



**ATLANTIC BEACH**  
ESTATE

**Annual Operating  
and  
Financial Review  
2018**

*Harry C. White*  
*Chief Executive Officer*



It gives me great pleasure to present this Operating and Financial Review on the activities of the Atlantic Beach Homeowners Association for the 12-month period ending 30 June 2018.

At the outset I would like to thank all our homeowners, the Board and our wonderful team of employees for their devotion and support during this year under review.

In reflecting on the period under review, it is important to recognise that our Association is not only entrusted with the financial wellbeing of the Estate, but is also tasked with maintaining a secure environment that provides the 867 families who call this Estate their home with a high standard of living.

In January this year we once again conducted a survey amongst homeowners to establish what you value about the Estate and what you think the priorities of management and the Board should be.

The survey results showed that security is the number one reasons why you choose to live on the Estate. You also indicated that security should remain our top priority.

Homeowners also identified Cape Town's water crisis as the biggest concern for the Estate.

After reading this report it is my hope that you will agree that we have again been successful at fulfilling our mandate in line with your expectations and that as a community we can confidently advance and do even better.

While lifestyle returns are no doubt crucial to all owners, we know that for many of you your homes are one of your most important investments and therefore financial returns are important.

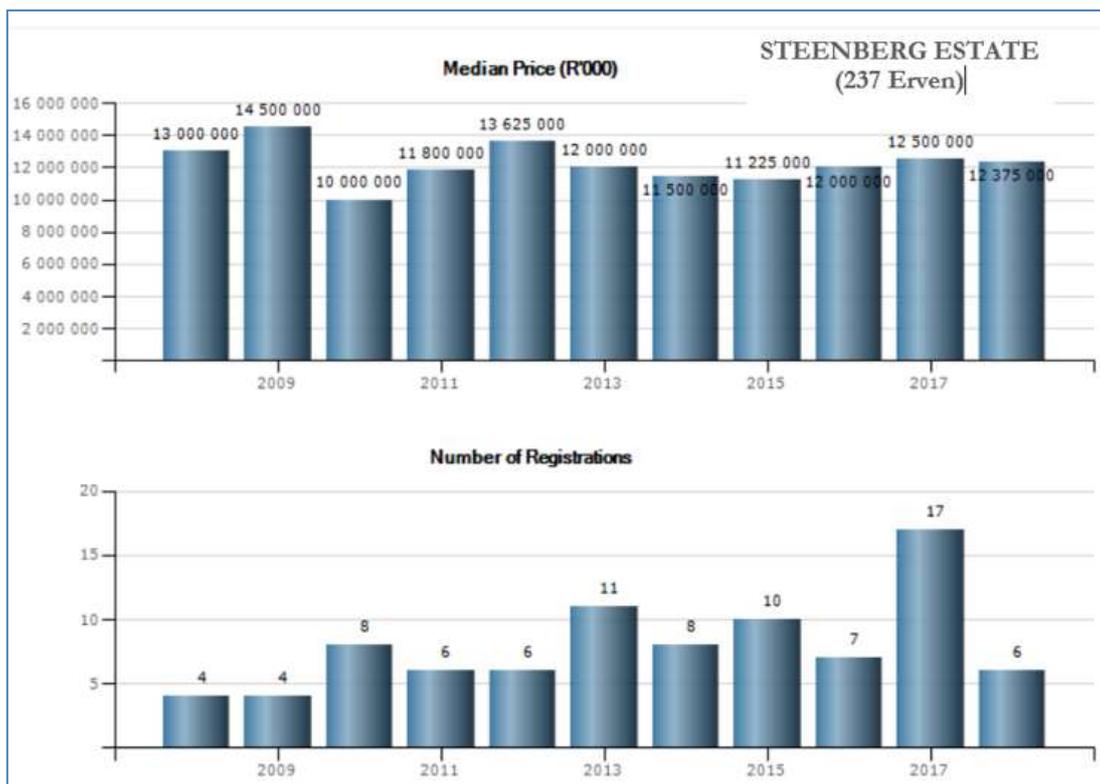
While Cape Town has seen a much slower property price growth this year, which experts contribute to a variety of factors including oversupply, house price correction, and security concerns we are encouraged by the fact that Atlantic Beach Estate has maintained its upward trend in property prices. According to our accredited estate agent, Pam Golding Properties, the demand for homes on the Estate remains strong.

To this end we again include below the latest Lightstone Report drawn 9 August 2018, which is compiled using house price data of properties registered this year.

For interest sake I have also enclosed the Steenberg Estate Lightstone report for the same period. Steenberg is the only other residential Golf Estate within the Cape Town metropole and perhaps not the most ideal comparison for us, as Steenberg is situated within an area which traditionally enjoys significantly higher house prices. Also, they only have 237 homes all within a similar price class and included on the Estate is a world-renowned winery and five-star Hotel.

However, what is positive when comparing these graphs is that despite the number of houses (867) and the diversity of price ranges on Atlantic Beach, our average sales value in 2011 was 20,5% of Steenberg's average sales value, and this year to date our average sales value is 42,8% of Steenberg's average value.

For several reasons, it would be unwise to think that our prices will ever match that of Steenberg's, but it is indeed very satisfying to see that the market is starting to appreciate the value Atlantic Beach Estate has to offer.





Undoubtedly Emarie Campbell, Managing Director of the Pam Golding Western Seaboard Franchise, along with resident agent Mandy Oschman, have become part of the success of our Estate. Accordingly, the Board has again concluded a three-year marketing agreement with Pam Golding.

We are satisfied, based on Pam Golding's sales on the Estate and their marketing initiatives, that Pam Golding has assisted the Association in achieving its marketing and value creation objectives and will continue to do so.

We would like to take this opportunity to thank and congratulate Pam Golding for all they have achieved on the Estate and wish them all the best for the future.

We remind homeowners that the marketing agreement with Pam Golding Properties does not in any way exclude estate agents from other agencies from operating on the Estate.

### **Estate Management**

In what has been a very trying year, we have continued to make every effort to always act in a morally sound manner. With our actions we have also strived to show that management and the Board will not be influenced by personal onslaughts intended to unduly sway our resolve. Instead, we have and will continue to seek and then act in accordance with legal and expert advice received.

It is my view that if we are to continue securing the services of professional people to serve on our Board and maintain the level of continuity necessary to successfully direct an operation of this nature, we need to consider the way we engage with each other.

Fortunately for Atlantic Beach Estate, we currently have a Board consisting of homeowners committed to serving the interests of the majority of homeowners by ensuring the future growth and success of the Estate as a whole.

