

# **Special Council (OPEN) Meeting**

## **9 December 2022**

### **Addendum 2:**

<b>ITEM NO</b>	<b>SUBJECT</b>	<b>FIL REF</b>	<b>PG</b>
<b>SECTION 1: OFFICE OF THE MUNICIPAL MANAGER</b>			
<b>C/1/116/12/22</b>	<b>PROGRESS REPORT: ESTABLISHMENT OF BITOU JUNIOR TOWN COUNCIL</b>	<b>17/17/8</b>	<b>3 - 14</b>
<b>C/1/117/12/22</b>	<b>REPORT FROM THE AUDIT AND PERFORAMNCE AUDIT COMMITTEE</b>	<b>9/1/7</b>	<b>15 - 21</b>
<b>SECTION 6: ECONOMIC DEVELOPMENT AND PLANNING</b>			
<b>C/6/66/12/22</b>	<b>PLETTENBERG BAY COUNTRY CLUB: <i>STATUS QUO</i> AND WAY FORWARD</b>	<b>13/5/8</b>	<b>23 - 41</b>

**SECTION 1**

**OFFICE OF THE MUNICIPAL  
MANAGER**

## Section 1: Office of the Municipal Manager

ITEM C/1/116/12/2022

### PROGRESS REPORT: ESTABLISHMENT OF BITOU JUNIOR TOWN COUNCIL

**Portfolio Comm:** Strategic Services and Office of the MM  
**File Ref:** 17/17/8

**Demarcation:** All Wards  
**Delegation:** Council

**Attachments:** Annexure “A” – (Application form Template)  
Annexure “B” – (Presentation on establishment of Junior Town Council)  
Annexure “C” – (Proposed time line)  
Annexure “D” - (Bitou Junior Town Council 2023)

**Report from:** Office of the Speaker

**Author:** Manager: Office of the Speaker

**Date:** 09 December 2022

### **PURPOSE OF THE REPORT**

To inform council on the progress of the establishment of the Bitou Junior Town Council

### **EXECUTIVE SUMMARY**

Council at its meeting held on 31 August 2022 resolved per Resolution C/1/76/08/22 as follows:

- “1. That Council takes note of the report on the establishment of Junior Town Council for Bitou Municipality and the proposal.*
- 2. That Council mandates the Office of the Speaker to engage all the high schools and colleges in the Bitou area targeting the 16-20 years age group with the objective of formalizing the Bitou Town Council area with objective of establishing and formalizing the Junior Town Council.*
- 3. That Council mandates the office of Office of the Speaker to form a Bitou Junior Town Council Framework as per Annexure A and B (circulated with the agenda).*
- 4. That the Office of the Speaker reports back to Council in October 2022.”*

## **Section 1: Office of the Municipal Manager**

Council further resolved per Resolution C/1/103/10/22 during an Ordinary Council Meeting held on 31 October 2022, as follows:

- “1. That Council takes note of the progress report on the establishment of Junior Town Council for Bitou Municipality.*
- 1. That Council take note of the appeal for reconsideration of age range, submitted by the coordinating committee.*
- 2. That Council accept the proposal of the coordinating committee and amend council resolution C/1/76/08/22 resolution 2 to read:*
  - a. That council mandates the office of the Speaker to engage all the high schools in the Bitou area targeting age group 16-18 years, grade 10 or grade 11 students.*
- 3. That the office of the Speaker reports back to council in December 2022.”*

### **BACKGROUND**

The office of the Speaker met with Mr. Kruger from Wittedrift High School and also consulted the City of Cape Town for best practice input to initiate the establishment of a Bitou Junior Town Council.

A Coordinating Committee have been established on 21 September 2022. The Coordinating Committee comprise of one educator from each local high school. These educators are identified as coordinators who represent their relevant schools and have input to the framework and all processes involved in the establishment of the Junior Town Council.

In October 2022, a proposed timeline was presented to Council. Applications opened on 1 November 2022 and closed on 18 November 2022. All local high schools in the Bitou area were included in the plenary stage and implementation stage and all learners meeting the requirements were encouraged to apply. Unfortunately, Christian School informed the office of the Speaker that their learners will not be able to participate in this round. The Coordinating Committee agreed to make no changes to the composition of the BJTC as proposed to Council in October 2022, following the withdrawal of the above mentioned school.

All schools assisted in the shortlisting processes and the interview panel led by the Speaker, consisted of representation from the schools and the office of the Speaker. The interviews concluded on 6 December 2022. The fifteen Junior Councillors of the Bitou Junior Town Council have been selected and listed in “Annexure D”. Positions in the Bitou Junior Town Council will be allocated after the planned orientation and induction proposed for 03-05 February 2023 (Annexure C).

### **FINANCIAL IMPLICATION**

R45 000 for Uniform, and stationary.

R10 000 logo and digital stationary

## **Section 1: Office of the Municipal Manager**

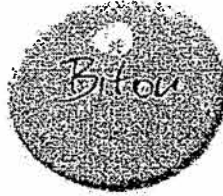
### **RELEVANT LEGISLATION**

Constitution of the Republic of South Africa 1996.

Local Government: Structures Act 117, 1998 as amended and Regulations.

### **RECOMMENDED BY THE MUNICIPAL MANAGER**

1. That Council takes note of the progress report on the establishment of Junior Town Council for Bitou Local Municipality.
2. That Council take note of the financial implications.
3. That Council be presented with the financial implications in January 2023 of the planned orientation.



## BITOU JUNIOR TOWN COUNCIL NOMINATION FORM: 2023 TERM

### NOMINEE'S SCHOOL PARTICULARS

School Name	
School Address	
Contact Number/s	
Coordinating Mentor Name & Surname	
Email Address of Coordinating Mentor	
Principal Name & Surname	

### PARTICULARS OF NOMINEE

Learner's Name & Surname	
Grade in 2023	
Home Address of Learner	
Contact Number/s	
Email Address	
Motivation for nomination by school / community leader	
Parent / Guardian Signature	
Parent / Guardian Contact Number	
Parent / Guardian Email Address	
Signature of Nominator	
Nominator Contact Number	
Nominator Email Address	

### MOTIVATION BY LEARNER

Name of Learner	
-----------------	--

Write a short essay on why you should be selected. You can include information about your involvement in civic education, human rights, citizenship, community service activities and democracy.

