

Need to protect investments versus needs to make ends meet

Continued from p1

The SFPO, aka the former residents' association, says the situation had reached the point for property owners to intervene to save their infrastructure. In its motion for having the SRA application approved by the municipality, the association said it had embarked on a multi-stream fund raising campaign focusing on: the municipality contributing resources to the SRA projects; appealing for donations from existing St Francis property owners; and establishing an SRA to raise a levy (25% of rates) from all St Francis Property Owners in the demarcated area and partnering with other associations in the area.

These other associations include the St Francis Bay Canal Home Owners Association (which will focus on financing the restoration of the Spit) and the Kouga Joint River Catchment Association (which will combine financial resources and focus them on restoring the river, spit and beach). Both these organisations have levy and boat licence revenue paid to their NPCs to maintain the Canal and River.

"The purpose of this application is to raise funding from an SRA levy that is collected from the ratepayers by the municipality and paid over to the SFPO NPC (Not-For-Profit Company). We recognise that the Kouga region is characterised by a lot of poverty. However, a healthy, well serviced and vibrant St Francis Bay will bring a great deal of tourism revenue, property development, additional rates and employment to the region. If it is going to fulfil its role as a key economic driver of growth and employment in the Kouga region then it has to have a presentable infrastructure," the SRA application stated.

"The Rivers should be navigable and safe, the Spit must protect the 7.5 kilometres of Canals (a unique feature), the Beach needs to be restored and the roads need to be re-established/maintained."

"The increasing crime in St Francis needs to be addressed using the technology that is available to us today, and that will require the installation of security cameras throughout the area with 24/7 monitoring of all cameras in a Control Centre."

"The vision for St Francis Bay is to establish a world class lifestyle destination. A prerequisite for the achievement of this vision is to restore our environmental assets (rivers and beaches), upgrade our roads and improve our security."

In addition the SFPO said its mission is to restore St Francis Bay's infrastructure to a standard required to re-establish investor and tourist confidence in the town, and to restore property values.

The SFPO says its justification for the rate of the levy, which is 25% of the existing property rates, (a drop of 25% from the initially proposed 50% levy due to sourcing revenue elsewhere) is as follows:

* St Francis is significantly underfunded for the quality of infrastructure that the property owners demand.

* The infrastructure is so badly neglected that it will take a significant investment to restore it.

This is not a maintenance programme, it is a replacement of the infrastructure. The restoration needs to happen in a 10-15 year period.

The SFPO stated there are no exemptions included in their application, other than any exemptions applied for directly to the municipality by a property owner.

The SRA levy will come into being in July of this year along with the new municipal budget.

However, a number of residents, say that since the SRA has been approved by the Council, areas in the SRA and Canal areas should now brace themselves for the usual annual Rates increase (7.5 % on 1 July, plus any SRA 25% on top).

Criticism of the levy includes that it was only approved with significant amendments. "The minutes of the Special Council Meeting reveal that the SRA Application was approved with amendments which knock at least a R35 million off the SRA Business Plan revenue projections," one commentator wrote on social media.

"Reduced revenue means that either the scope of work for the SRA projects will have to be reduced, or additional revenue sources required. Reduction of the original scope of work – on which the Yes votes were solicited – does not appear to be a sustainable option for SFPO. Hence we look forward to an announcement from SFPO as to how they intend to proceed to address the revenue shortfall."

According to a post on Question SRA Page on FB, the Council approval comes "despite the many flaws and all the objections submitted, which is disappointing, but not surprising." One of the posters, the late Dennis Margo had big concerns about the SRA and its negative effects on St Francis Bay businesses. He wrote on this page that a large percentage of businesses that make this village into a 'holiday town', rent the premises on which they trade.

"Not only retail shops, but restaurants, guest houses and B&Bs are being affected. Their landlords are going to be hit with these large extra rates bills. They most certainly are not going to absorb this extra cost, but will pass them onto their tenants/clients & customers."

Other critics on Facebook said, "Their landlords are going to be hit with these large extra rates bills. They most certainly are not going to absorb this extra cost, but will pass them onto their tenants/clients & customers." "Many said it is a well-known fact that many of the local businesses barely survive for 10 to 15 months of the year. With the new extra costs added to their monthly accounts, many will most certainly have to close down or increase the prices of their goods to cover these extra costs and services. "We all know what higher prices will do to our economy. It will force the consumer to go 'elsewhere' to do their shopping. So we're on a lose-lose situation. And it's not only businesses who rent their premises, but those that own the premises on which they trade. Every business will be affected," he maintained.

Other criticism or "flaws mentioned on social media include:

* The SFPO/SRA forecast an income of R886,290 per month from SRA Levies in its

published Business Plan but has not made provision for bad debts. In January this year the SFPO/SRA chairman stated at a public meeting that 4% of the properties in the SRA Area were in arrears with their rates. The amount in arrears at that time was in excess of R3 million, and the Municipal Representatives at the meeting did not disagree that the municipality will only pay over to the SRA what they actually receive from property owners.

