

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
23 October 2018
(Also the agenda for the Mayoral Committee Meeting : 31 October 2018)**

**3.
GANSBAAI: TRANSFER OF UNREGISTERED CONSOLIDATED ERF 4081
GANSBAAI, 2.25 HECTARES IN EXTENT, FOR THE DEVELOPMENT AND
MANAGEMENT OF A HOSPITAL**

7/2/3/2

M Erasmus

(028) 316 - 3724

Hermanus Administration

10 September 2018

1. Executive Summary

To obtain final approval for the transfer of unregistered consolidated Erf 4081 Gansbaai, 2.25 hectares in extent, for the development and management of a hospital to Cape Ethical Organics (Pty) Ltd.

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
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Overstrand Municipality Supply Chain Management Policy, as amended

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

Council initially approved in principle the alienation of unregistered Erf 3905 (a portion of Erf 611) and Portion A of Erf 611 Gansbaai (now jointly known as unregistered consolidated Erf 4081) by means of a competitive process on

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2 December 2016. Tenders were invited in September 2017 for the sale of the property, for the development and management of a hospital.

The tender was awarded by the Bid Adjudication Committee to Billton Trading (Pty) Ltd who later withdrew from the transaction on 10 May 2018. The tender was subsequently awarded to the second successful bidder, Cape Ethical Organics (Pty) Ltd, at an amount of R2,000,000.00 (TWO MILLION RAND) (VAT included). The amount tendered is higher than the indicative value of R1,912,500.00 (ONE MILLION NINE HUNDRED AND TWELVE THOUSAND FIVE HUNDRED RAND ALONE) (VAT included) as indicated in the tender document.

As the tender was for the development and management of a hospital a suspensive condition was included in the Deed of Sale that the purchaser must obtain all relevant licences and/or consents from all the relevant authorities to operate a hospital on the property within 18 months from date of signature of the Deed of Sale.

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 from the relevant officials confirmed that the said property is not needed for 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:”

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The original indicative value of the property was determined at an amount R1,912,500.00 (ONE MILLION NINE HUNDRED AND TWELVE THOUSAND FIVE HUNDRED RAND ALONE) (VAT included).

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, including but not limited to registering a Certificate of Registered Title and/or Certificate of Consolidated Title, if necessary. The purchaser will also be liable for the cost relating to the provision of services and bulk levy services.

Paragraph 31: “Where immovable property is alienated for development, a condition, taking into consideration the nature of the development, might be included in the Deed of Sale stipulating that such development must be completed within two years from date of registration. Likewise a condition may be included in the agreement to provide for forfeiture in the event that the development has not been completed within the required time period, unless a written extension has been granted by the Municipality.”

A condition to this effect was included in the Deed of Sale.

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 is included 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 is included 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

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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 unregistered consolidated Erf 4081 Gansbaai, 2.25 ha in extent, was placed in the Gansbaai Courant on 26 July 2018 for a 30 (THIRTY) day objection/comment period. No objections/comments were received.

Conclusion

It is recommended that the transfer of unregistered consolidated Erf 4081 Gansbaai, 2.25 ha in extent, for the development and management of a hospital, to Cape Ethical Organics (Pty) Ltd at an amount of R2,000,000.00 (TWO MILLION RAND) (VAT included) be approved.

7. Financial Implications

The Municipality stands to gain an income of R2,000,000.00 (TWO MILLION RAND) (VAT included) for the sale of the property and a further income relating to the bulk services levies that must be paid. In addition to this direct income, Council will further gain from rates and taxes 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

Unregistered consolidated Erf 4081, consisting of unregistered Erf 3905 (a portion of Erf 611) and Portion A of Erf 611 Gansbaai, is reflected in the Fixed Asset Register for Land as part of the larger Erf 611 Gansbaai at a carrying value of R855'000 as at 30 June 2018. Upon / prior to transfer the extent of unregistered consolidated Erf 4081 will have to be separated from the remainder of the larger Erf 611 in order to correctly reflect the disposal thereof and to calculate the exact gain / loss on disposal of the asset.

