

7.0 BUSINESS PLAN PILLAR FOUR: RESOURCES

7.1 Resourcing for individual Thusong Service Centres

To develop and effectively operate individual Thusong Service Centres requires resources. It should be noted that responsibilities for resourcing individual centres will to some extent be linked to the management model adopted for an individual centre. In this regard, the business plan advocates direct management of Thusong Service Centres by municipalities. This would not mean that municipalities would need to provide for all aspects of the capital and operations funding, however they should take a leading role in sourcing funding and ensuring that operational funding requirements are met on a month-to-month basis.

7.1.1 Capital expenditure

The following capital items should be provided for as part of the Thusong Service Centre's establishment (Table 7.1). Generic cost implications are identified although they are influenced by variables, including the type of a centre, whether new buildings are developed for the centre or whether buildings are upgraded and whether extensive investment in bulk services are required (for hubs and satellites).

Table 7.1: Capital budget cost estimates for Thusong Service Centre planning and construction

	Hub (cost estimate)		Satellite (cost estimate)		Mobile (cost estimate)
	High est.	Low est.	High est.	Low est.	Ave est.
Pre-operation costs (consultation, feasibility and design)	R500 000	R250 000	R250 000	R150 000	R150 000
Premises/site ⁶	R300 000	R0	R300 000	R0	
Infrastructure: bulk services and electricity ⁷	R2 million	R250 000	R1 million	R250 000	n/a
Infrastructure: buildings ⁸	R10 million	R4 million	R3 million	R1 million	n/a
Infrastructure: ICT infrastructure, office furniture	R300 000	R300 000	R150 000	R150 000	R150 000
Vehicle(s)/mobile units	n/a	n/a	n/a	n/a	R500 000
	R13 100 000	R4 800 000	R4 700 000	R1 550 000	R600 000

The table reflects high and low estimates for hub and satellite centres. The estimates reflect a differentiation as follows:

- high estimate: greater costs around feasibility and obtaining development rights vs. low estimate: limited feasibility and planning or environmental studies
- high estimate: the need to purchase a site for the centre vs. low estimate: publicly owned land
- high estimate: need for an upgrade in local bulk infrastructure vs. low estimate: limited engineering service work
- high estimate: all new buildings vs. low estimate: use of existing buildings with refurbishment.

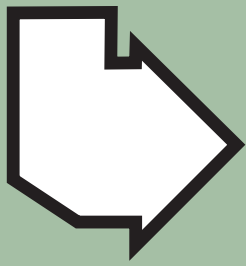
7.1.2 Operations

The following operational items should be provided for on a monthly basis (Table 7.1). Generic cost implications are identified although they are influenced by variables such as staff components. The table identifies an 'ideal' staff component for the models (excluding service-providers), although this may vary depending on

⁶ May not be required if land is publicly owned.

⁷ Only site connections, assuming infrastructure is available.

⁸ May be reduced if existing buildings are used/refurbished.



service requirements. The dpsa should play a role in ensuring that salary structures are co-ordinated nationally.

Table 7.2: Monthly operational budget cost estimates for Thusong Service Centre (minimum)

