



DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

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Western Cape Property Developers' Forum

The importance of partnerships
between Chief Engineers and
Chief Financial Officers when
planning for bulk infrastructure

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Integrated Development Plan (s26 of the Local Government: Municipal Systems Act)

Core components of integrated development plans includes:

- 1) the municipal council's vision for the long term development of the municipality
- 2) an assessment of the existing level of development in the municipality (including basic services)
- 3) the council's development priorities and objectives
- 4) a spatial development framework
- 5) a financial plan, which must include a budget projection for at least the next three years; and
- 6) the key performance indicators



Long term financial planning (financial sustainability)

- 1) Capital investment impacts future revenue and expenditure
- 2) Rates and tariffs
- 3) Affordability (for the consumer and the municipality)
- 4) Infrastructure operations and maintenance budgets
- 5) Capital Funding mix
 - grants
 - capital Replacement Reserve
 - loans
- 6) Capital investment
 - what (amount)
 - where
 - when (cashflow implications)



Bulk infrastructure planning considerations

- 1) Existing infrastructure capacity and condition
- 2) Demand
 - urbanisation
 - market needs and trends (queries / development applications)
 - land with development potential
- 3) Existing infrastructure management
- 4) Risk (condition and capacity/size)
- 5) Lifecycle Costs
- 6) Levels of Service
- 7) Capital investment required
 - what (size / technology / level of service)
 - where
 - when (cashflow implications)



Relationship between the CFO and Engineer

- 1) Understand each others' roles; responsibilities and risks
- 2) Align the Long Term Financial Plan with the Engineering masterplans and the SDF
- 3) Optimise the outcome of the budget and implementation alignment in terms of the political direction
- 4) Consider using a planning tool as a structured process to optimize the alignment of financial and engineering requirements
- 5) The planning tool should contain spatial interface; project prioritisation capability within the municipal affordable envelope
- 6) Engagement between the CFO and the Engineer. Also formal and structured like Budget Steering and Strategic Planning meetings
- 7) To address the Where? spatial planning is key to optimize the financial impact of infrastructure investment to achieve the political direction



Optimise planning through integration

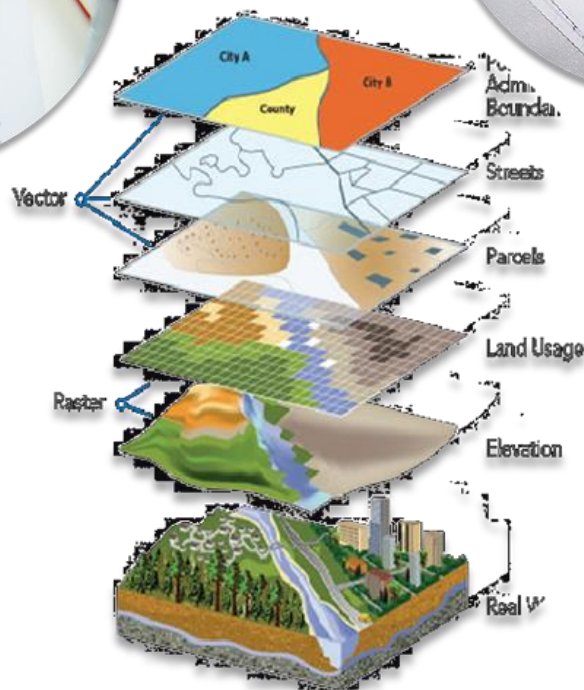
Financial analysis
and management



Infrastructure
planning



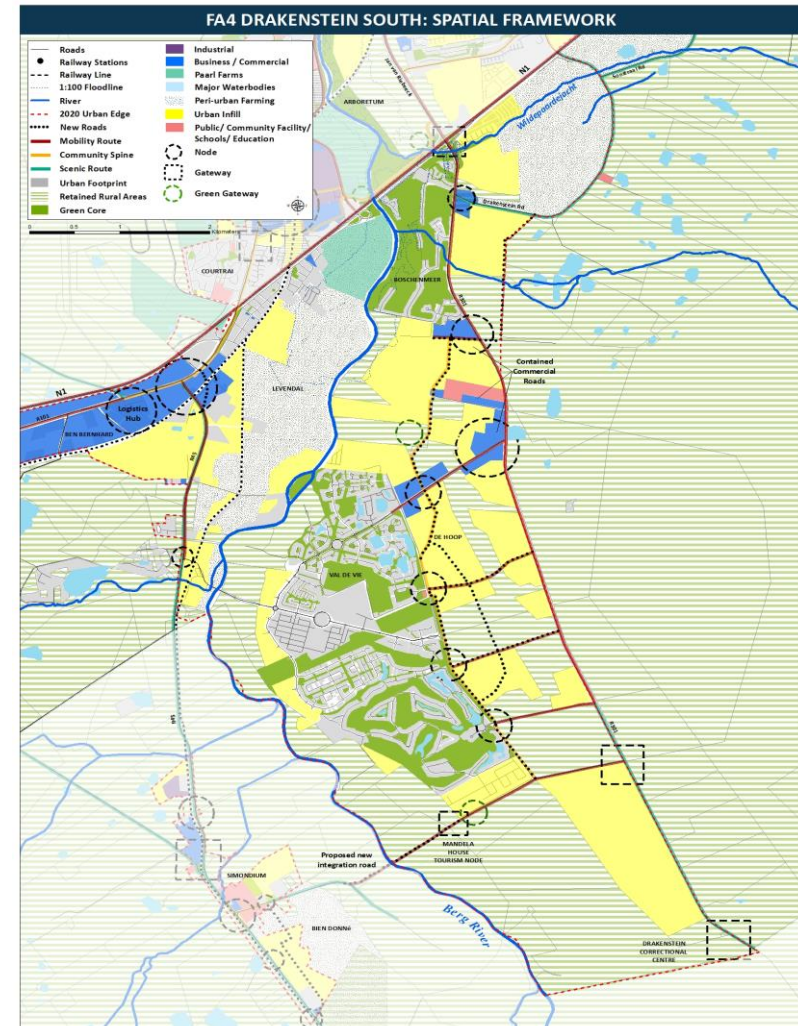
Spatial analysis





Drakenstein Municipality - Capital Infrastructure Investment

- Since 2016, R2.2Bn investment in bulk infrastructure were invested in order to boost development and increase the revenue base; and
- ± 16 000 new market driven residential opportunities were approved with the majority of the opportunities located south of the N1.





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Thank you.