SWELLENDAM MUNICIPALITY/MUNISIPALITEIT/MASIPALA

+27 28 514 8500
info@swellenmun.co.za
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www.swellenmun.co.za
+27 28 514 2694

49 Voortrek Street, Swellendam | P.O Box 20, Swellendam 6740

TO: Executive Mayor
Speaker
Councilllors

DATE: 30 April 2026

INFORMATION STATEMENT – SMT 27/25/26 – PROPOSAL OF FINANCE FACILITY OF R 6,050,000

<u>Background:</u>

In terms of section 46 (3) of the MFMA, a municipality may incur long-term debt only if the accounting officer of the municipality –

a) has in accordance with section 21 A 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 purpose for which the debt is to be incurred and particulars of any security to be provided.
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 correction with such debt over the repayment period.

To comply with the above notice is hereby given of the intention to take up external borrowing to finance the municipality's fleet per the 2025/2026 approved budget for the amount of R6,050 million.

SMT27/25/26

INFORMATION STATEMENT: PROPOSAL OF FINANCE FACILITY

Notice in terms of section 46 (3) of the Municipality Finance Management Act, Act No.56 of 2003 is hereby given that Swellendam Municipality intends to obtain an external loan of R6.050 million, repayable over 5 years, to finance the listed capital expenditure below:

Financial Year	Financing Amount	Details
2025/2026	R 1 600 000	Water Truck (6000l)
2025/2026	R 2 400 000	Sewerage Truck (Vacuum Tanker) (6000l)
2025/2026	R 2 050 000	5x Light Delivery Vehicles

The Loan Conditions are as follows:

1. 2025/2026 Financial Year	
Term (Payable six-monthly)	Five (5) Years
Interest Rate – Fixed	8,12%
Loan Amount	R 6,050,000-00
Planned Start Date	29 June 2026
Planned End Date	30 June 2031
Type of Instrument	Annuity – New Borrowing
Loan Security	None
Source of Funds	Bank

The base rate and liquidity margin are to be determined on the date of signing the agreement.

The Estimated cost over a five (5) year period:

1. 2025/2026 Financial Year	
Interest	R 1 434 502-00
Capital Repayment	R 6 050 000-02
Total Cost	R 7 484 502-02
Six Monthly Installments	R 748 450-20

Yours faithfully

A. Vorster
MUNICIPAL MANAGER
Acting

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49 Voortrek Street, Swellendam | P.O Box 20, Swellendam 6740

Datum: 28 April 2026

Me. E. Wassermann
Direkteur: Finansiële Dienste
Munisipaliteit
SWELLENDAM
6740

Geagte me. E. Wassermann

AANSTELLING AS WAARNEMENDE MUNISIPALE BESTUURDER

Hiermee word u aangestel as Waarnemende Munisipale Bestuurder op Dinsdag, 28 April 2026 tot Donderdag, 30 April 2026.

Die uwe

A.Vorster
MUNISIPALE BESTUURDER

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+27 28 514 2694

49 Voortrek Street, Swellendam | P.O Box 20, Swellendam 6740

TO: Executive Mayor
Speaker
Councilllors

DATE: 30 April 2026

INFORMATION STATEMENT – SMT 27/25/26 – PROPOSAL OF FINANCE FACILITY OF R 6,050,000

Background:

In terms of section 46 (3) of the MFMA, a municipality may incur long-term debt only if the accounting officer of the municipality –

a) has in accordance with section 21 A 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 purpose for which the debt is to be incurred and particulars of any security to be provided.
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To comply with the above notice is hereby given of the intention to take up external borrowing to finance the municipality's fleet per the 2025/2026 approved budget for the amount of R6,050 million.

SMT27/25/26

INFORMATION STATEMENT: PROPOSAL OF FINANCE FACILITY

Notice in terms of section 46 (3) of the Municipality Finance Management Act, Act No.56 of 2003 is hereby given that Swellendam Municipality intends to obtain an external loan of R6.050 million, repayable over 5 years, to finance the listed capital expenditure below:

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Type of Instrument	Annuity – New Borrowing
Loan Security	None
Source of Funds	Bank

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1. 2025/2026 Financial Year	
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Total Cost	R 7 484 502-02
Six Monthly Installments	R 748 450-20

Yours faithfully

A. Vorster
MUNICIPAL MANAGER
Acting

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49 Voortrek Street, Swellendam | P.O Box 20, Swellendam 6740

Datum: 28 April 2026

Me. E. Wassermann
Direkteur: Finansiële Dienste
Munisipaliteit
SWELLENDAM
6740

Geagte me. E. Wassermann

AANSTELLING AS WAARNEMENDE MUNISIPALE BESTUURDER

Hiermee word u aangestel as Waarnemende Munisipale Bestuurder op Dinsdag, 28 April 2026 tot Donderdag, 30 April 2026.

Die uwe

A.Vorster
MUNISIPALE BESTUURDER

SMT 27/25/26

PROPOSAL OF FINANCE FACILITY

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1. 2025/2026 Financial Year	
Interest	R 1 434 502-00
Capital Repayment	R 6 050 000-02
Total Cost	R 7 484 502-02
Six-Monthly Installment	R 748 450-20

The Public, Provincial Treasury, and National Treasury are invited to submit written comments or representations to the Council in respect of the proposed debt. Representations, in a properly sealed envelope and clearly marked SMT 27/25/26– Proposal of finance facility on the outside directed to the Municipal Manager with the corresponding bid number, must timeously be placed in the tender box at Swellendam Municipality, Supply Chain Management Unit, 23 Lind Street, Swellendam, by not later than 12h00 on 7 April 2026.

For more information/ enquiries, contact the Director: Finance, during normal office hours, at 028 514 8500

ANNELEEN VORSTER
MUNICIPAL MANAGER

KENNISGEWINGS I NOTICES

SMT 27/25/26
PROPOSAL OF FINANCE FACILITY

Notice in terms of section 46 (3) of the Municipality Finance Management Act, Act No.56 of 2003, is hereby given that Swellendam Municipality intends to obtain an external loan of R6,050 million, repayable over 5 years, to finance the listed capital expenditure.

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For more information/ enquiries, contact the Director: Finance, during normal office hours, at 028 514 8500

A. VORSTER
MUNICIPAL MANAGER
P.o. Box 20
SWELLENDAM
6740

Notice no: F4/2026

LAND USE PLANNING:
FINES AND CONTRAVENTION PENALTY POLICY, 2026

PUBLIC PARTICIPATION

Notice is hereby given that the proposed Land Use Planning: Fines and Contravention Policy has served before Council, and is available for public consideration and comment. The policy document can be viewed on the municipal website at www.swellendam.gov.za, or requested from Ms M. Swart on 028-514 8537 or mswart@swellendam.gov.za. Comments to be addressed to the Municipal Manager, at Swellendam Municipality, P.O Box 20, Swellendam 6740 or via e-mail to mswart@swellendam.gov.za, to be received before **12:00 on Monday, 13 April 2026.** Assistance will be provided on request. Queries can be directed to Mr R Brunings at 028-514 8539 or via e-mail at rbrunings@swellendam.gov.za.

GRONDGEBRUIKSBEPLANNING:
BOETES EN OORTREDINGSBOETE BELEID, 2026

PUBLIEKE DEELNAME

Kennis geskied hiermee dat die voorgestelde Grondgebruiksbeplanning: Boetes en Ootredingsboete Beleid 2026 voor die Raad gedien het, en is beskikbaar vir publieke oorweging en kommentaar. Die dokument is sigbaar op die Munisipale webwerf by www.swellendam.gov.za, of by Me M. Swart 028-514 8537 te mswart@swellendam.gov.za. Kommentaar kan gerig word aan die Munisipale Bestuurder, Posbus 20, Swellendam 6740/e-pos: mswart@swellendam.gov.za, teen nie later as **12:00 Maandag, 13 April 2026.** Bystand sal op versoek verskaf word. Navrae kan gerig word aan: Mnr R Brunings - 028 514 8539 of per e-pos: rbrunings@swellendam.gov.za.

A.Vorster
Munisipale Bestuurder / Municipal Manager

Kennisgewing Nr./ Notice no : S12/2026
13 Maart 2026

KENNISGEWINGS I NOTICES

SWELLENDAM MUNICIPALITY

APPLICATION FOR SUBDIVISION, REZONING & CONSOLIDATION

ERVEN 702 & 824, BARRYDALE

Notice is hereby given in terms of Section 45 of the Swellendam By-law on Municipal Land Use Planning, PN 8353 of 2020, that the Municipality has received the following submission for consideration:

Owners	:	Swellendam Municipality & Smit Broers Eiendomme (Pty) Ltd
Applicant	:	Umsiza Planning
Properties	:	Erven 702 & 824, Barrydale
Locality	:	Tennant & Bain Street, Barrydale
Existing zoning	:	Residential Zone I & General Business Zone
Proposal		

- Subdivision of Erf 702, Barrydale into Portion "A" (1 484m²) and Remainder (2 226m²) in terms of Section 15(2)(d) of the Swellendam By-law on Municipal Land Use Planning PN 8353 of 2020.
- Rezoning of Portion "A" from Residential Zone I to General Business Zone in terms of Section 15(2)(a) of the Swellendam Municipality: By-Law on Municipal Land Use Planning, PN 8353 of 2020.
- Consolidation of Portion "A" (1 484m²) with Erf 824, Barrydale (3 053m²) to create a consolidated erf measuring 4 537m² in terms of Section 15(2)(e) of the Swellendam Municipality: By-law on Municipal Land Use Planning PN 8353 of 2020.

Details of the application can be obtained from Mr C.Uys during office hours.

Interested parties are invited to submit written comments / objections and/or representations with regards to the proposal in terms of Section 50 of said legislation, to be directed to the Municipal Manager, PO. Box 20, Swellendam 6740, E-mail: mswart@swellendam.gov.za by no later than **13 April 2026.** Comments received after the closing date will not be taken into consideration.

Persons who are unable to write, but who would like to make an input, are invited to visit the aforementioned Municipal offices, where an official will assist with transcription.

A. VORSTER
MUNICIPAL MANAGER

Notice no.: S15/2026

13 March 2026

SWELLENDAM MUNISIPALITEIT

AANSOEK OM ONDERVERDELING, HERSONERING & KONSOLIDASIE

ERWE 702 & 824, BARRYDALE

Kennis geskied hiermee ingevolge Artikel 45 van die Swellendam Verordening op Munisipale Grondgebruikbeplanning, PK 8353 van 2020, dat die Munisipaliteit die volgende aansoek vir oorweging ontvang het:

Eienaars	:	Swellendam Munisipaliteit & Smit Broers Eiendomme (Edms) Bpk
Aansoeker	:	Umsiza Planning
Eiendom	:	Erwe 702 & 824, Barrydale
Ligging	:	Tennant- & Bainstraat , Barrydale
Huidige sonering	:	Residensiële Sone I & Algemene Sake Sone
Voorstel		

- Onderverdeling van Erf 702, Barrydale in Gedeelte "A" (1 484m²) en Restant (2 226m²) ingevolge Artikel 15(2)(d) van die Swellendam Verordening op Munisipale Grondgebruikbeplanning, PK 8353 van 2020.
- Hersonering van Gedeelte "A" vanaf Residensiële Sone I na Algemene Sake Sone in terme van Artikel 15(2)(o) van die Swellendam Munisipaliteit: Verordening op Munisipale Grondgebruikbeplanning, PK 8353 van 2020.
- Konsolidasie van Gedeelte "A" (1 484) met Erf 824, Barrydale (3 053m²) om 'n gekonsolideerde eiendom te skep van 4 537m² ingevolge Artikel 15(2)(e) van die Swellendam Munisipaliteit: Verordening op Munisipale Grondgebruik-beplanning, PK 8353 van 2020.

Besonderhede van die aansoek is gedurende kantoorure by Mnr C. Uys ter insae.

Belangstellendes word genooi om skriftelike kommentaar / besware en of vertoë met betrekking tot die voorstel ingevolge Artikel 50 van bogenoemde wetgewing aan die Munisipale Bestuurder, Posbus 20, Swellendam 6740, e-pos: mswart@swellendam.gov.za te rig, teen nie later as **13 April 2026.** Neem asseblief kennis dat enige kommentaar ontvang na die sluitingsdatum nie in ag geneem gaan word nie.

Persone wat nie kan skryf nie, maar wat graag wil insette gee, word uitgenooi om die bogemelde Munisipale Kantoor te besoek, waar 'n amptenaar u sal help met die transkripsie.

