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SUPPORTING THE GROWTH OF THE WATER SECTOR

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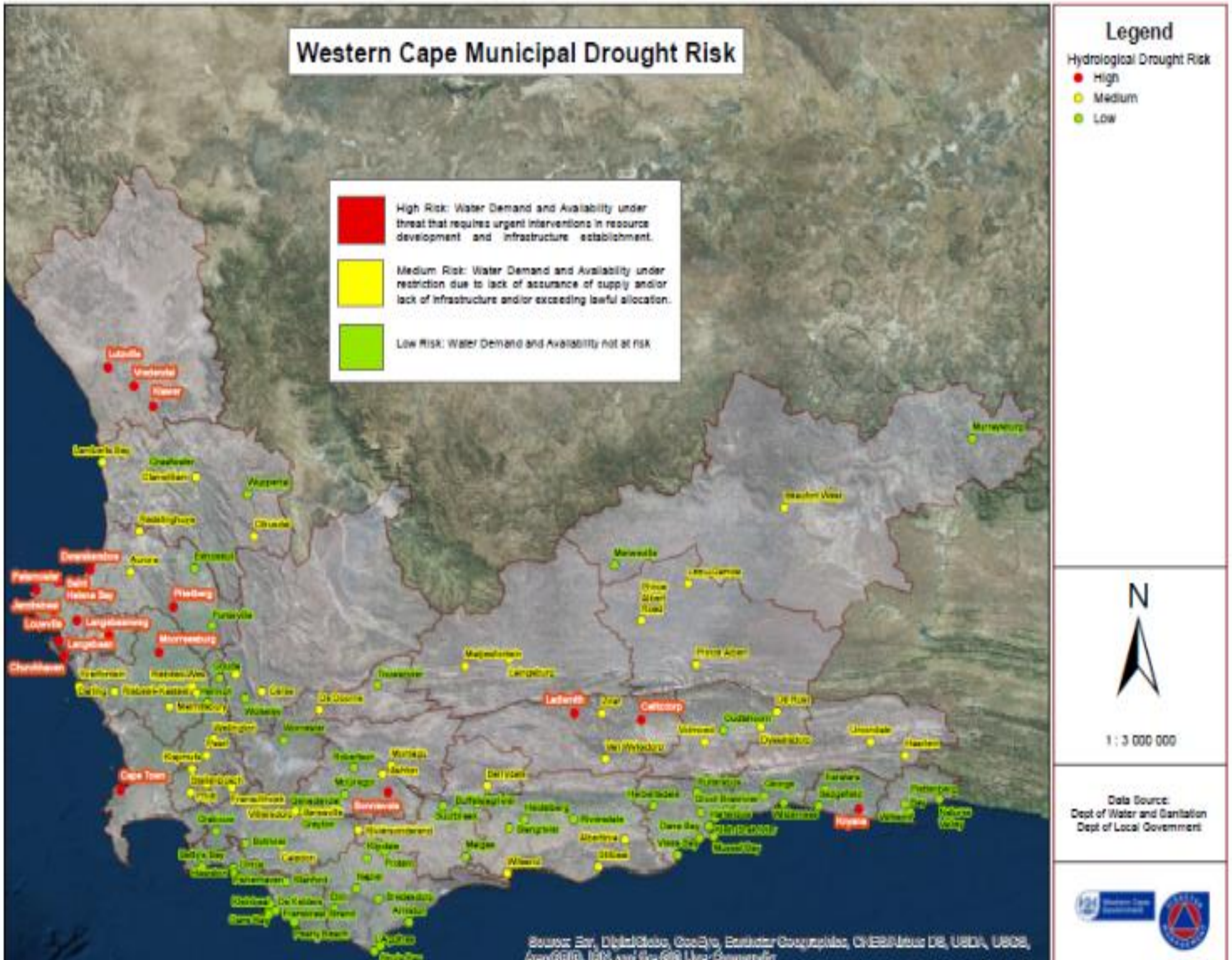
Drought status across the Western Cape – Municipalities & Towns

