

FAQs: Drought charge

1. What is the drought charge?

Due to the drought crisis, so many Capetonians have restricted their water use to help save water. It has been a superb effort. It has however also resulted that the City is not receiving the necessary income we need to fund our projects to make additional water available and to maintain adequate service delivery. So we are introducing a drought charge. The drought charge is not intended to be punitive as it relates to residents' water savings but is necessary for vital water projects.

2. Why is it needed?

This unprecedented drought has led to unprecedented expense. The City has seen a reduction in revenue due to water savings and this income is needed to support vital water projects such as our groundwater projects, where we are currently doing surveys to find water in the Atlantis, Cape Flats and Table Mountain Group aquifers. We are working on our Zandvliet water recycling plant, while construction is starting on our Monwabisi and Strandfontein desalination plants. The drought charge will be used to pay for the capital and operating costs component of projects.

Residents have done well to reduce consumption to conserve our limited water supplies in the dams.

The City has already increased the yield from the Atlantis Aquifer by an additional 5 million litres per day and is also pumping an additional 2 million litres of water per day from the springs in the city centre into the Molteno Reservoir in Oranjezicht.

However with our dams at dangerously low levels heading into the long, dry summer season, based on current consumption and should no additional water be added to the supply system, the city could reach Day Zero, when most taps will be turned off when dam levels reach 13,5% in May 2018.

At this point residents would have to collect water from approximately 200 collection sites across the city. Many residents have done well to reduce consumption but the collective consumption of 500 million litres a day is yet to be reached. There are still many households who are not saving enough water and while the campaign to ensure all residents comply with the 87 litre per day target will intensify, the City has to bring additional water supply projects online as speedily as possible in order to avoid acute water shortages.

The City's Water Task Team is working tirelessly to expedite the programme and bring additional supply online from ground water abstraction, desalination and water recycling.

It is essential to the survival of all residents and the economy that the City does everything it can to ensure additional water supply. Some of the City's drought interventions will also add to our operational costs and the drought charge will be used to offset those.

3. How is it worked out?

The drought charge is based on your property value and is estimated at about 10% of the current municipal rates portion of your municipal account.

4. Why can't you rather borrow money than asking me to pay for it?

The City will be borrowing money to pay for capital projects which will need to be repaid. Operating projects also need to be repaid immediately.

5. How much do you need to raise with this charge and for what?

We will need to raise R1 billion a year over three years to support vital water projects (capital and operating costs)

6. When will it come into effect?

It is proposed to come into effect on 1 February 2018 subject the approval from the Minister of Finance and Council approval at the end of January.

7. How long will the comment period be?

The comment period is from 5 December 2017 to 12 January 2018. The extensive communication campaign on the crisis for residents to provide input will run from the middle of December 2017 to the first week in January 2018.

8. Why are you again hitting the middle classes with increases?

Every Capetonian will be contributing to the drought charge except for residents in properties valued below R400 000 and commercial properties with a valuation of below R50 000. A charge based on property valuations has been deemed the most progressive of the options while being the most equitable and fair to poor households.

The City has strived to ensure that this charge is not more than what residents' and businesses' water bill was before the drought.

9. Why do you use R400 000 as the property values? The limit should be much higher.

The drought charge recognises the support for indigent households/the vulnerable. Although property value as a measurement of one's circumstances is not 100% fitted to every individual circumstance, it is the best method that we have at our disposal to determine as fair a charge as possible.

The City believes that a drought charge, to partly compensate for the loss of income due to the reduced water use, is a fair way of generating income to avoid Day Zero when most of the taps will run dry.

Our calculations show that ratepayers' total municipal accounts including the drought charge, would in general be less than a year ago, before the drought.

By applying the drought charge to residential properties above R400 000 and commercial properties above R50 000, the vulnerable are protected and exempted from the drought charge.

10. Do the current rates rebates that apply on standard property rates also apply to the drought charge?

Yes. The current rates rebates that apply on the standard property rates will also apply to this drought charge.

11. What about the vulnerable people such as pensioners and the indigent, are they protected?

These residents are protected. The drought charge is a taxation based on the City's Property Rates Policy. This provides the support for this category of residents.

12. Is the Mayor allowed to propose such an increase in the middle of the financial year?

Yes, this will be subject to approval from the Minister of Finance for an exemption from the Municipal Finance Management Act. Cape Town is a declared disaster area and this is an emergency situation.

13. For how long would this charge be in effect?

Three years until 30 June 2021. It is a temporary measure subject to the rainfall and dam levels.

14. Will there be tariff increases coming as well?

Yes, annual tariff increases will be proposed, as per the norm. The City will, as always try to stay as close to the inflation range as is possible, except for high usage where the tariff is proportionate to the usage. We are contemplating every option to avoid Day Zero.

15. Why have you waited until December, when people are going on holiday, to start this process?

This is a crisis and an emergency. The City is working hard and looking at all options to ensure additional supply. We need residents on board in this partnership to save water and to make additional supply available. This is the only way we can avoid Day Zero when residents will have to queue for water from approximately 200 collection sites across the city.

16. Is it compulsory?

Yes, once approved by the National Minister of Finance, the drought charge will be a legal and binding decision by the City of Cape Town.

17. Will this charge change if my building plan changes or when my valuation objection/appeal has been successful?

Yes, the drought charge will be applicable from the implementation date of the new building plan or effective date of the objection/appeal outcome of the property.

18. Where do I find my valuation?

Your municipal account contains your valuation information and the valuation roll is also to be found on www.capetown.gov.za

19. What am I going to pay if this is approved?

Impact of proposed drought charge (examples)

(Applied to residential properties with a valuation of R400 000 and above, while it will be applied to all commercial properties with a valuation of R50 000 and above).

This table excludes any rebates that might apply to specific ratepayers. The rebate would apply.

Residential property valuation (without rebates)	Suggested monthly drought charge	Commercial property valuation	Suggested monthly drought charge
R		R	R

Less than 400 000	R0	Less than 50 000	R0
400 000	R25	50 000	R10
600 000	R35	500 000	R60
800 000	R45	750 000	R85
1 000 000	R60	1 000 000	R115
2 000 000	R115	2 500 000	R280
3 000 000	R170	5 000 000	R560
4 000 000	R225	10 000 000	R1 120
5 000 000	R280	15 000 000	R1 680
6 000 000	R340	20 000 000	R2 240
7 000 000	R420	30 000 000	R3 360
10 000 000	R565	50 000 000	R5 600
20 000 000	R1 120	100 000 000	R11 200
50 000 000	R2 800	500 000 000	R56 000

20. How can I comment?

Please submit your comments, inputs or recommendations to
drought.charge@capetown.gov.za