IMPLEMENTATION OF ENGINEERING CONTRIBUTIONS

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LEGISLATION AND STANDARDS

• Town Planning and Township Ordinance, Ordinance 15 of 1986
• Development Facilitation Act, Act No 67 of 1995
• Municipal Systems Act - Act 32 of 2000
• NRS 069 standard
• Industry best practices
IMPLEMENTATION PRINCIPLES

Distributors are responsible to –

• Ensure sustainability in provision of services to new developments, existing and future customers
• Consistently applied to all developments
• Be transparent in the way EC are calculated
• Structure EC to be relatively easy and practical to implement
IMPLEMENTATION PRINCIPLES (Continue)

• Key to the success lies in the optimum balance between 4 fundamental aspects:
  
  ➢ All developments must contribute pro-rata to shared infrastructure
  
  ➢ Contributions are recovered from property sales while remaining market related
  
  ➢ Acceptable service levels are maintained via Capital component of tariffs
  
  ➢ Attract new developments for sustainable growth
CONSIDER PRACTICAL IMPLEMENTATION

• Payment of EC is a **condition** for development approval

• Be **flexible** without compromising principles - incorporate details into Services Agreement

• Trim requirements to what is **actually** required to control NMD and optimize network capacity

• Base EC on true **replacement values**

• Developer may **contest** quotes / install infrastructure to prescribed standards & specification

• No **rebate or refund** allowed (except for leap-frog development within window period)

• Ringfence and reduce **outstanding loans** for **electrical services (MFMA)**
RECOMMENDATIONS

• Incorporate all engineering services into a consolidated policy for consistency

• Align & integrate EC policy with the IDP process

• Workshop with all stakeholders to ensure uniform and effective implementation

• Ensure that EC fees are updated and published annually with tariffs

• **Caution** - No or under-recovery of EC results that developers gain abnormal high profits while burden transferred to customers
How well are your contributions engineered?
Infrastructure leads development but will only be sustainable with the effective implementation of Engineering Contributions!