

(PIKITUP JOHANNESBURG SOC (LTD))

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## REQUEST FOR THE APPROVAL OF PROPOSED WASTE MANAGEMENT SERVICES TARIFFS FOR 2017/18 MTEF

### 1 STRATEGIC THRUST

Well governed City, well governed entity and compliance

### 2 PURPOSE

The purpose of this report is to request the City's Council to approve the proposed waste management service tariffs and levies. The tariffs, once approved will be effective from 01 July 2017.

### 3 BACKGROUND

Pikitup has redefined its tariff determination principle effective from 01 July 2016. This revised tariff determination principles requires businesses and households to all contribute towards waste management services. This new principle moves away from charging for waste management services (refuse charge) based on the number of bins to charging a levy as a contribution towards the cost associated with all waste management services. The amount of the levy to be charged will still be determined based on the value of property.

The report 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 for Pikitup to fund its operating budget, provided that the proposed tariffs are approved. The operating budget is critical in ensuring that Pikitup is able to sustain its current service levels, as well as improve and extend services to new areas and housing developments.

### 4 PROPOSED WASTE MANAGEMENT SERVICES TARIFFS

#### 4.1 Refuse Charge

This levy is charged to domestic customers (residents) based on the value of properties. Properties valued at and below R200 000, as well as indigent's households are exempt from this charge. The proposed tariffs is displayed in **table 1**. The provision of free basic waste management services, particularly to indigents and those who can't afford (The poor) was again taken into consideration in the tariff determination process for the 2017/2018 financial year.

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Proposed tariffs for households include any building and its outbuildings registered within the City of Johannesburg's Registered Social Landlord Pilot Scheme. The tariff below has been increased by 6% as compared to last year for the first five tariff categories. The remaining two categories have been increased by 8% from last year.

Table 1:

Property categories		Proposed Tariff
From	To	
0	R200 000	Exempt
R200 001	R500 000	R118
R500 001	R750 000	R156
R750 001	R1 000 000	R195
R1 000 001	R1 500 000	R207
R1 500 001	R2 500 000	R287
R2 500 001	R5 000 000	R298
R5 000 000>		R303

#### 4.2 City Cleaning Levy

This charge is levied to all properties categorised (zoned) as business properties within the City's Land information system (LIS) and is determined based on the value of properties. All agricultural properties, including properties categorised as agricultural residential in the LIS will also attract this charge. This tariff will apply to all properties registered within the City of Johannesburg, Inner City Properties and Udz (Urban Development Zone) categorised as business properties. The tariff categories for city cleaning levy is as per **table 2** below. The tariff below has been increased by 6% as compared to last year for the first four tariff categories. The remaining three categories have been increased by 8% from last year.

Table 2:

Categories		Proposed Tariffs
From	To	
0	R200 000	Exempt
R200 001	R500 000	R161
R500 001	R1 500 000	R163
R1 500 001	R2 500 000	R233
R2 500 001	R5 000 000	R239
R5 000 001	R7 500 000	R370
R7 500 001	R10 000 000	R383
R10 000 001	R30 000 000	R512
R30 000 000>>>		R648

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#### 4.3 Landfills Disposal of Refuse

A tariff increase of 6% is being proposed for the financial year 2017/18. The following user charges will be payable in respect of utilising the City's refuse disposal sites.

	<b>Tariff (excl. vat)</b>
(a) Refuse Disposal for each 500kg - Except Special Industrial Waste	<b>R 102</b>
(b) Refuse Disposal for each 250kg - Special Industrial Waste	<b>R 102</b>
(c) Refuse Disposal - Except Special Industrial Waste done after 12:00pm on Saturday, the whole day on Sunday and Public Holidays	<b>R 123</b>
(d) Refuse Disposal - organic (garden) waste (Free at Garden Sites)	<b>R108</b>
(e) Refuse Disposal - Soil and Other Material Suitable for Covering Landfills	<b>R 0</b>
(f) Refuse Disposal Outside of COJ- Soil and Other Material Suitable for Covering Landfills	<b>R 152</b>

#### 4.4 Safe Disposal (per ton)

A tariff increase of 6% is being proposed for the financial year 2017/18

	<b>Tariff (excl. vat)</b>
(a) Price per ton	<b>R 2 560</b>
(b) Price per 500kg and under	<b>R 1 280</b>

#### 4.5 Non Sectional Title Properties

A tariff increase of 6% is being proposed for the financial year 2017/18 as follows:

##### **Non sectional title properties with multiple living units R76 per unit**

This refuse charge will be applicable to non-sectional title properties in the city zoned as residential or business which contain living units on successful application to the city. If the application fails, the property will either be charged CCL or applicable domestic charge depending on how the property is categorised in the LIS.

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**Non sectional title properties containing living rooms R32 per room with shared facilities per month**

This refuse 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 property will either be charged CCL or applicable domestic charge depending on how the property is categorised in the LIS.

