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Introduction

The purpose of this study revolves around the transparency and intelligibility of municipal fees regarding property development. The study will set out to determine the congruence amongst municipalities with regard to fees charged for applications and services relating to property within South Africa.

The study is motivated by concerns regarding financial viability studies amongst stakeholders and developers within the property development industry, as well as municipal representatives. Their concerns are centred on the need for a comprehensive understanding to the manner in which various municipal fees are calculated.

In order to represent each province holistically, nineteen municipalities have been selected meticulously, based on areas where SAPOA members are the most active. Given the underlying subject of the study, namely property development, representative land use management applications and services provided by municipalities will be selected to form the framework around which the study will be conducted.

According to Section 4 of the Municipal Systems Act (32 of 2000) every municipality has the right to finance the municipality by, amongst others, charging fees for services, impose surcharges on fees, rates on property and, to the extent (authorised by national legislation) other taxes, levies and duties. All municipalities are obligated to communicate all tariff related policies and fees to National Treasury who controls the income each municipality respectively receive from the government.

For the purpose of this study, our focus fall on municipal tariff policies and structures. The common denominator within the study is fees charged for land use management applications and engineering services provided by each municipality respectively. The aim of municipal documents, specifically tariff policies, is to provide the reader with insight into the fees surrounding the services provided. Fee structures provide the reader with the list of services provided by the municipality as well as the corresponding fees. Tariff policies forewarn the reader of factors to be considered in the determination of a tariff structure, i.e. administrative costs, salaries, maintenance of infrastructure, distribution costs, etc.

A distinction should, however, be made between primary and secondary costs. Primary costs refer to costs directly linked to the service provided, e.g. transport, maintenance, salaries to workers involved in providing the service, etc. Secondary costs refer to elements indirectly involved in the provision of service, e.g. IT specialists involved in maintaining electronic systems, Human Resources departments, companies, or departments who supply workers to follow up with meter readings, etc. According to the National Treasury, the secondary costs make up a big portion of the fee charged by the municipality. The secondary costs are difficult to obtain as they cannot be isolated.

The required policies elaborate, in a broad fashion, on the factors involved in considering a fee structure. Upon analysing the fees for sanitation, for example, one cannot convey how the fee was determined. It is clear from the Medium Term Revenue and Expenditure Framework (MTREF) that various elements are involved in calculating the charge; however, the detail of elements involved goes beyond the scope of the document.

According to the Municipal Property Rates Act 6 of 2004 and the Municipal Fiscal Powers and Functions Act 12 of 2007, a municipality is allowed to apply to increase property rates or to add a surcharge on service fees. These applications needs to be motivated and are carefully considered before being approved.

Albeit that property rates and surcharge are regulated, there are no structures in place to regulate the final fee charged to the public. Currently the National Energy Regulator of South Africa (NERSA) is the only entity that regulates electricity charges. Upon analysing the data below, it will become clear that the fee for electricity is the most congruent of all. The National Treasury is currently concerned with developing norms and standards to regulate fees charged by municipalities in an attempt to unify all charges to an extent.

It cannot be expected that all fees should be uniform throughout the country. Various elements play a role and should be acknowledged, however it is imperative to keep fees transparent and comparable in terms of calculations. The current figures will be analysed and compared in order to obtain a visual representation of the status quo
1.1 Outcome of the Study

The outcome of the study therefore entails the following:

- Actual municipal costs relating to property development
- A report on information gathering experience
- Recommendation for improvement

1.2 Study Focus Areas

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Major Town</th>
<th>Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg</td>
<td>Johannesbur</td>
<td>Gauteng</td>
</tr>
<tr>
<td>City of Tshwane</td>
<td>Pretoria</td>
<td>Gauteng</td>
</tr>
<tr>
<td>Ekuruleni Metropolitan Municipality</td>
<td>Kempton Park</td>
<td>Gauteng</td>
</tr>
<tr>
<td>West Rand DM (Mogale LM)</td>
<td>Krugersdorp</td>
<td>Gauteng</td>
</tr>
<tr>
<td>Sedibeng DM (Emfuleni LM)</td>
<td>Vereeniging</td>
<td>Gauteng</td>
</tr>
<tr>
<td>City of Cape Town</td>
<td>Cape Town</td>
<td>Western Cape</td>
</tr>
<tr>
<td>George Local Municipality</td>
<td>George</td>
<td>Western Cape</td>
</tr>
<tr>
<td>Msunduzi Local Municipality</td>
<td>Pietermaritzburg</td>
<td>KZN</td>
</tr>
<tr>
<td>iThekwini Metro Municipality</td>
<td>Durban</td>
<td>KZN</td>
</tr>
<tr>
<td>uMlatuze Local Municipality</td>
<td>Richard's Bay</td>
<td>KZN</td>
</tr>
<tr>
<td>Mbombela Local Municipality</td>
<td>Nelspruit</td>
<td>Mpumalanga</td>
</tr>
<tr>
<td>Emalahleni Local Municipality</td>
<td>Witbank</td>
<td>Mpumalanga</td>
</tr>
<tr>
<td>Nelson Mandela Bay Metropolitan Municipality</td>
<td>Port Elizabeth</td>
<td>Eastern Cape</td>
</tr>
<tr>
<td>Buffalo City Metropolitan Municipality</td>
<td>East London</td>
<td>Eastern Cape</td>
</tr>
<tr>
<td>Polokwane Local Municipality</td>
<td>Polokwane</td>
<td>Limpopo</td>
</tr>
<tr>
<td>Manguang Metropolitan Municipality</td>
<td>Bloemfontein</td>
<td>Free State</td>
</tr>
<tr>
<td>Sol Plaatje Local Municipality</td>
<td>Kimberley</td>
<td>Northern Cape</td>
</tr>
<tr>
<td>Khara Hais Local Municipality</td>
<td>Upington</td>
<td>Northern Cape</td>
</tr>
<tr>
<td>Rustenburg Local Municipality</td>
<td>Rusterburg</td>
<td>North West</td>
</tr>
</tbody>
</table>

1.3 Project Approach

As indicated above, the purpose of the study is to compare a variety of municipal fees (related to property developments) with one another in order to determine whether or not the fees are uniform and calculated in a similar fashion.

In order to achieve this objective, one needs to create standard scenarios that cover a variety of probable developments, i.e. residential, commercial, retail and industrial. It is also imperative to provide each scenario with some detail in order to link the appropriate application fee to the scenario.

The scenarios chosen are as follows:

<table>
<thead>
<tr>
<th>Type of Development</th>
<th>Quantity</th>
<th>Size of Structure</th>
<th>Size of the Site</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium Density Residential</td>
<td>20 Duplex Units</td>
<td>100 m² each</td>
<td>0.8 ha</td>
<td>Sectional Title</td>
</tr>
<tr>
<td>Retail Centre</td>
<td>1 Centre</td>
<td>40 000 m²</td>
<td>10 ha</td>
<td>Regional Retail Centre</td>
</tr>
<tr>
<td>Commercial Office</td>
<td>8 Floors</td>
<td>1 000 m² per floor</td>
<td>3200 m²</td>
<td>Office Tower Block</td>
</tr>
<tr>
<td>Industrial</td>
<td>1 Factory</td>
<td>10 000 m²</td>
<td>2.5 ha</td>
<td>Large Industrial Factory</td>
</tr>
</tbody>
</table>

These scenarios will be used throughout the report as a standard in order to compare municipal fees, unless otherwise indicated.
1.4 How to read this report

This report has been divided into five sections, namely, town planning fees, building plan submission fees, consumption rates, municipal rates, and engineering service contributions. Each of these represent fees related to developments that are payable to Municipalities.

In order to analyse and compare each of the municipal fees related to these sections, smaller sections were created, namely, overall assumptions, clarification, and analysis.

**Overall Assumptions** - In order to create a common ground on which the fees can be compared, a few general assumptions had to be made. An example for a consolidation application would be that all the fees reflected are for the consolidation of two erven.

Seeing that fees increase proportionately to the amount of erven consolidated, it is imperative to create a common ground where all fees only reflect an application for the consolidation of two erven.

**Clarification** - This segment clarifies three facts depending on the situation addressed by the fee:

- In the event that the fee was not clearly set out in the municipal tariff document, this segment clarifies under which section the illustrated tariff was located.
- It also illustrates what the fee entails should it be compiled of a few fees, i.e. an advertising fee, basic fee and application fee per erf.
- Finally, in some instances it illustrates what the application fee allows, i.e. the fee would allow for the subdivision of 1 to 10 erven as opposed to only 1 erf.

**Analysis** - In this segment, the data that was compiled and illustrated will be analysed. The average fee from all the municipal fees will be calculated and used to compare against the highest and lowest municipal fee, an explanation will also be provided on possible reasons for the outliers. This will illustrate how far the outliers are removed from the average and provide insight into the possible variations between all the municipal fees.

1.5 Research Limitations

The aim of the study is to create a comprehensive guide in which various municipal fees are calculated; consequently serving as a point of reference against which municipal fees, related to property development can be compared. The focus study areas are limited as not all municipalities could be included in the scope of the project. South Africa comprises 8 metropolitan municipalities, 226 local municipalities grouped into 44 district municipalities. A representative sample of 19 municipalities with the highest activity according to SAPOA had to be selected; representing members of each province as holistically as possible.

The tariff documents used by each municipality were not all readily available. Not all the tariff documents that were sourced are up-to-date; i.e. in some instances only 2013 to 2014 tariffs documents were available as opposed to 2014 to 2015 tariffs documents. A list of all the documents used for analysis was compared to the documents obtained by the National Treasury for their references. The list for analysis matches the list of documents held by the National Treasury. It will become clear, later on, that all documents held by the National Treasury plays a vital role in analysing the transparency and legibility of municipal tariff structures.

The fees reflected below are therefore the most recent tariffs supplied by each municipality individually. In many instances, the 2014 to 2015 documents have not been drafted or have not been made available to the public. It is, however, important to note that one of the goals of this study is to analyse the transparency of municipalities with regard to municipal tariffs, i.e. how difficult it would be for the general public to obtain the information required to make an informed decision regarding their proposed development.

The final limitation is comprised of two smaller limitations; transparency and simplicity. As indicated above, one of the goals of this study is to measure how easy or difficult it would be for the general public to obtain the information required regarding proposed developments. It was a prodigious task to obtain the information required to compile the report. The unintelligible and ambiguous manner in which the tariffs of many municipalities are presented prolonged and complicated the matter considerably. Additionally, contacting municipal officials proved to be a formidable task. Almost none of the municipalities have contact details for departments on their website. One can only contact the general number before being sent from pillar to post provided that someone answers the phone. This impedes transparency and access to information.

