



Lekwa Local Municipality

IDP SUMMARY 2024/2025



5TH GENERATION INTEGRATED DEVELOPMENT PLAN (IDP) 2022-2027

As prescribed by Section 34 of the Local Government: Municipal Systems Act (Act No. 32 of 2000) (MSA)

2024/2025 Financial Year Review

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1 LEGISLATIVE FRAMEWORK OVERVIEW

The Municipal Systems Act, (No 32 of 2000), compels municipalities to prepare Integrated Development Plans (IDPs). The IDP serves as a tool for the facilitation and management of developments within the municipal area of jurisdiction. In conforming to the Act's requirements, the Council of Lekwa Local Municipality (LLM) has delegated the authority to the Municipal Manager to prepare the IDP.

The aim of the IDP for Lekwa Local Municipality (LLM) is to present a coherent plan in order to achieve the vision of the municipality. The intention of this IDP is to link, integrate and co-ordinate development plans for LLM which are aligned with national, provincial and district development plans as well as planning requirements binding on the municipality in terms of legislation. The planning context and policy context, within which the integrated development planning is undertaken, is established through national, provincial, and local policy and legislation. The major planning instruments BVF that have a critical impact on the IDP are: National Government, Provincial Government (Mpumalanga), District Municipal level and Local Municipal Level.

The Constitution further states that the three spheres of government are distinctive, inter-dependent and inter-related. They are autonomous but exist in a unitary South Africa and have to cooperate on decision-making and must co-ordinate budgets, policies, and activities, particularly for those functions that cut across the spheres.

Cooperative governance means that national, provincial, and local government should work together to provide citizens with a comprehensive package of services. They have to assist and support each other, share information, and coordinate their efforts. Implementation of policies and government programmes particularly require close cooperation between the three spheres of government. Several policies, strategies and development indicators have been developed in line with the prescriptions of legislation to ensure that all government activities are aimed at meeting the developmental needs of local government.

The following sections outline the national, provincial and district policy directives, sector plans and legislation that set the strategic direction and with which the Lekwa Local Municipality must align to ensure that government spending is directed at the pressing needs of the community and those that contribute towards economic growth.

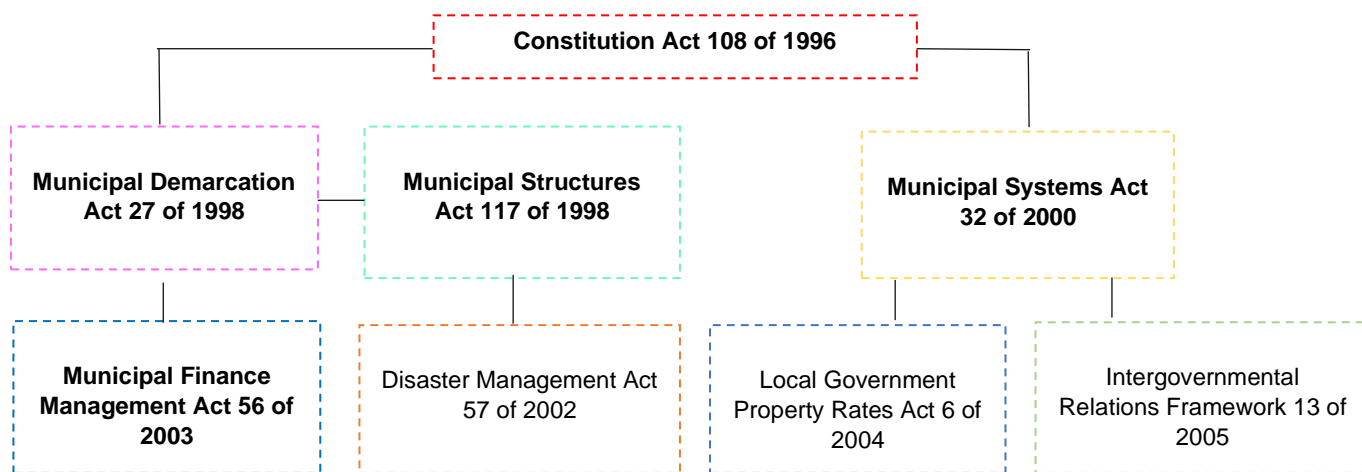


Figure 1: Local Government Legislations

2.

WHAT IS THE INTEGRATED DEVELOPMENT PLAN?

2 WHAT IS THE INTEGRATED DEVELOPMENT PLAN?

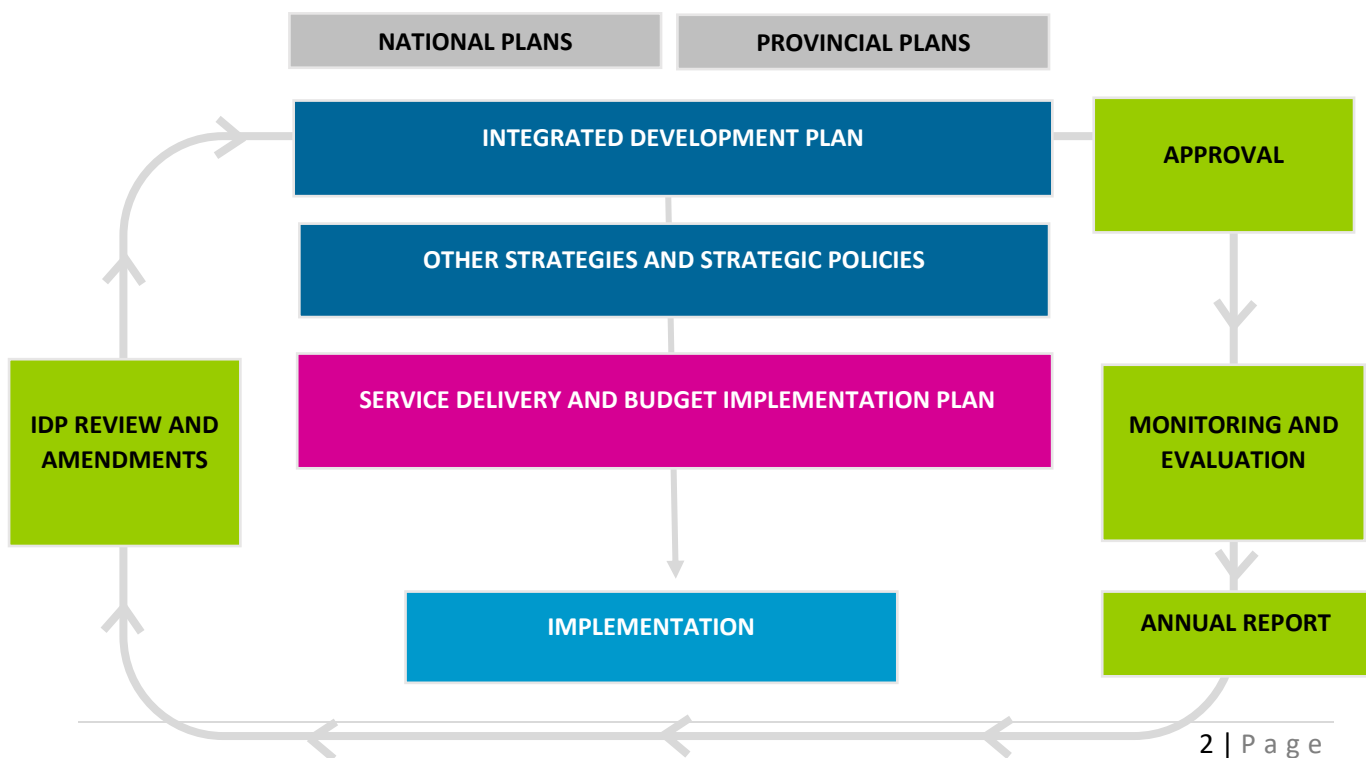
The Integrated Development Plan (IDP) is the central strategy of Lekwa Local Municipality. The IDP communicates to residents, businesses, and investors the municipality's long-term vision, and how the municipality plans to achieve it. It is required in terms of the Municipal Systems Act 32 of 2000, which defines the IDP as a municipality's principal strategic planning instrument that guides all municipal planning.

The IDP is made up of two parts – a strategic plan and an implementation plan. The strategic plan is informed by community needs, stakeholder inputs, a contextual analysis, and an evaluation of the existing state of Lekwa LM, to help identify challenges that the municipality needs to address to achieve its vision. A list of priorities and objectives are developed to provide focus in addressing the most critical strategic challenges.

The implementation plan, in turn, focuses on only those key strategic programmes, projects and initiatives that are critical to support the achievement of the strategic priorities during the current five-year term of office. The implementation plan also sets out which municipal departments are accountable for each programme.

Once the IDP has been adopted by Council, each department and entity must implement programmes aligned to the IDP. In-year monitoring occurs to ensure that the targets that the municipality sets out to achieve are on track, and if there are any challenges, these are detected through monitoring mechanisms and addressed accordingly. A reflective assessment against the IDP for the year is captured through the Integrated Annual Report. The outcomes for the year captured in the Integrated Annual Report serve as one source to inform the review of the IDP in the ensuing year.

2.1 THE IDP PROCESS



3 VISION

“To be the leading, people centered municipality excelling in economic growth, development and governance” Lekwa shall be the best achievable living space with the equally distributed infrastructure and service of the highest quality and standard, affording its people human development for a healthy and safe livelihood to live, work and play within a well-planned and sustainable environment.

3.1 Mission

They must be able to see:

- Transparent and accountable governance
- Accelerated customer focused affordable service delivery
- Creation of conducive environment for economic development and growth
- Sustainable infrastructural development and maintenance
- Enhance community participation in the affairs of the municipality
- To initiate ground breaking innovations in the way we conduct our business

3.2 Corporate Values

- Excellence
- Trustworthiness
- Timeous responsiveness
- Transparency
- Batho-Pele principles

3.3 Strategic Goals

- Revenue enhancement
- Revenue enhancement and Clean Audit outcome
- Improved access to water, sanitation, electricity, and waste removal
- Increased Economic growth
- Improved provision of transparent, accountable, effective, and efficient leadership.
- Improved organizational performance.
- Promoting spatial and environmental management

3.4 Strategic Objectives

- Generate 100% revenue
- Provision of basic services (water 100%, sanitation 100%, electricity 100%, waste 100% and roads 100%)
- Grow Local economy by 2-3%
- Enhance and strengthen Community Participation
- Reduce debt by 100%
- Provision of sustainable Integrated Human Settlements
- Ensure a financially viable and sustainable municipality
- Ensure participative, transparent, and accountable governance
- Facilitate a creation of a disaster ready communities
- Reduce unemployment rate by 5% over 5 years

3.5 Key Performance Areas

- Infrastructure Development and Service Delivery
- Municipal Transformation and Institutional Development
- Spatial Rationale and Local Economic Development
- Public Participation and Good Governance
- Financial viability

4.

LEADERSHIP AND GOVERNANCE

4 LEKWA LM COUNCIL

Lekwa LM Council consists of thirty members. The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and various social programmes in the municipal area.

Table 1: Composition of Lekwa LM Council

Political Party	Total Party Seats
ANC – African National Congress	13
LCF – Lekwa Community Forum	6
DA – Democratic Alliance	4
EFF – Economic Freedom Fighters	3
FF+ - Vryheidsfront Plus	2
ATM – African Transformation Movement	1
Independent	1
Total	30

4.1 LEKWA LM ORGANIZATIONAL STRUCTURE

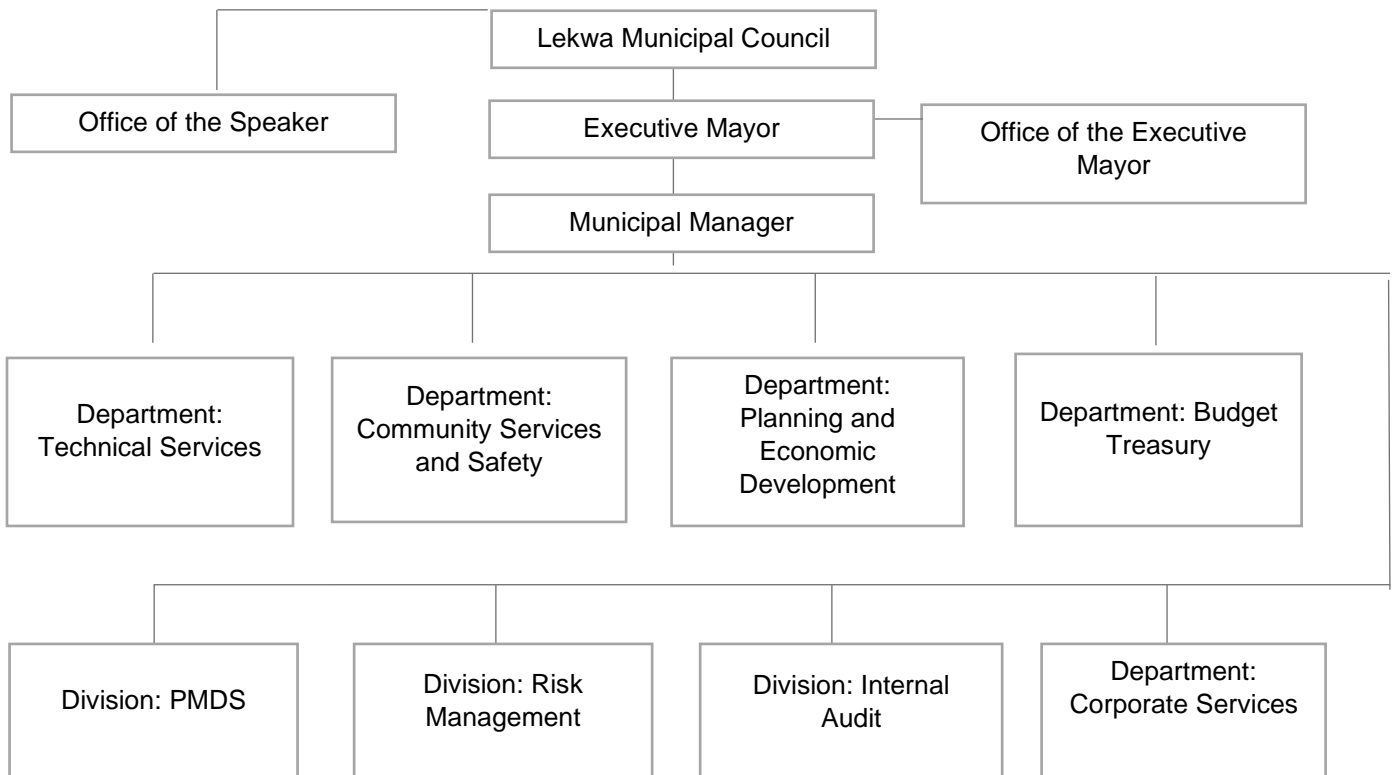


Figure 3: Lekwa Local Municipality Organizational Structure

4.2 POLITICAL LEADERSHIP

	Councillor	Ward	Area	Position
1.	Sifiso Mngomezulu	1	Ext 2, Mqashi, Loss, Welamlambo	Ward Councillor
2.	Piet Radebe	2	BJ, Ext 3, Ext 9, Loss	Ward Councillor
3.	Mapaseka Molaba	3	Ext.1, Shivovo, Mahala Park, Stanwest	Ward Councillor
4.	Jacobus Stoltz	4	Meyerville, TLC	Ward Councillor
5.	Litheko Marago	5	Jabavu, Ext 2, Phalama, Mapheshini	Ward Councillor
6.	Smanga Ngwenya	6	Khilani, Simendeni	Ward Councillor
7.	Swazi Tshabalala	7	Ext. 7	Ward Councillor
8.	Carlos Franco	8	Kosmos and Flora Park	Ward Councillor - Chair Budget and Treasury
9.	John Nkutha	9	Holmdene, Ext. 8	Ward Councillor
10.	Wilma Venter	10	Town, Vodacom	Chair Technical
11.	Sibusiso Ngqulunga	11	Rooikoppen	Ward Councillor
12.	Thabang Motaung	12	Thuthukani and surrounding rural areas	Ward Councillor
13.	Sesana Masondo	13	Platrand and surrounding farms/ rural areas	Ward Councillor
14.	Doctor Manana	14	Morgenzon	Ward Councillor
15.	Rose Motloung	15	Ext.6	Ward Councillor
16.	Delani Thabethe	PR	N/A	Executive Mayor
17.	Sipho Majosi	PR	N/A	Speaker of Council
18.	Dumisani Msibi	PR	N/A	Chief Whip
19.	Aubrey Maboeca	PR	N/A	Councillor
20.	Gibson Xulu	PR	N/A	Councillor
21.	Seipati Modise	PR	N/A	MMC: Community Services
22.	Sithi Silosini	PR	N/A	Chair: MPAC
23.	Nwabisa Tlhakudi	PR	N/A	Chair: Rules and Ethics
24.	Phindile Mahlaba	PR	N/A	MMC: Corporate Services
25.	Amanda Mthimkulu	PR	N/A	Councillor
26.	Jan Sebilwane	PR	N/A	MMC: PED
27.	Nrateng Selepe	PR	N/A	Councillor
28.	Nomakhosi Nhlapho	PR	N/A	Councillor
29.	Sello Tsotetsi	PR	N/A	Chair: Planning & Economic
30.	Daniel Venter	PR	N/A	Councillor

Table 2: Political leadership and Lekwa Local Municipality Cou

5.

