



EXECUTIVE SUMMARY OF THE FINAL IDP 2023/2024 AND BUDGET 2023/2024

OF MATJHABENG LOCAL MUNICIPALITY



1. PURPOSE

To publish the executive summary of the final IDP for 2023/2024 and Budget for 2023/2024 of Matjhabeng Local Municipality. The two strategic documents were approved by Matjhabeng Local Municipality at its ordinary Council held on the 30th May 2023.

2. BACKGROUND

The Council of Matjhabeng Local Municipality has adopted its Integrated Development Plan 2023/2024 and Budget for the year 2023/2024. These two strategic documents have been subjected to intensive public consultation processes to ensure that the final document is a product of a peoples centred planning process in line with the Batho Pele Principles that addresses community needs as submitted.

3. SUMMARY OF THE PROJECTS AND BUDGET FOR 2023/2024:

3.1. Budget Assumptions

The following assumptions and parameters were considered in setting out the MTREF:

- Consumer Price Index (CPIX) of approximately 6%
- The CPIX inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band. (Source: Reserve Bank and National Treasury, MFMA Circular 122 & 123)
- Increase in Bloem Water tariffs by 8%
- Electricity tariff increase of 15.1%
- Eskom Tariff increase of 18.7%.
- Salary and Wages increase by 5.4%
- National Treasury MFMA Budget Circular No. 122 & 123 (including previous guiding circulars from NT)

- Impact of loadshedding and alternative energy sources on municipal electricity revenue.
- Historical data in terms of municipal budgets and audited annual financial statements.

The average pay rate of 70% has been informed by the following factors: -

- Historical consumers pay rate.
- Improving the effectiveness of revenue management processes and procedures to ensure that all revenues owed is collected.
- Implementing tariffs that reasonably reflect the cost associated with rendering the service, cost-reflective tariffs.
- Implementation of municipal policies and by-laws.

These levels are within the South African Reserve bank inflation target range of 3% - 6%. The municipality should justify all increases more than the upper boundary of the South African Reserve Bank's inflation target.

3.2. Operating Revenue Framework

For the municipality to achieve the set targets in terms of service delivery it needs to generate sufficient revenue. The financial state of affairs of the municipality necessitates difficult decisions to be made in terms of tariff increases, cost containment measures and balancing expenditure against planned realistic revenues. Efficient and effective revenue management is thus crucial.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth and continued economic development;
- Efficient revenue management, which aims to ensure 90% annual collection rate for property rates, 95% collection rate for electricity and an average of 70% per cent for other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Implementation of and roll-out of a smart prepaid metering system for electricity and water.
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of Matjhabeng Local Municipality.
- Municipal By-laws

3.3. Revenue Raising Strategy

In order for Matjhabeng Local Municipality to improve the quality of the services provided it will have to generate the required revenue. The municipality's anticipated revenue is based on a collection rate of 70%. The municipality aspires to improve their collection rate to 90% - 95%. A revenue strategy has been developed to ensure the improved collection rate is achieved.

The municipality's revenue strategy is built around the following key components of Revenue Raising Strategy:

- Implementation of the Revenue Enhancement Strategy by increasing the revenue base of the municipality.
- Rejuvenate disconnection project (Operation Patala and Operation Kwala) with a revenue protection unit in place to monitor reconnections and disconnections.
- Installation of new meters in unmetered areas and replacement of faulty meters.
- Implementation and installation of smart prepaid metering for solution for electricity and water.
- Review budget related policies and implementation of municipal by-laws.
- Implementation of the Supplementary Valuation Roll
- Reconciliation between the billing system and the valuation roll.
- Review the tariffs for services rendered to ensure that tariffs are cost reflective.

4. Capital Budget

The Capital Budget for the 2023/24 financial year is R202 914 000 and is funded by grants and own funding. The sources of funds for the capital budget are as follow:

| | |
|---|---------------|
| Municipal Infrastructure Grant | R 142 914 000 |
| Water Services Infrastructure Grant | R 20 000 000 |
| Integrated National Electrification Programme | R 30 000 000 |
| Own funding | R 10 000 000 |

5. Financial Resources for Capital Projects and Operating Expenditure

Section 18 (1) of the Municipal Finance Management Act 56 of 2003 states that an annual budget may only be funded from realistically anticipated revenues to be collected; cash-backed accumulated funds from previous years' surpluses not committed for other purposes; borrowed funds, but only for the capital budget.

The capital projects are funded from grants. The main source of funding are grants such as the Municipal Infrastructure grant. The capital budget is funded by grants and own funding. The municipality's capital replacement reserve must reflect the accumulated provision of internally generated funds designated to replace aging assets.

The operating expenditure is funded form operating income which consist of assessment rates, trading services, grant income and other income e.g. rental income and fines.

6. Infrastructure Investment/ Capital 2022-2027

6.1. Municipal Infrastructure Grant Funded Projects

| ITEM NO. | PROJECT NAME | WARD NO. | CURRENT STATUS | COMMENT/ NOTES | PROJECT VALUE | BUDGET 2023/2024 | BUDGET 2024/2025 | BUDGET 2025/2026 |
|-----------------------------|---|----------|------------------------------------|--|---------------|------------------|------------------|------------------|
| ROADS AND STORMWATER | | | | | | | | |
| MIG 1 | Nyakallong: Construction of stormwater system –phase 2 | 19 | Tender documentation & procurement | Provision of storm water management | 24 900 836,36 | 23 224 423,34 | - | - |
| MIG 2 | Nyakallong: Construction of 3km roads, sidewalks & stormwater | 19,36 | Tender documentation & procurement | Construction of internal paved roads, pedestrian walkways, and storm water management | 33 924 038,28 | 30 612 712,04 | - | - |
| MIG 3 | Kutlwanong: Construction of 3km road stormwater | 2,3 | Tender documentation & procurement | Construction of internal paved roads, pedestrian walkways, and storm water Management | 34 994 845,18 | 31 683 518,94 | - | - |
| MIG 4 | Mmamahabane: Construction of 3km road, sidewalks & stormwater | 1 | Tender documentation & procurement | Construction of internal paved roads, pedestrian walkways, and storm water Management | 29 227 980,39 | 26 327 980,39 | - | - |
| SANITATION | | | | | | | | |
| MIG 5 | Thabong/Bronville Ext 15: Provision of sanitation for 617 stands | 11 | Construction | Ongoing, 70 % completion | 24 900 356,09 | - | - | - |
| MIG 6 | Virginia/Meloding: Refurbish and upgrade of 2 sewer pump stations and rising main | 4,9 | Construction | On hold: Termination of consultant. Appointment anticipated on the 19 th May 2023 | 24 892 878,02 | - | - | - |
| MIG 7 | Thabong: Refurbishment of wastewater treatment works and associated works | 31 | Construction | Ongoing, 90% completion | 64 245 884,29 | - | - | - |

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|---|--|---------|--------------|--|----------------|----------------|----------------|---|
| MIG 8 | Kutlwanong: Upgrading of Outfall sewer | 18 | Construction | Project at 95%: Connection will be done once KWWTW phase 2 is completed. | 25 810 203,01 | 2 851 151,52 | - | - |
| WATER | | | | | | | | |
| MIG 9 | Kutlwanong Replacement of asbestos water pipelines to uPVC pipes | Various | Construction | Ongoing, 79% completion | 32 788 281,44 | - | - | - |
| RECREATIONAL FACILITIES AND SPORTS | | | | | | | | |
| MIG 10 | Virginia/Meloding: New indoor Sports and Recreational Facility – Phase 2 | 4,5,6,7 | Construction | Ongoing, 62% completion | R14 642 950,00 | - | R14 642 950.00 | - |
| SOLID WASTE MANAGEMENT | | | | | | | | |
| MIG 11 | Upgrading of Welkom Landfill Site | 11 | Construction | On hold, additional funding required. | R35 416 600,07 | R23 702 872,07 | - | - |

6.2. Water Services Infrastructure Grant Funded Projects

| ITEM NO. | PROJECT NAME | WARD NO. | CURRENT STATUS | COMMENT/ NOTES | PROJECT VALUE | BUDGET 2023/2024 | BUDGET 2024/2025 | BUDGET 2025/2026 |
|----------|--------------|----------|----------------|----------------|---------------|------------------|------------------|------------------|
|----------|--------------|----------|----------------|----------------|---------------|------------------|------------------|------------------|

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|---------------|--|----|----------|---|--------------|-----------------------|-----------------------|--------------|
| WSIG 1 | Refurbishment of Theronia WWTW and Purified Effluent System- Theronia WWTW- Effluent outfall | 33 | Planning | Awaiting signed agreements between land owners and municipality. Project plan is ready. | R 88 000 000 | R 25 800 000,00 | R 55 000 000.00 | R 33 000 000 |
| TOTALS | | | | | | R25 800 000,00 | R55 000 000.00 | R- |

