

12.

KLEINMOND SPECIAL RATING AREA (KSRA): APPLICATION TO POSTPONE THE IMPLEMENTATION OF THE KSRA WITH ONE YEAR

5/18/1

S Reyneke-Naudé

Director : Finance

21 July 2020

(028) 313 8040

1. Executive Summary

The purpose of this report is to present Council with the application received from the applicant, Mr Hugo Krijnauw, seeking Council's approval to postpone the implementation of the Kleinmond Special Rating Area (KSRA) with a period of 12 months, as motivated by the applicant (Annexure A).

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
 Provision and maintenance of municipal services
 Creation and maintenance of a safe and healthy environment
 The encouragement of structured community participation in the matters of the municipality
 Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (MSA)
 Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)
 Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
 Overstrand Municipality Special Rating Areas By-law, 2016 (SRA By-law)
 Overstrand Municipality Special Rating Area Policy, as amended (the Policy)

6. Background/Discussion/Evaluation/Conclusion

An item served before the council at a Special Council Meeting on 17 March 2020, seeking council's approval for the establishment of the KSRA, in terms of the SRA By-law read with the Policy. The KSRA mapped area includes all properties in the area bound by the boundaries of Kleinmond, being the

eastern boundary of Heuningkloof, the coastline as the southern boundary of Palmiet and the informal settlement, and the mountain as northern boundary.

The council resolved on 17 March 2020 as follows:

“RESOLVED (SUPPORTED BY 23 COUNCILLORS):

1. *that the area as reflected in the body of this report **be identified** as a special rating area (SRA), known as the Kleinmond Special Rating Area (KSRA), in terms of the Overstrand Special Rating Area By-law, 2016;*
2. *that the application submitted by Mr Hugo Krijnauw, the registered owner of 20 DF Malherbe Street (Erf 3524 Kleinmond) to establish the KSRA in terms of section 8.1(c) of the By-law, **be approved**;*
3. *that an additional rate **be levied** on properties in the KSRA from 1 July 2020 in terms of section 22(1)(b) of the Local Government Municipal Property Rates Act (MPRA), Act 6 of 2004;*
4. *that a Finance Agreement be concluded between the Overstrand Municipality and the KSRA Management Committee in terms of section 12(6) of the By-law prior to 1 July 2020;*
5. *that the Municipal Manager be authorised to sign all the necessary agreements and documents to give effect to the establishment of the Kleinmond Special Rating Area (KSRA);*
6. *that the Kleinmond Special Rating Area (KSRA) additional rate be calculated on the municipal valuation for properties within the KSRA mapped area, in accordance with the Overstrand Property Rates Policy, to enable the Municipality to collect the additional rates required for the KSRA's first year budget of R1 332 091.00, as well as for subsequent years in accordance with the 5-year budget period;*
7. *that payments to the KSRA be commenced with in accordance with the Finance Agreement once the following sections in chapter 2 of the SRA By-law as amended are met:*
 - *Section 10: Commencement with the Business Plan,*
 - *Section 11: Establishment Composition, Powers and Duties of the Management Body; and*
 - *Section 12: Finances (including the conclusion of a Finance Agreement); and*
8. *that the additional rate for the KSRA be considered by Council with the Municipality's 2020-2021 Budget and be implemented from 1 July 2020.”*

Subsequent to this resolution, the municipality has now received a formal request from the applicant and the Special Rating Area Steering Committee, which reads as follows:

“After serious consideration of all the realities around the Covid-19 regulations and the implications this has on the execution of the implementation plan according to the requirements in the OM SRA Policy, it is now clear that the KSRA Steering Committee has no other choice than to request that the implementation and the collection of the special rates will be postponed by one year. We trust that the uncertainty, disruption, financial

challenges and anxiety caused by the spread of the virus and the restrictions, which among others make it impossible to call public meetings to elect a board of directors for the KSRA NPC, will be something of the past by then.”

Preceding the before-mentioned request, the recent 4 months were impacted by the declaration of a national state of disaster on 15 March 2020, with effective date from 27 March 2020, by President Cyril Ramaphosa. Following this, the Municipality remains alert and sensitive with regard to the impact of COVID-19.

Paragraph 10 of the Policy provides for the option to delay the implementation of a special rating area with a year and to commence with year two of the business plan.

It is thus recommended that Council approves the request of KSRA to postpone the implementation of the special rating area with one year to commence with year two of the business plan as from 1 July 2021.

