

MUNICIPALITEIT EMTHANJENI MUNICIPALITY



NOTICE NO. 19/2019

INFORMATION STATEMENT REGARDING THE RAISING OF EXTERNAL LOANS FOR THE PROCUREMENT OF FLEET – 2019/2020 FINANCIAL YEAR

1. PURPOSE

The purpose of this information statement is to obtain comments from the public, National Treasury and Provincial Treasury regarding the anticipated raising of external loans for the financing of fleet during the 2019/2020 financial year.

2. BACKGROUND

Council intends to enter into a borrowing agreement to finance the purchase of several vehicles in the capital program for the 2019/2020 financial year.

The Municipal Finance Management Act lists the requirements for taking up loans. Particularly section 46 reads as follows:

“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 subject to subsection (5).

46. (2) A municipality may incur long-term debt 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.

In terms of Section 46(3) of the Municipal Finance Management Act:

“A municipality may incur long-term debt only if the accounting office 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,

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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) 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 to the municipal council at least 21 days prior to the meeting of the council together with particulars of- (i) the essential repayments terms, including the anticipated debt repayment schedule; and (ii) the anticipated total cost with such debt over the repayment period.

3. PROPOSED DEBT

Council intends to enter into a borrowing agreement to finance the purchase of vehicles as contained in Council's capital program for the 2019/2020 financial year. Council intends to acquire loan funding for the amount of R12 000 000. Requests for proposals inviting local banks to submit proposals on the required long-term funding has been published.

For any further information contact the office as indicated below. Written comments to be addressed to following addressee on or before 29 April 2019:

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