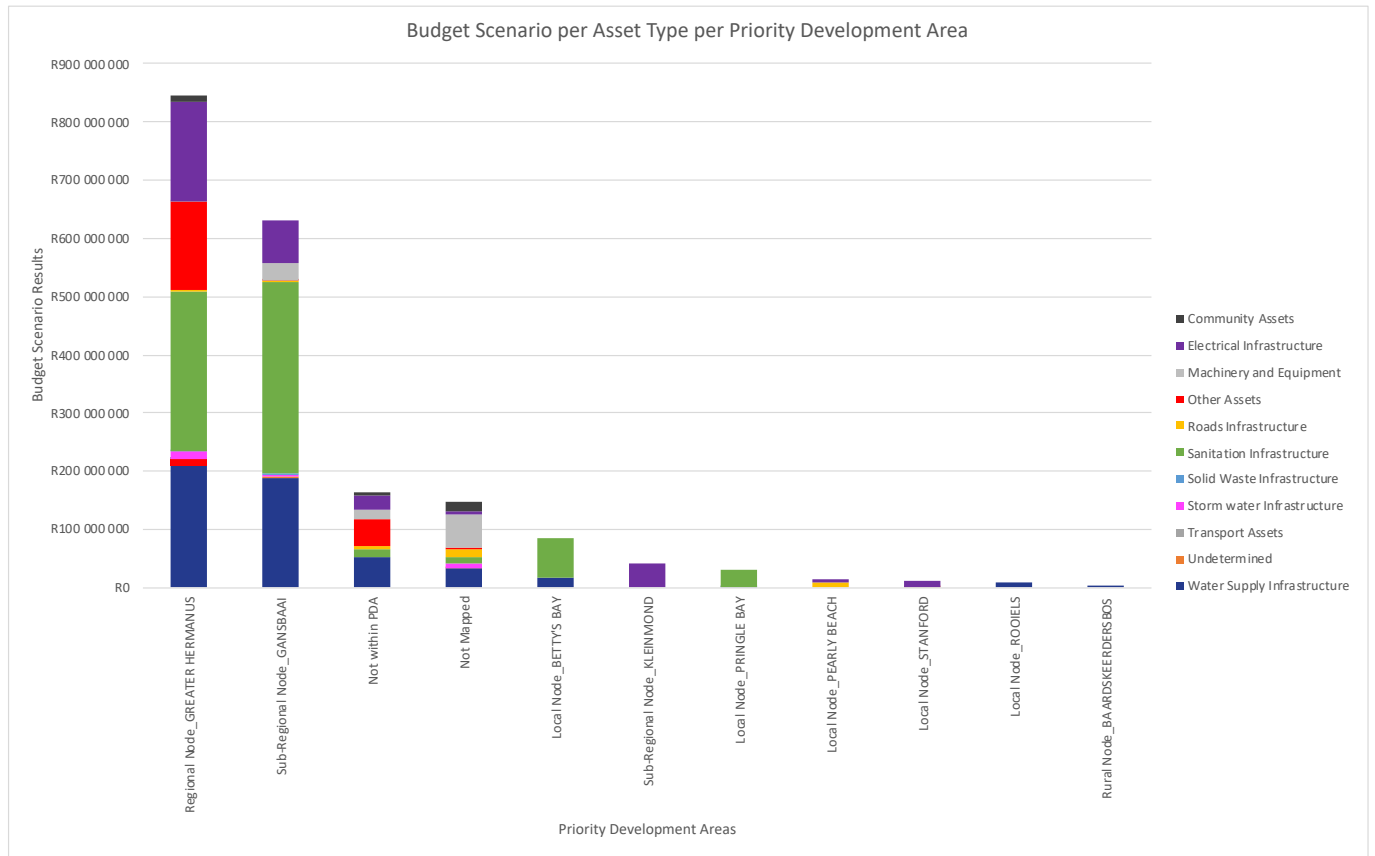


Table 5-12: Budget Scenario Results per PDA

Asset Type	Greater Hermanus	Gansbaai	Not within PDA	Not Mapped	Betty's Bay	Kleinmond	Pringle Bay	Pearly Beach	Stanford	Rooiels	Baardskeerdersbos
Water Supply Infrastructure	R209 660	R187 630	R51 563	R33 187	R17 970	R0	R1 106	R0	R0	R9 927	R3 379
Undetermined	R11 196	R2 000	R0	R1 100	R0	R0	R0	R0	R1 800	R0	R0
Transport Assets	R215	R0	R0	R0	R0	R0	R0	R0	R0	R0	R0
Storm water Infrastructure	R12 398	R2 827	R0	R6 164	R0	R0	R0	R0	R0	R0	R0
Solid Waste Infrastructure	R500	R3 600	R0	R0	R0	R0	R0	R0	R0	R0	R0
Sanitation Infrastructure	R275 432	R327 718	R15 284	R11 400	R66 472	R0	R29 667	R0	R0	R0	R0
Roads Infrastructure	R1 781	R2 800	R4 500	R14 500	R0	R0	R0	R9 600	R0	R0	R0
Other Assets	R151 965	R578	R46 728	R3 114	R0	R0	R0	R0	R0	R0	R0
Machinery and Equipment	R155	R30 000	R15 000	R56 750	R0	R0	R0	R0	R0	R0	R0
Electrical Infrastructure	R171 980	R73 014	R24 500	R4 150	R0	R40 278	R0	R4 100	R10 250	R0	R0
Community Assets	R10 000	R0	R5 000	R17 000	R0	R0	R0	R0	R0	R0	R0
Grand Total	R845 282	R630 167	R162 574	R147 365	R84 442	R40 278	R30 773	R13 700	R12 050	R9 927	R3 379
%	43%	32%	8%	7%	4%	2%	2%	1%	1%	1%	0%

The observations can be made from Figure 5-10 and Table 5-12:

- **Diversity of Assets in Regional and Sub-Regional Nodes:** Greater Hermanus and Gansbaai demonstrates a significant focus on Water Supply Infrastructure, Sanitation Infrastructure, Housing Assets and Electrical Infrastructure, suggesting a prioritisation of essential services and urban development in this PDAs. The diversity of asset types within Greater Hermanus and Gansbaai, recognised as a regional and sub-regional node, is indicative of a comprehensive and strategic approach to urban development. This area serves as a key economic centre and demonstrates a nuanced understanding of the multifaceted needs that come with being a sub-regional node. It is noteworthy that the allocation of funds towards Roads Infrastructure and Stormwater Infrastructure is comparatively modest. Given the well-established and urbanised nature of Overstrand due to its sub-regional status, there appears to be a lower urgency for additional investment in these areas. However, it is crucial to highlight that recent floods and rains underline the significance of ongoing maintenance efforts. These natural events serve as reminders of the potential for significant damage, making it imperative to ensure that infrastructure is well-maintained to withstand and mitigate the impact of such disasters. In this context, even though the current investment in Roads Infrastructure and Stormwater Infrastructure is relatively low, a proactive stance on maintenance becomes even more critical to safeguard against potential damage caused by natural disasters.
- **Electrical Assets in Kleinmond:** The exclusive investment in Electrical Infrastructure assets within the sub-regional node of Kleinmond suggests a targeted strategic focus on enhancing the power infrastructure of this specific area. Kleinmond, as a sub-regional node, may be emphasising the critical importance of a reliable and resilient energy supply to support local economic activities, residential needs and potentially emerging industrial sectors. This specialized investment strategy could be a response to the unique energy demands or opportunities within Kleinmond, recognizing the role of robust electrical infrastructure in driving development and ensuring the overall well-being of the community. The singular focus on Electrical Infrastructure assets may indicate a deliberate effort to address specific challenges or capitalize on opportunities related to power supply, demonstrating a tailored approach to the development needs of Kleinmond as a distinct sub-regional node within the broader municipal context.
- **Local Node Investments:** In Betty's Bay and Rooi Els, the municipality's substantial investment in Water Supply Infrastructure, Stormwater Infrastructure and Roads Infrastructure signifies a keen awareness of its coastal location, acknowledging the area's reliance on tourism and the imperative for sustainable water resources. Additionally, the holistic strategy in Rooiels encompasses not only water supply projects like the Rooi Els Bulk Sewer System but also sanitation infrastructure, emphasizing sustainable development. Rooiels, known for its pristine coastal environment, is subject to potential increases in demand, addressed by projects like the Rooi Els Bulk Supply Augmentation. Similarly, in Kleinmond, the allocation of assets, particularly in Water Supply Infrastructure, Sanitation Infrastructure and Electrical Infrastructure, showcases a holistic strategy catering to both residential and tourism-related needs, demonstrating the municipality's commitment to comprehensive development. Pringle Bay sees significant investments in Water Supply Infrastructure, Sanitation Infrastructure and Roads Infrastructure, underlining a dedication to meeting the residential and recreational demands of the area while prioritising sustainable development. Pearly Beach's focus on Water Supply Infrastructure projects and Stormwater Infrastructure aligns with its rural setting, exemplifying a strategic approach to address unique water supply needs and foster sustainable growth. Lastly, Stanford's investments in Water Supply Infrastructure, Sanitation Infrastructure and Roads Infrastructure underscore the municipality's dedication to preserving its historical and agricultural significance, aiming to support a blend of residential and agricultural activities within the community.
- **Water Infrastructure Assets in Rural Nodes:** The comprehensive investment in Water Supply Infrastructure for the rural node of Baardskeerdersbos reflects a dedicated commitment to ensuring reliable and sustainable water

resources in these areas. The comprehensive investment in Water Supply Infrastructure underscores the municipality's recognition of the distinct characteristics of these coastal areas. In Baardskeerdersbos, characterised by its rural setting, water supply needs are addressed through strategic projects such as the construction of a new Treatment Plant, Distribution System upgrades and Water Demand Management measures. The municipality's meticulous approach, including considerations for groundwater development and the introduction of a new Conservancy Tank, reflects an understanding of the unique challenges in securing water resources for this rural community. The emphasis on the New Outfall Sewer in Baardskeerdersbos further illustrates the municipality's commitment to comprehensive sanitation, crucial for efficient wastewater management. This tailored and forward-thinking investment strategy in water infrastructure with Baardskeerdersbos aligns with the specific needs and challenges of these coastal and rural areas, contributing to their overall well-being and sustainable development within the broader Overstrand municipality.

c. Budget scenario analysis: MSCOA action

In this section, the focus shifts to the budget scenario results analysis per MSCOA Action, particularly concentrating on new or upgrading assets. This examination closely inspects the budget scenario results landscape to reveal how resources are planned and managed concerning the implementation or enhancement of assets within the framework of the MSCOA actions. Figure 5-11 and Table 5-13 provide a visual representation of these budget scenario results allocations and their implications for different asset-related actions. By zeroing in on actions related to the introduction or improvement of assets, the aim is to uncover the strategic decisions and priorities guiding the Municipality's developmental initiatives. This analysis offers a nuanced understanding of the fiscal implications associated with creating new assets or enhancing existing ones, providing valuable insights into the dynamic interplay between budget allocations, MSCOA classifications, and the Municipality's overarching goals for asset development and improvement.

