



SERVICE DELIVERY PARTY | CAPE TOWN POLICY PAPER

Digital Cape Town

A Strategy for the Intelligent, Connected and
Inclusive City

A Government That Plans. Delivers. Accounts.

Anchored in Sections 152 and 153 of the Constitution

Digital Infrastructure, AI, Energy and Water

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POLICY PAPER

Digital Cape Town

A Strategy for the Intelligent, Connected and Inclusive City

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Executive Summary

Electricity may be the closest thing humanity has ever come to magic.

We learned to harness its power, move it across great distances and convert it into light, heat, movement and computation. We are now using that computation to build machines capable of processing information, learning from it and increasingly performing tasks that once required human intelligence.

Electricity is therefore no longer simply the infrastructure that keeps the lights on. **It is becoming the infrastructure of intelligence.**

Cape Town stands at the intersection of several transformations that will reshape the global economy over the next generation. Renewable energy, computing, artificial intelligence, data, fibre connectivity, cloud infrastructure and advanced manufacturing are becoming increasingly interconnected.

The city has many of the ingredients required to lead this transformation. It has significant renewable-energy potential, international fibre connectivity, subsea cables, universities, technology companies, financial services, industrial land and an established digital economy. The City itself already operates a substantial fibre network and has adopted strategies for data, energy, infrastructure and digital transformation.

The opportunity is therefore much larger than attracting data centres. Cape Town can become the place where **energy, compute, connectivity, intelligence and human potential converge.**

That opportunity also creates obligations. Hyperscale data centres can require enormous quantities of electricity, substantial infrastructure investment, sophisticated cooling systems, resilient fibre connections and large areas of strategically located land. Artificial intelligence is accelerating the growth of computing demand. Cape Town must welcome this investment without allowing private growth to become a hidden subsidy from scarce public resources.

Cape Town welcomes digital investment. Cape Town will not subsidise it with scarce public resources.

This strategy is anchored in Sections 152 and 153 of the Constitution. Section 152 requires the City to provide accountable government, to deliver services sustainably, to promote social and economic development, to promote a safe and healthy environment and to involve communities. Section 153 requires the City to organise its administration, budgeting and planning so that the basic needs of residents come first. The SDP treats these as binding, justiciable obligations with measurable delivery standards. Digital Cape Town is how those obligations are met in the digital age.

Digital Cape Town therefore proposes an integrated strategy covering seven interconnected systems: Digital Power, Digital Water, Digital Connectivity, Digital Economy, Digital Government, Digital People and Digital Governance.

The objective is not to make Cape Town the city with the largest number of data centres.



The objective is to make Cape Town the city that captures the greatest public and economic value from the digital economy.

PART ONE

Foundations: The Proposition and the Mandate

Digital Cape Town begins with a simple claim. The digital economy is now part of the basic infrastructure of the city, and the City's constitutional duties apply to it as fully as they apply to water, electricity and roads.

01 The Digital Cape Town Proposition

Digital transformation is becoming a transformation of the city itself.

Cape Town has spent years building the foundations of a digital city. The City has an established data strategy, an open-data tradition, municipal fibre infrastructure, digital service programmes and a growing technology economy. Its long-term planning already recognises digitalisation, data analytics and artificial intelligence as increasingly important to infrastructure and service delivery.

These initiatives nevertheless remain too often treated as separate programmes. Digital Cape Town brings them together.

The proposition is that the next generation of urban development will depend upon the interaction between **energy, data, compute, connectivity, artificial intelligence, skills and physical infrastructure**. Cape Town should therefore stop thinking about digital transformation as simply putting government services online.

02 The Ambition

Make Cape Town Africa's leading clean digital infrastructure city.

This does not mean pursuing the largest number of data centres. It means creating an environment in which clean energy, reliable electricity, high-capacity connectivity, computing infrastructure, artificial intelligence, research, entrepreneurship, digital exports, skilled employment and economic mobility reinforce one another.

Cape Town should become the place where Africa's energy transition and digital transition meet. Its competitive proposition should be clear:

*Clean power. Secure water. Reliable infrastructure. World-class connectivity.
Predictable regulation. Exceptional human capital. Intelligent government.*



03 The Seven Systems of Digital Cape Town

Seven systems, planned as one integrated urban system.

These systems should not operate as separate municipal projects. They should be planned, budgeted and reported on as one integrated urban system.

1. Digital Power

Energy is the infrastructure of intelligence.

2. Digital Water

The digital economy must not compete with households for scarce freshwater.

3. Digital Connectivity

Compute is valuable only when it is connected to people, markets and the world.

4. Digital Economy

Infrastructure must generate businesses, exports, research and employment beyond the facilities themselves.

5. Digital Government

The City must become one of the most sophisticated users of data and AI in Africa.

6. Digital People

Capetonians must participate in the digital economy rather than simply live beside it.

7. Digital Governance

Technology must increase government capability without reducing public accountability.

04 The Constitutional Mandate

Digital Cape Town is not discretionary policy. It is how the City meets binding constitutional obligations in the digital age.

Section 152 of the Constitution sets out the objects of local government. Section 153 sets out its developmental duties. Together they form the SDP's base. Large digital infrastructure draws on exactly the resources these sections protect: electricity, water, land, public infrastructure and the City's planning and administrative capacity. The table below shows how each obligation is given effect in this strategy.

