

## **Proposed Malgas Services Delivery Public Administration Intervention Framework.**

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### **Introduction**

The Malgas community is facing growing challenges relating to service delivery, safety, infrastructure coordination and environmental management. Recent incidents such as sewage spills, refuse problems, fire risk and increasing crime highlight deeper structural issues in how services are managed and coordinated in the area.

The purpose of this document is to:

Outline the current situation in Malgas

- Present a constructive and lawful way forward
- Propose the establishment of a community-led intervention and management platform, through a city (or Community) Improvement District (CID), to enable permanent local management, agreed service delivery, and a coordinated structured and documented relationship with the Municipality
- Gauge community interest and support
- Initiate a structured process toward a sustainable long-term solution

### **Disclaimer**

This document has been prepared by the Malgas Ratepayers and Residents Association ("MRRA") for the sole purpose of facilitating preliminary community discussion and engagement regarding potential service delivery and governance initiatives in Malgas. It is provided for general information only and does not constitute legal, financial or professional advice, nor does it represent a final proposal, binding commitment or approved plan. All concepts, structures, financial illustrations and proposals contained herein are indicative, subject to further analysis, legal and regulatory review, and dependent on engagement with relevant authorities and formal community approval processes as required by applicable legislation. While reasonable care has been taken in its preparation, no representation or warranty is made as to the accuracy or completeness of the information, and neither the MRRA nor any contributors shall be liable for any loss or damage arising from reliance on this document.

### **Important Caveats**

This document is an initial, high-level communication intended to place the principle before the community; further detail and technical work will follow through appropriate forums.

The proposal is provisional and open to refinement. The MRRA is seeking the most appropriate lawful solution, not a predetermined outcome.

The MRRA has had preliminary engagement with the Municipality, which has been constructive, and the intention is to pursue a cooperative, solution-oriented path.

Robust debate and differing views are expected and welcomed, with the objective of strengthening community cohesion and reaching a practical consensus.

Implementation, if supported, will require broad-based commitment; the Committee is prepared to carry the process forward but recognises that collective effort will be essential.

### **Call for volunteers**

We invite community members to volunteer their time and expertise—particularly those with legal or relevant professional experience—and to express interest in serving on a proposed steering committee to help guide this process.

### **Background**

Recent sewage spills, refuse challenges, fire risks, and rising crime both petty and dangerous, are compounded by longstanding unresolved issues that have been discussed and, in some instances, agreed upon by the Municipality but remain outstanding. These issues include refuse collection, sewage management, the public launch site

(slipway), the ferry/pont, security and policing, and social pressures. This situation has exposed systemic weaknesses in service delivery and public administration.

Additionally, it should be noted that Malgas sits at the intersection of multiple public administrative regimes, including Swellendam Municipality, Overberg District Municipality, Cape Nature, the Department of Environmental Affairs and Development Planning (DEA&DP), the Department of Human Settlements, the Department of Water and Sanitation, and the Provincial Roads Department. Each of these entities has a separate mandate, impacts the community, and requires coordination.

There is no municipal water supply, sewer network, electricity distribution, street lighting, stormwater infrastructure, or maintenance of internal roads, which are typical in urban areas. Yet, rates are based on an "urban" classification, and residents contribute significantly to the municipal rates base (c.10–12% or around R6.5 million annually, despite a 30% rebate) while receiving only minimal and inconsistent municipal services. The Swellendam Municipality acknowledges the "rural and geographical constraints" of Malgas in its Rates Policy, stating, "*A rebate is applied... until the municipality can provide services in one of these areas, it will no longer qualify for a rebate.*" It is important to note that the rebate is discretionary and not guaranteed, meaning it may be rescinded at any time, creating an additional financial risk.

There are no plans by the municipality to provide any form of infrastructure to Malgas in the medium term, as evidenced by their Integrated Development Plan ("IDP"), which consistently identifies Malgas as a peripheral rural settlement facing service delivery, infrastructure, and governance challenges. The prevailing trend is acknowledgment, partial mitigation, and deferral rather than decisive implementation. Only approximately R67,000 is allocated for infrastructure in Malgas, specifically for refuse containers for the 2025/26 fiscal year.