The team responsible for managing our Estate consists of the following people:

#### **Association Management Staff**

Chief Executive Officer	Harry White
Estate Manager	Gary Lewis
Estate Liaison Officer	Jamie Arnott
Landscape Manager	Karien Naudé
Technical Infrastructure Technician	Paul du Plessis
Operations Officer	Heinrich Malgas
Operations Officer	Shane Manual
Operations Officer	Willem Kock
Reception Desk	Marisca Gillespie
Landscape Staff	15 Staff members
Maintenance Staff	6 Staff members

#### **Pam Golding Property Management Services**

Managing Director	Mike Morey
Legal & Compliance Officer	Auren João Freitas dos Santos
Administration	TJ Monk
Property Transfers	Kerry Ball & Fahiemah Mohamed
Levy Collections	Mandy Rossouw

Working with Pam Golding Property Management remains a real pleasure, and under the uncompromising leadership of Mike Morey, the company's professional approach to business has not changed. The proper management of debtors and creditors is essential for an Estate like ours and Pam Golding Property Management has achieved this in line with our expectations.

Mike Morey, Auren João Freitas dos Santos and the whole team at Pam Golding Property Management Services deserve a huge thank you for the manner in which they perform their duties.

I would like to give recognition to my onsite team – Gary, Jamie, Karien, Paul, Hein, Shane, Leon and Marisca – as well as to the landscape, maintenance and security teams for all their hard work and dedication. I have no doubt that all our staff care for and love our wonderful Estate as much as our homeowners do.

It has been especially rewarding this year to see how our three operations officers previously employed by Thorburn - Heinrich Malgas, Shane Manual and Leon Kock - have grown into their positions and how they have taken on more and more responsibly.

## FINANCE

Summarised below are the financial results for the past six years as well as the current year's budget:

		Atlantic Beach Homeowners Association NPC - Budget Comparison						
		Annual Financial year ending 30 June						
	2019	2018	2017	2016	2015	2014	2013	
	BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	
<b>Total Levy Income</b>	<b>R 24 637 346</b>	<b>R 23 727 303</b>	<b>R 22 465 317</b>	<b>R 21 408 834</b>	<b>R 20 797 901</b>	<b>R 17 619 088</b>	<b>R 16 385 097</b>	
Monthly Levies	R 24 456 386	22 875 314	R 21 755 418	R 20 489 040	R 19 277 312	R 16 475 391	R 15 292 131	
Additional levies	R 180 960	851 989	R 709 899	R 919 794	R 1 520 589	R 1 143 697	R 1 092 966	
<b>Other Income</b>								
Other Income	R 1 028 016	1 033 339	R 671 828	R 1 152 403	R 800 693	R 576 554	R 180 649	
Investment Revenue	R 450 205	559 081	R 483 994	R 92 369	R 429 310	R 371 618	R 358 748	
	R 1 478 221	R 1 592 420	R 1 155 822	R 1 244 772	R 1 230 003	R 948 172	R 539 397	
<b>Total Income</b>	<b>R 26 115 567</b>	<b>R 25 319 723</b>	<b>R 23 621 139</b>	<b>R 22 653 606</b>	<b>R 22 027 904</b>	<b>R 18 567 260</b>	<b>R 16 924 494</b>	
<b>Total Operating Expenses</b>	<b>R 22 720 940</b>	<b>21 775 992</b>	<b>R 21 371 907</b>	<b>R 20 741 851</b>	<b>R 20 027 100</b>	<b>R 16 580 965</b>	<b>R 14 511 257</b>	
<b>Operating Surplus/ Shortfall</b>	<b>R 3 394 627</b>	<b>R 3 543 731</b>	<b>R 2 249 232</b>	<b>R 1 911 755</b>	<b>R 2 000 804</b>	<b>R 1 986 295</b>	<b>R 2 413 237</b>	
<b>Total legal fees and collections</b>	<b>R 300 000</b>	<b>447 751</b>	<b>R 1 469 645</b>	<b>R 1 415 505</b>	<b>R 652 547</b>	<b>R 286 990</b>	<b>R 127 590</b>	
<b>Less Special Projects</b>	<b>R 2 635 000</b>	<b>R 1 747 028</b>	<b>R 483 858</b>	<b>R 546 602</b>	<b>R 1 115 790</b>	<b>R 1 129 570</b>	<b>R 1 551 403</b>	
<b>Surplus/ Shortfall before tax</b>	<b>R 459 627</b>	<b>R 1 348 952</b>	<b>R 295 729</b>	<b>-50 352</b>	<b>R 885 014</b>	<b>R 856 725</b>	<b>R 861 834</b>	
Taxation	-100 000.00	-177 836.00	-108 943.00	-105 592	-101 798.00	-144 301.00	-82 673.00	
Special Levy	0.00	0.00	0.00	0	0.00	0.00	0.00	
<b>Net Surplus/Shortfall</b>	<b>R 359 627</b>	<b>R 1 171 116</b>	<b>R 186 786</b>	<b>-155 944</b>	<b>R 783 216</b>	<b>R 712 424</b>	<b>R 779 161</b>	
<b>Cash On Hand at End of Period</b>	<b>R 7 301 442</b>	<b>R 6 729 686</b>	<b>R 5 495 363</b>	<b>R 5 141 704</b>	<b>R 4 921 335</b>	<b>R 4 508 912</b>	<b>R 2 717 899</b>	
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	
Monthly Levy Incl Vat	R 2 320	R 2 200	R 2 080	R 1 950	R 1 840	R 1 740	R 1 640	
Rand Increase	R 120	R 120	R 130	R 110	R 100	R 100	R 90	
% Increase	5.45%	6.00%	6.67%	5.98%	6.10%	6.10%	5.81%	
Cash on Hand represents x months lc	3.58	3.48	3.01	3.01	3.07	3.04	1.94	