* "So any rates payments received by the municipality will first be allocated to clear the arrears. The remaining amount will then be used to recover the arrears, it will take years and the SRA/Levy might only have limited success."

* "In addition, some of the ratepayers' objections published by the municipality are the proposed rate is too high, possibly causing a run-away increases, could result in default of monthly payments, additional rate will cause division of the communities as only Village and Canal will be paying an unfair rate. Cost in the Canal and Village must pay for facilities that other residents will also use, manner in obtaining the votes not fair, costs for the Spit do not affect all St Francis Bay residents, demarcation done unfairly, 'yes' votes only represent 10% of the total St Francis Bay residents, no proper consultation, poor collection rate in the area, voting process flawed, only a fraction of the residents were targeted to vote, no fair and open process." St Francis Chronicle asked three main questions of the SFPO and asked for other comments...

Questions by the St Francis Chronicle
(Questions to be put into sub parts with answers by the SFPO):

1. **SFC: There has been much talk of several home owners facing hardship and being forced to pay the levy.**

SFPO: The demarcated area has some 1,600 rate paying properties. The value of these properties has stagnated for the past 10 years, whereas over the same period property prices have tripled in other areas, such as Plettenberg Bay. That means we have lost, after inflation, over half of the real value of our properties in St Francis Bay over the past decade. This is catastrophic for any investment. 80% more of these properties are owned by people whose primary residence is elsewhere, and use their St Francis Bay properties as their holiday homes. As such, they require a rental income to maintain them. Instead they have lost considerable value. How can one expect these investors to do nothing about recovering their original investment because a small minority of property owners are unable or unwilling to pay an additional levy to restore the original value of everyone's properties?

SFC: Apparently there were only 11 more 'yes' votes for than 'no' votes, according to figures released.

SFPO: We were asked to deliver a 50%-1 majority vote to the Municipality. We submitted these votes on 23 February. We did collect a

further 30 or more Yes votes in the following days, but were not required to submit them. We were given only 6 weeks to collect the votes. It is not realistic to expect 80% of property owners live elsewhere who could not rely on public meetings to reach them. This was a monumental undertaking for us to accomplish in the time that we had. The 11 more 'no' votes in favour of the SRA Levy, which represents overwhelming support for the Levy.

SFC: I believe the SFPO will assist those that cannot afford to pay. This is great news for those struggling to make ends meet. Can those struggling, pay less than 25%? Or how exactly will the SFPO assist those who fall into this bracket?

SFPO: The SFPO will help those who cannot afford to pay the levy to state their case to the Municipality if they so wish.

No, the levy is set by the Municipality.

2. **I also understand from the municipality that it will be paying for the costs of any homeowner in the levy area first before it will hand over the levy. This means the SFPO will likely be facing a shortfall each month in its anticipated income? How will the SFPO overcome this hurdle, particularly since there is a large percentage of rates' defaulters in the levy area? The Municipality is fully aware of its need to improve its revenue collection from all areas including St Francis Bay, and will be taking measures to do so. The SFPO will, where necessary, also encourage and if necessary alert ratepayers to pay their Municipal accounts promptly.**

3. **Most of the objections concerning those released by the municipality talk about an 'unfair voting process'. Please can the SFPO comment on this. The voting process followed the process laid down in the SRA Policy. The votes were audited by the legal firm in Port Elizabeth who the Municipality had hired to write the amendments to the existing SRA By-Law and write the SRA Policy. This was the same legal firm who has written the SRA Law and SRA Policy for the Nelson Mandela Bay Metro a few years ago.**

Other comments from the SFPO:
The St Francis Vision 2030 also stated that a prosperous business community required extending the 1-2 month tourism season to 12 month season. This would have a significant impact on revenue turnover and profitability for these businesses. The revenue of the SRA Levy will be negligible compared to the revenue upside of increased tourist and holiday owner visits to St Francis Bay.

2. Our plan is criticised for having many flaws. What are these flaws?

3. The removal of the R3 million per annum in the SRA Budget. The Municipality thought it prudent not to be bound by a specific spend figure. The Municipality tells us that it is committed to its obligation to participate in and support these projects.

4. Additional Funding: The KM and SFPO have repeatedly stated that they will continue to seek additional sources of revenue for these projects.

Emergency Numbers

Try Our Word Puzzle

See how many words you can make from the letters in the words below. Use each letter only once. Every letter has to contain the middle letter. The goal is to avoid the nine letter words. No plural nouns, capital letters, slang, or foreign language words (unless quoted in the Oxford English dictionary). This month's goal is 10 words essential, 10 words good, 10 words best. Note: words ending in 's' like 'jays' have been allowed. The correct solution is on p14.

Word Puzzle compiled by Bev Mortimer

N	A	I
E	D	O
D	S	G

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