

**AGENDA of the  
Portfolio Committee : Investment & Infrastructure  
4 October 2023  
(Also the agenda for the Mayoral Committee Meeting : 11 October 2023)**

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**2.**

**A PORTION OF PORTION 1 OF FARM NO 308, BUFFELJAGSBAAI: RENEWAL OF LEASE TO SEESTERRETJIES ECD CENTRE**

**A Le Roux  
4 September 2023**

**Senior Manager: Property Administration**

**(028) 316 5623**

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**1. Executive Summary**

To obtain approval to enter into a further lease agreement with Seesterretjies ECD Centre, hereafter referred to as "Seesterretjies", in respect of municipal property, a portion of Portion 1 of farm 308, Buffeljagsbaai (±870m<sup>2</sup> in extent), situated next to the R317, Buffeljagsbaai, Gansbaai hereafter referred to as "the Property", for a period of 9 (NINE) years and 11 (ELEVEN) months for the purpose of managing an Early Childhood Development Centre and related activities. The locality map is attached hereto as "Annexure A".

**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)
- Municipal Asset Transfer Regulations (R. 878 of 2008)

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

**Background/ Discussion**

Seesterretjies has been providing a service to the Buffeljagsbaai community since 2012 in the form of an early childhood development centre.

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In 2019 a new building was constructed on the Property and Seesterretjies moved to the new building and started using the building as an Early Childhood development centre and related activities.

On 22 September 2020, Seesterretjies entered into a lease agreement with the Municipality for the lease of the new building on the Property for a period of 3 (THREE) years which commenced on 1 July 2020 and expired on 30 June 2023.

Seesterretjies applied for the renewal in time and the renewal process was also commenced with by the Property Administration Department in time. Unfortunately, due to an incident that occurred (storm damage to community hall) which resulted in the school being closed for a while, the renewal process could not be proceeded with until the school re-opened again. The rental is still being levied on the account and the municipal account is paid up to date.

Should the renewal of the lease agreement be approved the renewal date will be backdated to commence the day after expiry of the previous agreement. No complaints have been received from the community.

### **Evaluation**

A. Administration of Immoveable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

**Paragraph 4: “No application for the purchase, lease of or encroachment on immovable property (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) shall be processed unless the prescribed application fee as per tariff approved in the annual budget for that financial year has been paid, nor shall any proposed lease or encroachment (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) be advertised unless the applicant has confirmed, in writing, that he/she will bear all costs involved in such transaction including – but not limited to – legal, survey, re-zoning, sub-division, consolidations, advertisement, relocation or provision of services and, where applicable, a deposit as per prescribed rate to cover incidental costs has been paid.”**

As the application for renewal was received before the expiry of the last agreement there is no need for a formal application form to be completed and no application fee is payable.

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**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”.**

**Paragraph 18: “A competitive process must at all times be followed in circumstances where:**

- 18.1 the lease is for a long term with an income value in excess of R10 million;**
- 18.2 the lease is for a formal business premises with a market related rental;**
- 18.3 more than one party, in discretion of the municipality, is interested in the lease of the subject property; and/or**
- 18.4 by discretion of the municipality, a competitive process will best serve the interests of the community”.**

As the Property is not classified as a business site and the leasing of the Property to Seesterretjies (a registered non-profit organisation) is in the interest of the community, and they have been using it successfully since 2012 and due to the nature of the lease and benefit to the community and especially the children of the area, it can be leased directly to Seesterretjies without following a competitive process.

Although the proposed lease is for a long-term period the rental that will be received will not be more than R10 million. The current rental is set at a tariff for the lease of municipal property for registered Social Care Institutions/ Organisations/ NPO's/ PBO's/ Sport facilities/ Community organisations, being R178.26 (ONE HUNDRED AND SEVENTY-EIGHT RAND AND TWENTY SIX CENTS) (VAT excluded) per month, which rental will escalate annually in terms of the approved tariff in the financial budget of the Municipality.

**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.”**

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**Paragraph 22: “The in principle approval of the Accounting Officer must be obtained with any request for the renewal of the lease agreement.”**

Seesterretjies applied for the renewal of the lease agreement for a period of 9 (NINE) years and 11 (ELEVEN) months which was approved in principle by the Municipal Manager on 17 April 2023, subject to a public participation process being followed and further subject to the approval by the Executive Mayor as delegated authority of the long-term lease.

