

LEKWA LOCAL MUNICIPALITY 2024/25 DRAFT IDP/BUDGET COMMUNITY CONSULTATIONS

Speaking Notes





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Purpose of the IDP/Budget community consultations

- To present the tariff increases and the draft budget for the 2024/25 financial year.
- To provide feedback to the members of the community on the performance of the Municipality regarding the implementation of programmes and projects contained on the 2023/24 IDP (July 2023 to June 2024 Financial Year).
- To share with the community programmes and projects contained in the 2024/25 IDP to be implemented from July 2024 to June 2025 Financial year.

OVERVIEW

National Treasury has issued Municipal Finance Management Act (MFMA) circular numbers 126 and 128 to guide the compilation of the 2024/2025 medium term revenue and expenditure framework (MTREF) which emphasises that during this tough economical period the municipalities should tighten their spending and reduced unnecessary or nice to have expenditures, improve and prioritise service delivery. The National Treasury projects real economic growth of 0.6 per cent in 2023. Real GDP growth is expected to moderate to 1.6 per cent over the medium term.

Macroeconomic Performance and Projections 2022 – 2027

Fiscal Year	2022/23 Actual	2023/24 Estimate	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
Consumer Price Index (CPI inflation)	6.90%	6%	4.90%	4.60%	4.60%

The weak economic growth has put pressure on consumers' ability to pay for services, this including slow growth in transfers from national government (GRANTS) resulted in the municipality falling into financial distress and facing liquidity problems. These include the municipality being unable to meet its payment obligations to Eskom, water boards and other creditors. There is a need for municipality to focus on collecting revenues owed to it and eliminate wasteful and non-core spending



Lekwa Local Municipality 2023/24 Projects Progress Report



SUMMARY OF CAPITAL EXPENDITURE REPORT 2023/2024

SUMMARY OF BUDGET ALLOCATION AND EXPENDITURE PER SOURCE

Funding Source	Total Allocation	Expenditure to Date(R)	Expenditure to Date (%)
MIG	R31,565,000	R20,712,198	66%
INEP	R8,500,000	R6,007,000	71%
MDRG (Response Grant)	R6,625,000	R 4,182,552	63%
MDRG (Recovery Grant)	R11,000,000	R0	0%
INTERNAL	R19,635,807	R16,863,006	86%

CAPITAL EXPENDITURE 2023/2024

MIG REPORTING

Project Name (Indicator)	Project Location (Ward)	Budget Allocated '000	Progress to Date	Expenditure to Date '000	Expenditure To Date (%)	No. of Jobs Created	Challenges	Remedial Actions	Project Duration
Upgrading of Standerton Water Bulk System phase 2A	10	R27,545	Construction @ 60%	R16 999	61	12	N/A	N/A	June 2024
Refurbishment/Installation of Boreholes in rural/farm Areas	9,12,13	R998	Construction @100%	R998	100	2	N/A	N/A	February 2024
Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets	9,12 &13	R1,329	Construction @100%	R 1 329	100	20	N/A	N/A	February 2024

CAPITAL EXPENDITURE 2023/2024

INEP REPORTING

Project Name (Indicator)	Project Location (Ward)	Budget Allocated '000	Progress to Date	Expenditure to Date '000	Expenditure To Date (%)	No. of Jobs Created	Challenges	Remedial Actions	Project Duration
Upgrade of A Sub (Phase 1)	7	R7,000	20MVA Transformer has been delivered awaiting for installation and commissioning.	R5,031	72%	0	N/A	N/A	June 2024
Construction of bulk line from A-Sub to Rooikoppen (Design and Tender documentation)	7,11	R1,500	Design in progress.	R976	65%	0	N/A	N/A	June 2026

CAPITAL PROJECT(INTERNAL) 2023/2024

Project Name (Indicator)	Project Location (Ward)	Budget allocated	Progress to Date	Estimated no of job creation	Project Duration
Upgrade of the Standerton Landfill Site	8	R19,635,807	Practical Completion	7	April 2024