The Municipality has mentioned, albeit informally, that given the rural context, geographical layout, and topography, any infrastructure solution would be too costly and not viable. Additionally, spatial development in Malgas has been capped; no further erven may be developed, and no subdivisions will be allowed. The Municipality has more pressing priorities, as it carries significant obligations to provide housing and services to vulnerable communities while operating within constrained financial and administrative capacity. The development priorities are recognized, and our rates contribute to this; however, this does not absolve the Municipality's responsibility to provide at least proportionate basic services to Malgas.

## **Way forward**

The Malgas Community faces a choice: continue reacting to fragmentation or construct an integrated inclusive service delivery and management solution that secures Malgas' long-term stability and resilience.

A long-term management model cannot function or gain community support without recalibrating the current rates burden and classification. The point of departure is the community should not be worse off financially.

Any solution must be permanent, robust, and formalized capable of enduring changes in municipal leadership, budget cycles, and policy shift. With clarity on what appropriate services will be delivered, what they will cost, and how they will be managed sustainably over time.

## **The rationale for a Community-Driven Intervention and Synergistic CID Partnership**

### **Introduction: Why a Strategic Shift is Required**

Malgas is at an important moment in its development. The community is cohesive, invested, and increasingly aware of the gap between the rates it contributes and the level, consistency, and coordination of service delivery it experiences. At the same time, public administration is under significant financial and institutional pressure. These realities require a thoughtful, lawful, and forward-looking response.

This strategic premise sets out the thesis for a community-driven intervention that is constructive rather than confrontational. It builds toward the proposal of establishing a CID, structured as a Non-Profit Company ("NPC"), operating in partnership with the Swellendam Municipality and other relevant authorities.

The intention is not to oppose the municipality, but to align with its constitutional mandate while creating a practical mechanism to address local realities in a sustainable way.

## **Community Mobilisation and Cohesion**

Any durable solution must begin with the community itself. Malgas is more than a collection of properties; it is a shared environment with interdependent residents, ratepayers, workers, and families. A successful intervention depends on broad-based support, transparent communication, and inclusive participation.

While ratepayers are central to the discussion, there are residents who are not ratepayers but are directly affected by service delivery, safety, environmental management, and social conditions. The approach must therefore be inclusive and socially responsible.

Community cohesion is not only a moral imperative; it is strategic. Initiatives such as recycling programmes, a plant nursery, a community garden, and structured support for the Nuwedorp community, especially children and vulnerable households, help demonstrate that the objective is shared upliftment rather than narrow self-interest. The CID concept must therefore be framed as stewardship and responsible citizenship.

## **A Rural Context Requires an Appropriate Solution**

Malgas is rural in character. Its density, infrastructure profile, environmental sensitivities, and economic activity differ materially from urban nodes within the municipality. Yet administrative systems are often designed with more urbanised contexts in mind.

A rural area requires a tailored solution. Infrastructure provision, maintenance cycles, safety coordination, and environmental management must reflect the geographic spread and practical realities of the area. It is unlikely that, within current fiscal constraints, the municipality will introduce the level of infrastructure or dedicated coordination that Malgas may require in the future.

In addition, budget trends suggest continued fiscal pressure. Rates increases are likely to remain a feature of the municipal environment. Without structural reform, the risk is that rates increase while service levels do not improve proportionately. A proactive and cooperative structural response is therefore preferable to ongoing frustration.

## **A Confluence of Administrators Requiring Coordination**

Malgas is affected by multiple spheres of public administration: the Swellendam Municipality, the Overberg District Municipality, provincial departments, and national regulatory frameworks. Responsibility for planning, roads, environmental oversight, water, safety, and other functions is fragmented.

Fragmentation can create accountability gaps. Issues are often passed between departments or spheres of government, resulting in delay and lack of follow-through. Effective monitoring and coordination require dedicated capacity.

A properly structured CID can serve as a coordinating interface. It would not replace the municipality or any other authority. Rather, it would consolidate issues, track progress, engage systematically with the relevant bodies, and ensure that commitments are monitored and implemented.

