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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF CO-OPERATIVE GOVERNANCE

NO. 7457 **7 May 2026**

REVIEW OF THE WHITE PAPER ON LOCAL GOVERNMENT

I, **Mr. Velenkosini Hlabisa, MP**, Minister of Cooperative Governance and Traditional Affairs, hereby invite members of the public, civil society, organised local government, public institutions, stakeholders, and all three spheres of government to submit written contributions in response to the Reviewed Draft White Paper on Local Government as part of the review process of the White Paper on Local Government that was adopted in 1998.

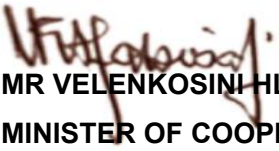
The Reviewed Draft White Paper on Local Government gives effect to an extensive national review process aimed at assessing the performance of the local government system and proposing reforms to strengthen governance, financial sustainability, accountability, and service delivery.

Any person or institution wishing to submit comments on the Reviewed Draft White Paper on Local Government, and specifically on the different chapters outlined in the draft document, must do so by no later than 28 May 2026. Submissions can be forwarded to the following email addresses: WPLG26@cogta.gov.za or RichardP@cogta.gov.za or MaphutiL@cogta.gov.za

Submissions may also be sent by post to: The Minister of Cooperative Governance and Traditional Affairs, Attention: Mr Thabiso Richard Plank (White Paper Review), Private Bag X802, PRETORIA, 0001

or delivered by hand to: The Minister of Cooperative Governance and Traditional Affairs, Attention: Mr Thabiso Richard Plank (White Paper Review), 87 Hamilton Street, Arcadia, PRETORIA, 0001

For more information, please visit CoGTA website:
https://www.cogta.gov.za/index.php/docs/draft-white-paper-on-local-government/



MR VELENKOSINI HLABISA, MP
MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

cooperative governance

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

REVIEWED DRAFT WHITE PAPER ON LOCAL GOVERNMENT

WPLG
WHITE PAPER ON
LOCAL GOVERNMENT
REVIEW

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Chapter 1. Why this White Paper now, what it aims to achieve, and how

> *We are now taking collective action. Learning from our experience of the past 30 years, we will in the coming months finalise a revised White Paper on Local Government. This will provide solutions for the functioning of an effective local government system. The White Paper will reimagine the way that local government works ... These changes may be difficult. But they must be done.* - President Cyril Ramaphosa, State of the National (SONA), 12 February 2026

South Africa's revised White Paper on Local Government is a system-wide effort to assess how the local government system has performed against the intent of the 1998 White Paper, and to set out a refreshed policy framework for the next phase of reform. The decision to review was made by Cabinet in 2022, and the process was publicly launched by the Minister of Cooperative Governance and Traditional Affairs, Mr Velenkosini Hlabisa, in May 2025. The process to date has included structured engagements with stakeholders, 266 public submissions in response to the Local Government Discussion Document published in April 2025, and specialised research papers that test assumptions and identify practical reform options.

The White Paper proposes a range of short- and long-term policy shifts, but it also insists that the basics improve and that the rule of law is upheld and enforced across the system. The focus is a realistic agenda that strengthens the constitutional objects of local government, restores public trust, and improves outcomes in every community, tempering bold ideas with practical, deliverable solutions that rebuild citizen confidence and participation.

> *The White Paper proposes a range of short- and long-term policy shifts, but it also insists that the basics improve and that the rule of law is upheld and enforced across the system.*

The White Paper is a statement of government intent to reform the system of local government in South Africa. It aims to modernise the system and guide reforms - governance, institutional, administrative, financial and delivery options - so that government overall, and local government in particular, can meet constitutional and legislative mandates. To organise reforms across a complex system, the White Paper is structured around five reinforcing pillars for change: one local government system; clean and capable political and administrative governance; differentiated powers and functions and a pathway to a single-tier future; partnership-based relational governance; and financial and service delivery reform (Table 1).

Not everything in the local government system is broken. Many of South Africa's 10,461 councillors (elected in 2021) and 282,286 municipal employees (Stats SA, 2021) across 257 municipalities continue to do excellent work under difficult circumstances. The country also has a strong constitutional and legislative foundation for democratic local government: municipalities

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are a distinct sphere with defined categories, and with executive and legislative authority in their areas.

The 1998 White Paper translated constitutional objects into the idea of developmental local government, with municipalities working with citizens and communities to build sustainable human settlements and improve quality of life. The post-1998 system delivered major institutional consolidation and inclusion. Fragmented and racially-segregated local authorities were merged into wall-to-wall municipalities, covering both urban and rural areas; constitutionally protected powers enabled municipalities to tailor services to local realities; and an independent demarcation approach helped depoliticise boundary and category decisions. Metropolitan municipalities were created as single-tier models for larger metropolitan conurbations. The revised White Paper therefore seeks to protect what works, learn from pockets of excellence, and scale them where conditions allow.

At the same time, the evidence base is consistent: South Africa has built the form of a developmental local government system, but performance is increasingly uneven and deteriorating, and in many places is misaligned with constitutional objects and the ambitions of the 1998 White Paper. This shows up across service outcomes, declining fiscal health, governance and integrity, spatial, economic and environmental outcomes, and rising public cynicism in the social contract.

Too many municipalities are trapped in reinforcing cycles of decline: governance weaknesses undermine administration; weak administration undermines finance; weakened finances accelerate infrastructure decay; decaying services erode trust and payment behaviour; and these then feed back into poorer governance. The result is a system that often struggles to sustain basic reliability, maintain assets, and deliver responsive local governance at the pace and quality communities expect. One visible signal of the accountability and control gap is audit performance. Over the years, only a small minority of municipalities have consistently achieved clean audits. For example, one recent national snapshot (AGSA) recorded only 41 of 257 municipalities with clean audits, underlining how uneven financial governance and institutional control have become across the system.

Crucially, many root causes sit at the entire local government system level, not only at municipal level. The evidence points to recurring system driver challenges, including fragmented regulation, oversight and reform management from the centre - strong vertical, sector-driven regulation, but weak transversal cooperative governance - leading to duplication, overlapping reforms, regulatory burdens, and fragile enforcement.

Weak political leadership and instability in councils, including undue party interference outside council structures, patronage, politicised appointments, blurred political–administrative boundaries, and unstable coalitions, further weaken performance. The system has embedded corrupt and criminal practices, and there is a reluctance to enforce the law decisively. Despite extensive rules and tools, there are governance, integrity, and accountability failures that are fuelled by impunity and weak oversight.

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Accountability has also inverted: the focus is mainly upwards to the political realm and through compliance reporting while downward accountability to communities is weakened. The institutional and statutory design dilutes responsibility, resulting in overlap and uncertainty between district and local functions, blurred accountability, and unfunded mandates. Overly complex, one-size-fits-all compliance incentives drive “paper performance” rather than sustained improvements for communities. Finally, capabilities, systems, and data deficits block credible planning and delivery and keep municipalities stuck in reactive crisis management.

The consequences of poor governance fall first on residents, especially low-income households, informal settlements, rural communities and small towns with the fewest alternatives when services fail. Infrastructure decline is also a direct economic constraint. Reliable water, sanitation, roads and electricity are not only household services; they are foundations for local production, investment, and jobs. When municipalities cannot plan, procure, and manage infrastructure programmes consistently, the costs spread through local economies, ranging from stalled construction and maintenance work to reduced business activity and lost investor confidence. The cost of not changing is rising infrastructure failure, deepening distrust and a weakening social contract, and increasing risk to local economies and the national economy. The longer the system remains stuck in vicious cycles, the harder and more expensive it is to stabilise services, rebuild skills, and restore confidence.

> *The consequences of poor governance fall first on residents, especially low-income households, informal settlements, rural communities and small towns with the fewest alternatives when services fail. Infrastructure decline is also a direct economic constraint.*

The policy intent of this White Paper is therefore to renew the local government system, not only to “fix municipalities”. The policy aims to uphold democratic accountability, sustainable services, social and economic development, a safe environment, and active community involvement. These constitutional objects remain the anchor for the revised White Paper. Over the last two decades, the expectations placed on local government have expanded. Municipalities have increasingly been expected to act not only as service authorities, but also as development coordinators in support of the broader developmental state agenda. Yet many of the strongest drivers of local outcomes sit at scales beyond a single municipality, at district, city-region, provincial and national level. The White Paper therefore frames reform around the “right scale” for planning, funding, delivery and accountability, so that responsibilities and resources align across the local governance system.

In doing so, the White Paper does not abandon the 1998 vision of developmental local government. It updates it for current realities by shifting from an assumption that municipalities can drive development largely on their own, to a clearer model of *developmental governance at the local level* - where all three spheres of government, public entities, traditional leadership, and social partners share binding responsibility for outcomes in specific places and spaces. Municipalities remain the primary democratic site closest to communities, but must be supported

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by a system that makes success easier and failure harder through clearer roles, aligned incentives, credible data, enforceable accountability, and practical support and timeous intervention where needed. This reframing tightens the relationship between government as a whole and, through municipalities, the community, and it makes clear why intergovernmental relations reform (Chapter 3) becomes pivotal.

This is why the White Paper deliberately uses the term *local government system*. This is broader than the local sphere of government and emphasises the interdependence and interconnectedness of municipalities with provincial and national government and with the community of the municipality as part of an all-of-society effort. The community of the municipality, an important concept developed in the 1998 White Paper, is not limited to residents; it includes business, investors, civil society, traditional leaders, faith-based groups, labour, service users, institutions, academics and researchers, organised partners, temporary residents, visitors and tourists, and others.

Because public sector practices can narrow governance to compliance metrics, the White Paper clarifies what it means by *governance and good governance*. Governance is the ongoing set of relationships, norms and decision practices through which society coordinates collective action and resolves conflict across state, market and civil society - through networks of power and accountability that shape who participates, whose knowledge counts, how trade-offs are negotiated, and how decisions are made, implemented and revised. Good governance is when those relationships enable society to steer towards agreed public goals in ways that are legitimate, fair and effective - combining ethical conduct and clear rules with real capability to plan, coordinate and deliver; making accountability lived; and being inclusive, transparent, responsive, equitable and adaptive. It is judged by trust, rights protection and improved outcomes, especially for those with the least voice - and should not be reduced to “clean audits”.

A *systems perspective* is central to the White Paper analysis and policy proposals. Local government performance emerges from interacting systems: political and community governance, administration, finance, spatial planning, infrastructure, economic development, environment and climate, and intergovernmental relations. The evidence shows how poor performance in one part of the system or more can reinforce the whole system negatively through vicious downwards cycles, but also how virtuous cycles can be built by redesigning key leverage points, meaning reforms that focus only on one element will not succeed unless they recognise and reshape the feedback loops that connect the whole system.

The White Paper is also a vehicle for seeking common ground. It states clear principles and objectives and, where needed, sets out options for further debate, recognising reform as an ongoing process that must remain responsive as new data emerges. It is explicit about the conditions for change in a contested, low-trust environment: reforms must explain clearly why change is necessary, why proposed changes will be effective, and why they are fair.

Within this systems framing, the White Paper identifies culture and behaviour change as a core reform agenda, not an optional extra. In addition to structural and technical reforms, the evidence

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indicates that there is a cultural or people problem within the system: South Africa has many laws and regulations governing municipal life, yet too many stakeholders repeatedly break the law or fail to uphold it. Weak consequence management and accountability have enabled a culture of impunity and undermined ethical leadership and relational governance. Therefore, the White Paper treats culture and behaviour change as central to reform. It highlights a set of undermining cultures: impunity; upwards accountability at the expense of communities; inwards focus ("government for government"); compliance over performance; and institutional rivalry and non-collaboration. If these undermining cultures are not acknowledged and addressed, this White Paper policy process will be a waste of time.

> *Weak consequence management and accountability have enabled a culture of impunity and undermined ethical leadership and relational governance.*

The revised vision is explicit about the kind of municipalities South Africa is aiming for: ethical, democratic, non-racial, responsive, accountable, capable, financially sustainable, citizen-centred and climate-resilient municipalities that, together with provincial and national government and the community of the municipality, deliver inclusive growth, sustainable services, spatial justice, and a safe and healthy environment in every community, with respect for life, law and democracy. This vision is grounded in constitutional objects and the 1998 commitment to developmental local government, updated for current realities and the evidence gathered through the review process.

The outcomes and high-level indicators are intentionally system-wide - a scorecard for how well the whole local government system works in each locality, not only for municipalities. The long-term goal is expressed through reliable, affordable basic services and resilient infrastructure; ethical, capable and trusted institutions and leaders; fiscally sustainable, investment-ready municipalities that care for their assets; accountable and professional governance; spatial justice and liveable, integrated settlements; inclusive local economies and social wellbeing; safe, healthy and climate-resilient environments; and active citizenship and public trust, partnerships and reduced conflict, where communities help protect public assets.

The White Paper also argues that developmental practices are not only about rules, structures, and revenue; they are also about relationships and how power, accountability, and trust flow between the main actors in a municipality. At the heart of developmental practice is a relational governance "triangle" linking elected political leadership, professional administration, and communities and local economies. Figure 1 illustrates an ideal state compared to current reality, and identifies three key ways the current relationships are out of balance.

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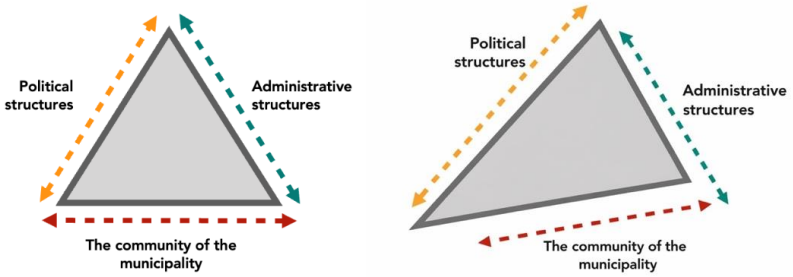

Figure 1: Ideal state vs. current reality

First, the political role is overdetermined and accountability has tilted upwards towards political parties, and to provincial and national departments and auditors through compliance reporting while downward accountability to communities is weakened - an “accountability inversion”. Second, the link between councils and administrations is blurred through political interference that undermines professional management. Third, the connection between municipalities and communities is thin or conflictual, with participation experienced as compliance rituals, protests becoming a default communication channel, and weak or fractured economic performance. The result is that technical reforms often fail because broken relationships prevent even good plans and funded projects from landing well, as trust declines, conflict increases, and the system becomes defensive rather than problem-solving.

The practice of participation often reinforces this imbalance. South Africa has strong legal protections for community involvement, but in too many places, participation has become a compliance exercise rather than a forum where communities can shape priorities, monitor delivery, and hold councillors and officials to account. When people experience participation as symbolic, the gap between communities and institutions widens, and protest and conflict become a substitute for structured problem-solving. The intended rebalance is therefore explicit: restore councils’ accountability to communities and local economies as the primary reference point; clarify and protect the professional relationship between political leadership and administration; and institutionalise structured, ongoing partnerships with communities, traditional authorities and business rather than episodic consultation or ad hoc deals.

These relationship shifts are carried into a set of guiding principles used to test proposals across the WPLG chapters. These include: the community comes first; system simplification and coherence; retain wall-to-wall elected local governance; differentiated powers and functions rather than one-size-fits-all; clarity on responsibilities to promote accountability; subsidiarity with finance-follows-function; expanded definition of municipal viability; collective impact in local geographies; professional, ethical and capable administrations; making cooperative governance work in practice; focus on collaboration and partnering; adaptive and collaborative leadership and institutions (culture matters); accountability by design and transparency by default; and embedding climate resilience and economic growth in service functions.

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Finally, the White Paper is explicit about what it is solving for, and why implementation is the key. The process is solving for three connected challenges: (1) targeted policy changes that address structural weaknesses; (2) more consistent and effective implementation of existing policies; and (3) overcoming a long pattern of reforms that do not translate into real implementation and impact.

The evidence points to recurring system-level weaknesses that cannot be solved municipality by municipality: fragmentation and incoherence in national regulation, support and oversight; non-binding intergovernmental relations and weak delivery coordination in local geographies; unclear or fragmented powers and functions and weak differentiation; a late and inconsistent approach to support and intervention; and a relational and accountability imbalance that drives conflictual, compliance-driven engagement rather than problem-solving and trust-building.

The White Paper contains approximately 65 policy change recommendations, but it is explicit that agreement on policy change alone is not enough. Implementation must be treated as both structural and behavioural, and as a whole-of-government, all-of-society task that depends on clear roles, practical ways of working together, collaborative action and mutual accountability across institutions, rather than narrow mandates. Implementation is not only the job of one department or sphere of government. For this reason, the White Paper not only proposes reforms but also sets out measures to strengthen the machinery that makes reform stick, including the establishment of an independent local government transition management body to coordinate, oversee and guide system transitions for a defined period (see Chapter 11).

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Chapter 2: Institutional system: Revised categories and differentiated powers and functions

2.1 What is working

Municipalities were established across three categories, merging fragmented local authorities into inclusive local government systems. An independent Municipal Demarcation Board was established to determine municipal categories and demarcate boundaries, depoliticising these decisions. The introduction of single-tier metropolitan municipalities recognised the pivotal role played by cities, enabled city-wide planning and budgeting, and propelled metropolitan areas onto the national stage.

Municipalities were granted constitutionally protected powers, enabling them to deliver municipal services and manage local development. The Constitution grants municipalities exclusive legislative and executive authority over the matters listed in Schedules 4B and 5B. This includes water, sanitation, electricity reticulation, municipal health and municipal roads. National and provincial governments may regulate how municipalities perform these functions – but only by determining frameworks, not by prescribing details or determining outcomes. A municipality's constitutional powers may only be removed from local government by constitutional amendment or temporarily shifted to national or provincial government in terms of an intervention under section 139 of the Constitution. This constitutional protection of local government powers was intended to allow municipalities to tailor service delivery to local realities and to assert their relative autonomy.

2.2 Why change is necessary: problem statement and root causes

2.2.1 The current categories A, B and C do not work

Municipalities vary significantly in size, population, distance, topography, economic base, rurality, connectivity, development levels and capability. The current categories comprising just two options – namely (1) single-tier metros and (2) district and local municipalities sharing authority – does not deal with this variation adequately. There has been a loss of local democracy because of the demarcation of large municipalities. The two-tiered system outside of metros is a key pressure point. Where local municipalities are weak, the district tier can provide additional capacity, if the district works effectively. But where local municipalities are strong, the district tier adds too little value to justify its cost.

The district municipality's original objective was, at least in part, to be the sum of its local municipalities and a site for coordinating and supporting them. This objective has not materialised. First, directly elected councillors, and not the representatives of local municipalities, dominate the district council's political direction. Second, the original mandate of district municipalities to bring

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together and support local municipalities was subsequently changed in the Municipal Structures Act by charging them with service delivery to end users. Third, fiscal reforms resulted in district municipalities becoming grant dependent, denuding their ability to redistribute resources in the districts. Fourth, the levers to change the district-local division of powers (authorisations, adjustments and temporary allocations) are controlled by many actors and unguided by any policy on local conditions or performance. This resulted in paralysis, rather than thoughtful differentiation.

All in all, the district municipality became a separate government, instead of bringing together the local municipalities in the district. The two tiers create complexity, duplication, overlap and friction across governance, accountability, financial, administrative, and service delivery systems. Leaving this system unchanged will continue to generate high transaction costs and produce negative performance effects.

2.2.2 The one-size-fits-all approach does not work

The one-size-fits-all allocation of municipal powers is ineffective and sets many municipalities up for failure, either by demanding more than is realistic for that municipality or by restricting a municipality that wants to and can do more. However, the full implementation of differentiation stumbles on two aspects.

First, the Constitution does not permit government to unilaterally shift a municipality's constitutionally protected powers 'upwards', i.e., to national or provincial government. While this cements the commitment to decentralisation, it also constrains the local government system's ability to respond to widespread failures in specific functional areas, such as water, sanitation, and electricity. Section 139 of the Constitution, the only mechanism for national and provincial governments to interfere with a municipality's constitutional powers, is corrective and temporary in nature. Therefore, the question is whether the current approach to protecting municipal powers is too dogmatic: should it give way to one that recognises that not every municipality ought to have full authority over all the powers currently listed in the Constitution? In some cases, the provision of a service may benefit from regional economies of scale or professional skills that are difficult to retain at the local level. The complexity of service delivery, the plight of residents who are exhausted with abject failure, and the risk to the national economy demand pragmatic solutions.

Second, the Constitution allows municipalities with the capacity to do more than what is in Schedules 4B and 5B**.** It even makes assignment compulsory in certain circumstances. However, the transfer of key additional functions to municipalities that have the required capacity has been slow and often politicised. Furthermore, multiple sector-specific approaches to deciding whether to transfer additional responsibilities to municipalities have emerged. Deciding whether a municipality has the required capacity focuses too much on specific capacity to perform a (new) line function. Too little attention was paid to the generic capacity and track record of the municipality and to the appropriate location of the function and its integration with other municipal

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functions. This has enabled vested interests in the *status quo* surrounding national and provincial powers to prevail. Furthermore, bypassing constitutional rules for assignment resulted in fragmentation, underfunding, and uncertainty.

2.3 Policy intent: objectives and principles

Addressing both the problems – the two-tiered system and the need for differentiation – can be done by a government-wide normative policy and legislative framework to implement differentiation. The preferred approach is to move towards a single-tier, differentiated model in the long term. In the medium to short term, pragmatic changes can be implemented within the current arrangement.

2.3.1 Proposed end state: single-tier local government with new categories

The first principle here is that developmental governance at the local level, whereby all three spheres and key partners co-produce outcomes in a particular local space, is best served with a single-tier system of local governance. Following this principle, the long-term objective should thus be to replace the two-tier system (which currently operates outside of metropolitan areas) with a single-tier local government system. For those functions that require a higher scale than a single municipality, pragmatic solutions, other than maintaining a tier of government (such as partnerships and horizontal IGR - see Ch. 3), can be developed.

The second principle is that developmental local governance is best served with municipalities whose authority ranges from a narrow town and rural services mandate to a much-expanded metropolitan governance and development mandate, with variations in between. It is suggested that this can be achieved by a new menu of municipal categories that offers more than the binary Category A (metro) vs Category B/C (district-local) choice. The current categorisation would change in two ways, namely (I) each new category will be a single-tier municipality; and (2) each new category denotes a specified local government mandate.

These choices must accurately address local conditions, capacities, and performances. Over time, the local government system will gradually shift to a single-tier structure, featuring fully elected local government. In this framework, each municipality will have a specific institutional status, drawn from an expanded menu of categories. This status will correlate with a degree of authority to optimise that municipality's ability to deliver services sustainably, pursue social and economic development, and create a safe and healthy environment, as well as representative and participatory local democracy.

2.3.2 Alternative or transitional approach: maintain two tiers outside of urban areas and build a firm framework for differentiation

This approach can be adopted if the preferred approach of single-tier local government is rejected, or as a transitional phase towards the preferred end state of single-tier local government. It

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requires only limited legislative changes and no constitutional amendment. It proceeds from the principle that in the short- to medium-term, developmental governance at the local level is best served with a single-tier system of local governance in urban areas and two tiers only in rural spaces with less developed local municipalities. Where two tiers of local government exist, the district must bring together, and not compete with, the local municipalities in the district.

Furthermore, this approach is based on the notion that differentiation is best achieved by embedding the many sector-based decisions surrounding municipal powers in one coherent national policy and legislative framework that binds all organs of state involved in the determination of municipal powers and functions.

2.4 Policy proposals: the core policy shifts

2.4.1 Proposed end state: single-tier local government with new categories

A new framework for categorisation of municipalities

It is proposed that, as a first-order change, a new national policy and legislative framework for categorising municipalities be developed. This will result in an expanded menu of categories of municipalities. Each category will (1) be a single tier of local government and (2) correlate with a mandate, i.e., a set of local government powers.

The local government mandate that attaches to a category is drawn from the municipal powers currently listed in Schedules 4B and 5B of the Constitution. However, categories on the 'upper end' of the menu of categories, i.e., those that capture high-performing cities, will include powers that the Constitution currently allocates to national and provincial governments, such as housing, aspects of policing and public transport, etc.

If a municipality falls in a category with a *reduced* mandate (i.e., fewer functions than those in Schedules 4B and 5B), the national and provincial government must assume responsibility for those functions that fall outside of that municipality's mandate. This could also involve national and/or provincial government taking responsibility for deciding on an appropriate service delivery model (see Ch. 9 para 4) in certain municipalities, to deal with systemic capability and/or scale concerns. On the other hand, if a municipality falls in a category with an *expanded* mandate, i.e., more functions than those listed in the Constitution, a process to assign those functions must follow. As part of this approach to differentiation, government across all sectors and spheres commits to the implementation of a single, uniform system of assignment to local government, based on the Constitution.

Criteria for categories

Local conditions such as size, population, distances, topography, economic base, rurality, connectivity, and development levels will determine a municipality's category. However, the capacity, capabilities, and performance of a municipality will also shape its classification. The

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policy framework on categorisation will include objective criteria for the determination of a category. These criteria must be formulated with sufficient detail to reduce discretion and ensure objectivity. This approach will minimise rigidity in the *status quo* surrounding the distribution of power and address the negative effects of fragmented sector-based approaches to differentiation.

A whole-of-government approach to the policy on categories

Moving away from the silo approach to differentiation, the policy framework with expanded single-tier categories of local government must be developed through a process that brings together all national sector departments with mandates that reach into the local government system, all provinces and organised local government. CoGTA must take the lead, but both the policy framework and the legislation giving effect to it must go through the local government policy coordination centre (for the motivation of this structure, see Ch. 3). Cabinet's adoption and legislative implementation of the policy must bind the entire government.

