



Notice is hereby given in terms of Section 29 of the Local Government: Municipal Structures Act, Act 117 of 1998, that a **SPECIAL COUNCIL MEETING** of the 2021/2026 term of the Garden Route District Municipality will be held at the CA Robertson Council Chambers on **MONDAY, 21 NOVEMBER 2022** at **10:00** to consider the items as set out in the agenda.

*Kennis geskied hiermee ingevolge Artikel 29 van die Wet op Plaaslike Regering: Munisipale Strukture, 1998, Wet 117 van 1998, dat 'n **SPESIALE RAADSVERGADERING** van die 2021/2026 termyn van die Garden Route Distriksmunisipaliteit gehou sal word in die CA Robertson Raadsaa op **MAANDAG, 21 NOVEMBER 2022** om **10:00** ten einde oorweging aan die items soos in die agenda uiteengesit, te skenk.*

Kukhutshwe isaziso ngokwemiqathango yoMhlathi 29 woRhulumente Basekhaya: Umthetho Wezolawulo loMasipala, 1998, uMthetho 117 wango 1998, sokuba **INTLANGANISO EKHETHEKILEYO** yexesha lika 2021/2026 loMasipala Wesithili se Garden Route izakubanjelwa kwiGumbi leBhunga CA Robertson, **NGOMVULO, 21 KWEYENKANGA 2022** ngentsimbi ye **10:00** ukuqwalasela imiba ebekwe kwi agenda.

**ALD GR WOLMARANS**  
**SPEAKER**  
**SPEAKER**  
**SOMLOMO**

**MG STRATU**  
 Municipal Manager  
*Munisipale Bestuurder*  
 Mphathi Masipala

Date: 18 NOVEMBER 2022

**ADDENDUM**

## AGENDA

1. OPENING AND WELCOMING / OPENING EN VERWELKOMING / UVULO NOLWAMKELO
2. EVACUATION PROCEDURES / ONTRUIMINGSPROSEDURES / IKNQUBO YOKUFUDUSWA
3. SILENT PRAYER (MEDITATION) / STILLE GEBED (MEDITASIE) / UMTHANAZO OTHULEYO
4. ATTENDANCE OF MEMBERS / BYWONING VAN LEDE / AMALUNGU AKHOYO
  - 4.1 COUNCILLORS PRESENT / RAADSLEDE TEENWOORDIG / OOCEBA ABAKHOYO
  - 4.2 COUNCILLORS WITH LEAVE / RAADSLEDE MET VERLOF / OOCEBA ABAKWIKHEFU
  - 4.3 COUNCILLORS WITHOUT LEAVE / RAADSLEDE SONDER VERLOF / OOCEBA ABANGEKHO KWIKHEFU
5. NOTING OF THE PROVISIONS OF SCHEDULE 7 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES AMENDMENT ACT, 2021 / KENNISNAME VAN DIE VOORSKRIFTE VAN SKEDULE 7 (GEDRAGSKODE VIR RAADSLEDE) VAN DIE PLAASLIKE REGERING MUNISIPALE AANGEPASTE STRUKTURE WET, 2021 / UQWALASELO LWEMITHETHO-NEMIMISELO YOLUHLU 7 (INDLELA YOKUZIPHATHA KOOCEBA) LOMTHETHO WORHULUMENTE BASEKHAYA WESIMO SOMASIPALA OLUNGISIWEYO WANGO 2021
6. DISCLOSURE OF INTERESTS BY COUNCILLORS AND OFFICIALS / VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE / UKUCHAZWA KOMDLA NGOCEBA KUNYE NAMAGOSA

7.	COMMUNICATIONS BY THE EXECUTIVE MAYOR / MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / UNXIBELELWANO LUKA SODOLOPHU
8.	COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LUKASOMLOMO
9.	COMMUNICATIONS BY THE MUNICIPAL MANAGER / MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER / UNXIBELELWANO LOMPHATHI MASIPALA

<b>SECTION D</b>		
<b>REPORTS FROM THE FINANCIAL SERVICES DEPARTMENT / ITEMS VANAF DIE FINANSIËLE DIENSTE DEPARTEMENT / IMIBA YESEBE LENKONZO ZEMALI</b>		
D.1	<p><b>SECTION 46 NOTING OF PROPOSED LONG TERM DEBT FOR FUNDING OF REGIONAL WASTE MANAGEMENT FACILITY'S CONSTRUCTION / ARTIKEL 46 KENNISNAME VAN VOOREGESTELDE LANGTERMYN SKULD VIR KONSTRUKISE VAN STREEKSSTORTINGSTERREIN / UMHLATHI 46 UTHATHELO NGQALELO LWESIPHAKAMISO SENTLAWULO YETYALA LEXESHA ELIDE LOLWAKHIWO LWENDAWO YOLAWULO LWENKUNKUMA KWINGINGQI</b></p> <p><i>Refer Report dated 18 November 2022 from the Executive Manager Financial Services (J-W de Jager)</i></p>	<b>5 – 14</b>

Ald M Booyen  
Ald GR Wolmarans  
Ald G van Niekerk  
Ald P Terblanche  
Ald S De Vries  
Ald CN Lichaba  
Cllr / Rdl / Ceba NV Gungubele  
Cllr / Rdl / Ceba J Hoogbaard  
Cllr / Rdl / Ceba JG Meiring  
Cllr / Rdl / Ceba CA Swart  
Cllr / Rdl / Ceba K Malooi  
Cllr / Rdl / Ceba C Scheepers  
Cllr / Rdl / Ceba B van Noordwyk  
Cllr / Rdl / Ceba CP Taute  
Cllr / Rdl / Ceba D Acker  
Ald JC Lambaatjeen  
Cllr / Rdl / Ceba LSS van Rooyen  
Cllr / Rdl / Ceba RJ Hector  
Cllr / Rdl / Ceba SM Toto  
Ald V Gericke  
Ald IC Kritzinger  
Cllr / Rdl / Ceba DL Cronje  
Cllr / Rdl / Ceba HRT Stroebel  
Cllr / Rdl / Ceba TC Matika  
Cllr / Rdl / Ceba NT Seti  
Ald NS Ndayi  
Cllr / Rdl / NA Tswenga  
Ald RH Ruiters  
Cllr / Rdl / Ceba M Kannemeyer  
Cllr / Rdl / Ceba MA Mkonto  
Cllr / Rdl / Ceba JJ Cornelius  
Cllr / Rdl / Ceba JP Buys (as of 27  
July 2022)  
Cllr / Rdl / Ceba JJ Bavuma (as of  
27 July 2022)  
Cllr / Rdl / Ceba D Saptoe (as of 25  
October 2022)  
Cllr / Rdl / Ceba R April (as of 25  
October 2022)  
**1 X VACANT**

**1. SECTION 46 NOTING OF PROPOSED LONG TERM DEBT FOR FUNDING OF REGIONAL WASTE MANAGEMENT FACILITY'S CONSTRUCTION / ARTIKEL 46 KENNISNAME VAN VOOREGESTELDE LANGTERMYN SKULD VIR KONSTRUKISE VAN STREEKSSTORTINGSTERREIN / UMHLATHI 46 UTHATHELO NGQALELO LWESIPHAKAMISO SENTLAWULO YETYALA LEXESHA ELIDE LOLWAKHIWO LWENDAWO YOLAWULO LWENKUNKUMA KWINGINGQI**

(6/18/7)

14 November 2022

**REPORT FROM THE EXECUTIVE MANAGER: FINANCIAL SERVICE (J-W DE JAGER)**

**2. PURPOSE OF THE REPORT**

For council to note, for later approval, the taking up of a loan amounting to a proposed R 261 million in terms of the provisions of Section 46 of the MFMA for the financing of the regional waste management facility capital project as reflected on the approved 2022/23 – 2024/25 MTREF capital budget.

