



REPORT TO SUBCOUNCIL 20

1 ITEM NUMBER

2 SUBJECT

PROPOSED LEASE ON A PORTION OF ERF 5146 CONSTANTIA, 1593 SIMON VAN DER STEL FREEWAY FOR A 12 METRE MINOR FREESTANDING TELECOMMUNICATION BASE STATION: RICH REWARDS LEASING (PTY) LTD.

ONDERWERP

VOORGESTELDE VERHURING VAN 'N GEDEELTE VAN ERF 5146 CONSTANTIA, SIMON VAN DER STEL-SNELWEG 1593 VIR 'N 12 METER-KLEIN, LOSSTAANDE TELEKOMMUNIKASIEBASISSTASIE: RICH REWARDS LEASING (EDMS.) BPK.

ISIHLOKO

ISIPHAKAMISO SOKUQESHISWA KWESIQEPHU SESIZA5146, 1593 SIMON VAN DER STEL FREEWAY, ECONSTANTIA, KULUNGISELELWA ISIKHULULO ESINCINANE ESIZIMELEYO SEZONXIBELELWANO NGOCINGO ESIZIIMITHA EZILI 12: KWABAKWA RICH REWARDS LEASING (PTY) LTD.

Q1029

PTMS No: 130008756

File ref no: HO 14/3/6/1/2/357/A16

(Category 8)

3 DELEGATED AUTHORITY

- ☒ The report is for comment by the Subcouncil to the competent authority in terms of Part 25, Delegation 10(1).

“To comment to the competent authority on the granting of significant and non-significant {limited to commercial use} rights to use, manage or control City immovable assets such as land, property and buildings and to recommend conditions of approval where deemed necessary.”

- ☒ Final decision lies with Council.

PURPOSE OF REPORT	This report is for Subcouncil's comment, for the proposed lease for a portion of Erf 5146 Constantia, situated at 1593 Simon Van Der Stel Freeway, Kirstenhof for telecommunication infrastructure purposes.			
Level of need	The nearest existing base station is located approximately 600m from the proposed site. Another base station is located around 1050m from the proposed site and is too far away to cover the target area.			
Consideration of alternatives	The site is mostly surrounded by single and general residential properties, which is not favourable for minor freestanding telecommunication base stations (MFTBS), therefore the road reserve (Erf 5146) is deemed to be most acceptable / suitable. Furthermore, Erf 5146 is ideally located to provide coverage capacity to the target area.			
Site extent	±5.44 m ²			
Submission	21 June 2021			
Current zoning	Transport 2			
Current usage	Public Open Space			
Proposed usage	Public Open Space and Telecommunication Infrastructure			
WARD CLLR	NOTICE DATE		WARD	
Councillor Carolynne Franklin	21 April 2023		71	
Internal circulation date	15 August 2022			
Internal department comments	No objections were received.			
Public participation outcome summary	Advertised in the Cape Argus and Die Burger on "14 April 2023". No objections were received.			
Consultation with community	Letters were distributed to the abutting properties via registered post and hand delivery into the mail boxes.			
Viable	Yes		No	X
	The subject property is regarded as being nonviable land. This property transaction may be approved without any competitive process having been followed on the basis that no purpose would be served by following a competitive process.			
Recommended decision	Approval	X	Refusal	
Regulation 34(1) In-principle approval	Granted by Director: Property Transactions in terms of delegated authority after 21 June 2018			

Factors motivating recommendation:	<ul style="list-style-type: none"> • Better network coverage for the residents working from home and nearby companies • Uninterrupted telecommunication services 	
Strategic intent	PRIORITY: ECONOMIC GROWTH	
	Objective 1.1	Increased jobs and investment in the Cape Town economy.
	Programme 1.5	Consolidated land pipeline and release programme.

5 RECOMMENDATIONS FOR CONSIDERATION AND COMMENT BY THE RELEVANT SUBCOUNCIL

It is recommended that the lease of a portion of City land, being a portion of Erf 5146 Constantia situated at 1593 Simon van der Stel Freeway shown hatched and lettered ABCD and EFGH on the attached sketch marked Annexure A, in extent approximately 5.44 m², to Rich Rewards Leasing (Pty) Ltd, be approved subject to inter alia the following conditions, that:

- a) A City approved rental of R5 056,20 per month (exclusive of electricity and VAT) where applicable be payable;
- b) The rental will escalate at 6% per annum;
- c) The lease will endure for a period of 10 years, subject at any time to 2 months' notice of termination;
- d) The proposed leased area to be used for telecommunication infrastructure purposes only;
- e) Subject to such further conditions imposed by the Director: Property Transactions in terms of his delegated authority;
- f) Subject to compliance with any other statutory requirements;
- g) No compensation will be payable for any improvement made to the property.