### Annual Financial Statement Observations:

- The Association recorded a **surplus after tax** for the year ended 30 June 2018 of R1 171 116. This represented an increase of 527% from the after-Tax surplus of the prior year of R186 786.
- The Association's **revenue** increased by 5% from R22 465 317 in the prior year to R23 727 303 for the year ended 30 June 2018.
- Association operating expenditure increased by 1,9% from R21 371 907 in the prior year to R21 775 992 for the year ended 30 June 2018.
- At year end 30 June 2018, the Association's **cash and cash equivalents** amounted to R6 729 686, which represents an increase of 22,4% from the R5 495 363 at the end of the previous financial year.
- **Legal expenses** decreased by just over R1million from the previous year.
- **Project expenditure** increased by R1,26 million and included the following projects:
  - a) Computer and telephone infrastructure upgrades
  - b) General estate upgrades -
  - c) GIS software mapping
  - d) Alternative water supply infrastructure implementation
  - e) Settlement agreement implementation
  - f) Garden upgrades
  - g) Leisure centre upgrades
  - h) Paving upgrades
  - i) Post and rope fences
- Compared to the **25% of levies payable to the golf club** prior to the conclusion of the settlement agreement, the saving effected by way of the settlement agreement amounted to R 870 225 for the year under review. (i.e.  $R23\,727\,303 \times 25\% = R5\,931\,825$  vs the R5 061 600 paid)
- When taking into consideration anticipated inflationary increases, **Security costs** are significantly lower than the previous year (i.e. unadjusted saving of R906 050). This is a result of the initial security infrastructure rental agreement which concluded a few months prior to the commencement of the new agreement and the three operations officers and our technical infrastructure manager who are now employed by the Association and therefore their salaries are no longer included under security costs.
- Included in the **Employee costs** of R981,166 are a combination of normal inflationary increases for existing employees and staff costs related to the four security personnel now employed by Atlantic Beach directly.
- The 44% increase in **Insurance costs** is due to the Association commissioning an extensive infrastructure valuation, which resulted in a much higher replacement value being attributed to our roads and stormwater replacement values insured.



- The Association is VAT exempt and as a result we cannot charge or claim VAT. Accordingly, the relatively low increase in expenditure of 1,9% should be viewed against the fact that as of 1 April 2018 VAT and consequently our expenditures, increased by 1%.

The policy of the Board and Management is to be financially conservative and to accumulate adequate reserves to provide for unforeseen circumstances. Our five-year financial plan continues to exist as a live document and is subject to regular review. We continue to present this five-year forecast at our Annual Budget Meeting attended by homeowners.

The financial management of the Association remains an important focus of the Board and Management and we will endeavour to achieve the objectives set out in the five-year forecast.

The levy increase for the 2018/19 financial year was 5.45%, or R120. We are confident that with our forward planning approach, good financial controls and excellent debtor management by Pam Golding Property Management, we will continue to see future levy increases required to match the impact of inflation only.

The Board also resolved that the Association would continue to include the levy for the Community Schemes Ombud in the monthly R2 320 levy effective from 1 July 2018.

This year we again hosted a Budget Meeting on 31 May 2018, where homeowners were offered an opportunity to consider the budget. The Annual Budget meeting was introduced in 2012 to provide homeowners with a transparent view of the expected future financial position of the Association.

Significant uncertainties continue to prevail in respect of the global economic and local political climates and their subsequent impact on South Africa. With these uncertainties in mind, the Board remains of the belief that a conservative approach and healthy reserves will be important to homeowners and potential buyers.

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## DEBTORS MANAGEMENT POLICY

I am happy to report that the majority of homeowners continue to be diligent with their levy and other payments.

	Number of Owners	%	R
Owners up to date	820	95.35	- R 318 683.61*
Owners with less than R2,200 in arrears	19	2,21	R 3 460.62
Owners with less than R4,400 in arrears	10	1.16	R 28 203.07
Owners with more than R4,400 in arrears	11	1.28	R 140 066
	860	100	

*Values as at 20 August 2017*

*\*Levies Paid in Advance*



Levies are regarded as being in arrears if not paid on or before the seventh day of each month. Levies in arrears attract interest, calculated from the due date to the date of payment, at prime rate plus 2 percent.

If levies are not paid on or before the seventh day of each month an automatic fine of R180 is levied to the members account.

In addition, the Association continues to resort to legal collection for levies outstanding for more than 30 days.

Pam Golding Property Management Services, as the managing agent, together with the Boards Finance Portfolio, encourage honest communication from members finding themselves in financial difficulty and are open to realistic payment plans. The onus remains on the homeowner to make appropriate arrangements to submit payment of the monthly levy in advance on the first business day of each month.

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## **SECURITY**

Under the leadership of our Estate & Security Manager Gary Lewis and his team of Operations Officers, we are fortunate to again report that the Estate has been fortunate not to have experienced any security breaches and we have had no break-ins or significant incidents of theft reported.

During this year the following upgrades and/or improvements to Security were affected:

1. A complete upgrade to our perimeter fence camera and video analytics infrastructures, to now include the effective Thermal Cameras around the entire perimeter.
2. The replacement and upgrade of the entire camera and access boom infrastructures at all our gate entrances and exits. The newer technology IP Cameras have made a significant difference in respect of clarity of picture, which will make identification of people and vehicles much easier.
3. We effected upgrades to our control room infrastructure and added surveillance cameras in both Colebrook Park and Sea Hare Park.
4. To supplement the existing control room viewing capabilities, we have introduced new monitors at each of the gatehouses to allow the officers in one gatehouse to live-view the footage from the other gatehouses.
5. The cost of this security upgrades above amounted to R4,4 million and as before we have structured the financing, in such a manner that will allow future Boards to have the financial capability to again modernise the infrastructure when required. This of course if the status quo is maintained in respect of financial prudence and policies.
6. In March this year, we our three Operations Officers completed their Level 3 Advanced First Aid Course.
7. After the more specialised training specified above, we commensurately upgraded our emergency response officer's emergency equipment provisions.
8. In addition to first aid training, firefighting, snake catching, and management skills training is ongoing.
9. Our Operations officers are also equipped with, and trained to use, an automated external defibrillator, which is a small, lightweight, and portable electronic device that delivers an electric shock through the chest wall of a person whose heart has stopped beating.



10. On the contractors management side we have implemented a much needed computerised entry and exit management system, which allows the officers to manage the number of contractors entering and exiting the Estate much more effectively.

We are hoping that the promotion of personnel into junior and senior management positions will continue to encourage existing employees to strive for personal advancement. To this end the Association offers on an ongoing basis professional driving instruction and financial support for license testing, in order to enable our employees to pursue their ambitions.

We have an outstanding group of security officers at Atlantic Beach and we ask you all to support and encourage them to continue offering us the best service possible.

From our side, we meet with our officers regularly to discuss their needs and not only does the Association provide each officer with a monthly site bonus, we also ensure that our officers are appropriately clothed with personalized uniforms supplied by Cape Union Mart. Minimizing any negativity which could result from influences like not being appropriately remunerated or not having the correct tools for the job is essential to keeping our team motivated.

