

SEKHUKHUNE DISTRICT MUNICIPALITY



WATER AND SANITATION SERVICES: DEVELOPMENT CHARGES POLICY

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1. PREAMBLE

1. WHEREAS section 4 of the Municipal Systems Act prescribes that a Municipality has the right to charge fees for services and impose surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties; and
2. WHEREAS section 4(2)(d) of the Municipal Systems Act prescribes that a Municipality has the duty to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner; and
3. Recognising that section 75 of the Municipal Systems Act requires the Municipal Council to adopt by-laws to give effect to the implementation and enforcement of a tariff policy.

And therefore the Municipal Council of the Sekhukhune District Municipality adopts the following Bulk Services Development Charges policy:

2. ACRONYMS AND DEFINITIONS

1. Acronyms

AADD	Annual Average Daily Demand
BOD	Biological Oxygen Demand
CRC	Current Replacement Cos
FAR	Financial Asset Register
LM	Local Municipality
kl	kilolitre
LOS	Level of Service
LUMS	Land Use Management System
MIG	Municipal Infrastructure Grant
MI	Mega liter
MSA	Municipal Systems Act
PDWF	Peak Dry Weather Flow
SDM	Sekhukhune District Municipality
SPLUMA	Spatial Planning and Land Use Management Act

2. Definitions

In this policy, unless the context otherwise indicates –

- i) “bulk services” means bulk engineering services infrastructure, normally external to the boundaries of the development and required to provide engineering services to users within the area of the municipality, and includes link engineering services;
- ii) “developer” means any owner, or representative of an owner of property within the boundaries of the District Municipality undertaking or proposing to undertake any action that will have an impact on the property;
- iii) “development” means any activity that will result in a change in the water and sanitation services that are or will be required or used on any property within the boundaries of the District Municipality, whether in terms of volume, quality, service standard or extent;
- iv) “Development Charge” means a Development Charge or charges that may be levied by the Municipality as contemplated in By-laws in terms of the SPLUMA, with reference to Schedule 1 clause (y) read with section 40(7)(b) and 49 of the Act;
- v) “domestic properties” means residential properties, group housing, town houses, semi-detached houses, traditional houses and suchlike properties;
- i) “educational institutions” means schools (unless otherwise stated), [crèches on municipal properties], colleges, universities and suchlike institutions;
- ii) “the Finance Act” means the Local Government : Municipal Finance Management Act, 2003 (Act No 56 of 2003);
- iii) “fixed costs” means costs which do not vary with consumption or volume produced and as more fully set out in paragraph 5(3)(i);
- iv) “indigent households” means households that are registered at the municipality as such and meet the municipality's criteria in terms of its indigent policy, and/ or credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and “poor households” shall have a corresponding meaning;
- v) “industrial consumers” means industrial undertakings, factories, warehouses, workshop, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers;
- vi) “land development” means the erection of buildings or structure on land, or the change of use of land, including township establishment, the subdivision or consolidation of land or any relaxation from the land use or uses permitted in terms of an applicable Land Use Scheme;
- vii) “link services” also ‘boundary services’, means services that link internal services to bulk services infrastructure, normally outside or on the boundaries of the development, providing services to the development only (but where applicable, on a pro rata basis according to the proportion of the service required for the development);
- viii) “Municipality” means when referred thereto as–
 - a. an entity, Sekhukhune District Municipality as a municipality described in Section 2 of the Local Government : Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Sekhukhune District Municipality; and
 - b. a geographical area, the area of jurisdiction of Sekhukhune District Municipality as determined in terms of the Local Government : Municipal Demarcation Act, 1998 (Act 27

of 1998), and include the Local Municipalities within the jurisdiction of Sekhukhune, unless specifically indicated not to apply;

- ix) "owner" in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors;
- x) "Red Book" means the latest version of the Guidelines for Human Settlement Planning and Design by the CSIR;
- xi) "the Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);
- xii) "the Water Services Act" means the Water Services Act, 1997 (Act no. 108 OF 1997);
- xiii) "total cost" means the sum of all fixed and variable costs associated with a service;
- xiv) "units consumed" means the number of units consumed of a particular service;
- xv) "VAT" means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended;

3. PURPOSE

3.1 Development Charges (previously known as Bulk Service Contributions or Bulk Infrastructure Contribution Levies) provides a mechanism for municipalities to ensure that developments that result in an increase in bulk service capacity or needs will carry or contribute towards the cost of the infrastructure requirements.