	Hub	Satellite	Mobile
Salaries (Thusong Service Centre staff) ⁹	<ul style="list-style-type: none"> • Manager (L7 range: R10 857,97 – R12 387,38 p.m). • Comm. and marketing officer (L4 range R6 566,41 – R7404,22 p.m.). • Centre manager secretary/assistant (L4 range R6 566,41 – R7 404,22 p.m.). • Receptionist/GSC officer (L2 range R5 222,65 – R5 669,76 p.m.) • Building caretaker (L1 range R4 808,60 – R5 206,57 p.m.) • Security staff @ R1 000 pp.p.m. (X3) • Cleaning staff @R1 000 pp.p.m. (X3) 	<ul style="list-style-type: none"> • Manager (L5 range R7 519,18 – R8 511,08 p.m.) • Secretary/receptionist/ GSC officer (L2 range R5 222,65 – R5 669,76 p.m.) • Building caretaker (L1 range R4 808,60 – R5 206,57 p.m.) • Security staff @ R1 000 pp.p.m. (X2) • Cleaning staff @R1 000 pp.p.m. (X2) 	<ul style="list-style-type: none"> • GSC officer (L2 range R5 222,65 – R5 669,76 p.m.) • Driver/security staff @ R1 000 pp.p.m. (X2)
Subtotal salaries (Thusong Service Centre staff)	R40 022,04 – R44 072,15	R21 550,43 – R23 387,41	R7 222,65 – R7 669,76
Training	R500 p.m	R500 p.m	R500 p.m
Maintenance ¹⁰	R2 900 p.m	R2 500 p.m	R2 500 p.m
Logistical and administrative ¹¹	<ul style="list-style-type: none"> • Stationery @ R1 000 p.m. • Telephone, fax and network costs @ R2 000 p.m. • Insurance @ R1 200 p.m. • Bank charges @ R500 p.m. • Transport @ R700 p.m. • Rates and municipal charges @ R2000 p.m. • Staff welfare @ R500 p.m. • ICT support @ R4 000 p.m 	<ul style="list-style-type: none"> • Stationery @ R500 p.m. • Telephone, fax and network costs @ R1 500 p.m. • Insurance @ R1 000 p.m. • Bank charges @ R500 p.m. • Transport @ R700 p.m. • Rates and municipal charges @ R1 500 p.m. • Staff welfare @ R500 p.m. • ICT support @ R3 000 p.m. 	<ul style="list-style-type: none"> • Stationery @ R500 p.m. • Telephone, fax and network costs @ R1 500 p.m. • Insurance @ R1 000 p.m. • Transport @ R400 p.m. • ICT support @ R3 000 p.m.
Subtotal logistical and administrative	R11 900 p.m.	R9 200 p.m.	R14 800 p.m.
Marketing and promotions ¹²	R900 p.m.	R900 p.m.	R900 p.m.
Est. total cost p.m.	R56 222,04 – R60 272,15	R34 650,43 – R36 487,41	R25 922,65 – R26 369,76
Est. total cost p.a.	R674 664 – R723 266	R415 805 – R437 849	R311 072 – R316 437

⁹ It should be noted that the staff component is likely to vary and thus the budget amount may vary significantly depending on levels of service provided.

¹⁰ Estimated based on average monthly expenditure obtained from survey report on first-generation Thusong Service Centres, January 2006.

¹¹ Ibid.

¹² Ibid.

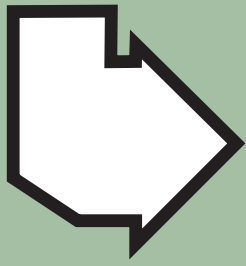
¹³ 15% 'P' component for community facilities.

7.1.3 Resourcing responsibilities and funding sources

Currently, lead departments in the provinces play a major role in the capital and operational funding of Thusong Service Centres. The Thusong Service Centre business plan advocates a transition of the funding responsibilities for Thusong Service Centres to municipalities as the network of service points expands. There is not one dedicated funding stream for Thusong Service Centres. However, there are a variety of sources that need to be exploited.

Capital funding will be derived from:

- The NDP Grant administered by the NT, which is a grant available to municipalities from April 2006. This fund can be accessed for pre-operational aspects (such as feasibility studies) and for infrastructure. This is a conditional grant that will be available for at least the following three financial years.
- The MIG which incorporates a component that can be used for community facilities, one of which would be Thusong Service Centres.



- Departmental funding across spheres that could be utilised for capital investment. A provincial department of health may be seeking to build a new clinic. Funds for this facility could contribute to infrastructure for part of the Thusong Service Centre facility.
- Other funding sources, including donor funding, securing financial or other resource contributions from the private sector and contributions from parastatals or other NGOs should be explored.

Operational funding will be derived from:

- Revenue generated by the Thusong Service Centres. This represents an ideal situation (i.e. where revenue from the centres – e.g. service-provider rentals – could cover all operational costs). It is, however, a reality that this may prove to be inadequate.
- Municipal funds (if they are the managers of the centres) which will be drawn from internal funding and equitable share allocations.
- Provincial funding. In certain cases, particularly in underresourced municipalities, it may be suitable for provinces to contribute directly to assisting municipalities in covering operations costs. This may be required during the initial operations period, when service-providers begin operations at the centres. This should be outlined in business plans and should be regarded as an interim arrangement unless the centre is not managed by the municipality.