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## **EMERGENCY SERVICES AND DISASTER MANAGEMENT**

Our fire trailer and other firefighting equipment remain in place and continue to be tested regularly. We service and test all the fire hydrants on the Estate regularly and keep on hand additional lengths of fire hose and other firefighting equipment that will assist the officers to better contain fires.

Fires and fire readiness are governed by the Veld and Forest Fire Act, which in turn prescribes the formation of a Fire Protection Association.

The Cape Peninsula Fire Protection Agency (CPFPA), who the Association is a member of, was formed to co-ordinate efforts to prevent, predict, manage and extinguish wildfires. Landowners on the urban edge, such as ourselves, have the privilege and responsibility of being a custodian of the spectacular biodiversity and scenery that make Cape Town and the surrounding areas a world tourism destination. This year we thought it appropriate to employ the fire protection agency to conduct a survey for the entire Estate with the aim of measuring and then improving our fire readiness.

The CPFPA was therefore best positioned to provide the Association with such an assessment and, while much of what has been shown as risk areas to be attended to is situated on Association and golf course land, there are references in the report to areas around homes, which all of you should consider. You can find the full report on our website.

In response to the areas identified, the Association then contracted with the 'Mamre Working On Fire' teams to come in and cut the advised fire breaks. Working on Fire is an Expanded Public Works Programme (EPWP) aimed at providing work opportunities to young men and women. The Programme resides under and is funded by the Department of Environmental Affairs. The report was also provided to nature conservation and the country club for consideration.

As it provides a speedy and effective response to medical emergencies on the Estate, the agreement with ER24, our preferred medical response service, continues to result in some very positive outcomes. Quite a few homeowners can testify to the speed and quality of assistance received from both our emergency response officers on the Estate, followed by the ER24 response vehicles and ambulance when required. This combination of response and support has indeed saved lives on the Estate.



As has become the custom, we again this year distributed the Koeberg Power Station's annual disaster evacuation plan to all our homeowners. In the event of a nuclear evacuation, they will take charge of the Estate's evacuation plan. In the event of such an evacuation, homeowners will be given instructions via the communication towers situated throughout the Estate. Other local and municipal disaster management agencies also have access to these communication towers on the Estate and could therefore utilise these in the event of any major threats.

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## **LEGISLATIVE, LAND AND STATUTORY MATTERS**

### **Proposed Amendments to the Association's Memorandum of Incorporation (MOI)**

The proposed changes to the Association's Memorandum of Incorporation (MOI) stem mainly from the settlement agreement concluded between Skeena (the developer), Atlantic Beach Management (the golf course operator) and the Association on 15 December 2016 and approved by the Members of the Association at a Special General Meeting on 2 February 2017.

The proposed changes aim to align the terms of the Association's MOI with the terms of the settlement agreement. The changes also remove the provisions of the MOI that conferred historical rights upon, or made historical references to, the Developer of the Estate, which are no longer operable or applicable.

We are hoping to have this updated MOI approved at the AGM of 27 September 2018.

### **Proposed mixed-use development on erf 1694, Melkbosstrand**

During the year under review, the City of Cape Town advised their intention to develop a portion of Erf 1694 in Melkbosstrand, which is approximately 151 hectares in extent. While the site is 55 hectares, only 17.7 hectares is proposed for development. This is due to the setting aside of an ecological corridor.

Erf 1694 is bound by Melkbosstrand Road and the Melkbosstrand Police Station to the north, the R27 Road to the east, and Birkenhead Drive to the south. The Melkbos fire station and Sasol fuelling station abut the site to the south east. The Melkbosstrand High School sports fields and a residential area, Milkwood Place, abuts the site to the west.

After having attended the public open day held on 18 July 2017, and having assessed the supporting documentation presented and made available, the Association submitted comprehensive comments, which can be accessed by [clicking here](#).

In our submission we made it clear that in principle we are not opposed to the development of Erf 1694. We did, however, raise concerns relating to the impact of the Birkenhead Drive interface of the development. We were also not in support of the development proposals, which were not considered to be compatible with the Estate, nor the broader Melkbosstrand local area.

We reaffirmed the Association's desire to remain registered as an Interested and Affected Party and thus formally consulted as part of all subsequent public participation processes.



## **Development of the “Hotel Site”**

By way of a municipal notice published 30 September 2016 in the local newspapers, the City of Cape Town made it known that it was considering the sale of, amongst others, Erf 3825, which is situated within the confines of the Atlantic Beach Estate.

The Association has a significant interest in the future of erf 3825 and as a result a meeting was requested with the City, which took place on 7 September 2017.

After having been invited to do so by the City, we submitted a number of statutory and other conditions, which the Association requires the potential purchaser/ developer to comply with or consider when contemplating the acquisition and development of this erf.

Most significantly, it was our contention that Erf 3825 is negatively impacted by it being “landlocked” within the Estate and devoid of access rights. Although Erf 3825 abuts the West Coast Road to its east, the Association was informed that the Provincial Roads Engineer will not permit direct access from the West Coast Road.

In addition to the lack of alternative access to the property, the prospective owner/developer of a Hotel facility will need to consider that the Association will insist on protecting the homeowners from supporting any development which:

- is not aligned with the existing Estate,
- is not subject to the Association MOI and Rules and,
- does not pay its keep whilst making use of the Associations infrastructures.

Under the current circumstances, the Association does not believe the establishment of a Hotel will be a viable proposition and therefore will not support this as an initiative.

The Association has expressed the view, and the CoCT seemingly supported the view, that the establishment of residential or retirement units on the site could be an attractive proposition. New homeowners would become members of the Association and enjoy the extensive benefits listed above, which would be compensated for by way of monthly levy payments.

The need for additional recreational and administrative facilities would be negated and the new development could be managed within the Estate’s regulatory and management infrastructure.

We believe that the City (in respect of rates income), the Developer (in respect of viability and feasibility) and the Association (in respect of compatible development of the site and improved economies of scale) would all benefit from such an approach.

Our last meeting with the City in this regard took place on 21 May 2018 and currently we are awaiting an invitation to attend a Sub-Council meeting where the prospect of selling erf 3825 will be put forward for deliberation.



## Caracal Issue

During the year under review, Caracal preying on domestic cats continued to be an issue for the Estate.

From the onset, the Board was advised by the City and Cape Nature that the catching and relocation or killing of caracal on the Estate would not be supported unless an animal was displaying abnormal behaviour or was injured.

In this event the Board committed to acting in consultation and in accordance with advice from experts, City by-laws and Nature Conservation regulations.