3.2 This policy aims to ensure that:

The 'Development Charges Policy' must ensure that where new developments or additional user rights resulting from amended land use of the property or properties affected (e.g. as a result of rezoning, subdivision, consent use or other cause) results in an increase or probable increase in demand - and therefore an increase in bulk services and infrastructure required to meet such needs - developers and owners who benefit will contribute a fair share to the associated costs.

3.3 As a result neither the municipality nor existing customers will be responsible for funding of the additional bulk infrastructure required to fund the corresponding capacity or service, thereby preventing the need to fund such expenditure from services or other charges and burdening customers to subsidise new developments.

4.4 Determine the principles and method for determining the development contribution for engineering services; and

3.5 The policy must also ensure that the Development Charges are realistic and supports sustainable service delivery, and prescribe procedures for calculating the Development Charges in all instances where it should be applied.

4. MUNICIPAL STRATEGIC GOALS

4.1. Strategic priorities of the municipality include:

- *Economic Growth, Development and Job Creation.*
- *Access to Basic Services and Infrastructure Development.*

- *Active Community Participation and Inter-Governmental Co-operation.*
- *Effective, Accountable and Clean Government.*

4.2. The stated vision of the municipality is:

'To be a development oriented Leader in Service Delivery',

that indicates that the core value for SDM is based on effective service delivery. Core values stated in the IDP includes Access, Efficiency and Professionalism – all of which requires a Development Charge policy (and implementation thereof) that will contribute to rendering effective and sustainable bulk water and sanitation services.

On the subject of 'Accountable and Clean Government', the IDP indicates:

'Government programmes cannot be realized if they are not backed by financial resources. The Sekhukhune District Municipality is faced with mammoth development challenges amidst limited resources. It is therefore paramount that the existing resources are well managed whilst striving for the mobilization of extra resources'.

The Development Charge policy aims to ensure that services are provided to all customers equitably, that its infrastructure and services are well managed, and that the municipality is enabled to provide services at an acceptable standard, affordably and sustainably to all customers.

5. GOVERNANCE AND REGULATORY REQUIREMENTS

Development Charges in terms of this Policy shall comply with the:

- i) Constitution of the Republic of South Africa, 1996 as amended;
- ii) Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
- iii) Spatial Planning And Land Use Management Act, 2013 - Act 16 Of 2013; and
- iv) Any other applicable legislation, regulations and policies that may govern tariffs and to the extent that they are not in contradiction with the primary legislation referred to above.

5.1 Constitution - Section 229:

1. The power of a municipality to impose rates on property, surcharges on fees from services provided by or on behalf of the municipality, or other taxes, levies or duties –

a. May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and

b. May be regulated by national legislation.

2. Nothing in this section precludes the sharing of revenue raised in terms of this section between municipalities that have fiscal power and functions in the same area.

5. National legislation envisaged in this section may be enacted only after organized local government and the Financial and Fiscal Commission have been consulted and any recommendations of the Commission have been considered, where applicable.

5.2 Spatial Planning and Land Use Management Act:

The legislation in terms of which Development Charges are governed is the 'SPLUMA' (Spatial Planning and Land Use Management Act, 2013 - Act 16 Of 2013).

5.2.1 Section 40:

(7) A Municipal Planning Tribunal may:

(b) In the approval of an application, impose any reasonable conditions, including conditions related to the provision of engineering services and the payment of Development Charges

5.2.2 Section 43:

43(1) An application may be approved subject to such conditions as-

- a) are determined by the Municipal Tribal Council; or
- b) may be prescribed.

