

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
17 September 2019  
(Also the agenda for the Mayoral Committee Meeting: 25 September 2019)**

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**4.  
GANSBAAI: A PORTION OF ERF 453 FRANSKRAAL: RENEWAL OF LEASE OF  
MUNICIPAL PROPERTY TO THE FRANSKRAAL BOWLING CLUB**

7/2/3/1

M Erasmus

(028) 316-3724

Hermanus Administration

6 August 2019

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**1. Executive Summary**

To obtain approval to enter into a further lease agreement for a period of 9 (NINE) years and 11 (ELEVEN) months with the Franskraal Bowling Club in respect of municipal property, being a portion of Erf 453 Franskraal ( $\pm 8,000\text{m}^2$  in extent) situated in Naude Street, Franskraal for the purpose of managing the Franskraal Bowling Club Facilities.

**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  
Promotion of tourism, economic and social development

**4. Delegated Authority**

Executive Mayor

**5. Legal Requirements**

- Administration of Immovable Property Policy of the Overstrand Municipality (2015)

**6. Background/Discussion/Evaluation/Conclusion**

**Background**

The Franskraal Bowling Club, hereinafter referred to as “the club”, has been using a portion of Erf 453 Franskraal since 2009 for the purpose of a bowling club.

The last agreement was for a period of 9 (NINE) years and 11 (ELEVEN) months which expired on 1 May 2019. Although the process for the renewal of the agreement was commenced with timeously the process could

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unfortunately not be completed before expiry of the said agreement due to internal processes that took longer than expected.

The Property Administration Department makes use of an electronic program (Collaborator) which reminds us six months in advance when a lease agreement will expire. Although not our responsibility, we then make contact with the tenant to ask whether it wants to renew the lease agreement in which case the renewal process is followed (which should be finalised with ease within six months). Once the request to renew is received, the renewal is circulated to Internal Departments for comments before the in principle approval is obtained. Unfortunately not all the steps could be finalised in time due to administrative reasons.

Although the lease agreement expired the club is still in possession of the property and continued to pay their monthly rental amount.

A lease agreement has since been entered into (for administrative and audit purposes) with the club with special conditions included in the agreement stipulating that the lease agreement is subject to a public participation process being followed and the Executive Mayor's approval (as delegated authority) allowing the Municipality to enter into the said long term agreement.

The locality of the proposed lease area is indicated on the locality plan attached per "Annexure A".

### **Discussion**

The applicant applied for a further lease agreement of 9 (NINE) years and 11 (ELEVEN) months as from 1 May 2019.

The area applied for has been used by the applicant successfully and without any problems since 2009. No complaints have been received regarding the use of the property by the applicant.

### **Evaluation**

A. Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

**Paragraph 17: "Taking into consideration the nature and duration of the lease to be entered into, the leasing of immovable property may be affected by means of either:**

**17.1 a competitive process, which may include a closed or public**

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***tender or proposal call, specifically in circumstances listed in paragraph 18 below; or  
17.2 a direct lease.”***

As the property is not classified as a formal business site and since it is in the interest of the community to have the sport facility on the property for recreational purposes, it is recommended that the property be leased directly to the club without following a competitive process.

**Paragraph 20.1: “The Municipality may grant a long term lease of municipal immovable property with an income value of less than R10 million only after:**

- a) The Accounting Officer has approved the lease in principle;**
- b) In the case of a direct lease, the proposed lease was advertised in terms of paragraph 10.1 and 10.2 above to invite the local community and other interested parties to submit comments or representations; and**
- c) The Executive Mayor, as delegated authority, has approved that the right may be granted.”**

The Accounting Officer (Municipal Manager) approved in principle the further lease of a portion of Erf 453 Franskraal to the club on condition that the public participation process is followed and further subject to the approval from the Executive Mayor. The proposed lease was advertised in the Gansbaai Courant on 1 August 2019 for a 30 (THIRTY) day comment/objection period.

