



## Submission on the City of Cape Town Municipality's Draft 2023/24 Budget

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**Submitted by: South African Shack Dwellers International Alliance (SASDI) and International Budget Partnership South Africa as part of the Asivikelane Campaign<sup>1</sup> representing informal settlements communities in City of Cape Town Municipality.**

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Based on this analysis of the City Cape Town's 2022/23 draft budget, the draft Integrated Development Plan (IDP) and the input of informal settlement residents in Cape Town, SASDI is submitting the following recommendations:

- **Increase the target for the installation of taps in informal settlements and identify which settlements will benefit from the water installation project to ensure that all informal settlement residents have access to sufficient water.**

We commend the City for increasing the allocation to the informal settlement water installation project. However, the increase in the number of households that the City says will have access to a public tap is marginal.

**Recommendation 1** – We ask the City to show which settlements, and how many informal settlement households, will receive taps in 2023/24.

**Recommendation 2** – We ask the City to increase the target and the budget allocation to ensure that more households have access to adequate water. *(See pages 3 and 4 for analysis)*

- **Increase the budget for toilets to ensure that all informal settlement residents have access to toilets.**

While we welcomed that the City increased the 2022/23 allocation to the informal settlement sanitation installation project in the adjusted 2022/23 budget from R33 million to R45 million, we are disappointed that the City has only allocated R34 million to this project in its draft 2023/24 budget.

**Recommendation 3** – We urge the City to increase the allocation in its final budget to be more than the adjusted allocation from the previous year in order to faster improve access to sanitation for informal settlement residents, particularly in light of the increase in the number of informal settlements in the City. *(See pages 4 and 5 for analysis)*

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<sup>1</sup> [www.asivikelane.org](http://www.asivikelane.org)

**Recommendation 4** – We ask the City to publish the names of the informal settlements that will benefit from the project and clarify how many flush toilets are going to be installed in each of these settlements.

**Recommendation 5** – We urge the City to provide the budgets and targets for the provision and servicing and maintenance of chemical, Ventilated Improved Pit (VIP) and portable flush toilets.

- **Allocate and publish a dedicated budget for informal settlement refuse removal that includes provision for refuse removal bags.**

The lack of regular waste removal and the provision of plastic bags to informal settlements residents is an ongoing challenge that poses a severe health hazard to residents and negatively impacts the environment. The City's draft budget indicates that it has allocated an additional R30 million for refuse removal in informal settlements but doesn't show how much has been allocated in total to informal settlement waste removal. The lack of information makes it difficult to evaluate to what extent the additional funding will improve this service.

**Recommendation 6** – We ask the City to include sufficient allocation to ensure that all informal settlement residents receive enough refuse bags. *(See page 6 for analysis)*

- **Ringfence a budget allocation for the repairs and maintenance of taps, toilets and pipes in informal settlements.**

We are pleased to see that the City has increased its overall repairs and maintenance budget and that it plans to meet the National Treasury guideline of budgeting 8% of the value of its Property, Plan and Equipment (PPE) for repairs and maintenance.

**Recommendation 7** – We urge the City to set aside sufficient money to repair and maintain water and sanitation facilities in informal settlements and to publish this allocation.

**Recommendation 8** – We ask the City to specifically set aside funding to upgrade its C3 notification system to be more responsive to the needs of informal settlement residents.

**Recommendation 9** – We ask the City to clearly indicate if the repairs and maintenance of chemical, VIP and portable flush toilets is part of this budget or part of the budgets for these contracted services. *(See page 7 for analysis)*

- **Increase the budget allocations for the provision electricity and streetlights to informal settlements.**

**Recommendation 10** – We ask the City to reverse the cuts to the budgets for the provision of electricity and streetlights and ensure that enough money is set aside to improve access to electricity and the provision of public lighting in informal settlements.

