

## **CITY HAS BUDGETED FOR ANOTHER THREE YEARS OF ABOVE-INFLATION RATE TARIFF INCREASES**

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At a presentation of the City Council's draft budget it became clear that we will all be giving the City of Cape Town a lot more money in future.

Projections of budget and tariff increases up to 2021 all feature increases above the expected inflation rate. Only the increase in refuse tariffs for 2018/19 matches the predicted inflation rate of 5.7%. This comes after decade of increases above the CPI.

The biggest increases are for water and if any consumer uses more than 10.5 cubic metres (10.5 kilolitres) he will pay R127.13 per cubic metre.

Commercial and industrial water users will pay a basic rate of R45,75 a cubic metre but they will have the option of buying recycled water for as little as R5.90 per cubic metre. Before the drought, Commerce bought water for just under R19 a cubic metre.

These tariffs are based on level six water restrictions and if we have good rains they will come down, but not to pre-drought levels.

In addition, fixed charges for all water consumers have been introduced. These are based on the size of the water meter. For most people they will be either R56 a month or R100. There will also be a fixed tariff of R150 on electricity for properties worth R1m or more.

The City is running into trouble and rates and tariffs are now so high that many people, especially the retired, have to down-size or move to other centres.

We already know that many businesses are finding it cheaper to generate their own electricity with solar panels than buy it from the municipality and the same thing is happening with water. Last month we learned that three private desalination plants are nearing completion and there will be many more.



## **CAPE CHAMBER**

OF COMMERCE & INDUSTRY

Desalination is not expensive but not when competing with retail water tariffs of more than R45. Some businesses will go off the water grid and the City will lose income.

The key problem is the high cost of governance. The City employs 27 249 permanent and temporary staff and has another 2 486 vacancies. The City has budgeted for another three year of above-inflation pay increases plus notch increases.

The staff keeps growing but the workload is shrinking as computers take over the administrative work. Even electricity accounts are disappearing as the pre-payment system takes over. Unless the City does something to control staff numbers it will find itself in the same position as the hugely overstaffed Eskom and SAA.

Janine Myburgh

President of the Cape Chamber

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