After a resident reported an incident where a caracal attempted to catch a cat in the resident's garden, and another reported that a caracal had chased a cat in broad daylight, the Board formally requested Cape Nature, Nature Conservation and other relevant experts in this field to consider whether the behaviours displayed at the time could in any way be considered abnormal and require intervention.

In summary, Cape Nature responded as follows:

- Humans are not at risk.
- Their overall response was that the caracal in question was not displaying abnormal behaviour which would justify intervention.
- The Caracal's behaviour is completely expected and common
- The removal of a particular caracal would not solve the long-term caracal – domestic cat predation problems at Atlantic Beach.
- The only solution to this problem is for domestic pets to be contained.
- The HOA and/or the City could apply for a prohibited hunting method permit to set a trap cage for the caracal between one hour after sunset on any day and one hour before sunrise on the following day (in their opinion setting a trap cage for caracal only during the day would most likely not be successful).
- In the event that a prohibited hunting permit is granted, and once a caracal has been captured, one of two things are allowed: 1) the caracal must be released or 2) the caracal must be humanely destroyed. Cape Nature will not allow translocation off the property.
- There is a very real risk when setting a trap cage for caracal, that a domestic cat may be captured in the cage and be injured as a result.
- It is unethical to catch a wild animal when no scientific value can be attributed to the capture.

Throughout this process we were torn between our pets being attacked on the one hand, and the protection of the Estate's wildlife on the other.

Despite the rising tide of public condemnation at the time, we continued to consult with and abide by the advice and opinions received from the Urban Caracal Project, the City of Cape Town and Cape Nature.

The fear of caracal posing a threat to humans we answered with a firm commitment to immediately act if we received expert opinion confirming that a caracal could pose such a threat. Equally, we committed to take immediate action if we received expert confirmation that a caracal on the Estate was displaying behaviour that could no longer be categorised as 'normal'.

In an effort to bring the ongoing public debate to an end, the Board published their unambiguous position in this regard at the beginning of July 2018. Shortly thereafter, we were presented with a report from Professor J du P Bothma which stated that caracal can pose a danger to humans and particularly



potential danger to small children. In addition, another cat was attacked and killed, this time within the perimeter of a homeowner's private property.

While no incident involving humans has occurred at the time, we simply could not take the risk that a human is harmed by a caracal on the Estate.

The Board therefore commenced with the process of applying for the necessary capture and relocation permits, with the approach that should Cape Nature be unwilling to issue the required permits, the Board would consider applying to the Courts for an order compelling Cape Nature to issue all relevant permits.

Since the conclusion of the financial year in review, Cape Nature has rejected the Association's application for the relocation of the Caracal. The Board thought it prudent to seek legal advice from a specialist administrative law Advocate on the prospect of succeeding with legal action to compel CapeNature to issue the required permits.

In summary, both the advocate appointed (Advocate van Huyssteen) as well as our legal representative have advised us against launching an application to review and set aside CapeNature's refusal to grant the requisite permits. Both believed that we would be unsuccessful in our court application. Click here for the full reports [Advocate's Opinion & Legal Representative Opinion](#)

In light of the above, the Board was reluctant to incur further legal expenses and, at the time of writing this report, had started investigating an alternative plan, which includes the prospect of capturing, tagging and monitoring the caracal, the appointment of a dedicated 'game-ranger' and the finalisation of a Predator Management Policy.

We believe that these initiatives will achieve many of the objectives of a 'capture and relocate' exercise without interfering with the Estate's wildlife and thereby meeting the objectives of both CapeNature and other environmental partners.

### **Association vs Estate Agency Affairs Board**

In 2013, in an effort to remedy the absence of a cohesive marketing strategy for the Estate, the Board of Directors decided that this would best be addressed by entering into formal 'property partnership' agreements with selected Estate Agencies. The aim was to enable the Estate's brand to gain prestige and recognition, which would ultimately lead to an increase in homeowners' property values. This was to be achieved by:

1. The creation of an extensive and coordinated marketing strategy, including appropriate promotional materials, to market Atlantic Beach Estate in a unified manner and character appropriate to the Estate.
2. Making available to the Property Partners the Association's marketing resources and to encourage them to associate themselves with Atlantic Beach Estate's brand, in return for compensation that would be used primarily to fund the envisaged marketing activities.

After an extensive selection process, the Board concluded marketing agreements with three Estate Agencies, effective from July 2013, for two years.

Taking into consideration the learnings from the first two years, the marketing and sales performance of the three different Estate Agencies and the submissions received the Board then decided to reduce



the number of partners to a single agency. A new three-year agreement was concluded with Pam Golding Properties, commencing on 1 July 2015.

It was made clear from the beginning that the property partnership concept did not in any way exclude other Agencies from operating on the Estate. However, some were aggrieved by the concept and/or the selection of Pam Golding Properties and raised these grievances with the Estate Agency Affairs Board (EAAB).

Despite the fact that the Association does not operate as an estate agent, is not a member of the EAAB, and therefore does not fall under the jurisdiction of the EAAB, the EAAB summonsed the Association to a disciplinary hearing.

The grounds cited by the EAAB for the hearing were that the Association, by signing and implementing the agreement with Pam Golding Properties, was holding itself out to be an Estate Agent and was acting as a “spotter” for Pam Golding.

In addition, the EAAB felt it prudent to summons Pam Golding Properties to the same hearing on the grounds that, should the Association be found guilty, Pam Golding Properties would have acted in a manner which was contrary or may be contrary to the integrity expected of Estate Agents in general.

On advice from the Estate’s attorneys as well as Senior Counsel, the Board, together with Pam Golding Properties, felt it prudent to apply to the High Court to review and set aside the EAAB’s decision to charge the Association and Pam Golding with alleged contraventions of the EAAB Act, and to interdict the EAAB from proceeding with the disciplinary enquiry.

Following the initial court hearing on 28 November 2017, the presiding judge requested that the parties consider settling the matter. The parties attempted to settle the matter but were unsuccessful, necessitating that a ruling be handed down.

The High Court then delivered its judgment, concluding that it would be premature to interfere in the EAAB’s disciplinary process before the process itself had been concluded, and that the Association and Pam Golding Properties would in any event, be entitled to return to Court if the EAAB Enquiry found against them. This effectively paved the way for the EAAB’s disciplinary hearing to proceed.

After considering the judgement, the Board and Pam Golding Properties have decided to apply for Leave to Appeal against the judgement, but also to continue to attempt to resolve the matter in the intervening period. To this end, the Board and Pam Golding Properties in consultation with its legal representatives have prepared and concluded a new, modified agreement that specifically addresses the practices which were seemingly regarded by the EAAB to be inappropriate.

