

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
21 November 2017
(Also the agenda for the Mayoral Committee Meeting : 29 November 2017)**

**9.
HERMANUS: TRANSFER OF ERF 189 ZWELIHLE ($\pm 252\text{M}^2$ IN EXTENT) TO ST &
S TYELINZIMA FOR RESIDENTIAL PURPOSES**

7/2/3/2

W Murtz

(028) 316 - 3724

Hermanus Administration

9 October 2017

1. Executive Summary

To obtain final approval for the transfer of Erf 189 Zwelihle($\pm 252\text{m}^2$ in extent) to Samkelo Theophilus Tyelinzima and his wife, Sikelelwa Tyelinzima, for residential purposes.

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure & Planning
Property Administration

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Creation and maintenance of a safe and healthy environment
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended
- Local Government: Municipal Finance Management Act (No 56 of 2003) ("MFMA")
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Overstrand Municipality Supply Chain Management Policy, as amended

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

Council approved in principle the alienation of the subject property by means of a competitive process on 26 September 2016. Tenders were invited on

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2 March 2017 for the sale of Erf 189 Zwelihle ($\pm 252\text{m}^2$ in extent) for residential purposes.

The tender was awarded by the Bid Adjudication Committee on 15 June 2017 to Samkelo Theophilus Teylinzima for an amount of R80,100.00 (EIGHTY THOUSAND ONE HUNDRED RAND ALONE) (VAT included). The amount tendered is higher than the indicative value of R23,940.00 (TWENTY THREE THOUSAND NINE HUNDRED AND FORTY RAND ALONE) (VAT included) as indicated in the tender document. As the successful bidder is married in community of property, his wife, Sikelelwa Tyelinzima, will have to take transfer of the property with him.

Evaluation

A. Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

Paragraph 9(1)(a): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the municipal council, 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 subject property is not needed for the provision of the minimum level of basic municipal services. Council, when the in principle approval was obtained, confirmed that the subject property is not needed to provide 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, 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 exchange for the immovable property in accordance with Section 14(2) of the MFMA:”

Boland Valuers determined the market related value of Erf 189 Zwelihle in April 2016 at an amount of R23,940.00 (TWENTY THREE THOUSAND NINE HUNDRED AND FORTY RAND ALONE) (VAT included).

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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 purchaser is liable for the cost of the final transfer advertisement as well as all the costs involved with the registration of the transfer in the Deeds office. The purchaser will also be liable for the cost relating to the connection of services.

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 inserted in the Deed of Sale.

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 inserted in the Deed of Sale.

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 inserted in the Deed of Sale.

B. Advertisement/Notification

An advertisement for the transfer of Erf 189 Zwelihle ($\pm 252\text{m}^2$ in extent) was placed in The Village News on 12 September 2017 for a 30 (THIRTY) day objection/comment period. No objections/comments were received.

Conclusion

It is recommended that the transfer of Erf 189 Zwelihle ($\pm 252\text{m}^2$ in extent) to Samkelo Theophilus Tyelinzima and Sikelelwa Tyelinzima for the amount of R80,100.00 (EIGHTY THOUSAND ONE HUNDRED RAND ALONE) (VAT included) for residential purposes be approved.

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7. Financial Implications

The Municipality stands to gain an income of R80,100.00 (EIGHTY THOUSAND ONE HUNDRED RAND ALONE) (VAT included) for the sale of the property, in addition to this direct income Council further gain from rates, taxes and service charges to be levied on the property.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Senior Manager: Expenditure and Assets, Mr. J Vorster - (028) 313 8046

Erf 189 Zwelihle is currently reflected in the Fixed Asset Register for Property, Plant and Equipment: Land with carrying value of R3000. The disposal of the erf will have to be accounted for at the selling price in order to remove it from the Fixed Asset Register and to account for the gain / (loss).

There is no objection as the application complies with the Administration of Immovable Property Policy.

10. Annexures

Annexure A: Locality Plan

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of Erf 189 Zwelihle (252m² in extent) to Samkelo Theophilus Tyelinzima and Sikelelwa Tyelinzima for the amount of R80,100.00 (EIGHTY THOUSAND ONE HUNDRED RAND ALONE) (VAT included) for residential purposes, **be approved**;
2. that it be noted that the municipal property envisaged to be transferred is not required for the provision of the minimum level of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003); and
3. that Samkelo Theophilus Tyelinzima and Sikelelwa Tyelinzima be responsible for all the cost pertaining to the advertisement of the transfer and all costs involved with the registration of the transfer in the Deeds Office.

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RESPONSIBLE OFFICIAL :	W MURTZ
TARGET DATE FOR IMPLEMENTATION :	28 FEBRUARY 2018
TARGET DATE TO INFORM APPLICANT :	22 DECEMBER 2017

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Hermanus Administration

9 October 2017

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
21 NOVEMBER 2017, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of Erf 189 Zwelihle (252m² in extent) to Samkelo Theophilus Tyelinzima and Sikelelwa Tyelinzima for the amount of R80,100.00 (EIGHTY THOUSAND ONE HUNDRED RAND ALONE) (VAT included) for residential purposes, **be approved**;
2. that it be noted that the municipal property envisaged to be transferred is not required for the provision of the minimum level of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003); and
3. that Samkelo Theophilus Tyelinzima and Sikelelwa Tyelinzima be responsible for all the cost pertaining to the advertisement of the transfer and all costs involved with the registration of the transfer in the Deeds Office.

RESPONSIBLE OFFICIAL :

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