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10. Annexures

- Annexure A: Diagram
Annexure B: Locality Plan

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of unregistered consolidated Erf 4081 Gansbaai, 2.25 ha in extent, for the development and management of a hospital, to Cape Ethical Organics (Pty) Ltd for the amount of R2,000,000.00 (TWO MILLION RAND) (VAT included), **be approved subject to the fulfilment of the following condition:**
 - that Cape Ethical Organics (Pty) Ltd obtain all relevant licences and/or consents from all the relevant authorities, to operate a hospital on the property within 18 (EIGHTEEN) months of date of signature of the Deed of Sale, or any extended period as agreed to upon in writing between the parties;
2. that the Municipal Manager be authorised to sign all documents relating to the transfer of unregistered consolidated Erf 4081 Gansbaai, to Cape Ethical Organics (Pty) Ltd;
3. that cognisance be taken of the fact that the subject portion of Municipal property 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, No 56 of 2003; and
4. that Cape Ethical Organics (Pty) Ltd be responsible for all the costs pertaining to the advertisement of the transfer and all costs involved with the registration of the transfer in the Deeds Office, costs involved with the registration of the transfer in the Deeds Office, including but not limited to registering a Certificate of Registered Title and/or Certificate of Consolidated Title, if necessary.

RESPONSIBLE OFFICIAL :

M ERASMUS

TARGET DATE FOR IMPLEMENTATION :

30 NOVEMBER 2018

TARGET DATE TO INFORM APPLICANT :

15 NOVEMBER 2018

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Hermanus Administration

10 September 2018

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
23 OCTOBER 2018, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of unregistered consolidated Erf 4081 Gansbaai, 2.25 ha in extent, for the development and management of a hospital, to Cape Ethical Organics (Pty) Ltd for the amount of R2,000,000.00 (TWO MILLION RAND) (VAT included), **be approved subject to the fulfilment of the following condition:**
 - that Cape Ethical Organics (Pty) Ltd obtain all relevant licences and/or consents from all the relevant authorities, to operate a hospital on the property within 18 (EIGHTEEN) months of date of signature of the Deed of Sale, or any extended period as agreed to upon in writing between the parties;
2. that the Municipal Manager be authorised to sign all documents relating to the transfer of unregistered consolidated Erf 4081 Gansbaai, to Cape Ethical Organics (Pty) Ltd;
3. that cognisance be taken of the fact that the subject portion of Municipal property 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, No 56 of 2003; and
4. that Cape Ethical Organics (Pty) Ltd be responsible for all the costs pertaining to the advertisement of the transfer and all costs involved with the registration of the transfer in the Deeds Office, costs involved with the registration of the transfer in the Deeds Office, including but not limited to registering a Certificate of Registered Title and/or Certificate of Consolidated Title, if necessary.

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CERTIFIED TRUE COPY OF ORIGINAL
 22 DEC 2016

Component:

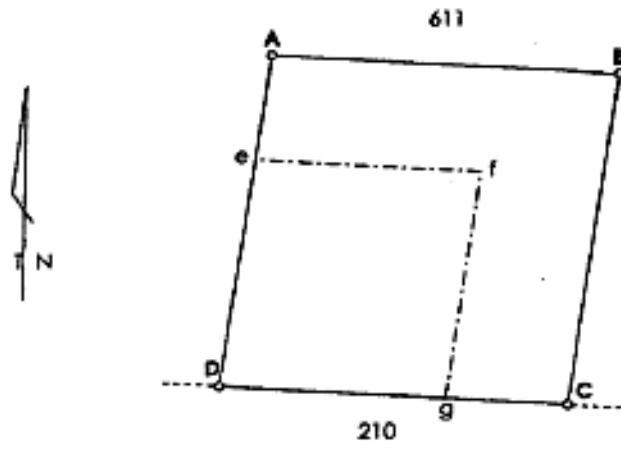
1. The figure ABCgfe represents Erf 4080 Gansbaai, vide Dgm.No.2710 /2016 annexed to D/T
2. The figure efgD represents Erf 3905 Gansbaai, vide Dgm.No.1096/2013 annexed to D/T

S.G. No.
2711/2016

Approved

N. L. L.

for
SURVEYOR-
GENERAL
22.12.2016



Scale 1:2500

The figure ABCD represents 2.2500 hectares of land being

ERF 4081 GANSBAAI (Comprising 1 and 2 as above)

Situate in Overstrand Municipality
Administrative District of Caledon
Province of Western Cape
Compiled in December 2016 by me

N. L. L.

NA Clerk
Professional Land Surveyor
Registration Number PLS 1072

Approved L.O. Section 16(3)
 of Municipal By-law of Act 3/2014
 Ref: 611 G.S.R.
 Date: 22 Dec 2016

This diagram is annexed to No. d.d. : i.f.o. Registrar of Deeds	The original diagrams are as indicated above.	File : S/2326 v.6 S.R. Compiled G.P. : Comp. AI-58C/W51(499) LPI 00150009
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