**Recommendation 11** – We ask the City to show which settlements are going to receive electricity and streetlights in the coming financial year. *(See pages 7 and 8 for analysis)*

- **Provide more information on what the various informal settlement upgrading projects are going to deliver in 2023/24 and reconsider the relatively large contribution of the Informal Settlements Upgrading Partnership Grant (ISUPG) to the land acquisition project.**

It is of concern that the contribution of the ISUPG to the upgrading projects implemented by the Informal Settlements Department has decreased by 18%. Due to the lack of information in the draft budget it is difficult to see what impact this is going to have on informal settlement service delivery.

**Recommendation 12** – We urge the City to publish detailed information on the expected deliverables of these projects for the coming year.

**Recommendation 13** – We ask the City to consider the impact of the large allocation of ISUPG money to land acquisition on the shorter-term delivery of services to informal settlements and whether this allocation should be redirected to upgrading and basic service delivery projects. **ANNEX 1 – ASIVIKELANE CAMPAIGN ASSESSMENT OF INFORMAL SETTLEMENT SERVICE DELIVERY IN COCT**

In March 2020, SA SDI Alliance, in collaboration with the International Budget Partnership South Africa (IBP South Africa) and other partner organisations, launched the Asivikelane campaign. This campaign gives a voice to informal settlement residents in South Africa’s major cities who face severe basic service shortages. It supports informal settlement communities to monitor the delivery of water, sanitation and refuse collection services and to engage with their municipality about these services.<sup>2</sup>

In March 2023, Asivikelane asked informal settlement residents what they would like the City of Cape Town to allocate more money to in its 2023/24 budget to address their specific service delivery challenges.

### **1.1 Inadequate access to water**

87% of residents surveyed in March said they want to see more money for taps in the 2023/24 draft budget. In addition, 56% of residents said they specifically want more money to provide more taps, while close to 50% said they wanted to see more money in the budget to fix broken taps.

In the Asivikelane monthly data collection for February, 54% of respondents reported that they did not have access to enough water in the previous week. More worryingly, 28% of residents said that they do not have access to any source of water in their settlement.

In addition, some residents have reported that they have fewer than three water points for more than 500 households. Resident often have to wait in line for several hours to collect sufficient water due to low water pressure in taps. There is often insufficient water for everyone, and in some cases taps are broken and haven't been repaired for a while.

### **1.2 Insufficient access to sanitation**

Access to clean and reliable sanitation remains a challenge for informal settlement residents. According to the March Asivikelane data collection, 90% of residents wanted to see more money in the budget for the provision of sanitation, with more than half of residents saying that that they would specifically like to see more money provided for the provision of more toilets in their settlements. In February 2023, 24% of residents said that they do not have access to a toilet.

Residents also asked for more money to ensure regular cleaning of toilets. 32% of residents in the February release said that their toilets had not been cleaned in the previous 7 days.

### **1.3 Irregular refuse removal**

The lack of regular refuse removal and inadequate provision of refuse removal bags means that residents cannot keep their environment clean, which also negatively impacts their health. In March, more than 85%

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<sup>2</sup> <https://asivikelane.org/>

of residents asked the City to allocate more money for the provision of refuse removal. More specifically, they asked for more money to ensure a regular collection services, regular clearing and cleaning of communal dump sites, as well as the provision of enough refuse bags.

These asks are supported by evidence collected in February 2023, when 44% of residents said that their refuse was not removed in the previous week. In the October 2022 round of data collection, 21% of residents said that they do not receive a refuse collection service at all.

#### **1.4 Insufficient repairs and maintenance**

The lack of maintenance and repairs remains a major challenge in the City’s informal settlements, with residents often not being able to use the services in their settlements because faults are not being repaired.

More than 80% of residents in the March data collection said that they want to see more money in the budget for repairs and maintenance in informal settlements. 66% of residents said they want more money allocated specifically to fix broken and blocked toilets, and close to 50% wanted to see more money to repair broken taps and improve water pressure.