--

You also need to create a video to support your application. You can upload it to any social media platform of your choice, such as YouTube, Instagram, TikTok or Facebook. You must use the hashtag **#BJTCNominee2023**

Paste the video URL here:	
---------------------------	--

Learner's Signature	
Date	

**TAKE NOTE: THIS IS THE OFFICIAL NOMINATION FORM OF THE BITOU JUNIOR TOWN COUNCIL. IT IS AN OFFENCE TO DUPLICATE OR RECREATE THIS FORM. IT CAN BE FILLED OUT ELECTRONICALLY OR ON A HARD COPY. COMPLETED FORMS ARE TO BE SUBMITTED TO THE MUNICIPALITY'S SPEAKER'S OFFICE BY THE COORDINATING MENTOR OF EACH OF THE PARTICIPATING SCHOOLS, ONCE SHORTLISTING IS INTERNALLY COMPLETED.**



# BITOU JUNIOR TOWN COUNCIL (BJTC)

IMPLEMENTATION THINKTANK

21 SEPTEMBER 2022

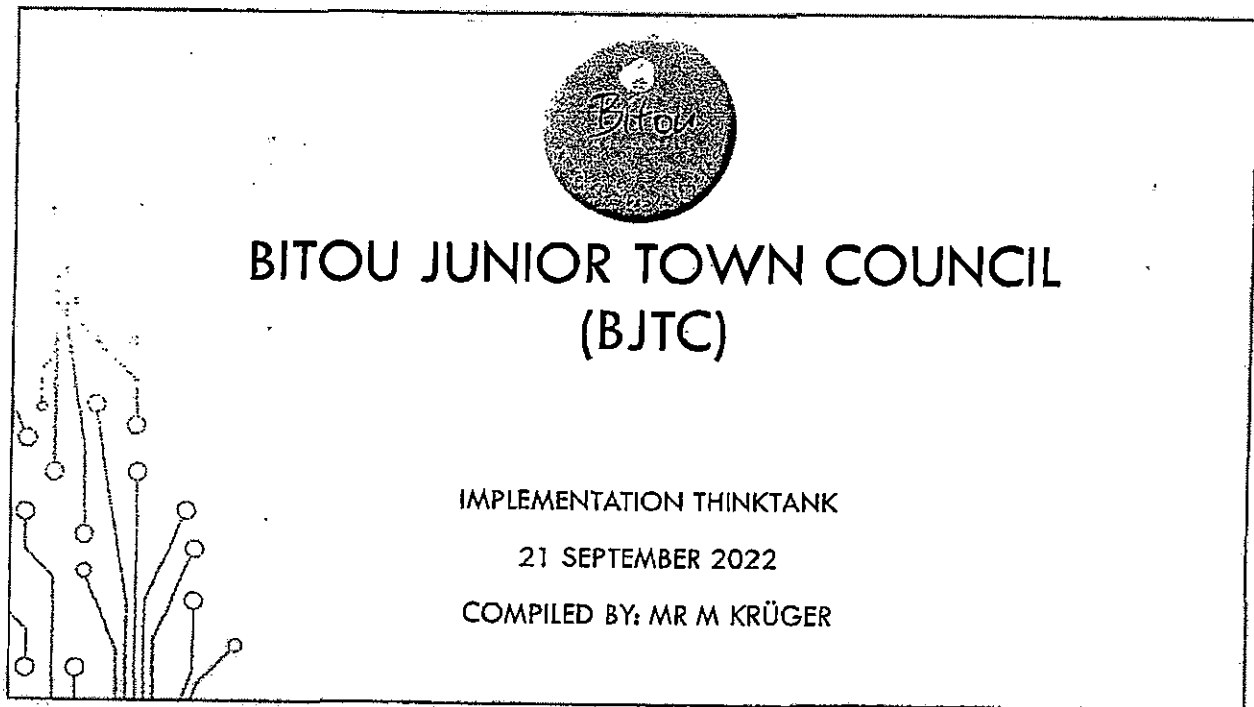
COMPILED BY: MR M KRÜGER

# (VIDEO)

## PROPOSED TIMELINE FOR IMPLEMENTATION OF Bitou Junior Town Council 2023

<b>TARGET / MISSION / ACTIVITY</b>	<b>DATE OF ENGAGEMENT / IMPLEMENTATION</b>
Meeting with representatives (Coordinating Mentors) from all participating schools to discuss process/format of interviews, Code of Conduct, Constitution & Mandate	21 September 2022
Applications open	1 November 2022
Applications close	18 November 2022
Shortlisting and interviews of potential candidates (internally by schools)	1-25 November 2022 (two weeks to allow schools to work through bulk of applications)
Shortlisting and interviews of potential candidates (externally by Speaker's Office)	28 November-2 December 2022 (one week for Speaker's Office to finalise shortlisted candidates further – final step in selection process)
Announcement of BJTC Council 2023	Week of 5-9 December 2022
Obtaining sizes for uniform and sending through to Procurement Department	Week of 12-16 December 2022
Induction/orientation of BJTC	03 – 05 February 2023 (Weekend)
First official sitting of BJTC	11 February 2023





(VIDEO)

## PARTICIPATING MEMBER SCHOOLS

- Wittedrift High School
- Murray High School
- Greenwood Bay College
- Plettenberg Bay Secondary School
- Plettenberg Bay Christian School