**Paragraph 26: “In cases where a rental amount has been approved in the annual budget of the Municipality for certain types of leases and encroachments, the approved amount will be used for purposes of determining the rental amount.”**

In this regard the rental charged will be in accordance with the tariff approved in the annual budget.

**Paragraph 36: “All costs pertaining to a transaction, e.g. survey, advertisements, valuation, relocation or provision of services where necessary, shall be borne by the Lessee. The Municipality may, however, waive its right to claim all or any portion of the costs. Where necessary a deposit to cover the costs may be required.”**

The applicant will pay all costs relating to the renewal of the lease agreement which in this case so far is only the advertisement costs.

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**Paragraph 47: “Subject to paragraph 46 above, immovable property let by the Municipality shall be inspected at least once a year by the Municipality to ensure compliance with the terms and conditions of the agreement of sale or lease.”**

The property will be inspected by the Property Administration Department at least once a year.

**It is further confirmed that the other Conditions of Lease as stipulated in paragraph 36 – 50 of the said policy will be included in the lease agreement with the Applicant.**

**B. Advertisement/Notification**

An advertisement for the renewal of the lease of a portion of Erf 453 Franskraal was placed in the Gansbaai Courant on 1 August 2019 for a 30 (THIRTY) day objection/comment period. No objections/comments were received.

**Conclusion**

With reference to the above discussion it is recommended that the lease agreement with the Franskraal Bowling Club be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 May 2019 at a rental amount of R140.00 (ONE HUNDRED AND FORTY RAND) (VAT excluded) per month for the period 1 May 2019 to 30 June 2019, which is the amount approved in the 2018/2019 budget, and a rental amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month from 1 July 2019 for the 2019/2020 financial year.

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R140.00 (ONE HUNDRED AND FORTY RAND) (VAT excluded) per month for the period from 1 May 2019 to 30 June 2019 and a rental amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month for the 2019/2020 financial year where after the rental amount will escalate every year on the 1<sup>st</sup> of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2020. All expenses pertaining to the proposed lease will be borne by the Franskraal Bowling Club.

**8. Staff Implications**

None

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**9. Comments from other Departments, Divisions and Administrations**

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

As this is an income generating proposal involving an institution who delivers a recreational service to the community of Gansbaai, with no intention to dispose of the asset(s), there is no objection to the report.

**10. Annexures**

Annexure A: Locality Plan

**RECOMMENDATION:**

1. that the lease of municipal property, being a portion of Erf 453 Franskraal (8,000m<sup>2</sup> in extent) to the Franskraal Bowling Club for the purpose of managing the Franskraal Bowling Club Facilities at the rental amount of R140.00 (ONE HUNDRED AND FORTY RAND) (VAT excluded) per month for the period 1 May 2019 to 30 June 2019 and a rental amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month for the 2019/2020 financial year (as from 1 July 2019) for a further period of 9 (NINE) years and 11 (ELEVEN) months as from 1 May 2019 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved**; and
2. that the rental amount mentioned in 1 above escalate every year on the 1st of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2020.

<b>RESPONSIBLE OFFICIAL:</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION:</b>	<b>31 OCTOBER 2019</b>
<b>TARGET DATE TO INFORM APPLICANT:</b>	<b>12 OCTOBER 2019</b>
<b>TARGET DATE TO INFORM OBJECTOR:</b>	<b>N/A</b>

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON  
17 SEPTEMBER 2019, WHICH COMMITTEE SUPPORTED THE  
RECOMMENDATION**

**RESPONSIBLE OFFICIAL:**

**M ERASMUS**

**TARGET DATE FOR IMPLEMENTATION:**

**31 OCTOBER 2019**

**TARGET DATE TO INFORM APPLICANT:**

**12 OCTOBER 2019**

**TARGET DATE TO INFORM OBJECTOR:**

**N/A**



Portion of Erf 453  
Franskraal  
(±8000m<sup>2</sup>)