

Analysis of ability to pay for municipal services in the City of Cape Town



The City of Cape Town wanted to improve their understanding of how pricing decisions for municipal services impact the ability of households to pay for those services. PDG undertook this work as a member of the Future Cities South Africa (FCSA) consortium, which is the delivery partner for the South African component of the Global Future Cities Programme, funded by the cross-government UK Prosperity Fund (UKPF) and managed by the UK Foreign, Commonwealth and Development Office (FCDO).

We developed a tool that maps ability to pay across the city. The tool uses a representative household in each of about 5 500 small areas in the city as the basis for analysis. Small areas are a Census geographic unit, comprising around 200 to 250 households. The tool estimates ability to pay in each small area and thus produces a detailed mapping of how ability to pay varies spatially across the city.

A key innovation in the tool is that it considers the fact that households have different living arrangements in the city and that this impacts the way in which they receive services and municipal bills. The tool thus considers the prevalence of additional dwellings on plots, as well as dynamics related to shared meters in sectional title living arrangements. It also includes households in informal settlements who receive many services free of charge but pay for electricity via prepaid meters.

Lack of sound data on household incomes remains the most critical barrier to understanding ability of households to pay for municipal services in South African municipalities. Subject to this limitation, analysis such as this provides a city such as Cape Town with a far more nuanced understanding of ability to pay and provides insight into how this



The affordability mapping tool produced for the City of Cape Town considers the impact that different living arrangements have on the consumption of services and resulting municipal bill

might be impacted by changes to tariff levels or the targeting of subsidies.

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