

FINANCE AND FUNDING

The establishment and maintenance of MPCC facilities and services necessitate the effective harnessing and coordination of funds made available from government departments, provincial governments and local authorities. Only when there is a viable MPCC financial model in place will there be any significant private-sector interest and funds forthcoming.

The current plan, therefore, follows a nodal point approach, i.e. establishing an evenly distributed network of bigger centres that can support smaller centres at local authority and community level. In due course (phase 6) the areas between these nodal points will have to be covered with smaller, satellite-type centres to ensure access to services for all South African citizens according to the stated vision.

Funding is required at 2 levels, i.e. (a) High Level Planning and Coordination as well as (b) Low/Detail Level Implementation, Operations and Maintenance (see appendix A1 for details).

7.1 HIGH LEVEL PLANNING AND COORDINATION

At this level, funding is required for (a) running costs, (b) PISSC activities and (c) investing in a national, integrated GIS data system. Some of the funding needed at this level will be provided from normal line-departments' budgets, but some of it may also come from other national initiatives such as the Job Creation Fund managed by the DBSA.

(a) Running Costs at National Level: Funding for most activities at this level has to date been made available through the GCIS budget. The continued funding of these activities must be investigated.

(b) Provincial governments must make provision for the activities of the PISSCs in a more consol-

idated manner. It might be necessary for these governments to consider setting up 'Centres of Excellence' to coordinate and support the activities of the PISSCs, LISSCs and MPCCs in a specific province. Once-off capital expenditure of about R2m may be needed, as well as yearly running expenses of about R700k.

(c) National, Integrated GIS Data System: Capital funding of R5,2m is required for the purchase, installation and commissioning of a national, integrated GIS data system. The aim of the database is to facilitate access to multi-purpose information that is referenced spatially, using standardised accessible user interface systems through the MPCCs. Further running costs of R6,5m a year will be needed to cover the personnel and operational costs associated with such a system. An 'interdependent disparate data warehouse' model has been selected for cost-effectiveness in meeting requirements. Details of the technical specifications, design and functionality of the data system are available on request.

7.2 LOWER LEVEL IMPLEMENTATION AND OPERATIONS

At this level, funding is required to

(a) support the activities of LISSCs, (b) develop the physical infrastructure as well as (c) ICT infrastructure. Provision must also be made for day-to-day running costs.

(a) LISSC activities will need support for some capital as well as yearly running expenses from district municipalities. These costs are estimated to amount to about R350k for initial capital costs and R270k a year in terms of running expenses. These provisions should be closely linked to the establishment of PIMSS (Planning and Management Support System) Centres at these municipalities.

(b) Physical and ICT infrastructure development costs are estimated at approximately R2,2m for 1, Phase 1, MPCC. The roll-out of the MPCCs is

heavily dependant on efforts to secure this finance.

	Rm
Physical Infrastructure (one MPCC)	R1,8m
ICT Infrastructure (one MPCC)	R0,4m
	R2,2m

(c) Running costs at this level are to be covered by income derived from the commercial activities of MPCCs, as well as the ordinary budgets at district and local municipality levels. The following table provides an overview of the potential deficit in covering the running costs of an MPCC.

(The 'Implementation Framework' should be consulted for the detail with regard to these MPCC level budgets.)

	Rm
Yearly Running Cost of one MPCC (incl. depreciation)	(R1, 6m)
Possible Income from operations (one MPCC)	R1, 1m
	(R0, 5m)

Ordinary budgets at district and local level are thus required to make up deficits of about R500 000 per MPCC to meet the annual running cost needs.

Table 7.3: Summarised Costs Overview

Type of Expense	Nature	Itemised Per Year	Source	50 MPCCs	3 Year Costs
NISSC Activities	Yearly running	R3,8m	GCIS & other line budgets	R3,8m	R11,3m
National Integrated GIS System Capital	Once-off capital	R5,2m	Funding needed	R5,2m	R5,2m
National Integrated GIS System Running	Yearly running	R6,5m	Funding needed	R6,5m	R19,5m
PISSC capital	Once-off capital	R2,0m	Provincial budgets	R18m	R18m
PISSC Running	Yearly running	R0,7m	Provincial budgets	R6,3m	R18,9m
LISSC Infrastructure	Once-off capital	R0,35m	District Municipalities	R17,5m	R17,5m
LISSC Running	Yearly running	R0,27m	District Municipalities	R13,5m	R40,5m
MPCC Infrastructure	Once-off capital	R1,8m	Funding needed	R90m	R90m
MPCC ICT Infrastructure	Once-off capital	R0,4m	Funding needed	R20m	R20m
Running Costs	Yearly running	R0,5m	District Municipalities	R25m	R75m
Total:				R315,9m	

7.3 FUNDING REQUIREMENTS OVER THE NEXT THREE YEARS

The NISSC intends to roll-out 50 MPCCs over the next three years. Funding is required for the development of the physical and ICT infrastructure of each of these centres, as well as for the day-to-day running costs. Table 7.3 summarises the estimated funds required. Details of the application of the funds are available in appendix A1.

