



**MINISTRY: FINANCE
REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 Tel: +27 12 323 8911 Fax: +27 12 323 3262
P O Box 29, Cape Town 8000 Tel +27 21 464 6100 Fax +27 21 461 2934
Website : www.treasury.gov.za , email : minreg@treasury.gov.za

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Mr Yunus Carrim, MP
Chairperson: Select Committee on Finance
National Council of Provinces
Parliament of the Republic South Africa
PO Box 15
CAPE TOWN
8000

E-mail:ycarrim@parliament.gov.za

Dear Honourable Carrim

MUNICIPAL FISCAL POWERS AND FUNCTIONS AMENDMENT BILL [B 21B—2022]

I refer to the Municipal Fiscal Powers and Functions Amendment Bill [B 21B—2022] (the Bill), currently before the Select Committee on Finance, National Council of Provinces.

I wish to bring to the attention of the Committee for its consideration during the deliberations on the Bill, the following technical refinements mentioned in paragraphs (a) and (b) and the correction mentioned in paragraph (c):

- (a) In clause 1, page 2, line 18, to amend the definition of “capital infrastructure asset” by the addition after “engineering services”: “, parks and open spaces or a municipal service”. The definition will then read as follows:

‘capital infrastructure asset’ means land, property, building or any other immovable asset, including plant and equipment that accede thereto, which is required for provision of an engineering service, parks and open spaces or a municipal service;

Reason for this proposed amendment: This is to clarify that municipalities can use development charges to contribute to infrastructure to service parks and open spaces and municipal services.

- (b) In clause 1, page 3, lines 1 to 13, to replace the definition of “development charge” with the following definition:

‘development charges’ means a charge levied by a municipality in terms of section 9A(1)(a), and contemplated in section 49 of the Spatial Planning and Land Use Management Act, which must contribute towards—

- (a) the cost of capital infrastructure assets required to meet increased demand for existing and planned external engineering services; or**
(b) the cost referred to in paragraph (a) and the cost of land for parks and open spaces if the land development application provides for the use of land for residential purposes; or

(c) the costs referred in paragraphs (a) and (b) and, with the approval of the Minister, the cost of municipal services other than engineering services;

Reason for this proposed amendment: This is to clarify that a development charge may contribute to the cost of capital infrastructure assets for engineering services; or such cost as well as the cost of land for parks and open spaces in respect of an application for the use of land for residential purposes; or both these costs as well as, if approved by the Minister for municipal services other than engineering services. In addition, the term “land for parks and open spaces” instead of “open parks and spaces” to accord with the terminology used in the Spatial Planning and Land Use Management Act. Provision is also made for the cost of municipal services other than engineering services.

(c) In clause 4, page 9, line 8 (in the proposed section 9G(7)), to omit “not”.

Reason for correction: Considering section 9G(6) that section 9G(7) refers to, the omission of “not” is necessary to accord with the intention.

I hereby request the Committee to consider these proposed amendments to the Bill. If adopted by the Committee and the NCOP as proposed amendments, I have been advised that these will be referred to the National Assembly for its consideration since the Bill is tagged as a Bill to which the procedure in section 75 of the Constitution applies.

Your favourable consideration will be appreciated.

Yours sincerely,



ENOCH GODONGWANA, MP
MINISTER OF FINANCE
DATE: 4/09/2023

cc Hon Mr MJ Maswanganyi, MP
Chairperson
Standing Committee on Finance
National Assembly