

City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

PIKITUP JOHANNESBURG SOC (LTD)

8 REQUEST FOR THE APPROVAL OF PROPOSED WASTE MANAGEMENT SERVICES TARIFFS FOR 2020/21 MTEF

1 STRATEGIC THRUST

A World Class African City.

2 PURPOSE

The purpose of this report is to request the Council to approve the proposed waste management service tariffs and levies. The tariffs once approved, will be effective from 1 July 2020.

3 BACKGROUND

Pikitup revises its tariffs and levies on waste management services annually subject to Council approval. This report therefore seeks to obtain Council's approval to implement the various proposed tariffs as tabled in Paragraph 4 and Annexure A and B included in this report. The proposed tariffs and levies are expected to generate sufficient revenue for Pikitup to fund its operating budget which is critical in ensuring that Pikitup is able to sustain its current service levels, as well as improve and extend services to newly developed areas.

4 PROPOSED WASTE MANAGEMENT SERVICES TARIFFS

(1) Refuse Charge

This charge is levied on all properties zoned residential as registered in Land Information System (LIS) by the City. Properties valued at R350 000 and below are exempt from this charge. Indigent's households are also exempted or rebated from the refuse charge in line with the City's rebate policy. The proposed tariffs is displayed in Annexure A and B (Tables 1, 2 and 3). The provision of free basic waste management services, particularly to indigents and those who can't afford was taken into consideration in the tariff determination process for the 2020/21 financial year.

Proposed tariffs for domestic properties 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 tariffs in Annexure A and B have been increased by 5.2% as compared to last year.

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(2) City Cleaning Levy (CCL)

This charge is levied to all properties zoned as non-residential properties including all agricultural properties in the land information systems (LIS). Vacant land will also attract this charge with effect from 01st July 2020.

This tariff will apply to all non-residential properties, all agricultural properties (including residential agricultural properties) and vacant land properties registered within the City of Johannesburg and Inner City Properties and UDZ (Urban Development Zone). The tariff categories for city cleaning levy are as per Annexure A: Table 2 at an increase rate of 5.2% as compared to last year.

(3) Landfills Disposal of Refuse

A tariff increase of 5.2% is proposed for the financial year 2020/21 in respect of landfills disposal. The disposal charges as outlined in Annexure B: Table 1, will be payable for disposing at the City's refuse disposal sites.

(4) Safe Disposal (per ton)

A tariff increase of 5.2% is proposed for the financial year 2020/21 as per Annexure B: Table 2.

(5) Non Sectional Title Properties

It is proposed that a tariff increase of 5.2% be levied on non-sectional title properties for the financial year 2020/21 as outlined in Annexure A: Table 3. This refuse collection tariff or user charge is applicable to non-sectional title properties in the City zoned as residential or business which contain living units on successful application to the City. This tariff will only be applied to those properties that have been approved for this category. All other properties which have not been approved by City will be charged city cleaning levy.

The second refuse collection tariff or user charge in respect of non-sectional titles is applicable to 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 city cleaning levy tariff and commercial or business tariff will apply.

(6) 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 of the City. This policy requires that stolen or lost bin could be replaced once for free within an 8 year cycle. Any additional replacement of lost or stolen bins within the bin life cycle period would be at a cost to resident/customer. The cost would be determined from time to time by the

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Pikitup finance department and would include the actual cost of the bin from the supplier and delivery cost. This principle would also apply to customers/residents who want additional bins.

(7) 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 will be determined from time to time by Pikitup finance department. This delivery charge is not applicable to customers who choose to collect the bins from Pikitup Depot or Stores. A daily rental charge of R23 per bin and R60 per skip would be levied to customer for each day the skip remain with the customers. Pikitup bins or skips should only be serviced by Pikitup at a fee determined in accordance with the commercial services principles.

(8) General

All other council services not itemised per Annexure A and B including disposal fees will increase by 5.2%.

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.

(9) 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, budget related policies and Integrated Development Plans of addressing social, economic and financial imperatives.

6 FINANCIAL IMPLICATIONS

The proposed waste management service tariffs are expected to enable Pikitup to fund its current operating expenditure 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 waste management services to the City's residents.

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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, they 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 2020/21 financial year as well as the outer years of the MTEF.

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.

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 2020.

11 OTHER DEPARTMENTS/BODIES CONSULTED

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

12 KEY PERFORMANCE AREA (KPA)

This report is addressing the KPA on financial sustainability.

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IT IS RECOMMENDED

- 1 That in terms of Sections 11(3)(l) 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 01 July 2020 its Tariff:**

For:

- (1) Waste Management Service Tariff as set out in this report**
- 2 That in terms of Sections 17(3)(a)(ii) and 22(a)(l) 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 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**
 - (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)(l) 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 Executive Director: Finance 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.**
- 5 That the report is submitted to a relevant Section 79 Committee for comment.**

(PIKITUP JOHANNESBURG SOC (LTD)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURES TO THIS ITEM

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PIKITUP JOHANNESBURG SOC (LTD)**ANNEXURE A**

REFUSE CHARGE AND CITY CLEANING LEVY

Table 1: Refuse Charge

The table below depicts the property categories in terms of their values and related refuse charges aligned to each category.

Property Categories		Proposed Tariff (increased by 5.2%)
From	To	
0	R350 000	Exempt
R350 001	R500 000	R141
R500 001	R750 000	R186
R750 001	R1 000 000	R235
R1 000 001	R1 500 000	R247
R1 500 001	R2 500 000	R345
R2 500 001	R5 000 000	R360
R5 000 000 >		R368

Table 2: City Cleaning Levy (CCL)

The property categories listed below relates to CCL which is levied on properties zoned as non-residential including vacant land and all agricultural properties as reflected by City's land information systems (LIS).

Property Categories		Proposed Tariff (increased by 5.2%)
From	To	
0	R350 000	Exempt
R350 001	R500 000	R193
R500 001	R1 500 000	R195
R1 500 001	R2 500 000	R279
R2 500 001	R5 000 000	R287
R5 000 001	R7 500 000	R445
R7 500 001	R10 000 000	R464
R10 000 001	R30 000 000	R623
R30 000 000 >		R791

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Table 3: Non Sectional Title Properties

The tariffs below apply to properties other than sectional title properties used for habitation and charged as follows:

- a) Non sectional title properties with multiple living units will be R92 per unit
- b) Non sectional title properties containing living rooms will be R38 per room with shared facilities per month

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PIKITUP JOHANNESBURG SOC (LTD)**ANNEXURE B****LANDFILL DISPOSAL FEES/TARIFFS**

Table 1: Disposal fees/tariffs

The categories below reflect charges for the waste disposed of at various landfills sites within the City. This method of waste disposal involves treatment of waste materials by burial and is categorised and charged per type and weight being disposed of as follows:

		Tariff (excl. vat)
(a)	Refuse Disposal for each 500kg - Except Special Industrial Waste	R 122
(b)	Refuse Disposal for each 250kg - Special Industrial Waste	R 122
(c)	Refuse Disposal - Except Special Industrial Waste done after 12:00pm on Saturday, the whole day on Sunday and Public Holidays	R 16
(d)	Refuse Disposal - organic (garden) waste (Free at Garden Sites)	R128
(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 181

Table 2: Landfill safe disposal (per ton)

The tariffs in this category relates to safe disposal of putrescible (food) waste at City landfill sites for which destructible certificates are issued. This service is charged per ton of waste disposed as follows:

		Tariff (excl. vat)
(a)	Price per ton	R 3 055
(b)	Price per 500kg and under	R 1 528