

**AGENDA of the  
Portfolio Committee : Investment, Infrastructure and Tourism  
7 February 2024  
(Also the agenda for the Mayoral Committee Meeting : 13 February 2024)**

---

**4.  
IN PRINCIPLE APPROVAL FOR THE ALIENATION OF ERVEN 3538 - 3541  
(PORTIONS OF ERF 1) HAWSTON (SITUATED IN CHESTER ROAD, HAWSTON),  
EACH 549M<sup>2</sup> IN EXTENT, BY MEANS OF A COMPETITIVE PROCESS**

**M Erasmus  
9 January 2024**

**Acting Manager: Property Administration**

**(028) 316 5602**

---

**1. Executive Summary**

To obtain in principle approval for the alienation of the following properties by means of a competitive process at market related prices for business purposes:

1. Erf 3538 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent;
2. Erf 3539 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent;
3. Erf 3540 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent, and
4. Erf 3541 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent.

The locality of the properties is indicated on the locality plans attached per "Annexure A1" and Annexure A2".

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

Infrastructure and Planning  
Property Administration

**3. Compliance with Strategic Priority/ies**

Provision of democratic, accountable and ethical governance  
The encouragement of structured community participation in the matters of the municipality

**4. Delegated Authority**

None

**5. Legal Requirements**

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended

**AGENDA of the  
Portfolio Committee : Investment, Infrastructure and Tourism  
7 February 2024  
(Also the agenda for the Mayoral Committee Meeting : 13 February 2024)**

---

- Local Government: Municipal Finance Management Act, Act 56 of 2003 (“MFMA”)
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Municipal Supply Chain Management Regulations (Notice 868 of 30 May 2005)
- Overstrand Municipality Supply Chain Management Policy, as amended

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

### **Background/Discussion**

Erven 3538 to 3541 Hawston, hereinafter referred to as “the Properties”, are subdivisions of Erf 1 Hawston, vacant, undeveloped and situated in Chester Road to the East of the Hawston Taxi Rank. The Properties are zoned Business Zone 3: Local Business. Water and sewerage services are available in the vicinity of the Properties. Installation of a Low Voltage network from Chester Road mini substation will be required to service the Properties with electricity.

As there is a need for business properties in Hawston and as the Properties are suited for business purposes, it is recommended that it be made available in the open market by means of a competitive process at a market related purchase price.

The applicable primary rights for Business Zone 3: Local Business are as follows:

- a) Shops,
- b) Dwelling unit (above ground floor) in accordance with 6.3.2 of the scheme regulations,
- c) Flats (above ground floor),
- d) Offices,
- e) Restaurant,
- f) Caretaker’s accommodation, and
- g) Self-catering.

### **Evaluation**

- A. Evaluation in terms of the Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply to this report:

**Paragraph 9.1(a):** *“The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA decided on reasonable grounds that the immovable*

**AGENDA of the  
Portfolio Committee : Investment, Infrastructure and Tourism  
7 February 2024  
(Also the agenda for the Mayoral Committee Meeting : 13 February 2024)**

---

***property is not needed to provide the minimum level of basic municipal services.”***

The comments received from the relevant officials confirmed that the Properties are not needed for the provision of the minimum level of basic municipal services.

***Paragraph 9.1(b): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA considered the fair market value of the immovable property and the economic and community value to be received in exchange for the immovable property in accordance with Section 14(2) of the MFMA.”***

HCB Valuation and Services (Pty) Ltd determined the market related value of the Properties on 1 September 2023 at an amount of R300,000.00 (THREE HUNDRED THOUSAND RAND) (VAT excluded) each.

No community value will be received and thus considered in exchange for the Properties.

***Paragraph 9.1(c): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA has as a consequence to 9.1(a) and (b) above approved in principle that the immovable property may be transferred or disposed of, and the method of disposal or transfer.”***

The purpose of this report is to request in principle approval from Council for the alienation of the Properties by means a competitive process.

***Paragraph 15.1: “The transfer of immovable property must, except in the case of non-viable immovable property, be affected by means of competitive process, which may include a public or closed tender, auction or proposal call.”***

It is recommended that the Properties be alienated by means of a competitive process, either by means of a tender process or auction.

***Paragraph 28: “All costs pertaining to a transaction shall be borne by the successful bidder/purchaser, e.g. survey, advertisements, valuation, rezoning, relocation or provision of services where necessary, etc. The Municipality may, however, waive its right to claim the costs should it be to its advantage to bear the costs.”***

**AGENDA of the  
Portfolio Committee : Investment, Infrastructure and Tourism  
7 February 2024  
(Also the agenda for the Mayoral Committee Meeting : 13 February 2024)**

---

The successful bidders will be liable for all costs pertaining to the transaction, excluding the cost for the valuation of the Properties. Costs for the successful bidder will include, but is not limited to, a Section 14 advertisement, transfer costs, connection of services and any other costs pertaining to the transaction.

**Paragraph 29: “Should existing services need to be relocated or secured by means of the registration of a servitude in favour of the Municipality as a result of the alienation of the immovable property, all related costs shall be for the account of the successful bidder/purchaser.”**

No services need to be relocated and no servitude needs to be registered.

**Paragraph 32. “Save with prior approval, the immovable property alienated may only be used for the purpose for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.”**

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

**Paragraph 34: “A 10% deposit of the agreed/tendered purchase price will be due and payable by the purchaser/successful bidder within 10 days of date of request in writing thereof by the Municipality.”**

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

**Paragraph 35: “Interest on the purchase price, as from date of signature of the deed of sale, must be charged by the Municipality should payment or transfer be delayed due to an action or failure on the part of the successful bidder/ purchaser.”**

A clause to this effect will be included in the deed of sale to be entered into between the Municipality and the successful bidder.

