

City of Johannesburg Council 2024-03-19/20

COJ : MAYORAL COMMITTEE 2024-03-13

## **PIKITUP JOHANNESBURG SOC (LTD)**

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### **59 REQUEST FOR THE APPROVAL OF PROPOSED WASTE MANAGEMENT SERVICE TARIFF FOR 2024/25 MTEF**

#### **1 STRATEGIC THRUST**

A World Class African City.

#### **2 PURPOSE**

The purpose of this report is to request Mayoral Committee (MAYCOM) and Council to approve the proposed waste management service tariffs for implementation during 2024/25 financial years. The tariffs contained herein will be tabled for public participation to solicit inputs from City of Johannesburg (COJ) residents, following which final approval will be sought from Council for implementation for a period of one year effective from 01 July 2024.

#### **3 BACKGROUND**

Pikitup has two types waste management services tariffs levied on COJ residents namely, refuse charge and City Cleaning levy (CCL). Refuse charge apply to domestic properties and CCL to non- residential properties respectively. These tariffs remain the main source of revenue for Pikitup to ensure sufficient revenue generation to fund its operating budget as well as improve and extend services where required. Pikitup tariffs are increased annually to facilitate financial sustainability.

Domestic tariffs are derived and promulgated in line with Waste Management By-Laws whereas CCL is considered a public good waste collection service and levied on non-residential customers for the purpose of keeping the City clean. These tariffs assist Pikitup in its effort to increase and maintain cleanliness levels within City's jurisdiction and to reduce factors that lead to illegal dumping and public health issues. It is required that MAYCOM and Council approve tariffs tabled by Pikitup prior to implementation. Proposed tariffs and levies are stipulated in **Paragraph 4 and Annexures A and B** included in this report and will be effective from 01 July 2024.

#### **4 PROPOSED WASTE MANAGEMENT SERVICE TARIFF REFUSE CHARGE**

This is a tariff 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 Indigents households, are exempt from this charge. Indigent households are rebated from the refuse charge in line with the City's rebate policy.

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The exemptions and rebates to be applied, are to ensure the provision of free basic waste management services, particularly to indigents and those who can't afford to pay for their own services. It is essential for the City to maximize the revenue required from tariffs as it is vital for ensuring compensation for the loss of revenue incurred in providing free basic services.

The proposed tariff for domestic properties also includes 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).

The proposed tariff for 2024/25 is stipulated in **Annexures A and B (Tables 1, 2 and 3)**. The tariff has been increased by **5,9%** as compared to the previous year.

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

This charge is levied on all properties categorised as non-residential properties (all properties that do not attract refuse charge) including all agricultural properties and vacant land registered in the land information systems (LIS).

This tariff will therefore 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 increased rate of 5,9% as compared to the previous year.

### **4.3 Landfills Disposal of Refuse**

A tariff increase of 5,9% is proposed for the financial year 2024/25 in respect of landfill disposal. The disposal charges as outlined in **Annexure B: Table 1**, will be payable for disposal at the City's refuse disposal sites.

### **4.4 Safe Disposal (per ton)**

A tariff increase of **5,9%** is proposed for the financial year 2024/25 as per **Annexure B: Table 2**.

### **4.5 Non-Sectional Title Properties**

It is proposed that a tariff increase of **5,9%** be levied on non-sectional title properties for the financial year 2024/25 as outlined in **Annexure A: Table 3**.

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This refuse collection tariff or user charge is applicable to non-sectional title properties in the City zoned as residential or business which contains 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 a 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 contains 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.

### **4.6 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 the cost to the 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 and delivery cost. This principle would also apply to customers/residents who want additional bins.*

*Residents/Customers need to collect bins at the depot and provide proof of payment. Residents/Customers are to pay the amount into the Pikitup bank account. This principle would also apply to customers/residents who require an additional bin.*

### **4.7 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 before providing 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.

### **4.8 MAIN REASONS TO MOTIVATE FOR A TARIFF INCREASE OF 5,9%**

*The tariff of waste management services is generally low and not cost-reflective. To maintain the current buying power of the rand and to claw back on the shortage of budget required to render waste management services, a tariff slightly above inflation is recommended.*

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### **4.9 General**

All other council services not itemised per **Annexures A and B** including disposal fees and institutions rate will increase by 5,9%.

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.

### **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 tariff is 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 COMMUNICATIONS 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

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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 increase complies with the budgeted needs of the Council in respect of the 2024/25 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)(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 2024.

### **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, will be 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.

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**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 2024 its Tariff:**

**For:**

- (a) 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:**
- (a) displays the notice and the documents 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 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 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 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, CITY CLEANING LEVY AND NON-SECTIONAL TITLES****Table 1: Refuse Charge**

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

<b>Property Categories</b>		<b>Proposed Tariff (increased by 5,9%)</b>
<b>From</b>	<b>To</b>	
0	R350 000	Exempt
R350 001	R500 000	R175
R500 001	R750 000	R231
R750 001	R1 000 000	R291
R1 000 001	R1 500 000	R307
R1 500 001	R2 500 000	R428
R2 500 001	R5 000 000	R447
R5 000 000>		R456

**Table 2: City Cleaning Levy (CCL)**

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

<b>Property Categories</b>		<b>Proposed Tariff (increased by 5,9%)</b>
<b>From</b>	<b>To</b>	
0	R350 000	Exempt
R350 001	R500 000	R239
R500 001	R1 500 000	R241
R1 500 001	R2 500 000	R346
R2 500 001	R5 000 000	R356
R5 000 001	R7 500 000	R552
R7 500 001	R10 000 000	R576
R10 000 001	R30 000 000	R774
R30 000 000>		R982

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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 R114 per unit
- b) Non-sectional title properties containing living rooms will be R48 per room with shared facilities per month



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**ANNEXURE B: LANDFILL DISPOSAL FEES/TARIFF****Table 1: Disposal fees/tariff**

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:

<b>Refuse Disposal Type</b>	<b>Tariff (excl. vat)</b>
(a) Refuse Disposal for each 500kg - Except Special Industrial Waste	<b>R 150</b>
(b) Refuse Disposal for each 250kg - Special Industrial Waste	<b>R 150</b>
(c) Refuse Disposal - Except Special Industrial Waste done after 12:00pm on Saturday, the whole day on Sunday and Public Holidays	<b>R 150</b>
(d) Refuse Disposal - organic (garden) waste (Free at Garden Sites)	<b>R160</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 225</b>

**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:

	<b>Tariff (excl. vat)</b>
(a) Price per ton	<b>R 3 790</b>
(b) Price per 500kg and under	<b>R 1 897</b>