

## Chairperson's Report 2016

'Together we succeed'



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It is with pride that I present the 23rd annual Chairperson's Report in respect of the period that ended 31 March 2016.

The Association has enjoyed another year of prosperity and the saying 'If everyone is moving forward together, then success takes care of itself' bears testimony to the importance of being part of the Silver Lakes family.

The Association's solvency has seen another healthy improvement, with total assets of R53m (2015: R49m) comfortably exceeding total liabilities of R24m (2015: R32m), being mainly the balance of the purchase price for the clubhouse and golf course.

The deficit inherited from previous years was further reduced to R5.9m (2015: R7.7m) and we are confident of further strengthening our financial position over the next few years.

As for the performance of the individual operations, the HOA ended the year with a surplus of R3.6m and most inefficiencies have now largely been eliminated. The golf club and clubhouse operations have understandably been negatively affected by the major construction disruptions that lasted most of the year and thus ended the year with deficits of R745k and R1.1m respectively. The Board responsibly ensured that overall performance remained well within budget with a net operating surplus for the year of R1.7m. With only the disruptions of the remainder half of the golf course irrigation and halfway house to contend with over the next year or so, these facilities are approaching a position where they can start delivering sustainable positive returns in years to come. We express our gratitude to Theo O'Neil (Finance Director), our finance team and Audit & Risk Committee for their continued prudence in dealing with our finite funds.

The clubhouse food and beverage operations have now been successfully outsourced to the owners of the Café 41 franchise and the feedback received from Members has been overwhelmingly positive. The Board welcomes the owners, husband-and-wife team Helen and Minas to our Silver Lakes family and look forward to a lasting, mutually rewarding relationship.

The Board will continue with its concerted efforts to enhance the returns on these investments, with renewed emphasis now turning to the golf club to match the improved performance of the outsourced clubhouse. We are acutely aware of the frustrations of golfers due to the incomplete facilities, especially a proper halfway house, and the Board is prioritizing the outstanding work, including the eagerly awaited deli. A little more patience and we will soon again enjoy the warm hospitality of the golf club we have become accustomed to over the years.

It is worth again reflecting that the Board has managed to continue with the turnaround strategy in spite of levies only increasing by 1% over the last 2 years (previous 2 years: 28%) and the Board remains confident that levy structures will remain favorable going forward to ensure we comfortably remain in the bottom half of levies of comparable estates.

The Board is mindful of the low growth economic environment prevailing in our country, and hence will propose a 50% reduction in Board costs at the AGM, whilst keeping a watchful eye that other costs do not exceed inflation. The Board is succeeding in continuously strengthening the capacity of our managers and staff to enable the Board to be less operationally involved, whilst effectively carrying out its crucial oversight responsibilities. The Board is satisfied with the performance of our Chief Executive, Jan de Wet, and has renewed his 2-year contract, subject to continuance of above-expectation performance. We are confident that he will continue to steer our estate to ever greener pastures.

Security remains a top priority for all of us and there were no major criminal incidents in the estate and no breaches of our perimeter security. The smartphone App based Visitor Management System is proving to be a huge success in securely speeding up the entry and exit of the more than 1000 visitors per day. Securely extending this protocol to registered contractors is under review. We thank Frikkie Geyser (Security Director), the staff in the security department and G4S for their commendable achievements.

Corlia Mathews (Environment Director) and her team are continuing with the implementation of the comprehensive Environmental Management Plan. The Estate's water use application was finalised and all water usage in the Estate complies with the relevant legislation. Corlia is also carefully monitoring the Silver Lakes Outfall Sewer proposal by the City of Tshwane to install a new sewer line that currently cuts through the heart of our Estate and the Board will take all necessary steps to ensure our estate is not disrupted with such plans.

The Association has continued with being a responsible corporate citizen and this function has been strengthened by the newly constituted Social, Ethics & Governance Committee. Our commitment to impeccable corporate governance remains, whilst fostering amongst our staff a pervasive culture of personal growth and ethical behavior. We sincerely thank Frankie Alessio and Alida Kromhout who serve on this committee as resident volunteers.

Living in a heavenly community such as ours comes with numerous privileges, but at the same time it comes with individual responsibilities to ensure the harmonious living of all our residents. Having a few flies in the ointment is unfortunately a reality of life, and regrettably, the Association is not spared from being dragged into unpleasant disputes, ranging from blatant disregard for the Rules, non-payment of debt and even ill-considered legal challenges to the security of our estate. The Board reaffirms its commitment to ensure the safe, peaceful and full enjoyment of our estate by all our residents. The wisdom and legal expertise of our Vice-Chairperson, Eugene Kruger in these challenging matters are much appreciated.

After another year of monthly working group sessions, the Board will again present the draft Memorandum of Incorporation (MOI) and Rules for approval. A 5-year inclusive effort with substantial participation of legal experts and Members has gone into the compilation of these documents to make them compliant with the new Companies Act, and the Board urges Members to carefully study the documents so they can be approved, with or without further amendments, at the CGM.

Noteworthy events after year-end:

- o Golf Environment Organization (GEO) Certified© - Silver Lakes Golf Estate became the first and only estate in Africa to be awarded the prestigious internationally recognized ecolabel for sustainability designating our golf facility to meet a stringent set of standards in the areas of nature, water, energy, supply chain, pollution control, and community. Appreciation goes to our Director of Golf, Andrew McKenna for his efforts in securing this accolade.
- o Matkovich Golf Course Maintenance appointed as golf course maintenance contractor.
- o Activation of the first phase of the new golf course irrigation system.
- o New golf cart paths on the 2nd, 6th, 7th and 8th holes.
- o Revamp of the Lynnwood Road gate house with a new emergency entrance.
- o Addition of high specification cameras on our high-risk boundaries (Hazeldean Farm and Six Fountains).
- o Practical completion of the much awaited open-access fibre optic network.

With the portfolios of *vice-chairperson*, *finance* and *security* up for grabs this year, we look forward to another year of reaching for new heights in strengthening brand Silver Lakes. Members are urged to attend the General Meetings in person to participate in the crucial debates and decisions and guard against apathy unintentionally leaving our destiny in the hands of a few individuals with mass proxies.

In closing, I wish to sincerely thank all our Members, fellow directors, management, staff and service providers for their much-appreciated contributions to achieving the past year's theme of "Together we Succeed".



DR STEVEN PRETORIUS (Dip Pharm; MBChB; ACLS; PALS; IME)  
Chairperson  
18 January 2017