Constitutional obligation	What it requires of the City	How Digital Cape Town gives effect to it
s152(1)(a) Democratic and accountable government	Decisions that can be seen, tested and challenged	Public Impact Statements, Digital Economy Compacts, the public Dashboard and the AI Constitution
s152(1)(b) Services provided in a sustainable manner	Scarce capacity protected for the long term	Bring Your Power, Fair Infrastructure, the Household Protection Guarantee and no routine potable-water cooling



Constitutional obligation	What it requires of the City	How Digital Cape Town gives effect to it
s152(1)(c) Social and economic development	Investment that builds lasting local capability	The Digital Port Principle, the Digital Economy Fund, the Skills Academy and edge compute in the Metro South-East
s152(1)(d) A safe and healthy environment	Environmental and resilience risks managed	The Cooling Hierarchy, Blue Cooling safeguards, backup-generation controls and cybersecurity standards
s152(1)(e) Involvement of communities	Residents involved in decisions that affect them	Public participation in zone designation, Tier 3 comment periods and Compact community commitments
s153(a) Basic needs given priority in administration, budgeting and planning	Households ahead of extraordinary private demand	Capacity reservation for households, curtailment priority and IDP and budget integration
s153(b) Participation in national and provincial programmes	Cooperative government where powers are shared	The Digital Energy Corridor and structured engagement with national and provincial regulators

Section 152(2) requires the City to strive to achieve these objects within its financial and administrative capacity. Digital Cape Town is designed to expand that capacity rather than strain it, because extraordinary private demand pays for the extraordinary infrastructure it requires.

The SDP holds that Sections 152 and 153 are justiciable obligations with measurable delivery standards. Every element of this strategy therefore carries an owner, a budget, a milestone and a measurable outcome, so that compliance can be tested in council, by the Auditor-General and, where necessary, in court.

05 Powers, Boundaries and Legal Instruments

The City must use its own powers fully and press other spheres where the power is theirs.

Schedules 4B and 5B of the Constitution give municipalities authority over electricity reticulation, water and sanitation services, municipal planning, building regulations, municipal roads, stormwater and local amenities. These powers are enough to set the terms on which large digital infrastructure connects to the city.

Other powers sit elsewhere. Generation licensing, tariff approval and transmission belong to the national sphere and NERSA. Telecommunications licensing belongs to ICASA. Bulk water resources and water-use licences fall under the national Department of Water and Sanitation. Environmental authorisation is largely a provincial and national function. Digital Cape Town works within these boundaries and uses the City's voice to influence what it cannot decide.

Instrument	Relevance to Digital Cape Town
Municipal Systems Act	Adoption through the IDP, community participation and performance management through the SDBIP



Instrument	Relevance to Digital Cape Town
Municipal Finance Management Act	Budgeting, long-term contracts, public-private partnerships and Compact obligations with financial effect
SPLUMA and the City's Municipal Planning By-law	Digital Infrastructure Zones, overlay zoning, conditions of approval and engineering-services contributions
Electricity Regulation Act and NERSA rules	Cost-reflective tariffs, connection charges, wheeling and grid-support arrangements
Water Services Act, National Water Act and the City's Water By-law	Cooling Hierarchy, non-potable supply, water restrictions and drought tiers
NEMA, Air Quality Act and Integrated Coastal Management Act	Environmental authorisation, backup-generator emissions and seawater intake and discharge
POPIA, PAIA and PAJA	The Data Trust, the AI Constitution, access to information and the right to challenge automated decisions
Cybercrimes Act and national cybersecurity structures	Incident response, reporting and coordination

Section 229 of the Constitution limits municipal taxation to property rates and surcharges on fees for services unless national legislation provides otherwise. The Fair Infrastructure Principle and the Digital Economy Fund therefore rely on cost-reflective tariffs, lawful engineering-services contributions and negotiated Compact commitments. They do not create new taxes.

06 How the SDP Will Act

What SDP councillors will do directly is distinguished from what the SDP will press others to do.

A strategy is only as credible as its account of who acts. Some elements are within the direct reach of SDP councillors. Others require the City administration, the Mayoral Committee or other spheres of government to act.

Mode of action	What it means in practice
SDP council action	Tabling motions to adopt the Strategic Digital Infrastructure category and the Household Protection Guarantee, proposing IDP amendments during the annual review, moving budget amendments, asking oversight questions and using portfolio committees and MPAC to track delivery
SDP will press the City	Establishing the Delivery Unit, producing the Atlas, amending the Planning and Water By-laws, publishing the Dashboard and adopting the AI Constitution
SDP will press national and provincial government	Transmission corridors, NERSA tariff and wheeling methodology, coastal and environmental permitting for Blue Cooling and national cybersecurity coordination



PART TWO

Digital Power: Energy Is the Infrastructure of Intelligence

Electricity reticulation is a municipal function under Schedule 4B. How the City allocates scarce grid capacity is therefore a direct test of Section 152(1)(b) and Section 153(a).

07 Digital Power

New digital demand must strengthen the grid rather than drain it.

The growth of artificial intelligence will create extraordinary demand for reliable electricity. Cape Town should therefore treat digital infrastructure as part of its long-term energy strategy rather than as an independent economic-development issue.

The City should welcome large digital loads where they strengthen the wider electricity system. The objective should be to ensure that new demand stimulates additional generation, storage, transmission and grid capacity rather than simply consuming scarce existing capacity.

