

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
21 August 2018
(Also the agenda for the Mayoral Committee Meeting : 29 August 2015)**

**2.
HERMANUS: PORTION OF ERF 832, REBATE ON RENTAL TO BE RAISED,
BIENTANG'S CAVE CC**

7/2/3/2

A Le Roux

(028) 316 3724

Hermanus Administration

17 July 2018

1. Executive Summary

The purpose of the report is to request Council to approve a rebate in the rental payable by Bientang's Cave CC to an amount of R25,101.22 (twenty five thousand one hundred and one rand and twenty two cents) (VAT excluded) per month for a period of 8 (eight) months as from 1 February 2018.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Department Revenue

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

Administration of Immovable Property Policy of the Overstrand Municipality,
as amended

6. Background/Discussion/Evaluation/Conclusion

Background

A tender was advertised for the lease and operating of the restaurant known as "Bientang's Cave" situated on a portion of Erf 832 Hermanus for a period of 9 (nine) years and 11 (eleven) months. The tender was duly awarded to Bientang's Cave CC on 15 December 2015 at a rental amount of R43,000.00 (forty three thousand rand) (VAT excluded) per month. The lease agreement entered into with Bientang's commenced on 1 February 2016 and is in accordance with the in principle approval of the delegated

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
21 August 2018
(Also the agenda for the Mayoral Committee Meeting : 29 August 2015)**

authority, the tender specifications as well as the Administration of Immovable Property Policy and commenced. The current rental payable as from 1 July 2018 is R50,202.45 (fifty thousand two hundred and two rand and forty five cents) (VAT excluded) per month.

Discussion/Evaluation

The Lessee sent a letter on 29 May 2018 to the Municipality where he humbly requested that the Municipality consider assisting with a reduction in its monthly rental payable for a few months. It was indicated in the letter that the Municipality started the construction of a new sewerage pump station in the parking area in the Old Harbour, Hermanus in or around January 2018. Due to the construction, a large portion of the parking above Bientang's Restaurant was fenced off which made the accessibility to the restaurant difficult and which resulted in lesser clients visiting and making use of the restaurant. This not only resulted in the restaurant losing business but also had the effect that they had to close earlier than normal for their annual off-peak season. The restaurant normally closes for a period during the off-peak season due to weather conditions and to attend to necessary maintenance. In this regard they had to close on 16 April 2018.

In support of the request, the Lessee indicated that during the period 25 January 2018 until 9 May 2018 they suffered a loss of income in the estimated amount of R571,862.97 (five hundred and seventy one thousand eight hundred and sixty two rand and ninety seven cents). The amount was calculated using the turnover of the restaurant for the period 25 January 2017 to 9 May 2017 in relation to the turnover of the restaurant for the same period in 2018. However, the exact amount of loss of income could not be confirmed as the annual financial statements of the restaurant need to be finalized and as the amount includes a 20% (twenty per cent) "mark-up" which could be an estimate on price increases during the year.

The matter was discussed with Mr Patrick Robinson (Manager: Water Infrastructure and Quality of the Overstrand Municipality) who confirmed that the Municipality started with the construction of a new sewerage pump station for Hermanus in the parking area above the Bientang's Cave Restaurant and Wine Bar on approximately 29 January 2018. This construction resulted in a portion of the parking area in the Old Harbour, Hermanus, in the proximity of the restaurant being fenced off to accommodate the construction camp and work that had to be done. According to Mr Robinson the estimated date of completion of the project is end of October 2018.

It is however clear, that due to the construction works currently underway at the Old Harbour, the restaurant did suffer a loss in income for a period and might continue suffering a loss of income for the period the construction is still underway. Although not exactly quantifiable at this stage, it is only

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
21 August 2018
(Also the agenda for the Mayoral Committee Meeting : 29 August 2015)**

reasonable to consider the plight of the restaurant in a rebate on the rental currently payable.

Conclusion

Taking into consideration the above and the inconvenience and loss of income suffered by the restaurant, it is recommended that a rebate in the amount of R25,101.22 (twenty five thousand one hundred and one rand and twenty two cents) (VAT excluded) per month, being 50% of the rental amount, for a period of 8 (eight) months as from 1 February 2018 be considered.

7. Financial Implications

The Municipality will incur loss in rental income in the total amount of R200 809.76 (two hundred thousand eight hundred and nine rand and seventy six cents) (VAT excluded) for the period 1 February 2018 until 30 September 2018.

8. Staff Implications

N/A

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Locality plan of lease area

RECOMMENDATION TO THE COUNCIL:

that a rebate in the rental payable by Bientang's Cave CC to an amount of R25,101.22 (twenty five thousand one hundred and one rand and twenty two cents) (VAT excluded) per month for a period of 8 (eight) months from 1 February 2018, **be approved.**

RESPONSIBLE OFFICIAL :

M ERASMUS

TARGET DATE FOR IMPLEMENTATION :

13 SEPTEMBER 2018

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A

**AGENDA of the
Portfolio Committee : Infrastructure & Planning
22 August 2018
(Also the agenda for the Mayoral Committee Meeting : 29 August 2018)**

**2.
HERMANUS: PORTION OF ERF 832, REBATE ON RENTAL TO BE RAISED,
BIENTANG'S CAVE CC**

7/2/3/2

A Le Roux

(028) 316 3724

Hermanus Administration

17 July 2018

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

RECOMMENDATION TO THE COUNCIL:

that the item **be referred back** and resubmitted at the forthcoming Mayoral Committee meeting.

RESPONSIBLE OFFICIAL :

M ERASMUS

TARGET DATE FOR IMPLEMENTATION :

13 SEPTEMBER 2018

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A