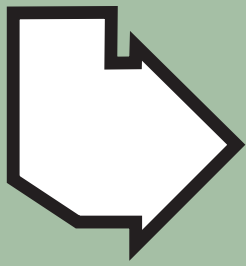
7.1.4 Sustainability strategies

The Thusong Service Centre programme is not an unfunded mandate. While municipalities are viewed as key drivers in the resourcing and development of the centres, the programme is shared between all spheres of government. As such, contributions to reducing costs and increasing available resources will be made by a variety of stakeholders. Thusong Service Centres should thus not be viewed as a burden by municipalities, but as an asset that is the joint responsibility of all in government. At the same time, there is an emphasis on cost recovery in line with the Municipal Finance Management Act, 2003 (Act 56 of 2003). This represents an obligation in terms of ensuring that service provision through Thusong Service Centres reflects a sustainable, cost-efficient model where costs are recovered. To this end, the following 'capital' and 'operational' sustainability strategies will be pursued.

To ensure sustainability with regard to capital investment in Thusong Service Centres, a number of strategies are identified which will be considered during the centre establishment phase:

- focusing on the use of existing resources such as the use of publicly owned land for, and the refurbishment or upgrading of public buildings in Thusong Service Centre development
- securing alternative sources of funding and resource contributions through efforts such as pursuing partnerships with the private sector
- ensuring capital investment results in a design that will reduce the operational burden, including the use of sustainable technologies
- ensuring that the scale of investment and infrastructure is in line with demand
- establishing synergies with other government programmes (e.g. the URP, Expanded Public Works Programme [EPWP] and municipal nodal investment priority areas) as part of the capital investment process as this will promote the spatial and functional convergence of resources and improve the impact of spending.

To ensure sustainability with regard to operational aspects, a number of strategies will be considered during the Thusong Service Centre establishment phase:



- Implementing secure, two-way commitments between centre operators and service-providers (SLAs, including rental agreements).
- Encouraging service-providers to relocate to the centres, alternatively, centres reinforcing existing clusters of service-providers to avoid duplication.
- Strengthening income streams by exploring service-provider partnership opportunities outside government. Additional rental income will assist in contributing to operational costs.
- Strengthening human resources by using existing initiatives such as the CDW roll-out, learnerships (where sector education and training authorities and Samdi will play a role in training) and the infopreneur initiative (pioneered by the CSIR), which will improve the sustainability of ICT investment and services at Thusong Service Centres.
- Exploring innovative/alternative funding sources such as those that target human capacity-building and empowerment (e.g. the National Skills Fund managed by the DoL and the Umsobomvu Youth Fund).
- Exploring options for outsourcing services to promote cost-effectiveness.

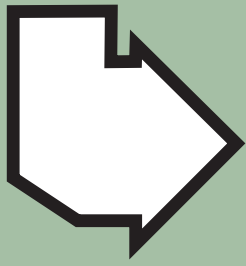
7.2 Resourcing the programme

7.2.1 Broad-level support and costs

To ensure efficiency and broad-level sustainability, resources will need to be dedicated to the overall programme (including co-ordination efforts) in a number of key areas. This component of the business plan focuses on areas where national commitment will need to be made to the programme, and excludes implications for service-providers. Costs at national level are generally linked to GCIS budgets. The focus is on short-term requirements that will be revised on an annual basis and will feed into the Medium Term Expenditure Framework requirements. These requirements are reflected in the table below.

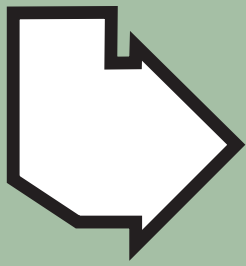
The business plan provides some guidance as to programme-supporting activities at provincial and municipal levels. Specific items drawing on the guidance provided by the business plan should be detailed as part of provincial and municipal Thusong Service Centres business plans. Provincial government should provide for activities undertaken by the PISSC and municipalities should support DISCC and LISSC running and capital costs.

