



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Annexure A

AMENDMENTS TO 2026/27 MARCH TABLED BUDGET

2026/27 DRAFT BUDGET (MAY 2026)

Preamble

The City is grateful to all who took time to comment during the public participation on the 2026/27 March Tabled Budget.

Consideration has been given to all inputs received in that process.

This notwithstanding, an implementation of the findings of the recent Western Cape High Court judgment of 30 April 2026, obliges the City to make several material amendments to the rate and tariff structure in the 2026/27 March Tabled Budget.

The City is now inviting public comments on these amendments for consideration, while still ensuring compliance with the statutory deadline for annual budget approval by Council before 1 July 2026.

The City accordingly invites interested parties to comment on the new amendments now made, as identified below, between 27 May 2026 and 10 June 2026.

Post 2026/27 March Tabling Amendments

An application of the recent ruling by the Western Cape High Court in relation to the City's 2025/26 Approved Budget has caused the City to make the following proposed amendments to the 2026/27 March Tabled Budget, subject to a supplementary public participation process.

The amendments are as follows:

City-wide Cleaning

In the 2026/27 March Tabled Budget, City-wide area cleansing services were funded by a City-wide Cleaning tariff (applicable to residential properties and vacant land), as well as a contribution from the Rates account, supported by a contribution from electricity commercial sales. Following a review of this Order to give effect to the court judgment, the following amendments are proposed:

- City-wide Cleaning for residential properties and vacant land will no longer be recovered through a tariff but instead funded through Property Rates, shown in the table below:

Property Value Band (2026/27)	UNIT	2026/27 March Tabled Tariff (Rand excl. VAT)	2026/27 May Amended Tariff (Rand excl. VAT)
R1 - R620 000	Monthly charge per property value band	0.00	0.00
R620 001 to R730 000		4.26	0.00
R730 001 to R890 000		8.17	0.00
R890 001 to R1,2m		10.35	0.00
R1 200 001 to R1,45m		30.00	0.00
R1 450 001 tot R1,73m		52.09	0.00
R1 730 001m to R2m		57.30	0.00
R2 000 001 to R2,35m		62.96	0.00
R2 350 001 to R2,58m		69.30	0.00
R2 580 001 to R2,84m		76.26	0.00
R2 840 001 to R3,2m		83.83	0.00
R3 200 001 to R3,5m		100.61	0.00
R3 500 001 to R3,8m		125.74	0.00
R3 800 001 to R4,1m		150.96	0.00
R4 100 001 to R4,8m		188.61	0.00
R4 800 001 to R5,4m		235.74	0.00
R5 400 001 to R6,1m		282.96	0.00
R6 100 001 to R6,7m		373.48	0.00
R6 700 001 to R7,5m		448.17	0.00
R7 500 001 to R7,9m		470.61	0.00
R7 900 001 to R8,5m	494.09	0.00	
R8 500 001 to R9,2m	503.91	0.00	
R9 200 001 to R9,8m	574.52	0.00	
R9 800 001 to R10,4m	637.74	0.00	
R10 400 001 to R10,9m	656.87	0.00	
R10 900 001 to R11,8m	670.09	0.00	

Property Value Band (2026/27)	UNIT	2026/27 March Tabled Tariff (Rand excl. VAT)	2026/27 May Amended Tariff (Rand excl. VAT)
R11 800 001 to R12,2m		683.39	0.00
R12 200 001 to R14,6m		990.96	0.00
R14 600 001 to R16.8m		1 139.65	0.00
R16 800 001 to R19m		1 310.52	0.00
R19 000 001 to R21m		1 965.83	0.00
R21 000 001 to R23,3m		2 064.09	0.00
R23 300 001 to R29,3m		2 270.52	0.00
R29 300 001 to R40m		2 838.17	0.00
R40 000 001 to R55,6m		2 980.09	0.00
R55 600 001 to R79,9m		6 258.09	0.00
R79 900 001 to R96,6m		6 445.83	0.00
R96 600 001 to R121m		6 639.22	0.00
Above R121m		12 614.52	0.00

- The reliance on Electricity contributions to Property Rates for City-wide Cleaning services provided to commercial customers will be phased out.