Cape Town's existing energy strategy already seeks to build a resilient energy system through new supply, reduced energy poverty and improved energy use. Digital Cape Town should extend this thinking to the emerging compute economy, consistent with the SDP's wider plan to bring down the cost of electricity for Capetonians.

08 The Bring Your Power Principle

Extraordinary demand must bring extraordinary supply.

For ordinary businesses, access to the electricity network is part of the City's infrastructure responsibility. For extraordinary electricity demand, a different principle should apply.

If you require extraordinary quantities of electricity, you must help bring extraordinary quantities of electricity into the system.

Major digital facilities should demonstrate how they will support their electricity requirements through a combination of:

- renewable power purchase agreements
- private generation
- demand response
- grid-support services
- wheeling
- battery storage
- energy efficiency
- long-term energy contracts

The City should facilitate these arrangements rather than simply approve connections. The cost of incremental infrastructure required solely or substantially because of a major development should be transparently allocated to the beneficiaries of that infrastructure.

Connection agreements for Tier 3 facilities should specify the additional supply contracted, the date on which it comes online and the consequence if it does not. Until committed supply is delivered, the facility's connection should operate on curtailable terms.



09 Data Centres as Grid Partners

Assess what a facility contributes, not only what it consumes.

The relationship between a data centre and the electricity system should not be limited to consumption. Large digital campuses can contain significant battery storage, sophisticated power-management systems and predictable loads. Some computing activity may also be capable of being shifted according to grid conditions.

Cape Town should therefore encourage major digital facilities to become energy-system partners. Potential services should include:

- demand response
- battery services
- emergency load management
- grid balancing
- peak-load reduction
- renewable-energy integration
- microgrid capability

A hyperscale facility should therefore be assessed not only according to how much electricity it consumes. It should also be assessed according to what it can contribute to the electricity system. Grid-support services should be procured on published, NERSA-compliant terms so that the City pays only for services that are measured and delivered.

10 The Digital Energy Corridor

A demand organiser, investment coordinator and policy catalyst.

Cape Town cannot build South Africa's transmission grid. It can, however, become an anchor customer and political catalyst for the infrastructure required to connect renewable-energy resources with major coastal demand.

In keeping with Section 153(b), the City should work with national government, the national transmission company, the Western Cape Government, neighbouring municipalities, renewable-energy developers, ports, industrial users and major digital investors to identify strategic transmission corridors. The objective should be to connect renewable generation with digital and industrial demand, and to use the opening of the national electricity market to bring that supply to Cape Town.

Cape Town should become a demand organiser, investment coordinator and policy catalyst. It should not pretend that municipal government can substitute for national transmission planning.

11 The Household Protection Guarantee

No household tariff should rise to pay for a hyperscale connection.

Section 153(a) requires the City to give priority to the basic needs of residents. Where grid capacity is scarce, the household must come first. The City should adopt a Household Protection Guarantee with four commitments.

- 1. No cross-subsidy.** Tariffs and connection charges for Tier 3 loads must be cost-reflective, based on an independent cost-of-supply study that is published.
- 2. Curtailment priority.** In supply emergencies, Tier 3 facilities curtail before households, clinics, schools and water and sanitation pumping. Connection agreements must include curtailable or interruptible terms.



- 3. Capacity reservation.** At constrained substations, capacity for existing households and the planned housing and electrification pipeline, including informal settlements, is reserved before extraordinary private demand is allocated.
- 4. Annual tariff-impact report.** The City reports to council each year on the effect of large digital loads on household tariffs and on available capacity.

PART THREE

Digital Water: Never at the Expense of Household Water

Section 27 guarantees access to sufficient water and Section 152(1)(b) requires services to be sustainable. A city that came close to Day Zero cannot treat potable water as a cooling input.

12 Digital Water

The digital economy must not compete with households for scarce freshwater.

Cape Town knows better than most cities that water security cannot be taken for granted. The drought that brought the city close to Day Zero demonstrated how quickly freshwater security can become an existential urban issue.

Digital infrastructure must therefore be designed around water security from the beginning. The principle should be:

No routine potable-water cooling for hyperscale facilities.

13 The Digital Cooling Hierarchy

Potable water is the last resort, never the default.

New major digital infrastructure should be required to demonstrate that it has considered cooling technologies in the following hierarchy:

- 1.** Closed-loop cooling
- 2.** High-efficiency air or free-air cooling
- 3.** Reclaimed wastewater
- 4.** Other suitable non-potable industrial water
- 5.** Seawater or other alternative cooling systems where technically and environmentally appropriate
- 6.** Potable municipal water only under tightly defined exceptional circumstances

Every major facility should disclose its expected:

- litres per day
- Water Usage Effectiveness (WUE)
- recycling rate
- drought contingency
- annual water consumption
- water source
- peak water requirement



The hierarchy should be given legal force through the Water By-law and conditions of approval. Consumption should be metered and published quarterly. When the City declares water restrictions, any potable-water exception should be suspended automatically for the duration of the restriction.

Potable municipal water should never become the default cooling subsidy for the digital economy.

14 The Cape Town Blue Cooling Programme

The constraint could become an advantage.

Cape Town should investigate whether its Atlantic location can provide a competitive advantage in low-water cooling. The objective should not be to assume that seawater cooling is automatically appropriate.

