

BUSINESS PLAN

FOR THE MANAGEMENT OF

THE KALK BAY and ST JAMES SPECIAL RATING AREA

Dated 30 September 2018

Compiled in accordance with the By-Law for the establishment of Special Rating Areas,
promulgated in Provincial Gazette 7015/2012



KALK BAY ST. JAMES
Special Rating Area NPC

This Business Plan proposal covers the period 1 July 2019 to 30 June 2024 and is set out in the following parts:

1. Introduction
2. Motivation Report
3. Budget
4. Implementation Plan

SRA Information:

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Commencement Date: 1 July 2019

Municipality: Cape Town

Website: www.kalkbaystjamesra.org

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Boundaries of the SRA:

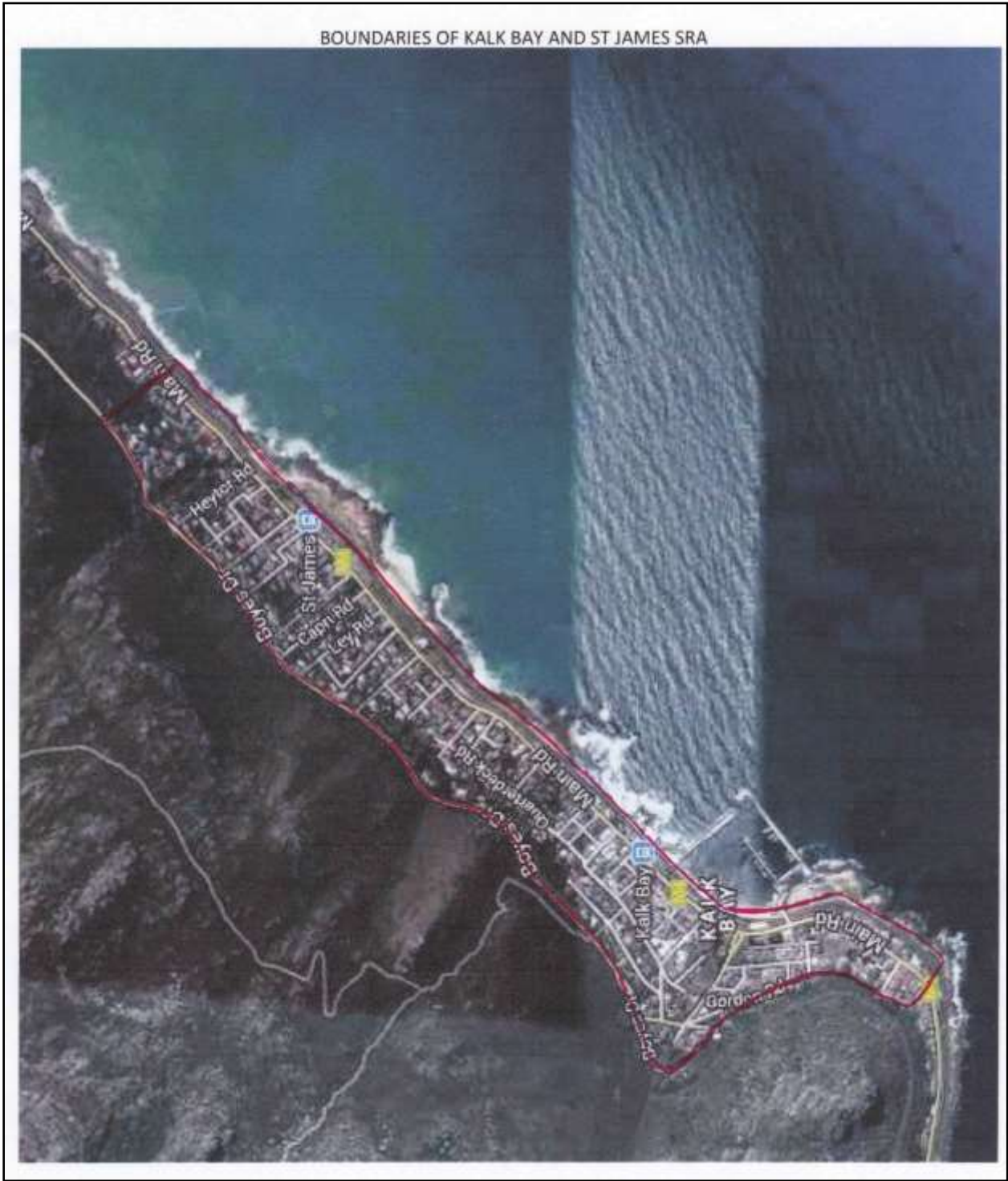
The boundaries of the SRA are shown on the plan below and are:

