

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
16 February 2016  
(Also the agenda for the Mayoral Committee Meeting : 24 February 2016)**

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14.

**HERMANUS, TRANSFER OF ERF 1596 (A PORTION OF ERF 1413), ZWELIHLE, ±264M<sup>2</sup> IN EXTENT, FOR RESIDENTIAL PURPOSES**

7/2/3/2

M Erasmus

(028) 316 - 3724

Hermanus Administration

13 January 2016

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**1. Executive Summary**

To obtain approval that a portion of the purchase price, as tendered, be utilised for repairs to the vandalised property.

And to obtain final approval for the transfer of Erf 1596 (a portion of Erf 1413), Zwelihle, ±264m<sup>2</sup> in extent, for residential purposes, to Fezeka Lumka-Mcothama and Ayanda Mcothama.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Infrastructure & Planning  
Property Administration

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance

The encouragement of structured community participation in the matters of the municipality

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

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

**Background**

Council approved in principle the alienation of the subject property by means of a competitive bidding process for residential purposes on 28 May 2014. Tenders were invited for the sale of Erf 1596 (a portion of Erf 1413), Zwelihle, ±264m<sup>2</sup> in extent, on 12 September 2014.

The tender was awarded on 27 March 2015 to Fezeka Lumka-Mcothama and Ayanda Mcothama for an amount of R65,000.00 (SIXTY FIVE THOUSAND RAND ONLY) (VAT excluded) which is more than the indicative value of R47,000.00 (FOURTY SEVEN THOUSAND RAND ONLY) (VAT excluded) as contained in the tender document.

Unauthorised persons gained access to the property and resided on the property during the period in which the Municipality was busy with the finalisation of internal processes in order to gain final approval for the transfer of the property. With the help of Law Enforcement these people were evacuated from the property. At this stage a great deal of damage have already been done to the building including the geyser being broken and stripped, all electrical wiring and equipment removed, plumbing piping and units removed, etc.

A quotation was received internally from the Operational Department for the repair of the property and was calculated at approximately R36,800.00 (THIRTY SIX THOUSAND EIGHT HUNDRED RAND) (VAT inclusive). A site meeting was held with Mr. Mcothama to enable him to see the condition of the property and the extent of the damage caused by the vandalism. It was proposed that, should the purchaser agree, a portion of the purchase price be utilised for the repairs and that the cost of the repairs are to be paid by the purchaser directly. Mr. and Mrs. Mcothama confirmed that it was still their intention to buy the property and agreed to the proposed terms.

It is to be noted that the purchase price for a property which had a working plumbing system, a geyser and a fully wired electrical system with all the necessary plugs and units available and so forth. This is definitely not the state of the property anymore.

Therefore, it would entail that should the repairs not be directly paid by the purchaser the Municipality will have to make the necessary payments in this regard, having budgetary implications. It is thus to be construed that it is to the benefit of the Municipality that the Purchaser also directly pay for the repairs.

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The purchase price to be received by the Municipality for the property will consist of a cash portion in the amount of R32,719.30 (THIRTY TWO THOUSAND RAND SEVEN HUNDRED AND NINETEEN RAND AND THIRTY CENTS) (VAT excluded) as well as the amount of R32,280.70 (THIRTY TWO THOUSAND RAND TWO HUNDRED AND EIGHTY RAND AND SEVENTY CENTS) (VAT excluded) in respect of repairs to be done (to be paid directly by Mr. and Mrs. Mcothama). The latter amount is for the account of the Municipality. However, as agreed, this will be paid directly by the purchaser. These amounts amount to the total purchase price of R65,000.00 (SIXTY FIVE THOUSAND RAND ONLY) (VAT excluded) which is the amount tendered for and approved by the Bid Adjudication Committee.

### **Evaluation**

#### **6.1 Application process in terms of the Administration of Immovable Property Policy of the Overstrand Municipality:**

The following conditions of the Administration of Immovable Property Policy of the Overstrand Municipality apply:

- (1) Paragraph 9(1)(a): The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, 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.