A. VORSTER
MUNISIPALE BESTUURDER

Kennisgewing nr.: S15/2026

13 Maart 2026

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49 Voortrek Street, Swellendam | P.O Box 20, Swellendam 6740

TO: Executive Mayor
Speaker
Councilllors

DATE: 26 February 2026

INFORMATION STATEMENT – SMT 27/25/26 – PROPOSAL OF FINANCE FACILITY OF R 6,050,000

Background:

In terms of section 46 (3) of the MFMA, a municipality may incur long-term debt only if the accounting officer of the municipality –

a) has in accordance with section 21 A of the Municipal Systems Act –
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SMT27/25/26

INFORMATION STATEMENT: PROPOSAL OF FINANCE FACILITY

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Capital Repayment	R 6 050 000-02
Total Cost	R 7 484 502-02
Six Monthly Installment	R 748 450-20

Yours faithfully

A. Vorster
MUNICIPAL MANAGER

Loan Amount	R	6 050 000.00
Number of Years		5
Interest Rate		8.12%
PMT	R	748 450.20
Total PMT	R	7 484 502.02

Start Date	End Date	Period	Days	Opening Capital	Interest	Capital	Total Payment	Closing Capital
29-Jun-26	31-Dec-26	1	185	6 050 000.00	248 994.79	499 455.41	748 450.20	5 550 544.59
31-Dec-26	30-Jun-27	2	181	5 550 544.59	223 499.90	524 950.30	748 450.20	5 025 594.29
30-Jun-27	31-Dec-27	3	184	5 025 594.29	205 716.16	542 734.04	748 450.20	4 482 860.25
31-Dec-27	30-Jun-28	4	182	4 482 860.25	181 505.48	566 944.72	748 450.20	3 915 915.54
30-Jun-28	29-Dec-28	5	182	3 915 915.54	158 550.59	589 899.61	748 450.20	3 326 015.93
29-Dec-28	29-Jun-29	6	182	3 326 015.93	134 666.28	613 783.92	748 450.20	2 712 232.01
29-Jun-29	31-Dec-29	7	185	2 712 232.01	111 625.07	636 825.14	748 450.20	2 075 406.88
31-Dec-29	28-Jun-30	8	179	2 075 406.88	82 645.54	665 804.66	748 450.20	1 409 602.22
28-Jun-30	31-Dec-30	9	186	1 409 602.22	58 327.41	690 122.79	748 450.20	719 479.43
31-Dec-30	30-Jun-31	10	181	719 479.43	28 970.78	719 479.43	748 450.20	- 0.00

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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@Treasury_RSA National Treasury RSA National Treasury RSA @treasuryrsa | www.treasury.gov.za

Ms A Vorster
The Municipal Manager
Swellendam Municipality
PO Box 20
SWELLENDAM
6740

Per e-mail: anneleenv@swellendam.gov.za

Dear Municipal Manager

RE: PROPOSAL OF FINANCE FACILITY

Your correspondence requesting the National Treasury's comments in terms of section 46 of the MFMA refers.

We have noted the contents of the letter. The municipality intends to incur long-term debt amounting to R6,05 million. We trust that the municipality has ensured compliance with the applicable procurement prescripts in appointing the service provider.

Section 46(3)(a) of the MFMA requires the municipality to, at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, 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; and 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.

We have noted the copy of the information statement setting out the details of the proposed arrangement. The municipality's letter makes reference to a media statement. However, this has not been provided. As such, based on the information provided, there is no evidence within the annexure itself that the notice was published or disseminated to the public, such as proof of advertisement in local media, municipal website publication, or invitation for public comments. The document appears to be an internal council communication (addressed to the Executive Mayor, Speaker, and councillors), rather than a public notice. In the absence of corroborating evidence, it cannot be confirmed that the municipality has fully complied with section 46(3)(a) read with section 21A of the Municipal Systems Act.

The loan will be used to fund a 6 000l water truck (R1.6 million), 6 000l vacuum tanker sewerage truck (R2.4 million) and five (5) light delivery vehicles (R2.05 million). The municipality has made provision for the proposed borrowing in the 2025/2026 budget.

The proposed repayment schedule is for a R6.05 million loan repayable over five years at an interest rate of 8.12%, with fixed six-monthly instalments of R748 450.20, resulting in a total repayment of approximately R7.48 million.

We provide the following comments on the financial position and performance as observed during our analysis of the restated 2020/2021, 2021/2022, 2022/2023 and 2023/2024 and the 2024/2025 audited financial statements.

The municipality's revenue and debtor management performance reflects notable weaknesses. For the 2024/2025 financial year, the collection rate improved from 78% in 2023/2024 to 85% but remained below the 95% norm at 94%. Inefficiencies in revenue collection have persisted since 2019/2020. The collection rate has consistently been below the norm over the past five financial years, signalling potential cash flow pressures. This tension is evidenced in the net debtor days of fifty days, where it took the municipality on average, fifty-nine days to pay creditors at the end of the 2024/2025 financial year. While the collection rate is not critically low, it suggests that a portion of billed revenue is not being realised within the financial period, increasing reliance on accumulated debtors. The debtor days and collection rate ratio indicates weaknesses in debtor management and possibly slow resolution of long outstanding accounts.

From a liquidity perspective, the municipality is in a relatively strong position. The cash coverage ratio of 4.35 months exceeds the norm of 1-3 months, indicating a solid liquidity buffer and the ability to meet short term obligations without financial distress. Similarly, the current ratio of 2.20:1 is above the ratio which ranges between (1.5-2:1), reflecting strong short-term solvency and prudent working capital management. While these indicators signal financial stability, ratios that are consistently above the upper threshold may also suggest underutilisation of available cash resources that could otherwise be directed toward service delivery or infrastructure investment.

In terms of liability management, Swellendam Municipality demonstrates a conservative and low risk borrowing profile. The capital cost ratio of 2% is significantly below the 6-8% benchmark, indicating limited debt servicing pressure but also suggesting under leveraging of debt to finance capital expansion. Likewise, the debt to revenue ratio of 6% is far below the 45% threshold, confirming minimal reliance on borrowing. While this strengthens financial sustainability and reduces fiscal risk, it may also point to missed opportunities to responsibly utilise debt financing for infrastructure development and economic growth.

From an affordability standpoint, the loan presents insignificant fiscal risk as debt servicing is well below 1% of total operating expenditure and is in accordance with the municipality's low capital cost and debt to revenue ratios. The loan's structure is conventional, with higher interest payments in the initial years progressively transitioning to the capital repayment.

Although the financing arrangement is affordable, it is indicative of a conservative and potentially suboptimal debt strategy. In comparison to the municipality's low indebtedness and robust liquidity position, the borrowing scale is modest, indicating that the available fiscal space is not being fully utilised to facilitate service delivery expansion. The schedule also fails to clearly illustrate alignment with revenue cycles or a broader medium term capital financing framework. In general, the repayment plan is technically sound and low risk; however, it underscores the necessity of a more strategic and developmental approach to borrowing, which includes enhanced revenue performance, more effective alignment of debt with asset life, and a more proactive use of borrowing to support long term municipal sustainability.

Overall, the municipality is liquid and low leveraged, but improvements are required in revenue collection efficiency and the credibility of debtor related indicators.

The municipality must ensure that the public notice, including the information statement as published, and the certification of long-term borrowing are submitted for our records.

Since the municipality intends to also purchase vehicles with the loan, we draw your attention to regulation 13(1) of the Municipal Cost Containment Regulations which requires that all commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.

We trust that you will be guided accordingly.

Kind regards

OGALALETSENG GAAREKWE
Deputy Director-General: Intergovernmental Relations
Date: 22 April 2026

Cc: CFO- Ms Elmari Wassermann

Email: elmariw@swellendam.gov.za

Cc: WC MFMA Coordinator – Mr Steven Kenyon

Email: Steven.Kenyon@westerncape.gov.za

For more information contact:

Name: Wayne McComans
Email: MFMA@treasury.gov.za

Provincial Treasury
Kenneth Mtshweni
Acting Director: Fiscal Policy
Kenneth.Mtshweni@westerncape.gov.za | Tel: 021 831 8758

Reference: PTR 16/1/18/1
Enquiries: Anthea Paries

Privat Bag X9165
Cape Town
8000

The Municipal Manager
Swellendam Municipality
P.O Box 20
SWELLENDAM
6740

Via email: anneleenv@swellendam.gov.za / elmariw@swellenmun.gov.za

(**For attention**: Ms A Vorster)

WESTERN CAPE PROVINCIAL TREASURY COMMENTS ON THE LONG-TERM BORROWING PROPOSAL FOR THE SWELLENDAM MUNICIPALITY

Provincial Treasury (PT) has considered the long-term borrowing proposals of Swellendam Municipality and herewith provides comments based on compliance with the legislative requirements in terms of the Local Government: Municipal Finance Management Act (Act No. 56 of 2003) (MFMA) and the affordability of the proposed long-term borrowing proposal. It is expected that PT's comments are tabled in the Municipal Council.

Compliance Assessment

1. The Municipality released a statement of information detailing the proposed external financing for its capital program.

2. PT notes that the Municipality has submitted the required information as per MFMA Circulars 26 & 42.

3. The Municipality has established its goals in accordance with section 152 of the South African Constitution (Act No. 108 of 1996) and has ensured compliance with the MFMA and Municipal Supply Chain Management Regulations.

   Table 1 indicates the relevant sections in relation to the National Treasury (NT) Circulars, which provide the necessary legislative guidelines and information required to make the needed comments as stated in section 46(3)(a) of the MFMA.

Table 1: Compliance with MFMA in relation to MFMA Treasury Circulars 26 & 42 as issued by National & *Provincial Treasury*

MFMA/ Treasury Circulars	***Details***	***Compliance Yes/No***
S46(3)(a)(i) and (ii)	The information statement and media advertisements were made public in the local newspaper, as well as in libraries, on notice boards of the Municipality and the Municipal Website.	No
S46(3)(b)(i) and (ii)	The loan funds will be sourced from financial institutions accredited in terms of the Banks Act.	Yes
S46(6), S17(2), S19	The long-term loan is consistent with its Capital budget as referred to in section 17(2) of the MFMA. The total loan amount is R6.05 million.	Yes
S46(5)	This section is not applicable because the borrowing (debt) purpose is not for refinancing existing long-term borrowing (debt).	N/A
S19(1)(d)	The sources of the funding have been considered, are available and have not been committed for other purposes.	Yes
MFMA National Treasury Circular No.26/2005	A schedule of all long-term borrowing (debt) obligations in the format of the QBMR, showing principal and interest payments for the life of all loans and any associated investments set up as sinking funds etc.	Yes
MFMA Provincial Treasury Circular No. 42/2010	The Long-Term Debt Certification to be dated and signed by the Municipal Manager (Accounting Officer) and the Executive Mayor/Chairperson of the Board.	No
S 18 of MFMA, Reg 22 of MBRR & MFMA National Treasury Circular 115	The Annual Budget may only be funded by realistically anticipated revenues to be collected, cash-backed accumulated funds from previous years' surpluses not committed for other purposes, and borrowed funds, but only for capital budget referred to in section 17(2) of the MFMA. An adjustment budget of a municipality must be appropriately funded.	Yes

Some of the required documentation, as stipulated in the above-mentioned-circulars were omitted. The signed loan certification, media advert and dated copy of information statement will be submitted to Provincial Treasury.

Affordability Assessment

The following affordability assessment is based on the 2023/24 and 2024/25 Audited Annual Financial Statements (AFS); the In-year monitoring (IYM) operating and capital expenditure reports for the 2025/26 financial year as at 28 February 2026; the Cash Flow Actual performance for the 2025/26 financial year as of 28 February 2026 and the Integrated Development Plan (IDP) 2025/26.

4. The purpose of the external loan raise of R6.05 million with a financial institution over a period of 5 years is to provide infrastructure and community asset projects to improve service delivery.

5. The interest rate applicable to the loan is currently set at a fixed rate of 8.12 per cent, which is below the current prime lending rate of 10.25 per cent. The finance charges would contribute R1.43 million to the total cost of the external loan.

6. The repayments for the loan will be made semi-annually with the first instalment to be paid on 29 June 2026 and last payment due on 30 June 2031.

7. In considering the affordability of the proposed loan, a selected number of financial ratios (based on the Audited AFS of 2023/24 and 2024/25 were considered and are depicted in Table 2.

Table 2: Ratio analysis

Ratio	National Treasury Norm or acceptable range	Comment	2023/24 (Audited)	2024/25 (Audited)	M08 February 2026 (In-year monitoring)
Current Ratio	1.5:1 to 2	Above NT norm	2.0:1	2.2:1	2.70:1
Debtors collection period	30 days	Positively below NT norm	32 days	28 days	30 days
Capital Cost (Interest paid and redemption to total operating expenditure)	6% - 8%	Positively below NT norm	1.7%	1.2%	1.2%
Total Liabilities to Total Assets	<50%	Within NT norm	31.5%	31.9%	28.4%
Cash and cash equivalents to Current liabilities	1:1	Above NT norm	1.4:1	1.9:1	2.1:1
Debt (Total Borrowings) to Total Operating Revenue[1]	45%	Within NT norm	6.4%	6.0%	6.0%

8. The current ratio improved from 2.0:1 in 2023/24 to 2.2:1 in 2024/25 and is above the NT's acceptable norm. The ratio indicates that the Municipality may have sufficient cash and cash equivalents to meet its short-term obligations.

9. The net debtor's collection has improved from 32 days in 2023/24 to 28 days in 2024/25 and reflect an improved debt collection as the Municipality takes less than the expected debtor collection days to collect cash from debtors. This improvement impact positively on the current operations of the Municipality and ensures funding of the working capital requirements.

10. The interest paid and redemption to total operating expenditure ratio decreased year-on-year from 1.7 per cent in 2023/24 to 1.2 per cent in the 2024/25 financial year and remains positively below the acceptable NT norm of 6-8 per cent. This demonstrates capital cost which appears to be affordable, capacity to increase funding through borrowing, however this should be considered with other cash flow projections.