AANBEVELINGS VIR OORWEGING EN KOMMENTAAR DEUR DIE BETROKKE SUBRAAD

Daar word aanbeveel dat die verhuring van 'n gedeelte Stadgrond, naamlik 'n gedeelte van erf 5146 Constantia, geleë te Simon van der Stel-snelweg 1593, aangetoon deur arsering en die letters ABCD en EFGH op die aangehegte skets gemerk bylae A, ongeveer 5,44 m² groot, aan Rich Rewards Leasing (Edms.) Bpk., goedgekeur word onderworpe onder meer aan die volgende voorwaardes dat:

- a) 'n Stadsgoedgekeurde huurbedrag van R5 056,20 per maand (elektrisiteit en BTW uitgesluit) waar van toepassing, betaalbaar is;

- b) Die huurbedrag met 6% per jaar sal styg;
- c) Die huurooreenkoms vir 'n tydperk van 10 jaar geld, onderworpe aan twee maande se kennisgewing van beëindiging;
- d) Die voorgestelde verhuurde gebied slegs vir telekommunikasie-infrastruktuurdoeleindes gebruik word;
- e) Onderworpe aan sodanige verdere voorwaardes opgelê deur die direkteur: eiendomstransaksies ingevolge sy gedelegeerde magtiging oplê;
- f) Onderworpe aan die nakoming van enige ander statutêre vereistes;
- g) Geen vergoeding betaalbaar sal wees vir enige verbeteringe aan die eiendom nie.

IZINDULULO UKUBA ZIQWALASELWE KWAYE KUVAKALISWE ULUVO LIBHUNGANA ELIFANELEKILEYO

Kundululwe ukuba makuphunyezwe ukuqeshiswa kwesiqephu somhlaba weSixeko, osisiqephu sesiza 5146, esikwa 1593 Simon van der Stel Freeway, eConstantia, esibonakaliswe ngomzobo nangoonobumba abakhulu uABCD noEFGH kumzobo oqhotyoshelweyo waphawulwa isihlomeloA, esibukhulu obumalunga ne5.44 m², kwabakwaRich Rewards Leasing (Pty) Ltd, ngokuxhomekeke ekuthotyelweni kwale miqathango ilandelayo yokuba:

- a) IsiXeko esivunywe irenti ye-R5 056,20 ngenyanga (ngaphandle kombane kunye ne-VAT) apho kufanelekileyo kufuneka kuhlawulwe ileyo;
- b) Irenti iyakuthi inyuke ngonyaka nge6%;
- c) Uqeshiso luyakuthi luqhubekeke isithuba seminyaka elishumi, ngokuxhomekeke kulo naliphina ixesha ukuya kwiinyanga ezimbini zesaziso sokurhoxiswa koqeshiselwano;
- d) Ummandla woqeshiso ophakanyisiweyo uyakuthi usetyenziselwe imibandela yesakheko esingundoqo sonxibelelwano ngocingo kuphela;
- e) Ngokuxhomekeke kweminye imiqathango eyongeziweyo eya kumiselwa nguMlawuli woNaniselwano lweePropati esebenzisa amagunya akhe agunyazisiweyo;
- f) Ngokuxhomekeke ekuthotyelweni kwayo nayiphina imimiselo engeminye yomthetho;
- g) Akukho mbuyekezo iyakuthi yenziwe/ihlawulwe ngalo naluphina uphuculo oluthe lwenziwa kwipropati;

DISCUSSION/CONTENTS

6.1 BACKGROUND:

The proposed site, being public open space and zoned Transport 2 and has an extent of 195m², the portion applied for to erect the 12m high mast design for the proposed lease extent of approximately 5.44m². This site was identified by the applicant as there is no to minimal network reception by the various service providers.

The nearest existing base station is located approximately 600m from the proposed site, however the tower does not provide sufficient coverage and capacity to the targeted area.

The applicant consulted Recreation and Parks as well as Environmental and Heritage Management to agree on the most suitable position of the MFTBS as reflected on the proposed lease plan annexure A.

Not only the inhabitants of Kirstenhof will enjoy enhance coverage capacity, but also daily commuters along the M3. This site will alleviate pressure on existing sites, especially during peak traffic hours.

The proposed MFTBS will consist of a galvanized 12m pole with 2 sets of micro-antennae (camouflage dome covering antennas) and 2 equipment units (inside a security cage). No trees will have to be removed/trimmed to accommodate the proposed MFTBS on the subject property.

The majority of the leases will be with City of Cape Town (Council), because suitable properties have been exhausted in areas where coverage issues are experienced and 'gaps' exist in the network.

Due to the nature of MFBTS being area specific, it should be noted that specific properties with appropriate zonings are being identified throughout City of Cape Town to accommodate MFBTS. This will limit the need for taller masts and reduce the visual impact

The MFTBS have the consent use on the following zonings:

- Community Zoning 1-2 (CO1 and CO2)
- Utility Zoning (UT)
- Transport Zoning 1 -3 (TR1, TR2 and TR3)
- Open Space Zoning 1-3 (OS1, OS2 and OS3)
- Agricultural Zoning (AG)

The site is mostly surrounded by single and general residential properties, which is not favourable for MFTBS, therefore the road reserve (Erf 5146) is deemed to be most acceptable/suitable. Furthermore, Erf 5146 is ideally located to provide coverage capacity to the target area.

MFTBS's are exempted from the 50m radius within any habitual structures as these minor towers emit less radio waves than the taller towers (taller than 12m). Several of the existing base stations lack the capacity to accommodate additional service providers, yet freestanding base stations are not allowed to be in close proximity to one another according to the Telecommunication Mast Infrastructure Policy. As the population and demand increase around existing base stations, the area they cover decreases which results in 'gaps' and coverage issues all over the network, which is why MFBTS's are the most suited solution for this problem, whilst keeping the visual impact to a minimum.