1.6 Report Outline

The report covers four aspects of municipal fees related to property development:

- **Section 2: Town Planning Fees (Land Use Management)**
  - Rezoning Applications
  - Consent Use Applications
  - The Removal of Restrictive Conditions Applications
  - Building Line Relaxation Applications
  - Subdivision Applications
  - Consolidation Applications
  - Township Establishment Applications
- **Section 3: Building Plan Submissions**
- **Section 4: Consumption Charges**
  - Electricity
  - Water
  - Refuse Removal
  - Sanitation
- **Section 5: Engineering Service Contributions**

The analysis of town planning fees and consumption charges are dealt with in three sections:

- **Overall Assumptions**
- **Notes of Clarification**
  - Following the illustration of the data obtained from tariff documents provided by the municipalities, a few notes of clarification are set out. These notes provide insight into the documents as stipulates under which section the tariffs were obtained. The notes are used when the tariffs set out in the document provided are not explicitly clear as to when or how much is payable.
- **Analytical Observations**
  - This section analyses the fees payable for each application or municipal service and elaborates on the data collected, advising what the fee and application comprises.
2. Town planning fees

In order to achieve sustainable development within the built environment a set of legal requirements and regulations have been created on national, provincial, and local municipal level. This is done by means of national legislation, provincial legislation, and town planning schemes.

Each property in a municipality is regulated by its zoning. The regulations connected to each type of zoning is contained in respective town planning schemes. It is important to ascertain which town planning scheme is applicable to which area as they differ from one another. The regulations for a residential 1 zoning might not be the same in all areas. Town planning schemes regulates aspects such as possible land use, floor area, coverage, building lines, parking provisions etc.

Development within the build environment is also regulated by conditions of title; set out in the title deed of each property. The function of these conditions is to restrict and inhibit certain development possibilities on relevant properties.

All developments in conflict with the set rules and regulations are subject to prosecution in terms of the relevant legislation.

An application fee is payable to the Council or Municipality whenever an application is submitted. This application could be, amongst others, to change the zoning, amend, or remove the restrictive conditions within the title deed or to obtain the Council’s consent to proceed with a development. Should the application be approved there might be fees related to the approval. These fees, however, will not be analysed below as the focus is only on fees payable upon submission. It is noteworthy that municipalities always stipulate that the fees payable upon submission do not guarantee approval.

The application fees for various land use management applications of all 19 municipalities will be compared and analysed. In order to compare the various application fees, three general assumptions have been made for all applications:

1. All applications are standard; they do not require amendment of conditions, and they do not trigger changes in development rights or require re-advertising.
2. All application fees exclude advertising costs unless otherwise indicated.
3. All fees include VAT, except where stated otherwise.

Each type of application will be analysed separately: it is imperative to take note of the assumptions made in order to create a common ground on which the fees could be analysed. It is also important to take note of the clarification notes in order to grasp the context within which each fee has been determined.

### 2.1 Rezoning Application Fees

A property’s zoning stipulates the purpose for which the land may be used. It also stipulates restrictions on the building erected on the property in terms of floor area ratio, coverage, density, etc. In order to change the purpose for which the property can be used, an application for rezoning has to be submitted to the Municipality or Council for consideration.

Please note however, that the rates depicted below do not apply to areas that fall outside the jurisdiction of a town planning scheme.

#### Overall Assumptions:
- Application is for the rezoning of one property per scenario.
- Application is to rezone each property from residential 1 to the zoning depicted in each of the scenarios.
- Residential application is for the rezoning of 0.8 ha property as a whole.

### Table 2.1: Rezoning Application Fees

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Residential Development</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg MM</td>
<td>R 3 757.00</td>
<td>R 3 757.00</td>
<td>R 3 757.00</td>
<td>R 3 757.00</td>
</tr>
<tr>
<td>City of Tshwane MM</td>
<td>R 5 250.00</td>
<td>R 5 250.00</td>
<td>R 5 250.00</td>
<td>R 5 250.00</td>
</tr>
<tr>
<td>Ekurhuleni MM</td>
<td>R 3 575.00</td>
<td>R 3 575.00</td>
<td>R 3 575.00</td>
<td>R 3 575.00</td>
</tr>
<tr>
<td>West Rand DM (Mogale LM)</td>
<td>R 4 552.79</td>
<td>R 4 552.79</td>
<td>R 4 552.79</td>
<td>R 4 552.79</td>
</tr>
<tr>
<td>Soshanguve DM (Emfuleni LM)</td>
<td>R 1 901.00</td>
<td>R 1 901.00</td>
<td>R 1 901.00</td>
<td>R 1 901.00</td>
</tr>
<tr>
<td>City of Cape Town MM</td>
<td>R 5 967.00</td>
<td>R 41 769.00</td>
<td>R 5 967.00</td>
<td>R 11 934.00</td>
</tr>
<tr>
<td>George LM</td>
<td>R 3 571.00</td>
<td>R 10 698.00</td>
<td>R 3 571.00</td>
<td>R 3 571.00</td>
</tr>
<tr>
<td>Mabopane LM</td>
<td>R 2667.80</td>
<td>R 7619.76</td>
<td>R 2667.80</td>
<td>R 5079.84</td>
</tr>
<tr>
<td>eThekwini MM</td>
<td>R 8 433.00</td>
<td>R 21 061.00</td>
<td>R 2 377.00</td>
<td>R 8 433.00</td>
</tr>
<tr>
<td>uMhlaba uMntuze LM</td>
<td>R 2 124.00</td>
<td>R 5 310.00</td>
<td>R 2 124.00</td>
<td>R 2 655.00</td>
</tr>
<tr>
<td>Mothoengeng LM</td>
<td>R 5 092.86</td>
<td>R 5 092.86</td>
<td>R 5 092.86</td>
<td>R 5 092.86</td>
</tr>
<tr>
<td>Emalahleni LM</td>
<td>R 3 456.00</td>
<td>R 3 456.00</td>
<td>R 3 456.00</td>
<td>R 3 456.00</td>
</tr>
<tr>
<td>Nelson Mandela Bay MM</td>
<td>R 4 891.00</td>
<td>R 4 891.00</td>
<td>R 4 891.00</td>
<td>R 4 891.00</td>
</tr>
<tr>
<td>Buffalo City MM</td>
<td>R 7 660.00</td>
<td>R 12 765.00</td>
<td>R 3 829.00</td>
<td>R 10 212.00</td>
</tr>
<tr>
<td>Polokwane MM</td>
<td>R 3 522.00</td>
<td>R 3 522.00</td>
<td>R 3 522.00</td>
<td>R 3 522.00</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>R 1 472.00</td>
<td>R 1 472.00</td>
<td>R 1 472.00</td>
<td>R 1 472.00</td>
</tr>
<tr>
<td>Sol Plaatje LM</td>
<td>R 2 700.00</td>
<td>R 2 700.00</td>
<td>R 2 700.00</td>
<td>R 2 700.00</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>R 1204.00</td>
<td>R 1204.00</td>
<td>R 1204.00</td>
<td>R 1204.00</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>R 2 915.00</td>
<td>R 2 915.00</td>
<td>R 2 915.00</td>
<td>R 2 915.00</td>
</tr>
</tbody>
</table>

### Notes of Clarification:
- City of Johannesburg MM:
  - All zonings: According to the municipality, website was accessed on 02 October 2014.
- City of Tshwane MM:
  - Residential: Rezoning of one property not mentioned in paragraph 2.2 to 2.15 (for non-business use) (basic fee).
  - Retail: Application for the rezoning of one or more erven for mixed business rights with a combined gross floor area of 10 001 m² to 100 000 m² (new land use rights).
  - Commercial Office: Application for the rezoning of one or more erven for office rights only with a combined gross floor area of 2 001 m² to 15 000 m² (new land use rights).
  - Industrial: Application for the rezoning of one or more erven for mixed business rights or mixed use rights with a combined gross floor area of 10 001 m² to 25 000 m² (new land use rights).
- Mogale LM:
  - All zonings: Application for the amendment of the Krugersdorp Town Planning Scheme 1980.
  - There are proposed fees; date of approval pending.
- City of Cape Town:
  - Residential and Commercial: Application for the rezoning of an area larger than 2 000 m² up to and including 10 000 m².
  - Retail and Industrial: Basic application fee of R 1 907.00 for the first 10 000 m² will be payable plus an additional fee of R 9 179.00 for every additional 10 000 m² area or part thereof above first 10 000 m².
- George LM:
  - Residential: Residential zone ≤ 2000 m² - 10 000 m².
  - Commercial Office: Commercial zone ≤ 2000 m² - 10 000 m².
  - Retail: Business zone larger than 20 ha: R 5 946.00 per 20 000 m² plus R 5 946.00 per additional 20 000 m².
  - Industrial: Industrial zone ≤ 2000 m² - 10 000 m².
Analytical Observations

In Figure 2-1 it is evident that the City of Cape Town charges the highest rezoning fees on average, followed by the George LM and eThekwini MM. Khara Hais LM and Mangaung MM are the two municipalities who charges the least for the submission of a rezoning application on average.

It is evident from Table 2-2 that the rezoning fee for the retail centre within the City of Cape Town is the most expensive fee charged by the MM. The rezoning fees for the City of Cape Town MM is based on the size of the property to be rezoned. As a result, the fee for the retail centre is much higher than that of the commercial office and residential zoning. On the other hand, Khara Hais LM has a set fee regardless of the type and size of the property or proposed zoning.

### Table 2-2: Rezoning Application Fees

<table>
<thead>
<tr>
<th>Property Size</th>
<th>Residential Development</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Cape Town MM</td>
<td>R 5,967.00</td>
<td>R 41,769.00</td>
<td>R 5,967.00</td>
<td>R 11,934.00</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>R 1,204.00</td>
<td>R 1,204.00</td>
<td>R 1,204.00</td>
<td>R 1,204.00</td>
</tr>
<tr>
<td>Average Fees Charged</td>
<td>R 4,087.85</td>
<td>R 8,378.26</td>
<td>R 3,390.04</td>
<td>R 4,615.49</td>
</tr>
</tbody>
</table>

#### 2.2 Consent Use Application Fees

If approved, an application for consent use will allow for additional land use rights on the property. It differs from a rezoning application as the zoning of the property will not be changed, but merely allows for additional uses. An example would be to allow for a second dwelling or for a school on a residential property. The municipality’s consent is not permanent and will lapse if it is not exercised. It should be noted that municipalities differentiate between written- and special consent.

