

ITEM NUMBER : C 06/03/11

**RECOMMENDATION FROM THE EXECUTIVE MAYOR: 02 MARCH 2011**

**MC 08/03/11 AUTHORITY TO SELL FREE SHARES AND RECOVER THE PROCEEDS FOR THE CITY OF CAPE TOWN**

**MAGTIGING OM GRATIS AANDELE TE VERKOOP EN DIE OPBRENGS DAARVAN VIR DIE STAD KAAPSTAD IN TE VORDER**

**IGUNYA LOKUTHENGISA IZABELO ZASIMAHLA NOKUFUMANELA INZUZO YAZO ISIXEKO SASEKAPA**

**RECOMMENDED that:**

- (a) the City Manager, Mr A Ebrahim and the Chief Financial officer, Mr M Richardson be authorized to sign the required documentation pertaining to the sale of 6 603 free shares which were allocated to the City of Cape Town as a result of the demutualization of Sanlam in 1998
- (b) costs, amounting to R1 217.53 be deducted from the balance due to the City and be paid to Sanlam Capital Markets
- (c) the balance of the proceeds from the sale of shares and any unpaid dividends, minus the costs be paid into the City's ABSA banking account number 40-5658-4470.

**AANBEVEEL dat:**

- (a) die stadsbestuurder, mnr. A. Ebrahim en die hoof- finansiële beampte, mnr. M. Richardson, gemagtig word om die nodige dokumentasie te onderteken wat betref die verkoop van 6 603 gratis aandele, wat aan die Stad Kaapstad toegeken is na aanleiding van die demutualisering van Sanlam in 1998;
- (b) koste, ten bedrae van R1 217,53, van die uitstaande bedrag aan die Stad afgetrek word en aan Sanlam Kapitaalmarkte betaal word;
- (c) dat die bedrag van die opbrengs van die verkoop van die aandele en enige onbetaalde dividende, minus die koste in die Stad se ABSA-rekening, naamlik 40-5658-4470, inbetaal word.

**KUNDULULWE ukuba:**

- (a) UMphathi wesiXeko, uMnu. A Ebrahim kunye neGosa lezeMali eliyiNtloko, uMnu. M Richardson mabagunyaziselwe ukutyikitya amaxwebhu ayimfuneko aphantselene nentengiso yezabelo

ezisimahla ezima-6 603 nezazabelwe isiXeko saseKapa ngexesha lokuguqulwa kwenkampani yakwa-Sanlam ibe yeyoluntu ngo-1998.

- (b) Iindleko, ezifikelela kwi-R1 217.53 kwimali eseleyo nemele ukuhlawulwa kwisiXeko ze ihlawulwe kwiiMarike zeMali eyiNkunzi yakwa-Sanlam.
- (c) Intsalela yenzuzo eyenziwe kwintengiso yezabelo nazo naziphi ezinye izahlulo zenzala engahlawulwanga, kuthatyathwa iindleko mayihlawulwe kwi-akhawunti yebhanka yesiXeko kwa-ABSA kule nombolo ye-akhawunti 40-5658-4470.

**REPORT TO MAYORAL COMMITTEE**

CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

1. **ITEM NUMBER :** MC 08/03/11

2. **SUBJECT**

**AUTHORITY TO SELL FREE SHARES AND RECOVER THE PROCEEDS FOR THE CITY OF CAPE TOWN.**

**ISIHLOKO**

**IGUNYA LOKUTHENGISA IZABELO ZASIMAHLA NOKUFUMANELA INZUZO YAZO ISIXEKO SASEKAPA.**

**ONDERWERP**

**MAGTIGING OM GRATIS AANDELE TE VERKOOP EN DIE OPBRENGS DAARVAN VIR DIE STAD KAAPSTAD IN TE VORDER**

3. **PURPOSE**

A mandate is hereby sought to sell free shares allocated to the City of Cape Town as a result of the demutualisation of Sanlam in 1998.

4. **FOR DECISION BY**

Council

5. **EXECUTIVE SUMMARY**

The Council is hereby approached for a mandate to sell free shares which have accrued to the City, following the demutualisation of Sanlam in 1998.

The proceeds from the sale of the Shares plus any unclaimed dividends will be recovered for the City of Cape Town.

**6. RECOMMENDATIONS**

It is recommended that;

- a) The City Manager, Mr A Ebrahim and the Chief Financial Officer, Mr M Richardson be authorised to sign the required documentation pertaining to the sale of 6 603 free shares which were allocated to the City of Cape Town as a result of the demutualization of Sanlam in 1998.
- b) Costs, amounting to R1 217.53 be deducted from the balance due to the City and be paid to Sanlam Capital Markets.
- c) The balance of the proceeds from the sale of the shares and any unpaid dividends, minus the costs be paid into the City's ABSA banking account number 40-5658-4470.

**6. IZINDULULO**

Kundululwa ukuba;

- a) UMphathi wesiXeko, uMnu. A Ebrahim kunye neGosa lezeMali eliyiNtloko, uMnu. M Richardson mabagunyaziselwe ukutyikitya amaxwebhu ayimfuneko aphantsi nentengiso yezabelo ezisimahla ezima-6 603 nezazabelwe isiXeko saseKapa ngexesha lokugququlwa kwenkampani yakwa-Sanlam ibe yeyoluntu ngo-1998.
- b) Iindleko, ezifikelela kwi-R1 217.53 kwimali eseleyo nemele ukuhlawulwa kwisiXeko ze ihlawulwe kwiiMarike zeMali eyiNkunzi yakwa-Sanlam.
- c) Intsalela yenzuzo eyenziwe kwintengiso yezabelo nazo naziphi ezinye izahlulo zenzala engahlawulwanga, kuthatyathwa iindleko mayihlawulwe kwii-akhawunti yebhanka yesiXeko kwa-ABSA kule nombolo ye-akhawunti 40-5658-4470.