Figure 5-11: Budget Scenario Results per Action

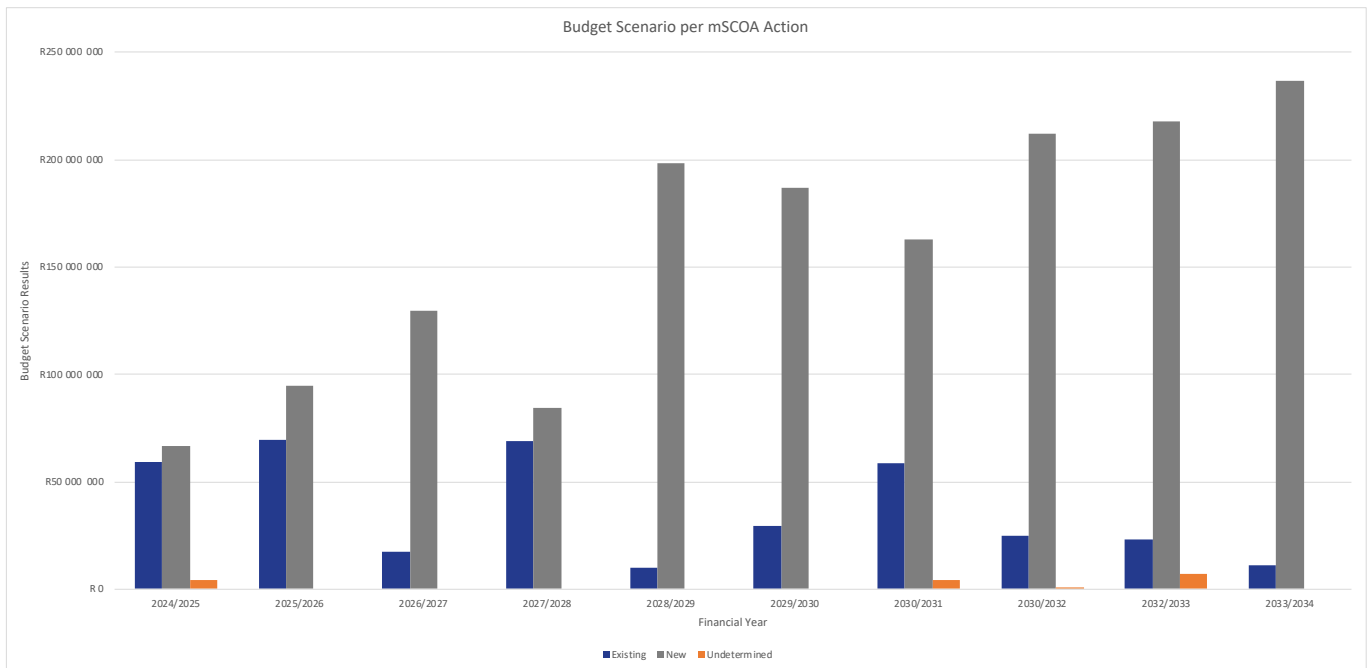


Table 5-13: Budget Scenario Results per Action

	Existing	New	Undetermined	%
2024/2025	R59 488 230	R66 833 000	R4 000 000	7%

	Existing	New	Undetermined	%
2025/2026	R69 739 615	R94 702 000	R0	8%
2026/2027	R17 715 000	R129 748 000	R0	7%
2027/2028	R68 806 000	R84 616 500	R0	8%
2028/2029	R9 924 000	R198 382 000	R0	11%
2029/2030	R29 622 000	R186 842 000	R0	11%
2030/2031	R58 644 000	R163 035 000	R4 500 000	11%
2030/2032	R24 825 000	R211 891 000	R200 000	12%
2032/2033	R22 976 000	R217 876 400	R7 396 000	13%
2033/2034	R11 400 000	R236 776 000	R0	13%
Total	R373 139 845	R1 590 701 900	R16 096 000	100%
%	19%	80%	1%	100%

The following observations can be made from Figure 5-11 and Table 5-13:

- Alignment with the LTFP:** In accordance with the Long-Term Financial Plan (LTFP), the allocation of funds derived from cash-funded depreciation typically supports the replacement and upgrading of existing assets, while alternative funding sources may be directed towards acquiring new assets. A strategic approach involves utilising external funding avenues, such as borrowings, for the procurement of new assets, while concurrently utilising the municipality's Capital Replacement Reserve (CRR) for the replacement and upgrading of existing assets. Moreover, it is essential to underscore that both the LTFP and the outlined capital expenditure plan serve as indicative frameworks, providing guidance to the Municipality in aligning its financial strategies with its specific requirements. These instruments collectively aid in informed decision-making to suit the municipality's evolving needs.
- Maintenance Focus in Demand Quantification:** Within the context of demand quantification, specific observations are made during the Asset Renewals and Renewal Backlog section. The water infrastructure is noted to be in fair condition, with discernible deterioration, necessitating significant maintenance. The evaluation of electricity assets reveals that they are approaching the lower threshold of being in good condition, highlighting the potential need for major maintenance in the near future. It is noteworthy to consider the possibility that the Municipality may have opted to forego routine maintenance of these assets, potentially favouring a strategy of complete replacement with new assets. This decision, if taken, could reflect a broader strategic shift in asset management priorities.
- Cross Cutting Observations:** The comparison between the previous capital approved budget and the current demand for the municipality's budget scenario results reveals a notable shift in the ratio of new to upgrading projects. In the prior approved budget, there was a relatively balanced distribution, with 34 new projects, 33 renewal and 36 upgrading projects out of a total of 103 approved projects. However, the current budget scenario results reflect a discernible emphasis on new projects, evidenced by a substantial increase in new asset allocations, particularly in the later years. Despite this shift, the Municipality maintains a strategic approach by consistently focusing on upgrading existing assets alongside the surge in new projects. This suggests a nuanced and adaptable development strategy, catering to both immediate needs and long-term visions for sustained growth. The dynamic nature of the ratio over the years underscores the municipality's responsiveness to evolving community needs. As the proportion of new projects increases, careful budgetary considerations will be essential to support this strategic shift and ensure successful implementation across a diverse range of development initiatives.

d. Budget scenario analysis: Infrastructure and Non-Infrastructure factors

This examination is pivotal in understanding how the budget scenario results is distributed and managed within these distinct realms of municipal development. By differentiating between infrastructure and non-infrastructure elements, it offers an overview of the budgetary allocations and priorities associated with both sectors. Figure 5-12 and

Table 5-14 provide a visual representation of these capital expenditure allocations and their implications for both categories.

This analysis serves as a strategic lens, providing insights into the Municipality's approach to balancing investments in physical structures, utilities, and other tangible assets against non-physical aspects such as policies, programs, and services. The ensuing exploration sheds light on the nuanced decision-making process that underlies the budget scenario, contributing to a holistic understanding of the Municipality's development strategy and its impact on both physical and non-physical dimensions of community growth. Non-physical dimensions encompass intangible elements such as policies, programs and services that contribute to community well-being. Municipalities allocate funds to develop and implement regulations, social services and cultural initiatives, representing a strategic approach to balancing investments in tangible infrastructure with non-physical aspects. This includes directing resources toward educational programs, healthcare services, community engagement efforts and technology infrastructure. This sheds light on the Municipality's nuanced decision-making process, offering insights into how budgetary allocations impact both the physical structures and the intangible dimensions crucial for holistic community growth. Non-physical dimensions play a pivotal role in fostering a comprehensive understanding of the Municipality's development strategy, emphasizing its commitment to addressing both tangible and intangible facets of community well-being.

Figure 5-12: Budget Scenario Results per Infrastructure/ Non-Infrastructure Factors

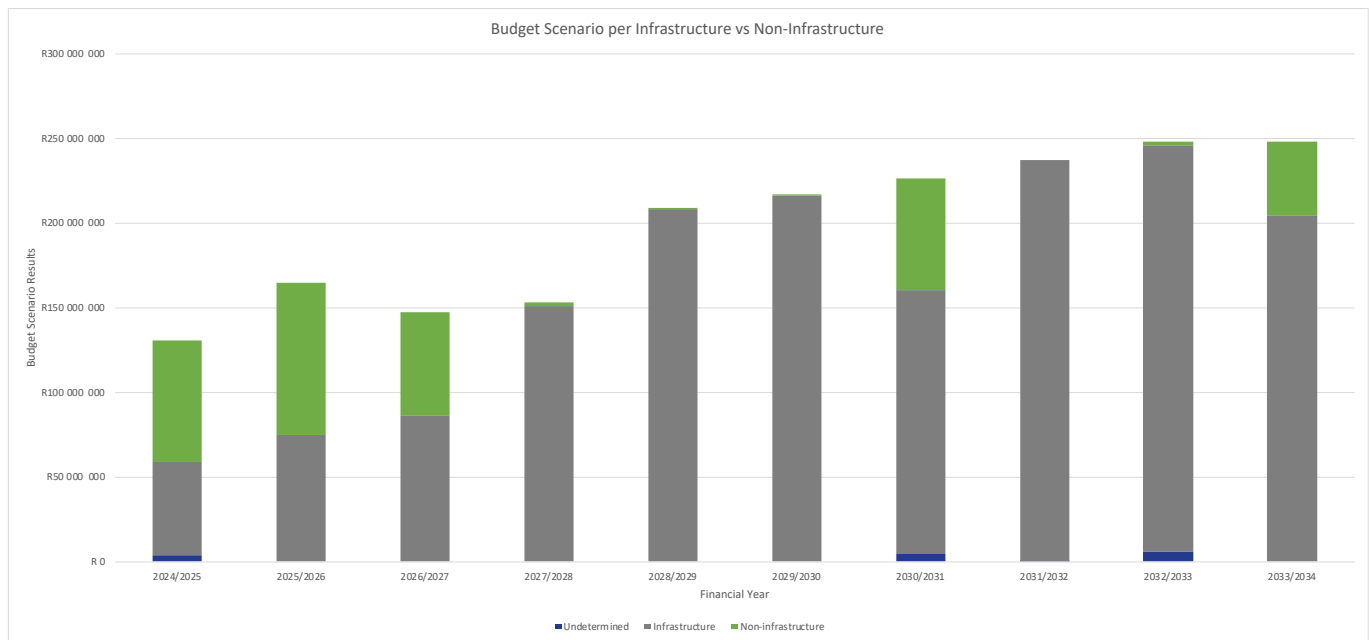


Table 5-14: Budget Scenario Results per Infrastructure/ Non-Infrastructure Factors