- (2) Paragraph 9(1)(b) The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, 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:**

The original indicative value of the property was determined by Boland Valuers at R47,000.00 (FOURTY SEVEN THOUSAND RAND ALONE) (VAT excluded).

- (3) Paragraph 28: All costs pertaining to a transaction shall be borne by the successful bidder/purchaser, e.g. survey, advertisements,**

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**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 will be liable for the final transfer advertisement, transfer costs and other costs as may be stipulated.

- (4) Paragraph 32: Save with prior approval, the immovable property alienated may only be used for the purposes for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.**

This is sufficiently dealt with in terms of the zoning of the Erf.

- (5) 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 affect will be included in the Deed of Sale.

- (6) 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 affect will be included in the Deed of Sale.

## **6.2 Advertisement/Notification**

An advertisement for the transfer of Erf 1596 (a portion of Erf 1413), Zwelihle, ±264m<sup>2</sup> in extent, was placed in the Hermanus Times on 23 July 2015 for a 30 (THIRTY) day objection/comment period. No objections/comments were received.

## **Conclusion**

It is recommended that the transfer of Erf 1596 (a portion of Erf 1413), Zwelihle, ±264m<sup>2</sup> in extent, for residential purposes to Fezeka Lumka-Mcothama and Ayanda Mcothama for the amount of R65,000.00 (SIXTY THOUSAND RAND ONLY) (VAT excluded), be approved, to be paid in cash in the amount of R32,719.30 (THIRTY TWO THOUSAND SEVEN HUNDRED AND NINETEEN RAND AND THIRTY CENTS) (VAT excluded) and R32,280.70 (THIRTY TWO THOUSAND RAND TWO HUNDRED AND EIGHTY RAND AND SEVENTY CENTS) (VAT excluded) in kind, with regard to the vandalism of the building.

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**7. Financial Implications**

The Municipality stands to gain a selling price in cash of R32,719.30 (THIRTY TWO THOUSAND SEVEN HUNDRED AND NINETEEN RAND AND THIRTY CENTS) (VAT excluded) and the remainder of the selling price to the value of R32,280.70 (THIRTY TWO THOUSAND RAND TWO HUNDRED AND EIGHTY RAND AND SEVENTY CENTS) (VAT excluded) in kind, as it will be paid directly by the purchaser for the repairs to the vandalised property.

The Unique key for the in kind repairs will only be available after the third Adjustment Budget for the 2015/2016 financial year has been approved by Council. The Item Segment Description will be "Expenditure: Contracted Services: Contractors: Maintenance of Buildings and Facilities".

**8. Staff Implications**

None

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

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

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

**Senior Manager: Financial Services, Mr. BA King - (028) 313 8154**

The sale of this property would have to be incorporated in an adjustments budget. The effect of the transaction will result in a gain on disposal of assets estimated at R41,000.00 (FOURTY ONE THOUSAND RAND), consisting of a cash and non-cash portion with a related non-cash repairs and maintenance expenditure to the same amount as the non-cash portion.

**10. Annexures**

Annexure A: Locality Plan

Annexure B: Minutes of Bid Adjudication Committee held on 27 March 2015

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**RECOMMENDATION TO THE COUNCIL:**

1. that the transfer of Erf 1596 (a portion of Erf 1413), Zwelihle, ±264m<sup>2</sup> in extent, for residential purposes to Fezeka Lumka-Mcothama and Ayanda Mcothama for the amount of R65,000.00 (SIXTY FIVE THOUSAND RAND ALONE) (VAT excluded), being R32,719.30 (THIRTY TWO THOUSAND SEVEN HUNDRED AND NINETEEN RAND AND THIRTY CENTS) (VAT excluded) in cash and R32,280.70 (THIRTY TWO THOUSAND RAND TWO HUNDRED AND EIGHTY RAND AND SEVENTY CENTS) (VAT excluded) in kind for repairs, **be approved**;
2. that the Municipal Manager be authorised to sign all documents relating to the transfer of Erf 1596 (a portion of Erf 1413), Zwelihle;
3. that cognisance be taken of the fact that the subject portion of Municipal property is **not required** for the provision 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 Fezeka Lumka-Mcothama and Ayanda Mcothama be responsible for all the costs pertaining to the advertisement of the transfer and the registration of the property in the Deeds Office.