**B. Advertisement/Notification**

The necessary advertisement in terms of Section 14 of the MFMA will be published after the tender is duly awarded. The successful bidder will be liable for the costs of the Section 14 advertisement.

**AGENDA of the  
Portfolio Committee : Investment, Infrastructure and Tourism  
7 February 2024  
(Also the agenda for the Mayoral Committee Meeting : 13 February 2024)**

---

### **Conclusion**

It is recommended that the Properties be alienated for business purposes by means of a competitive process, at not less than the market related value of each.

Furthermore, it is recommended that the successful bidders be liable for all costs, excluding the costs for the valuation of the Properties. Subsequent costs will entail the aforementioned Section 14 advertisement, transfer costs and connection of services.

### **7. Financial Implications**

The Municipality stands to gain a market related purchase price to the minimum amount of R300,000.00 (THREE HUNDRED THOUSAND RAND) (VAT excluded) for each of the Properties.

### **8. Staff Implications**

None.

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

#### **Senior Manager: Expenditure and Assets - Mr J Vorster**

*“The full extent of Erf 1 Hawston is currently reflected as Commonage in the fixed asset register for PPE: Land at a carrying value of R2’806’140-30 as at 30 June 2023. Once the proposed transfer of the 4 properties have been concluded, it will have to be written out of the fixed asset register at the applicable selling price in order to account for the actual gain / (loss) on the disposal of a portion of an asset.*

*There is no objection against the alienation.”*

Comments from the Property Administration Department: The properties are registered in the Deeds Office. For the 2023/2024 financial year, this registration will be recorded in the Fixed Asset Register to reflect the new properties. The properties will then be written out of the Fixed Asset Register on registration thereof, which will most probably only be in the 2024/2025 financial year.

#### **Senior Superintendent Projects: Electrical Department - Mr J Klem**

*“No objection, however, keep in mind that there is no electrical infrastructure on site. Infrastructure for all portions have to be installed from Chesterweg mini substation. If supply is limited to 60 amp single phase or 20 amp three*

**AGENDA of the  
Portfolio Committee : Investment, Infrastructure and Tourism  
7 February 2024  
(Also the agenda for the Mayoral Committee Meeting : 13 February 2024)**

---

*phase per erf the mini substation capacity will be fine.”*

**Senior Manager: Operational Services - Mr T Marx**

*“We will be able to supply the required services (water and sewerage) at a cost.”*

**10. Annexures**

Annexure A1 & A2:           Locality Maps

**RECOMMENDATION TO THE COUNCIL:**

1. that the alienation of the following properties for business purposes by means of a competitive process at a market related price for each **be approved in principle**:
  - a) Erf 3538 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent;
  - b) Erf 3539 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent;
  - c) Erf 3540 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent; and
  - d) Erf 3541 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent.
  
2. that all the costs pertaining to the transaction, for example the transfer costs, water, sewer and electricity connections, bulk contributions and the section 14 advertisement, but excluding the valuation costs, be paid by the successful bidders/purchasers; and
  
3. that it is hereby confirmed by Council that the municipal properties herewith envisaged to be alienated are not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy approved by Council on 25 November 2015 and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

**AGENDA of the  
Portfolio Committee : Investment, Infrastructure and Tourism  
7 February 2024  
(Also the agenda for the Mayoral Committee Meeting : 13 February 2024)**

---

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>31 MARCH 2024</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>N/A</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

**AGENDA of the  
Portfolio Committee : Investment, Infrastructure & Tourism  
7 February 2024  
(Also the Agenda for the Mayoral Committee Meeting : 13 February 2024)**

---

**4.  
IN PRINCIPLE APPROVAL FOR THE ALIENATION OF ERVEN 3538 - 3541  
(PORTIONS OF ERF 1) HAWSTON (SITUATED IN CHESTER ROAD, HAWSTON),  
EACH 549M<sup>2</sup> IN EXTENT, BY MEANS OF A COMPETITIVE PROCESS**

**M Erasmus  
9 January 2024**

**Acting Manager: Property Administration**

**(028) 316 5602**

---

**THIS MATTER SERVED BEFORE THE INVESTMENT & INFRASTRUCTURE  
PORTFOLIO COMMITTEE ON 7 FEBRUARY 2024, WHICH COMMITTEE  
RECOMMENDED AS FOLLOWS:**

**RECOMMENDATION TO THE COUNCIL:**

1. that the alienation of the following properties for business purposes by means of a competitive process at a market related price for each **be approved in principle**:
  - a) Erf 3538 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent;
  - b) Erf 3539 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent;
  - c) Erf 3540 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent; and
  - d) Erf 3541 (a portion of Erf 1) Hawston, 549m<sup>2</sup> (FIVE HUNDRED AND FORTY-NINE SQUARE METRES) in extent.
2. that all the costs pertaining to the transaction, for example the transfer costs, water, sewer and electricity connections, bulk contributions and the section 14 advertisement, but excluding the valuation costs, be paid by the successful bidders/purchasers; and
3. that it is hereby confirmed by Council that the municipal properties herewith envisaged to be alienated are not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy approved by Council on 25 November 2015 and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

**RESPONSIBLE OFFICIAL :**

**M ERASMUS**

**TARGET DATE FOR IMPLEMENTATION :**

**31 MARCH 2024**

**TARGET DATE TO INFORM APPLICANT :**

**N/A**

**TARGET DATE TO INFORM OBJECTOR :**

**N/A**



