

**AGENDA of the
Portfolio Committee: Investment & Infrastructure
2 June 2022
(Also the agenda for the Mayoral Committee Meeting: 27 June 2022)**

**7.
PORTIONS OF ERVEN 249 AND 832 HERMANUS: WRITE BACK OF AMOUNTS
RAISED– MR MA DE KLERK**

7/2/3/2

A Le Roux

Manager: Property Administration

(028) 316-5623

17 May 2022

1. Executive Summary

The purpose of the report is to request Council to approve the writing back of the amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) representing basic and infrastructure charges for electricity (Tariffs E1C1 and EF1 as contained in the approved budget) on municipal account number 900000362271 for the period 1 April 2017 to 30 September 2020 in relation to the portions of Erf 249 and Erf 832 Hermanus (herein referred to as “the property”), which property belongs to the Overstrand Municipality, but was leased to Mr MA de Klerk (herein referred to as “De Klerk”).

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Infrastructure and Planning
Department: Property Administration

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

- Local Government: Municipal Systems Act, Act 32 of 2000
- Administration of Immovable Property Policy of the Overstrand Municipality, as amended

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6. Background/Discussion/Evaluation/Conclusion

Background/

A tender was advertised for the lease and management of the Market Square Stalls situated on portions of Erf 249 and 832 Hermanus for business purposes. The main purpose was to obtain one tenant who can sublease and manage the individual stalls on behalf of the Municipality and who could then take over the total maintenance of the stalls with the management thereof. This is the first time the Municipality attempted this type of venture with the Market Square Stalls. The tender was duly awarded to Mr M A de Klerk on 17 July 2015 at a rental amount of R70,000.00 (seventy thousand rand) (VAT excluded) per month. The last lease agreement expired on 30 September 2020 whereafter a new successful bidder entered into a new lease agreement with the Municipality with a commencement date 1 October 2020.

Discussion/Evaluation

Since the commencement of the lease, the Tariffs E1C1 and EF1 as contained in the approved budget were levied on the municipal account for all the stalls De Klerk managed. These stalls all have prepaid meters installed in order for the sub-lessees to purchase their own electricity. The particular tariffs are defined as follows:

E1C	SINGLE PHASE : COMMERCIAL	
E1C1	Basic Monthly charge per meter	R

EF	FIXED CHARGES	
EF1	Infrastructure Charge per Meter per month	R

The above tariffs had the effect that on date of expiry of the lease agreement the monthly levy for electricity amounted to R15,007.30 (FIFTEEN THOUSAND AND SEVEN RAND AND THIRTY CENTS) which not only placed a burden on De Klerk, but also his sub-lessees.

With the award of the new tender to the new lessee, a request was submitted to look into this levy with specific reference to the burden it places on the traders and the subsequent responsibility the lessee of the Municipality bears to ensure that this is paid once levied. A decision was made not to levy the electricity charges as stipulated above, but to give the traders the same benefit the traders at the stalls in Hawston, Zwelihle en Masakhane enjoys. This entails that the electricity consumption of the Market Square traders (the sub-lessees) falls under the following tariff E1E1, which has the effect that a flat rate is paid.

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E1E	One part tariff (Pre-paid meters only) Local Economic Development Projects	
	kWH Unit cost	
E1E1	IBT BLOCK 1 0 - 350 kWh	c

If the current budget is used, the difference in using this tariff is:

- (a) No Basic Monthly charge per meter and Infrastructure Charge per Meter per month is levied;
- (b) The kWh Unit cost - Pre-paid meters coupled with E1C1 is 254,01 in the cent, where the kWh Unit cost - Pre-paid meters coupled with E1E1 is 168,18 in the cent.

When the lease agreement was entered into with De Klerk, the concern regarding the electricity charges and the effect it will have on the traders were raised, but at that stage the above solution was not even considered as to whether it is possible. As this was considered favourable for the current traders, it is only fair that De Klerk is given the same courtesy. It will have the effect that his arrear account will be lowered considerably and be more manageable to settle by De Klerk. One must note that the account mainly became in arrears as many of De Klerk's sub-lessees did not pay their rentals to him. This had the effect that De Klerk had to pay the rental and electricity charges as it was levied on his account irrespective of whether his lessees paid him.

Lastly, the levy that is requested to be written back is not a physical expense to the Municipality.

Conclusion

Taking the above in consideration, it is recommended that Council approves the writing back of the amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) representing basic and infrastructure charges for electricity (Tariffs E1C1 and EF1 as contained in the approved budget) on municipal account number 900000362271 for the period 1 April 2017 to 30 September 2020.

7. Financial Implications

An amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) will be written back with the effect that the debtor's list of arrear accounts will be lowered accordingly for finalisation of the year end. A breakdown of the above amount is attached hereto marked Annexure A.