11. The total liabilities to total assets ratio slightly increased from 31.5 per cent in 2023/24 to 31.9 per cent in 2024/25 and remains within the NT norm. This ratio result indicates that the Municipality has sufficient assets to cover its liabilities when they are due. The ratio improved further to 28.42 per cent by February 2026.

12. The cash and cash equivalents to current liabilities ratio showed an improvement from 1.4:1 in 2023/24 to 1.9:1 in 2024/25. The ratio is above the recommended norm, indicating that the Municipality will be able to settle its short-term obligations as they become due by utilising cash and cash equivalents.

13. The debt to total operating revenue ratio decreased from 6.4 per cent in 2023/24 to 6.0 per cent in the 2024/25 financial year and remains within the NT norm of 45 per cent, implying that the Municipality has additional capacity to increase its borrowings. The ratio is expected to increase to 7.35 per cent when including the proposed long-term borrowing.

14. In addition to the financial ratios calculated from the 2023/24 and 2024/25 audited AFS, further analyses based on the 2025/26 section 71 Report for February 2026 have been performed.

    a) The operating revenue amounted to R337.72 million or 50.8 per cent of the operating budget of R664.33 million, while the actual operating expenditure is at R323.2 million or 54.6 per cent against the budget of R591.9 million as of 28 February 2026.

    b) The Municipality reported a total outstanding debtor's balance of R57.2 million as of 28 February 2026, which resulted in a month-on-month increase of R2.2 million or 3.8 per cent but a year-on-year increase of R6.28 million or 10.9 per cent. A key concern is the high proportion of overdue debt, with 47.7 per cent of the total debt being outstanding for more than 90 days. Household debts are the largest contributor, accounting for 72.7 per cent of overdue amounts. This highlights challenges in household debt recovery, which poses a risk to long-term liquidity.

    c) In February 2026, the liquidity ratio decreased to 2.13 times from 2.15 times compared to January 2026. The ratio is above the National Treasury recommended norm of 1.1, indicating that the Municipality may meet and settle its short-term obligations immediately.

    d) In February 2026, the cost coverage ratio increased to 4.30 times from 4.17 times in January 2026, indicating the Municipality may have the ability to meet its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue.

Conclusion

15. After assessing the proposed long-term borrowing and the current financial position of the municipality, PT draws the Municipality's attention to the following:

    a) The proposed borrowings are integral to the funding mix to finance the approved 2025/26 capital programme of the Municipality. The intended loan will contribute towards the creation of new and the expansion of existing economic and social infrastructure that will improve the lives of citizens within the municipal area.

    b) The Municipality should ensure that it sets an appropriate tariff structure that is affordable to ensure sufficient revenue is generated to sustain the long-term debt obligation.

    c) The Municipality is advised to continue implementing stringent credit control and debt collection measures to enable timeous collection.

    d) All factors considered, the PT concludes that the Municipality has the fiscal capacity to borrow money and service the loan; however, the Municipality must continue to carefully manage any potential risks due to current economic uncertainties, project implementation, affordability criteria, and the Municipality's solvency.

e) PT supports the loan application and advises the Municipality to consider the comments/ recommendations.

f) This letter should be presented to Council for review.

Kind regards,

Owen Willcox Digitally signed by Owen Willcox
Date: 2026.04.16 14:12:43 +02'00'

MR. O WILLCOX
CHIEF DIRECTOR: PUBLIC POLICY SERVICES
WESTERN CAPE PROVINCIAL TREASURY

WC034 Swellendam - Table B5 Consolidated Adjustments Capital Expenditure Budget by vote and funding - 12/01/2026

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands		Original Budget A	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H	Adjusted Budget	Adjusted Budget
Capital expenditure - Vote												
Multi-year expenditure *to be adjusted*	2											
Vote 1 - MUNICIPAL MANAGER		8 769	8 769	–	–	–	–	–	–	8 769	–	–
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		42 929	44 931	–	–	–	–	–	–	44 931	38 284	12 162
Vote 4 - COMMUNITY SERVICES		4 084	4 084	–	–	–	–	–	–	4 084	45	–
Capital multi-year expenditure sub-total	3	**55 783**	**57 784**	**–**	**–**	**–**	**–**	**–**	**–**	**57 784**	**38 329**	**12 162**
Single-year expenditure *to be adjusted*	2											
Vote 1 - MUNICIPAL MANAGER		7 016	7 216	–	–	–	–	–	–	7 216	400	–
Vote 2 - FINANCIAL SERVICES		1 345	1 345	–	–	–	–	100	100	1 445	550	600
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		28 110	36 323	–	–	–	–	–	–	36 323	3 074	12 690
Vote 4 - COMMUNITY SERVICES		10 362	11 377	–	–	–	–	(4 780)	(4 780)	6 596	3 062	2 310
Capital single-year expenditure sub-total		**46 833**	**56 260**	**–**	**–**	**–**	**–**	**(4 680)**	**(4 680)**	**51 580**	**7 086**	**15 600**
Total Capital Expenditure - Vote		**102 616**	**114 045**	**–**	**–**	**–**	**–**	**(4 680)**	**(4 680)**	**109 365**	**45 415**	**27 762**
Capital Expenditure - Functional												
Governance and administration		**19 145**	**19 501**	**–**	**–**	**–**	**–**	**100**	**100**	**19 601**	**1 130**	**750**
Executive and council		–	–	–	–	–	–	–	–	–	50	–
Finance and administration		19 145	19 501	–	–	–	–	100	100	19 601	1 080	750
Community and public safety		**5 808**	**6 498**	**–**	**–**	**–**	**–**	**4 152**	**4 152**	**10 650**	**1 857**	**715**
Community and social services		230	230	–	–	–	–	–	–	230	80	–
Sport and recreation		4 628	5 278	–	–	–	–	–	–	5 278	1 507	215
Public safety		950	990	–	–	–	–	–	–	990	270	500
Housing		–	–	–	–	–	–	4 152	4 152	4 152	–	–
Economic and environmental services		**18 869**	**19 244**	**–**	**–**	**–**	**–**	**(2 935)**	**(2 935)**	**16 310**	**6 839**	**5 850**
Planning and development		696	1 071	–	–	–	–	–	–	1 071	–	–
Road transport		18 173	18 173	–	–	–	–	(2 935)	(2 935)	15 239	6 839	5 850
Trading services		**58 794**	**68 802**	**–**	**–**	**–**	**–**	**(5 997)**	**(5 997)**	**62 805**	**35 589**	**20 448**
Energy sources		14 995	19 099	–	–	–	–	–	–	19 099	2 709	6 355
Water management		34 650	38 331	–	–	–	–	(2 999)	(2 999)	35 332	21 991	3 795
Waste water management		8 789	10 689	–	–	–	–	(2 999)	(2 999)	7 690	9 639	8 702
Waste management		360	685	–	–	–	–	–	–	685	1 250	1 595
Total Capital Expenditure - Functional	3	**102 616**	**114 045**	**–**	**–**	**–**	**–**	**(4 680)**	**(4 680)**	**109 365**	**45 415**	**27 762**
Funded by:												
National Government		55 229	55 229	–	–	–	–	100	100	55 329	33 426	16 386
Provincial Government		9 628	15 030	–	–	–	–	(4 780)	(4 780)	10 250	–	2 310
District Municipality		–	40	–	–	–	–	–	–	40	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		200	200	–	–	–	–	–	–	200	–	–
Transfers recognised - capital	4	**65 057**	**70 499**	**–**	**–**	**–**	**–**	**(4 680)**	**(4 680)**	**65 819**	**33 426**	**18 696**
Borrowing		6 050	9 059	–	–	–	–	–	–	9 059	–	–
Internally generated funds		31 509	34 487	–	–	–	–	–	–	34 487	11 989	9 066
Total Capital Funding		**102 616**	**114 045**	**–**	**–**	**–**	**–**	**(4 680)**	**(4 680)**	**109 365**	**45 415**	**27 762**

EXECUTION
30 January 2026

TERM LOAN AGREEMENT

by and between

THE STANDARD BANK OF SOUTH AFRICA LIMITED

and

SWELLENDAM MUNICIPALITY

TABLE OF CONTENTS

ANNEXURES

1. **PARTIES**

The parties to this agreement are:

1.1 The Standard Bank of South Africa Limited; and

1.2 Swellendam Municipality.

2. **DEFINITIONS**

2.1 In this Agreement, unless clearly inconsistent with or otherwise indicated by the context:

2.1.1 **Agreement** means this agreement, together with all appendices hereto and letters and notices given in terms hereof from time to time, all read together;

2.1.2 **Applicable Laws** means all the following:

2.1.2.1 all national, provincial, local and municipal legislation or subordinate legislation, ordinances, regulations or by-laws;

2.1.2.2 all regulations, policies, directives, position papers, rules or other instructions of any relevant regulatory authority; and

2.1.2.3 the common law, judgment, order or decree;

2.1.3 **Anti-Bribery and Anti-Corruption Laws** means any bribery, fraud, kickback, or other similar anti-bribery and anti-corruption law or regulation to which either Party or its Associated Person, as applicable, is subject to in carrying out its obligations under this Agreement in terms of Applicable Laws including but not limited to the Prevention of Organised Crime Act No 121 of 1998, the UK Bribery Act, 2010 and the United States Foreign Corrupt Practices Act of 1997;

2.1.4 **Associated Person** means any agent, representative, intermediary, introducer, sponsor, consultant, contractor, sub-contractor, distributor, vendor, service provider, consortium partner, joint venture partner, outsourcing provider, advisor and employee;

2.1.5 **Bank** means The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), a public company duly incorporated with limited liability according to the company laws of South Africa and its successors in title and assigns;

2.1.6 **Borrower** means Swellendam Municipality, a municipality established in accordance with the Local Government: Municipal Structures Act 117 of 1998 and the municipal laws of South Africa;

2.1.7 **Borrower's Loan Account** means the loan account in the Borrower's name in the Bank's books in respect of the Loan Facility;

2.1.8 **Bribe** means:

2.1.8.1 an offer, promise, giving, soliciting or receipt of a financial or other gratification to or from another person, directly or indirectly, immediately or in the future:

2.1.8.1.1 to induce that person to perform improperly a relevant function or activity;

2.1.8.1.2 to reward that person for the improper performance of such a function or activity; or

2.1.8.1.3 knowing or believing that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity;

2.1.9 **Business Day** means a day other than a Saturday, Sunday or proclaimed public holiday in South Africa;

2.1.10 **Calendar Month** means a full calendar month in any year, namely, January, February, March, April, May, June, July, August, September, October, November and December;

2.1.11 **Collateral** means any security, indemnity or undertaking provided to the Bank to secure the Borrower's payment and other obligations in terms of this Agreement;

2.1.12 **Collateral** Provider means each person or entity who is to provide Collateral to the Bank in respect of the due performance by the Borrower of its payment and other obligations in terms of this Agreement;

2.1.13 **Early Repayment** means any payment made by the Borrower in advance and in addition to the repayment set out in 9 of this Agreement, as part payment of the Loan Facility;

2.1.14 **FICA** means the Financial Intelligence Centre Act 38 of 2001;

2.1.15 **Governmental Authority** means any national, municipal, provincial, other local or administrative government, authority or department, or any agency, tribunal, commission, regulator, self-regulatory body or other similar body having jurisdiction over the Agreement or any part thereof;

2.1.16 **Indebtedness** means the total balance of the capital amount outstanding on the Loan Facility plus any interest, fees and costs in respect of the Loan Facility which are owed by the Borrower to the Bank from time to time;

2.1.17 **Limit** shall have the meaning ascribed to it in clause 5;

2.1.18 **Loan Facility** means the term loan facility referred to in this Agreement;

2.1.19 **Material Adverse Event** means any event, circumstance or matter or combination of events, circumstances or matters which, in the reasonable opinion of the Bank, has or may have a material adverse effect on the:

2.1.19.1 business, assets, operations, property or financial condition of the Borrower taken as a whole;

2.1.19.2 ability of the Borrower to perform its obligations in terms of this Agreement;

2.1.19.3 ability of a Collateral Provider to perform its obligations in terms of the Collateral; or

2.1.19.4 validity or enforceability of this Agreement or the Collateral or any other documents provided under this Agreement or the rights or remedies of the Bank thereunder;

2.1.20 **MFMA** means the Local Government: Municipal Finance Management Act 56 of 2003, including all schedules and regulations thereto;

2.1.21 **National Treasury** means the National Treasury established in terms of section 5 of the Public Finance Management Act, 1 of 1999;

2.1.22 **Parties** means the Bank and the Borrower and Party means any one of them as the context may indicate;

2.1.23 **Personal Information** means information about an identifiable, natural person and where applicable, a juristic person, including, but not limited to information about: race; gender; sex; pregnancy; marital status; nationality; ethnic or social origin; colour; sexual orientation; age; physical or mental health; well-being; disability; religion; conscience; belief; culture; language; birth; education; medical, financial, criminal or employment history; any identifying number, symbol, e-mail, postal or physical address, telephone number; location; any online identifier; any other particular assignment of the person; biometric information; personal opinions, views or preferences of the person or the views or opinions of another individual about the person; correspondence sent by the person that is implicitly or explicitly of a private or confidential nature or further correspondence that would reveal the contents of the original correspondence; and the name of the person if it appears with other personal information relating to the person or if the disclosure of the name itself would reveal information about the person;

