CM48/08/19  PROGRESS ON REVENUE ENHANCEMENT STRATEGY

REPORT FROM THE DIRECTOR : FINANCIAL SERVICES

PURPOSE OF THE REPORT

To submit progress report to section 80 Committee for consideration and deliberation before recommending to Council.

1. Quarterly progress on Revenue Enhancement

BACKGROUND

The municipality appointed PwC to assist with the Revenue Enhancement Strategy effectively from 1 July 2017. PwC is required to submit a quarterly report to the CFO on the progress made in implementing the Revenue Enhancement. The first three quarters for 2019/19 financial year already served before section 80 committee. This report is the fourth quarter ended 30 June 2019.

DISCUSSION

The challenges experienced on the implementation is summarized as follows:

The municipality

(a) Does not exercise its right to object against matters in the valuation roll or omitted from the valuation roll.
(b) Supplementary valuation roll not retrospectively implemented as provided for in sub section 78(1) and (4) of the Act.
(c) Deeds information not updated and registered properties therefor not included in the Valuation Roll.
(d) The difficulty or none existence of agreement signed between some estate and the Municipality.
(e) The challenge is also as to 6 months back dated implementation.

FINANCIAL IMPLICATIONS

Additional revenue identified, corrected and received to date is contained in detailed in the progress report. It is anticipated that this additional revenue will grow due to a number of areas that still needs to be covered and completed.

RELEVANT LEGISLATION

MFMA Section 64

UNANIMOUSLY RECOMMENDED

That the Fourth Quarter Report on the Revenue Enhancement Strategy, be noted.
APPENDIX / ADDENDUM

Attached

File Number : 9/1/2/10
Execution : Director : Financial Services
Agenda

1. Project update  03
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Uitzicht

**In loco inspection**

Upon reviewing the categories and valuations assigned to properties in the Uitzicht area (desktop analysis) numerous inconsistencies were identified. During inspection to the Uitzicht area (Western head) the following anomalies were confirmed:

<table>
<thead>
<tr>
<th>Erf number</th>
<th>GV cat</th>
<th>Value</th>
<th>Inspection cat</th>
<th>Occ cert</th>
<th>Findings</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>216/56</td>
<td>Vacant</td>
<td>R250 000</td>
<td>Improved</td>
<td>Not issued</td>
<td>Dwelling</td>
<td>New dwelling</td>
</tr>
<tr>
<td>216/57</td>
<td>Vacant</td>
<td>R250 000</td>
<td>Improved</td>
<td>Not applicable</td>
<td>Cottage/Garages</td>
<td>Partially destroyed</td>
</tr>
<tr>
<td>216/58</td>
<td>Vacant</td>
<td>R700 000</td>
<td>Vacant</td>
<td>Not applicable</td>
<td>Vacant</td>
<td>Possible undervaluation</td>
</tr>
<tr>
<td>216/59</td>
<td>Vacant</td>
<td>R250 000</td>
<td>Improved</td>
<td>Not issued</td>
<td>Beach bar/restaurant</td>
<td>No access</td>
</tr>
</tbody>
</table>
Uitzicht (cont.)

In loco inspection

<table>
<thead>
<tr>
<th>Erf number</th>
<th>GV cat</th>
<th>Value</th>
<th>Inspection cat</th>
<th>Occ cert</th>
<th>Findings</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>216/83</td>
<td>Vacant</td>
<td>R700 000</td>
<td>Improved</td>
<td>Not issued</td>
<td>Dwellings</td>
<td></td>
</tr>
<tr>
<td>216/103</td>
<td>Vacant</td>
<td>R600 000</td>
<td>Improved</td>
<td>Not applicable</td>
<td>Dwellings</td>
<td>Outbuilding destroyed only</td>
</tr>
<tr>
<td>216/104</td>
<td>Vacant</td>
<td>R600 000</td>
<td>Improved</td>
<td>Not available</td>
<td>Dwellings</td>
<td>No access</td>
</tr>
<tr>
<td>216/121</td>
<td>Vacant</td>
<td>R600 000</td>
<td>Improved</td>
<td>03/04/2019</td>
<td>Dwellings</td>
<td>No access</td>
</tr>
</tbody>
</table>

Recommendation:
- 7 Residential vacant properties to be submitted for category change (proposed: Residential improved)
- 1 Residential vacant property to be submitted for revaluation (possible under valuation)
- In lack of occupation certificates, building plans, photos taken on inspection and website print outs (Featherbed beach bar and restaurant and Alkira Lodge) will accompany interim valuation submissions.

Vacant properties consuming services

Revenue dashboard

By comparing the categories of properties listed in the municipal revenue dashboard “monthly count of properties with vacant tariffs consuming services” against the status of properties on the Municipal GIS and/or Google maps, the following improved properties per suburb were identified:

<table>
<thead>
<tr>
<th>Suburb</th>
<th>Improved on GIS</th>
<th>Occ cert</th>
<th>O/S cert</th>
<th>Submissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belvidere</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Brenton on Lake</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Brenton on Sea</td>
<td>14</td>
<td>3</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Coia Beach</td>
<td>11</td>
<td>10</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Coney Glen</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Eastford</td>
<td>29</td>
<td>16</td>
<td>13</td>
<td>29</td>
</tr>
<tr>
<td>Groenburglief</td>
<td>6</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Heuwelkruin</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Hunters Estate</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Hunters Home</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
Vacant properties consuming services (cont.)

<table>
<thead>
<tr>
<th>Suburb</th>
<th>Improved on GIS</th>
<th>Occ cert</th>
<th>O/S cert</th>
<th>Submissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>King Fisher Creek</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Knysna Heights</td>
<td>36</td>
<td>22</td>
<td>14</td>
<td>36</td>
</tr>
<tr>
<td>Leisure Island</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Lelieslief</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Meerdingsdale</td>
<td>9</td>
<td>2</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Old Belvidere</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Old Place</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Paradise</td>
<td>10</td>
<td>7</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Pezula</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Phantom Village</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Rynkmanshoogte</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Sedgefield</td>
<td>7</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Simola</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Sparreboch</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>The Island</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Westhill</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Zoegoezicht</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

Recommendation:
- 98 Improved properties currently categorised as vacant to be submitted for category change and revaluation in Supplementary Valuation Roll 3 (proposed: Residential improved)
- Properties identified on GIS and/or Google maps as improved with no occupation certificates, properties under construction, or vacant properties consuming services to be investigated
- Promun change request forms to be submitted to rectify residential improved properties incorrectly levied against the residential vacant
Fire destroyed properties

Knysna Heights

During inspection to Knysna Heights in June 2018, 53 fire destroyed properties were identified as improved for which 9 occupation certificates could be obtained. An additional 7 occupation certificates have since been issued on Collaborator.

<table>
<thead>
<tr>
<th>Erf number</th>
<th>GV cat</th>
<th>Value</th>
<th>Inspection cat</th>
<th>Occ cert</th>
<th>Findings</th>
<th>Revised cat</th>
<th>Revised value</th>
</tr>
</thead>
<tbody>
<tr>
<td>6855</td>
<td>Vacant</td>
<td>R 350 000</td>
<td>Improved</td>
<td>24/04/2016</td>
<td>Category Change</td>
<td>Await outcome</td>
<td>Await outcome</td>
</tr>
<tr>
<td>172</td>
<td>Vacant</td>
<td>R 940 000</td>
<td>Improved</td>
<td>14/08/2016</td>
<td>Category Change</td>
<td>Await Outcome</td>
<td>Await Outcome</td>
</tr>
<tr>
<td>6346</td>
<td>Vacant</td>
<td>R 350 000</td>
<td>Improved</td>
<td>13/12/2017</td>
<td>Category Change</td>
<td>Await Outcome</td>
<td>Await Outcome</td>
</tr>
<tr>
<td>8817</td>
<td>Vacant</td>
<td>R 350 000</td>
<td>Improved</td>
<td>24/05/2018</td>
<td>Category Change</td>
<td>Await Outcome</td>
<td>Await Outcome</td>
</tr>
<tr>
<td>5244</td>
<td>Vacant</td>
<td>R 120 000</td>
<td>Improved</td>
<td>21/01/2019</td>
<td>Category Change</td>
<td>Await Outcome</td>
<td>Await Outcome</td>
</tr>
<tr>
<td>2997</td>
<td>Vacant</td>
<td>R 750 000</td>
<td>Improved</td>
<td>04/05/2018</td>
<td>Category Change</td>
<td>Await Outcome</td>
<td>Await Outcome</td>
</tr>
<tr>
<td>5241</td>
<td>Vacant</td>
<td>R 400 000</td>
<td>Improved</td>
<td>15/03/2019</td>
<td>Category Change</td>
<td>Await Outcome</td>
<td>Await Outcome</td>
</tr>
</tbody>
</table>

The above properties forms part of the 89 interim submissions “vacant properties consuming services”

Supplementary Valuation #2

Summary

- 158 Interim submissions by Revenue unit
  - Dealt with: 148
  - Outstanding: 9
- 130 Successful interim outcomes
- 9 Unsuccessful interim outcomes
- 2 Dealt with on SV01
- 1 Withdrawn

- The preliminary additional rates for the 2017/18 year amounts to R531,340
- The preliminary additional rates for the 2018/19 year amounts to R1,083,709
In loco inspection
The development has a total of 5 freehold erven consisting of:
• 4 Accommodation establishment
• 1 Public Service Infrastructure (Road)

SLA outstanding

Recommendation:
• Submit Promun request for tariff change from residential to accommodation establishment 1-3
• Report unconfirmed electricity supply to the relevant officials

The Edge (cont.)
In loco inspection (cont.)
Findings:
• 2 properties metered by conventional electricity
• 1 Property metered by prepaid electricity
• 2 properties could not be linked to prepaid or conventional electricity meters
• Bulk water meter on erf 16044, water readings appears low
• 4 Accommodation establishments levied against Residential code 8001
Waterford South

**In loco inspection**

The development has a total of 8 freehold erven consisting of:

- 1 Mother erf (remainder)
- 3 Residential Vacant
- 2 Residential Improved
- 1 PCS
- 1 new registration

SLA outstanding

Recommendation:

- Report unconfirmed electricity and water supply to the relevant officials
- Submit Promun request for property rates tariff changes
- 2 Residential vacant properties submitted for category change (proposed: Residential improved)
- 1 registered property omitted from the valuation roll to be submitted for inclusion in Supplementary Valuation Roll 3

Waterford South (cont.)

