

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
5 April 2023
(Also the agenda for the Mayoral Committee Meeting : 24 April 2023)**

10.

**IN PRINCIPLE APPROVAL FOR THE ALIENATION OF ERF 1851 GANSBAAI
(SITUATED AT 18 INDUSTRY CIRCLE, GANSBAAI INDUSTRIAL AREA), 4,000M²
IN EXTENT, BY MEANS OF A COMPETITIVE PROCESS**

**R Marinus
7 March 2023**

Acting Manager: Property Administration

(028) 316-5609

1. Executive Summary

To obtain in principle approval for the alienation of Erf 1851 Gansbaai, 4,000m² (FOUR THOUSAND SQUARE METRES) in extent (the "Property"), for industrial purposes by means of a competitive process.

The locality of the Property is indicated on locality plans attached per "Annexure A" and "Annexure B".

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure and Planning
Property Administration

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
The encouragement of structured community participation in the matters of the municipality

4. Delegated Authority

None

5. Legal Requirements

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended
- Local Government: Municipal Finance Management Act, Act 56 of 2003 ("MFMA")
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Municipal Supply Chain Management Regulations (Notice 868 of 30 May 2005)
- Overstrand Municipality Supply Chain Management Policy, as amended

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
5 April 2023
(Also the agenda for the Mayoral Committee Meeting : 24 April 2023)**

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

Interest was received to purchase the Property for industrial purposes.

The Property is 4,000m² (FOUR THOUSAND SQUARE METRES) in extent, vacant and situated at 18 Industry Circle, Gansbaai Industrial. Erf 1851 Gansbaai is zoned Industrial Zone 1: General Industry and the size is sufficient for an industrial development. Services are available in the vicinity of the Property.

As there is a need for industrial erven and as the Property is suited for industrial purposes, it is recommended that it be made available in the open market by means of a competitive process.

As a tender process (which was not successful) for the sale of the Property was previously followed in 2008 it is accepted that there must have been an in-principle approval from Council for the sale of the Property. However, after thorough investigation no decision could be found and therefore this report to request the in-principle approval is submitted to Council again.

Evaluation

A. Evaluation in terms of the Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply to this report:

Paragraph 9.1(a): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA decided on reasonable grounds that the immovable property is not needed to provide the minimum level of basic municipal services.”

The comments received from the relevant officials confirmed that the Property is not needed for the provision of the minimum level of basic municipal services.

Paragraph 9.1(b): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA considered the fair market value of the immovable property and the economic and community value to be received in

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
5 April 2023
(Also the agenda for the Mayoral Committee Meeting : 24 April 2023)**

exchange for the immovable property in accordance with Section 14(2) of the MFMA.”

HCB Valuation and Services (Pty) Ltd determined the market related value of the Property on 1 December 2022 at an amount of R250.00/m² (TWO HUNDRED AND FIFTY RAND PER SQUARE METRE) (VAT excluded) which amounts to a total value of R1,000,000.00 (ONE MILLION RAND) (VAT excluded).

Paragraph 9.1(c): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA has as a consequence to 9.1(a) and (b) above approved in principle that the immovable property may be transferred or disposed of, and the method of disposal or transfer.”

The purpose of this report is to request in principle approval from Council for the alienation of the Property by means a competitive process.

Paragraph 15.1: “The transfer of immovable property must, except in the case of non-viable immovable property, be affected by means of competitive process, which may include a public or closed tender, auction or proposal call.”

It is recommended that the Property be alienated by means of a competitive process.

Paragraph 28: “All costs pertaining to a transaction shall be borne by the successful bidder/purchaser, e.g. survey, advertisements, valuation, rezoning, relocation or provision of services where necessary, etc. The Municipality may, however, waive its right to claim the costs should it be to its advantage to bear the costs.”

The successful bidder will be liable for all costs pertaining to the transaction, excluding the cost for the valuation of the Property. Costs for the successful bidder will include, but is not limited to, a Section 14 advertisement, transfer costs, connection of services and any other costs pertaining to the transaction.