In addition, the City’s C3 fault reporting system does not serve informal settlements adequately, making it difficult for residents to report breakages. Residents have tried to use the online C3 system as advised on the City’s website, but many sections of the system do not provide the options needed for informal settlement residents to report faults. When residents do manage to report faults, the City often takes a long time to fix these. In the January 2023 Asivikelane release, only 14% of residents said that faults were fixed within a week.

## **2. Analysis of the 2023/24 draft budget for the City of Cape Town**

### **2.1 Provision of water to informal settlements**

According to the City’s draft 2023/24 review of the 2022-2027 IDP, in 74% of informal settlements households have access to at least one communal tap per 25 households within 100 meters of the household. The City acknowledges that, due to the increase in the number of informal settlements in the city, this is a significant decrease from the 85% of households with access to that standard of water provision in 2021.<sup>3</sup> While it is helpful that the City provides its own estimates of the lack of adequate water in informal settlements, evidence from Asivikelane suggests that the situation might even be more dire, with only 46% of residents saying in the February 2023 data collection round that they had access to enough water in the previous week.

The City’s Water and Sanitation Directorate is responsible for the provision of standpipes to informal settlements through the Informal Settlement Water Installation project. We welcome the 300% or R3 million increase between the adjusted 2022/23 budget and the draft 2023/24 budget. We also acknowledge that the 2023/24 allocation is R1 million more than the adopted 2022/23 allocation. However, we are concerned that the City had to reduce the budget for informal settlement water installation in its adjusted 2022/23 budget and hope the same scenario will not occur in 2023/24. The budget document doesn’t show which settlements will receive standpipes in the coming year.

#### **Table 1: Table of budget allocation for water in informal settlements**

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<sup>3</sup> Drat 2023/24 IDP Review, pages 5, 8

Project [Rand]	Funding source	Approved 2022/23 budget	Adjusted 2022/23 budget	Draft 2023/24 budget	% difference between adjusted 2022/23 budget and 2023/24 draft budget
Informal settlement water installations	ISUPG	3 000 000	1 000 000	4 000 000	300%

Source: 2022/23 Capital Adjustments Budget page 34; MTREF draft budget 2023/24 page 29; approved capital budget 2022/23 page 29

We are also concerned that the City doesn't show in either its draft budget or IDP how many new taps they are planning to deliver to informal settlements in 2023/24. In previous years, this target was given in both the draft and final documents. To get a sense of how much the City plans to increase access to water in informal settlements by, we turn to the City's estimates of how many households are sharing at least one communal tap per 25 households within 100 meters of the household (the City's minimum service level). Table 2 shows that the City plans to increase the number of households with access to this service level by 1,6% or 2 967. Since we do not know the number of informal settlement households that needs taps, it is difficult to evaluate to what extent providing access to water for fewer than 3 000 households will make significant inroads into the basic water backlog.

**Table 2: Household access to a public tap (at least minimum service level) in the City of Cape Town**

	2022/23	2023/24	Change	
	Full Year Forecast	Draft budget	Number	%
Using public tap (at least minimum service level)	184 205	187 172	2 967	1,6%

Source: MTREF Draft Budget 2023/24 page 245

The draft 2023/24 IDP shows a target of 2 700 new water connections, the same target as in 2022/23, which meets minimum standards but doesn't specify whether this is only for water provision in informal settlements.<sup>4</sup> The City also provides basic services to households living in the backyards of City-owned rental housing.

## 2.2 Provision of sanitation to informal settlements

Access to sanitation also remains a challenge for informal settlement residents. The Water and Sanitation Directorate's informal settlement sanitation installation project delivers toilets to informal settlements. At the beginning of the year, we welcomed the increase in the adjusted 2022/23 budget which added an additional R12 million to the project for the current financial year. However, the allocation in the 2023/24 draft budget is 24% lower than the adjusted 2022/23 allocation, and only R1 million more than the original 2022/23 budget.

<sup>4</sup> Draft 2023 IDP, page 28

**Table 3: Table of draft budget allocation for sanitation in informal settlements**

Project [Rand]	Funding source	Approved budget 2022/23	Adjusted budget 2022/23	Draft budget 2023/24	% difference between adjusted 2022/23 budget and 2023/24 draft budget
Informal settlements sanitation installation	ISUPG	33 000 000	45 000 000	34 000 000	-24,44%

Source: 2022/23 Capital Adjustments Budget page 34; MTREF Draft Budget 2023/24 page 29; Approved Capital Budget 2022/23 page 29

The budget documents do not provide targets for the provision of permanent toilets to informal settlements. The draft 2023/24 IDP and budget provide access rates and targets for the provision of sanitation, but these add to the confusion about what the City is going to deliver to informal settlements.

According to the IDP, the City aims to provide 4 700 new sewer connections, which meets basic minimum standards.<sup>5</sup> The draft budget suggests that this minimum standard includes flush toilets (connected to sewerage), chemical toilets, ventilated improved pit toilets (VIPs) and “other toilets provision” which most likely refer to portable flush toilets (PFTs).<sup>6</sup> The budget document shows the City’s estimates of household access to different types of toilets. It should be noted that household access to flush toilets includes all formal dwellings, and this means that it is impossible to see how many additional flush toilets the City plans to provide to informal settlements. The City also indicates that all households in the metro should have access to at least a minimum level of sanitation. As indicated earlier, almost a quarter of residents participating in Asivikelane said in February that they do not have access to any type of toilet.

While no budget allocations are given for the other toilet types, it looks like the City wants to increase the access to “other toilet provisions” by 1 192 households or 2,5%.

**Table 4: Household access to sanitation in the City of Cape Town**

Type of toilet	2022/23	2023/24	Change	
	Full year forecast	Draft budget	Number	%
Flush toilets	1 404 012	1 427 346	23 334	1,7%
Chemical toilets	63 105	62 950	-155	-0,2%
Pit toilets	197	197	0	0,0%
Other toilet provisions above minimum service level	45 508	46 700	1 192	2,6%

Source: MTREF Draft Budget 2023/24 page 245

### 2.3 Budgeting for refuse removal

According to the City, 99,79% of “known” informal settlements currently receive a basic refuse collection service.<sup>7</sup> However, about 20% of informal settlement residents have previously told Asivikelane that they

<sup>5</sup> Draft 2023/24 IDP, page 29

<sup>6</sup> Draft 2023/24 IDP, page 29, Draft 2023/24 budget page 245

<sup>7</sup> Draft 2023/24 budget, page 9

do not receive any refuse collection service. Residents who do receive a service sometimes say that refuse is not collected regularly.

We, therefore, welcome that the 2023/24 draft budget has allocated an additional R30 million for contracted services for refuse removal in informal settlements. Unfortunately, neither the adjusted 2022/23 budget nor the draft 2023/34 budget indicates a total budget for informal settlement refuse removal.

According to the draft budget, the operating budget allocation to Contracted Services in the Urban Waste Management Directorate mostly funds “refuse removal services; area cleaning and door-to-door refuse removal services to informal settlements; cleaning of the previously disadvantaged sandy areas; hauling of waste from various facilities to the Landfill sites; and chipping of garden greens”.<sup>8</sup>

The 14% increase in the budget allocation for Contracted Services is a positive development. However, the City doesn’t show how much of this budget has been set aside specifically for refuse removal and area cleaning in informal settlements. There is also no indication of how much has been allocated for the provision of refuse bags to informal settlements.

**Table 5: Budget allocation for Contracted Services in Urban Waste Department**

[R ‘000]	Approved budget 2022/23	Full year forecast 2022/23	Draft budget 2023/24	% difference between 2022/23 full year forecast budget and draft 2023/24 budget
<b>Contracted Services</b>	1 285 295	1 119 817	1 281 485	14,44%

Source: MTREF 2023/24 Draft Budget page 202

## 2.4 Budgeting for Repairs and Maintenance

As indicated, the lack of maintenance and repairs in informal settlements is a major challenge and often means that while residents do have access to taps and toilets, some cannot use these as damages have not been fixed. It is therefore disappointing that the City has not provided any ringfenced budget allocation for repairs and maintenance in informal settlements in its 2023/24 draft budget.