Eastern Boundary: from the high water mark in a northerly direction along Carisbrooke Steps to Boyes Drive;

Northern boundary: in a westerly direction from Carisbrooke Steps following the southern boundary of Boyes Drive up to Godfrey Road, including properties on both sides of Godfrey Road, Loch Road, Milkwood Close, Gordon Road, Hare Road, Barton Road, Ladan Road, Behr Road and Quarry Road;

Western Boundary: properties on both sides of Main Road from Quarry Road in a westerly direction up and including Erf 90123;

Southern Boundary: from a point on the high water mark directly opposite the boundary between Erf 90123 and Erf 90124 along the high water mark in an easterly direction to the point directly south of Carisbrooke Steps.



1. INTRODUCTION

1.1. COMMUNITY OVERVIEW

The area of the Kalk Bay and St. James Special Rating Area (“the SRA”) extends from Carisbrooke Steps on the St. James/Muizenberg border to Quarry Road in Kalk Bay.

This small, unusual and beautiful area, which is primarily residential, is located on the narrow strip of land between False Bay and the Kalk Bay mountains which form part of the Table Mountain National Park.

The area has a small population of approximately 2,500 compared to approximately 10,000 in Fish Hoek and 6,000 in Muizenberg.

Our community is diverse in terms of its racial, ethnic and religious backgrounds. Wealthier and poorer residents have shared this beautiful living environment in harmony for generations. This diversity contributes greatly to the special character of our village. The overwhelming view of the community is that the quality of life we share must be preserved.

This overview of our community forms an important context for the framing and understanding of this Business Plan proposal.

1.2 ESTABLISHMENT OF THE SRA AND INITIAL BUSINESS PLAN

In response to community concerns regarding rising incidents of crime, homelessness and the need for improved municipal services, a perception survey was conducted in November 2012 to identify the needs and concerns of residents and businesses in the area. A copy of the perception survey report of December 2012 is available on the SRA website.

The community indicated that its major concerns related to public safety, litter and cleanliness, maintenance of public spaces and social issues. The survey also indicated clearly that most residents were willing to pay a modest additional SRA rate to supplement municipal services in these respects.

The initial Business Plan for the period 2014 to 2019 was therefore proposed on a basis that:

- limits the intended goals of the SRA to addressing only those four specific issues identified in the perception survey as being of highest concern to our community, namely Safety & Security, Litter & Cleanliness, Maintenance of Public Spaces, and Social Issues, in addition, naturally, to effective management of the SRA; and
- contains overheads and administration costs (for example rent, insurance, etc.) as far as possible.

The initial Business Plan was supported by more than 60% of property owners in the SRA in 2014 in accordance with the By Law of the City of Cape Town (“the City”) and was

subsequently also approved by the City, thereby authorizing the establishment of the SRA with effect from 1 July 2014.

1.3 WHAT IS A SRA?

A Special Rating Area is an arrangement under the City's Special Rating Area By-Law of 2012 designed to enable self-funded community initiatives within a clearly defined geographical area that aim to improve and/or upgrade neighbourhoods by making use of a non-profit company to manage the implementation of a Business Plan to supplement Municipal services which business plan is approved by property owners in the SRA in accordance with the procedure set out in the By-Law.

The SRA model is based on international best practice aimed at preventing the degeneration of neighbourhoods and facilitating their upliftment, economic growth and sustainable development. The continuing success of this model is demonstrated by the fact that there are currently 41 approved SRAs in Cape Town, an increase of 15 on the number of 26 approved SRAs in 2014.