**In loco inspection (cont.)**

Findings:

- 1 residential improved property levied vacant rates tariff (erf 16020)
- 1 residential vacant property levied residential improved rates (erf 16027)
- 1 residential improved property omitted from the valuation roll (erf 16028)
- 1 Property incorrectly categorised as Residential vacant (occupation certificate obtained from Collaborator) (erf 16027)
- Basic service charges to be levied to erven 16020 and 16028
- Bulk water and electricity meter on erf 16361
Waterford South (cont.)

<table>
<thead>
<tr>
<th>Erf number</th>
<th>GV cat</th>
<th>Value</th>
<th>Inspection cat</th>
<th>Occ cert</th>
<th>Findings</th>
<th>Revised cat</th>
<th>Revised value</th>
</tr>
</thead>
<tbody>
<tr>
<td>16627</td>
<td>Vacant</td>
<td>R 620 300</td>
<td>Improved</td>
<td>14/06/2019</td>
<td>Category Change</td>
<td>Await Outcome</td>
<td>Await Outcome</td>
</tr>
<tr>
<td>16628</td>
<td>Cross Reference</td>
<td>R0</td>
<td>Improved</td>
<td>27/10/2017</td>
<td>Category Change</td>
<td>Await Outcome</td>
<td>Await Outcome</td>
</tr>
</tbody>
</table>

Glens of Antrim

**In loco inspection**

The development has a total of 1 freehold erf:

- 1 Accommodation Establishment 1-8

SLA outstanding

Recommendation:

- Request multi purpose categorisation to reflect commercial component
- Report inactive water meter to the relevant officials
- Report unconfirmed electricity supply to the relevant officials
Glens of Antrim (cont.)

In loco inspection (cont.)

Findings:
- The property could not be linked to prepaid or conventional electricity meters
- Water meter inactive
- Water basic levied against business rates
- Forty degrees offices operated from property

Ballatter Park

In loco inspection

The development has a total of 5 freehold erven:
- 4 Residential Improved properties
- 1 Public Service Infrastructure (Road)

SLA outstanding

Recommendation:
- None
Ballatter Park (cont.)

In loco inspection (cont.)

Findings:
- No anomalies identified regarding category and valuation
- No anomalies identified regarding refuse, water and sewer
- 3 properties metered by conventional electricity
- 1 property metered by prepaid electricity
- 4 properties linked to individual water meters

Belvidere Estate

In loco inspection

The development has a total of 192 freehold erven consisting of:
- 177 Residential improved properties
- 6 Residential vacant
- 1 Accommodation establishment
- 1 Business
- 4 Municipal
- 1 Public open space and 2 Cross reference
  SLA outstanding

Recommendation:
- 1 Residential vacant property submitted for category change (proposed: Residential improved)
- 2 registered properties omitted from the valuation roll to be submitted for inclusion in Supplementary Valuation Roll 3
- 1 Residential improved property where availability charges are levied should be replaced with basic service charges
- Report unconfirmed electricity supply to the relevant officials
Belvidere Estate (cont.)

In loco inspection (cont.)

Findings:
- 1 Property incorrectly categorised as Residential vacant (occupation certificate obtained from Collaborator)
- 2 Properties omitted from the General valuation roll
- 3 Interim forms submitted for inclusion in Supplementary Valuation roll 3 (proposed: 1 category change, 2 inclusions)
- 80 properties metered by conventional electricity
- 99 Properties metered by prepaid electricity
- 6 properties could not be linked to prepaid or conventional electricity meters
- 180 water meters found to be inactive
- 3 water meters found to be inactive
- 1 Residential improved property levied with availability charges

Belvidere Estate (cont.)

<table>
<thead>
<tr>
<th>Erf number</th>
<th>GV cat</th>
<th>Value</th>
<th>Inspection cat</th>
<th>Occ cert</th>
<th>Findings</th>
<th>Revised cat</th>
<th>Revised value</th>
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</thead>
<tbody>
<tr>
<td>507</td>
<td>Vacant</td>
<td>R 800 000</td>
<td>Improved</td>
<td>29/02/2019</td>
<td>Category change</td>
<td>Await outcome</td>
<td>Await outcome</td>
</tr>
<tr>
<td>476</td>
<td>Cross reference</td>
<td>R0</td>
<td>Vacant</td>
<td>Not applicable</td>
<td>Omitted</td>
<td>Await outcome</td>
<td>Await outcome</td>
</tr>
<tr>
<td>477</td>
<td>Cross reference</td>
<td>R0</td>
<td>Vacant</td>
<td>Not applicable</td>
<td>Omitted</td>
<td>Await outcome</td>
<td>Await outcome</td>
</tr>
</tbody>
</table>
In loco inspection
The development has a total of 122 erven consisting of:
• 115 Residential improved properties
• 2 Private open space
• 5 Cross reference

Recommendation:
• Basic water to be levied on erf 9548
• Promun rates account to be opened for erf 11150
• Inactive water meters to be reported for investigation
• Report unconfirmed water supply to relevant officials
• Report unconfirmed electricity supply to relevant officials

Hunters Village (cont.)

In loco inspection (cont.)
Findings:
• No anomalies identified regarding category and valuation
• No anomalies identified regarding refuse and sewer
• 1 Property identified not levied with basic water charge (erf 9548)
• Bulk water meter no 252681 levied on account 108332000114
• 8 individual water meters were found to be inactive
• 8 properties could not be linked to individual water meters
• 16 properties metered by conventional electricity
• 39 Properties metered by prepaid electricity
• 60 properties could not be linked to prepaid or conventional electricity meters
• No Promun account for erf 11150
In-loco inspection
The development has a total of 34 erven consisting of:
• 30 Residential improved properties
• 1 PSI
• 1 Private open space
• 1 Cross reference
• 3 Residential vacant
• 1 Accommodation establishment
SLA requested from Town Planning.

Recommendation:
• Basic water to be levied on erf 9548
• Report unconfirmed electricity supply to the relevant officials

In loco inspection (cont.)
Findings:
• No anomalies identified regarding category and valuation
• No anomalies identified regarding refuse and sewer
• 1 Property identified not levied with basic water charge (erf 9548)
• Bulk water meter no 673 levied on account108596000039
• 10 properties metered by conventional electricity
• 11 Properties metered by prepaid electricity
• 10 properties could not be linked to prepaid or conventional electricity
Blaricum Heights

Desktop analysis

The development has a total of 21 erven consisting of:

- 14 Residential improved properties
- 6 Residential vacant
- 1 Accommodation establishment 1-8

SLA requested from Town Planning.

Recommendation:

- 3 Residential vacant properties to be submitted for category change (proposed: Residential improved)
- Rates tariffs to be corrected for 5 Residential vacant properties
- Services to be reviewed pending recategorization outcome of erf 8737
- Report unconfirmed electricity supply to the relevant officials

Blaricum Heights (cont.)

Desktop analysis (cont.)

Findings:

- 3 Properties incorrectly categorised as Residential vacant (proposed: Residential improved as per inspection findings)
  - Occupation certificates outstanding
- 3 Interim forms to be submitted for inclusion in Supplementary Valuation roll 3 (proposed: category change)
- No anomalies identified regarding refuse, sewerage and water
- Development not connected to the municipal water and sewer reticulation network
- 5 properties metered by prepaid electricity
- 5 properties metered by conventional electricity
- 5 properties could not be linked to prepaid or conventional electricity
Ambleside

**Desktop Analysis**

The development has a total of 27 erven consisting of:

- 26 Residential improved properties
- 1 Public service infrastructure

SLA outstanding

Recommendation:

- 1 Residential improved property where availability charges are levied should be replaced with basic service charges
- Report unconfirmed electricity supply to the relevant officials
Ambleside (cont.)

Desktop Analysis (cont.)

Findings:
• Bulk water meter 08H700034 erf 3041
• 15 Properties metered by conventional electricity
• 1 Properties metered by prepaid electricity
• 11 Properties could not be linked to prepaid or conventional electricity meters
• 1 Residential improved property levied with availability charges

Waterside

Desktop Analysis

The development has a total of 36 erven consisting of:
• 25 Residential improved properties
• 9 Garages
• 1 Private Open Space
• 1 PSI

SLA outstanding

Recommendation:
• Report unconfirmed electricity supply to the relevant officials
Waterside (cont.)

Desktop Analysis (cont.)