## COMPOSITION OF BJTC

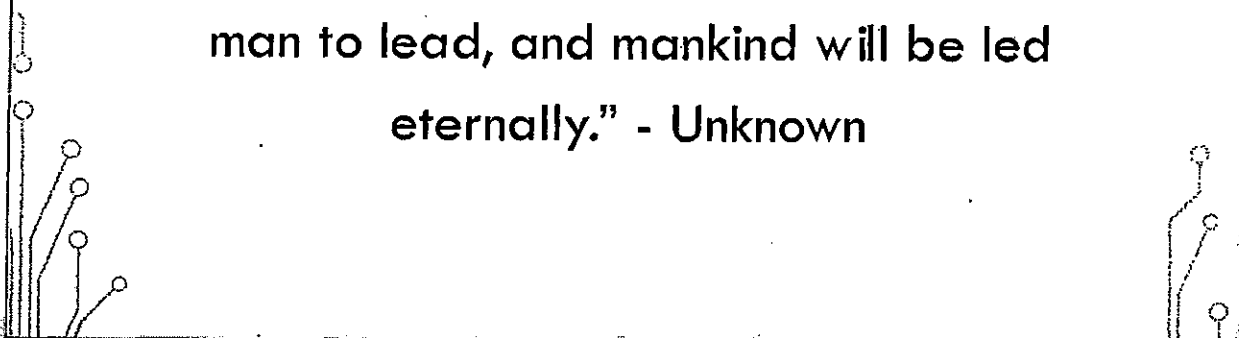
- Junior Executive Mayor
- Junior Deputy Executive Mayor
- Junior Speaker
- Junior Chief Whip
- Secretary of Council
- Sub-Committee Chairpersons
- Sub-Committee Deputy Chairpersons

## SELECTION CRITERIA & PROCESS

- The selected candidates **MUST**:
  - Be in Grade 10 or 11 (16 – 18 years old) in 2023
  - Have a maintained academic average of at least 50% across all subjects
  - Participate in **AT LEAST ONE (1)** extramural activity, internally or externally
- See Annexure A for application form
- Shortlisting will be done internally (within Member Schools, respectively)
- Final shortlisting of 15 potential candidates (already shortlisted by internal process) will be done via interviews by a panel, consisting of the Speaker's Office and Coordinating Mentors from Member Schools

## CODE OF CONDUCT & CONSTITUTION

- **Resignation**
  - Any BJTC member may resign from his/her position by submitting an official resignation (in writing) to the BJTC Chief Whip, Coordinating Mentors and Speaker's Office. A notice period of **ONE (1)** month is applicable.
- **Dismissal**
  - Any BJTC member may be dismissed/relieved of his/her duties in case of inappropriate behaviour after an official investigation is completed by the Bitou Speaker's Office and the member is, upon conclusive evidence, found guilty of misbehaviour. This will be done within 24 hours from verdict deliverance and cannot be appealed.
- Mr Windvogel on additional clauses of Code of Conduct?



**“Show a young man a leader to follow, and he will be led momentarily. Teach a young man to lead, and mankind will be led eternally.” - Unknown**



**THANK YOU KINDLY!**

- **QUESTIONS?**

## PROPOSED TIMELINE FOR IMPLEMENTATION OF Bitou Junior Town Council 2023

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## Annexure D



### **BITOU LOCAL MUNICIPALITY** **OFFICE OF THE SPEAKER**

#### **List of successful Bitou Junior Town Council members**

<b><u>Name</u></b>	<b><u>School Represented</u></b>
Faith Solomons	Plettenberg Bay Secondary School
Drew Cunningham	Plettenberg Bay Secondary School
Chelsea Paulsen	Plettenberg Bay Secondary School
Keisha-Ruth Baartman	Plettenberg Bay Secondary School
Aphelele Xwelesha	Murray High School
Achumile Mtata	Murray High School
Mtila Malibongwe	Murray High School
Anoyolo Kalipa	Murray High School
Noah Theron	Wittedrift High School
Solakha Noyi	Wittedrift High School
Storm Theodosi	Wittedrift High School
Sunè Coetzee	Wittedrift High School
Ralu van Huyssteen	Wittedrift High School
Rachel van Rooyen	Greenwood Bay College
Ameera Gani	Greenwood Bay College

## Section 1: Office of the Municipal Manager

ITEM C/1/117/12/22

### REPORT FROM THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

**Portfolio Comm:** Strategic Services and Office of the MM  
**File Ref:** 9/1/7

**Demarcation:** All Wards  
**Delegation:** Council

**Attachments:** Annexure “A” – Report from the audit and performance audit committee dated 23 November 2022

**Report from:** Municipal Manager

**Author:** Municipal Manager

**Date:** 08 December 2022

### **PURPOSE OF THE REPORT**

For Council to take note of the audit and performance audit committee report dated 23 November 2022.

### **EXECUTIVE SUMMARY**

The Audit and Performance Audit Committee held its APAC meeting on 7 November 2022 and their report being presented as Annexure A covers its 1<sup>st</sup> quarter report i.e., for the period 1 July 2022 to 30 September 2022.

### **BACKGROUND**

APAC is constituted in terms of sections 166(1) and (2) and 166 (6) of the Local Government Municipal Finance Management Act, No. 56 of 2003 read with the applicable Treasury Regulations.

The attached report is being presented by the Chairperson of the Audit and Performance Audit Committee, Mr R Shaw.

### **FINANCIAL IMPLICATION**

Not applicable

### **RELEVANT LEGISLATION**

Constitution of the Republic of South Africa 1996.  
Local Government: Municipal Finance Management Act, NO 56 of 2003

## **Section 1: Office of the Municipal Manager**

### **RECOMMENDED BY THE MUNICIPAL MANAGER**

That Council takes note of the report from the performance audit committee.



## Bitou Municipality

### REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

We are pleased to present the report of the Audit and Performance Audit Committee (APAC) covering quarter 1 reports (1 July 2022 to 30 September 2022) presented at the hybrid ordinary APAC meeting held on 7 November 2022.

The APAC is constituted in terms of sections 166(1) and (2) and 166(6)(b) of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) read with the applicable Treasury Regulations. The APAC is an independent advisory body which must advise Council, the municipal manager, management and staff of the municipality on matters relating to :

- Internal financial control and internal audits
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting, records and information
- Performance management
- Effective governance
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation
- Performance evaluation
- Any other matter referred to it by the institution

Sections 166(2)(b), (c), (d) and (e) of the MFMA also requires the APAC to review the Annual Financial Statements and respond to Council on matters raised by the Auditor-General of South Africa (AGSA) in the management letter and audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by Council.