CAPITAL EXPENDITURE 2023/2024

MIG REPORTING

Project Name (Indicator)	Project Location (Ward)	Budget Allocated '000	Progress to Date	Expenditure to Date '000	Expenditure To Date (%)	No. of Jobs Created	Challenges	Remedial Actions	Project Duration
Installation of High mast lights	9,12,13 &14	R 0	Preliminary design	R0	0	0	N/A	N/A	June 2026
Rehabilitation of Morgenzon Landfill site	14	R 0	Inception	R0	0	0	N/A	N/A	June 2026

WSIG & RBIG

Project Name	Project Location (Ward, area, and GPS coordinates)	Purpose	Project scope	Budget R'000	Project status	Start date	Planned completion date	No of HH to benefit	Work opportunities created
Upgrading of Rooikoppen Internal Sewer Reticulation Phase 6	Ward 2, 4, 6 & 11 Rooikoppen / Sakhile 26°59'16.15" S 29°12'15.09" E	Upgrade TLC & Rooikoppen Main Sewer Pump Stations, & Pumping mains to SWWTP	Upgrade TLC & Rooikoppen Main Sewer Pump Stations, Pumping mains to SWWTP	R148 405	82% Construction	February 2022	June 2024	17 163	16
Upgrading of Rooikoppen Internal Sewer Reticulation Phase 1 & 4.	Ward 2, 4, 6 & 11 Rooikoppen / Sakhile 26°59'16.15" S 29°12'15.09" E	Upgrading the Sewer Internal Reticulation and sewer pump station 2.	Upgrade the Sewer Internal Reticulation with 160, 250, 315, mm pipe size and upgrade sewer pump station 2.	R143 522	98 % Construction	30 Nov 2022	June 2024	1136	22



PROJECT ON PLANNING & PROCUREMENT PHASE

MINISTERIAL PROCUREMENT PLAN FOR FINANCIAL YEAR 2023 / 2024				
NAME OF MUNICIPALITY: GERT SIBANDE DISTRICT SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS (GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R200 000 INCLUDING ALL APPLICABLE TAXES) FOR THE FINANCIAL YEAR OF 2023/2024 – DWS MINISTER’S INTERVENTION TO LEKWA LM ON WATER & SANITATION CHALLENGES.				PROGRESS
Intervention No.	Description of goods / services / Infrastructure project	GSDM Approved Project Description	Estimated value (including all applicable taxes)	
1.	Upgrading of pump stations and bulk sewer for morgenzon	Upgrading of pump stations and bulk sewer for morgenzon	R 65, 064, 085	Procurement in progress
2.	Operations and maintenance of sewer pump stations in Standerton and Morgenzon	Operations and maintenance of sewer pump stations in Standerton and Morgenzon	R 25, 000,000	Procurement in progress
3.	Standby generator / back up power to wtp	Standby generator / back up power to wtp	R 6, 000, 000	Planning

Ministerial Intervention Projects

Intervention No	Project Name	Project Location (Ward, area,	Budget	Project status	Start date	Planned completion date	Work opportunities created
4	Construction and remedial works of the internal sewer services in Standerton Extension 8	Ward 9, Sakhile	R 13, 893, 734.60	Complete	15 February 2023	31 March 2024	12
5	Construction and remedial works of the internal water services in standerton extension 8	Ward 9 Sakhile	R15,320,386.93	Complete	15 February 2023	31 March 2024	14
6	Unblocking of the sewer reticulation system in Standerton in sakhile, Standerton ext. 6 & 7 & tlc area	Ward 2,3,4,5,7,15 Sakhile	R 19,894,375.15	Complete	22 March 2023	30 June 2024	10
7	Unblocking of the sewer reticulation system in Standerton in Concor drainage	Ward 8 Standerton	R 13,021,373,30	Complete	15 March 2023	April 2024	6
8	Unblocking of the sewer reticulation system in Standerton in Standerton cbd drainage	Ward 10 Standerton	R 12,996,389.10	95% Construction	15 March 2023	April 2024	12



