



**LEKWA LOCAL
MUNICIPALITY
POLICY TEMPLATE
2026/2027**

1. Policy Title

CAPITAL INFRASTRUCTURE INVESTMENT POLICY

2. Main Purpose

This policy aims to describe the process through which the Municipality can initiate projects of a capital nature. It ultimately aims to serve as a principal instrument to steer the budget for Infrastructure and Capital projects in the Municipality around a particular agreeable and sustainable developmental path.

3. Scope of the Policy

This policy sets out the process and methodology for capital investment of any nature, regardless of the funding source. The following investments of a capital infrastructure nature falls within the ambit of this policy:-

- New building construction or acquisitions;
- Extensions to existing buildings;
- Upgrades to accommodation and housing, other than those projects relating to low cost housing;
- Land acquisitions;
- All major capital works, as covered within the Asset Management Policy;
- All infrastructure developments; and
- Information and communication infrastructure renewals and/or upgrades;

4. Strategic Objective

To ensure the creation and acquisition of an asset is maintained at a healthy state so as to provide a return on the city's investment.

5. Key Principles

The Capital Infrastructure Investment Policy is based on the following principles:-

- Need as identified within the IDP, underpinned by the BCMM Spatial Development Framework;
- Necessity to fulfil the service delivery mandate as identified within the Asset Management Policy; and
- Affordability.

6. Governance Issues

- The Constitution of the Republic of South Africa, 1996
- The Municipal Finance Management Act (MFMA), Act 56 of 2003
- Generally Recognized Accounting Practice



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7. Policy Procedures

7.1 NEW CAPITAL INFRASTRUCTURE INVESTMENT

7.1.1 New infrastructure development may only be entered into if:-

- the project is in line with the Municipality's IDP;
- funding has been secured through either internal or external funding mechanisms and has been approved in the Municipality's Capital Budget; and
- a detailed life-cycle funding plan has been developed, supported and integrated into the Asset Management Policy;

7.1.2 All new infrastructure investments will be subject to:-

- Needs analysis based on:-
 - 7.1.2.1 service delivery sustainability;
 - 7.1.2.2 consumer growth projections which are in line with the National and Regional Spatial Development Growth Perspectives; and
 - 7.1.2.3 National, Regional and Municipal strategic directives.
- Strategic project plan, including:-
 - i. a holistic overview of the direct benefits, risks and impact of the intended project;
 - ii. an assessment on the impact of current Infrastructure;
 - iii. a service delivery framework relevant to the project;
 - iv. a cost assessment, detailing the capital and maintenance cost projections for the entire life-cycle; and
 - v. a funding model, detailing the financing source and associated cost, if any, as well as any revenue projections associated with the project.

7.2 REFURBISHMENT AND SIGNIFICANT INFRASTRUCTURE MAINTENANCE PROJECTS

7.2.1 All Capital Infrastructure refurbishment and significant maintenance projects may only be entered into if:-

- the project is in line with the Municipality's IDP or emergency maintenance framework;
- funding has been secured through either internal or external funding mechanisms and has been approved in the Municipality's Capital Budget; and
- a detailed life-cycle funding plan has been developed, supported and integrated into the Asset Management Policy.



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7.2.2 All refurbishments and significant infrastructure maintenance projects will be subject to:-

- Needs analysis based on:-
 - service delivery sustainability; and
 - asset redundancy and failure assessment of the asset under scrutiny.
- Strategic project plan, including:-
 - i. an holistic overview of the direct benefits, risks and impact of the intended refurbishment project;
 - ii. an assessment on the potential impact of unavailability of the asset during the refurbishment process, including redundancy measures;
 - iii. a service delivery framework relevant to the project;
 - iv. a cost assessment, detailing the capital and maintenance cost projections for the entire life-cycle; and
 - v. a funding model, detailing the financing source and associated cost, if any, as well as any revenue projections associated with the project.

7.3 FUNDING OF CAPITAL INFRASTRUCTURE INVESTMENTS

7.3.1 All new Capital Infrastructure Investments may be funded from:-

- Available Own Funds;
- Borrowings;
- Government grants and subsidies;
- Public donations and contributions;
- PPP initiatives in line with the MFMA PPE Regulations; and
- Operating revenue.

7.3.2 All refurbishment and significant infrastructure maintenance projects may be funded from:-

- Available Own Funds;
- Borrowings in respect of refurbishment;
- Government grants and subsidies in accordance with their relevant conditions; and
- Operating revenue.



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8. Competence and Capacity to implement

- Asset Management Unit
- Relevant Infrastructure Departments

9. Relevant Legislation applicable to this Policy

This policy gives effect to the provision of the following legislation.

- The Constitution of the Republic of South Africa, 1996
- The Local Government Municipal Finance Management Act (MFMA), Act No. 56 of 2003
- Generally Recognized Accounting Practice