

A-RT (05-2014) 2014-11-27 CM	ROADS AND TRANSPORT OVERSIGHT COMMITTEE OVERSIGHT REPORT ON THE ROADS AND TRANSPORT DEPARTMENT: PROPOSED REBATE ON ROADS AND STORM-WATER BULK CONTRIBUTIONS
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RESOLVED

Councillor I D Berg seconded by Councillor W E Rundle, proposed for the addition of resolution

2. After discussion resolution **2** was carried

1. **That** the attached rebate on roads and storm-water contributions policy attached on **APPENDIX A, BE APPROVED.**
2. **That** the attached rebate on Roads and Storm water contributions also **BE APPLICABLE** on all contributions that have not been paid by 27 November 2014.

ANNEXURE A

ROADS AND STORM-WATER COMMITTEE REPORT: PROPOSED REBATE ON ROADS AND STORM-WATER BULK CONTRIBUTIONS

PURPOSE

The purpose of this report is to seek Council approval for a proposed reduction in the form of a rebate, in the Roads and Storm-water Contribution Policy of the Council. This request will serve as an interim measure, in easing the pressure on developers/investors in Ekurhuleni Metropolitan Municipality (EMM); at least until a permanent “incentive/rebate/exemption” scheme is developed and approved.

STRATEGIC PRIORITY

To stimulate and encourage physical and economic development in Ekurhuleni Metropolitan Municipality (EMM) in accordance with the IDP and vision of the EMM.

WARD/S AFFECTED

All wards in EMM are affected

IDP LINKAGE

The IDP (2011/14) states the following:

“No City can survive without new investment in physical, economic and social infrastructure. Therefore, investment promotion and facilitation must be a key focus area to attract entrepreneurs and address the varying levels of investment throughout the Metro.”

This department is thus confident that its proposal is in line with the strategic goals and objectives of the IDP and the vision of the EMM.

REPORT OBJECTIVES AND SUMMARY

The key objectives of this report are mainly to:

- To stimulate and enhance economic growth and development in accordance with the IDP and the vision of the EMM;
- To stimulate development in the EMM in accordance with the IDP and vision of the City by introducing a 40% rebate on Roads and Storm-water Bulk Engineering Contributions. This will stimulate the local economy and attract investment;
- To enable the provision of R&SW services required by new developers in an integrated and sustainable manner, without imposing an excessive burden on the existing rates and tax payers – hence the proposal of 40% and not $\pm 70\%$ to close the existing bulk contribution gap that exists amongst City of Tshwane (CoT) and City of Joburg (CoJ) vs. EMM (see figure 1 below).

REPORT SUMMARY

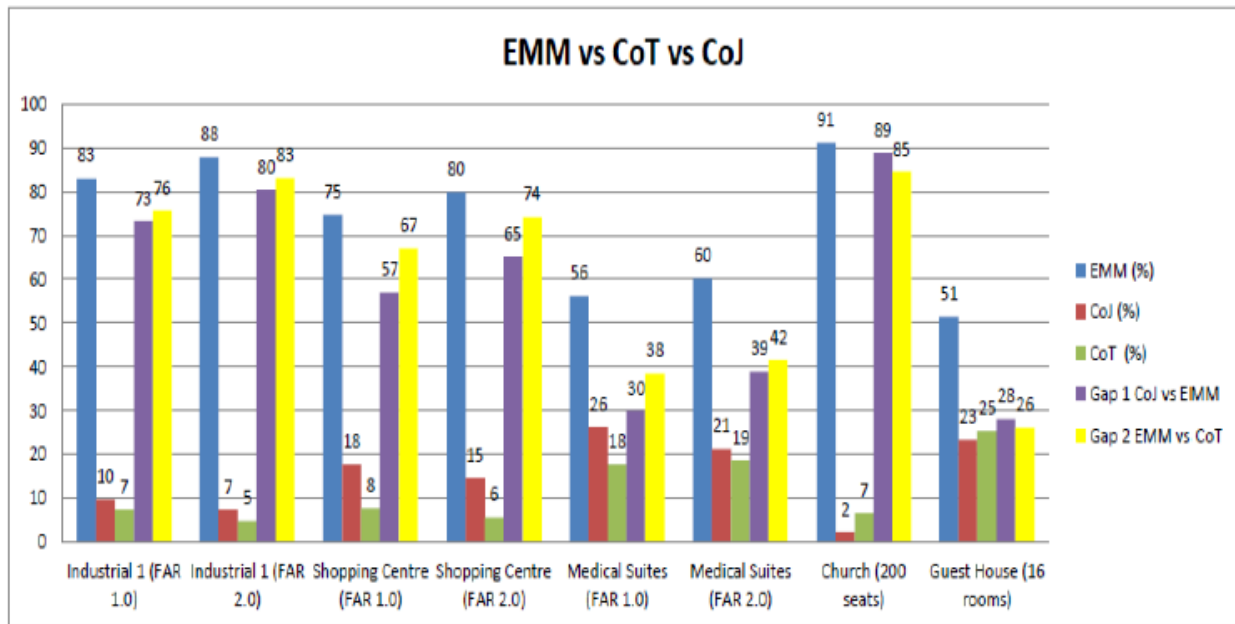
This report follows complaints from investors or developers to the City Planning Department. The developers argue that the bulk contribution charges are too high in EMM as compared to

neighbouring Cities. These charges therefore result in decline of development in EMM. The high bulk contribution charges are not discouraging only the commercially orientated developments but also those which are socially orientated such as Churches, Crèches, and Tavern amongst others.

