

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

---

**5.  
HERMANUS: A PORTION OF THE REMAINDER OF ERF 243 SITUATED IN  
ROTARY WAY: RENEWAL OF LEASE OF MUNICIPAL PROPERTY TO THE  
GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA**

7/2/3/1

M Erasmus

(028) 316-3724

Hermanus Administration

6 August 2019

---

**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 Government of the Republic of South Africa in respect of municipal property, being a portion of the remainder of Erf 243 Hermanus ( $\pm 0,71\text{m}^2$  in extent) situated in Rotary Way for the purpose of a telecommunication base station and related 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 (2015)

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

**Background**

The Government of the Republic of South Africa, hereinafter referred to as "the applicant", has been using space on the municipal mast at Olifantsberg as well as space in the adjoining building on a portion of the remainder of Erf 243 Hermanus in Rotary Way since 2014 for telecommunications base station and related purposes and more specifically for the South African Police Service in Hermanus.

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

---

The last agreement was for a period of 3 (THREE) years which expired on 31 October 2017. Discussions and negotiations were commenced with before the expiry of the said agreement but due to the internal processes that needed to be followed and approvals that needed to be gained from the Applicant's delegated authority through the National Department of Public Works, who deals with the lease of property, the process for renewal could only be continued with in May 2019 and therefore the agreement was not renewed before the expiry of the old agreement.

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

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 November 2017.

The area applied for has been used by the applicant successfully and without any problems since 2014. No complaints have been received regarding the use of the property by the applicant.

The use of lease of the said property by the applicant is of utmost importance to the South African Police Service and more specifically for communication purposes.

### **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 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 service provider on the

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

---

property, as the equipment is used for the South African Police Service, it is recommended that the property be leased directly to the applicant 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 the remainder of Erf 243 Hermanus to the applicant 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 Village News on 31 July 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 for space on the mast as well as space inside the adjoining building.

**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.

**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.”**

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

---

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 the remainder of Erf 243 Hermanus, situated in Rotary Way, was placed in the Village News on 31 July 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 Government of the Republic of South Africa be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 November 2017 at the following monthly rental amounts (as per the tariffs approved by Council in the annual budget):

Period	Space on mast	Space in building	Total rent
Nov '17 – Jun '18	R1,813.16	R338.67	R2,151.83
Jul '18 – Jun '19	R1,922.61	R359.32	R2,281.93
Jul '19 – Jun '20	R2,032.17	R379.69	R2,411.86

**7. Financial Implications**

The Municipality already gained and stands to gain the following monthly rental:

Period	Space on mast	Space in building	Total rent
Nov '17 – Jun '18	R1,813.16	R338.67	R2,151.83
Jul '18 – Jun '19	R1,922.61	R359.32	R2,281.93
Jul '19 – Jun '20	R2,032.17	R379.69	R2,411.86

The above rental amount escalates 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 applicant.

**8. Staff Implications**

None

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

---

**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 with no intention to dispose of the asset, 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 the remainder of Erf 243 Hermanus (0,7m<sup>2</sup> in extent) situated in Rotary Way, to the Government of the Republic of South Africa for the purpose of a telecommunication base station at the monthly rental amounts as stipulated below for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 November 2017 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved**; and

Period	Space on mast	Space in building	Total rent
Nov '17 – Jun '18	R1,813.16	R338.67	R2,151.83
Jul '18 – Jun '19	R1,922.61	R359.32	R2,281.93
Jul '19 – Jun '20	R2,032.17	R379.69	R2,411.86

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.

**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**

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

---

**5.  
HERMANUS: A PORTION OF THE REMAINDER OF ERF 243 SITUATED IN  
ROTARY WAY: RENEWAL OF LEASE OF MUNICIPAL PROPERTY TO THE  
GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA**

**7/2/3/1**

**M Erasmus**

**(028) 316-3724**

**Hermanus Administration**

**6 August 2019**

---

**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**