**Written Consent:**

- The applicant must submit an application in terms of a memorandum to the municipality.
- The applicant is also responsible for notifying all land owners of properties, abutting or sharing a boundary with that land, of the application by way of registered mail.
- This must take place within 7 days after submitting the application.
- The notification letters must indicate that any objections can be submitted to the Municipality by means of registered post, or by hand within a period of 28 days from the date on which the application was submitted to the Municipality.
- No Written Consent may be approved by a municipality if it contradicts any restrictive condition stipulated within a Title Deed of an erf.

**Special Consent:**

- In addition to the requirements set out for the application for written consent, the applicant must erect a notice board in accordance with specifics set out by the municipality.
- The applicant is also required to notify any additional stakeholders and interested parties which may include a notice in a newspaper, circulating in the local area.
- The application shall also be accompanied by applicable application fees as set out by the municipalities.

The tariff structure for the submission of a consent use application seems to be uniform.
throughout all the municipalities, i.e. the calculations for determining the respective fees do not regard the size of the property or type of zoning as a determining factor. The scenarios set out above are therefore not relevant and have been omitted from Figure 2-2 below.

Overall Assumptions:
All applications are made in terms of the applicable town planning scheme.
All applications are made for special consent as opposed to written consent.

Figure 2-2: Consent Use

Analytical Observations
The Nelson Mandela Bay MM is clearly ahead of the rest of the municipalities with regard to fees payable for a consent use application. The tariff document provided, indicates that the advertising fee of R 3 000.00 is compulsory and included in the fee illustrated above. However, should the advertising fee be omitted, the tariff would be R 1 891, which is closer to the average, but still higher. Among the other municipalities, the advertising fee is compulsory and cannot be omitted from the comparison. The tariff charged by the uMhlatuze LM is standard with no elaboration on how it was calculated.

By law, the applicant is required to advertise the submission of an application for consent use. The data collected from the variety of municipalities suggest that the municipality might require the applicant to make the submission of an application public by means of a sign on the property, advertisements in local newspapers as well as the Government Gazette. In general, it is interpreted that the fee to advertise in the Government Gazette is included in the application fee or it is charged for separately, i.e. it is not compulsory to work through the municipality. The remaining fees are usually the responsibility of the applicant.

Figure 2-2 illustrates comparatively the fees charged for the submission of a consent use application by the various municipalities. It is evident that the Nelson Mandela Bay MM tariff differs substantially from the average fee charged by the various municipalities. The fee charged by the uMhlatuze LM can also be considered as an outlier, however, it is not too far from the average tariff set out below in Table 2-3.

Table 2-3: Consent Use Application Fee Comparison

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Application Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nelson Mandela Bay MM</td>
<td>R 4,891.00</td>
</tr>
<tr>
<td>uMhlatuze LM</td>
<td>R 531.00</td>
</tr>
<tr>
<td>Average Fee Charged</td>
<td>R 1,671.11</td>
</tr>
</tbody>
</table>

Notes of Clarification:
- City of Tshwane MM: Application for consent in terms of Clause 16 of the Tshwane Scheme 2008.
- Ekuruleni MM: Application in terms of the Ekuruleni MM Scheme.
- Emfuleni LM: Application can be submitted in terms of the legislation set out below; the application fees are all the same:
  - In terms of Clause 12 & 19 of the Vanderbijlpark Town Planning Scheme, 1987.
  - In terms of Clause 11 of the Vereeniging Town Planning Scheme, 1992.
  - In terms of the Peri-Urban Scheme, 1975.
- City of Cape Town MM: Application for other consent/conditional use or zoning scheme approval (where not provided for elsewhere in this schedule).
- Emfuleni LM:
  - Application for consent for places of public entertainment, residential buildings, parking garages, taxi business, public garages, petrol filling stations, light industrial, and noxious industrial buildings, shops, business premises, professional offices and special buildings not covered by paragraph 3. (b).
  - VAT has been added to the fee and is displayed as such.
- George LM:
  - Application for the departure from floor factor (ratio). Coverage, parking, height, density, or minimum property size.
  - In terms of Clause 17 of the Nelspruit Town Planning Scheme.
  - In terms of Clause 11 of the Vereeniging Town Planning Scheme.
  - In terms of Clause 31 of the Vereeniging Town Planning Scheme.
  - In terms of the Peri-Urban Scheme.
  - In terms of Clause 31 of the Vereeniging Town Planning Scheme.
- George LM:
  - Application for the departure from floor factor (ratio). Coverage, parking, height, density, or minimum property size.
  - In terms of Clause 17 of the Nelspruit Town Planning Scheme.
  - In terms of Clause 11 of the Vereeniging Town Planning Scheme.
  - In terms of Clause 31 of the Vereeniging Town Planning Scheme.
  - In terms of the Peri-Urban Scheme.
- Khara Hais LM: Fees provided by the Town and Regional Planning Department telephonically.
- Msunduzi LM:
  - Application for other consent/conditional use or zoning scheme approval (where not provided for elsewhere in this schedule).
  - In terms of Clause 31 of the Vereeniging Town Planning Scheme.
  - In terms of Clause 31 of the Vereeniging Town Planning Scheme.
### 2.3 The Removal of Restrictive Title Conditions Application Fees

Each property’s title deed contains a list of conditions that limits the use of the property. This is beneficial to the surrounding properties as it ensures complementing land uses to be clustered together; supporting sustainable development. The application for the removal of restrictive conditions will remove certain conditions stipulated in the title deed; rendering them invalid. Example of restrictive conditions are specific parking requirements, specific height requirements for buildings, etc.

Throughout all the municipalities, the tariff charged for the removal of restrictive title conditions are uniform; it does not regard the size of the property or type of zoning as a determining factor. The scenarios set out above are therefore not relevant.

#### Overall Assumptions
- All the fees were clearly set out in each document, and there was no need to make any prior assumptions.
- All the fees are standard.
- The two general assumptions stipulated above applies.

---

**Table 2-4: Removal of Restrictive Conditions Application Fee Analysis**

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Application Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg</td>
<td>R 600.00</td>
</tr>
<tr>
<td>City of Tshwane</td>
<td>R 600.00</td>
</tr>
<tr>
<td>Emfuleni LM</td>
<td>R 600.00</td>
</tr>
<tr>
<td>Average</td>
<td>R 2,650.74</td>
</tr>
</tbody>
</table>

**Notes of Clarification:**
- City of Tshwane: An application for the removal or amendment of restrictive conditions in the title deed in terms of Section 2 and 5 of the Gauteng Removal of Restrictions Act, 1996.
- City of Johannesburg: Application fee is in accordance with the municipal website accessed on 02 October 2014.
- Emfuleni LM: Fees provided by the Town and Regional Department telephonically.
- Mopolweni LM: Application in terms of Section 5 of the Gauteng Removal of Restrictions Act 3 of 1996.
- Mthatha MM: Application for all instances where the conditions are removed via the Kwa-Zulu Natal Planning Development Act 6 of 1996.
- City of Cape Town: Application fee is considered to fall under ‘Conventional Application’.
- George LM: Application for the full removal of restrictions.
- Emfuleni LM: The application is submitted to the Provincial Government.
- Nelson Mandela Bay MM: The application fee includes the advertising fee.
- Buffalo City MM: The application fee includes the advertising fee.
- Sol Plaatje LM: Application for the removal, suspension or amendment of title deed.
- Khara Hais LM: The application is submitted to the Provincial Government.
2.4 Building Line Relaxation Application Fees

A building line is an invisible boundary on a property demarcating the outer limits of the stand where one may build. No permanent structures are allowed to be built or planted within the building line. The function of a building line is to discourage buildings from being erected too close to neighbouring properties or the road. Building lines differ, but are usually 5 m from the front and 2 m from the side and 3 m at the back.

An application submitted to the municipality for consideration to relax the building line would be for a specific building(s). As an example, a garage cannot be erected within the building line. Upon approval, the building line will be relaxed to accommodate the proposed garage and the garage alone. The original building line would still be applicable along all the boundaries except where the garage is located.

Analytical Observations

Mangaung MM is the only municipality that do not charge for this application. The application will only be considered if it is a restriction on the title deed of the property, the process to relax the building line would in this case form part of a different application.

It is interesting to note that although Khara Hais LM is a small municipality, it charges the most for the submission of a relaxation of a building line application; almost double the average fee charged by municipalities in general. On the other hand, the fee charged by the George LM makes up almost a third of the average of R 644.95 as indicated in Table 2-6 below. It is unclear how both of these fees were compiled or what they entail.

Overall Assumptions

- All the fees were clearly set out in each document and there was no need to make any prior assumptions.
- All the fees are standard.
- The two general assumptions stipulated above applies.

2.5 Subdivision Application Fees

Consolidation can be considered as the opposite of a subdivision. It results in the merging of two or more erven to create one erf. Erven are consolidated to allow for the developer to erect a structure over both (or more) properties. A structure cannot be erected across the boundaries of two or more separate erven. For the purpose of this document, it will be assumed that only two erven are being consolidated to create one erf.

Overall Assumptions:

- The consolidation application is separate from the scenarios stipulated above as the application will only be to consolidate two portions.
- Basic fees will be reflected below unless otherwise stipulated.
### Notes of Clarification:
- City of Johannesburg MM: Application fee is in accordance with the City of Johannesburg website accessed on 02 October 2014.
- Ekurhuleni MM: The application fee includes the fee for a Regulation 38 Certificate.
- City of Cape Town MM: The application fee allows for up to three erven to be created.
- George LM: The application fee allows for one to three additional portions created.
- Mpondoland LM: Application and approval in terms of the Kwa-Zulu Natal Planning and Development Act 6 of 2008.
- uMhlabonne LM: Application for the consideration for approval of minor subdivisions.
- Mbombela LM: Application fee is for the first five erven.
- eMahlaleng LM: The application fee includes advertising and VAT.
- Polokwane LM: Application for the subdivision of the property into five or lesser portions.
- Sol Plaatje LM: Fee includes a basic fee of R 2 226.00 plus an application fee of R 816.00.
- Khara Hais LM: Fees provided by the Town and Regional Department telephonically.
- Rustenburg LM: Proposed Fees. Date of approval pending.

### Analytical Observations
The fees for both the Sol Plaatje LM and the Nelson Mandela Bay MM are clearly the two outliers with regard to fees for the submission of subdivision applications. On average, the fee charged for the submission of a subdivision application is approximately R 1 120.00. The figures illustrating the highest and lowest fees charged amongst the respective municipalities are set out in Table 2-7 below.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nelson Mandela Bay MM</td>
<td>R 4,891.00</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>R 98.00</td>
</tr>
<tr>
<td>Average Fee</td>
<td>R 1,119.60</td>
</tr>
</tbody>
</table>

#### 2.6 Consolidation Application Fees
Consolidation can be considered as the opposite of a subdivision. It results in the merging of two or more erven to create one erf. Erven are consolidated to allow for the developer to erect a structure over both (or more) properties. A structure cannot be erected across the boundaries of two or more separate erven. For the purpose of this document, it will be assumed that only two erven are being consolidated to create one erf.

