

Zwaanswyk Association of Property Owners (ZAPO)

P.O. Box 31101, Tokai, 7966



2017/2018 BUDGET MOTIVATION

One of our key commitments as a board is to provide the budget for the next financial year for approval. The proposed budget for 2017/2018 is R1,080,619. This is 1% greater than the 2017/2018 budget approved in the 5 year business plan last year and 8% greater than the current year's approved budget (2016/2017). A breakdown of the 2017/2018 budget is set out below:

ZAR	Business plan	Proposed budget	Variance
Fence	273,186	276,500	3,314
Security	643,703	670,000	26,297
Administration	119,376	101,700	-17,676
Bad debt provision	32,049	32,419	370
Total	1,068,314	1,080,619	12,305

THE FENCE

The Fence is performing well and still in good condition. It is almost 3km long and covers diverse and rough terrain. The weather conditions can be unpredictable so close to the mountain, as seen by the storm damage done last April to the fence which has now been fully repaired. As a result it is important to keep an ongoing repairs & maintenance budget to cover these eventualities. With several years' experience this can now be forecast with some degree of reliability.

We will continue to safeguard the Fence as our most important asset by ongoing inspections / replacements of electrical components, Porcupine protection work and fully insuring the fence at a competitive rate. Protection against continual soil erosion, Porcupine furrows and clearing and weed spraying around the fence is a weekly activity and ensures the Fence and surrounding area is kept in good condition. Local contractors keep rates reasonable.

In addition R100k a year is set aside and put into a high interest bearing account (currently 6.4%) to act as a replacement fund for when the fence eventually reaches the end of its useful life. The fence structure itself is being depreciated over a 20 year period, the solar panels and some components over 10 years and the cameras and batteries over 5 years. The ongoing cost associated with the extension of the fence on the South side in 2016 is fully reflected in the 2017/2018 budget.

SECURITY

The common area security provider, Premier, with its Zwaanswyk based security vehicle provides a prominent deterrent. Their success is shown by the low rate of crime reported in Zwaanswyk compared to the surrounding area. The LPR (licence plate recognition) camera in Tokai Road adds to the effectiveness of the deterrent. This security does not replace the need for every resident to maintain their own effective security system. However it does add piece of mind and has proven very effective.

The Premier contract is up for renewal at the beginning of the 2017/2018 financial year. Whilst they have done well to date there is always room for improvement and a new contract will need to be keenly negotiated. In the meantime the Board considers it sensible to include a prudent budget for any new contract at this time.

OTHER PORTFOLIOS

The following areas are equally important to the Board but require a lower level of overall funding during 2017/2018:

- Environment
- Communication
- Administration

The Board and John Green, in particular, invest a lot of time in working closely with Sanparks and Human Wildlife Services (HWS). Much of this work leads directly to fewer baboon incursions and identifies weak points in the fence to be remedied. These regular reviews in turn help us to keep fence costs to a minimum. As a result of the removal of the Tokai pines the pressure on the Baboons to find new sources of food has increased substantially. Regular and full maintenance of the fence to keep them out of Zwaanswyk is more important now than ever before.

There are various means of communication to the residents including the website, facebook, whatsapp, sms, phone and post. Communications are done regularly, are inclusive and are made in a very cost effective way. As such the cost is minimal.

Corporate governance and sound financial reporting and compliance are core objectives of ZAPO. As such we have a part time manager and respected local auditors to ensure this remains a key area of focus. We are also very mindful to minimize our costs where we can to better serve our residents. Hence I am pleased that we can reduce our administration costs in 2017/2018 by 15% compared to the original business plan whilst not impacting our compliance commitments.

BAD DEBT PROVISION

Per City guidelines, we continue to maintain the bad debt provision at 3% of revenue for the year. We would expect to receive a significant part of this provision back at the end of the year from the City. This is because typically our residents are timely payers of their improvement district bills due to the City. If arrears grow then we will not receive these additional funds.