**4.6 Animal Carcass Removals**

The standard charge for an animal carcass removal service for domestic households when required is rescinded and will be funded from the various waste management service charges.

**4.7 Additional and Lost or Stolen bins**

The provision of additional bins and replacement of stolen or lost bins is provided in our new bin management policy. This policy requires that stolen or lost bin could be replace once for free within the bin useful life, which is 8 years. Any additional replacement of lost or stolen bins within the bin useful life would be at a cost to resident/customer. The cost would be determine from time to time by our finance department and would include the actual cost of the bin from the supplier and delivery cost. This principle also apply to customers/residents who want additional bins.

**4.8 Bins required for special events**

A deposit equals 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 R200 would be levied to all customers who requires delivery of those bins/skips. Delivery charge is not applicable to customers who elect to collect the bins from Pikitup Depot or Stores. A daily charge of R20 per bin and R50 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 Institutions will increase by 6%.

The charge in respect of any refuse removal service rendered and not provided for elsewhere in this tariff of charges shall be negotiated with Pikitup.

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

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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 or approval thereof.

#### **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, 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 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 2017/18 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.

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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 REFUSE REMOVAL SERVICES**

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(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)(l) 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 2017.

**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 Technical Budget Steering Committee.

**12 KEY PERFORMANCE AREA (KPA)**

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

**13 RECOMMENDATIONS**

It is recommended that:

1. 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 2017 its Tariff of Charges:-

For:

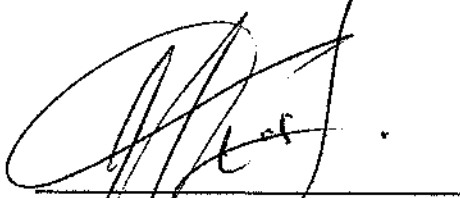
(a) Waste Management Services as set out in this report

2. 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:

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- (a) displays the notice and the documents and notice in the manner prescribed;
  - (b) 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
  - (c) 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. 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. 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. The report is submitted to a relevant Section 79 Committee for comment.



LITSHANI MATSILA  
HEAD: REVENUE, COMMERCIAL AND CUSTOMER SERVICES  
PIKITUP JOHANNESBURG SOC LTD  
DATE: 16/01/2017



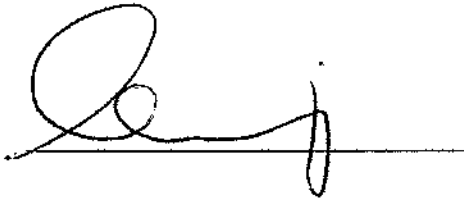
FRANCOIS DEKKER  
PIKITUP JOHANNESBURG SOC LTD  
SENIOR LEGAL ADVISOR  
DATE: 16/01/2017

CITY OF JOHANNESBURG: MAYORAL COMMITTEE  
ENVIRONMENT, INFRASTRUCTURE AND SERVICES DEPARTMENT

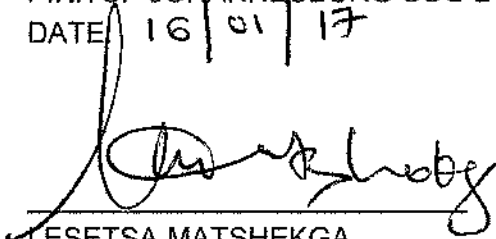
15 November 2016

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SUREN MAHARAJ  
Acting MANAGING DIRECTOR  
PIKITUP JOHANNESBURG SOC LTD  
DATE: 16/01/17



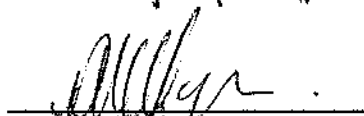
LESETSA MATSHEKGA  
CHAIR: AUDIT AND RISK COMMITTEE  
PIKITUP JOHANNESBURG SOC LTD  
DATE: 16/01/2017



TRISH HANEKOM  
CHAIR: BOARD OF DIRECTORS  
PIKITUP JOHANNESBURG SOC LTD  
DATE: 18/01/2017



TIAAN EHLERS  
EXECUTIVE DIRECTOR:  
ENVIRONMENT AND INFRASTRUCTURE SERVICES DEPARTMENT  
DATE: 23/02/2017



COUNCILLOR ANTHONY STILL  
MMC  
ENVIRONMENT AND INFRASTRUCTURE SERVICES DEPARTMENT  
DATE: 24/02/17



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**Annexure A**

**TARIFFS PROPOSAL FOR FINANCIAL YEAR 2017/18**

**What are the major benefits to the Communities of Johannesburg?**

Domestic customers with properties valued at R200 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 2017/18 financial year will be effective from 01 July 2017. The tariffs would be published during the months of April/May 2017 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 of July 2017.

**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  
Head: Revenue, Commercial and Customer Services  
087 357 1066