**Overall Assumptions:**
- The consolidation application is separate from the scenarios stipulated above as the application will only be to consolidate two portions.
- Basic fees will be reflected below unless otherwise stipulated.

### Analytical Observations
Four of the nineteen municipalities selected do not charge for a consolidation application. They have indicated that the applications are submitted to the Surveyor General who amends the general plan and applicable diagrams. The municipalities are merely informed of the amendments and are not involved or responsible for considering the application.

The information regarding the fees for both outliers, Khara Hais LM and Mangaung MM, were collected from town planners at the respective municipalities. The former was collected telephonically and the latter in person. There is therefore no doubt that the extensive range for these fees is misinterpreted or incorrect. The difference between these two fees are noteworthy; they are quite different from the average fee of approximately R 550 which is otherwise stipulated. On average, 73% of the municipalities who accept consolidation applications charge less than R 650. The remaining few charge more than R 650, with the highest fee being that of Khara Hais LM at R 1 204.00.
2.7 Township Establishment Application Fees

A township establishment application is required in order to establish a new area or extension regardless of the intended land use or zoning. A township is usually established by converting a piece of agricultural land into smaller pieces, zoning the various portions, and assigning title deeds with various conditions to each piece of property.

This is a very complicated procedure that involves the input of various specialists and governmental departments. Once the township is approved various fees are payable to the municipality, viz. a Section 101 certificate, engineering service contributions, etc.

Overall Assumptions:
- The basic fees will be reflected below unless otherwise indicated.
- As this application fee is standard and not partial to the type of development, such as industrial or residential, the table below will only reflect the township establishment fees payable upon submission.

Analytical Observations

Evidently, not all municipalities within the Cape Provinces and Kwa-Zulu Natal make use of a township establishment application process. It has become clear that they make use of the Land Use Planning Ordinance 15 of 1985 to apply for a simultaneous subdivision and rezoning (if the latter is necessary). The majority of the remaining municipalities apply for the establishment of a township in terms of section 96 of the Town-Planning and Townships Ordinance 15 of 1986. The fees set out above are proposed fees. Date of approval pending.

Table 2-9: Township Establishment Application Fee Comparison

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mambobela LM</td>
<td>R 12 525.18</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>R 39.10</td>
</tr>
<tr>
<td>Average Fee</td>
<td>R 6 192.49</td>
</tr>
</tbody>
</table>

Notes of Clarification
- City of Johannesburg MM: The application fee is in accordance with the City of Johannesburg website accessed on 02 October 2014.
- City of Cape Town MM: The municipality regards a township establishment application as a simultaneous rezoning and subdivision under the Land Use Planning Ordinance 15 of 1985.
- George LM: The municipality regards a township establishment application as a simultaneous rezoning and subdivision under the Land Use Planning Ordinance 15 of 1985.
- uMhlatuze LM: The application comprises an amendment of the general plan, a rezoning and public notice fee. Therefore, there is no single application process available.
- eThekwini MM: The municipality regards a township establishment application as a simultaneous rezoning and subdivision under the Land Use Planning Ordinance 15 of 1985.
- uMhlatuze LM: Application fee payable to establish a township with two to ninety erven.
- Buffalo City MM: The municipality regards a township establishment application as a simultaneous rezoning and subdivision under the Land Use Planning Ordinance 15 of 1985.
- Polokwane LM: The application fee is in accordance with the City of Polokwane website accessed on 02 October 2014.
- Sol Plaatje LM: The municipality regards a township establishment application as a simultaneous rezoning and subdivision under the Land Use Planning Ordinance 15 of 1985.
- Kwa Hais MM: The municipality regards a township establishment application as a simultaneous rezoning and subdivision under the Land Use Planning Ordinance 15 of 1985. The fees set out above are proposed fees. Date of approval pending.
3 Building Plan Fees

According to the National Building Regulations and Building Standards Act of 1977, a building may not be erected, altered, or converted without the prior approval of the Local Authority. Building plan fees are payable upon submission of any building plans; the charges of which differs depending on the size of the proposed development.

In the section to follow, it has been assumed that building plans are being submitted for new buildings as stipulated in the scenarios.

The section on building plan fees will differ slightly from the previous section on land use management fees as each type of development will be analysed separately. The development types include medium density residential, retail, commercial and industrial developments.

The overall assumptions and clarification will deal with all the developments as a whole; only the analysis will be development specific. The clarification notes will follow at the end of this section.

3.1 Medium Density Residential Development

The proposed development comprises 20 sectional title duplex units, each of which are 100 m² in size. The fees for the building plan submissions illustrated in Figure 3-1 below reflects the cost to submit all 20 building plan simultaneously.

Analytical Observations

The data collected from the Mogale LM website indicates a fee of R 2 028.76 per 10 m² to submit a building plan for a building that is 100 m² in size. Making it the lowest fee charged for this service of all 19 municipalities. Seeing that the fee is exorbitant compared to the rest of the municipal fees set out above, the possibility of this being incorrectly communicated must be entertained. Khara Hais LM is the only municipality whose fees were not available at the time that the document was finalised.

The average fee amongst the remaining 18 municipalities were calculated at approximately R 44 000 per submission of all 20 building plans. However, if the fee for the Mogale LM is omitted from the calculations, the average fee is reduced to approximately R 23 000 per submission for all 20 building plans. The Mangau MM’s fee is still less than half of the average fee (R 23 000), should the Mogale LM be omitted from the analysis.

It should be noted that, although bars on the graph in Figure 3-1 seems as if they are similar, the figures are dispersed. There is clearly no standard amongst the fees charged by the various municipalities for the submission of residential building plans.

3.2 Retail Centre Development

The retail centre is classified as a regional retail centre with a gross leasable area of 40 000 m². The fees for the building plan submissions illustrated in Figure 3-2 below reflects the cost to submit the building plan for one single storey building that will be developed as a retail centre.

Analytical Observations

Only two municipal fees could not be obtained by the time the document was finalised. Mangau MM and Khara Hais LM. The remaining seventeen municipalities were used in calculating the figures illustrated below. A few municipalities charge more than a million rand to submit building plans for the proposed retail development. The highest fee is approximately R 8 800 000.00.

The lowest fee is charged by the City of Johannesburg MM at R 54 000.00; both being great outliers compared to the average fee calculated at approximately R 224 707.90.

### Table 3-1: Residential Building Plan Submission Fee Comparison

<table>
<thead>
<tr>
<th>Development</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Rand DM (Mogale)</td>
<td>R 405,752.00</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>R 9,600.00</td>
</tr>
<tr>
<td>Average</td>
<td>R 43,864.35</td>
</tr>
</tbody>
</table>

### Table 3-2: Retail Centre Building Plan Submission Fee Comparison

<table>
<thead>
<tr>
<th>Development</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rustenburg LM</td>
<td>R 200,000.00</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>N/A</td>
</tr>
<tr>
<td>Sol Plaatje MM</td>
<td>R 43,600.00</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>R 4 800,000.00</td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>R 800,000.00</td>
</tr>
<tr>
<td>Buffalo City MM</td>
<td>R 809,824.00</td>
</tr>
<tr>
<td>Nelson Mandela Bay MM</td>
<td>R 525,000.00</td>
</tr>
<tr>
<td>Emalahleni LM</td>
<td>R 129,913.60</td>
</tr>
<tr>
<td>Mmbombela LM</td>
<td>R 156,717.00</td>
</tr>
<tr>
<td>uNkhotzhe LM</td>
<td>R 360,000.00</td>
</tr>
<tr>
<td>eThekwini MM</td>
<td>R 1 037,200.00</td>
</tr>
<tr>
<td>Msunduzi LM</td>
<td>R 153,189.00</td>
</tr>
<tr>
<td>George LM</td>
<td>R 603,680.00</td>
</tr>
<tr>
<td>City of Cape Town MM</td>
<td>R 226,246.40</td>
</tr>
<tr>
<td>Sedibeng DM (Emfuleni LM)</td>
<td>R 224,707.90</td>
</tr>
<tr>
<td>West Rand DM (Mogale)</td>
<td>R 245,600.00</td>
</tr>
<tr>
<td>Ekurhuleni MM</td>
<td>R 129,913.60</td>
</tr>
<tr>
<td>City of Tshwane MM</td>
<td>R 440,440.00</td>
</tr>
<tr>
<td>City of Johannesburg MM</td>
<td>R 54,000.00</td>
</tr>
</tbody>
</table>
There are clearly no consistency amongst municipalities for building plan submission fees. Great variances exist amongst the building plan fees charged by the various municipalities selected for the analysis.

3.2.1 Commercial Office Development

The scenario for the commercial office development entails the development of a commercial office block, which is eight storeys high, with each storey comprising 1 000 m². In total the building covers 8 000 m².

It is interesting to note that building plan submission charges for this type of development are calculated differently amongst municipalities. Some require submissions per floor and others charge for the total floor area.

Figure 3-3: Commercial Office Development Building Plan Submission Fees

Analytical Observations

Two municipalities have been omitted from the calculations as their fees were not available at the time that the document was drafted.

The Buffalo City MM has the highest fee at approximately R 350 000 whereas the City of Johannesburg MM charges the least at approximately R 17 000 for the submission of commercial offices depicted in this scenario.

The average fee amongst the remaining 17 municipalities is approximately R 112 000.00. This fee is almost a third of the fee charged by the Buffalo City MM and almost six times the fee charged by the City of Johannesburg MM.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buffalo City MM</td>
<td>R 361,964.80</td>
</tr>
<tr>
<td>City of Johannesburg MM</td>
<td>R 17 200.00</td>
</tr>
<tr>
<td>Average</td>
<td>R 112,438.56</td>
</tr>
</tbody>
</table>

3.2.2 Industrial Development

The proposed development comprise of a large single storey industrial factory of 10 000 m². The fees illustrated below are the fees charged by the various municipalities to submit building plans for the industrial development depicted in the scenario above.

Analytical Observations

Two municipalities have been omitted from the calculations as their fees were not available at the time that the document was finalised.

The average fee amongst the remaining 17 municipalities for this specific development has been calculated at approximately R 130 000.00. The Nelson Mandela Bay MM fee is substantially higher at R 388 000.00, whereas the fee payable at the City of Johannesburg MM is substantially less at R 21 500.00.