The role and responsibilities of the APAC are set out in the APAC Charter which is reviewed annually and which was discussed and updated at this Q1 meeting. The APAC endeavours at all times to conduct its oversight role in compliance with its Charter and the provisions of the MFMA.

The advice tendered by the APAC is recorded in the minutes of the various meetings.

The APAC comprises of 4 independent external members. Attendance at the Q1 APAC meeting was as follows :

MEMBER	Appointment dates	Q1 2022/23 meeting attended
Ms R Shaw (Chairperson)	11 March 2019	Yes
Mr K Zono	11 March 2019	Yes
Mr M Hennessy	1 January 2021	Yes
Mr M Brewis	1 January 2022	Yes

Mr M Hennessy chairs the Risk Management Committee and provides a report on Risk Management to the APAC at the quarterly meetings to keep the APAC abreast of matters relating to Risk Management within the municipality and to afford the APAC the opportunity to provide its oversight of the risk management process of the municipality as required by section 166(2)(a)(II) of the MFMA.

## **FINANCIAL CONTROLS**

### **Financial Recovery Plan**

It was reported at the Q1 APAC meeting that

- The current cash flow is not sufficient to sustain operations in the short-, medium- and long-term
- The current ratio is far below best practice norms
- The liquidity position remains very concerning
- The municipality finds itself in a situation where it is doubtful that it can continue as a going concern

The APAC is pleased to be informed of the Financial Recovery Strategy Plan and will monitor performance against this plan on a quarterly basis. It is imperative that all departments embrace this plan and drive it with earnest.

### **Debtors Collection**

The battle to collect debt from the consumers remains a huge challenge. The poor collection rate undoubtedly impacts negatively on the municipality's medium to long-term financial sustainability and solvency. The APAC noted the initiative to target specifically identified groups of debtors, starting with those who owe the municipality the most, with a vigorous collection drive and to continue with this process to improve the collection rate.

Staff debt is not managed effectively with the total amount owed by staff on 21 October 2022 being R932 701. A total amount of R797 020 was identified during quarter one as debt owed by staff, with R599 010 being outstanding for 120 days and longer. These accounts were not previously recognised as staff debt as these service accounts were not linked to staff members. The municipality is making every effort to recover these long outstanding accounts. It is important to put systems in place to ensure that all staff accounts are recognised as such, so that the necessary monthly deductions can be affected against salaries/overtime payments/bonuses.

The APAC recommended that

- The monthly deductions from staff salaries should be equal to at least their current consumption for the month plus an additional amount towards their arrears.
- That all new employment contracts should include a paragraph
  - o authorising the municipality to deduct arrears for municipal services from staff bonuses
  - o authorising the municipality to withhold overtime payments in excess of 40 hours and apply such towards settling outstanding staff debt.

### **Salaries**

The APAC requested a list of all officials who are suspended on full pay to enable the committee to monitor the progress made on these matters as well as the related costs to the municipality, being the total salaries paid since the date of suspension as well as the acting allowances, if any, of the officials who have to perform the duties of the suspended staff in their absence. It is imperative to conclude these matters in the shortest period of time.

## **Overtime**

Overtime remains a concern and little progress has been made in curbing the excessive overtime claims.

The APAC recommended that

- all individuals claiming in excess of 70 hours overtime per month, be identified and that these individuals' sick leave records are obtained to determine if the continuous excessive overtime gives rise to them taking sick leave since the amount of overtime worked results in them being fatigued and ultimately sick.

## **Water meter verification**

The APAC was provided with an update on the progress made on the physical verification of water meter details of all properties, with particular reference to those properties where no water services were billed in the past. It was mentioned that transport challenges were hindering the progress of identifying such unmetered properties with about 634 properties out of 950 identified, still due for verification by 21 October 2022.

The APAC recommended that the meter readers, who perform the meter reading function, can assist with the identification of such unmetered properties as these water meter readers will be aware of the properties they pass by on their respective routes where there are no meters to be read and could record these properties to be investigated thus saving on having to employ additional staff to do such identifications.

## **CAPEX**

The APAC noted the 2022/23 Q1 CAPEX report and questioned the extremely low actual spend in the quarter of only R2925.29. The risk of such significant under-performance in the first quarter could result in the budget for the year of certain departments being forfeited. Spending on grants should be prioritized as roll-over applications are not always successful.

## **OPCAR**

The quarterly progress report for

- 2019/20 reflects an overall percentage completion of 70,7% with a total of 16 repeat findings of which only 10 had been completely addressed
- 2020/21 reflects an overall percentage completion of only 61,4% with a total of 32 repeat findings of which only 19 had been completely addressed.

It is important that progress on resolving these findings is closely monitored and to address the root causes that gave rise to these finding in the first instance, to avoid further repeat findings at year end which stands in the way of the municipality obtaining a clean audit.

## **INTERNAL AUDIT**

The following internal audit work was completed during the period under review :

- **Risk Management Quarter 1 of 2022/23**

Internal audit made the following recommendations to improve the effectiveness of risk management within the municipality

- Risk management should be applied in strategic and budgetary processes
- Risk management maturity levels should be evaluated
- Implementation of succession planning and capacity building
- The progress of the Risk Management Implementation Plan should be monitored
- The business continuity plan should be implemented
- Repeat findings should be addressed with Line Management, being
  - No Portfolio of evidence to support reported progress on management action plans
  - Management action plans not implemented timeously

- **Performance Management Quarter 1 of 2022/23**

Internal audit made the following recommendations to improve the effectiveness of performance management within the municipality

- Implementation of succession planning
- The precision, measurability, attainability, relevance and objectivity of Key Performance Indicators should be verified by the Performance Management Officer
- Audited performed figures should be provided to Council
- Performance Management Implementation Plan
- Repeat Findings to be addressed with Line Management, being
  - No or insufficient evidence supporting the achievement of the KPI's
  - Performance agreements
    - not submitted to Council and the MEC for Local Government in the province
    - not concluded within prescribed timeframes
    - not uploaded onto the Municipal Website
- Portfolio of Evidence not duly and timeously updated
- KPI's not meeting the SMART principles
- Quarterly targets not achieved

At the quarter 1 APAC meeting, the Internal Audit Unit reported that it had completed 36,5% of its planned audits for 2022/23 and was on target to complete the approved audit plan by 30 June 2023. However Internal Audit failed to review the 2021/22 annual financial statements as per its risk-based internal audit plan approved by the APAC. In its management report after the 2020/21 audit, the AG(SA) alludes to a number of misstatements that was picked up in the 2020/21 AFS and concluded by stating that “these misstatements could have been detected before submission of the annual financial statements for auditing, had a thorough review of the financial statements been performed by management.”