Some of the benefits of an SRA are included in the following section.

1.4 THE SRA COMPANY

Following approval of the initial 5 year business plan by the majority of property owners and by the City in 2014, a non-profit SRA company was incorporated in 2014 ("the SRA Company") the sole purpose of which is to provide the limited supplementary municipal services in the SRA as outlined in the business plan as approved by its members and the City.

The cost of these limited supplementary Municipal services is funded from additional Municipal rates paid by all property owners within the SRA. The cost of the additional rates are shared by property owners in the form of an additional rate based proportionally on the valuation of their properties. Implementation of the business plan is administered by the board of directors of the SRA Company, who are unpaid volunteers, elected by its members, being the property owners within the SRA, supported by a Manager appointed by the Board.

The SRA manages its own finances and appoints its own auditors. The interests of the members of the SRA Company are protected by the provisions of the Companies Act and the Special Rating Area By-Law which include the following:

- The SRA Company retains control over the funds received for implementation of the business plan, which may only be spent within the SRA area and only in accordance with

the approved budget.

- The SRA Company and its members are not responsible for debt collection of the SRA rate or for any bad debts. This is the responsibility of the City.
- The City monitors compliance by the Board of the SRA Company with the By-Law and related Policy and a Finance Agreement entered into between the SRA Company and the City.
- A Councilor of the City, appointed by the Mayor as an observer, is entitled to attend and participate, but not vote, at meetings of the Board of the SRA Company.
- The SRA Company is required to submit a five year business plan and budget for approval by the City and, when approved, company expenditure may not include any items not included in the approved budget.
- An annual budget and implementation plan is approved annually at the AGM of the SRA Company.
- Any amendment of the business plan requires the approval of members and the City. The SRA Company is required to submit its audited financial statements and annual report to the City for consolidation.

1.5 HOW ARE THE SRA ADDITIONAL RATES CALCULATED?

- The SRA management confirms the properties within the boundaries of the SRA, which is then linked by the City to the municipal valuations according to the most recent general valuation roll.
- The SRA management annually prepares an overall budget for the year. This is based on the specific needs of the SRA as set out in the approved business plan. Individual contributions are then calculated by dividing up the budget total according to the municipal valuations of each property, proportional to the total valuation of the SRA.
- The SRA Policy allows for a differentiation in the additional rates for the different types of properties – be it residential or non-residential.
- This tariff is then expressed as a Rand in the Rand and is applicable over a financial year, which starts on 1 July.
- The SRA budget and proposed additional rates must be approved by the City and advertised for comments and objections as part of the City's budget process prior to implementation on 1 July

1.6 TERM RENEWAL PROCESS

Each business plan under the SRA By-Law has a duration of five years. The initial business plan of our SRA is in respect of the period 1 July 2014 to 30 June 2019. Approval of members of a new Business Plan for the period 1 July 2019 to 30 June 2024 is therefore required. This will be in accordance with the following procedure:

- The SRA management compiles a new Business Plan, Motivation Report, Implementation Plan and 5-Year Budget for the SRA
- The new Plan is approved by the Board and submitted to the City for comment
- Once reviewed by the City, the renewal is advertised along with the notice of the Annual General Meeting (AGM) in Year 4 of the SRA's term.
- At the AGM, the members can then vote to adopt the new 5-year Plan and approve the intention to renew.
- The renewal is then considered by the full Council of the City of Cape Town
- Once the renewal has been approved the SRA commences with the new term on 1 July of the following year.

The following sections of this document motivate the approval of the new 2019-2024 Business Plan.

2. MOTIVATION REPORT

2.1. EXECUTIVE SUMMARY

Since its inception, the vision of the SRA is to create a safe, clean and pleasant area that is a highly sought-after place to live in, work in and to visit and do business in, because of its integration with its natural surroundings and its safe community atmosphere. This vision remains the basis of this business plan.