Ministerial Intervention Projects

Intervention No	Project Name	Project Location (Ward, area,	Budget	Project status	Start date	Planned completion date	Work opportunities created
9	Provision of civil engineering and construction of water related infrastructure in reducing the non-revenue water in Standerton: Rooikoppen dma	Ward 5,11 Sakhile	R 7,282,706.15	Complete	16 March 2023	29 March 2024	5
10	Provision of civil engineering and construction of water related infrastructure in reducing the non-revenue water in standerton: concor dma	Ward 8 Standerton	R 4, 303, 215. 87	Practical Completion	16 March 2023	29 February 2024	6
11	The provision of civil engineering and construction of water related infrastructure in reducing the non-revenue water in standerton: old standerskop dma	Ward 7,15	R 9,307,067.30	Practical Completion	22 May 2023	23 March 2024	9
12	Refurbishment of Standerton Water Treatment Works	Ward 10	R164,000,000	In progress	26 September 2023	June 2024	14
13	Upgrading of Johan and Steyn Pump station	Ward 4	R 13 658 664	In progress	January 2024	July 2024	0
14	Upgrading of Vaal and Muller Pump station	Ward 4,10	R 10 930 539	In progress	January 2024	July 2024	0
15	Upgrading of Talijaard Pumpstation	Ward 3	R 7 373 162	In progress	January 2024	April 2024	0



CAPITAL BUDGET FUNDING 2024/2025

Description	Adjustment Budget	2024/25	2025/26	2026/27
		Draft Budget	Budget	Budget
INEP (Schedule 5B)	8 500 000	14 620 000	10 808 000	9 764 000
MIG (Schedule 5B)	31 565 000	33 151 000	34 623 000	37 364 000
EEDSM (Schedule 5B)	0	4 000 000	4 000 000	4 000 000
Municipal Disaster Recovery Grant (Allocation received in 23/24 FY is R11m) Project planned for implementation from March 2024 to Feb 2025)	R8 625 000 (Projected Exp in 23/24 FY)	9 000 000		
Grand Total	40 065 000	60 771 000	49 431 000	51 128 000

Proposed MIG and Other Grants Projects 2024/2025



Project Name	Project Funding	Amount
Upgrading of Standerton Water Bulk System phase 2A: Construction of Kieser Reservoir and Pressure Tower.	MIG	406 736
Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets	MIG	2 500 000
Refurbishment/Installation of boreholes in rural/farm areas	MIG	2 827 340
Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas	MIG	7 564 140
Rehabilitation of Morgenzon Landfill site	MIG	9 395 234
Development of Thuthukani Cemetery	MIG	8 800 000
Construction of 11KV Switching Station for Rooikoppen	INEP	10 000 000
Construction of 6km ,11KV line from Substation A to Rooikoppen	INEP	4 620 000
Implementation of energy efficiency and energy demand management within Lekwa LM	EEDSM	4 000 000
Rehabilitation of 1km of Vry Street	MDRG	9 000 000
Keep Lekwa Clean	EPWP	1 760 000



Identified SLP Projects : 2024/2025

IDENTIFIED SLP PROJECTS 2024/2025

No	Project Name	Status	Ward	Funding Source	Amounts	Progress Status	Estimated Start & Completion date
1.	Provision of sanitation	Not commenced	1-15	Seriti	4 500 000	Procurement phase	TBC
2.							

Sector Department Projects 2024/2025

DEPARTMENT OF EDUCATION					
Local Municipality	Project/Programme Name/Description	Project Beneficiary/ Ward/Location/ GPS Coordinate	2024/25 Target	2024/25 Budget Allocation (Annual) R'000	Total project cost R'000
Lekwa	Vaalrivier Special School- Upgrades & additions	Lekwa	100%	4,285.43.	27,265.00
Lekwa	George Hofmeyer Special School- Upgrades & additions	Lekwa	100%	6,367.55	15,026.00.

Sector Department Projects 2024/2025

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT					
Local municipality	Project/Programme Name/Description	Project Beneficiary/ Ward/Location/ GPS Coordinate	2024/25 Target	2024/25 Budget Allocation (Annual) R'000	Total project cost R'000
TENURE REFORM IMPLEMENTATION					
All municipalities	Land Acquisition for Farm Dwellers and Labour Tenants	Farm Dwellers and Labour Tenants	Acquisition of 467 hectares of land to secure the legally insecure land tenure rights	R3 195 000	R3 195 000
STRATEGIC LAND ACQUISITION					
All municipalities	Land Acquisition for agricultural (food security) and development purposes	Historically Disadvantaged Individuals (preferably women, youth and persons with disabilities)	Acquisition of land for agricultural (food security) and development purposes.	R124 700 000	R124 700 000
Not yet identified	Gert Sibande non-agricultural project	Not yet identified	Provision of mechanisation, production inputs, skills development, operational costs to support food production in the prioritised commodities value chain.	R 700 000	R 1 000 000