## **MAINTENANCE OF MUNICIPAL PROPERTY AND INFRASTRUCTURE**

The APAC recommended that the municipality develop an Asset Management Strategy which includes a pro-active maintenance plan where all assets are maintained on a rotational basis as well as a pro-active SMART technology replacement initiative. One of the benefits would be a reduction in the need for emergency repairs which comes at a premium as far as overtime and after hours call-outs are concerned.

The APAC also enquired about the maintenance of the Old Timber Store which is classified as a historical building and recommended that the municipal officials contact the local Historical Society and partner with them in formulating a plan, supported by a budget, to restore this heritage asset to its former glory.

## **CONCLUSION**

The APAC would like to express its appreciation towards the officials and all other role players for their attendance, inputs and participation at the APAC meetings.

A handwritten signature in black ink, appearing to be 'R Shaw', with a long horizontal stroke extending to the right.

**R Shaw (CA(SA))**  
Chairperson, Audit and Performance Audit Committee  
**23 November 2022**

**SECTION 6**

**ECONOMIC DEVELOPMENT AND  
PLANNING**

## Section 6: Economic Development and Planning

ITEM C/6/66/12/22

### PLETTENBERG BAY COUNTRY CLUB: *STATUS QUO* AND WAY FORWARD

**Portfolio Comm:**  
**File Ref:** 13/5/8

**Strategic Services & Office of the MM**

**Demarcation:** Ward 2  
**Delegation:** Council

**Attachments:**

**Annexure ‘A’ – Notarial Deed of Lease**  
**Annexure ‘B’- Extension of lease period request**

**Report from:**

**Director: Economic Development & Planning**

**Author:**

**Director: Economic Development & Planning**

**Date:**

**7 December 2022**

### **PURPOSE OF THE REPORT**

To inform the Council of the current status of the lease agreement regarding the Plettenberg Bay Golf Course with the Plettenberg Bay Country Club, of the request by the Country Club to extend the lease period, and to obtain a Council resolution confirming that the land in question is not required by the Municipality to provide a minimum level of basic services.

### **EXECUTIVE SUMMARY**

The Municipality has entered into a lease agreement with the Plettenberg Bay Country Club during 1994. This lease expires on 30 June 2050. The Country Club has requested that the lease period be extended to 30 June 2075. Before any options for the future use / development / upgrading of the Plettenberg Bay Golf Course can be considered the Council has to formally resolve that the land / facilities are not required to provide a minimum level of basic services. This in turn needs to be followed by a public participation process.

### **BACKGROUND /DISCUSSION**

The Plettenberg Bay Golf Course and related facilities are situated on Portion 1 of the Farm Grootfontein No. 456, which is approximately 67 ha in extent. The Municipality entered into a lease agreement pertaining to this land with the Plettenberg Bay Country Club during 1994 for a nominal rental amount of R1 / year. This lease expires on 30 June 2050. A copy of the Notarial Deed of Lease is attached as Annexure ‘A’.

The Country Club has requested that the lease period be extended to 30 June 2075 (see the attached Annexure ‘B’). Before the Municipality can consider the various options for the future use /

## **Section 6: Economic Development and Planning**

development / upgrading of the Plettenberg Bay Golf Course it is necessary for the prescriptive provisions of the MFMA and the Asset Transfer Regulations to be complied with. In particular, it is necessary for the Council to formally resolve that the land is not required to provide a minimum level of basic services, and to invite the public to provide comment in this regard. The market value of the property also needs to be obtained.

### **FINANCIAL IMPLICATION**

Not applicable at this stage.

### **RELEVANT LEGISLATION**

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

Municipal Systems Act, 2000 (Act 32 of 2000)

Asset Transfer Regulations (2008)

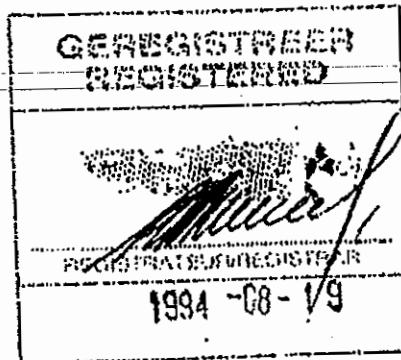
### **RECOMMENDED BY THE MUNICIPAL MANAGER**

1. That, it be resolved for the purposes of Section 14 (1) and 14 (2) (a) of the MFMA, read with Section 5 (b) (i) of the Asset Transfer Regulations, that the land area and facilities occupied by the Plettenberg Bay Country Club are not required to provide a minimum level of basic municipal services.
2. That, it be resolved for the purposes of Section 7 (a) of the Asset Transfer Regulations that the land area and facilities occupied by the Plettenberg Bay Country Club will not in future be required by the Municipality.
3. That the Municipal Manager be instructed to obtain the market value of the property concerned.
4. That the prescribed public participation procedures be followed, that the views of the following organs of State be obtained:
  - National and Provincial Treasuries;
  - any other deemed necessary by the Municipal Manager.
5. That the matter be referred back after conclusion of paragraphs 3 and 4 above.

