

**17. PORTIONS OF ERVEN 249 AND 832 HERMANUS: WRITE BACK OF AMOUNTS RAISED– MR MA DE KLERK**

7/2/3/2

A Le Roux

Manager: Property Administration

(028) 316-5623

18 August 2022

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**1. Executive Summary**

The purpose of the report is to request Council to approve the writing back of the amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) representing basic and infrastructure charges for electricity (Tariffs E1C1 and EF1 as contained in the approved budget) on municipal account number 900000362271 for the period 1 April 2017 to 30 September 2020 in relation to the portions of Erf 249 and Erf 832 Hermanus (herein referred to as “the property”), which property belongs to the Overstrand Municipality, but was leased to Mr MA de Klerk (herein referred to as “De Klerk”).

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

Directorate Investment and Infrastructure  
Department: Property Administration

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Provision and maintenance of municipal services

**4. Delegated Authority**

None

**5. Legal Requirements**

- Local Government: Municipal Systems Act, Act 32 of 2000
- Administration of Immovable Property Policy of the Overstrand Municipality, as amended

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

A tender was advertised for the lease and management of the Market Square Stalls situated on portions of Erf 249 and 832 Hermanus for business purposes. The main purpose was to obtain one tenant who can sublease and manage the individual stalls on behalf of the Municipality and who could then

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take over the total maintenance of the stalls with the management thereof. This is the first time the Municipality attempted this type of venture with the Market Square Stalls.

The tender was duly awarded to Mr M A de Klerk on 17 July 2015 at a rental amount of R70,000.00 (seventy thousand rand) (VAT excluded) per month. The last lease agreement expired on 30 September 2020 whereafter a new successful bidder entered into a new lease agreement with the Municipality with a commencement date 1 October 2020.

**Discussion/Evaluation**

Since the commencement of the lease, the Tariffs E1C1 and EF1 as contained in the approved budget were levied on the municipal account for all the stalls De Klerk managed. These stalls all have prepaid meters installed in order for the sub-lessees to purchase their own electricity. The particular tariffs are defined as follows:

<b>E1C</b>	<b>SINGLE PHASE : COMMERCIAL</b>	
E1C1	Basic Monthly charge per meter	<b>R</b>

<b>EF</b>	<b>FIXED CHARGES</b>	
EF1	Infrastructure Charge per Meter per month	<b>R</b>

The above tariffs as charged had the effect that a basic charge was raised for each stall on the account of the bidder. As mentioned, these stalls all have prepaid meters installed in order for the sub-lessees to purchase their own electricity. The applicable tariff for the purchasing of electricity units by the traders was supposed to be as follows:

<b>E1E</b>	<b>One part tariff (Pre-paid meters only) Local Economic Development Projects</b>	
	<b>kWh Unit cost</b>	
E1E1	IBT BLOCK 1 0 - 350 kWh	<b>c</b>

The Basic Monthly charge and Infrastructure Charge were never reconsidered or rectified, thus on date of expiry of the lease agreement the monthly levy for electricity amounted to R15,007.30 (FIFTEEN THOUSAND AND SEVEN RAND AND THIRTY CENTS).

With the award of the new tender to the new lessee, a specific request was submitted to look into this levy again. A decision was made not to levy the electricity charges as stipulated above, but to apply the one-part tariff for purchasing of electricity units, in accordance with application for other traders at various stalls across the municipal area.

This entails that the electricity consumption of the Market Square traders (the sub-lessees) falls under the following tariff E1E1, as for other traders, having the effect that a flat rate per unit of electricity is paid:

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<b>E1E</b>	<b>One part tariff (Pre-paid meters only) Local Economic Development Projects</b>	
	<b>kWh Unit cost</b>	
E1E1	IBT BLOCK 1 0 - 350 kWh	<b>c</b>

If the current budget is used, the difference in using this tariff is:

- (a) No Basic Monthly charge per meter and Infrastructure Charge per Meter per month is levied;
- (b) The kWh Unit cost in this instance for pre-paid meters coupled with E1E1 is 168,18 in the cent.

When the lease agreement was entered into with De Klerk, the application of a uniform one-part tariff was not applied. As this application was rectified for the current traders located at the same facility, it is now presented to Council in order to consider the retrospective application of the principle, in reversing the monthly basic charges and Infrastructure charge for each stall on the account for the previous lessee.