**3. DELEGATED AUTHORITY**

Council

**4. EXECUTIVE SUMMARY**

Council approved the 2022/23 MTREF Capital budget in May 2022. The approved budget contains the capital project for the construction of the regional waste management facility. The information statement relating to the proposed debt, as required by section 46 of the MFMA, is attached with this report. The information statement sets out the particulars of the proposed debt, including the amount and purpose thereof. The proposed debt is aligned to the capital budget as approved.

As required by section 46 of the MFMA, the information statement will be made public through an advertisement and written comments and/or representations will be solicited from the public, National Treasury and the Western Cape Provincial Treasury departments, respectively.

## 5. RECOMMENDATIONS

In order to comply with MFMA section 46 (3), Council resolve:

- (1) That Council note, for later approval, the taking up of the loan to the proposed amount of R 261 million to finance the regional waste management facility capital project as reflected on the approved 2022/23 – 2024/25 MTREF capital budget;
- (2) That Council note that the information statement will be advertised in the press and the public, the National Treasury and the relevant provincial treasury will be invited to submit written comments or representations to the council in respect of the proposed debt; and
- (3) That Council note the essential repayment terms, including the anticipated debt repayment schedule; and the anticipated total cost in connection with the proposed debt over the repayment period.

### **AANBEVELINGS**

*Om aan seksie 46(3) van die Munisipale Finansiële Bestuurswet te voldoen, neem die Raad die volgende resolusies:*

- (1) Dat die Raad kennisneem, vir latere goedkeuring, die opneem van die langtermyn lening vir die voorgestelde bedrag van R261 miljoen om die konstruksie van die streeksstortingsterrein te befonds soos ingesluit in die goedgekeurde 2022/23 – 2024/25 MTUIR kapitale begroting;*
- (2) Dat die Raad kennisneem dat die inligtingsblad in die koerant adverteer sal word en die publiek, Nasionale Tesourie en die relevante Provinsiale Tesourie uitgenooi sal word om geskrewe kommentare met betrekking tot die voorgestelde langtermynlening aan die Raad te verskaf; en*
- (3) Dat die Raad kennisneem dat die noodsaaklike terme, insluitend die verwagte skuldterugbetalingskedule en die verwagte totale koste in konneksie met die voorgestelde langtermynlening oor die terugbetalingstermyn.*

## IZINDULULO

Ukuze kuthotyelwe umhlathi 46(3) we MFMA, iBhunga ligqibe:

- (1) Okokuba iBhunga lithathele ingqalelo, ukuphunyezwa emveni kwexesha, ekuthabatheni imalimboleko nesisiphakamiso semali eyi R261 yezigidi ukuhlawula indawo yolawulo lwenkunkuma yengingqi njengoko kuphaulwe kwi MTREF yolawulo oluyinkunzi lula 2022/23-2024/25.
- (2) Okokuba iBhunga lithathele ingqalelo ukuba incwadi zezemali zizakubhengezwa kumaphephandaba kunye noluntu, uNondyabo kaZwelonke kunye nonondyabo wephondo bazakumenywa ukuba banikezele ngezimvo zabo ezibhaliweyo okanye banikezele ngengxelo kwibhunga ngokumalunga nesiphakamiso setyala, kwaye
- (3) Okokuba iBhunga lithathele ingqalelo imigathango efanelekileyo yezentlawulo, kuquka noqikelelo lwexesha lokuhlawulwa kwetyala; kunye nokuqikelelwa kwendleko ezipheleleyo nezayamaniswa nesiphakamiso setyala kwixesha lentlawulo.

## 6. BACKGROUND AND DISCUSSION

### 6.1 Background

As part of the approved 2022/23 – 2024/25 MTREF budget, the construction of the Regional Waste Management Facility is listed as part of the approved capital budget. The funding for the project is approved to be via sourcing external loan funding from the market. An open formal tender process was therefore completed. In order to approve the incurring of long term debt, an MFMA section 46 process must be followed. This process starts off with the noting of the proposed debt and its essential terms by Council.