The use of telecommunication technology is an ever-growing sector throughout South Africa and the network coverage requires continuous enhancements as the coverage is not powerful enough to disperse in certain areas and to accommodate the progression of network technology i.e. 5G, for this evolution to unfold, telecommunication infrastructure sites are being erected and upgraded throughout South Africa, from the low key areas to the high key areas to amplify the network coverage for the general public and business purposes.

The proposal underwent a public participation process and no objections were received from the public.

6.2 CONSULTATION WITH INTERNAL BRANCHES:

The various Council departments were consulted and had no objection to the lease subject to the following conditions that will form part of the lease agreement (where relevant/applicable):

Energy and Climate Change

1. The City of Cape Town has the right to construct and/or erect and lay such poles, stays, cables, wires or appurtenances relating thereto as may be necessary, together with the right to use, inspect, maintain, repair, alter, relay and/or remove all such poles, stays, cables, wires or appurtenances aforesaid. This includes the right to bring machinery onto the property and to carry out excavations.
2. The City of Cape Town has the right for any employee or servant or contractor of the City of Cape Town to enter and be upon the property at any time in the exercise of the aforesaid rights.
3. No building, containers or structure shall be erected within 3 m of the electrical services.
4. No excavation or filling shall be carried out within the leased area without the prior written consent of the Director: Electricity Services via the wayleave approval process. All excavations within 3 m of the electrical services must be carried out under the direction of a representative of this Department. In this regard, please contact this Directorate two weeks before the commencement of work.
5. No stakes, pegs or pins shall be driven into the ground within 1 m of any part of the electricity services.

6. No plant or material shall be stored within 1 m of any part of the electricity services.
7. No mechanical plant may be used within 3 m of medium voltage cable or 5 m of high voltage cable.
8. The lessee shall be responsible at all times for the maintenance and good order of the land.
9. The lease may be suspended at any time should the applicant not comply with the conditions.
10. On termination of the lease, the entire leased area must be reinstated at the Lessee's expense to a condition acceptable to this Department.
11. Unrestricted 24 hour vehicular and personnel access to the area is to be maintained for the purpose of accessing and maintaining electricity services.

6.3 VALUATION

The City's Professional Valuer on 31 October 2021 assessed the market rental for minor freestanding telecommunication base stations and the colocators at various locations in Cape Town at a base rental of R4 500 and R3 375 per month (exclusive of electricity and VAT) per co-locator. The valuation synopsis is attached to the report as Annexure C.

The rental has escalated by 6% as of 1 November 2023 to a base rental of R5 056, 20 and R3 792, 15 per month (exclusive of electricity and VAT) per co-locator.

6.4 CONSTITUTIONAL AND POLICY IMPLICATIONS

- 6.4.1 Chapter C of Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property (approved by Council 26 August 2010, C 54/08/10), permits the leasing of immovable property.
- 6.4.2 The proposal complies with the provisions of Regulation 34 of Chapter 4 of the MATR in that a right to use, control or manage a capital asset may be granted.

6.5 FINANCIAL IMPLICATIONS

All costs involved in this transaction will be for the applicant's account.

6.6 TAX COMPLIANCE

Paragraph 101.3 of the City's Supply Chain Management Policy, approved by Council on 26 January 2023 vide C09/01/23, stipulates that the City may not consider a bid or quote unless the bidder who submitted the bid or quote has submitted a valid tax clearance certificate

certifying that the provider's tax matters are in order and provided the City with their SARS Compliance PIN.

Paragraph 102 of the City's Supply Chain Management Policy, approved by Council on 26 January 2023 vide C09/01/23, stipulates: *"Irrespective of the procurement process, the City may not make any award above R15 000, to a person whose tax matters have not been declared by the SARS to be in order."*

Paragraph 375.2 of the aforementioned policy deal with the sale and letting of City-owned immovable property and are silent on the SARS requirement. Property Transactions adopted the principle as per paragraph 102 above and applicants need to submit a SARS clearance certificate or exemption certificate for the sale of all City-owned immovable property. Except for tariff-based rentals, which do not exceed R15 000, all applicants need to submit a SARS clearance or exemption certificate for the leasing of City-owned immovable property.

No agreement will be concluded until a valid tax clearance certificate is furnished. A valid tax clearance certificate will be furnished when submitted to Council for final approval.

6.7 FINANCIAL DUE DILIGENCE

The applicant's debt profile has been verified and it is confirmed that the applicant is not in arrears.

6.8 SUSTAINABILITY IMPLICATIONS

Does the activity in this report have any sustainability implications for the City?	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
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6.9 LEGAL IMPLICATIONS

Regulation 36 of the MATR

In terms of the above regulation, Council must take into account a number of factors (highlighted in bold) when considering any proposed granting of rights to use, control or manage municipal capital assets, and it is herewith confirmed that:

Whether asset may be required for the municipality's own use during the period for which the right is to be granted

Council's service branches confirmed that the asset is not required for own purposes.

Extent to which any compensation to be received, estimated value of improvements or enhancements the party the right is granted to, will be required to make, economic or financial benefit to the City

Council will receive a financial benefit in the form of a monthly market-related rental.

Management of risk

No operational or control risk to the City.