## **The Legal and Constitutional Framework**

The South African Constitution sets out the objectives of local government. Municipalities are required to provide basic services in a sustainable manner and promote social and economic development. Property rates are levied to fund these obligations.

Rates are intended to support equitable and proportionate service delivery. The Municipal Property Rates Act allows municipalities to determine property categories within the framework of the law, including definitions such as agricultural for residential purposes or rural residential, where appropriate.

The law also recognises that service delivery must be proportionate. Communities should not be taken advantage of or required to fund services that are not delivered at an equitable standard.

## Options Available to the Community

The community broadly has several strategic options.

1. The first is to accept the status quo. This avoids conflict but risks continued dissatisfaction and potential deterioration of service standards.
2. The second is adversarial action, including litigation or organised resistance to rates. While there may be circumstances where legal challenge is justified, this route is costly, uncertain, and may damage long-term relationships with the municipality. In this regards it should be noted it is unlawful simply to withhold payment of rates. Non-payment carries serious legal consequences. Legal precedent suggests such and intervention would require a strong legal case and a court order. Such an approach is complex, risky, and adversarial.
3. The third is structured enforcement of rights through formal processes, submissions, objections, and engagement under the Municipal Systems Act and related legislation. This builds a formal record and strengthens legitimacy. This has largely been done to date with records and limited response.
4. The fourth is a synergistic solution: maintaining compliance with baseline municipal obligations while establishing a CID that allows the community to fund defined additional services and coordinate engagement constructively.

Of these options, the MRRA believe the fourth offers the most balanced and sustainable path. It aligns with constitutional principles, preserves legality, and provides practical impact.

Notwithstanding the current good working relationship with the Municipality; the MRRA believe that circumstances have now reached a point that any process with the Municipality needs to be robust, firm, and with distinct timelines.

In addition, it should be noted that in the event any approach to Municipality fails to advance in a reasonable manner because of the Municipality being unreasonable or causing undue delays (assuming agreed upon timelines) then a formal legal process should be adopted. This may range from, amongst others, utilising the formal objection and grievance process in terms of relevant legislation, with recourse to the courts as a last resort.

## Rates: Baseline and Supplementary Contributions

We believe there is potentially a credible argument that Malgas' current *rates classification* and *quantum* warrant review, particularly given its rural character and proportional service considerations. Where legally justified, a case should be made for rates reclassification and or reduction.

At the same time, the Constitution recognises that municipalities must provide services up to an *equitable baseline*. That baseline should be clearly defined and funded through municipal rates.

Where the community seeks a higher or more responsive level of service, this can be achieved through a *supplemental rate* under a CID structure (described in more detail below). In this model, municipal rates fund core constitutional or baseline obligations, while the CID levy or supplemental rate is ring-fenced and dedicated to locally defined priorities.

To be clear from a community financial rates obligation perspective this process would:

1. determine and document definitive baseline services from the Municipality ("Municipal Baseline Services"), and
2. determine the actual services required by the community which would be regarded as ("the Supplemental Services").
3. **The point of departure is that the community should not be put under additional financial burden. As such the initial approach is the quantum of rates (after the rebate) currently paid by the ratepayers should be repurposed to fund both the CID and Municipal Baseline Services.**

## What do we mean by a community driven management structure

The proposed structure is built around two institutional pillars that operate in tandem:

- The MRRA is the community's representative body, responsible for coordination, oversight, advocacy, in terms of its current constitution. It will initially champion the establishment of the CID. Once established it will resume its activities as normal.
- The proposed CID would be established as a Non-Profit Company with a formal constitution, business plan, annual budget, and accountable governance structure. It would be professionally managed and permanently staffed at an appropriate level. And focussed on the "core business" of service delivery in terms of a community determined mandate.

Its mandate would include:

- Coordinating service delivery issues across all relevant public administration entities.
- Monitoring infrastructure, maintenance, and compliance.
- Supporting supplementary safety and security initiatives in partnership with formal authorities.
- Driving environmental programmes.
- Implementing other agreed upon community development and social support initiatives,

The CID would act as a structured partner to the municipality. It would enhance capacity where public administration is resource constrained and provide a clear interface for accountability.