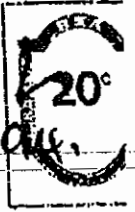


PJV 2

I hereby certify that the original hereof filed in my Protocol  
bears Revenue Stamps to the value of R0,70c plus R1,00  
Penalty

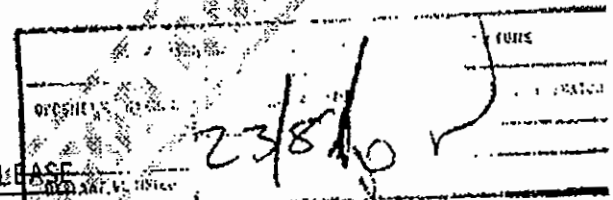


M.L. ROBIN  
NOTARY PUBLIC



Protocol No. 36

NOTARIAL DEED OF LEASE



between:

K 829.94.2

ALEX ROBERT SMART  
in his capacity as Town Clerk of the Municipality of  
Plettenberg Bay

and

GEOFFREY ROSS KNUDSEN and PETRUS JOACHIM VICTOR  
in their respective capacities as Chairman and Treasurer, they  
being duly authorised thereto by the PLETTENBERG BAY COUNTRY  
CLUB

NOTARIAL DEED OF LEASE

KNOW ALL MEN WHOM IT MAY CONCERN that on this the 4<sup>th</sup> day of May, 1994, before me, MAURICE LEON ROBIN, a Notary Public, duly sworn and admitted and practising as such at Plettenberg Bay, Cape of Good Hope, personally came and appeared

ALEX ROBERT SMART  
in his capacity as Town Clerk of the  
MUNICIPALITY OF PLETTENBERG BAY  
(Hereinafter referred to as the Lessor)

and

GEOFFREY ROSS KNUDSEN and PETRUS JOACHIM VICTOR  
in their respective capacities as Chairman and Treasurer,  
they being duly authorised thereto by the  
PLETTENBERG BAY COUNTRY CLUB  
(Hereinafter referred to as the Lessee)

AND the said Lessor declared to let to the said Lessee who declared to Lease certain area of ground situate in the Piesang River Valley which includes an 18-hole Golf Course, Tennis Courts, Bowling Greens, Club House, outbuildings and various shelters ancillary to the foregoing amenities being:

PORTION 1 of the farm GROOT-ONTEIN NO. 456  
situate in the Division of Knysna;

IN EXTENT: 66,9530 (SIXTY SIX comma NINE FIVE THREE NOUGHT)  
Hectares

HELD by Deed of Transfer No. T 9340/1979

subject to the following conditions:-

*[Handwritten signatures and initials]*  
G. R. Knudsen  
P. J. Victor  
M. L. Robin



- 3 -

5. SUBLETTING OR ASSIGNMENT

The Lessee shall not assign its rights under this Agreement nor shall it sublet the Property in whole or in part, except with the prior written consent of the Lessor.

6. IMPROVEMENTS BY LESSEE

The Lessee shall not erect or cause or permit to be erected any building and/or structure on the Property without the prior written consent of the Lessor, nor shall the Lessee affect any improvements or additions to any such buildings and/or structures which may be erected on the Property in terms of this Lease, nor make any substantial variations or alterations on the Property without the prior written consent of the Lessor.

7. ACCESS TO PROPERTY

Access to the Property by the Lessee or persons using the same with its authority shall be had by means only of existing roads or approaches or at such other points as may be agreed in writing between the Lessor and the Lessee.

8. ADVERTISEMENTS

The Lessee shall not use or cause or permit to be used any fence, building and/or structure which is or which may hereafter be erected on the Property for the display of advertisements of any description whatsoever without the prior written consent of the Lessor which consent shall not be unreasonably withheld, but provided that in the event of any firm or organisation sponsoring any

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sporting event on the Property such sponsor shall be permitted to advertise itself for the duration of the sporting event in question without the Lessor's prior consent.

9. TREES

No trees growing on the Property shall be cut down or interfered with without the written consent of the Lessor which consent shall not be unreasonably withheld.

10. MAINTENANCE OF ORDER

The Lessee shall be responsible at all times for the maintenance of good order, behaviour and government on the Property and within any buildings and/or structure thereon and shall take all reasonable steps to prevent the same from being frequented by persons of ill repute and bad character.

11. MAINTENANCE OF PROPERTY

The Lessee shall be liable at its sole expense to repair and make good any floor, fire or other damage which may be caused to the Property.

12. MAINTENANCE OF BUILDINGS

The Lessee shall be responsible at all times to keep and maintain the Property including all buildings, fences and structures thereon in good and effective order and condition and to keep the same open and available for play in good and playable order.

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13. REMOVAL OF SOIL ETC

The Lessee shall not remove or cause to permit to be removed from the Property any soil, clay, gravel, sand or other matter upon or below the surface of the land without the prior consent of the Lessor.

14. RIGHT OF INSPECTION

The Lessor may at all convenient times through its officers and servants enter upon the Property or any buildings or structures erected thereon and inspect the same, and make an inventory of all defects or matters calling for repair found thereon or therein for which the Lessee is responsible as herein provided and within thirty (30) days of the receipt of a notice in writing from the Lessor calling upon it so to do, the Lessee shall make good any defects or matter requiring repair as aforesaid and if the Lessee shall fail so to do the Lessor may enter upon the Property, buildings and structures aforesaid and remedy such defects or make and effect the repairs aforesaid and recover the cost from the Lessee.

15. RIGHT OF ACCESS

The Lessor reserves the right of free access, subject to the giving of reasonable notice save in the event of an emergency when no notice shall be required, to the Property for as many of its officers and servants as may be necessary for the purpose of inspection, maintenance, renewal, cleansing, repairs and reconstructions of, or in connection with existing foul sewers, rising mains, stormwater drains, water mains, electric cables, or any works appurtenant thereto, or in regard to any such or

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 B.P.  
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other Municipal services which the Lessor may in future lay in or across the Property the Lessor reserving to itself the right to establish such services without notice. The Lessee shall not build over, alter or in any manner disturb such services except under the express permission in writing by the Engineer or his executive officer in respect of the service concerned, and upon due compliance with any specified precautionary measure. Should work involving maintenance, cleansing, construction, reconstruction or repair become necessary at any time the Lessor shall, in performing such work, cause as little inconvenience as possible to the Lessee, regarding being had to the nature of work performed, and the Lessor shall reinstate as nearly as reasonably possible in its original condition the surface of any ground disturbed, provided that the Lessor shall not be liable for any damage whatsoever which may be sustained by the Lessee or any other person or body of persons as a result of the performance by the Lessor of the work aforesaid.