A technical programme should investigate seawater heat exchange, corrosion, biofouling, marine ecology, intake and discharge systems, pumping energy, coastal resilience, environmental permitting and lifecycle cost. Universities, marine scientists, engineers, data-centre operators and public authorities should participate, and permitting under coastal and environmental law should be settled with the relevant national and provincial authorities before any site is promoted.

The programme should also assess waste-heat reuse. Heat from computing can support aquaculture, agriculture, industrial processes and the pre-heating of desalination feedwater. Impact Statements should report the heat-reuse potential of every Tier 3 facility.

If technically and environmentally viable, Cape Town could develop strategic low-water digital infrastructure corridors in suitable industrial areas.

Cape Town could compete globally on low-water digital infrastructure.

PART FOUR

Digital Connectivity: Compute Is Valuable Only When It Is Connected

Telecommunications licensing is a national function. The City nevertheless controls the ground that fibre runs through, and it owns a substantial fibre network of its own.

15 Digital Connectivity

Connect compute to people, markets and the world.

Connectivity is the system that turns compute into economic value. Cape Town already hosts international subsea cable landings and a municipal fibre network that reaches beyond the business districts. Digital Cape Town should use the City's own powers over planning, roads and municipal infrastructure to extend that advantage.



Open access

Spare capacity on the City's fibre network should be made available on open, non-discriminatory and cost-based terms to licensed operators, internet service providers and community networks, including small township-based providers.

Dig once

Every City road, stormwater, water and electricity trenching project should install spare ducting where future fibre demand is likely. Digging the same road twice is a waste of public money.

One wayleave, one clock

Fibre and telecommunications wayleaves should be applied for through a single digital process with published turnaround times, reported on the Dashboard.

Protect the landings

Subsea cable landing sites and their terrestrial routes should be mapped in the Atlas and protected in the Municipal Spatial Development Framework, so that incompatible development does not constrain them.

Carrier-neutral infrastructure

The City should encourage carrier-neutral facilities and internet exchange capacity so that traffic stays local, costs fall and resilience improves.

PART FIVE

Planning and Assessment: Certainty for Investors, Protection for Residents

Municipal planning is a core municipal function. Clear rules made through public participation give effect to Section 152(1)(a) and Section 152(1)(e) and give investors the certainty they value.

16 Digital Infrastructure as Strategic Infrastructure

A hyperscale data centre is not simply another commercial building.

It can combine the characteristics of an industrial facility, power consumer, telecommunications exchange, cooling plant, logistics facility and digital economic anchor. Its infrastructure requirements can therefore affect electricity, water, roads, fibre, emergency services, land use and surrounding communities.

Cape Town should formally recognise large-scale digital infrastructure as a distinct category of strategic infrastructure. The category should include:

- hyperscale data centres
- major colocation facilities
- internet exchange infrastructure
- submarine cable landing infrastructure
- large-scale digital storage
- AI compute facilities
- cloud infrastructure
- major telecommunications facilities
- strategic fibre networks
- critical municipal digital infrastructure

17 The Cape Town Digital Infrastructure Atlas

A permanent public map of where digital infrastructure should and should not go.

The Atlas should map the infrastructure and environmental conditions that determine where digital infrastructure should and should not be located.

Energy

Grid capacity, substations, transmission capacity, distribution capacity, renewable resources, planned upgrades, wheeling capacity, battery storage

Water

Potable capacity, wastewater treatment, reclaimed water, industrial water, desalination, drought vulnerability

Connectivity

Subsea cables, fibre routes, internet exchanges, telecommunications infrastructure, existing data centres

Land

Industrial land, brownfield sites, utility corridors, flood risk, fire risk, environmental constraints, residential proximity

Economic assets

Universities, research institutions, technology clusters, TVET colleges, industrial areas, logistics hubs, economic development zones

Zoning outcome

Green: strategically preferred.
Amber: conditional development.
Red: unsuitable for major digital infrastructure.

The Atlas should be published as open data, updated at least annually and adopted as a sector layer of the Municipal Spatial Development Framework. This would give investors something they value enormously.

Certainty.

18 Digital Infrastructure Zones

Good regulation should reduce uncertainty rather than create it.

The City should designate Digital Infrastructure Zones where appropriate, through overlay zoning under the Municipal Planning By-law and with full public participation. A preferred zone should have clearly established:

- land-use parameters
- fibre availability
- environmental constraints
- emergency requirements
- grid capacity
- water requirements
- infrastructure contributions
- expansion rules

A compliant development should receive predictable approval timelines. A non-compliant development should face clear additional requirements.

19 The Hyperscale Threshold

Plan for what the development can become, not merely what Phase One requests.

Not every data centre requires the same level of municipal scrutiny. Cape Town should establish thresholds based on electricity demand, critical IT load, water consumption, floor area and ultimate planned capacity. The indicative tiers below are proposed for consultation and should be finalised following a grid and water capacity study.

