



ITEM TO COUNCIL

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

1. PURPOSE

The purpose of this report is to request Council approval to commence a public participation process in terms of the Municipal Asset Transfer Regulations, 2008, for the proposed disposal of a municipal capital assets in Leeu-Gamka.

2. LEGISLATIVE AND POLICY FRAMEWORK

- The proposed process is guided by the following legislation and policies:
- Constitution of the Republic of South Africa, 1996 – Section 152 (objects of local government)
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

Section 14: Disposal of capital assets

- Municipal Asset Transfer Regulations, 2008, promulgated in terms of the MFMA
- Municipal Supply Chain Management Policy

3. BACKGROUND

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.

4. DISCUSSION

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.

5. DESCRIPTION OF THE PROPERTY

The property referred to are two portions, the one being about 446.81ha and the other being about 26.5ha.

For ease of reference these portions are marked in blue on Annexure A to this item.

The about 446.81ha property consists of portions of:

- Portion 16 of farm 55 (owner PAM)
- Portion 22 of farm 55 (owner CKDM)
- Portion of erf 53, Leeu-Gamka (owner PAM)

The about 26.5ha property consists of portions of:

- Portion 22 of farm 55 (owner CKDM)
- Portion 35 of farm 55 (owner PAM)
- Portion 42 of farm 55 (owner PAM)
- Portion 16 of farm 55 (owner PAM)

The zoning in respect of all the properties is that of agricultural and the onus is on the preferred bidder to ensure zoning compliance.

Estimated value of these properties, at R2 000-00 per hectare, is:

446.81ha R893 620
26.5ha R 53 000

6. MOTIVATION FOR DISPOSAL

The proposed disposal is motivated by the following considerations:

The property is not required for the provision of basic municipal services.

The asset is underutilised / vacant and incurs holding or maintenance costs.

This is an opportunity for job creation and economic development in Leeu-Gamka.

Disposal will allow the Municipality to realise revenue that can be redirected towards service delivery and infrastructure investment.

The disposal aligns with the Municipality's asset management and financial sustainability objectives.

7. PUBLIC PARTICIPATION REQUIREMENTS

In terms of the Municipal Asset Transfer Regulations, 2008, the Municipality is required to follow a transparent public participation process prior to the disposal of a capital assets of this nature.

This process includes, but is not limited to:

Publishing a notice in a local newspaper and on the municipal website;

Making relevant information available for public inspection;

Inviting written comments and representations from the local community and interested stakeholders over a prescribed period (minimum of 21 days); and

Considering all comments received before a final decision on the disposal is made.

8. FINANCIAL IMPLICATIONS

There are no immediate financial implications associated with this item.

Any potential revenue generated from the disposal will be dealt with in a separate report to Council following the completion of the public participation process.

9. LEGAL IMPLICATIONS

Failure to comply with the MFMA and Municipal Asset Transfer Regulations, 2008 may render the disposal process unlawful. Authorising public participation at this stage ensures legal compliance and mitigates the risk of future disputes or objections.

10. RECOMMENDATION

It is recommended that Council:

1. Notes 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 this report; and

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 decision, and in compliance with section 21A of the MSA.
4. Obtain the comments from National Treasury and the relevant Provincial Treasury.

ANNEXURES - 2 X CAPE FARM MAPS