Paragraph 29: “Should existing services need to be relocated or secured by means of the registration of a servitude in favour of the Municipality as a result of the alienation of the immovable property, all related costs shall be for the account of the successful bidder/purchaser.”

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
5 April 2023
(Also the agenda for the Mayoral Committee Meeting : 24 April 2023)**

No services need to be relocated and no servitude needs to be registered.

Paragraph 32. *“Save with prior approval, the immovable property alienated may only be used for the purpose for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.”*

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

Paragraph 34: *“A 10% deposit of the agreed/tendered purchase price will be due and payable by the purchaser/successful bidder within 10 days of date of request in writing thereof by the Municipality.”*

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

Paragraph 35: *“Interest on the purchase price, as from date of signature of the deed of sale, must be charged by the Municipality should payment or transfer be delayed due to an action or failure on the part of the successful bidder/ purchaser.”*

A clause to this effect will be included in the deed of sale to be entered into between the Municipality and the successful bidder.

B. Advertisement/Notification

The necessary advertisement in terms of Section 14 of the MFMA will be published after the tender is duly awarded. The successful bidder will be liable for the costs of the Section 14 advertisement.

Conclusion

It is recommended that the Property be alienated for industrial purposes by means of a competitive process, at not less than the market related value.

Furthermore, it is recommended that the successful bidder be liable for all costs, excluding the costs for the valuation of the Property. Subsequent costs will entail the aforementioned Section 14 advertisement, transfer costs and connection of services.

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
5 April 2023
(Also the agenda for the Mayoral Committee Meeting : 24 April 2023)**

7. Financial Implications

The Municipality stands to gain a market related purchase price to the minimum amount of R1,000,000,.00 (ONE MILLION RAND) (VAT excluded) for the Property.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Senior Town Planner: Mr S van der Merwe

"No objection, provided that the property be utilized for Industrial Zone 1: General Industrial Purposes. The applicable primary rights are as follows: "industry, agricultural industry, builder's yard, caretaker's accommodation, factory shop, funeral parlor, heavy vehicle service station, industrial café (subject to Section 16.10), motor repair garage, service trade, service station, transmission apparatus (subject to the provisions of Chapter 16.10), transport use, utility services, warehouse and workshop" Consent uses may only be executed following approval by the Authorized Official and Municipal Planning Tribunal. The applicable consent uses are the following: "abattoir, adult entertainment business, aquaculture business premises, crematorium, dwelling unit, mining, noxious trade, place of assembly, place of entertainment, place of instruction, recreational facilities, restaurant, sale of alcoholic beverages and scrap yard."

Senior Manager: Operational Services: Mr J Solomons

"No objections to the application, subject to the following conditions:

- 1. That the existing water connection to Erf 1851 be used to service Erf 1851.*
- 2. That Erf 1851 be provided with adequate sewer conservancy tanks.*
- 3. That any additional and / or extended vehicle entrances will be for the owner's account."*

These conditions will form part of the tender document.

Senior Manager: Expenditure and Assets: Mr J Vorster

"Erf 1851 Gansbaai (situated at 18 Industry Circle, Gansbaai Industrial Area) is currently reflected in the fixed asset register for PPE: Land at a carrying value of R950'000-00 as at 30 June 2022. Once the proposed alienation has been concluded the erf will have to be written out of the fixed asset register at the applicable selling price in order to account for actual gain / (loss) on the

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
5 April 2023
(Also the agenda for the Mayoral Committee Meeting : 24 April 2023)**

disposal of an asset.

There is no objection against the alienation.”