Tier	Indicative trigger (ultimate planned capacity)	Requirements
Tier 1 Standard	Critical IT load below 1 MW and water use below 20 kl per day	Ordinary planning and building approval
Tier 2 Enhanced	1 MW to 10 MW, or 20 kl to 200 kl per day	Simplified Impact Statement and the Cooling Hierarchy
Tier 3 Strategic	Above 10 MW, above 200 kl per day or a high-voltage connection	Full Impact Statement, Digital Economy Compact, Bring Your Power, Fair Infrastructure and the Household Protection Guarantee

The City should assess the full planned campus rather than allowing developers to divide a large project into smaller approval stages. Capacity should be aggregated across phases, related companies and adjoining sites. A facility seeking 50 MW today with a planned expansion to 200 MW should be assessed against the potential 200 MW development.

20 The Digital Infrastructure Impact Statement

A standard public disclosure for every major proposal.

Major digital infrastructure proposals should require a standardised **Digital Infrastructure Impact Statement**. It should disclose:

Energy

Electricity demand, annual consumption, connection voltage, connection point, renewable supply, storage, backup systems, planned expansion

Water

Daily consumption, annual consumption, cooling technology, water source, WUE, recycling, drought contingency

Environment

Emissions, backup generation, noise, waste, electronic waste, heat and heat-reuse potential, construction impacts

Economy

Capital investment, construction employment, permanent employment, local procurement, supplier development, municipal revenue

**Digital ecosystem**

Fibre requirements, international connectivity, research partnerships, cloud services, innovation commitments

Process

Independent technical review, a 30-day public comment period for Tier 3 and an updated statement at every expansion phase

The statement should become part of a public digital record.

PART SIX

Digital Economy: What Economy Becomes Possible Because the Compute Is Here?

Section 152(1)(c) requires the City to promote social and economic development. Digital investment should be judged by the capability it leaves behind, not by the floor area it occupies.

21 The Fair Infrastructure Principle

Compete through certainty rather than hidden subsidies.

Hyperscalers should pay the full incremental infrastructure cost attributable to their development. This may include electricity connections, substations, grid reinforcement, water infrastructure, roads, emergency services capacity and fibre infrastructure.

The principle is not punitive. It is simple:

The public should not pay for infrastructure created primarily to support private extraordinary demand.

At the same time, charges should be transparent, predictable and cost-reflective. They should be levied through lawful instruments: NERSA-approved connection charges, engineering-services contributions under the planning framework and development agreements. A published contribution methodology should allow any investor to calculate its obligations before it applies.

22 The Digital Economy Compact

That is Service Delivery Government applied to private investment.

Every Tier 3 development should enter into a transparent **Digital Economy Compact** with the City. The Compact should establish measurable commitments covering:

Area	The question the Compact must answer
Infrastructure	What infrastructure will the developer build or fund?
Energy	What additional energy supply will it support?



Area	The question the Compact must answer
Water	How will it minimise freshwater consumption?
Skills	How many people will be trained, and to what qualification?
Local economy	How much procurement will reach local companies?
Innovation	What research and university partnerships will be established?
Community	What long-term digital and economic benefits will surrounding communities receive?

Every commitment should have an owner, a budget, a milestone, a deadline and a measurable outcome. Compacts should be binding conditions of approval or service agreements, independently verified each year. Remedies for non-delivery should include financial penalties and the withholding of approval for further expansion phases.

23 Capability Over Charity

Long-term economic value over once-off contributions.

Cape Town should not rely on corporate social responsibility theatre. A once-off donation can disappear. A permanent technical training centre can create capability for decades. A sponsorship can generate publicity. A fibre network can support an entire community.

The City should therefore prioritise:

Capability over charity. Infrastructure over publicity. Skills over sponsorship. Long-term economic value over once-off contributions.

24 The Digital Port Principle

Digital infrastructure should be treated as a digital port.

A data centre does not create its greatest value through the jobs inside the building. Its greater value can come from the economic activity that develops around it. Compute can attract:

- fintech
- cloud services
- health technology
- advanced logistics
- artificial intelligence
- software
- gaming
- financial services
- cybersecurity
- digital exports
- research

A port does not become valuable because ships dock there. It becomes valuable because an economy develops around the movement of goods. The question is therefore not simply how many jobs the data centre creates.

What economy becomes possible because the compute is here?



25 The Cape Town Digital Economy Fund

Large-scale digital growth should help build the ecosystem that makes it possible.

Cape Town should establish a mechanism through which major digital investment can contribute to long-term economic capability. Resources should be directed towards:

- AI research
- technical training
- startup support
- community connectivity
- technology entrepreneurship
- digital infrastructure
- university partnerships
- digital inclusion

The objective is not to extract arbitrary contributions from investors. Contributions should arise through Digital Economy Compacts and lawful development agreements, not through a new tax. The Fund should be ring-fenced and audited annually. It should be governed by an independent board that publishes its criteria and decisions. A defined share of its resources should be directed to historically excluded areas, including the Metro South-East.

26 Edge Compute for a Polycentric City

Digital opportunity must not reproduce the apartheid map.

Not all computing needs to sit in hyperscale campuses. Smaller edge facilities, community digital centres and enterprise hubs can bring low-latency services, technical jobs and digital businesses closer to where people live.

The Atlas and the Zones programme should identify suitable sites in the Metro South-East, including along the Spine Road economic corridor in Khayelitsha and Mitchell's Plain, linked to TVET campuses and community digital centres. This supports a polycentric city in which economic opportunity is no longer concentrated in a few historically advantaged nodes.

PART SEVEN

Digital People: Participants, Not Spectators

Digital Cape Town must ultimately be about people. Promoting social development under Section 152(1)(c) means that Capetonians share in the digital economy rather than simply live beside it.

