

City of Johannesburg Council 2022-03-16/17

COJ : MAYORAL COMMITTEE 2022-03-13

**PIKITUP JOHANNESBURG (SOC) LTD**

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**46 REQUEST FOR THE APPROVAL OF PROPOSED  
WASTE MANAGEMENT SERVICE TARIFFS FOR  
2022/23 MTEF**

**1 STRATEGIC THRUST**

A World Class African City.

**2 PURPOSE**

The purpose of this report is to request the Mayoral Committee (MAYCOM) and subsequently the Council to review and approve the proposed waste management services tariffs for implementation in 2022/23 financial years. This report will go for public participation upon approval, and if no changes required thereafter, the proposed tariffs contained herein will then be resubmitted to the Council for final approval. The approved tariffs will be effective from 01 July 2022.

**3 BACKGROUND**

Pikitup has adopted two types of tariffs in respect of waste management services namely refuse charge and city cleaning levy (CCL). These tariffs apply to different categories of properties with refuse charges mainly applied to domestic properties and CCL to non-residential customers respectively. It is imperative for Pikitup to increase its tariffs as it relies on these charges to generate sufficient revenue to fund its operating budget as well as improve and extend services to newly developed areas.

The purpose of this report is to seek the MAYCOM and the Council's approval for public participation and subsequently the implementation of various proposed tariffs and levies as stipulated in Paragraph 4 and Annexure A and B included in this report effective from 01 July 2022.

**4 PROPOSED WASTE MANAGEMENT SERVICE TARIFFS**

**(1) Refuse Charge**

This charge is levied on all properties registered as residential in City's Land Information System (LIS) in line with Property and Rates categories. Properties valued at R350 000 and below, as well as Indigent households are exempt from this charge. Indigent households are rebated from the refuse charge in line with the City's rebate policy. The exemptions and rebates to be applied will ensure provision of free basic waste management services, particularly to the indigent and those who can't afford to pay for waste management services.

Proposed tariff 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 properties in the UDZ (Urban Development Zone).

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The proposed tariff for the 2022/23 are stipulated in Annexure A and B (Tables 1, 2 and 3). The tariff has been increased by 5% as compared to the previous year.

#### **(2) City Cleaning Levy (CCL)**

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 properties that will attract CCL as indicated above are those categorised as non-residential properties, agricultural properties (business and residential) as well as vacant land as registered in the land information systems (LIS). These group of properties shall not attract any refuse charge.

The CCL tariff categories for 2022/23 financial years are depicted on Annexure A: Table 2 at an increase rate of 5% as compared to the previous year.

#### **(3) Landfills Disposal of Refuse**

A tariff increase of 5% is proposed for the financial year 2022/23 in respect of landfill 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% is proposed for the financial year 2022/23 as per Annexure B: Table 2.

#### **(5) Non-Sectional Title Properties**

It is proposed that a tariff increase of 5% be levied on non-sectional title properties for the financial year 2022/23 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.*

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

(7) Bins required for special events

Bins required for all special events shall be dealt with through our Commercial Services Department.

A deposit equal to the cost of a bin will be required prior to provision of a service. A service charge for one lift bin in relation to a skip bin will also be required upfront from the customers. The service fee, delivery charge and daily rental charge shall be determined and implemented in line with the Commercial Services principles approved by Pikitup Board.

(8) General

All other council services not itemised per Annexure A and B including disposal fees and institutions rate will increase by 5%.

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.

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### **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 proposed tariff increase is expected to fund an operational budget that is expected to facilitate waste management services to the City's residents.

### **8 COMMUNICATION IMPLICATIONS**

The relevant information regarding the amended tariff 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 2022/23 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 TARIFF 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 2022.

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### **11 OTHER DEPARTMENTS/BODIES CONSULTED**

The proposed tariff as contained in this report, has been presented to the Technical Budget Steering Committee of the City of Johannesburg.

### **12 KEY PERFORMANCE AREA (KPA)**

This report is addressing the KPA on financial 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 01 July 2022 its Tariffs:**

**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) (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 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 Tariff 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; MEC for Local Government; as well any other organ of state or municipality affected by the budget to solicit their views.**

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- 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 tariff 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

City of Johannesburg Council 2022-03-16/17

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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		Current Tariffs (2021/22)	Proposed Tariffs (increased by 5%) (2022/23)	Increase 5%
From	To			
0	R350 000	Exempt	Exempt	-
R350 001	R500 000	R147	R154	R7
R500 001	R750 000	R194	R204	R10
R750 001	R1 000 000	R245	R257	R12
R1 000 001	R1 500 000	R258	R271	R13
R1 500 001	R2 500 000	R360	R378	R18
R2 500 001	R5 000 000	R375	R394	R19
R5 000 000 >		R384	R403	R19

Table 2: City Cleaning Levy (CCL)

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

Property Categories		Current Tariff (2021/22)	Proposed Tariffs (increased by 5%)	Increase 5%
From	To			
0	R350 000	Exempt	Exempt	-
R350 001	R500 000	R201	R211	R10
R500 001	R1 500 000	R203	R213	R10
R1 500 001	R2 500 000	R291	R306	R15
R2 500 001	R5 000 000	R299	R314	R15
R5 000 001	R7 500 000	R464	R487	R23
R7 500 001	R10 000 000	R484	R508	R24
R10 000 001	R30 000 000	R650	R683	R33
R30 000 000 >		R825	R866	R41

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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 R101 per unit
- b) Non-sectional title properties containing living rooms will be R42 per room with shared facilities per month



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#### **ANNEXURE B: LANDFILL DISPOSAL FEES/TARIFFS**

Table 1: Disposal fees/tariff (5% adjustment)

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 133
(b) Refuse Disposal for each 250kg - Special Industrial Waste	R 133
(c) Refuse Disposal - Except Special Industrial Waste done after 12:00pm on Saturday, the whole day on Sunday and Public Holidays	30
(d) Refuse Disposal - organic (garden) waste (Free at Garden Sites)	R141
(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 198

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 3 345
(b) Price per 500kg and under	R 1 674