Deciding categories

The decision to attach a category to a specific municipality will not just encompass the question of whether it is a metro or not. It will also determine the scope of that municipality's authority. Two questions arise:

- Should decision-making be independent from the executive, much like the determination of boundaries and wards? Does the nature of the decision to establish a municipality's authority require political involvement and legitimacy?
- How can it be ensured that each decision to recategorise a municipality reflects an all-of-government approach, involving CoGTA, National Treasury, provincial governments, national (sector) departments, and SALGA, but also the affected communities and local partners?

Review and dispute resolution

The categorisation of a municipality, and the mandate that comes with it, should not be static. It must be regularly reviewed, and government partners in the local government system should be able to initiate a review. That said, constant changes to the category will disrupt developmental governance. The current proposals to limit boundary changes to once every ten years are a clear indication of the need for stability. The policy and legislative framework must include access to a dispute resolution mechanism for any partners in the local government system affected by the categorisation.

2.4.2 Alternative or transitional approach: maintain two tiers outside of urban areas and build a framework for differentiation

More category A municipalities and reorienting districts

Maintaining two tiers in rural spaces with less developed local municipalities and a single tier in urban areas (the first principle under this approach, see above) can be achieved by amending the current definition of Category A municipalities. Municipal areas that meet certain criteria of

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urbanisation (but do not qualify as 'metros') can then also be designated as Category A, i.e., stand-alone, municipalities.

Ensuring that the district municipality brings together the local municipalities in the district can be pursued by removing the component of directly elected district councillors, thus ensuring that district councils comprise representatives of local municipalities only. Consideration can be given to constituting district councils as smaller bodies than the current size in terms of numbers of representatives, possibly chaired by a (rotating) chairperson elected by the local municipalities rather than an executive mayor. These, and other possible configurations, require further analysis and discussion.

Consideration can also be given to, in addition to expanding the Category A definition, introducing subcategories of district and local municipalities with predetermined municipal mandates. For example, the B1-B4 and C1-C2 categorisations developed by the National Treasury has gained traction and can be used as a starting point for legislated municipal subcategories with defined local government mandates.

This approach does not intrude on the autonomy of local governments. Category A municipalities will continue to have all Schedule 4B and 5B functions, and category B and C municipalities will continue to share the Schedule 4B and 5B functions. It could serve as an interim step toward the end state described above, allowing key changes to be made that would make a difference in the short to medium term. That said, introducing more Category A municipalities will be a big reform and will have knock-on effects throughout the local government system.

Coherent differentiation between district and local municipalities, based on national policy

Differentiation can be achieved within the local government sphere by tailoring the division of local government powers between a local municipality and its district to the specific local conditions and performance considerations applicable to that context. However, where there is a need for a local government function to be shifted to the national or provincial government, this can only be done (temporarily) by an intervention under section 139 of the Constitution.

We must improve the framework for decision-making regarding changes to the division of powers between district and local municipalities. As previously mentioned, too many actors control the current mechanisms (i.e., adjustment, authorisation, and temporary allocation), leading to paralysis rather than thoughtful differentiation. Furthermore, they are not embedded in a clear policy framework centred around local conditions and performances.

In future, decision-making about the division of powers between district and local municipalities must be –

- made in in terms of a single government-wide policy framework with objective criteria that focuses on local conditions and performance.
- located in one national structure or body that implements an all-of-government approach; and

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- based on independently sourced data.

Additional powers for municipalities where appropriate

Further differentiation, namely the transfer of national or provincial powers to municipalities where appropriate, is possible in terms of the current constitutional rules for assignment. Adopting a government-wide policy framework on differentiation can achieve greater coherence in differentiation. This policy framework, which must be developed by the local government policy coordination centre (see Ch. 3), must address the following:

- the transfer of national or provincial authority to local government is done by assignment – other mechanisms are considered unconstitutional and phased out.
- government designs and implements one single statutory framework for assignment that is suitable for all national and provincial sector departments with mandates that reach into the local government system.
- triggers, criteria and procedures for assignment are clearly formulated so that differentiation is made more predictable and less political.
- it delineates the responsibilities of national and provincial governments with respect to assignment, particularly regarding Schedule 4A (concurrent) functions.
- municipalities may never be forced to accept an assignment.
- finance-follows-function; and
- the policy gives expression to section 156(4) of the Constitution by formulating when assignment of Schedule 4B or 5B functions is compulsory.

The policy framework for (1) division of powers between district and local municipalities and (2) assignment can be combined into one. This overall policy framework will then inform the various national and provincial organs of state responsible for the following decisions:

- determination of municipal categories, including newly legislated (sub)categories - Independent Municipal Demarcation Authority.
- changes to the division between district and local governments – currently the Minister and MECs for local government.
- executive assignment (line Ministers and line MECs); and
- legislative assignment (Parliament, provincial legislatures).

All the above decisions should be guided by a single national policy framework on differentiation. This single national policy framework must be developed by the local government policy coordination centre and the local government MINMEC. The overall approach is depicted in the diagram below.

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<table>
<tr><th>Powers and functions</th><th colspan="2">Mechanisms for differentiation</th></tr>
<tr><td>Changes within schedule 4B and 5B (water & sanitation, electricity, refuse removal, municipal roads, municipal health, municipal planning, etc.)</td><td colspan="2">Division of powers between district and local municipalities (MDB, Minister, MEC)</td></tr>
<tr><td rowspan="3">Allocating more than schedule 4B and 5B</td><td colspan="2">Legislative assignment (Parliament)</td></tr>
<tr><td colspan="2">Legislative assignment (Provincial Legislature)</td></tr>
<tr><td>Executive assignment (Minister)
Executive assignment (MEC)</td><td>S 156(4):
Compulsory if (1) most effective and (2) there is capacity</td></tr>
<tr><td></td><td colspan="2">
One national policy framework for differentiation</td></tr>
</table>

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Chapter 3: Cooperative governance, intergovernmental relations & planning for collective impact

3.1 What is working

South Africa has a strong constitutional foundation for cooperative government and intergovernmental relations. Local government is a *distinct sphere of government*. It has original powers and has final decision-making authority over a defined set of functions. At the same time, it is *interdependent and interrelated* with national and provincial governments. It forms part of one system of government for the country, and each sphere must cooperate with the others to ensure coherent governance and to act in the common good.

Cooperative governance is the overarching constitutional approach that guides how the three spheres of government relate to one another. The practical arrangements, institutions, and processes known as intergovernmental relations (IGR) apply cooperative governance and intergovernmental supervision in day-to-day government.

National government, subject to section 44, has legislative and executive authority to help ensure the effective performance of municipal functions by regulating the exercise of municipal executive authority (section 155(7)), and it must support and strengthen municipal capacity through legislative and other measures (section 154(1)).

In practice, there are examples of cooperation that deliver results, especially where the spheres align around a clear place-based priority with visible outcomes. This is most evident in disaster response and recovery, where municipal disaster management, provincial coordination, and national support are brought together to restore access, basic services, and critical infrastructure and mobilise social relief where needed. In the day-to-day business of government, Integrated Development Plans (IDPs) have helped many municipalities set priorities, coordinate municipal departments, and signal where support is required from other spheres. There are also local areas where provincial and national departments engage constructively with municipal plans through sector forums, technical task teams, and joint project steering arrangements.

The District Development Model (DDM) has also demonstrated the value of convening the right institutions around a shared spatial focus, for example, to align planning and sequencing across bulk services, human settlements, transport links and social facilities, even where implementation is uneven and follow-through depends on clear commitments, resourcing, and accountability.

3.2 Why change is necessary: problem statement and root causes

Collective impact in local communities depends on two forms of coordination. The first is vertical coordination across the three spheres of government, from national and provincial departments and entities to municipalities. The second is horizontal coordination within local or regional spaces between municipal departments and across municipal boundaries. Despite repeated reform

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efforts and substantial investment, the current intergovernmental relations (IGR) system is not consistently producing sustained collective impact in local geographies. This remains the case even with initiatives such as the DDM, which has strengthened convening and joint planning in some regions but has not yet consistently translated into reliable, long-term improvements in implementation capacity and outcomes. Several root causes drive this underperformance.

First, the national system that regulates, supports and oversees local government is fragmented. Overlapping and sometimes competing departmental systems create an excessive and confusing compliance burden for municipalities. Of particular concern are the ongoing disjunctures between the role of CoGTA and that of National Treasury which separates governance and institutions from finance and service delivery systems. Reporting requirements multiply, calendars are not aligned, and municipalities are often asked for similar information in different formats for different purposes.

This problem is reinforced by the way performance monitoring and reporting have evolved over time. The Local Government: Municipal Planning and Performance Management Regulations, 2001, introduced general performance indicator requirements (currently set out in section 10), but the current framework has been described as operationally impractical and insufficiently differentiated to reflect different municipal capacities and contexts. Where indicators are not standardised, clearly defined and jointly owned across sector departments and local government, reporting becomes difficult to implement consistently and hard to use for decision-making. In the absence of reliable, shareable performance information, departments resort to additional requests outside the core system, which further increases the administrative load. The result is that senior political and administrative attention is pulled towards compliance processes rather than service delivery outcomes in communities.

Second, accountability for cross-cutting system failures is diffuse. Where problems cut across departmental mandates, it is often unclear which department in national government is responsible for fixing the system. This is exacerbated by unclear and overlapping functional assignments between spheres, often compounded by sector legislation (health, housing, transport, human settlements). The results are visible in persistent delivery deficits, including limited progress on spatial transformation and weak economic outcomes in many places.

Coordination forums do exist, but too often they remain consultative and rely on voluntary cooperation rather than enforceable commitments, aligned budgets and shared performance accountability. This weakens follow-through, particularly where separate mandates, ring-fenced funding rules and different accountability lines pull departments and entities in different directions. Another consequence of this blurred accountability is that information and findings reported upwards for oversight purposes are not consistently acted on. Reports are submitted, but feedback, corrective action and follow-through often do not occur, which weakens the system's ability to learn from problems, correct course and prevent repeat failures.

Third, provincial monitoring and support is not working consistently. Public submissions largely accept that provinces have a legitimate role in monitoring, support and oversight but argue that

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this role needs clearer rules, better resourcing and stronger accountability to work in practice. In some cases, overlapping legislative and policy mandates and unclear role boundaries create tension between provincial treasuries and provincial departments responsible for local government and between the relevant MECs. This weakens the intermediary support and oversight layer that should help municipalities to stabilise early, improve performance, and avoid interventions.

Fourth, the system's approach to support, intervention and consequence management is too late, too unpredictable and too weak. Interventions have had limited success, and consequence management is uneven, with recurring failures to enforce accountability for non-performance or non-compliance across spheres. Of particular concern is the failure of national departments to align their intervention strategies. In practice, interventions are often triggered after prolonged decline, and implementation is uneven and fragmented, including in the way section 139 interventions are applied.

The result is a cycle in which municipalities deteriorate, communities carry the immediate costs, and the wider system does not correct course early enough. This is reinforced by persistently weak consequence management: for example, the Auditor-General of South Africa reports that in 2023–24, 132 municipalities (53%) did not comply with legislation on consequence management.

This weakness is reinforced by the absence of a coherent, differentiated national approach to support and capability building (see Chapters 2, 4 and 5). The current diagnosis is that there is no coherent national framework and no shared understanding of what capacity building should achieve, how national and provincial support obligations should be expressed in practice, which support models fit different municipal contexts, and how improvements in capability should be measured over time.

Fifth, the built environment and economic delivery deficit in local geographies remain stark. Weak alignment between planning, budgeting and implementation across spheres contributes to slow progress on spatial transformation, infrastructure delivery and local economic development. Where the system cannot align land release and development approvals with bulk services, housing, transport investment and measures to crowd in private investment, a shared place agenda does not translate into delivery. Collective impact then becomes the exception rather than the norm. Cities in particular as drivers of economic growth and facing the main impact of urbanisation and climate change need to be better represented in national policy processes.

3.3 Policy intent: objectives and principles

Chapter 3 sets out reforms to make cooperative governance work as a practical delivery system that achieves collective impact in local and regional geographies. The intent is not to weaken local democracy or compromise municipal autonomy. Municipalities have the right to govern local affairs on their own initiative, and other spheres may not compromise or impede a municipality's

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ability to exercise its powers and perform its functions. At the same time, municipalities are interdependent and interrelated with national and provincial governments, and all three spheres share responsibility for delivering coherent outcomes in place.

The policy intent is to restore coherence, clarity and accountability across the system by strengthening how national and provincial governments organise themselves to meet their support, oversight and coordination obligations; clarifying roles and assignments across spheres and entities; and aligning planning, funding, implementation, monitoring and corrective action so government operates as one system in local geographies. It is also to shift cooperative governance from voluntary, forum-based coordination towards rules-based arrangements with enforceable commitments, predictable performance management, earlier support and escalation, and credible consequence management, so that problems are corrected before communities bear the full costs of municipal decline.

3.4 Policy proposals: the core policy shifts

A *revised, single and integrated system for local government* is required, with clear top-down and bottom-up accountability. This begins with national government getting its own house in order. Before the system can credibly support, monitor or intervene in municipalities, the national sphere must be organised to fulfil its constitutional and statutory obligations in a coherent, coordinated and performance-driven way: mandates must be clarified and aligned, duplication and fragmentation reduced, collaboration made routine rather than voluntary, and the systems for policy making, planning, budgeting, monitoring, data and reporting made interoperable and usable for decision-making.

The White Paper does not prescribe a single institutional design but signals that Cabinet must consider and decide the most effective reconfiguration to achieve this, making use of a combination of tools including reassignment of mandates, with the required funding; restructuring of departments; prescribed processes; collaboration protocols; and targeted capacity building, amongst others. The same discipline must apply in each provincial government: provinces must be consistently organised and capacitated to provide timely, differentiated support and oversight, with clear role boundaries, effective coordination and real accountability for performance in monitoring, support and interventions.

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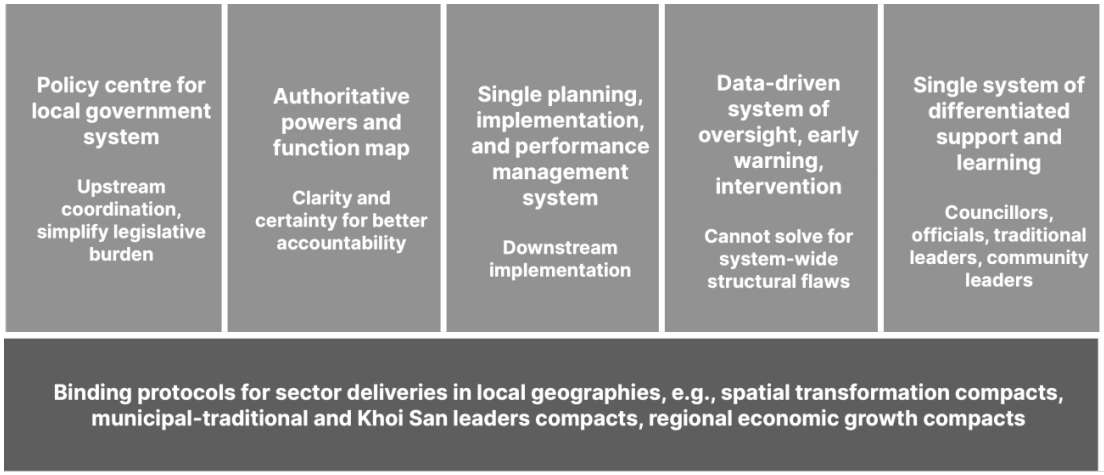

Table 2: Five ways in which national government can reorganise its role and improve its performance in the local government system, so that through binding protocols for place-based development compacts, greater collective impact can be delivered to communities.

3.4.1 Establish a mandated national policy coordination centre for the local government system

The White Paper recognises that municipalities are operating in a dense and fragmented national policy and regulatory environment. Over time, multiple national departments and entities have introduced laws, regulations, norms, standards, reporting requirements and conditionality that affect local government, often developed in parallel and without a single point of coordination. The result is duplication and overlap, inconsistent obligations, shifting compliance demands, and a growing administrative burden that diverts scarce municipal capacity away from service delivery, infrastructure maintenance, and local economic development.

A local government policy coordination centre, functioning as a policy and regulatory clearing house, is therefore required to restore coherence and discipline across the national system. To be established within three months of Cabinet's adoption of the White Paper, the centre should be given a lead coordination mandate to convene national departments, regulators and public bodies whose policies, legislation, regulations, norms, standards, funding conditions or reporting requirements affect municipalities. The centre does not replace, absorb or take over the mandates of departments or entities. Its role is to ensure that they exercise their existing mandates in a coordinated and collaborative way, with early integration and alignment across the national system. It should identify and resolve duplication, gaps and conflicting requirements before proposals reach Cabinet or Parliament and drive simplification so that the regulatory and reporting load on municipalities is reduced rather than accumulated.

This mechanism will strengthen the local government system in practice, improve policy quality, and provide municipalities with greater certainty and predictability. By enforcing a disciplined whole-of-government approach to policy design, regulation, conditionality and reporting, the

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centre will support “one system” planning at the national level and enable collective impact in local geographies, while improving the operating environment for municipalities.

3.4.2 Authoritative powers-and-functions map and a single inter-sphere calendar

The White Paper proposes that national government adopt an authoritative powers-and-functions map and a single inter-sphere calendar to strengthen accountability and coordination across the local government system. The map should be a legally backed assignment framework that clarifies, for each major function, the default roles of national, provincial and municipal government across the full delivery chain, including policy, regulation, planning, funding, provision and operations, asset responsibility, monitoring and support, and enforcement. It should identify lead accountability where responsibilities are concurrent, shared or delivered through public entities. It should also consolidate the currently fragmented mix of constitutional schedules, sector legislation, grant rules, delegations and practice into a single reference that can be used to resolve disputes, prevent unfunded mandates and align incentives.

The map must support the differentiated approach to assignment of powers and functions (see Ch. 2) by setting out approved variants to the default assignment for different municipal types or capabilities, including clear criteria, decision pathways and transition arrangements that allocate funding and risk during handovers.

As part of compiling and maintaining the authoritative powers-and-functions map, the White Paper proposes a *systematic review* of the legislative, regulatory and reporting burden imposed on local government (Note: the Law Reform Commission commenced such a process in 2019. It is not clear what the outcomes of this process were). This review should identify and eliminate contradictory, duplicative or obsolete laws, regulations, norms, standards and reporting requirements that arise across national and provincial systems and that undermine coherent assignment of roles and accountability. The powers-and-functions map should be used as the reference point to test whether each legal or regulatory requirement is necessary, proportionate and aligned to the assigned role of the sphere or entity imposing it. Where requirements duplicate information already available through core systems, impose parallel reporting outside agreed frameworks, or create unfunded or unclear obligations for municipalities, they should be consolidated, simplified or withdrawn.

The map must be complemented by a single inter-sphere calendar. This does not mean aligned fiscal years or electoral cycles. It means a shared timetable of interdependent milestones that aligns the operating clocks of the three spheres. It should specify when norms and grant rules are issued, when investment pipelines are confirmed, when IDP and budget decisions must connect to upstream approvals and allocations, when standard reporting windows apply, and when early support and escalation triggers must be activated. By making sequencing predictable and enforceable, the calendar reduces late changes, contradictory instructions and ad hoc reporting demands and shifts coordination from voluntary forums to disciplined, time-bound delivery commitments.

The powers-and-functions map and inter-sphere calendar should be established and maintained under the local government policy coordination centre, acting on behalf of Cabinet. Cabinet should designate the coordination centre as custodian, with a mandate to coordinate development and updates with sector departments, National Treasury and provincial governments, and to submit the

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default assignments, differentiated variants and calendar milestones for Cabinet approval. Once approved, sector policies, grant frameworks, planning guidelines, reporting systems and support or intervention protocols must be aligned with the map and calendar, with any deviations explicitly motivated and authorised. The coordination centre should maintain both instruments as living references that are version-controlled, publicly accessible and periodically reviewed to underpin coherent support, oversight and accountability across the system.

3.4.3 Establish a multi-sphere planning, implementation and performance management system with two-way accountability

The White Paper proposes that planning, implementation and performance management for the local government system be treated explicitly as a shared, multi-sphere responsibility. At present, responsibilities are dispersed across several national institutions, including CoGTA, National Treasury, the Department of Planning, Monitoring and Evaluation (DPME), the National Planning Commission (NPC) and initiatives such as Operation Vulindlela (OV) in the Presidency of South Africa. While each plays an important role, their contributions are not currently integrated into a single, visible system for improving local government system performance. The result is fragmented planning signals, overlapping monitoring frameworks and limited clarity about who is accountable for system-level outcomes when municipalities struggle.

To address this, a coherent multi-sphere planning and performance management framework should be established, built on mutual accountability between national, provincial and local government. National government should define a small set of system-level outcomes for local government that focus on service reliability, governance integrity, financial sustainability and place-based development outcomes. Crucially, reporting against these outcomes must not focus only on municipal performance. National and provincial contributions to outcomes, including policy choices, funding decisions, regulatory actions, support provided and blockages removed, must be made visible and subject to scrutiny.

This framework should be anchored in a formal joint steering arrangement between National Treasury, CoGTA and DPME, with participation from organised local government through SALGA, as well as technical institutions such as Statistics South Africa and oversight bodies including the Auditor-General of South Africa (AGSA). The purpose of this arrangement is not to create another forum but to ensure that planning priorities, performance indicators, reporting requirements and corrective actions are agreed upon, aligned and issued as a single system signal to provinces and municipalities. It should also provide a practical mechanism for aligning long-term national planning priorities and implementation-focused reforms across government, including those led through the Presidency.

Note: The joint steering arrangement and the proposed national coordination centre have distinct but complementary functions. The joint steering arrangement is the system’s “performance engine”: it sets the shared outcomes, agrees on the indicator set and reporting windows, conducts routine performance reviews, and drives corrective actions with two-way accountability across spheres. The national coordination centre is the system’s regulatory “clearing house”: it reviews

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and aligns proposed policy, legislation, regulations, norms, standards, grant conditionality and additional reporting demands before they are adopted or issued so that the national operating environment for municipalities remains coherent, simplified and consistent with the agreed performance framework.

As part of this process, a standardised set of key performance indicators for the local government system should be developed and maintained jointly by national and provincial departments and municipalities. These indicators should include both outcome and output measures, be differentiated by municipal grouping in line with the differentiated assignment of powers and functions and use common definitions and data standards. They should be reviewed annually and issued through a single, jointly signed update to MFMA Circular 88 so that planning, budgeting, reporting and oversight requirements are aligned and predictable. The indicator set should cover core service and system areas, including water and sanitation, electricity and energy, housing and community facilities, roads and transport, environment and waste management, fire and disaster services, governance, local economic development and financial management. The indicator set should also enable attribution of responsibilities across spheres so that performance reviews can distinguish between municipal delivery gaps and constraints or failures in national and provincial systems.

Provincial governments should be required to translate national system outcomes into provincial support and oversight plans for local government. These plans should set out clear priorities, support measures, resource commitments and performance targets and should be published annually. Provinces should then report publicly on delivery against these plans, including where provincial actions have contributed to improved municipal performance and where constraints remain. This strengthens the accountability of provinces as the primary intermediary sphere, rather than treating their role as implicit or assumed.

Municipalities, in turn, should strengthen the link between council oversight, place-based outcomes and partner delivery. Municipal reporting should make explicit not only progress achieved but also bottlenecks that sit outside municipal control, such as delayed approvals, misaligned sector investments or regulatory barriers. This supports a more honest and constructive accountability dialogue, in which problems are surfaced early and addressed jointly rather than shifted downwards through blame.

Finally, the framework should recognise a role for independent oversight and civilian actors in monitoring system performance. Structured public reporting, social accountability mechanisms and independent analysis can strengthen transparency and trust, particularly when linked to credible complaint, redress and consequence systems as set out in Chapters 4 and 6. These actors do not replace constitutional oversight, but they can reinforce it by making system performance more visible and by amplifying community-level experience.

Together, these measures create a planning and performance management system in which accountability flows in both directions. Municipalities are accountable for delivery within their control, while national and provincial governments are equally accountable for the policy,

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regulatory, funding and support conditions they create. By making system performance visible and shared, the framework strengthens incentives for coordination, reduces fragmentation, and improves the likelihood that reforms translate into sustained improvements in local government outcomes.

3.4.4 Establish a single data-driven system of oversight, early warning, intervention and enforcement

The White Paper proposes a more effective system of oversight, early warning, intervention and enforcement that starts earlier, is more predictable, and does not depend on discretionary political decisions when there is clear evidence of decline. It also makes explicit that the constitutional and legal intervention framework was not designed for a context in which a large share of municipalities are persistently distressed and, in some cases, affected by serious governance and criminality challenges. An intervention system cannot carry mass failure. It must function as an exceptional mechanism that focuses on a smaller, manageable cohort of municipalities experiencing deterioration. This is why the structural reforms proposed elsewhere in the White Paper are essential (see Ch. 2 proposal, for example, where a municipality's responsibilities can be reduced because of local circumstances and/or capability and performance challenges). They are intended to reduce the overall proportion of municipalities in distress so that oversight and intervention mechanisms can operate as intended and succeed in practice.