Findings:

- No anomalies identified regarding water basic, refuse and sewer
- Bulk electricity meter 143723 erf 4244
- Bulk water meters 08H700033 and 07M499918 levied on account 104244000126
- 20 Properties metered by conventional electricity
- 4 Properties metered by prepaid electricity
- 1 Properties could not be linked to a prepaid or conventional electricity meter
Summary

**Additional Rates Revenue**

The additional rates, based on interim submission outcomes and correction of anomalies for the period July 2017 – June 2019 amounts to **R10,364,200.27**

*The revised valuations and/or categories are subject to the objection and appeal process as provided for in the Municipal Property Rates Act, Act 5 of 2004.*

**Additional Services Revenue**

The additional revenue in respect of services for the period July 2017-June 2019 amounts to **R8,801,080.07**

*The increased revenue are subject to disputes by ratepayers - credit notes will be affected where disputes are resolved in favour of the ratepayer.*

The total additional revenue for the period July 2017- November 2018 amounts to **R19,165,280.34**

Currently finalising SV02 calculations

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3 Milestone plan
## Milestone Plan

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Deliverables</th>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
<th>Month 4</th>
<th>Month 5</th>
<th>Month 6</th>
<th>Month 7</th>
<th>Month 8</th>
<th>Month 9</th>
<th>Month 10</th>
<th>Month 11</th>
<th>Month 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Interview and appoint core personnel. Setup of Revenue Enhancement office. Obtain transactional data, etc.</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2.</td>
<td>Conduct interviews with relevant departments.</td>
<td></td>
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</tr>
<tr>
<td>3.</td>
<td>Develop and update internal controls.</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Establish and maintain Revenue enhancement unit.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>5.</td>
<td>Revise and assess current state of business processes and systems.</td>
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<td>6.</td>
<td>Continuous identification of additional revenue through validation of the personal valuation roll, supplementary valuation roll and rates and services billing.</td>
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<td>7.</td>
<td>Continuous inspection of properties in respect of water and electricity meters and whose services are sub-metered.</td>
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<td>8.</td>
<td>Continuous interaction with the municipal valuer in order to ensure interim valuation results are finalised.</td>
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<td>9.</td>
<td>Monthly update of Risk register and reporting to the CFC.</td>
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<td>10.</td>
<td>Monthly focus, discussed and agreed with CFO.</td>
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<td>11.</td>
<td>Submission and follow-up of all outstanding interim valuation requests. Calculation of interim valuation results.</td>
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<td>12.</td>
<td>Submission and follow-up of all outstanding Premium change requests. Calculation of change requests.</td>
<td></td>
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<td>14.</td>
<td>Ongoing project management, communication, stakeholder and change management.</td>
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# Risk register
### Risk register

<table>
<thead>
<tr>
<th>No</th>
<th>Risk</th>
<th>Probability/seriousness</th>
<th>Mitigation</th>
<th>Risk owner</th>
<th>Comments</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service Level Agreements not available for all Developments.</td>
<td>High</td>
<td>Memo drafted to Mr. Royden Parry requesting outstanding SLA’s.</td>
<td>M. Memani</td>
<td>Service level agreements to be recorded in a register.</td>
<td>Open</td>
</tr>
<tr>
<td></td>
<td>Provision of services/special provision/exclusion of services unknown.</td>
<td>High</td>
<td>Memo submitted by Manager Income-SLA’s remain outstanding.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Risk of Augmentation levies/Bulk Infrastructure contribution levies not levied.</td>
<td>High</td>
<td>Numerous meetings held with Officials from Building Control.</td>
<td>R. Daames/ M. Memani</td>
<td>Building Statistics for June 2019 submitted on 01 July 2019– actual occupation certificates not provided. Rates department to follow up with building control in the event of non-submission. Rates department to submit interim valuation requests to the municipal valuer.</td>
<td>Open</td>
</tr>
<tr>
<td></td>
<td>Although the register is available on Collaborate the actual certificate with additional information is not available. Certificates requested remain outstanding.</td>
<td>High</td>
<td>Memo drafted to Mr. Randolph Daames requesting Occupation Certificates on a weekly basis.</td>
<td></td>
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### Risk register (cont.)

<table>
<thead>
<tr>
<th>No</th>
<th>Risk</th>
<th>Probability/seriousness</th>
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<th>Risk owner</th>
<th>Comments</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Building Control: Information on occupation certificate inadequate for valuation purposes.</td>
<td>High</td>
<td>CFO to schedule meeting with Building control Manager.</td>
<td>R. Daames/ M. Memani</td>
<td>Although the occupation certificate was updated with important information, the occupation certificate should indicate the following: Improvement type: New dwelling, second dwelling addition, alteration etc. Breakdown of sizes. Sizes for main dwelling, veranda, garage etc. to be stipulated.</td>
<td>Open</td>
</tr>
<tr>
<td></td>
<td>The occupation register was updated to include important information for valuation purposes.</td>
<td>High</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Building Control: Numerous occupied improved residential properties identified that is categorized as vacant land. In some instances occupation certificates could not be provided.</td>
<td>High</td>
<td>CFO to schedule Meeting with Building Control Manager.</td>
<td>R. Daames/ M. Memani</td>
<td>It is proposed that a stamp to be introduced on building plans, signed by owners, stating that properties may only be occupied once the Municipality have issued an occupation certificate. Homeowners’ Associations to be advised that owners may only occupy properties once a municipal occupation certificate is issued.</td>
<td>Open</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The municipal valuer be requested to value properties, where no occupation certificates are available, from the date of inspection or date of interim submission.</td>
<td></td>
<td>It is proposed that improved properties, where no occupation certificates are available, be valued from the date of inspection or date of interim submission.</td>
<td></td>
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</table>
### Risk register (cont.)

<table>
<thead>
<tr>
<th>No</th>
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<tbody>
<tr>
<td>5</td>
<td>The refuse tariff levied to Hotels and Businesses are not reflective of the actual number of bins collected. Refuse bins issued to customers are not communicated to income department. Incorporation of rural areas into the refuse collection routes not communicated to income section and subsequently not tilled for. The commercial refuse tariffs applicable to business are inconsistently applied. In some instances the number of points is multiplied by the number of bins/shops etc. and in other instances the number of bins is levied based on the sliding scale.</td>
<td>High</td>
<td>Numerous meetings held with officials from Waste Management Department. Memo drafted to Mr. Randal Bower requesting inclusion of reported business properties in weekly survey. The municipality will procure the services of a service provider to collect data on refuse removal.</td>
<td>R. Bower/ M. Memani</td>
<td>It is proposed that the CFO enter into Service Level Agreement with the relevant department in order to ensure that: A register with all new bins and additional bins to communicated to income section on a monthly basis. All areas incorporated into the refuse collection route to be communicated to the CFO and internal Section by means of an official memorandum. Agreement on the implementation of Refuse scale tariffs sliding terms of Council’s approved tariff schedule. It is proposed that a comprehensive Refuse survey to be performed to businesses in order to ensure that actual bins removed are levied for. Confirmation on the actual number of bins removed at businesses levied with Category 1 refuse tariff remain outstanding.</td>
<td>In progress</td>
</tr>
</tbody>
</table>

| 6  | In terms of 5.6 of Council’s Approved Tariffs, an annual water charge per annum is applicable to businesses. The tariff is applicable per premise. Whilst one tariff is levied to certain businesses per premise, numerous properties have been identified where the water basic charges are based on the number of points as indicated on Promuir. It is unclear whether the points on Promuir represents the number of shops or water points per erf. | High | Escalate to CFO | M. Memani | Consider the application of commercial and sewerage tariffs per shop/offices/business etc. Consider review of tariffs to freehold Hotels. Hotels currently levied 1 tariff per service, irrespective of number of bedrooms. | Closed |
### Risk register (cont.)

<table>
<thead>
<tr>
<th>No</th>
<th>Risk</th>
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<tbody>
<tr>
<td>7</td>
<td>In Sectional Schemes water and sewer basic charges are levied per registered section. The current application of sewer and water tariffs creates inequitable differentiation between properties used for the same purpose.</td>
<td>High</td>
<td>Escalate to CFO</td>
<td>M. Memani</td>
<td>Consider review of tariffs to freehold Hotels. Hotels currently levied 1 tariff per service, irrespective of number of bedrooms.</td>
<td>Closed</td>
</tr>
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</table>

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<thead>
<tr>
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<tbody>
<tr>
<td>8</td>
<td>Numerous inactive meters have been identified on the report. Information such as addresses and ID numbers are incomplete or missing.</td>
<td>High</td>
<td>Escalate to CFO</td>
<td>M. Memani</td>
<td>Integration with municipal financial system. Consider survey to update personal data. (Data Cleansing tender, including door to door survey to obtain meter details) Meters to be connected to Owner/Erf. Inactive meters/tampered meters to be followed up.</td>
<td>Open</td>
</tr>
<tr>
<td>9</td>
<td>Numerous registered properties identified in developments which are not included in the General Valuation Roll</td>
<td>High</td>
<td>Interim valuation request forms to be completed for monthly deeds submitted to income.</td>
<td>G. Siko/ M. Memani</td>
<td>Monthly Deeds received from DDP. Validate if properties in monthly Deeds are included in Supplementary Valuation Rolls- request Memo for inclusion.</td>
<td>Open</td>
</tr>
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</table>
The way forward

Key focus areas

- SV 02 journals
- Uitzicht finalisation
- Vacant properties consuming services investigations
  - Submit promun forms to correct vacant tariffs (8035) to improved properties
  - Submit interim valuation forms in respect of the 89 properties for which occupation certificates were obtained to the municipal valuer for review in SV 03
- Investigate refuse tariff not agreeing with rates tariff chart, municipal dashboard, to confirm anomalies
- Investigate sewerage tariff not agreeing with rates tariff chart, municipal dashboard, to confirm anomalies
- The Heads rates and services validation
- Leisure Isle rates and services validation
- Inspection to Sedgefield developments
Thank you
11.1.39

CM49/08/19 REPORT BACK ON THE APPLICATION TO LEASE MUNICIPAL LAND - PORTION OF ERF 215, KNYSNA ADJACENT TO ERF 250, KNYSNA

REPORT FROM THE DIRECTOR : CORPORATE SERVICES

PURPOSE OF THE REPORT

To request the Municipal Council to consider:

Leasing a portion of Council property, being a portion of Erf 215, Knysna measuring approximately 910 square meters, to M & L Huisamen for public recreation area, viewpoint and parking; and Entering into a service level agreement with M & L Huisamen for upgrading a portion of Bosbou Street.

