

City of Johannesburg Council 2023-03-22/23

COJ : MAYORAL COMMITTEE 2023-03-17

## **GROUP FINANCE**

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### **130 AMENDMENT OF TARIFF CHARGES FOR THE ISSUING OF CLEARANCE FIGURES 2023/2024**

#### **1 STRATEGIC THRUST**

The City identified Seven (11) Priority Areas that the SDBIP, IDP and budget aim to achieve. The applicable priorities for this Report are:

- Priority 1 - Good Governance
- Priority 2 - Financial Sustainability
- Priority 3 - Sustainable Service Delivery

#### **2 OBJECTIVE**

The purpose of this report is to propose to Council draft tariff for the cost of the administration and certificate fee on clearances for manual and electronic applications be increased in respect of the 2023/2024 financial year for public comment.

#### **3 BACKGROUND**

The current fees payable for a manual clearance figure application is R200.43 (Excl Vat). A further R101.35 (Excl. Vat) is payable for the printing of a clearance certificate once the clearance figures have been paid.

Electronic applications, an application fee of R52.66 (Excl Vat) is charged for the figures and R35.02 (Excl Vat) for the certificate is charged. The reason for the higher manual fee is to encourage the attorneys to make use of the electronic facility and to minimize the fraud risk.

This amount should be increased by projected inflation. Therefore, the tariffs for the financial year 2023 / 2024 will be increased as follows:

- Manual clearance figure application: R211.05 (Excl Vat)
- Manual printing of clearance certificate: R106.72 (Excl Vat)
- Electronic figure application: R 55.45 (Excl Vat)
- Electronic printing of clearance certificate: R36.87 (Excl Vat)

This translates to a 5.3% increase on the previous year's tariff charged and is in line with CPI projection.

##### **(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

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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.

### **(2) Underlying budget principles**

- Departments and MEs are required to justify their 2023/2024 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:**

CPI is estimated at:

- 5.3% - 2023/24
- 4.9% - 2024/25
- 4.7% - 2025/26

## **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.

## **5 FINANCIAL IMPLICATIONS**

A tariff increases to R211.05 (Excl Vat) payable for a manual clearance figure application is being proposed for the financial year 2023/2024. A further R106.72 (Excl Vat) shall be payable for the printing of a clearance certificate once clearance figures have been paid.

Electronic applications, an application fee of R55.45 (Excl. Vat) for the figures and R36.87 (Excl Vat) for the certificate will be charged. The reason for the higher manual fee is to encourage the attorneys to make use of the electronic facility and to minimize the fraud risk.

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### **6 ECONOMIC IMPLICATIONS**

The issuing of a clearance allows a consumer to transfer property. The payment of the outstanding clearance amount, which is the consumer debt on the account aids in the collection of revenue. 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 tariffs will be communicated to all the role players in the manner as prescribed by law.

### **8 LEGAL AND CONSTITUTIONAL IMPLICATIONS**

- (1) The report is in line with sections 11(3)(i) 21 21 and 75A of the Municipal Systems Act 32 of 2000.
- (2) 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)
- (3) 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 2023 / 2024 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 2023 / 2024 Financial Year.

### **9 OTHER BODIES/DEPARTMENTS CONSULTED**

Group: Legal and Compliance

Group: Finance: 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 2023 tariff charges:**

**For manual clearance figure application fee to R211.05 (Excl. Vat) and R106.72 (Excl. Vat) for the printing of a clearance certificate**

**Electronic application fee to R55.45 (Excl. Vat) for the figures and R36.87 (Excl. Vat) for the certificate is charged as set out in Annexure "A".**

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- 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**
  - (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 charges for public comment.**
- 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 as 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 tariff charges for public comment.**
- 5 That the report be submitted to a relevant Section 79 Committee for comment.**

(GROUP FINANCE)

(Conny Raganya)

(Director: Revenue Accounting)

(Tel: 011 628 4599)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURES TO THIS ITEM

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### **ANNEXURE 'A**

#### **CITY OF JOHANNESBURG**

#### **AMENDMENT OF TARIFF OF CHARGES FOR CLEARANCE CERTIFICATES**

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 2000 (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 Clearance and Certificate administration fee with effect from 1 July 2023.

The following tariffs shall be effective from 1 July 2023:

Fees Payable in respect of Clearance admin and certificate fees.	<p>This amount should be increased by projected inflation. Therefore, the tariffs for the financial year 2023 / 2024 will be increased as follows:</p> <p>Manual clearance figure application: R211.05 (Excl Vat)</p> <p>Manual printing of clearance certificate: R106.72 Excl Vat)</p> <p>Electronic figure application: R55.45 (Excl Vat)</p> <p>Electronic printing of clearance certificate: R36.87 (Excl Vat)</p>
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### **ANNEXURE 'B'**

#### **CITY OF JOHANNESBURG**

##### **AMENDMENT OF TARIFF FOR THE ISSUING OF CLEARANCES**

###### **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 starts**

1 July 2023

###### **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 determined tariff 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**

Mr Jacques Maart

Tel: 011 358 3700 e-mails: [jacquesm@joburg.org.za](mailto:jacquesm@joburg.org.za)

###### **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.