Notes of Clarification

- Nelson Mandela MM: The fees set out above are proposed fees. Date of approval pending.
- Sol Plaatje LM: The fees set out above are proposed fees. Date of approval pending.
- eThekwini MM: Building plan applications all areas.
- Emalahleni LM: Fees are charged per m².
- Buffalo City MM: It is assumed that the application fee is given in cents and not rand value.
4 Consumption Charges

The basic services received from and charged for by the municipality such as electricity, water, sanitation, and refuse removal are collectively referred to as consumption charges. Each of these services will be analysed individually as they are charged separately and managed by different departments within the municipality.

4.1 Electricity Supply

The fees reflected below in Table 4-1 is only representative of the energy charge in cents per kilowatt hour. A multitude of factors are involved in calculating the electricity usage, which go beyond the detail of the scenarios depicted above. Each municipality uses an energy charge fee per kWh (kilowatt hour) amongst others fees to compile the bill sent to the user at the end of the month. Given that the remaining factors, which include factors connection sizes, service charges, network charges, demand charges, voltage categories, etc. vary amongst municipalities, it was decided to use the fees for energy charges to determine the level of continuity amongst municipal tariffs for electricity usage.

It is imperative to note that the fees are charge in cents per kWh as this is the best standard for comparison.

### Table 4-1: Electricity Fees

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Residential</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg MM</td>
<td>117.83</td>
<td>117.83</td>
<td>117.83</td>
<td>117.83</td>
</tr>
<tr>
<td>City of Tshwane MM</td>
<td>137.78</td>
<td>114.05</td>
<td>114.05</td>
<td>114.05</td>
</tr>
<tr>
<td>Ekurhuleni MM</td>
<td>144.78</td>
<td>140.33</td>
<td>140.33</td>
<td>140.33</td>
</tr>
<tr>
<td>West Rand DM (Mogale LM)</td>
<td>75.06</td>
<td>82.81</td>
<td>82.81</td>
<td>82.81</td>
</tr>
<tr>
<td>Sedibeng DM (Emfuleni LM)</td>
<td>51.67</td>
<td>51.67</td>
<td>51.67</td>
<td>51.67</td>
</tr>
<tr>
<td>City of Cape Town MM</td>
<td>173.28</td>
<td>66.66</td>
<td>66.66</td>
<td>66.66</td>
</tr>
<tr>
<td>George LM</td>
<td>134.74</td>
<td>68.58</td>
<td>68.58</td>
<td>68.58</td>
</tr>
<tr>
<td>Msondolo LM</td>
<td>72.22</td>
<td>79.28</td>
<td>79.28</td>
<td>79.28</td>
</tr>
<tr>
<td>eThekwini MM</td>
<td>148.46</td>
<td>148.46</td>
<td>148.46</td>
<td>148.46</td>
</tr>
<tr>
<td>uMhlaluzi LM</td>
<td>75.07</td>
<td>131.57</td>
<td>131.57</td>
<td>131.57</td>
</tr>
<tr>
<td>Mbombela LM</td>
<td>131.63</td>
<td>105.00</td>
<td>105.00</td>
<td>105.00</td>
</tr>
<tr>
<td>Emalahleni LM</td>
<td>94.72</td>
<td>70.81</td>
<td>70.81</td>
<td>70.81</td>
</tr>
<tr>
<td>Nelson Mandela Bay MM</td>
<td>168.90</td>
<td>140.15</td>
<td>140.15</td>
<td>140.15</td>
</tr>
<tr>
<td>Buffalo City MM</td>
<td>147.87</td>
<td>59.58</td>
<td>59.58</td>
<td>59.58</td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>143.00</td>
<td>122.00</td>
<td>122.00</td>
<td>122.00</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>165.00</td>
<td>162.00</td>
<td>162.00</td>
<td>162.00</td>
</tr>
<tr>
<td>Sol Plaatje LM</td>
<td>202.97</td>
<td>162.97</td>
<td>162.97</td>
<td>162.97</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>123.02</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>127.33</td>
<td>64.07</td>
<td>64.07</td>
<td>64.07</td>
</tr>
</tbody>
</table>

**Analytical Observations**

As a norm, charges (Cents per kWh) for residential properties are more expensive. Fees for non-residential developments are on average lower. The fees set out in Figure 4-1 are the average energy charge fees charged by each municipality.

Calculating the average energy fee charged by municipalities for electricity, regardless of the development, allows for a visual representation which enables the client to see how the fees compare with one another.

It is imperative to note that the fees are charges in cents per kWh. Sol Plaatje LM and Emfuleni LM are the two outliers; charging the most and least per kWh respectively.

It is however interesting to note that the Sol Plaatje LM fees are not located far from the fees charged by all the municipalities on average. The fees charged by the Emfuleni LM, however, are almost half of the average fees. The mean range is predominantly between 80c and 90c per kWh.

![Figure 4-1: Average Electricity Fees (cents per kWh)](image)
### Table 4-3: Water Supply Fees

<table>
<thead>
<tr>
<th>Location</th>
<th>Residential Development</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R/kl</td>
<td>R/kl</td>
<td>R/kl</td>
<td>R/kl</td>
</tr>
<tr>
<td>City of Johannesburg MM</td>
<td>R 24.21</td>
<td>R 22.83</td>
<td>R 22.83</td>
<td>R 22.83</td>
</tr>
<tr>
<td>Ekurhuleni MM</td>
<td>R 16.53</td>
<td>R 14.21</td>
<td>R 14.21</td>
<td>R 14.21</td>
</tr>
<tr>
<td>City of Cape Town MM</td>
<td>R 22.94</td>
<td>R 13.51</td>
<td>R 13.51</td>
<td>R 13.51</td>
</tr>
<tr>
<td>Emfuleni LM</td>
<td>R 18.41</td>
<td>R 12.23</td>
<td>R 12.23</td>
<td>R 12.23</td>
</tr>
<tr>
<td>uMhlatuze LM</td>
<td>R 22.20</td>
<td>R 16.09</td>
<td>R 16.09</td>
<td>R 16.09</td>
</tr>
<tr>
<td>eThekwini MM</td>
<td>R 27.47</td>
<td>R 16.47</td>
<td>R 16.47</td>
<td>R 16.47</td>
</tr>
<tr>
<td>uMahlathuze LM</td>
<td>R 9.89</td>
<td>R 9.95</td>
<td>R 9.95</td>
<td>R 9.95</td>
</tr>
<tr>
<td>Emalahleni LM</td>
<td>R 16.85</td>
<td>R 13.60</td>
<td>R 13.60</td>
<td>R 13.60</td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>R 19.92</td>
<td>R 13.94</td>
<td>R 13.94</td>
<td>R 13.94</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>R 9.17</td>
<td>R 17.94</td>
<td>R 17.94</td>
<td>R 17.94</td>
</tr>
<tr>
<td>Sol Plaatje LM</td>
<td>R 16.10</td>
<td>R 18.74</td>
<td>R 18.74</td>
<td>R 18.74</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>R 22.77</td>
<td>R 23.42</td>
<td>R 23.42</td>
<td>R 19.13</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>R 5.10</td>
<td>R 4.80</td>
<td>R 4.80</td>
<td>R 4.80</td>
</tr>
</tbody>
</table>

**Notes of Clarification**

- **City of Johannesburg MM**: Residential: First six kilolitres are free.
- **Ekurhuleni LM**: Residential: First six kilolitres are free.
- **Mbombela LM**: Residential: First six kilolitres are free.
- **uMhlatuze LM**: Proposed fees, approved fees are to be confirmed.
- **eThekwini MM**: All zonings: Fees were categorised under the town of George's tariffs.
- **uMahlathuze LM**: Industrial/Commercial/Industrial Supply.
- **Mbombela LM**: Residential: First six kilolitres are free.

### Table 4-4: Average Water Supply Fee Comparison

<table>
<thead>
<tr>
<th>Location</th>
<th>Residential Development</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg MM</td>
<td>R 24.21</td>
<td>R 22.83</td>
<td>R 22.83</td>
<td>R 22.83</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>R 4.88</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sol Plaatje LM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>R 18.74</td>
<td>R 18.74</td>
<td>R 18.74</td>
<td>R 18.74</td>
</tr>
<tr>
<td>Emalahleni LM</td>
<td>R 16.85</td>
<td>R 13.60</td>
<td>R 13.60</td>
<td>R 13.60</td>
</tr>
<tr>
<td>uMahlathuze LM</td>
<td>R 22.77</td>
<td>R 23.42</td>
<td>R 23.42</td>
<td>R 19.13</td>
</tr>
<tr>
<td>Mbombela LM</td>
<td>R 5.10</td>
<td>R 4.80</td>
<td>R 4.80</td>
<td>R 4.80</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>R 12.95</td>
<td>R 13.28</td>
<td>R 13.28</td>
<td>R 13.28</td>
</tr>
</tbody>
</table>

**Overall Assumptions:**

- All scenarios make use of metered water supply.
- All fees are exclusive of VAT.

**Analytical Observations**

- The residential and office scenarios use 40 kl over 30 day period.
- Commercial and industrial scenarios use 200 kl over a 30 day period.
- Excludes the basic fee where it is applicable.

**Average Water Supply Fee**

- The average fee charged for water consumption for each scenario, regardless of the municipality, has been calculated and set out below in Table 4-4. The average fee is compared to the actual fees charged by the two outlier municipalities, namely, the City of Johannesburg MM and Khara Hais LM. Although the City of Johannesburg MM is closer to the average with a difference of approximately R 8.00, the Khara Hais LM is below average.

### Figure 4-2: Average Water Supply Fees

<table>
<thead>
<tr>
<th>Location</th>
<th>Average Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg MM</td>
<td>R 24.21</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>R 4.88</td>
</tr>
<tr>
<td>Sol Plaatje LM</td>
<td>R 19.59</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>R 13.78</td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>R 15.87</td>
</tr>
<tr>
<td>Buffalo City MM</td>
<td>R 15.74</td>
</tr>
<tr>
<td>Nelson Mandela Bay MM</td>
<td>R 14.41</td>
</tr>
<tr>
<td>Emalahleni LM</td>
<td>R 14.11</td>
</tr>
<tr>
<td>uMahlathuze LM</td>
<td>R 13.78</td>
</tr>
<tr>
<td>Mbombela LM</td>
<td>R 14.79</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>R 15.36</td>
</tr>
</tbody>
</table>
4.3 Refuse Removal

Municipalities provide domestic residences, retail facilities, offices, and industrial developments with various sized refuse bins. These bins are collected on a regular basis; mostly weekly, but some municipalities collect refuse twice a week based on the size of the bins provided.