5.2.3 Section 49:

This section of SPLUMA provides for the following:

- i) An applicant is responsible for the provision and installation of internal engineering services.
- ii) A municipality is responsible for the provision of external engineering services.
- iii) Where a municipality is not the provider of an engineering service, the applicant must satisfy the municipality that adequate arrangements have been made with the relevant service provider for the provision of that service.
- iv) An applicant may, in agreement with the municipality or service provider, install any external engineering service instead of payment of the applicable Development Charges, and the fair and reasonable cost of such external services may be set off against Development Charges payable.

5.2.4 Schedule 1:

Provincial legislation may, in terms of Schedule 1 (y), 'regulate the provision of engineering services and the imposition of Development Charges'

5.3 Local Government: Municipal Systems Act

5.3.1. Section 4:

The Council of a municipality has the right to –

- a. finance the affairs of the municipality by—

- i) charging fees for services; and
- ii) imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties.

2. The Council of a municipality, within the municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, has the duty to –

a. Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner.

5.3.2. Section 11:

1. The Council of a municipality has the right to –

Pass by-laws and take decisions on any of the above-mentioned matters (in section 11(3)m)

5.4.3 Section 75(1): Bylaws

A municipal council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

5.4 Other

Determination of Development Charges is an administrative action regulated by law, including the requirements of procedural fairness, lawfulness and reasonableness as provided for in the Promotion of Administrative Justice Act, 3 of 2000.

Any other applicable legislation, regulations and policies that may govern tariffs and to the extent that they are not in contradiction with the primary legislation referred to above.

6. CONTEXT AND SCOPE

6.1 In terms of previous and current legislation the municipality is responsible for the installation of external services, which constitutes bulk services (infrastructure), while developers are responsible for the installation of internal services. This does not indicate, and has no bearing on the responsibility for funding the infrastructure, or regarding the ownership or maintenance and operation of the infrastructure.

6.2 Legislation provides for the municipality to recover the cost of external (bulk) infrastructure from developers, and the SDM therefore in terms of this policy arrange for developers to cover all of the costs for bulk infrastructure in proportion and to the extent that the development affected will benefit.

6.3 Development Charges will be applicable to every property where a township is established, or the land use rights is changed to the extent that water or sanitation bulk services demand will increase, either directly or indirectly, immediately or potentially in the future.

6.4 Provision will be made, where appropriate, for Development Charges to differentiate between:

- Developments that are served from surface water sources and those that will be provided with water from groundwater resources;
- Developments connected to a waterborne waste water system and those that are not; and
- Developments that are in line with municipal land planning, and developments that are not in line with approved municipal land planning or 'leap-frog development', and as a result having a significantly negative impact on the cost of providing bulk services.

6.5 Differentiation is based on the fact that infrastructure required where ground water is used does not normally include raw water storage or water treatment works, but require the development and equipping of bore-holes, and Development Charges will take this into consideration as indicated in Section 10. For the same reason, for sanitation services a development not requiring the use of waste water treatment works would be differentiated from a typical waterborne system that does require the use of waste water treatment works by omitting the cost element for WWTW, and including the cost of infrastructure that may be required instead.

6.6 This policy is applicable to all water and sanitation related Development Charges for the local municipalities and areas within the boundaries and jurisdiction of Sekhukhune District Municipality:

- Elias Motsoaledi LM
- Ephraim Mogale LM
- Makhuduthamaga LM
- Tubatse LM

7. DEVELOPMENT CHARGE PRINCIPLES

7.1 Charges are based on full cost recovery for bulk and link services required. The impact of the additional demand is calculated, and the full cost of infrastructure required to meet the corresponding demand is the contribution thus required.