27 Digital People

A city cannot claim digital leadership while its people remain excluded.

A city cannot claim digital leadership if large parts of its population remain excluded from the digital economy. The City should develop a coordinated programme covering:

- digital literacy
- cybersecurity
- network engineering
- robotics
- AI literacy
- data engineering
- electrical engineering
- automation
- coding
- cloud engineering
- cooling technology

The programme should connect schools, TVET colleges, universities, employers and industry.



28 The Cape Town AI and Digital Skills Academy

The objective should be to produce capability.

Tier 3 developers should participate in a citywide AI and Digital Skills Academy as part of their Compacts. The Academy should focus on skills that correspond to actual economic demand and should work through existing TVET and university campuses, including those in the Metro South-East, rather than building a new institution from scratch.

Training should lead towards recognised qualifications, apprenticeships, internships and employment. The Academy should publish completion, qualification and placement rates each year. The objective should not be to produce certificates.

29 Digital Inclusion

No Capetonian should be excluded because they cannot afford to enter.

Digital infrastructure must reach beyond business districts and technology campuses. Cape Town should expand affordable access to:

- public Wi-Fi
- community digital centres
- schools
- digital devices
- libraries
- municipal facilities
- public services
- online learning

The City's existing fibre network already extends into areas including Khayelitsha, Mitchell's Plain, Nyanga, Kuils River and Atlantis. Digital Cape Town should build upon this foundation through free Wi-Fi at libraries and municipal facilities measured by sites and uptime, zero-rated access to City services and the refurbishment of retired City devices for community use.

No Capetonian should be excluded from the digital economy simply because they cannot afford to enter it.



PART EIGHT

Digital Government: Intelligent Government, Accountable Government

Section 152(1)(a) requires accountable government. Technology must increase what the City can do for residents without reducing what residents can know about, and challenge in, what the City does.

30 Digital Government

The City must use the technology it is helping to attract.

Artificial intelligence should be deployed where it can improve measurable service outcomes. Potential applications include:

- water-demand forecasting
- infrastructure maintenance
- procurement analytics
- environmental monitoring
- leak detection
- traffic management
- fraud detection
- planning
- electricity optimisation
- waste collection
- emergency response
- citizen services

Cape Town's existing long-term planning already identifies AI, data analytics, digitalisation and digital twins as important tools for future infrastructure management. Digital Cape Town should turn these initiatives into a coordinated municipal AI programme.

31 The Cape Town Municipal AI Programme

What will this technology make better for a resident?

Every municipal AI project should begin with a clearly defined public problem. The City should establish a standard pathway:

Problem, Evidence, AI intervention, Baseline, Target, Measurement, Human oversight.

AI should not be introduced because it is fashionable. It should be introduced because it can produce a better measurable outcome. Every system should be listed in a public register stating its purpose, the data it uses, the baseline it is measured against and the official responsible for it.



32 An AI Constitution for Cape Town

AI may assist government. AI must never become an excuse for unaccountable government.

Government AI requires stronger safeguards than ordinary commercial technology. Every municipal AI system should comply with principles of:

- lawfulness
- security
- proportionality
- accountability
- transparency
- human oversight
- non-discrimination
- privacy
- auditability
- explainability

These principles rest on existing rights: just administrative action under Section 33 and PAJA, equality under Section 9 and privacy under Section 14 and POPIA. POPIA also protects residents against decisions based solely on automated processing.

Residents should know when significant decisions affecting them involve automated systems, and they should have a meaningful mechanism to challenge them. No decision to refuse, limit or disconnect a basic service should be taken by an automated system without human review. An impact assessment should be completed and published before any system that affects residents is deployed.

33 The Cape Town Data Trust

Public data should create public value whilst protecting private citizens.

Data is one of the City's most valuable assets. Cape Town already recognises data transparency, explainability, accountability and fairness as principles of its Data Strategy. Digital Cape Town should build on this foundation through a formal municipal data governance framework establishing:

- data classification
- privacy requirements
- sharing agreements
- anonymisation
- ownership
- cybersecurity
- open-data principles
- audit requirements
- access rights
- retention
- research access

The framework should comply fully with POPIA and PAIA, under the oversight of the City's Information Officer. Where appropriate, anonymised municipal data should be made available to universities, entrepreneurs and researchers.

34 Cybersecurity and Digital Resilience

A digital city cannot have a digital single point of failure.

As Cape Town becomes more digital, cybersecurity becomes as fundamental as water, electricity and roads. Critical infrastructure should be protected against:

- cyberattack
- water interruption
- extreme weather
- fibre cuts
- flooding
- equipment failure
- electricity failure
- fire
- physical attack



Major digital facilities should disclose critical dependencies and demonstrate resilience. The City should establish a municipal cyber-response capability, coordinate with national cybersecurity structures, test its own resilience every year and report material incidents affecting services to council promptly.

PART NINE

Governance and Delivery: Every Promise Must Have a Plan

The SDP's approach is delivery matched to accountability. This part sets out who delivers, how it is funded, how it is measured and what could go wrong.

35 Digital Governance

Investors deserve certainty. Residents deserve accountability.

Digital Cape Town requires clear institutional boundaries. The part of the municipality that promotes investment should not be the only institution responsible for assessing the public consequences of that investment.