2.1.24 **Prime Rate** means the publicly quoted variable base rate of interest per annum ruling from time to time at which the Bank lends on overdraft, available on the Bank's website: www.standardbank.co.za (or as certified by any manager or business unit head of the Bank, whose appointment it shall not be necessary to prove and which certification shall be binding on the Parties absent manifest error);

2.1.25 **Process** means any operation or activity, automated or not, concerning Personal Information, including: alteration, blocking, collation, collection, consultation, degradation, destruction, dissemination by means of transmission, distribution or making available in any other form, erasure, linking, merging, organisation, receipt, recording, retrieval, storage, updating, modification, or the use of information; Processing and Processed will have a similar meaning;

2.1.26 **Rand** means the South African Rand, the currency of South Africa;

2.1.27 **Sanctioned Entity** means an individual, juristic person or country listed on the Sanctions List or subject to sanctions. In the case of a juristic person, this includes any person who controls the juristic person and any person who it controls. In the case of any country, this includes that country's ministries, departments, agencies and any other governmental organisations;

2.1.28 **Sanctioning Body** means any sanctioning regime that we recognise, including:

2.1.28.1 the United Nations;

2.1.28.2 the European Union;

2.1.28.3 the Council of Europe (founded under the Treaty of London, 1946);

2.1.28.4 the Government of the United States of America,

2.1.28.5 the Office of Foreign Assets Control of the US Department of Treasury,

2.1.28.6 the US Department of Commerce,

2.1.28.7 the US State Departments or the US Department of Treasury,

2.1.28.8 the Government of the United Kingdom and His Majesty's Treasury; and

2.1.28.9 the Government of the Republic of France and French Ministry of Finance;

2.1.29 **Sanctions** means measures imposed or restrictions set by a Sanctioning Body, including diplomatic, travel, trade or financial sanctions or embargoes;

2.1.30 **Sanction List** means any list of Sanctioned Entities published by a Sanctioning Body, as updated from time to time;

2.1.31 **Signature Date** means the date of signature of this Agreement by the Party signing last in time;

2.1.32 **South Africa** means the Republic of South Africa;

2.1.33 **Standard Bank Group** means Standard Bank Group Limited, its subsidiaries and their subsidiaries; and

2.1.34 **VAT** means value added tax in terms of the Value Added Tax Act, 89 of 1991.

2.2 Any reference in this Agreement to legislation or subordinate legislation is to such legislation or subordinate legislation at the Signature Date and as amended or re-enacted from time to time.

2.3 Words importing the singular shall include the plural, and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders, and *vice versa*, and words importing natural persons shall include legal persons, and *vice versa*.

2.4 The head notes to the clauses to this Agreement are inserted for reference purposes only and shall not affect the interpretation of any of the provisions to which they relate.

2.5 If any provision in the definition clause is a substantive provision conferring rights or imposing obligations on a Party, then notwithstanding that such provision is contained in this clause, effect shall be given thereto as if such provision were a substantive provision in the body of the Agreement.

2.6 Words and expressions defined in any clause shall, unless the application of any such word or expression is specifically limited to that clause, bear the meaning assigned to such word or expression throughout this Agreement.

2.7 Unless otherwise provided, defined terms appearing in this Agreement in title case shall be given their meaning as defined, while the same terms appearing in lower case shall be interpreted in accordance with their plain English meaning.

2.8 The words include and including mean include without limitation and including without limitation. The use of the words include and including followed by a specific example or examples shall not be construed as limiting the meaning of the general wording preceding it.

2.9 When any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day.

2.10 If the due date for performance of any obligation in terms of this Agreement is a day which is not a Business Day then (unless otherwise stipulated) the due date for performance of the relevant obligation shall be the immediately preceding Business Day.

2.11 Any reference in this Agreement which requires that the Bank exercise its discretion in respect of any matter stated herein shall mean that the exercise thereof shall be as determined by the Bank in its reasonable discretion.

2.12 When any condition of this Agreement requires fulfilment by the Borrower, or any information, evidence, proof or documentation is required to be furnished by the Borrower, such condition shall be required to be fulfilled and information, evidence, proof or documentation shall be required to be furnished, in a form and substance to the satisfaction of the Bank.

2.13 Unless the context indicates a contrary intention, any reference in this Agreement to material or materially shall mean material or materially as determined by the Bank in its reasonable opinion.

2.14 No provision of this Agreement shall (unless otherwise stipulated) constitute a stipulation for the benefit of any person (*stipulatio alteri*) who is not a Party to this Agreement.

2.15 The terms and conditions of this Agreement having been negotiated by the Parties, no provision herein shall be construed against or interpreted to the disadvantage of any Party by reason of such Party having or being deemed to have structured, drafted or introduced such provision.

2.16 Any reference in this Agreement to a specific requirement under the MFMA shall not derogate from or exclude the application of any provisions not specifically referred to herein.

3. LOAN FACILITY

The Bank has agreed to grant the Borrower the Loan Facility, on and subject to the terms and conditions hereinafter set out.

4. RANKING OF LOAN FACILITY

The Borrower represents, warrants and undertakes that the Loan Facility comprises senior debt and ranks at least equally with all other senior debt in terms of servicing, repayment and collateral rights and the claims of all of the Borrower's other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

5. LIMIT

5.1 The aggregate amount to be advanced to the Borrower under the Loan Facility is R6,050,000 (six million and fifty thousand Rand) (**Limit**).

5.2 To the extent that a drawdown under the Loan Facility would cause the Limit to be exceeded, the Borrower shall not be entitled to make such a drawdown.

6. AVAILMENT AND PURPOSE

6.1 The Loan Facility may only be utilised on fulfilment to the satisfaction of the Bank or waiver by the Bank of all the conditions precedent referred to in clause 11 and provided that drawdown must be made by the Borrower under the Loan Facility within 3 (three) months from the date of such fulfilment or waiver of all of the conditions precedent set out in clause 11, following which date, any unutilised portion of the Loan Facility shall be reduced by such unutilised amount. The Borrower shall be obliged to give the Bank prior written notice of a requested drawdown by not later than 11:00 am at least 2 (two) Business Days before the proposed date of drawdown in the form of **Annexure A** hereto.

6.2 The Loan Facility shall be utilised by the Borrower to fund the Borrower's capital expenditure projects as contemplated in section 46(1)(a) of the MFMA namely, property, plant and equipment as approved by the Borrower's Municipal Council for the Borrower's 2025/2026 financial year.

6.3 The Bank shall not, however, be under any obligation to verify or monitor that the Borrower will utilise the Loan Facility for the aforesaid purpose.

7. INTEREST

7.1 The Loan Facility shall bear interest at a fixed interest rate of 8.12% (eight point one two percent) per annum. This rate is the indicative rate as per our proposal date (6 February 2026) and subject to change on the date of first drawdown of the Loan Facility. The final interest rate will be determined on the date of draw down and advised by the Bank to the Borrower in writing on the date of the date of first drawdown of the Loan Facility or as soon as practically possible thereafter.

7.2 The interest payable by the Borrower is calculated on a nominal annual compounded annually in arrears basis on the Indebtedness and is calculated on a 365 (three hundred and sixty five) day year, irrespective of whether it is a leap year.

7.3 The interest payable by the Borrower will be:

7.3.1 charged bi-annually in arrears;

7.3.2 debited to the Borrower's Loan Account on a date convenient to the Bank and shall be payable in accordance with clause 8.

7.4 The Bank may immediately amend the pricing structure of the Loan if there is a change in:

7.4.1 law or the issue of a directive with which the Bank must comply; or

7.4.2 market conditions resulting in an increasing cost to the Bank.

7.5 If the Bank amends the pricing structure of the Loan, it will advise the Borrower accordingly.

8. DURATION AND REPAYMENT

8.1 The capital and interest amount of the Loan Facility is to be repaid (**Repayments**) by the Borrower over a period of 5 (five) years (**Term**) in 10 (ten) equal bi-annual instalments in terms of the Repayment schedule to be prepared by the Bank on receipt of the drawdown notice referred to in clause 6 and delivered by the Bank to the Borrower at the address set out clause 18.15.1.2 or 18.15.2.2.

8.2 The first Repayment shall be due on 31 December 2026 and shall thereafter be due and payable on the last business day of June and December of each and every succeeding year.

8.3 All Repayments pursuant to this Agreement shall be made by means of electronic funds transfer, in permanent reduction of the Loan Facility, into a bank account the details of which will be communicated to the Borrower in writing.

8.4 The Bank reserves the right in its sole discretion, to accept payment made other than by electronic funds transfer.

8.5 The Parties agree that the Repayment schedule will be amended by the Bank from time to time to cater for variations in the interest rate, changes in the interest period due to fluctuations in the interest calculations and/or in the event that the Bank becomes entitled to amend the pricing structure of the Loan Facility in accordance with this Agreement. The Bank will deliver the amended Repayment schedule to the Borrower at the address set out clause 18.15.1.2 or 18.15.2.2.

9. EARLY REPAYMENTS

9.1 The Borrower shall be entitled to make an Early Repayment of the Loan Facility. If the Borrower wishes to make an Early Repayment of the Loan Facility which is:

9.1.1 in permanent reduction of the Loan Facility, then:

9.1.1.1 the Early Repayment must be made on not less than 90 (ninety) Business Days' written notice (or such shorter notice period as the Bank may agree to in writing) of the Borrower's intention to make such Early Repayment; and

9.1.1.2 the Repayments over the remainder of the Term will be rescheduled by agreement in writing between the Parties; or

9.1.2 not in permanent reduction of the Loan Facility then:

9.1.2.1 an Early Repayment must be in multiples of R100,000 (one hundred thousand Rand);

9.1.2.2 only 1 (one) Early Repayment may be made in any Calendar Month; and

9.1.2.3 the Borrower may drawdown in part or in full up to the amount of such Early Repayment, provided that:

9.1.2.3.1 the Borrower provides the Bank with a drawdown notice by not later than 11:00 am at least 2 (two) Business Days before the proposed date of drawdown in the form of **Annexure A** hereto;

9.1.2.3.2 the purpose for the drawdown is and remains the same as contemplated in clause 6 and consistent with section 46(1) of the MFMA;

9.1.2.3.3 such drawdowns are in multiples of R100,000 (one hundred thousand Rand);

9.1.2.3.4 only one such drawdown may be made in any Calendar Month; and

9.1.2.3.5 the Bank may, however, on written notice to the Borrower, refuse a drawdown of an Early Repayment where there has been an event of default set out in clause 14 or any change(s) in circumstances set out in clause 16.

9.2 To the extent that an Early Repayment is made, this will not result in any waiver of any rights by the Bank in terms of this Agreement or relieve the Borrower of its obligations to comply with the provisions of this Agreement.

10. EARLY SETTLEMENT

In the event of an early repayment as contemplated in clause 9.1.1 and 9.1.2 above, the Borrower will fully compensate the Bank for the costs, expenses, liabilities or losses incurred or suffered in connection with, or following the modification, breaking, or unwinding, or funding from other sources, or any arrangement which the Bank may have made for investing any repayments of the Loan Facility and/or hedging the Loan Facility for the Term.