SITUATIONAL ANALYSIS

5 STATISTICAL OVERVIEW OF LEKWA LOCAL MUNICIPALITY












Population			Households					
	Population Number: 119 669 (Stats SA – Census 2022)			Households: 38 583 (Stats SA – Census 2022)				
Education			Poverty					
	Matric Pass Rate	75.6% (2023 NSC Results)		Population below the Lower Bound Poverty Line (LBPL)	47.5%			
	Admission to B Degree studies	28.7% (2023 NSC Results)		Number of poor households in 2023 as estimated by National Treasury	23 187			
Access to Basic Service Delivery								
	Access to piped water in the dwelling 69.1%		Flush toilets connected to sewerage 91.4%		Electricity for lighting 94.8%			
	Weekly refuse disposal service 77.7%			Formal Dwellings 88.5%				
Labour and Economic Indicators								
Estimated number of job losses in 2021	3 968	Official/ strict unemployment rate 2022	23.9%	Average annual economic growth 1996 - 2022	1.5%			
Number of job gains in 2022	5 512	Official youth (15-34yr) unemployment rate 2022	37.7%	Average annual economic growth 2023 – 2027	3.2%			
Structure of Lekwa's Economy in constant 2015 – prices								
Agriculture 11.1	Mining 11.4%	Manufacturing 12.2%	Construction 1.8%	Trade 13.7%	Transport 5.2%	Finance 14.5%	Community Services 21.4%	Utilities 8.6%
Health Indicators								
	HIV Prevalence amongst 15-24 year olds	April 2021 – March 2022		Teenage Pregnancy	Teenage deliveries 2020/2021			
		April 2020- March 2021			Teenage deliveries 2021/2022			
		195			472			
		157			378			

Table 3: Socio-Economic Overview of Lekwa LM

6.

COMMUNITY NEEDS ASSESSMENT

6 Community Needs Assessment Methodology

Lekwa Local Municipality embarked on an all-inclusive and thorough public participation programme with its local community members in the process of reviewing the five-year 2022/27 IDP for the 2024/2025 financial year. The public participation primarily focused on community engagements through physical meetings across all fifteen (15) wards. The councillors, Municipal Manager, Heads of Departments and Divisional Managers attended the various meetings. The meetings took place in the months of February and March 2024. The municipality used a hailing system to notify residents of the consultations. In addition, the schedule of meetings was published on the municipality's social media page.

6.1 Performance Report

The table below reflects the performance of Lekwa LM in implementing its IDP consultation programme. All fifteen wards were consulted. Challenges encountered were addressed through rescheduling sessions.

First Round of consultations

Ward	Date	Venue and Time	Achieved / Not achieved
1	14/02//2024	Social Centre/17:00 pm	Consultation disrupted
2	15/02/2024	Social Centre/17:00 pm	Achieved
3	14/02//2024	Stanwest Hall/ 17:00 pm	Consultation disrupted
4	15/02/2024	Stanwest Hall/ 17:00pm	Achieved
4	2102//2024	Microsoft Teams/ 17:00pm	Achieved
5	19/02/2024	Social Centre/ 17:00 pm	Achieved
6	14/02/2024	Sakhile Hall/17:00 pm	Achieved
7	15/02/2024	COJ / 17:00pm	Consultation disrupted
8	21/02/2024	Eskom Hall/17:00 pm	Consultation disrupted
9	13/11/2022	Holmdene Secondary School/ 10:00 am	Consultation disrupted
9	03/03/2024	Holmdene Secondary School/ 10:00 am	Consultation disrupted
9	19/02/2024	Khunjuliwe Secondary School/ 17:00pm	Consultation disrupted
10	19/02/2024	Ext.6 Community Hall / 17:00pm	Achieved
10	21/02/2024	Microsoft Teams/ 17:00pm	Achieved
11	20/11/2024	Rooikoppen Hall/ 17:00 pm	Consultation disrupted
12	18/02/2024	Thuthukani Hall/10:00 am	Consultation disrupted
12	03/03/2024	Thuthukani Hall/10:00 am	Consultation disrupted
13	18/02/2024	Qondulwazi Secondary School/10:00 am	Consultation disrupted
13	03/03/2024	Erdzak Primary School	Consultation disrupted
14	20/02/2024	Sivukile Community Hall/17:00 pm	Achieved
15	20/02/2024	Community Hall Ward 15/:17:00	Achieved

Second Round of consultations

Ward	Date	Venue and Time	Achieved / Not achieved
1	09/05/2024	Social Centre/17:00 pm	Consultation disrupted

2	02/02/2024	Social Centre/17:00 pm	Consultation disrupted
3	15/05/2024	Stanwest Hall/ 17:00 pm	Consultation disrupted
4	02/05/2024	Stanwest Hall/ 17:00pm	Achieved
5	06/05/2024	Social Centre/ 17:00 pm	Achieved
6	09/05//2024	Sakhile Hall/17:00 pm	Achieved
7	15/05/2024	Ezinyamazani Ground/ 17:00pm	Achieved
8	15/05/2024	Eskom Hall/17:00 pm	Consultation disrupted
9	05/05/2024	Holmdene Secondary School/ 10:00 am	Achieved
9	19/02/2024	Khunjuliwe Secondary School/ 17:00pm	Achieved
10	07/05/2024	Ext.6 Community Hall / 17:00pm	Achieved
10	06/05/2024	Standerton Town Hall/ 17:00pm	Achieved
11	02/05/2024	Rooikoppen Hall/ 17:00 pm	Consultation disrupted
12	05/05/2024	eGroundini RDP/10:00 am	Achieved
13	05/05/2024	Qondulwazi Secondary School/10:00 am	Achieved
14	06/05/2024	Sivukile Community Hall/17:00 pm	Achieved
15	08/05/2024	Community Hall Ward 15/:17:00	Achieved

6.2 Community Issues

The table below indicates all community issues raised during consultations per ward. The issues are categorised into service delivery category. The issues will be utilised to formulate the situational analysis and will determine priorities, projects and budgets. The issues will also assist the municipality in determining the type of assistance to request through the district development model.

Ranking scale

Critical
High
Medium
Low

Critical ward priority issues as prioritised per ward

Community issue	Problem description (Extent of the problem)	Affected Ward	Proposed Intervention	Responsible Department
KPA: BASIC SERVICE DELIVERY AND INFRASTRUCTURE				
Water	Access to water	No water for long periods of time, years, months etc. in various areas	1, 2, 3, 4, 7, 8, 9 (Ext8), 10 (Voda), 11, 12, 13, 15	Upgrade water infrastructure
		Interrupted water supply during power outage/ loadshedding.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15	Procure backup generator for water pumps. Explore solar for backup generator
		Alternative water sources in informal settlements and rural wards	7, 11, 13, 15,	Provide electric pumps for windmills. Drill boreholes deeper. Provide jojo tanks at informal settlements
		High laying areas in the municipality do not get water supply. These areas used to have water in the past. No water in certain farms	4, 5, 11, 9	Water pressure pumps for high laying areas Construct satellite water plant
	Unclean water	Water from the tap is unclean (muddy).	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15	Clean water and continue with lab testing services offered by GSDM
Water trucks	Water trucks do not deliver water to all residents equally. Water from the trucks also unclean.	1, 2, 3, 4, 5, 6, 7, 9 (Ext8), 10 (Voda), 15	Monitor water trucks to ensure that residents receive water equally	
Electricity	Smart Meters	Clarity/ consultation on the installation of smart meters	1, 2, 3, 4, 6, 7, 8, 9 10, 11, 13, 15,	Provide information on smart meters
	Interrupted power supply/ Internal loadshedding	Electricity is not switched back on equally for all sections after loadshedding.	1, 2, 5	Upgrade electrical power infrastructure
		Non – functional high mast and street lights. (Increased crime)	2, 4, 5, 6, 7, 8, 9, 11, 12, 15	Provide high-mast and street lights
	Some households do not have access to electricity.	4, 7, 9 (Ext 8 & Holm),12,13	Connect electricity from powerlines to houses without	
Sanitation	Sewer spillages	Provision and maintenance of toilets.	9, 3 (Stanwest Hall),7, 12, 13	Provide toilets for dwelling units without