	Undetermined	Infrastructure	Infrastructure (%)	Non-infrastructure	Non-infrastructure (%)
2024/2025	R4 000 000	R54 688 615	3%	R71 632 615	21%
2025/2026	R0	R74 685 000	5%	R89 756 615	27%
2026/2027	R0	R86 613 000	5%	R60 850 000	18%

	Undetermined	Infrastructure	Infrastructure (%)	Non-infrastructure	Non-infrastructure (%)
2027/2028	R0	R151 117 500	9%	R2 305 000	1%
2028/2029	R0	R208 028 000	13%	R278 000	0%
2029/2030	R0	R216 134 000	13%	R330 000	0%
2030/2031	R4 500 000	R156 029 000	10%	R65 650 000	20%
2031/2032	R200 000	R236 716 000	15%	R0	0%
2032/2033	R5 826 000	R240 447 400	15%	R1 975 000	1%
2033/2034	R0	R204 448 400	13%	R43 727 600	13%
Total	R14 526 000	R1 628 906 915	100%	R336 504 830	100%
%	1%	82%	3%	17%	21%

The following observations can be noted from Figure 5-12 and

Table 5-14:

- Infrastructure Expenditure:** There is a significant focus on infrastructure development, with a total of 82% of the total budget scenario results, to infrastructure assets is notably substantiated by the municipality's context, where a significant percentage of projects emanate from the Infrastructure and Planning Directorates. This alignment highlights a strategic correlation between the capital expenditure focus and the nature of initiatives proposed by these directorates. The assets associated with these initiatives, specifically sanitation infrastructure, water supply infrastructure and electrical infrastructure, underscore a targeted investment in critical areas that directly impact the community's well-being and development. The prioritisation of these essential services indicates a pragmatic approach, ensuring that the municipality's financial resources are channelled towards projects with immediate and lasting benefits. This strategic synchronisation between the allocation of capital demand and the nature of projects proposed reflects a coherent development strategy that addresses both immediate community needs and long-term growth considerations.
- Non-Infrastructure Expenditure:** Non-infrastructure spending experiences fluctuations, with a notable decrease in 2027/2028 and a subsequent recovery in the following years. The allocation of 82% to infrastructure and 17% to non-infrastructure reflects a deliberate and significant emphasis on physical development within the municipality. Several factors could contribute to this allocation and while there isn't a one-size-fits-all rule for the ideal balance between infrastructure and non-infrastructure spending, the distribution can be contextualised based on the municipality's specific needs, goals, and circumstances. The inclination toward short-term planning for non-infrastructure projects, as reflected in the data with the majority of non-infrastructure spending allocated in the earlier years, aligns with the inherent complexities and adaptability required for initiatives that are intangible in nature. The representation of this trend suggests a practical approach to addressing immediate community needs and responding to dynamic circumstances. Intriguingly, there is a notable allocation for non-infrastructure projects in the fiscal years 2030/31 and 2033/34, indicating a level of consideration for these initiatives in the Long-Term. This nuanced shift in planning may suggest an evolving strategy that seeks to strike a balance between the more predictable nature of infrastructure planning and the adaptive requirements of non-infrastructure initiatives. It underscores the municipality's commitment to not only addressing immediate needs but also incorporating thoughtful considerations for the evolving complexities of community development over an extended horizon.
- Cross-Cutting Observation:** The observed lower allocation to non-infrastructure projects, at 17%, could be attributed to the complexities in planning for intangible assets within the Long-Term compared to their tangible counterparts. Infrastructure projects, characterised by their physical nature, allow for more predictable and straightforward long-term planning due to well-defined construction timelines, asset lifecycles, and regulatory

processes. The tangible aspects of infrastructure, such as roads and utilities, offer a level of predictability in estimating costs and maintenance requirements. In contrast, non-infrastructure initiatives, involving policies, programs, and social services, are often more dynamic and responsive to evolving community needs, cultural shifts, and technological advancements. The intricacies and adaptability required for effective non-infrastructure planning may make it challenging to project accurately over an extended period. The municipality's strategic emphasis on tangible assets might reflect the relative ease in long-term planning for infrastructure while recognizing the need for a balanced approach that addresses both short-term demands and the evolving complexities of community development.

- **Cross-Cutting Comparison:** The LTFP articulates a strategic objective of maintaining and expanding a balanced non-current asset base, emphasizing a dual focus on meeting service delivery needs and fostering the economic contribution of citizens through aligned infrastructure and services. The LTFP delineates a balanced ratio of 59% infrastructure to 41% non-infrastructure assets, grounded in historical averages spanning from 2018 to 2022. This balance is considered crucial for citizen-centric service delivery. Conversely, the planned expenditure provides a somewhat different perspective on the budget scenario results, emphasizing a substantial allocation of 82% to infrastructure projects, particularly in critical areas such as sanitation, water supply, and electrical infrastructure. The observed lower allocation to non-infrastructure projects (17%) in the CEF could be attributed to the inherent complexities in planning for intangible assets over the Long-Term compared to their tangible counterparts. Intriguingly, the LTFP's call for continual monitoring aligns with the CEF's emphasis on adjusting plans during actual implementation to account for deviations. This analysis underscores the symbiotic relationship between the overarching financial strategy outlined in the LTFP and the targeted capital expenditure detailed in the CEF, revealing a strategic and cohesive approach to municipal development.
- **Undetermined Expenditure:** In the early years (2024/2025 and 2030/2031) suggests a lack of clarity or specificity in budget allocation during those periods. There is a noticeable decrease in Undetermined Expenditure in 2032/2033, indicating a more defined financial planning process. As part of an overarching initiative to enhance data completeness and accuracy in capital expenditure planning practices, efforts will be made to identify the spatial location of every investment requirement. The active examination of the number of projects categorized as *Undetermined* will contribute to achieving this goal.

5.7 Concluding remarks

For concluding remarks, refer to Part 6: Institutional Arrangements.

Part 6
Institutional
Arrangements

6 Part 6: Institutional Arrangements

Strategic documentation such as this Capital Expenditure Framework provides a clear perspective on the strategic intent of the Municipality, yet a pragmatic approach towards the alignment between three core functions of the municipality namely town planning, infrastructure planning and financial planning.

The Capital Expenditure Framework in itself, however, will not be the only mechanism required to navigate the potential identified throughout the Capital Expenditure Framework. To ensure the operationalisation of the Capital Expenditure Framework, and to benefit from the potential impact the Capital Expenditure Framework can bring, several steps need to be taken by the municipality to embed supporting processes with the aim to ultimately move from a static framework for integrated planning to a dynamic process for integrated delivery.

This section will provide a high-level summary of brief findings, recommendations, and considerations as identified throughout the development of the Capital Expenditure Framework. For ease of navigation, it will be structured in the chapter of this document.

6.1 Part 2-a: Functional Area Profiling & Spatial Categories

6.1.1 Socio-Economic profiling

a. Demographics

- Both population and household figures are essential for infrastructure investment purposes. Households eventually translate into the number of residential customers that demand services from the Municipality as service providers. To the residential customers, the non-residential customers must be added. The Municipality shows a relatively high percentage of non-residential customers.
- The population of Overstrand has increased by more than 74 905 people since 1995. This population increase equates to a growth rate of 4.74%, which is higher than the national average.
- Spatially, most of the population growth took place in the urban centres of existing settlements. There are also indications of depopulation on the periphery of the towns of Hawston, Zwelihle and Hermanus. Most of the municipal growth occurred in the urban areas of the towns Zwehile, Stanford and Gansbaai.
- Indications are that household size has stabilized at around 2.9 persons per household since 2000.
- 77% of the household live in houses made of bricks, but approximately 11.5% live in informal dwellings, which is 4 100 households in 2016.
- Population and household estimates vary according to the source used. Therefore, it is impossible to be definitive on these figures, and it will be necessary to monitor the population and household growth and changes continuously.

