



EXECUTIVE SUMMARY OF THE FINAL IDP 2024/2025 AND BUDGET 2024/2025 OF MATJHABENG LOCAL MUNICIPALITY



1. PURPOSE

To publish the executive summary of the final IDP 2024/2025 and Budget 2024/2025 of Matjhabeng Local Municipality. The two strategic documents were approved by Matjhabeng Local Municipality at its ordinary Council held on the 31st May 2024.

2. BACKGROUND

The Council of Matjhabeng Local Municipality has adopted its Integrated Development Plan 2024/2025 and Budget 2024/2025 financial year. 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 2024/2025:

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 126 & 128)
- Increase in Bloem Water tariffs by 9%
- Electricity tariff increase of 6%
- Eskom Tariff increase of 12.75%.
- The Salary and Wage Collective Agreement for the period 1 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation.
- National Treasury MFMA Budget Circular No. 126 & 128 (including previous guiding circulars from NT)
- Impact of loadshedding and alternative energy sources on municipal electricity revenue.
- Municipal Debt Relief Programme.

- 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.
- Estimate debtors' collection rate of 51.3% as per cash back reserves/accumulated surplus.
- Reconciliation.

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 65% 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);
- 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) 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 Automated meter reading (AMR) meters.
- Review budget related policies • 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 2024/2025 financial year is R193 574 000 and is funded by grants and own funding. The sources of funds for the capital budget are as follow:

Municipal Infrastructure Grant	R 139 514 000
Water Services Infrastructure Grant	R 17 968 000
Integrated National Electrification Programme	R 26 092 000
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 2024/2025-2026/2027

6.1. Municipal Infrastructure Grant Funded Projects

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2024/2025	BUDGET 2025/2026	BUDGET 2026/2027
ROADS AND STORMWATER								
MIG 1	Construction of 3 km Paved roads and storm water drainage in Ward 2: Phomolong	2	Registered	-	31 460 707,78	31 460 707,78	31 460 707,78	-
MIG 2	Construction of 3 km paved roads and storm water drainage in Ward 13: Thabong	13	Registered	-	30 187 834,06	30 187 834,06	30 187 834,06	-
MIG 3	Construction of 3 km paved roads and storm water drainage in Ward 12: Hanipark	12	Registered	-	29 882 033,21	-	29 882 033,21	-
MIG 4	Construction of 3 km paved roads and storm water drainage in Ward 10: Kutlwanong	10	Registered	-	31 673 211,45	-	31 673 211,45	-
MIG 5	Construction of 3 km paved roads in Ward 15: Thabong	15	Registered	-	32 742 954,10	-	283 902 64,23	4 352 689,87
SANITATION AND WATER								
MIG 6	Upgrading of wastewater treatment works phase 2 in Kutlwanong	18	Registered	-	73 126 797,47	9 618 596,80	-	-
MIG 7	Construction of 4,228km storm water system Phase 2 in Nyakallong	19 & 36	Design & Tender	-	24 900 836,36	-	-	-
RECREATIONAL FACILITIES AND SPORTS								
FLEET MANAGEMENT								
MIG 8	Procurement of specialized vehicles for waste management Phase 2	All wards	Registered	-	30 347 790,05	4 749 913,74	-	-

6.2. Water Services Infrastructure Grant Funded Projects

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2024/2025	BUDGET 2025/2026	BUDGET 2026/2027
WSIG 1	Refurbishment of Theronia WWTW and Purified Effluent System- Theronia WWTW- Effluent outfall	33	Planning	Awaiting signed agreements between landowners and municipality. Project plan is ready. There were outstanding professional fees that were paid in March to the consultant.	R 88 000 000	R 25 800 000,00 – 23/24	R 55 000 000,00	R 33 000 000

6.3. Integrated National Electrification Programme Grant Funded Projects

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2024/2025	BUDGET 2025/2026	BUDGET 2026/2027
INEP 1	WELKOM Reinstatement of the 20MVA 132KV/11kV/6.6kV vandalised Urania Substation at Bronville Town Area	11	Under Execution	To ensure an effective and safe 132kV Distribution network. The appointment of the employers representative on site was not concluded in order to obtain the construction certificate as required by the OHS Act Construction Regulation. Cognizance must be taken of the following: <ul style="list-style-type: none"> - It did not for part of the appointed consultant/contractor scope of works It is the responsibility of the employer/ MLM to appoint the employers representative in terms of the OHS Act Construction regulation.	R148,000,000	R 37 000 000,00	R 37 000 000,00	R 74 000 000,00
INEP 2	WELKOM Provision and Installation of a Bulk supply Overhead Line Bronville and Extension 15 Thabong	11	Planning	To ensure the effectiveness of the medium voltage distribution networks	R 3 507 397,96	R 1 753 698,98	R 1 753 698,98	-