		Toilets are full and need to be desludged.	9,11, 6 Slovo, 9, 10, 12, 13, 14	Procure equipment and machinery needed to desludge toilets. Have a schedule similar to the refuse removal schedule.	
		Sewer spillages overflow into streets. Pollution of streets and complaints of smells.	1, 2, 3, 4, 6, 9 (ext. 08), 10 (Town)11, 14, 15	Upgrade sewage pipes and treatment plant	
		Sewer pipes were installed but never functional	1, 6	Install sewer pipes that were left unattended	
Roads and stormwater	Gravelling and paving of roads	Gravel and pave streets. Streets are muddy when it rains, preventing cars from accessing. Ambulances, taxis, and other emergency vehicles cannot access houses when it rains. Taxis refuse to fetch people with the bad road conditions.	1, 2, 4, 7, 9, 10 (Voda), 12, 13, 15	Pave and gravel roads frequently.	Technical Services
	Fix potholes	Many internal tar roads have potholes; only main roads are being fixed e.g. Hlongwane Drive.	1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15	Fix potholes for both internal and main roads	
	Stormwater drainages and management	Houses and streets are flooding due to no stormwater drainages. Some areas had trenches dug to channel runoff water, however these have closed due to dirt and illegal dumping.	1, 3, 4, 5, 6, 7, 8, 9 (ext. 8), 10, 11, 12, 14, 15	Provide stormwater drainages. Unclog blocked drainages and maintain stormwater drainages.	
	Road signages and traffic calming measures	No traffic calming measures on high order roads such as Hlongwane Drive. Puts road users at risk for accidents as there are no signs or measures to stop people from speeding.	1, 3, 5, 11, 13, 15,	Provide road signages and traffic calming measures such as speed humps on high order roads	
Waste	Waste removal	Illegal dumping sites	1, 2, 3, 4, 5, 7, 9, 10 (Town), 11, 14, 15	Develop and implement by-laws to penalise illegal dumping. Ensure that waste is collected and provide skipper bins at communal spots	Community Services
		Frequent waste collection	1, 3, 4, 5, 6, 7, 8, 9 (ext. 08), 10, 11, 12, 15	Notify residents when waste will not be collected	
KPA: LOCAL ECONOMIC DEVELOPMENT					

Employment	High unemployment rate	Employment opportunities for local people. Locals should benefit from projects. Corporations around Standerton should give first preference to locals especially for work that does not require specialised skills.	1,2,3,5,6,7,8,9,10,11, 12,13,14,15	Explore ways to create a conducive environment for job creation, to attract investment and encourage local economic development	Planning and Economic Development
SMM E Support	Subcontract SMMEs	Subcontract SMMEs in the projects	1, 2, 12, 9 (Holm), 10	Explore ways to subcontract SMMEs in local projects	
	Skills development for SMMEs	Provision of SMME trainings	2, 7,	Provide SMMEs with training to capacitate companies	
	Funding and support for businesses	Support is mainly given to business, NPOs are neglected. Some races are not notified of opportunities.	1,4,9,10,11,14	Open up support to different entities and all population groups in all wards	
KPA: SPATIAL RATIONAL					
Housing	RDP houses	Many community members registered for RDP houses a long time ago but no houses were constructed.	1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15	Liaise with the Department of Human Settlements and acquire land	Planning and Economic Development
	Title deeds	Residents request title deeds as they cannot transfer properties, borrow against their houses etc.	1, 2, 3, 4, 5, 7, 9 (ext. 8),12, 13	Finalize the appointment of lawyers to assist with title deeds. Open up township registers and proclaim townships.	
Vacant sites	Sites for development	Most RDP beneficiaries demolish RDPs and build their own houses. There is a need for serviced stands for people to build their own houses.	1, 3,4, 7,12,13,14	Township establishment (Subdivision) and acquire land. Liaise with sector departments to assist with servicing sites.	
Informal settlements	Upgrade/ Formalization of Informal Settlements	Some residents live in informal settlements without basic services. Mostly affected by floods and the inability of emergency vehicles to gain entry during emergencies.	2,3,4,5, 7, 10 (Voda), 11	Relocate households living in areas not suitable. Provide basic services and formalize suitable areas.	
KPA: FINANCIAL VIABILITY AND MANAGEMENT					
Billing	Incorrect billing	Residents are billed incorrectly. In some instances, residential sites are billed the same amount as business sites. Error in the system	1,2,4, 8, 10, 14, 15	Procure and integrate finance and spatial software to bill residents correctly	BTO

	Meter readers	Some households do not have meters making it difficult to get accurate readings.	1,4, 5, 11	Installation of functional meters and hire meter readers	BTO
	Amnesty for accounts	Some residents have municipal accounts in arrears and request the municipal to grant them amnesty.	1,2,8	Explore arrangements for residents to pay their municipal account debt	
KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION					
Recreational	Inadequate recreational facilities	There are no recreational facilities for young people to keep busy. Existing parks are not maintained.	3, 10, 11,12, 13, 14, 15	Provide recreational facilities that accommodate various activities other than sporting codes such as soccer and netball.	Community and Corporate services
Social amenities	Inadequate social amenities	Schools	5,7,8,9,13	Liaise with sector departments on the possibility of constructing new schools, satellite police station and a rehabilitation centre for those struggling with addiction.	Sector Departments
		Mobile clinic	12, 13		
		Community Hall	4		
		Satellite police station	12		
		Rehabilitation centre	5		
KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT					
Communication	Communication between residents and municipality	Communication between residents and the municipality: <ul style="list-style-type: none"> - Hail to let the community know about water cuts. - Update the community on refuse removal schedule - Communicate the start and progress of projects 1, 	1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 13, 14, 15	Explore other means to communicate with residents other than the Facebook page and municipal website as not all residents have access to these platforms.	Corporate Services

Table 1: Community priorities

7.

PROJECTS AND PROGRAMMES

7 CATALYTIC PROJECTS

Project	Ward/Location	Year to date investment	Categories of Expenditure (Social, economic, planning)	Reflection on the stage of implementation	Are there any challenges?	Is there intergovernmental support?	What financing instruments are being utilised?
1. Ext 9 – Standerton Regional Mall (Phase 1)	10/8	Private development	Economic	SPUMA application approved by Tribunal	Inadequate bulk infrastructure to support development	None	Privately funded
2. Ext 10 – Standerton Regional Mall (Phase 2)	10/8	Private development	Economic	Awaiting Environmental Authorization	Inadequate bulk infrastructure to support development	None	Privately funded
3. Rooikoppen Shopping Centre	11	Private development	Private	Site plan approved	Inadequate bulk infrastructure to support development	None	Privately funded
4. Inkazimulo Stimulation Centre	11	Seriti CSI	Socio-Economic	Construction	None	Yes – support from Department of Social Development as the it is a special kids needs school	CSI – Corporate Social Investment
5. Umbila Emoyeni Wind and Solar Facility	14	Private development	Economic	SPUMA application approved by Tribunal Currently awaiting approval of building plans	None	None	Privately funded - IPP (Independent Power Producers) initiative

7.1 INTERNALLY FUNDED PROJECTS

IDP No	Project Name	Ward Location	Project Scope	2024/2025 FY	2025/2026	2026/2027
LLM/01/2425	Review of the Spatial Development Framework	1 - 15	Review Spatial Development Framework	R2 000 000		