Table 6-1: Population Forecast

Population forecasts	2021	2025	2030	2035	2040	2043	Average annual increment
Quantec Regional Indicators forecast	89 758	96 909	105 378	113 847	122 315	127 396	1 694
Census Trend	99 000	105 648	113 417	120 693	127 559	131 509	1 526
Mid-year population estimates trends	107 526	119 670	132 684	141 706	145 036	143 595	1 781

Table 6-2: Household forecast

Household forecasts	2021	2025	2030	2035	2040	2043	Average annual increment
Quantec Regional Indicators forecast	30 427	33 012	35 900	38 788	41 677	43 409	578
Census trend	35 979	38 759	42 040	45 143	48 095	49 805	670
Mid-year population estimates trends	35 640	39 123	43 314	47 355	51 267	53 559	821

b. The value of economic production

- The economic assessment includes data up to 2021. Therefore, all outcomes should be viewed against the background of the economic downturn due to the Covid–19 pandemic.
- When assessing the long-term expectations around economic growth, one should remember that economies at a regional level are open, and it is difficult to isolate the municipality’s economy from the broader region. Also, South Africa has a highly interventionist economic approach that can make trend analysis difficult.
- The Municipality has shown slow economic growth (2.3%) over the past 27 years. Economic growth is significantly lower than population growth and might translate into serious service delivery and financial sustainability challenges for the municipality.
- The most significant contributing sector is business services, contributing 30.45% to the local economy. The second-largest sector is trade at 15.94%, followed by Manufacturing at 14.46%. Most sectors’ declined between the year 2019 to 2021 due to the Covid- 19 crisis. This is noticeable except for agricultural, business, and social services, which continued growing. The Transport and Telecommunications sector is the largest growing sector in the municipality, with a growth rate of 5.55%.

c. Employment and education

- Unemployment has grown by 58.24% per annum. The unemployment rate stood at 2.4% in 1995 and increased to 23.1% in 2021.
- Skilled and semi-skilled employment has grown by 1.76% and 1.44%, respectively, while low-skilled labour increased at 0.48% per annum. Informal employment has grown at an average of 1.56% per annum.
- Education has improved significantly, especially in people with secondary school education and matric qualifications.

d. Household income and expenditure

- Regarding household-income distribution, only 2% earned more than R50 000 per month, and a concerning 29% earned less than R1 200 per month in 2011.
- The corresponding figures for 1996 were 44% for households with more than R50 000 per month and 12% with an income of less than R1 200 per month. This points to a radical shift to large-scale poverty.
- Since residential customers constitute nearly 88% of the customer base, the shift towards poverty may indicate an implosion of the city's revenue base requiring a reassessment of service policies and strategies.
- As expected, clear spatial patterns show concentrations of high-income households in and around the towns of Hermanus and Pringle Bay. On the other hand, the more rural areas inland of the Municipality are the poorer regions.

- The working population is currently saving barely more than in 1997. Savings directly impact the long-term ability of households to meet their commitments, including paying for municipal services. In addition, taxes have continued to increase since 1995. Notable is that savings decreased as general taxes and the costs of the services increased. Everything points to households under severe stress.
- There have been sharp rises in household expenditure on services and non-durable goods over time, while expenditure on durable goods remains very low.
- It should be noted that increases in overall income did not translate into similar increases in taxes. It might reflect on income growth in the lower-income brackets and people dependent on government grants and subsidies. It simply implies that the burden on the higher-income groups is increasing.

e. Economic production and employment

- The trade sector is the largest employer in the municipality, employing 25.41% of the labour force. The second-largest contributor to employment is the business service sector at 19.05%. Social services are responsible for 18.02% of jobs. Almost all sectors have shown an increase in the number of people employed, with a total average increase of 1.07%. On the other hand, agriculture, mining and construction are the sectors that have shed labour at a rate of 1.55%, 0.35% and 0.99% per annum, respectively.

f. Capital formation and fixed investment

- Capital formation was at its height in 2004. However, it sharply declined since and remained low ever since, with a drastic decline in 2020 due to the pandemic.
- Capital formation followed similar patterns at the national, provincial and municipal levels. However, local changes were more pronounced due to the greater openness of the local economy.
- Fixed capital stock in Overstrand has been declining since 2008. The implication is that the asset base for economic production is shrinking. The figures on the consumption of fixed assets confirm this.
- The expected useful life (EUL) of assets in the economy decreased from 27.2 years in 1993 to 14.5 years in 2021. This decrease is a direct consequence of the decline in fixed investment and an increase in the consumption of capital stock.
- The private sector maintained a positive return on investment. When measuring the ratio of fixed capital investment in the private sector to its output in GVA, the ratio remained the same from R1.11 in 1993 to R1.14 in 2021. On the other hand, the local government (Overstrand) had a GVA return of 0.43c in 2021, and central and provincial government's GVA return for every Rand invested is currently only 0.28c.
- As private sector returns increase, local and central government returns decrease. This difference may be attributed to governments' spending being anti-cyclical in the economy while the private sector directly responds to the realities of continuous decline in economic growth.
- Overstrand contributes about 30.6% of the total capital stock in the district.

g. Drivers in the economy and risk

- The agricultural sector represents the municipality's best sector. The Municipality shows a further advantage in five other sectors. It is also interesting to note that the other local municipalities and districts have similar profiles, and agriculture is the best-performing sector in all other municipalities.

- When comparative advantage is measured against the provincial economy, the Municipality has lost one sector, with the Municipality losing the Business services sector as an advantage. Agriculture in this aspect remains the municipality's best sector.
- Measured against the other municipalities within the district, the municipality's strong agricultural advantage is declining. Furthermore, the municipality's strongest advantage now lies with the very small mining sector.

h. Historical growth and settlement footprint

- The oldest formal settlement in the Municipality relates to the town of Hermanus, Kleinmond and Gansbaai. Whereafter, the towns of Pringle Bay, Betty's Bay and Pearly Beach developed.
- Overall, there has been a 7.1% decrease in land cover related to primary economic activities from 1990 to 2018 in the municipality. Cultivated commercial fields highlight the importance of agriculture in the municipality. Cultivated orchards, vines, and forest and plantations show a large decline in land cover, decreasing by 29.9% and 18.4%, respectively.
- All the categories show increases in footprint, with urban built-up increasing by 143.7% and urban township by 102.8%.
- The urban footprint increased from 3 662ha in 1990 to 4 127ha in 2014. The Municipality is 170 670ha.

i. Points of interest

- Points of interest (POI) data helps to identify non-residential customers in the municipal area. The following are important:
 - Primary activities: 6;
 - Commercial and industrial: 132;
 - Office and retail: 1 371;
 - Multiple residential developments: 73;
 - Community facilities: 188, and
 - Accommodation establishments: 349.

j. Access to social facilities

- The following sections highlight elements of social and community facilities. These facilities are not necessarily part of the Council's responsibilities but are integral to the urban fabric.
- Overstrand has 27 basic education facilities, and all facilities have a learner-to-teacher ratio below 40.
- There are 16 public and one private health facilities in the municipal area.
- There are 4 SAPS stations in the area. However, the area is serviced by a total of 9 police precincts. Police precinct boundaries do not align with municipal boundaries.
- There are one lower court in the municipal area.

k. Access to infrastructure services

- Access to services is one of the biggest challenges. This section addressed service access from the point of available information. Service backlogs are addressed in a separate section as part of the demand qualification component of this project.

l. Water services

- An assessment of StatsSA data from 1996 to 2016 indicates that the Council has provided full services as described in the national policies and strategies.
- There are currently (2016) 21 107 more households with full and intermediate services than in 1996. Thus, the households with full and intermediate services are 32 418. Municipalities' StatsSA non-financial census (NFC) put this figure at 29 946.
- According to the NFC all the households in the Municipality receive intermediate or full water service this is a total of 32 357 households. The Municipality reported no backlogs for 2020. However, the 2016 community survey showed 478 households have below basic or no services.

m. Sanitation services

- There was a clear move towards providing full sanitation services (waterborne sanitation). As a result, in 2016, there were 25 729 more households with waterborne sanitation than in 1996.
- The 2016 community survey showed that 178 households had below basic to no sanitation. In some instances, the below basic numbers relate to farm holdings that are not supplied by the Municipality. The Municipality provided sanitation for 34 337 households in 2020. As with water services, the Municipality reported no backlogs in sanitation for the 2020 NFC.

n. Electricity services

- Eskom provides electricity to the municipal area.
- According to the 2016 Community Survey the Municipality had 34 173 households with access to electricity and 1 329 without access. The number is 24 011 households with electricity, according to the NFC in 2020. It is not possible to verify these numbers but the fact Eskom provides electricity to parts of the municipal area may justify why the community survey holds a lower number

o. Refuse removal

- According to the Non-financial Census for 2020 30 438 households received refuse removal services from the Council. The Council's Annual Report does not give any specific figures. Community Survey 2016 put the number of households receiving basic services or better at about 35 270 households.

p. Roads services

- For the purposes of this section, there is no distinction in road ownership. The following important figures do apply:
 - There is total of 1783.2km of roads in Overstrand;
 - 54% of all roads (711.19km) are informal roads;
 - There are 1 014km of unpaved roads in Overstrand, and

- Only 43% of roads are paved roads.

6.1.2 Municipal institutional indicators

- The municipal services indicators as presented in StatsSA's Non-Financial Census for municipalities, were assessed in detail. However, from the reporting years, it is evident that there is, or was, a very high level of uncertainty and instability related to the political, financial and institutional challenges the Council faced over the past years.
- The 2020 figures show low staff vacancy rates in the departments, with the Environmental Protection Services department having the highest vacancy rate at 36.4% in 2019.

6.1.3 Functional Area profiling

- Functional Areas as delineated by the Western Cape Province are Rooi Els, Pringle Bay, Bettys Bay, Kleinmond, Greater Hermanus, Stanford, Greater Gansbaai, Baardskeersdersbos, Wolvengat and Pearly Beach.

6.1.4 Priority Development Areas

- Priority Development Areas indicate the investment priorities of the municipality.
- These areas are organised per the SDF, specifically Nodes as well as the Functional Area Investment Priority.
- A relative hierarchy is presented for each PDA, based on the fundamental principles derived from the relationship between these two models.
- These areas, serve as critical spatial inputs for the multi-criteria assessment framework that will be utilised to prioritise the capital expenditure of the municipality.

6.2 Part 2-b: Infrastructure Demand Quantification & Portfolio of Projects

6.2.1 Demand quantification

- The demand quantification was done against uncertainty and doubtful data critical to the process.
- Conflicting sources necessitated an estimate of demographic trends used for modelling purposes.
- It is essential to distinguish between customers (entities with a legal or contractual claim on the Council to deliver services to them) and entities that do not require services from the Council. The project scope does not allow for an in-depth customer base assessment.
- Demand for service is not necessarily driven by future growth but rather by households already settled in Overstrand. These households are predominantly in backyards or very high-density informal settlements. The Council's current policy targets upgrading through new housing projects and also providing in situ access to services. The Council is currently delivering about 600 housing units per annum. New housing development requires land, and land is limited in Overstrand. The estimates show a total demand of about 1 000ha for development.
- New developments (Greenfields) will require a reconfiguration of social and community facilities. In situ, upgrading will result in a substantial displacement of existing residents. Given the current densities of around 150 units per ha implies that as least 30% of these households will be displaced to make provision for roads. In situ, upgrading implies that informal structures must be accepted as a housing typology. The densities after any

insitu upgrading will also exceed the target densities of the Council's SDF, which is substantially lower than the defacto densities.