7.2 Determination of the cost of infrastructure assets is based on using infrastructure assets and solutions that will ensure the lowest reasonable life cycle cost structure, to prevent the penalties arising from the approach of installing infrastructure with lower initial cost while requiring substantially higher than normal maintenance, operations or renewal costs.

7.3 The needs associated with the new development or rights acquired will be based on the estimated water consumption and waste water effluent generated by the development (or the increase in the case of additional rights being granted), expressed as kl/ day, based on appropriate demand assumptions and peak factors, as indicated in chapters 9 and 10 of the 'Red Book'. The Development Charge for sanitation may be appropriately adjusted if the effluent to be discharged will place a heavier loading on the waste water treatment works than in the case of domestic effluent. The basis for the adjustment may be the proportional increase in the BOD (Biological Oxygen Demand) loading that can be expected, or else attributes as determined by the municipality taking into consideration information provided by a professional process engineer acting on behalf of the developer.

7.4 For developments undertaken before the implementing of this policy, and where charges were only partly raised, the full outstanding amount/s, based on the approach and calculation method adopted in this policy, has to be paid as agreed between the municipality and the developer, at the

first date after the date of implementation of the policy where any additional building or development on the site is undertaken.

7.5 Should the actual bulk service demand arising from the development be found to be consistently higher (after the development has been completed) than the estimates used as basis for the calculation of the Development Charge, the municipality retains the right to either:

- limit or restrict services rendered to such a development in the same proportion as the ratio of planned demand to actual demand; and/ or
- add to the initial Development Charge an additional amount to reduce the deficit in Development Charges if it is found that the municipality was misled or incorrectly informed to accept or arrive at incorrect demand figures.

7.6 On-site storage requirements for water for fire-fighting purposes are not included in calculations for Development Charges. The requirements regarding on site storage of water for fire fighting will therefore have no impact on the Development Charge, and developers are solely responsible for the provision of all on-site storage facilities, and the cost there-of.

7.7 No Development Charge will apply to pit latrine or septic tank users. For conservancy tank systems a contribution may be required based on the treatment works capacity required.

7.8 The municipality may allow the developer to construct all or part of the bulk services infrastructure that will be required in lieu of the Development Charges, or part there-of. If so an agreement will be entered into between the municipality and the developer stipulating exactly which infrastructure is to be constructed, and the proportion of the Development Charges for which credit will be given to the developer. If the infrastructure will provide more capacity than required for the development alone, a proportional amount should be credited to the developer by the municipality.

7.9 Funds recovered through Development Charges will only be utilised for the purpose for which it was raised - investment in bulk (external) infrastructure, and constructed timeously to ensure that the bulk service needs for the development are available when required. The municipality may provide the infrastructure and capacity so needed progressively, and in combination with infrastructure required for other developments and needs.

7.10 Development Charge payment will be included with conditions for approval of applications and processes undertaken that will result in additional rights being granted, and therefore the SDM may deny any approval in terms of planning or building control legislation where a developer has not met liabilities raised with regard to bulk service Development Charges.

7.11 The municipality may allow or require the developer to design and implement Green Technology and Water Conservation and Water Demand measures to reduce the overall or peak demand impact of the development on bulk services infrastructure. Any reduction in Development Charges liability will only be recognised and allowed if the developer can provide credible assurances that such measures will be maintained sustainably over the life cycle of infrastructure affected.

7.12 The municipality may require the developer to provide a guarantee for, or pay the difference between the normal full development charge and the reduced amount based on the implementing of Green Technologies up front, to be returned to the developer after confirmation that the proposed technologies does have the intended effect in reduction of demand, within a period not exceeding 24 months after the completion of the development.

7.13 Spare capacity existing in the bulk services system is an asset of the municipality and will not be taken into account to reduce the liability of the developer in any way or manner.

7.14 Backlogs in bulk infrastructure is the responsibility of the municipality and may not be included in the calculation of Development Charges and not raised as part there-of.