In order to achieve this the purposes of the SRA include the enhancement of municipal and other public services in order to maintain the quality of life of the community and property values at an acceptable level. These purposes have been implemented by the SRA since its inception and it will continue to do so. The Vision and Mission of the SRA are set out in paragraph 2.5 below.

In order to monitor the performance of the SRA and to monitor the views and priorities of its members and residents the SRA maintains monthly records of the incidence of crime and the Manager and members of the board regularly receive feed-back from residents regarding the services provided by the SRA. For example, the SRA Manager receives about 70 e-mails and messages per year from residents providing feed-back on the SRA's services, most of which approve of the services being provided. The board has relied on this extensive information to compile this Business Plan proposal.

In addition, residents were invited in August 2018 to submit any views or suggestions on how the current SRA services could be improved. Only one response was received.

From these records and feed-back it is clear that:

- While the majority of residents appear to be satisfied with the quality of services currently provided by the SRA, these should be maintained in order to preserve the quality of life in our community enjoyed by residents and visitors alike;
- The majority of residents are prepared to continue to pay additional property rates in order to achieve these objectives; and
- The issues of public safety, litter and cleanliness, maintenance of public spaces and social issues remain the most important to the community.

The Board has therefore taken account of the above and has prepared this Business Plan on the basis of providing for an SRA that continues to:

- limit the goals of the SRA to addressing only those four specific issues identified as being of highest concern to our community, namely Public Safety, Litter & Cleanliness, Maintenance of Public Spaces, and Social Development, in addition, naturally, to effective Management of the SRA; and
- contain overhead and administrative costs as far as possible.

During the past two years there have been significant developments in our community, including:

- The revitalization of the Kalk Bay Business Association, which represents the interests of more than 50 businesses in the area. The SRA works closely with the Business Association on a range of issues, particularly public safety issues, and will continue to do so.
- The formation of Baywatch neighbourhood watch. This group of volunteers patrols the streets and public areas of Kalk Bay and St James each week and assists greatly in addressing the issue of crime in our village. The SRA works closely with Baywatch and supports its activities.

Representatives of both the Business Association and Baywatch attend the SRA's weekly Public Safety meetings together with the SRA's public safety contractor, and members of SAPS Muizenberg and the City's Law Enforcement team. This expanded team significantly improves information sharing and more effective co-ordination of activities.

The SRA Company will also continue to have a close working relationship with the Ratepayers Association and its committee, which is highly active and respected by the community and the City.

It is intended that as accumulated surplus funds allow various projects will be proposed to

members at the AGM to enable the SRA company to respond positively to funding requests for ad hoc initiatives, for example the maintenance of public spaces and gardens and/or public amenities.

This Business Plan includes a detailed Implementation Plan and Budget based on the Motivation Report.

2.2. MANAGEMENT OF THE SRA

This Business Plan, upon approval by the City, will be implemented by the SRA Company, a non-profit company, incorporated in accordance with provisions of the Companies Act. The SRA Company will be supervised by a Board of Directors elected by its members at the AGM. Property owners may apply for membership which will enable them to participate in the SRA Company's affairs. A Manager appointed by the Board will implement the day-to-day operation of the SRA Company's activities. The City will not be involved in the day-to-day operations, but will exercise oversight in respect of operational financial and legal compliance.

The SRA Company will continue to manage its own finances and appoint its own contractors and auditors. The audited financial statements will form part of City's consolidated annual financial statements, which are reviewed by the Auditor-General. In addition, monthly financial reports will be submitted to the City to monitor that expenditure is incurred according to the Business Plan.

The board holds meetings every month. Any resident or member is welcome to attend the first half hour of any meeting. Minutes of every meeting are posted to the SRA website.

The board monitors the performance of the Manager and its own performance via a mid-year review process. The Chairman of the board also reports on the SRA's activities and performance each year to members at the AGM.

2.3. EXEMPTIONS FROM ADDITIONAL RATES

Any property owner who receives any form of rates relief from the City will be entirely exempted from the additional SRA rate.