- The customer base, the subsequent demand and the outcomes of the demand quantification process are a function of local policies and political processes. The mandate of the project did not allow for the detailed assessment and interrogation of Council, Provincial and National policies on the Council's long-term investment demand and financial sustainability.

6.2.2 Portfolio of projects

- A collated Portfolio of Projects was established after the interrogation of various strategic documentation. The purpose of this is to enable the Municipality to make evidence-based informed decisions during the process of prioritisation and capital budgeting.
- The completeness of the data from the master plans was examined for various attributes attached to capital projects. These attributes are related to Directorate or Departments, MSCOA classification, Project Name, Cost Estimates, Project Description and Project Location.
- In addition to this, projects were analysed through different perspectives, to unpack and understand the municipality's demand. Some observations include:
 - The data spans over multiple years, indicating that the Municipality is engaged in long-term planning and budgeting for some services.
 - Capital demands across different directorates within the municipality, with the Infrastructure and Planning Directorate consistently holding the highest capital demand.
 - Departments such as Property Administration, Town Planning, Hermanus and Kleinmond Administration and Financial Services do not request any capital demand over the fiscal years. This lack of capital demand does not signify a lack of planned capital expenditure, but instead, reflects their specific mandates or the unavailability of planned capital expenditure information during the sourcing process for the Portfolio of Projects.
 - The Municipality allocates a substantial portion (80%) of its capital demand to "New" projects, while "Existing" projects (comprising "Upgrading" and "Renewal" sub-actions) represent a smaller proportion (13%) of the total demand.
- Consistent changes in external conditions to the municipality, such as new technology, climate change, population change, and development applications, all require the municipality to maintain a portfolio of projects/database of investment needs, year on year, to ensure capital projects and community needs requiring funding through the Municipality are easily accessible, do not get lost with a change in staff and that institutional memory ultimately is embedded within the organisation.

6.3 Part 4: Long-Term Financial Plan Alignment & Affordability Envelope

- One of the primary goals of the CEF is to define a capital expenditure affordability envelope as projected in the LTFP, using the long-term financial model (LTFM) results. In turn, the LTFP aligns with the integrated framework by adopting the CEF economic and socio-economic profile and using it as an input to the LTFM.
- A further key responsibility of the CEF is to ensure strategically integrated and growth-aligned prioritisation of capital investments within the affordability envelope. The LTFP refers to the CEF in this regard, and it is an important assumption in the LTFM.

- The Municipality is increasingly facing the realities of climate change and other rising cost pressures to municipal service delivery within the context of pronouncements by the National Government of decreasing financial (grant) allocations.
- Overstrand Local Municipality is aligning its strategic planning accordingly, and the municipality's view is that it will have a long-term effect on the municipal region and the financial position of the municipality, the assumptions included in the LTFM are on the conservative end of the spectrum. Therefore, the projections used in compiling this update to the LTFP are conservative and may need to be adjusted over the planning period as actual data becomes available.
- The LTFP is compiled based on an analysis of forecast projections from the long-term financial model. It spans a ten-year period (2022/23 – 2032/33), the first four of which include adjusted budget and medium-term revenue and expenditure framework budget data. This forecast uses a five-year historic period of available audited outcome financial data.
- A summary of the most significant directly impacting external and internal growth factors:
 - Although forecast population growth only loosely relates to household growth, both population and household growth projections indicate an upward trend during FY 2024 to FY 2030, followed by a downward trend for the last three years up to the end of the planning timeframe at FY 2033. In addition, when considering the trend in the proportionality of indigent households to total households and its impact on revenue growth assumptions applied in the LTFM, current indicators point to a possible continuation (in all material respects) of the trend emerging from the MTREF.
 - Gross Value Addition (GVA) growth trends look to be indicating the start of an upward cycle. Combined with the intended strategically integrated and growth-aligned prioritisation of local capital investment as set out in the CEF, it is plausible to assume an upward trajectory in regional GVA growth. Historic actual GVA growth percentages are used in determining the weighted average cost of capital for the Municipality in quantifying the proxy for the growth impact of capital investment.
 - Agriculture, Mining, Construction, Trade, Business services, Manufacturing, and Logistics, are the main industrial sectors which drive economic growth in the region in which the Municipality is located, and these drivers should be prioritised in Capital Expenditure Framework-led capital investment planning.
 - The Municipality estimates that infrastructure investment towards alternative sources of electricity provision (refer to projects prioritised in the CEF) will move into the operational phase starting FY 2030 (forecast year 7). This may adversely affect municipal revenue from service charges from electricity and is prudently reflected in the revenue assumptions included in the LTFM. It highlights the importance of prioritising capital investment projects aimed at safeguarding and growing the municipality's ability to deliver a reliable electricity service to its citizens at affordable tariffs, in the CEF prioritisation model.
 - The Municipality is addressing the need for reliable and affordable water provision to its citizens through various infrastructure projects (refer to projects prioritised in the CEF). In particular, the large-scale investment in a seawater desalination plant will make a significant contribution towards growing municipal water service delivery. Projected project timelines and estimates indicate a 20% increase in water provision in FY 2027 at the operationalisation of Phase 1 of the seawater desalination plant. A further 20% increase is projected at the implementation of Phase 2 in FY 2030. Phase 3 implementation in FY 2035 falls outside the timeline of this LTFP. The projections above are reflected in the assumptions of the LTFM.

- Historically solid municipal governance and internal controls underpin reliance on the accuracy of historic data as well as trend analysis.
- The LTFM includes a quantified input of the long-term impact which capital investments will have on the financial performance of operations, the financial position, and the liquidity position of the municipality. The weighted average cost of capital used to quantify this impact consists of the rates of return required by providers of:
 - Internally generated funds – GVA growth percentage;
 - Borrowings – cost of debt, and;
 - Government grants and subsidies – GDP growth percentage.

6.4 Part 5: Prioritisation

- A Capital Prioritisation Framework is imperative in implementing a Capital Expenditure Framework.
- The CPM establishes a methodology for ranking projects based on its alignment with strategic objectives and the overall prioritisation rationale of the Municipality.
- Using a multi-criteria assessment framework helps the Municipality to make more informed and objective decisions about capital expenditure priorities, by taking into account a wide range of factors and considering trade-offs between different criteria.

6.4.1 The Prioritisation Rationale

- The prioritisation rationale is a written explanation that outlines the reasoning behind prioritising projects, initiatives, or investments.
- The criteria informing the prioritisation process and how each project will be evaluated and ranked are detailed in the rationale. The prioritisation rationale is influenced by the strategic goals and objectives of the Municipality. It typically includes objectives, criteria, and weights associated with each. Having a clear prioritisation rationale can help build trust and support among stakeholders and serve as a reference for future decision-making.
- The prioritisation rationale was developed through the evaluation and analysis of the strategic documentation of the Municipality.

6.4.2 The Prioritisation Tool

- A basic Excel-based project prioritisation tool was a requirement as part of this project, with the ability to represent the prioritisation rationale of the Municipality.
- It is based on a multi-criteria assessment framework, incorporating spatial, economic, social, financial and technical metrics. The model aims to apply all capital projects identified and provide a relative ranking that can be used in the budget scenario section.
- For the municipality to move towards an integrated system for infrastructure planning, and in so doing unlock various efficiencies and resource multipliers, alternative tools should be considered.

6.4.3 The Prioritisation Results

- The overall data exhibits positive skewness, as evidenced by the concentration of projects in the lower score ranges implying fewer high-scoring projects. Seeing that this is the first time the Municipality is doing such an

exercise, it is not unusual to identify such a trend in the scores – a normal distribution will develop as more projects and related information is subjected to the prioritisation model.

- The lower scores also suggest that, during the data collection process, there could have been fluctuations in data availability or completeness, resulting in data that is inconsistent or incomplete. To address this issue, introducing minimum data collection and project preparation standardisation in the planning practices can be a valuable step for municipalities. Continuous data clean-up and verification are recommended to ensure fair scoring for all projects.
- As part of the multi-criteria assessment, various themes were identified and used within the prioritisation model. The economic theme boasts the highest average score among all themes, and indicates a strong emphasis on economic considerations, which aligns with the LTFP's objective of supporting local economic growth through prioritised capital investments. The spatial theme receives the second-highest alignment score, suggesting a moderate level of spatial relevance among the projects.
- The spatial analysis underscores the municipality's strategic focus. Projects concentrate on Priority Development Areas to maximize existing resources, promote efficiency, and enhance economic opportunities. Hermanus and Gansbaai emerge as hubs for revenue generation, while less affluent areas receive attention to address social needs and improve quality of life.
- The technical projects are strategically placed within Priority Development Areas, aligning with the Long-Term Financial Plan's goal of efficient municipal operations and service delivery.
- Project placement aligns with the strategic objectives of both the LTFP and the SDF, catering to the diverse needs of residents in the Municipality.

6.5 Part 6: Capital Expenditure Programme

- The Capital Expenditure Programme is a detailed programme that outlines the Municipality's list of projects that are required to be implemented over a 10-year period. This consists of the Municipality's list of projects that are prioritised and therefore aligned with the principles of prioritisation of the Municipality.
- The budget scenario tool was used to allocate resources to projects, in line with their respective demand estimates, whilst ensuring that their collective cost aligns with the affordability envelope of the Municipality.
- The outlined Capital Expenditure Programme serves as an indicative framework, providing guidance to the Municipality in aligning its financial strategies with its specific requirements. These instruments collectively aid in informed decision-making to suit the municipality's evolving needs.