Both structures are legally and functionally distinct but interdependent. The MRRA retains a community mandate and provides strategic oversight, while the CID established as a required NPC under the Municipal Property Rates Act and Municipal Systems Act framework delivers operational implementation.

## **A Strategic and Inclusive Approach**

It must be acknowledged that Malgas is perceived as an affluent area. This perception requires a careful and inclusive strategy. The objective is not to withdraw from broader municipal solidarity, but to ensure fairness, proportionality, and sustainability for all residents within the area.

Engagement must therefore be transparent, lawful, and cooperative. The community must demonstrate alignment with municipal objectives: social upliftment, environmental stewardship, economic sustainability, and improved governance.

## **Conclusion**

Malgas will always have to deal with the municipality. Disengagement is neither realistic nor lawful. The strategic choice is therefore between ongoing contestation or a structured partnership.

By grounding its approach in constitutional principles, legislative mechanisms, and community cohesion, Malgas can reposition itself as a proactive partner in local governance.

The establishment of a CID is not an act of defiance. It is a lawful and practical mechanism to define a baseline of municipal services, supplement it where necessary, and institutionalise coordination across fragmented administrative structures.

In doing so, the community moves from reactive frustration to strategic stewardship, building a sustainable and cooperative model for the future of Malgas.

## **Framing the Establishment of a CID**

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### **Introduction**

The proposal to establish a CID in Malgas should be understood as a practical, lawful and community-led mechanism to strengthen local service delivery in a structured way. A CID enables property owners within a clearly defined geographic area to contribute an additional rate, which is ring-fenced and used exclusively to fund supplementary municipal services in that same area. It is not a replacement for municipal responsibility. The Municipality remains constitutionally obligated to provide baseline services. A CID exists to enhance, stabilise and supplement.

In the Malgas context, the rationale is straightforward. Where service delivery is uneven, delayed or insufficient, the community requires a formal platform through which it can organise, fund and manage improvements. A CID provides that platform. It introduces governance discipline, financial transparency and operational capacity, all within an approved legal framework and under municipal oversight.

## **Legal Foundation**

The establishment of a CID is enabled by national and municipal legislation under the Municipal Property Rates Act in terms of which a municipality is allowed to declare a Special Rating Area ("SRA"). The Swellendam Municipal Rates Policy allows for this. The CID itself is constituted as a NPC under the Companies Act. Its purpose and operation must align with the Constitution, particularly the objectives of local government set out in the Constitution. In addition, it must comply with the relevant municipal CID By-law and policy frameworks.

This legal structure is important. It ensures that the CID operates within the law, that funds are properly administered, and that oversight mechanisms are in place. The Municipality approves the CID, collects the additional rate on its behalf, and monitors compliance. However, the day-to-day management of the CID is undertaken by the community through the Non-Profit Company.

## **Defining the Malgas CID Area**

A CID can only operate within a clearly demarcated geographic boundary of the SRA. In Malgas, this boundary would need to be carefully defined using cadastral descriptions of the relevant erven and farm portions, aligned with the municipal valuation roll. The boundary should reflect a coherent service unit rather than arbitrary lines. Considerations include access roads, settlement patterns, river frontage, operational patrol routes, waste management practicality.

The boundary ultimately determines who contributes financially and who benefits from the supplementary services. Clarity in respect of the SRA boundaries at this stage is essential.

## **Community Mandate and Establishment Process**

A CID is initiated by the community, not by the Municipality. The process begins with a representative Steering Committee. This committee engages with the Municipality, defines the proposed boundary, undertakes a needs assessment and prepares a draft five-year Business Plan.

The Business Plan is the founding document of the CID. It must set out a clear vision for Malgas, define the specific Supplementary Services to be delivered, provide a five-year financial projection and demonstrate affordability and sustainability.

The draft Business Plan must be presented at public meetings. Property owners are afforded formal opportunities to comment. Thereafter, written consent must be obtained from the required statutory majority of property owners within the proposed boundary. In predominantly residential areas this generally requires at least 60 percent support, with each registered property having one vote. Once the threshold is achieved, a formal application is submitted to Council for approval.