6.4. Own Funded projects

7. ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2024/2025	BUDGET 2025/2026	BUDGET 2026/2027
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	Project has been advertised	R 12 500 000	R 12 500 000	-	-
OF 2	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.	Project has been advertised	R 47 000 000.00	R 47 000 000.00	-	-
OF 3	Construct 10km of un-designed Gravel are safe per annum to enhance accessibility and driving safety, 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.	Consultants have been appointed at risk to compile technical report and business plans	R 10 000 000.00	-	-	-
OF 4	Rehabilitation of Du Plessis Street in Kutlwanong	18, 19, 22	Sent Bill of Quantities to Supply Chain Management for appointment of a service provider from a panel of contractors	Project has been advertised	R 7 900 000.00	R 7 900 000.00	-	-
OF 5	Resealing of Tarred roads in Matjhabeng	All wards	Project on hold; Municipality to surface all Municipal Road with tar or paving with the assistance of ISA funds	Project has been advertised	R62 500 000.00	-	-	-
OF 6	Refurbishment of Municipal Stores in 4 th Street Welkom	32	Planning	Requisitions were submitted for the appointment of a service provider.	R3 000 000	-	R 3 000 000	-

7. ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2024/2025	BUDGET 2025/2026	BUDGET 2026/2027
OF 7	Refurbishment of all Municipal facilities	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, Virginia Town Hall, Ventersburg Town hall, Mmamahabane Hall, Toronto Hall, Welkom Club, Rovers Club, ErnestOppenheimer Theatre. Old Far East Hall, Hennenman community hall, Phomolong community hall.	-	-	-	-
OF 8	Construction of new Municipal Cattle Pound	32	Planning	-	R10 000 000	R5 000 000	R5 000 000	-
OF 9	Reinstatement of 6.5 KM	32,28	Contractor	-	R16 000 000	R16 000 000	-	-
OF 10	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 9 000 000	-	-	-
OF 11	Drilling of Boreholes in all 36 Wards of Matjhabeng Local Municipality	All	6 Boreholes are in construction. 30 are out on tender.	SCM has issued orders to contractors to commence	R 24 000 000	R 24 000 000	-	-
OF 12	Nyakallong disaster(flooding)	19&36	Construction	Ongoing	R3 000 000	R1 000 000	-	-
ELECTRICITY								
OF 13	BRONVILLE EXT 15 & 9		Planning 500 Stands to be Electrified	Electrical 132kv Substation Must Be Repaired For R68m Before Project Can Commence	R147 000 000,00	R26050,000,000	R 45 000 000	R 45 000 000.00
COMMUNICATIONS								
OF 14	Matjhabeng Newsletter	All wards	Planning		R 2 000 000,00	R 2 000 000,000	-	-

7. ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2024/2025	BUDGET 2025/2026	BUDGET 2026/2027
	(print and digital)							
WASTE MANAGEMENT								
OF 15	Solid Waste Removal	All Wards	Planning	-	R 10 000 000	-	-	-
OF 16	Establishment of a new land fill site in Virginia Town	8,10	Planning	-	R 15 000 000	R 5 000 000	R 10 000 000	-
OF 17	Procurement and Installation of Street Bins in all Town's CBDs	9, 32, 36	Planning	-	R 2 500 000	R 2 500 000	-	-
OF 18	Procurement and Installation of Awareness Campaign Boards in all Towns and Townships	9, 32, 36	Planning	-	R 6 000 000	R 2 000 000	R 2 000 000	R 2 000 000
OF 19	Development of Allanridge, Odendaalsrus and Henneman landfill sites to meet minimum legal requirements	36	Planning	-	R 9 000 000	R 3 000 000	R 3 000 000	R 3 000 000
OF 20	Establishment of 5 Transfer Stations in Welkom, Thabong, Virginia	16, 25, 32, 33, 34	Planning	-	R 10 000 000	R 2 000 000	R 3 500 000	R 4 500 000
OF 21	Establishment of 5 Community Compost Centers in Welkom	16, 25, 32, 33, 34	Planning	-	R 5 000 000	R 2 100 000	R 1 400 000	-
PARKS, SPORTS & RECREATION								
OF 22	Greening of Central Park and Virginia Gardens	32, 9	Planning: Development of scope and project plan	To promote greening of public open spaces	R1 600 000	R500 000	R500 000	R600 000
OF 23	Supply and delivery of a Cemetery Information Management System	All wards	Planning	To ensure effective administration and recordkeeping of burials as mandated by the Births and Deaths Registration Act 1992 as amended.	R1 500 000	R1 500 000	-	-
OF 24	Repair and maintenance of Riebeeckstad Swimming	25	Procurement of materials	To create an enabling environment for the promotion of sport by	R10 000 000	R6 000 000	R2 000 000	R2 000 000

7. ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2024/2025	BUDGET 2025/2026	BUDGET 2026/2027
	Pool			developing and maintaining community facilities				
OF 25	Repair and maintenance of Welkom Swimming Pool	34	Planning: Development of scope and project plan	To create an enabling environment for the promotion of sport by developing and maintaining community facilities	R6 000 000	R4 000 000	R1 000 000	R1 000 000
OF 26	Repair and maintenance of Mimosa Park	35,36	Planning	To create an enabling environment for the promotion of sport by developing and maintaining community facilities	R5 000 000	R2 500 000	R2 500 000	-
OF 27	Appointment of a service provider to supply and erect a concrete palisade fence at Phumlani Cemetery	17	Procurement	To enable an effective cemetery management service.	R6 000 000	R3 000 000	-	-
OF 28	Appointment of a service provider to supply and erect a concrete palisade fence at Hennenman Cemetery	2	Planning: Development of scope and project plan	To enable an effective cemetery management service.	R3 000 000	R3 000 000	-	-
OF 29	Appointment of a service provider for the repair and maintenance of the municipal nursery in Virginia	9	Planning: Development of scope and project plan	To promote the greening of public open spaces	R10 000 000	R5 000 000	-	-
OF 30	Repair and maintenance of Bronville Stadium	11	Planning: Development of scope and project plan	To create an enabling environment for the promotion of sport by developing and maintaining community facilities	R500 000	R200 000	R200 000	R100 000
OF 31	Painting of outside walls of Far-East Multi-purpose sport facility	13	Planning: Development of scope and project plan	To create an enabling environment for the promotion of sport by developing and maintaining community facilities	R350 000	R350 000	-	-
OF 32	Repair and maintenance of Parks Sport and Recreation offices	32	Planning: Development of scope and project plan	To create an enabling environment for the rendering of a service to the community	R500 000	R500 000	-	-

7. ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2024/2025	BUDGET 2025/2026	BUDGET 2026/2027
FLEET MANAGEMENT								
OF 33	Facilitate and advise on the construction, refurbishment and upgrading of the Welkom, Odendaalsrus and Virginia Work Shop facilities	9, 32, 36	Planning and part execution	Market Analysis in progress	R 45 000 000	R 25 000 000	R 13 000 000	R 7 000 000
TRAFFIC LAW ENFORCEMENT								
OF 34	Upgrading of Back Office System	All Wards	Planning	-	R 2 000 000	R 1 000 000	R 1 000 000	-
OF 35	Upgrade of the Traffic Training Academy	All Wards	Planning	-	R 5 000 000	R 2 000 000	R 3 000 000	-
OF 36	Installation of security systems	All wards	Evaluation stage	Appointment to be concluded by 10 May 2024	R 50 000 000	R 25 000 000	25 000 000	-
FIRE AND DISASTER MANAGEMENT								
OF 37	Establishment of the Matjhabeng Disaster Management Centre incorporating a Fire satellite station	All wards	Planning	-	R 21 000 000	R21 000 000 (MIG)	-	-
OF 38	Upgrade of the Fire Training Academy	All wards	Planning	-	R 8 000 000	R 4 000 000	R 4 000 000	-
OF 39	Procurement of Special Fleet and equipment for Fire and Disaster Management	All wards	Planning	-	R 20 000 000	R 10 000 000	R 10 000 000	-
LOCAL ECONOMIC DEVELOPMENT								
OF 40	Special events-Candle light and end year function	All wards	Planning	To promote social cohesion	R 2 000 000.00	R 2 000 000.00	-	-
OF 41	Special Economic Zone development	26,27,34,35		Funding source: MLM/PPP	R 100 000 000.00	-	-	-
OF 42	Sand River Route Development	TBC		Funding source: External	R 8 000 000.00	-	-	-

In addition to the above listed funded projects, there is a list of projects reflected in the IDP Final Review document 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 Acting Senior Manager: IDP - **Mr Tsekiso Majake** during office hours on 057 391 3385 Senior Manager: Budget - Ms **Lindsey Williams** on 057 391 3339