

Municipal Development Charges Guidelines



The enactment of the Spatial Planning and Land Use Management Act (SPLUMA) in 2015 provided the first national legislation empowering municipalities to levy development charges as a condition of development application approval. However, the SPLUMA provides no guidance to municipalities on how these charges should be calculated or levied. Since 2009, National Treasury has been in the process of providing such policy guidance to municipalities, which will culminate in an amendment to the Municipal Fiscal Powers and Functions Act (forthcoming).

In a process parallel to the development of the legislation, PDG led a team, including Pegasys, Aurecon and Victoria Johnson, to develop Guidelines for the Implementation of Development Charges in South Africa. The process involved a review of local and international best practice. The system adopted for the South African legislation is similar to that of New Zealand. As such, the team consulted with officials and consultants responsible for designing and implementing New Zealand's comprehensive national development charges system over the past 20 years. The process also involved a series of consultative workshops attended mainly by municipal officials, to understand current challenges and best practices in South African municipalities. The resulting guidelines provide detailed guidance on the rationale for development charges, how to calculate the charge, and what administrative processes are required to implement them successfully.

In addition to the guidelines, the PDG team developed a municipal toolkit to assist municipalities with implementing development charges. The toolkit includes a user-friendly MS-Excel development charges calculator together with worked examples and detailed guidance. The toolkit also



includes a model policy, a model bylaw, standard unit impacts, a planning process flow chart, a term sheet for an engineering services agreement, and frequently asked questions.

"This project was technically complex, completed successfully within time and budget, and to an excellent standard by Palmer Development Group" – David Savage, Programme Manager: Cities Support Programme, National Treasury: Intergovernmental Relations Division.

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MDC PROJECT:

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