7.15 The municipality retains the right to adjust the Development Charges determined in terms of this policy by adding a surcharge, and or exclude link services from the bulk services to be provided by the municipality, where the proposed development comprise leapfrog development, or is not aligned to, or in conflict with the Municipal- or Local SDF, or not part of approved land use planning for the area within which the development is located.

7.16 Where any development requires the installation of bulk- or link services that would normally be installed or funded by other developers or developments (on land located in between), the initial developer will carry the full cost of the bulk- or link services as part of the development charges agreement, the cost of which will be recovered proportionally from later developers by the municipality and transferred to the initial developer. This arrangement must be captured in the agreement with the initial developer.

8. APPROACH

8.1 The full cost associated with the bulk services infrastructure needs will be used as basis of the Development Charge. The amount of this Development Charge must cover all of the associated costs for the bulk and link services infrastructure required, regardless of existing capacity (shortfall or surplus), excluding any contribution to bulk services that may be incorporated in water or sanitation tariff charges to be paid in respect of such property or development in the future.

8.2 Exceptions may only be made in terms of a policy, or amendment to this policy, to make provision for development incentives, where the municipality carries part of the cost to achieve specific strategic benefits. This would require that the municipality invest in bulk service infrastructure in such instances, and require the availability of funding for such instances.

8.3 Development Charges for bulk services, including link services for a new development, or where a higher usage of services can be expected as a result of land use rights acquired, require that the owner or developer contributes an appropriate amount to enable the municipality to provide the bulk services required.

8.4 Construction of infrastructure required, or part there-of in lieu of a corresponding proportion of the development charge may be allowed by SDM on request by a developer, subject to conditions as determined in section 11.4

9. ELEMENTS AND CLASSIFICATION OF SERVICES

The following cost elements will be used to calculate the Development Charges for bulk water and sanitation services:

10.1 All capital costs (including planning, design, construction and associated project management costs) for bulk services required which are applicable to the water and sanitation services for the development.

10.2 External engineering services include bulk- and link engineering services.

10.3 Internal services are excluded from the services covered under the Development Charge for which the municipality is responsible. The only exceptions that may be considered for inclusion by agreement is where bulk service infrastructure that also serves other developments or areas, and are deemed to be bulk infrastructure, is located within, or pass through the development being addressed.

10.4 Bulk infrastructure that are considered to be part of the services covered by the Development Charges may include elements indicated below, and capital costs associated with:

- Acquiring bulk raw or potable water from external sources, dams or bulk distribution);
- Dams and other bulk raw water facilities;
- Development and equipment of groundwater sources;
- Water Treatment Works costs (water and sewer) ;
- Bulk distribution costs;
- Bulk storage costs;
- Bulk pump station costs; and
- Other infrastructure required to provide services, including land and servitudes and excluding internal engineering services.

10. COST ELEMENTS AND METHOD OF CALCULATIONS

10.1 The basis for calculation of development contributions per unit towards the costs of engineering services is based on the expected consumption (water) or usage (e.g. sewage disposal) depending on the service type and land use, expressed as a cost per kl of water used, and kl of sewage effluent produced per day:

- For water services the peak daily demand, as determined based on the 'Red Book' (Guidelines for Human Settlement Planning and Design, 2001) based on the land use and associated consumption expected, based on the Red Book (Tables 9.11, 9.12 and 9.14 in Chapter 9); and
- For sanitation the sewage PDWF effluent to be produced (calculated based on Appendix C, Chapter 10 of the Red Book) shall serve as basis to determine bulk waste water requirements.

10.2 The infrastructure needs - with capacity as calculated - for treatment works, pump stations and bulk pipelines, and for water storage required (reservoirs to be based on storage requirements used for normal design purposes, e.g. 48 hours storage measured using AADD as basis). Similarly, for sanitation effluent discharged from a development, PDWF (Peak dry weather flow) plus 15% for infiltration is adopted.