A single, data-driven early warning architecture should be established across the three spheres, built on standardised priority indicators, common definitions, independently sourced data, and predictable reporting windows for both financial and non-financial performance. The aim is to align oversight data, risk grading and escalation triggers into one system that provides recent, comparable information and supports timely corrective action. The reporting and accountability chain should be strengthened so that municipal performance reporting is consolidated at the provincial level and reported nationally in a way that enables routine system correction, not only retrospective compliance. Central to this approach is that data governance, access and transparency are treated as integral to oversight, including commitments to public accountability.

When thresholds of risk are met, responses must follow a prescribed, time-bound escalation pathway. The first stage should be mandatory early support and stabilisation, triggered by defined indicators and delivered through coordinated provincial and national support. Provinces must act consistently when triggers are met and must report publicly on decisions taken, the support or intervention steps applied, and the outcomes achieved. This predictability is essential to rebuild credibility in the system and to avoid situations where municipalities deteriorate for long periods without decisive correction. At some point, based on objective data, the onus needs to shift from having to motivate why you intervene to having to motivate why you would not.

Before formal interventions are initiated, the system should require municipalities in defined risk categories to enter time-bound support compacts and recovery plans. These compacts should specify the stabilisation actions required by the municipality, the support actions required by

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provincial and national role players, the funding and technical commitments attached to the plan, and measurable deliverables for the next reporting periods. Councils and communities should be kept informed through transparent reporting so that recovery is monitored as a public accountability process and not only as an administrative exercise.

Where formal intervention is unavoidable, intervention design and implementation must be better coordinated and more consistent. The approach to section 139 interventions should be considered comprehensively and applied through a single coordinated protocol between CoGTA, National Treasury and the Department of Water and Sanitation so that governance stabilisation, financial recovery and service delivery protection are treated as one integrated programme rather than fragmented processes. Minimum requirements should apply to intervention plans, including clear objectives, defined roles, measurable deliverables, reporting lines, and criteria for exiting an intervention. This coordinated approach should also protect municipalities from uncoordinated sectoral encroachment by requiring that sector departments and entities channel their requirements and support through the agreed recovery plan, except where urgent life-and-safety risks require immediate action.

National government must have a clearly defined role in initiating and supporting interventions where provincial systems fail or where risk is systemic. The legal framework should be strengthened to provide a clear national step-in pathway in defined circumstances while preserving the constitutional logic that provinces remain the first-line sphere for routine monitoring, support and most interventions. National step-in should be triggered when a province fails to act within prescribed timelines after objective triggers are met, when risk is demonstrably systemic across multiple municipalities with wider service or fiscal implications, or when evidence indicates that illegality, capture or serious criminality is preventing corrective action. Whether this requires additional constitutional clarification should be tested through legal advice, but the immediate priority is to remove ambiguity through stronger statutory duties, clearer triggers, timeframes and reporting requirements so that earlier action becomes lawful, predictable and enforceable.

Finally, the entire oversight and intervention system must be underpinned by stronger enforcement and consequence management across spheres, not only within municipalities. A data-driven system will not change outcomes if inaction, obstruction and non-compliance carry no consequence. The framework should therefore provide for credible consequences when oversight duties are not performed, when recovery actions are unlawfully impeded, when commitments in compacts are persistently ignored, and when evidence indicates criminality that requires referral for investigation. Earlier action will reduce service collapse and limit financial and infrastructure damage. Predictability will strengthen accountability because responsibilities and timelines will be clear. Stronger enforcement will reduce repeat failure and impunity and will help restore confidence that the system can correct itself before communities bear the full costs of municipal decline.

3.4.5 Build a single system of differentiated support and capacity building

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The White Paper proposes the establishment of a single, coherent system of differentiated support and capacity building for local government as a core element of the overall system architecture. The current approach is fragmented, with multiple national and provincial programmes, donors, training institutions and sector initiatives operating in parallel, often with overlapping objectives, inconsistent targeting and limited accountability for results. Support is frequently reactive, project-based and uneven, and too often arrives late as part of rescue or intervention rather than as part of a predictable improvement pathway. A single system is therefore required to bring coherence, discipline and impact to support and capacity building across the three spheres.

At the system level, national government must consolidate and govern this support architecture as a whole. This does not mean centralising delivery but establishing a clear framework that defines mandates, roles and accountabilities for support across national departments, provinces, public entities and organised local government. Support must be explicitly differentiated by municipal type, context and risk profile, drawing on the same diagnostic and early warning mechanisms that inform oversight and intervention. This will allow support to be targeted to where it is most needed, matched to specific capability gaps, and sequenced over time, rather than applied uniformly or through ad hoc programmes.

Provincial governments must be strengthened and held accountable as the primary intermediary layer for support. Provinces should be responsible for coordinating and delivering differentiated support within their jurisdictions, including the development of regional and shared technical capacity where scale or municipal capability constraints require it. Provincial support plans should set out clear priorities, resource commitments and expected outcomes and should be subject to regular public reporting and performance review. Where provincial support systems are weak or inconsistent, national government must intervene to strengthen them, rather than bypassing provinces through fragmented direct support to municipalities.

Municipalities, in turn, must engage with the support system on the basis of mutual accountability. Where structured support is provided, municipalities should be required to commit to time-bound improvement plans that set out the actions they will take, the support they will receive, and the outcomes to be achieved. Progress against these plans should be reported transparently to councils and communities so that support is linked to demonstrable improvement and not treated as an entitlement or a substitute for local leadership and responsibility.

This system-wide support and capacity-building framework provides the umbrella within which distinct but aligned leadership and capability pathways must operate. The proposal in 4 to establish a single national councillor learning system should be treated as the political leadership pillar of this framework, focused on strengthening democratic leadership, ethical conduct, oversight capability and the effective exercise of political roles. Similarly, the proposal in Chapter 5 to coordinate a system-wide professional and administrative development pathway should be treated as the administrative and technical pillar, focused on professionalisation, management capability, and scarce technical skills. Both pillars must be aligned to the same differentiation

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logic, support triggers and performance expectations established in this chapter and must reinforce rather than duplicate one another.

Organised local government, professional bodies, training institutions and other partners have a critical role to play within this single system. Their programmes and curricula should be aligned to the reform priorities of the White Paper and to the differentiated needs of municipalities, with a stronger emphasis on practical skills, applied learning and problem-solving in real municipal contexts. National and provincial governments should use their convening and funding power to encourage alignment and reduce duplication across the support ecosystem.

Together, these measures shift support and capacity building from a fragmented, reactive set of interventions to a coherent system that enables continuous improvement. By linking differentiation, support, leadership development and professional capability into a single architecture, the local government system will be better able to stabilise municipalities early, build sustained capability over time, and reduce reliance on late-stage interventions and crisis management.

3.4.6 Create binding cooperative governance protocols for sector delivery in local geographies

The White Paper proposes a shift from voluntary coordination towards rules-based cooperative governance that delivers place-based collective impact in local and regional geographies. Too often, intergovernmental coordination remains consultative, with plans and forums that do not translate into aligned budgets, sequenced approvals and accountable delivery on the ground. A more disciplined operating model is required, particularly where outcomes depend on joint action by sector departments, provinces, municipalities and public entities.

> *The White Paper proposes a shift from voluntary coordination towards rules-based cooperative governance that delivers place-based collective impact in local and regional geographies.*

To achieve this, the system should adopt binding cooperative governance protocols for sector delivery in local geographies. These protocols should set minimum requirements for joint planning, alignment of investment pipelines, sequencing of approvals, information sharing, standard reporting and escalation when commitments are not met. They must apply regardless of which sphere is leading the initiative so that place-based programmes initiated by national government, provinces or municipalities all trigger the same rules-based coordination.

A core mechanism should be standardised intergovernmental development agreements for priority programmes in local and regional geographies. These agreements should translate plans into enforceable commitments by specifying the intended outcomes, the parties to the agreement, the role of each sphere or entity, funding and resource commitments, sequencing, measurable deliverables and timelines. They should also include provisions on risk allocation, implementation support, reporting, and consequences for persistent non-performance. They are especially

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important where delivery is tightly coupled, such as in housing and bulk services, transport and land-use integration, electricity and economic development, disaster readiness and climate resilience, and the maintenance and renewal of shared infrastructure systems.

The protocols must also provide fit-for-purpose dispute resolution and escalation mechanisms at local and regional levels. The objective is to resolve conflicts early and close to the point of delivery, with time-bound steps for mediation and escalation, and with clear authority to issue binding directives where necessary. Disputes about roles, standards, approvals, sequencing, funding responsibilities and implementation blockages should not become a standing excuse for delivery failure.

Municipal IDPs must be repositioned as bottom-up “instructions” to the spatial development and public investment system, not merely municipal compliance documents. Municipalities should use IDPs to set clear place priorities, spatial requirements and service outcomes, and to specify enabling actions required from sector departments and public entities. National and provincial departments and entities must treat credible IDP priorities and infrastructure pipelines as core inputs into their own planning, budgeting and implementation decisions. Partner commitments must be integrated into municipal implementation plans and tracked through routine performance monitoring so that correction happens during the year, not after failure.

Provincial governments should convene and enforce regional coordination where local geographies cut across municipal boundaries, where shared systems require scale, or where municipal capability constraints require joint delivery arrangements. Organised local government, including SALGA, should support implementation by developing standard templates for agreements, strengthening practical coordination guidance, and facilitating dispute resolution support, especially in weaker regions.

These measures will turn cooperative governance from meetings into commitments, reduce delivery gaps caused by misalignment between municipal planning and sector investment decisions, and enable more predictable collective impact in local geographies. Over time, they will strengthen accountability, improve delivery discipline and free municipal capacity to focus on services, infrastructure maintenance and local economic development rather than navigating fragmented coordination and shifting compliance demands. (See Ch. 7 for a more specific discussion on Municipal-Traditional and Khoi-San Leadership binding compacts and Ch. 10 for enforceable local compacts for spatial transformation, economic growth, and climate resilience).

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Chapter 4: Political system, leadership, ethics, anti-corruption and accountability

4.1 What is working

Local government still has a strong constitutional base for democratic accountability. The Constitution vests municipal executive and legislative authority in the municipal council and sets out the objects of local government, including democratic and accountable government and community involvement. In many municipalities this intent is visible: councils sit in public, committees function, and where leaders keep political contestation out of day-to-day operations, councils take real decisions on budgets and service priorities, managers can manage, and communities see a working line of accountability.

These examples matter because they show that the problem is not that local government cannot work. The problem is that the system allows too many councils to drift into instability, interference and impunity without decisive correction. This chapter builds from what is working and makes it harder for dysfunction to repeat itself.

4.2 Why change is necessary: problem statement and root causes

The crisis is not caused so much by flawed policy and missing laws (although there is room for improvement), but by leadership failures, abuse of the system, and weak enforcement. South Africa's local government crisis is, in significant part, a crisis of political leadership and the behaviour of the political system. The evidence highlights inconsistent political leadership, interference and manipulation by political parties outside council structures, (referred to by many as the "invisible hand"), patronage appointments, blurred political-administrative boundaries, unstable coalitions and criminality and unethical behaviour as central drivers of municipal failure.

A culture of impunity grows when parties and leaders (and officials) protect their own, excuse wrongdoing and avoid disciplinary action, even when the law is clear. In that environment, ethical councillors and officials are punished for doing the right thing, while corrupt individuals and networks learn that the risk of being caught or sanctioned is low.

Coalition dynamics intensify this problem. In many hung councils, instability is driven by tactical manoeuvres and repeated leadership changes. Simple majorities can determine executive mayors who then appoint mayoral committees, reducing inclusive decision-making and creating strong incentives for short-term tactical political advantage over long-term service delivery.

Accountability is also misdirected. Councils often fail to exercise effective oversight, especially when delegations to the executive or the administration are weak or ignored, while overall municipal accountability tends to flow "upwards" to political party structures or factions, and

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through compliance-based reporting to provincial and national departments, and the Auditor General of South Africa, rather than outwards and downwards to the community of the municipality. In a system where clientelism is embedded in politics, communities can vote for those leaders who they feel will deliver on promises for preferential access to contracts, jobs, housing and so on. Many politicians *are* responsive and accountable in this regard - but their accounting takes the form of trying to ensure access to tenders, jobs, etc. for the faction that supports their political ambitions. At the same time, good governance is reduced to “clean audits” rather than being measured on service delivery outcomes and the ability to build relationships of trust with partners (see definition of good governance in Ch. 1).

At the community interface, the participation model, central to the concept of developmental local government in the 1998 White Paper, is losing legitimacy. Ward committees and other ward-based structures are widely experienced as politicised, captured, under-resourced, inconsistently functional and given unclear authority. Participation has become tokenistic, with protest and destruction of municipal assets then becoming a default channel. When communities cannot see and feel performance, cannot get answers, and cannot trigger consequences, or when they perceive that a chosen few are benefitting at the expense of the majority, conflict escalates and public trust collapses.

> *When communities cannot see and feel performance, cannot get answers, and cannot trigger consequences, or when they perceive that a chosen few are benefitting at the expense of the majority, conflict escalates and public trust collapses.*

Councillor training is delivered through a mix of SALGA-led national induction support, including the Integrated Councillor Induction Programme (ICIP), alongside provincial CoGTA programmes, municipal inductions and other initiatives. While national induction has been standardised in design, councillor development beyond induction is not yet consolidated into a single, uniformly implemented national system with consistent minimum requirements, accreditation pathways and demonstrable outcomes for all councillors. The evidence base reflects a wider capacity-building system that has been fragmented and, in places, duplicative and weakly coordinated, with limited outcome reporting and accountability for whether interventions build lasting capability. This helps explain why overall impact has been uneven and hard to demonstrate at scale.

4.3 Policy intent: objectives and principles

4.3.1 **Council decision-making is stable, inclusive and predicta**ble, especially in hung councils, through clearer coalition governance rules, more collective and proportionate executive arrangements where appropriate, and transparent public coalition agreements that protect budgets and service continuity.

4.3.2 **Councillors and office bearers act in the public interest** and uphold the law through an explicit duty of care, a strengthened and enforceable Code of Conduct, and credible disciplinary systems with clear escalation where councils fail to act.

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4.3.3 **Integrity risks are prevented and detected early**, and criminality is routed into consequences through a single national municipal integrity package that embeds controls in procurement, disclosures, whistle-blowing protection, anti-extortion measures, and time-bound responses to Auditor-General material irregularities.

4.3.4 **Oversight is strengthened inside councils and linked to consequences** by empowering MPACs and audit committees with independence, minimum resourcing, protected budgets, opposition or independent chairs, and quarterly tracking of audit action plans and material irregularities until resolved.

4.3.5 **Political and administrative roles are clearly separated and enforced**, so elected leaders provide direction and oversight while administrations are protected from improper interference in appointments, procurement and day-to-day operations, with consequences for breaches on both sides. Within council, make delegations clear and enforceable.

4.3.6 **Leadership competence is treated as a condition for holding key positions** by setting minimum competencies for office-bearers and oversight leaders and implementing a single, standardised national induction and continuing development system, linked to eligibility for leadership roles.

4.3.7 **Accountability flows downwards to communities** as a matter of routine, through stronger transparency and reporting expectations and through enforceable community-facing mechanisms, including an ombud system, national complaints and grievance standards, a single municipal complaints system with timelines and public dashboards, and written council feedback on community inputs.

4.4 Policy proposals: the core policy shifts

4.4.1 Councillor duty of care and ethical leadership governance code

The public interest duty of care needs to be made explicit: every councillor must serve the whole municipality, uphold the law, and prioritise the wellbeing of the community of the municipality over individual, party or factional interests.

Consideration should be given to broadening this stipulation into an *ethical leadership governance code* for local government which sets out the leadership standards and governance practices that councils and senior municipal managers should follow to build an ethical culture, protect the public interest, and strengthen decision-making and oversight. It focuses on “how we lead and govern”, including tone from the top, accountability, transparency, managing conflicts of interest, respecting the political-administrative boundary, and creating an environment where ethical behaviour is supported and expected. A code of conduct (see 4.4.2 below), by contrast, is primarily a *rules-based instrument* that regulates individual behaviour and misconduct, setting out what councillors or municipal officials may and may not do, and the sanctions for breaches.

Ethical leadership is not secured by rules alone. The White Paper recommends that councils complement stronger enforcement and consequence management with deliberate culture-

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building measures that make ethical conduct the norm in councils and the municipal administration. Councillors and senior managers should set a clear tone from the top through visible leadership commitments, regular ethics conversations in caucuses, committees and management forums, and practical guidance on common dilemmas such as conflicts of interest and undue influence.

Ethical behaviour must also be recognised and protected, including safe reporting channels and safeguards against retaliation for councillors and municipal officials who act in the public interest. Peer pressure matters. Where peers are consistently seen to act ethically and to challenge misconduct, it becomes harder to normalise unethical behaviour. In this sense, ethical leadership cannot be legislated into existence. It is ultimately a moral choice, expressed in everyday decisions, not a narrow exercise in minimal compliance.

4.4.2 Councillor Code of Conduct

The Councillor Code of Conduct should be strengthened by clarifying the ethics and conflict-of-interest regime, including specific prohibitions on councillors interfering with supply chain management and appointments, making patronage appointments, and making recusal rules mandatory and enforceable. Enforcement without fear or favour must sit first with the municipal council, led by the council speaker as custodian of council discipline, supported by a properly constituted ethics or disciplinary committee and the council's oversight structures. The municipal manager must promptly record and report alleged breaches, secure evidence, and ensure cooperation by the municipal administration.

Where the speaker or council fails to institute, progress or conclude a Code process within prescribed timeframes, the matter must escalate automatically to the provincial MEC for local government. The MEC must be obliged to trigger an independent process in terms of the law, including directing compliance, ensuring an impartial investigation, instituting proceedings where required, and referring matters for criminal investigation when offences are indicated. Unreasonable failure by a speaker, council or MEC to act must itself be treated as a governance failure, with mandatory reporting to the relevant oversight bodies and remedial steps to address shielding, delay or political interference.

The Code must be rigorously and consistently applied, with standardised sanctions and time-bound investigation and decision processes so that breaches reliably lead to outcomes ranging from corrective measures to removal from office, backed by personal liability where councillors ignore clear legal red flags. National government, through the minister responsible for local government, should set minimum norms and standards for Code implementation, require regular provincial reporting on compliance and outcomes, and provide targeted support to strengthen disciplinary capability. Where provinces persistently fail to discharge their monitoring and enforcement responsibilities, the minister should trigger intergovernmental escalation and constitutional remedial measures to ensure the integrity of local government is protected.

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All political parties contesting local government elections and represented in councils should be requested to publicly endorse and commit to supporting the Councillor Code of Conduct.

4.4.3 Minimum competencies for council leaders

Minimum competencies cannot realistically be required of every prospective councillor candidate as a blanket precondition for standing for election, as called for in many public submissions, because that would risk undermining the constitutional principle of open, representative democratic choice (the Constitution at Section 158(1) states that "Every citizen who is qualified to vote for a Municipal Council is eligible to be a member of that Council" and minimum competencies is not a constitutionally recognised exception) but minimum competencies can and should be enforced for key council leadership and oversight roles.

Council leadership positions carry heavy legal, financial and service-delivery responsibilities, so the system should require defined, practical competencies before people take up these roles, supported by induction and ongoing development. The minimum competency requirements should apply at least to the main office-bearers and oversight leaders in councils, namely the mayor or executive mayor, deputy mayor, mayoral committee members or MMCs (especially the key portfolios such as finance and infrastructure), the speaker, the chief whip, and the chairs and members of MPAC and the audit committee.

Minimum competencies for key council leadership and oversight roles should be set nationally through a formal competency framework, defined in law and regulations led by CoGTA, working with provinces and SALGA so the standard is consistent across the country. Application should happen at the point of appointment to leadership posts inside councils, meaning councils must build the requirements into their processes for electing or designating office-bearers and committee members and then enforce them by linking access to completion of the specified induction and training within set timeframes. Political parties remain free to select candidates for election but should be encouraged to use the formal competency framework to screen and prepare those they put forward.

4.4.4 Single national system for councillor induction and continuing development

A single national councillor learning system should be established in law to provide standardised induction and continuous professional development for all councillors (see Ch. 3). CoGTA should set compulsory minimum standards, learning outcomes and national reporting requirements. SALGA, working with provinces and quality-assured providers, should coordinate delivery so that every councillor receives the same core preparation for representation, oversight, ethics and financial governance responsibilities, with completion tracked and reported consistently across the country.

All individuals contesting municipal elections should be clearly informed, at the point of candidacy registration, that successful election to office will carry an obligation to complete compulsory

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councillor training linked to nationally prescribed minimum competencies. This information should specify the purpose of the training, its core content areas (such as governance, ethics, financial oversight and service delivery), the expected time commitments, and the consequences of non-completion, so that candidates can make an informed decision about standing for office. Providing this upfront clarity respects candidates as adult professionals, strengthens the integrity of the electoral process, and helps ensure that those who are ultimately elected enter office with a clear understanding that public representation includes a commitment to structured capacity-building in the public interest.

4.4.5 Public performance contracts for mayors and MMCs

Mayors are elected by municipal council (from among the councillors) and as such should always be held directly accountable to council, and not, as has happened in the past, only to party political structures. A system of public performance contracts for mayors and MMCs should be considered as one of the mechanisms for achieving accountability. The performance contracts should set a small number of measurable service delivery, governance and financial management commitments linked to the IDP and budget (versus clientelist delivery), be published for the community of the municipality to see and be reviewed routinely by council and oversight structures with clear consequences for non-performance. The municipal council must approve and enforce the framework and consequences, the mayor and each MMC must sign and account for their commitments (aligned to the IDP and budget), the municipal manager and administration must provide credible performance information, and council oversight structures (especially MPAC, the Speaker, and the audit committee) must review performance publicly and recommend action where targets are missed.

Note: The process of drawing up performance contracts may differ in terms of accountability flows depending on whether the municipality has a collective executive system, where the council elects a mayor from among members of its executive committee, or an executive mayor system, where a council elects an executive mayor from among its members and the mayor then appoints the MMCs.

4.4.6 Clarify executive authority and council oversight through differentiated delegations

Many municipalities do not yet have the institutional and technical capacity to develop and maintain a clear, legally sound system of delegations that matches their chosen executive arrangement and day-to-day operating realities. This creates uncertainty about who may decide what, encourages ad hoc political intervention in administrative matters, slows implementation, and weakens accountability because reporting lines and consequences are not consistently applied. The White Paper therefore motivates for nationally issued norms, standards and model templates for delegations that all municipalities can adopt and tailor, so that the separation of roles is clear in practice: (1) council focuses on strategic direction, law-making, budget approval and oversight; (2) the mayor and mayoral committee exercise delegated executive authority to drive implementation; and (3) the municipal manager exercises administrative authority to

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manage operations within the law, supported by routine reporting and transparency requirements that enable credible oversight.

These national guidelines should be differentiated by municipal type and capability, recognising that what is appropriate for a metropolitan municipality will not be appropriate for a small rural municipality, and should be linked to targeted capacity support and compliance monitoring so that delegations become a practical tool for delivery, accountability and protection against improper interference, rather than a copy-and-paste document with limited effect.

4.4.7 Maintain clear separation of political and administrative roles

The political-administrative interface must be the disciplined boundary between elected leaders setting policy direction and holding the administration accountable, and professional officials implementing those decisions lawfully and competently without political interference in appointments, procurement or day-to-day operations. This boundary is maintained through clear legal role separation and delegations, enforced codes of conduct and conflict-of-interest rules, transparent and merit-based appointments and procurement, strong council oversight (including MPAC and audit structures), and swift consequences when either political interference or administrative overreach occurs.

The key lever for reform here is appointment reform (see Ch. 5). If there is wide (and legal) room for politicians to insert factional political considerations into selection processes, many of the other interventions aimed at consequence management are unlikely to work. This process is dealt with in more detail in the following chapter.

The channels for political instructions into the administration must be clearly specified. These should generally confined to policy direction consistent with procedural rules, and limited to instructions through the mayor’s office, council committees and council, and processed through the municipal managers office.

4.4.8 Coalition governance rules and public coalition agreements

The White Paper supports the objectives of the draft Municipal Coalitions Bill to stabilise coalition governance and protect service delivery in hung councils. The draft Bill advances the idea of “governments of local unity” by shifting hung councils away from a single, highly concentrated executive mayor model toward a collective executive system, which is intended to foster broader, more proportionate power-sharing and joint accountability in executive decision-making. The Bill does this by enabling binding coalition agreements in hung councils and requiring that such agreements be made public, with provision for the Minister to regulate the details of those agreements. It also promotes more collective forms of executive governance by requiring municipalities with a mayoral executive system and no party majority to shift to a collective executive system within a prescribed period. In addition, it seeks to reduce tactical instability by tightening the rules for removing key office-bearers through show-of-hands voting, prior notice,

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and limits on removal motions during the first two years, while retaining the ability to act at any time on serious grounds such as serious illegality, serious misconduct, or inability to perform the functions of office. Finally, it introduces a 1% threshold of valid votes for a party to qualify for a seat on the council to curb excessive fragmentation by very small parties.

4.4.9 Integrity-by-design and zero tolerance for corruption and criminality

The White Paper proposes that the local government system be supported by a single municipal integrity and anti-corruption package, designed nationally and applied consistently in every municipality. These recommendations are intended to build on and strengthen existing initiatives, including the Local Government Anti-Corruption Strategy, the Municipal Integrity Management Framework and the work of the Local Government Anti-Corruption Forum, as well as the wider National Anti-Corruption Strategy. These proposals align with the National Anti-Corruption Advisory Council (NACAC) Final Report (August 2025), including its recommendations on a strengthened national integrity architecture, stronger whistleblower protection, and a transformed public procurement system.