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>4 APRIL 2016</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>4 MARCH 2016</b>

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14.

**HERMANUS, TRANSFER OF ERF 1596 (A PORTION OF ERF 1413), ZWELIHLE, ±264M<sup>2</sup> IN EXTENT, FOR RESIDENTIAL PURPOSES**

7/2/3/2

M Erasmus

(028) 316 - 3724

Hermanus Administration

13 January 2016

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 16 FEBRUARY 2016, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

**RECOMMENDATION TO THE COUNCIL:**

1. that the transfer of Erf 1596 (a portion of Erf 1413), Zwelihle, ±264m<sup>2</sup> in extent, for residential purposes to Fezeka Lumka-Mcothama and Ayanda Mcothama for the amount of R65,000.00 (SIXTY FIVE THOUSAND RAND ALONE) (VAT excluded), being R32,719.30 (THIRTY TWO THOUSAND SEVEN HUNDRED AND NINETEEN RAND AND THIRTY CENTS) (VAT excluded) in cash and R32,280.70 (THIRTY TWO THOUSAND RAND TWO HUNDRED AND EIGHTY RAND AND SEVENTY CENTS) (VAT excluded) in kind for repairs, **be approved**;
2. that the Municipal Manager be authorised to sign all documents relating to the transfer of Erf 1596 (a portion of Erf 1413), Zwelihle;
3. that cognisance be taken of the fact that the subject portion of Municipal property is **not required** for the provision 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 Fezeka Lumka-Mcothama and Ayanda Mcothama be responsible for all the costs pertaining to the advertisement of the transfer and the registration of the property in the Deeds Office.

**RESPONSIBLE OFFICIAL :**

**M ERASMUS**

**TARGET DATE FOR IMPLEMENTATION :**

**4 APRIL 2016**

**TARGET DATE TO INFORM APPLICANT :**

**4 MARCH 2016**



**Minutes of the Proceedings of a Bid Adjudication Committee Meeting held in the  
SCM Committee Room, Hermanus Administration, on Friday, 27 March 2015 at 08:00.**

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The Acting Director: Finance, Mr. C Le Roux vacated the chair as Chairperson and the Senior Manager: Supply Chain Management, Ms. R La Cock acted as Chairperson for the duration of the adjudication of the following item.

**5.3 TENDER NO. SC 1513/2014: SALE OF ERF 1596 (A PORTION OF ERF 1413) ZWELIHLE  
FOR RESIDENTIAL PURPOSES**

Upon a proposal by the Director: Local Economic Development and Tourism, Mr. S Madikane duly seconded by the Director: Community Services, Mr. R Williams, it was

**RESOLVED:**

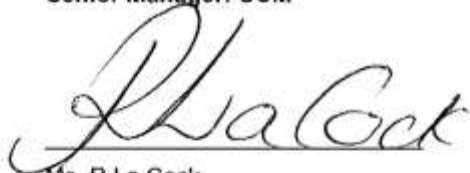
that Tender number **SC1513/2014** for the sale of Erf 1596 (a portion of Erf 1413) Zwelihle for residential purposes at a tendered amount of R65,000.00 (sixty five thousand rand) (VAT excluded) be awarded to: **FEZEKA LUMKA-MCOTHAMA.**

Certified as correct by:



Ms. R La Cock  
Senior Manager: SCM

7 April 2015  
Date



Ms. R La Cock  
Senior Manager: SCM (Acting Chairperson)

7 April 2015  
Date