16. REVERSIONARY CLAUSE

In the event of the Lessee dissolving or ceasing to exist or to operate at any time during the lease period aforesaid this Lease shall automatically become null and void. In the event or at the expiration of this Lease the land, buildings and structures and any improvements effected thereto or thereon by the Lessee shall revert to and vest in the Lessor without payment of any compensation whatsoever.

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17. INSURANCES

The Lessee undertakes for the currency of this Lease to take out adequate Public Liability Insurance and insure the Property including all buildings and structures erected upon the Property for such sum or sums as the Lessor may from time to time require, and the Lessee shall cede such Policies of insurance to the Lessor and forward the annual receipts to the Lessor on or before due date in each year.

18. COMPLIANCE WITH CONDITIONS

The Lessee hereby covenants with the Lessor that the Lessee will pay the rent as hereinbefore mentioned and agrees also faithfully to observe and fulfil each and all the conditions of this Lease, and in the event:

- (a) of the rental not being paid within thirty (30) days from the date when the same becomes due and payable; or
- (b) the said Property, fences, buildings and structures aforesaid not being kept and maintained in an efficient state of repair and in good structural condition, and the Lessee failing within thirty (30) days after receipt of written notice by the Lessor calling upon it to remedy any defect, to commence the necessary work to remedy such defect, or having commenced such work, failing to complete it within a reasonable time; or in the event
- (c) of any or all of the conditions of this Lease not being duly observed and fulfilled in accordance with the true intent and meaning thereof and the Lessee failing within thirty (30) days after receipt of written notice by the Lessor calling upon it to make

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good any such breach, to comply therewith;

the Lessor shall be entitled to cancel and annul this Lease and to re-enter upon and resume possession of the Property, fences, buildings and structures aforesaid and any other improvements effected thereto or thereon without prejudice to the right of recovery or any rent due, and to recover from the Lessee such amount in respect of loss or damage as the Lessor may have sustained or expenses which may be entailed upon the Lessor by reason of the failure of the Lessee to observe and fulfil the conditions of this Lease.

19. REDELIVERY OF PROPERTY

The Lessee shall at the expiration of this Lease restore and deliver up to the Lessor the said land, buildings, structures and improvements thereon in a good and satisfactory condition.

20. INDEMNITY

The Lessee hereby agrees to indemnify and keep the Lessor indemnified against all action, proceedings, claims, demands, costs, damages and expenses which may be levied, brought, or made against the Lessor or which the Lessor may pay, sustain or incur by reason of any negligent act on the part of the Lessee, its employees or persons acting under its control or its members, done upon the Property and giving rise to injury or damage to persons or property upon the Property or in or at any other place whatsoever.

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21. DOMICILIUM CITANDI ET EXECUTANDI

The Lessee hereby appoints irrevocably for all purposes of and connected with this Lease the Club House erected on the Property to the domicilium citandi et executandi of the Lessee, and service of any notice or any process thereat addressed to the Lessee, shall be deemed to have been sufficiently served upon the Lessee. Any legal proceedings against the Lessee may at the option of the Lessor be brought and conducted in the court of the Magistrate at Knysna and assent to any increased jurisdiction required for that purpose is hereby given by the Lessee. For the purpose of any legal proceedings against or in relation to the Lessee the Chairman and Secretary for the time being shall be deemed to be in all respects the authorised legal representative thereof and may be cited and sued accordingly and the Lessee shall be bound by all proceedings instituted against them as its representatives, its agents, servants or licencees.

22. RIGHT OF RESUMPTION

Notwithstanding anything in this Agreement contained, the Lessor may resume possession of the whole or any portion of the Property at any time on giving two years notice in writing to that effect should it be required for any Municipal or Government purposes and may cancel or amend the Lease accordingly. In either case, the Lessor shall pay to the Lessee after quiet possession of the land has been given to the Lessor, compensation for improvements made on the Property by the Lessee, provided that if portion only of the Property be resumed and it is of such an extent that the remainder is not in the opinion of the Lessee of sufficient size for the purposes which the land is leased, the Lessee shall have the option of cancelling

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the lease and claiming compensation in respect of improvements made on the remaining land as well. Compensation in terms of this clause shall be payable only for improvements by the Lessee out of its funds and not for improvements made out of funds provided by the Lessor, and only for improvements actually existing at the time the Lease is cancelled or amended. The Lessor shall, in terms of this clause, pay compensation to the Lessee, an amount to be determined by having the property and improvements valued by two (2) appraisers, the one to be appointed by the lessor and the other by the Lessee. The average of such valuations shall be the amount payable to the Lessee within three (3) months of finalisation thereof and shall be paid twenty-one (21) months prior to the Lessee being required to vacate the property.

23. COMPENSATION AND RE-ESTABLISHMENT

The Lessee shall, in the event of the Property no longer being able to be used for the purpose for which it is leased as a result of the Property being required by the State or the Lessor and compensation having to be paid as provided for in terms of this Lease, be required to re-establish itself and shall not be permitted to disband or pay out any moneys or profits accrued, to its membership.

24. SUBMISSION OF FINANCIAL ACCOUNTS

The Lessee shall be obliged to furnish the Lessee in each year during the subsistence of this Lease with certified copies of its audited trading account and balance sheet, the same to be furnished within thirty (30) days after adoption thereof by the Lessee.

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IN WITNESS WHEREOF the Appearers have hereunto set their hands at Plettenberg Bay on the date first aforewritten in the presence of the subscribing witnesses and of the Notary Public.