The Board is convinced that this joint marketing initiative has been most successful and will continue to play a fundamental role in the ongoing appreciation of the Estate’s property values.

By amending the terms of the new agreement with Pam Golding Properties and by taking such additional action as the Association may deem appropriate to address the concerns which have been raised by the EAAB, the Association hopes to circumvent any further dispute with the EAAB.

In respect of the historic judgment and our application of leave to appeal, we can advise that although we motivated for an appeal to the full bench of the Western Cape High Court, Judge Steyn took the view that the decision to be appealed involves a question of law of importance due to the fact that it concerns a matter in respect of which there is widespread public interest.



The Judge has accordingly ordered that the matter be heard by the Supreme Court of Appeal and we do not have an election to refer the matter to the full bench of the Western Cape High Court.

### **Acquisition of the Leisure Centre Land**

It is commonly known that our Leisure Centre buildings were erroneously constructed on City of Cape Town land. The City requested that the Association apply for the acquisition of the land to remedy this oversight.

Accordingly, the Association applied during September 2016, to the City for the subdivision and purchase of the land on which the Estate's Leisure Centre Facility is situated.

The City responded by approving the subdivision and setting the purchase price at R3,7million.

On the City's recommendation, the Association obtained two independent valuations pertaining to the three erven owned by the City which included erf 3822. Wall & Smith and DDP Valuers valued erf 3822 in its totality at R251 000 and R2 150 respectively.

Taking into consideration these valuations and the fact that the application to purchase the Leisure Centre land was merely aimed at remedying a development error, we argued that there should be a negligible cost to the Association.

We were, however, cognisant of the fact that should the City choose litigation in order to remedy this historical oversight, it would no doubt involve considerable legal costs.

Accordingly, the Association was prepared to consider a purchase price for the approximately 7360m<sup>2</sup> of land making up the Leisure Centre land, based on the higher of the two valuations.

During August 2017, the Board therefore offered the full erf 3822 value obtained from Wall & Smith Valuations with interest, which equated to R296 389 excluding VAT.

This offer was subject to the Leisure Centre land still being zoned as a public open space and subject to commensurate property rates.

Currently our application is with the City's legal services, where after we hope that the process will be finalized.

### **Rule Changes Implemented**

During the year under review the following rules were amended by the Board or by way of the AGM. [You can view the updated rules on our website.](#)

- Definitions – Rule 4.13.
- Control of Home Business Operations – Rule 68
- Guide for Letting and Selling of Property – Rule 10.4 / Annexure 10.4



## **ESTATE OPERATIONAL INFRASTRUCTURE**

The Estate is continually improving and maintaining its appearance and operational infrastructure.

### **Environmental**

The Estate is managed in line with the Atlantic Beach Estate Environmental Management Plan. Ecosence, as our appointed environmental watchdog, in conjunction with the representatives from the City of Cape Town, measure our performance against the management plan on a bi-monthly basis.

Considering the environmental sensitivity of Atlantic Beach Estate and the huge effect this has on the character of the Estate, a meeting is held every two months with representatives from the City, Cape Nature, Ecosence and ourselves in order to discuss the findings of the assessment and to discuss any other relevant matters. We are very happy to report that our compliance with the management plan and our environmental awareness is excellent.

It is important that members adopt the principles of environmental best practice, take ownership and work together towards developing Atlantic Beach Estate as a model environmental Estate. This principle is clearly related to the branding and marketing of Atlantic Beach as an Estate situated within a sensitive coastal environment with a significant indigenous biodiversity.

This year saw a lot of attention being put on the environmental aspect of the Estate and the goings on in this regard culminated in a survey being conducted by a nature conservation team.

To this end the City Biodiversity Management Branch recommended a camera trap survey on and around the Estate.

The survey, which commenced in May 2017 and lasted 15 weeks, was a joint venture funded by Atlantic Beach Management (ABM), in partnership with the City of Cape Town and the Cape Town Environmental Education Trust (CTEET). The Association funded six field cameras.

The findings of this survey were put into a comprehensive report, which is available on our website together with the recommendations based on the findings. [Click here](#)

Within this year under review a biodiversity stewardship agreement has been concluded between the City of Cape Town, who owns all the land consisting of the golf course, including the Strandveld areas surrounding the golf course and the Western Cape Nature Conservation Board.

CapeNature who is the provincial conservation authority recognised the importance of the natural vegetation remnants at Atlantic Beach. As a result, CapeNature, through the City's Biodiversity Management Branch, negotiated and concluded a perpetual Biodiversity Agreement with the City, in order to conserve and manage the natural vegetation remnants at Atlantic Beach.

Conservation of natural environments has become a priority all over the world and to have this type of initiative running through our Estate, in combination with an 18-hole golf course, is in fact a massive advantage for the Estate.

We would like to congratulate CapeNature, the City and ABM who owns the golf course lease for their foresight.



### *Estate Plastic Saving Initiative*

With so much emphasis on the pollution caused by plastic, we implemented an initiative aimed at reducing the amount of plastic used in our garden waste disposal operations, both for the homeowners on Mondays and in our daily garden maintenance practices.

With on average every house disposing of three green plastic bags of garden waste per week, we were disposing of approximately 5200 green plastic bags per week or over 250 000 per annum. Add the approximate 1000 bags per month we use in our gardening maintenance internally and you can see that this is an incredible amount of plastic used, simply to dispose of our garden waste.

These reusable bags have now been in use on the estate for some time now and aesthetically and operationally are proving to be a huge success.

### *Where does all our house waste go?*

During the year under review media events like the Sky News Ocean Rescue initiative exposé showed that a shocking amount of so called 'recycled' household waste in the UK is exported to end up in mountains of unsorted waste in Hong Kong and Poland. This unsorted waste is conveniently someone else's problem, thousands of kilometers from the UK, and ultimately is committed to a landfill. Out of sight – out of mind.

While that scandal was brewing in the UK, which came to light when China refused to accept any further waste shipments from the UK, it occurred to us to enquire as to what happens to Atlantic Beach residents' waste, which is carefully sorted, bagged and collected every Tuesday.

The Association has entered into a contract with Averda South Africa who collects the plastic bags full of our recyclable material every Tuesday.