**6. AANBEVELINGS**

Daar word aanbeveel dat:

- a) Die stadsbestuurder, mnr. A. Ebrahim en die hoof- finansiële beampte, mnr. M. Richardson, gemagtig word om die nodige dokumentasie te onderteken wat betref die verkoop van 6 603 gratis aandele, wat aan die Stad Kaapstad toegeken is na aanleiding van die demutualisering van Sanlam in 1998.
- b) Koste, ten bedrae van R1 217,53, van die uitstaande bedrag aan die Stad afgetrek word en aan Sanlam Kapitaalmarkte betaal word.

- c) Dat die bedrag van die opbrengs van die verkoop van die aandele en enige onbetaalde dividende, minus die koste in die Stad se ABSA-rekening, naamlik 40-5658-4470, inbetaal word.

## 7. DISCUSSION/CONTENTS

At the time of the Demutualisation in 1998, Sanlam allocated free shares to certain municipalities which have been succeeded by the City of Cape Town. At the time of the Demutualisation in 1998 the shares were valued at between R5.40 and R6.00. The highest value reached since 1998 is R25.75. Sanlam shares are currently trading at R24.00 per share.

The total value of the shares and unclaimed dividends which have accumulated over the past twelve years is approximately Two-Hundred-Thousand Rand.

The shares have been in the Unclaimed Shares Account since 1998. In view of the complicated and time consuming procedure for individuals to sell shares, it is considered prudent to allocate the task to an employee of Sanlam who has been appointed to deal with the share databank.

If the shares remain in the unclaimed share account at Computershare, the company authorised to manage shares on Sanlam's behalf, the City loses money because the unclaimed dividends are not generating interest.

It is considered desirable for the proceeds from the sale of the shares to be placed in an appropriate, interest-bearing account.

The following is a list of shares to be sold.

Municipality	Reference No	Number of shares	Unpaid Dividend	Share Value
Tygerberg	U0063337631/2723354423	330	823.90	7 920.00
Blaauwberg	U0063384914/2700636201	3 308	24 827.08	79 392.00
Helderberg	U0063383276/2700693000	2 034	8 696.40	48 816.00
Parow	U0063336995/2723375781	308	1 924.96	7 392.00
Fish Hoek	U0063372711/2702942040	623	4 533.15	14 952.00
TOTAL		6 603	40 805.49	158 472.00

Sanlam have indicated that an agent, authorised to deal with the share databank, may be requested to conduct the sale of the shares on behalf of the City at no cost for this service.

**7.1. Constitutional and Policy Implications**

None

**7.2. Environmental implications**

Does your report have any environmental implications:	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
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**7.3. Financial Implications**

It is proposed that costs charged by Sanlam Capital Market, which will be incurred during the sale of the shares be recovered from the balance due before the deposit is made into the City's banking account as follows:-

Municipality	No. of shares	Share Value	Basis Cost	Brokerage	Strate	VAT	Total
Tygerberg	330	7 920.00	60.00	35.64	10.92	14.92	121.50
Blaauwberg	3 308	79 392.00	60.00	357.26	10.92	59.97	488.31
Helderberg	2 034	48 816.00	60.00	219.67	10.92	40.70	331.37
Parow	308	7 392.00	60.00	33.26	10.92	14.58	118.77
Fish Hoek	623	14 952.00	60.00	67.28	10.92	19.35	157.58
<b>TOTAL</b>	<b>6 603</b>	<b>158 472.00</b>	<b>300.00</b>	<b>713.11</b>	<b>54.60</b>	<b>149.52</b>	<b>1217.53</b>

**7.4. Legal Implications**

As the successor-in-law of the former City of Tygerberg, Blaauwberg, Helderberg, Parow and South Peninsula Municipalities, the City of Cape Town is the owner of the shares.

Confirmation has been received from Sanlam that shares allocated in respect of Risk Schemes and Deferred Compensation Policies are owned by the Employer.

**7.5. Staff Implications**

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

No Yes

**7.6. Risk Implications**

There is no risk to the City of Cape Town.

**7.7. Other Services Consulted**

The following persons were consulted in this matter:-

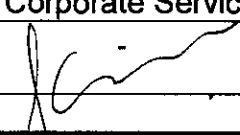
Financial Services (Mr Eugene Block – (021) 400-5980)  
Supply Chain Management (Mr Ian Bindeman – (021) 400-3715)

The two directorates have no objection in principle to the proposed sale of the free shares allocated to the City of Cape Town in terms of the Demutualisation of Sanlam in 1998.

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FOR FURTHER DETAILS CONTACT :

NAME	Ingrid Gumbrill
CONTACT NUMBERS	(021) 400-9278
E-MAIL ADDRESS	Ingrid.Gumbrill@capetown.gov.za
DIRECTORATE	Corporate Services
SIGNATURE : DIRECTOR	



Comment:

CHIEF FINANCIAL OFFICER  
or his nominee

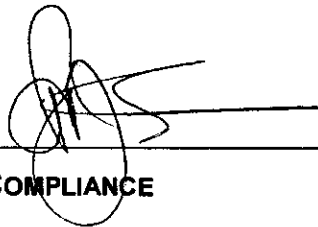
NAME

M. R. CAMPBELL

DATE

25/1/11

Supported.



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

JEAN ROMAN

TEL

(021) 400 2753

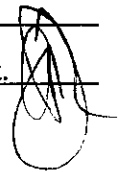
DATE

3/02/2011

Comment:

Certified as legally compliant.

Based on the contents of the report.





EXECUTIVE DIRECTOR  
David Beretti

Comment:

DATE

4.2.2011