

City of Johannesburg Council 2020-05-29

COJ : MAYORAL COMMITTEE 2020-03-20

FINANCE

24 **AMENDMENT OF TARIFF FOR THE DELIVERY OF THE FINAL NOTICES 2020/2021**

1 STRATEGIC THRUST

The City identified nine (9) Priority Areas that the SDBIP, IDP and budget aim to achieve. The applicable Priorities for this Report are:

- Priority 2: Financial Sustainability
- Priority 4: Sustainable Service Delivery
- Priority 7: Active and Engaged Citizenry.

2 OBJECTIVE

The purpose of this report is to present to Council for tabling, the increased tariff for the cost of delivery of the Final Notice in respect of the 2020 / 2021 financial year.

3 BACKGROUND

The City currently levies a fee of R 169.06 (Incl. VAT) for the posting of a Final Notice to the consumer, which is billed directly to the consumers account.

This also has been emphasised in this case, "JOSEPH & OTHERS vs CITY OF JOHANNESBURG & OTHERS (REFERRED HERETO AS THE ENNERDALE MANSIONS (PTY) LTD MATTER)" procedural fairness required that applicants were entitled to 14 days pre-termination notice. The Court further held that the City's Credit Control and Debt Collection By Laws (2005) can be read consistently with the Promotion of administrative Justice Act so that procedural fairness is afforded not only to customers of City Power but to any person whose rights would be materially and adversely affected by the termination of electricity supply.

Arising out of this judgment the Constitutional Court has declared that the City's failure to issue final notices to any occupier of property including owners and tenants alike is deemed to be unconstitutional, hence this tariff is now implemented.

(1) Legislative Requirements

The Municipal Finance Management Act (MFMA) provides a framework for the preparation of municipality's budgets, section 21 of the MFMA is the primary provision relating to the municipal budget process. It requires the Mayor to coordinate the processes for preparing the annual budget and for reviewing the Integrated Development Plan (IDP) and budget related policies to ensure that the tabled budget and any revisions of the IDP and budget-related policies are mutually consistent and credible.

FINANCE

(2) Underlying budget principles

- Departments and MEs are required to justify their 2019/ – 2020/21 medium term budget requests by providing detailed information of the cost.
- Ongoing costs should be funded with ongoing revenues. Align continuing expenditures with continuing revenues, on a level that can be reasonably sustained and reduce reliance on one-time funding
- Revenue forecasts should be neither overly optimistic nor overly conservative. Should economic downturns develop which could result in revenue shortfalls; the City will make adjustments in the anticipated expenditures to compensate for the shortfall in revenue to protect the net operating margin.

(3) Assumptions and Key Parameters:

4 POLICY IMPLICATIONS

The proposal is in line with the City of Johannesburg's guiding principles on the determination of tariffs in that tariffs should be equitable and affordable.

CPI is estimated at:

- 5.4% - 2019/20
- 5.2% - 2020/21
- 4.7% - 2021/22
- 5.0% - 2022/23

5 FINANCIAL IMPLICATIONS

The delivery fee of R177.85 (Incl. VAT) per delivery will be levied on the consumers account. This tariff is in line with the same cost charged by the Sheriff of the Magistrate Court for the issuing of notices.

6 ECONOMIC IMPLICATIONS

The issuing of a final notice prompts consumers to pay their outstanding Municipal account with the City, which enables Revenue Collection. The collection of revenue allows the City to implement various Economic development Initiatives, develop skills and create jobs within the City.

7 COMMUNICATION IMPLICATIONS

The relevant information regarding the amended tariffs will be communicated to all the role players in the manner as prescribed by law.

24.3

City of Johannesburg Council 2020-05-29

COJ : MAYORAL COMMITTEE 2020-03-20

FINANCE

8 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The report is in line with sections 11(3) (i), 21 21 and 75A of the Municipal Systems Act 32 of 2000.

The report is also in line with sections 17(3)(a)(ii) and 22(a) 24(2)(c)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
It should though be kept in mind that by virtue of Section 28 (6) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), once the new tariffs have been determined in respect of the 2019 / 2020 Financial Year, it may not be further increased during that financial year, except when required in terms of a financial recovery plan as contemplated in the Act.