LLM/02/2425	Precinct Plans	1,2	Sakhile -Tsoetsi Str &Hlongwane Drive Precinct plan	R1 000 000	R1 000 000	R1 000 000
LLM/03/2025	Registration of subdivided properties with Deeds Office	3,8,11	Registration of stands (subdivision of Erf 8148 (58 stands) Sakhile Ext 5	R250 000		
			Registration of 26 stands (subdivision of Erf 8149 Sakhile Ext 5)	R150 000		
			Registration of 98 stands (subdivision of Erf 2731 Standerton Ext 4)	R400 000		
			Registration of 8 stands (subdivision of Erf 4592 Sakhile Ext 3)	R200 000		
LLM/04/2425	Township registration of Morgenzon Ext.5	14	Opening of Township Register of Morgenzon Ext 5	R1000 000		
LLM/05/2425	Extention of Township boundary	Sakhile	Extention of Township boundary on the Remainder of Farm Bantoerdorp 447 IS	R3 000 000		
LLM/06/2425	Establishment of Standerton Regional Cemetery	1-15	Establishment of Standerton Regional Cemetery (Subdivision)	R 200 000		
LLM/07/2025	Subdivision of erven 7847 & 5348 Sakhile Ext. 4 (Welamblambo)	11	Subdivision for the formalization of stands	R 850 000		
LLM/08/2025	Subdivision Morgenzon Cemetery	14	Subdivision Morgenzon Cemetery	R200 000		
LLM/09/2025	Subdivision of Erf 465 in Morgenzon	14	Subdivide Erf 465 for the purpose of business/mall development	R200 000		
LLM/10/2025	Hawker Stalls	10	Construction of hawker stalls	R300 000		
LLM/11/2025	Operation of Standerton Landfill site	8	Operation of the Standerton landfill site for three years	R6 000 000	R 6000 000	R6000 000
LLM/12/2025	Economic Summit	N/A	Summit for economic development	R300 000		
LLM/13/2025	Upgrading of the VIP System	N/A	Operational: Upgrade of the VIP system for improved efficiency	R800 000		
LLM/14/2025	Procurement of servers	N/A	Operational: Procurement of IT servers	R1500 000		

7.2 MUNICIPAL INFRASTRUCTURE GRANT – MIG

IDP No	Project name	2024/2025 FY	2025/2026 FY	2026/2027 FY	Scope for 2024/2025 FY	Planned job opportunities for 2024/2025 FY	Ward Location	Ward/s Benefiting
MIG 01/2425	Upgrading of Standerton Water Bulk System phase 2A: Construction of Kieser Reservoir and Pressure Tower.	406,736	-	-	Construction of Kieser Reservoir & Pressure Tower (Phase 2). Payment on contract. Scope of works planned to be completed within the 2023/2024 FY.	0	10	10
MIG 02/2425	Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets	2,500,000	10,000,000	13,145,146	Installation of 150 VIP toilets and desludging of 150 VIP toilets.	15	9,12 & 13	9,12 & 13
MIG 03/2425	Refurbishment/Installation of boreholes in rural/farm areas	2,827,340	7,670,800	3,300,551	Installation of 3 boreholes and refurbishment of 6 boreholes	12	9,12 & 13	9,12 & 13
MIG 04/2425	Installation of 26 high masts lighting in Sakhile ext 8, Thuthukani, Sivukile and rural areas	7,564,140	11,562,660	-	Installation of 10 high mast lights	10	9,12,13 & 14	9,12,13 & 15
MIG 05/2425	Rehabilitation of Morgenzon Landfill site	9,395,234	-	-	Rehabilitation of Morgenzon Landfill site	10	14	14
MIG 06/2425	Development of Thuthukani Cemetery	8,800,000	2,971,960	-	Development of Thuthukani Cemetery	10	12	12
	Project Management Unit	1,657,550	1,731,150	1,868,200	PMU Operational Cost			
	TOTAL	33,151,000	33,936,570	18,313,897				

7.3 INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME – INEP

IDP No	Project name	2024/2025 FY	2025/2026 FY	2026/2027 FY	Scope for 2024/2025 FY	Project category	Planned job opportunities for 2024/2025 FY	Ward Location	Ward/s Benefitting
INEP 01/2425	Construction of 11KV Switching Station for Rooikoppen	10,000,000	5,000,000		Construction of 11KV Switching Station for Rooikoppen - Phase 1 Switching station	Electricity	10	11	11
INEP 02/2425	Construction of 6km ,11KV line from Substation A to Rooikoppen	4,620,000	5,380,000		Construction of 6km ,11KV line from Substation A to Rooikoppen - Phase 1	Electricity	10	7.11	11
	TOTAL	14,620,000	10,380,000	9,764,000			20		

7.4 ENERGY EFFICENCY DEMAND SIDE MANAGEMENT - EEDSM

IDP No	Project name	2024/2025 FY	2025/2026 FY	2026/2027 FY	Scope for 2024/2025 FY	Project category	Planned job opportunities for 2024/2025 FY	Ward Location	Ward/s Benefitting
EEDSM 01/2425	Implementation of energy efficiency and energy demand management within Lekwa LM	4,000,000	4,000,000	4,000,000	Implementation of energy efficiency and energy demand management within Lekwa LM	Electricity	10	1,2,3,4,5,6,7,8,9,10,11,12,13,14 & 15	1,2,3,4,5,6,7,8,9,10,11,12,13,14 & 16
	TOTAL	4,000,000	4,000,000	4,000,000			10		

7.5 MUNICIPAL DISASTER RESPONSE GRANT - MDRG

IDP No	Project name	2024/2025 FY	Scope for 2024/2025 FY	Project category	Planned job opportunities for 2024/2025 FY	Ward Location	Ward/s Benefitting	Comment
MDRG 01/2425	Rehabilitation of 1km of Vry Street	9,000,000	Rehabilitation of 1km of Vry Street	Roads	10	10	10	Project budgetted from the R11m allocated in the 2023/24 FY. Project planned for implementation over 12 months from March 2024 to February 2025.

7.6 EXPANDED PUBLIC WORKS PROGRAMME - EPWP

IDP No	Project name	2024/2025 FY	Scope for 2024/2025 FY	Project category	Planned job opportunities for 2024/2025 FY	Ward Location	Ward/s Benefitting
EPWP 01/2425	Keep Lekwa Clean	1,760,000	Keep Lekwa Clean	Environment	60	1,2,3,4,5,6,7, 8,10,11,14 &15	1,2,3,4,5,6,7, 8,10,11,14 &15
	TOTAL	1,760,000					

7.7 MUNICIPAL INFRASTRUCTURE SUPPORT AGENCY – MISA

IDP No	Local municipality	Project/Programme Name/Description	Project Name	2024/25 Target Area of support
MISA/01/2425	Govan Mbeki , , Lekwa , Dipaleseng , Dr Pixley	Strengthening capacity in Local Municipalities and districts	Deployment of MISA Engineers, Planners, Young Graduates. .	The objective of this intervention is to address the challenges of scarce and critical skills shortage in municipalities. This is achieved by facilitating technical skills pool required to strengthen municipal technical capacity within municipalities for planning, implementation , operation and maintenance of municipal infrastructure. MISA mobilises

IDP No	Local municipality	Project/Programme Name/Description	Project Name	2024/25 Target Area of support
				expert capacity across government and the private sector for deployment to municipalities for interventions.
MISA/02/2425	Govan Mbeki , Msukaligwa, Lekwa , Dipaleseng	Reduced non-revenue water in dysfunctional municipalities	Technical and Project management support in the Implementation of WCWDM projects and activities Improved municipal infrastructure asset management practices	Technical and Project management support in the Implementation of WCWDM projects and activities as well as Operation and Maintenance. The target is reduction of non-revenue water in municipalities in identified Water Services Authority. MISA supports the identified municipalities with the development and implementation of Water conservation water demand management plans.
MISA/03/2425	Msukaligwa, Lekwa and Pixley Ka Seme	Support with implementation of SPLUMA compliant and technical support on Township Establishment.	The Feasibility Study and undertaking of the Township Establishment process on the remainder of Portion 44 of the Farm Spitskop 276-ls. Township Establishment Standerton Ext 11 Development Control Applications (Pixley)	Contract & Project Management, Quality Control Management, conducting project site visits, Project Management, Monitoring implementation and evaluation. Development control Application Assessment
MISA/04/2425	Govan Mbeki , Msukaligwa, Lekwa , Dipaleseng	Technical Services: District-wide infrastructure plans through DDM model or approach	Development of Business plans/TORS for funding/applications for potential funders. Implementation of district-wide infrastructure plans (Catalytic Projects) Support to Improve spending on Conditional Grants (MIG, INEP, WSIG, RBIG, IUDG, etc...)	Contract & Project Management, Quality site control Management, conducting project site visits, Development of TORs and TRs Project Management, Control and Quality Management
MISA/05/2425	Govan Mbeki , Msukaligwa, Lekwa ,	Dysfunctional municipalities increasing job creation through mainstreaming LIC	Support the municipalities with LIC implementation on on-going projects and monitor progress	MISA provides identified and dysfunctional municipalities with programme management support that seeks to institutionalise Labour Intensive Construction methods through conditional grant infrastructure projects. MISA seeks to promote training or inclusion of municipal officials in the