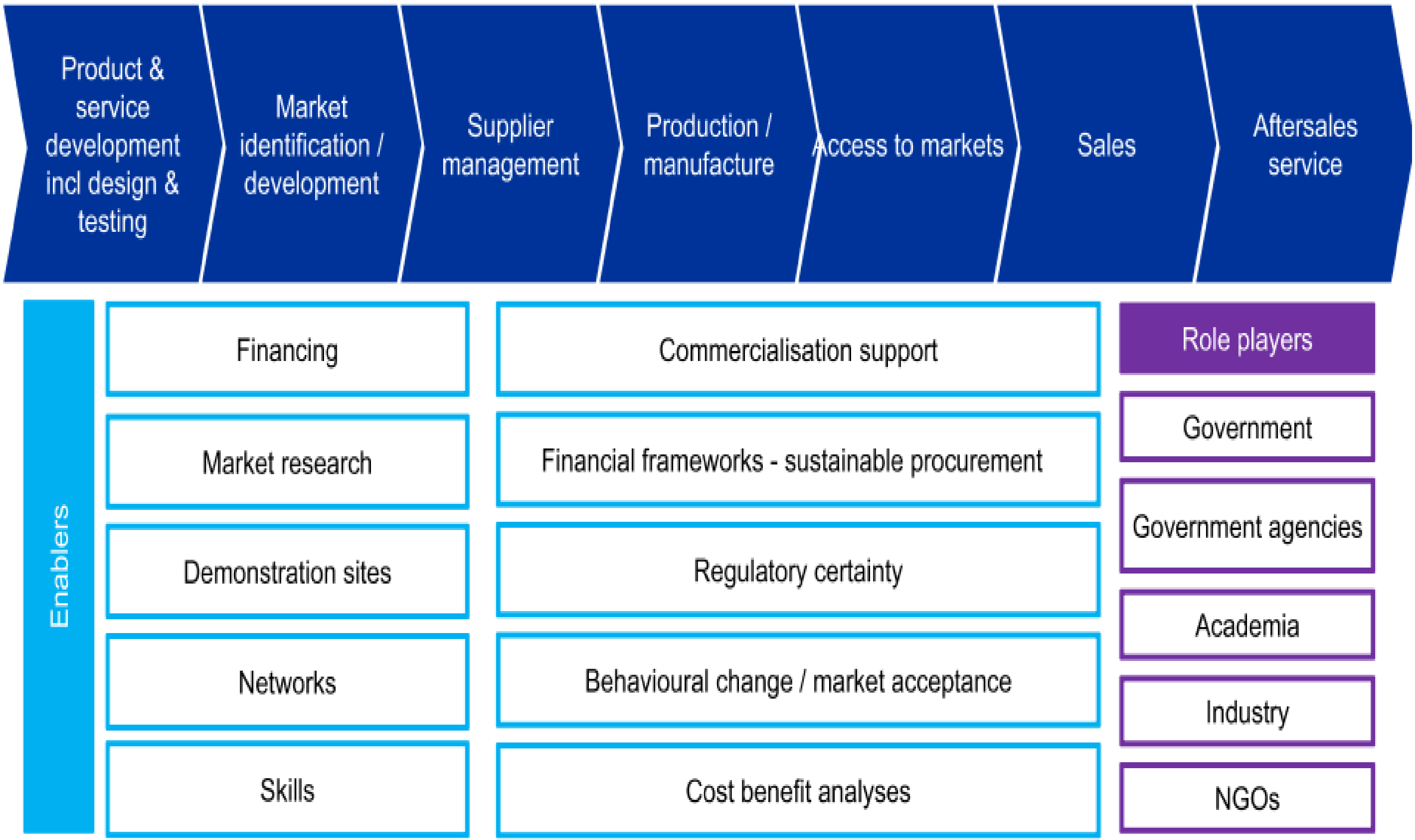


Red - ‘high risk’ municipalities / towns reflect where the urban water demand is outstripping the sustainable supply

Yellow - may highlight medium risk, *but* demand is becoming dangerously close to threatening supply

WC state of dams 18.24% (26 March 2018)

Support required across the value chain – ecosystem development



Green economy approach to water sector – GreenCape sector desk (WCG & City)

Demand		Supply
Greening the economy	⟷	New green tech & services

- Metering & monitoring
- Water demand reductions
- Implementing own water supplies
- Ensuring protection of water source for long term

Key principles:

- using water more efficiently
- using water sustainably
- using water in fit-for-purpose manner

Case studies of water resilient businesses : https://www.greencape.co.za/content/focusarea/water-resilient-businesses

Provision of technologies & services to enable:

- Improved water management
- Improved water use efficiencies
- Reuse & treatment of water
- Alternative water sources

- For municipal, business & household scale

i.e. if appropriate systemic changes implemented, the water crisis could enable both a more water resilient economy in the WC & a new / stronger water sector in WC

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Atlantis Green Technology Special Economic Zone – what's included?