11. CONDITIONS PRECEDENT

11.1 The Borrower shall only be entitled to drawdown the Loan Facility if all of the following conditions precedent are fulfilled or waived by the Bank, which conditions precedent shall be fulfilled or waived by no later than close of business on the 90th (ninetieth) day after the Signature Date:

11.1.1 that the Borrower has undergone the Bank's Know Your Customer (KYC) process pursuant to the provisions of FICA;

11.1.2 that the Bank is provided with a copy of this Agreement signed by the accounting officer of the Borrower, accepting the terms and conditions stipulated herein, in accordance with section 46(2)(b) of the MFMA;

11.1.3 that the Bank has been provided with the certified copy of the resolution of the Municipal Council, signed by the Mayor approving the Loan Facility and the agreement(s) relating thereto, in accordance with section 46(2)(a) of the MFMA;

11.1.4 that the Borrower has provided the Bank with a written disclosure, in form and substance acceptable to the Bank, that the purpose of the Loan Facility is to fund capital expenditure on property, plant or equipment, as contemplated in section 46(1)(a) of the MFMA;

11.1.5 that the Borrower has provided the Bank with a certified copy of the information statement, in form and substance acceptable to the Bank, signed by the accounting officer, prepared in terms of section 46(3) of the MFMA in respect of the Loan Facility;

11.1.6 that the Borrower has provided the Bank with a letter of award, in form and substance acceptable to the Bank, in favour of the Bank, in terms of which the Borrower informs the Bank that it has been successful in bidding to provide the Loan Facility;

Financial

11.1.7 that the Borrower has provided the Bank with the:

11.1.7.1 signed audited financial statements for the preceding 3 (three) financial years, together with an indication whether the audit deadline referred to in section 126 of the MFMA has been met;

11.1.7.2 approved annual budget;

11.1.7.3 integrated development plan or multi-year business plan referred to in section 87(5)(d) of the MFMA, if applicable;

11.1.7.4 repayment schedules pertaining to its existing short-term and long-term debt;

11.1.7.5 the audit report prepared by the Auditor General in terms of section 126(3) of the MFMA in respect of the 2024/2025 financial statements;

11.1.8 if applicable, that the Borrower has provided the Bank with a copy of the adjustments budget tabled in terms of the MFMA and that the Bank is satisfied as to the manner in which the Loan Facility has been dealt with in such adjustment budget;

11.1.9 that the Borrower has provided the Bank with written confirmation (in a form and substance acceptable to the Bank) from the Accounting Officer or any other duly authorised representative of the Borrower confirming:

11.1.9.1 that the Borrower is not in breach of any material contracts to which the Borrower is a party; and

11.1.9.2 the absence of any material pending (which has a reasonable prospect of occurring) industrial action; litigation, investigation or proceeding against the Borrower; and

11.1.9.3 that there has been no material deterioration in the financial position of the Borrower between the date of acceptance of this Agreement and the date of the first drawdown under the Loan Facility;

11.1.10 that, in the Bank's opinion, there has been no material deterioration in the financial position of the Borrower between the Signature Date and the date of first drawdown of the Loan Facility by the Borrower;

11.1.11 that the Bank has been provided with written confirmation signed by the accounting officer of the Borrower, in a form and substance acceptable to the Bank, confirming that the Borrower has, in relation to the invitation to bid reference no. SMT27-25-26:

11.1.11.1 obtained all authorisations (including exemptions, approvals, consents) and no steps have been taken to revoke, adversely modify or cancel any such authorisations and the authorisations are not subject to any conditions which the accounting officer does not expect to be satisfied; and

11.1.11.2 complied with all laws or regulations applicable to it, including but not limited to the provisions of the Municipal Finance Management Act No. 56 of 2003; the Preferential Procurement Policy Framework Act 5 of 2000, including all schedules and regulations thereto, as amended from time to time.

11.2 The above conditions precedent are inserted for the benefit of the Bank, which may in writing on or before the dates for fulfilment of the conditions set out in clause 11.1, extend the period for fulfilment or waive any of the said conditions precedent in its sole discretion. Unless and until the above conditions precedent are either waived or fulfilled, the Borrower shall not be entitled to drawdown the Limit.

11.3 Notwithstanding any provision to the contrary, if the Bank, in the erroneous belief that all the conditions precedent have been fulfilled or waived (as the case may be), makes any advances or any portion of the Limit (Advanced Amount) available to the Borrower and if it subsequently transpires that any one (or more) of the conditions precedent has in fact not been fulfilled or waived (as the case may be):

11.3.1 the terms and conditions of this Agreement shall apply in respect of the amount of the Advanced Amount (subject to clauses 11.3.2 and 11.3.3);

11.3.2 the Bank shall be entitled to declare the amount of the Advanced Amount to be immediately due and payable by the Borrower to the Bank; and

11.3.3 the Bank shall not be obliged to make any further advances to the Borrower.

12. ONGOING CONDITIONS AND FINANCIAL COVENANTS

12.1 Financial covenants

The Borrower undertakes that during the Term it shall maintain the following financial covenants the breach of which shall constitute an event of default, based on the financial information in the most recent management accounts and/or draft financial statements and/or audited financial statements (as the case may be). The financial covenants will also be measured on a rolling annual basis, for the periods ending on the last day of June each year as opposed to each financial year or part thereof:

12.1.1 **Debt to Revenue Ratio** to be maintained at a level that is less than or equal to 50% (fifty percent) of revenue. For purposes of this clause "**Revenue**" includes billings and all other income and grants received by or accruing to the Borrower and "**Debt**" shall mean the aggregate of moneys borrowed (both long and short term).

12.1.2 **Collections** to **Billings** rate to be maintained at a level that is greater than or equal to 90% (ninety percent). For purposes of this clause, "**Collections**" shall mean the amount received by the Borrower from its debtors and "**Billings**" shall mean the aggregate amount in respect of accounts rendered by the Borrower for assessment rates, services and consumption charges and other regulated municipal imposts and levies.

12.1.3 **Interest paid to total costs** to be maintained at a level that is less than or equal to 7.5% (seven point five percent) of total expenditure.

12.1.4 **Debt Service Cover Ratio** to be maintained at a level that is greater than or equal to 1 (one) time, calculated as the sum of net cash from operating activities plus finance charges incurred, less capital grant funding received to cover the sum of capital redemption and interest paid on interest bearing debt as reflected in the cash flow statement.

12.2 Compliance certificate

The Borrower undertakes that during the Term it shall provide the Bank with a certificate signed by the accounting officer of the Borrower (in the format as agreed between the Parties from time to time) stipulating that the Borrower has complied with the financial covenants applicable in terms of this Agreement and the calculations used by the Borrower in calculating same, based on the audited financial statements, on an annual basis within a period of 60 (sixty) Business Days from the date that the financial statements are due.

12.3 Signing Authorities

In the event of there being any variation in the signing authorities during the Term, the Borrower is then to furnish the Bank with written resolution and amended mandate instructions timeously.

12.4 Management Accounts

The Borrower undertakes that during the Term it shall provide the Bank with the management accounts of the Borrower (in the format as agreed between the Parties from time to time) by no later than 15 (fifteen) Business Days after the end of the Calendar Month to which they relate and which management accounts shall not differ materially from the signed financial statements (prepared in compliance with the relevant Financial Reporting Standard) of the Borrower for the particular year.

12.5 Financial Statements

12.5.1 The Borrower shall furnish the Bank with signed copies of the audited annual financial statements of the Borrower annually within a period of 180 (one hundred and eighty) days from the date that they are due in terms of the MFMA together with any other information as the Bank may reasonably require.

12.5.2 The draft audited annual financial statements submitted to the Bank shall not differ materially from the signed audited annual financial statements in respect of the previous financial year.

12.6 Notification of event of default

The Borrower hereby undertakes to the Bank that it will advise the Bank immediately on becoming aware of the occurrence of an event of default or of any circumstances that could potentially result in an event of default as contemplated in clause 14.

12.7 Reporting Requirements

While the Loan Facility remains available or any amount or commitment remains outstanding to the Bank the following conditions shall apply, the Borrower shall:

12.7.1 provide the Bank with information relating to its draft budgets, approved budgets, adjustment budgets as well as a copy of the quarterly reports required in terms of the MFMA within 5 (five) days of such information being due in terms of the MFMA for a particular period;

12.7.2 inform the Bank, as soon as possible after identification of any financial problems facing the Borrower, including any emerging or impending financial problems in terms of the provisions of section 54 of the MFMA that could reasonably be expected to affect the Borrower's ability to repay any amounts outstanding under the Loan Facility; and

12.7.3 provide the Bank with confirmation, if requested by the Bank, in form and substance acceptable to the Bank, that it submits to its mayor and the Provincial Treasury the monthly reports required in terms of section 71 of the MFMA within 10 (ten) days after the month to which they relate.

12.8 **Annual Review**

12.8.1 The Loan Facility is subject to annual review by the Bank, with the first annual review falling due by 30 June 2026 and annually thereafter in light of the following information:

12.8.1.1 annual audit report required in terms of the MFMA;

12.8.1.2 audited annual financial statements;

12.8.1.3 approved annual budget;

12.8.1.4 annual revised integrated development plan; and

12.8.1.5 repayment schedules pertaining to the Borrower's existing short-term and long-term debt.

12.8.2 The above information must be given to the Bank before the review date. In the event of a delay in receipt of this information, the Bank may reduce or restructure the Loan Facility until such time as such required information has been received and the review undertaken.

12.8.3 Without limitation to the Bank's other rights under this Agreement, the Bank reserves the right to reassess and to renegotiate the Loan Facility in the event of there being any change in the:

12.8.3.1 management and/or legislated governance of the local authority;

12.8.3.2 overall structure of the local authority;

12.8.3.3 structure of revenue streams; or

12.8.3.4 any deterioration in the Borrower's financial position; or

12.8.3.5 an existing or pending material (which has a reasonable prospect of occurring) industrial action, litigation, investigation or proceeding against the Borrower.

13. EVENTS OF DEFAULT

13.1 An event of default will occur if:

13.1.1 the Borrower fails to pay any sum due and payable by it to the Bank in terms of this Agreement;

13.1.2 the Borrower commits a breach of any of the other terms and conditions of this Agreement, and such breach is not remedied within a period of 14 (fourteen) days of written notice having been given to the Borrower to do so;

13.1.3 the Borrower or any Collateral Provider commits a breach of any of the terms and conditions of any Collateral and such breach is not remedied within a period of 14 (fourteen) days' of written notice having been given to the Borrower to do so;

13.1.4 the Borrower ceases to carry on its business in a normal and regular manner;

13.1.5 the Borrower defaults in the due payment of any amount falling due for payment under any suretyship or guarantee to which it is a party;

13.1.6 the Borrower suffers any default judgment against it which remains unsatisfied for 21 (twenty one) days, or is refused a rescission of any default judgment;

13.1.7 the Borrower permits any of its assets to be attached under a warrant of execution which is not set aside within a period of 21 (twenty one) days after service thereof on the Borrower;

13.1.8 the Borrower defaults in the due and punctual performance under any other agreement including but not limited to any other agreement concluded between the Borrower and a third party or any other loan/credit facility between the Borrower and the Bank and (if such default is capable of being remedied) same has not been remedied to the satisfaction of the Bank within 14 (fourteen) days' from the date of any written notice given by the Bank to the Borrower to remedy the default;

13.1.9 the Borrower meets the conditions of a mandatory provincial intervention (as contemplated in section 139 and 140 of the MFMA), or is dissolved;

13.1.10 any representation, or warranty or undertaking made either in respect of the Borrower or in connection with this Agreement or in any documents delivered under this Agreement, is not complied with or is materially incorrect in any respect;

13.1.11 the Borrower's auditors in any financial statements of the Borrower published after the date of the last set of financial statements furnished to the Bank or if none have been so furnished, after the Signature Date, materially qualifies that annual statement in any respect, or inserts a note in the supporting documents to that financial statement relating to any material irregularity;

13.1.12 there is a material deterioration in the Borrower's financial position;

13.1.13 the whole or any part of the Collateral furnished is judicially attached, or becomes subject to any lien, hypothec or other encumbrance without the Bank's prior written consent;

13.1.14 the Borrower is unable to pay its debts, suspends or threatens to suspend payment of all or a material part of (or of a particular type of) its indebtedness to any other creditors, commences negotiations or takes any other step with the view to the deferral, rescheduling or other re-adjustment of all of (or all of a particular type of) its indebtedness to creditors (or of any part of such indebtedness which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a part of the indebtedness of the Borrower;

13.1.15 if the Loan Facility and/or charges related to or associated with the Loan Facility is not budgeted for in the Borrower's budget in any particular year;

13.1.16 if the Borrower becomes aware of any over expenditure or potential over expenditure in respect of its budget or adjustments budget;

13.1.17 if the payment of all amounts under the Loan Facility/and or charges is not retrospectively approved by means of an adjustments budget within the prescribed time period in terms of the MFMA; or

13.1.18 if there is at any time a change in the demarcation of the area falling within the jurisdiction of the Borrower as at the Signature Date;

13.1.19 if at any time after the Signature Date there is any change in (including but not limited to repeal of legislation) or addition to, the legislation to which the Borrower is subject and which in the reasonable opinion of the Bank could be expected to adversely affect the ability of the Borrower to comply with any of its obligations hereunder;

13.1.20 if the Borrower defaults in the due payment or due performance of any amount payable or obligation to be performed under any agreement, which amount or which obligation the Bank considers to be material in its reasonable opinion;

13.1.21 if any material indebtedness or obligation for monies borrowed constituting indebtedness of the Borrower shall become due and payable prior to its specified maturity by reason of default, or shall not be paid when due;

13.1.22 any Collateral Provider who may have provided additional Collateral for, the whole or part of the Indebtedness commits any act, or omits to do anything, referred to in this clause 13 or if any of the events referred to in this clause 13 occurs in respect of any such person, or in relation to that person's own affairs;

13.1.23 a Material Adverse Event occurs;

13.1.24 the Borrower generally does or omits to do anything which may cause the Bank to suffer any loss or damage;

13.1.25 the Borrower or any Collateral Provider becomes or is, in the opinion of the Bank, likely to become Sanctioned, or the Bank in any way knows or suspects that the Borrower's Loan Account (or any other bank accounts held with the Bank) is being used fraudulently, negligently, for illegal or terrorist activities, or for any purpose that does not comply with the law or the Borrower is involved in any illegal or terrorist activities.

13.2 The Bank, may without prejudice to any other rights hereunder or at law, at any time after the happening of an event of default, by written notice to the Borrower:

13.2.1 decline any request by the Borrower to drawdown any further monies under the Limit and cancel the Limit forthwith;

13.2.2 require immediate repayment all the Indebtedness, which Indebtedness shall become immediately become due, owing and payable;

13.2.3 require immediate payment of all "breakage costs" being all costs, charges, expenses, losses or reduced receipts which the Bank may have sustained or incurred in relation to the termination or modification of any arrangements the Bank may have made on account of or in respect of funds borrowed, contracted for or utilized to fund any amount payable or advanced under the Loan Facility; or

13.2.4 increase the rate of interest charged.