IDP No	Local municipality	Project/Programme Name/Description	Project Name	2024/25 Target Area of support
		on Municipal infrastructure projects		implementation of LIC .MIS supports municipalities to implement their projects in accordance with LIC guideline henceforth achieving annual sector targets .
MISA/06/2425	Govan Mbeki , Msukaligwa, Lekwa , Dipaleseng	Kilometres of roads maintained to include potholes patching and drainage cleaning in the 22 dysfunctional municipalities.	Technical and Project management support in the Implementation of road & stormwater activities.	Technical and Project management support in the Implementation of road & stormwater projects and road maintenance programmes utilizing the Labour Intensive Construction methods in collaboration with the municipalities and other stakeholders.
MISA/07/2425	Govan Mbeki , Msukaligwa, Lekwa , Dipaleseng	Increased household to Waste Management services	Technical and Project management support in the Implementation of Solid Waste projects and activities	MISA assist the municipalities to improve access to solid waste removal services.
MISA/08/2425	Govan Mbeki , Msukaligwa, Lekwa , Dipaleseng	Improved functionality of dysfunctional Wastewater Treatment Works (WWTWs and WTW)	Conditional assessments of wastewater treatment and water treatment works Technical and Project management support in the Implementation of water treatment works projects and activities	Blue, and green drop assessment focuses on the whole value chain for both the wastewater and water treatment works. The Blue Drop Risk Rating (BDRR) focuses on the function of each water supply system The Green drop risk analysis (CRR) focuses on the wastewater treatment function. MISA in collaboration with SALGA and DWS are working on improvement plans for the municipalities falling off the rating scores.
MISA/09/2425	Govan Mbeki , Msukaligwa, Lekwa	Implementation of INEP and EEDSM Programmes	Project Management, Technical Support and development of Business Plans	Contract & Project Management, Quality site control Management, conducting project site visits, Development of TORs and TRs

7.8 DEPARTMENT OF EDUCATION

IDP No.	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
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DOE/01 /2425	Lekwa	Vaalrivier Special School- Upgrades & additions	Lekwa	100%	4,285.43.	27,265.00
DOE/02 /2425	Lekwa	George Hofmeyer Special School- Upgrades & additions	Lekwa	100%	6,367.55	15,026.00.

7.9 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
RURAL INFRASTRUCTURE DEVELOPMENT					
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

7.10 DEPARTMENT OF COMMUNITY SAFETY, SECURITY AND 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 • Crime awareness campaign	• Azalea Combined School	19
	Contact Crime initiative Campaign against domestic violence	• Morgenzon	17
	Support to Community Safety Forum (CSF)	Lekwa Local Municipality	13
	Support to Community Policing Forum (CPFs)	• 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 • Standerton	146
	Transport Regulation Programme • Safety Engineering • Traffic Law Enforcement • Road Safety Education • Transport Administration and Licensing and; • Overload Control	Dr. Pixley ka Isaka Seme Local Municipality	Operational

7.11 DEPARTMENT OF WATER AND SANITATION

Local municipality	Project/Programme Name/Description	Project Beneficiary/ Ward/Location/ GPS Coordinate	2024/25 Target	2024/25 Budget Allocation (Annual) R'000
Lekwa Local Municipality	RBIG Schedule 6B- Lekwa Waste Services (Repurposing/Operations)	Lekwa LM	Lekwa LM	43 113
	RBIG 6B- Lekwa Water Services	Lekwa LM	Lekwa LM	5 000
	WSIG- Schedule 6B	Lekwa LM	Lekwa LM	30 415

7.12 DEPARTMENT OF ECONOMIC DEVELOPMENT

IDP No	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
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DEDT /01/ 2425	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
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7.13 DEPARTMENT OF HUMAN SETTLEMENTS

IDP No.	Local municipality	Project/Programme Name/Description	Project Beneficiary/ Ward/Location/ GPS Coordinate
DHS/01/2425	Lekwa LM	Social & Economic Facilities and Taxi Ranks	3 Social and Economic facilities (-Lekwa-Standerton)

IDP No.	Local Municipality	Sites	Housing units	Social and Economic Facilities	Title Deeds	Bulk Infrastructure Projects	Emergency Assistance/Asbestos Roof Removal
DHS/02/2425	Lekwa	0	67	1 (Community Hall)	100	0	0

7.14 DEPARTMENT OF CULTURE, SPORT AND RECREATION

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
Library Reading material provided to empower learners and communities with knowledge through supply of new library materials to public libraries	All Municipalities	6745 electronic book accessible to 46 public libraries	1 508	1 508

Mobile library buses provided for easy access to library and information services especially in rural areas	Ermelo regional library	Two (2) mobile library bus provided in	6, 000 6, 000	24, 000
Mini library project implemented to increase access to library for people living with disabilities	Ermelo, Wesselton, Elukwatini, Bethal ,ZN Mkhwanazi,Mkhondo, Lebuhang, Mbalenhle, Volkrust, Sakhile, Balfour, Emthonjeni and Daggarkraal	Fourteen(13) libraries offering services to the blind	613	613
Structures supported to promote Social Cohesion and moral values, identify, develop and nurture youth talent and the broader creative industry of the Province	All Municipalities	Three (3) Cultural structures supported	2 442	2 442
Cultural projects to develop, promote and preserve living culture programmes in partnership with amaKhosi	All Municipalities	Umkhosi woMhlanga KZN	50	50
Signify the rich history of the country by elevating certain days into public holidays so that they can be celebrated or commemorated	All Municipalities	Two(2) National and Commemorative Days celebrations	1 966	1 966
Cooperatives supported to increase marketing platforms for exposure of arts and craft products	All Municipalities	Seven(7) Arts and Craft cooperatives	95	95
Project implemented to increase scope of implementing Arts and Culture projects	All Municipalities	Fifteen(15)Arts and Culture EPWP jobs opportunities created.	638	638
Standardization of the geographical land scape through name change programme	All Municipalities	One(1) Geographic Name Change through LGNC and PGNC	83	83
Social cohesion dialogue to foster respect, reconcile and tolerate each other so that we can be united as a nation in diversity	All Municipalities	One(1) Community Conservation/dialogue held to foster social interaction	100	100

Project that seeks to foster Constitutional values , raise awareness and promote social cohesion	All Municipalities	Seven(7) public awareness activations on the National Symbol	83	83
Promote participation in sport and recreation by facilitating opportunities for people to share space	All Municipality	Eighteen(18) Sport and Active Recreation Events Move for Health ,2 Aerobics ,Municipal IG 7, Youth month celebration tournaments, District IG, Nelson Mandela Month , Women in Sport tournament ,Golden Oldies, Stage Recreation day and BIG Walk ,People with Disabilities Games , Top 4 football and Netball in Rural areas ,	1 457	1 457
Club development program is established		9 local leagues supported	2 211	2 211
		100 athletes supported by the sports academies to access		
Provision of athletes in schools, municipal hubs and clubs with sport equipment and/ or attire to excel in sport	All Municipalities	50 Schools,10 hubs and 30 clubs provided with sport equipment	2002	2002
Developed and nurture talent of learners in sport by providing them with opportunities to excel school sport seasons hosted	All Municipalities	2 000 learners participating in school sport tournaments at a district level	2 795	2 795

7.15 SPATIAL DEVELOPMENT PROJECTS

Project Description	Type Of Project	Progress/Findings.	Challenges	2024/2025 Interventions/Solutions.
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Morgenzon Ext 5	Township establishment for low-cost housing funded by GSDM.	Township approved by the GSDM Tribunal	No budget for bulk	Apply for funding with sector departments. Budget for pegging and opening township register to conclude the process.
Standerton Ext 11	Establishment for the development of high density development	Flood line study and situational analysis completed. Engagements with Council and DBSA are underway	80% of land is not developable. Council not in support of the Dev No Political buy-in	Re-submit item to council
Sakhile Ext 7	Township establishment for residential Development funded by DHS	EIA underway. EIA application form signed and submitted to applicant. PSC appointed Scheduled Meeting for April.	Invasions on subject property.	Obtain court interdict and monitor invasions.

