

SA17 of 2017

STATUS REPORT AND FINANCIAL IMPLICATION TO REINSTATE ELECTRICAL AND ENGINEERING SERVICES THAT ARE REQUIRED TO SUPPORT THE PROPOSED INTEGRATED HOUSING DEVELOPMENT PROJECT OF 105 HOUSES IN EXTENSION 6 VENTERERSBURG UNIT (EXECUTIVE MAYOR) (8/3/2/48/2)6

PURPOSE

To submit to Council a Status Report and the Financial Implications to reinstate Electrical and Engineering Services that are required to support the Housing Development 105 Integrated Housing Project in Extension 6 Ventersburg Unit.

BACKGROUND

The Ventersburg Town was established in the 1873 which makes it currently **144 Years of age**. Electrical Services were introduced into the Ventersburg Unit during **June 1939** which makes it 78 years of age. During this period only limited upgrading of the electrical services in the area was done to support new developments of the town area.

The Electrical medium voltage networks in the Ventersburg Unit is currently supplied with a single 16mm² x 3 Core 11kV radial feeder which is currently already 130% overloaded which can malfunction at any given moment in time; and therefore render an estimated 1250 electrical consumer without an electricity supply for a considerable period of time.

The main electrical Eskom supply to the area has an allowed maximum notified demand (NMD) capacity of 1.2 MVA at 11kV of which 1.149 MVA is currently already utilized by the existing community of the Ventersburg Unit (With the remaining available capacity an estimated of three (3) x 60 Amp 220Volt households could be connected to the existing electrical networks of the Ventersburg Unit).

The Electrical Department is since amalgamation in 2000 planning to upgrade the indicated infrastructure of the Ventersburg Unit with no avail because of no budget allocations.

In 2012 the Matjhabeng Housing Department first introduced the proposed housing integration project. The Electrical Department from the onset recommended that the existing Electrical Infrastructure needs to be upgraded before any such development is undertaken.

On the 5 September 2017 Housing Development Agency (HDA) during a meeting informed Council that they have appointed a contractor and that they were on the verge of implementation of the proposed 105 House Integration Project in Extension 6 of Ventersburg Unit.

*** **Attached on page 1 to page 3 of the Annexures** are the Minutes of the Housing Development meeting held on the 5 September 2017.

*** **Attached on page 4 of the Annexures** is the General Plan of Various Erf Subdivisions Ventersburg Extension 6.

*** Attached on page 5 Annexures is the Town Planning Status Report.

The cost estimation to upgrade the existing Electrical Infrastructure to accommodate the proposed Housing Integration Project can be calculated as follows:

Cost Estimation Ventersburg X 6 105 Stands					
Item no.	Item Description	Per Unit	Cost unit	Quantities	Total
1	Upgrading of NMD at estimated 450 KVA at Ventersburg Municipal Eskom Main Intake Point	Quotation	R 2 850 000.00	1	R 2 850 000.00
2	Provision and installation of 35mm ² x 3 Core PILC copper cable	Meter	R 860.00	2324	R 1 998 640.00
3	Provision and installation of 60mm ² x 3 Core MINK overhead line between Hamilton and Ventersburg Municipality (that was totally destroyed during tornado in 2010)	KM	R 190 000.00	4.428	R 841 320.00
4	Provision and installation of 30 Amp Single Phase 220 Volt 6.9 KVA Connections to sub divided Stand with 40m ² RDP Houses	Electrical Connection	R 23 800.00	72	R 1 713 600.00
5	Provision and installation of 60 Amp Single Phase Connections to Larger Stands that are not sub divided.	Electrical Connection	R 42 090.60	15	R 631 359.00
	Subtotal				R 8 034 919.00
	15% Handling Cost				R 1 205 237.85
	14% Vat				R 1 293 621.96
	Total				R 10 533 778.81

*** Attached on page 6 to page 7 of the Annexures is the detailed five (5) year Maximum Demand Eskom Consumption information of the Ventersburg Unit.

*** **Attached on page 8 of the Annexures** is the detailed schematical outlay of the Electrical Infrastructure in the Ventersburg Unit (that clearly illustrates that the indicated area is not electrified).

Further it will be required that Engineering infrastructure be upgraded to the following estimated cost implication to support the proposed development:

- Internal services – All services are available but has been lying unutilized for a long time and therefore have to be cleaned (Estimated cost R2 million and will take approximately 3 months)
- Erf Connections – All new erven must be connected to the internal reticulation networks (Approximately R10 000 per site – R 720 000)
- Bulk Services: All bulk services are available.

*** **Attached on page 9 of the Annexures** is a detailed Engineering Services outlay plan.

POLICY POSITION

Municipal has an obligation to provide electrical infrastructure in the Matjhabeng Municipal Jurisdiction Area in terms of the following legislation:

- SANS streetlight regulation and standards.
- Health and Safety Act 95/93
- SANS 10142 regulations
- Municipal Finance Management Act (MFMA) no.56 of 2003.
- NRS 047 & 047

Extension 6 in the Ventersburg Unit is residing in a previous advantage area therefore in terms of the Department of Energy (DOE) Policy the area therefore does not qualify for INEP electrification funding.

As to Eskom policy the notified maximum demand at Ventersburg will only be allowed to be increased if the total Matjhabeng Municipal Eskom account is paid up in full and is up to date.

FINANCIAL IMPLICATIONS

The cost implication to upgrade services to support the proposed development can be indicated as follows:

- Estimated cost implication for the Electrical Infrastructure Upgrading: **R8 million Excluding Vat.**
- Estimated cost implication for the Engineering Services Upgrading: **R2 million Excluding Vat.**
- Estimated cost implication for the required stand connections: **R0.720 million Excluding Vat.**

Cognizance must be taken that no funding was made available in the 2017/18 Financial Year Capital Budget for the upgrading of the required services to support the indicated proposed Housing Integration Project

RECOMMENDATIONS

1. That a Capital Budget be made available during the **Councils 2017/18 Budget Revision Process** to an estimated amount of **R10.720 million, excluding Vat** from own funding to upgrade the required infrastructure so to support the proposed Housing Development Agency Integration Project.
2. That **Department of Energy (DOE)** be engaged to consider the possible funding of the proposed Electrification of the project under the **Integrated National Electrification Program (INEP)**.
3. That **Eskom** be engaged for the required increasing of the **Notified Maximum Demand (NMD)** at the Ventersburg Main Intake Point.