Stakeholder comments and recommendations

The Acting Director: Property Management, in terms of his delegated powers, has approved the public participation process as required, resulting in the proposed lease being advertised in the Cape Argus and Die Burger on “14 April 2023”. Closing date for the objections was “2 June 2023”. Copies of the advertisement were sent to the ward councillor, manager and chairperson of the relevant Subcouncil and registered local community organisations. No comments/objections were received.

Views from National and Provincial Treasury

In terms of Regulation 34 of the MATR the subject property falls within the category of a capital asset in respect of which the proposed right to be granted has a value of less than R10 million and a period exceeding three years applies (non-significant property right). National and Provincial Treasury have been notified. Comments were only received from National Treasury and not Provincial Treasury.

The following comments were received from National Treasury, a copy which is attached as hereto as annexure D. The City’s responses to each comment raised are also included in italics below:

National Treasury

In terms of section 14 of the MFMA, a municipality may only dispose municipal assets after a council resolution confirmed that the asset to be disposed is not needed for the provision of the minimal level of basic municipal service, that council has considered the fair market value of the asset, the economic and community value to be received in exchange for the asset. We trust that the municipality will ensure compliance with the requirements set out in section 14 of the MFMA.

Yes, the municipality consults with the pertinent departments and no objections were received. The rental was determined by the Property Transactions Valuations unit.

The municipality intends to lease the erven for telecommunication infrastructure purposes. We have noted that each erf will be leased for a 10-year period at a monthly rental of R4 770 with an annual escalation of 6%. The municipality has not indicated the market value of the erven and has also not shared the valuation reports in this regard. We trust that the rental amount for each of the erven is market related.

Only a portion of the erf will be leased therefore there is no market valuation for the entire erf.

We have noted the information statements submitted as part of the request and that the municipality will not incur any losses from these leases. The information statement mentions that this will result in an improved uninterrupted telecommunications service. We have also noted some comments from the public indicating opposition to the proposed leases.

No comments/objections were received via the public participation process. The placement of the towers are chosen due to optimal points that have weak to no network coverage, this will enhance the signal for an uninterrupted service.

It is expected that the municipality would have consulted the neighbouring properties relating to the usage and structure to be erected on the proposed leased property, noting the proximity of such structure to other properties and to ensure all health and safety measures are addressed. We trust that the municipality has responded to the comments made by the community and has addressed the matter amicably before proceeding with these arrangements.

Letters was disseminated to the neighbours informing them of the proposed lease during the public participation phase. There were no objections received for this proposal from the public.

It is our understanding that the municipality will ensure full compliance with all the relevant legislative requirements in concluding the leases, including compliance with Chapter 4 of the MATR. Please take note of regulation 45(2)(a)(x) of the MATR which sets out minimum requirements for the relevant agreements.

The property is non-viable land, however it is zoned as Transport 2 and the user department is not in favour of selling the property at this stage.

Strategic, legal and economic interests

None of these interests will be compromised through the granting of the right to use, control or manage the asset. In fact, they will be supported.

Compliance with legislative regime applicable to proposed granting of rights

Granting of the right to use, control or manage the asset is compliant with the Municipal Finance Management Act, Municipal Asset Transfer Regulations and Council's Policy on the Management of Certain of the City of Cape Town's Immovable Property.

6.10 STAFF IMPLICATIONS

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No ☒

Yes ☐

6.11 POPIA COMPLIANCE

☒ It is confirmed that this report has been checked and considered for POPIA Compliance.

POPIA allows the processing of personal information where it is necessary to comply with an obligation that is imposed by law [sec 15(3)(c)(ii)]. The inclusion of the applicant's details is an essential element of the a lease/sale.

ANNEXURES

Annexure A: Sketch Plan
Annexure B: Design of mast and Coverage Maps
Annexure C: Valuation Synopsis
Annexure D: National Treasury Comments

FOR FURTHER DETAILS CONTACT:

NAME	GARY DAMMERT	CONTACT NUMBER	021 400 1131
E-MAIL ADDRESS	GARY.DAMMERT@CAPETOWN.GOV.ZA		
DIRECTORATE	ECONOMIC GROWTH		
FILE REF NO	HO 14/3/6/1/2/357/A16	PTMS NO	130008756

HEAD: LIFT

ACTING MANAGER: PROPERTY
HOLDING
CHARLENE DAVIS

Isaac Martin	Digitally signed by Isaac Martin Date: 2024.08.14 07:45:51 +02'00'
Charlene Davis	Digitally signed by Charlene Davis Date: 2024.08.14 10:08:29 +02'00'

DIRECTOR: PROPERTY MANAGEMENT IN HIS CAPACITY AS EXECUTIVE DIRECTOR: ECONOMIC GROWTH NOMINEE

NAME DAWID JOUBERT

COMMENT:

SIGNATURE

Dawid Joubert	Digitally signed by Dawid Joubert Date: 2024.08.14 18:34:33 +02'00'
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The ED's signature represents support for report content and confirms POPIA compliance.

LEGAL COMPLIANCE

- ☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.
- ☐ NON-COMPLIANT

NAME

COMMENT:

DATE

SIGNATURE

--

Certified as legally compliant based on the contents of the report.