BACKGROUND

Marike Vreken Town Planners CC on behalf of M & L Huisamen, the owners of Erf 250, Knysna applied to lease a portion of Erf 215, Knysna for a period of 9 years and 11 months (see Annexure A).

Erf 215 is a portion of surveyed road and is currently zoned as “Undetermined” in terms of the Knysna Zoning Scheme regulations (1992). The applicant wants to landscape the portion in question as a public recreation area, with viewpoint and construct additional public parking. The rehabilitated space will be accessible and enjoyed by the public.

The application is to lease only the landscaped parking area and not the existing public road area.

The proposed landscaped public area will consist of the following:

14 x Surfaced and demarcated public parking bays;
Landscaped parking area;
Public Viewpoint;
Benches to sit on;
Existing site elements (trees vegetation etc.);
Proposed new street furniture (Landscaping etc.);
Safety and warning signage;
Tourism signage to promote use of the public area;
Sufficient access available to Knysna Erf 250;
Sufficient manoeuvring space for vehicles; and
Entrance area for pedestrians to Erf 250.

The subject property is currently used as an informal public viewing area with no formal or demarcated parking bays. No maintenance is done at the site and poses a safety and security threat to the public visiting this site.

The applicant also wishes to cover 50% of the cost to upgrade Bosbou Street, the public access road to erven 250, 3428, 3429 and 3430, Knysna.
The Municipal Council at its Ordinary Council Meeting dated 29 March 2018 resolved the following:

“MFG20/02/18 APPLICATION TO LEASE MUNICIPAL LAND – PORTION OF ERF 215, KNYSNA ADJACENT TO ERF 250, KNYSNA

RESOLVED BY MAJORITY

[a] That the report and annexure regarding the application to lease a portion of Erf 215, Knysna for a period of 9 years and 11 months to construct a public recreation area, with viewpoint and additional public parking submitted to the Finance and Governance Committee meeting dated 8 February 2018, be noted; and

[b] That the application to lease Municipal Land, Portion of Erf 215, Knysna adjacent to Erf 250, Knysna, be advertised for public comment.

File Number : 7/2/1/2/1
Execution : Municipal Manager
Acting : Director Corporate Services
Manager : Administration

Cllr E van Aswegen requested it be minuted that he do not support the above resolution.”

The advertisements was placed in the local newspapers (Action Ads and Knysna-Plett-Herald) on 14 June 2018 (see Annexure B). No objections was received.

DISCUSSION

Section 34 of the Asset Transfer Regulations 2008, deals with Granting of rights to use, control or manage municipal capital assets and reads as follows:

“Granting of rights to use, control or manage municipal capital assets

34. (1) A municipality may grant a right to use, control or manage a capital asset only after – the accounting officer has in terms of regulation 35 conducted a public participation process regarding the proposed granting of the right; and The municipal council has approved in principle that the right may be granted.

(2) Subregulation (1) (a) must be complied with only if – the capital asset in respect of which the proposed right is to be granted has a value in excess of R10 million; and a long term right is proposed to be granted in respect of the capital asset.

(3) (a) Only the Municipal council may authorise the public participation process referred to in subregulation (1)(a).
(b) A request to the municipal council for authorisation of a public participation process must be accompanied by an information statement stating – (i) the reason for the proposal to grant a long term right to use, control or manage the relevant capital asset;
any expected benefits to the municipality that may result from the granting of the right;
any expected proceeds to be received by the municipality from the granting of the right; and
any expected gain or loss that will be realised or incurred by the municipality arising from the granting of the right.”

According to the General Valuation Roll Erf 215, Knysna is valued at R1 000 thus, subregulation (1) (a) does not need to be complied with (public participation process).

Section 36 of the Asset Transfer Regulations 2008 deals with the consideration of proposals to grant rights to use, control or manage municipal capital assets and reads as follows:

“...the municipal council must, when considering in terms of regulation 34 (1) (b) approval for any proposed granting of a right to use, control or manage a capital asset, take into account:
whether the capital asset may be required for the municipality’s own use during the period for which the right is to be granted;
the extent to which any compensation to be received for the right together with the estimated value of any improvements or enhancements to the capital asset that the private sector party or organ of state to whom the right is granted will be required to make, will result in a significant economic or financial benefit to the municipality;
the risks and rewards associated with the use, control or management of the capital asset in relation to the municipality’s interests; any comments or representations on the proposed granting of the right received from the local community and other interested persons;
any written views and recommendations on the proposed granting of the right by National Treasury and the relevant provincial treasury; the interests of any affected organ of state, the municipality’s own strategic, legal and economic interests and the interests of the local community; and compliance with the legislative regime applicable to the proposed granting of the right.”

The following is deemed relevant to the above:

Erf 215 is a portion of surveyed road and is currently zoned as “Undetermined” zone and is currently being used by the public as informal public viewing area and parking thus the capital asset in question will not be required for the municipality’s own use during the period for which the right is to be granted.
The leasing of the portion in question, measuring 910m² should be done at market related rental to be determined by the Municipal Valuer, DDP. The upgraded area will improve the aesthetic quality of the surrounding environment, encourage tourists to visit this area and surrounding tourist attractions.

All the risks and rewards associated with the use, control or management of the capital asset would be carried over to the applicant with whom a lease agreement must be entered into in terms of regulation 45 of the Asset Transfer Regulations.
No public participation process needs to be done regarding the proposed granting of the right as the value of the capital asset, in respect of which the proposed right is to be granted is not in excess of R10 million. Hence no comments or representations, written views and recommendations on the proposed granting of the right received from the local community and other interested person’s needs to be considered. However, an intention to lease the property in question was advertised. No objections was received.
The proposed granting of the right is not affecting any organ of state, the municipality’s own strategic, legal and economic interests and the interests of the local community in a negative
way. As Knysna is a tourist town, the upgrading of the portion in question would surely attract more tourist to the area as the upgraded portion will also increase safety and security at this area.

It is in express interest that this application should be considered by the Municipal Council by taking into consideration the Asset Transfer Regulations, Knysna Municipal Policy on the Management of Immovable Property and any other legislative regime applicable to the proposed granting of the right.

The applicant motivates the application as follows:

The applicant is the only ratepayer that use this portion of land to access his property.

Beautifying, landscaping and providing a viewpoint to be used by the public is non-arguably a unique concept, beneficial to the public and beneficial for tourism in Knysna.

Knysna Municipality does not have sufficient funds allocated to landscape municipal land. The applicant is willing to upgrade the existing area at his own expense.

The landscaped parking area will be landscaped and maintained in future by the applicant presenting additional favourable cost saving advantages/benefits to Knysna Municipality.

It is the considered opinion that landscaping this portion of leased land will be advantageous in terms of cost and general expenses from Knysna Municipality.

The applicant will manage local contractors to ensure any elements provided on site are professionally completed.

Any conditions proposed regarding the proposal from the applicant to cover 50% of the cost to upgrade Bosbou Street, will be subject to the lease agreement between Knysna Municipality and the owner of Erf 215.

**FINANCIAL IMPLICATIONS**

The applicants stated that they would be responsible for the costs for constructing a public recreation area, with viewpoint and construct additional public parking on a portion of Erf 215, Knysna.

The applicant stated that as part of the conditions to the lease agreement, Knysna Municipality will be responsible for any cost to damages to on-site landscaping as benches, landscape elements, and viewpoint due to public negligence.

The applicant stated that as part of the conditions to the lease agreement, Knysna Municipality will be liable for the cost to restore any of the aesthetic element (pots benches etc.) should these be damaged as a result of public negligence or vandalization.

The Municipal Valuer must be requested to determine the monthly market related rental if the Municipal Council approves the leasing of the portion in question.

The applicant will supply the Knysna Municipality with a cost estimate for the upgrading of Bosbou Street for consideration and proposed to cover 50% of the cost.
RELEVANT LEGISLATION

Local Government: Municipal Finance Management Act, 2003
Local Government: Municipal Finance Management Act (56/2003): Municipal Asset Transfer Regulations
Knysna Municipality's Management of Immovable Property Policy

UNANIMOUSLY RECOMMENDED

[a] That the report and annexure regarding the application to lease a portion of Erf 215, Knysna for a period of 9 years and 11 months to construct a public recreation area, with viewpoint and construct additional public parking submitted to the Mayoral Committee meeting dated 13 August 2019 be noted;

[b] That a site visit for the Mayoral Committee members and any other interested Councillors be arranged before the Ordinary Council meeting to be held on 29 August 2019;

[c] That approval be granted, in principle, that a right to use, control or manage a portion of Erf 215, Knysna for a period of 9 years and 11 months to the owners of Erf 250, Knysna subject to [e] and [g] below;

[d] That the applicant be responsible for all costs for the establishing of the public recreation area, with viewpoint and construct additional public parking;

[e] That the upgrading of Bosbou Street as per the application not be approved but discussed with the Director: Technical Services for consideration;

[f] That the Municipal manager be instructed to appoint the Municipal Valuer, DDP Valuers to determine the monthly rental to be paid by the applicant to the Knysna Municipality;

[g] That the responsibilities regarding public negligence or vandalization to be the responsibility of Knysna Municipality not be approved;

[h] That the responsibilities regarding Knysna Municipality being liable for the cost to restore any of the aesthetic element (pots benches etc.) should these be damaged as a result of public negligence or vandalization not be approved; and

[i] That the Municipal Manager be instructed to enter into a lease agreement that complies to Regulation 45 of the Asset Transfer Regulations.