The table below shows the summary of the Property Rates amendments proposed to the 2026/27 March Tabled Budget:

Net Property Rates (Net Movement)	2026/27 R' 000
2026/27 March Tabled Budget	14 731 646
2026/27 May Amended Budget	15 810 666
Difference (Net increase)	1 079 020

- The funding requirement for City-wide Cleaning (R869 million), including a provision for debt impairment, has been redistributed across all property rating categories;
- The 2026/27 Electricity contribution to Property Rates (for commercial customers only) will be phased out. This results in an additional R200 million increase in Property Rates for commercial type property rating categories, with a corresponding reduction in the per-unit price increase for electricity purchases for commercial customers. A provision for debt impairment has been included in Property Rates; and
- As a result, the overall average energy tariff increase for commercial customers has been reduced to 5.46% (from 6.82% in the 2026/27 March Tabled Budget), while the average residential energy tariff increase remains unchanged at 6.64%. Both of these increases are below the NERSA-approved increase of 9.01%, and reflect a decrease in the c/kWh recovery rate of 4.04c/kWh.

In addition, to mitigate the impact of the implementation of the above, and provide relief where most needed, the Residential Property Rates reduction has been increased to R620,000 (including the statutory reduction), up from R500,000 in the 2026/27 March Tabled Budget.

Further, to accommodate the phasing out of the electricity contribution for commercial properties (above), the Property Rates Rate in the Rand and the Property Rates Ratio have been amended as follows:

Property Rating Category	2025/26 Approved Budget	2026/27 March Tabled Budget	2026/27 May Amended Budget	% Change from 2025/26	2026/27 March Tabled Budget	2026/27 May Amended Budget
	Rate-in-Rand	Rate-in-Rand	Rate-in-Rand	Rate-in-Rand	Property Rates Ratio	Property Rates Ratio
Residential	0.007159	0.006428	0.007010	-2.08%	1:1	1:1
Industrial	0.016824	0.015106	0.016910	0,51%	1:2.35	1: 2.41
Business and commercial	0.016824	0.015106	0.016910	0.51%	1:2.35	1: 2.41
Agricultural	0.001432	0.001286	0.001402	-2.09%	1:0.20	1: 0.20
Mining	0.016824	0.015106	0.016910	0.51%	1:2.35	1: 2.41
Organ of state	0.016824	0.015106	0.016910	0.51%	1:2.35	1: 2.41
Public service infrastructure	0.001790	0.001607	0.001753	-2.09%	1:0.25	1:0.25
Public benefit organisation	0.001790	0.001607	0.001753	-2.09%	1:0.25	1:0.25
Vacant land	0.014318	0.012856	0.014020	-2.09%	1:2.00	1:2.00
Social housing	0.001790	0.001607	0.001753	-2.09%	1:0.25	1:0.25
Miscellaneous	0.016824	0.015106	0.016910	0.51%	1:2.35	1: 2.41
Specified religious purposes	0.001790	0.001607	0.001753	-2.09%	1:0.25	1:0.25
Not for profit	0.001790	0.001607	0.001753	-2.09%	1:0.25	1:0.25

Water and Sanitation

Fixed Water and Sanitation charges will revert to being based on water meter size, being the methodology applied by the City prior to the introduction of property value bands methodology.

Fixed charges, based on property value bands have been removed as follows:

Property Value Band - General Valuation 2025	2026/27 March Tabled Tariffs (excl. VAT)		2026/27 May Amended Tariffs (excl. VAT)	
	Water	Sanitation	Water	Sanitation
	R	R	R	R
1 - 620 000	0.00	0.00	0.00	0.00
620 001 - 890 000	57.14	26.88	0.00	0.00
890 001 - 1 200 000	57.14	26.88	0.00	0.00
1 200 001 - 1 450 000	65.71	32.25	0.00	0.00
1 450 001 - 1 730 000	75.43	35.84	0.00	0.00
1 730 001 - 2 000 000	75.43	35.84	0.00	0.00
2 000 001 - 2 350 000	80.57	39.42	0.00	0.00
2 350 001 - 2 580 000	85.14	43.00	0.00	0.00
2 580 001 - 2 840 000	90.00	46.59	0.00	0.00
2 840 001 - 3 200 000	108.86	57.34	0.00	0.00
3 200 001 - 3 500 000	127.43	68.09	0.00	0.00