CoGTA should lead the overall policy, norms and institutional arrangements for the package, including minimum standards for ethics, conflicts of interest, councillor and official conduct, reporting and consequence management, and should coordinate national and provincial implementation support. National Treasury should lead the operational integrity architecture for municipal finance and procurement, including standardised SCM rules and templates, ownership and conflict-of-interest checks, open e-procurement with audit trails, and shared digital platforms with red-flag analytics and transparent reporting so municipalities do not have to invent their own systems. The Department of Justice and Constitutional Development should lead the enforcement linkages, including protected whistleblowing arrangements, anti-extortion protocols, investigative and prosecutorial pathways, and clear handover and case-tracking protocols so matters move reliably from internal discipline and recovery of losses to criminal justice processes where required, including through structured referrals and cooperation with integrity agencies such as the SIU.

Lifestyle audits should be mandatory at least for all council office-bearers, both upon election and at regular intervals during their term of office, to proactively identify undisclosed interests, conflicts and unexplained wealth and to trigger timely remedial or enforcement action where necessary. CoGTA as the lead for ethics and councillor conduct standards, should be responsible for overseeing and coordinating lifestyle audits. This includes setting minimum norms, coordinating implementation support across national and provincial levels, and ensuring integration with conflicts of interest, reporting, and consequence management frameworks. National Treasury and the Department of Justice could support through financial integrity checks and enforcement linkages where unexplained wealth triggers investigations.

Within this package, municipalities should be required to respond timeously to Auditor-General material irregularities and implement corrective action, apply consistent disciplinary and recovery

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processes, and use uniform debarment and restriction mechanisms, while provincial departments responsible for local government support implementation and intervene where persistent failure continues. Municipal councils, accounting officers, MPACs and audit committees should track every case to closure using standard case definitions, timelines and reporting, aligned to the integrity package and supported by shared systems and templates, including those developed through National Treasury, CoGTA and SALGA programmes. Finally, all political parties represented in councils should publicly endorse and commit to supporting this package, including by refraining from interference in investigations and appointments, insisting on compliance by their deployees, and backing consistent consequences for wrongdoing irrespective of political affiliation.

4.4.10 Separate councillors and supply chain management

Councillors should be kept out of bid specification, evaluation and adjudication by tightening the separation between political oversight and administrative decision-making already provided for in the MFMA/SCM system. This should include an explicit “no contact, no instruction” rule so all bidder engagement happens only through designated officials and recorded channels, with firm consequences for attempted interference. Councillors’ role should instead be strengthened as an oversight function, scrutinising deviations, repeat awards and contract variations through council committees, audit committees and escalation to the Auditor-General where necessary. Bid Adjudication Committees led by the municipal manager and technical heads should be reinforced, supported by independent probity checks and transparent publication of award reasons to limit manipulation.

Transparent public oversight of procurement is central to local accountability and anti-corruption. Using the Public Procurement Act, municipalities should implement a central online portal with standardised, interoperable open data across the procurement cycle and regulations that enable public access. Each municipality must publish, in one place, standardised information on plans, tenders, awards, contract changes and basic implementation milestones, using unique contract identifiers and simple dashboards, with early pilots in higher-risk categories such as water-tanker services, small works, security and refuse removal. This will allow councils, treasuries and the public to see, in near real time, what has been contracted, on what terms, and to which company.

4.4.11 Strengthen oversight through Municipal Public Accounts Committees (MPACs) and audit committees

Every municipal council should have properly constituted, adequately resourced MPACs and audit committees, with clear terms of reference and formal linkages to Auditor-General audit outcomes and the material irregularity process so that findings lead to corrective action and consequences during the year. *Opposition chairing should be adopted as a minimum governance standard* to strengthen credibility and non-partisan oversight, supported by consistent access to information, administrative support, and legal services.

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CoGTA should lead the setting of system-wide minimum standards for council oversight arrangements in the local government sphere, while National Treasury should align these standards with MFMA governance and reporting requirements, and both should work with the Auditor-General to ensure practical alignment with audit processes and the MI response cycle.

SALGA should support rollout and capacity-building, provinces should monitor functionality and provide hands-on support where capacity is weak, and councils should protect oversight budgets and ensure committees can operate independently. As a minimum, MPACs and audit committees should track audit action plans and material irregularities at least quarterly until each item is resolved, with progress reported to council and made public, so oversight drives in-year correction rather than retrospective reporting after the damage is done.

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Chapter 5. Administrative system: depoliticised, capable and digital

5.1 What is working

Across the system there are municipal administrations that deliver consistently, even under difficult conditions. Where municipal managers and senior managers are appointed on merit, protected to manage lawfully, and held to auditable performance standards, the results are visible: more stable finances, better contract management, improved service reliability and a more credible interface with communities and business. These examples show that administrative performance is achievable when councils respect the political–administrative boundary, when officials are able to apply professional judgement, and when accountability is fair, consistent and rooted in clear statutory duties.

The legal and policy foundations for a professional municipal administration are also already in place, even if they have not been applied consistently. South Africa has minimum competency requirements and a statutory framework that defines the roles of accounting officers, the responsibilities of senior managers, and the ethical obligations attached to public office. The 2022 professionalisation framework provides a coherent platform for standardising entry requirements, strengthening career pathways and making competence a non-negotiable gateway into leadership roles. This means the reform task is not to invent a new system, but to close the enforcement gap, reduce loopholes that enable manipulation, and ensure that recruitment and performance management systems are credible, transparent and applied consistently across provinces and municipalities.

There are also real building blocks for capability and digital transformation that can be consolidated into a more coherent system. A wide ecosystem supports municipal capability, including SALGA programmes, provincial initiatives, the Local Government SETA, professional bodies, tertiary institutions and the National School of Government, and there are pockets of specialised competence in finance, supply chain management, planning, engineering and governance.

At the same time, recent initiatives to standardise municipal financial reporting and performance information, strengthen procurement data, and improve interoperability show that government can build enabling digital infrastructure at scale. Where basic digital controls are implemented well, the benefits are practical: reliable records, stronger audit trails, better visibility of assets and contracts, faster service request handling, and a more transparent interface with residents. The opportunity now is to connect these pieces into a governance-driven capability pathway and a municipal digital backbone that reduce fragmentation, strengthen oversight and early warning, and support more reliable delivery across the local government system.

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5.2 Why change is necessary: problem statement and root causes

The administrative system is a decisive leverage point in the wider local government system. When it is capable and protected, services improve, finances stabilise, and public trust can be rebuilt. When it is politicised, unstable, and tainted with corruption, decline accelerates.

A core problem is that municipal managers and senior managers are too often appointed on criteria other than merit and competence, even though minimum competency standards exist and appointments that do not meet these standards are invalid in law. The enforcement gap is real, because the law can say one thing while manipulative political behaviour means it is not applied consistently. This is not a technical failure; it is a governance failure, and its effects are corrosive.

Officials that are politically appointed and protected too often become contemptuous of accountability and disinterested in prioritising the needs of the community or accounting to their peers; they undermine the morale of colleagues who were appointed through proper processes, and they create an environment where sincere and hard-working officials can be marginalised, hounded out, and in some cases threatened and intimidated when they speak truth to power and try to uphold the rule of law.

A second root cause is regular and serial political interference in the duties of municipal managers and senior managers, including technical managers, with political considerations sometimes overriding professional and technical judgement. This blurs accountability. Officials are expected to deliver but are not always allowed to manage. Councillors are meant to oversee, but some cross into operations. The result is instability, weak performance management, and decision-making that is not trusted by staff or communities.

The current training system for senior municipal officials and technical professionals is fragmented and uneven, with multiple providers and programmes that are not consistently aligned to a single competency framework, not reliably accredited, and not linked tightly enough to appointment eligibility, performance expectations, or career progression.

Municipal digital transformation is currently fragmented and uneven, often vendor-driven rather than driven by governance priorities, and too frequently implemented without the skills, funding, connectivity and data standards required to sustain it. This means that the local government system is unable to fully benefit from digital transformation opportunities for improved service delivery and financial management as well as greater transparency, accountability and citizen participation and communication.

5.3 Policy intent: objectives and principles

This chapter sets out to rebuild a professional municipal administration that can deliver reliably, lawfully and transparently, while remaining firmly accountable to elected councils and the community. The intent is to:

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5.3.1 Make merit, integrity and competence the non-negotiable gateway into senior municipal leadership roles, by professionalising recruitment, tightening compliance checks, and making standards enforceable through monitoring, consequences and professional regulation.

5.3.2 Depoliticise and protect the municipal administration so officials can manage lawfully, while strengthening legitimate political oversight, performance accountability and consequence management, and drawing a firm line against improper interference.

5.3.3 Stabilise key senior leadership posts and strengthen performance management, so councils can expect delivery and officials can plan and implement beyond short-term political shifts and coalition churn, with fair but firm rules on tenure, evaluation and termination.

5.3.4 Treat capability building as a system responsibility across spheres and key partners, through a well-coordinated capacity and professional development pathway aligned to the 2022 professionalisation framework, with clear roles, differentiated support, and measurable outcomes linked to eligibility for senior roles.

5.3.5 Build a municipal digital backbone as a governance requirement, by integrating back-office and service interface systems so that finance, assets, procurement, records, service requests and council processes are visible, auditable and managed as one system, enabling greater efficiency, stronger financial management, transparency by default, and accountability by design, including accessible citizen participation channels

5.3.6 Use trusted data and interoperable platforms to strengthen place-based governance, so municipalities can improve climate governance and disaster preparedness, support coordinated planning and implementation by all three spheres in local geographies, and enable regional economic development strategies grounded in shared spatial, infrastructure and project pipeline information.

5.4 Policy proposals: core policy shifts

5.4.1 Professionalise senior municipal leadership by safeguarding the integrity of recruitment and appointment processes

Municipal managers and senior administrative and technical leadership must be recruited and developed within the National Framework Towards Professionalisation of the Public Sector (approved by Cabinet on 19 October 2022) so that local government follows the same capable-state logic as national and provincial departments, with clear entry requirements, merit- and competency-based selection, ethical standards, and structured development that are consistent across the public administration.

Councils should continue to be responsible for appointing municipal managers and holding them accountable. However, recruitment processes must be harder to manipulate and easier to audit and must include independent recruitment and selection panels with credible expertise, standardised assessments, and ranked appointable shortlists supported by written reasons, with clear and enforceable consequences when councils deviate from those shortlists without sound,

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publicly stated justification. Appointment panels should publish a summary of their process and scoring outcomes within lawful limits, and councils must table written reasons when appointing outside the top-ranked candidate or returning a shortlist.

Where councillors knowingly vote for unlawful or clearly unsuitable municipal manager appointments, there must be real personal risk and enforceable consequences. This includes collective and individual liability where appointments are set aside and possible disqualification from future municipal roles in serious cases. Enforcement capacity must be dedicated and linked to the wider integrity architecture in Chapter 3, including the Auditor-General material irregularity framework and consequence systems.

Municipal managers should be placed at the centre of rebuilding competent and ethical local government administrations, and that starts with insulating their appointment, tenure and performance management from factional politics and undue political influence. The municipal manager should be recruited through an independent, professionalised process with transparent criteria, stronger compliance checks, and the explicit abolition of “political suitability” as a selection requirement, because competence and integrity are the only defensible tests for the head of the administration.

To protect continuity and reduce manipulation, future municipal managers, once the recruitment processes have been reformed on paper and institutionalised in practice, should be appointed on longer fixed-term contracts, for example, between 7-10 years, to ensure that they are delinked from the electoral cycle. Termination protocols must make it clear that a loss of “political confidence” is not a lawful ground for dismissal, with removals limited to defined incapacity, misconduct, or poor performance proven through fair process. Changes in coalitions or political leadership should not be valid grounds for termination. Performance expectations should be auditable and public, with clear KPIs aligned to the IDP, budget and statutory duties, and evaluations led by an independent committee rather than political office-bearers.

Appointments to municipal entities and key technical leadership posts should be governed by the same clear, enforceable professional standards that prioritise competence, integrity and political non-partisanship in the municipal administration.

The system should be designed and implemented by CoGTA, National Treasury and SALGA, with provincial departments responsible for local government supporting rollout and ensuring consistent application. The Public Service Commission (PSC) should provide independent oversight by monitoring and evaluating implementation across local government, promoting adherence to the constitutional values and principles, and publishing periodic findings on compliance, patterns of deviation and recommended corrective actions.

Existing professional associations could play a greater role in standard setting, accreditation and discipline. One way to make professional standards enforceable in practice, is to consider the establishment of a statutory municipal professional management association through an Act of Parliament, with entry standards, an ethics code, CPD requirements, and disciplinary powers,

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which should require membership in good standing as a condition for appointment and continued employment in senior municipal management posts, verified through national digital registers integrated into municipal HR systems.

A statutory association should complement, not replace, existing sector professions, because senior managers will often also belong to professional bodies relevant to their functions, including engineering councils, planning councils, legal professional bodies, and accounting and auditing institutes, and dual membership should be normal, with the municipal association setting cross-cutting public administration and governance standards while sector bodies continue to regulate technical professional practice. A first step in this direction is to support and use existing professional bodies drawing lessons from practice.

5.4.2 Duty of care to the whole community and an end to political partisanship

All employment contracts for municipal managers and senior managers should spell out a clear duty of care to the community of the municipality. The contract must state, in plain terms, that the first responsibility of every senior official is to protect and advance the public interest by upholding the law, implementing council decisions lawfully, and serving the municipality and the community rather than any party or coalition.

It should also confirm the statutory prohibition on holding party political office and require each senior official to submit an annual public declaration of any party positions, roles or activities, including confirmation where none are held. Any false statement, non-disclosure, or misrepresentation on these declarations must be treated as a serious breach of contract and grounds for dismissal.

5.4.3 Coordinate a system-wide capacity and professional development pathway

A well-coordinated capacity and professional development pathway must be established and treated as core operating infrastructure for local government, not as a set of ad hoc training events, and it should be designed within the 2022 professionalisation framework so that standards and expectations are consistent across the public administration (see Ch. 3).

National government, led by CoGTA, should set compulsory minimum standards, curricula, accreditation rules and reporting requirements, working with the Department of Public Service and Administration, National Treasury, the Local Government SETA and the National School of Government, while SALGA should co-design the pathway with municipalities and support implementation, and provinces should coordinate on-the-ground rollout, provide targeted support, and verify that capacity gains translate into better governance and service delivery.

The pathway must be differentiated by municipal type, function and risk and must define clear competency milestones for municipal managers, section 56 managers and critical technical professionals, with completion linked to eligibility for appointment, progression and access to

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leadership roles, while professional councils and institutes for engineering, planning, legal, accounting and related fields ensure technical curricula meet professional requirements.

5.4.4 Build a municipal digital backbone

The National Strategic Hub, National Treasury's mSCOA reforms, MFMA Circular 88 performance-reporting standardisation, the Public Procurement Act, 2024, which sets a vision for procurement data, and the emerging National Data Lake work led by National Treasury and Stats SA together show that government can build shared data standards and platforms that make local government administration more coherent and evidence-driven. These initiatives should be recognised as important building blocks, while noting that none is yet the complete answer on its own: institutional location, technical architecture and system integration still need to be resolved so that a single, centralised and integrated local government data platform can consolidate core municipal data and reliably feed it to other parts of the state for support, oversight and better decision-making.

Building a municipal digital backbone is a requirement for effective developmental governance because modern municipalities cannot deliver reliably, manage public money with integrity, or be meaningfully accountable to communities when information is fragmented across paper files, spreadsheets and disconnected vendor systems. The White Paper is clear that digitalisation must be treated as "digital-as-governance", meaning the design of systems must be anchored in the constitutional mandate for developmental governance at local level and built into day-to-day governance, not left as an ICT side project.

The same backbone is also foundational for better climate governance, disaster preparedness, coordinated planning across the three spheres, and multi-partner regional economic development (see Ch. 10).

Responsibility for designing and implementing this system sits across the local government system and must be organised as a single programme, not a set of isolated municipal ICT projects. CoGTA must lead the development of the municipal digital governance framework, standards and implementation model, and must ensure alignment with the national digital policy environment and the developmental local government mandate. The State Information Technology Agency (SITA) should support shared platforms, cybersecurity and common infrastructure components, while SALGA should co-design municipal requirements, support adoption and help municipalities negotiate fair, standardised solutions. National Treasury must align financial systems requirements, reporting norms and oversight expectations so that digital controls strengthen financial governance rather than adding parallel compliance.

Provincial departments responsible for local government must coordinate rollout support, verify implementation progress and capability, and focus targeted assistance on low-capacity municipalities. Municipal councils and municipal managers remain responsible for local change management, process redesign, data quality, and ensuring that digital controls and transparency commitments are applied in practice. Where the backbone is used for climate, disaster and place-

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based planning, national and provincial sector departments responsible for environment, water, energy, transport and disaster management must align their programmes and data standards with the municipal backbone so that coordination in local geographies becomes routine rather than episodic.

Given previous abuses in the procurement system, a higher-than-usual set of standards for procurement transparency and oversight of the municipal digital backbone components should be put in place.

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Chapter 6. Citizen and community relations: from participation to collaboration and partnering

6.1 What is working

Across the country, municipalities and councillors still do the day-to-day work of listening, responding and solving problems with communities, often under intense pressure. There are places where ward-based engagement has helped to identify urgent priorities, unblock service issues, and build local agreements about how to use limited resources. The use of WhatsApp groups in municipalities often provide the platform for these engagements. Ward committees have been established, with some functioning as constructive channels between communities and municipalities, and community engagements as part of the integrated development planning (IDP) process are held.

In some municipalities, civil society organisations, faith-based groups, business forums, resident associations and community-based structures already play a practical role in improving local outcomes, for example, by supporting clean-up campaigns, reporting faults, monitoring projects, and helping with civic education. There are also tested approaches that show what can work when engagement is structured and continuous, including facilitated citizen-engagement workshops with community leaders, ward committee members and civil society; direct observation of IDP meetings to pinpoint what enables meaningful participation; and practical citizen-centred collaboration tools developed through the PARI/SALGA/Integrity Action COMPACT programme such as the Local Government Collaboration Model, Community Participation Index, and Citizen-Based Monitoring approach.

This White Paper builds on these strengths. It does not start from the assumption that communities are disengaged or disinterested or that municipalities cannot partner. Research has shown that communities want to engage more with municipalities, desire more meetings, and want consistent and transparent feedback. It starts from the reality that the current relationship is too often broken and that repairing it , and establishing mutual respect and trust are essential to democratic legitimacy, service outcomes, and the social contract that underpins development, payment, compliance and cooperation in municipalities.

6.2 Why change is necessary: problem statement and root causes

The evidence base and public submissions point to a deep participation, relationship and trust crisis. Many residents experience participation as a compliance or tick-box exercise, aimed at meeting legal requirements rather than shaping decisions. The IDP process is top-down and community participation is tokenistic.

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When people cannot influence plans, cannot access clear information, and cannot get a response to complaints, frustration spills into cynicism or protest, and, in some places, vandalism or intimidation becomes part of public culture.

The root causes are not simply “poor communication”. They sit deeper in how the system is designed and run and the attitudes and behaviours of those who run it. The myriad challenges facing municipalities have caused councillors and officials to alienate themselves from communities, which exacerbates the situation.

First, many municipalities still treat “the community” as recipients of services, not as partners in governance. This attitude shows up in one-way announcements, defensive responses to criticism, and limited follow-through on commitments. Where community mandates are perceived by municipal leaders as not always genuine, and where civil society voices are seen as coming from “unelected gatekeepers”, the result is a cycle of mistrust and escalation rather than joint problem-solving.

Second, participation is often concentrated in formal events linked to the IDP and budget cycle, with little year-round engagement. When consultation happens late, with poor advertising, inaccessible technical documents and limited time for engagement, it becomes performative and hollowed out. Residents are left without a clear line of sight between what they said and what the council decided. There is very often no feedback provided to communities throughout the entire year. This weakens legitimacy and encourages the perception that inputs are not taken seriously and that decisions are predetermined.

Third, transparency is too often reactive. Communities struggle to access, ahead of time, basic information about budgets, projects, contracts, land-use decisions, audit findings, and disciplinary outcomes. Public submissions repeatedly raised incomprehensible budgets and land-use decisions as drivers of declining trust, alongside one-way communication that is technical and inaccessible. The Constitution already requires open municipal governance in key respects, including that councils conduct business openly and that municipal bylaws must be accessible to the public. Yet in practice, the standard is uneven.

Fourth, complaint resolution is often weak. Residents report that queries and complaints disappear into obscure systems, with no feedback and no clear escalation. When there is no reliable channel to log, track and resolve faults, billing disputes, or service complaints, everyday frustrations accumulate into a wider legitimacy crisis. This directly affects willingness to pay, compliance with bylaws, and the ability of municipalities to mobilise communities around shared priorities.

Fifth, civic education and inclusion are insufficient. Submissions highlight barriers for youth, women, informal settlement residents, people with disabilities, and rural and indigenous communities, including costs of participation, distance, language, safety concerns, access and meeting formats that exclude working people. Without deliberate inclusion by design, participation

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tends to privilege organised, resourced voices across suburban wards and can deepen local inequalities.

Trust also breaks down when communities experience integrity failures and see little consequence management, which in turn weakens participation and fuels conflict. At a general level, ongoing public evidence and allegations of corruption, nepotism and fraud in municipal politics and administration, combined with a widespread belief that wrongdoing goes unpunished, have hardened public cynicism and eroded trust between communities and municipalities.

The cost of not improving relational governance is high. A municipality cannot deliver reliable services, enforce bylaws fairly, or sustain revenue collection without public trust and functional channels for engagement and redress. The democratic project of local government is also at stake, as voter disillusionment grows and the relationship between municipality and community becomes adversarial rather than developmental.

Ward committees were envisaged in the 1998 White Paper as the primary, ward-based mechanism through which communities could participate in local government in a practical, continuous way. The idea was to make participation routine rather than exceptional, so that people could help shape priorities, raise problems early, and strengthen accountability between elections through a structured relationship with councillors and the municipality. In law and in practice, however, ward committees are not a universal feature of local government everywhere. They are not compulsory in every municipality, and where they do exist their statutory role is narrow. They are advisory bodies that may make recommendations to council on matters affecting the ward. This matters because many communities expect ward committees to have influence over decisions, yet the system is designed mainly to channel advice and information, not to exercise power.

Public submissions reflect how far many ward committees and other ward-based structures have drifted from the original promise. They are often described as weak, politicised, under-resourced, or captured, and as spaces where participation is uneven and certain interests dominate while other groups remain excluded. The credibility of the system is also undermined where meetings do not happen regularly, where feedback is poor, where committees operate as an extension of party structures, or where committee members lack the support and skills to engage meaningfully with municipal plans and performance.

At the same time, the national local government system does not currently produce a clear, comparable picture of what is working and what is not. There is no consistent national monitoring of ward committee functionality and performance, and no shared set of practical indicators that allow municipalities, provinces and national government to see patterns across municipalities. In the absence of reliable data, debates about reform are driven by examples and perceptions, rather than by an agreed diagnosis of the causes of success or failure.

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A note on wards and ward-level participation: wards are demarcated primarily as electoral units, not as planning or service-delivery areas, which typically operate across much larger functional geographies. Ward-level participation can therefore be limited when issues and solutions depend on cross-ward coordination and synergies.

6.3 Policy intent: objectives and principles

The constitutional objects of local government include democratic and accountable government for local communities and encouraging the involvement of communities and community organisations in local government matters. Chapter 6 gives practical effect to these objects by repositioning citizen and community participation as an ongoing relationship, not an annual or *ad hoc* event.

The policy intent is to:

6.3.1 Shift participation from episodic consultation to ongoing partnership, recognising residents as voters, service users and organised development partners, and enabling practical joint action on priority issues.

6.3.2 Strengthen ward-based participation as a reliable minimum standard, with inclusive representation, regular meetings, access to information, municipal support and clear routes into IDP and budget decisions, including written feedback and tracked follow-up, while also enabling structured cross-ward coordination on shared priorities and projects that span functional service and planning areas.

6.3.3 Make transparency the default, using practical open-data and dashboard standards and community monitoring of infrastructure projects so residents can see plans, spending, delivery and backlogs at municipal and ward level in accessible formats.

6.3.4 Institutionalise two-way communication and citizen care, treating complaints, queries and feedback as governance signals that drive maintenance response, management action and council oversight through clear standards, escalation routes and feedback duties.

6.3.5 Use digital tools to strengthen accountability between elections, enabling project tracking, service experience rating and escalation, introduced progressively and supported by other spheres of government, while complementing face-to-face engagement and not excluding communities affected by the digital divide.

6.3.6 Rebuild civic education and inclusion, improving practical understanding of rights, responsibilities, municipal processes and trade-offs, and designing participation that reaches marginalised groups through accessible methods, local languages, trusted intermediaries and stronger relational skills among councillors and municipal officials.

6.4 Policy proposals: the core policy shifts

South Africa already has an established policy and legislative foundation for public participation. The 2007 National Policy Framework for Public Participation and Chapter 4 of the Municipal Systems Act set out clear obligations for municipalities to enable community involvement through participation mechanisms, access to information, consultation processes and feedback. The

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challenge is therefore not the absence of policy intent, but the limits of an approach that has too often reduced participation to procedural compliance rather than meaningful influence, shared problem-solving and mutual accountability. This revised White Paper does not seek to restate or duplicate existing provisions. Instead, it proposes a deliberate shift from participation as periodic consultation to partnering and collaboration as an ongoing way of governing, while strengthening and updating existing legislative provisions so that minimum standards for inclusion, transparency, feedback and responsiveness are clearer, more enforceable and more consistently applied across the system.