Numerous financial assistance or funding requests / applications have been submitted to NT, MIG etc., to no avail. A comprehensive MIG funding application for yellow fleet was also mentioned in the Council report pertaining to the Regional Waste Management Facility that served before Council on 25 October 2022.

## 6.2 Discussion

The construction of the Regional Waste Management Facility is an imperative function of the district municipality as stipulated in the powers and functions section 84 of the Municipal Structures Act 117 of 1998.

Council has therefore embarked on a project to deliver on this mandated requirement. In May 2022, Council approved the 2022/23 – 2024/25 MTREF budget, inclusive of a capital project for the construction of the said facility. As per council resolution, the project is to be funded via an external loan.

A competitive bidding process was followed whereby the market was invited to submit a tender for the financing of the construction of the Regional Waste Management Facility (RWMF).

Before council can approve the signing of the debt agreement, a section 46 process as contained in the MFMA must be followed – refer paragraph on Legal Implications below for the relevant legislation in this regard.

The proposed debt amount is as per the latest available estimate as calculated by the consulting engineers as appointed. The repayment of the loan will be funded from tariffs charged to the users of the RWMF. Contracts will be entered into with each of the local municipalities that are participating in the project in order to dispose of their waste at the facility. Certified copies of such contracts have to be provided to the lender under the proposed draft debt agreement.

## 6.3 Financial implications

PERIOD IN YEARS	PROPOSED DEBT AMOUNT	ANNUAL INTEREST RATE (variable rate quoted May 2022)	INTEREST COST OVER TERM	TOTAL COST	BI ANNUAL INSTALMENT AMOUNT
10	R 261,000,000	6.89%	R 125,661,093	R 386,661,093	R 19,337,235

Securities: In the event that the GRDM ratio of total debt to total revenue exceeds 50%, GRDM will be required to place a cash investment with the Bank equalling two repayments (being one year's interest and capital repayments) in an interest-bearing investment account ceded to the Bank for the duration of the breach of this ratio.



## 6.4 Legal implications

Extract: Section 46 of the MFMA

46. (1) A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of this Act, including section 19, and only for the purpose of—

(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4); or

(b) re-financing existing long-term debt subject to subsection (5).

(2) A municipality may incur long-term debt only if—

(a) a resolution of the municipal council, signed by the mayor, has approved the debt agreement; and

(b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

(3) A municipality may incur long-term debt only if the accounting officer of the municipality—

(a) has, in accordance with section 21A of the Municipal Systems Act—

(i) **at least 21 days prior to the meeting of the council at which approval for the debt is to be considered**, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

(ii) invite the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and

**(b) has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of—**

**(i) the essential repayment terms, including the anticipated debt repayment schedule; and**

**(ii) the anticipated total cost in connection with such debt over the repayment period.**

(4) Capital expenditure contemplated in subsection (1)(a) may include—

(a) financing costs, including—

(i) capitalised interest for a reasonable initial period;

(ii) costs associated with security arrangements in accordance with section 48;

(iii) discounts and fees in connection with the financing;

(iv) fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and

(v) costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing;

(b) costs of professional services directly related to the capital expenditure; and

(c) such other costs as may be prescribed.

(6) A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2).

#### **6.4 Staff implications**

None.

#### **6.5 Previous / Relevant council resolutions**

Approval of 2022/23 – 2024/25 MTREF BUDGET  
FINAL BUDGET 2021/2022 – 2023/2024 MTREF – 25 May 2021  
FINAL BUDGET 2022/2023 – 2024/2025 MTREF – 27 May 2022

**Extract of Council resolution dated 10 December 2020:****F.1 PROGRESS REPORT REGARDING REGIONAL WASTE MANAGEMENT FACILITY PROJECT - PUBLIC, PRIVATE PARTNERSHIP IN COMPARISON TO THE IMPLEMENTATION OF OTHER POSSIBLE ALTERNATIVES / VORDERINGSVERSLAG RAKENDE DIE STREEK AFVALBESTUUR FASILITEIT - PUBLIEKE, PRIVATE VENNOOTSKAP TEENOR DIE MOONTLIKE IMPLEMENTERING VAN ANDER ALTERNATIEWE / INKQUBO YOLAWULO LWENKUNKUMA KWINGINGQI-ULUNTU, UBAMBISWANO LWABUCALA NGOKUTHELEKISA UKUMISELWA KWENDLELA EZI ZEZINYE**