6.5.1 Budget Scenario Tool

- The budget scenario is developed through a systematic approach that builds on the annual capital planning process to determine which projects should be included in the 10-year Capital Expenditure Framework and annual draft budget based on pre-defined rules and scenario parameters.
- An Excel-based tool was developed to sequence and fit the prioritised projects to the available/affordable funding over the analysis period and is represented in.
- This tool enabled the Municipality to determine which demand would be met, by the available supply (in line with the LTFM outputs provided by the Municipality).

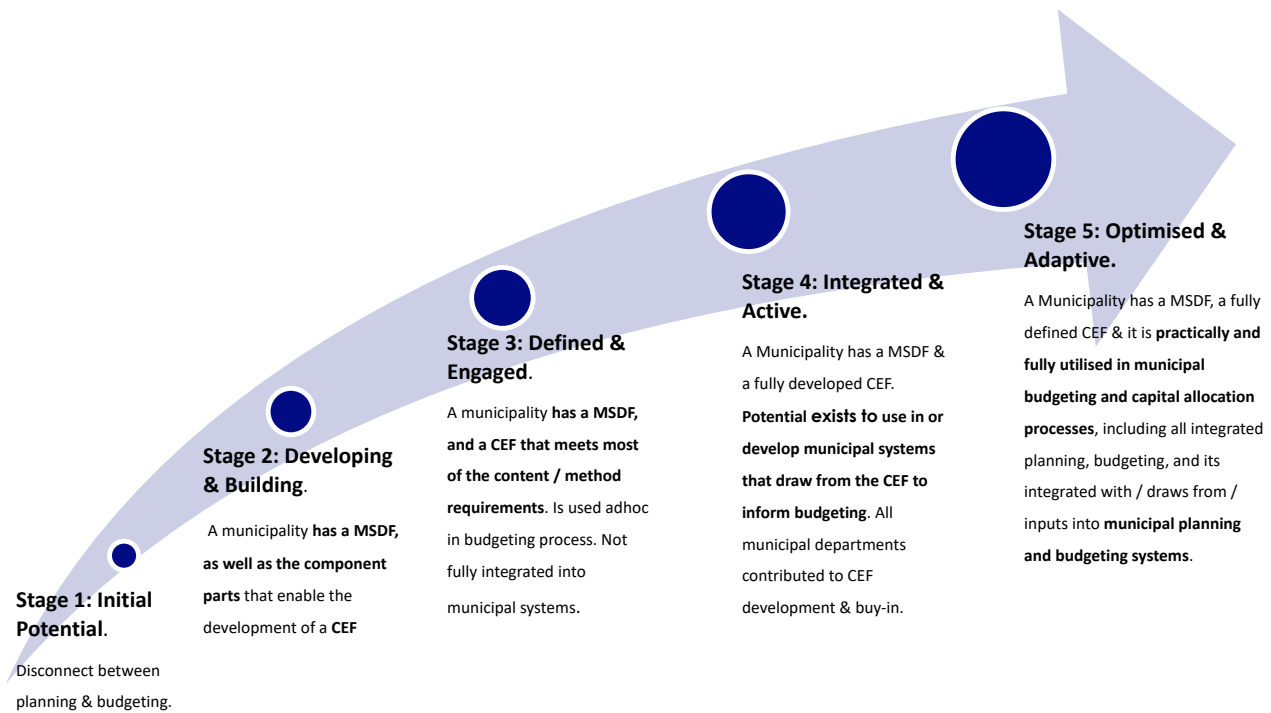
6.5.2 Budget Scenario Tool – Capital Expenditure Programme

- The analysis of the Municipality's projected Demand, Modelled Demand, Funding Envelope, and Budget Scenario provides insights into the municipality's budget planning and allocation strategies.
- The overall comparison underscores the difficulty of aligning the municipality's budget requirements with the available funds from the LTFP. The Budget Scenario reflects a commendable attempt to allocate funds strategically within the constraints of the affordability envelope.
- Having a clear understanding of budget scenario results enables the Municipality to prioritise the right capital projects, by allocating resources accordingly, and ensuring that funds are available to complete critical projects. The CEP also helps to identify areas of improvement required in the planning process over the Long-Term, acting as an early warning system in the planning and project preparation process.
- The CEP provides a Framework for investment over the 10-year period. It provides insights as to what can be expected in terms of investment over this period, but, as a strategic tool, it can be used to organise internally, align initiatives, inform the MTREF budget, and prepare a project pipeline for investment.
- A clear strategic intent and framework, also provide, through the CEF, a mechanism of stability, assurance, and private sector investor's confidence.

6.6 Capital Expenditure Framework Maturation Model

- Throughout the municipal planning space, the development and adoption of integrated investment planning policy instruments such as the Capital Expenditure Framework has been slow - even though SPLUMA refers to the CEF as a minimum requirement of a Spatial Development Framework.
- The Western Cape government has developed a maturation model, to identify the state of integrated planning – using the CEF and underlying process in the Municipality as the measuring gauge.

Figure 6-1: Western Cape Government- Integrated Planning Maturation Model



- This stage-based approach to understanding the level of CEF adoption and embedded integrated planning can be used as an indicator towards what the next steps need to be to optimise integrated planning – which ultimately should lead to better service delivery.
- The Municipality, by developing this CEF, can be comfortably categorised between stage 3 and stage 4.
- Now that the CEF has been developed, the Municipality will have to work towards the incorporation of the CEF process into the municipal systems and processes such as the Integrated Development Process Plan.
- Thereafter, integration with the municipal financial management system will be key to ensuring the intertwining of planning practices and implementation monitoring.

Annexure

Annexure A: Statement of Financial Performance

Annexure A: Statement of Financial Performance

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjusm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Revenue																
Property rates	216	233	241	263	278	288	341	358	375	395	416	439	464	495	530	569
Service charges - electricity revenue	349	379	416	444	513	528	578	639	694	749	809	874	944	1023	1108	1201
Service charges - water revenue	111	130	133	131	143	138	147	157	166	178	191	205	220	239	259	282
Service charges - sanitation revenue	72	78	81	87	93	91	105	111	118	125	132	140	149	158	167	177
Service charges - refuse revenue	58	62	68	72	77	79	85	91	96	102	108	114	121	128	136	144
Construction contracts	0	47	104	70	90	95	100	105	98	98	98	98	98	98	98	98
Rental of facilities and equipment	6	6	6	6	7	6	7	7	7	8	8	9	9	9	10	10
Interest earned - external investments	30	42	48	31	32	35	42	45	48	43	51	60	66	72	79	85
Interest earned - outstanding debtors	4	4	5	4	4	4	6	6	6	6	7	7	7	8	8	8
Agency services	4	5	4	6	7	8	8	9	9	10	10	11	11	12	12	13
Licences and permits	3	3	2	2	3	3	3	3	3	3	4	4	4	4	4	4
Government grants and subsidies	181	138	161	178	190	280	239	241	254	299	309	318	327	337	346	356
Fines, penalties and forfeits	32	26	18	1	35	20	20	22	23	24	25	26	27	29	30	31
Other revenue	37	57	39	52	37	29	40	16	19	20	20	21	22	23	24	25
Total Revenue	1102	1208	1326	1348	1509	1603	1721	1808	1918	2060	2189	2326	2469	2635	2813	3004
Expenditure By Type																
Employee related costs	297	368	383	438	455	506	538	549	577	606	636	668	702	737	774	812
Remuneration of councillors	10	11	11	11	12	12	13	13	14	14	15	15	16	17	18	18
Depreciation & amortisation	130	130	133	137	141	147	142	145	149	152	156	161	166	171	176	182
Impairment of assets	23	19	25	11	34	14	-93	-2	-1	5	6	6	6	7	8	8
Finance costs	46	45	47	49	48	48	49	49	50	50	49	48	46	47	48	48
Bad debts written-off	0	0	0	5	5	6	6	7	7	7	8	8	8	9	9	9
Bulk purchases	226	243	279	298	352	372	430	485	533	597	669	749	839	939	1052	1178
Contracted services	167	186	178	209	237	271	301	323	342	357	373	390	407	426	445	465
Transfers and subsidies	2	0	1	9	13	15	16	17	18	19	20	20	21	22	23	24
Inventory consumed	41	35	42	45	53	64	62	68	66	69	72	76	79	83	86	90
Inventories written-off	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General expenses	56	71	91	110	116	155	164	164	144	155	166	178	191	207	225	245
Minimum required return on capital investment	0	0	0	0	0	0	0	0	0	-79	-97	-118	-131	-148	-162	-168
Total Expenditure	997	1108	1190	1322	1465	1609	1629	1819	1898	1953	2072	2201	2351	2516	2702	2913
Operating surplus	105	101	136	26	44	-6	93	-11	19	107	116	125	119	119	112	92
Gains and losses																
Actuarial gains/(losses)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fair value adjustments	11	7	4	8	8	8	6	5	6	7	7	7	8	8	8	9
Gain/(loss) on reversal of provision	0	0	0	0	0	0	14	3	0	0	8	9	9	10	10	10
Gain/(loss) on disposal of assets and liabilities	28	-1	-1	0	-31	0	0	0	0	0	0	0	0	0	0	0
Gain/(loss) on foreign exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other gains/(losses)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) for the year	144	107	139	34	20	2	112	-3	25	114	132	141	136	136	130	111
Transfers and subsidies - capital	-64	-32	-37	-37	-38	-102	-54	-40	-41	-87	-89	-90	-91	-93	-94	-96
Surplus/(deficit) for the year before capital grants	80	75	101	-3	-18	-100	58	-43	-16	27	43	51	44	43	36	15

Interpretation notes:

- Impairment of assets:** After the reporting timeframe of the LTFP, indications are that the forecast does not accurately reflect the reality of the impairment of fines.
- Minimum required return on capital investment:** This line item should be considered in conjunction with data presented in Figure 3-5 and Table 3-8, read together with section 3.5.1.