This chapter focuses on six linked policy areas. Each is described with what must change, who must do what, and why it will improve outcomes.

6.4.1 Shift from consultation and participation to collaborative governance

The starting point is for municipalities to view the diverse components of the community of the municipality as potential partners rather than adversaries and to manage community relations as continuous collaboration and partnering, not periodic consultation. This means engaging residents in their full set of roles as (1) voters who hold leaders accountable, (2) service users who experience service delivery performance daily, (3) policy participants who help shape priorities, and (4) organised partners who can mobilise capabilities and resources for problem solving, local development and economic sustainability.

Voters who hold leaders accountable	**Service users who experience service delivery performance daily**	**Policy participants who help shape priorities**	**Organised partners who can mobilise capabilities and resources**

Table 1: Citizens need to be able to participate on the basis of quadruple roles

A municipal partnering implementation framework (as developed by the Local Government Partnering Tool and other similar partnering frameworks and methodologies) can provide a practical method for making this shift. It moves the municipality from tick-box participation to coordinated, issue-focused collaboration and partnering by aligning the “top-down” authorising environment (policy, regulation, planning and resource allocation) with the “bottom-up” mobilising environment (residents' associations, civil society, faith-based groups, business and local institutions).

Working through a simple change cycle of analysis, engagement, planning, co-creation and co-implementation, the framework helps municipalities and partners to agree on a shared problem statement and priorities, build relationships and map stakeholders, select feasible joint actions and quick wins, and then deliver through partnerships with clear roles, regular engagement,

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transparent communication and mutual accountability, so that trust is built through visible follow-through and early results rather than talk alone.

Partnership implementation must be owned in practice, not “complied with” on paper. Municipal councils should set the tone by endorsing an “all of society” partnering approach as part of how the municipality governs and then holds the executive and administration accountable for follow-through, not simply for the number of meetings held. Mayors and MMCs should use the framework to identify a small number of priority issues where joint action with partners is realistic and to create safe, inclusive spaces for engagement that are not party-political gatekeeping exercises. Municipal managers and senior managers must do the operational work: assign clear accountability, resource the engagement function properly, integrate partnering commitments into IDP, budget and performance systems, and ensure that feedback loops are routine and honest, including when the municipality cannot do what communities want. The office of the speaker in a municipality plays a crucial role and sets the tone for how councillors engage with ward committee members and communities. However, the function of community participation and partnering should also be included in municipal manager and senior manager performance contracts, as officials also need to take responsibility for collaborative governance.

Provinces and national government should enable rather than prescribe by providing practical partnering templates, training and coaching, and by monitoring whether municipalities are building functioning relationships and solving problems, rather than auditing files for “public participation” paperwork. Community partners, including residents’ associations, civil society, business, faith, and local institutions, must show up consistently, organise inclusively, and work to agreed ground rules that prevent intimidation and capture, while also taking responsibility for what they commit to in joint actions. The discipline across all parties is to keep the framework as a lived way of working, focused on priorities, roles, and results, and to avoid turning it into dialogue processes with no outcomes or another legislative checklist that rewards form over substance.

6.4.2 Improving ward-level participation, oversight and accountability

The immediate priority is to strengthen the basics in every ward-based participation arrangement. Municipalities should carry clearer obligations to support and resource participatory structures properly, including access to information in plain language and relevant local languages, predictable meeting schedules, administrative support, and structured capacity-building. Minimum safeguards against partisan capture should be non-negotiable, with clear representativity requirements so that committees and forums genuinely reflect the diversity of interests in the ward. Just as important, there must be formalised routes into the IDP and budget processes so that ward priorities are logged, responded to in writing, and tracked, rather than disappearing into general consultation reports. The role of the ward councillor in convening meetings, reporting back, and driving issues through council processes needs to be strengthened, alongside clearer accountability for the speaker’s oversight of public participation systems.

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Where established, sub-councils (or equivalent area-based structures) should be used to convene joint ward forums and coordinate shared priorities and projects across wards, with clear routes into the IDP, budget and implementation tracking systems.

Where municipalities have not opted for ward committees, they have generally put other formal participation arrangements in place, such as IDP representative forums, development forums, ward forums, sector forums, and various local partnerships. These structures differ in quality and influence, but their existence confirms that participation is already multi-channel in many places, and that reforms should strengthen *public participation as a system* rather than assume a single model will work everywhere.

Even with these improvements, frustration will remain if ward committees are limited to advice that can be ignored without consequence. The White Paper should therefore open a pathway to consider expanding the role of ward committees, and potentially other ward-based structures, beyond a purely advisory function. This could include defined participatory and monitoring powers in law, such as mandatory consultation requirements on IDPs, service plans and budgets, and a clearer role in monitoring local service delivery commitments and municipal performance. Any strengthening of ward-level roles must preserve council decision-making authority and avoid creating parallel decision-making structures; the intent is stronger consultation, monitoring and follow-through, not a transfer of delegated powers. Experience in the City of Cape Town that uses sub-municipal structures such as sub-councils suggests that decentralised participation can be linked to real decision-making and oversight when delegations, roles and accountability lines are clearly defined.

Before any legal expansion is finalised, the system needs better evidence. Municipalities should establish a ward functionality dashboard with sample checks and community verification. The indicators should be simple and consistently applicable, testing whether ward-level structures meet as scheduled, whether notices, minutes and action lists are published and closed out, whether participation is inclusive and representative, whether escalation routes work within agreed response times, and whether ward priorities are visibly reflected in the IDP, budget and maintenance plans.

National CoGTA, provincial CoGTAs, and SALGA, together with civil society organisations, should convene bi-annual assessments of the performance of ward-level structures. With credible data in place, government can then make informed choices about where to reform ward committees, where to strengthen alternative structures, and where it is feasible to expand ward-level roles in oversight, participation and accountability.

6.4.3 Transparency by default, with practical open-data and dashboard standards

Municipal transparency must shift from reactive, request-driven disclosure to the proactive publication and dissemination of key information in accessible formats, with clear visibility at ward level, and it should be enabled by the same digital reforms set out in chapter 5. The point is not to flood communities with documents but to provide usable information that helps residents see

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what the municipality planned to do, what it is spending, what it has delivered, and where it is falling short, so accountability and trust can be built on shared facts. Municipalities should therefore use digital platforms and tools, such as public dashboards, e-procurement and contract publication portals, integrated financial and project reporting systems, and a single complaints and service-request platform with turnaround-time tracking, to publish core information routinely: budgets and in-year performance, procurement awards and contract status, project plans and progress, audit outcomes, and disciplinary outcomes.

National and provincial government should support this through clear norms and standards for what must be published and how, and by promoting shared platforms and interoperability so data is reliable, comparable and auditable rather than manually assembled for compliance. Oversight bodies should then use these public dashboards for routine monitoring, shifting attention from paper compliance to visible performance.

The use of technology in deepening democracy will only succeed if communities are able to access these platforms. Many households still face barriers to reliable and affordable connectivity, which contributes to unequal participation in municipal governance processes. Importantly, digital tools must complement, not replace, human access channels, so transparency reaches communities with limited connectivity and does not become another barrier to inclusion.

6.4.4 Two-way citizen care and communication

Citizen care must be institutionalised as a core municipal function, with clear service standards, rather than being left to ad hoc responsiveness that depends on who answers the phone or who happens to be on duty. Municipalities should operate an integrated citizen care and communication system that brings together walk-in service points, a call centre function, WhatsApp or SMS channels and other social media platforms, and online reporting, all linked to service level targets and clear duties to acknowledge, update and close the loop with residents.

To make this work, municipal administrations need to treat complaints and queries as performance data, not as interruptions. Every contact should be logged, categorised and tracked from first report to resolution, ensuring that complainants are always kept informed about the status of the complaint, with published service level agreements for response and turnaround times, and with management action when backlogs or repeated failures point to systemic problems.

Councils, in turn, must require regular reporting on citizen care performance, including ward-level patterns, service-specific bottlenecks and the underlying causes, so that oversight focuses on fixing recurring failures rather than reacting only when protests erupt. Provinces and national government should support implementation by setting minimum, practical norms and enabling shared platforms and support services for smaller municipalities in ways that avoid creating unfunded mandates.

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When a complaints and feedback system is reliable and visible, it reduces everyday frustration, improves maintenance response, and gives the municipality an honest picture of where service delivery is failing. That, in turn, enables targeted management action and helps rebuild credibility because communities can see that problems are recorded, prioritised and resolved within known standards.

6.4.5 Digitally enabled accountability tools that strengthen democratic oversight

Digitally enabled accountability tools should strengthen, not replace, democratic oversight by giving communities practical ways to signal performance, trigger follow-up, and see whether problems are being fixed between elections and beyond formal meetings. The policy direction is to introduce a light-touch, standardised set of tools that municipalities can adopt without creating a new compliance industry, while being realistic that many municipalities, particularly rural and under-resourced ones, will need to implement these tools progressively as digital capability is built and as the digital divide is addressed.

First, municipalities should introduce simple, accessible channels for residents to rate service experience and project delivery at ward level and to submit structured feedback, with results published in short, plain-language dashboards and discussed routinely in council committees. Where digital capacity is limited, this can start with basic mobile channels (SMS or WhatsApp), ward-based reporting points and periodic “community scorecard” sessions, with results captured centrally and published once systems mature. Crucially, this feedback should feed into councillor oversight routines and senior management performance reviews, so repeated patterns (such as unresolved faults, stalled projects or chronic billing errors) trigger improvement plans with timeframes and named accountability, rather than being treated as noise.

Second, every municipality should operate a complaints and query system with published service-level standards for acknowledgement, resolution and escalation, using whatever channels are feasible locally, from walk-in points and call lines to low-data messaging and online portals. The emphasis is consistency and follow-through: clear escalation routes to line managers, the municipal manager, and council portfolio committees when standards are missed, and routine reporting that makes backlogs and bottlenecks visible. Smaller municipalities should not be expected to build bespoke platforms. They should be able to plug into shared tools provided by other spheres.

Third, where feedback and complaints show persistent, credible red flags, municipalities and oversight bodies should enable a practical “citizen-trigger” process to request targeted internal investigations, integrity checks or performance audits, based on defined thresholds and an evidence-based submission. This should be implemented as a governance practice and operational trigger, not as a new statutory entitlement, so it supports consequence management without becoming another tick-box requirement.

National and provincial government must make this workable by providing shared platforms, interoperability standards, cybersecurity and data governance guardrails, and hands-on

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implementation support, especially for municipalities with weak ICT capability. This includes funding models and technical assistance that avoid unfunded mandates, as well as training for councillors and managers on using these tools to drive problem-solving and consequences. Oversight bodies should then use the resulting dashboards and escalation data as part of routine monitoring, shifting attention from paper compliance to visible performance. Finally, because the digital divide remains real, digital channels must complement, not replace, traditional accountability spaces: community meetings, ward engagements and in-person access to council processes remain essential so that accountability tools are inclusive and trusted.

6.4.6 Civic education and inclusion

Civic education and inclusion cannot be treated as an add-on to participation. Over the past two decades, as trust has declined and participation spaces have become more contested, civic education has both weakened as a practice and been crowded out by crisis management and conflict. The result is a vicious cycle: residents who do not understand how decisions are made, what the municipality is legally responsible for, how budgets and tariffs work, or what lawful avenues exist for redress are more vulnerable to misinformation and false promises. At the same time, municipalities that do not explain constraints and trade-offs plainly, especially under affordability stress, lose legitimacy when they make difficult choices. Participation systems must therefore be designed to include marginalised groups and to build practical, everyday understanding of rights, responsibilities, and municipal trade-offs in the languages and formats people actually use.

In a resource-scarce environment, the responsibility for civic education has to be shared and organised, not pushed down to municipalities alone as another unfunded expectation. Municipalities should lead locally by building civic education into annual communication plans and partnering programmes, using low-cost, high-reach channels such as schools, community radio, WhatsApp, pamphlets, ward-based forums, local languages, and trusted intermediaries like faith and community organisations. This is a good opportunity for partnerships with NGOs. NGOs and community organisations are often well-placed to assist with this work, and municipalities should be establishing partnerships with them, rather than viewing them cynically. Councillors and officials should be trained in relational governance so they can facilitate respectful engagement, explain decisions and constraints honestly, close feedback loops, and create an environment for partnering and partnerships.

Provinces, SALGA and CoGTA should carry the enabling burden by developing standard civic education materials and facilitator toolkits, setting realistic inclusion guidelines for different municipal types, and funding or coordinating training-of-trainers so capacity exists beyond a few well-resourced metros. Where possible, this should be delivered through shared platforms and support teams rather than bespoke municipal projects. When residents understand processes, constraints and avenues for redress, it reduces misinformation, strengthens cooperation and improves the legitimacy of difficult decisions, while rebuilding the habits of democratic participation that make accountability work between elections.

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Chapter 7: Improved relationships between elected and traditional and Khoi-San leadership institutions

7.1 What is working

South Africa has an extensive constitutional and legislative framework that recognises both elected local government and traditional and Khoi-San leadership institutions as legitimate components of the governance system in rural and peri-urban areas. Traditional leadership is recognised in the Constitution, and subsequent legislation has affirmed the role of traditional and Khoi-San councils in matters of customary governance, land administration on communal land, dispute resolution, cultural preservation and community representation. This recognition provides an important foundation for cooperation between municipalities and traditional and Khoi-San leadership institutions within a system of cooperative governance.

In practice, there are municipalities where constructive working relationships have been established and where collaboration has delivered tangible benefits. Where traditional and Khoi-San leaders participate meaningfully in municipal councils, committees, Integrated Development Plan processes and spatial planning engagements, municipalities benefit from local knowledge, community legitimacy and early identification of risks and priorities. In these contexts, engagement moves beyond formal consultation towards shared problem-solving, particularly in relation to land identification, settlement expansion, service rollout and the sequencing of infrastructure investment.

Beyond land-use planning and formal participation processes, traditional and Khoi-San leadership institutions already make important, though often under-recognised, contributions to local governance and service delivery. In many rural and peri-urban areas they play a practical role in maintaining social cohesion, mediating disputes, mobilising communities around service delivery initiatives, assisting with beneficiary verification, and supporting public health and social programmes, including responses to gender-based violence. These functions draw on local legitimacy, customary authority and proximity to communities, and can significantly enhance municipal effectiveness when properly aligned with formal systems. In some areas, traditional institutions have also supported heritage- and tourism-linked local economic development initiatives, contributing to place-based development and income generation. Where governance safeguards, accountability arrangements and clear mandates are in place, these contributions can be more deliberately integrated into municipal local economic development strategies, strengthening outcomes while remaining consistent with democratic accountability and the municipal planning framework.

There are also promising institutional developments that can support deeper collaboration. The progressive expansion of traditional and Khoi-San councils to include elected members, with specific emphasis on the inclusion of women and youth, creates opportunities to strengthen democratic accountability, improve representivity and build bridges between customary governance structures and ward-based municipal systems. Where these reforms are taken

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seriously and supported, they can provide a stronger platform for ward-level cooperation and for integrating customary and municipal governance practices.

7.2 Why change is necessary: problem statement and root causes

Despite a sound constitutional foundation and pockets of good practice, collaboration between municipalities and traditional and Khoi-San leadership institutions remains uneven and weakly institutionalised. In many areas it depends on personalities and local goodwill rather than clear rules, predictable ward-level processes, and mutual accountability for outcomes.

A central problem is that the requirement to establish and maintain these relationships is not framed as an enforceable obligation within the local government system. While consultation and participation are repeatedly emphasised in policy and legislation, there is limited clarity on the required standard, timing and substance of engagement, and no consistent consequences when municipalities or other actors fail to comply.

Another challenge is that, while municipalities operate within a defined fiscal and funding framework, traditional councils have no clear, consistent funding regime from the state. In practice, this means many traditional councils function without basic administrative capacity. They often lack dedicated staff, suitable offices, the ability to pay operating costs such as electricity where offices exist, and the basic tools of trade required to perform their statutory roles. This gap is a significant and recurring source of friction between municipalities and traditional leadership institutions, particularly in areas where effective coordination is required for planning, service delivery and development management. Without a clear and sustainable funding regime for traditional councils, these tensions will persist and the effectiveness of partnership arrangements will remain uneven.

Roles and responsibilities are poorly defined and inconsistently understood. Traditional and Khoi-San leadership institutions are recognised in constitutional and statutory terms, but their functional role within local governance, particularly in relation to planning, land-use management and service delivery, remains ambiguous. This ambiguity is compounded by contradictions and gaps across key pieces of legislation, including the Municipal Systems Act, SPLUMA and the Traditional and Khoi-San Leadership Act. In land-use management and development planning, overlapping mandates between municipalities and traditional and Khoi-San councils create confusion, contested authority and, in some cases, open conflict.

A further core problem is structural rather than merely procedural: boundary overlaps between traditional and Khoi-San leadership jurisdictions and municipal boundaries are often built into the system, not an incidental coordination failure. Traditional council areas can span multiple municipalities, and municipal wards can include communities that relate to different traditional structures. This creates duplicated authority signals, contested accountability, and practical fragmentation in planning, consultation and service delivery unless deliberate joint governance mechanisms are in place. In these contexts, municipalities may consult different traditional

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councils for the same geographic area or service corridor, traditional leaders may engage multiple councils and administrations with differing rules and priorities, and communities receive mixed messages about land allocation, development approvals and service responsibilities. Without structured inter-municipal and inter-council coordination arrangements, boundary misalignment can therefore undermine the coherence of IDPs, spatial plans and infrastructure roll-out, and can heighten the risk of disputes, delays and uneven service outcomes across functionally connected areas.

Implementation is further undermined by fragmented institutional arrangements at national and provincial level. Overlapping responsibilities between departments responsible for local government, land reform, traditional affairs and rural development result in inconsistent guidance, uneven enforcement and a lack of coherent support to municipalities and traditional institutions. As a result, collaboration depends heavily on personalities and local goodwill rather than on predictable systems and rules.

At local level, participation by traditional and Khoi-San leaders in municipal structures is often experienced as peripheral and ineffective. In some municipalities, attendance at meetings and the payment of stipends have become the dominant features of participation, rather than meaningful influence on decisions. This contributes to frustration, undermines the dignity and status of traditional and Khoi-San leadership, and reinforces perceptions of tokenism rather than partnership. Ward committee processes frequently operate in parallel to customary governance structures, with no formal mechanism to integrate discussions, decisions or minutes, weakening democratic deepening at community level.

Weak collaboration has particularly serious consequences for land-use management. In many areas, land allocation and subdivision on communal land occur informally through family and community processes, often without reference to municipal land-use plans or technical constraints. Once structures are built, it is rarely possible to reverse land-use decisions, even where settlements are in flood plains, environmentally sensitive areas or land reserved for infrastructure and public facilities. The absence of structured ward-level collaboration between municipalities and traditional and Khoi-San councils makes it difficult to align local land decisions with planning requirements and safety directives.

The consequences are severe and well documented. Poor households are exposed to avoidable risks, including flooding and environmental hazards. Municipal infrastructure programmes are delayed, redesigned or abandoned at significant cost because land required for bulk services or facilities has been occupied informally. In some cases, lives and property have been lost due to settlement in unsafe locations, reflecting a systemic failure of governance rather than isolated non-compliance.

Finally, capacity constraints on both sides exacerbate these problems. Many traditional and Khoi-San leaders lack access to technical skills, information and training required to engage effectively in complex municipal planning and regulatory processes. At the same time, many councillors and officials do not sufficiently understand or value the role of customary governance, leading to

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dismissive attitudes and weak engagement. Without deliberate investment in mutual capacity, clearer institutional rules and enforceable collaboration mechanisms, the dual governance system will continue to generate friction rather than collective impact.

There are wider issues to be resolved. Co-existence between two systems in the same area is made more difficult when traditional governance is recognised, but the role, powers, functions and funding mechanisms of traditional councils remain unclear. This discussion belongs primarily in a White Paper on Traditional Governance rather than a White Paper on Local Government. A core principle for co-existence should be to prevent overlaps in the powers and functions of the two systems to avoid blurred accountability.

7.3 Policy intent: objectives and principles

The policy intent is to establish a clear, enforceable and mutually accountable framework governing the relationship between municipalities and traditional and Khoi-San leadership institutions, so that collaboration moves from discretionary consultation to structured cooperation that strengthens land use management, service delivery coordination and democratic practice. The framework must clarify roles, standards and obligations, create predictable relationships at ward level, and support meaningful contribution to development outcomes within a single system of local governance in which executive authority remains vested in elected municipal councils.

To give effect to this intent, the policy proposes a compliance framework that defines the nature, timing and minimum standard of engagement between the two institutions and operates as a formal compact to which both are committed. The compact should be practical and implementable, linked to municipal planning and performance systems, and designed to reduce uncertainty and conflict. It should also enable the integration of traditional and Khoi-San land use practices and protocols into municipal planning and regulatory processes in a manner consistent with constitutional principles, spatial plans and public safety requirements.

A core objective is to enable early, ward-level collaboration where guidance and corrective action are still possible. This includes supporting the implementation and monitoring of land use management plans through ward-based information-sharing, joint oversight and timely intervention, so that non-compliant land allocation and settlement activities can be addressed before permanent structures or physical barriers are established. This ward-level focus is intended to reduce avoidable risks to communities, strengthen compliance with planning directives, and prevent costly disruptions to infrastructure investment and service delivery programmes.

The policy also seeks to refocus institutional collaboration as a mechanism for deepening democracy. By strengthening ward-level engagement and improving alignment between customary governance processes and municipal participatory structures, the framework aims to expand meaningful community participation, reinforce accountability, and ensure that planning and service delivery decisions reflect the lived realities of all residents, including those on

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communal land. In doing so, it should strengthen the legitimacy of local decision-making and reduce the perception that participation is symbolic or limited to meeting attendance.

A further objective is to reduce development and service delivery costs associated with delays, blockages and redesign caused by conflicting or unreconciled land use decisions. Clearer rules, earlier intervention and coordinated action should improve predictability, reduce disputes and support more efficient use of public resources.

To give effect to this intent and support constructive, workable relations between traditional councils and municipalities, the White Paper recommends that the funding regime for traditional councils as statutory structures in local governance be clarified. This will ensure that traditional councils have the minimum administrative capacity and operational resources required to perform their statutory functions, engage effectively in municipal planning and development processes, and support the delivery of services and development initiatives in their areas.

The relationship between municipalities and traditional and Khoi-San leadership institutions should be defined in sufficient detail to support functionality and performance. This includes clarity on roles, standards of engagement, clear funding regime, dispute-resolution pathways and accountability mechanisms, supported by explicit commitment from both institutions to the agreed framework.

Levelling the institutional playing field is essential for meaningful collaboration. Traditional and Khoi-San leadership institutions should be supported to achieve full recognition and functionality, including establishing required structures such as ward-level committees and strengthening inclusive representation, including women and youth as envisaged in law.

Capacity development is a core enabler of compliance and effective collaboration. Targeted support and training should strengthen understanding of land use management, municipal planning and regulatory requirements, and build mutual competence and respect across institutions so that collaboration is informed, credible and outcome-oriented.

Cooperative governance principles should guide implementation. The framework must respect distinct mandates and avoid creating parallel authority, while enabling collaboration, coordination and joint problem-solving in areas of shared impact, especially land use management, disaster risk reduction, and infrastructure and service delivery planning.

The principle of equity in terms of contributions to rates and taxes is important. Functionality, proportionality and value for money should remain central. Collaboration should improve service delivery outcomes, reduce risk and lower costs, rather than absorb scarce resources through ineffective or symbolic engagement. Institutional arrangements should therefore be practical, outcome-focused and aligned to the core business of development and service delivery.

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7.4 Policy proposals: the core policy shifts

The central policy shift is to move from loosely defined consultation and participation arrangements toward structured, enforceable partnerships between municipalities and traditional and Khoi-San leadership institutions, grounded in local government functionality and democratic accountability. Current arrangements rely heavily on goodwill, custom and informal practice, with limited clarity on roles, standards, or consequences for non-compliance. This has reduced collaboration to symbolic participation, eroded the dignity of traditional and Khoi-San leadership, and failed to prevent land-use decisions and settlement patterns that undermine development, service delivery and public safety.

7.4.1 Binding local compacts

To address this, the White Paper proposes the establishment of a Municipality–Traditional and Khoi-San Council Compact in every municipality where traditional or Khoi-San leadership is recognised. Compacts should focus on priority areas of shared concern, particularly land-use planning and management, settlement regularisation, infrastructure development, service delivery coordination and local economic development, rather than attempting to cover all municipal functions. The Compact should function as a formal cooperation instrument rather than a consultative forum. It should define representation, joint decision-making processes, information-sharing obligations, dispute-resolution mechanisms, and performance review arrangements.

To ensure that these partnerships shape real outcomes, Compacts should be formally linked to the IDP and the Service Delivery and Budget Implementation Plan and annexed to these instruments with named projects, budgets, milestones and responsible officials. This embeds traditional and Khoi-San leadership participation directly into municipal planning, budgeting and implementation cycles, reduces the emergence of parallel authority systems, and creates a clear line of accountability within existing municipal governance structures. Consistent with constitutional principles, executive authority remains with elected municipal councils, while traditional and Khoi-San institutions participate through agreed, delegated and cooperative arrangements rather than through separate spheres of government.