The Executive Mayor’s approval is hereby sought, and the proposed lease was advertised in The Gans Berg News on 25 August 2023 for a 30 (THIRTY) day comment/objection period. No objections have been received.

**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”.**

The tariff for the lease of municipal property to registered Social Care Institutions/ Organisations/ NPO’s/ PBO’s/ Sport facilities/ Community organisations will be levied. The agreement will be backdated from 1 July 2023 with a monthly rental amount of R178.26 (ONE HUNDRED AND SEVENTY EIGHT RAND AND TWENTY SIX CENTS) (VAT excluded) per month. The agreement will stipulate that the rental amount will escalate annually in accordance with the tariff as approved in the Annual Budget.

**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.”**

Seesterretjies will be liable for the payment of all costs relating to the renewal of the lease agreement which in this case so far is only the advertisement cost.

**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.”**

The Property will be inspected by the Property Administration Department at least once a year.

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**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.**

**B. Advertisement/Notification**

An advertisement for the lease of the Property to Seesterretjies was published in The Gans Berg News on 25 August 2023 for a 30 (THIRTY) day objection/comment period. No objection/comment was received.

**Conclusion**

With reference to the above discussion, it is recommended that the lease of the Property to Seesterretjies be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 July 2023 at a rental amount of R178.26 (ONE HUNDRED AND SEVENTY-EIGHT RAND AND TWENTY SIX CENTS) (VAT excluded) per month for the 2023/2024 financial year.

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R178.26 (ONE HUNDRED AND SEVENTY-EIGHT RAND AND TWENTY SIX CENTS) (VAT excluded) per month from 1 July 2023 where after the rental amount will escalate annually on 1 July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, next escalation to be on 1 July 2024. All expenses pertaining to the proposed lease will be borne by Seesterretjies.

**8. Staff Implications**

None

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

**Manager: Social Development - Mr G Smit**

*“The social development department does not have any objections to the request.*

*Seesterretjies is a well-run ECD with all the necessary support to assist. The facility can only be used as a ECD facility, and considering the distance to any other ECD’s it is vital that one remains in the community. The facility was extensively upgraded a couple of years ago with the assistance of the Spar group to be more fit for purpose as an ECD. Seesterretjies is run by local community members who have gain experience in running the creche over the years and the community is not very big.”*

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**Senior Manager: Operational Services - Mr J Solomons**

*“No objections in terms of the renewal of the lease.”*

**Senior Manager: Expenditure & Assets - Mr. J Vorster**

*“As this is a revenue generating proposal with no intention to dispose of the asset, there is no objection.”*

**10. Annexures**

Annexure A1 & 2: Locality Plan

**RECOMMENDATION:**

1. that the renewal of the lease of municipal property, being a portion of Portion 1 of Farm No 308, Buffeljagsbaai (±870m<sup>2</sup> in extent), to Seesterretjies ECD Centre, for the purpose of managing an Early Childhood Development Centre and related activities for a period of 9 (NINE) years and 11 (ELEVEN) months at a rental amount of R178.26 (ONE HUNDRED AND SEVENTY EIGHT RAND AND TWENTY SIX CENTS) (VAT excluded) per month from 1 July 2023 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved**; and
2. that the rental amount mentioned in 1 above escalate annually on 1 July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the first escalation to be on 1 July 2024.

<b>RESPONSIBLE OFFICIAL :</b>	<b>R OCTOBER</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>8 NOVEMBER 2023</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>15 NOVEMBER 2023</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

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**2.**

**A PORTION OF PORTION 1 OF FARM NO 308, BUFFELJAGSBAAI: RENEWAL OF LEASE TO SEESTERRETJIES ECD CENTRE**

**A Le Roux  
4 September 2023**

**Senior Manager: Property Administration**

**(028) 316 5623**

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**THIS MATTER SERVED BEFORE THE INVESTMENT & INFRASTRUCTURE PORTFOLIO COMMITTEE ON 8 NOVEMBER 2023, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

**RESPONSIBLE OFFICIAL :**

**R OCTOBER**

**TARGET DATE FOR IMPLEMENTATION :**

**13 DECEMBER 2023**

**TARGET DATE TO INFORM APPLICANT :**

**13 DECEMBER 2023**

**TARGET DATE TO INFORM OBJECTOR :**

**N/A**