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8. Staff Implications

N/A

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A : Breakdown of electricity charges per month

RECOMMENDATION TO THE COUNCIL:

that Council **approves** the writing back of the amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) representing basic and infrastructure charges for electricity (Tariffs E1C1 and EF1 as contained in the approved budget) on municipal account number 900000362271 for the period 1 April 2017 to 30 September 2020.

RESPONSIBLE OFFICIALS :

**A LE ROUX
E HOONENBERG**

TARGET DATE FOR IMPLEMENTATION :

15 JULY 2022

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
2 JUNE 2022, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

that Council **approves** the writing back of the amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) representing basic and infrastructure charges for electricity (Tariffs E1C1 and EF1 as contained in the approved budget) on municipal account number 900000362271 for the period 1 April 2017 to 30 September 2020.

RESPONSIBLE OFFICIALS :

**A LE ROUX
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TARGET DATE FOR IMPLEMENTATION :

15 JULY 2022

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A

ANNEXURE A

Account 90000362271					
Month	Period	E1C1 monthly tariff per stall	EF1 monthly tariff per stall	Total per month per stall	Electricity levied for all stalls
Apr	01/04/2017 - 30/04/2017	290,45	18,98	309,43	10 520,62
May	01/05/2017 - 31/05/2017	290,45	18,98	309,43	10 520,62
June	01/06/2017 - 30/06/2017	290,45	18,98	309,43	10 830,05
July	01/07/2017 - 31/07/2017	304,97	18,98	323,95	11 338,25
Aug	01/08/2017 - 31/08/2017	304,97	18,98	323,95	11 338,25
Sept	01/09/2017 - 11/09/2017	304,97	18,98	323,95	11 338,25
Oct	01/10/2017 - 31/10/2017	304,97	18,98	323,95	11 338,25
Nov	01/11/2017 - 30/11/2017	304,97	18,98	323,95	11 338,25
Dec	01/12/2017 - 31/12/2017	304,97	18,98	323,95	11 338,25
Jan	01/01/2018 - 31/01/2018	304,97	18,98	323,95	11 338,25
Febr	01/02/2018 - 28/02/2018	304,97	18,98	323,95	11 338,25
March	01/03/2018 - 31/03/2018	304,97	18,98	323,95	11 338,25
April	01/04/2018-30/04/2018	307,65	19,15	326,80	11 438,00
May	01/05/2018-31/05/2018	307,65	19,15	326,80	11 438,00
June	01/06/2018-30/06/2018	307,65	19,15	326,80	11 438,00
July	01/07/2018-31/07/2018	335,34	19,15	354,49	12 407,15
August	01/08/2018-31/08/2018	335,34	19,15	354,49	12 407,15
Sept	01/09/2018-30/09/2018	335,34	19,15	354,49	12 407,15
Oct	01/10/2018-31/10/2018	335,34	19,15	354,49	12 407,15
Nov	01/11/2018-30/11/2018	335,34	19,15	354,49	12 407,15
Dec	01/12/2018-31/12/2018	335,34	19,15	354,49	12 407,15
Jan	01/01/2019-31/01/2019	335,34	19,15	354,49	12 407,15
Febr	01/02/2019-28/02/2019	335,34	19,15	354,49	12 407,15
March	01/03/2019-31/03/2019	335,34	19,15	354,49	12 407,15
April	01/04/2019-30/04/2019	335,34	19,15	354,49	12 407,15
May	01/05/2019-31/05/2019	335,34	19,15	354,49	12 407,15
June	01/06/2019-30/06/2019	335,34	19,15	354,49	12 407,15
July	01/07/2019-31/07/2019	385,64	19,15	404,79	14 167,65
Aug	01/08/2019-31/08/2019	385,64	19,15	404,79	14 167,65
Sept	01/09/2019-30/09/2019	385,64	19,15	404,79	14 167,65
Oct	01/10/2019-31/10/2019	385,64	19,15	404,79	14 167,65
Nov	01/11/2019-30/11/2019	385,64	19,15	404,79	14 167,65
Dec	01/12/2019-31/12/2019	385,64	19,15	404,79	14 167,65
Jan	01/01/2020-31/01/2020	385,64	19,15	404,79	14 167,65
Feb	01/02/2020-29/02/2020	385,64	19,15	404,79	14 167,65
March	01/03/2020-31/03/2020	385,64	19,15	404,79	14 167,65
April	01/04/2020-30/04/2020	385,64	19,15	404,79	14 167,65
May	01/05/2020-31/05/2020	385,64	19,15	404,79	14 167,65
June	01/06/2020-30/06/2020	385,64	19,15	404,79	14 167,65
July	01/07/2020-31/07/2020	409,63	19,15	428,78	15 007,30
Aug	01/08/2020-31/08/2020	409,63	19,15	428,78	15 007,30
Sept	01/09/2020-30/09/2020	409,63	19,15	428,78	15 007,30
Totals		14 419,68	802,26	15 221,94	532 149,04