During discussions on the matter of bulk contributions with the City Planning Department, it was also indicated that the most expensive charges of the five Engineering Services Departments are those of Roads and Storm-water (R&SW) Department. In response to this concern, the Roads and Storm-water Department has decided to prepare a report to Council for considering and interim solution to the high contributions by offering a rebate. This report is proposing an immediate and interim measure aimed at reducing the Roads and Storm-water Bulk Engineering Contributions, at least until a permanent rebate scheme or an incentive scheme or a review of the policy comes to effect.

As part of the response to the above mentioned problem, the Roads and Storm-water Department conducted an informal investigation that sort to provide an idea on bulk contribution variances (as per the submission of the developers) amongst the three Gauteng Metropolitan Municipalities, namely: City of Joburg (CoJ), City of Tshwane (CoT), and Ekurhuleni Metropolitan Municipality (EMM)

Figure 1: below shows a summary of the Bulk Contribution Comparisons



Source: Generated from the data gathered from CoJ and CoT vs EMM outlook

The above comparison was based on data for the following land uses; namely Industrial 1; Shopping Centres; Medical Suites; Churches; and Guest Houses.

COMMENTS FROM RELEVANT DEPARTMENTS

Comments from relevant departments were considered and incorporated into the report.

Positive comments were received from all four relevant departments:

EMM REBATE ON ROADS AND STROM-WATER

1. City Planning Department (**supported**)
2. Corporate Legal Services Department (**supported**)
3. Finance Department (**supported**)
4. Economic Development (**supported**)

RECOMMENDATION

1. **That** the Roads and Transport Oversight Committee report regarding the proposed Contribution Rebate Scheme in respect of the existing Roads and Storm-water Bulk Engineering Contribution Policy, **BE NOTED**.
2. **That** approval **BE GRANTED** for a **40 percentage** rebate on the contributions calculated in terms of the existing Roads and Storm-water Bulk Engineering Contribution Policy.
3. **That** the rebate of **40% BE IMPLEMENTED** from the first day of the month following the month of approval.
4. **That** the rebate amount **BE REVIEWED** on an annual basis as part of the review of the tariffs, provided that any amendment downwards (a lesser rebate) **SHOULD BE LIMITED** to a maximum downward adjustment of not more than **10 percentage** at a time.
5. **That** all land-use applications (townships, rezoning, subdivisions, consentuse, etc.) submitted to EMM before the implementation date, but not yet commented upon, **BE CONSIDERED** in terms of this rebate scheme.
6. **That** all applications commented upon and finalised (but not yet promulgated or proclaimed) can upon the request of the applicant **BE RETURNED** for revised contribution amounts.
7. **That** other cases already proclaimed and promulgated, but where the rights have not been exercised and contributions not yet been paid, **BE HANDLED** on merit and within the Ordinance with the clear intention to, as far as possible, allow for the rebate scheme to be implemented.
8. **That** the shortfall as a result of rebates, based upon actual contributions been received up to December each year, **BE BUDGETED FOR** and **PROVIDED** in the beginning of every subsequent financial year.
9. **That** the principle of Construction in Lieu of Contributions with respect to all cases where the access road or link services needs to be provided, serving in the long term more than one developer or portion of land, **BE ADOPTED** as policy.
10. **That** with respect to **9** supra, the construction value included in the approved Roads and Storm-water Bulk Engineering Contribution Policy **BE USED** as the off-set value.
11. **That** should a developer contest the construction value used in the Roads and Storm-water Bulk Engineering Contribution Policy, the dispute **CAN BE SUBMITTED** to the

Services Appeal Board (Or an alternative dispute resolution process can be agreed upon between parties).

12. **That** with respect to **9** supra, the land value included in the approved Roads and Storm-water Bulk Engineering Contribution Policy be used as the off-set value.
13. **That** should a developer contest the land value used in the Roads and Stormwater Bulk Engineering Contribution Policy, the paragraph 36 route in terms of the Supply Chain Management Policy (SCMP) **BE FOLLOWED** with respect to such cases.
14. **That** the policy **BE ADOPTED** to allow for the reduction of contributions with respect to percentage of the trip length travelled on municipal roads versus the current scenario of percentage travelled within the municipal area.
15. **That** the percentage reduction in **14** supra **BE BASED** on the trip distribution of an approved traffic impact study for that specific application, which traffic impact study **MUST BE CONDUCTED** by a professional traffic engineer and the percentage reduction **BE APPROVED** by the City Manager and HOD:Transport on recommendation of the HOD: Roads and Storm-water.
16. **That** a public participation process **BE CONDUCTED** with the known developers in this regard.