We do welcome the 10% increase in the total budget allocation, as well as the significant increases in allocations for Water supply infrastructure (65%), Sanitation infrastructure (14%) and Stormwater infrastructure (19%). We also want to commend the City for reaching the National Treasury Guideline of budgeting at least 8% of the value of its Property, Plant and Equipment (PPE) for repairs and maintenance. However, it is unfortunate that we cannot see how informal settlements are going to benefit from these budget increases.

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<sup>8</sup> Draft 2023/24 budget, page 201

**Table 6: Budget allocation for repairs and maintenance per asset class**

[R' 000]	2022/23		2023/24	% change between 2022/23 full-year forecast and 2023/24 draft budget
	Adopted budget	Full year forecast	Draft	
Total Repairs and Maintenance	4 760 227	4 977 311	5 485 527	10%
<i>Water supply infrastructure</i>	<i>381 433</i>	<i>393 420</i>	<i>650 187</i>	65%
<i>Sanitation infrastructure</i>	<i>373 761</i>	<i>542 312</i>	<i>617 577</i>	14%
<i>Stormwater infrastructure</i>	<i>148 037</i>	<i>162 127</i>	<i>192 758</i>	19%
R & M as % of PPE	7,9%	8,3%	8,1%	

Source: MTREF 2023/24 Draft Budget page 230

## 2.5 Electricity and Public Lighting

Informal settlement residents often raise the challenges associated with lack of public lighting and electrification in their informal settlements. Unfortunately, the allocations in the draft 2023/24 budget do not suggest that any significant improvements will take place in the coming financial year.

In Cape Town, the Electricity Generation and Distribution Department provides electricity connections to formal areas, informal areas and backyarders through two projects: “Electrification” and “Electrification Programme”. The New Street Lighting Programme installs new public lighting across the metro, without distinguishing between formal and informal areas.

The electrification projects are funded from three sources: the ISUPG, USDG and City’s Capital Replacement Reserve (CRR). The ISUPG-funded portions of the projects are assumed to benefit informal settlements, but it is not clear if any share from the other funding sources is spent in informal settlements.

Looking only at the ISUPG-funded portions, the City has allocated less to the two electrification projects than the amounts in the 2022/23 adjusted budget. The ISUPG-funded portion of the Electrification project decreased by 45% to R3 million. The ISUPG-funded allocation for the Electrification Programme project decreased by 35% to just over R9 million. The aggregate budgets (funded from two or three sources) for these two projects have also decreased between the 2022/23 adjusted budget and the 2023/24 draft budget.

A cause for concern is that, again, no ISUPG funding has been allocated to the Street Lighting project in 2023/24, but the overall allocation to this project has decreased by 8%.

The City does not provide any information on which informal settlement will receive electricity and street lighting in the coming financial year.



**Table 7: Budget allocations for the provision of electricity and lighting to informal settlements**

[Rand]	2022/23 Adopted Budget	2022/23 Adjusted Budget	2023/24 Draft Budget	% change between 2022/23 adjusted budget and 2023/24 draft budget	Fund
Electrification	5 867 638	5 439 129	3 000 000	-45%	ISUPG
Electrification	500 000	500 000	100 000	-80%	USDG
Electrification	500 000	500 000	2 889 000	478%	3 CRR: Electricity
<b>Electrification (total)</b>	<b>6 867 638</b>	<b>6 439 129</b>	<b>5 989 000</b>	<b>-7%</b>	
Electrification Programme	13 933 813	14 362 322	9 285 548	-35%	ISUPG
Electrification Programme	4 000 000	4 000 000	2 000 000	-50%	USDG
<b>Electrification Programme (total)</b>	<b>17 933 813</b>	<b>18 362 322</b>	<b>11 285 548</b>	<b>-39%</b>	
Street Lighting	23 600 000	23 600 000	21 600 000	-8%	3 CRR: Electricity
Street Lighting	2 500 000	2 500 000	2 500 000	0%	USDG
<b>Street Lighting (total)</b>	<b>26 100 000</b>	<b>26 100 000</b>	<b>24 100 000</b>	<b>-8%</b>	

Source: Adopted 2022/23 MTREF pages 119, 120, 121, Adjusted 2022/23 MTREF pages 133, 137; Draft 2023/24 MTREF pages 117-119

### 3. Service delivery as part of informal settlement upgrading projects

Informal settlements in the City also receive basic services through upgrading projects. The Informal Settlements Department in the Human Settlements Directorate is responsible for the upgrading of informal settlements through a number of interventions, including in-situ upgrading through the National Upgrading of Informal Settlements Programme. The Department also implements re-blocking, enhanced-reblocking and super-blocking, which can all result in individual serviced sites or the provision of shared basic services. The department also provides basic services to households living in the backyards of City-owned rental housing.<sup>9</sup>

Certain housing projects implemented by the same directorate's Housing Development Department are funded by the ISUPG, suggesting that these projects are in the later phases of the Upgrading of Informal Settlements Programme. According to the draft IDP, the City aims to provide 4 000 serviced sites (up from 2 600 in 2022/23) and 1 796 (up from 1 740 last year) in 2023/24. In addition, the City plans to upgrade 10 informal settlements to Phase 2 of the Upgrading of Informal Settlements Programme, which is five less than in 2022/23.<sup>10</sup>

The City's draft capital budget provides allocations for all service delivery and upgrading projects implemented by the Informal Settlements Department. Table 8 shows the total budget allocations for these projects in the Informal Settlements Department. All these projects are funded by the ISUPG. The table also shows the total allocation from the ISUPG to a number of projects in the Housing Development Department.

It is difficult to know what the different projects are going to deliver on the ground in 2023/24 as the budget doesn't show deliverables or targets for the projects. In addition, four of the projects in the Informal Settlements Departments, namely for Super-blocking, Enhanced Basic Services, Managed Settlements and

<sup>9</sup> 2023/24 Draft MTREF, page 174

<sup>10</sup> 2023/24 Draft IDP, pages 34, 35

Urbanisation: Backyards/Informal Settlement Upgrading, do not indicate which settlements are going to benefit from these projects. It is therefore also impossible to connect these projects to the targets set in the draft IDP.

It is concerning that the City has reduced the total budget for the upgrading projects in the Informal Settlements Department in the 2023/24 draft budget, from the 2022/23 adjusted budget, by 18% or almost R56 million. The total amount of the ISUPG-funded departments has increased marginally by 1% or R375 000.

**Table 8: ISUPG-funded projects in the Informal Settlements and Housing Development Departments**

[R'000]	2022/23		2023/24	% change between 2022/23 adjusted budget and 2023/24 draft budget
	Adopted Budget	Adjusted Budget	Draft Budget	
ISUPG funded projects in the Informal Settlements Department capital budget	293 844	304 227	248 493	-18%
ISUPG funded projects in the Housing Development Department	38 658	36 365	36 740	1%

Source: Adopted 2022/23 MTREF pages 98, 99, 103, 104; Adjusted 2022/23 MTREF pages 109, 110, 115-121; Draft 2023/24 MTREF pages 101, 102, 105, 106

It should be noted that in the 2023/24 draft budget, the City has allocated R71,7 million from the ISUPG to the Land Acquisition project, while in 2022/23 no money from the ISUPG was allocated to this project. We can assume that this is specifically for the acquisition of land for informal settlement upgrading where relocation is necessary. But one has to question the allocation of such a relatively large amount from the ISUPG to a project that is not going to improve informal settlement residents' access to basic services in the short term.

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