

REPORT OF THE CCE TREASURER: CCE AFS YE FEB 2020

Background

The CCE ended the 2019/20 financial year with positive cash balances of R522k (a significant improvement over the 2019 position of R293k) and an operating profit of R153k compared to R71k in 2019. This helped to improve the balance sheet position at year end and helped to stabilize the trend of declining revenues and increasing costs which had become evident in prior years. The overall revenue declined from R1.7m in 2019 to R1m in 2020 primarily due to the decision to reduce the fees charged for CCE membership and remove the security portion allowing residents to sign up directly with the security companies.

The Covid 19 Pandemic and the resultant economic disruption post year end will certainly impact on our 2020 revenues as residents and tenants are affected by reduced business revenues, retrenchments and other demands on their hard earned incomes. The board will review the current membership fees post the AGM and provide a formal response to the situation. Whilst the CCE took a decision in early 2019 to reduce the membership fees in order to increase participation by more residents and tenants contributing to the aims and objectives of our newly adopted constitution, the Pandemic and its economic impact on our community requires a review of membership fees once again.

Revenue

Total revenues declined from R1.7m in 2019 to just over R1m in 2020. The major contributor was the reduction in membership fees as mentioned above, although the increase in Metrofibre commissions and interest received on higher cash balances was pleasing to record. The CCE stopped the practice of collecting radio license fee income as it was felt that residents and security company subscriptions should be paid by the residents themselves.

The CCE formed a strategic partnership with ADT to enhance CCTV coverage in the area and improve river front security for residents hardest hit by the crime wave. We encouraged residents to sign up directly with ADT so that the CCE would not have to manage property subscriptions, leaving the board free to focus on the entire community and perimeter security. The reduced revenues and expenses from security subscriptions and radio licenses is a reflection of this decision.

The R1m in membership levies is a more accurate reflection of the income base for the CCE although more can be done to boost participation levels for residents, tenants and businesses operating in the area. Because Chartwell is not a sectional title development and residents enjoy freehold title, we have to be sensitive to the rights of all property owners when proposing CCE membership and prove the benefits of CCE membership. This is an ongoing and evolving process.

Expenses

Total expenses showed a significant reduction from R1.6m in 2019 to R893k in 2020. This was primarily due to the CCE cutting back on area administration and management fees (a total of R100k in savings for the period) and a reduction of circa R640k in security related expenses. The CCE did not embark on any major new capital projects, but took the decision to develop a new website for CCE residents and tenants and provide regular newsletters and new features to improve area security. The intention is to use the website as a major communication channel for residents and businesses in our community. The costs associated with the website development work is a once off expense which will not have to be repeated.

Of concern is the state of the Cedar road wall which continues to deteriorate and has compelled us to spend more on repairs and maintenance. The circa R130k in costs incurred by the CCE cannot continue without a contribution from the local authorities who own the vacant properties on our Cedar road boundary and have neglected the upkeep on these properties. We have engaged with the local authorities to get a financial contribution to secure the perimeter wall and reduce the cost contribution from the CCE. Similarly, the Calgro owned land in Chartwell does pose a potential threat for land occupation and we have secured the support of Calgro for cost contributions toward security initiatives in our community. The local authorities must do the same.

Cash position

Whilst we have conserved our cash balances by cutting back on capital projects, we will need to decide on the best use of CCE cash reserves. We will seek input from residents via our AGM on how best to secure the properties and livelihoods of our community in these difficult times.

Sincerely

CCE TREASURER: B CRAIG