Lastly, the levies that now requested to be written back represent the rectification of tariffs levied at the time, which was not in line with the principle applied for other stalls at the time.

### **Conclusion**

Taking the above in consideration, it is recommended that Council approves the writing back of charges raised over a period of 42 months, to the amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) representing basic and infrastructure charges for electricity (Tariffs E1C1 and EF1 as contained in the approved budget) on municipal account number 900000362271 for the period 1 April 2017 to 30 September 2020.

### **7. Financial Implications**

An amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) will be written back. A breakdown of the above amount is attached hereto marked Annexure A. The difference between the application of tariffs for the previous lessee, compared to the account of the current lessee presented in Annexure B.

### **8. Staff Implications**

N/A

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

None

**10. Annexures**

Annexure A: Breakdown of electricity charges per month

Annexure B: Difference between the application of tariffs for the previous lessee, compared to the account of the current lessee

**RECOMMENDATION TO THE COUNCIL:**

that Council **approves** the writing back of the amount of R532,149.04 (FIVE HUNDRED AND THIRTY-TWO THOUSAND ONE HUNDRED AND FORTY-NINE RAND AND FOUR CENTS) representing basic and infrastructure charges for electricity (Tariffs E1C1 and EF1 as contained in the approved budget) on municipal account number 900000362271 for the period 1 April 2017 to 30 September 2020.

**RESPONSIBLE OFFICIALS :****A LE ROUX  
E HOONENBERG****TARGET DATE FOR IMPLEMENTATION :****15 SEPTEMBER 2022****TARGET DATE TO INFORM APPLICANT :****N/A****TARGET DATE TO INFORM OBJECTOR :****N/A**

## ANNEXURE A

<b>Account 90000362271</b>					
<b>Month</b>	<b>Period</b>	<b>E1C1 monthly tariff per stall</b>	<b>EF1 monthly tariff per stall</b>	<b>Total per month per stall</b>	<b>Electricity levied for all stalls</b>
Apr	01/04/2017 - 30/04/2017	290,45	18,98	309,43	10 520,62
May	01/05/2017 - 31/05/2017	290,45	18,98	309,43	10 520,62
June	01/06/2017 - 30/06/2017	290,45	18,98	309,43	10 830,05
July	01/07/2017 - 31/07/2017	304,97	18,98	323,95	11 338,25
Aug	01/08/2017 - 31/08/2017	304,97	18,98	323,95	11 338,25
Sept	01/09/2017 - 11/09/2017	304,97	18,98	323,95	11 338,25
Oct	01/10/2017 - 31/10/2017	304,97	18,98	323,95	11 338,25
Nov	01/11/2017 - 30/11/2017	304,97	18,98	323,95	11 338,25
Dec	01/12/2017 - 31/12/2017	304,97	18,98	323,95	11 338,25
Jan	01/01/2018 - 31/01/2018	304,97	18,98	323,95	11 338,25
Febr	01/02/2018 - 28/02/2018	304,97	18,98	323,95	11 338,25
March	01/03/2018 - 31/03/2018	304,97	18,98	323,95	11 338,25
April	01/04/2018-30/04/2018	307,65	19,15	326,80	11 438,00
May	01/05/2018-31/05/2018	307,65	19,15	326,80	11 438,00
June	01/06/2018-30/06/2018	307,65	19,15	326,80	11 438,00
July	01/07/2018-31/07/2018	335,34	19,15	354,49	12 407,15
August	01/08/2018-31/08/2018	335,34	19,15	354,49	12 407,15
Sept	01/09/2018-30/09/2018	335,34	19,15	354,49	12 407,15
Oct	01/10/2018-31/10/2018	335,34	19,15	354,49	12 407,15
Nov	01/11/2018-30/11/2018	335,34	19,15	354,49	12 407,15
Dec	01/12/2018-31/12/2018	335,34	19,15	354,49	12 407,15
Jan	01/01/2019-31/01/2019	335,34	19,15	354,49	12 407,15
Febr	01/02/2019-28/02/2019	335,34	19,15	354,49	12 407,15
March	01/03/2019-31/03/2019	335,34	19,15	354,49	12 407,15
April	01/04/2019-30/04/2019	335,34	19,15	354,49	12 407,15
May	01/05/2019-31/05/2019	335,34	19,15	354,49	12 407,15
June	01/06/2019-30/06/2019	335,34	19,15	354,49	12 407,15
July	01/07/2019-31/07/2019	385,64	19,15	404,79	14 167,65
Aug	01/08/2019-31/08/2019	385,64	19,15	404,79	14 167,65
Sept	01/09/2019-30/09/2019	385,64	19,15	404,79	14 167,65
Oct	01/10/2019-31/10/2019	385,64	19,15	404,79	14 167,65
Nov	01/11/2019-30/11/2019	385,64	19,15	404,79	14 167,65
Dec	01/12/2019-31/12/2019	385,64	19,15	404,79	14 167,65
Jan	01/01/2020-31/01/2020	385,64	19,15	404,79	14 167,65
Feb	01/02/2020-29/02/2020	385,64	19,15	404,79	14 167,65
March	01/03/2020-31/03/2020	385,64	19,15	404,79	14 167,65
April	01/04/2020-30/04/2020	385,64	19,15	404,79	14 167,65
May	01/05/2020-31/05/2020	385,64	19,15	404,79	14 167,65
June	01/06/2020-30/06/2020	385,64	19,15	404,79	14 167,65
July	01/07/2020-31/07/2020	409,63	19,15	428,78	15 007,30
Aug	01/08/2020-31/08/2020	409,63	19,15	428,78	15 007,30
Sept	01/09/2020-30/09/2020	409,63	19,15	428,78	15 007,30
<b>Totals</b>		<b>14 419,68</b>	<b>802,26</b>	<b>15 221,94</b>	<b>532 149,04</b>



ELECT/ELEK	INFRASTR	1	16.65000	19.15
ELECT/ELEK	BASIC/BASIES	1	335.34000	385.64
ELECT/ELEK	INFRASTR	1	16.65000	19.15
ELECT/ELEK	BASIC/BASIES	1	335.34000	385.64
ELECT/ELEK	INFRASTR	1	16.65000	19.15
ELECT/ELEK	BASIC/BASIES	1	335.34000	385.64
ELECT/ELEK	INFRASTR	1	16.65000	19.15
ELECT/ELEK	BASIC/BASIES	1	335.34000	385.64
ELECT/ELEK	INFRASTR	1	16.65000	19.15
ELECT/ELEK	BASIC/BASIES	1	335.34000	385.64
ELECT/ELEK	INFRASTR	1	16.65000	19.15
ELECT/ELEK	BASIC/BASIES	1	335.34000	385.64
ELECT/ELEK	INFRASTR	1	16.65000	19.15

**Current Lessee: (Example: No Charges for Basic charges & Infrastructure Charges per stall, One part Pre-paid units purchased):**

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EasyPay: >>>>>> 9151 9900 0006 2619 10
PAY@: 11337 9000 0062 6191
Pre-paid  ELEC  07060563074      677690
Pre-paid  ELEC  07060563066      677688
Pre-paid  ELEC  07060563116      677696
Pre-paid  ELEC  07060563041      677681
Pre-paid  ELEC  07060563090      677680
Pre-paid  ELEC  07060563108      677704
Pre-paid  ELEC  07060563017      677691
Pre-paid  ELEC  07060562993      677709
Pre-paid  ELEC  07060562977      677678
Pre-paid  ELEC  07060563082      677686
Pre-paid  ELEC  07060563025      677708
Pre-paid  ELEC  07045820128      677701
Pre-paid  ELEC  07045824153      677706
Pre-paid  ELEC  07060562936      677697
Pre-paid  ELEC  07072115517      677747
Pre-paid  ELEC  07045821837      677684
Pre-paid  ELEC  07049627925      677677
Pre-paid  ELEC  07045823619      677698
Pre-paid  ELEC  07049627768      677693
Pre-paid  ELEC  07030631746      677687
Pre-paid  ELEC  07072115467      677748
Pre-paid  ELEC  07032927464      677702
Pre-paid  ELEC  07049521102      677683
Pre-paid  ELEC  07032927522      677699
Pre-paid  ELEC  07036005150      677689
Pre-paid  ELEC  01349872471      802194
Pre-paid  ELEC  07164612215      815904
Pre-paid  ELEC  07144347593      871522
Pre-paid  ELEC  07146655712      882871
Pre-paid  ELEC  07144348286      882973
Pre-paid  ELEC  07168255300      884082
Pre-paid  ELEC  07168255219      913082
Pre-paid  ELEC  07148729309      913475
Pre-paid  ELEC  07146850735      914177
Pre-paid  ELEC  07148729333      914184

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