13.3 The Bank's rights under this clause shall not be exhaustive but shall be in addition to and without prejudice to any other rights which it may have under this Agreement or the law.

13.4 If any of the events specified in clause 13.1 (other than in clause 13.1.2 become applicable in respect of any Collateral Provider (and for such purpose, a reference to "Borrower" in clause 13 shall be read and construed as a reference to such person), then, on the occurrence of such event, an event of default shall be deemed to have taken place for the purposes of this Agreement thereby entitling the Bank to avail itself of the remedies specified in clause 13.2.

13.5 **Penalty Interest**

At any time after the occurrence of an event of default set out in clause 13.1 above or otherwise as contemplated in this Agreement, the Bank shall be entitled, but not be obliged, in respect of any amount falling due or payable to the Bank, to increase the interest rate in clause 7.1 by a rate of 2.5% (two point five percent) per annum on such overdue amount (compounded monthly from the due date to the date of payment to the Bank), without prejudice to any rights which the Bank may otherwise have as a result of that event of default.

14. REPRESENTATIONS AND WARRANTIES AND UNDERTAKINGS

14.1 The Borrower represents and warrants to the Bank that as at the Signature Date and for the Term, that:

14.1.1 it is a Municipality duly constituted and existing under the laws of South Africa;

14.1.2 it has full power to enter into and perform in terms of this Agreement and has taken all necessary corporate, regulatory and other actions to authorise the borrowings hereunder;

14.1.3 the execution, delivery and performance of any agreements applicable to the Loan Facility do not violate any law, including the MFMA;

14.1.4 it has complied with all the provisions of the MFMA in relation to the Loan Facility and undertakes that it will continue to do so for the currency of the Loan Facility;

14.1.5 it has disclosed all guarantees, suretyships and other off-balance sheet items to the Bank;

14.1.6 its annual budget as well as its approved annual budget contains all of the information referred to in section 17 of the MFMA;

14.1.7 there are no circumstances resulting in a Material Adverse Event, and in the reasonably exercised opinion of the Borrower no such circumstances are likely to arise;

14.1.8 it is not in breach of any law applicable to it, nor in breach of any material contract by which it is bound, or to which it is a party, and in its reasonably exercised opinion, no such breach is likely to occur or arise;

14.1.9 the terms of this Agreement do not conflict with and do not constitute a breach of the terms of any other agreement or undertaking or act or legislation that is binding on the Borrower;

14.1.10 there is no material industrial action or litigation or similar proceedings, to the knowledge of the Borrower, presently pending or threatened which would result in a Material Adverse Event;

14.1.11 no event of default specified in clause 13.1 has occurred and is continuing;

14.1.12 the Loan Facility and the charges associated with the Loan Facility have been provided for in an approved budget, which has been properly approved in terms of the MFMA and that payment of the amount of the

Loan Facility and any charges associated with the Loan Facility will not result in the total amount of the budget being exceeded. These requirements will be met in future as well;

14.1.13 it will not utilise savings with regards to an unrelated expenditure in a budget to defray any excess expenditure that may be required for satisfying a claim under a loan agreement;

14.1.14 its acceptance in terms of the Loan Facility has been duly authorised and to the best of its knowledge and belief does not contravene any law or any contractual obligation binding upon it;

14.1.15 the terms and conditions applicable to any loans provided by any other long term funders, are not, and shall not, be more favourable than the terms and conditions applicable to the Loan Facility;

14.1.16 the Loan Facility shall be used solely for the purposes set out in clause 6;

14.1.17 all information supplied or to be supplied to the Bank by the Borrower concerning the Borrower's business as contained in the Borrower's balance sheets, trading and profit and loss accounts, cash flows and other financial statements or accounts, is true and correct in all material respects and will in future be true and correct in all material respects;

14.1.18 the Borrower has, in relation to the conduct of its business, obtained and complied with all the necessary consents, registrations, filings, certificates, licences, approvals, permits and insurances;

14.1.19 there has been no material deterioration in the financial position of the Borrower;

14.1.20 this Agreement constitutes legal, valid, binding and enforceable obligations of the Borrower;

14.1.21 it is in full compliance with all Applicable Laws, regulations and practices relating to the protection of the environment applicable to in it each jurisdiction in which the Borrower conducts business (its "Environmental Responsibility") and hereby undertakes to continue to do so for so long as the Borrower is indebted to or owes any obligations to the Bank under or in terms of this Agreement;

14.1.22 that it is not aware of any circumstances which may prevent full compliance with its Environmental Responsibility in future;

14.1.23 it will ensure that it and the Collateral Providers, at all times comply with all legislation and regulations applicable to it and the Collateral Providers and to this Agreement, including but not limited to, where applicable:-

14.1.23.1 social laws and responsibilities; and

14.1.23.2 exchange control regulation and the rulings and directives from the South African Reserve Bank that apply to this Agreement;

14.1.24 it will ensure that it, any Collateral Provider and any Associated Person, at all times comply with all legislation and regulation applicable to it, any Collateral Provider and any Associated Person and to this Agreement and any other Applicable Laws including Anti-Bribery and Anti-Corruption Laws and combating the financing of terrorism regulations;

14.1.25 neither the Borrower nor any of the Collateral Providers are subject to any law prohibiting the borrowing of funds or ownership of the property by non-resident individuals or limiting the borrowing of funds by companies and other entities in which non-residents have a 75% (seventy five percent) or greater interest or, if such law does apply, that the Borrower shall deliver to the Bank before the first advance written evidence to the Bank's satisfaction of the written permission of the exchange control authorities entitling the Borrower to obtain the Loan Facility;

14.1.26 it will not use (or otherwise make available) the proceeds of the Loan Facility for the purposes of financing, directly or indirectly, the activities of any person or entity which is subject to Sanctions or in a country which is subject to any Sanctions;

14.1.27 it is not involved in any illegal or terrorist activities; and

14.1.28 none of the bank accounts held by the Borrower with the Bank are being used fraudulently, negligently, for illegal or terrorist activities, or for any purpose that does not comply with any law including Anti-Bribery and Anti-Corruption Laws.

14.2 The Borrower confirms and undertakes to the Bank on the Signature Date and the for the Term that:

14.2.1 it will ensure that it, any Collateral Provider and any Associated Person, do not engage in the following conduct:

14.2.1.1 accepting or agreeing or offering to accept any Bribe from any other person, whether for its benefit or for the benefit of another person; or

14.2.1.2 giving or agreeing or offering to give to any other person any Bribe, whether for the benefit of that person or for the benefit of another person,

in order to act, personally or by influencing another person so to act, in a manner that amounts to the abuse of a position of authority; a breach of trust; or the violation of a legal duty or a set of rules, that is designed to achieve an unjustified result or amounts to any other unauthorised or improper inducement to do or not to do anything;

14.2.2 it will ensure that it, any Collateral Provider and any Associated Person at all times comply with all legislation and regulations applicable to it, any Collateral Provider and any Associated Person, and to this Agreement and any other Applicable Laws including Anti-Bribery and Anti-Corruption Laws and combating the financing of terrorism regulations;

14.2.3 it shall immediately inform the Bank of:

14.2.3.1 all requests or demands for any Bribe, received by you, any Collateral Provider and any Associated Person in connection with the performance of this Agreement; and

14.2.3.2 any breach or suspected breach of Applicable Laws including Anti-Bribery and Anti-Corruption Laws.

15. INDEMNITIES

15.1 The Borrower hereby indemnifies the Bank against any loss, damage, claims, costs, charges, expenses or any other liability, which may arise (because of this or any other banking facility or the Bank and/or the Standard Bank Group having an interest in the Borrower's assets) in respect of a breach of, or a failure, by the Borrower to meet its Environmental Responsibility and social laws and responsibilities.

15.2 The Borrower hereby indemnifies and holds the Bank harmless against any actions, proceedings, claims or demands that may be brought against the Bank and/or the Standard Bank Group and all losses, damages, costs, charges and expenses which the Bank and/or the Standard Bank Group may incur or sustain, in connection with or arising out of:

15.2.1 the seizure, blocking or withholding of any funds by any Sanctioning Body or Governmental Authority, whether such funds are in respect of this Agreement or held by the Borrower in an account opened with the Bank; and

15.2.2 the breach of any warranties as set out in clause 14.

15.3 The Borrower shall be bound by all instructions transmitted by it to the Bank via electronic means, including but not limited to emails and instructions received and processed on any digital media platform (**Instruction**), and hereby waives any rights it may have or obtain against the Bank arising directly or indirectly from any losses or damages which the Borrower may suffer as a result of the Bank acting on any purported Instruction . The Borrower further indemnifies the Bank and/or the Standard Bank Group in respect of any claims, demands or actions made against the Bank or losses or damages suffered by the Bank and/or the Standard Bank Group as a result of the Bank acting on the said Instruction.

16. CHANGE(S) IN CIRCUMSTANCES

16.1 If at any time or times during the Term there is:

16.1.1 any change in or introduction of any law, regulation, ruling, directive, policy, requirement, request or guidelines (whether or not having the force of law) or any other similar event with which the Bank or any of its divisions is obliged to comply or which is in accordance with the practice of a responsible banker, or any interpretation or administration thereof,

without derogating from the generality of the aforegoing:

16.1.2 any change in banking practice, as it affects or is applied generally by any financial institution in South Africa;

16.1.3 a requirement or a request by any authority, to pay taxes or other amounts whatsoever or to maintain special deposits or reserve assets;

16.1.4 any compliance by the Bank with any reserve, cash ratio, special deposit or liquidity requirements (or any other similar requirements) in respect of the Loan Facility;

16.1.5 any compliance with or application of (whether mandatory or not) any capital adequacy or similar requirements, including but not limited to the provisions of the International Convergence of Capital Measurement and Capital Standards (a revised framework) (i.e. BASEL II) or any other standards or guidelines published by the Basel Committee on Banking Supervision (including BASEL III) by the Bank or any of its divisions, or any interpretation or administration thereof, results in any increase in the Bank's costs in providing the Loan Facility to the Borrower;

16.1.6 any change to any present or future law, ruling or regulation;

16.1.7 any change in the interpretation or administration of any law, ruling or regulation by any relevant monetary or fiscal authority;

16.1.8 any amendment to the Banks Act, 94 of 1990; or

16.1.9 any compliance by the Bank with any directive or request, whether or not having the force of law, from any monetary or fiscal authority;

which would or does:

16.1.10 subject the Bank to any taxes, duties, or other charges in respect of the Loan Facility or change the basis of taxation of the Bank in respect of payments of principal or interest/fees payable to the Bank (except for changes in the rate of taxation on the overall net income of the Bank);

16.1.11 impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank; or

16.1.12 impose on the Bank any other obligation or condition affecting the Loan Facility or its commitment in terms of this Agreement,

and the result of any of the above is to increase the cost to the Bank of making any advance or maintaining the Loan Facility or to reduce any amount or amounts received or receivable or loanable by the Bank hereunder by a material sum, then the Borrower shall pay to the Bank on demand and while such circumstances continue, such fee as the Bank may impose or such additional amount or amounts which will compensate the Bank for such additional cost or reduced receipts.

16.2 The Bank shall give the Borrower 30 (thirty) days' written notice of all amounts payable in terms of clause 16.1. A certificate signed by any manager or divisional head of the Bank (whose appointment it shall not be necessary to prove) as to such additional amount/s shall be prima facie proof for all purposes in the absence of manifest error.

16.3 If the Borrower is required to pay additional amount/s to the Bank pursuant to clause 16.1, it shall be entitled to prepay any amounts owed in terms hereof without penalty, or to forthwith cancel any unutilised portion of the Loan Facility by giving the Bank 30 (thirty) days' written notice thereof.

16.4 Without detracting from any other rights that the Bank may have, the Borrower furthermore acknowledges that the Bank has approved and is providing the Loan Facility based on the present circumstances of the Borrower and the industry and environment within which it operates. The Borrower understands and agrees that certain circumstances, including but not limited to those circumstances set out in clause 16.1.1, may rise that would have the effect of materially altering the basis on which said Loan Facility was/is given. Should any event or series of events accordingly occur which, in the reasonable opinion of the Bank have or may be expected to have an adverse effect on the ability of the Borrower to comply with its obligations hereunder the Bank shall, by giving reasonable written notice, have the right to change the terms of the Loan Facility with the Borrower. Should the new terms on which the Bank is prepared to continue to make the Loan Facility available not be acceptable to the Borrower, all outstanding amounts will, without further notice, immediately become due and payable and the Borrower, or any other entities indebted in terms of the Loan Facility will immediately effect payment of such outstanding amounts.

17. CERTIFICATE OF INDEBTEDNESS

A certificate signed by any manager or business unit head of the Bank (whose authority, qualification or appointment need not be proved) setting out the amount of any Indebtedness of the Borrower to the Bank in terms hereof, the rates of interest and any other fact, shall, on its mere presentation, be sufficient proof, unless the contrary is proved, of the Indebtedness and of such other facts contained therein.