Sector Department Projects 2024/2025

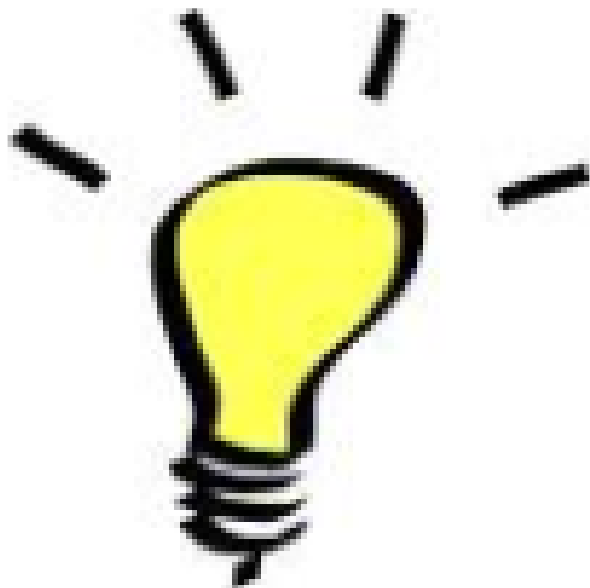
DEPARTMENT OF COMMUNITY SAFETY, SECURITY & LIAISON			
Local municipality	Project/Programme Name/Description	Project Beneficiary/ Ward/Location/ GPS Coordinate	2024/25 Budget Allocation (Annual) R'000
Lekwa	<ul style="list-style-type: none"> Community Outreach Programme (Imbizo) 	<ul style="list-style-type: none"> Sakhile 	850
	Educational awareness campaigns <ul style="list-style-type: none"> Liquor traders event 	<ul style="list-style-type: none"> Standerton & Sakhile 	15
	School Safety Initiative <ul style="list-style-type: none"> Crime awareness campaign 	<ul style="list-style-type: none"> Azalea Combined School 	19
	Contact Crime initiative Campaign against domestic violence	<ul style="list-style-type: none"> Morgenzon 	17
	Support to Community Safety Forum (CSF)	<ul style="list-style-type: none"> Lekwa Local Municipality 	13
	Support to Community Policing Forum (CPF's)	<ul style="list-style-type: none"> Sakhile Morgenzon Standerton 	25
	Job Massification: Recruitment and Deployment of Tourism Safety Monitors for a 12 Months Closed Contract @R2432.22 pm	5. young people <ul style="list-style-type: none"> Standerton 	146

DEPARTMENT OF ECONOMIC DEVELOPMENT

Local municipality	Project/Programme Name/Description	Project Beneficiary/ Ward/Location/ GPS Coordinate	2024/25 Target	2024/25 Budget Allocation (Annual) R'000	Total project cost R'000
Province-wide	Implementation of the Enterprise Development Programme	N/A	<ul style="list-style-type: none"> - Disburse financial support to approved enterprises - Provide non-financial support to approved enterprises 	R 63 200 000.00	R 63 200 000.00



Proposed Tariff increases



The proposed tariffs adjustment for financial year 2024/2025 are outlined as follows:

Property Rates
0% new GV
to be implemented

Electricity
12.72% as per
NERSA guidelines.

Water & Sanitation
4.9% as per CPI.

Waste Management
4.9%
Refuse Removal as
Consumer Price Index

Miscellaneous 4.9%
as per Consumer Price
Index

DRAFT BUDGET SUMMARY



For the fiscal year 2024-2025, the total operating revenue is expected to grow from **R1 181 billion** to **R1 309 billion**, when compared to the adjusted budget for 2023-2024. Operating expenses are set to move from **R1 442 billion** to **R1 415 billion**. This leads to an overall deficit of R126 million and an operating deficit of **R106 million**.