AS WITNESSES:

1. *[Signature]*
2. *[Signature]*

*[Signature]*  
CHAIRMAN

AS WITNESSES:

1. *[Signature]*
2. *[Signature]*

*[Signature]*  
TREASURER

*[Signature]*  
MUNICIPALITY OF PLETTENBERG BAY

Before me

*[Signature]*  
NOTARY PUBLIC



# Plettenberg Bay Country Club

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 Fax: +27 (0) 44 533 0035  
 E-mail: [pbcc@global.co.za](mailto:pbcc@global.co.za)

P.O. Box 92  
 Plettenberg Bay, 6600  
 South Africa

## OUTLINE OF A PROPOSAL TO UPGRADE PLETTENBERG BAY COUNTRY CLUB AND TO EXTEND ITS CURRENT LEASE

### **Background**

The Plettenberg Bay Country Club (“the Club”) currently occupies its premises, including the golf course, in terms of a lease with the Bitou Municipality (“Bitou”). This lease will terminate on 30 June 2050. The Club has no automatic right to renew the lease and, in the absence of an agreement with Bitou to this effect, will be required to vacate the property on that date.

The golf course is an important part of the social fabric of Plettenberg Bay and plays a vital and dominant role in the tourism offering of Plettenberg Bay. It is well known that Plettenberg Bay is a sought-after golfing destination for a large “swallow” population from Europe as well as from all round Southern Africa.

### **Golf in the Garden Route**

The Club competes for custom against several strong golfing competitors such as Knysna Golf Club, George Golf Club, Mossel Bay Golf Club, not to mention the well-established and attractive estate and resort courses such as Simola, Pezula, Fancourt and Pinnacle Point.

It has become increasingly evident in recent years that the facilities offered by the Club lag some considerable distance behind those offered by its natural competition. A visit to any of the competing golf courses mentioned above will confirm this.

The committee of the Club believes that unless steps are taken soon to address this matter, one can reasonably expect that demand to use the Plett course will decline which will adversely impact Plett’s tourism offering.

### **Upgrade of the Club’s Facilities**

The committee of the Club has resolved in principle to undertake an upgrade of the clubhouse and related facilities to place the Club on a par, if not ahead, of its competition. This is seen as an essential and only step if the Club is to remain attractive to golfers and a major tourism drawcard to Plettenberg Bay.



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## **Funding of Upgrade**

The very nature of its activities requires that any long-term funding needed by it is raised either by donations from members, or through debt structures such as debentures funded by members. To achieve this, it is key that the remaining lease period is sufficient to meet the requirements and expectations of funders. The existing remaining period of the current lease is not adequate for this purpose.

The Club has canvassed several members who have indicated in principle a willingness to assist the Club but who have without exception expressed concerns about the Club's lack of secure tenure and of the relative shortness of its current tenure. They have expressed the collective view that without an improvement in the Club's tenure, they would be reluctant to provide any financial assistance towards the upgrades.

## **Salient Provisions of the Club's Lease**

The following are salient provisions of the Club's lease which have a direct bearing on the matters at hand –

- a) The lease terminates on 30 June 2050;
- b) Upon termination by effluxion of time, the Club has no claim for the value of any improvements made by it to the property;
- c) The Club may not make any improvements to the property without the prior consent of Bitou;
- d) Bitou has the right to terminate the lease early, on two years notice to the Club, if it requires the property for its own purposes. In such event, Bitou is required to compensate the Club for the market value of all improvements as at the date of termination of the lease;
- e) The Club has no automatic right of renewal of the lease.



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## Summary of Club's Proposal

It is evident from the foregoing that if the Club is to be able to undertake the proposed upgrades, it will be necessary to extend the period of the existing lease. The Club understands that it is essential that as large as possible part of the Plett community should always benefit from the existence of the golf course.

Accordingly the Club proposes the following –

- a) The current lease be extended until 30 June 2075 upon the same terms as currently set out in the lease agreement, subject to any changes provided herein;
- b) In return, the Club will effect improvements to a value sufficient to make the Club a highly attractive tourism resource, which improvements will include new facilities aimed at providing a wider cross-section of the Plett community with recreational and sporting amenities;
- c) The Club will actively seek inclusion of a wider spectrum of the Plett community by introducing tiered fee structures and providing coaching for disadvantaged youth;
- d) Bitou will confirm that for the duration of the lease it will not require use of the golf course property.

## Matters of Process

Any extension of the lease period must comply with the Asset Transfer Regulations made in terms of the Municipal Finance Management Act. These require, inter alia, that a public participation process be conducted into the merits of the proposal and that input be obtained from National Treasury. The Club is willing to submit its proposal to such a process.

## Benefits of Proposal

The Club believes its proposal for an extension brings immediate and tangible benefits to Bitou and the wider Plett community. These include –

- a) An important resource in Plettenberg Bay will be preserved and enhanced for the benefit of all;
- b) A very important tourism drawcard will be upgraded with the reasonable expectation that it will draw more visitors to Plettenberg Bay;
- c) Job and business opportunities will be preserved and increased;
- d) A resource for use by the wider Plett community will be created and made available;
- e) Economic stability within the town will be enhanced;
- f) The value of the improvements to the property will accrue to Bitou without any obligation to compensate for these.





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## **Consequences of not Extending the Lease Period**

If the period of the Club's lease is not extended, it can reasonably be stated that –

- a) No funding will be forthcoming to finance any upgrades of the Club's facilities;
- b) In the absence of such upgrades, there will be a gradual but steady decline in the number of people using the course with a consequent adverse impact on the economy of Plettenberg Bay

## **Conclusion**

In the respectful view of the Club, there are very sound and cogent reasons justifying the extension of the lease period. It is clear that there are tangible, identifiable benefits for Bitou and the wider Plett community.

Accordingly, the Club requests that Bitou indicates that in principle it will support an extension of the lease on the basis set out herein subject to compliance by the Club with all regulatory processes. Upon receipt of confirmation of such in-principle support, the Club will prepare and submit its formal application.