ANNEXURE

ANNEXURE A- Application by Marike Vreken Town Planners CC
ANNEXURE B- Advertisements

File Number : 7/2/2/1
Execution : Municipal Manager
Director : Corporate Service
Manager : Legal Services
ANNEXURE A

KNYSNA ERF 215
Proposed
UNSOLICITED BID TO LEASE MUNICIPAL LAND

CLIENT: M & I HUISAMEN
PREPARED BY: MARIE VREKEN URBAN & ENVIRONMENTAL PLANNERS

MvUP AUGUST 2017
## KNYSNA ERF 215: PROPOSED UNSOLICITED BID TO LEASE LAND

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KNYSNA ERF 215: PROPOSED UNSOLICITED BID TO LEASE LAND

(II) ANNEXURES

Annexure A.  
SG Diagram 4530/2004

Annexure B.  
SG Diagram 637/1895

(III) PLANS

PLAN 1. Locality Plan and Lease Area
PLAN 2. Site Development Plan

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KNYSNA EFF 215: PROPOSED UNSOLICITED BID TO LEASE LAND

SECTION A: BACKGROUND

1. BACKGROUND

Eff 215 Knysna, is a portion of surveyed road and currently zoned as “Undetermined” zone in terms of the Knysna Zoning Scheme Regulations (1992). This land was originally granted as “commonage” by the Church of England, during the 1800’s.

The owner of the abutting Eff 250 would like to lease a portion (approximately 010m²) of Knysna Eff 215 to landscape as a public recreation area and additional public parking.

The rehabilitated space will include formalised parking areas and a viewpoint to be accessed and enjoyed by the public.

In order to lease the proposed portion of Knysna Eff 215, an application an unsolicited bid is submitted to the Knysna Municipality.

SECTION B: PROPOSAL

2. DETAIL OF THE PROPOSAL

2.1 Lease of Municipal Land
(Refer to Plan 1: Locality Plan and Lease Area)

The area to be leased from Knysna Municipality measures approximately 910m² in extent and about the western boundary of Knysna Eff 250 (see Annexure A). The applicant wishes to lease the demarcated area for a period of 9 years 11 months. The coordinates for the area to be leased are as follows:

<table>
<thead>
<tr>
<th>Point</th>
<th>Coordinates</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>34° 1'52.08&quot;S and 23° 252.86&quot;E</td>
</tr>
<tr>
<td>B</td>
<td>34° 1'53.77&quot;S and 23° 252.95&quot;E</td>
</tr>
<tr>
<td>C</td>
<td>34° 1'53.76&quot;S and 23° 253.26&quot;E</td>
</tr>
<tr>
<td>D</td>
<td>34° 1'53.80&quot;S and 23° 252.11&quot;E</td>
</tr>
<tr>
<td>E</td>
<td>34° 1'53.25&quot;S and 23° 252.10&quot;E</td>
</tr>
<tr>
<td>F</td>
<td>34° 1'53.05&quot;S and 23° 252.15&quot;E</td>
</tr>
</tbody>
</table>

1 It should be noted that the entire area as indicated in the image below measures 910m². The registered access road to eff 250 is 7.87m wide on the eastern boundary of the ef and 9.4m wide on the southern boundary of the ef (see attached Annexure B). The owner wishes to lease only the landscaped parking area which measures 910m² extent from council and not the areas of the existing public road.
KNYSNA ERF 215: PROPOSED UNSOLICITED BID TO LEASE LAND

<table>
<thead>
<tr>
<th>Point</th>
<th>Coordinates</th>
</tr>
</thead>
<tbody>
<tr>
<td>G</td>
<td>34° 1'53.04&quot;S and 23° 2'51.99&quot;E</td>
</tr>
<tr>
<td>H</td>
<td>34° 1'52.75&quot;S and 23° 2'52.06&quot;E</td>
</tr>
<tr>
<td>J</td>
<td>34° 1'52.79&quot;S and 23° 2'52.23&quot;E</td>
</tr>
<tr>
<td>K</td>
<td>34° 1'52.09&quot;S and 23° 2'52.79&quot;E</td>
</tr>
</tbody>
</table>

The proposed lease area, including the public access road, is indicated in Figure 1 below:

*Figure 1: Area of Municipal Land to be Leased*
2.2. Proposed Use
(Refer to Plan 2: Site Development Plan)

The aim of the proposal is to upgrade, redevelop and revitalize the formalise the existing, unconstructed road and degraded municipal land as a public parking area and tourist viewpoint. The proposed landscaped public area will consist of the following:

- 14 x Surfaced and demarcated public parking bays;
- Landscaped parking area;
- Public Viewpoint;
- Benches to sit;
- Existing site elements (trees vegetation etc.);
- Proposed new street furniture (Landscaping etc.);
- Safety and warning signage;
- Tourism signage to promote use of the public area;
- Sufficient access available to Knysna Erf 250;
- Sufficient manoeuvring space for vehicles;
- Entrance area for pedestrians to Erf 250;

A site development plan, indicating the proposed use of the public land is indicated in Figure 2 below.

2.3. Parking Provision

The application area has sufficient space to accommodate 14 x parking bays. The parking bays are laid out at a 60-degree angle to promote accessibility of vehicles entering from Bosbou Street. There is more than a 7.5m gap between the parking bays to ensure that the vehicles can safely reverse and turn forward facing back into Bosbou Street.
2.4. Reason for the proposal

At present, the portion of public land is used as an informal public view area with no facilities. Knysna Municipality has made no formal attempt to construct a road on the portion that gives access to Erf 250, which is an existing lawful tourist accommodation enterprise. Knysna Municipality does not maintain this public open space; therefore, it is an eyesore and presents a safety and security threat not only to the visitors of the guest house on Erf 250, but also to surrounding residents and ratepayers.

The applicant would like to landscape the public space at his cost, to improve the access/entrance to his investment, and to provide a safe and secure public amenity for the public to enjoy.
2.5. Unsolicited Land Alienation Proposal

Given the fact that this proposal is so unique and the fact that the applicant is the only ratepayer that uses this portion of land to access his property, the applicant is applying to Krynau Municipality to alienate the land on the basis of an unsolicited bid.

According to the Municipal Supply Chain Management Regulations, as published in Government Gazette of 30 May 2005 (GN 27636), a municipality may consider an unsolicited bid if:

(a) The product or service offered in terms of the bid is a demonstrably proven unique concept;
(b) The product or service will be exceptionally beneficial to, or have exceptional cost advantages for, the municipality or municipal entity;
(c) The person who made the bid is the sole provider of the product or service, and
(d) The reasons for not going through the normal bidding processes are found to be sound by the accounting officers.

In this proposal document, we will motivate and demonstrate why this proposal should be considered as an unsolicited bid.
3. LOCALITY
   (Plan 1: Locality Plan)

The application area abuts the western boundary of Knysna Erf 250, which is accessed from Bosbou Street, Knysna. The application area is situated in a favourable location in the Upper West part of Central Knysna, which can be easily accessed off either Concordia Road or Thesen Street. The coordinates for the centre of the area to be leased from Council is located at 34° 1'53.11"S and 23° 2'52.67"E.

4. CURRENT LAND USE AND ZONING

4.1. Land Use

The application area is currently used as a public open space mainly used for parking purposes.
4.2. Zoning

Knysna Erf 215 is currently zoned "Undetermined Zone" in terms of the Knysna Zoning Scheme Regulations (1992).

---

2. "Subject to the provisions of section 14(3) of the Ordinance, no building or use in this zone may be extended or altered or changed without the approval of the Council."
5. CHARACTER OF THE AREA

The surrounding area is predominantly characterised by single residential uses with a mixture of medium to high-income residential homes. The lease area abuts a general residential zoned guest house known Madison Manor Boutique Hotel on Erf 250. Various tourist accommodation establishments and social facilities occur within a 500m radius of the proposed lease area.

The surrounding area can be regarded as a well-integrated urban environment and the upgrading of the existing public open space will attract the public to make use of a recognised viewpoint that is safe and secure.

6. SITE CHARACTERISTICS

The application area is located on the top of a hill overlooking the town of Knysna. The area to be leased is relatively flat and has, informally, been used for public parking purposes in the past.

Given the extent of the existing fire damage of the greenbelt on Erf 215, the area north of the parking area is clear form any thicket and trees. The owner would like to construct a viewpoint (i.e. platform with balustrade) overlooking the centre town of Knysna and the Knysna Lagoon

Areas outside the proposed lease boundaries are characterised by steep slopes sloping downwards to the direction of Concordia Road. The area to be leased slopes from the 70m MSL contour line in the NE corner to the 64m MSL contour line in the SW corner with an average gradient of less than 1:10.

Because of the recent Knysna Fires, the majority of the vegetation abutting the application area have succumbed to the heat of the Fires. The proposed landscaped public parking area will assist in the beautification of this area that will improve aesthetic quality of the surrounding tourist environment.

Section 14 of the Act deals with disposal of capital assets of municipalities and reads as follows:

14. Disposal of capital assets:

(1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

(2) A municipality may transfer or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public –

(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

(3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

(4) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection 2(a) and (b) in respect of movable capital assets below a value determined by the council.

(5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy and which the municipality must have and maintain in terms of section 111..."
parking for the general public. It is suggested that the municipality does not have to call for tenders for the lease of this area as it will have no commercial value to any other entity, since no one else will have any commercial value / interest in constructing a public parking area and viewpoint on municipal land.

8. MOTIVATION FOR UNSOLICITED BID

(a) The product or service offered in terms of the bid is a demonstrably proven unique concept;

Response:
The applicant is the only ratepayer that use this portion of land to access his property. Beautifying, landscaping and providing a viewpoint to be used by the public is non-arguably a unique concept, beneficial to the public.