Refuse removal is also subject to an indigent policy; some municipalities either charge indigent household's less or provide the service free of charge.

The assumptions below set out points assumed in order to compile the table below. Following the table is a list of clarifications indicating the conditions under which the particular municipality lists and calculates their tariffs.

Overall Assumptions:
- For the purpose of this analysis the property values have been determined with the use of the Construction Handbook (AECOM, 2013) and set at:
  - Residential: R 1,290,000.
  - Commercial: R 31,200,000.
  - Retail: R 340,000,000.
- In the event that fees are charged based on the size of the property, the residential development will be regarded as one unit and the fee divided amongst the 20 units.
- Removal once a week unless otherwise indicated.
- Residential properties each use 240 litre containers.
- Commercial, industrial and retail each use 1,100 litre container (skip).
- Fees are per bin per week collected per month unless otherwise indicated.

Analytical Observations

The average refuse removal fee, regardless of the property zoning or development type, for each municipality was calculated and illustrated in Figure 4-3 below. This provides the client with a visual representation of the range of the municipal charges for refuse removal.

Comparing Table 4-5 above with Figure 4-3 below it is evident that Khara Hais LM, the refuse removal fees are calculated using the size of the average with about R 11.00. The results indicate a more defined price range amongst municipalities; in addition, the fees were intelligently set out and easy to locate.

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Table 4-5: Refuse Removal Fees

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Residential</th>
<th>Commercial</th>
<th>Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg MM</td>
<td>R 193.71</td>
<td>R 411.21</td>
<td>R 411.21</td>
<td>R 411.21</td>
</tr>
<tr>
<td>City of Tshwane MM</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Ekurhuleni MM</td>
<td>R 120.36</td>
<td>R 134.16</td>
<td>R 134.16</td>
<td>R 134.16</td>
</tr>
<tr>
<td>West Rand DM (Mogale LM)</td>
<td>R 121.17</td>
<td>R 1,130.86</td>
<td>R 1,130.86</td>
<td>R 1,130.86</td>
</tr>
<tr>
<td>Sedibeng DM (Emfuleni LM)</td>
<td>R 102.10</td>
<td>R 139.20</td>
<td>R 139.20</td>
<td>R 139.20</td>
</tr>
<tr>
<td>City of Cape Town MM</td>
<td>R 103.30</td>
<td>R 493.60</td>
<td>R 493.60</td>
<td>R 493.60</td>
</tr>
<tr>
<td>George LM</td>
<td>R 121.25</td>
<td>R 1,844.17</td>
<td>R 1,985.68</td>
<td>R 1,844.17</td>
</tr>
<tr>
<td>Mounduli LM</td>
<td>R 78.64</td>
<td>R 65.00</td>
<td>R 65.00</td>
<td>R 65.00</td>
</tr>
<tr>
<td>eThekwini MM</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>uMhlatuze LM</td>
<td>R 99.03</td>
<td>R 659.51</td>
<td>R 659.51</td>
<td>R 659.51</td>
</tr>
<tr>
<td>Mmbombela LM</td>
<td>R 129.18</td>
<td>R 1,500.60</td>
<td>R 1,500.60</td>
<td>R 1,500.60</td>
</tr>
<tr>
<td>Emalahleni LM</td>
<td>R 86.83</td>
<td>R 321.30</td>
<td>R 321.30</td>
<td>R 525.00</td>
</tr>
<tr>
<td>Nelson Mandela Bay MM</td>
<td>R 69.61</td>
<td>R 656.78</td>
<td>R 656.78</td>
<td>R 656.78</td>
</tr>
<tr>
<td>Buffalo City MM</td>
<td>R 158.00</td>
<td>R 893.00</td>
<td>R 893.00</td>
<td>R 893.00</td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>R 15.09</td>
<td>R 9,502.50</td>
<td>R 7,155.54</td>
<td>R 7,155.54</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>R 79.39</td>
<td>R 169.65</td>
<td>R 169.65</td>
<td>R 169.65</td>
</tr>
<tr>
<td>Sol Plaatje LM</td>
<td>R 90.07</td>
<td>R 1,060.72</td>
<td>R 1,060.72</td>
<td>R 1,060.72</td>
</tr>
<tr>
<td>Thaba Nchu LM</td>
<td>R 88.75</td>
<td>R 195,900.00</td>
<td>R 61,500.00</td>
<td>R 69,900.00</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>R 101.49</td>
<td>R 1,279.31</td>
<td>R 1,279.31</td>
<td>R 1,279.31</td>
</tr>
</tbody>
</table>

Notes of Clarification
- Residential: - User Charge Report fees.
- Business: - Rates are adjusted to include VAT.
- Commercial: - Fees have been adjusted to include VAT.
- Industrial: - Fees were not available at the time that the report was drafted.
- The fees set out above are proposed fees. Date of approval pending.
- Business properties.
- Remaining zonings:
  - Financial: - Fees are calculated based on the size of the property.
  - Business: - Fees are calculated based on the size of the property.
  - Municipal: - Fees are calculated based on the size of the property.
  - Industrial: - Fees are calculated based on the size of the property.
- Fees are calculated based on the size of the property.
- Remaining zonings:
  - Financial: - Fees are calculated based on the size of the property.
  - Business: - Fees are calculated based on the size of the property.
  - Municipal: - Fees are calculated based on the size of the property.
  - Industrial: - Fees are calculated based on the size of the property.
- Fees are calculated based on the size of the property.
- Remaining zonings:
  - Financial: - Fees are calculated based on the size of the property.
  - Business: - Fees are calculated based on the size of the property.
  - Municipal: - Fees are calculated based on the size of the property.
  - Industrial: - Fees are calculated based on the size of the property.
- Fees are calculated based on the size of the property.
- Remaining zonings:
  - Financial: - Fees are calculated based on the size of the property.
  - Business: - Fees are calculated based on the size of the property.
  - Municipal: - Fees are calculated based on the size of the property.
  - Industrial: - Fees are calculated based on the size of the property.
- Fees are calculated based on the size of the property.
- Remaining zonings:
  - Financial: - Fees are calculated based on the size of the property.
  - Business: - Fees are calculated based on the size of the property.
  - Municipal: - Fees are calculated based on the size of the property.
  - Industrial: - Fees are calculated based on the size of the property.
the property, regardless of its zoning. As a result, the calculations present an exorbitant fee of approximately R 200 000 for the retail development and R 70 000 for both the commercial and industrial developments. These monthly fees, payable to the municipality for refuse removal appears very high and therefore Urban-Econ needs to clarify this matter.

Seeing that large retail centre, commercial offices, and industrial factories represented in the scenario set out above are not opulent within the Khara Hais LM, it is assumed that they were not considered when the tariff document was compiled. It was therefore decided to omit the fees from the analysis entirely.

Figure 4-3 indicates that the Polokwane LM and the City of Cape Town MM are the two outliers. However, when considering Table 4-6 above it is evident that the fee charged by the City of Cape Town MM is on par with the average fee charged. In this regard, the fee charged by the Polokwane LM is the lowest.

The outliers are clearly far removed from the average fee charged, indicating no continuity amongst municipalities with regard to the calculation of refuse removal fees.

It is noticeable that there are no continuity in the calculation methods; some municipalities use the size of the property, others have standard rates while the Moundusi LM calculates their fee using the electricity supplied to the property.

### 4.4 Sanitation

The tariffs for sanitation is largely based on the amount of water consumed. It is expected that a substantial amount of water used will be circulated back into the sewerage system. The fees are payable to the municipality by each property owner. These fees should not be mistaken for municipal rates, which will be analysed at a later stage. The purpose of these fees are to generate income to maintain sewerage plants and treat sewerage collected from the sewerage system; creating clean water.

### Overall Assumptions:

- For the purpose of this study, it is assumed that the residential development will use 40 kl per unit per month.
- In the event that fees are charged based on the size of the property, the residential development will be regarded as one unit and the fee divided amongst the 20 units.
- It is also assumed that the commercial, industrial, and office developments will each use 200 kl per month.
- The fees depicted below are monthly fees.
- For the purpose of this analysis the property values have been determined with the use of the Construction Handbook (AECOM, 2013) and set at:
  - Residential: R 1 290 000
  - Commercial: R 31 200 000.
  - Retail: R 340 000 000.
  - Industrial: R 40 500 000.

### Analytical Observations

The fees of two municipalities were not available at the time that the document was drafted. They have been omitted from the calculations and fees analysed below.

The fees were not available by the time the report was drafted.

The fees depicted in Table 4-7 indicates a fee of R 109,981.50 to treat sewerage from the City of Cape Town MM. The fees were calculated based on the size of the property.

The City of Johannesburg MM:
- Residential: fee calculated using the size of the property.
- Remaining zonings: As stipulated under the ‘other classes of property’ section.
- Ekurhuleni LM:
- All zonings: Calculated using water usage per month.
- Mopani LM:
- Residential Calculation method is unclear.
- Remaining zonings: Basic charge per m².
- Emfuleni LM:
- Residential: Fee calculated based on 70% of water usage.
- Remaining zonings: Fee calculated based on size of the property.
- City of Cape Town MM:
- Residential: Fee calculated based on 70% of water usage.
- Remaining zonings: Fee calculated based on 95% of water usage.
- George LM:
- It is assumed that the tariff provided are annual fees. The costs illustrated in this section are therefore divided by 12 months.
- Mangaung MM:
- Special sewer tariffs - for business use.
- Rustenburg LM:
- *Fees not available by the time the document was drafted.*

### Notes of Clarification

- City of Johannesburg MM:
  - Residential: are based on size of the property.
  - Remaining zonings: As stipulated under the ‘other classes of property’ section.
  - Mangaung MM:
  - Special sewer tariffs - for business use.
  - Rustenburg LM:
  - *Fees were not available by the time the report was drafted.*

### Table 4-7: Sanitation Fees

<table>
<thead>
<tr>
<th>Residential Development</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polokwane LM</td>
<td>R 104.82</td>
<td>R 110.06</td>
<td>R 114.25</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>R 104.82</td>
<td>R 110.06</td>
<td>R 114.25</td>
</tr>
<tr>
<td>Average Fee</td>
<td>R 197.65</td>
<td>R 1,220.31</td>
<td>R 1,131.64</td>
</tr>
</tbody>
</table>

**Table 4-6: Average Refuse Removal Fee Comparison**

**Table 4-7: Sanitation Fees**

**Notes:**
- Residential: is based on size of the property.
- Remaining zonings: As stipulated under the ‘other classes of property’ section.
- Special sewer tariffs - for business use.
- *Fees were not available by the time the report was drafted.*

**General Notes:**
- Residential: the calculations present an exorbitant fee of approximately R 200 000 for the retail development and R 70 000 for both the commercial and industrial developments.
- Monthly fees, payable to the municipality for refuse removal appears very high and therefore Urban-Econ needs to clarify this matter.