Refer: Report dated 13 November 2020 from the Executive Manager Community Services (C Africa) (pg 324-359)

**RESOLVED**

1. That Council takes notice of the progress made regarding the investigation into alternative options and financing methods to ensure the finalisation and implementation of the Garden Route Regional Waste Management Facility.
2. That Council resolves that the Public, Private Partnership process will not be pursued anymore as an option to implement the Regional Waste Management Facility.
3. That Council resolves Averda SA (reserve bidder) is informed in writing that Garden Route District Municipality (GRDM) will not proceed with the Public, Private Partnership process as an option to implement a regional waste management facility through a PPP Agreement.
4. That Council resolves that the Municipal Manager further explore and implement the option to use own (loan) funding or grant funding (if available) to construct and outsource the operation of the facility by using the applicable prescribed procurement legislation.
5. That Council resolves that a consulting engineer be appointed to assist the Municipal Manager with the compilation of the tender documents for the appointment of a construction company to construct the facility and the appointment of a service provider to operate the facility.
6. That Council resolves to appoint the consulting engineer through a deviation process to ensure that the proper consultant is appointed as indicated in the report.
7. That Council resolves that requests to financially assist with the cost associated with the implementation of the regional waste management facility is submitted to the Department of National Treasury, COGTA and Provincial Treasury
8. That Council authorises the Municipal Manager to sign the Regional Waste Management Facility Public, Private Partnership Agreement with Eden Waste Management on behalf of the District Municipal Council as well as any auxiliary Project related documents to give effect to the Project.

**6.6 Risk implications**

Noting of proposed debt and essential terms has not risk implications.

Approval of loan is only considered at a subsequent phase of the section 46 process.

**ANNEXURE**

- Information statement: Long Term Debt to fund construction of Regional Waste Management Facility

**PUBLICATION OF INFORMATION STATEMENT REGARDING THE RAISING OF EXTERNAL LOAN FOR THE CONSTRUCTION OF GRDM REGIONAL WASTE MANAGEMENT FACILITY OVER THE 2022/23 – 2024/25 MTREF PERIOD**

**PURPOSE**

To make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided for the financing of the construction of the GRDM Regional Waste Management Facility capital project as per Council's approved 2022/23 – 2024/25 MTREF Capital Budget.

**LEGISLATION**

In terms of the Municipal Finance Management Act No 56 of 2003 section 46(3):

“A municipality may incur long-term debt only if the accounting officer of the municipality-

- (a) (ii) invited the public, the national treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and
- (b) has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council at which the approval of the debt will be considered, together with particulars of-
  - (i) the essential repayment terms, including the anticipated debt repayment schedule; and
  - (ii) the anticipated total cost in connection with such debt over the repayment period.”

**PROPOSED DEBT**

Council intends to enter into a borrowing agreement to finance the GRDM regional waste management facility capital project as reflected on the approved 2022/23 – 2024/25 MTREF capital budget through a floating interest rate. The table below reflects the borrowing period, amounts, floating interest rate and cost.

**Indicative Floating Interest Rate**

PERIOD IN YEARS	PROPOSED DEBT AMOUNT	ANNUAL INTEREST RATE (variable rate quoted May 2022)	INTEREST COST OVER TERM	TOTAL COST	BI-ANNUAL INSTALMENT AMOUNT
10	R 261,000,000	6.89%	R 125,661,093	R 386,661,093	R 19,337,235

**PURPOSE OF CAPITAL EXPENDITURE**

The purpose of this expenditure is to enable **Garden Route District Municipality** to construct

a regional waste management facility for the Garden Route region under the mandated function as stipulated in Section 84 of the Local Government: Municipal Structures Act 117 of 1998.

**COUNCIL MEETING DATE**

Council plans to consider and approve the borrowing in a Council meeting to be held in January 2023.