The Compact should also include explicit accountability safeguards for economic development initiatives and engagements with private-sector actors, particularly where projects involve land, natural resources or long-term revenue streams. In contexts where accountability frameworks are weak, traditional and Khoi-San leaders may be drawn into, or be perceived as party to, unilateral or opaque economic arrangements that lack meaningful community consultation, undermining legitimacy and generating conflict that ultimately delays development and service delivery. To mitigate these risks, the Municipality–Traditional and Khoi-San Council Compact should require standard safeguards, including clear conflict-of-interest declarations by all parties, transparent disclosure of material private-sector agreements, and explicit compliance with strengthened consent and consultation requirements as required by law and policy. Embedding these safeguards within the Compact protects communities, strengthens the integrity of traditional and

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municipal leadership, and provides greater certainty to investors by ensuring that local agreements are lawful, transparent and socially legitimate.

Finally, the Compact should reframe the purpose of the relationship itself. Instead of undefined "common interests", the relationship between municipalities and traditional and Khoi-San councils is anchored in local government functionality, value for money and public accountability. Collaboration is assessed by whether it improves planning quality, accelerates implementation, reduces conflict, lowers development costs and strengthens community safety and resilience. By grounding cooperation in enforceable processes, ward-level action and measurable outcomes, the proposed policy shift transforms the relationship from a tick-box exercise into a practical instrument for inclusive, functional and sustainable local governance.

7.4.2 Funded local compacts

A related policy shift is to fund the local partnership model. A dedicated Compact-linked funding stream should be created within existing infrastructure and service delivery grants, such as MIG, WSIG, RBIG and INEP to incentivise partnering and collaboration. Access to these funds should be conditional on the existence of a compliant Compact and evidence of implementation, including reporting through section 46 performance reports. This introduces enforceability without creating new unconditional transfers and ensures that public resources flow only where lawful, accountable and functional collaboration is in place. Conditions should be designed to incentivise compliance without withholding life-and-safety critical investment from communities and should include remedial support where compacts are weak or disputed.

7.4.3 Dispute resolution roles

An additional policy shift is to introduce a structured, system-level dispute-resolution role for Provincial Houses of Traditional and Khoisan leaders, working in partnership with provincial departments responsible for local government. While local Compacts should include dispute-resolution mechanisms for operational issues, some disputes – particularly those relating to boundary overlaps, competing jurisdictional claims, or stalled development projects affecting multiple wards or municipalities – require a credible, neutral forum above the municipal level. The policy should therefore empower Provincial Houses, supported by provincial CoGTA, to act as designated mediation platforms for such disputes, guided by nationally issued statutory mediation norms and procedures to ensure consistency, fairness and due process across provinces. This would provide an accessible, culturally legitimate and administratively coherent mechanism to resolve disputes early, reduce escalation into project stoppages or litigation, and protect service delivery and infrastructure investment while preserving the constitutional authority of elected councils.

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7.4.4 Enforceable spatial planning procedures

Land-use management is a critical area where current policy has not adequately integrated traditional and Khoi-San systems and indigenous knowledge into municipal planning and land-use decision-making. The proposed policy shift therefore requires clearer and enforceable Spatial Planning and Land Use Management Act, 2013 (SPLUMA) procedures that recognise the advisory role of traditional and Khoi-San councils in customary land areas, while retaining final decision-making authority with municipalities. SPLUMA regulations (or national norms) should require early, documented consultation on land-use applications affecting communal land, including a proof-of-consultation report that records inputs, municipal responses, and any changes made to the proposal. Procedures should also permit oral representations (with interpretation where required) before Municipal Planning Tribunals, and require decisions, Spatial Development Frameworks and Land Use Schemes to explicitly demonstrate how such inputs were weighed and addressed (including reasons where they are not accepted). This creates a predictable, lawful pathway for culturally and tenure-sensitive inputs, reducing conflict and ad hoc decision-making.

7.4.5 More effective participation processes

Participation itself in municipal council structures must be reframed from attendance-based engagement to substantive, outcome-oriented involvement. Participation by traditional and Khoi-San leaders in terms of section 81 of the Municipal Structures Act should be operationalised through minimum national standards, including advance circulation of agenda packs, formal recording of inputs and responses in minutes, and participation in committees relevant to planning, infrastructure, service delivery and finance. This restores the dignity and relevance of their participation and ensures that engagement contributes to decisions rather than merely legitimising them after the fact. The question of who funds participation needs to be resolved.

7.4.6 Institutionalised collaboration at ward level

A decisive shift is also required to institutionalise collaboration at ward level, where land-use decisions and settlement patterns are first formed and where corrective action is still possible. Ward-based members of traditional and Khoi-San councils should be formally recognised as partners in land-use management, with defined responsibilities to guide communities, share information, and support compliance with approved plans. This enables early intervention before structures are built, flood plains are occupied, or infrastructure corridors are blocked, and it reduces the costly delays, stoppages and redesigns that currently undermine development and service delivery.

In the longer term, consideration should be given to giving effect to joint leadership between ward-based structures and traditional councils.

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7.4.7 Two-way capacity-building for mutual understanding

To support this, the policy shift prioritises capacity development for compliance and functionality, particularly in land-use management (see Ch. 3). Traditional and Khoi-San leadership institutions must be assisted to establish and strengthen their internal structures, including ward-level committees, and to build technical understanding of planning law, disaster risk, infrastructure constraints and development processes. Equally, councillors and municipal officials must be capacitated to understand the constitutional role, value and limits of traditional and Khoi-San institutions, so that engagement is informed, respectful and purposeful.

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Chapter 8: Municipal Finance

8.1 What is working

Over the last three decades, South Africa has established a municipal finance system that compares well internationally, enabling significant local decision-making within a generally well-crafted and transparent system of inter-governmental fiscal relations.

Genuine decentralisation is underpinned by municipalities in large parts of the country raising most of their revenue through property rates and fees for services, while a predictable grant system distributes grants from the centre on a technically driven and non-politicised basis. The strong municipalities can borrow from South Africa's well-developed private financial services industry.

Where well administered, the property tax system functions effectively despite signs of strain, while considerable progress has been made on standardised financial reporting and budgeting, backed by sound audit processes. Indeed, it is partly because of this that there is a good understanding of where the local government system is failing, making it easier to develop solutions.

8.2 Why change is necessary: problem statement and root causes

Despite a municipal finance system that is well structured in many important respects, multiple municipalities are facing serious financial distress, while many citizens are struggling to pay for services, or are not paying even if they can.

The financial challenges have two key sets of root causes. Firstly, while the system is generally well structured, administration is poor in many municipalities. Much of this has roots in governance and related problems already discussed in earlier chapters, resulting in inadequate technical skills, political interference in administrative decisions and poor financial decision-making at both political and administrative levels.

This is compounded by failures of national and provincial governments in managing key elements of the local government system for which they are responsible. Their role in monitoring and intervention has generally been inadequate, with problem identification, consequence management and implementation of remedial measures often hamstrung by politicisation of the process.

To ensure sound financial administration, complex administrative requirements have been mandated that have often not met their objectives. Competent municipalities are bogged down in administrative processes that impair effectiveness, while malpractices in incompetent or

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dishonest environments seem to continue regardless. *However, it would be wrong to attribute financial distress to maladministration alone*.

A second set of root causes lies in sustained rises in input costs to municipalities, well above inflation, combined with revenues that have not kept pace. Most devastating has been increases in bulk electricity costs. Even before the start of Eskom's high annual price rises, electricity represented the largest single revenue item on municipal budgets and the largest single item on an average household's municipal account. Yet Eskom tariffs to municipalities are now nine times more expensive (in nominal terms) than they were in 2008, against an increase in general inflation (as measured by CPI) of only one and a half times. Thus, Eskom tariffs have quadrupled in real terms over the period. This has seriously eroded the ability of households to pay not just for electricity but for all municipal services, while also eroding the amounts available to municipalities to cover their own electricity distribution costs and any 'surcharge' that they previously used to cross-subsidise other services. The pressure is seen, inter alia, in failing municipal electricity grids and widespread by-passing of electricity meters and non-payment, especially in poorer areas.

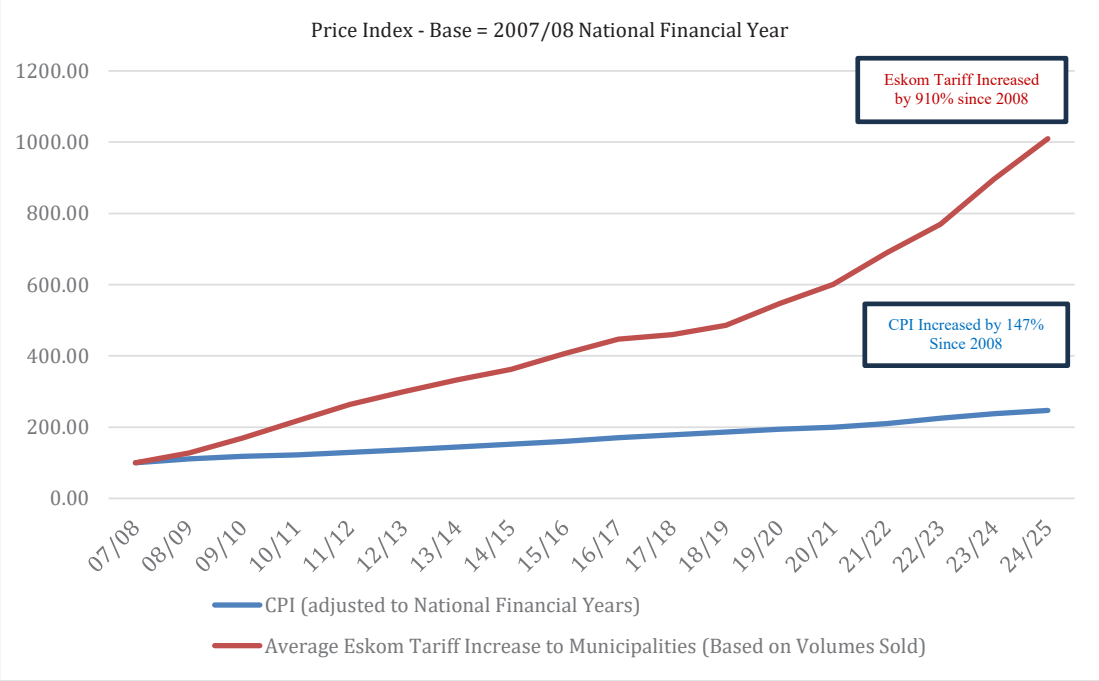

Figure 2: Price Index of Eskom Tariff Increases to Municipalities and Consumer Prices (Source: Eskom Historical Database and Statistics South Africa)

Simultaneously, there have been marked increases in other bulk costs, such as water, with the result that while in 2003/4 bulk service costs represented 47.6% of total service charges (revenues from electricity, water, sanitation and refuse removal combined), by 2023/24 this had risen to 72%, with electricity driving most of the increase. This means that where municipalities were previously able to spend 52.4% of total service charge revenue on running their electricity, water, sanitation and refuse networks together with some cross-subsidisation of other services,

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this has now fallen to 28%, with almost three quarters of all tariff revenue now being paid to Eskom and water boards.

This has been compounded by sustained increases in average real municipal employee costs from R259 714 p.a. in 2005/6 to R431 284 p.a. in 2022/23, although this figure has fallen from its peak in 2020/21.

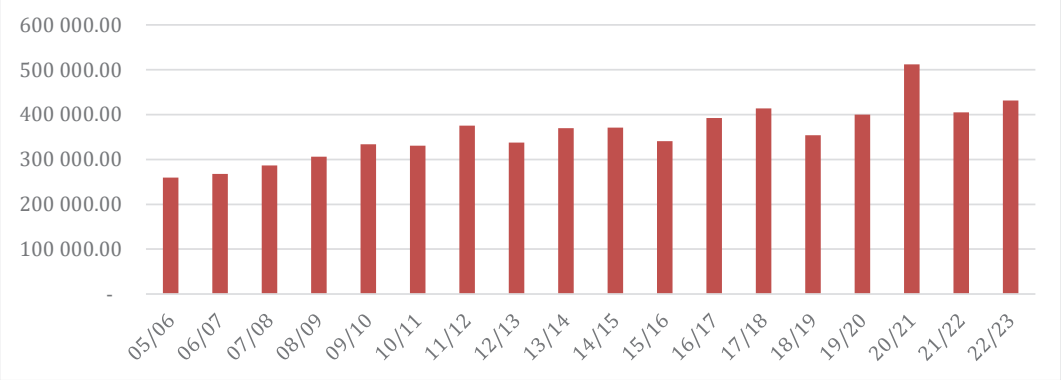

Figure 3: Real Personnel Expenditures per Employee. Source: National Treasury Section 71 Municipal Financial Database (Missing Values Updated with Audited Outcomes from Municipal Financial Statements)

In 2006, Regional Services Council (RSC) levies were replaced by an origin-based share of the fuel levy in metropolitan municipalities and by a grant in district municipalities. Unfortunately, especially in recent years, the fuel levy share has not proven buoyant, with the result that while in 2004/05 RSC levies generated close to half of property rates income in most metros, this figure has now fallen to roughly a quarter, driven by reduced fuel consumption resulting from high fuel prices, more fuel-efficient vehicles, and changing work patterns post-COVID. The changed ratio is also caused by real rises in property rates, which have often borne the brunt of fiscal stress. Further reductions in real fuel levy income can be anticipated in the medium to long term from a switch to electric vehicles. Meanwhile, the disbursement of the RSC levy replacement grant to district municipalities has been complicated by differences in the functions they perform.

When the 1998 White Paper was adopted, own revenues represented approximately 90% of operating revenues nationally. This was not a target but rather the result of the predominance within the system of major cities that raised almost all their revenues themselves. Since then, services have been substantially extended, including to municipalities with a very low revenue base that receive almost all their revenue in the form of grants. Own revenues now represent approximately 80% of operating revenues nationally but range between approximately 91% in the metros and 34% in rural local municipalities.

Laudably, given the context, equitable share grants per capita, which is the main source of grant income to municipalities, have retained their real value since 2011. However, they have not matched the cost increases faced by municipalities. Per capita infrastructure grants have fallen by a quarter since 2011.

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In response, municipalities have relied to an increasing degree on property rates. These have increased in real terms by a very substantial 134% on average across all classes of municipality since 2003/4. This figure is partly driven by new properties coming onto valuation rolls, but mainly by increased real property rates on existing properties. While the property rates system continues to function quite well, especially in the face of these increases, there is increasing evidence of strain.

These pressures have inevitably resulted in an affordability crisis for both households and municipalities, exacerbated by a fall in real household incomes since 2008. Driven by strong migration trends, the fall has been most marked in the metropolitan areas, where average household income, which used to be highest, is now markedly below that of secondary cities.

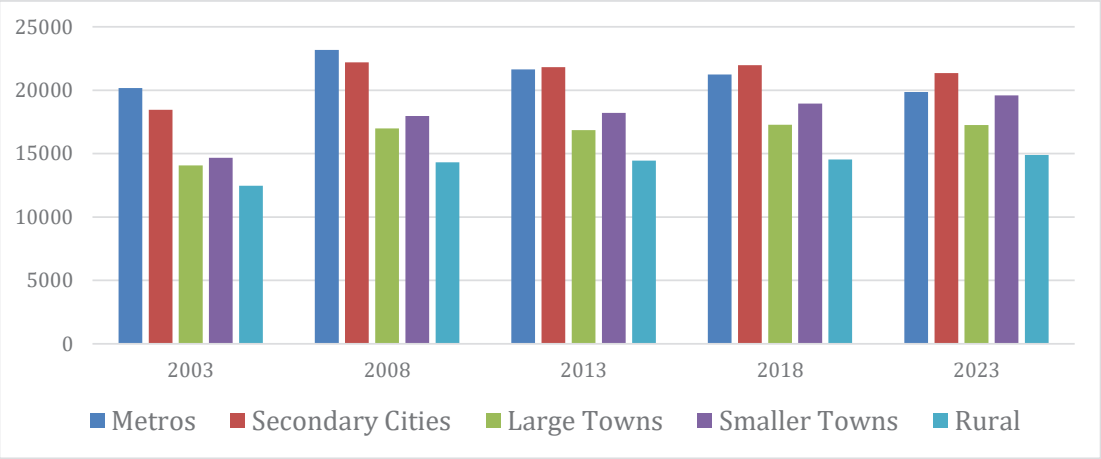

Figure 4: Real Household Disposable Income per Household per Municipal type. Source: Easy Data by Quantec

This in turn is reflected in poor service delivery, such as electricity and water distribution failures, as well as significant increases in debt, especially over the last decade, of both consumers to municipalities and municipalities to their creditors, most notably Eskom. As of 2024/25, total debt owed to municipalities by its customers for services and taxes exceeded R400 billion.

Thus, while the overall model of municipal finance, whereby municipal own revenues are supplemented by national grants, calibrated by ability to pay, remains valid, high input costs, constrained revenues and widespread inefficiencies have resulted in an affordability crisis for many households and severe fiscal stress that must be addressed.

8.3 Policy intent: objectives and principles

The municipal finance system must balance revenue and expenditure while recognising that fiscal design choices shape institutional behaviour, service outcomes and accountability. The four overarching objectives of the system are to: (1) Balance revenue and expenditure; (2) Address basic needs; (3) Promote development and economic growth, and (4) Strengthen accountability The following principles underpin these objectives.

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8.3.1 **Revenue adequacy**: Local government and individual municipalities need adequate revenue instruments to fund their service delivery and expenditure mandates. This requires an appropriate mix of devolved taxes, fees for services and other own revenues, supplemented by intergovernmental transfers.

8.3.2 **Differentiation**: Municipalities differ fundamentally in economic base, geography, demographics and capability. The municipal finance framework must therefore apply differentiation in the assignment of revenue powers, the design and role of grants, the devolution of functions, and the regulation of financial administration so that requirements and instruments match municipal context and performance.

8.3.3 **Sustainability and predictability**: Municipal budgets, expenditure plans and revenue projections must be realistic and sustainable over the short, medium and long term, recognising both structural pressures (exogenous) and performance factors (endogenous). Predictability is essential for planning. Sustainability is also a system responsibility: national and provincial governments and entities such as bulk service utilities materially shape municipal fiscal conditions and must act in ways that support stable, predictable municipal finances.

8.3.4 **Effective and efficient resource use**: The municipal finance system should promote efficient and effective use of resources through stronger accountability mechanisms. Downward accountability to communities is central and is strengthened when municipalities have meaningful own-revenue responsibilities, supported by community engagement and accessible performance and financial reporting.

8.3.5 **Accountability, transparency and good governance**: Accountability and transparency are critical to municipal finance and depend on comprehensive, accurate financial reporting, supported by sound monitoring, performance management and consequence management.

8.3.6 **Performance and incentives**: The system should reward good performance in predictable ways. Incentives that are built into the fiscal framework, rather than dependent on discretionary administrative or political judgement, are more credible and effective.

8.3.7 **Devolved revenues preferred, where feasible, over additional grant funding**: Many objectives are better supported by devolved revenue sources than by increasing grants. Own revenues tend to be more predictable than transfers and strengthen downward accountability through the need to collect revenue locally. Where a municipality has a sufficient economic base, well-designed own revenues also strengthen incentives for growth by expanding the tax base over time. The challenge is identifying suitable instruments that are administratively feasible and economically sound.

8.3.8 **Equity and redistribution**: Own revenues alone cannot deliver equity and redistribution. The system must enable basic needs to be addressed on an affordable basis for households, municipalities and the national fiscus. While local cross-subsidisation is appropriate where feasible, national government remains the primary agent of redistribution through intergovernmental transfers, with the local government equitable share as the core instrument.

8.3.9 **Promotion of economic growth, development and investment**: Municipalities are critical to growth, not through direct investment in economic activity, but through providing a reliable platform of services and an enabling environment for private investment. Since

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growth will be uneven, the fiscal framework should allow areas that generate growth to share in the resulting revenues through appropriate instruments. This strengthens incentives for investment and service reliability in growth nodes, while enabling a greater share of transfers to be directed to municipalities with weaker economic bases and higher poverty.

8.3.10 **Macroeconomic management and fiscal resilience**: Municipal finances operate within the national macroeconomic framework and should support macroeconomic stability. Economic downturns affect all spheres. The system should be capable of managing fiscal shocks and limiting pro-cyclical stresses on municipal service delivery and infrastructure maintenance.

8.4 Policy proposals: the core policy shifts

The crisis of affordability of municipal services and fiscal distress in the local sphere must be addressed, but it is unrealistic to believe this can be done simply by increasing grants from national to local government. First, national government does not have the fiscal space to do so without squeezing other critical services such as education, health and policing. Second, given the extent of maladministration in parts of the system, there is no guarantee that increased transfers would translate into improved services or better financial discipline.

The solution must therefore lie primarily in structural reforms that are largely revenue neutral for national government but that improve efficiency, strengthen accountability and, over time, support higher levels of economic growth. Any additional resources available in the short term should prioritize enabling these reforms and stabilizing the most distressed municipalities in ways that do not create perverse incentives. As growth is achieved, additional revenues can then be generated for redistribution to poor households and to those parts of the country most in need.

Nine proposals are set out below, each with several components.

8.4.1 Differentiate better amongst municipalities

The need for differentiation has already been highlighted (see Ch. 2) and applies across many aspects of municipal finance. It requires that there be a clearer understanding of both geographical, economic and social context as well as municipal performance and the translation of this into differentiated municipal finance policy responses.

Well-designed own revenues are a better source of local revenue than grants from the centre because they can strengthen local accountability and reward growth. But a combination of own revenues and grants is required, applied differentially across the country. The metropolitan and secondary cities account for almost three-quarters of all gross value added nationally, so the scope for raising revenue through devolved instruments is much greater here than elsewhere, although some rural areas also have potential given the economic importance of mining, agriculture and nature-based tourism.

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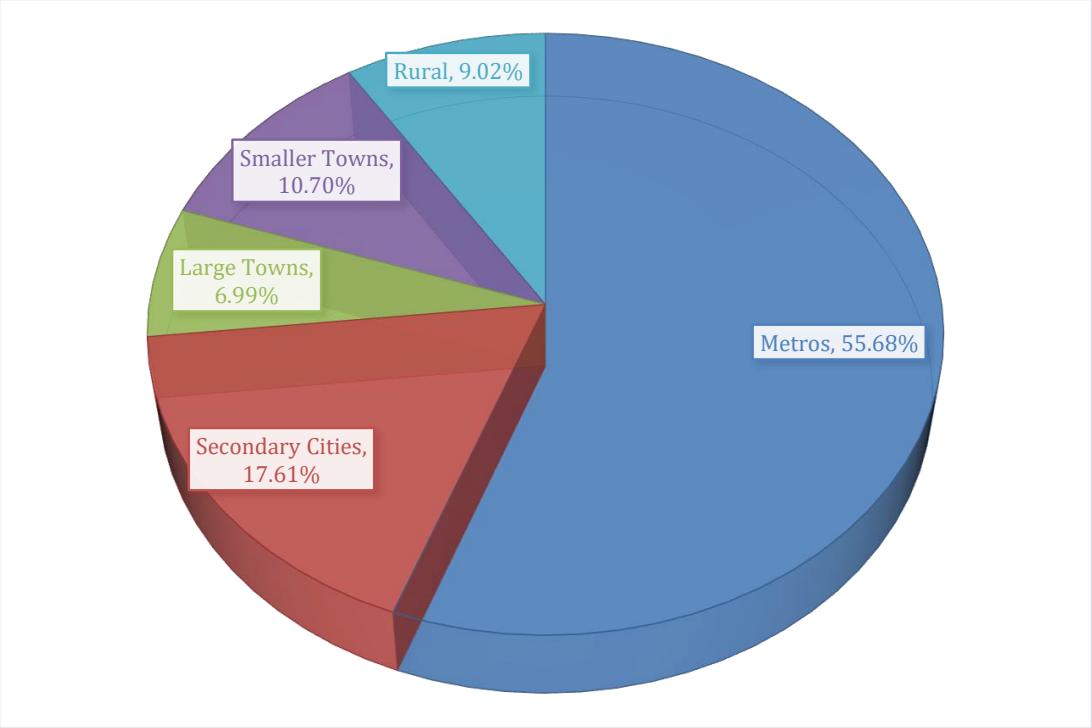

Figure 5: Gross Value Added per Municipal Type (2023). Source: Easy Data by Quantec.

Policy proposals discussed in Ch. 2 stress the need for differentiation in municipal types as well as in municipal functions. Municipal finance must be differentiated accordingly. Devolution of functions should preferably be accompanied by increased own revenue instruments rather than increased dependence on grants.

Financial regulation must also be differentiated to respond more appropriately to differing performance. Municipalities that establish a track record of good financial management should be freed from more onerous regulation, while failing municipalities require regulation appropriate to addressing such failures.

8.4.2 Identify substitutes for eroded and eroding own revenue instruments while providing for the envisaged devolution of functions.

As explained, Eskom bulk price increases have substantially squeezed municipal finances. While it was envisaged that surcharges on service tariffs could support municipal general revenues, large increases in the costs of delivering services have largely eroded this tax source.

Meanwhile, real revenue from the origin-based share of the fuel levy paid to metropolitan governments has stagnated since 2011 and declined over the last five years. This decline will continue with the switch to electric vehicles that is rapidly occurring elsewhere, which could extend to South Africa more quickly than anticipated.