(b) The product or service will be exceptionally beneficial to, or have exceptional cost advantages for, the municipality or municipal entity;

Response:
Knysna Municipality does not have sufficient funds allocated to landscape municipal land. The applicant is willing to upgrade the existing area at his own expense. Furthermore, the landscaped parking area will be landscaped and maintained in future by the applicant presenting additional favourable cost saving advantages to Knysna Municipality. It is the considered opinion that landscaping this portion of leased land will be advantageous in terms of cost and general expenses from Knysna Municipality.

(c) The person who made the bid is the sole provider of the product or service, and

Response:
The applicant is willing at his own cost to landscape the parking area and construct a viewpoint to be used by the public. The applicant will make use of local contractors for landscaping and construction of the viewpoint area. Although the applicant is not the sole provider, the service the applicant will manage local contractors to ensure any elements provided on site are professionally completed.

(d) The reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

Response:
This is an administrative decision and should be made by Knysna Municipality.

9. KNYSNA INTEGRATED DEVELOPMENT PLAN (2017/2022)

The proposed lease area is in Ward 10 of the Knysna Municipality.

3 Pg178 – Knysna Integrated Development Plan 2017-2022
KNYSNA ERF 215: PROPOSED UNSOLICITED BID TO LEASE LAND

Tourism is not classified as an economic sector because it is an industry which forms part of various economic sectors. Knysna is traditionally seen as a “tourist town” and tourism is a large economic contributor in the Greater Knysna Municipal Area.

There is a need to deepen the tourism value chain, create a diversity of products, but also start to market Knysna as more than a place to come and play and to diversify the options that the town offers. Concerted efforts must continue to be made to ensure that the town is welcoming and accessible to all tourists.

<table>
<thead>
<tr>
<th>Ward 10 Development Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Focus Area</td>
</tr>
<tr>
<td>Economic Development</td>
</tr>
</tbody>
</table>

Upgrading of the existing parking area is highly consistent with the issues raised regarding tourism development in Ward 10 of Knysna Municipality. The financial capacity of the involved stakeholder will contribute to the upgrading of an existing run-down environment.
10. ACCESSIBILITY OF THE AREA

Vehicular access and egress to the application area is obtained via either Long Street or Concordia Road which leads off Grey Street. Using a portion of Erf 215 for parking purposes will not prevent access to any of the abutting properties. Refer to Plan 3: Site Development plan for more detail. Access to the leased portion can be easily obtained from the major movement route south and north of the application area via Bobbou Street. Figure 6 illustrates that the primary access road to application area is Bobbou Street. Theisen Hill Street can be accessed off Long street or Concordia Road. The portion of Knysna Erf 215 has sufficient access available to be used for a public viewpoint and parking purposes.

11. INCREASED SAFETY AND SECURITY

The landscaped open space will improve the aesthetic appearance of the public open space that will most likely attract members of the public to make use of the viewpoint.

Brown Tourism signage will be placed to inform the public of the view point. Furthermore, warning signs will be placed at the viewpoint that will indemnify the municipality and the applicant from any incidents that may happen that effect the public’s safety.

By promoting the accessibility, awareness and aesthetic quality of this open space will detract vagrants and looters as it will become an activity area managed by the owner of Erf 250.

12. TOURISM

Beautification of the public open space will improve the aesthetic quality of the surrounding environment, encouraging tourists to appreciate value to the surrounding area.

Providing a viewpoint will encourage tourist to visit this specific area, encouraging tourists to explore this area, usually neglected from a tourism perspective.
13. LOCAL ECONOMIC DEVELOPMENT

Local contractors will be used for preparation of the layout area, landscaping and maintenance of the lease area will make use of local contractors. This can be imposed as a condition of the lease agreement between Knysna Municipality and the Lessee.

14. VALUE ADDED TO PUBLIC OPEN SPACE

In its current state, the area is characterised as a damaged transformed Greenbelt usually used as either a cul de sac or public parking area. Currently the area is an eyesore.

Upgrading of this public open space will contribute to the aesthetic quality of the parking area as well as a prominent viewpoint to be used by visiting tourist. Upgrading of the local area will add value to the surrounding properties, since a safe and enjoyable public space will be created.

Duration of Lease

The owner wishes to lease the public area for a duration of 9 years 11 months years. The duration of the lease will be a term agreed upon between Knysna Municipality and the applicant.

15. CONDITIONS OF LEASE AGREEMENT

Should council wish to agree to this proposal the applicant suggest the following conditions for the proposed lease agreement:

(i) Public entering and using the public open space will be at their own risk.
(ii) The applicant will not be liable for any harm, injury or damage to a member of the public which occurred on the open space zone.
(iii) Any cost to damages to on-site landscaping as benches, landscape elements, and viewpoint due to public negligence will be the responsibility of Knysna Municipality.
(iv) The aesthetic elements (pots benches trees etc) placed on site will be at the cost of applicant. Should any of these aesthetic elements be damaged as a result of public negligence or vandalism, Knysna municipality will be liable for the cost to restore these elements.
(v) The applicant will be responsible for maintenance on the public area.
(vi) No access will be restricted to the public.

16. NO IMPACT ON EXISTING RIGHTS

The lease of public open space for parking purposes will not impact any existing land use right currently enjoyed by any of the neighbouring properties. The public open space will be used for public parking purposes and a landscaped public viewpoint, which is no different than the current right.

No noise pollution will be allowed on the site. Visitors will be expected to respect the neighbouring properties’ sense of place and the peaceful ambience of the area.
17. ACCOUNTABLE CITIZENSHIP

The owner of Erf 250 wishes to enter into an agreement with Knysna Municipality to ensure that the landscaped area meets the requirements of both parties involved, also ensuring that this landscaped area will be maintained to the standards agreed to by both parties.

The applicant would like to enter into a service level agreement with Technical Services: Knysna Municipality to upgrade a portion of Bosbou Street. The owner wishes to cover 50% of the cost to upgrade this road. A cost estimate for upgrading this road will be submitted to the Technical Services Knysna Municipality for consideration. Any conditions proposed will be subject to the agreement between Knysna Municipality and the Owner of Erf 215.

18. CONCLUSION

In light of this motivation, and the information contained in the foregoing report, it is clear that the application for:

(i) The property is zoned Undetermined Zone in terms of the Knysna Zoning Scheme Regulations;
(ii) The owner of Erf 250 wants to lease a portion of Erf 215 measuring 910m² for a period of 9 years and 11 months;
(iii) The proposed lease area will be upgraded to a public viewpoint and parking beneficial to the tourism industry of Knysna Municipality;
ENYNSA Erf215: Proposed Unsolicited Aid to Lease Land

(iv) This proposal is consistent with the Supply Chain Management Regulations 2005, for the Knysna Municipality to consider unsolicited bids;

(v) No commercial value will be associated to other entities upgrading the leased municipal land. Therefore, no tender is to be called by Knysna Municipality for lease of the proposed portion of land;

(vi) Upgraded the leased portion of municipal land will increase the value of municipal land and the value of surrounding properties;

(vii) Signage related to tourism, safety and security will be provided;

(viii) Aesthetic quality of surrounding area will be promoted;

(ix) A lease to agreement should ensure that the landscaped municipal area is being maintained to agreed terms of condition between Knysna Municipality and the applicant;

(x) Access to the leased area will not be restricted in anyway whatsoever.

(xi) The applicant wants to enter a Service Level Agreement with Technical Services for the upgrade of a portion of Bosbou Street; is desirable and it is therefore recommended that the application for the proposal be supported by the relevant authorities and approved by Knysna Municipality.

Markus Buskes (Pr. Ptn. A/253/2017) for:
Marlise Vreken Urban & Environmental Planners
August 2017
ANNEXURE A.

SG Diagram 4530/2004
ANNEXURE B.

SG Diagram 637/1895
The above Diagram marked A.T.C.D.U represents a piece of ground situated at Proprietary No. 238 CHF5H Road at Square Foot being Lot Nos 139, 240, 241 as General Plan of Spruce, Villiers transferred to the Municipality of Inyama on 1st July 1891.

Bounded Northward by 25 foot Street

Surveyed by Mr. F. Fletcher,
Government Surveyor.

Transfer 4318
20th July 1891
George W. Steptler,

[Diagram details]
Plan 1

Locality Plan and Lease Area
Plan 2

Site Development Plan
11.1.40

CM50/08/19  APPLICATION TO PURCHASE A PORTION 6 OF THE FARM HOOGEKRAAL NO 182 (A PORTION OF SEAVIEW DRIVE EAST)

REPORT FROM DIRECTOR : CORPORATE SERVICES

PURPOSE OF THE REPORT

To request the Municipal Council to consider the application of Marike Vreken Town Planners CC on behalf of the owners of portion 19 of the Farm Hoogekraal, to dispose of a portion of portion 6 of the farm hogekraal No. 182 (a portion of seaview Drive East) in terms of the Asset Transfer Regulations, 2008 and our Management of Immovable Property Policy.

BACKGROUND

The owner of Portion 19 of the Farm Hoogekraal No 182 appointed Marike Vreken Town Planners CC to apply to purchase a portion of Portion 6 of the Farm Hoogekraal No 182 to utilise the portion of land to construct a dwelling unit on (See Annexure A).

DISCUSSION

Section 14 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) deals with disposal of capital assets of municipalities and reads as follows:

“14. Disposal of capital assets:

A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

A municipality may transfer or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public –

has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection 2(a) and (b) in respect of movable capital assets below a value determined by the council.

Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111…”

The subject property is being used as access for portions 19 & 28 of the Farm Hoogekraal No. 182. The applicant proposed to register a servitude along the western and northern boundary
of portion 20, and along the northern boundary of Portion 19 as access for portions 19 & 28 of the Farm Hoogekraal No. 182. If the Municipal Council give the required in principle decision to alienate the a portion of Portion 6 of the Farm Hoogekraal No. 182 the Municipal Valuer, DDP Valuers, should be requested to provide the market value of the portion of Portion 6 of the Farm Hoogekraal No. 182. The alienation of a portion of Portion 6 of the Farm Hoogekraal No. 182 must be fair, equitable, transparent, competitive and consistent with the supply chain management policy of the Municipality as required by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

The Knysna Municipality Supply Chain management Policy 2018/19 approved by the Municipal Council on 6 June 2018 states the following with regards to “Disposal Management”;

“40. Disposal management
The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets will be subject to Sections 14 of the Act, and asset transfer regulations;

Assets may be disposed of by –
transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
selling the asset; or
destroying the asset
The Accounting Officer must ensure that –
immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are reviewed annually;
where assets are traded in for other assets, the highest possible trade-in price is negotiated;
and
in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.”

Portion 6 of the Farm Hoogekraal No. 182 is valued at R640 000.00 on the Valuation roll for 2017/2022. Erf 1626 is all the public open spaces and public roads on the Island in Sedgefield.

The total value of the capital assets of Knysna Municipality for the financial year ended on 30 June 2017 is determined to be R 1 055 974 293. One per cent of R 1 055 974 293 is R 10 559 742.93. The property in question, a portion of Erf 1626, Sedgefield is not more than R 10 559 742.93, thus subregulation (1)(a) [public participation process] of the Asset Transfer Regulations does not need to be complied with.

Although all the relevant legislation states that the property in question does not need to follow a public participation process, as a public participation process would have no purpose. It is still recommended that the intention to alienate a portion of Portion 6 of the Farm Hoogekraal
No. 182 to the adjacent owner of Portion 19 of the Farm Hoogekraal No 182, should be advertised for comments and objections.

**FINANCIAL IMPLICATIONS**

This Municipal property must be alienated at a market related price as determined by the Municipal Valuer. Should the property be disposed of, there will be no cost to the Municipality of this transaction as the applicant must be liable for all the costs relating to this transaction.

**RELEVANT LEGISLATION**

Local Government: Municipal Finance Management Act, 2003  
Local Government: Municipal Finance Management Act (56/2003): Municipal Asset Transfer Regulations  
Management of Immovable Property Policy  
Knysna Municipality Supply Chain Management Policy

**UNANIMOUSLY RECOMMENDED**

[a] That the report and annexures regarding the application to purchase a portion of Portion 6 of the Farm Hoogekraal No. 182, abutting Portion 19 of the Farm Hoogekraal No 182, submitted to the Governance and Economic Development Committee meeting dated 5 June 2019, be noted;

[b] That a site visit for the Mayoral Committee members and any other interested Councillors be arranged before the Ordinary Council meeting to be held on 29 August 2019;

[c] That in terms of Section 14(2)(b) of the Local Government : Municipal Finance Management Act, 2003, the Municipal Manager should be instructed to appoint the Municipal Valuer, DDP Valuers to determine the fair market value of the relevant portion of a portion of Portion 6 of the Farm Hoogekraal No. 182;

[d] That the Municipal Manager is hereby instructed to advertise the intended alienation of a portion of Portion 6 of the Farm Hoogekraal No. 182 to the owner of Portion 19 of the Farm Hoogekraal No 182, and

[e] That a further report be submitted to a following Governance and Economic Development Committee meeting after the advertising as mentioned in [c] above have been completed, which report must include comments from the Technical Services, Finance, Community Services and Planning and Development directorates.

**ANNEXURE**

A – Application from Marike Vreken

References : 7/2/1/2  
Execution : Municipal Manager  
Director : Corporate Services  
Manager : Legal Services
ANNEXURE A

Head Records & Property Management
Kynsna Municipality
P.O. Box 21
Kynsna
6570

FOR ATTENTION: M R C MATTHEUS

Dear Sir,

APPLICATION FOR LAND ALIENATION: PORTION OF PORTION 6 OF THE FARM HOGEKRAAL NO 182 (A PORTION OF SEAVIEW DRIVE EAST)

We have been instructed by the owner of Portion 19 of the Farm Hoegerkraal No 182 to apply to Kynsna Municipality to purchase a portion of Portion 6 of the Farm Hoegerkraal No 182, (a Portion of Seaview Drive East that runs through portion 19 of the Farm Hoegerkraal No 182 ) from Kynsna Municipality to utilise the portion of land to construct a dwelling unit.

The following Annexures are attached to this applicator:

Annexure A. General Plan 515/1945
Annexure B. Western Cape High Court Case 2912/2016 - Judgement
Annexure C. Minutes of the Pre-application consultation meeting with Kynsna Municipality
Annexure D. Locality Plan
Annexure E. Architect Site Development Plan
Annexure F. Owner’s Signed Consent for Right of Way over Portion 20
Annexure G. Legal Opinion – Public Open Space Seaview Drive East

1. Background

Portion 19 of the Farm Hoegerkraal No 182 is located in the Wilderness Forest Estate, depicted on General Plan 515 surveyed in 1945 and approved by the Surveyor General (refer to Annexure A). The...
property is deemed to be zoned "Agriculture Zone I" in terms of the Section 8 Zoning Scheme Regulations.

The general plan shows that Seaview Drive East is not described as a 'private street' but that it was shown as a street on General Plan 615 which was filed in the Surveyor-General's office. According to the General Plan, the roads were registered as portion 6 of the Farm Hoogeikraal no 182. The judgment in the High Court Case 2912/2016 confirmed that Seaview East Drive satisfies the definition of public street according to section 2(xxi)(b)(ii) of the Divisional Councils Ordinance No 18 of 1976.

The Judgement concluded that the vesting ownership of these roads has not occurred in terms of an existing consent of the Court has found that according to Section 121 of the Divisional Councils Ordinance No 18 of 1976 the ownership of a public street does vest in the local authority (para.25 of the Court Case 2912/2016 attached as Annexure B). Therefore, the systems of the public streets operating in the estate are maintained and are not be unilaterally changed (except by lawful procedures).

A portion of Seaview Drive East runs through Portion 19. This portion of Public Street ends at the northeastern corner of Portion 19 and also provides access to Portion 28 and the Remainder of the Farm Hoogeikraal No 182.

The owner of portion 19 has no intention to use this public street that runs through Portion 19. Therefore, the owner would like to alienate a portion of Seaview Drive and close a portion of the public open space. An alternative right of way will be registered over Portions 19 and 20 to ensure that all the properties affected by the proposed alienation will receive access. The servitude right of way registered over Portion 20 will provide access in favour of Portion 19. The servitude registered servitude right of way registered over Portion 19 will provide access in favour of Portion 28 and the Remainder of The Farm Hoogeikraal No 182. This servitude right of way is a diversion of the access road that will provide access to Portions 19,28 and the Remainder of the Farm Hoogeikraal No 182.

In order to close a Portion of Seaview Drive East, the applicant is applying to buy a portion of Portion 6 of the Farm Hoogeikraal No 182 (Seaview Drive East) that runs through Portion 19, from Knysna Municipality.

**Figure 1: Public Street that Bifurcates Portion 19**
2. **Pre-Application Consultation with Knysna Municipality**

The application was held at Knysna Municipality’s pre-application consultation panel during 13 March 2018 (where not all the applicable municipal departments attended the meeting). A copy of the minutes of this meeting is attached as **Annexure C**. The outcome of this meeting was:

- The applicant was advised that the status of the road needs be determined because the judgment and Surveyor Generals are not similar regarding the status of the road. (This issue will be addressed in detail in this report).
- As soon as the status of the road is determined an application for alienation can be lodged to Knysna Municipality.
- The application area is located within an OSCAE. Therefore an OSCAE permit needs to be obtained before any construction or removal of earth materials should occur.

3. **Locality**

The application area is located on the northern shore of the Swartvlei Lagoon. The area falls within the Jurisdiction of Knysna Municipality. The Wilderness Forest Estate is accessed from Divisional Road 1515. The portion of land to be alienated is located at the end of Seaview Drive East. The exact coordinates of the portion of land to be alienated are 33°58′56.35″S and 22°47′6.23″E. A locality plan is attached as **Annexure D**.
4. The Proposal

The General Plan depicts a network of roads running through, connecting and providing access to the various portions south of the Wilderness Forest Estate. The road that runs through Portion 19 is Seaview Drive East, which gives access proceeding though Portion 20 before proceeding through another property, Portion 19, thereby giving access to Portion 28, and the Remainder of the Farm Hoogehraal No 182. Seaview Drive East is the only road in the Estate which gives access to the Portions 19, 20 and 29.

The owner envisions constructing a dwelling unit with a coverage of approximately 526m² on a flatter portion of his property, located north of Seaview Drive East. The remainder of the property south of the public road, is extremely steep, thereby limiting the developable area on the property significantly.
In order to construct the dwelling unit on the desired location, the owner of Portion 19 would like to close and buy a portion of the road reserve of Seaview Drive East, to allow for a functional development footprint on his property, to build his dwelling house. The portion of land to be alienated, is a portion of Portion 6 of the Farm Hoogekraal No 162 (Seaview Drive East). This area measures approximately 3770m² (229m x 13m) in extent.

