EXECUTIVE SUMMARY OF THE FINAL IDP AND BUDGET 2025/2026 OF MATJHABENG LOCAL MUNICIPALIY

1. PURPOSE

To publish the executive summary of the final IDP and Budget for 2025/2026 financial year of Matjhabeng Local Municipality. The two strategic documents were approved by Matjhabeng Local Municipality at its ordinary Council sitting held on the **29th of May 2025.**

2. BACKGROUND

The Council of Matjhabeng Local Municipality has adopted its Integrated Development Plan and Budget for the year 2025/2026. 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 2025/2026:

3.1. Budget Assumptions

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

- Consumer Price Index (CPIX) is forecasted to be 4.4%.
- 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 129*)
- GDP growth is projected to average 1.8% and growth in household expenditure is expected to improve to 1.2%. (*Source: Reserve Bank and National Treasury, MFMA Circular 129)*
- Increase in Vaal Central Water Board tariffs by 9,5%

- National Energy Regulator of South Africa (NERSA) approved tariff increases of 12.75% in 2024/2025 and 12.7% increase in 2025/2026 for Eskom Bulk Tariff increases (MFMA Budget Circular No. 129)
- Employee Related Cost in respect of the 2025/26 financial year increase as per the salary and wage collective agreement is based on average CPI percentage for the period 1 February 2024 until 31 January 2025, plus 0.75 per cent.
- Revenue Enhancement and Improved debt collection
- Municipal Debt Relief Programme
- Maximization of revenue generation of the municipal revenue base.
- Historical data in terms of municipal budgets and audited annual financial statements.
- Guiding circulars form National Treasury MFMA Budget Circular No. 129, including previous guiding circulars.

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

- Historical consumers pay rate per customer group and per service.
- Organ of state debt – Initiatives by NT, enforcing of credit control measures and strengthening relationships.
- Improving the effectiveness of revenue management processes and procedures to ensure that all revenues owed are collected.
- Implementing tariffs that reasonably reflect the cost associated with rendering the service, cost-reflective tariffs.
- Roll-out of smart metering solution.
- Promulgation and 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 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 2026/25 financial year is R176 885 000 and is funded by grants and own funding. The sources of funds for the capital budget are as follows:

Source of Funding	Amount
Municipal Infrastructure Grant	R109 958 000
Water Services Infrastructure Grant	R23 997 000
Integrated National Electrification Grant	R14 246 000
Neighbourhood development partnership grant	R 100 000
Own Funding	R28 584 000
Total Capital Budget	R176 885 000

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 2023-2027

6.1. Municipal Infrastructure Grant Funded Projects

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	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	Project progress is at 74%	R 31 460 707,78	R 31 460 707,78	-
MIG 2	Construction of 3 km paved roads and storm water drainage in Ward 13: Thabong	13	Registered	Project progress is at 67%	R 30 187 834,06	R 30 187 834,06	-
MIG 3	Construction of 3 km paved roads and storm water drainage in Ward 12: Thabong	12	Registered	-	29 882 033,21	R 29 882 033,21	-
MIG 4	Construction of 3 km paved roads and storm water drainagein Ward 10: Kutlwanong	10	Registered	Project progress is at 40%	R 31 673 211.45	R 31 673 211.45	-
MIG 5	Construction of 3 km paved roads in Ward 15: Thabong	15	Registered	Project progress is at 88.3%	R 31 419 274.44	R 283 902 64.23	R 3 029 010.21
MIG 6	Construction of Multi-Purpose Community Centre in Ward 23	23	Registered	Project progress is at 20%	R 39 723 398.01	R 39 723 398.01	-
SANITATION AND WATER							

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
MIG 7	Upgrading of wastewater treatment works phase 2 in Kutlwanong	18	Registered	Project progress is at 88%	R 19 099 081.55	R 9 480 484.75	-
MIG 8	Meloding(Virginia) replacement of 6.1km bulk-water pipeline from Merriespruit to Meloding	7 & 9	Registered	Project progress is at 32%	R 64 305 724.85	R 453 67921.16	-
MIG 9	Repairs and refurbishment of Virginia wastewater treatment works and pumpstation phase 1	9	Unregistered	Draft Business plan	R 14654 900.00	R 9546 321.23	R 510 8578.77
RECREATIONAL FACILITIES AND SPORTS							
MIG 10	Upgrading of Meloding stadium	4	Unregistered	Awaiting approval from HOD	R 19 320 685.07	-	-
MIG 11	Replacement of bulk water pipelines in Thabong along Ndaki road Phase 2	12 & 16	Unregistered	Yet to serve MIG Appraisal committee	R 36 329 452.54	-	-

6.2. Water Services Infrastructure Grant Funded Projects

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
WSIG 1	Construction of Outfall sewer line from Theronia WWTW to Sand-River	33	Planning	Awaiting signed agreements between landowners and municipality. Project plan is ready. There were outstanding professional fees that were paid in March 2024 to the consultant.	R 53 000 000.00	R 13 997 000.00	R 15 000 000.00
WSIG 2	Replacement of asbestos cement pipes (AC) and galvanized steel pipes in Welkom (WC-WDM)	33, 32, 34	-	Projet progress 25.5%	R 15 000 000.00	R 10 000 000.00	R 8 000 000.00

