

City of Johannesburg Council 2024-03-19/20

COJ : MAYORAL COMMITTEE 2024-03-13

JOHANNESBURG ROADS AGENCY

69 AMENDMENT OF TARIFF OF CHARGES IN RESPECT OF STREET ENCROACHMENTS, REINSTATEMENTS AND PRINTED MATERIAL

1. STRATEGIC THRUST

Service Excellence and Good Governance.

2. OBJECTIVE

To recommend the amendment of tariffs for Johannesburg Roads Agency for various services provided with effect from 1 July 2024.

3. SUMMARY

The Johannesburg Roads Agency (JRA) charges tariffs for various services rendered such as street encroachments, sale of asphalt, plotted maps, road closures, traffic counts and tender documents.

The increases in the tariffs proposed are in general related to the increase in the cost of providing the service and are approximately in line with inflation rates. The percentage increase in tariffs for 2024/25 is set at 4.8% by the CoJ (refer annexure F).

The details of the relevant services are as follows:

- a. **Street Encroachments:** Certain building structures encroach into the road reserve. Typical examples are balconies. The JRA is still responsible for maintaining the relevant sidewalk underneath although the owner has the benefit to use the overhead space protruding into the road reserve. The maintenance work is done on an annual basis by the Johannesburg Roads Agency as part of the day-to-day maintenance activities of the JRA. The tariffs are adjusted annually to allow for general increases in costs at 4.8%.
- b. **Maps provided by the JRA GIS Section:** The JRA provides maps of servitudes, as built drawings of road infrastructure, copies of aerial photographs, township layouts, etc. The maps can be plotted (printed) on paper or it is provided in electronic format. The proposed increases are in line with general cost increases of providing the service at 4.8%.
- c. **Reinstatements and Wayleaves:** Any service provider installing a service in the road reserve must apply for a wayleave (or approval) from the JRA. The application process as well as the final approval requires certain actions of the JRA. The tariffs proposed make allowance for recovery of

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costs of the JRA to provide these services. In certain cases, the service provider requests the JRA to reinstate the road surface. The Wayleave Policy allows for the JRA to charge for such reinstatements to be carried out in the road reserve. The increase is set at 4.8%.

- d. Legal: The tariffs are mainly for copying documents. The tariff increases allow for cost increases at 4.8%.
- e. Traffic Counting: Consulting engineers often approach the JRA to obtain copies of traffic counts already undertaken by the JRA or to request the JRA to do new traffic surveys. The tariff increase has been set by CoJ during the Medium-Term Budget at 4.8%.
- f. Tender Documents: The tariffs are for cost recovery to produce tender documents and the increases are about 4.8%.
- g. Road Closure: The tariffs are for Road Closure applications and the increases are proposed at approximately 4.8%.
- h. JRA Asphalt will, for the first time, be sold directly to the public and the price per ton will fluctuate in line with the Global Oil Index. Tariffs set for the sale of Asphalt will differ depending on whether it's a Hot Mix or Cold Mix collected or delivered.

These tariffs charged by JRA were last reviewed by Council in May 2023 and were implemented on 1 July 2023 and the anticipated average inflation rate was given by the City of Johannesburg Budget Office.

4. POLICY IMPLICATIONS

The tariffs were set per the City of Johannesburg Tariff Policy. They are based on inflation of 4.8%.

5. LEGAL CONSTITUTIONAL IMPLICATIONS

The tariffs are in compliance with Johannesburg Road Agency by-laws.

The City of Johannesburg is authorised in terms of Sections 11(3)(l) and 75A (1) and (2) of the Local Government: Municipal Systems Act, 2000, read with Section 24(2)(c)(ii) of the Local Government: Municipal Finance Management Act, 2003, to levy and amend tariffs of charges in respect of any function or service of the municipality.

It should though be kept in mind that by 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 2024/25 financial year, it may not be further increased during that financial year, except for Asphalt sales or when required in terms of a financial recovery plan as contemplated in the Act.

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6. FINANCIAL IMPLICATIONS

It is estimated that the proposed increase of the tariff's shown in Annexure "A" will generate an estimated additional income of R187 million per annum. All income accrued because of these tariffs are for JRA and provision for this additional income is included in the draft operating budget for income in 2024/25 financial year. The tariffs are inclusive of VAT.

The advertising costs of the tariff changes are borne by the City of Johannesburg, as all City and Entity tariffs are advertised together.

7. ECONOMIC IMPLICATIONS

There are no Economic implications.

8. COMMUNICATIONS IMPLICATIONS

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

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 Johannesburg Roads Agency declares its intention to amend with effect from 1 July 2024 its Tariff Charges:**

For: Miscellaneous Traffic Related Services as set out in Annexure "A"

- 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 Johannesburg Roads Agency**
 - (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 Johannesburg Roads Agency's declared intention to amend or determine Tariffs of Charges.**

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- 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 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 be submitted to the relevant Section 79 Committee for comment.**

(JOHANNESBURG ROADS AGENCY)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM