Metsimaholo Municipality

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PUBLIC NOTICE

14 MARCH 2024

APPLICATION FOR LOAN OF R130 MILLION IN COMPLIANCE WITH SECTION 46 OF THE MFMA

Notice is hereby given in terms of Section 46(3) of the Municipal Finance Management Act No. 56 of 2003 (MFMA). The Metsimaholo Local Municipality intends to incur a long-term debt amounting to R130 Million.

LOAN DETAILS

Institution	**To be determined through competitive process**
Amount	R130 000 000.00
Interest rate	**Fixed rate in terms of SARB**
Capital and interest repayment	Monthly equal installment
Security	N/A
Total early payments	N/A
Loan term in years	5 years
Scheduled number of payments	60 months
Scheduled payment	R2 826 515.00
Estimated interest repayments	R39 590 899.97
Estimated total repayments	R169 565 225.59

LEGISLATIVE REQUIREMENTS

Section 46 (3) of the MFMA states the following: that

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, an information statement made public 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.

Section 2.2 of Metsimaholo Local Municipal Borrowing policy states the following: that

MLM may incur long-term debt for the purposes of financing its long-term strategic objectives as outlined in the Constitution of the Republic of South Africa, Act no 108 of 1996 and Chapter 7 on Local Government to:

a) Provide democratic and accountable government for local communities.
b) Ensure the provision of services of communities in a sustainable manner.
c) Promote social and economic development.
d) Promote a safe and healthy environment; and
e) Encourage the involvement of communities and community organizations in the matters of local government.

PARTICULARS OF THE PROPOSED DEBT

The municipality intends to incur long term debt to procure fleet and plant through lease to own tender for a period starting 01 July 2025 to a period ending 30 June 2030 where after 30 June 2030 vehicles are paid up and transferred to municipal ownership via lease to own option. The municipality will open tender process to source bids from institutions who are accredited in terms of National Credit Regulator.

PURPOSE FOR WHICH THE DEBT IS TO BE INCURRED

The purpose for incurring the long-term debt is to procure municipal vehicles and fleet to service its community in a sustainable manner, to promote a safe and healthy environment for its residents and to render services efficiently and within acceptable service level standards.

The long-term debt will be repaid over a period that aligns with the municipality's financial capacity and growth projections, ensuring that the long-term debt does not negatively impact the municipality's long-term financial stability.

SECURITY

N/A

INVITATION FOR PUBLIC COMMENTS

The municipality hereby invites the public in terms of section 46(3) of the Municipal Finance management Act, read together with section 21A of the Municipal Systems Act, to submit written comments or representations regarding this loan application to the Municipality. Kindly note that the closing date for written comments and/or representations is the ***4 April 2025***. All comments and/or representations must be communicated to:

The Municipal Manager: Mr. FJ Motloung
Metsimaholo Local Municipality
Telephone: 016 973 8311
Email: cfosecretary@metsimaholo.gov.za ***(Reference: Section 46 report)***

The municipality encourages and values its community's' inputs and involvements in the municipality's affairs.

ISSUED BY: COMMUNICATIONS UNIT

METSIMAHOLO LOCAL MUNICPALITY