It is also recommended that resolutions 3, 4, 6 and 8 of Council Resolution dated 17 March 2020, be amended to read as follows:

3. that an additional rate **be levied** on properties in the KSRA from **1 July 2021** in terms of section 22(1)(b) of the Local Government Municipal Property Rates Act (MPRA), Act 6 of 2004;
4. that a Finance Agreement be concluded between the Overstrand Municipality and the KSRA Management Committee in terms of section 12(6) of the By-law prior to 1 July **2021**;
6. that the Kleinmond Special Rating Area (KSRA) additional rate be calculated on the municipal valuation for properties within the KSRA mapped area, in accordance with the Overstrand Property Rates Policy, to enable the Municipality to collect the additional rates required for the KSRA's **second** year budget, as well as for subsequent years in accordance with the 5-year budget period;
8. that the additional rate for the KSRA be considered by Council with the Municipality's **2021-2022** Budget and be implemented from **1 July 2021**.

7. Financial Implications

Source of Funding: Operating Budget Provisions, originally indicated below effective from Year 1 (2020/2021), now to be implemented effective from Year 2 (2021/2022):

	YEAR 1 2020/2021	YEAR 2 2021/2022	YEAR 3 2022/2023	YEAR 4 2023/2024	YEAR 5 2024/2025
SCOA Project	Operational: Typical Work Streams: Property Rates Act Implementation: Special Rating Areas: KLEINMOND SPECIAL RATING AREA (KSRA)				
SCOA Item description (Expenditure)	Expenditure: Transfers and Subsidies: Operational: Monetary Allocations: Private Enterprises: Other Transfers Private Enterprises: Unspecified: KLEINMOND SPECIAL RATING AREA (KSRA)				
SCOA Item description (Revenue)	Revenue: Non-exchange Revenue: Property Rates: Special Rating Area				
SCOA cost account	Budget reference 2020/2021				
SCOA business key	Budget reference 2020/2021				
Budget provision (Excl. VAT)	1 332 091.000	1 332 091.000	1 332 091.000	1 332 091.000	1 332 091.000
Balance available (Excl. VAT)	1 332 091.000	1 332 091.000	1 332 091.000	1 332 091.000	1 332 091.000
Total expenditure (Excl. VAT)	1 332 091.000	1 332 091.000	1 332 091.000	1 332 091.000	1 332 091.000

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Application for postponed implementation of Kleinmond SRA

RECOMMENDATION TO THE COUNCIL:

that, following a request from the Kleinmond Special Rating Area Steering Committee, resolutions 3, 4, 6 and 8 of Council Resolution dated 17 March 2020, be amended to read as follows:

3. that an additional rate **be levied** on properties in the KSRA from **1 July 2021** in terms of section 22(1)(b) of the Local Government Municipal Property Rates Act (MPRA), Act 6 of 2004;
4. that a Finance Agreement be concluded between the Overstrand Municipality and the KSRA Management Committee in terms of section 12(6) of the By-law prior to **1 July 2021**;

AGENDA OF THE MAYORAL COMMITTEE MEETING:**29 JULY 2020**

6. that the Kleinmond Special Rating Area (KSRA) additional rate be calculated on the municipal valuation for properties within the KSRA mapped area, in accordance with the Overstrand Property Rates Policy, to enable the Municipality to collect the additional rates required for the KSRA's **second** year budget, as well as for subsequent years in accordance with the 5-year budget period;
8. that the additional rate for the KSRA be considered by Council with the Municipality's **2021-2022** Budget and be implemented from **1 July 2021**.

RESPONSIBLE OFFICIAL :**S REYNEKE-NAUDE
E HOONEBERG
B KING****TARGET DATE FOR IMPLEMENTATION :****31 JULY 2020**



Proposed Kleinmond Special Rating Area
KSRA Steering Committee

PO Box 134, KLEINMOND 7195

Tel 082 668 2432

info@kleinmondsag.co.za

20 July 2020

The Director: Finance
 Ms Santie Reyneke-Naudé
 Overstrand Municipality
 PO Box 20
 Hermanus
 7200

Dear Ms Reyneke-Naudé

Request to postpone the implementation of KSRA

I, Hugo Krijnauw, hereby confirm the request of the Steering Committee of Kleinmond Special Rating Area as sent to your office by email on 18 May 2020.

After serious consideration of all the realities around the Covid-19 regulations and the implications this has on the execution of the implementation plan according to the requirements in the OM SRA Policy, it is now clear that the KSRA Steering Committee has no other choice than to request that the implementation and the collection of the special rates will be postponed by one year. We trust that the uncertainty, disruption, financial challenges and anxiety caused by the spread of the virus and the restrictions, which among others make it impossible to call public meetings to elect a board of directors for the KSRA NPC, will be something of the past by then.

Kind regards

Mr Hugo Krijnauw
 KSRA Steering Committee Chairperson

Dr Vic Brink
 KSRA Steering Committee Secretary

www.kleinmondsra.co.za