

ITEM C/6/324/05/16

Mayoral Committee Meeting for recommendation to Council

**DISPOSAL OF ECONOMIC, BUSINESS AND CHURCH ERVEN IN THE
GREATER PLETTENBERG BAY AND THE SUBDIVISION.**

Department: Strategic Services **Demarcation:** All Ward
File Ref: 7/2/2/5
Date of Report: 24 May 2016
Report from: Strategic Services: Property Administration / Legal Services
Attachments Extract of resolution M/08/04/06 of 12 April 2006

Purpose

To inform the Mayoral Committee of the underutilized available land in KwaNokuthula that could potentially be disposed for development to interested private parties.

Background/ Discussion

On 28 November 2014 Council took a resolution about the underutilized economic, business and church erven in KwaNokuthula, Plettenberg Bay, that the Erven be disposed by public tender. That process never took place and we are now going to start the process of alienation of certain pockets of land.

This report is a result of pressure from community members who constantly enquire about the underutilized vacant land, and the question regarding the reason why these sites are not developed or disposed of to them as they aspire to purchase and develop these pockets of land for residential, business, and religious purposes.

The move to alienate these pockets of land may result in increased development and optimum utilization of the land, because the objective is to effectively utilize the necessary resources available to the benefit of the local people of the greater Plettenberg Bay.

The Mayoral Committee in 2006 resolved per resolution M/08/04/06 that the under-mentioned erven be sold by open tender. These subject erven have been sold but the full purchase prices have not been paid as the persons who were successful in their bids stop payment. Council therefore resolved per resolution C/6/261/11/14 these erven be taken and disposed of per public tender. It was impossible to execute the council resolution as the decision taken by council to alienate did not conform the prescripts of the Asset Transfer Regulations.

- Erf 4914
- Erf 7939
- Erf 7955
- Erf 7931
- Erf 7937
- Erf 7948
- Erf 7645
- Erf 7648
- Erf 7686
- Erf 7934
- Erf 7944
- Erf 7950
- Erf 7951
- Erf 7953
- Erf 5270
- Erf 5944
- Erf 6397
- Erf 7303
- Erf 7517

The following land was not part of the decision taken in terms of resolution C/6/261/11/14 and was recently identified as unutilized and it was proposed that it must also be alienated by public tender to private parties and churches. It was also proposed that some of the bigger land must be subdivided base on the purpose for the prospective use. The decision to subdivide the affected erven must be made by the Head Strategic Services. All these under mentioned erven located at Kwanokuthula.

- Erf 4911 this land is about 2 hectares, but what is left is only 1hector
- Erf 7259 (2396 square metres)
- Erf 7261 (2410 square metres)
- Erf 7210 (7007 square metres)
- Erf 7234 (863 square metres)
- Erf 7228 (863 square metres)
- Erf 7235 (698 square metres)
- Erf 11304 (983 square metres)
- Erf 5271 (1913 square metres)
- Erf 7230 (681 square meters)
- Erf 7231 (754 square metres)
- Erf 4912 (635 square metres)
- Erf 4914 (635 square metres)
- Erf 7778 (825 square metres)

Municipal Asset Transfer Regulations

The Municipal Asset Transfer Regulations were published in 2008 in terms of Section 168 of the Municipal Financial Management Act (Act 56 of 2003). The purpose of the regulation is to regulate the transfer and disposal of capital assets (i.e land) by Municipalities.

Section 14 (1) and 90 (1) of the Municipal Financial Management Act (MFMA) does not allow the transfer of municipal capital assets that are needed to provide the minimum level of basic municipal services. Section 14 (2)(a) and (b) requires that Council make a decision rendering an asset such as land, not necessary to provide the minimum level of basic municipal services, and that a fair market value for the asset is considered. In addition, it also requires that a community and economic value is received in exchange for the capital asset.

Section 7 of Municipal Asset Transfer regulations directs the council when disposing a specific property to consider the following factors:

- ❖ The value of the capital asset and the method of the valuation.
- ❖ The reason for the disposal of the asset.
- ❖ The benefit to the municipal for the disposal.
- ❖ Expected proceeds to be received by the municipality and if it will result in a significant economic or financial cost or benefit to the Municipality.
- ❖ Any gain or loss that will be realized or incurred by the Municipality arising from the disposal.
- ❖ The estimated cost of the proposed disposal.
- ❖ Any comments from interested and affected parties.
- ❖ Any comments from Provincial or National Treasury.

