



To: JHB CID Forum Members
By: Email to the CID Managers

8th October 2020

Re: Current Status of the implementation of the CoJ SRA Policy and Bylaw

Dear Johannesburg CID Forum Members,

Although, over the past five years, we have regularly reported to the CID Forum Members the status of the legislative framework that we can use to set up City Improvement Districts in Johannesburg, I feel it would be helpful to try to summarize the current situation in one communication - hence the purpose of this communique.

In September 2015, as a result of a commentary included in a judgement by the Supreme Court of Appeal (SCA), it was considered that The Gauteng City Improvement District Act (GCID Act)1997 was open to constitutional challenge, this, despite the many successful judgements handed down in favour of the GCID Act over the prior eighteen years. This SCA commentary resulted in the City of Johannesburg (CoJ) requesting, the then, 19 legislated CIDs to go "Voluntary"

Acknowledging that "Voluntary" status is not sustainable, we asked CoJ to join with us and approach the constitutional court. After much discussion, and after taking specialist legal guidance, the 19 legislated CIDs agreed to Voluntary status – which they have to this day and which, for many, is proving very challenging to sustain.

Knowing this would be the case, we asked CoJ to please pass new "CID" legislation as soon as possible. CoJ in turn, appreciating the work of the CIDs agreed that the provision of enabling "CID" legislation was a matter of priority. In other words, we had willing partners.

This notwithstanding, it took until January 2020 for CoJ to "Gazette" the SRA Bylaw and Policy and to have a first Task Team meeting, on which we provided four elected representatives, to start to agree the process for implementation of this Bylaw.

Then COVID_19 struck and the SRA Bylaw implementation timetable fell by the wayside!

Most of you know that the SRA Bylaw and Policy is established in terms of section 22 of the Municipal Property Rates Act (MPRA).

Although this legislation is very similar to the GCID Act, there are some very important differences, the main one being that the Property Owner will, by agreement, pay an additional Property Rate.

In short, the implications to a defined area wishing to establish an SRA are:

- In terms of the constitution, ALL rates and taxes have to be collected by the state ie in this case the additional property rate will be collected by CoJ. This will mean that CoJ will need to enter into a financial arrangement with each SRA. (The City of Cape Town does manage this and has done for years)
- In terms of this financial agreement, the City will have to pay over an agreed amount of money to the SRA monthly, regardless of whether or not they collect the money. This means, in order to manage their debts, the City will require that Rates are 95% paid up to date in an area before they will consider an SRA establishment application
- Because of this, any financial agreement that the City enters into with an SRA will have to be included in their budget planning process. This means that SRA establishment applications will have to be submitted in such a way that it fits into CoJ budgeting timeframes ie complete



applications will need to be submitted by 1st September in order to complete the approval process for implementation the following July.

- In terms of the current rates Policy, not all state-owned property is Rateable might not be obliged to contribute to the SRA. That means that should an area have a high percentage of state-owned property, it may not be able to establish a financially viable SRA
- In terms of the MPRA the definition of Rateable property includes that of sectional title properties. That means that sectional title owners have one vote each when establishing the SRA. This will make it extremely difficult for many areas to receive the required 50%+1 "Yes" vote

Many of the CID Managers have travelled this journey with myself and our CoJ colleagues over the past five years and so will have relayed most of these facts, and many more, to their CID members regularly over the years. To those who have joined us along the way it is a challenging journey to suddenly join but hopefully we have managed to keep you appraised to date. We have reams of evidence, most of which is on www.cidforum.co.za should you wish to read up more background.

The question everyone is asking - What now?

I can update you to this extent

- A CoJ internal SRA Task Team has been established. Their Terms of Reference has been agreed. They will meet to agree their standard operating procedures during the next week
- This Task Team will then meet with the nominated representatives of the CID Forum to agree the Standard Operating Procedures and to consider the issues I've identified above, that concern us all. This will include discussion about the requirement that rates should be 95% paid up, the possible relaxation of timeframes for the first applications and the voluntary payment of contributions by state owned properties that are categorized as non-Rateable.
- Hopefully, as a result of this meeting, we will be able to report back more specific information to you all by the end of this month

It may well be that to establish an SRA is not suitable for your area. There are some other structures that you could consider establishing, but they are also limited in sustainability.

What is now patently clear to us and our CoJ colleagues, is that, while the SRA Bylaw and Policy is working very well in certain areas of Cape Town, and will probably be suitable for certain areas in Johannesburg and other parts of the country, it is not suitable for every area and every municipality. This fact, hopefully, will strengthen our position in the conversation about the possible development of new enabling legislative policy framework with National Government.

I do hope this communication helps the current 40 Voluntary Management Initiative JHB CID Forum members understand more about the current situation.

I would, of course be available to answer any questions or have conversations with you, your Board members or individual members of your "CIDs" should you wish.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Anne Steffny".

Anne Steffny
Convenor: The JHB CID Forum: www.cidforum.co.za