2.4. CONSISTENCY WITH COUNCIL'S POLICIES AND PLANS

For reasons that appear from this Business Plan, the SRA:

- will not reinforce existing inequities in the development of the City;
- will be consistent with the City's Integrated Development Plan (IDP);
- will manage, via the SRA Company, the services to be contracted out by the SRA Company in accordance with this Business Plan.

2.5. MISSION, VISION AND GOALS OF THE SRA

Vision

To maintain a safe, clean and pleasant area that is a highly sought-after place to live, visit and do business in because of its social harmony and its integration and harmony with its natural surroundings and modest built environment.

Mission

The mission of the SRA is to ensure an environment that is safe and well maintained for the benefit of all its residents, businesses and visitors.

Goals

The five specific goals of the SRA, as mentioned above, are set out as follows.

GOAL 1: Management

The Board

This goal is to ensure that the SRA is managed effectively and that the Business Plan is carried out. This is achieved primarily through the effective functioning of the Board of the SRA Company.

The Board will ensure that the SRA Company complies with all its statutory obligations.

The Board will appoint a Manager under a service contract and will monitor and appraise performance by the Manager.

Members or sub-committees of the board will also assist in the management of the company as required.

The Manager

The Manager will:

- Be responsible for efficient day to day management and operation of the SRA.
- Build good working relationships with members of the SRA and the Board, City officials, and other authorities, including SAPS.
- Prepare the required accounts and financial statements and will provide input for developments plans and budgets.

- Monitor and appraise performance by the contracted public safety team, cleaning staff and social worker.
- Co-ordinate with the City to deal with issues relating to the rendering of services or resolution of disputes.
- Liaise with SAPS and other service providers, such as the National Parks Board, to ensure efficient delivery of services.
- Devise and implement projects, communication, marketing and promotion plans approved by the Board of the SRA Company.
- Attend SRA and other forum meetings as necessary to ensure proficient and professional management of the area.
- Report at least quarterly to the Board on management of the SRA.

Communication

The Manager will:

- send out regular newsletters and press releases; and
- maintain the SRA's website in good informative order.

GOAL 2: Public Safety (Budget of R1,110,000 in Year 1)

This goal is to provide a safe and secure area by deploying contracted public safety patrollers that provide a comprehensive public safety service as outlined below. Options will also be considered whereby community safety could be enhanced by alternative or additional means, including by community participation.

Core Strategy: Foot patrols

As has been repeatedly stated, the SRA's public safety strategy has from the outset been based on foot patrols, supplemented and enhanced in various ways, including by a limited number of strategically placed security cameras, and close working relationships with the SRA's Social Development team, SAPS, Law Enforcement, and SANP and other interested groups.

The SRA's public safety contractor will patrol the streets and public spaces in the SRA on 24 hour basis on every day of the year in order to enhance the protection of our residents and visitors in these public spaces. To this end the following terms of the current contract will be included in any renewed or new public safety contract:

- Three trained and uniformed public safety patrollers to patrol the entire SRA during a 12 hour shift by day and three patrollers patrol during a 12 hour shift by night.
- These patrols will be maintained on every day of the year. The patrollers will continue

with the current requirement to record their presence at all 68 electronic stations throughout the SRA at least 4 times in every 24 hour period.

The public safety contractor's foot patrollers will continue to be also deployed:

- To various "hot spots" on an ad hoc basis from time to time
- To local schools to ensure the safety of pupils at arrival and departure times
- To patrol the St James/Muizenberg walk way and coastal areas during early daylight hours in summer

The public safety contractor responds to any reported incident within the SRA by reacting according to the standard procedures according to the nature of the call and maintains a close relationship with Mountain Men, who provide back-up when necessary.

The success of this strategy is clearly demonstrated by the following:

- The average number of visits to our 68 electronic recording points situated throughout the SRA has been never less than 6 times and on average about 7 times per 24 hours, which is considerably more frequent than the contracted frequency of 4 times per 24 hours.
- Incidents of crime, despite periodic set-backs, have considerably decreased from the rate of crime experienced before regular patrols began in November 2015.
- Public safety patrollers respond to at least 100 incidents each year. These range from assisting with arrests and apprehension of suspects to alerting residents and visitors to open gates and unlocked motor vehicles.

