

**AGENDA of the  
Portfolio Committee: Planning and Development  
17 February 2026  
(Also the agenda for the Mayoral Committee Meeting: 25 February 2026)**

---

**6.**

**A PORTION OF REMAINDER FARM NR 581 SITUATED IN ONRUSTRIVIER, KNOWN AS “MILK ON THE BEACH RESTAURANT” AT ONRUS BEACH: LEASE OF MUNICIPAL PROPERTY TO MILK AT THE BEACH (PTY) LTD**

**A Le Roux  
13 January 2026**

**Divisional Manager: Property Management**

**(028) 316 - 5623**

---

**1. Executive Summary**

To obtain approval to enter into a lease agreement with Milk at the Beach (Pty) Ltd, hereinafter referred to as ‘the Lessee’, in respect of a portion of Remainder Farm Nr 581 situated in Onrustrivier, ±750m<sup>2</sup> in extent, hereinafter referred to as “the Property” for a period of 9 (NINE) years and 11 (ELEVEN) months for the purpose of managing the restaurant and kiosk known as “Milk on the Beach” at Onrus Beach, Onrustrivier. See the locality map attached hereto marked Annexure “A” and the lease drawing attached and marked Annexure “B”.

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

Planning and Development  
Property Management

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

None

**5. Legal Requirements**

- ) Municipal Asset Transfer Regulations (R. 878 of 2008)
- ) Administration of Immovable Property Policy of the Overstrand Municipality (2015)

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

**Background**

Following a call for tenders in 2015, CJ and JC Partnership, was awarded the tender for the lease of a portion of Remainder Farm Nr 581 situated in Onrustrivier for the purpose of managing the Milkwood Restaurant at Onrus

**AGENDA of the  
Portfolio Committee: Planning and Development  
17 February 2026  
(Also the agenda for the Mayoral Committee Meeting: 25 February 2026)**

---

Beach, as identified on the locality map attached for a period of 9 (NINE) years and 11 (ELEVEN) months. The lease was validly ceded and assigned to the Lessee in December 2021 whereafter the Lessee changed the name of the restaurant to Milk on the Beach.

The lease agreement would expire on 31 May 2025. As the Property is a business property it had to be made available by means of a tender process for any further lease of the Property.

The process for the tender for the management of a restaurant and kiosk at Onrus beach was commenced with timeously, however upon receiving the market valuation report for the Property it became clear that the total rental income for the lease period will be in excess of R10,000,000.00 (TEN MILLION RAND). This meant that the process stipulated in Paragraph 19.1 of the Administration of Immovable Property Policy had to be followed, which process entails an additional public participation and in principle approval from Council before the tender specifications can be submitted.

Council approved on 30 October 2024 that the Accounting Officer, via the Property Management Division, be authorised to commence with the public participation process. Subsequently, a notice was published in the Village News on 12 December 2024 and the comments and/or recommendations from National and Provincial Treasury were requested. No comments nor objections were received by closing date.

Council further approved in principle on 26 March 2025 the lease of the Property by means of a competitive process at a market related rental. As it became clear that a new lease agreement would not be entered into before the expiry of the last lease agreement (due to a period that Bid Adjudication Committees could not be held) a temporary renewal of the existing lease agreement was approved by Council on 16 April 2025.

The lease agreement was temporarily renewed for a period of 13 (THIRTEEN) months and will expire on 30 June 2026. The new lease agreement to be entered into in terms of the tender will commence with the commencement of the new financial year for 2026/2027.

### **Discussion**

A tender for the lease of the Property for a lease period of 9 (NINE) years and 11 (ELEVEN) months was subsequently advertised and only one tender was received, from the Lessee, with a rental offer of R90,275.00 (NINETY THOUSAND TWO HUNDRED AND SEVENTY-FIVE RAND) (VAT included) per month.

**AGENDA of the  
Portfolio Committee: Planning and Development  
17 February 2026  
(Also the agenda for the Mayoral Committee Meeting: 25 February 2026)**

---

The tender was recommended by the Bid Adjudication Committee and subsequently awarded by the Accounting Officer on 13 November 2025 (to the Lessee) at a rental of R90,275.00 (NINETY THOUSAND TWO HUNDRED AND SEVENTY-FIVE RAND) (VAT included) per month, with a commencement date of 1 July 2026.

**Evaluation**

A. Administration of Immoveable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

**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 (i) the expected rental income for the proposed lease period will be in excess of R10,000,000.00 (TEN MILLION RAND), (ii) many parties showed interest in managing a kiosk and restaurant from the Property, (iii) the Property is well situated, and (iv) the intended use of the Property will be for business purposes, the Property can only be made available for leasing by means of a competitive process at a market related rental. A competitive bidding process was therefore followed.