The regulation only requires a public participation process if the capital asset has a high value, as defined in the Regulations. None of the properties identified are high value capital assets according to the definition in terms of the regulation. Council may however launch a public participation process if it is considers in the public interest to do so.

Proposal

Land is always a challenge, due to the fact that the demand will always exceed the supply of land available. It is proposed that the disposal of land be guided by Municipal Fixed Property Management Policy and land be alienated by public tender. The need for this arises from the responsibility of Council to only dispose of land in a sustainable manner that would not undermine the Municipality's ability to render or expand municipal services in future.

The criteria for the disposal should consider, inter alia, the term of payment of the stands, the time frame to develop the land, for business sites, they should submit business proposal to detailing the development of the land within a certain period, if period not adhered to, the right should remain with the Council to reposes the land in exchange to the purchase price the land was sold for. Any decision by the council should take into consideration of the provisions of the Asset Transfer Regulations and Municipal Finance Management Act.

Relevant Legislation

- Municipal Finance management Act 56 of 2003
- Municipal Assets Transfer Regulations of 2008
- Land Use Planning Ordinance 15 of 1985
- National Environmental Management Act 107 of 1998

Comments: Head Financial Services

Recommendation of the municipal manager is supported

Comments: Head Corporate Services

Recommendation of the municipal manager is supported

Comments: Head Community Services

Comments: Head Engineering Services

Recommended by the Municipal Manager

1. That the Municipal Council take Cognisance of the requirements of the Municipal Asset Transfer Regulations and Section 14(1) and 14(b) of the Municipal Finance Management Act (Act 56 of 2003).
2. That Erven listed in Annexure A paragraph A and B be alienated in terms of the Asset Transfer Regulations referred to in paragraph 1 above;
3. That these erven be disposed by public tender in line with Municipal Fixed Property Management Policy.
4. That the Municipal Manager appoints a Valuer to determine the value of the identified land.
5. That the Council agrees that the identified pockets of land are not necessary to provide the minimum level of basic municipal services and that a fair market value for the land is considered.
6. That the Council agrees that the identified land is not high value capital asset as defined in the Regulation and therefore public participation not compulsory, however that process can be exercised if council agrees that it's in the public interest to do so.
7. That the Council approves that a land surveyor be appointed for the subdivision of some pockets of land that has been identified that requires subdivision.

Annexure A

A. The decision to alienate these erven were taken in 2014 per resolution C/6/261/11/14

- Erf 4914
- Erf 7939
- Erf 7955
- Erf 7931
- Erf 7937
- Erf 7948
- Erf 7645
- Erf 7648
- Erf 7686
- Erf 7934
- Erf 7944
- Erf 7950
- Erf 7951
- Erf 7953
- Erf 5270
- Erf 5944
- Erf 6397
- Erf 7303
- Erf 7517

B. Council be requested to alienate these erven as per the current submission

- Erf 4911 this land is about 2 hectares, but what is left is only 1hector
- Erf 7259 (2396 square metres)
- Erf 7261 (2410 square metres)
- Erf 7210 (7007 square metres)
- Erf 7234 (863 square metres)
- Erf 7228 (863 square metres)
- Erf 7235 (698 square metres)
- Erf 11304 (983 square metres)
- Erf 5271 (1913 square metres)
- Erf 7230 (681 square meters)
- Erf 7231 (754 square metres)
- Erf 4912 (635 square metres)
- Erf 4914 (635 square metres)
- Erf 7778 (825 square metres)

26	7951	428	Hani Street
27	7952	428	Hani Street
28	7953	428	Hani Street
29	7954	428	Hani Street
30	7955	430	Hani Street

2. That the Head: Corporate Services be authorized to adjudicate and allocate the erven in accordance with the following criteria:
- (a) that the erven only be sold to local residents
 - (b) that married applicants with dependants receive preference
 - (c) that the purchase price be R12 178.00 (Excluding VAT)
 - (d) that the purchase price be paid on date of signing the Deed of Sale, or on date of registration of transfer into the transferring attorney's relevant Trust Account.
 - (e) that a building clause of two years be inserted in the Deed of Sale
 - (f) that the transfer fees and or survey fees be borne be the applicant.

ITEM C/6/325/05/16

Mayoral Committee Meeting for recommendation to Council

AMENDMENT OF DELEGATIONS TO THE MUNICIPAL MANAGER

Department: Strategic Services Demarcation: All Ward

File Ref: 2/2/1/2

Attachment: Extract from Council resolution C/1/53/06/12

Date of Report: 26 May 2016

Report from Strategic Services Property Administration / Legal

Purpose

The purpose of the report is to obtain delegated authority for the Municipal Manager to enter into a lease agreement with other Organs of State to a maximum amount of R2 million per annum.

