

PROPOSED INCURRING OF LONG-TERM DEBT FOR THE PARTIAL FUNDING OF THE MOORREESBURG AND DARLING WASTE WATER TREATMENT WORKS

On 26 March 2020, Council in-principle approved the raising of an external loan to for the partial financing of the Moorreesburg and Darling Waste Water Treatment Works in the multi-year capital budget for 2020/21 to 2021/22 financial years. This requires that the market be tested as envisaged by MFMA section 46 for purposes of following due process.

HIGH LEVEL OVERVIEW

Due to the fact that the Waste Water Treatment Works in Moorreesburg and Darling are in need of critical upgrades, partial financing are required for said upgrading which constitutes long-term debt as per the MFMA. The total envisaged debt amounts to R 50 000 000 which will be taken up by way of R 25 000 000 in 2020/2021 and R 25 000 000 in 2021/2022. The projects will also be funded from MIG (national government grant) and the CRR (council's own funds). **See detail of funding mix below.**

Due to the extent of the upgrade's to the aforementioned Waste Water Treatment Works, the cost of operating same will have an impact on future Sanitation tariff increases which we calculated around 9.4% for year 4 (2023/2024) with lower increases in the region of 7% for the future years. These additional operational costs are estimated to be in the region of ± R2.1 million being added from 2022/23 with the latter amount escalating around CPI in the subsequent years.

2020/2021 - 2022/2023 DRAFT CAPITAL BUDGET							
No.	Project Description	Draft Budget 2020/2021	Sources of Finance	Draft Budget 2021/2022	Sources of Finance	Draft Budget 2022/2023	Sources of Finance
1	Sewerage Works: Moorreesburg	25 000 000	External Loan	25 000 000	External Loan		
2	Sewerage Works: Moorreesburg	9 303 685	MIG	16 432 570	MIG		
3	Sewerage Works: Moorreesburg	6 338 522	CRR	19 768 430	CRR	7 646 177	CRR
4	Sewerage Works: Darling	11 351 227	CRR	1 031 000	CRR		
5	Sewerage Works: Darling	10 852 566	MIG				

Loan Amortization Schedule of Proposed Loan of R50 million

Enter values	
Loan amount	50 000 000.00
Annual interest rate	11.00 %
Loan period in years	10
Number of payments per year	2
Start date of loan	2020/07/01
Optional extra payments	

Loan summary	
Scheduled payment	4 183 966.50
Scheduled number of payments	20
Actual number of payments	20
Total early payments	0.00
Total interest	33 679 330.03

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	2021/01/01	50 000 000.00	4 183 966.50	0.00	4 183 966.50	1 433 966.50	2 750 000.00	48 566 033.50	2 750 000.00
2	2021/07/01	48 566 033.50	4 183 966.50	0.00	4 183 966.50	1 512 834.66	2 671 131.84	47 053 198.84	5 421 131.84
3	2022/01/01	47 053 198.84	4 183 966.50	0.00	4 183 966.50	1 596 040.57	2 587 925.94	45 457 158.27	8 009 057.78
4	2022/07/01	45 457 158.27	4 183 966.50	0.00	4 183 966.50	1 683 822.80	2 500 143.71	43 773 335.48	10 509 201.48
5	2023/01/01	43 773 335.48	4 183 966.50	0.00	4 183 966.50	1 776 433.05	2 407 533.45	41 996 902.43	12 916 734.93
6	2023/07/01	41 996 902.43	4 183 966.50	0.00	4 183 966.50	1 874 136.87	2 309 829.63	40 122 765.56	15 226 564.57
7	2024/01/01	40 122 765.56	4 183 966.50	0.00	4 183 966.50	1 977 214.40	2 206 752.11	38 145 551.16	17 433 316.67
8	2024/07/01	38 145 551.16	4 183 966.50	0.00	4 183 966.50	2 085 961.19	2 098 005.31	36 059 589.97	19 531 321.99
9	2025/01/01	36 059 589.97	4 183 966.50	0.00	4 183 966.50	2 200 689.05	1 983 277.45	33 858 900.92	21 514 599.44
10	2025/07/01	33 858 900.92	4 183 966.50	0.00	4 183 966.50	2 321 726.95	1 862 239.55	31 537 173.97	23 376 838.99
11	2026/01/01	31 537 173.97	4 183 966.50	0.00	4 183 966.50	2 449 421.93	1 734 544.57	29 087 752.04	25 111 383.56
12	2026/07/01	29 087 752.04	4 183 966.50	0.00	4 183 966.50	2 584 140.14	1 599 826.36	26 503 611.90	26 711 209.92
13	2027/01/01	26 503 611.90	4 183 966.50	0.00	4 183 966.50	2 726 267.85	1 457 698.65	23 777 344.05	28 168 908.57
14	2027/07/01	23 777 344.05	4 183 966.50	0.00	4 183 966.50	2 876 212.58	1 307 753.92	20 901 131.47	29 476 662.49
15	2028/01/01	20 901 131.47	4 183 966.50	0.00	4 183 966.50	3 034 404.27	1 149 562.23	17 866 727.20	30 626 224.73
16	2028/07/01	17 866 727.20	4 183 966.50	0.00	4 183 966.50	3 201 296.51	982 670.00	14 665 430.69	31 608 894.72
17	2029/01/01	14 665 430.69	4 183 966.50	0.00	4 183 966.50	3 377 367.81	806 598.69	11 288 062.88	32 415 493.41
18	2029/07/01	11 288 062.88	4 183 966.50	0.00	4 183 966.50	3 563 123.04	620 843.46	7 724 939.84	33 036 336.87
19	2030/01/01	7 724 939.84	4 183 966.50	0.00	4 183 966.50	3 759 094.81	424 871.69	3 965 845.03	33 461 208.56
20	2030/07/01	3 965 845.03	4 183 966.50	0.00	3 965 845.03	3 747 723.55	218 121.48	0.00	33 679 330.03

R 5 421 131.84	Interest per Year
R 2 946 801.16	Redemption per Year
R 5 088 069.64	Interest per Year
R 3 279 863.36	Redemption per Year
R 4 717 363.08	Interest per Year
R 3 650 569.92	Redemption per Year
R 4 304 757.42	Interest per Year
R 4 063 175.58	Redemption per Year
R 3 845 517.00	Interest per Year
R 4 522 416.00	Redemption per Year
R 3 334 370.93	Interest per Year
R 5 033 562.07	Redemption per Year
R 2 765 452.58	Interest per Year
R 5 602 480.43	Redemption per Year
R 2 132 232.23	Interest per Year
R 6 235 700.78	Redemption per Year
R 1 427 442.15	Interest per Year
R 6 940 490.86	Redemption per Year
R 642 993.17	Interest per Year
R 7 506 818.36	Redemption per Year