6.3. Integrated National Electrification Programme Grant Funded Projects

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
INEP 1	Welkom Reinstatement of the 20 MVA 132KV/6.6Kv vandalised Urania substation at Bronville town area	11	Under execution	To ensure 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 into the following: - It did not for part of the appointed consultant scope of works. It is the responsibility of the employer (MLM) to appoint the employer's representative in terms of the OHS Act Construction Act Regulation.	R 1 48 000 000.00	R 12 492 301.02	R 18 246 301.02
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

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
OF 1	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	Construction phase	Project is currently at construction phase and will be completed this Financial Year. The project estimate was R 5 985 213.41 Project progress is at 26%	R 7 935 050.76	R 7 935 050.76	-

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
OF 2	Rehabilitation of Du Plessis Street in Kutlwanong	18, 19, 22	Construction phase	Project is currently at construction phase and will be completed this Financial Year. Project progress is at 12%	R 6 968 027.13	R 6 968 027.13	-
OF 3	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	R 9 000 000	-
OF 4	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 5	Nyakallong disaster(flooding)	19&36	Construction	Ongoing	R3 000 000	R1 000 000	-
OF 6	3 km road (Stateway)	32 & 33	Planning	25mm asphalt reseal	R6 700 000	R6 700 000	-
OF 7	3 km road (Long Road)	32 & 33	Planning	25mm asphalt reseal	R6 700 000	R6 700 000	-
OF 8	3 km road (Koppie Alleen)	27	Planning	25mm asphalt reseal	R6 700 000	R6 700 000	-
OF 9	3 km road (Tempest)	27	Planning	25mm asphalt reseal	R6 700 000	R6 700 000	-
OF 10	3 km road (Constantia)	-	Planning	25mm asphalt reseal	R 4 000 000	R 4 000 000	-
OF 11	3 km road (Ndaki)	-	Planning	25mm asphalt seal	R 4 000 000	R 4 000 000	-
OF 12	3 km road (Nkoane)	12, 31, 30 & 26	Planning	25mm asphalt seal	R 4 000 000	R 4 000 000	-
OF 13	Dr Van Der Bijl Street	-	Planning	-	R11 700 000	R11 700 000	-
ELECTRICITY							
OF 14	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	R 45 000 000	R 45 000 000
OF 15	Upgrading at Industries and Step-up substations	-	Planning	-	R40 million	R40 million	-
OF 16	Upgrading of power supply for Thabong WWTW	-	Planning	-	-	-	-

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
WASTE MANAGEMENT							
OF 17	Establishment of a new land fill site in Virginia Town	8,10	Planning	-	R 15 000 000	R 5 000 000	-
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
OF 19	Development of Allanridge, Odendaalsrus and Henneman landfill sites to meet minimum legal requirements	36	Planning	-	R 9 000 000	R 6 000 000	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 5 500 000	R 4 500 000
OF 21	Establishment of 5 Community Compost Centers in Welkom	9,16, 25, 33, 34	Planning	-	R 5 000 000	R 1 400 000	-
PARKS, SPORTS & RECREATION							
OF 22	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.	R10 500 000	R10 500 000	-
OF 23	Appointment of a service provider to supply and erect a concrete palisade fence at Welkom Cemetery	35	Procurement	To enable an effective cemetery management service.	R15 000 000	R15 000 000	-
OF 24	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	R14 000 000	R9 000 000	R5 000 000
OF 25	Repair and maintenance of Bronville 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	R1 000 000	R1 000 000	-
OF 26	Painting of outside walls of	13	Planning:	To create an enabling environment	R350 000	R350 000	-

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
	Far-East Multi-purpose sport facility		Development of scope and project plan	for the promotion of sport by developing and maintaining community facilities			
OF 27	Repair of the roof of Meloding Multi-purpose sport facility	6	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 28	Greening of two (2) parks	12,14	Planning: Development of scope and project plan	To create an enabling environment for recreation by the community	R1 0000	R1 0000	-
OF 29	Goudrif Nr 2, Akasia,Goudrif Nr 1, Althea, Meloding, Northern,Ben Regal, Eldorie, Kitty, Gawie Theron and Henneman	-	-	-	-	-	-
FLEET MANAGEMENT							
OF 30	Facilitate and advise on the construction, refurbishment and upgrading of the Welkom, Odendaalsrus and Virginia Workshop facilities	9, 32, 36	Planning and part execution	Market Analysis in progress	R 45 000 000	-	R 45 000 000
TRAFFIC LAW ENFORCEMENT							
OF 31	Upgrading of Operational Centre	All wards	Planning	Mr. Peter, follow up _ include in the SDBIP/IDP	R 2 000 000	R 1 000 000	R 1 000 000
OF 32	Upgrade of the Traffic Training Academy	All wards	Planning	Mr. Mokoane follow-up	R 5 000 000	R 3 000 000	R 2 000 000
OF 33	Installation of security systems	All wards	In progress	Mr. Peter to give an update	R 50 000 000	R 25 000 000	R25 000 000
OF 34	Construct and upgrade security andalarm systems at pump stations and sewerage works to reduce theft and damage to infrastructure	All wards	Planning	Regular dysfunctional pump stations and WWTW due to theft and vandalism. Expensive to repair.	R15 000 000	-	-
FIRE AND DISASTER MANAGEMENT							
OF 35	Establishment of the	All wards	Planning	-	R 21 000 000	R21 000 000 (MIG)	-

