

COJ : MAYORAL COMMITTEE 2019-03-06

PIKITUP JOHANNESBURG (SOC) LTD

**97 AMENDMENT OF TARIFF OF CHARGES
FOR SOLID WASTE SERVICES TARIFFS
FOR 2019/20 MTEF**

1 STRATEGIC THRUST

Well governed City, well governed entity and compliance.

2 PURPOSE

The purpose of this report is to request The Council to approve the proposed waste management services tariffs and levies. The tariffs, once approved will be effective from 01 July 2019.

3 BACKGROUND

Pikitup revise its tariffs levied on waste management services on an annual basis subject to Council approval. This report therefore seeks to obtain Council's approval to implement the various proposed tariffs as tabled in paragraph 4 of this report. The proposed tariffs are expected to generate sufficient revenue to fund the operating budget. The operating budget is critical in ensuring that Pikitup sustain its current service levels, as well as improve and extend services to new developed areas.

4 PROPOSED WASTE MANAGEMENT SERVICES TARIFFS

4.1 Refuse Charge

This charge is levied to all properties zoned "residential" in the City's land Information System (LIS). Property values (as per general valuation roll) are used to determine the tariff category for each individual customers. Properties valued at and below R350 000, as well as indigent's households are exempt from this charge. The proposed tariffs and associated impact is displayed in table 1. The provision of free basic waste management services, particularly to indigents and those who can't afford was again taken into consideration in the tariff determination process for the 2019/20 financial year.

Proposed tariffs for domestic customers also include any building and its outbuildings registered within the City of Johannesburg's Registered Social Landlord Pilot Scheme. Inner City Properties, as well as those in the UDZ (Urban Development Zone), are also included as part of proposed domestic tariff increase. The proposed tariff below has been increased by 7% as compared to last year.

COJ : MAYORAL COMMITTEE 2019-03-06

PIKITUP JOHANNESBURG (SOC) LTD

Table 1:

Property categories		Proposed Tariff	Proposed Increase
From	To		
0	R350 000	Exempt	Exempt
R350 001	R500 000	R134	7.0%
R500 001	R750 000	R177	7.0%
R750 001	R1 000 000	R223	7.0%
R1 000 001	R1 500 000	R235	7.0%
R1 500 001	R2 500 000	R328	7.0%
R2 500 001	R5 000 000	R342	7.0%
R5 000 000>		R350	7.0%

4.2 City Cleaning Levy

This charge is levied to all non-residential zoned properties in the City's Land Information System (LIS). Property values (as per general valuation roll) are used to determine the tariff category for each individual customers. All agricultural properties, including agricultural residential properties will attract this charge/levy instead of refuse charge. This tariff will apply to all properties registered within the City of Johannesburg, Inner City Properties and UDZ (Urban Development Zone) that are not zoned "residential" properties in the LIS system. The proposed tariff categories for city cleaning levy is as per table 2 below at an increase 7% as compared to last year.

Table 2:

Categories		Proposed Tariffs	Proposed % Increase
From	To		
0	R350 000	Exempt	Exempt
R350 001	R500 000	R183	7.0%
R500 001	R1 500 000	R185	7.0%
R1 500 001	R2 500 000	R265	7.0%
R2 500 001	R5 000 000	R273	7.0%
R5 000 001	R7 500 000	R423	7.0%
R7 500 001	R10 000 000	R441	7.0%
R10 000 001	R30 000 000	R592	7.0%
R30 000 000>>>		R752	7.0%

4.3 Landfills Disposal of Refuse

A tariff increase of 7% is proposed for the financial year 2019/20 in respect of landfills. The following user charges as outlined below will be payable for utilising the City's refuse disposal sites.

COJ : MAYORAL COMMITTEE 2019-03-06

PIKITUP JOHANNESBURG (SOC) LTD

		Tariff (excl. vat)
(a)	Refuse Disposal for each 500kg - Except Special Industrial Waste	R 116
(b)	Refuse Disposal for each 250kg - Special Industrial Waste	R 116
(c)	Refuse Disposal - Except Special Industrial Waste done after 12:00pm on Saturday, the whole day on Sunday and Public Holidays	R 139
(d)	Refuse Disposal - organic (garden) waste (Free at Garden Sites)	R122
(e)	Refuse Disposal - Soil and Other Material Suitable for Covering Landfills	R 0
(f)	Refuse Disposal Outside of COJ- Soil and Other Material Suitable for Covering Landfills	R 172

4.4 Safe Disposal (per ton)

A tariff increase of 7% is being proposed for the financial year 2019/20

		Tariff (excl. vat)
(a)	Price per ton	R 2 904
(b)	Price per 500kg and under	R 1 452

4.5 Non Sectional Title Properties

It is proposed that a tariff increase of 7% be levied from non-sectional title properties for the financial year 2019/20 as follows:

- Non sectional title properties with multiple living units R87 per unit

This refuse tariff or user charge will be applicable to non-sectional title properties in the City zoned as residential which contain living units on successful application to the City. This tariff will only be applied only to those properties that have been approved for this category. All other properties which have not been approved by City will be charged commercial tariffs.

COJ : MAYORAL COMMITTEE 2019-03-06

PIKITUP JOHANNESBURG (SOC) LTD

- Non sectional title properties containing living rooms R36 per room with shared facilities per month

This refuse collection tariff or user charge is applicable to non-sectional title properties in the City zoned as residential or business which contain rooms for human habitation with shared ablution facilities on successful application to the City. If the application fails the commercial or business tariff will apply.

4.6 Animal Carcass Removals

The standard charge for an animal carcass removal service for residents when required is rescinded and will be funded from the City Cleaning Levies charged.