It is therefore proposed that the SRA will continue to base its Public Safety strategy on the basis outlined above.

Regarding the other elements of the strategy:

CCTV Cameras:

The SRA has recently installed and commenced to operate a CCTV security camera system in our area together with a system to collect the images and display them on the SRA's Wi-Fi system and on the SRA's dedicated, password protected, internet site. The SRA currently owns and operates eight cameras. It is intended to acquire more cameras as funds allow in the future. In addition:

- the SRA receives images from cameras owned and operated by the Majestic village complex that monitor public areas;
- it is hoped that private property owners will contribute further security cameras for use by the SRA. Six offers of cameras have been received by end September 2018. The system is able to monitor up to 40 cameras.

Images from the cameras will be monitored by a network of local volunteers.

The system developed by the SRA is designed to enable camera images to be viewed by volunteers on their own computers or tablets or smartphones, even in the comfort of their own homes, rather than in the inconvenience of a control room. This is an exciting innovation that enable users of the system to monitor crime in our area in a much more convenient and effective manner and will also complement the activities of the SRA sponsored WhatsApp group. As at date of publication of this proposal, over 50 residents throughout the SRA have volunteered their services on a roster basis throughout the day and night. If any suspicious activity is observed, this is reported to the public safety contractor for further action.

It is proposed that this system be expanded and enhanced as far as possible, depending on available budget.

Liaison and co-operation with other organisations

The SRA will continue to maintain a close working relationship with SAPS Muizenberg, City Law Enforcement, Baywatch neighbourhood watch, the Kalk Bay Business Association and SA National Parks. Representatives of all these bodies regularly attend the SRA weekly security meetings and will continue to do so.

The SRA will also continue to promote and assist the following initiatives or organisations:

- Use by local residents and businesses of the SRA sponsored Whatsapp group as another community tool in monitoring and assisting in addressing public safety. Members of the Whatsapp group have access to the Public Safety contractor's supervisor via mobile phone, who responds to any call for assistance.
- Support Baywatch neighbourhood watch in various ways, including by small donations from time to time to meet vouched ad hoc expenses.
- Appointment by the City of Cape Town of one or more local residents as volunteer Auxiliary Law Enforcement Officers. Such officers will be trained by the City and will have full powers of arrest.

Monitoring performance by the contracted public safety services provider and co-ordination of law enforcement activities

The Manager will monitor performance, and regulate efficient services by public safety contractor in the SRA, and may periodically inspect public safety patrollers.

The Manager will ensure that the contracted public safety provider periodically trains the patrollers in its employ in municipal by-laws and local knowledge of the SRA area.

The Manager will co-ordinate liaison between the SRA and the contracted public safety contractor, SAPS, and SA National Parks Board security officials.

GOAL 3: Litter and Cleanliness and (Budget of R185,000 in Year 1)

This current mandate of this portfolio is to concentrate on areas not normally maintained by the City Council (e.g. all residential streets other than the Main Road, Boyes Drive and Clairvaux Roads and areas between the Main Road and the Metrorail property). The SRA employs three full time cleaners for this purpose. It is proposed to continue with this mandate for the duration of this Business Plan.

Maintenance cleaning of residential streets is conducted by two of the employees and a third employee concentrates on the area between the Main Road and the railway line from the Haven in Kalk Bay to beyond St James pool.

The weekly roster is maintained to ensure that every street is cleaned approximately every six weeks, and litter in the area along Main Road is removed on a weekly basis. It is proposed to maintain this frequency.

The Manager will monitor performance of the cleansing staff.

The Manager will also identify health and safety issues within the SRA and will submit periodic reports to the board and to the City.