6.3. Integrated National Electrification Programme Grant Funded Projects

| ITEM NO. | PROJECT NAME | WARD NO. | CURRENT STATUS | COMMENT/ NOTES | PROJECT VALUE | BUDGET 2023/2024 | BUDGET 2024/2025 | BUDGET 2025/2026 |
|---------------|--|----------|----------------|--|-----------------|--------------------|-----------------------|-------------------------|
| INEP 1 | WELKOM Reinstatement of the 20MVA 132KV/11kV/6.6kV vandalised Urania Substation at Bronville Town Area | 32 | Planning | To ensure an effective and safe 132kV Distributionnetwork | R126,837,499.90 | R14,587,499. 90 | R15,000,000.00 | R97,249,999.33 |
| INEP 2 | Rheederspark X2 (Phomolong Village): 12MVA Sub-station and Electrification of 869 Households | 35 | Planning | - | R27 000 000 | R10 000000 | R 5000 000 | R8 000 000 |
| INEP 3 | BRONVILLE EXT 15 & 9 Electrification of 500 households | 11/12 | Planning | Electrical 132kv substation must be repaired for R126m before project can commence | R91,000,000 | R68,000,00 | R10,000,000 | R13,000,000 |
| TOTALS | | | | | | R92,587,499 | R30,000,000.00 | R118,249,999.3 3 |

6.4. Own Funded projects

| ITEM NO. | PROJECT NAME | WARD NO. | CURRENT STATUS | COMMENT/ NOTES | PROJECT VALUE | BUDGET 2023/2024 | BUDGET 2024/2025 | BUDGET 2025/2026 |
|----------|---|-----------|---|----------------|----------------|------------------|------------------|------------------|
| OF 1 | Rehabilitate portion of Constantia Road that has been damaged by sewer between road 200 and Moshoeshoe road in Thabong to improve traffic flow. | 13 | Tender Adjudication stage | - | R 7 1750 00.00 | - | - | - |
| OF 2 | Repair portion of James Moroka Road that has been damaged by sewer in Thabong to improve traffic flow | 14 | Contract dispute; order of the contractor has been cancelled. Contractor to be appointed from the resealing tender. | - | R 1 434 707.74 | - | - | - |
| OF 3 | Lifting of Fiskaal street and associated stormwater drainage | 33 | Tender period elapsed. Tender to be re-advertised | - | R 1 300 000.00 | - | - | - |
| OF 4 | Repair portion of Constantia Road that has been damaged by sewer between Moshoeshoe road and Dr A Phakathi road in Thabong to improve traffic flow. | 12 | Contract dispute; order of the contractor has been cancelled. Contractor to be appointed from the resealing tender. | - | R2 509 276.77 | - | - | - |
| OF 5 | Repair portion of Ndaki road that has been damaged by stormwater in Thandanani (2010) Thabong and provide the necessary stormwater drainage system to improve traffic flow. | 25 | Contract dispute; order of the contractor has been cancelled. Contractor to be appointed from the resealing tender. | - | R3 339 373.05 | - | - | - |
| OF 6 | Construct 10km of un-designed Gravel are safe per annum to enhance accessibility and drivingsafety, especially during raining periods | All Wards | Project on hold; Municipality to surface all Municipal road with tar or paving with the assistance of ISA funds. | - | R10 000 000.00 | - | - | - |
| OF 7 | Construction of stormwater drainage pipes in Ward 16 at Setshabelo School in Thabong | 16 | To commence immediately supplier delivers material | - | R1 400 000.00 | - | - | - |
| OF 8 | Construction of stormwater drainage at the entrance of Thabong in Ward 30 | 30 | Project in construction | - | R1 000 000.00 | - | - | - |