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While this White Paper cannot mandate specific own revenue instruments, it does take the view that, where the local economic base is sufficient, own revenue instruments are preferable to grants. However, property rates cannot fill the gap; research on a new instrument or set of instruments is required.

Unfortunately, for technical reasons, the options for sufficiently productive, fully fledged local own revenue instruments are limited, and more scope is likely to be found in origin-based revenue sharing, which is a hybrid of own revenues and grants. One option to consider, as the origin-based share of the fuel levy continues to lose buoyancy, would be to introduce an origin-based share of VAT revenue. This could be done by maintaining revenue neutrality at the transition while creating the basis for revenue increases as the local economy grows. It would also reward municipalities that provide a good platform for growth by allowing them some share in the revenues generated by that growth. Origin-based VAT revenue sharing would not affect the way VAT is levied but would require the development of rules to statistically assign origin.

At the same time, focused attention is needed to defend the property rates system, including through improved administration. Mechanisms need to be found to extend property rates or an equivalent to communally owned land areas to ensure equity between those and other areas. The nature of solutions depends on how tenure issues are resolved.

8.4.3 Adjust grant system to address affordability within fiscal constraints

Adjustments are needed to the grant system. However, the nature of those adjustments depends on the success of new instruments, as explained under proposal 2 above.

A new revenue instrument – or an origin-based share of an existing instrument – will directly benefit municipalities with sufficient economic bases. It would be critical for metros and bigger cities that are absorbing substantial in-migration of poor people. But as revenue in these cities grows, it would enable a reorientation of grants to municipalities that do not have a strong economic base. Through this process, equitable share grants to poorer regions can be increased without necessarily increasing the local government's grant share in the vertical division of national revenue. Thus, as the economy grows, the growing municipalities improve their position through getting a share in the tax revenues from growth in their areas, while other municipalities receive a larger share of the available equitable share and other grants.

There is undoubtedly an affordability crisis at the municipal level. But, without growth, it is difficult to envisage how national government will find sufficient additional resources to significantly increase the level of grants to local government. As noted also in Ch. 9, there are strong arguments for increasing the level of free basic services for the indigent. But this can only be done when available resources allow.

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While the direction of reform of the grant system depends on changes in own revenue instruments, immediate improvements are needed. Some of these are discussed further in Ch. 9. A critical starting point is to improve the quality of statistics that are currently used to identify household income levels and affordability by municipality.

A shift is also required in the type of conditions placed on national grants. On the one hand national departments tend to be too prescriptive in how conditional grants are spent, often dictating to municipalities matters that are better determined locally. On the other hand, national government has limited mechanisms to prevent wasteful or illegitimate use of grants. New approaches and conditions are needed that will enable national government to use the way grants are distributed to strengthen local institutional capacity without dictating the use of grants where the decisions are best taken locally.

8.4.4 Improve own revenue collection

The ability to collect one's own revenue lies at the heart of the current municipal system, effectively underpinning local decision-making power.

The overall policy imperatives on this have not changed. However, there is a need to recommit to the importance of this and to pursue continual improvement. Greater recognition is required of the importance of an integrated approach to revenue collection encompassing delivery of services at appropriate levels, a fair, progressive tax and tariff structure and sound revenue administration, supported by a well-designed indigent framework.

Expectations around the feasibility of identifying indigent households through individualised means testing tend to be unrealistic. While means testing will form part of the solution, other area-based and consumption-related mechanisms are required. To the extent affordable to the fiscus, a higher free basic allocation would ease the situation, but solutions must also be structured – mostly through tariff and tax design – to address households not considered indigent but still facing severe affordability challenges. Constraints placed on this by current legislation must be addressed.

All elements of the revenue management value chain are critical; a breakdown in one element compromises others. Within revenue administration, the roll-out of smart metering should continue.

Some municipalities have developed increasingly effective approaches, for example, by using electricity prepayment systems to support credit control over other services without preventing ongoing purchase of electricity. Changes are needed that will empower municipalities to fully use electricity as a credit control measure in Eskom-served areas. Regulations are required to ensure this is done appropriately.

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8.4.5 New approaches are required to avoid excessive/inefficient allocation of resources to personnel costs

The increase in real average costs per employee in the municipal sector needs focused attention. Although there has been a decrease in employee numbers per population served, the rise in average real remuneration has not been accompanied by an equivalent increase in average productivity. Anecdotal evidence indicates that municipalities tend to be understaffed in some functions and overstaffed in others. Similarly, some municipal salaries compare well with relevant benchmarks at some levels but not at others.

In-depth research is needed to determine how municipalities can better employ the right people in the right numbers at the right remuneration levels to get the job done most effectively. This forms part of the professionalisation process discussed in Ch. 5.

An examination of the salary bargaining process is also needed to determine the reasons why wage settlements more than inflation have become normalised despite poor output. Without a better understanding of these matters, sound policy choices are not possible. However, given how fundamental employee costs and skills are to municipal finance, this should be flagged as a priority.

8.4.6 Improve efficiency and effectiveness of spending

While personnel costs are identified separately because of their importance and contribution to fiscal stress, wide-ranging efforts are required to improve the efficiency and effectiveness of spending more broadly. Issues such as poor capacity, employment of the wrong skills, insufficient respect for technical decision-making, overly bureaucratic internal processes, and lack of capacity in project planning, management and delivery are addressed in Chapters 4 and 5.

Fortunately, although there are widespread inefficiencies, there are sufficient municipalities that are well managed across all categories to demonstrate what can be achieved even within current constraints. More could be done by national and provincial governments and SALGA as well as other organisations to improve real knowledge sharing across municipalities.

Improvement in municipal processes is critical, of which an important element relates to information systems. Unfortunately, there is often an overemphasis on information technology itself, rather than on an alignment between the technology and human skills, improved business processes and organisational decision-making. Successes that do exist across the country must be built on.

Growing levels of unauthorised, irregular, fruitless and wasteful expenditures remain a concern in local government. This is driven primarily by a range of inefficiencies across the municipal supply

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chain management and procurement processes. As such, these remain crucial areas to address towards improving spending efficiency and effectiveness. Public procurement needs to be positioned as a strategic driver of service delivery and thus central to the developmental objectives of local government. A differentiated regulatory regime and improved public oversight over local government procurement can improve systems and accountability, respectively. The continued professionalisation of the municipal administration will also play an important role in improving supply chain management capacity and procurement processes. Introducing alternative delivery arrangements to enhance value for money is an extension of this. This is discussed in Ch. 9.

An important part of the challenge is that the regulation of municipal finance has become overly complex and restrictive in ways that reduce effectiveness in strong municipalities while failing to prevent maladministration in others. Indeed, because of compliance requirements, several poorer municipalities are incurring audit costs that are disproportionate to the problems being addressed. There is a need to simplify. A focused process that draws directly on the experience of credible municipal officials is required to help do this. This will include a review of the Municipal Finance Management Act and its associated regulations.

8.4.7 Continue efforts to enhance borrowing at competitive rates and other mechanisms to attract private investment

The public sector does not, itself, have the capital required to invest in the municipal sector to the extent that is needed. Measures to encourage borrowing at competitive rates must continue. Borrowing from the private financial sector not only provides additional sources of capital, but municipalities are strengthened by the rigour and financial prudence they must demonstrate to be able to do so.

There is significant scope for greater private sector involvement through public-private partnerships. The PPP framework must be simplified to facilitate this. Alternative service delivery arrangements are discussed in Ch. 9.

National Treasury should investigate the potential for amending grant allocations beyond three years, under certain conditions, to facilitate pledging against loans. More effort is needed on positioning municipalities to benefit from the substantial funds available through the Just Energy Transition (JET). This could also help lower energy costs.

8.4.8 Address unfunded mandates through the ‘finance follows function’ approach.

While not a new policy shift, unfunded mandates must be addressed. The envisaged differentiation in functional assignments discussed in Ch. 2 means that new attention will need to be paid to this issue. This will include work on ‘costed norms’ to ensure alignment between assignment and revenue. As indicated, it is preferable to accompany the devolution of functions

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with the devolution of revenue sources rather than increase dependency on grants from national government. However, the details and scope for this depend on the circumstances.

8.4.9 Expand and improve national/provincial ability to monitor municipalities and intervene where needed

This proposal gives effect, in the municipal finance domain, to the system-wide oversight and intervention reforms set out in Chapter 3.

The starting point is effective monitoring of municipalities. Rather than being spread across multiple monitoring and reporting systems, monitoring should, as much as possible, be consolidated around National Treasury/CoGTA's Circular 88, along with financial reporting to National Treasury, ensuring accurate, relevant information is submitted, while reducing onerous reporting requirements repeating similar information. Reported information must be closely tracked to enable quicker identification of problems.

Intervention modalities need to be changed, resulting in earlier interventions as problems begin to emerge, and must provide for stronger and longer interventions where appropriate. While a constitutional amendment is likely required to fully enable this, significant advances should be possible in the interim.

The national government requires substantially enhanced intervention capabilities, along with the elimination or harmonisation of overlapping mandates among national departments. Critically, the intervention framework should be depoliticised, made more predictable, and informed by data to facilitate timely action as issues arise (see Ch. 3).

The National Treasury and CoGTA must promptly develop a comprehensive intervention programme, supported by adequate financial resources, to address the financial crises currently affecting many municipalities. This programme should include clearly defined measures focused on changing behaviours and systems and avoid creating perverse incentives. Additionally, it should outline strategies to contain and reduce municipal debt. As part of this, measures are needed to rein in electricity and other bulk service costs charged to municipalities.

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Chapter 9: Service Delivery and Infrastructure

9.1 What is working

The South African government has made significant progress in the provision of basic services to all. Census 2022 reflects significant increases for all municipal services in every province. Between 1996 and 2022 access to piped water has risen from 80% to 91%, the number of households with flush toilets increased from 52% to 71%, the number of households using electricity increased from 58% to 95%, and access to refuse removal has improved by over 10%. This progress is significant, as the population increased from 40.5 million (1996) to 62 million (2022), with the number of households nearly doubling over the same period from 9 million to 18 million.

What this means is that the government has been gradually able to provide more services to more people. From an infrastructure perspective this means significant investment has been made at a national, provincial and local government level across all infrastructure sectors. This level of progress implies a certain level of competence in infrastructure financing, planning, development, operation and maintenance in both the public and private sectors.

9.2 Why change is necessary: problem statement and root causes

To fulfil their developmental mandate, which includes progressive social and economic upliftment of local communities and universal access to essential services that are affordable to all, municipalities are responsible for delivering a wide range of services. While this chapter considers the full scope of municipal functions, it places particular emphasis on the core services that enable dignified livelihoods and support local economic activity: water, sanitation, electricity, solid waste management, roads and stormwater. Municipalities are expected to provide these services in ways that are equitable and accessible, financially and environmentally sustainable, and that use available resources efficiently and effectively.

Access to basic services has improved significantly over time. However, the principles that should underpin service delivery are still not being met consistently across the country or in all communities. The growing crisis in roads, stormwater, solid waste, electricity, sanitation and water supply is undermining daily life and weakening local economies, with knock-on effects nationally. The case for change is both clear and urgent. Without decisive action, the progressive realisation of the developmental mandate will continue to recede rather than advance.

The expansion of services and the large-scale investment in municipal infrastructure, supported in large part by the R755 billion in capital and in-kind infrastructure grants allocated to local government between 1999 and 2025, has had a downside. New assets must be operated and maintained, yet municipal funding and staffing have not kept pace with the scale of infrastructure delivered. Thirty years on, a significant share of this infrastructure is reaching the end of its useful

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life and now requires renewal or replacement. In 2010, the Municipal Infrastructure Investment Framework estimated that 41% of municipal capital budgets should be spent on asset renewal. A similar analysis by SALGA in 2023 suggested this requirement had increased to 60% of the capital budget.

Operational funding pressures have compounded the problem. In many municipalities, the way the Free Basic Services policy has been applied, combined with weak own-revenue bases, has left operating grants as a main source of funding for operations and maintenance, despite these grants being insufficient. At the same time, in cities and large towns, rapid urbanisation has increased demand for new infrastructure and services, often pushing beyond the capacity of networks designed for lower densities.

Infrastructure service delivery failures are evident across the full lifecycle of infrastructure, from financing and planning through construction, operation and maintenance. Taken together, they point to infrastructure being developed and managed in ways that are too often inefficient and ineffective. Many of the underlying causes are addressed elsewhere in the White Paper, particularly the chapters on powers and functions and differentiation (Chapter 2), cooperative governance, regulation and interventions (Chapter 3), political interference (Chapter 4), professionalisation (Chapter 5), and municipal finance (Chapter 8).

The continuing shortfall in universal services for poor households, alongside declining service levels and quality in a majority of municipalities, reflects failures across all three spheres of government, at both political and administrative level. When municipalities are unable to expand and sustain basic services, the consequences extend beyond household wellbeing. Service failures also constrain local economic activity and investment, weaken growth, and ultimately reduce jobs, which in turn deepens affordability pressures for households and municipalities alike.

> *Municipal failures impact South African cities and towns, causing service disruptions, water leaks, potholes, and environmental neglect. Despite significant national funding, communities lack quality service delivery and infrastructure. (Auditor-General of South Africa, 2025:1)*

As infrastructure assets deteriorate more quickly, the cost of restoring them rises steeply. When renewal is delayed for too long, systems can be pushed beyond the point where targeted rehabilitation is still possible, making premature full replacement unavoidable and, in many cases, unaffordable. The immediate drivers of service failure are sustained underinvestment in maintenance and weak infrastructure asset management.

These immediate causes sit within deeper structural constraints. They include a persistent funding shortfall across the sector, from both grants and own revenues; inadequate technical and operational skills to run and maintain the full range of municipal services to the required standard; inconsistent or ineffective support and intervention from other spheres when failure is evident; and a wider set of external and internal pressures that compound decline over time.

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Chapter 8 has set out the context for the declining financial position of many municipalities. Weak tariff regulation has left municipalities having to absorb large real increases in bulk input costs, particularly for electricity and water, while also allowing inappropriate municipal tariff setting and approvals. At the same time, falling average real household incomes have reduced affordability and narrowed the scope for cross-subsidisation, as well as the ability to generate operating surpluses for capital investment.

In this constrained environment, tariff revenue is often diverted to cover broader budget pressures rather than being used to sustain the services it is intended to fund, which undermines the viability of trading services. The autonomy of municipal budget approvals can also allow councils to adopt unrealistic or inappropriate budgets. Unreliable revenue collection, weak creditworthiness and eroded balance sheets mean that most municipalities are unable to borrow for infrastructure investment. Tariff increases are frequently resisted on affordability grounds and, in many cases, tariffs remain below the cost of providing the service. Non-payment by consumers then travels up the value chain to bulk water and electricity providers, threatening the viability of these sectors as a whole. In effect, the user-pays principle is not being applied consistently, and municipalities have compounded the problem through inefficiencies across the infrastructure lifecycle and suboptimal strategic and operational decision-making.

More funding is often necessary, but it will be poorly spent unless the wider systemic and structural constraints are addressed, starting with the technical skills crisis in local government. Skills gaps arise for three distinct, but often overlapping, reasons: inappropriate staffing decisions, including political interference in technical appointments; the difficulty of attracting and retaining skilled professionals in remote and rural locations; and insufficient funding to employ and sustain the required technical capacity.

Even where municipalities do have competent technical staff, other constraints limit performance. These include weak technical control over key decisions on budgets, procurement and staffing; inefficient supply chain processes; and slow or fragmented approvals from other spheres of government. Support and interventions from other spheres have also not consistently resolved the underlying problems. Too often, “support” has been interpreted as tighter regulation and punitive compliance measures, rather than practical actions that enable municipalities to plan, deliver and sustain services.

9.3 Policy intent: objectives and principles

This section sets out the core objectives and principles for a municipal services system that is equitable and affordable for all, while remaining financially, technically, institutionally and environmentally viable over the long term:

9.3.1 Municipalities are responsible for providing services to their communities in a sustainable manner and for delivering on their developmental mandate.
9.3.2 In turn, communities must use municipal services efficiently and responsibly.

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9.3.3 Municipalities are purpose-built service authorities. Their design must secure three dimensions of viability: Financial viability, shaped by the fiscal framework and revenue system; Technical viability, including scale considerations that balance economies and diseconomies of scale; and, Staffing viability, including the realistic ability to attract, retain and afford staff, taking account of location and remoteness.

9.3.4 Infrastructure provision is a long-term endeavour. Stable institutions and continuity of planning across successive administrations are essential.

9.3.5 Municipalities must have the skills, resources and authority to provide their mandated services, or to delegate service delivery in a rational and accountable manner where this is appropriate.

9.3.6 For services to be sustainable, the user-pays principle must apply across the value chain. All categories of users must contribute to the cost of services, and municipalities must pay their bulk providers. A basic level of service must be provided free of charge to indigent households, to an agreed, affordable and equitable volume or value. Other users must pay tariffs that recover the cost of delivering the service and allow for adequate reinvestment. Inefficiencies by bulk or municipal providers may not be passed on to users through tariffs or other mechanisms.

9.3.7 Municipal councils must exercise their constitutionally non-delegable powers to enable sustainable service delivery. This includes passing appropriate by-laws, approving budgets that adequately sustain trading services, and approving cost-reflective and enabling tariffs.

9.3.8 Trading services, including water, electricity and solid waste management, should be ring-fenced in ways that promote transparency in the allocation of costs and revenues. While allowing flexibility for different municipal contexts, revenue from these services should first cover operating costs and adequate asset investment before being used for other municipal requirements. This protects the productivity of service assets and strengthens overall municipal financial sustainability. It also improves the clarity of financial information needed by lenders when municipalities seek to raise loans. Ring-fencing must be implemented without undermining the budget approval authority of municipal councils.

9.3.9 Infrastructure approaches must move away from overly prescribed, centralised and rigid models towards decentralised, flexible and resilient systems where appropriate.

9.3.10 Municipalities may use different service delivery models and a range of service providers, whether internal or external and whether publicly or privately operated, but infrastructure assets must remain in public ownership.

9.3.11 Investment in economic and social infrastructure must be balanced to enable sustainable expansion of service access while supporting economic growth.

9.3.12 Internal accountability mechanisms must be robust enough to detect and correct deficiencies in service provision. Where these mechanisms fail, national and provincial government must have the capacity and commitment to provide effective oversight, including consequence management, as well as timely support and intervention. Accountability for national and provincial roles must also be established and strengthened. The system can only function when all three spheres are held accountable for their responsibilities.

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9.4 Policy proposals: the core policy shifts

9.4.1 Introduce more flexibility in the system of service provision

Greater flexibility in how services are provided is essential if municipalities are to access capabilities, capital, scale and efficiencies that are not always available through in-house delivery. Although section 78 of the Municipal Systems Act already allows municipalities to use external service delivery mechanisms, this option has been used far less than expected. In practice, municipalities often deliver services directly by default, not always because it is the best approach, but because of real or perceived barriers to changing delivery mechanisms, a preference to retain control and resources, limited credible and replicable examples of alternative models, and financial constraints that make external arrangements difficult. The system should therefore create a more enabling environment in which municipalities can choose fit-for-purpose delivery arrangements while retaining democratic accountability for service outcomes.

A **first shift** is to streamline the regulatory pathways that govern changes to delivery mechanisms so that partnering with external providers is practical, lawful and properly supported. The section 78 process should be simplified and made more workable, without weakening due diligence or accountability. Similarly, municipal public-private partnership frameworks should be further simplified to reduce unnecessary delays. This should explicitly accommodate a wider range of arrangements, including community-based formations, not-for-profit models and short-term private sector assistance where these can stabilise or strengthen delivery without avoidable red tape. To make this feasible, national and provincial governments must provide responsive and accessible technical support to municipalities, including legal, financial and procurement advisory capacity.

Flexibility also depends on clearer roles and stronger governance. The separation between administrative and executive (political) roles should be strengthened across all spheres, and the distinction between the service authority and service provider roles, already required in law, should be implemented more consistently in practice. This will enable municipalities to exercise their responsibilities as service authorities more effectively, particularly in procurement, contracting, contract management and oversight when working with external providers.

A **second shift** is to enable regionalised service delivery across adjacent municipalities where this is more efficient or where specialist capacity cannot be sustained in small institutions. The most functional service delivery boundaries do not always align with municipal borders, especially in rural areas where attracting and retaining expertise is difficult. Regional delivery can be pursued through inter-municipal agreements, joint municipal entities, shared services, external provider panels, or public entities that serve multiple municipalities or defined sub-regions. Where regional arrangements are adopted, municipalities must retain executive authority and accountability for outcomes, but the system should provide clear and time-bound legal and administrative mechanisms that allow two or more municipalities to jointly exercise authority over a single

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provider. This includes shared governance arrangements, common performance standards and aligned oversight requirements.

Greater flexibility should also be matched with greater stability once a delivery arrangement is selected. Frequent changes to service delivery mechanisms create disruption, weaken accountability and undermine performance improvement. CoGTA should therefore consider prescribing minimum periods for external delivery mechanisms, alongside clearly defined conditions for early termination, so that municipalities, communities and providers have greater certainty and performance can be assessed over a credible time horizon.

Within this framework, management contracts and performance-based contracts should be treated as practical options, both as alternatives to full outsourcing and as transitional mechanisms. Management interventions can be time-bound and targeted, focused on stabilisation, operational improvement and skills transfer, while longer-term decisions should be guided by sustainable service outcomes and affordability. Contracts and oversight arrangements should include clear performance requirements and consequences for non-performance so that poor delivery triggers timely corrective action and, where necessary, a shift to a more appropriate long-term model.

Finally, a more flexible service provision system will not succeed without stronger system-wide support for municipal infrastructure delivery. National government should, with provinces, reformulate infrastructure support arrangements and, where necessary, establish a dedicated programme to build this support capacity. This should include practical technical assistance for project preparation and implementation, contracting and contract management, regulatory compliance, and the governance of alternative delivery arrangements. Without credible and accessible support, flexibility will remain a formal option on paper rather than a workable pathway to improved service outcomes in specific places.

9.4.2 Improve the financial viability of trading services

Trading services should be financially ring-fenced and managed as professionalised enterprises, building on reforms such as the Metro Trading Services Reform initiative. Ring-fencing creates the transparency needed for proper tariff setting, for identifying inefficiencies, and for generating sustainable surpluses that can be reinvested in asset creation and renewal. It also supports better decisions about the most appropriate service delivery mechanism, including where external providers are introduced. Where services are delivered through external providers, the municipal and national transfers linked to those services should be clearly identified and flowed through to the provider through the service level agreement, so that funding responsibility follows the service obligation and pricing remains transparent.

Municipal councils must use their constitutionally non-delegable powers to improve the financial viability of trading services. This includes passing enabling by-laws, approving realistic budgets that protect trading service revenue and ensure adequate provision for operations and

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maintenance, and setting levies, surcharges and tariffs that balance affordability with asset management requirements. Councils should also create the conditions that improve creditworthiness and then use available borrowing space responsibly to accelerate infrastructure investment and strengthen long-term municipal financial sustainability. Lessons from existing reforms and programmes should be used to operationalise, scale and institutionalise these principles. Where councils fail to take the necessary corrective action, section 139 interventions should be applied as envisaged in Chapter 2.

Stronger, clearer accountability is also required across the system, and independent economic regulation is a practical starting point. Relevant sector departments should establish well-capacitated independent regulators that can balance affordability and financial sustainability across the value chain, using evidence-based tariff methodologies and consistent regulatory standards. Independent regulation can strengthen public confidence by promoting fair and realistic tariffs, reducing arbitrary or politically driven decisions, and providing predictable mechanisms for dispute resolution. It also supports the responsible use of alternative delivery arrangements by enabling transparent pricing, more predictable contracting environments, and consistent oversight across delivery models.

Finally, the system should develop structured programmes to improve municipal creditworthiness, with a particular focus on small and financially distressed municipalities. Where private capital is needed to close infrastructure gaps, municipalities require a credible “confidence package” that signals reduced risk and improved sustainability. This includes demonstrable improvements in governance and financial management, more predictable revenue and billing performance, coherent long-term planning and project pipelines, and the technical capacity to procure, manage and maintain infrastructure. A targeted creditworthiness pathway, aligned to differentiated municipal contexts, can expand access to finance while reinforcing the discipline that makes service delivery sustainable.

9.4.3 **Revise the fiscal framework to strengthen incentives and targeting**

The fiscal framework should be revised to strengthen incentives and targeting so that grants and their conditions support sustained service outcomes, asset renewal and resilience, while recognising differences in municipal performance and local affordability. This requires a shift from a compliance-driven approach, which focuses on whether funds are spent within the financial year, to a performance-driven approach that assesses whether grant-funded interventions improve reliability, financial sustainability and infrastructure condition over the medium term.

Performance-based grants should be tied directly to the revised system of outcome monitoring, using a small set of standardised indicators that track service reliability, infrastructure performance and municipal financial health. Where outcomes improve and performance is sustained, the grant system should reinforce this through predictable incentives. Where outcomes deteriorate or persistently fail, grant design should trigger earlier corrective requirements, rather than allowing underperformance to continue behind technical compliance.

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National Treasury should recalibrate capital grant conditionality through a graduation model. Well-performing municipalities should have greater flexibility, within clear outcome parameters, to optimise delivery and respond to local conditions. Poorly performing municipalities should face tighter, more structured conditions and stronger oversight focused on risk reduction and delivery discipline. Differentiated conditionality should reduce unnecessary administrative burden where systems are functioning, while concentrating controls where performance and integrity risks are highest.