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
	Matjhabeng Disaster Management Centre incorporating a Fire satellite station						
OF 36	Upgrade of the Fire Training Academy	All wards	Planning	-	R 8 000 000	R 4 000 000	R 4 000 000
OF 37	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 38	Development of Special Economic Zone near Virginia	24,33&35	**Phase 01 – Studies** Intervention has been made through Office of the Presidency. The project might receive compliance exemptions.	Mafumo Consulting and Technical Steering Committee comprised of MLM, Free State Province, DTIC, and National Government (DPME)	R20B	R 17M (ISA) and PPP	TBC
OF 39	Development of Integrated Airport with Cargo and Logistic Hub with Flamingo Township	35	**Phase 01 – Studies** Tender awarded (Feasibility Study Phase).	Sebastian Investments and Logistics (Pty) Ltd and the Matjhabeng Technical Steering Committee	R18B	Private Funding	TBC
OF 40	Operation and Development of Integrated Event and Sport Facility and Facility Management	35	**Phase 01 -** Tender Specification Drafting and awaiting Council review for rescinding of previous resolution and Lease Authorization.	Project was initially authorized for DESTEA and its agencies, however, no positive outcome of the signing of the MoU. An Item to rescind the previous resolution for internal SCM process to secure Investors.	TBC	Private Funding	TBC
OF 41	Refurbishment of the Facility	32	**Implementation - Phase – construction** Projects anticipated to completed in March to April 2025.	LDA through the Technical Steering Committee comprising of DTIC, MLM, LDM/LDA	TBC	R 49M (MLM & DTIC)	TBC
OF 42	Development of Thabong Industrial Green Estate to cate for SMME and Start-Ups facilities	30&31	Phase 01 – Feasibility Studies	Services to be outsourced at risk for infrastructure fund raising	R300M	R 2,5M (MLM)	TBC
OF 43	Establishment of DMO for aggressive marketing and tourism enhancement	All	Phase 01 – Sourcing of a competent partner for DMO operation	The DMO carry the responsibility of Tourism Marketing and raise necessary funding for its operations.	TBC	R 300 000 (MLM)	TBC

ITEM NO.	PROJECT NAME	WARD NO.	CURRENT STATUS	COMMENTS/NOTES	PROJECT VALUE	BUDGET 2025/2026	BUDGET 2026/2027
OF 44	Development of mixed Development in portion 2-3-4-5 & Rem of portion of Erf 8836 of Welkom Ext 17	27	**Due diligence Phase** Undergoing due diligence and conceptualization stage. Will need budget for Feasibility Studies and fund raising	Services to be outsourced for Infrastructure service fund raising	TBC	Project Preparation Funding (ISA) & CIG	TBC
OF 45	Development Master Plan for Neighborhood Development in Township	All	**Due diligence Phase** Undergoing due diligence and conceptualization stage. Will need budget for Feasibility Studies.	Services to be outsourced for the development of precinct plans and business plans to unlock NDG Funding	R2.5M	R 2,4m (MLM)& R100k (NDPP)	TBC
OF 46	LED strategy review	All	ToR developed	To be outsourced	-	R 1.5m (MLM)	-
OF 47	Hosting of investment Event	All	Event planned on annual basis	Services to be arranged using both internal teams and outsourced teams for marketing and mobilisation of stakeholders	-	R 500 000 (MLM)	R 500 000 (MLM)
OF 48	Airport (Catalytic Project)	-	-	-	-	-	-
OF 49	Agri-Projects	-	-	-	-	-	-
COMMUNITY SERVICES (FACILITIES)							
OF 50	Thabong Community Centre	31	-	Planning	R 4 700 000, 00	R 4 700 000, 00	-
OF 51	Kutlwanong community hall	-	-	Planning	R 2 590 000, 00	R 2 590 000, 00	-
OF 52	Ventersburg community hall	1	-	Planning	-	-	-
OF 53	Phomolong community hall	2	-	Planning	R 2 100 000, 00	R 2 100 000, 00	-
OF 54	Meloding Community Hall	5	-	Planning	-	-	-
OF 55	Henneman community hall	3	-	Planning	-	-	-
OF 56	Flamingo Community Hall	34	-	Planning	-	-	-
OF 57	Nyakallong community hall	19	-	Planning	R 1 800 000, 00	R 1 800 000, 00	-
OF 58	Allanridge community hall	36	-	Planning	R 2 100 000, 00	R 2 100 000, 00	-
OF 59	Mmamahabane community hall	1	-	Planning	R 1 000 000, 00	R 1 000 000, 00	-

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 3108 and Acting Senior Manager Budget: **Mr. Thabiso Goralotsi** on 057 391 3339.