

IMPLEMENTATION OF ENGINEERING CONTRIBUTIONS

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MOTLA ENGINEERING [PTY] LTD
PROFESSIONAL ENGINEERING SERVICES

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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?

CLOSURE

**Infrastructure leads development but will
only be sustainable with the effective
implementation of Engineering
Contributions!**



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