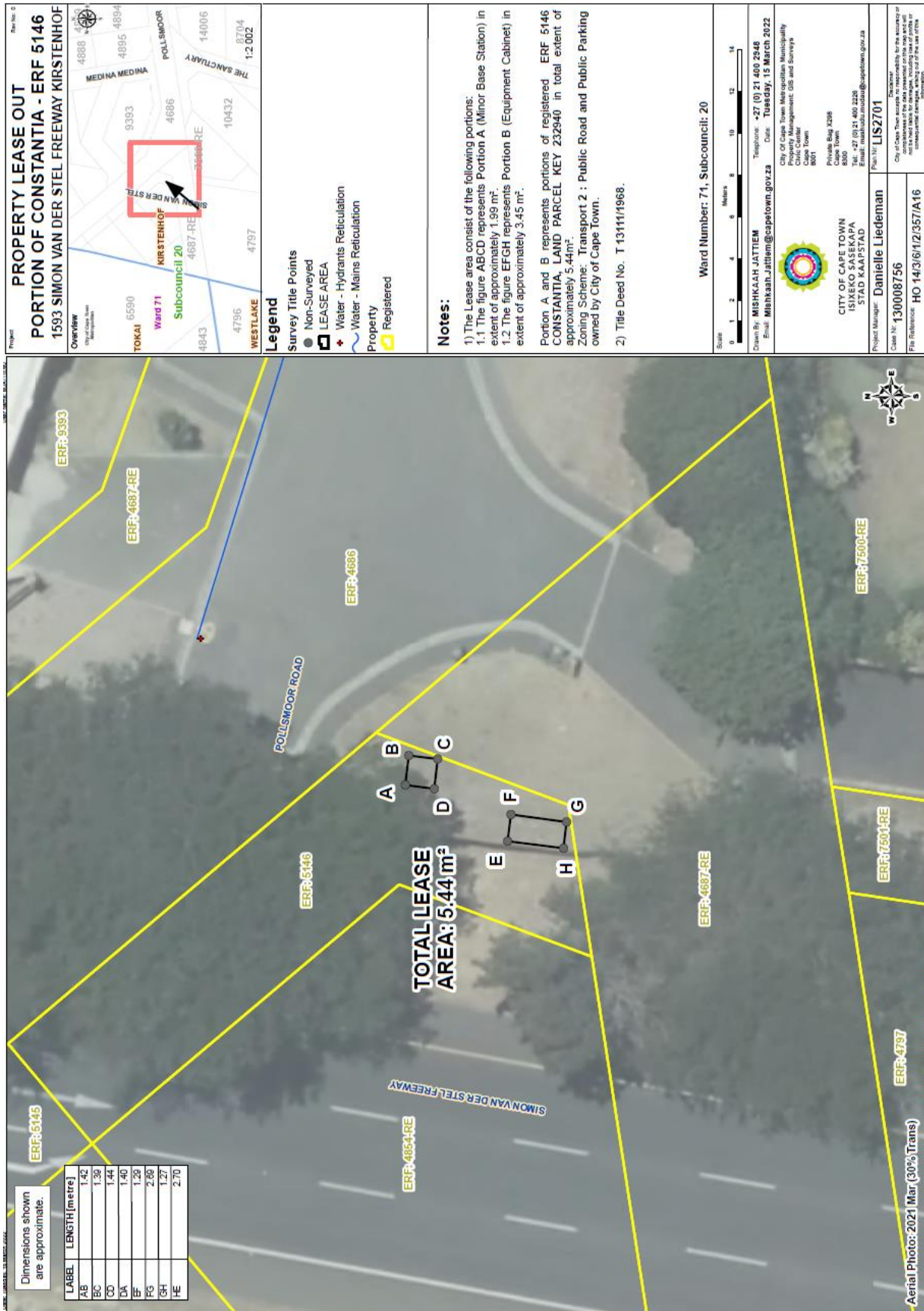




Figure 3: Superimposition of proposed MFTBS

Table 2: Alternative MFBS designs

Screened Container	Camouflage Dome	Lamp Pole / Street Light
Single operator (not preferred)	Security Cages for Equipment Units	Solid brick wall with / without electric fencing