Annexure B: Statement of Financial Position

Annexure B: Statement of Financial Position

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
ASSETS																
Current assets																
Cash and cash equivalents	475	533	654	613	616	523	516	486	466	487	509	531	555	580	606	634
Inventory	32	16	10	13	11	11	11	11	11	12	12	13	13	14	14	15
Investments	45	51	47	54	61	70	153	226	174	281	391	453	525	599	657	687
Receivables from exchange transactions	65	69	83	81	97	93	88	90	91	101	112	124	137	153	165	178
Receivables from non-exchange transactions	45	54	52	45	47	52	35	34	33	36	39	42	46	50	54	58
Other assets and VAT receivable	7	11	10	17	12	0	33	38	42	44	46	48	50	53	55	57
Operating lease asset	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0
Total current assets	670	735	856	824	845	750	836	885	817	961	1 109	1 211	1 327	1 448	1 551	1 629
Non current assets																
Property, plant and equipment	3 346	3 405	3 486	3 602	3 638	3 799	3 864	3 848	3 863	3 856	3 852	3 898	3 947	4 000	4 059	4 123
Intangible assets	7	9	9	9	9	8	8	8	7	8	9	9	10	11	11	12
Investment property	114	117	123	128	127	133	139	144	149	156	163	170	178	186	194	203
Heritage assets	124	131	131	129	112	112	112	112	112	112	112	112	112	112	112	112
Total non current assets	3 591	3 662	3 749	3 867	3 886	4 052	4 123	4 111	4 131	4 132	4 136	4 190	4 247	4 309	4 377	4 450
TOTAL ASSETS	4 261	4 397	4 605	4 691	4 731	4 802	4 959	4 996	4 949	5 093	5 245	5 401	5 574	5 757	5 928	6 079
LIABILITIES																
Current liabilities																
Operating lease liability	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payables from exchange transactions	98	98	135	141	139	168	182	200	218	232	248	264	282	301	322	344
Consumer deposits	38	40	41	42	43	43	65	68	71	74	77	81	85	88	92	96
VAT payable	0	0	0	0	0	1	2	2	2	2	2	2	2	2	2	2
Unspent conditional grants and receipts	22	10	31	24	26	0	0	0	0	0	0	0	0	0	0	0
Borrowings	33	40	45	54	50	59	47	156	61	71	78	57	49	58	59	59
Finance lease obligation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee benefit obligation	30	32	42	44	43	39	37	34	30	28	26	23	21	19	17	15
Provisions	23	26	33	40	37	17	23	26	27	28	30	31	32	34	35	37
Total current liabilities	244	246	327	345	339	327	357	486	408	435	461	458	471	502	528	553
Non current liabilities																
Borrowings	409	423	431	430	430	421	420	324	324	313	295	298	309	312	313	314
Finance lease obligation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee benefit obligation	112	122	108	124	134	146	153	161	168	175	182	188	194	200	206	211
Provisions	71	75	71	90	106	139	146	146	145	151	158	165	173	181	189	197
Total non current liabilities	591	620	610	644	670	706	720	631	637	639	634	651	676	692	707	722
TOTAL LIABILITIES	835	866	937	990	1 009	1 032	1 077	1 117	1 045	1 074	1 095	1 110	1 147	1 194	1 234	1 275
NET ASSETS	3 426	3 532	3 668	3 702	3 722	3 770	3 882	3 879	3 904	4 018	4 150	4 291	4 427	4 563	4 693	4 804
ACCUMULATED SURPLUS	3 426	3 532	3 668	3 702	3 722	3 770	3 882	3 879	3 904	4 018	4 150	4 291	4 427	4 563	4 693	4 804

Annexure C: Cash Flow Statement

Annexure C: Cash Flow Statement

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
CASH FLOW FROM OPERATING ACTIVITIES																
Receipts																
Taxes and fines	214	231	238	262	278	286	470	384	403	414	435	459	484	516	553	593
Service charges	591	644	689	737	819	830	947	998	1 073	1 145	1 230	1 322	1 421	1 533	1 659	1 791
Grants	196	142	182	176	194	265	339	346	352	397	407	416	426	435	445	454
Interest received	34	46	53	35	36	35	42	45	48	43	51	60	66	72	79	85
Other receipts	75	129	175	131	172	153	171	127	137	139	140	142	144	146	149	151
Payments																
Employee cost and remuneration of councillors	-320	-358	-398	-422	-446	-511	-545	-558	-588	-626	-658	-692	-727	-764	-802	-843
Suppliers and other	-500	-573	-574	-660	-804	-886	-1 077	-1 134	-1 190	-1 197	-1 272	-1 362	-1 472	-1 593	-1 731	-1 894
Finance cost	-46	-45	-47	-49	-48	-48	-49	-49	-50	-39	-38	-36	-33	-33	-33	-33
NET CASH FROM/(USED) OPERATING ACTIVITIES	244	216	319	210	201	123	298	158	186	275	296	310	309	313	318	304
CASH FLOWS FROM INVESTING ACTIVITIES																
Purchase of property, plant and equipment	-104	-170	-210	-255	-192	-212	-210	-128	-163	-146	-152	-206	-214	-224	-235	-246
Proceeds from sale of property, plant and equipment	81	-1	3	1	4	0	0	0	0	0	0	0	0	0	0	0
Purchase of other intangible assets	-1	-2	-1	0	0	0	0	0	0	-1	-1	-1	-1	-1	-1	-1
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net movement in investments	-5	-5	-5	-5	-5	-5	-83	-73	52	-107	-110	-61	-72	-74	-58	-31
NET CASH FROM/(USED) INVESTING ACTIVITIES	-29	-178	-213	-259	-194	-217	-292	-201	-111	-254	-263	-268	-288	-299	-294	-278
CASH FLOWS FROM FINANCING ACTIVITIES																
Proceeds from borrowings	0	0	0	0	0	50	50	60	60	60	60	60	60	60	60	60
Repayment of borrowings	0	0	0	0	0	-51	-62	-47	-156	-61	-71	-78	-57	-49	-58	-59
Movement in finance leases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	21	14	7	-4	2	0	0	0	0	0	0	0	0	0	0
NET CASH FROM/(USED) FINANCING ACTIVITIES	0	21	14	7	-4	1	-12	13	-96	-1	-11	-18	3	11	2	1
NET INCREASE/ (DECREASE) IN CASH HELD	215	58	121	-41	4	-93	-7	-30	-20	21	22	23	24	25	26	27
Cash/cash equivalents at the beginning of the year	260	475	533	654	613	616	523	516	486	466	487	509	531	555	580	606
Cash/cash equivalents at the end of the year	475	533	654	613	616	523	516	486	466	487	509	531	555	580	606	634

Annexure D: Funding Sources of the Capital Budget

Annexure D: Funding Sources of the Capital Budget

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Capital Replacement Reserve	17	47	39	102	85	30	0	0	0	0	5	58	65	73	83	93
Donations and Development Charges	19	36	50	45	4	0	0	0	0	0	0	0	0	0	0	0
External borrowings	64	66	119	83	65	38	95	60	60	60	60	60	60	60	60	60
Grants	4	26	2	24	38	144	114	70	104	87	89	90	91	93	94	96
Total	105	175	211	255	192	212	209	130	164	147	153	208	216	226	237	248

Annexure E: External Loans

Annexure E: External Loans

	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Opening balance	442	442	463	477	484	480	478	467	480	384	384	373	355	358	369	372
Redemption	-30	-33	-40	-47	-54	-51	-61	-47	-156	-61	-71	-78	-57	-49	-58	-59
New loans	30	54	54	54	50	50	50	60	60	60	60	60	60	60	60	60
Closing balance	442	463	477	484	480	480	467	480	384	384	373	355	358	369	372	373
Total Revenue (excluding grants)	921	1 070	1 166	1 170	1 319	1 323	1 482	1 567	1 663	1 761	1 880	2 008	2 142	2 298	2 467	2 648
Ratio: Borrowings as % of Own Revenue	48%	43%	41%	41%	36%	36%	32%	31%	23%	22%	20%	18%	17%	16%	15%	14%

Annexure F: LTFM Assumptions

Annexure F: LTFM Assumptions

	1	2	3	4	5	6	7	8	9	10
	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033

Economic indicators

CPI	4,9%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Prime lending rate	9,0%	8,8%	8,5%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%

Revenue estimates

Property rates (annual rates increases)	16,8%	3,5%	3,5%	3,7%	3,8%	4,0%	4,2%	4,4%	4,6%	4,8%
Property rates (increase in Revenue due to increase in property values and new properties)	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	2,5%	2,5%	2,5%
Service charges - electricity revenue	9,5%	10,5%	8,6%	8,0%	8,0%	8,0%	8,0%	8,4%	8,4%	8,4%
Service charges - water revenue	6,6%	6,3%	6,2%	7,2%	7,2%	7,2%	7,2%	8,7%	8,7%	8,7%
Service charges - sanitation revenue	15,1%	6,2%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
Service charges - refuse revenue	8,3%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
Construction contracts	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Rental of facilities and equipment	16,7%	5,2%	4,8%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Interest rate earned on investments (prime less 3%)	6,0%	5,8%	5,5%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Interest rate earned on outstanding consumer debtors (prime plus 1%)	13,0%	12,8%	12,5%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%
Agency services	5,9%	6,0%	6,0%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Licences and permits	10,3%	5,8%	5,8%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Government grants and subsidies	-14,5%	0,8%	5,5%	17,6%	3,2%	3,1%	3,0%	2,9%	2,8%	2,8%
Growth in Equitable Share	11,3%	10,7%	9,7%	4,5%	4,1%	3,9%	3,8%	3,6%	3,5%	3,3%
Fines, penalties and forfeits	0,4%	6,2%	6,1%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Other revenue	39,0%	-59,8%	16,9%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%

Expenditure estimates

Employee related costs	6,3%	2,1%	5,1%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Remuneration of councillors	1,4%	4,0%	4,0%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Depreciation & amortisation (annual calculated growth)	-3,1%	2,1%	2,7%	2,3%	2,3%	3,1%	3,1%	3,2%	3,2%	3,3%
Impairment of assets (annual calculated growth)	-789,6%	-97,5%	-40,1%	-471,3%	6,1%	6,2%	6,2%	11,3%	6,7%	6,8%
Finance costs (annual calculated growth)	2,3%	-1,0%	1,7%	-0,5%	-1,0%	-2,9%	-3,0%	0,9%	2,0%	0,7%
Bad debts written-off (annual calculated growth)	4,9%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Bulk purchases	15,7%	12,7%	10,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%
Contracted services	10,9%	7,6%	5,6%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Transfers and subsidies	10,8%	4,7%	4,7%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Inventory consumed	-1,7%	9,2%	-2,8%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Inventories written-off				4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
General expenses	5,9%	0,3%	-12,3%	7,2%	7,2%	7,2%	7,2%	8,7%	8,7%	8,7%

