



**PAYMENT OF BULK DEVELOPER  
CONTRIBUTIONS POLICY**

**2020/2021 FINANCIAL YEAR**



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## **1. Preamble**

- 1.2 The progressive realisation of fundamental constitutional rights *inter alia* requires township development. Township development in turn requires the provision of engineering services.
- 1.3 Local government must ensure the provision of engineering services to communities and promote social and economic development in a sustainable manner. As a general principle local government should within budgetary constraints accept responsibility for the installation and financing of external engineering services.
- 1.4 As a general principle township developers should accept responsibility for the installation and financing of internal engineering services.
- 1.5 Local government has the discretionary power when granting development approvals to impose conditions in relation to the provision of engineering services and the payment of money which is directly related to requirements resulting from those approvals in respect of the provision of the necessary services to the land to be developed.
- 1.6 Local government must act in accordance with the law when exercising those powers

## **2. Purpose of Policy**

- 2.1 The adoption of policy guidelines by state organs to assist decision-makers in the exercise of their discretionary powers has long been accepted as legally permissible and eminently sensible.
- 2.2 The purpose of this policy document is first to assist and guide municipal decision-makers in the exercise of their discretionary powers when considering appropriate conditions of approval to be imposed under the Land Use Planning Ordinance; their negotiations with developers relating to the payment of development contributions and the division of engineering services costs between the Municipality and Applicants; and

2.3 The application of the calculation methods for Development Contributions as outlined in the Reports defined below.

2.4 The purpose of this policy document is also to inform interested and affected parties regarding the principles and calculation methods of development contributions and the process to be followed in reaching and recording agreements in respect thereof; and ensure the provision of adequate engineering services and / or payment of development contributions in respect of new developments.

### **3. Need for Calculating Bulk Services Contributions (Development Contributions)**

#### **3.1 Background**

A Local Authority may request “Development Contributions”, which means financial contributions calculated in accordance with this policy document, which an Applicant is required to make in terms of conditions of approval imposed by the Municipality when granting approvals under the Ordinance and which relate to requirements resulting from those approvals in respect of the provision of the necessary engineering services to the land to be developed. Where sewer purification services are rendered by the Ekurhuleni Metropolitan Municipality (ERWAT) the calculation of bulk contributions for sewer purification will be in terms of their policy in addition to the policy and tariffs of the Midvaal Local Municipality.

#### **3.2 Rezoning**

The newly approved zoning becomes effective on promulgation in the Provincial Gazette and the commencement of the scheme is 56 calendar days from the promulgation date, if no objection against the proposed application was lodged and the liability of bulk contributions becomes payable by the property owner.

Within 30 days from the date that the amendment scheme comes into operation, in terms of Section 58 (1) of the Town Planning And Townships Ordinance, Ordinance 15 of 1986, the ED: Development Planning & Housing directs the owner by means of a registered letter, as contemplated by Section 63, of said Ordinance that the Bulk Contributions are payable. A copy of the Section 63 letter Contributions will be levied by finance on date of mayoral resolution as an interim / provisional contribution.

#### **4. Consent use**

If no payment is received from the applicant/owner within 90 days from the date of the approval letter, the Council will recalculate the bulk contributions payable, subject to escalation costs or increase in tariff and/or fees and will be determined as and when the applicant/developer/owner wishes to exercise the new right.

On cancellation of the approved application Development, Planning and Housing will inform finance within 10 working days to remove the contributions from the system.

#### **5. Township establishment**

The applicant will be informed of bulk and link contributions payable in accordance with a signed Services Agreement, subject to the conditions pertaining to such agreement.

#### **6. General**

6.1 Any arrangements regarding the payment of contributions are already delegated to the mayoral committee per resolution MC1211/12/2006 and such arrangements will be backed by an irrevocable bank guarantee. Any payment arrangement made may not exceed a period of 12 months.

- 6.2 The authority to cancel an approved application for consent use be delegated to the Executive Director: Development and Planning. This automatically authorises removal of outstanding contributions.
- 6.3 The authority to amend bulk contributions be delegated to the Municipal Manager on written request by the Executive Director's Development Planning, & Housing and Engineering.
- 6.4 That all communication regarding the final bulk contributions payable be mailed to the property owner by registered post.

## **7. Conditions**

- 7.1 If no payment is received from the applicant/owner within 90 days from the date of the approval letter, Finance in conjunction with Engineering may recalculate the bulk contributions payable, subject to escalation costs or increase in tariff and/or fees and will be determined as and when the applicant/developer/owner wishes to exercise the new right.

This condition will come into immediate effect, and also apply to all applications that have already been considered but in respect of which external bulk contributions are still outstanding.

- 7.2 In the event of a Township Establishment application this condition shall form part of the Services Agreement.
- 7.3 The Executive Director: Engineering Services must recalculate the bulk contributions as and when required.

7.4 All land use applications where bulk contributions have not been paid within 90 days from the date of the approval letter shall be re-circulated to the Department: Engineering Services in order to recalculate revised bulk contributions prior to the approval of building plans or any certificate enabling transfer of the newly subdivided portions.

## **8. Implementation**

The policy will be effective as from 1 July 2020.