18. GENERAL TERMS

18.1 Matters requiring the Bank's consent

The Borrower may not without the Bank's prior written consent, which shall not be unreasonably withheld:

18.1.1 cease carrying on business;

18.1.2 change the nature of its business;

18.1.3 become surety, guarantor for or give any indemnity on behalf of any third party whomsoever or render itself liable in any way whatsoever for the debts or engagements of any other party, other than encumbrances as agreed to by the Bank;

18.1.4 pledge, cede, mortgage, hypothecate or otherwise encumber or further encumber any of its movable or immovable assets to secure any liability of any nature;

18.1.5 sell or otherwise dispose of or attempt to sell or dispose of any of its assets except in the ordinary course of its business;

18.1.6 incur any further borrowings, including but not limited to guarantees provided, other than permitted indebtedness as agreed to by the Bank. This restriction shall include off-balance sheet commitments;

18.1.7 advance credit to third parties other than in the ordinary course of business; and/or

18.1.8 make material changes to the accounting policies, standards or conventions of the Borrower or any Collateral Provider.

18.2 **Legal Charges**

18.2.1 Each Party shall bear its own costs and expenses of and incidental to the negotiation, preparation and completion of this Agreement.

18.2.2 All legal costs (on the attorney and own client scale),commissions or fees and other charges and expenses in connection with this Agreement including but not limited to all costs incurred by the Bank in the enforcement of any of its rights hereunder, the preparation of any documentation relating hereto, the registration and eventual cancellation of any bonds referred to herein, and the premiums on the insurance policies which may be ceded in security to the Bank, will be for the account of the Borrower and payable on demand.

18.3 **Fees and Charges**

18.3.1 The Bank may charge and recover fees and charges in respect of this Agreement.

18.3.2 All fees and charges will be debited to the account nominated by the Borrower for this purpose.

18.3.3 Where there is a change in the frequency or time for payment of a fee or charge, the Bank will give the Borrower written notice setting out the particulars of the change.

18.3.4 The Borrower must pay to the Bank all applicable fees and charges set out in this Agreement.

18.3.5 The Bank may charge and recover from the Borrower interest on and in respect of any unpaid fees and charges referred to in this Agreement.

18.3.6 The fees and charges applicable will be set out in the Bank's annual pricing schedule (amended from time to time) which will be issued to the Borrower or available on the Bank's website www.standardbank.co.za.

18.3.7 The Bank reserves the right to charge separate fees for any indulgences granted, or additional services provided by the Bank in connection with this Agreement. The Bank shall advise the Borrower in writing of these fees, as well as the payment terms associated therewith.

18.4 **Free of Deduction**

All amounts paid to the Bank under this Agreement shall be made free of deduction or set-off. Should the Borrower be compelled by law to withhold or deduct any taxes or other charges from any amounts payable to the Bank, the amounts payable to the Bank shall be increased to the extent necessary to ensure that the Bank receives the amounts payable, free of such withholding or deduction.

18.5 **Allocation of Payments**

The Bank will be entitled to allocate any payments received under this Agreement to any indebtedness of the Borrower to the Bank and the Borrower waives any rights it may have to name the debt in respect of which payment is made.

18.6 **Set-off and Realisation**

Should (i) the Bank demand repayment in accordance with clause 13.2.2, or (ii) the Borrower commit an event of default as set out in clause 13.1 or elsewhere in this Agreement and the Bank exercises its rights in terms of the provisions of clause 13.2, the Bank may in addition to any rights the Bank has and to the extent that it may be lawful:

18.6.1 set-off any credit balances held in any other account which the Borrower has with the Bank whether due and payable or not, against the Indebtedness; or

18.6.2 realise any Collateral held by the Bank and use the proceeds in payment of the Indebtedness,

on written notice to the Borrower.

18.7 **Collateral**

On the incurrence of an event of default in clause 13.1 or elsewhere in this Agreement, or if the value of any Collateral held by the Bank to secure the Indebtedness is no longer adequate, or if in the opinion of the Bank the Borrower's account conduct increases the Bank's risk regarding the Indebtedness or any other amount owing to the Bank by the Borrower in terms of any other agreement, the Bank shall have the right to:

18.7.1 request the Borrower to provide the Bank with additional Collateral to secure repayment of the Indebtedness;

18.7.2 reduce the Limit;

18.7.3 require repayment of all or some of the Loan Facility; and/or

18.7.4 increase the interest rate in accordance with the provisions of clause 13.5.

18.8 **Renunciation of benefits**

The Borrower hereby renounces the benefits of the following legal defences to any claim brought by the Bank:

18.8.1 the Borrower has received no value for its obligations to the Bank;

18.8.2 no money has been paid to the Borrower;

18.8.3 there is no underlying cause for the Borrower's obligation to the Bank; and

18.8.4 the Bank made an error in calculating the Indebtedness. The Bank will revise its accounts in respect of the Indebtedness if they are incorrect.

18.9 **Whole Agreement, Variation of Terms**

18.9.1 This Agreement by the Borrower and the Bank shall constitute the whole agreement between the Bank and the Borrower relating to the subject matter hereof.

18.9.2 No addition to, variation, or amendment, or consensual cancellation of any of the terms contained in this Agreement, shall be of any force or effect unless it is recorded in writing and is signed on behalf of the Bank by one of its authorised officials and accepted by the Borrower. This requirement will only be satisfied if such amendment or variation is made in a written, paper based form. The provisions of the Electronic Communications and Transactions Act, 25 of 2002 do not apply to this clause.

18.10 **Illegality**

If at any time after the Signature Date it is or becomes unlawful in any jurisdiction, or contrary to any lawful and binding request from or requirement of the South African Reserve Bank or other South African governmental department or authority, for the Bank to perform any of its obligations under this Agreement, then the Bank shall promptly after becoming aware of the same notify the Borrower by way of a certificate signed by any manager or divisional head of the Bank (whose authority, qualification or appointment need not be proved) and the Borrower shall repay any and all amounts due under this Agreement as required by law.

18.11 **No Indulgence**

18.11.1 No indulgence shown or extension of time given by the Bank shall operate as an estoppel against the Bank or waiver of any of the Bank's rights unless recorded in writing and signed by the Bank.

18.11.2 The Bank shall not be bound by any express or implied term, representation, warranty, promise or the like not recorded herein, whether it induced the conclusion of any agreement created by acceptance of the Loan Facility or whether it was negligent or not.

18.12 **Good Faith**

The Parties undertake at all times to do all such reasonable things, perform all such reasonable actions and take all such reasonable steps open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions or import of this Agreement, provided that nothing herein shall prevent the Bank from exercising its rights under the Agreement in the event of the occurrence of an event of default.

18.13 **Severability**

Each provision of this Agreement is severable, the one from the other and, if at any time any provision is or becomes or is found to be illegal, invalid, defective or unenforceable for any reason by any competent court, the remaining provisions shall be of full force and effect and shall continue to be of full force and effect.

18.14 **Governing Law**

The terms of this Agreement shall be governed by and interpreted in accordance with the laws of South Africa.

18.15 **Domicilium and Notices**

18.15.1 The Parties choose as their *domicilium citandi et executandi* (address for the purpose of legal proceedings) their respective addresses set out below, at which addresses all processes and legal notices arising out of or in connection with this Agreement, its breach or termination may validly be served on or delivered to the Parties:

18.15.1.1 as regards the Bank:

Attention: Group Governance / Legal

Standard Bank Centre,

9th Floor, Reception 1, 5 Simmonds Street, Johannesburg, 2001

With a copy to be sent to:

Attention: Head Public Sector: Timothy Matlala

6th Floor, West Wing 30 Baker Street, Rosebank, 2196

Telephone Number: 0117217389; and

18.15.1.2 as regards the Borrower:

Attention: Municipal Manager: Ms Anneleen Vorster

49 Voortrek Street, Swellendam, 6740

Telephone Number: 028 514 8511,

or at such other physical address, not being a post office box or *poste restante*, of which the Party concerned may notify the other Party in writing.

18.15.2 Any other written notices in connection with this Agreement shall be addressed as follows:

18.15.2.1 as regards the Bank:

at the address set out in clause 18.15.1.1

Email address: timothy.matlala@standardbank.co.za ; and

18.15.2.2 as regards the Borrower:

at the address set out in clause 18.15.1.2

Email address: anneleenv@swellendam.gov.za ,

or at such other address of which the Party concerned may notify the other in writing.

18.15.3 Any notice given in terms of this Agreement shall be in writing and shall:

18.15.3.1 if delivered by hand be deemed to have been duly received by the addressee on the date of delivery;

18.15.3.2 if delivered by a recognised international courier service, be deemed to have been received by the addressee on the first business day following the date of such delivery by the courier service concerned;

18.15.3.3 if posted by prepaid registered post will be deemed to have been received by the addressee on the 8th (eighth) Business Day following the date of such posting; and

18.15.3.4 if sent electronically, shall be deemed to have been received on the first Business Day following the successful transmission thereof as evidenced by the electronic confirmation of receipt (unless the contrary is proven). It is recorded, for the avoidance of doubt, that a legal notice sent by a Party shall not be regarded as valid legal notice, if sent electronically in terms of this clause 18.15.

18.15.4 Notwithstanding anything to the contrary contained in this Agreement, a written notice or communication actually received by a Party at its chosen address set out above, shall be an adequate written notice of communication to such Party.

18.15.5 Where the post office does not effect street deliveries at the Borrower's Notice Address, the Bank may send any notices in terms of this Agreement to the Borrower's post office box number.

18.16 **Counterparts**

This Agreement may be signed by the signatories hereto in counterparts and each signed copy shall together constitute one document.

18.17 **Cession**

18.17.1 The Borrower shall not be entitled to cede or assign its rights or obligations in terms of this Agreement to any party.

18.17.2 The Bank shall, on written notification to the Borrower, be entitled at any time to cede any or all of its rights or delegate any or all of its obligations under or in terms of this Agreement to any party.

18.17.3 To the extent that any cession, assignment or transfer by the Bank of its rights or obligations under or in terms of this Agreement to any party results (whether directly or indirectly) in a splitting of claims against the Borrower, the Borrower hereby irrevocably and unconditionally consents to such splitting of claims.

18.17.4 On cession, assignment or transfer in accordance with the provisions of clause 18.17.2 and without limitation to clause 18.18 18.18the Bank shall be entitled to divulge and disclose such information or documents relating to the Borrower or any of its subsidiaries, which would otherwise be deemed to be confidential, to the cessionary, assignee or transferee as the Bank may deem necessary.

18.18 **Sharing with Fraud Prevention Services and Governmental Authority**

18.18.1 The Bank may give South African Fraud Prevention Services (SAFPS) information about your agreement including your account if we have reasonable cause to suspect that your account is being used improperly. The SAFPS may in turn make this information available to other members of the SAFPS if they carry out credit or other checks on your name.

18.18.2 Should the Bank have reasonable grounds to suspect that the Borrower, or any Associated Person has violated any Anti-bribery and Anti-Corruption Laws, the Bank shall be entitled to:

18.18.2.1 request additional information prior to processing transactions;

18.18.2.2 not process a transaction where it is suspected it is in relation to an incident of corruption, or relates to a Bribe and the Borrower cannot provide the Bank with information to the contrary;

18.18.2.3 report the incident, or suspected incident to the relevant Governmental Authority and subsequently act according to the guidance of such Governmental Authority.

18.18.3 A breach of this clause 18.18 constitutes a material breach that is incapable of remedy and therefore entitles the Bank to exercise the right to immediately cancel the Agreement without any liability and claim from the Borrower any damages that it may have suffered.

18.19 **Data protection**

18.19.1 The Borrower consents to the Bank collecting its Personal Information from the Borrower and where lawful and reasonable, from public sources for credit, fraud and compliance purposes as well as and the purposes set out below.

18.19.2 If the Borrower gives the Bank Personal Information about or on behalf of another person (including, but not limited to, account signatories, shareholders, principal executive officers, trustees and beneficiaries), the Borrower confirms that it is authorised to: (a) give the Bank the Personal Information; (b) consent on their behalf to the Processing of their Personal Information, specifically any cross-border transfer of Personal Information into and outside the country where the products or services are provided; and (c) receive any privacy notices on their behalf.

18.19.3 The Borrower consents to the Bank Processing its Personal Information:

18.19.3.1 to provide products and services to the Borrower in terms of this Agreement and any other products and services for which the Borrower may apply;

18.19.3.2 to carry out statistical and other analyses to identify potential markets and trends, evaluate and improve our business (this includes improving existing and developing new products and services);

18.19.3.3 in countries outside the country where the products or services are provided. These countries may not have the same data protection laws as the country where the products or services are provided. Where the Bank can, the Bank will ask the receiving party to agree to the Bank's privacy policies;

18.19.3.4 by sharing the Borrower's Personal Information with the Bank's third-party service providers, and insurers, locally and outside the country where the products or services are provided. The Bank asks people who provide services to the Bank, including its insurers, to agree to the Bank's privacy policies if they need access to any Personal Information to carry out their obligations;

18.19.3.5 within the Standard Bank Group.

18.19.4 The Borrower consents to the Bank disclosing its Personal Information to Collateral Providers.

18.19.5 The Borrower will find the Bank's Processing practices in the Standard Bank Group and the Bank's privacy statements. These statements are available on the Standard Bank Group's websites or on request.

18.19.6 If the Borrower is unsure about its tax or legal position because the Borrower's Personal Information is Processed in countries other than where the Borrower lives or conducts business, the Borrower should get independent advice.

