

FISH HOEK VALLEY RATEPAYERS & RESIDENTS ASSOCIATION

(Incorporating Fish Hoek, Clovelly and Sun Valley)

P.O. Box 22125, Fish Hoek 7974
E-mail: bdyoungblood@gmail.com

TO: drought.charge@capetown.gov.za

SUBJECT: COMMENT ON DROUGHT CHARGE (WATER LEVY) PROPOSAL
DUE: 12 JANUARY 2018

1. EXECUTIVE SUMMARY

In terms of Regulation 26 of the Municipal Budget and Reporting Regulations, 2008, the Local Government: Municipal Systems Act 32 of 2000 and the Local Government Municipal Finance Management Act 56 of 2003, any person wishing to comment may do so in writing to you. We wish to exercise these granted rights and express our extreme dissatisfaction over the proposed water levy. This is essentially a "wealth tax".

2. RECOMMENDATIONS

It is recommended that, for the reasons set out in this report:

- That the proposed drought charge (water levy) be dropped.

3. DISCUSSION

Our residents realise that we are in a water shortage crisis and many report now having reduced into the four to six kilolitre range with some boasting of only using one kilolitre of municipal water per month for a household of two adults. However, they all understand the increased tariff in the top abuser level and installation of water management devices.

The City has already removed the initial free water allocation. As the sewerage (domestic sanitation) charge is linked to the water consumption, the sewerage charge also now starts from zero. This basically amounted to a double charge in the initial free water allocation range. We are very concerned that a proposed water levy will somehow spill over into a sewerage levy as well, linked or not.

Is the City of Cape Town really so short-sighted to have already forgotten the massive opposition to the April 2017 proposed Home User per day charge for electricity. The City has been actively encouraging residents to lower their water consumption as the City has been concerned, rightfully so, that our City would run out of water. Are we really to be penalised for complying with the City's wishes.

The City is now contemplating adding a surcharge to our rates bill to cover for, basically, a shortfall in revenue. Isn't this really just poor financial planning. Surely the water reticulation infrastructure has been depreciated to zero by now. That is, we don't need to be continuously charged for existing infrastructure. The recently replaced water main in Clovelly was 50 years old. Must we be charged for inefficient human resources and associated management not to mention the cross-subsidisation paid from all levies to all non-tariff departments. The City's head count needs to be reduced.

The Fish Hoek Valley has many economically house-bound retirees and retirement centres, such as: Carlisle Lodge, Nerina Gardens, Peers Village, Avenue Retirement Village and the being developed Evergreen Noordhoek Retirement Village (Fish Hoek side of Sun Valley). Many of these have City rebates on property or, perhaps worse, are just over the requirement

limit to qualify for rebates. Pensioners with City rebates want assurance of not qualifying for the proposed water levy. Not unlike tax bracket creep, their property valuations have risen, but to realise even a R1M sale, would not improve their living standards as there is nothing really in a lower price range nearby. Most just cannot afford to live in a retirement village.

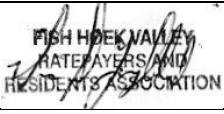
Also, we have young families with small children that due to the economic hardship our country is in, often see both parents working and thus, supporting our many early childhood development centres. Due to their existing high debt levels, this translates into house bonds becoming unaffordable with an expected drop in house prices due to over-supply and possible debt-trap if they have to sell for less than the bond value.

Both age groups just mentioned expect inflation and interest rates to rise causing even more hardships especially if both of the remaining credit rating agencies, Moody's and Standard and Poor's, rate our local currency as junk. When Brazil experienced junk ratings from all three credit rating agencies, their inflation immediately increased by 10 percentage points and interest rate by five percentage points.

Sources

<http://howsouthafrica.com/ct-considers-water-levy-decreased-usage-affects-finances/>

<http://www.capetown.gov.za/City-Connect/Have-your-say/Issues-open-for-public-comment/comment-on-the-drought-charge>

NAME & SURNAME	Brian Youngblood, Chair: Fish Hoek Valley Residents and Ratepayers Association (FHVRRA)
E-MAIL ADDRESS	bdyoungblood@gmail.co.za
SIGNATURE	
DATE	8 December 2017 & 21 November 2017 (City Manager)