

**THE APPOINTMENT OF CONSULTING ENGINEERS FOR SOLID WASTE FOR THE
OVERBERG DISTRICT MUNICIPALITY FOR A CONTRACT PERIOD ENDING 30 JUNE
2035
FINANCIAL IMPACT STATEMENT**

1. OBJECTIVE

Overberg District Municipality has made public the appointment of consulting engineers for solid waste for the Overberg District Municipality for a contract period ending 30 June 2035.

Because the appointment period will span over more than three (3) years, and the actual term be ten (10) years, the Municipality has to comply with Section 33 of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA).

The objective of this Financial Impact Statement is to quantify the financial implications on Overberg District Municipality over the full duration of the Service Level Agreement.

2. ASSUMPTIONS

The following assumptions have been made to inform the financial calculations and any deviations from these assumptions may influence the financial implications.

- The remaining life of Karwyderskraal Landfill is estimated at 47 years (up to 2072).
- The annual growth in waste volumes to be disposed of is 3%.
- The escalation of construction cost is 6% per annum.
- The escalation of operating tariffs is 6% per annum.
- The escalation of the rehabilitation tariff is 6% per annum.
- The conditions of the future external loans taken up by Overberg District Municipality remain the same as the current loan.
- The design of the containment barrier (bottom liner) will remain unchanged for the remaining cells.
- Any major infrastructure maintenance cost other than the normal maintenance will be dealt with on an ad hoc basis by the Parties to the Service Level Agreement and is therefore excluded from the financial calculations.
- The calculations are based on the commencement date of Cell 5A being 1 January 2027.
- The remaining footprint of the waste body, after Cell 5A, that still requires a containment barrier is 386,300m².
- The remaining airspace, excluding cells 1-4, is 9,368,650m³ of which some 545,000m³ is provided by Cell 5A.
- It is assumed that a new cell will be built every seven to eight years and that the additional required airspace due to waste growth be made up by unlocking the ability to fill up to the maximum height due to adjacent cells providing sufficient width.

3. FINANCIAL IMPLICATIONS

The appointment of consulting engineers for solid waste for the Overberg District Municipality for a contract period ending 30 June 2035 years and span a period of ten (10) financial years.

The table below also indicates the estimated expense, based on the assumptions above, for each of the 10 years. These costs will, in accordance with the Service Level Agreement with the contributing Municipalities, be recovered from the Parties to the Service Level Agreement.

The payments made by the other Parties to this agreement. i.e. Overstrand, Theewaterskloof and Cape Agulhas Municipalities and other third parties, will consist of a Fixed cost to cover the loan repayment for capital expenditure at the landfill, a disposal tariff per tonne of waste disposed to cover the operational and management costs (inclusive of the consultancy costs), and a rehabilitation tariff per tonne of waste disposed for future rehabilitation of the site.

Consultancy Costs

| Financial Year | | Estimated annual cost |
|-----------------|-----------|-----------------------|
| Year 1 | 2025/2026 | R 3, 578,350 |
| Year 2 | 2026/2027 | R 3, 447,338 |
| Year 3 | 2027/2028 | R 1, 962,889 |
| Year 4 | 2028/2029 | R 861,662 |
| Year 5 | 2029/2030 | R 913,362 |
| Year 6 | 2030/2031 | R 968,164 |
| Year 7 | 2031/2032 | R 2, 218,598 |
| Year 8 | 2032/2033 | R 4, 167,018 |
| Year 9 | 2033/2034 | R 5, 292,317 |
| Year 10 | 2034/2035 | R 1, 459,145 |
| Estimated Total | | R 24 868 843.00 |

4. CONCLUSION

The financial calculations indicate that the fact that the long-term Service Level Agreement with the contributing Municipalities was based on the actual construction and operating costs (inclusive of the consultancy costs) incurred by the Overberg District Municipality and the future rehabilitation costs of the facility, it would not result in significant financial implications for the Overberg District Municipality.

The Service Level Agreement does require of the District Municipality to project manage the continuous development of landfill capacity and the operation and management of the Karwyderskraal Regional Waste Management Facility with the actual costs being carried by the Municipalities and third parties utilising the facility. For this reason, it is required to appoint a consulting engineer service provider to assist the District Municipality with the vast array of technical requirements and input to processes.