7.16 SERIT SOCIAL LABOUR PLANS

IDP No.	PROJECT NAME	Project Description	Ward/ Location	Status	Comments
SLP/01/2425	Inkazimulo kaNkulunkulu Stimulation Centre	Construction of a new stimulation centre and relocation once complete		In progress	Contractor onsite (Foundation phase)
SLP/01/2425	Zikhetheleni Administration Block	Construction of an administration block at Zikhetheleni Secondary School	12	In progress	ESD Portal, closed on the 31st of May 2024. Site Briefing will be communicated.
SLP/01/2425	Standerton Water Treatment Plant	Procurement and installation of pumps and SCADA system	10	In progress	Contractor onsite installing the pumps and the scada system installation will commence mid May 2024.
SLP/01/2425	Sanitation	Procurement of a sanitation truck	N/A	Finalizing the scope	Tender will be out in May 2024.

7.17 SERITI COMMUNITY TRUST PROJECTS

IDP No.	Project Name	Ward Number	Activities	Progress
Seriti/ 01/2425	Sakhisizwe Social Responsibility	11	Jungle gym Construction of fence Donation of two mobile classes	Procurement Process
Seriti/ 02/2425	Hlobisa Primary School	01	Jungle gym	Procurement Process
Seriti/ 03/2425	Morgenzon SAPS	14	Two police vehicles	Handed over in April 2024
Seriti/ 04/2425	Morgenzon CHC	14	Ambulance	Procurement Process
Seriti/ 05/2425	Basizeni ECD centre	14	Permanent Structure (4 classes, 4 toilets, sick room, outside room, fence, indoor toys, jungle gym, laptop, printer)	Project to commence in June
Seriti/ 06/2425	Phumulani ECD centre	14	Permanent Structure (4 classes, 4 toilets, sick room, outside room, fence, indoor toys, jungle gym, laptop, printer)	Project to commence in June

1.1. SASOL SOCIAL LABOUR PLANS

IDP No	Project	Project description	Ward/Location	Budget
SASOL/01/2425	Provision of water in rural wards	Purification of water from boreholes in rural wards	9,12,13	
SASOL/02/2425	Provision of water	Provision of water to households without access to water	Sakhile Ext 2	R15 000 000

8 MUNICIPAL BUDGET OVERVIEW

The budget preparation process is confronted with numerous challenges, significantly complicating financial management and service delivery. These challenges encompass:

- **Aging Infrastructure Requiring Extensive Maintenance:** The municipality's infrastructure is in dire need of repair and maintenance, which demands considerable financial resources.
- **Inefficient Revenue Collection:** The municipality faces issues with collecting enough revenue, critically impacting its ability to cover operational costs and invest in necessary projects.
- **Losses from Trading Services:** Essential services are operating at a loss, diminishing the municipality's revenue and contributing to financial difficulties.
- **Unfunded Budget:** The municipality's budget shows expenditures that exceed its revenue, leading to an unfunded budget and financial instability.
- **Challenges with Long-term Financial Obligations:** Managing long-term financial obligations, including debts to creditors and collections from debtors, presents a significant challenge.
- **Over-reliance on Service Providers:** This reliance has led to increased costs for contracted services, further straining the budget.
- **Failure to Meet Eskom Debt Relief Conditions:** The inability to comply with the conditions for Eskom debt relief adds to the municipality's financial strain.
- **Projected 2023/24 Deficit Budget:** The anticipated budget for 2023/24 reveals a deficit, with spending outstripping revenue, threatening to further weaken the municipality's financial health.
- **Absence of Cash Reserves:** The lack of cash reserves restricts the municipality's capacity to address emergencies, unexpected expenses, or critical infrastructure needs.

In terms of Section 9 of the Municipal Budget and Reporting Regulations, the Annual Budget and Supporting documentation of the municipality must be in a format specified in Schedule A and include all the required tables, explanatory information, taking into account any guidelines issued by the Minister of Finance in terms of Section 168(1) of the MFMA.

The budget's financial structure is underpinned by a combination of an operational grant (equitable share), capital grant, and internal revenue generated from rates, taxes, and service charges. In response to inflation and rising operational costs, the municipality proposes the following tariff adjustments:

- **Property Rates:** There will not be any increases on property rates, the municipality will be implementing a new General Valuation Roll with effect from 01 July 2024.
- **Sewerage Services:** To support the ongoing provision and maintenance of sewerage services, an adjustment of approximately 4.9% is suggested.
- **Refuse Collection:** For the continuation of efficient refuse collection services, a 4.9% increase is proposed, aiding in maintaining community cleanliness and health standards.
- **Water Supply:** An enhancement in water tariffs by 4.9% is recommended to address the cost pressures of supplying this vital service, ensuring its sustainability and reliability. (DWS)
- **Electricity Supply:** Due to significant cost pressures in energy provision, a notable tariff hike of 12.72% is advised to ensure the municipality can continue to offer reliable electricity services and invest in sustainable energy initiatives. (awaiting Nersa guideline)

These adjustments are critical for the municipality to maintain and improve service delivery within the context of current economic challenges, ensuring financial viability and sustainability.

8.1 FUNDING CHOICES AND MANAGEMENT ISSUES IN TERMS OF CIRCULAR NO.126 and 128

The Circulars reflects on the following aspects:

The economy of the country is forecasted to grow at an average of 1.6 per cent over the next three budget years, a moderate improvement on the 1.4 per cent expected. Loadshedding and operational problems in freight rail and ports continue to disrupt economic activities and limit the country's export potential.

Headline inflation is projected to moderate from 6 per cent in 2023 to 4.9 per cent in 2024 and 4.6 per cent in 2025 and 2026 as food and fuel inflation continue to decline. In 2023 food inflation slowed less than expected due to power cuts and rand depreciation, keeping imported food costs high. An avian influenza outbreak also increased the costs for poultry and eggs. These factors are expected to dissipate over the medium term. The current economic challenges in the country place pressure on households' ability to pay municipal accounts, therefore municipal own revenue generation gets affected.

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 Salary and Wage Collective agreement for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, municipalities are advised to consider their financial sustainability when considering salary increases.

Employee related cost were provided using the Circular as a guidance as follows:

- 2024/25 Financial Year – 2024/25 projected CPI
- 2025/26 Financial Year – 2025/26 projected CPI
- 2026/27 Financial Year – 2026/27 projected CPI

8.2 CONSOLIDATED SUMMARY OVERVIEW OF THE 2024/2025 FINAL ANNUAL BUDGET:

The table below depicts the consolidated Overview of the Annual Budget:

DESCRIPTION	2024/25 Medium Term Revenue and Expenditure Framework			
	Approved Adjustmen	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
Total Operating Revenue	- 1 181 949 768,89	- 1 247 229 318,29	- 1 344 402 150,00	- 1 456 569 288,00
Total Operating Expenditure	1 442 287 987,50	1 621 918 624,84	1 626 279 905,47	1 726 461 166,05
Surplus/(Deficit)	260 338 218,61	374 689 306,55	281 877 755,47	269 891 878,05
Irrecoverable Debt Write off	77 653 815,00	77 653 815,00		
Impairment Loss	67 436 366,79	206 985 762,30	193 100 155,29	181 613 700,00
Surplus/(Deficit) Excl Write off and Impairment	115 248 036,82	90 049 729,25	88 777 600,18	88 278 178,05
Capital Revenue	- 55 998 600,00	- 50 113 450,00	- 47 699 850,00	- 49 259 800,00
Surplus/Deficit	204 339 618,61	324 575 856,55	234 177 905,47	220 632 078,05