## **Supplementary Services**

A CID may only provide supplementary services. It does not relieve the Municipality of its constitutional obligations. In the Malgas context, broadly speaking, likely focus areas include appropriate basic services, enhanced public safety and security visibility, infrastructure and access road support, environmental management and structured engagement around social issues affecting the broader community.

## **Governance Structure**

If Council approves the CID, a Non-Profit Company is formally established. Property owners within the boundary may apply for membership of this company. Membership allows participation in governance and voting at Members' Meetings, including the Annual General Meeting.

The CID is governed by a Board of Directors elected by its members. The Board carries fiduciary responsibility, sets strategy, approves budgets and ensures compliance with legislation and the approved Business Plan. The Board

may appoint a manager or contract service providers to execute the operational functions of the CID. These operational structures are accountable to the Board.

The Municipality appoints an observer to attend Board meetings to ensure compliance and alignment, but it does not manage daily operations.

### **Financial Model and Funding**

The CID is funded through the Supplemental Rate (as described above) levied on properties within the defined SRA boundary. The CID prepares an annual budget consistent with its five-year Business Plan. This budget must be approved by members at an AGM and submitted to the Municipality for review and inclusion in the broader municipal budget process. The Supplemental Rate appears as a separate line item on municipal accounts. The Municipality collects the funds and transfers them to the CID in terms of a finance agreement. These funds are ring-fenced and may only be spent within the CID area.

Strong financial governance is mandatory. The CID must appoint an independent accountant and auditor, submit audited annual financial statements, provide regular financial reports to the Municipality and present its financial position to members annually.

### **Mandatory Participation and Exemptions**

Once approved by Council, participation in the CID is mandatory for all liable properties within the boundary. Payment of the additional rate is not optional. However, certain categories of properties may qualify for exemption in accordance with municipal policy, such as indigent households or qualifying public benefit organisations.

The effectiveness of a CID depends on collective participation. The model is built on shared contribution for shared benefit.

### **Term and Renewal**

A CID is established for an initial five-year term. Before expiry, the CID must submit a new community-supported Business Plan to apply for renewal. This requirement ensures accountability and provides an opportunity for the community to reassess priorities and performance.

### **The Governance Relationship in Malgas**

The relationship between the Municipality, the CID and the property owner community must be clearly understood. The Municipality approves, bills and oversees. The CID implements the approved Business Plan through its Non-Profit Company. The property owners fund the mechanism and provide the governance mandate through membership and voting.

For Malgas, the CID should be framed as a structured governance partnership rather than an adversarial instrument. Its purpose is to introduce measurable service improvement, financial transparency and institutional stability while reinforcing, not undermining, municipal responsibility.

If properly designed and lawfully implemented, a Malgas CID can serve as a long-term institutional platform that strengthens local governance capacity, enhances service delivery and preserves community cohesion in a sustainable and accountable manner.