GOAL 4: Maintenance of Public Spaces (Budget of –R17,500in Year 1)

Although maintenance of public spaces, including parks, is a responsibility of the City, many private initiatives by local residents greatly assist in the maintenance of our public spaces and gardens. For example:

- An association called Friends of Lever Street Park raises funds and employ a worker for the maintenance of Lever Street Park
- A local Kalk Bay resident contributes her time and landscaping skills to the maintenance of the Dalebrook garden and the SRA pays for the labour engaged to assist her.
- Another local resident actively maintains trees planted along the Main Road in Kalk Bay
- Local residents also co-operate for the periodic maintenance of Danger Beach Park

In order to contain costs and the budget, this portfolio is allocated a relatively small portion of the budget but sufficient for the SRA to provide modest financial and other support to these many initiatives as it has in the past. The SRA will also continue to meet the cost of labour for maintenance of the Dalebrook Pool garden which is overseen by a local resident free of any charge.

In addition, the SRA Manager will identify problem areas in respect of

- public parks and gardens and other public spaces, including cutting of grass and removal of weeds;
- street lighting;
- maintenance of roads and sidewalks, including drains and drain covers; and
- road markings and traffic signs

The SRA Manager will compile a list of prioritized items requiring attention and will liaise with City to correct. The Manager will also log C3 notifications to the city for its action as and when required. The Manager will provide periodic reports to the board of the SRA Company.

GOAL 5: Social Development (Budget of R105,000 in Year 1)

Our community has always been an inclusive, live and let live community. This portfolio has therefore always been of fundamental importance to the SRA's approach of addressing all issues in our village, including social issues, in a holistic way.

The SRA currently contracts a qualified social worker on a part time basis for two mornings per week, although in reality her dedication usually leads her to exceed this.

The social worker employs a fieldworker to assist her in her work, whose wages are funded by our SRA. This dedicated field worker is trained to work among the homeless and to gain their confidence and trust. One of our male cleaners assists this field worker in order to provide additional security and confidence.

The field worker servicing our SRA has, together with the field worker in Muizenberg, built up a data base of about 70 street people who frequent our area and that of Muizenberg Improvement District, an invaluable resource that enables our social worker to build cases and obtain help and action from relevant authorities.

The importance of this portfolio and the successes achieved by the SRA's social worker thus far have been well documented in the SRA's communications to the SRA's residents.

The advice of the SRA's current social worker is that it is not necessary to employ a fully qualified social worker for the purposes of serving those in need in our area because only qualified social workers employed by the City or the Province have the authority to detain those in need. Her recommendation is that a properly trained field worker, able to work with and assist those in need and able to obtain support from relevant authorities, will be adequate for our purposes.

The board has accepted this recommendation in principle and is currently funding the further training of the SRA's field worker with a view to her possible engagement by the SRA as an independent contractor on two mornings per week as replacement of the current social worker. The cost of this service will be lower than the cost of the current social worker.

It is therefore proposed implement the plan outlined above. The Manager and a Social

Development sub-committee will monitor performance by the contracted field worker and will provide periodic reports to the board of the SRA Company.

3. FINANCIAL MANAGEMENT

The proposed Five Year Budget for the SRA, commencing on 1 July 2019 is based on the principles and plans outlined in this proposal, which, if approved, is considered adequate to fund the activities of the SRA for the next five years.

In line with the views of its members, the budget of the SRA has since inception been very limited. This is illustrated by the fact that, according to the City's 2018/2019 budget, our 2018/2019 budget is the sixth lowest of the 41 approved SRAs and has the fourth lowest contribution rate for residents, expressed as cents in the Rand. The challenge has therefore always been to service our large geographical area satisfactorily with a relatively very modest budget.

In managing these realities, it has always been the policy of the board to "do more with less" by containing overhead and administrative costs as far as possible in order to allocate as much budgetary resources as it can to the core businesses.

The success of this policy is evidenced by the fact that the SRA has built up cash reserves of R421,839 as at the end of June 2018. In terms of its agreement with the City, the SRA is obliged to maintain a permanent reserve of two months' income from the City (approximately R300,000) in order to provide for contingencies, leaving an available surplus of approximately R120,000 to be spent on projects recommended by the board and approved by members.