Figure 5: Examples of constructed MFBS

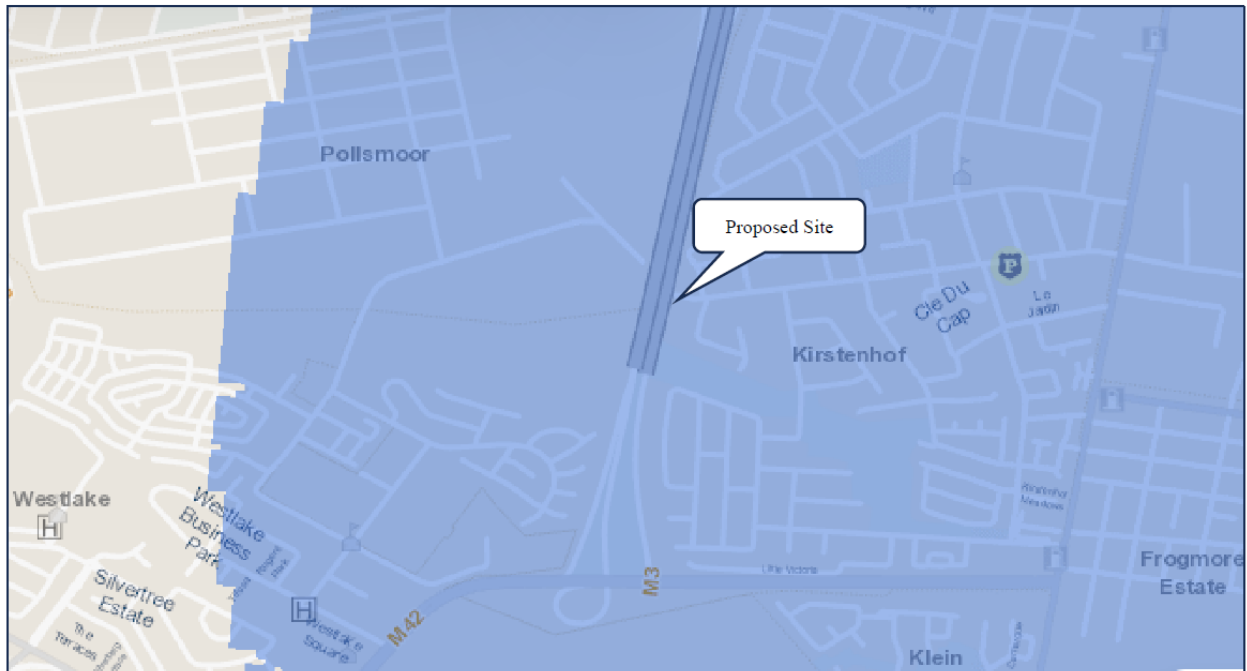


Figure 1: Telkom 5G Coverage Maps

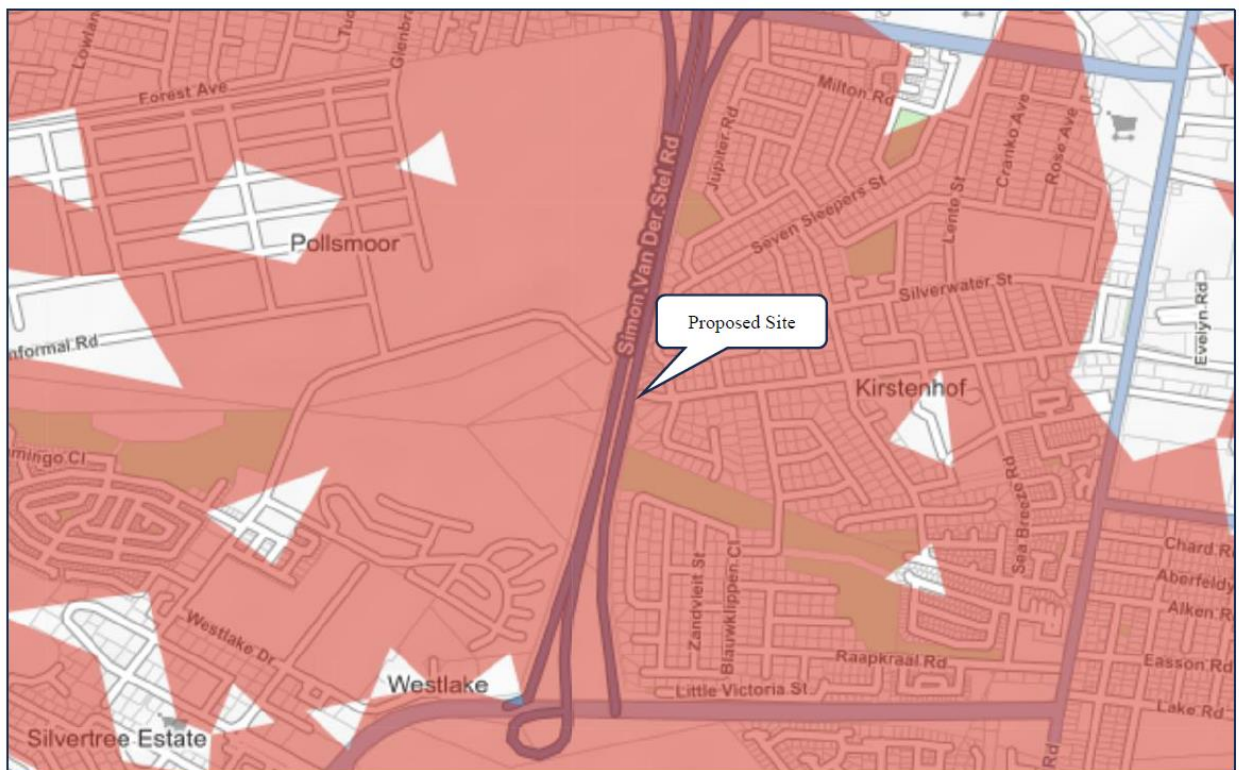


Figure 2: Vodacom 5G Coverage Maps

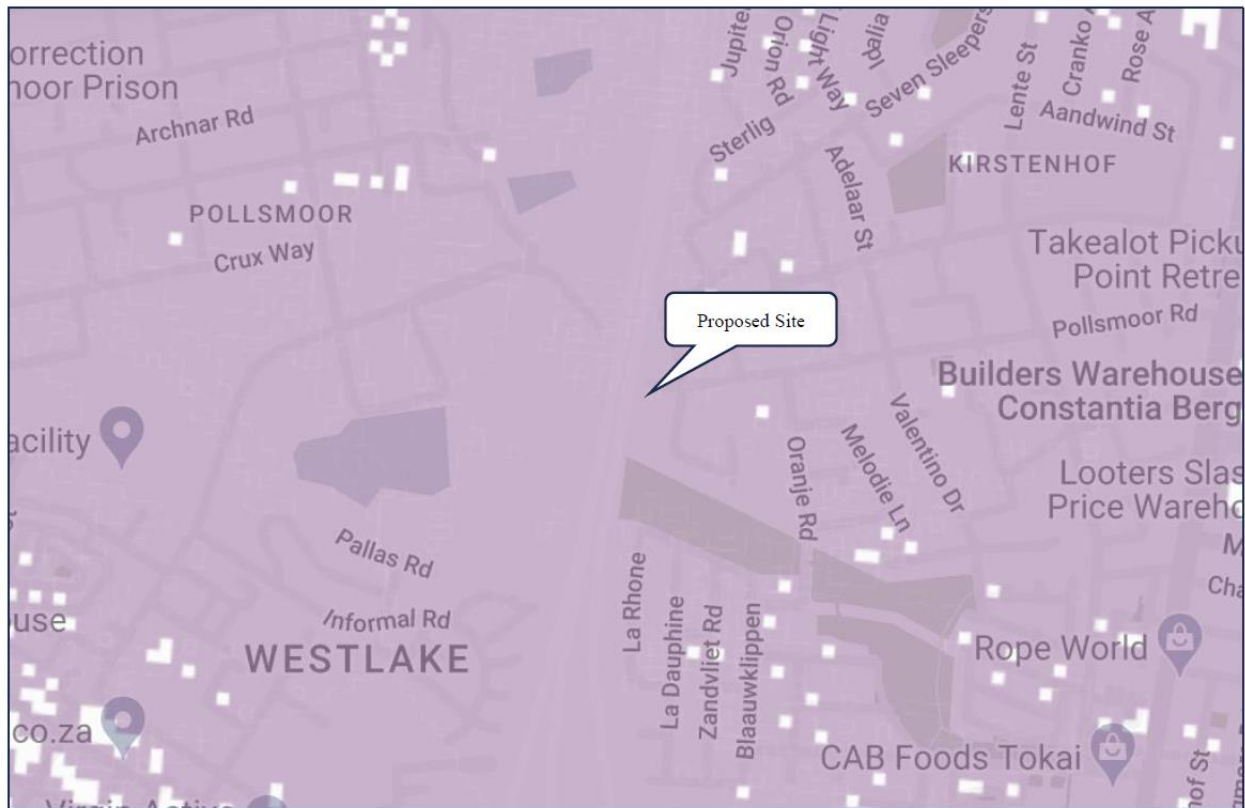


Figure 3: MTN 5G Coverage Maps

VALUATION SYNOPSIS: MARKET VALUATION FOR MINOR FREESTANDING TELECOMMUNICATION BASE STATIONS FOR LEASE PURPOSES AT VARIOUS LOCATIONS

BRIEF AND BACKGROUND

The City's Professional Valuer on 2021-10-31 assessed the market rental for minor freestanding telecommunication base stations cell masts and co-locators (maximum of two co-locators) at various locations in Cape Town at a base rental of R4 500 and R3 375 per month (exclusive of electricity and VAT) per co-locator.

Background

Minor freestanding telecommunication base stations (MFBTS) means a freestanding support structure on land or anchored to land and used to accommodate telecommunication infrastructure for the transmitting or receiving of electronic communication signals. The telecommunication infrastructure will form part of the base station that may be attached to street lamps, traffic lights, road directional signage, camera poles and flag poles or similar support structures.

The minor freestanding telecommunication base stations (MFBTS) are newer variations of the regular cell masts freestanding base telecommunication stations (FBTS) with the following differing characteristics:

- Much smaller footprint than the regular base stations i.e. maximum lease area is 10m² without a fence and 25m² with fence.