Investment promotion, planning, environmental assessment, infrastructure allocation and community engagement should operate through clearly defined and separate processes. Engagement with investors should be recorded in a register open to council. Portfolio committees and the Municipal Public Accounts Committee should exercise oversight. Major strategic projects should have a public record of:

- material commitments
- approval milestones
- agreed outcomes
- infrastructure requirements
- public-interest obligations

Cape Town needs both.

36 The Digital Infrastructure and AI Delivery Unit

Integrated delivery, not disconnected departmental approvals.

Digital Cape Town should be coordinated by a small specialist **Digital Infrastructure and AI Delivery Unit** reporting to the City Manager and accountable to council through quarterly reports. The Unit should coordinate:

- Energy
- Spatial Planning
- Digital Services
- Environmental Management
- Legal Services
- Water and Sanitation
- Economic Development
- ICT
- Finance
- Disaster Risk Management



The Unit should not replace existing departments. Its role should be to ensure that complex digital investments are managed as integrated delivery programmes rather than as disconnected departmental approvals. This is precisely the type of cross-functional delivery architecture required by Service Delivery Government.

37 Funding the Strategy

No household service budget should be cut to pay for it.

Every plan must have a budget. Digital Cape Town is designed to be largely self-financing at the strategic tier, because extraordinary demand pays for the extraordinary infrastructure it requires.

Source	What it funds
Reprioritisation within existing ICT, energy and economic growth budgets	The Delivery Unit, the Atlas and the Dashboard
Cost-recovery application fees for Tier 3 proposals	Independent technical review of Impact Statements
Developer-funded infrastructure under Fair Infrastructure	Substations, grid reinforcement, water and roads attributable to Tier 3 facilities
Digital Economy Compact commitments	The Skills Academy, community connectivity and the Digital Economy Fund
Grants, development finance and MFMA-compliant partnerships	Blue Cooling studies, corridor preparation and inclusion infrastructure

All costs should be shown in the Medium-Term Revenue and Expenditure Framework and linked to SDBIP targets so that council can see what is spent and what is delivered.

38 The Public Digital Cape Town Dashboard

The public should be able to see whether commitments are being delivered.

Cape Town should publish a public Digital Cape Town Dashboard, updated quarterly and downloadable as open data. It should report:

Infrastructure Data-centre capacity, committed capacity, planned capacity, available grid capacity	Energy Renewable procurement, storage, wheeling, energy efficiency, grid-support services
Water Consumption, WUE, potable-water use, recycled water	Economy Capital investment, employment, local procurement, SME participation



Skills

Apprenticeships, graduates, employment, technical qualifications

Innovation

Research partnerships, startups supported, patents or commercialised research, AI projects

Community

Connectivity, digital inclusion, community infrastructure, local investment

Delivery

Compact commitments on schedule, wayleave turnaround times, tariff-impact findings

39 The Digital Infrastructure Test

Seven questions for every major digital investment.

1. What does it consume?

Electricity. Water. Land. Infrastructure.

2. What does it bring?

Capital. Energy. Technology. Connectivity.

3. What does it pay for?

The incremental infrastructure required to support it.

4. What does it build?

Grid. Fibre. Skills. Research. Local capability.

5. What does it create?

Jobs. Businesses. Technology. Economic activity.

6. What does it save?

Water. Energy. Municipal resources. Public expenditure.

7. What does Cape Town get?

A measurable long-term public benefit.

40 The Service Delivery Government Test

Technology does not replace this discipline. It makes the discipline more powerful.

Digital Cape Town should then apply the wider Service Delivery Government chain:

Problem. Evidence. Priority. Outcome. Plan. Budgeting. Owner. Critical path. Milestone. Execution. Measurement. Reporting. Correction. Lesson.



41 The Five Delivery Horizons

From the first 100 days to the next twenty years.

Horizon	Deliverables
First 100 days	Establish the Digital Infrastructure and AI Delivery Unit. Begin the Digital Infrastructure Atlas. Publish the Strategic Digital Infrastructure framework. Set the hyperscale threshold and interim assessment requirements. Table the Household Protection Guarantee in council.
First year	Adopt the Strategic Digital Infrastructure category. Publish preferred Digital Infrastructure Zones. Adopt the Impact Statement, the contribution methodology and the Cooling Hierarchy. Launch the Digital Economy Compact, the Skills Academy and the public Dashboard. Adopt the AI Constitution, the public AI register and the dig-once and single-wayleave policies. Incorporate the strategy into the IDP and SDBIP.
Five years	Establish Cape Town as a leading African clean digital infrastructure hub. Expand renewable energy and storage. Develop strategic digital-energy corridors. Build major technical skills pipelines. Expand municipal AI. Strengthen research and technology ecosystems. Develop low-water cooling infrastructure where technically and environmentally viable.
Ten years	A resilient digital-energy system, renewable-backed compute, highly efficient data centres, minimal routine potable-water cooling, world-class connectivity, major AI research capacity, a deep digital skills base and globally competitive digital businesses. The City itself is a sophisticated user of AI and data.
Twenty years	An economy in which energy, compute, data, artificial intelligence, research, enterprise, skills, infrastructure and human capital reinforce one another. The objective is not to have the most data centres. It is to have built the strongest economy around them.

42 Measuring Success

Every outcome must have a public deadline.