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|-------|--|-------|--|--|---------------|-------------|-------------|-------------|
| OF 9 | Repair stormwater drainage at Mxi retention dam in Ward 29 | 29 | To commence immediately supplier delivers material | - | R2 000 000.00 | - | - | - |
| OF 10 | Construction of stormwater drainage with block paving at THAB07 in Thabong Ward 26 | 26 | Project on hold; Municipality to surface all Municipal road with tar or paving with the assistance of ISA funds. | - | R13 00 000.00 | - | - | - |
| OF 12 | Refurbishment of Welkom Airport | 24 | Design Stage | Replacement of run- way lights and resealing and refurbish facilities. | R50 000 000 | - | R12 000 000 | R12 000 000 |
| OF 13 | Refurbishment of Virginia Municipal Offices | 9 | Planning | Complete renovation of building as it has dilapidated | R4 000 000 | - | - | R 4 000 000 |
| OF 14 | Refurbishment of the Kutlwanong Municipal Offices | 5 | Planning | Complete renovation of building as it has dilapidated | R3 000 000 | - | R 3 000 000 | - |
| OF 15 | Refurbishment of theAllanridge Municipal Offices | 36 | Planning | Complete renovation of building as it has dilapidated | R2 000 000 | - | R 2 000 000 | - |
| OF 16 | Construction of new Municipal Cattle Pound | 32 | Planning | - | R10 000 000 | R5 000 000 | R5 000 000 | - |
| OF 17 | Reinstatement of 6.5 KM | 32,28 | Contractor | - | R16 000 000 | R16 000 000 | - | - |
| OF 18 | Repair of water leak on the bulk line from Riebeeckstad to Odendaalsrus | 35 | Construction | Estimated 13 major leaks on the line that supply water to Odendaalsrus. This contributes to shortage of water as they continue to discharge high volume of water to the field. | R 9 million | - | - | - |
| OF 19 | Development of Water Conservation and Water Demand Management Plan for Matjhabeng LM | All | Planning; metering and other methods of water reservation is underway | Water conservation and water demand management (WC/WDM) simply refers to the minimization of loss or waste of water through efficient and effective control of the supply and demand for | R 12 Million | - | - | - |

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|--|--|--|--|--------|--|--|--|--|
| | | | | water. | | | | |
|--|--|--|--|--------|--|--|--|--|

| ITEMNO. | PROJECT NAME | WARD NO. | CURRENT STATUS | COMMENT/ NOTES | PROJECT VALUE | BUDGET 2023/2024 | BUDGET 2024/2025 | BUDGET 2025/2026 |
|---------|--|------------|---|--|---------------|------------------|------------------|------------------|
| OF 20 | Provision of specialized gardening services | All wards | - | To promote greening of public open spaces | R1 600 000 | - | R800 000 | R800 000 |
| OF 21 | Supply and delivery of a Cemetery Information Management System | | - | To ensure effective administration and recordkeeping of burials. The tool will also enable access to information by families | R1 300 000 | R1 300 000 | - | - |
| OF 22 | Repair and maintenance of swimming pools | 11, 34, 26 | - | To create an enabling environment for the promotion of sport by developing and maintaining community facilities | R5 000 000 | R1 800 000 | R2 000 000 | R1 200 000 |
| OF 23 | Drilling of Boreholes in all 36 Wards of Matjhabeng Local Municipality | All | 6 Boreholes are in construction. 30 are out on tender. | O&M | R 24 000 000 | R 24 000 000 | - | - |
| OF 24 | Installation of Diesel Generator at Riebeeckstad Water Tower | 10 | Procurement is in place. The tower is exempted from loadshedding. | There is no supply of water to the community of Riebeeckstad whenever there is electricity outage at the tower. | R790 000 | R790 000 | - | - |
| OF25 | Building of 4ML Reservoir at Venter | 1 | Planning | There is no supply of water to the community of Riebeeckstad whenever there is electricity outage at the tower. | - | - | - | - |
| OF 26 | Refurbishment of all Municipal Halls | All | To commence immediately supplier delivers material | Nyakallong community hall, Allanridge Community Hall, Kutlwanong Community Hall, Odendaalsrus Community Hall, Thabong Community Centre, Thabong indoor sports Centre, Bronville Community Hall, Flamingo Hall, Ferdie Meyer Hall, Meloding Community Hall, VirginiaTown Hall, Ventersburg Town hall, Mmamahabane Hall, Toronto Hall, Welkom Club, Rovers Club, ErnestOppenheimer Theatre | - | - | - | - |

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|-------|--|-------|--------------------------------------|--|------------|------------|---|---|
| OF 27 | Rheederspark 2nd Phase Military Veterans (25 Stands) | 35 | Planning 25 Stands to be Electrified | Eskom Intake Point and Nmd Needs To Be Upgraded. Mv And Lv Infrastructure Stolen | R1 150 000 | R1 150 000 | - | - |
| OF 28 | Nyakallong disaster(flooding) | 19&36 | Construction | Ongoing | R3 000 000 | R1 000 000 | - | - |