**Analytical Observations:**
- It is assumed that the residential development will use 40 kl per unit per month.
- In the event that fees are charged based on the size of the property, the residential development will be regarded as one unit and the fee divided amongst the 20 units.
- The fees depicted below are monthly fees.
- For the purpose of this analysis the property values have been determined with the use of the Construction Handbook (AECOM, 2013) and set at:
  - Residential: R 1 290 000
  - Commercial: R 31 200 000.
  - Retail: R 340 000 000.
  - Industrial: R 40 500 000.

**Sanitation Fees:**
- Residential: fee calculated using the size of the property.
- Remaining zonings: As stipulated under the ‘other classes of property’ section.
- Ekurhuleni LM:
- All zonings: Calculated using water usage per month.
- Mopani LM:
- Residential Calculation method is unclear.
- Remaining zonings: Basic charge per m².
- Emfuleni LM:
- Residential: Fee calculated based on 70% of water usage.
- Remaining zonings: Fee calculated based on size of the property.
- City of Cape Town MM:
- Residential: Fee calculated based on 70% of water usage.
- Remaining zonings: Fee calculated based on 95% of water usage.
- George LM:
- It is assumed that the tariff provided are annual fees. The fees illustrated in this section are therefore divided by 12 months.
- Mangaung MM:
- Special sewer tariffs - for business use.
- Rustenburg LM:
- *Fees were not available by the time the report was drafted.*
Property rates are essentially tax on property ownership as it used to provide municipal services. It is important to note that vacant land is also subject to property rates. It is important to note that there is a distinction between vacant and developed stands. The fees are to be paid by owners of all types of property. The fee payable is calculated using the value of the property, which is determined by an independent assessor who is registered at the South African Council for the Property Valuers Profession (SACPVP).

In summary, property rates are:
- Applicable to all types of properties, including vacant land.
- Payable by the owner of the property.
- Used to fund municipal services related to property development.

Below the rates, payable on properties with improvements will be analysed followed by analysis of property rates payable for vacant land.

5.1 Developed Stands
The property rates tend to be less expensive for developed stands than for vacant stands. This will be analysed in another section below.

### Analytical Observations
In order to analyse the property rates visually, the average rates were calculated for each municipality, regardless of the type of development. These rates are reflected in the graph below, allowing the client to see how municipal property rates compare with one another.

- The fees are charged in cents per rand for the value of the property which is listed above.
- Apart from the rates payable for the residential units, the Emfuleni LM’s fees are not far removed from the average fee charged by municipalities for.

### Overall Assumptions
For the purpose of this analysis the property values have been determined with the use of the Construction Handbook (AECOM, 2013) and set at:
- Residential: R 1 290 000 per unit.
- Commercial: R 31 200 000.
- Retail: R 340 000 000.
- Industrial: R 40 500 000.

The fees set out are in cents per rand value of the property.

### Average Sanitation Fees
Figure 4-4 below depicts the average sanitation fees charged by municipalities regardless of the property zoning or type of development. The visual representation provides the client with a clear insight into the range of fees charged.

Evidently, Mangaung MM and Rustenburg LM are the two outlier municipalities who charge the most and least for sanitation services respectively. It is interesting to note that three of the municipal fees are above R 2 400 and the majority is just below or above R 1 000.

As indicated above, Mangaung MM’s sanitation fee for the retail centre will be disregarded in which case Buffalo City MM’s fee is the highest at R 3 935.85. The fees for residential developments are congruent with the average fee calculated amongst the various municipalities. The outlier fees for remaining zonings, however, differ substantially from the average fees charged. This alludes to the possibility that sizeable developments such as the ones depicted in the scenarios are not being considered when tariff documents are drafted.

### Table 4-8: Average Sanitation Fee Comparison

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Residential Development</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mangaung MM</td>
<td>R 292.16</td>
<td>R 3,436.47</td>
<td>R 4,460.80</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>R 109.80</td>
<td>R 3,436.47</td>
<td>R 4,460.80</td>
</tr>
<tr>
<td>Average Fee</td>
<td>R 197.65</td>
<td>R 1,220.31</td>
<td>R 1,313.64</td>
</tr>
</tbody>
</table>

The fees for residential developments are congruent with the average fee calculated amongst the various municipalities. The outlier fees for remaining zonings, however, differ substantially from the average fees charged. This alludes to the possibility that sizeable developments such as the ones depicted in the scenarios are not being considered when tariff documents are drafted.
### Table 5-1: Property Rates Comparison

<table>
<thead>
<tr>
<th>Residential Development</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg MM</td>
<td>0.006161</td>
<td>0.017252</td>
<td>0.027604</td>
</tr>
<tr>
<td>City of Tshwane MM</td>
<td>0.009380</td>
<td>0.028300</td>
<td>0.032800</td>
</tr>
<tr>
<td>Ekurhuleni MM</td>
<td>0.007960</td>
<td>0.015910</td>
<td>0.019890</td>
</tr>
<tr>
<td>West Rand DM (Mogale LM)</td>
<td>0.012220</td>
<td>0.024430</td>
<td>0.024430</td>
</tr>
<tr>
<td>Sibedeng DM (Emfuleni LM)</td>
<td>0.009200</td>
<td>0.019440</td>
<td>0.024300</td>
</tr>
<tr>
<td>City of Cape Town MM</td>
<td>0.005900</td>
<td>0.011800</td>
<td>0.011800</td>
</tr>
<tr>
<td>George LM</td>
<td>0.008212</td>
<td>0.017252</td>
<td>0.017252</td>
</tr>
<tr>
<td>Musina LM</td>
<td>0.017210</td>
<td>0.015150</td>
<td>0.015150</td>
</tr>
<tr>
<td>uMhlatuze LM</td>
<td>0.005784</td>
<td>0.025005</td>
<td>0.025005</td>
</tr>
<tr>
<td>Emalahleni LM</td>
<td>0.007915</td>
<td>0.019788</td>
<td>0.019788</td>
</tr>
<tr>
<td>Nelson Mandela Bay MM</td>
<td>0.006121</td>
<td>0.016241</td>
<td>0.016241</td>
</tr>
<tr>
<td>Buffalo City MM</td>
<td>0.008225</td>
<td>0.020562</td>
<td>0.020562</td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>0.004300</td>
<td>0.008600</td>
<td>0.008600</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>0.005784</td>
<td>0.025005</td>
<td>0.025005</td>
</tr>
<tr>
<td>Sol Plaatse LM</td>
<td>0.01859</td>
<td>0.029909</td>
<td>0.029909</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>0.009658</td>
<td>0.014487</td>
<td>0.014487</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>0.005200</td>
<td>0.019000</td>
<td>0.019000</td>
</tr>
</tbody>
</table>

### Table 5-2: Average Property Rates Comparison

<table>
<thead>
<tr>
<th>Residential Development</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedibeng DM (Emfuleni LM)</td>
<td>0.009200</td>
<td>0.019440</td>
<td>0.024300</td>
</tr>
<tr>
<td>George LM</td>
<td>0.005821</td>
<td>0.007349</td>
<td>0.007349</td>
</tr>
<tr>
<td>Average</td>
<td>0.013208</td>
<td>0.018473</td>
<td>0.017922</td>
</tr>
</tbody>
</table>

### Table 5-3: Vacant Stand Rates

<table>
<thead>
<tr>
<th>Residential Development</th>
<th>Retail Centre</th>
<th>Commercial Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg MM</td>
<td>0.026464</td>
<td>0.026464</td>
<td>0.026464</td>
</tr>
<tr>
<td>City of Tshwane MM</td>
<td>0.031820</td>
<td>0.031820</td>
<td>0.031820</td>
</tr>
<tr>
<td>Ekurhuleni MM</td>
<td>0.048600</td>
<td>0.048600</td>
<td>0.048600</td>
</tr>
<tr>
<td>West Rand DM (Mogale LM)</td>
<td>0.019440</td>
<td>0.024300</td>
<td>0.024300</td>
</tr>
<tr>
<td>Sibedeng DM (Emfuleni LM)</td>
<td>0.012551</td>
<td>0.019200</td>
<td>0.019200</td>
</tr>
<tr>
<td>City of Cape Town MM</td>
<td>0.005821</td>
<td>0.007349</td>
<td>0.007349</td>
</tr>
<tr>
<td>George LM</td>
<td>0.024362</td>
<td>0.024362</td>
<td>0.024362</td>
</tr>
<tr>
<td>Polokwane LM</td>
<td>0.019350</td>
<td>0.019350</td>
<td>0.019350</td>
</tr>
<tr>
<td>Mangaung MM</td>
<td>0.011618</td>
<td>0.034654</td>
<td>0.034654</td>
</tr>
<tr>
<td>Sol Plaatse LM</td>
<td>0.024674</td>
<td>0.024674</td>
<td>0.024674</td>
</tr>
<tr>
<td>Khara Hais LM</td>
<td>0.019316</td>
<td>0.019316</td>
<td>0.019316</td>
</tr>
<tr>
<td>Rustenburg LM</td>
<td>0.007800</td>
<td>0.021400</td>
<td>0.021400</td>
</tr>
</tbody>
</table>

### 5.1 Vacant Stands

Property rates are payable even though the stands are vacant. The rates for vacant stands might be the same as for developed stands, but are typically higher; encouraging owners to develop the vacant land. Municipal incentives, services, and bulk installed and maintained by municipalities, but are left unused on vacant stands. In an attempt to avoid this, municipalities charge higher fees for vacant stands.

The fees below are the cents charged per Rand for the value of the property determined by the professional assessors appointed by the municipality.

### Analytical Observations

In order to analyse the property rates for vacant stands visually, the average rates were calculated for each municipality, regardless of the property zoning. The average rate comparison is reflected in the graph below.

The fees are charged in cents per Rand for the value of the property which is listed above.

The City of Tshwane MM and George LM are the two outliers who charge the most and the least respectively for vacant stands. The City of Tshwane MM is much higher than the average fee charged by municipalities while the George LM charge much less. The significant difference between the outliers

### Notes of Clarification

- Residential: General rate.
- Emfuleni LM: Residential/Landsite.
- Rates for vacant stands: The rates for vacant stands are not rateable.
- Industrial: The first R 50 000 of the market value of the property is not rateable.
- Retail: As stipulated under the ‘sectional title business’ category.
- Residential: Lower than R 15 000 of the value of the property.
- General: Retail, Commercial and Industrial developments.
- The fees payable for all zonings excluding residential developments are clearly higher than the average fee calculated for the various municipalities.
- The property rates charged by the George LM, on the other hand, are far lower than the average fees set out below in Table 5-2.
- The City of Tshwane MM and George LM are the two outliers who charge the most and the least respectively for vacant stands.
developed stands. The values have been omitted to reduce clutter. The aim of the graph is merely to illustrate the difference in fees for the two types of stands.

