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Levy's increase announcement

1st March 2019

The Board wishes to announce that the monthly levy will be revised from R1428.00 to R1570.80, being an increase of R 142.80 pm or (10%).

This increase is due to a significant decline in estate income from other sources, together with above inflation increases in the security expenses of the estate.

The levy increase seeks to address this one time correction. Next year, unless something untoward occurs on the country's financial front, the levy increase should be more in line with that year's CPI.

It is important to note that the estate has grown significantly in the last few years with over 50 new builds. Thus more permanent residents are present, which in turn places more pressure on the day to day running of the estate's resources.

The Principal external factors influencing costs, of day to day operations were

1. The VAT increase last year, and massive fuel hikes during the year are now yielding the knock on effects. We know that the rate of inflation has increased considerably hence this has a major effect on the estates operating budget
2. The annual National budget announced a further increase in fuel levies.
3. A major factor that has seen an increase in the operating costs is the increase in security measures which were put into place after the incursions of December 2017 and January 2018.

Specifically:

a) A live camera system has been put in place in key areas of the estate. The data monitoring and maintenance costs of this are not cheap. The Estate currently has 5 camera stations and the future plan is to develop this further in the forthcoming year – which will continue to increase the operating and maintenance cost of security.

b) The Government introduced minimum wage increases effective 1st January 2019, which significantly increased staff wages.

c) The high costs of fuel have increased the running costs of our security patrol vehicle.

The Board will not reduce the current security measures to reduce costs nor compromise on the Estate security

In the past, a significant income contribution by the Estate – other than levies – allowed the Board to maintain the required operating expenditure every year. This income, primarily consisting of building levies, has declined from approx. R1,1 Million in 2017 to an estimated R460 Thousand in 2019. This trend is expected to remain and even possibly decline in future financial years.

Alternative methods of supplementing our income sources are being investigated by The Board.

RVHOA is currently financially sound, and has adequate funds to meet existing liabilities and also fund ongoing future projects in progress. However, the Board do not propose to utilise the operating budget reserves indefinitely. Consequently please note that the R 300 capital projects monthly fund will remain in situ and will be increased by R 30pm (10%) as it is an integral financing tool for future capital projects.

For your information, see the below the utilisation of the Capital Levy monies since inception.

The R 300 pm capital levy was introduced in November 2014. (Amount collected for the fund to 28th Feb 2019 was R 4,720 Million)

To date the fund has been utilised as follows:

1. Electrical infrastructure adjustments in order to make the grid stable and safe for home owners, as the original design was inadequately specked for the electrical needs of members

Total cost of project R 2,149 Million

2. The water project, which consists of the two tanks, new piping and valves, and meters from main source to tanks and then to pump house one, together with upgrades to the pumps and purchase of backup generators to facilitate pumping during power outages.

Total cost of projects Phases 1 and 2 R 2,788 Million

The total project cost for both Electrical and Water stands at just over R 4,937 Million

As will be seen on the five year projects plan for the estate, (which will be included in the AGM pack) this is where the R 330 pm Capital Levy monies will continue to be invested to ensure that the estate maintains high standards, thereby improving property values, and an ongoing desirability to live on this estate.

Additional capital projects over the past few years funded from accumulated reserves.

1. Purchase of office premises and renovations. Cost R 1,831 Million
2. Security upgrade of the fence line, including good quality live cameras with 24hr monitoring in high risk areas. Total cost to date R 363 Thousand



RVHOA BOARD OF DIRECTORS