6.5.LED Projects

| PROJECT DESCRIPTION | KPI | BUDGET | FUNDING SOURCE | WARD | YEAR 1 (2023/2024) | | YEAR 2 (2024/2025) | | YEAR 3 (2025/26) | |
|---|--|-------------|----------------|------|--------------------|-------------------------|--------------------|-----------|------------------|------------|
| | | | | | TARGET | BUDGET | TARGET | BUDGET | TARGET | BUDGET |
| Refurbishment of Municipal Commercial Facilities | Number of facilities refurbished | R 60M | DTIC /MLM | N/A | 1 | R 45M (DTIC)/R 5M (MLM) | 1 | R 5M | 1 | R 5M |
| Social Labour Plan Projects | Number of SLP projects facilitated | - | SLP funding | N/A | 2 | SLP | 2 | SLP | 2 | SLP |
| Corporate Social Responsibility | Number of Corporate Social Responsibility Projects Facilitated | - | CSI Funding | N/A | 1 | CSI | 1 | CSI | 1 | CSI |
| Small Scale Mining | Small Scale Mining facilitated | - | External | N/A | 2 | N/A | 2 | N/A | 2 | N/A |
| Council Owned Farm maintenance | Number of Farms maintained | R 2 000 000 | MLM | TBC | 2 | R 400 000 | 2 | R 600 000 | 2 | R 1000 000 |
| Allocation of agricultural land to farmers | Number of Beneficiaries allocated farms | - | MLM | TBC | 5 | N/A | 5 | N/A | 5 | N/A |
| Facilitation of agricultural educational programmes | Number of programmes facilitated for Beneficiaries | - | External | TBC | 2 | N/A | 2 | N/A | 2 | N/A |
| Farmers support programme for agro-processing | Numbers of famers supported for agro-processing | - | External | TBC | 1 | N/A | 1 | N/A | 1 | N/A |
| Commonage By-Law review | Number of By-Law reviewed | - | MLM | N/A | 1 | N/A | - | N/A | - | N/A |

| | | | | | | | | | | |
|--|--|-------------|----------|-------------|----|---------------------|----|--------------------|----|--------------------|
| Commonage Policy review | Number of Policy reviewed | - | MLM | N/A | 1 | N/A | - | N/A | - | N/A |
| Agricultural Development Strategy | Number of Strategies developed | - | MLM | N/A | 1 | N/A | - | N/A | - | N/A |
| Catalytic Projects | Number of catalytic projects facilitated | - | External | N/A | 2 | N/A | 2 | N/A | 2 | N/A |
| Special Economic Zone development | Number of phases completed | R 5 000 000 | MLM/PPP | 26,27,34,35 | 2 | R 5 000 000 (MLM) | 2 | - | 2 | - |
| Facilitation of Investment | Number of Businesses assisted with Investment Incentives | - | TBD | TBC | 2 | N/A | 2 | N/A | 2 | N/A |
| SMMEs development | Number of exhibitions held | - | MLM | N/A | 2 | R400 000 (MLM) | 2 | N/A | 2 | N/A |
| | Number of Training facilitated | - | External | N/A | 20 | N/A | 20 | N/A | 20 | N/A |
| SMME Trading By-Law | Number of By-Law developed | - | MLM | N/A | 1 | N/A | - | N/A | - | N/A |
| Informal Trading Policy | Number of Policy developed | - | MLM | N/A | 1 | N/A | - | N/A | - | N/A |
| LED Strategy review | Number of Strategies reviewed | - | MLM | N/A | 1 | R 1 000 000 | - | N/A | - | N/A |
| Sand River Route Development | Number of Business Plan developed for Sand River Project | R 8 000 000 | External | TBC | 1 | N/A | 1 | N/A | 1 | N/A |
| Tourism Marketing Strategy Development | Number of Strategies developed | R 1 000 000 | MLM | N/A | 1 | R 1 000 000 | - | N/A | -1 | N/A |
| Tourism development | Number of awareness campaigns | R 1 500 000 | MLM | N/A | 1 | R 500 000 | 1 | R 500 000 | 1 | R 500 000 |
| Event Tourism | Number of events facilitated | R 2 400 000 | MLM | TBC | 2 | R 800 000 | 2 | R 800 000 | 2 | R 800 000 |
| TOTALS | | | | | | R 14 100 000 | | R 6 900 000 | | R 7 300 000 |

In addition to the above listed funded projects, there is a list of projects reflected in the Final draft IDP which are not funded and the document can be accessed in the following areas:

1. Head Office- Matjhabeng Local Municipality-main building
2. Odendaalsrus Unit office;
3. Hennenman unit office
4. Virginia unit office
5. All libraries within Matjhabeng Local Municipality
6. Municipal website: www.matjhabeng.co.za

For more information contact the IDP Manager: **Mr Tsekiso Majake** during office hours on 057 391 3385 Senior Manager Budget: Ms **Lindsey Williams** on 057 391 3339