

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 September 2015  
(Also the agenda for the Mayoral Committee Meeting : 30 September 2015)**

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12.

**GANSBAAI, A PORTION OF ERF 210, VOORTREKKER STREET: LEASE OF MUNICIPAL PROPERTY TO SONIA DENISE ROCK T/A KLEINKAAP KWEKERY**

7/2/3/1

M Erasmus

(028) 316-3724

Hermanus Administration

14 August 2015

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**1. Executive Summary**

To obtain approval to enter into a lease agreement with Sonia Denise Rock t/a Kleinkaap Kwekery in respect of municipal property, being a portion of Erf 210, Voortrekker Street, Gansbaai ( $\pm 2700\text{m}^2$  in extent), for nursery purposes.

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

Infrastructure and Planning;  
Property Administration

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

Executive Mayor

**5. Legal Requirements**

- Administration of Immovable Property Policy of the Overstrand Municipality (2014)

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

**Background**

The Applicant has been leasing the subject portion of Erf 210, Gansbaai from the Municipality since 2001 for the management of a nursery. The most recent agreement expired on 30 June 2015.

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

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### **Discussion**

The applicant has been managing the nursery on the subject property for over 14 (FOURTEEN) years. Upon applying for an extension of the lease she explained that she has been experiencing a spate of burglaries at the premises where wooden poles and netting have been stolen. She further confirmed that she first wanted to determine whether the situation was changing before she applied for a long term lease. Therefore an application for the renewal of the lease for a further period of 12 (TWELVE) months was received.

The Municipality's Administration of immovable Property Policy makes provision for short term leases up to period of three years without the option of renewal, such agreements can be approved by the Municipal Manager.

Even though the applicant applied for a 12 (TWELVE) month agreement and since the subject property has been leased to the applicant for more than three years, a public participation process had to be followed and the Executive Mayor's (as delegated authority) approval needs to be obtained in terms of the said Policy. As we have not received any other applications for the specific site the property can be leased directly to the applicant without following a competitive process.

A valuation was done in 2007 to determine the lease amount per month for the subject portion of property. Since 2007, the lease amount escalated annually in accordance with the CPI as determined in the agreement and the policy. With an escalation of 4.7% in July 2015 the new lease amount is determined at R416.60 (FOUR HUNDRED AND SIXTEEN RAND AND SIXTY CENTS) (Vat excluded) per month.

### **Evaluation**

#### **6.1 Application process in terms of the Administration of Immovable Property Policy of the Overstrand Municipality of 2014:**

##### **6.1.1 Compliance**

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

**(2) Paragraph 20.1: "The Municipality may grant a long term lease of municipal immovable property with a value 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**

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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 municipal council has approved that the right may be granted.”**

The Acting Accounting Officer (Municipal Manager) has approved in principle the lease of the subject portion of Erf 210, Voortrekker Street, Gansbaai on 8 July 2015.

The proposed lease was advertised in the Gansbaai Courant on 23 July 2015.

- (2) 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 the costs relating to the advertisement. No survey or valuation was done and therefore no costs were incurred.

- (3) Paragraph 40: “Rental, except where it is decided otherwise by the Municipality shall escalate annually by a percentage fixed in accordance with the prevailing consumer price index (all items).”**

A clause to this effect will be inserted in the lease agreement.

- (5) 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 will be included in the lease agreement with the Applicant.**

### **6.1.2 Advertisement/Notification**

An advertisement for the lease of a portion of Erf 210, Voortrekker Street, Gansbaai, was placed in the Gansbaai Courant on 23 July 2015 for a 30

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(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 Applicant be approved for a further period of 12 (TWELVE) months commencing on 1 July 2015 at a rental amount of R416.60 (FOUR HUNDRED AND SIXTEEN RAND AND SIXTY CENTS) (Vat excluded) per month.

**7. Financial Implications**

The Municipality stands to gain a lease in the amount of R416.60 (FOUR HUNDRED AND SIXTEEN RAND AND SIXTY CENTS) (Vat excluded) per month until June 2016. All expenses pertaining to the proposed lease will be borne by the applicant.

**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 Immovable Property Policy.

**10. Annexures**

Annexure A: Locality Plan

**RECOMMENDATION:**

that the lease of Municipal Property, being a portion of Erf 210, Voortrekker Street, Gansbaai (±2700m<sup>2</sup> in extent) to Sonia Denise Rock t/a Kleinkaap Kwekery for nursery purposes at the rental amount of R416.60 (FOUR HUNDRED AND SIXTEEN RAND AND SIXTY CENTS) (Vat excluded) per month for a period of 12 (TWELVE) months as from 1 July 2015 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved.**

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<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>10 OCTOBER 2015</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>3 NOVEMBER 2015</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

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**M Erasmus**

**(028) 316-3724**

**Hermanus Administration**

**14 August 2015**

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 22 SEPTEMBER 2015, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

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**M ERASMUS**

**TARGET DATE FOR IMPLEMENTATION :**

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**N/A**