10.2 The CRC (Current Replacement Cost) cost of infrastructure required for bulk services provides the basis for rates calculated and used for the Development Charges, expressed as a cost per kl of water required, and kl of sewage effluent produced, per day. The cost per kl is calculated by dividing the CRC of the bulk infrastructure assets of the municipality (for the water and the sanitation networks separately) by the capacity for the system as a whole.

10.3 (Calculations have shown that the current CRC indicated in the municipal FAR (Financial Asset Register) differ significantly from asset value estimates for water and sanitation services infrastructure based on industry benchmarks developed to indicate a realistic CRC per customer for bulk services. The municipality should therefore consider:

- i) Adopted rates based on generic benchmarks as indicated in 10.1.2 and 10.2.2 below; and
- ii) Will adjust the CRC based unit rates in future when necessary, e.g. after updating and improving the FAR.

The infrastructure elements shown below is used as basis for calculating bulk services Development Charges, using infrastructure CRC as per the municipal asset register where it is deemed accurate, otherwise using benchmark costs based on benchmarks such as the MIG Infrastructure Guidelines:

A. Water: Bulk raw water Components (if any)

- Replacement value of existing raw water storage; and
- Bulk raw water distribution systems.
- Raw water Pump stations.

Treatment Components

- Replacement value of the existing treatment works.
- (Use summer daily peak volume treated (kl/day))

Storage Components

- Replacement value of the existing storage (reservoirs and tanks).
- (Use annual average daily flow (kl/day) X 2 for 48 hour storage)

Bulk Distribution Components

- Replacement value of the total external service component of the reticulation system based on pipe diameter, pipe length and material; and
- Pump stations.
- (Use summer peak daily flow)

Groundwater: Boreholes

- Replacement value of boreholes and associated infrastructure;
- Disinfection facilities or equipment; and
- Other infrastructure as indicated above, excluding raw water storage and treatment works.
- (Use summer peak daily volume)

B. Wastewater: Treatment Components

- Replacement value of the existing treatment infrastructure.
- (Use treatment capacity of existing infrastructure - kl/day)

Outfall Sewer Components

- Replacement value of existing outfall sewers based on conveyance capacity, type of sewer and material; and
- Pump stations.
- (Use actual PDWF - kl/day)

10.1 WATER

10.1.1 A fair reflection of asset replacement costs, including raw water facilities, was used to ensure a realistic unit rate is used as basis for the Development Charge calculation. The estimated cost per kl based on a typical supply system for urban areas, using industry standard infrastructure asset CRC rates would be:

Bulk raw water Components:	R 2 100
Treatment Components:	R 1 700
Storage Components:	R 3 200
Pump stations:	R 245
Bulk Distribution Component:	<u>R 6 000</u>
Total:	R 13 245 kl/ day

10.1.3 For water supply systems using groundwater sources bulk raw water sources and treatment facilities will be omitted, and be replaced with the cost of developing groundwater sources:

Develop borehole (assume 4 l/s yield):	R 223 270
Equip borehole:	<u>R 154 045</u>
CRC per kl/ day: (extraction at 115.2 kl/ day)	R 3 330 kl/ day

The resulting cost per kl/ day, after excluding the R 3 800 for bulk raw and WTW, and adding the borehole development costs indicated above is estimated at:

R 12 875/ kl/ day based on benchmark costs as for the calculation in 10.1.1.

10.1.4 All estimates indicated are calculated as at June 2016, and will be adjusted annually based on the SAFCEC cost escalation indices.

10.2 SANITATION

10.2.1 A fair reflection of CRC based costs for waste water services per kl/day of effluent generated, based on a typical waterborne sanitation system for urban areas, using industry standard CRC rates for facilities would be:

Outfall sewers:	R 4 000
Pump stations:	R 304
Treatment Components:	R 7 000
Total:	R 11 304 kl/ day

10.2.2 For a developments where the Level of Service adopted provides for conservancy tanks instead of a reticulation system, the calculation of the development charge will exclude contributions for outfall sewers and pump stations, but include treatment works, and if the municipality deems it necessary, plant required for the collection and transport of sewage.