18.20 **Recordal of Conversations**

The Borrower agrees that the Bank may record telephone conversations with the Borrower's representative for the purpose of creating a record of the Borrower's instructions or requests given telephonically by the Borrower to the Bank.

18.21 **Independent Advice**

18.21.1 The Borrower acknowledges and agrees that it has not relied in any way on any information or advice given by the Bank in preparation, negotiation or implementation of this Agreement and that it has taken all reasonable actions to satisfy itself as to the consequences of entering into this Agreement.

18.21.2 The Borrower further acknowledges that:

18.21.2.1 the Bank does not provide any tax advice. The Borrower is responsible for any tax consequences associated with any account the Borrower has with the Bank;

18.21.2.2 it has been free to secure independent legal and other advice as to the nature and effect of all the provisions of this Agreement, and that it has taken such independent legal and other advice or dispensed with the necessity of doing so; and

18.21.2.3 all of the provisions of this Agreement, and the restrictions herein contained, are fair and reasonable in all the circumstances and are part of the overall intention of the Parties in connection with this Agreement.

18.22 This product is not covered by the Corporation for Deposit Insurance (CODI).

SIGNED AT ____________________ ON THE __________ DAY OF ________________________ 2026

____
Signature

____
Full Names

____
Designation

For and on behalf of:
THE STANDARD BANK OF SOUTH AFRICA LIMITED
Who warrants his/her authority hereto

As witnesses:

1 ______________________________ Full names: ____________________
ID number: ____________________

2 ______________________________ Full names: ____________________
ID number: ____________________

SIGNED AT ____________________ ON THE __________ DAY OF ________________________ 2026

____
Signature

____
Full Names

____
Designation

For and on behalf of:
SWELLENDAM MUNICIPALITY
Who warrants his/her authority hereto

As witnesses:

1 ______________________________ Full names: ____________________
ID number: ____________________

2 ______________________________ Full names: ____________________
ID number: ____________________

EXECUTION
30 January 2026

ANNEXURE A

NOTICE OF DRAWDOWN

TO BE TYPED ON THE BORROWER'S LETTERHEAD

Addressed to:

The Manager
The Standard Bank of South Africa Limited
Attention:

Date:

Dear Sir/Madam

Notice of drawdown

1. Swellendam Municipality (**Borrower**) hereby requests drawdown of R6,050,000 (six million and fifty thousand Rand) (**Drawdown Amount**) under the loan facility on the 2nd (second) Business Day after the Business Day on which this drawdown notice is received by The Standard Bank of South Africa Limited (Registration number: 1962/000738/06), ("**Bank**") pursuant to the provisions of clause 6.1 of the Term Loan Agreement concluded between the Bank and the Borrower on [insert date].
2. Please credit the Drawdown Amount to the Borrower's current account number ________________ held in the books of the Bank's ________________ branch.

Yours sincerely

____

For: **SWELLENDAM MUNICIPALTY**

Full name of signatory: ____________________

Capacity of signatory: ______________________

Date of authorising resolution: ______________________

Hierdie begroting is 'n belofte om aan te hou vorentoe druk – om geanker te bly in dienslewering, gefokus op die toekoms, en gedryf deur die oortuiging dat elke huishouding, elke gemeenskap en elke inwoner saak maak.

Ek lê hiermee die 2025/2026-begroting ter tafel vir oorweging en goedkeuring.

Dankie.

PROPOSAL 1:

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be accepted as-is.

Councillor D.J. Julius thanked the Executive Mayor for his budget speech but shared that he had to raise his concern and disappointment with the increases in the proposed budget.

PROPOSAL 2:

Councillor J.A. Matthysen proposed that the proposed budget be not accepted due to the unacceptable increase in the tariffs for 2025-2026 because the historically disadvantaged were already struggling to make ends meet.

The Speaker, Alderman J.Du T. Loubser indicated that urgent measures should be put in place to improve revenue management in an innovative manner to increase the income base in order to relieve the burden on the taxpayer. He said that the budget made provision for a GIS system which was an instrument that should be used in the revenue management system to decrease the cost of services and to apply effective functional practices to ensure that the capital budget reached the ground where it was urgently needed for the delivery of water, roads, refuse removal and electricity services.

The Speaker said if the capital budget was put to work like this, the administration could ensure that concerns raised by other Councillors to relieve the burden on the taxpayer would not be necessary with the consideration of the next budget.

The two proposals were put to a vote by the Speaker by show of hands.

Proposal 1:

Six votes: Councillors: Councillor H.F. du Rand; E.J. Lamprecht; A. Bokwana; D. Julius; F. Kees and Alderman J. du T. Loubser.

Proposal 2:

Four votes: Councillors: J.A. Matthysen; D.J. Julius; G.Libazi and I.H. Ferguson.

RESOLVED **Item A106/29/05/2025**

1. It is recommended that:
   a. that the annual Budget for the 2025/2026 MTREF for the different votes be approved and adopted as set out by the following tables included in the budget document:
   b. Table A1 – Budget Summary

c. Table A2 – Budget Financial Performance.
d. Table A3 – Budget Financial Performance (municipal vote)
e. Table A4 – Budget financial performance by revenue source and expenditure
f. Table A5 – Budget Capital Expenditure
g. Table A6 – Budget Financial Position
h. Table A7 – Budgeted Cash Flow
i. Table A8 – Cash Budget Reserves / Accumulated Surplus
j. Table A9 – Asset Management
k. Table A10 – Consolidated Basic Services Delivery Management.

2. that the Capital Budget for Capital Grants as per Table A5 be approved over the MTREF Multi-Years.

3. that Council take note of the Annual Budget Document with supporting tables under Annexure A.27.A.

4. that in terms of section 78A of the Local Government Municipal Systems Act, 32 of 2000 and section 24 of the Local Government Municipal Property Act, 6 of 2004, the tariffs for property rates, electricity, water, sewerage, solid waste, and other services charges as set out in Annexure A.27.B of which a copy is attached, be approved and adopted from: 1 July 2025.

5. that the interest rate on arrear accounts be approved at the prime rate.

6. that the following policies be approved with effect from 1 July 2025 and placed on the municipal website. The policies are attached under Annexure A.27.C:

a) Asset Management Policy
b) Bad Debt Write-Off Policy
c) Cash Management and Investment Policy
d) Restricted Supplier Policy
e) Borrowing Policy
f) Budget Implementation and Monitoring Policy
g) Cost Containment Policy
h) Customer Care Credit Control and Debt Collection Policy
i) Funding and Reserves Policy
j) Indigent Support Policy
k) Petty Cash Policy
l) Property Rates Policy
m) SCM Policy
n) SCM Preferential Procurement Policy
o) Tariff Policy
p) UIFW Expenditure Reduction Policy
q) SCM Infrastructure Procurement Policy
r) Appointment of Consultants Policy
s) Consultancy Reduction Policy

7. that Council approve the taking up of an advance from the approved external loan facility to the amount of R6,050 million for the 2025/2026 financial year.

8. that Council take note of the other supporting budget documents under Annexure A.27.D.

9. that Council approves the procurement plan under Annexure A.27.D.

10. that Council takes note that the total cost for the capital projects is included in the budget and the funding sources are available.

11. that Council takes note that the projected cost covering the future operational cost of the capital projects is included in the budget.

12. that Council notes that the electricity tariffs is subject to approval from NERSA which was not received by the time of submitting the budget to Council consideration.

13. that Council note and consider the public inputs received on the budget and IDP under Annexure A.27.E.

14. that the Annual Budget for the 2025/2026 MTREF be submitted to National and Provincial Treasury.

15. that the Service Delivery and Budget Implementation Plans (SDBIP) be submitted to the Executive Mayor within 14 days after approval of the budget and be approved within 28 days.

16. that the draft Performance Agreements be submitted to the Executive Mayor within 14 days after approval of the budget and be made public within 14 days after approval of the SDBIP.

17. that the Annual Budget with all Annexures be placed on the municipal website.

BORROWING MONITORING (LOANS AND BONDS) FOR 2ND QUARTER ENDED 31 DECEMBER 2025

Loan Instrument No	Municipality Loan Reference No	Start Date	Planned End Date	Term Value	Debt raised at the Inception	Loan Source	Loan Institution	Type of interest	Timing of Interest payment	% Interest Rate (2 dec)	Interest Paid 2025-2026 Quarter 2	Balance at beginning 2025-2026 Quarter 2	Debt repaid or redeemed 2025-2026 Quarter 2	Additional principle a 2025-2026 Quarter 2	Balance at end 2025-2026 Quarter 2
10	100786/1	#########	2024/03/31	20	5 001 767	Development Bank of SA (03)	DBSA	Fixed (01)	Semi-annually (02)	10,56	0,00	1,00	0,00	0,00	1,00
11	101822/1	#########	2025/12/31	17	4 910 970	Development Bank of SA (03)	DBSA	Fixed (01)	Semi-annually (02)	9,1	11 553,00	257 810,00	257 806,00	0,00	4,00
13	102893/1	#########	2028/06/30	20	4 479 959	Development Bank of SA (03)	DBSA	Fixed (01)	Semi-annually (02)	11,12	0,00	1 583 538,00	0,00	0,00	1 583 538,00
14	103211/1	#########	2030/09/30	20	20 018 334	Development Bank of SA (03)	DBSA	Fixed (01)	Semi-annually (02)	12,2	0,00	9 803 093,00	0,00	0,00	9 803 093,00
16	3057182630	#########	2027/10/30	5	4 200 000	Banks (02)	ABSA	Fixed (01)	Monthly (04)	10,03	0,00	2 006 675,00	267 831,00	48 863,00	1 787 707,00
17	3058682746	#########	2038/06/27	15	5 500 000	Banks (02)	ABSA	Variable (02)	Semi-annually (02)	10,9	0,00	5 313 917,00	353 917,00	126 249,00	5 086 249,00
18	3060733472	#########	2039/05/30	15	3 500 000	Banks (02)	ABSA	Variable (02)	Semi-annually (02)	10,86	0,00	3 520 620,00	223 340,00	80 885,00	3 378 165,00
19	3062209667	#########	2040/05/31	15	3 000 000	Banks (02)	ABSA	Variable (02)	Semi-annually (02)	9,88	0,00	3 119 344,00	190 338,00	69 219,00	2 998 225,00
20	306259033	#########	2030/06/30	5	4 500 000	Banks (02)	ABSA	Fixed (01)	Monthly (04)	9,17	0,00	4 321 230,00	281 433,00	98 476,00	4 138 273,00

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49 Voortrek Street, Swellendam | P.O Box 20, Swellendam 6740

12 March 2026

Chief Director: Local Government
National Treasury
Pretoria
8000

Sir

PROPOSAL OF FINANCE FACILITY

The municipality went out on tender to obtain funding from borrowings for the 2025/2026 capital budget as follows:

- 2025/2026 – R6 050 000

The projects were included in the final budget for the 2025/2026 financial year and approved on 29 May 2025.

Kindly find the following in respect of the external borrowing:

a) S46 (3)(a)(i) and (ii) – A copy of the information statement and advert which was made public on 13 March 2026. – (Annexure A).

b) S46 (3)(b)(i) and (ii) – Attached kindly find the information statement to Council and repayment schedules. (Annexures B and C).

c) S46 (6), S17 (2), S19 – Attached is a copy of the capital budget for the 2025/2026 financial year for the vehicles. (Annexures D).

d) S19 (1)(d) – Council resolution on the budget confirming that the sources of the following have been considered and are available. The loan will be repaid from rates and consumer charges. (Annexure E).

e) MFMA National Treasury Circular No 26/2005. Attached are the Long-term borrowing (debt) obligations showing the principal and interest payments (Annexure F).

f) MFMA Provincial Treasury Circular no 42/2010. The long-term debt certification will be signed when the council approves the long-term debt.

Once the council approves the long-term debt, the following outstanding information will be submitted:

- Council Resolution.
- Date and copy of the information Statement to the council.

- Copy of media advert.

You are kindly invited to submit written comments or representations no later than 12h00 on Tuesday, 7 April 2026.

Yours faithfully

E. Wassermann
Director Financial Services

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49 Voortrek Street, Swellendam | P.O Box 20, Swellendam 6740

12 March 2026

Chief Director: Local Government
Provincial Treasury
Western Cape
8000

Sir

PROPOSAL OF FINANCE FACILITY

The municipality went out on tender to obtain funding from borrowings for the 2025/2026 capital budget as follows:

- 2025/2026 – R6 050 000

The projects were included in the final budget for the 2025/2026 financial year and approved on 29 May 2025.

Kindly find the following in respect of the external borrowing:

a) S46 (3)(a)(i) and (ii) – A copy of the information statement and advert which was made public on 13 March 2026. – (Annexure A).

b) S46 (3)(b)(i) and (ii) – Attached kindly find the information statement to Council and repayment schedules. (Annexures B and C).

c) S46 (6), S17 (2), S19 – Attached is a copy of the capital budget for the 2025/2026 financial year for the vehicles. (Annexures D).

d) S19 (1)(d) – Council resolution on the budget confirming that the sources of the following have been considered and are available. The loan will be repaid from rates and consumer charges. (Annexure E).

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