

**RESPONSE TO QUESTIONS RECEIVED FROM EVERGREEN BROADACRES RESIDENTS IN RELATION TO BUDGET DISTRIBUTION 4 May 2022 – Document 2**

1. What can be expected from “reasonable levels of service, particularly given the repeated commitment to resort level services?”

**A) Management believe the current service levels are reasonable levels of services.**

2. What is the basis for taking the developer levies and contributions to property rates on unsold units out of the revenue part of the budget, where it was historically reflected? Refer note 12 on budget sheet: “Operations losses”

**A) During FY22, EPI has funded the Broadacres operation by contributing to**

- unsold unit’s levies R2.8m;
- unsold unit’s rates R0.1m; and
- operations losses R1.1m

To simplify administration, it was decided to let all unsold units’ levies and rates accumulate, together with operations losses, “in the bottom line” which will still be funded by EPI.

Per the FY23 budget, the EPI contribution is R2.8m (inclusive of unsold units’ levies and rates).

- unsold unit’s levies = R3.3m
- unsold unit’s rates  $77 \times R239 \times 12 = R0.2m$

Above represents the operations loss line of R2.8m in budget FY23.

3. Please confirm that the amendment to the LRA in respect of the levy payment cycle will be implemented through an addendum to the LRA

**A) Correct LRA addendums required.**

4. How is it possible to state that there will be no levy increase until 1 March 2023 when the new billing system to be introduced in July 2022, will include separate levies for Catering and Healthcare services on the current basis levy added to the same basic levy?

**A) There will be no annual increase on the basic levy on 1 Sep 2022 on the agreement that residents sign the LRA addendum to move the levy cycle from September to March.**

Catering and Health care levies – asking Residents to pay for the services they require / want as per the LRA.

There is additional cost to residents, however no increase to basic levy.

5. Why has the basic levy not been adjusted to ensure that the separation of the two separate levies is achieved on a cost neutral basis?

**A) Catering and Healthcare are separate from basic levies, therefore the separation.**

6. *Would you be willing to apply these levies on a per person basis rather than per unit?*

**A) Life right is a housing interest (exclusive right to use and occupy a unit), thus the catering and healthcare levies are levied based on the same principle.**

7. *Are the catering and health service levies standardized across all Villages at R250 per month per unit?*

**A) The budget proposal was standardized across all Villages as R250. However, each Village will determine their own level of service required, which will carry a Village specific monthly cost.**

8. *The service level for healthcare services is still unclear. Please provide clarification on what it is. Based on previous discussions, last year's R50 000 a month was required to have a qualified person on duty at all times. Are the services to be rendered those listed in the homecare price list? If not, what are they?*

**A) The current service level (24/7 – 7 days a week) monthly costs are R52,325 (R220 per unit per month). If service level is reduced to 1 day per week, the monthly costs will reduce to R15,923 (+/- R70 per unit per month). Services as per homecare price list.**

9. *The catering services rendered currently are meals 5 days a week and one Sunday lunch. What will change with the reduced levy?*

**A) We are in negotiations with Reef Catering and believe we can negotiate with them to provide a very similar service on the agreement that ALL homes accept the R250 levy.**

10. *What will happen to the list of projects discussed over years with EPI and not yet implemented?*

**A) These projects are at the prerogative of EPI. There is no obligation on them to action these projects. However, when the village reaches a financial breakeven these projects will be reviewed and actioned.**

11. *Will the rest of the houses still be painted this year? If not when? How will provision for long term maintenance be made in relevant budgets?*

**A) The painting project has started and will continue in a phased approach. EPI is carrying the provision for long term maintenance.**

12. *What is included in capital enhancement?*

**A) This refers to budget assumptions note 2.6. Capital enhancement could take any form. Residents will determine how surplus funds will be distributed.**

13. *What contribution is made by Evergreen Health to the cost of utilities and common area services like security and garden maintenance?*

**A) EH is billed monthly for utilities (water, electricity, sewerage, refuse) and rates. EH is not billed for security and garden services. The principle of cost reduction when service is terminated is applied. For example, if EH vacate the frail care facility, security and garden cost will remain the same, thus no reduction. EH is carrying their fair share of activity specific costs.**

*14. What contribution is made by Evergreen Health to the kitchen expenses incurred by the Village?*

**A) EH has their own service level agreement with Reef Catering and is billed separately by the service provider.**

*15. Why has the provision for transport for residents been removed and what is the impact on the service level.?*

**A) The budget was not removed; it is included under Village Staff and Administration Costs. The principle though is 100% recovery of resident transport cost. As example, if costs are R20,000, recovery will be R20,000. Service levels to remain the unchanged and determined by residents.**

*16. What is the plan to ensure that there is complete cost recovery on all municipal charges and electricity?*

**A) The budget represents the principle of recovering to the maximum. We are investigating all options and welcome any input from residents.**

*17. How will the LRA caps on levy increases be managed in future?*

**A) The LRA specific annual levy increase will apply.**

*18. How will the massive reduction in maintenance cost affect the village and the appearance and upkeep of facilities?*

**A) The budget maintenance costs were determined by scrutinising FY22, removing all extraordinary and once off maintenance costs. Consideration was then given to annual increases in Service Level Agreements.**

*19. We need to better understand the levy revenue breakdowns with separating out catering and health.*

**A) Budget FY23 indicates the split clearly. You will notice in the actual column there is no income shown for healthcare and catering, but there are costs allocated to it. In the budget column the income is shown for the new health and catering levy.**