**CLOSING DATE FOR COMMENTS**

Written comments or representations on the proposed debt can be submitted on or before Friday, 23 December 2022.

**REPAYMENT SCHEDULE**

Refer Annexure below.

**SECURITY**

In the event that Council's ratio of total debt to total revenue exceeds 50%, GRDM will be required to place a cash investment with the Bank equal to two repayments (being one year's interest and capital repayments) in an interest-bearing investment account ceded to the Bank for the duration of the breach of this ratio.

**MONDE STRATU**

**MUNICIPAL MANAGER**

**Annexure A - Proposed Repayment Schedule**

Period	Drawdown	Interest	Capital	Repayment	Cap balance
Month 1	17,843,087	101,045.65			17,944,132.65
Month 2	12,757,508	185,454.73			30,887,095.38
Month 3	12,757,508	230,682.65			43,875,286.03
Month 4	12,757,508	331,402.70			56,964,196.73
Month 5	12,757,508	368,512.64			70,090,217.37
Month 6	12,757,508	516,084.58			83,363,809.95
Month 7	12,800,836	544,581.71			96,709,227.66
Month 8	12,800,836	640,828.89			110,150,892.55
Month 9	12,800,836	719,486.57			123,671,215.12
Month 10	12,800,836	747,081.66			137,219,132.78
Month 11	12,800,836	906,202.81			150,926,171.59
Month 12	12,800,836	927,188.29			164,654,195.88
Month 13	12,800,836	971,432.60			178,426,464.48
Month 14	12,800,836	1,191,215.10			192,418,515.58
Month 15	12,800,836	1,123,421.33			206,342,772.91
Month 16	12,800,836	1,241,013.26			220,384,622.17
Month 17	12,800,836	1,364,550.19			234,550,008.37
Month 18	12,800,836	1,447,442.93			248,798,287.29
Month 19	12,800,836	1,382,676.79			262,981,800.08
Bi-annual 1	13,042,120	9,691,388.89	9,645,846.51	19,337,235.40	266,378,073.58
Bi-annual 2		9,101,299.50	10,235,935.90	19,337,235.40	256,142,137.68
Bi-annual 3		8,896,623.46	10,440,611.94	19,337,235.40	245,701,525.74
Bi-annual 4		8,394,847.01	10,942,388.39	19,337,235.40	234,759,137.35
Bi-annual 5		8,153,924.49	11,183,310.91	19,337,235.40	223,575,826.44
Bi-annual 6		7,638,881.57	11,698,353.83	19,337,235.40	211,877,472.61
Bi-annual 7		7,359,172.18	11,978,063.22	19,337,235.40	199,899,409.39
Bi-annual 8		6,867,667.44	12,469,567.96	19,337,235.40	187,429,841.43
Bi-annual 9		6,510,028.93	12,827,206.47	19,337,235.40	174,602,634.96
Bi-annual 10		5,965,621.92	13,371,613.48	19,337,235.40	161,231,021.47
Bi-annual 11		5,600,061.36	13,737,174.04	19,337,235.40	147,493,847.44
Bi-annual 12		5,039,400.06	14,297,835.34	19,337,235.40	133,196,012.10
Bi-annual 13		4,626,317.16	14,710,918.24	19,337,235.40	118,485,093.86
Bi-annual 14		4,048,262.35	15,288,973.05	19,337,235.40	103,196,120.80
Bi-annual 15		3,584,326.41	15,752,908.99	19,337,235.40	87,443,211.82
Bi-annual 16		3,004,165.45	16,333,069.95	19,337,235.40	71,110,141.86
Bi-annual 17		2,469,879.27	16,867,356.13	19,337,235.40	54,242,785.74
Bi-annual 18		1,853,305.09	17,483,930.31	19,337,235.40	36,758,855.42
Bi-annual 19		1,276,750.86	18,060,484.54	19,337,235.40	18,698,370.89
Bi-annual 20		638,864.42	18,698,370.98	19,337,235.40	0.09