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## CITY OF CAPE TOWN

10 SEPTEMBER 2018

### STATEMENT BY THE CITY'S DEPUTY EXECUTIVE MAYOR, ALDERMAN IAN NEILSON

## City to lower water restrictions and tariffs to Level 5 from 1 October 2018

#### Summary

- Cape Town's dam levels are nearing 70% of storage capacity due to good rainfall at the beginning of winter and the phenomenal conservation efforts of Capetonians
- Water restrictions and the associated tariffs are thus to be conservatively lowered in the interim to Level 5 from 1 October 2018
- **This will bring tariff relief of between 26,6% and 70% per kilolitre of water depending on the usage and tariff category**
- The water usage target will be increased from 50 litres to 70 litres per person per day and the daily collective consumption target will increase by 50 million litres to 500 million litres to ensure that water conservation efforts remain in place

The Western Cape Water Supply System's dams are now at 68% capacity, a very significant improvement on the situation at the end of the previous winter, when they were at 38% capacity. This was during a drought so uncommon that it only has an estimated return period of 311 years.

The very low supply storage resulted in the imposition of Level 6B water restrictions in February 2018. The enormously positive response from Capetonians when called upon to reduce water usage, as well as advanced pressure and water management programmes by the City, saved the day and Cape Town avoided the worst-case scenario.

Once dam capacity again exceeded 50% at the beginning of July 2018, the City called for a discussion with the National Department of Water and Sanitation (DWS) around the relaxation of restrictions. Since then, two meetings have been held with the other large users in the system, both urban and agricultural, and the DWS. Agreement was reached among the users for

a gradual reduction in the overall restrictions, including reducing the urban usage restriction from 45% to 40% of what it would normally be allocated.

Rainfall remains highly variable, and while May and June saw rainfall close to that of an average year, July had very poor rainfall. This improved somewhat in August and so far in September the positive trend continues.

### **Moderate proposals for interim relief**

The relaxation of restrictions is a moderate proposal that is based on a hydrological risk assessment that indicates that it is safe to do so at the level of risk that is agreed upon. Of course, the amended Level 5 restriction guidelines for water usage will apply and we are confident that the significant behavioural change that we've seen pertaining to water conservation will prevail to a large extent.

The DWS undertook to respond by 31 August 2018, but have yet to do so. It appears that the DWS is reluctant to make any adjustments before the end of the hydrological year at the end of October 2018, when assessments are usually made.

The City believes, with the full support of the other catchment users such as other municipalities and the agricultural sector, that an interim adjustment is fully justified and appropriate at this stage.

The City will thus move from the current Level 6B restricts to Level 5 restrictions as from 1 October 2018. A further reassessment of future adjustments will be made once the DWS makes a ruling for the new hydrological year or advises on an interim relaxation.

### **The key elements of Level 5 restrictions are as follows:**

- An increase in the personal water use limit from 50 litres per person per day to 70 litres per person per day
- A resetting of the overall City water usage target from 450 million litres per day to 500 million litres per day
- A relaxation of restrictions for commercial and industrial water users from a 45% to a 40% usage reduction
- A lowering of tariffs to Level 5 tariffs:

#### **Residential tariffs (excluding VAT)**

- 0 – 6 kL: Down 26,6% from R28,90/kL to R21,19/k
- 6 – 10,5 kL: Down 25% from R46/kL to R34,43/kL
- 10 – 35 kL : Down 56% from R120,27/kL to R52,39/kL
- Above 35 kL: Down 70% from R1 000/kL to R300/kL

#### **Commercial and Industrial tariffs**

- Down 18% from R45,75/kL to R37,50/kL

There is a similar reduction in sanitation tariffs.

During the worst period of the crisis, the City made a compact with our businesses and residents. Together, we agreed to do absolutely everything in our power to get Cape Town through this extreme situation but we can only do so with assistance from all of our customers.

We beat the drought together. It is essential that an appropriate relaxation of restrictions takes place not only so that economic activity can be improved, but also so that water tariffs can be relaxed from the current high levels to give the necessary tariff relief to households and businesses in recognition of the great sacrifices that have been made.

Much work is planned over the next few years to augment the City's water supply. Our water conservation awareness and demand management will continue as always.

We are situated in a water-scarce region. At the moment, we will still rely on our dams to provide the majority of our water.

Given the unpredictable nature of our rainfall, it is imperative that we diversify our supply for the future, and entrench the water-saving mind-set we have cultivated over the past year.

**Note to editors:**

**Interlinkage between restriction levels and tariffs**

- The City does not budget to make a profit on the sale of water.
- Restriction levels are linked to dam levels, and restriction tariffs are linked to the volume of water used by Cape Town
- This means that if the restriction level is reduced, individual water usage is expected to increase as the tariff decreases which enables the City to repair and maintain the water infrastructure

Please also visit the City's website for full tariff details.