Background/ Discussion

The offices of Bitou municipality are scattered throughout the town as the main building is unable to accommodate all officials.

In an endeavor to accommodate all officials from the outlying offices into one central office space, the Melville's Corner office space, which belongs to the Public Investment Corporation (Organ of State) was identified, which is exempt from the competitive procurement processes

The available building space will be able to accommodate personnel from the following sections:

- Supply Chain
- Budget and Treasury
- Legal
- Revenue (Cashiers)
- Expenditure (already in occupation)
- Strategic Services Department
- Internal Audit and Risk Management

Executive Summary

Council resolution C/1/53/06/12 therefore needs to be amended to allow for the Municipal Manager to enter into lease agreements in respect of Council's Offices and Facilities with other Organs of State to a maximum of R2 000 000 per annum. Clause (1) of resolution C/1/53/06/12 therefore needs to be rescinded and replaced with the following clause delegation to the Municipal Manager:

“To sign all documents and contracts on behalf of the Bitou Local Municipality in respect of contracts with other organs of state, contracts in respect of sub-economic housing and service provider contracts up to a value of R10 000.00 per month, per Item, and lease agreements in respect of Council offices and facilities, and lease agreements with other Organs of State in respect of Council offices and facilities to a maximum of R2 000 000 per annum.

Relevant Legislation

- Municipal Finance management Act 56 of 2003
- Municipal Systems Act No. 32 of 2000
- Supply Chain Management Policy

Comments: Chief Financial Officer

The recommendation by the Municipal Manager is supported

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported

Comments: Head Community Services

Comments: Head Engineering Services

Comments: Head: Strategic Services

The recommendation by the Municipal Manager is supported

Recommended by the Municipal Manager

That clause one (1) of resolution C/1/53/06/12, be rescinded and replaced with the following delegation to the Municipal Manager:

“To sign all documents and contracts on behalf of the Bitou Local Municipality in respect of contracts with other organs of state, contracts in respect of sub-economic housing and service provider contracts, and lease agreements in respect of Council offices and facilities, up to a value of R10 000.00 per month, per Item and lease agreements with other Organs of State in respect of Council offices and facilities to a maximum of R2 000 000 per annum.



to be the best together

Private Bag X1002 Plettenberg Bay 6600
Tel: +27 (0)44 501 3000 Fax: +27(0)44 533 3485

2/1/8

AA Greyling/mn

18 February 2016

TO WHOM IT MAY CONCERN

EXTRACT OF THE MINUTES OF THE SPECIAL COUNCIL MEETING OF BITOU LOCAL MUNICIPALITY HELD IN THE COUNCIL CHAMBER, MUNICIPAL OFFICES, PLETTENBERG BAY, ON TUESDAY, 19 JUNE 2012 AT 9h00

Resolution C/1/53/06/12

AMENDMENT OF DELEGATIONS TO MUNICIPAL MANAGER

Department: Office of the Municipal Manager

File Ref: 2/1/8

Resolved

1. That clause 3 of Annexure G, as per Council Resolution C/1/01/06/11, be rescinded and replaced by the following delegation to the Municipal Manager:

“Clause 3: to sign all documents and contracts on behalf of the Bitou Local Municipality” in respect of contracts with other organs of state, contracts in respect of sub-economic housing and service provider contracts up to a value of R10 000.00 per month, per item, and lease agreements in respect of Council offices and facilities.

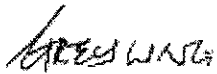
2. That all documents and contracts signed by the Acting Municipal Manager as per the amended clause 3 in 1 above, on behalf of Bitou Local Municipality be condoned.
3. That the following clauses, numbered (16) and (17) be added to the Municipal Managers powers on Annexure G:

“G

16. To write off bad debts, interest and levies and charges up to a maximum collective value of R5 Million, per annum, on recommendation of the Chief Financial Officer, provided that the amount written off may not be split into parts or items of a lesser value merely to avoid non compliance with the amount of R5 million.
17. To write off assets to a collective value of R5 million, per annum, subject to the provisions of sec 14 (2)(a) and (b) of the MFMA”

Proposed: Councillor EE Pauls
Seconded: Councillor MM Mbali

CERTIFIED AS A TRUE COPY



A A GREYLING
MANAGER ADMINISTRATION