For that reason it is essential to ensure that the proposed increases comply with the budgeted needs of the Council in respect of 2019 / 2020 Financial Year.

9 OTHER BODIES/DEPARTMENTS CONSULTED

Group Legal and Contracts
Financial Compliance.

IT IS RECOMMENDED

- 1 That, in terms of Sections 11(3)(i) and 75A (1) of the Local Government: Municipal Systems Act 2000, (Act 32 of 2000) as amended, read with Section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the City of Johannesburg declares its intention to amend with effect from 1 July 2020 its Tariff of Charges:-

For the delivery fee of R 177.85 (Incl. VAT) per delivery of a final notice that will levied on the consumer account. as set out in Annexure "A"

- 2 That, in terms of Sections 17(3)(a)(ii) and 22(a)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and Sections 21, 21A(1) and 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, the City of Johannesburg:
 - (1) displays the notice and the documents and notice in the manner prescribed;
 - (2) seeks to convey to the local community by means of radio broadcasts covering the area of the City, the information contemplated in Section 21A(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended; and

24.4

City of Johannesburg Council 2020-05-29

COJ : MAYORAL COMMITTEE 2020-03-20

FINANCE

- (3) publishes a notice in the manner prescribed and invites the local community to submit written comments or representations in respect of the City's declared intention to amend or determine Tariffs of Charges.
- 3 That in terms of Section 22(b)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) a copy of the notice and documents be sent forthwith to the National and Provincial Treasury; MEC for local government; as well any other organ of state or municipality affected by the budget to solicit their views.
- 4 That the Group Chief Financial Officer in conjunction with Group Head: Legal and Contracts, in consultation with the Council's relevant Departments and all interested parties, report on the comments received in terms of Paragraph 2 above with recommendations on the final draft of the Tariffs of Charges for approval.
- 5 That the report be submitted to a relevant Section 79 Committee for comment.

(FINANCE)

(Conny Raganya)

(Tel. (011) 628-4599)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURES TO THIS ITEM

24.5

City of Johannesburg Council 2020-05-29

COJ : MAYORAL COMMITTEE 2020-03-20

FINANCE

ANNEXURE 'A'

CITY OF JOHANNESBURG

DELIVERY OF A FINAL NOTICE

In terms of Sections 17(3)a(ii) and 22(a)(i) and (ii) of the Local Government : Municipal Finance Management Act, 2003 (Act 56 of 2003) read with Sections 21 and, 21A(1) and (2) of the Local Government : Systems Act 2000 (act 32 of 2000) as amended; and also in terms of 11(3)(i) and 75A(1) and (2) of the Local Government : Municipal Systems Act 200 (Act 32 of 2000) as amended, read with section 16 of the Local Government : Municipal Finance Management Act, 2003 (Act 56 of 2003), as amended it is hereby notified that the City of Johannesburg declares its intention to amend its fees for a final notice with effect from **1 July 2020.**

The following tariffs shall be effective from 1 July 2020:

Fees payable in respect of the delivery of the Final notice	R 177.85 (Incl. VAT)
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24.6

City of Johannesburg Council 2020-05-29

COJ : MAYORAL COMMITTEE 2020-03-20

FINANCE

ANNEXURE 'B'

TARIFF FOR THE DELIVERY OF THE FINAL NOTICES

Major benefits to the Communities of Johannesburg

An increase in revenue collection will yield the following benefits for the citizens of Johannesburg:

- The City's liquidity will improve, resulting in additional funds being made available to fund major capital projects;
- More funds can be made available to expand the social package making access to basic services more affordable for poorer communities.

Communities that will benefit

All citizens of the City will benefit from the improved initiatives of the department

Implementation start

1 July 2020

Implementation completion

On-going.

Cost of implementation

Nil.

How will communities be informed of the contents of this report?

The City of Johannesburg publishes a notice in the manner prescribed and invites the local community to submit written comments or representations in respect of the City's declared intention to amend or determine Tariffs of Charges.

How can communities be involved in the implementation of this report?

Communities are encouraged to use channels that the City offers to report all service delivery related matter with regards to this report.

Contact information

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What other information can be given to assist Councillors to communicate the contents of this report to communities?

The report is presented in the format as provided for ease of standardization throughout the City.