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To:

- The executive mayor, Cllr Aubrey Tsengwa atsengwa@knysna.gov.za
- The municipal manager, Mr Ombali Sebola mm@knysna.gov.za
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- Customer care, customercare@knysna.gov.za
- Knysna Municipality, knysna@knysna.gov.za

Comments on the Regional Landfill Site Waste Disposal Agreement: Section 33 Process

The Greater Knysna Business Chamber submits the following comments and queries on the proposed agreement:

We note that, after the proposal was released for comment, the Garden Route District Municipality announced (on 3 July) that it has signed a loan agreement with Standard Bank for R278m.

The announcement states that the Knysna Municipality has confirmed that it supports and will be participating in the project. It was also announced that the contractor is on site and expected to complete phase 1 by February 2024, with final contract completion estimated for March 2025.

Our first concern is how Knysna Municipality has included the costs arising from the contract in the 3 years covered in the annual budget for the 2023/2024 financial year. Please share this information and confirm that these costs include the 10% of admin costs from Garden Route District Municipality in terms of clause 2.1.1 of the proposed contract.

As clause 2.1.8 of the proposed contract is for 10 years, please indicate in which ways any Waste-to-Energy under consideration by Knysna Municipality would be impacted: i.e. what fixed costs would remain for Knysna Municipality?

Please advise if the effective date of the contract will be from completion of phase 1 (February 2024) to project completion (estimate March 2025).

The Fixed Waste Disposal costs (clauses 8.9 to 8.13) indicate this will be based on the loan of R278m and the repayment of capital and interest over 10 years. The Knysna Municipality share of this is indicated as 14% (initially) with the agreement indicating that invoices will be issued for payment monthly.

DIRECTORS: Pierre Gouws (Chair), Richard Sohn (Vice), Andries Fourie (Treasurer),
Nkosinathi Olembe (Wiseman) Litoli, Levern Engel
EXCO: Evelyn Pepler, Megan Taplin, Mark Sofianos, Hermann Kapp, Clifford Elion
Legal Secretary: Southern Right Financial Solutions

When does this repayment start?

Based on the current interest rate, how much is the repayment?

Please indicate what was included in the 3 year budget and when?

The Rehabilitation Contribution is required to fund the costs through to the end of the useful life and is discussed in clauses 8.14 to 8.18. In clause 8.15 the proposed contract indicates that the parties are liable to contribute based on the "agreed proportion." Please confirm if the agreed proportion for Knysna Municipality is 14%, as for the Fixed Waste Disposal, or some other amount?

The initial cost will be determined by the consulting engineer for the first financial year following the effective date. What amount is included in the Knysna Municipality's budget for 2023/2024. and for the following 2 years?

What is Knysna Municipality currently paying for its share of rehabilitation for the existing Waste Disposal Site?

The final charge is for the Waste Disposal Tariff. This is covered in clauses 8.7 and 8.8 and also clause 9. The method of calculating the costs are indicated and will be shared amongst the parties depending on the weight of the loads. What is the tariff expected to be?

Is this forecast included in the budget 2023/2024 and following years?

What is the current tariff?

We appreciate your input, which will allow the Business Chamber and its members to better understand the impact of this major investment.



Pierre Gouws

Chairman

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