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Proposed Exemption Criteria for Early Childhood Development (ECD) Centres

[Reference Codes] (The reference code will be allocated by Executive Support on submission of the policy)

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1. Background

Studies have shown that investment in early childhood development is one of the most effective, long term strategies for poverty reduction. Investment in Early Childhood Development (ECD) is critical to ensure better performance in formal schooling which has a positive knock-on effect on entrepreneurship, employment and the overall economy

Poor households have a disproportionately large burden of care for young children. Most children under 6 live in households where no-one is employed or engaged in income-generating activities. (GHS- 2002-2014, analysis by Children's Institute).

"Shortfalls in early childhood development are difficult to correct as time goes by. These children are always playing catch up and the education gap between them and their peers widens over time," Sonja Giese, executive director of Ilifa Labantwana – an NGO working to promote ECD, and co-author of The SA Early Childhood Review.

The most recent list of known ECD facilities provided by Western Cape Provincial Department of Social Development (2017) reflect 2456 ECD Centres City-wide. However, it is estimated that some 1400 additional unregistered ECD Centres operate within the boundaries of the City. It is the latter, unregistered centres that will benefit from the reviewed Development Charges policy and the proposed criteria.

Social, political, economic and environmental inequalities contribute to the many challenges that the ECD sector faces in South Africa. Establishing and operating an ECD facility, particularly in under resourced communities, is further challenged by poorly trained staff, funding support, infrastructure requirements, capacity of crèche staff, community dynamics, and government regulations.

Regulations surrounding ECD centres in South Africa pose many challenges for centres throughout impoverished communities and informal settlements. One of the biggest problems with the registration process is the cost to register. Many of these centres trying to start up and operate in very low income areas cannot afford these fees, and therefore fail to register, which in turn leads to them not meeting legislative requirements. ECDs are further unable to meet other regulations in certain informal settlements, such as available (safe and enclosed) outdoor play areas for the children, which stipulates an allocation of two square metres per child. Many of these settlements are so dense with structures that this is just not an option. Again, that centre would fail to meet the regulations and therefore fail to register as an early childhood development centre.

2. Strategic Alignment

This set of criteria supports the City of Cape Town Development Charges Policy

3. Criteria

- 3.1 All Early Childhood Development Centres may apply for an exemption of Development Charges subject to meeting certain criteria as per paragraph 2.14

- 2.1.1 Properties must be used exclusively as an ECD Centre and provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes. As per the Protocol Agreement between the City and Western Cape Provincial Department of Social Development, the ECD Monitoring and Evaluation Unit of Provincial DSD will provide the necessary information required to ensure applicants remain compliant.
- 2.1.2 All applications must comply with relevant health and safety regulations.
- 2.1.3 The erf of the ECD centre must be properly zoned.
- 2.1.4 The applicant must produce a current tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).
- 2.1.5 Applications for exemption must be in writing in the prescribed form and must reach the Municipality before 1 March of each year.
- 2.2 All applications of ECDs up to 34 children do not pay any Development Charges, this pertains to smaller home based applications in all areas and also aligns with the ECD policy and space requirements available on most of these sites. Where DCs are applicable it is a once off payment and will form part of land use application requirements.
- 2.3 Directorate Spatial Planning and Environment: Development Management Department in consultation with Social Development & ECD, to write a report to Council for approval of all applications.
- 2.4 The municipality preserves the right to refuse an application if the details supplied in the application form are incomplete, incorrect or false. Copies of any document must be accompanied by the original document in order to ensure authenticity.
- 2.5 The use of any land or buildings, or any part thereof, shall not be for the private benefit of any individual, whether as a shareholder in a company or otherwise. Applications for subsidies from Provincial DSD must be accompanied by financial statements ensuring that the services rendered are not for profit.
- 2.6 If during any financial year, any such land or building is used for any purpose other than the purpose for which it was so granted an exemption, the payment of DCs will become liable.
- 2.7 The property shall not be state owned.
- 2.8 Once the application is granted, the Applicant is required to submit annually, an Affidavit confirming the use of the property preceding the start of the municipal financial year for which relief is sought.
- 2.9 All ECDs operative may be considered for exemption.
 - a. All ECDs with less than 35 children will be exempted from paying DC charges.

- b. ECDs that have more than 35 children and can prove that the joint parental income of parents is less than R15 000-00 per month will be exempted from paying DC charges.

4. **Monitoring, Evaluation and Review**

- a. Criteria will be evaluated on an annual basis and amended as is required
- b. Criteria will be amended as is required to comply with directives from the Department of Social Development

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