10. Annexures

Annexure A: Locality Map 1

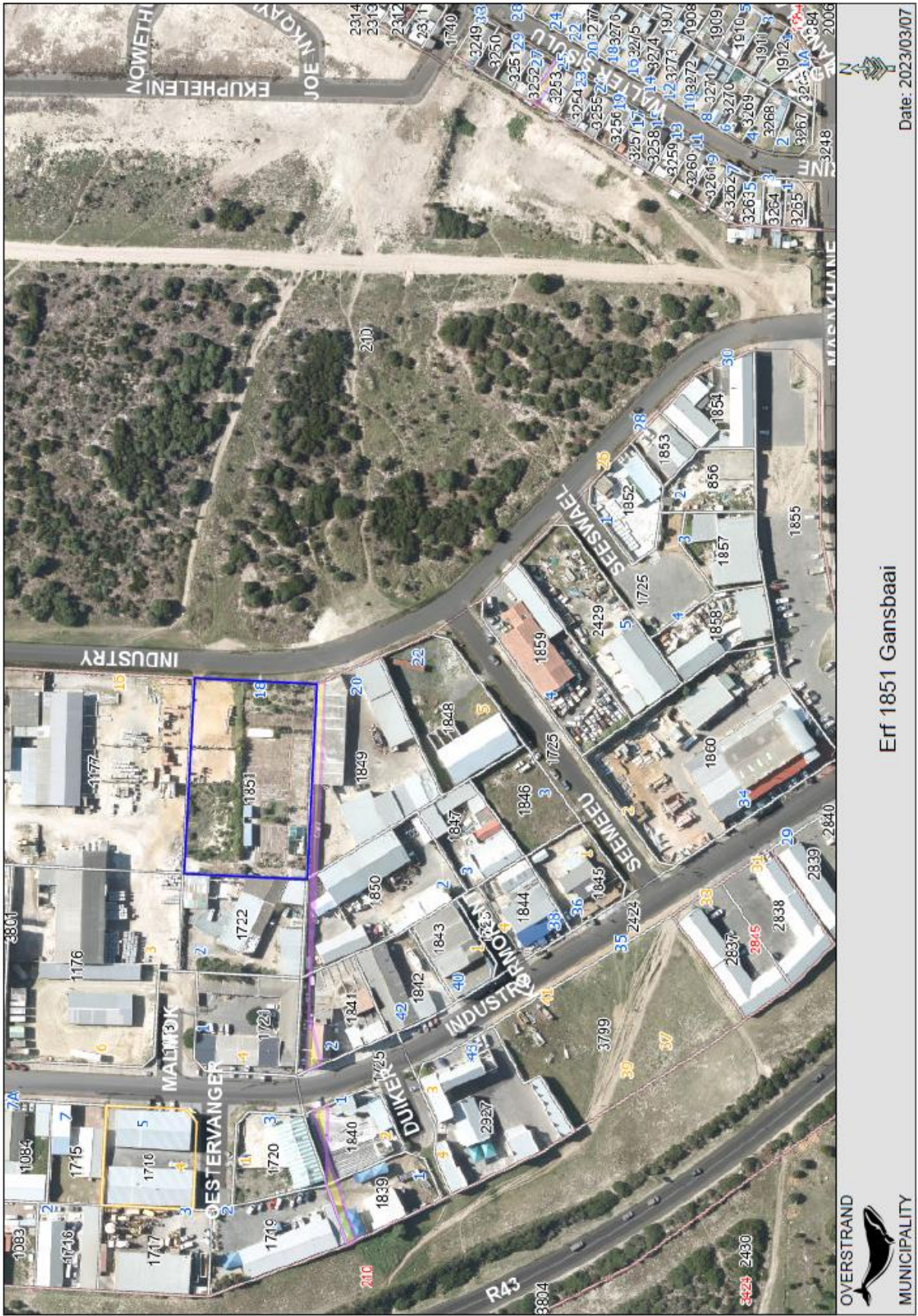
Annexure B: Locality Map 2

RECOMMENDATION TO THE COUNCIL:

1. that the alienation of Erf 1851 Gansbaai (4,000m² in extent) for industrial purposes by means of a competitive process at a market related price **be approved in principle**;
2. that all the costs pertaining to the transaction, for example the transfer costs, water, sewer and electricity connections and the section 14 advertisement, but excluding the valuation costs, be paid by the successful bidder/purchaser; and
3. that it is hereby confirmed by Council that the municipal property herewith envisaged to be alienated is not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy approved by Council on 25 November 2015 and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

RESPONSIBLE OFFICIAL :	M ERASMUS
TARGET DATE FOR IMPLEMENTATION :	31 MAY 2023
TARGET DATE TO INFORM APPLICANT :	N/A
TARGET DATE TO INFORM OBJECTOR :	N/A