The proposal is to divert the public road along the western and northern boundary of Portion 20, and along the northern boundary of Portion 19. The diverted road will provide access to Portions 19, 28 and the remainder of the Farm Hoogekraal No 162 (plantation to the east of Portion 20).

\[ \text{Figure 5: Extract of Architect Site Development Plan} \]

5. Existing Land Use Rights

Portion 19 of the Farm Hoogekraal No 162 is currently zoned 'Agriculture Zone I' in terms of the Section B Zoning Scheme Regulations. The image below shows an extract of the Knysna Zoning Maps during 2008.

\[ \text{Figure 6: Extract of the Knysna Municipality Zoning Maps 2008} \]
6. Motivation for Alienation

The application for the alienation of the portion of road reserve is motivated on the following basis:

- Confirmation of Public Open Space
- Use of the land;
- Redundant land;
- Alternative Access;
- No impact on traffic flow;
- No impact on Municipal services;
- Not a functional portion of land;
- Land not needed for municipal services delivery;

6.1. Confirmation of Public Open Space

During the pre-application consultation with Krynsa Municipality (refer to Annexure C for a copy of the minutes of the pre-application meeting), the municipal officials requested a Legal Opinion to confirm the legal status of Seaview Drive East. Herbie Oosthuizen and Associates provided a Legal Opinion on the status of Seaview Drive (Refer to Annexure C). The following background information is of relevance to this application:

(i) The Judgement made by Judge Bozalek on 30 June 2017 held that the road was indeed a public road and that the ownership vested with the local authority. (See attached Annexure B for Judgment).

(ii) In this application George and Krynsa Municipality, as well as the Surveyor General were cited as parties of interest to the application and therefore in terms of law the decision handed down by the court will be binding on all of the respectively.

(iii) No Application for leave to appeal in terms of 49 were filed by any of the respondents. Accordingly, the judgement handed down by Judge Bozalek I remains binding on all parties

(iv) Consequently, The Krynsa Municipality is compelled to administer the application for alienation, closure of a public place, subdivision and rezoning.

6.2. Use of the land

The portion of land to be alienated is currently a portion Seaview Drive East, this portion of the road reserve currently provides access to Portions 59, 28 and the Remainder of the Farm Hoogekraal No 182. Therefore, the portion of Seaview Drive is primarily used to provide access to Portions 19, 28 & Remainder of the Farm Hoogekraal

6.3. Impact on Privacy

The Western Cape High Court case 2912/2016 (attached as Annexure B) makes several references to Seaview Drive having an impact on privacy given the fact that the existing public
street runs through Portions 19 and 20. Seaview Drive East in its current location abuts the existing structure on Portion 20 and the location of the proposed structure on Portion 19.

The proposed diverted road will run along the western and northern boundary of Portion 20 and the northern boundary of Portion 19. This diversion road will link with the existing road bordering portion 19 and 28 along the eastern common boundary mainly used for forestry purposes.

The existing road's location currently borders the existing structures on Portion 20 and the location of the proposed structure on Portion 19. The location of the diverted road will be located more than 30m from the existing structures on Portion 21; 98m from Portion 20; 35m from the existing Structures on Portion 20 and approximately 35m from the position of the proposed structures on Portion 19.

In conclusion, diverting the road towards the north will not have a direct impact on the surrounding land privacy, because the majority of the structures are located more than 30m away which is the prescribed street building line for Agriculture Zone 1 property. The distance the diversion road will be located from existing structures will not have a detrimental impact on the privacy of the affected properties.

The diverted road will be closer to the portions of land (Portion 19 & 28) that will use this road for access purposes. It should be noted that the owner of Portion 20 has provided written permission to re-align the access road on his property (refer to Annexure F for a copy of the land owner’s written permission).

The proposed new access road, will still culminate at the same point on the eastern boundary of Portion 19, where the current road stops, still providing access to the eastern located plantations.
6.4. Redundant land

An alternative access road, that matches the quality and finish of Seaview Drive East will be provided as a new servitude access road to provide access to Portions 19, 28 and the Remainder of the Farm Hoogeblaas No 182. Meaning a portion of Seaview Drive will become a redundant portion of road, when the diverted road is registered as a right of way in favour of the general public. This land (the closed portion of Seaview Drive East) is not required to render any other public service.

The alienation of this portion of unutilised road, will alleviate the financial burden of road maintenance responsibilities for Knysna Municipality, whilst also receiving market-related price for the land.

6.5. Access

The owner of Portion has no intention to use the portion of Seaview Drive East that runs through his property, therefore the owner would like to close a portion of Seaview Drive East and obtain access via a proposed new servitude road located along the western and northern boundary of Portion 20 and the northern boundary of Portion 19. The registered right of way servitude will be in favour of the general public and ensure access to Portions 19; 20 and the Remainder of the Farm Hoogeblaas No 182. Access to the existing plantation road bordering the eastern boundaries of Portions 19 and 28 will be maintained.

Below is a diagrammatic illustration of the proposed realigned access road. The owner of Portion 20 has no objection to provide an access via a right of Way over Portion 20 in favour of Portion 19; 28 and the Remainder of the Farm Hoogeblaas No 182. (See attached owners consent for access right of way over Portion 20 attached Annexure F). The owner of Portion 19 also has no objection to provide an access right of way along his northern boundary, hence the application for alienation to council.
6.6. No impact on traffic flow

Seaview Drive East currently provides access to only eight (8) properties in the Wilderness Forest Estate. The proposed portion to be alienated only provides access to two (2) properties within the Estate namely Portion 19 and 20 and one property bordering the estate to the east being the remainder of the Farm Hoogekraal No 182.

No additional traffic will be generated from this purchase of land, therefore the right of way servitude will serve the same functionality and capacity as the proposed portion of road to be alienated. Since the diversion road is an existing cleared road, the diverted road will not impact on the traffic flow and the functionality of the access to surrounding properties in any way whatsoever. The land use will remain unchanged being rural residential in an Agriculture Zone I. The diverted road will also bring Portion 28 and 51’s access closer to their dwellings, thereby providing a more convenient and accessible access road.

6.7. No impact on Municipal Services

The figure below illustrates the existing municipal services in the surrounding area. According to this data, no municipal services are located on this portion of land. Therefore, the proposal will have no impact whatsoever on municipal services provision.

![Existing Services](image)

**Figure 9: Existing Municipal Services 2016**

6.8. Not a functional portion of land

The portion of land to be alienated is small and oddly shaped. This is not considered a practical and functional land unit. When the applicable development parameters of the Section 8 Zoning Scheme Regulations are applied, there is barely any developable footprint left to develop a dwelling house in the property.
To promote the functionality of this land unit, it has to be consolidated with an abutting property. This land parcel for alienation is not a functional property since it is a small, narrow, piece of land and if building lines are applied there are no developable area on the land parcel.

This piece of land will best be utilised when incorporated with Portion 19 of the Farm Hoogekraal No 182.

6.9. Land not needed for municipal services delivery

Figure 7 indicates that no municipal services will be affected by the proposed alienation. The proposed portion to be alienated will not be needed for the delivery of any other essential municipal services.


Section 14 of the abovementioned Act deals with disposal of capital assets of municipalities and reads as follows:

14. Disposal of capital assets:

(1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

(2) A municipality may transfer or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public –

(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

(3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

(4) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection 7(a) and (b) in respect of movable capital assets below a value determined by the council.

(5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111...
It is important to take into consideration that primary access will be provided via a right of way servitude to Portions 19; 28 and Remainder of the Farm No 182. We believe that, should Council decide to alienate this portion of land, it would be beneficial to the above-mentioned properties and the Council. The reason for this statement is:

(i) The portion to be alienated is a small and oddly shaped that will not be a practical and functional property if it is used on its own and not consolidated with an abutting property, especially when the building lines for Agriculture Zone I are applied.

(ii) The portion of Seaview Drive East to be closed has a direct influence on the privacy of the owner of Portion 19. Given the limited development footprint to the north of the existing road, the road in its current location will have an impact on privacy of the proposed dwelling unit, because the dominant viewsheilds from Portion 19 are towards the south (Swaartvlei Lagoon). The proposed location of the dwelling is approximately 5m from to the existing road meaning that road users will have an direct impact on the privacy of this new dwelling house.

(iii) The diverted road will be located more than 30m away from any existing structures of all the surrounding property owners. Hence the impact on privacy will be significantly reduced by this proposal.

(iv) No other property owners are deemed to have any interest in the portion of property.

It is suggested that Council does not have to call for tenders for the alienation of this strip as it will have no commercial value to any other entity.

8. Land Value

Should Council decide to alienate the land, an independent valuation will be conducted on the property, at the cost of the applicant, to guide the price that the owner of Portion 19 of the Farm Hoogekraal No 182 will pay for the land. The owner is willing to pay a market-related price for the property.

9. Land Use applications

The applicant knows the alienation of this portion of a public street will require road closure, rezoning and subdivision. The applicants are prepared to undertake these land use applications at their cost, should Council decide to agree to the alienation as applied for.

10. Conclusion

We conclude that:

(i) The judgement made by Judge Botalek on 30 June 2017 held that the road was indeed a public road and that the ownership vested with the local authority.

(ii) The proposed alienation of land will not have any commercial value to any other party;

(iii) The proposed alienation will benefit Council by means of additional initial capital income and thereafter increased rates and taxes from Portion 19 of the Farm Hoogekraal No 182;

(iv) The proposed alienation will benefit Council by means of decreased maintenance responsibility;
(v) The portion of the unutilised road reserve is not required for any other municipal services delivery.

(vi) We trust the above is in order. Please do not hesitate to contact the writer if you require any additional information in this regard.

Kind regards,

MARIUS BUSKES
Pr. FIn A/2531/2017
11.1.41

CM51/08/19 2020 – 2021 IDP REVIEW AND BUDGET TIME SCHEDULE

The Item served at the Special Council Meeting held on 22 August 2019.