The board is reluctant to propose any significant increase to the budget, particularly in these difficult financial times. However, it is clear that some budget items require significant adjustment in order to reflect current market reality, principally in respect of salaries and wages, and in areas necessary for the SRA to deliver services of a quality that will provide a meaningful contribution to maintaining the quality of life for all in our SRA. For example, it is proposed to provide a significant increase to the Public Safety budget to ensure that the SRA will be able to afford any anticipated increases in wages paid by our Public Safety contractor in line with nationally negotiated rates.

A budget of R1,868,294 for the year 1 July 2019 to 30 June 2020 is therefore proposed as set out

in the Budget that is attached to this proposal. This is an increase of 16.6% on the budget of R1,602,273 for the last year of the financial year ending on 30 June 2019.

This large budget increase is misleading and must be placed in a practical context.

One of the roles of the City is to assess the affordability of any budget increase. The City has therefore modelled the current impact of the proposed budget increase of 16.6% by reference to existing municipal valuations of all properties in the SRA based on the 2015 General Valuation Roll with the following results:

PRELIMINARY MODELLING OF FINANCIAL IMPACT PER R1m VALUATION					
PROPERTY CATEGORY	2018/19 ANNUAL CONTRIBUTION	2018/19 AVERAGE MONTHLY CONTRIBUTION	2019/20 ANNUAL CONTRIBUTION	2019/20 AVERAGE MONTHLY CONTRIBUTION	% INCREASE
RESIDENTIAL	531.00	44.25	573.00	47.75	7.9%
NON-RESIDENTIAL	1,756.00	146.33	1,923.00	160.25	9.5%
* All figures are VAT exclusive					

It can be seen from the above that the SRA additional rate will be limited to an increase of 7.9% in respect of residential properties and 9.5% in respect of non-residential properties and that the average monthly contribution will increase by about R3.50 (VAT exclusive) per month per million of valuation in respect residential properties and by about R13.92 (VAT exclusive) per month in respect of non-residential properties.

Examples of the practical effect of this is that the proposed additional rates are likely to increase:

- In respect of a residential property valued at R3,730,369 (the average in our SRA) by a relatively limited monthly average amount of R15.01 from R189.83 (VAT incl) to R204.84;
- In respect of a non-residential property valued at R3,297,699 by a monthly average amount of R52.79 from R554.94 (VAT incl) to R607.72.

It should be noted that:

- The above summary of likely effects of the proposed budget increase is indicative and is based on current information. While the formula used in the calculation is constant, factors such as valuation fluctuations, appeals court orders etc may impact properties

differently.

- A new General Valuation will come into effect in July 2019. As a consequence, some property owners may face higher increases and some lower.

The board therefore is of the view that the proposed budget increase is affordable and is the minimum it requires to be able to continue to provide SRA services at an acceptable level. It should also be noted that even after this proposed increase our budget will remain significantly lower than that of the Muizenberg Improvement District and will continue to have one of the lowest budgets and contribution rates of all 41 SRAs.

It is also proposed to apply an annual increase of about 7.5% in line with the expected inflation rate. The proposed SRA additional rate will be expressed as Rand in the Rand of the total rates valuation of properties in the SRA as at the end of February of each financial year and in the SRA budget for the following year as approved by the City and the SRA Company at its AGM.

The SRA additional rate will be applied to the municipal valuations of all ratable properties within the SRA area. This means that the owners of properties of lower valuation will pay proportionally less than owners of more highly valued properties.

The City will be responsible for billing of the SRA additional rates and will pay 1/12th of the Budget to the SRA Company monthly. The Council will retain an amount equal to 3% of these payments in a retention fund as provision to cover any bad debts. Any additional rate surplus or deficit collected by the Council will be offset against this retention fund. Seventy-five percent (75%) of the amount by which the retention fund exceeds accumulated arrears at the end of the financial year will be paid by the Council to the SRA Company by 30 September of the following financial year, and must be treated by the SRA Company as additional income.

4. IMPLEMENTATION PLAN

The goals of the KBSJSRA outlined above will be implemented in accordance with the Budget and the details of the Implementation Plan.