8.3 OPERATING BUDGET

MP305 Lekwa - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	327 762	371 436	354 287	467 837	507 827	507 827	507 827	507 626	568 543	636 770
Service charges - Water	2	84 716	71 733	72 414	84 373	87 803	87 803	87 803	78 122	81 716	85 393
Service charges - Waste Water Management	2	40 957	37 169	39 502	42 599	42 599	42 599	42 599	71 223	74 499	77 851
Service charges - Waste Management	2	26 519	27 750	28 581	33 115	33 115	33 115	33 115	53 900	56 380	58 918
Sale of Goods and Rendering of Services		695	1 125	952	3 150	2 621	2 621	2 621	1 618	1 699	1 779
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		46 930	65 431	72 042	116 639	116 639	116 639	116 639	83 241	87 072	90 992
Interest earned from Current and Non Current Assets		1 931	1 795	2 484	638	1 027	1 027	1 027	1 076	1 129	1 181
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 666	1 729	1 643	2 502	2 820	2 820	2 820	2 849	2 982	3 118
Licence and permits		-	0	298	-	3	3	3	50	53	56
Operational Revenue		338	451	195	370	370	370	370	275	289	303
Non-Exchange Revenue											
Property rates	2	156 421	167 993	152 872	203 391	208 614	208 614	208 614	219 697	229 806	240 149
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 181	2 983	2 594	4 550	4 550	4 550	4 550	2 865	2 998	3 134
Licences or permits		-	-	-	-	4	4	4	4	5	6
Transfer and subsidies - Operational		152 770	139 953	158 754	173 957	173 957	173 957	173 957	185 568	196 318	214 164
Interest		-	-	33 495	-	-	-	-	39 113	40 913	42 755
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		9 316	12 096	18 956	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		851 201	901 644	939 070	1 133 123	1 181 950	1 181 950	1 181 950	1 247 229	1 344 402	1 456 569
Expenditure											
Employee related costs	2	239 009	258 324	283 203	326 221	331 484	331 484	331 484	338 791	353 864	369 842
Remuneration of councillors		12 090	7 517	12 086	13 913	13 761	13 761	13 761	14 435	15 105	14 435
Bulk purchases - electricity	2	363 481	429 417	421 368	531 559	510 000	510 000	510 000	574 872	647 996	730 421
Inventory consumed	8	60 497	69 093	75 076	80 345	89 300	89 300	89 300	82 506	86 314	90 209
Debt impairment	3	235 172	206 687	255 426	69 319	67 436	67 436	67 436	206 986	193 100	181 614
Depreciation and amortisation		59 446	57 091	15 701	82 660	72 781	72 781	72 781	57 511	57 511	57 511
Interest		35 422	96 196	152 750	73 256	68 256	68 256	68 256	68 256	71 397	74 612
Contracted services		53 541	106 089	86 658	123 768	130 232	130 232	130 232	128 086	124 757	128 304
Transfers and subsidies		-	-	733	-	-	-	-	-	-	-
Irrecoverable debts written off		431	236	100	1 100	77 896	77 896	77 896	77 654	-	-
Operational costs		45 552	54 825	69 227	59 339	81 387	81 387	81 387	72 823	76 236	79 514
Losses on disposal of Assets		-	-	25	-	-	-	-	-	-	-
Other Losses		2 295	9	-	-	-	-	-	-	-	-
Total Expenditure		1 106 934	1 285 482	1 372 355	1 361 480	1 442 534	1 442 534	1 442 534	1 621 919	1 626 280	1 726 461
Surplus/(Deficit)		(255 733)	(383 838)	(433 285)	(228 357)	(260 584)	(260 584)	(260 584)	(374 689)	(281 878)	(269 892)
Transfers and subsidies - capital (monetary allocations)	6	38 320	24 933	69 262	40 637	55 999	55 999	55 999	50 113	47 700	49 260
Transfers and subsidies - capital (in-kind)	6	14 683	1 151	1 741	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(202 730)	(357 754)	(362 283)	(187 720)	(204 585)	(204 585)	(204 585)	(324 576)	(234 178)	(220 632)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(202 730)	(357 754)	(362 283)	(187 720)	(204 585)	(204 585)	(204 585)	(324 576)	(234 178)	(220 632)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(202 730)	(357 754)	(362 283)	(187 720)	(204 585)	(204 585)	(204 585)	(324 576)	(234 178)	(220 632)
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(202 730)	(357 754)	(362 283)	(187 720)	(204 585)	(204 585)	(204 585)	(324 576)	(234 178)	(220 632)

For the fiscal year 2024-2025, the total operating revenue is expected to grow from **R1.181 billion** to **R1.247 billion**, as opposed to the adjusted budget for 2023-2024. Operating expenses are set to rise from **R1.422 billion** to **R1.621 billion**. This leads to an overall deficit of **R 324 million**, marking an improvement compared to the adjusted budget's deficit of **R260 million**. The Municipality as per section 18 of MFMA may only fund its

budget from realistically anticipated revenue to be collected. It is based on this section that the municipality then made an appropriation for impairment and debt write off using the current collection rate. Due to the low collection rate projections for Debt impairment and debt write off were high resulting high deficit.

The main drivers of the municipality's expenditures are bulk purchases, employee related costs, finance costs, impairment loss and contracted services

Repairs and Maintenance

In terms of NT circular 66 and 70 repairs and maintenance as a percentage of Operating expenditure should be at 8%. The municipality budgeted R 65 801 630.62 towards repair and maintenance, this amount represents 5% of the operating expenditure which is below the norm in terms of circular 66 and 70.

Description	Draft Budget 2024 - 25	Draft Budget 2025 - 26	Draft Budget 2026 - 27
Building & Structure	R 654 900.00	R 688 000.00	R 722 000.00
Plant & Machinery	R 1 174 900.00	R1 233 000.00	R1 291 000.00
Furniture & Fixtures			
Motor Vehicle	R 3 863 545.00	R4 047 000.00	R4 235 000.00
IT Equipments	R 1 370 707.00	R 1 434 000.00	R 1 499 000.00
Roads	R 6 000 000.00	R 6 276 000.00	R 6 559 000.00
Electricity Network	R 34 855 196.32	R36 459 000.00	R38 101 000.00
Landfill Sites (solid waste removal)	R 6 550 000.00	R 6 852 000.00	R 7 161 000.00
Waste Water Network	R5 152 270.00	R5 393 000.00	R5 639 000.00
Water Network	R5 760 000.00	R6 027 000.00	R6 301 000.00
Other, Property Plant & Equipment	R420 112.30	R442 000.00	R466 000.00
	R 65 801 630.62	R 68 851 000.00	R 71 974 000.00
Total Budget Expenditure	R1 415 239 610.55		
R & M YTD Expenditure			
R & M % Approved Budget	5%		

8.4 CAPITAL BUDGET

- An amount of **R 73.8 million** has been allocated for the capital investment program for 2024/2025 financial year. This is a decrease from the **R 92.2 Million** in 2023/24. The main reason for this decrease is non available of adequate internal funding to funded own capital program.
- Capital items budgeted from internal funds amounts to **R 13.7 million** which is a decrease from **R 37 Million**, the municipality should put in place extra ordinary efforts to collect outstanding debtors and reduce the water and electricity losses which will subsequently reduce the bulk purchases expenditure

MP305 Lekwa - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital Expenditure - Functional											
Governance and administration		19 735	5 571	9 990	17 000	18 168	18 168	18 168	13 700	210	220
Executive and council		-	-	-	-	-	-	-	1 500	-	-
Finance and administration		19 735	5 571	9 990	17 000	18 168	18 168	18 168	12 200	210	220
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		(13 809)	(11 286)	1 478	234	50	50	50	8 850	2 972	5 598
Community and social services		80	1 951	1 301	184	(0)	(0)	(0)	8 800	2 972	5 598
Sport and recreation		(13 889)	(13 237)	177	50	50	50	50	50	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		70	13 176	4 521	400	12 100	12 100	12 100	10 000	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		70	13 176	4 521	400	12 100	12 100	12 100	10 000	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		55 604	24 450	57 491	58 052	61 926	61 926	61 926	41 313	40 300	39 661
Energy sources		11 334	19 827	12 139	8 900	10 066	10 066	10 066	26 184	21 943	9 764
Water management		10 870	1 365	6 787	28 952	29 621	29 621	29 621	3 234	8 357	9 752
Waste water management		33 399	3 257	38 565	2 000	4 239	4 239	4 239	2 500	10 000	20 145
Waste management		-	-	-	18 200	18 000	18 000	18 000	9 395	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	61 601	31 910	73 481	75 687	92 244	92 244	92 244	73 863	43 482	45 480
Funded by:											
National Government		25 548	23 315	62 703	40 637	56 026	56 026	56 026	60 113	43 272	45 260
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	25 548	23 315	62 703	40 637	56 026	56 026	56 026	60 113	43 272	45 260
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		28 431	29 501	4 969	35 050	36 218	36 218	36 218	13 750	-	-
Total Capital Funding	7	53 979	52 816	67 672	75 687	92 244	92 244	92 244	73 863	43 272	45 260

The annual budget has an operating deficit of **R 324 million**

Currently the municipality's creditors amount to **R 2 913 041 223.60** with Eskom and DWS debt totalling to **R 2 849 849 545.22**. The current outstanding creditors is not in line with the cash flow , therefore the municipality is unable to pay its creditors timeously which might lead to litigations.

Based on the payment rate of 60% it is not adequate to cover the outstanding creditors and operational expenditures of the municipality

The municipality will be unable to pay the obligations when they become due and that will result in non-compliance with section 99(2)(b) of the Municipal Finance Management ACT