Accordingly, we confirmed that Averda, transports our bags to its sorting facility in Blackheath where up to 750t/month is handled - the contents are discharged into chutes and onto conveyors where its sorted by hand into several main waste streams - plastics, glass, paper, metals and cardboard. Plastics in particular are further segregated into 13 product groups. The contents of each of the 22 different material streams is weighed, bar coded, bailed and then sold mainly to local recyclers, although cardboard and common paper has an export market.

The plant employs 110 people including 26 sorters and five bailers in each of the three teams and works 24/7 at maximum throughout. Confirming their handling of our recyclable waste is important as we now know that our efforts in this regard is worthwhile.

## **Potable Water Resources**

### *Emergency Water Supply Measures*

In January this year we announced emergency water supply measures to be implemented by the Association. The then day zero was predicted to be 12 April 2018, which was extremely alarming as it was predicted to be a few months before the expected winter rains.

Despite day zero then being moved out to a later date, and now seemingly no longer considered a threat, we have pushed on with our emergency water supply measures, which is as follows.



We installed and now have available four boreholes with the following preliminary water yield capacity per day:

- Workshop = 13 000l/h = 312 000l/day
- Pump Station = 10 000l/h = 240 000l/day
- Park 1 = 16 000l/h = 384 000l/day
- Beach Gate = 10 000l/h = 240 000l/day

These boreholes, once in full production, can in times of need provide a total of 49 000 l/h or 1,176,000l/day or 1300l per home per day.

We have taken delivery of our reverse osmosis plant, which has the capacity to produce 18 000l of drinking water per day, or 20l per home per day.

To distribute the water in times of emergency, or alternatively to landscaped areas during summer, we have acquired 3 x 2500l and a 1 x 1000l water trailers which are fitted with tanks. All these tanks are also fitted with water pumps to expedite water distribution.

We continue to work very closely with GEOSS - Geohydrological & Spatial Solutions International (Pty) Ltd, who have registered the Associations new borehole and groundwater usage requirements with the department of water affairs, or DWAF.

These measures were put in place to provide some peace of mind to residents so that should there be a general shortage and a day zero, we as an Estate have some emergency supply measures of our own available. It is clear that in years to come, we will no longer be able to make use of potable water in the manner we were accustomed to prior to the drought, and as a result we will need these resources to assist us in keeping our Estate in the best possible condition.

All the additional regulations relating to water saving measures are now included in the Associations Guidelines (Rule 26, page 70), which is available on our website. [Click here](#)

Note: While none of these water saving measures are compulsory measures prescribed by these guidelines, implementation thereof must be in accordance with these provisions as well as the related municipal by-laws.

### **Storm water**

Our storm water infrastructure continues to be closely monitored and this winter we once again did not experience any problems with the storm water system not coping with the winter conditions. We have cleared out a lot of the storm water dams and canals as overgrowth and silting had resulted in a significant decrease in capacity.

### **Overall Appearance**

In an effort to improve the visual appearance of the Estate as a whole, our Estate Operations officers and Estate Manager continually do external house inspections, followed by a notification to homeowners to renovate aspects of their properties that require care. We would like to thank homeowners for receiving these notifications in such good spirit and for doing the necessary in order to comply.



Naturally the water restrictions caused the conditions of both Association and homeowners' gardens to be below their usually high standard, but this is understandable. Because of the conditions contained in the settlement agreement the Association will this year benefit from extra water resources, as we will have access to the golf course irrigation system and make use of the recycled effluent water emanating from Melkbosstrand sewerage works. Our more outlying gardens will benefit from the new borehole infrastructure installed recently.

Our horticulturist, Karien Naudé, and her efforts to motivate and educate our landscaping team, to date have brought a fresh and professional perspective to the Estate's gardens. Together with her enthusiastic landscape team she has made a big difference to our landscaped areas.

Most of our efforts in respect of upgrades have gone into projects like the renovation of the security gatehouses, the implementation of non-potable water infrastructure, sidewalk paving, replacement of bollard lights and garden upgrades. We have also done a lot in respect of community friendly add-ons like the book exchanges, benches etc.

This year we will be focusing even more on these aesthetical upgrades and we are hoping to commence with the replacement of sidewalks very shortly.

I am sure you will agree that much has been done during the past few years, and because of the efforts by our staff and homeowners alike, the Estate has undergone a significant transformation.

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## **MARKETING**

Apart from the advertising exposures obtained for the Estate by way of the above advertising requirements specified in the marketing agreement above the Association makes use of the marketing fee payable to market the Association in the following areas.

- Double Page Advertorial – Estate Living Magazine and Website
- Double Page Advertorial – Golf Digest December issue - Golf course living issue
- CemAir – Inflight Magazine – Sky News
- Website, Facebook, Newsletter advertising

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## **BUILDING MANAGEMENT AND CONTROL**

Our architectural review officer David Bettsworth and his assistant and candidate planner, Edelynn de Wet, continue to perform good work on the Architectural Review Committee. David is an experienced town planner who has years of experience working with the City of Cape Town and was specifically responsible for scrutinising plan submissions from Atlantic Beach Estate.

Regular meetings are scheduled with builders and homeowners to ensure that compliance with the builder's code of conduct is upheld, and we have to acknowledge that most builders working on the Estate are compliant in this regard.

Any homeowners who wishes to submit plans for construction at their residence can contact the office for advice or download the Alterations Procedures and Control Document from our website, which contains all the relevant details pertaining to the requirements for submissions and costs applicable.



Our decision a few years ago to combine the two phases and effectively allow some of the more modern phase two features in phase one, has proven to be very successful but because we are receiving so many requests to further modernise the guidelines, we will this year be considering this prospect more seriously.

We cannot urge owners enough to not construct or make any changes to their properties without first consulting with us in this regard and obtaining the proper approvals. Not complying in this regard can be very costly and no one enjoys the conflict caused as a result.

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## **SOCIAL AND LEISURE CENTRE**

Since May 2013 Leisure Sense, under the direction of Cassandra Mitchley, Troy Lee, Jani De Bruyn and Saul Cohn have done an excellent job in managing the Leisure Centre. We continue to receive lots of positive feedback in respect of the efficient manner in which they have accommodated homeowners for their social events and other Leisure Centre activities.

Part of our vision for the Estate is to focus on the leisure offering as well as the social interaction an Estate of this nature can offer. To this end we continue to enhance the quality of our Leisure Centre.

The monthly night markets continue to be a huge attraction for residents and have helped build a wonderful sense of community on the Estate.

This year also saw the formation of our very own onsite Junior Gym South Africa project, managed by our onsite gym instructor Saul Cohn.

