

**AGENDA of the
Portfolio Committee : Planning and Development
17 June 2026
(Also the agenda for the Mayoral Committee Meeting : 23 June 2026)**

The Applicant delivers an essential service to the community of Masakhane in Gansbaai providing amongst other things day care and education to the children of Masakhane.

No complaints were received from the community during the previous lease periods. The municipal account is paid up to date.

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.

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”.

The Property Management Division will be recommending a direct lease on the reasons provided in the report.

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

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17 June 2026
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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”.***

18.1 Although the proposed lease is for a long-term period, the rental that will be received will not be in excess of R10 million (TEN MILLION RAND) as the monthly rental will be equal to the tariff for NPO's in the annual budget, which tariff will escalate annually as approved in the Annual Budget.

18.2 The management and use of the Property will not be to gain profit as it will be managed by an NPO as an ECD (community-based facility). The Property is zoned for community purposes and not business.

18.4 The Applicant is already well established and provides an important service to the community of Masakhane, it can be argued that a competitive process will not be in the best interest of the community as the service of educating the children of the community is very important and as the financial implication to make the Property available via the competitive bidding process will be more than that of the rental amount received.

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.”***

a) The Applicant applied for the renewal of the lease agreement which was approved in principle by the Municipal Manager on 17 February 2026 for a period of 9 (NINE) years and 11 (ELEVEN) months, 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.

**AGENDA of the
Portfolio Committee : Planning and Development
17 June 2026
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- b) The proposed lease was advertised in the Gansberg News on 25 March 2026 for a 30 (THIRTY) day comment/objection period and no objections have been received.
- c) The Executive Mayor's approval is hereby sought.

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 lease of municipal property to registered Social Care Institutions/Organisations/NPO's/PBO's/Sport facilities, as will be approved by Council for the 2026/2027 financial year, will be levied. 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."*

The Applicant 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 costs.

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 was included in the lease agreement.

B. Advertisement/Notification

An advertisement for the lease of the Property was published in the Gansberg News on 25 March 2026 for a 30 (THIRTY) day objection/comment period. No objection/comment was received.

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Conclusion

With reference to the above discussion, it is recommended that the lease of the Property to the Applicant be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 November 2026 at a rental amount equal to the tariff for lease of municipal property to registered Social Care Institutions/Organisations/NPO's/PBO's/Sport facilities, as will be approved by Council for the 2026/2027 financial year.

7. Financial Implications

The Municipality stands to gain rental in the amount equal to the tariff for lease of municipal property to registered Social Care Institutions/Organisations/NPO's/PBO's/Sport facilities, as will be approved by Council for the 2026/2027 financial year, where after the rental amount will escalate annually in terms of the tariffs as stipulated in the Annual budget approved by Council. The current tariff for the 2025/2026 financial year is R191.30 (ONE HUNDRED AND NINETY-ONE RAND AND THIRTY CENTS) (Vat excl.) per month. All expenses pertaining to the proposed lease will be borne by the Applicant.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Principal Town Planner: Mr Schalk van der Merwe

"Zoning is Community Zone. No objection from Town Point of view to renewal of lease."

Building Control Officer: Mr. Gerrit Coetzee

"No objection from Building Control."

Socio Economic Officer: Mr. Gerhard Smit

"No objection, the facility is registered and managed well by the organization."

Divisional Manager: Expenditure, Fleet & Assets Management: Mr Johannes Vorster

"As this is a revenue generating project, with no intention to dispose of the asset, there is no objection to the report."

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10. Annexures

Annexures A1 & A2: Locality maps

RECOMMENDATION:

1. that the lease of municipal property, being Erf 2044 Gansbaai ($\pm 2,281\text{m}^2$ in extent), to Masakhane Pre-School for the purpose of managing the Masakhane Pre-School at a rental amount equal to the tariff for lease of municipal property to registered Social Care Institutions/ Organisations/ NPO's/PBO's/Sport facilities, as will be approved by Council for the 2026/2027 financial year, for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 November 2026 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 terms of the approved tariffs as stipulated in the Annual budget as approved by Council.

RESPONSIBLE OFFICIAL :

M ERASMUS

TARGET DATE FOR IMPLEMENTATION :

30 JULY 2026

TARGET DATE TO INFORM APPLICANT :

30 JULY 2026

ANNEXURE A1