7.4 LONG-TERM FINANCIAL STRATEGY

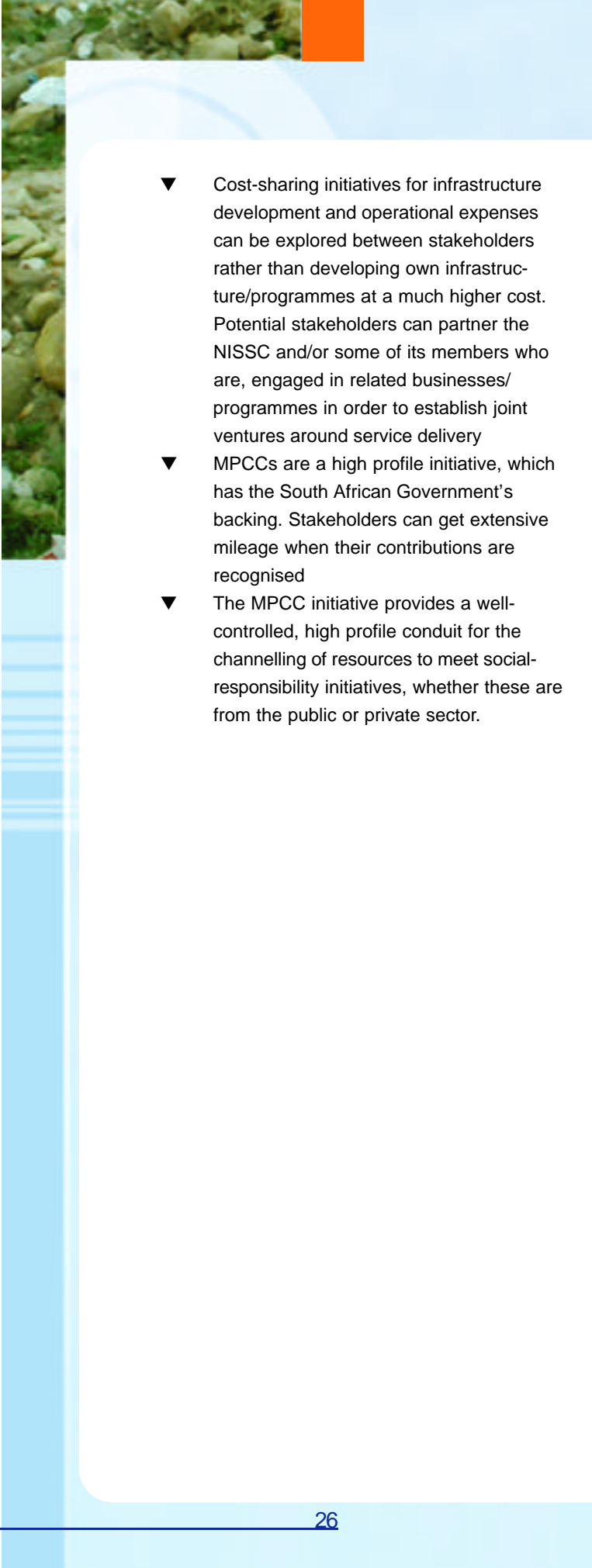
The NISSC has developed a long-term financial strategy to ensure the sustainability of the MPCC concept and the maintenance of quality services. To this end, the NISSC will strive to ensure that the MPCCs strive towards self-sustainability without compromising the level and quality of service. It is the NISSC's intention to have MPCCs that are able to support themselves and that can raise finance to fund their future growth.

RATIONALE: WHY MPCCs?

Significant levels of stakeholder involvement and participation, as well as additional funds, are required to support the roll-out of physical and ICT infrastructure for MPCCs. While MPCCs are also meant to initiate self-funding activities to bolster the resource allocations of participating stakeholders, reciprocal support is also important. This could be in the form of the donation of assets such as computer equipment, modems, furniture and other peripherals, including sponsorship of the training.

The MPCC initiative is exciting and challenging with significant opportunities for stakeholders. The benefits for current and potential stakeholders are as follows (but are not limited to):

- ▼ The MPCC initiative provides a national 'vehicle' or network for the distribution of information which people need for their own development
- ▼ The MPCC infrastructure provides a national two-way communication channel between the Government and the South African population
- ▼ Communities with MPCCs will benefit materially by receiving a wide range of services that were previously difficult and/or expensive to obtain
- ▼ The South African economy stands to benefit through the increased involvement of communities in the economy. The MPCCs will enable wider economic and civic participation by the South African population. The MPCCs will contribute to the personal development of individuals and SMMEs, enabling more participation in the national economy
- ▼ The MPCC initiative provides stakeholders with access to a captive market which can be used for *inter alia*
 - product-marketing initiatives
 - information distribution and exchange, and
 - service offerings.

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- ▼ Cost-sharing initiatives for infrastructure development and operational expenses can be explored between stakeholders rather than developing own infrastructure/programmes at a much higher cost. Potential stakeholders can partner the NISSC and/or some of its members who are, engaged in related businesses/programmes in order to establish joint ventures around service delivery
 - ▼ MPCCs are a high profile initiative, which has the South African Government's backing. Stakeholders can get extensive mileage when their contributions are recognised
 - ▼ The MPCC initiative provides a well-controlled, high profile conduit for the channelling of resources to meet social-responsibility initiatives, whether these are from the public or private sector.