The indicators below translate the strategy into measurable delivery standards of the kind Sections 152 and 153 require. Where no baseline exists, publishing one is itself a Year One deliverable. Targets are proposed for adoption through the SDBIP.

Indicator	Baseline	Proposed target	By
Digital Infrastructure Atlas published as open data	None	Published and updated annually	Year One
Tier 3 proposals with a public Impact Statement	None	100%	Year One
Routine potable-water cooling at new Tier 3 facilities	To be published	Zero	Year One
Household tariff cross-subsidy to Tier 3 loads	To be published	Zero, independently verified	Annual



Indicator	Baseline	Proposed target	By
New renewable or storage capacity contracted per MW of new Tier 3 load	None	At least 1 MW per MW	Five Years
Compact commitments delivered on schedule	None	At least 90%	Annual
Wayleave applications decided within the published standard	To be published	At least 90%	Year One
Municipal AI systems in the public register with an impact assessment	None	100%	Year One
Academy completion and placement rates	None	Published, with targets set in the SDBIP	Annual
Free public Wi-Fi sites in the Metro South-East	To be published	Annual increase set in the SDBIP	Annual

43 Risks and Safeguards

A credible strategy names what could go wrong.

Risk	Safeguard
Investors choose other cities because standards are higher	The Investor Deal: predictable zones, timelines and charges. Good projects become easier to build.
Promised supply is not delivered	Contracted milestones in connection agreements and curtailable terms until committed supply is online
Drought returns	No potable default, automatic suspension of potable exceptions during restrictions and drought contingency plans in every Impact Statement
Regulatory capture	Separation of promotion from assessment, an investor engagement register and MPAC oversight
Legal challenge to charges	Cost-reflective methodology, NERSA-approved tariffs and lawful planning instruments
Stranded infrastructure if demand falls	Developer-funded incremental infrastructure, phased connection and assessment against the full campus
Harm or discrimination from municipal AI	The AI Constitution, published impact assessments and human review of decisions on basic services
Cyber incident or infrastructure failure	Resilience standards, a municipal cyber-response capability and annual testing



44 The Digital Cape Town Investor Deal

This is not anti-business regulation. It is pro-certainty regulation.

Cape Town should offer investors something in return for accepting stronger public standards. A compliant project should receive:

- predictable planning requirements
- transparent infrastructure charges
- coordinated municipal interfaces
- digital application tracking
- defined approval timelines
- pre-identified development zones
- clear expansion rules
- a dedicated strategic project team

The City should compete for investment by making good projects easier to build.

45 The Digital Cape Town Social Contract

Each side has obligations. Each obligation should be measurable.

The investor brings

Capital. Technology. Energy.
Connectivity. Expertise.

The City provides

Planning certainty.
Infrastructure coordination.
Institutional capability.
Market access.

The public receives

Infrastructure. Skills. Jobs.
Innovation. Economic
opportunity. Resource
protection.

CONCLUSION

What Remains After They Arrive

The success of Digital Cape Town should not be measured by the number of hyperscalers attracted to the city. It should be measured by what remains after they arrive.

46 The Ultimate Test

One question should sit above all others.

How much additional renewable energy was built? How much grid capacity was created? How much water was saved? How much fibre was installed? How many Capetonians gained new skills? How many businesses were created? How much digital export capacity was generated? How much research was commercialised? How much did municipal productivity improve? How much public infrastructure was created? How much public money was saved? How much economic opportunity reached communities that were previously excluded?

If the data centres disappeared tomorrow, would Cape Town still be better off because of the infrastructure, skills, businesses, research and energy systems they helped create?



If the answer is yes, Cape Town has governed the investment properly. If the answer is no, Cape Town has simply provided scarce public resources for someone else's balance sheet.

47 The Digital Cape Town Principle

Not frightened of hyperscalers. Intelligent about them.

The city should compete aggressively for digital investment. It should compete through clean energy, reliable infrastructure, connectivity, talent, predictable regulation and intelligent government.

It should not compete by giving away scarce water. It should not compete by crowding households out of constrained infrastructure. It should not socialise extraordinary infrastructure costs whilst privatising the benefits. It should not accept jobs as the only measure of economic impact.

*It should demand capability. It should demand infrastructure. It should demand skills.
It should demand innovation. It should demand measurable outcomes.*

48 The Digital Cape Town Commitment

Something the city deliberately builds, not something that happens to it.

We should use our energy resources to create computing capacity. We should use computing capacity to create businesses. We should use businesses to create skills and employment. We should use skills to create human capability. We should use data and artificial intelligence to improve government. We should use better government to improve the lives of residents.

Cape Town can become more than a place where the world's computers are located. It can become a place where the world's technology creates African capability.

The City already has many of the foundations. Its long-term planning recognises infrastructure-led growth, digitalisation, data analytics and AI as important components of the city's future. What is missing is the integrated delivery architecture that connects them. Digital Cape Town provides that architecture.

Every promise must have a plan. Every plan must have a budget. Every resource consumed must have a measurable cost. Every public benefit must have a measurable outcome. Every outcome must have a public deadline.

That is Service Delivery Government applied to the digital age, and it is what Sections 152 and 153 of the Constitution demand.

**Build the infrastructure of intelligence.
Build the economy around it.
Build the capability in our people.
Build the future of the city.**

DIGITAL CAPE TOWN