Lower carbon	Resource efficient	Socially inclusive

- Type of products manufactured e.g. solar PV panels, water saving devices
- Way in which production takes place e.g. energy & water efficient & min waste production processes
- Resources used to make products / provide services e.g. recycled materials as input
- Development of opportunities for low- and no-skilled workers in fairly high-tech field

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Atlantis Green Technology Special Economic Zone – Incentives

City of Cape Town – already available:

1. Financial incentives: development application fee waivers, reduced development charges, electricity tariff reductions & broadband line rental holidays
2. Non-financial incentives: fast-tracked development applications & dedicated investment facilitation service

National – only once SEZ designated:

1. Special income tax incentives
2. The employment tax incentive – youth employment
2. Customs controlled area (CCA) - relief from import customs & excise duties on imported goods
1. VAT incentives – CCA
2. 12I Tax Allowance Incentives
3. SEZ Fund - for infrastructure projects within designated SEZs

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Atlantis Green Technology Special Economic Zone – National incentives

1. Special income tax incentives for qualifying companies in the SEZ:
    - Companies operating within an SEZ - annual income tax rate of 15%.
    - Special building allowance - expenditure incurred on the cost of any new or unused building or improvement to such building (rate of 10% per annum)
2. The employment tax incentive (ETI) - existing tax incentive designed to encourage the employment of young persons. It allows employers hiring people 18 to 29 years old to reduce the amount of employees' tax paid on behalf of their employees whilst leaving the wage received by the employee unaffected.
3. Enterprises located within a customs controlled area (CCA) of SEZ - eligible for the relief from import customs and excise duties on goods imported into the CCA by a CCA enterprise (full rebate).
3. VAT incentives - available to businesses situated in a CCA of an SEZ or the operator of the SEZ operator for purposes of developing the CCA within the SEZ
4. 12I Tax Allowance Incentive - to support Greenfield investments (i.e. new industrial projects that utilise only new and unused manufacturing assets) – for both capital investment & training.
5. SEZ Fund will be available for infrastructure projects within designated SEZs – open to the licensee or the operator to apply

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Atlantis Green Technology Special Economic Zone – City incentives

1. Financial incentives include:
   - Development application fee waivers
   - Reduced development charges
   - Electricity tariff reductions
   - Broadband line rental holidays

2. Non-financial incentives include:
   - Fast-tracked development applications
   - A dedicated investment facilitation service, which covers:
     - One-stop-shop investment function;
     - Mayoral Urban Renewable Programme aspects;
     - Targeted marketing and promotion; and
     - Agency function to facilitate other government incentives e.g. the DTI, etc.

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The Water Hub – a water tech cluster to provide for a volatile & uncertain environment re sustainable water mangement

- Scientific understanding & research
- Multi-, inter-, & trans-disciplinary structure for research, planning & science based policy making - government, private, research sectors & professional institutes
- Showcase development of & transfer knowledge of new technology – market uptake & scalability
- Support incubation of innovative, demonstrable water technologies & processes
- Training / skills development install, manage & service water infrastructure
- Partnerships with government for funding applications.

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International examples – wetsus (European Centre of Excellence for Sustainable Water Technology)

Transferring lessons learnt from the energy crisis

Energy crisis	Water crisis
Clear communication from start - drove change from population - large increase in energy tech sales.	Communication to public took a long time to be completely open - public response very delayed
Much of the energy into reforming the energy space died down when the crisis ended - lead to plans to pursue energy security being deprioritized.	- Ensure water security challenges not forgotten when dams are full again. Resilience for both water & energy need to be high priorities – not left to be dealt with during a crisis. - In both the water & energy crisis, solutions take longer to develop than required for crisis management. - Need clarity on regulations, tariffs etc.
Decentralisation of energy supply was not actively driven (despite feed-in tariffs) due to lost revenue concerns. Has led to slow take up of SSEG & slower development of the energy market.	Need to better understand how decentralised water supply can be actively supported without significant municipal revenue impacts

Energy & water - cost of insufficient supply >> than what building resilience would have cost if implemented in advance.
Future – need to understand costs of both & balance best use of public funds.

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Building medium to long term water resilience

Continued business support at scale & public messaging – water saving & own water supplies – sustaining change (immediate: winter readiness campaign

Improving certainty re key issues to drive investment decisions (tariffs, regulatory (by-laws, groundwater licenses), decentralization etc.

- WC Climate Change Strategy (2009 & 2014)
- City Climate Change Policy (2016)
- WC Sustainable Water Management Plan (2012, revision 2018)

Actively drive water sensitive urban design (incl. sustainable urban drainage systems)

Developing climate smart strategies for key sectors of Western Cape economy – see SmartAgri

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Thank You

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