4.7 Additional and Lost or Stolen bins

The provision of additional bins and replacement of stolen or lost bins are provided in the bin management policy. This policy requires that stolen or lost bin could be replaced once for free within an 8 years cycle. Any additional replacement of lost or stolen bins within the bin cycle period would be at a cost to resident/customer. The cost would be determined from time to time by Pikitup finance department and would include the actual cost of the bin and delivery cost. This principle also apply to customers/residents who want additional bins.

4.8 Bins required for special events

A deposit equal to the cost of a bin or a skip would be required from the customers. The deposit is refundable once the bins/skips has been collected or returned to Pikitup. A delivery charge amounting to R227 would be levied to all customers who requires delivery of those bins/skips. Delivery charge is not applicable to customers who chooses to collect the bins from Pikitup Depot or Stores. A daily charge of R22 per bin and R57 per skip would be levied to customer for each day the skip remain with the customers.

4.9 General

All other council services not itemised above including disposal fees will increase by 7%.

The charge in respect of any waste management services rendered and not provided for elsewhere in this tariff report shall be negotiated with Pikitup.

The City/Pikitup reserves the right to refuse the rendering of any service if the rendering thereof is impractical.

The City will not refund any monies unless the user gives notification in writing. Rebates will only be backdated to a maximum of three months from the date of written notification.

COJ : MAYORAL COMMITTEE 2019-03-06

PIKITUP JOHANNESBURG (SOC) LTD

4.10 Value Added Tax

All the above charges are exclusive of VAT

5 POLICY IMPLICATIONS

Pikitup's tariff determination principles are in line with the waste management by-laws, City of Johannesburg's budget indicatives and directives, budget related policies and Integrated Development Plans of addressing social, economic and financial imperatives.

6 FINANCIAL IMPLICATIONS

The proposed waste management services tariff is sufficient to fund its current operating budget. This will ensure that Pikitup is able to achieve its service delivery mandate.

7 ECONOMIC IMPLICATIONS

The tariff increases are expected to fund an operational budget that is expected to facilitate a waste management services to the City's residents.

8 COMMUNICATIONS IMPLICATIONS

The relevant information regarding the amended tariffs will be communicated to all stakeholders in the manner prescribed by law

9 CONSTITUTIONAL AND LEGAL IMPLICATIONS

This report is in compliance with all relevant Legislation. It should be noted that, in accordance to Section 28 (6) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) ("MFMA"), once the new tariffs have been determined in respect of the financial year, there 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 2019/20 financial year as well as the outer years of the MTREF.

Section 87(1) of MFMA provides that the Board of Directors of a municipal entity must for each financial year submit a proposed budget of the entity to its parent municipality not later than 150 days before the start of the entity's financial year or earlier if requested by the parent municipality. Furthermore, Section 87(5) (c) of MFMA stipulates that the budget of a municipal entity must be within any limits determined by the entity's parent municipality, including any limits on tariffs, revenue, expenditure and borrowing.

COJ : MAYORAL COMMITTEE 2019-03-06

PIKITUP JOHANNESBURG (SOC) LTD

10 AMENDMENT OF TARIFFS OR USER CHARGES FOR WASTE MANAGEMENT SERVICES

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(1) and (3), 21A and 75A(3) and (4) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, it is hereby notified that the City of Johannesburg has, in terms of Sections 11(3)(I) and 75A(1) and (2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, read with Section 24(2)(c)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), amended its Tariff of Charges for Waste Management Services with effect from 01 July 2019.

11 OTHER DEPARTMENTS/BODIES CONSULTED

This report is finalised following consultation with the Board of Directors. Furthermore the proposed tariffs, as contained in this report, have been presented to the Budget Steering Committee.

12 KEY PERFORMANCE AREA (KPA)

This report is addressing the KPA on financial management control and sustainability

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 2019 its Tariff: For:

(1) Waste Management Services as set out in this report

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) Display the notice and the documents and notice in the manner prescribed;

(2) Seek 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

(3) Publish 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.

COJ : MAYORAL COMMITTEE 2019-03-06

PIKITUP JOHANNESBURG (SOC) LTD

4That the Group Chief Financial Officer (GCFO) in conjunction with Director: Legal and Compliance, 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.

5That the report is submitted to a relevant Section 79 Committee for comment.

(PIKITUP JOHANNESBURG (SOC) LTD)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

TARIFFS PROPOSAL FOR FINANCIAL YEAR 2019/20

What are the major benefits to the Communities of Johannesburg?

Domestic customers with properties valued at R350 000 or less, as well as Indigent households would continue to receive free basic refuse removal services.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

The tariff increases are aimed at cushioning Indigent or less affluent households throughout the City of Johannesburg.

If relevant, when will implementation start?

Tariff increases for the 2019/20 financial year will be effective from 01 July 2019. The tariffs would be published during the months of April/May 2019 to afford the citizens of Johannesburg to provide input before they are being gazetted.

If relevant, when will work be completed?

Pending approval of proposed tariff increases by the Mayoral Committee, tariffs would be published for public participation and implemented effective from 01 July 2019.

What is the total cost of implementation?

Nil

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

This tariff report would be published at the COJ Walk-in-Centres, People Centres, COJ Buildings and the website for public scrutiny and comments. A Stakeholder Summit would also be convened in this regard (date to be announced).

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

Communities could participate in the implementation of this report through Ward Committee Meetings, General Community/Civic Meetings, Stakeholder Summit and other community based forums.

Who can be contacted to provide additional information and/or clarity?

Litshani Matsila
Acting CFO
087 357 1066