Due to the success of this program, Junior Gym has also launched a school term program. The program provides a daily fun fitness class for school children at the Leisure Centre and will focus on physical, mental and social development in a fully interactive and communal environment. This will not only teach children about exercise but also help them strengthen and refine motor skills for their chosen sporting activities. Classes are limited to 10 children to ensure personal interaction and mentoring with a whole lot of fun thrown in!

For more information contact Saul on [saul@juniorgym.co.za](mailto:saul@juniorgym.co.za) or meet up with him at the Leisure Centre.

We would like to thank the Leisure Sense team for their efforts and positive contribution, and we encourage all our homeowners to get down there and utilise these wonderful facilities.

## **Inaugural Village Fair**

In conjunction with the Atlantic Beach Country Club we hosted in November 2017 our inaugural Estate Village Fair sponsored by Pam Golding Property.

The Village Fair is intended to be a family event where participation by the entire family is catered for and encouraged.

The day commenced with a mixture of sports disciplines all of which commenced on the 1st tee and ended at the 18th tee, bar the tennis, which took place at the Estate's leisure centre tennis court facility.



The sports events included were Tennis, a Fun Run, Fun walk, Mountain Biking, Golf and a Mini Olympics (egg & spoon/one legged races etc.) for the little ones.

The sporting events culminated in an informal social get-together in and around the estate clubhouse facilities.

For the inaugural event we had 141 runners, 55 cyclists, 8 Tennis players and 88 kids who took part in the mini Olympics. In total 925 took part in the day with many only attending the markets and other social activities on offer.

The principal objective with the Fair is to further camaraderie amongst residents, while raising funds to purchase and donate fully fitted early development classrooms to assist our nearby community. An added purpose of this Fair was to further relationships with the country club and introduce families to the Club.

We believe that with this inaugural event we have achieved our objectives, as not only did everyone have a wonderful time, but we also managed to raise R100 000 towards our intended purchase of an early development classroom.

In hosting this inaugural event, we have learnt a lot and have no doubt that this year's Village Fair, taking place on Saturday 10 November 2108, will offer an even bigger and better event.

Lastly, we have to again thank all our sponsors and participants, who in addition to Pam Golding Properties made the event the success it was!

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## **COMMUNICATION**

With 1516 residents on our weekly newsletter delivery list, I simply cannot think of another Estate that does more in respect of communication. With a high open-rate of about 40% being maintained, our weekly newsletter continues to be well received by recipients.

Social media has been the one area where we needed to improve our online presence and having come to the realization of how important it is for our brand to be effectively managed on social media specifically, we appointed a social media consultancy to manage social media, like Facebook, on our behalf.

Scout PR & Social Media provides a cross-platform and integrated communications service spanning social, digital media and innovative marketing management and having now run Facebook campaigns with them for a year, we have recently changed strategy and introduced a more personal and up to date approach to our posts. Since February 2017 they have managed to grow our social media following to such an extent where we now have 1216 followers.

Currently we are in the process of commissioning an Estate App which will not only allow us to push messages to residents, but will also allow residents to be more interactive in respect of reporting issues and obtaining account and other information's.



In order to prevent frustration and not discount its value, we have endeavored to keep our SMS notifications to the minimum.

We continue to grow our website and keep it up to date, with all pertinent documents being available on the site, along with new features like the recently added

<http://atlanticbeachestate.co/the-villages-aerial/>

<https://www.atlanticbeachestate.co>

<https://www.facebook.com/atlanticbeachestateofficial>

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## **SOCIAL RESPONSIBILITY**

This year the Association was involved in, and/or contributed to the following projects:

- SAPS Melkbosstrand Station Maintenance
- Day without Shoes project - ACVV
- Melkbosstrand Lifesavers Chair
- Complimentary Coffee station for SAPS and other law enforcement officers on a nightly basis
- Wendy House – Admin and Security – Olive Close

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## **IN CLOSING**

As you will see from this report, our responsibilities on the Estate remain diverse in nature, but in making sure that this ship of ours remains on the right course, we must not forget that the 867 families which call this estate home, all have individual needs, inclinations and personas which on a daily base we need to take into consideration and manage accordingly.

It is imperative though not to lose focus or become unduly distracted by individual needs and in doing so, neglect the important issues which affects the Estate and all our homeowners.

To this end we aim to focus our efforts on pursuing the following matters during this new year:

1. The Finalisation of the acquisition of the Leisure Centre land
2. The possible redevelopment of the Leisure centre land to include frail care and other preferred community friendly add-ons
3. The replacement of the perimeter fencing
4. The modernisation of the architectural guidelines
5. The completion of the estate wide conversion from gravel pavements to hard surface pavements.
6. The implementation of the predator coexistence plan and other measures
7. The further expansion of non-potable irrigation infrastructure
8. Further Garden and Estate beautification and personalisation projects
9. The implementation of outdoor gym's and play areas for children
10. The development of the Hotel site
11. On the admin side, we must implement a comprehensive electronic filing infrastructure so to allow for all owner's files and info, correspondences, house plans etc to be stored and accessed electronically.



12. The finalisation of the Birkenhead Pedestrian walkway by CoCT.
13. The upgrade to the Beach Gate Entrance Road

What remains important is a consistent management team, solid strategy and a steadfast ethical and unselfish culture from your Board. To this end, I would like to again express my sincerest appreciation to the Board members Don Boyce (Chairman), Lucienne Fild, David Lotz, Alan Keet and Bruce Kaiser, for supporting us as a Management team so unreservedly and for having had the confidence to continually approve significant projects and initiatives for the Estate.

The Board members consist of five homeowners just like you and without receiving any financial compensation they give freely so much of their professional time. Having been very fortunate to have worked with them for a number of years now, I can confirm that they do so because they love this Estate and believe in its future wholeheartedly.

My management team, Gary, Jamie, Karien, Paul, Shane, Hein and Kock are simply the best in the industry and I thank and congratulate them for their ongoing commitment in wanting to make Atlantic Beach Estate the best it can be.

Our vision continues to represent the creation and preservation of a wonderful environment where you can raise your family and enjoy your retirement years. An Estate where people respect the rules because they respect each other, a place where homeowners are shamelessly proud to be a homeowner and outsiders enviously strive to become a homeowner on the Estate.

As management and staff, we remain committed to this vision and we look forward to you, the homeowners, supporting us in achieving this very tenable goal.

Yours sincerely,

A handwritten signature in black ink, appearing to be "H. White", with a large, sweeping flourish above the name.

Harry White  
Chief Executive officer  
Atlantic Beach Homeowners Association NPC