

13.

ONRUS-VERMONT SPECIAL RATING AREA (OVSRA): APPLICATION TO POSTPONE THE IMPLEMENTATION OF THE OVSRA 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 Abner Francois-Andre Inghels, seeking Council's approval to postpone the implementation of the Onrus-Vermont Special Rating Area (OVSRA) 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 Council Meeting on 25 March 2020, seeking council's approval for the establishment of the OVSRA, in terms of the SRA By-law read with the Policy. The OVSRA mapped area includes all

properties in the area bound by the boundaries of Onrus, from the Onrus Main Road/R43 intersection in the East to the Vermont Lynx Road/R43 intersection in the West, the coastline on the south, and the ward's boundary on the mountain on the north. This includes all areas in Ward 13 Overstrand Municipality including Onrus, Onrus North, Berghof, Vermont & Paradise Park.

The council resolved on 25 March 2020 as follows:

“RESOLVED (SUPPORTED BY 21 COUNCILLORS):

1. *that the area as reflected in the body of this report **be identified** as a special rating area (SRA), known as the Onrus-Vermont Special Rating Area (OVSRA), in terms of the Overstrand Special Rating Area By-law, 2016;*
2. *that the application submitted by Mr Abner Francois-Andre Inghels, the registered owner of 6 Radyn Street, Onrus River (Erf 3551 Onrus) to establish the OVSRA in terms of section 8.1(c) of the By-law, **be approved**;*
3. *that an additional rate **be levied** on properties in the OVSRA 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 OVSRA 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 Onrus-Vermont Special Rating Area (OVSRA);*
6. *that the Onrus-Vermont Special Rating Area (OVSRA) additional rate be calculated on the municipal valuation for properties within the OVSRA mapped area, in accordance with the Overstrand Property Rates Policy, to enable the Municipality to collect the additional rates required for the OVSRA's first year budget of R1 977 885.00, as well as for subsequent years in accordance with the 5-year budget period;*
7. *that payments to the OVSRA 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 OVSRA 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:

“As a committee we have now discussed the matter of implementation of the SRA in Onrus & Vermont.

The current logistical problems: We cannot at this stage, nor could we for the past 4 months, hold a public meeting for the community to participate in and for community members to be elected to the board of the new NPC to manage the SRA (This needs to happen within 6 months of the creation of the NPC according to the by-law). We could also not register the NPC as the departments' systems were down for a great part of lockdown and it has only become operational a short while ago. Many of the arrangements regarding the implementation of the SRA have been hampered/restricted by the various levels of lockdown we have experienced throughout these trying times.

Community financial concerns: Due to the current situation regarding the pandemic etc. many people may also currently be under serious financial strain. We also have to keep in mind that many pensioners & retirees (Of which we have many in our area) rely on their investments for an income and are currently severely impacted. The SRA could therefore be an unsurmountable financial strain to many community members at this stage. Our request: We therefore request to postpone the implementation of the Onrus-Vermont SRA for one year to 1 July 2021.”

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 OVSRA 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 25 March 2020, be amended to read as follows:

3. that an additional rate **be levied** on properties in the OVSRA 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 OVSRA 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 Onrus-Vermont Special Rating Area (OVSRA) additional rate be calculated on the municipal valuation for properties within the OVSRA mapped area, in accordance with the Overstrand Property Rates Policy, to enable the Municipality to collect the additional rates required for the OVSRA'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 OVSRA 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: ONRUS-VERMONT SPECIAL RATING AREA (OVSRA)				
SCOA Item description (Expenditure)	Expenditure: Transfers and Subsidies: Operational: Monetary Allocations: Private Enterprises: Other Transfers Private Enterprises: Unspecified: ONRUS-VERMONT SPECIAL RATING AREA (OVSRA)				
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)	R1 977 885	R2 096 558	R2 222 351	R2 355 692	R2 497 034
Balance available (Excl. VAT)	R1 977 885	R2 096 558	R2 222 351	R2 355 692	R2 497 034
Total expenditure (Excl. VAT)	R1 977 885	R2 096 558	R2 222 351	R2 355 692	R2 497 034
Total Income	R1 977 885	R2 096 558	R2 222 351	R2 355 692	R2 497 034

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Application for postponed implementation of Onrus-Vermont SRA

RECOMMENDATION TO THE COUNCIL:

1. **that, following a request from the Onrus-Vermont Special Rating Area Steering Committee, resolutions 3, 4, 6 and 8 of Council Resolution dated 25 March 2020, be amended to read as follows:**
3. that an additional rate **be levied** on properties in the OVSRA 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 OVSRA Management Committee in terms of section 12(6) of the By-law prior to **1 July 2021**;
6. that the OVSRA additional rate be calculated on the municipal valuation for properties within the OVSRA mapped area, in accordance with the Overstrand Property Rates Policy, to enable the Municipality to collect the additional rates required for the OVSRA'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 OVSRA 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**

ANNEXURE A

Proposed Special Rating Area: Onrus & Vermont (Overstrand Ward 13)
Voorgestelde Spesiale Aanslaggebied: Onrus & Vermont (Overstrand Wyk 13)

21 July 2020

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

Dear Ms Reyneke-Naudé

APPLICATION TO HAVE ONRUS-VERMONT ESTABLISHED AS A SPECIAL RATING AREA: POSTPONEMENT

As a committee we have now discussed the matter of implementation of the SRA in Onrus & Vermont.

The current logistical problems: We cannot at this stage, nor could we for the past 4 months, hold a public meeting for the community to participate in and for community members to be elected to the board of the new NPC to manage the SRA (This needs to happen within 6 months of the creation of the NPC according to the by-law). We could also not register the NPC as the departments' systems were down for a great part of lockdown and it has only become operational a short while ago. Many of the arrangements regarding the implementation of the SRA have been hampered/restricted by the various levels of lockdown we have experienced throughout these trying times.

Community financial concerns: Due to the current situation regarding the pandemic etc. many people may also currently be under serious financial strain. We also have to keep in mind that many pensioners & retirees (Of which we have many in our area) rely on their investments for an income and are currently severely impacted. The SRA could therefore be an unsurmountable financial strain to many community members at this stage.

Our request: We therefore request to postpone the implementation of the Onrus-Vermont SRA for one year to 1 July 2021.

Kind regards



Mr Abner Francois-Andre Inghels
OVSRA Steering Committee Chair