- Limited to 12m in height (6 antennae) as oppose to the regular 15 to 25-metre-high cell masts (the 2015 rental approved in respect of these).
- The minor freestanding telecommunication base stations (MFBTS) can only take up to a maximum of two co-locators.
- Visually more acceptable.
- Various modes of disguise and camouflage.
- Higher possibility for approvals in 'difficult' areas.
- In most cases the minor freestanding telecommunication base stations (MFBTS) is able to hold up to two operators.
- Are good at relieving capacity issues for the larger tower sites freestanding base telecommunication stations (FBTS) that have too many users tapping into them.
- They do not have the same coverage capacity as the freestanding base telecommunication stations (FBTS) however will be deployed in mass in order to be effective (especially with 5G).

APPROACH TO VALUATION

We have been tasked with determining the **market rental** of the subject property, which, is defined by International Valuation Council 2020 (IVSC) as:

"Market Rental is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably prudently and without compulsion."

METHOD OF VALUATION

The most apt method in determining the rental quantum of the subject property is by means of the Market Data Approach of Direct Comparison method. With this method, rental rates charged in other municipalities for minor freestanding telecommunication base stations (MFBTS) were researched and also looked at the rentals as approved by the Council Resolution dated October 2015 in terms of the regular cell masts freestanding base telecommunication stations (FBTS).