Property Value Band - General Valuation 2025 R	2026/27 March Tabled Tariffs (excl. VAT)		2026/27 May Amended Tariffs (excl. VAT)	
	Water R	Sanitation R	Water R	Sanitation R
3 500 001 - 3 800 000	144.57	86.01	0.00	0.00
3 800 000 - 4 100 000	161.70	104.82	0.00	0.00
4 100 001 - 4 800 000	184.57	123.64	0.00	0.00
4 800 001 - 5 400 000	207.42	142.45	0.00	0.00
5 400 001 - 6 100 000	224.56	161.26	0.00	0.00
6 100 001 - 6 700 000	258.85	180.08	0.00	0.00
6 700 001 - 9 200 000	297.14	196.21	0.00	0.00
9 200 001 - 12 200 000	342.84	215.02	0.00	0.00
12 200 001 - 18 100 000	388.55	236.52	0.00	0.00
18 100 001 - 29 300 000	434.27	258.02	0.00	0.00
29 300 001 - 55 600 000	594.26	279.52	0.00	0.00
55 600 001 - 121 000 000	639.98	301.03	0.00	0.00
121 000 001 and above	685.69	322.53	0.00	0.00

Although the overall revenue envelope remains unchanged, the balance between fixed (basic) revenue and consumption-based revenue has shifted, with less revenue now raised by fixed tariffs (declining to approx. 17% of water and sanitation revenue from service charges), and more from consumption charges (approx. 83%).

The reduction in the overall value of fixed basic charges is largely driven by the City's effort to mitigate the impact on lower- and middle-income properties, achieved by consolidating the fixed tariff for all meter sizes up to 22mm, and by increasing the consumption charge for high-consumption consumers. Consequently, the revised fixed charges are reflected in the table below:

Meter size	2026/27 May Fixed charges amendments	2026/27 May Fixed charges amendments
	Water Fixed Charges R (excl. VAT)	Sanitation Fixed Charges R (excl. VAT)
12MM	90.13	49.27
15MM	90.13	49.27
20MM	90.13	49.27
22MM	90.13	49.27
25MM	251.09	137.25
32MM	251.09	137.25
40MM	643.82	351.91
50MM	1,005.96	549.86
75MM	2,575.27	1,407.64
80MM	2,575.27	1,407.64
100MM	4,023.87	2,199.44
150MM	9,053.71	4,948.76
200MM	16,095.47	8,797.79
250MM	25,116.99	13,728.95
300MM	25,116.99	13,728.95

To compensate for this change, consumption-based charges for both Water and Sanitation have increased for high-usage domestic customers compared to the 2026/27 March Tabled Budget, as reflected in the tables below (based on water usage levels).

Water: Unit per kl (excl. VAT)		
Domestic Full & Domestic Cluster – Non Indigent	2026/27 March Tabled Budget Tariffs	2026/27 May Amended Tariffs
Step 1 (0 ≤ 6kl)	R22.10	R21.78
Step 2 (>6 ≤ 10.5kl)	R30.37	R29.93
Step 3 (>10.5 ≤ 35kl)	R45.39	R47.48
Step 4 (>35kl)	R87.57	R95.63

Sanitation: Unit per kl (excl. VAT)		
Domestic Full & Domestic Cluster – Non Indigent	2026/27 March Tabled Budget Tariffs	2026/27 May Amended Tariffs
Step 1 (0 ≤ 4.2 kl)	R16.16	R15.90
Step 2 (>4.2 ≤ 7.35 kl)	R22.20	R21.84
Step 3 (>7.35 ≤ 24.5 kl)	R34.28	R36.68
Step 4 (>24.5 ≤ 35 kl)	R56.38	R64.27

Minimising the detrimental impact of applying the court judgment

As set out above - To mitigate the impact of higher fixed tariffs for lower value properties (a consequence of the judgement), and provide relief where most needed, the Residential Property Rates reduction has been increased to R620,000 (including the statutory reduction), up from R500,000 in the 2026/27 March Tabled Budget. This has the effect of lowering property rates for lower and mid value properties, to offset the higher fixed water and sanitation tariffs.

The following annexures to the City's 2026/27 March Tabled Budget have been reviewed to reflect the above amendments:

Annexure 2 – Draft Property (Tax) Rates 2026/27

Annexure 4 – Draft Revised Consumptive Tariffs, Rates and Basic Charges for Electricity Generation and Distribution, Water and Sanitation and Urban Waste Management Services

Annexure 5 – Draft Rates Policy 2026/27

Annexure 6 – Draft Tariffs, Fees and Charges Book

Annexure 7 – Draft Tariff Policies

Annexure 8 – Draft Credit Control and Debt Collection Policy

Annexure 9 – Draft Indigent Policy