**Paragraph 19: “Long term lease of municipal immovable property with an income value in excess of R10 million:**

**19.1 The Municipality may grant a long-term lease of municipal immovable property with an income value in excess of R10 million only after:**

**AGENDA of the  
Portfolio Committee: Planning and Development  
17 February 2026  
(Also the agenda for the Mayoral Committee Meeting: 25 February 2026)**

---

- (a) the Accounting Officer has, through the Property Administration Department, conducted a public participation process; and***
- (b) the Municipal Council has approved in principle that the right may be granted.***

After Council authorised the Accounting Officer, through the Property Management Division, to commence with the public participation process as required above, the process was followed and an advert was published as discussed above.

Council approved in principle on 26 March 2025 that the competitive process may be proceeded with.

***19.2 The public participation process in terms of paragraph 19.1(a) may only be authorised by the Municipal Council. A request to the Municipal Council for authorisation of a public participation process must be accompanied by:***

- (a) the reasons for the proposal to grant the long term lease;***
- (b) any expected benefits to the Municipality as a result of the lease;***
- (d) any expected proceeds to be received by the Municipality from the proposed lease, and***
- (e) any expected gain or loss to be realised or incurred by the Municipality arising from the lease. ”***

All the above were discussed in the report that served before Council on 30 October 2024.

***19.3 If the public participation is authorised, the accounting officer must at least 60 days before the meeting of Council at which the determinations referred to in 19.1(b)(i) and (ii) above are considered***

- (a) make public the proposal to lease the asset;***
- (b) invite the local community and other interested parties to submit comments or representations in respect of the proposed lease of the asset;***
- (c) solicit the views and recommendations of the National Treasury and the relevant Provincial Treasury on the matter.***

The advertisement was published in the Village News on 12 December 2024 and the comments and/or recommendations from National and Provincial Treasury were requested. No comments nor objections were received.

**AGENDA of the  
Portfolio Committee: Planning and Development  
17 February 2026  
(Also the agenda for the Mayoral Committee Meeting: 25 February 2026)**

---

**Paragraph 40: “Rental, except where it is decided otherwise by the Municipality, shall escalate on the 1st of July every year, by a percentage fixed in accordance with the prevailing consumer price index (all items).”**

A clause to this effect will be included in the lease agreement.

**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 Management Division at least once a year.

**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.**

### **Conclusion**

Considering the above discussion, it is recommended that the lease of the Property to the Lessee be approved for a lease period of 9 (NINE) years and 11 (ELEVEN) months at a rental amount of R90,275.00 (NINETY THOUSAND TWO HUNDRED AND SEVENTY-FIVE RAND) (VAT included) per month.

### **7. Financial Implications**

The Municipality stands to gain rental in the amount of R90,275.00 (NINETY THOUSAND TWO HUNDRED AND SEVENTY-FIVE RAND) (VAT included) per month from 1 July 2026, such rental to escalate every year on the 1<sup>st</sup> of July in accordance with the consumer price index (all items), the next escalation to be on 1 July 2027. All expenses pertaining to the proposed lease will be borne by the Lessee.

### **8. Staff Implications**

None

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

**Divisional Manager: Expenditure, Fleet and Asset Management- Mr J Vorster**

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

**AGENDA of the  
Portfolio Committee: Planning and Development  
17 February 2026  
(Also the agenda for the Mayoral Committee Meeting: 25 February 2026)**

---

**10. Annexures**

- Annexure A: Locality maps  
Annexure B: Lease drawing

**RECOMMENDATION TO THE COUNCIL:**

1. that the lease of municipal property, being a portion of Remainder Farm Nr 581 situated in Onrustrivier,  $\pm 750\text{m}^2$  in extent, to Milk at the Beach (Pty) Ltd for a period of 9 (NINE) years and 11 (ELEVEN) months from 1 July 2026 for the purpose of managing a restaurant at Onrus Beach, Onrustrivier, at a rental amount of R90,275.00 (NINETY THOUSAND TWO HUNDRED AND SEVENTY-FIVE RAND) (VAT Included) per month, **be approved**; and
2. that the rental amount mentioned in 1 above escalate every year on the 1st of July in accordance with the consumer price index (all items), the first escalation to be 1 July 2027.

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>15 MARCH 2026</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>15 MARCH 2026</b>





OVERSTRAND MUNICIPALITY

A portion of Remainder Farm Nr 581 situated in Onrustrivier

Date: 2024/08/06

