



## **ITEM TO COUNCIL**

### **URGENT ITEM BY THE MUNICIPAL MANAGER**

#### **AUTHORISATION TO UNDERTAKE PUBLIC PARTICIPATION FOR THE DISPOSAL OF MUNICIPAL FIXED ASSETS IN LEEU-GAMKA IN TERMS OF THE ASSET TRANSFER REGULATIONS**

#### **BACKGROUND**

Item 12 of the Special Council Meeting of 23 January 2026 refers and is attached for ease of reference. Council resolved:

1. Note the report
2. Authorises the commencement of a public participation process in terms of the Municipal Asset Transfer Regulations, 2008, for the proposed disposal of the municipal property described in the report.
3. Mandates the Municipal Manager to ensure that the public participation process is conducted in a transparent and compliant manner and to submit a further report to Council upon conclusion of the process for final consideration, and in compliance with section 21A of the MSA.
4. Obtain comments from National Treasury and the relevant Provincial Treasury.

On compiling the reports to National and Provincial Treasury it was discovered that the report to Council, referred to above, was lacking in that it did not comply with paragraphs 5(3) and 6 of the Local Government: Municipal Financial Management Act, 2003: Municipal Asset Transfer Regulations. This item is put to Council to ensure compliance with the mentioned paragraphs.

#### **COMPLIANCE WITH PARAGRAPH 5(3)**

Paragraph 5(3) provides:

- 5(3)(a) Only the municipal council may authorise the public participation process referred to in sub-regulation (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 valuation of the capital to be transferred or disposed of and the method of valuation used to determine that valuation;
- (ii) the reasons for the proposal to transfer or dispose of the capital asset;
- (iii) any expected benefits to the municipality that may result from the transfer or disposal;
- (iv) any expected proceeds to be received by the municipality from the transfer or disposal; and
- (v) any expected gain or loss that will be realised or incurred by the municipality arising from the transfer or disposal.

The request for authorisation of the public participation process was put to Council in the form of an item and not as an information statement. Therefore the information statement, provided as Annexure B to this item, is now put to Council.

### **COMPLIANCE WITH PARAGRAPH 6**

Paragraph 6 provides:

6. If the municipal council has in terms of regulation 5(3)(a) authorised the accounting officer to conduct a public participation process in connection with any proposed transfer or disposal of a high value capital asset or other asset referred to in regulation 5(2), the accounting officer must at least 60 days before the meeting of the council at which the determinations referred to in regulation 5(1)(b) are to be considered---
  - (a) in accordance with section 21A of the Municipal Systems Act -
    - (i) make public the proposal to transfer or dispose of the capital asset together with the information statement referred to in regulation 5(3)(b); and
    - (ii) invite the local community and other interested persons to submit to the municipality comments or representations in respect of the proposed transfer or disposal of the capital asset; and
  - (b) solicit the views and recommendations of the National Treasury and the relevant provincial treasury on the matter.

### **RECOMMENDATION**

That in addition to the resolution taken at item 12 at the meeting of 23 January 2026, council now resolves:

1. Council notes the Information Statement attached as Annexure B.
2. That the Information Statement must form part of the public participation process as previously authorised.
3. That the closing date for comments, inputs and objections be extended to allow the public 60 days to submit comments, inputs and objections.
4. That the Municipal Manager is authorised to do that is required to comply with the Asset Transfer Regulations and Public Participation process.

## ANNEXURE B

### INFORMATION STATEMENT

#### **Background**

During a review of the portfolio of assets of Prince Albert Municipality it was found that large portions of municipal land in the Leeu-Gamka area is underutilized for years while there is no municipal need for this land. This land is not required for the minimum level of basic municipal services, and its retention does not provide strategic or operational value to the Municipality.

As part of asset management, the Prince Albert Municipality continuously reviews its asset portfolio to ensure that assets are utilised optimally and aligned with service delivery objectives. The municipal property, and that of the Central Karoo District Municipality (CKDM) has been evaluated keeping in mind possible future housing projects, expansion and development of the town of Leeu-Gamka and land availability for bulk infrastructure.

It was found that large portions of municipal land in the Leeu-Gamka area is underutilized for years and that there is no municipal need for these land parcels. It has been determined that the areas described below will not be not required for the minimum level of basic municipal services, and its retention does not provide strategic or operational value to the Municipality.

Development and job creation is needed in Leeu-Gamka and it is therefore proposed that price not be the only criteria in identifying the preferred bidder. It is for this reason that it is proposed that the tender process to be followed is a Call For Proposal Tender and that both the proposal and price will be evaluated. The aim of the proposal should be job creation, community development and the establishment of infrastructure.

A number of municipal boreholes are on the properties described below and all the water rights and equipment of the municipality must be excluded from the disposal of these properties. The PAM intends to do underground pipes over these properties and part of the conditions of disposal must be that the PAM will have a right of servitudes over these properties.

#### **Valuation of the mentioned property (capital asset)**

Given that we are dealing with land, the assets under discussion meets the definition of Capital Asset.

The request for public participation is to test the public buy-in in the proposal before any actual, external costs are incurred. It is for this reason that the mentioned land has not been surveyed, subdivided and consolidated. It is for the same reason that a valuation of the land did not take place.

Only once the council resolved to proceed with the process, based on the public participation input received will the instructions be given to survey, subdivide, consolidate and value the land (asset).

The estimated value of the land is about R2 000/hectare, therefore the estimated value is:

446.81ha	R893 620-00
26.5ha	R53 000
Total	R946 620-00

Though the intention is to do the disposal by way of Request for Proposal where the proposal should also address social impact of the development of the land and job creation, a reserve price will be determined based on the valuation by a sworn valuer.

### **Reason for the transfer or dispose of the land**

While there is social decay, driven by very high unemployment in Leeu-Gamka, the identified land is not utilised at all. This land has been lying idle up to now while the community is living is unemployed and mainly dependent on social grants.

The aim is to avail the land to ensure investment and economic opportunities for the residents. The land must be utilised to change lives. The reason for the proposal is the belief that productive land can bring out the best from Leeu-Gamka.

### **The expected benefits to the municipality**

Economic development, job creation and individual ownership for the residents of Leeu-Gamka is the aim. The expected benefit to the municipality is to have able and willing paying customers in Leeu-Gamka making a living to enable them to pay rates and taxes as levied.

As the process will entail a call for proposals taking into account the social impact and job creation it is expected that social benefits like Early Childhood Development Centres, School up to matric, bank auto teller machines, better security and the like will follow.

### **The expected proceeds**

A reserve price based on the valuation by the municipal valuer will be determined. Given that the properties have not been subdivided such valuation could not be obtained.

Proceeds from the disposal of capital assets will be ringfenced for the procurement of municipal fixed assets or the improvement thereof.

**Gain or loss that will be realised or incurred by the municipality**

It will be ensured that the call for proposal states that the Prince Albert Municipality will not be obliged to accept any proposal. This will be done to ensure that PAM does not incur a loss that it cannot absorb.

The aim will at all times be to make an accounting profit and also that the community can benefit socially and by employment opportunities.

**ANNEXURE A**

Item 12 of the special council meeting of 23 January 2026

**ANNEXURE B**

Information statement

**ANNEXURE C**

Maps