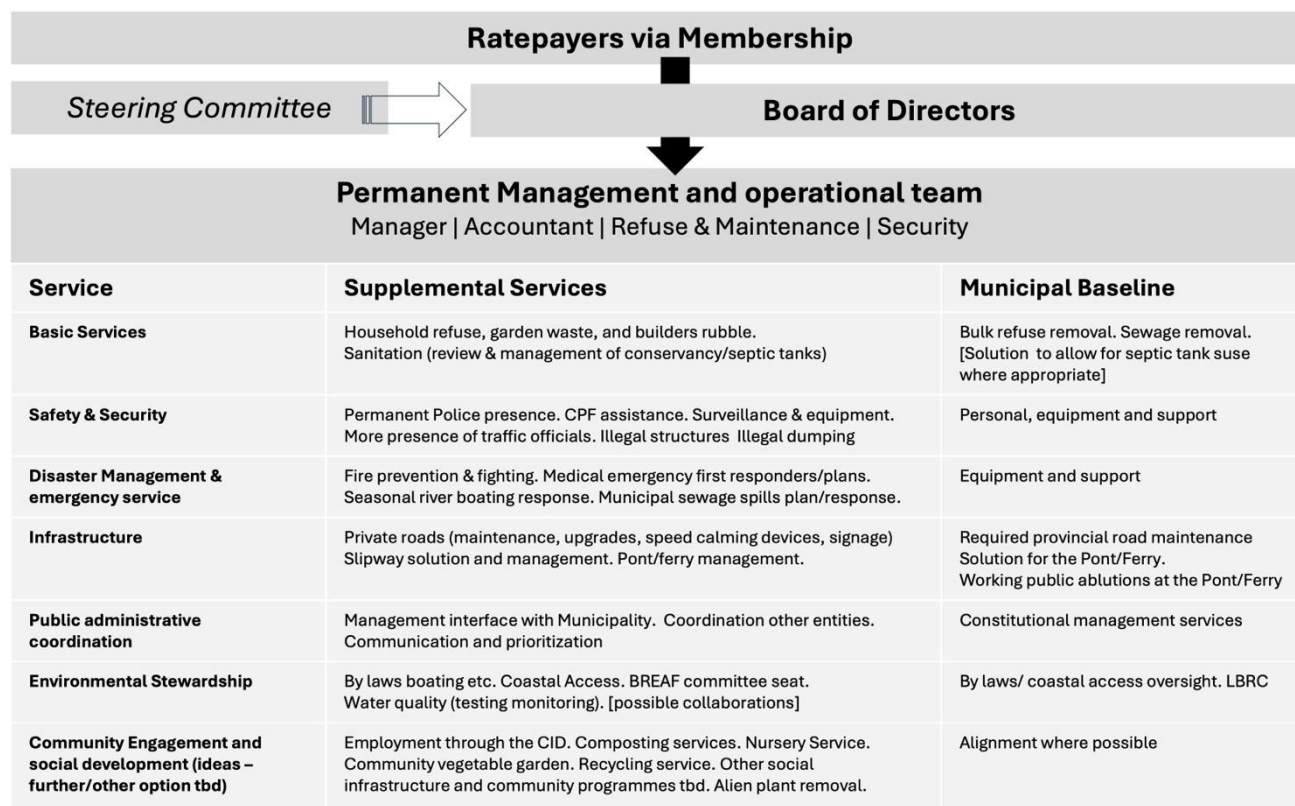
## **What could a CID look like from an operational perspective**

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The diagram below depicts the possible organisational structure and the Supplemental Services or “core business” functions of the CID in relation to the Municipal Baseline Services

Please note this is indicative and intended to frame discussion and determination of the Supplemental and Baseline services. The eventual business plan required will set this out in detail.

This will need to be negotiated with the Municipality. In particular the funding of the CID, noting that our point of departure is to split the rates currently paid by the ratepayers to fund both the CID and Municipal Baseline.



## Community Engagement Process and steps to Procurement of the CID

### Outline

From a high level we would first like to gauge community support early and achieve a go no-go.

If there is support, we progress in a logical manner in order to build consensus.

**We propose using Survey's to gather information and seek support.**

### Process

We set out below the provisional process.

1. Establish the issues and solutions and put forward a proposal to be used as a discussion document
2. Engage the community for:
  - 2.1. Input into the solutions and issues with a view to developing a finite list for prioritisation and implementation
  - 2.2. Seek an in-principle approval (it's pointless investing time and energy otherwise)
3. Collate input, analyse it, and update the framework
4. Initiate first formal discussion and communication with the Municipality
5. Engage community
  - 5.1. To provide feedback on survey and from the municipality
  - 5.2. Propose a way forward

- 5.3. Establish a steering committee
- 5.4. Take final feedback
- 5.5. Further discussions with the Municipality
6. Workup the framework and solution including
  - 6.1. Strategy
  - 6.2. Business plan
  - 6.3. Budget
  - 6.4. Rates allocation
  - 6.5. Baseline municipal services
  - 6.6. Additional services
  - 6.7. Staff
  - 6.8. Source and use of funds
  - 6.9. Steps to implement
7. Community engagement to vote
8. Depended on vote proceed to implementation