Action	Driver and role-players	Timeframe	Nature of expense	Budget implications
Services and infrastructure				
Initiative: Thusong in a shopping centre	GCIS, dpsa, CPSI, local government	Ongoing	n/a (local government planning and development costs)	Municipally determined
Initiative: UR/ISRDP Node	GCIS, dpsa, local government	Ongoing	n/a (local government planning and development costs)	Municipally determined
Initiative: mobile services	GCIS with dpsa and appropriate government role-players	Ongoing	Capital and operations (service departments and/or municipal)	Service-providers and/or municipally determined
Develop ICT Strategy for roll-out of Thusong Service Centres	DoC with Sita and USAASA	2006/07	To be determined	To be determined



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Action	Driver and role-players	Timeframe	Nature of expense	Budget implications
Institutional and governance				
Review GCIS mandate and identify new mandate and responsibilities for second-generation roll-out	G&A Cluster Cabinet Committee	2006/07	n/a	n/a
Human resource needs analysis and staffing strategy	GCIS	2006/07 (following above)	Service-provider (organisational development)	R300 000
Sign MoUs to strengthen NISSC decision-making ability	GCIS with dpsa	2006/07	n/a	n/a
Sign MoUs with external role-players around service provision	GCIS with dpsa	2006/07	n/a	n/a
Develop standard SLAs and make available to spheres of government and relevant Thusong Service Centre role-players	GCIS with dpsa	2006/07	n/a	n/a
Pursue mechanisms to achieve greater budgetary alignment	NT	2006/07 – ongoing	n/a	n/a
Communication and marketing				
National road shows and izimbizo	GCIS and PISSCs	2006/07	Hosting of izimbizo (9)	R10 000 (X9)
Service-provider workshops	GCIS	2006/07	None	n/a
Newsletter	GCIS	2006/07 – ongoing	Graphic design	R50 000
Thusong Service Centre awards		2006/07 – ongoing	Award	R15 000
Broad coverage		2007/08	Service-provider	*R1 m
National events and campaigns	NISSC	2006/2007 – ongoing	n/a	n/a
Corporate presentations and videos		2006/07		To be determined
Thusong Service Centre website		2006/07		Complete
Resources				
Review and standardise salary structures for Thusong Service Centre staff	dpsa with GCIS	2006/07	n/a	n/a
Run orientation programme for centre managers				
Initiative training programme for Thusong Service Centre managers and/or other centre core staff	GCIS, Samdi (partner with tertiary institution)	2006/07 – ongoing	Possible costs associated with course material, external lectures	R10 000



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Action	Driver and role-players	Timeframe	Nature of expense	Budget implications
Institutional and governance				
Host and organise Thusong Service Centre annual workshop	GCIS with relevant provincial and municipal partners	2006/07 – ongoing	Hosting costs	R150 000
Monitoring and evaluation				
Review future research needs and communicate activities and available resources	GCIS/NISSC Exco and PISSC Excos	2006/07	n/a	n/a
Review and initiate the development of GIS-based monitoring and evaluation tool	GCIS/Human Science Research Council (HSRC)	2006/07 – ongoing	n/a (though service-provider assistance may be required)	n/a (to be determined)
Identify and implement strategy to ensure links between Thusong Service Centre monitoring and evaluation framework and government-wide monitoring and evaluation system	dpsa with GCIS/The Presidency	2006/07 – ongoing	n/a	n/a
Investigate viability of introducing grading system	dpsa with GCIS	2006/07	n/a	n/a
Update cost overview and model with input from provincial business plans	GCIS	2006/07 – though likely to be 2007/08	n/a	n/a

7.3.2 Targets: Thusong Service Centre capital and operations costs and provincial projections

Cumulative costs associated with Thusong service Centre roll-out can be modelled per province and projected for the programme to 2014. This is, however, subject to refinement. Only when provincial business plans are completed in line with the establishment process outlined and 'fed up' to inform the national business plan, can accurate indications be provided regarding funding needs. These will thus be amended and updated in due course. The projection uses the generic capital and operational costing developed for different types of centres (including high and low estimates) as a starting point (tables 7.3 and 7.4).