10.2.3 All estimates indicated are calculated as at June 2016, and will be adjusted annually based on the SAFCEC cost escalation indices.

11. IMPLEMENTATION OF THE POLICY

11.1 Approval

The policy will be adopted by the Council of SDM and made available to the public by publishing it on the municipal web-site. The policy will become effective on the date determined by the municipality after the adoption of municipal Bylaws on Spatial Planning and Land Use Management.

11.2 Adjustments

Annual escalation, based on the escalation determined based on the indices prepared by SAFCEC (South African Forum of Civil Engineering Contractors) shall be applied to the rates.

Adjustment to the calculated rates per kl will be made by the municipality when base-line information regarding the CRC of bulk infrastructure is improved and if it is deemed necessary.

11.3 Administrative arrangements

As soon as any action or application which will or may lead to a change in rights of land or property, resulting in an increase in bulk services required for any property, development or land is undertaken, whether a new development, rezoning, consent use or other, information must be provided to the municipality for determination of services that will be required, and associated Development Charges for bulk services. The format of, and detail regarding the information, designs and calculations required will be prescribed by the Municipality from time to time.

As soon as any action or application which will or may lead to a change in rights of land or property, resulting in an increase in bulk services required for any property, development or land is undertaken, whether a new development, rezoning, consent use or other, information must be provided to the municipality for determination of services that will be required, and associated Development Charges for bulk services. The format of, and detail regarding the information, designs and calculations required, which may vary depending on the scope of the development, will be prescribed by the Municipality from time to time.

When a Development Charge/s for specific infrastructure facilities/ assets has been paid in full, the City must include that infrastructure development project on the capital budget in the budget cycle that follows.

11.4 Infrastructure in Lieu of Development Charges

If a developer installs bulk engineering services in lieu of paying Development Charges, it shall be in terms of an agreement with the Municipality, and :

- The agreement must specify the bulk infrastructure to be provided in lieu of the charges, as well as the extent, design and standards to which the infrastructure will be built, include a program and completion date, and specify the cost of the infrastructure and that the assets are to be transferred to the Municipality.
- The municipality may require the developer to provide a bank guarantee equal to the value of the infrastructure to be so constructed. The cost of the infrastructure constructed, if it does not include all of the bulk services infrastructure required for the project, should be proportional to the extent constructed relative to the total.
- The developer must provide all information required including the design, and allow the municipality reasonable access to procurement and construction processes regarding the infrastructure construction for the SDM to be able to ensure that the process is fair and the infrastructure provided meet all requirements. Accurate records shall be kept of all costs and payment certificates by the developer to verify final costs.

12. CONFLICT OF LAW

This policy comes into effect on the basis of Bylaws adopted and developed in terms of the SPLUMA Act, Sections 40 (7) (b) and Schedule 1 (y), with the specific purpose of enabling the SDM to implement Development Charges as intended in terms of is effective across the area of jurisdiction of the SDM. This policy supersedes and replaces any policy of SDM, or of the LM's within the area of jurisdiction, to the extent that it affects Development Charges (previously known as bulk service contributions) for water and/ or sanitation services.

13. SHORT TITLE

This policy is called the Sekhukhune District Municipality Water and Sanitation Development Charges Policy

Assumptions

- Average infrastructure cost across SDM is applied, and not calculated per region or LM area;
- Capacity of WTW required is equal peak daily demand for water;
- Capacity of WWTW required is equal to the average daily demand for sanitation;
- 48 hour storage volume at AADD assumed for reservoirs;
- Difference between surface- and ground water systems limited to excluding raw water facilities and WTW, and addition of the development and equipment cost of boreholes;
- Typical borehole used for the development and equipment cost of boreholes:
 - yield 4 l/s; and
 - pumping hours used is 8 hours / day; and
- That SDM can develop and make bylaws for land development to allow Development Charges to be raised.