



## **MFMA SECTION 33 PROCESS INFORMATION STATEMENT**

**ENTERING INTO A MEMORANDUM / LEASE OF AGREEMENT  
FOR A PERIOD OF 20 YEARS FOR THE LEASING OF ERF 851  
MARAPONG TOWNSHIP (PROPER) TO A PROSPECTIVE  
INVESTOR (NAREMOTHO TRADING AND ENTERPRISE cc)  
FOR DEVELOPMENT OF MARAPONG STRIP MALL.**

**This document is prepared in accordance with the provisions of Sec 33 of the MFMA to enter into a Memorandum of Agreement between Naremotho Trading and Enterprise cc and Lephalale Local Municipality**

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## 1. BACKGROUND

Section 33 of the MFMA prescribes that public participation is required whenever a local authority intends signing an agreement or contract beyond the three (3) municipal financial years in length. In such instance the MFMA also requires the Municipality to provide background information and to write to the relevant sector departments to obtain their comments.

## 2. SECTION 33 PROCESS

Where a contract or agreement is intended to span more than three (3) municipal financial years, Section 33 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) requires the municipality to provide background information and to invite written comments from the local community and effected parties or persons and to write to government departments to obtain their comments. Lephalale Local Municipality is required to initiate the public information process by advertising the matter at least 60 days prior to approving the agreement.

The public invitation to comment on the draft Memorandum of Agreement is planned to be published on 10 February 2026 in the local media and on the municipal website.

The purpose of this document is to inform the public and certain government departments and affected stakeholders, parties or persons, as required by the MFMA, of the intention of the Lephalale Local Municipality to enter into an agreement with Naremotho Trading and Enterprise for more than three municipal financial years.

Where a municipality intends to have an agreement with a service provider and the financial obligations span over more than three municipal financial years, it must follow procedure as set out under Sec 33 of the MFMA. This Information Statement sets out the requirements of Sec 33 and outlines the content, scope and objectives of the agreement involved.

Section 33 of the MFMA requires as follow:

Section 33 (1)(a) that the Municipal Manager must, at least 60 days before the Council meeting where an agreement or contract is to be approved, inform certain parties of the intention to enter in an agreement by:

- Section 33 (1)(a)(i) issuing an Information Statement summarizing the municipalities obligation and draft agreement documents to the public and invite comments and representations; and
- Section 33 (1)(a)(ii) soliciting the views of – • National and Provincial Treasury
- National Department responsible for local government
- National Department having functional responsibilities related to the service being delivered.

Section 33 (1)(b) Council must prior to the approval of the agreement, consider:

- Section 33 (1)(b)(i) the financial obligations for each financial year of the agreement.
- Section 33 (1)(b)(ii) the impact of these obligations on its revenue.
- Section 33 (1)(b)(iii) any comments received from the local community and other interested persons.
- Section 33 (1)(b)(iv) written views and recommendations of the National and Provincial Departments referred above.

Section 33 (1)(c) Council must adopt a resolution in which it:

- Determines that it will have sufficient budget or revenue to pay for the agreement.
- Approves the entire agreement and
- Authorises the Municipal Manager to sign the agreement.

### 3. PROPOSED MEMORANDUM OF AGREEMENT AND PROJECT BACKGROUND

As per the Section 141 provides for the procedures municipalities must follow when disposing of assets as a result of a sale or other transaction, including land and property. It states that:

(1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

(2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public—

(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

- The property shall be utilised for development of strip mall purposes in line with the appropriate use zone.
- The lease shall be for a period of (20) years with an option to renew as per council resolution; the rental amount shall escalate at 8% per annum (exclusive of VAT), excluding rates and taxes and other municipal services where applicable;
- The total amount for the determined years should include a minimum escalation of 8% per annum. The escalation in the rental will be provided and adjusted every 5 years over the lease period in terms of the reviewed Treasury Regulations and the Consumer Price Index (CPI) as may be determined by Council;
- The lessee shall under no circumstances sub-let the property/ land or cede any rights of the property to a third party;
- The land shall only be utilised for the purpose as advertised and may not be rezoned for any other purposes apart from the proposed use zone, for the duration of the lease period;
- Erf 851 Marapong is currently not being utilized for any service delivery. The proposal for the leasing of land of Erf 851 Marapong, for development of Marapong Strip Mall. The Purpose will assist the Lephalale with Township Economy and Development and also assist with job creation and development of SMME's during the construction phase and implementation phase.

4. THIS AGREEMENT IS PROPOSED TO BE FOR A PERIOD OF 20 YEARS

The projected contract period will be for a minimum period of twenty (20) Years in terms of Resolution A38/2026(1), commencing from the date of the last signature on the SLA (Service Level Agreement) /Lease agreement with an option to extend.

5. FINANCIAL IMPLICATIONS FOR LEPHALALE LOCAL MUNICIPALITY

The terms of Reference for the "Request for proposals for the lease of land (Erf 851 Marapong) for Development of Strip Mall purposes", the Municipality's fixed assets Management policy 2023/2024 read together with the Municipality leasing and acquisition of immovable assets 2024/25 provides the minimum acceptance rental offer as 8% of the land's valuation value per annum, in terms of the reviewed Treasury Regulations and the Consumer Price Index at the discretion of the Municipality.

For a project of this nature, it is impossible to come with exact figures for total project cost as this solely depends on the municipalities needs and the value of the property. It is however possible to determine a cost for lease for the first year, following that, we find it difficult to project further income for 20 years. We can however State that the this will be an incoming generating project.

\* Leasing of Erf 851 Marapong (proper) is proposed @% of the value of the property.

6. ACCES TO INFORMATION REGARDING THE MFMA S33 PROCESS

Copies of the Section 33 Explanatory Document and the Draft Memorandum of Agreement with Naramotho Trading and Enterprise cc will be available during office hours at Lephalale Local Municipality from 08h00 to 16:00.

WHERE TO SUBMIT COMMENTS

Written comments must be submitted on or before Monday 12 May 2026 in a sealed envelope that must be deposited in a TENDER BOX at Lephalale Local Municipality, Main Building or electronic mail to [munic@lephalale.gov.za](mailto:munic@lephalale.gov.za).

All submissions must be addressed to:

The Municipal Manager  
Tender Box  
Lephalale Local Municipality  
Cnr Douwater and Joe Slovo

Submissions must be clearly marked: "SECTION 33 PROCESS – Memorandum of Agreement with Naremotho and Trading and Enterprise cc".

## 7. NEXT STEPS

Members of the local communities and other interested parties or persons are invited to present their comments or representations in respect of the proposed agreement and the granting of the right to work with Naremotho Trading and Enterprise cc, according to the condition set in the proposed agreement.

Lephalale Local municipality will finalize the agreement with the service provider and will solicit the views and recommendations of stakeholders, including National and Provincial Treasuries, National and Provincial Department responsible for local government (CoGHSTA).

The agreement and all comments and views received relevant to the proposed agreement will be based and assessed and included in the report to be presented to Council for the final decision as to whether to enter into an agreement with Naremotho Trading and Enterprise cc.

Drafted and issued by:



Mrs F Nogilana-Raphela  
Municipal Manager,  
Lephalale Local Municipality

Date: 19/02/2026