6 Engineering Service Contributions

An approval of an application to change the land use rights of a property is usually subject to the payment of service contributions. These applications include re-zonings, subdivisions, township establishments, etc. The site for the proposed development would require additional engineering services from the municipality in order for the development to be successful. The costs incurred by the municipality are covered by the contributions payable by the applicant. The engineering services in question are usually for roads, stormwater, sewerage, and electricity. Calculating the contributions payable by the applicant encompasses a variety of factors and costs; complicating and diversifying the process tremendously.

According to Jeffares & Green Engineering and Environmental Consulting (2010), it is currently unclear to municipalities which legislation should be used in calculating the contributions. In the past, the Town Planning and Townships Ordinance 15 of 1986 were used, but is no longer applicable. However, there are still certain clauses used by some municipalities. According to the Ordinance, applicants “may” be required to pay a contribution. This complicates matters in determining who is liable and who is not.

In 1984, the Venter Commission implemented guidelines to determine and calculate contributions; however, they are very complicated.

The formula to calculate the contributions for the road network requires:
- The fee that equates to the total cost of the municipal road network
- Divided by the total number of people using the roads (consumer units)
- Subtracting the municipality’s outstanding loan debt for the provision of those roads (which will recover over time as developments take place and occupants of properties start paying rates and taxes).

As a result, municipalities have started to estimate the total cost of the service contributions as it is nearly impossible to calculate the value of the entire road network.

The Constitution, the Municipal Systems Act of 2000, the Municipal Finance Act of 2003, and the Municipal Property Rates Act of 2004 are other legal frameworks used to guide municipalities in calculating the contribution fees payable by applicants.

Essentially, there is no definite guideline assisting municipalities in calculating contributions.
7 Conclusion

Costs associated with property development include municipal fees; a concern to developers when it comes to financial viability studies for development projects. The aim of the study is to determine how easily municipal fees relating to property development can be obtained and analysed.

Municipalities are required to submit a number of tariff related documents to the National Treasury. These include, among other, the tariff structures, and the MTREF. Even though the MTREF elaborates on the expenditure of the municipality, it does not provide details of the expenditure. In a similar fashion, a tariff structure indicates the various fees payable for various services offered by the municipality.

Apart from NERSA, the study has found that currently there are no norms or standards in place to regulate the fees charged by municipalities. The only charges that are regulated are the rates and taxes that can be added to current property rates and service fees. The Municipal Property Rates Act 6 of 2004 and the Municipal Fiscal Powers and Functions Act 12 of 2007 enables a municipality to apply for an increase in property rates as well as applying a surcharge on fees charges for services. The National Treasury is currently working on creating norms and standards to create transparency and unify fees, to an extent, amongst municipalities.

This document analysed a variety of municipal fees related to property development within 19 municipalities that were specifically selected. The following sections will summarise the study’s findings.

7.1 Data Gathering Experience

Town Planning Fees

The town planning fees chosen relates to the submission of various common land use management applications. Obtaining the fees for these applications was relatively easy apart from a few exceptions where fees were not detailed in the tariff document, the municipality could not be reached, the municipal official could not provide an answer, or where no provision were made for the type of development.

It was interesting to note that not all municipalities made use of the same legislation where it is in place. As an example, the City of Cape Town do not accept applications for the establishments of townships in terms of section 96 of the Town Planning and Townships Ordinance 15 of 1986. They make use of the Land Use Planning Ordinance 15 of 1985 which calls for a simultaneous rezoning and subdivision. This example serves as an emphasis on the fact that fees for the submission of land use management applications are not uniform.

Building Plan Submission Fees

Provided that the type of development has been accommodated within the fee structures, all the fee structures for the submission of building plans were found to be legible and fairly transparent. The data and subsequent findings indicates that, although one can access the fees to submit a building plan relative easily there is no congruency amongst the fees charged.

The majority of the submission of building plan fees were documented and readily available. However, a few municipalities had to be contacted in order to obtain the fees. “Building Plans” seems to be a phrase that many municipal officials are familiar with, as opposed to the phrase “Town and Regional Planning.” It was therefore relatively easy to be transferred to the Building Plans Department and get in touch with the responsible municipal official.

Consumption Charges

Consumption charges encompass a variety of fees, namely for electricity supply, sewerage treatment, refuse disposal and water supply. The fees for basic municipal services are generally set out in the tariff documents, however, the structure of the fees can be complicated, i.e. it is not easy to calculate the total amount payable for each scenario set out above.

7.2 Main Observations

The data subtracted upon analysis of all relevant fees illustrated incoherence within the tariff documents. The fees were analysed with means of tabulation and comparison. An average was calculated and the outliers were compared to the average. In most instances, the difference between the lowest and highest outliers were extreme. Clearly not all fees can be similar or even uniform as various factors are involved in performing the various services. These factors vary from one area to another and can, in itself, not be standardised. It has, however, been observed that the methods in calculating the fees differ considerably. The standards against which the fees are measured differ along with additional factors included in fees.

Town Planning Fees

It was observed that a few smaller municipalities charged more for some applications than the metropolitan municipalities. This observation highlights the notion that there is no congruency amongst municipal fee structures. As an example, some municipalities include advertising fees within the submission of application fee while others handle it separately or do not charge for it at all. This is an imperative point as the factors involved in considering land use management applications could not differ as greatly as the difference in fees would suggest.

Building Plan Fees

Municipal fee structures for building plan submissions are mainly set up to charge for the size of the proposed development alone, or to incorporate a charge for the type of development into the fee per m². In case of the latter, the fee to submit a building plan for a residential development will be smaller than submitting a building plan for a retail centre. In case of the former, one is left to calculate an exorbitant fee for the submission of a large development such as the retail centre illustrated in the scenario above, especially if no limitations (or maximum fee) were established.

Consumption Charges

The fee structures for each municipality are set up differently as they do not use the same criteria to calculate fees. Some municipalities guide their tariffs based on the size of the property, others use the type of development, while Munsudzi LM, for example, base their fee for refuse removal on the amount of electricity supply to a household. NERSA regulates the fees charged by Eskom, ensuring that all the fees are calculated in a congruent fashion. This is clearly visible from the data set out above. However, the remaining municipal service fees showed no signs of congruency upon analysis.

In essence, the data obtained alludes to a simple observation, fees that concern the majority of the public on a regular basis, such as water, electricity, and simple land use management applications, are easily obtained, albeit not always clearly defined.

Efforts were made to contact the National Treasury to compare the data they have on the respective municipalities with the data collected for the study. The data collected could not be supplemented with that from National Treasury as the information was never sent to National Treasury. The data depicted above is therefore all the data made available to the public.

At large, the majority of the municipal service fees selected for the purpose of this study are either difficult to obtain, require in-depth analysis to comprehend or both.

In general, the fees structures are not transparent as one cannot determine how the fees were calculated or what they entail. The fees structures can also not be regarded as coherent as it requires some effort and understanding to comprehend how to calculate the required amount payable for municipal services.

7.3 Recommendations

As indicated earlier, National Treasury is currently in the process to develop norms and standards to regulate tariffs for various municipalities. It is, however, a challenging prospect as many factors such as transport, infrastructure maintenance, accessibility, local dynamic, etc. play imperative roles in delivering services to municipal areas. These factors cannot be executed equally and can therefore not be charged equally. Furthermore, there appears to be information gaps within the data collected. The information was never sent to National Treasury that details the primary and secondary factors involved in delivering the various services, not to mention the details related to the cost directly and indirectly involved to render municipal services.

In order to construct a list of norms and use of the same methodology, the National Treasury was requested to supplement available information indicating all primary and secondary factors involved in service delivery. These factors would include, as an example, all actions required
To perform certain tasks, all government departments involved, all private companies involved and all costs involved proving a service to all municipal areas.

To make this challenging task manageable, structures would have to be put in place to unify all records. If all municipal records are kept and logged in the same fashion, National Treasury would be able to analyse the information sufficiently. Toolkits and standardised process can be used to assist municipalities in recording all required information and calculate fees in a transparent and uniformed fashion.

Furthermore, it is recommended that a regulating authority, made up of professional individuals with practical experience, be assigned to assist municipalities in compiling fees charged for services. As indicated, NERSA have been appointed to regulate fees charged for electricity. This clearly has a profound effect on the congruency amongst fees charged by municipalities regardless of area and province.

It should be noted that the objective of the regulating authorities would not be to supervise municipalities, but rather to assist and guide them towards defining primary and secondary factors more accurately. This would allow municipalities to regain control over their fee structure and also provide the regulating authority to support municipalities in defending the tariffs set out in the tariff documents. By doing so, the regulating authority would be in a position to ensure that the fees are in line with the norms and standards set out by the National Treasury.

In the interim, it is also recommended that municipalities focus on streamlining communication with consumers who are evidently customers. Consumers provide municipalities with an income, and therefore opening communication channels with their consumers will drastically improve their income flow.

Contacting municipalities and reaching the correct official has proven to be a formidable task. Obtaining the relevant fees required to compile a feasibility study also proves to be a challenge. These impediments can easily be reduced with small initiatives such as a Customer Interface Desks for each department, providing switchboard operators with detailed contact information and upgrading some outdated websites to reflect, amongst other, current frequently asked tariffs.

It is imperative to go back to basics; ensuring the foundation on which the municipality is built is stable and well structured. Each municipality should abide by the eight Batho Pele principles developed with regard to service delivery:

- Consultation
- Setting Service Standards
- Increasing Access
- Ensuring Courtesy
- Providing Information
- Openness and Transparency
- Redress
- Value for Money

Consumers provide a municipality with an income flow in exchange for services. It is therefore imperative to provide services that are of high standards; inviting people to invest in the municipality. Efficient service delivery on lower levels (such as answering telephones, responding to emails, providing information) will result in efficient service delivery on intermediate and higher levels. Infrastructure maintenance and basic service delivery will provide municipalities with a competitive edge, which will in turn strengthen investment opportunities.

Consumers cannot be taken for granted. Development and growth work in cycles. Efficient municipalities attract investments; growing physically and financially as a result. It is important that municipalities be cognisant of the importance of customer care; ensuring a sustainable income stream for the municipality.

Municipalities are essentially businesses; customers should be their priority. Batho Pele. People First.