FINDINGS

The following rentals are currently being charged in other municipalities in respect of minor freestanding telecommunication base stations (MFBTS):

Area	Rental (monthly)	Additional Users	Lease period	Esc %
Barrydale	R5 000-00	R0	5 years	-
Mitchells Plain	R6 000-00	R0	9 years 11 months	CPI%
Pelican Park	R6 000-00	R0	9 years 11 months	6%
Bredasdorp	R5 000-00	R2 500-00	9 years 11 months	CPI%
Vredenberg	R1 324-31	R0	3 years: Dec '19 – Nov '22	8%
Saldanha	R1 324-31	R0	3 years: Dec '19 – Nov '22	8%
Windermere	R4 500-00	R0	9 years 11 months	CPI%
Kalbaskraal	R3 500-00	R0	9 years 11 months : Mar '19 – Jan '29	6%
Kraaifontein	R6 500-00	R0	9 years 11 months : April 19 – Feb 29	CPI%
Elsies River	R5 000-00	R0	9 years 11 months : Jan '21 – Nov '30	CPI%
Kuilsriver	R4 500-00	R0	-	10%

CONCLUSION

Taking into account the abovementioned information and significant number of sites being applied for, it is recommended that a base rental of R4 500 and R3 375 per month (exclusive of electricity and VAT) per co-locator be charged, escalating at 6% per annum from date of valuation i.e. as from 2021-10-31.



Laila Paleker
Professional Valuer
Registration No. 7342/2



Rosanna Potgieter
Principal Professional Valuer: Rentals

Date: 2022-08-02



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 • 40 Church Square, PRETORIA, 0002 • Tel: +27 12 315 5111, Fax: +27 12 406 9055 • www.treasury.gov.za

Email: mfma@treasury.gov.za

The City Manager
City of Cape Town
Private Bag X9086
CAPE TOWN
8000

For Attention: Mr L Mbandazayo

Fax: (086) 202-9098

Dear Sir

RE: PROPOSED LEASE OF PORTION OF ERF 4011 TOKAI, BROCKER WAY, TOKAI, ERF 5146 CONSTANTIA, 1593 SIMON VAN DER STEL FREEWAY, KIRSTENHOF, ERF 1676 CONSTANTIA, VAN RYN STREET CONSTANTIA, ERF 2933 CONSTANTIA, RATHFELDER AVENUE, CONSTANTIA, ERF 15551-RE FISH HOEK, 23 CAPRI DRIVE, SUNNYDALE, AND ERF 51920 MITCHELLS PLAIN, 73 ALPINE CRESCENT, MORGANS VILLAGE FOR TELECOMMUNICATION INFRASTRUCTURE PURPOSES

The letter received on 21 April 2023, requesting the National Treasury's comments on the municipality's intention to lease multiple erven for telecommunication infrastructure purposes, mentioned above, has reference.

We have noted the contents of the letter, including the supporting documents.

Section 14 of the MFMA read with the Municipal Asset Transfer Regulations (MATR) sets the legal framework for the disposal and the granting of rights to use, control or manage municipal capital assets.

In terms of section 14 of the MFMA, a municipality may only dispose municipal assets after a council resolution confirmed that the asset to be disposed is not needed for the provision of the minimal level of basic municipal service, that council has considered the fair market value of the asset, the economic and community value to be received in exchange for the asset. We trust that the municipality will ensure compliance with the requirements set out in section 14 of the MFMA.

The municipality intends to lease the erven for telecommunication infrastructure purposes. We have noted that each erf will be leased for a 10-year period at a monthly rental of R4 770 with an annual escalation of 6%. The municipality has not indicated the market value of the erven and has also not shared the valuation reports in this regard. We trust that the rental amount for each of the erven is market related.

Nkxwama wa Tiko • Gwama la Mufutsco • Nazionale Tesourie • Lefapha la Boseti haba la Matlotlo • uMnyango wezizimali • Litiko leTetimali taValonkhe • Tirolo ya Matlotlo a Bosetihababa
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We have noted the information statements submitted as part of the request and that the municipality will not incur any losses from these leases. The information statement mentions that this will result in an improved uninterrupted telecommunications service. We have also noted some comments from the public indicating opposition to the proposed leases.

It is expected that the municipality would have consulted the neighbouring properties relating to the usage and structure to be erected on the proposed leased property, noting the proximity of such structure to other properties and to ensure all health and safety measures are addressed. We trust that the municipality has responded to the comments made by the community and has addressed the matter amicably before proceeding with these arrangements.

It is our understanding that the municipality will ensure full compliance with all the relevant legislative requirements in concluding the leases, including compliance with Chapter 4 of the MATR. Please take note of regulation 45(2)(a)(x) of the MATR which sets out minimum requirements for the relevant agreements.

We trust that you will be guided accordingly.

Yours sincerely

Signed by SHABEER HAMEED KHAN
Signed at 2023-09-08 11:51:59 +0200
Reason: Witnessing SHABEER HAMEED K

Shabeer Khan
Accountant-General

Date: 09/06/23

Cc: Chief Financial Officer

Cc: Economic Growth Property Management - Improved Properties

Cc: MFMA Coordinator: Western Cape Provincial Treasury

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