Annexure G: Ratios

Annexure G: Ratios

			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
ASSET MANAGEMENT																		
1. Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	8%	Total Repairs and Maintenance Expenditure	160	215	189	211	246	271	293	315	327	345	365	386	408	437	468	502
		PPE at carrying value	3 346	3 405	3 486	3 602	3 638	3 799	3 864	3 848	3 863	3 856	3 852	3 898	3 947	4 000	4 059	4 123
		Investment Property at Carrying value	114	117	123	128	127	133	139	144	149	156	163	170	178	186	194	203
			5%	6%	5%	6%	7%	7%	7%	8%	8%	9%	9%	9%	10%	10%	11%	12%
DEBTORS MANAGEMENT																		
2. Collection Rate	95%	Gross Debtors closing balance	77	89	115	114	126	125	123	126	130	143	156	171	187	206	222	239
		Gross Debtors opening balance	83	77	89	115	114	126	125	123	126	130	143	156	171	187	206	222
		Bad debts written Off	0	0	0	3	3	4	5	6	6	6	6	6	7	7	7	8
		Billed Revenue	810	885	944	1 001	1 108	1 128	1 262	1 361	1 456	1 555	1 663	1 779	1 904	2 051	2 209	2 382
		100,7%	98,6%	97,3%	99,7%	98,7%	99,7%	99,8%	99,3%	99,3%	98,8%	98,8%	98,8%	98,8%	98,7%	98,9%	98,9%	
3. Bad Debts Written-off as % of Provision for Bad Debt	100%	Consumer Debtors Bad debts written off	0	0	0	3	3	4	5	6	6	6	6	7	7	7	8	
		Consumer Debtors Current bad debt Provision	19	23	36	39	40	38	35	35	37	40	43	46	49	52	56	61
			0%	0%	0%	7%	8%	9%	15%	16%	15%	16%	15%	15%	14%	14%	13%	13%
			19%	23%	36%	39%	40%	38%	35%	35%	37%	40%	43%	46%	49%	52%	56%	61%
4. Net Debtors Days	30 days	Gross debtors	77	89	115	114	126	125	123	126	130	143	156	171	187	206	222	239
		Bad debts Provision	19	23	36	39	40	38	35	35	37	40	43	46	49	52	56	61
		Billed Revenue	810	885	944	1 001	1 108	1 128	1 262	1 361	1 456	1 555	1 663	1 779	1 904	2 051	2 209	2 382
			26 days	27 days	30 days	27 days	28 days	28 days	25 days	24 days	23 days	24 days	25 days	25 days	26 days	27 days	27 days	27 days
LIQUIDITY MANAGEMENT																		
5. Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months	Cash and cash equivalents	475	533	654	613	616	523	516	486	466	487	509	531	555	580	606	634
		Unspent Conditional Grants	22	10	31	24	26	0	0	0	0	0	0	0	0	0	0	0
		Overdraft	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Short Term Investments	45	51	47	54	61	70	153	226	174	281	391	453	525	599	657	687
		6 Month	6 Month	7 Month	6 Month	5 Month	4 Month	5 Month	5 Month	4 Month	5 Month	5 Month	5 Month	6 Month	6 Month	6 Month	5 Month	
		997	1 108	1 190	1 322	1 465	1 609	1 629	1 819	1 898	1 953	2 072	2 201	2 351	2 516	2 702	2 913	
6. Current Ratio	1.5 - 2:1	Current Assets	670	735	856	824	845	750	836	885	817	861	1 109	1 211	1 327	1 448	1 551	1 629
		Current Liabilities	244	246	327	345	339	327	357	486	408	435	461	458	471	502	528	553
			2,74	2,99	2,62	2,38	2,49	2,29	2,34	1,82	2,00	2,21	2,41	2,64	2,82	2,88	2,94	2,94
			670	735	856	824	845	750	836	885	817	861	1 109	1 211	1 327	1 448	1 551	1 629
LIABILITY MANAGEMENT																		
7. Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	6% - 8%	Interest Paid	46	45	47	49	48	48	49	49	50	39	38	36	33	33	33	
		Redemption	30	33	40	47	54	51	61	47	156	61	71	78	57	49	58	59
		Total Operating Expenditure	997	1 108	1 190	1 322	1 465	1 609	1 629	1 819	1 898	1 953	2 072	2 201	2 351	2 516	2 702	2 913
		Taxation Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		8%	7%	7%	7%	7%	6%	7%	5%	11%	5%	5%	5%	4%	3%	3%	3%	
8. Debt (Total Borrowings) / Revenue	45%	Total Debt	442	463	477	484	480	480	467	480	384	384	373	355	358	369	372	373
		Total Operating Revenue	1 102	1 208	1 326	1 348	1 509	1 603	1 721	1 918	2 060	2 189	2 326	2 469	2 629	2 835	2 813	3 004
		Operational Conditional Grants	181	138	161	178	190	280	239	241	254	299	309	318	327	337	346	356
			48%	43%	41%	41%	36%	36%	32%	31%	23%	20%	18%	17%	16%	15%	14%	

REVENUE MANAGEMENT

			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10			
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33			
9	Revenue Growth (%)	= CPI	CPI	4.7%	4.1%	3.3%	4.5%	6.9%	6.0%	4.9%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%		
			Total Revenue (Previous)	1 010	1 010	1 208	1 326	1 348	1 509	1 603	1 721	1 808	1 918	2 060	2 189	2 326	2 469	2 635	2 813	3 004	
			Total Revenue (Current)	1 102	1 208	1 326	1 348	1 509	1 603	1 721	1 808	1 918	2 060	2 189	2 326	2 469	2 635	2 813	3 004		
				9%	20%	10%	2%	12%	6%	7%	5%	6%	7%	6%	6%	6%	6%	7%	7%	7%	7%
10	Revenue Growth (%) - Excluding capital grants	= CPI	CPI	5%	4%	3%	5%	7%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%		
			Total Revenue Excl. Capital (Previous)	964	964	1 070	1 166	1 170	1 319	1 323	1 482	1 567	1 663	1 761	1 880	2 008	2 142	2 298	2 467	2 648	
			Total Revenue Excl. Capital (Current)	921	1 070	1 166	1 170	1 319	1 323	1 482	1 567	1 663	1 761	1 880	2 008	2 142	2 298	2 467	2 648		
				-4%	11%	9%	0%	13%	0%	12%	6%	6%	6%	7%	7%	7%	7%	7%	7%	7%	7%

EXPENDITURE MANAGEMENT

			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33		
11	Remuneration as % of Total Operating Expenditure	25% - 40%	Employee/personnel related cost	297	368	383	438	455	506	538	549	577	606	636	668	702	737	774	812	
			Councillors Remuneration	10	11	11	11	12	12	13	13	14	14	15	15	16	17	18	18	18
			Total Operating Expenditure	997	1 108	1 190	1 322	1 465	1 609	1 629	1 819	1 898	1 953	2 072	2 201	2 351	2 516	2 702	2 913	3 093
			Taxation Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			31%	34%	33%	34%	32%	32%	34%	31%	31%	32%	31%	31%	31%	30%	29%	29%		

GRANT DEPENDENCY

			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10	
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
12	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	None	Internally generated funds	17	47	39	102	85	30	0	0	0	5	58	65	73	83	93	
			Borrowings	19	36	50	45	65	38	95	60	60	60	60	60	60	60	60	60
			Total Capital Expenditure	105	175	211	255	192	212	209	130	164	147	153	208	216	226	237	248
				35%	48%	43%	58%	78%	32%	45%	46%	36%	41%	42%	57%	58%	59%	60%	61%
13	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	None	Internally generated funds	17	47	39	102	85	30	0	0	0	5	58	65	73	83	93	
			Total Capital Expenditure	105	175	211	255	192	212	209	130	164	147	153	208	216	226	237	248
				17%	27%	19%	40%	44%	14%	0%	0%	0%	3%	28%	30%	32%	35%	37%	

			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33		
14	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	None	Total Revenue	1 102	1 208	1 326	1 348	1 509	1 603	1 721	1 808	1 918	2 060	2 189	2 326	2 469	2 635	2 813	3 004	
			Government grant and subsidies	181	138	161	178	190	280	239	241	254	299	309	318	327	337	346	356	
			Public contributions and Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Capital Grants	64	32	37	37	38	102	54	40	41	87	89	90	91	93	94	96	
			89%	91%	90%	89%	90%	88%	89%	89%	89%	89%	90%	90%	90%	91%	91%			

BUDGET IMPLEMENTATION

			-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Adjustm budget	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
15	Capital Expenditure Budget Implementation Indicator	95% - 100%	105	175	211	255	192	212	209	130	164	147	153	208	216	226	237	248
		Actual Capital Expenditure	117	175	276	280	238	212	209	130	164	147	153	208	216	226	237	248
		Budget Capital Expenditure																
			90%	100%	77%	91%	81%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
16	Operating Expenditure Budget Implementation Indicator	95% - 100%	997	1 108	1 190	1 322	1 465	1 609	1 629	1 819	1 898	2 032	2 169	2 319	2 482	2 664	2 864	3 081
		Actual Operating Expenditure	1 052	1 154	1 275	1 361	1 520	1 609	1 629	1 819	1 898	2 032	2 169	2 319	2 482	2 664	2 864	3 081
		Budget Operating Expenditure																
			95%	96%	93%	97%	96%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Annexure H: Portfolio of Projects (Demand List)

Annexure H: Portfolio of Projects (Demand List)

Annexure I: Budget Scenario Outcome –Capital Expenditure Programme

Annexure I: Budget Scenario Outcome –Capital Expenditure Programme



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