Table 7.3: Capital budget estimates	Cost
Hub high	R 13 100 000,00
Hub low	R 4 800 000,00
Satellite high	R 4 700 000,00
Satellite low	R 1 550 000,00
Mobile	R 600 000,00

Table 7.4: Operations budget estimates	Cost p.a.
Hub high	R 723 265,80
Hub low	R 674 664,48
Satellite high	R R 437 848,92
Satellite low	R 415 805,16
Mobile high	R 316 437,12
Mobile low	R 311 071,80

Target numbers of Thusong Service Centres per province are identified in line with the national target of one Thusong Service Centre for every local municipality. A target of Thusong Service Centre services in all municipalities is set for 2014, moving beyond the target of one centre in all 46 district municipalities and six metros. An expanded overall target of 300 instead of 283 Thusong Service Centres is thus set, which recognises the likely need for more than one centre in metropolitan municipalities and certain local municipalities. Provincial population numbers are used to provide an indication of need/demand. This informs the identification of preliminary targets for each province. (Table 7.5)

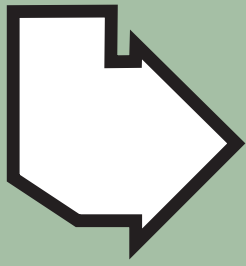


Table 7.5: Preliminary Thusong Service Centre targets per province (to be revised)

Province	Existing centres	Desired total (based on % population)	Target/shortfall
Eastern Cape	6	45	40
Free State	7	19	12
Gauteng	22	58	36
KwaZulu-Natal	9	62	53
Limpopo	13	36	22
Mpumalanga	7	21	14
Northern Cape	6	6	0
North West	5	24	19
Western Cape	13	30	17
Total	88	300	213

Finally, the Thusong Service Centre target per province is split among the types of centres. The allocation of different types of centres per province is based on a broad reflection on the settlement context. However, this will be adapted once provincial business plans are submitted. The targets and identified types of centres to be developed by 2014 provide the basis for the projected capital and operational (excluding service-providers) cost implications (before inflation) which are reflected below.

Table 7.6: Capital cost projection to 2014/15 (to be revised in provincial business plans)

Province	Hub	Satellite	Mobile	Capital cost high	Capital cost low
Eastern Cape	7	38	10	R 165 200 000,00	R 61 550 000,00
Free State	5	13	0	R 64 800 000,00	R 21 850 000,00
Gauteng	6	18	0	R 228 000 000,00	R 78 550 000,00
KwaZulu-Natal	11	46	11	R 209 300 000,00	R 77 300 000,00
Limpopo	5	12	5	R 96 800 000,00	R 36 100 000,00
Mpumalanga	3	11	3	R 66 600 000,00	R 23 650 000,00
Northern Cape	5	16	15	R 0,00	R 0,00
North West	4	16	4	R 76 400 000,00	R 26 000 000,00
Western Cape	6	11	5	R 126 800 000,00	R 45 500 000,00
Total	52	171	53	R 1 033 900 000,00	R 370 500 000,00

Table 7.7: Operations cost projection to 2014/15 (to be revised in provincial business plans)

Province	Hub	Satellite	Mobile	Capital cost high	Capital cost low
Eastern Cape	7	38	10	R 26 406 379,44	R 25 484 138,04
Free State	5	13	0	R 5 539 603,92	R 5 248 521,24
Gauteng	6	18	0	R 17 760 479,28	R 16 781 001,00
KwaZulu-Natal	11	46	11	R 33 194 953,80	R 32 026 030,68
Limpopo	5	12	5	R 15 170 907,36	R 14 636 324,40
Mpumalanga	3	11	3	R 8 387 538,00	R 8 048 167,44
Northern Cape	5	16	15	R 0,00	R 0,00
North West	4	16	4	R 8 904 205,44	R 8 519 313,36
Western Cape	6	11	5	R 10 616 706,72	R 10 072 469,28
Total	52	171	53	R 125 980 773,96	R 120 815 965,44