

**JOHANNESBURG ROADS AGENCY
TARIFF PROPOSAL FOR 2015/2016****1 STRATEGIC THRUST**

Service Excellence and Good Governance.

2 OBJECTIVE

To recommend tariff increases for various services provided by the JRA, with effect from 1 July 2015.

3 SUMMARY

The Johannesburg Roads Agency (JRA) charges tariffs for various services rendered such as street encroachments, plotted maps, traffic counts and tender documents. In terms of legislation the tariffs charged must be approved by the Council and gazetted.

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. Most increases are on average 6% and in certain instances the increases are higher than this rate, where rounding up or down on the tariff was done.

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, and on average are 6%.
- 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, and on average are 6%.
- 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 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 tariff increases allow for cost increases and these are 6%.
- d. Legal: The tariffs are mainly for copying documents. The tariff increases are based on general increases are on average 6%.

- 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 is based on general cost increases at an increase of 6%.
- f. Tender Documents: The tariffs are for cost recovery to produce tender documents and the increases are about 6%.
- g. Road Closure: The tariffs are for Road Closure applications and the increases are proposed at approximately 6%.

These tariffs charged by JRA were last reviewed by Council on 29 May 2014 and were implemented on 1 July 2014.

4 POLICY IMPLICATIONS

The tariffs were set according to the City of Johannesburg Tariff Policy. They are based on inflation of 6% on average. In some instances the tariffs have been rounded off and so the increase could be slightly higher or lower than the 6%.

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)(i) 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 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 2014/15 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.

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 R 500 000 per annum. All income accrued as a result of these tariff's are for JRA and provision for this additional income is included in the draft operating budget for income in 2015/16 financial year.

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 City of Johannesburg declares its intention to amend with effect from 1 July 2015 its Tariff of Charges:**

For street encroachments, reinstatements, printed material and tender documents 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 City of Johannesburg:**
 - (1) display the notice and the documents and notice in the manner prescribed;**
 - (2) seek to convey to the local community by means contemplated in Section 21 read with Section 21A of the Municipal Systems act, 2000 (Act 32 of 2000) the information contemplated in Recommendation 1 above.**
 - (3) publish 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 Group Chief Financial Officer in conjunction with the 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 Recommendation 2 above with recommendations on the final of the Tariffs of Charges for consideration.**
- 5 That the report be submitted to a relevant Section 79 Committee for comment.**

Goodwill Mbatha
Chief Financial Officer

Skhumbuzo Macozoma
Managing Director

Mandla Magagula

Legal Advisor

Lisa Seftel
Executive Director: Transport

Christine Walters
MMC: Transport