	ORIGINAL BUDGET	PROPOSED ADJUSTMENT BUDGET	2024/25 Medium Term Revenue & Expenditure Framework		
			Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
TOTAL OPERATIONAL REVENUE	-R 1 133 122 559.00	-R 1 181 949 768.89	-R 1 309 170 361.94	-R 1 421 232 150.00	-R 1 534 011 200.00
TOTAL OPERATIONAL EXPENDITURE	R 1 361 490 615.00	R 1 442 530 656.94	R 1 415 239 610.55	R 1 513 214 641.04	R 1 623 830 356.91
SURPLUS/DEFICIT	R 228 368 056.00	R 260 580 888.05	R 106 069 248.61	R 91 982 491.04	R 89 819 156.91
WRITE-OFF BUDGET	R 1 100 337.00	R 77 896 484.44	R -	R -	R -
SURPLUS/DEFICIT EXC WRITE-OFF	R 227 267 719.00	R 182 684 403.62	R 106 069 248.61	R 91 982 491.04	R 89 819 156.91
CAPITAL REVENUE	-R 40 636 600.00	-R 55 998 600.00	-R 50 113 450.00	-R 47 699 850.00	-R 49 259 800.00
CAPITAL EXPENDITURE	R 75 686 600.00	R 92 243 790.08	R 70 363 450.00	R 43 271 850.00	R 45 259 800.00
SURPLUS/DEFICIT	R 263 418 056.00	R 296 826 078.13	R 126 319 248.61	R 87 554 491.04	R 85 819 156.91
SURPLUS/DEFICIT EXCL CAPITAL	R 187 731 456.00	R 204 582 288.05	R 55 955 798.61	R 44 282 641.04	R 40 559 356.91

The indigent support scheme is outline below:

DESCRIPTION	2023/2024 VAT Inclusive	2024/2025 VAT Inclusive
Free Electricity	R 2 323 430.14	R 2 437 278
Free Water	R 3 563 503.34	R 3 738 114
TOTAL	R5 886 933.48	R6 175 392



Draft 2024/2025 IDP Priorities

- i. Financial Recovery (Revenue enhancement) Generate 100% revenue
- ii. Provision of basic services (water 100%, sanitation 100%, electricity 100%, waste 75% and roads 60%)
- iii. Reduce unemployment rate by 5% over 5 years
- iv. Grow Local economy by 0, 25%
- v. To consult the communities through 300 consultative programmes for five years
- vi. Enforcement of Legislation and By-laws
- vii. Municipal employees and councillors trained –compliance and adherence to the approved WSP
- viii. Building communities
- ix. Promote development in line with the Environmental Management Framework
- x. Reduce debt by 50%



Draft 2024/2025 IDP

Issues raised by community	Proposed Intervention and/or programmes	Target date for implementation
<ul style="list-style-type: none"> <input type="checkbox"/> Uninterrupted and clean water supply; Uninterrupted electricity supply; <input type="checkbox"/> Decreased sewer spillages; <input type="checkbox"/> Provision of toilets in rural wards; Graveling and paving of roads; <input type="checkbox"/> Repair potholes on tarred roads <input type="checkbox"/> Provision and maintenance of stormwater drainage; <input type="checkbox"/> Road signs <input type="checkbox"/> Adherence to waste collection schedule Address Illegal dumping sites 	<p>Note: all the projects mentioned below have been discussed in detail under the capital expenditure and proposed projects for 2024/2025. These are the interventions that the municipality is undertaken in addressing basic service delivery issues raised by the community.</p> <p>Currently implementing the following projects in response to the identified issues:</p> <ul style="list-style-type: none"> • Upgrading of Standerton Water Bulk System phase 2A • Refurbishment/Installation of Boreholes in rural/farm Areas • Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets • Upgrade of A Sub (Phase 1) • Construction of bulk line from A-Sub to Rooikoppen (Design and Tender documentation) • Upgrade of the Standerton Landfill Site • Installation of High mast lights • Upgrade TLC & Rooikoppen Main Sewer Pump Stations, Pumping mains to SWWTP <p>Projects planned for 2024/2025 in in response to the identified issues:</p> <ul style="list-style-type: none"> • Upgrading of Standerton Water Bulk System phase 2A: Construction of Kieser Reservoir and Pressure Tower. • Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets • Refurbishment/Installation of boreholes in rural/farm areas • Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas • Rehabilitation of Morgenzon Landfill site • Development of Thuthukani Cemetery • Construction of 11KV Switching Station for Rooikoppen • Construction of 6km ,11KV line from Substation A to Rooikoppen • Implementation of energy efficiency and energy demand management within Lekwa LM • Rehabilitation of 1km of Vry Street • Keep Lekwa Clean 	<p>July 2024 – June 2025</p>

Draft 2024/2025 IDP

Issues raised by community	Proposed Intervention and/or programmes	Target date for implementation
<ul style="list-style-type: none"> ▪ Provision of RDP houses ▪ Issuing of title deeds ▪ Serviced sites for development ▪ Informal settlements upgrades ▪ Recreational facilities 	<p>The municipality is currently busy with township establishment projects to create serviced stands and sites for the provision of RDP houses and the relocation/upgrading of informal settlements. The projects will continue in the 2024/2025 financial year. The projects are:</p> <p>1. Project description: Morgenzon Ext 5: <u>Type of project:</u> Township establishment for low cost housing funded by Gert Sibande District Municipality. <u>Progress:</u> Application has been submitted to Tribunal for decision making.</p> <p>2. Project description: Standerton Ext 10/ Standerton Mall: <u>Type of project:</u> Township establishment project for mixed use development. Phase 2 of Standerton mall: <u>Progress:</u> Comments received from Internal Departments on 09/10/2023, awaiting Record of Decision from Department of Environmental Affairs.</p> <p>3. Project description: Sakhile Ext 7 Portion 2 of the Farm Rooikopen & Portion 11 of the farm Rooikopen : <u>Type of project:</u> Township establishment for residential Development funded by Department of Human Settlements. <u>Progress:</u> Environmental Impact Assessment underway. Environmental Impact Assessment application form signed and submitted to applicant. Project Steering Committee appointed. Meeting scheduled for April.</p> <p>4. Project description: Informal settlement upgrading (Welamlambo) Subdivision of erven 7847 & 5348 Sakhile Ext.4 into +/-168 single residential properties <u>Progress:</u> Final layout plans approved, Draft SPLUMA application submitted</p> <p>5. Title deeds: The municipality appointed a panel of lawyers to deal with the issue of title deeds that were not issued for residents who bought stands from the municipality.</p>	<p>July 2024 – June 2025</p>

Draft 2024/2025 IDP

Issues raised by community	Proposed Intervention and/or programmes	Target date for implementation
<ul style="list-style-type: none"> ▪ Job creation to address unemployment ▪ SMME support 	<p>Currently implementing the following projects in response to the identified issues:</p> <p>The municipality will continue with job creation projects in partnership with other sector departments. These include:</p> <ul style="list-style-type: none"> - EPWP (Expanded Public Works Programme) - Siyathuthuka Programme - CWP (Community Work Programme). <p>The municipality undertakes SMME support programmes in partnership with sector departments and stakeholders. These are advertised on through the municipality social media platforms. For the 2024/2025 financial year, all SMME support programmes will be published on all municipal platforms as received from stakeholders.</p>	<p>July 2024- June 2025</p>
<ul style="list-style-type: none"> ▪ Accurate billing system 	<p>Currently implementing the following projects in response to the identified issues:</p> <ul style="list-style-type: none"> • The municipality concluded the valuation roll project and the valuation roll for the financial years 1 July 2024 to 30 June 2028 is open for public inspection. The municipal valuation roll is a crucial document used by the municipality to determine property values for property rates and taxes. • The valuation roll will assist the municipality to fix the billing system. 	<p>July 2024- June 2025</p>



Wayforward

- Community members are invited to submit written comments on the Draft IDP and Budget for the 2024/2025 financial year.
- Copies of the documents (IDP and Budget) are available in **all strategic points and or Municipal buildings such as follows:**
 - The main Municipal Office Building in Standerton
 - Municipal website
 - Sakhile Office
 - Morgenzon Satellite Office
 - Standerton Library
 - Morgenzon Library
 - Thuthukani Library
 - Thusong Centre
 - Lilian Mambakazi Clinic
- The inputs and written comments will be factored into the final IDP which will be tabled to Council for adoption on or before 31 May 2024



QUESTIONS

- Thank You

