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Author: Staff Reporter

Big megacity letdown

MOOIKLOOF: GOVT FAILS TO COME THROUGH WITH R1.4BN CONTRIBUTION

→ **Developer spent R300m in relation to state's obligation.**

Moneyweb

More than three years after the R84 billion Mooikloof Mega City in the east of Pretoria was named as one of government's strategic infrastructure projects (SIPs), developer Balwin Properties is still waiting for government to fulfil its promise to provide R1.4 billion for bulk infrastructure to unlock the value.

The first residents are set to receive their keys and move into their new homes this month.

At the launch of the development in October 2020, three months after the SIP designation, President Cyril Ramaphosa said the development "is pushing back the frontiers of human settlements in our country, by way of design, planning and construction".

He said once completed, "the Mooikloof Mega City may end up becoming the world's largest sectional property development, with land also earmarked for schools, shops and offices", and described it as the "outcome of a successful public-private partnership" between the City of Tshwane, the Gauteng government and Balwin Properties.

Ramaphosa specifically praised Kgosisentsho Ramokgopa – who then headed the Investment and Infrastructure Office in the Presidency – for the energy he spent to bring the development to that point.

He has since appointed Ramokgopa as electricity minister, and it seems nobody has been appointed to take over his previous role.



NO RESPONSE. President Cyril Ramaphosa at the launch of the R84 billion Mooikloof Mega City project in 2020. Balwin Properties is awaiting R1.4 billion promised by government for bulk infrastructure. Picture: GCIS

The Presidency did not respond to a question in this regard.

The listing of the SIPs followed the inaugural Sustainable Infrastructure Development Symposium (SIDS) in June 2020, which managed to unlock over R340 billion in private sector investment in key economic sectors.

Where is govt's contribution?

Balwin told *Moneyweb* no specific dates were set for the payment of government's contribution.

"We were of the understanding that payment would flow in one lump sum or that the government would appoint the contractor themselves to do the necessary infrastructure installation.

"We were of the understanding that funding for implementation or the appointment of a contractor to do the implementation would commence shortly after the gazette," it said.

The company said it had engaged all government role-players, including National Treasury, the department of public works

and infrastructure, and the City of Tshwane. The talks are ongoing and have been "positively received" – but no payment has been made yet.

This delayed the project considerably as the upgrade of the bulk infrastructure was a condition for the rezoning of the land, and Balwin had no choice but to fund it for the time being.

The company has already spent more than R300 million out of its own pocket in relation to government's obligations.

This was spent on bulk infrastructure for the delivery of water and sewerage services as well as roads, including the construction of a reservoir in La Montagne, the new Hazeldean Boulevard that

connects Silver Lakes with Mamelodi, and R14 million for upgrades to the electricity network.

Fight over power distribution

The City of Tshwane is, meanwhile, fighting for the right to sell and distribute electricity in Mooikloof. It's taking electricity regulator Nersa's decision to grant an application from Eskom to provide the service on review in the high court.

Nersa is opposing the application, but Eskom seems unaware of the dispute. In response to a question, it said: "Eskom will deal with the matter should it be brought to its attention."

Tshwane argues that Mooikloof is within its licensed distribution area and Nersa erred by approving the Eskom application without the city's concurrence, as required by law.

Neither the Presidency nor the department of public works and infrastructure responded to questions about the outstanding contribution.

R1.4bn

is amount government promised to developer Balwin Properties.