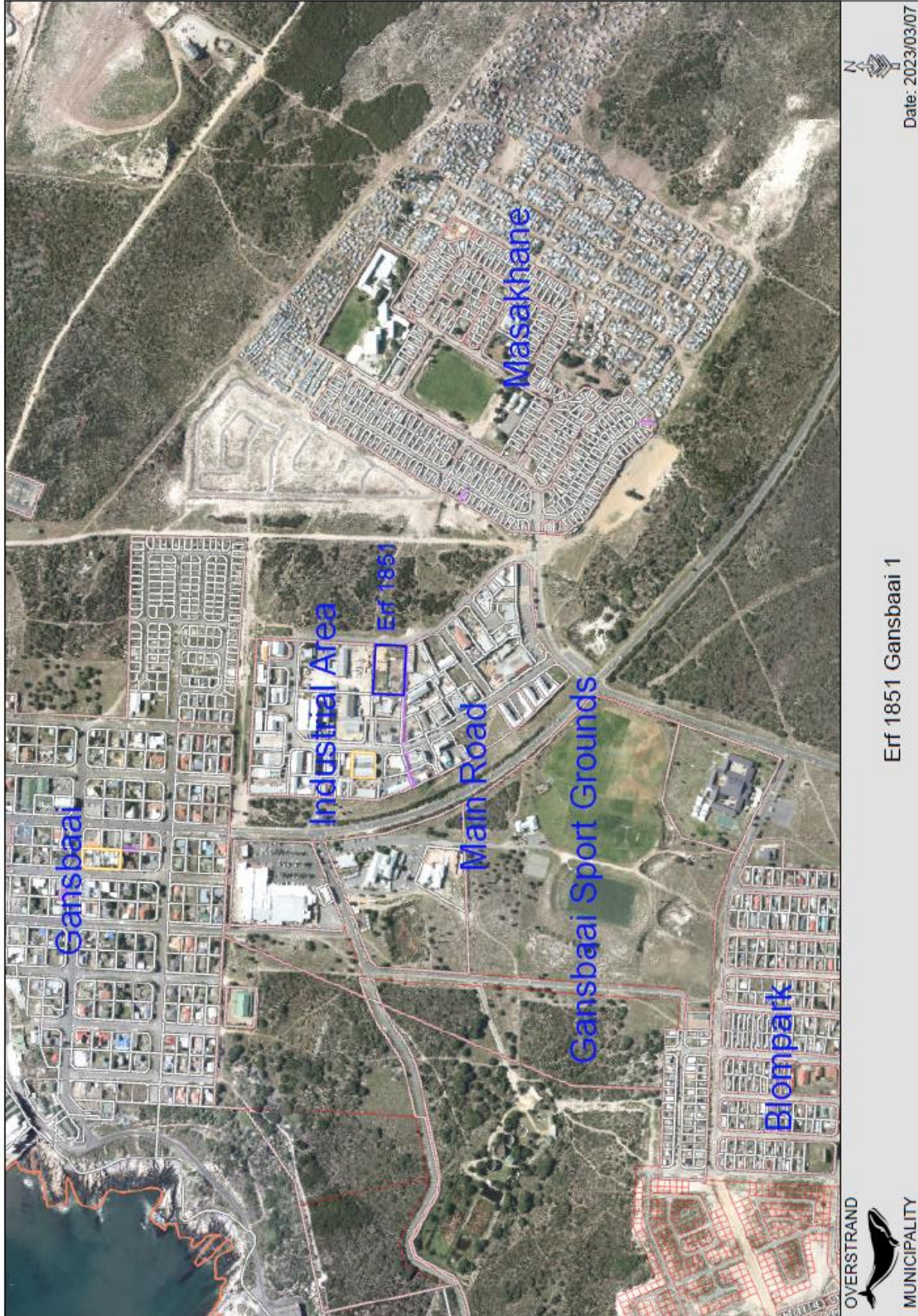
ANNEXURE A



OVERSTRAND MUNICIPALITY

Erf 1851 Gansbaai

Date: 2023/03/07



Erf 1851 Gansbaai 1