Capital grant conditions should also place stronger emphasis on protecting and renewing existing assets. This includes clearer guidance on the minimum proportion of capital funding that should be directed to asset renewal, informed by credible asset management plans and evidence of backlogs and deterioration. Conditionality should also require that project design incorporates life-cycle costing and resilience measures, so that new assets do not create unfunded operating burdens and so that investment decisions are robust to climate and other long-term risks.

Finally, the framework should address specific affordability and service sustainability gaps in poor municipalities, including road maintenance in areas with very low household incomes. Where a structural maintenance gap can be demonstrated through credible technical evidence, an adjustment to the equitable share formula should be considered to strengthen the funding base for maintaining essential local road networks, recognising their role in access, local economic activity and basic service delivery.

9.4.4 Define affordability for better indigent targeting

Affordability is shaped by the interaction between cost, consumption and income. The fiscal framework should define affordability more clearly and apply it more consistently so that indigent support can be targeted accurately, access to basic services is protected, and subsidies reach households that genuinely need them. To support this, Statistics South Africa should undertake a national affordability survey that is representative at municipal level. Better data is needed to understand local affordability constraints, to distribute the equitable share fairly, and to improve estimates of the cost of providing services to indigent households.

Indigent targeting should move away from an over-reliance on household-by-household means testing towards more objective and administratively feasible approaches, such as property value bands and clearly defined service levels. In many municipalities it is not realistic to means-test all eligible households accurately and routinely. The result is often exclusion and inclusion errors, registers that are not updated, and high administrative costs. Property value and service-level approaches can be applied more consistently, but they should be guided by evidence of what works and allow for different designs in different municipal contexts.

Indigent households should also have practical control over whether they remain within the free basic level of consumption or choose to pay for higher use. This requires service-level targeting and the use of available technologies and operating arrangements that allow consumption to be

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limited, so that the free basic allocation functions as a real entitlement rather than an accounting concept that cannot be managed at household level.

At the same time, municipalities should be required to charge for consumption above the free basic threshold, while using progressive tariff design and cross-subsidies within each service to smooth impacts across customer groups. This supports affordability for low-income households while protecting revenue sustainability and strengthening the credibility of indigent support by linking it clearly to basic service entitlements.

Finally, non-indigent customers on traditional land should be treated in the same way as non-indigent customers elsewhere in the municipality, including for billing, credit control and tariff application. Where settlements on communal land have taken an urban form, regularisation should be supported because it improves infrastructure planning, enables clearer service standards, and strengthens the long-term sustainability of municipal services and asset management.

9.4.5 Increase free-basic services when financial resources allow

Free basic services should be increased where financial resources allow, recognising the growing evidence and public concern that the current allocations of 50 kWh of electricity and 6 kl of water may be insufficient to meet basic household needs in many contexts. Any increase must, however, be set within a realistic financial envelope and should not be adopted as a new minimum unless the associated funding is secured and sustainable across the system.

In practice, this is likely to require differentiated approaches. For example, higher free allocations could be provided at lower service levels or in clearly targeted circumstances, rather than creating an unfunded universal obligation. National government should therefore avoid raising mandated minimums unless the resources and implementation mechanisms are in place to deliver them reliably.

9.4.6 Prioritise technical capability and skills

Municipal organograms must comply with existing staffing norms and qualification requirements for service delivery departments. National government should monitor and enforce qualification-based appointments consistently. The authority to appoint technical staff must be delegated appropriately and guided by skills audits and competency assessments. Suitable technical skills and competencies must also be in place within both the municipal administration and the political executive, and across all three spheres of government, to support sound decision-making and effective oversight.

9.4.7 Modernise infrastructure management through incorporation of climate resilience and digital technology

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Modernising infrastructure management requires climate resilience and technology to be treated as core features of how municipalities plan, build, operate and renew assets, not as add-ons. Climate-resilient infrastructure is no longer optional. Municipalities should update design standards and technical specifications to reflect changing climate risks, undertake credible risk assessments across priority asset classes, and implement targeted measures to protect critical infrastructure. Climate considerations must also be embedded in project appraisal, integrated development planning and asset management so that lifecycle costs, resilience benefits and long-term operational risks are addressed upfront, rather than being absorbed later through service failures and emergency repairs.

This shift should be matched by a stronger focus on ecosystem services in infrastructure planning. Where feasible, municipalities should protect and restore natural systems that reduce risk and operating costs, such as wetlands for flood attenuation, catchments for water security and urban green infrastructure for heat mitigation. These nature-based approaches should be treated as legitimate alternatives or complements to built infrastructure, supported by clearer planning guidance, defined maintenance responsibilities and measurable performance standards.

At the same time, municipalities should move towards smart, data-driven infrastructure management. Digital citizen reporting, integrated asset registers, real-time monitoring to detect faults, vandalism and tampering, predictive maintenance, and data analytics to improve billing accuracy can strengthen efficiency, transparency and revenue performance. Digital procurement tools and auditable workflows can also improve integrity in capital delivery and maintenance contracting, while increasing project visibility and management control.

To sustain these gains, municipalities need a deliberate pathway to digital maturity (see Chapter 5). Over time, appropriate digital tools, including AI-assisted triage and automated document processing, can be introduced where they add clear operational value. This must be underpinned by strong data governance, privacy safeguards and cybersecurity, and matched by parallel improvements in administrative capability and in-house digital skills. Without these foundations, technology investments risk becoming costly failures or creating unhealthy dependence on vendors, rather than strengthening municipal capability and service reliability.

9.4.8 Redesign and rationalise municipal monitoring, support and regulation

Municipal monitoring, support and regulation should be redesigned and rationalised so that problems are identified early, responses are consistent, and the administrative noise that overwhelms capacity in both municipalities and the supporting spheres is reduced. As set out in Chapter 3, this requires a single, coherent national approach to regulation, oversight and support, replacing fragmented requirements with aligned signals, predictable reporting, and clear accountability for results.

A key shift is to assess municipal performance objectively against standardised, differentiated metrics that are credible, comparable and useful for decision-making. These metrics should provide a common reference point for routine monitoring, early warning and corrective action, and

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should reflect municipal type, context and assigned powers and functions. Where performance declines, the metrics should trigger timely stabilisation and support. Where failures persist despite support, the same evidence base should guide escalation decisions, including when alternative service delivery arrangements should be considered to protect service outcomes and restore functionality.

Whenever national or provincial support is provided, it should operate through clear, reciprocal accountability arrangements between the supporting institution and the municipality. Support should not be informal or open-ended. It should be governed by agreed roles and performance obligations for both parties, with time-bound actions, measurable milestones and transparent reporting. This creates discipline on both sides and ensures that support is judged by demonstrable improvements in service delivery and institutional performance, rather than by activity, spending or compliance alone.

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Chapter 10. Spatial transformation, economic growth and climate resilience

10.1 What is working

Spatial transformation

The 1998 White Paper on Local Government clarified that municipalities are settlement management institutions with a constitutional mandate to create and sustain humane, equitable and viable human settlements. It also recognised that South African municipalities inherited a profoundly distorted spatial legacy from apartheid. This legacy included fragmented and inefficient settlement patterns, concentration of economic activity and taxable resources in formerly white areas, severe infrastructure backlogs in historically underdeveloped areas, and dense rural settlements near former homeland boundaries with weak economic bases and limited access to services. Municipalities also inherited institutional constraints, including undemocratic decision-making, limited administrative capability, weak community relations and difficulty leveraging private investment.

Over three decades, key building blocks for spatial transformation have been put in place. Municipalities are constitutionally recognised as the primary sphere responsible for municipal planning. Integrated Development Plans and Spatial Development Frameworks, together with wall-to-wall land use management under SPLUMA, provide a coherent national planning framework across the full municipal area. The system has supported major gains in housing delivery and expanded access to basic services, while extending governance, planning and investment to places previously excluded from formal systems. Policy has also evolved towards integrated human settlements, informal settlement upgrading and spatial justice. Climate resilience and environmental preservation are increasingly recognised as planning imperatives, with early adoption of nature-based approaches in some municipalities.

There are municipalities where place-based planning and targeted infrastructure investment have demonstrated that spatial patterns can be influenced when public investment is aligned and sustained. The District Development Model and “One Plan” practices have also shown that coordination can work when roles are clear, delivery pipelines are managed, and collaboration is actively stewarded.

Economic growth

The 1998 White Paper positioned municipalities as developmental institutions that support economic and social transformation, not only service delivery. Since then, most municipalities have established some form of LED capability and incorporated economic priorities into IDPs, spatial plans and infrastructure programmes. In several metros, and in a smaller number of

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secondary cities, economic strategies are more sophisticated, with stronger links to spatial economic planning, investment facilitation and targeted place-based interventions.

There are also examples where public investment in transport and utilities has produced localised economic gains, especially where infrastructure investment has been aligned to nodes, corridors or industrial areas and where urban management has strengthened the functioning of economic places. National and provincial programmes, including Special Economic Zones and industrial support measures, have contributed to regional economic development in specific locations, particularly where public entities and sector departments have coordinated investment and enabling conditions.

Across these examples, the pattern is consistent: municipalities support economic performance most effectively when they make places work through reliable services, credible planning, predictable approvals, effective urban management, and practical collaboration with other spheres and partners.

Climate resilience

Despite systemic pressures, positive developments and capabilities are emerging. There is growing policy recognition that climate and disaster risks are governance and service delivery issues, not peripheral environmental concerns. The Disaster Management Act provides an established multi-hazard planning approach, and the Climate Change Act strengthens the legal basis for municipal climate obligations. Many senior officials, especially in metros, increasingly recognise that resilience must shape planning, budgeting and infrastructure decisions, and some metros are integrating climate considerations into IDPs and related strategies.

Pockets of practice show what is possible when leadership, capability and partnerships align. Some metros have piloted or scaled alternative energy procurement, catchment restoration, early water resilience planning, climate protection programmes, nature-based solutions, multi-hazard operational plans and specialised disaster management teams. There is growing use of early-warning tools and improved risk visibility. Community-led adaptation is also rising, including ward-based disaster volunteers, youth involvement in local projects, and community mapping and risk identification, especially where linked to municipal systems and credible early-warning protocols.

10.2 Why change is necessary: problem statement and root causes

Spatial transformation

Urban agglomeration refers to the concentration of people, jobs, services, institutions and public life in urban areas, and the benefits that can flow from proximity, including larger labour markets, higher productivity, improved access to education and health care, richer social life and more efficient infrastructure use. These benefits depend on access. Access depends on proximity and

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mobility. Where households are distant from economic centres, and transport is fragmented, costly or unsafe and walkability is poor, agglomeration becomes exclusionary and unsustainable rather than developmental.

The spatial pattern that drives exclusion is visible in everyday outcomes. Low-income households are still often located far from jobs and services, while informal settlement growth is frequently pushed into high-risk or poorly serviced land. Townships and former township commercial areas struggle to attract and retain investment when public space, safety, connectivity and basic services are unreliable. In parts of the country, rapid densification in rural settlements and traditional authority areas is outpacing planning, bulk services and road access. At the same time, new private development patterns can lock in car-dependence and congestion where they are not aligned to public transport, walkability and infrastructure capacity. These patterns compound municipal operating pressures and reinforce the separation between where people live and where opportunity sits.

Spatial transformation remains elusive in most local geographies. Despite a strong policy and legislative framework, implementation is undermined by fragmented governance, voluntary cooperation, and misalignment between planning, budgeting and delivery across departments and spheres. Housing is still frequently delivered far from jobs and services. Transport systems remain fragmented and costly. Walking and public transport are marginalised in settlement design and management. Spatial plans are often not reflected in municipal, provincial and national budgets and infrastructure pipelines. Communities experience towns and cities as disconnected and inaccessible. There are few replicable examples of cross-sphere built environment partnerships delivering sustained, place-based change at the scale required. Voluntary cooperation is weakened by separate mandates and accountability lines, ring-fenced budgets and sector funding rules, and weak enforcement of spatial plans.

These spatial patterns undermine inclusive economic growth and poverty reduction by limiting access to opportunity. Municipalities do not have sufficient tools, levers or aligned budgets to achieve spatial transformation on their own, despite an abundance of legislation, policies and guidelines that place the burden largely on municipalities. The result is an implementation gap: plans exist, but the intergovernmental and multi-departmental delivery system does not reliably align investment, regulation and operations behind a shared place agenda.

Economic growth

In a context of low national growth, “local economic development” is often not a useful organising concept. Functional economic regions seldom align with municipal boundaries. When LED is treated as a municipal project function, it can encourage race-to-the-bottom competition between neighbouring municipalities and does not generate sustained regional or national gains. In many municipalities, LED becomes small-scale, symbolic or event-based, with limited impact on productivity, jobs or inclusion.

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A deeper constraint is weak integration between national and provincial economic strategies and municipal plans and budgets. Sector departments and public entities implement programmes through separate mandates, ring-fenced budgets and funding rules, while municipal planning and budgeting cycles run in parallel. This weakens delivery coordination in local geographies and reduces the cumulative impact of public investment.

LED is also often not treated as a strategic priority because it does not deliver immediate benefits or short-term revenue. LED units are typically small and under-capacitated, with limited influence over the core services and regulatory systems that determine local economic performance. Yet the largest municipal contribution to growth is the reliability and predictability of operating systems, including energy, water, waste, cleansing, roads, spatial planning, land use management, approvals, enforcement, urban management and placemaking, and practical contributions to safety and mobility for freight and people. When these systems are weak, the cost of doing business rises, investment is delayed or diverted, and exclusion deepens.

Climate resilience

Climate impacts and disaster losses are increasing, but prevention, readiness and recovery remain fragmented and reactive. A **first** constraint is mandate ambiguity and weak operational coordination, especially between district and local municipalities in disaster management. Unclear roles for preparedness, declarations, coordination and response lead to duplication, gaps in prevention work, delayed responses and blurred accountability. This is compounded by weak alignment across spheres in planning, funding and delivery.

Second, ageing infrastructure is not designed for current climate extremes, and maintenance backlogs amplify risk. Limited use of nature-based solutions and weak ecological stewardship further increase exposure.

Third, municipal financing for resilience is weak. Predictable risk financing is generally absent, and the system relies heavily on post-disaster relief rather than funded prevention, adaptation and build-better recovery. **Fourth,** capability constraints remain decisive. Many rural municipalities lack dedicated climate or disaster staff and have limited technical capability in planning, environmental management, engineering and GIS. Political and leadership turnover disrupts long-term risk reduction and institutional learning.

Fifth, weak proactive land management and uneven early-warning dissemination have enabled settlement growth in high-risk locations. When warning messages are late, generic or not trusted, communities face repeated cycles of loss and rebuilding that deepen poverty and vulnerability. **Finally,** ecological assets are still treated as compliance issues rather than protective infrastructure that reduces long-term risk and cost.

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10.3 Policy intent: objectives and principles

The policy intent is to treat spatial transformation, economic performance and climate resilience as a single, binding delivery agenda in local geographies. Spatial transformation must become the organising logic that aligns public investment, land governance, human settlements, mobility and transport, economic place management and climate risk reduction around measurable outcomes that improve proximity and mobility for households and firms. Economic growth is an outcome of places working: municipalities contribute most to growth through reliable services, predictable regulation and approvals, effective urban management and connectivity. Climate resilience is a durability condition: the same plans, investments and operating systems must reduce risk, protect lives and livelihoods, and sustain service delivery as climate impacts intensify.

Spatial outcomes are co-produced. They are shaped by formal public investment and regulation, but also by household decisions, informal settlement processes, traditional land governance systems, and private sector investment choices. The system therefore needs instruments that organise shared action in specific places without diluting accountability. Binding commitments must be clear about who does what, by when, with what resources, and how progress will be monitored and corrected.

This requires a shift from coordination through plans and forums to coordination through enforceable commitments, shared delivery pipelines and transparent performance monitoring in specific places, using the Chapter 3 IGR system architecture including binding compacts, delivery agreements and escalation mechanisms.

Four principles guide the approach:

10.3.1 **Planning must be executable.** IDPs and SDFs must shape budgets, infrastructure pipelines, land use decisions and intergovernmental programmes, and must connect to implementable delivery instruments.

10.3.2 **Delivery must be place-based and outcomes-driven.** A limited number of priority nodes, corridors and settlements must be targeted through sequenced interventions that improve access, inclusion, safety, resilience and economic performance.

10.3.3 **Economic performance must be an operating-system outcome.** Service reliability, approvals performance, urban management and connectivity must be treated as core development outcomes monitored by senior management and councils.

10.3.4 **Differentiation and capability are essential.** Obligations, instruments, flexibilities and support must match capability, while strengthening core competencies and ensuring finance follows function.

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10.4 Policy proposals: the core policy shifts

10.4.1 Make the "One Plan" a binding municipal-led spatial transformation compact, delivered through place-based area compacts and a differentiated capability ladder

The spatial planning system still relies too heavily on coordination through consultation rather than coordination through commitment. IDPs and SDFs coexist with parallel sector plans, ring-fenced budgets, grant conditions and infrastructure pipelines that are not aligned to a single spatial logic for the municipal area. The result is fragmented delivery, weak cumulative impact, and agglomeration benefits that remain inaccessible because proximity and mobility do not improve.

This proposal strengthens and formalises the DDM 'One Plan' as a binding municipal-led spatial transformation compact, embedded in and adopted with the IDP, to give practical effect to municipal primacy in strategic spatial planning while binding other spheres and public entities to the same spatial logic. The compact must integrate the core built environment functions and budgets that shape proximity and mobility, including spatial planning and land use management, human settlements, mobility and transport, bulk and reticulation services, social infrastructure, and climate and ecological risk measures. It must set out a small number of place-specific, measurable outcomes over a defined period, supported by a sequenced and costed investment and implementation pipeline. Outcomes should focus on practical drivers of inclusion and growth, including reduced travel times to jobs and services, densification in well-located areas, in situ upgrading of informal settlements, township economic revitalisation, improved walkability and public transport access, and protection of critical ecological assets.

The One Plan compact must be implemented through a small number of area-based compacts as the primary place-based delivery vehicle. Municipalities must identify priority nodes, corridors and settlements where coordinated action can shift spatial patterns and local economic performance and establish cross-departmental delivery teams to implement the compact in these areas. Area compacts must integrate settlement delivery and upgrading, infrastructure investment and maintenance, mobility improvements including walking and public transport, economic place management, public space and safety, and climate adaptation and disaster risk reduction. The emphasis is sequencing and coordination, not project scatter.

Provinces, national departments and public entities must align programmes, grant rules and capital pipelines to the municipal spatial logic and the selected area compacts, through formal intergovernmental delivery agreements that set out roles, contributions, timelines, reporting and dispute-resolution pathways in line with Chapter 3.

To move from alignment on paper to alignment in practice, the compact and the related delivery agreements must include enforceability provisions. At minimum, these should set clear milestones and contribution schedules, shared reporting arrangements and a single pipeline view, response-time norms where approvals or concurrence are required, and a time-bound dispute-resolution

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and escalation path. Where commitments are not met, the system must trigger corrective support and, where necessary, consequences linked to the Chapter 3 IGR architecture and the performance and oversight system.

The reforms in this chapter depend on a differentiated approach that matches obligations, instruments and flexibilities to municipal capability, while building core competencies over time. Because capability varies sharply, One Plan and area-based delivery must be underpinned by a differentiated capability ladder that makes finance follow function. A national capability framework must define minimum standards and graduated tiers that unlock responsibilities and flexibilities as capacity improves, including planning credibility, land use administration, financial and asset management, procurement and professional staffing. National Treasury must align grants, reporting requirements and conditionality to this ladder, reducing burden where systems work and strengthening controls and support where risks are highest.

10.4.2 Address fragmented development approvals through an integrated "One-Window" system

Fragmented, sequential approvals increase costs, delay delivery and deter investment, especially in priority areas requiring densification, upgrading and mixed-use development. This proposal introduces a municipal-led one-window approvals system that processes spatially relevant approvals in parallel. It must coordinate land use management, engineering services, environmental and heritage processes and related permits through a single point of entry, coordinated participation, consolidated technical assessments, a unified decision record, and transparent tracking. Developments aligned to One Plan and area-based priorities should follow risk-based pathways with predictable timeframes. Provincial and national authorities retain statutory powers but must participate through formal concurrence mechanisms, shared data standards and response-time norms.

The one-window system is a mechanism for procedural integration and predictable sequencing, not a transfer of statutory powers. Environmental, heritage and other competent authorities retain their legal mandates, but participate through structured concurrence, shared information standards and defined response times. A risk-based approach is essential so that streamlined processes do not weaken safeguards. Higher-risk applications should receive deeper scrutiny, while lower-risk applications aligned to approved spatial priorities should follow faster, more predictable pathways.

10.4.3 Implement a framework for disposal of strategically located public land at below market value to achieve spatial outcomes

Well-located public land across all spheres is not being released quickly or coherently for settlement restructuring, social facilities, economic activity and mixed-use development. Pricing and process rules often undermine spatial goals.

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This proposal introduces a cross-sphere framework to identify and dispose of strategically located public land at below market value where required to achieve agreed outcomes within One Plan and area-based priorities. The framework must include minimum criteria, transparency requirements, safeguards against patronage and capture, and conditions that bind land release to affordable, inclusive and infrastructure-aligned development outcomes.

10.4.4 Realign finance with spatial outcomes, infrastructure reliability and climate resilience

Finance and grant incentives often reward capital expansion rather than spatial efficiency, infrastructure reliability and resilience. Underinvestment in maintenance and weak alignment between plans and budgets undermine spatial transformation, economic confidence and climate readiness.

This proposal realigns fiscal instruments, so municipalities and sector departments are incentivised to deliver outcomes in One Plan and area-based compacts. Alignment should be demonstrated through a single, verifiable pipeline that links spatial priorities to funded projects, procurement readiness, and implementation milestones across municipal, provincial, national and public entity programmes. Capital grants should be partially conditional on alignment to spatial priorities and sequenced pipelines, with stronger expectations for asset renewal and lifecycle costing. Operations and maintenance must be treated as developmental investments, supported through risk-based asset management that integrates climate projections and long-term cost. Climate adaptation and disaster risk reduction funding must become more predictable and less reactive, including fit-for-purpose instruments such as contingency arrangements and appropriate risk pools where feasible. Where appropriate, municipalities should be enabled to deploy land-based fiscal instruments such as development charges and land value capture mechanisms to support densification and fund local upgrades, applied differentially based on capability and risk.

10.4.5 Reposition the municipal contribution to growth as an operating-system outcome, not a project function

Municipalities should be assessed, supported and held accountable for the determinants of local and regional economic performance they can materially influence. These include service reliability and maintenance, predictable spatial planning and land governance, transparent and time-bound approvals, consistent by-law enforcement, effective urban management and placemaking, supplier payment discipline, and practical contributions to safety and mobility that improve connectivity for people, freight and value chains.

To make this practical, the system should standardise a small set of operating indicators that councils and senior management routinely track and publish. These should include, at minimum, basic service reliability measures (such as frequency and duration of interruptions where data is available), development approval turnaround times for defined application types, and supplier payment discipline within agreed terms. These indicators should be disaggregated for priority

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nodes and corridors identified in the One Plan and area compacts, so that “places working” can be monitored where it matters most.

Economic development must be treated as a whole-of-municipality responsibility, reflected in senior management performance, council oversight and routine public reporting. In practice, the One Plan compact and area compacts must include explicit operating-system targets alongside spatial outcomes.

10.4.6 Deliver economic performance through functional regional partnerships aligned to the Chapter 3 system architecture

Functional economic regions seldom align with municipal boundaries. This is particularly true where freight corridors, logistics hubs, commuter patterns and energy and water systems cross municipal borders. The system should shift from municipal LED competition to structured regional economic partnerships that coordinate delivery in corridors, nodes and functional regions.

Regional partnerships must also align the planning and investment pipelines of key public entities and state-owned companies that shape local economic performance, including network infrastructure, maintenance schedules and capacity upgrades. This is not to replace their mandates, but to ensure that place-based priorities are reflected in sequencing, reliability interventions and investment decisions, with clear escalation where misalignment undermines agreed outcomes.

In line with Chapter 3, these partnerships should be enabled through binding intergovernmental delivery agreements and place-based compacts in priority economic regions, with clear roles, agreed outcomes, sequenced pipelines and time-bound dispute-resolution and escalation mechanisms. Agreements must align municipal plans and budgets with national and provincial programmes and public entity investments and must be monitored through a small set of standard indicators, including service reliability, approvals performance, infrastructure condition and investment enablement.

10.4.7 Clarify and operationalise governance in traditional authority areas as part of wall-to-wall spatial transformation and resilience

Spatial transformation and risk reduction must apply across the full municipal area, including customary land. Governance arrangements in traditional authority areas remain uneven, undermining planning, service delivery, investment and fiscal sustainability, especially under rapid densification.

This proposal introduces standardised municipal–traditional authority planning compacts that define early engagement, shared spatial data and mapping, agreed approaches to development pressure areas, and clearer roles in land use management consistent with municipal authority. A key enabler is systematic recordation of land rights and occupation patterns to support planning,

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service delivery, investment and disaster risk management, without requiring immediate conversion to full title. Compacts must also clarify service delivery responsibilities, funding arrangements and affordability approaches, supported by model agreements, data standards, capacity-building and targeted funding where needed.

10.4.8 Make climate-risk integration enforceable in planning, land governance and investment decisions

Climate risk screening must become enforceable in IDPs, SDFs, One Plan compacts, area compacts and infrastructure plans. It must shape land use decisions, informal settlement upgrading priorities and infrastructure design standards. Risk must drive choices about settlement expansion, location of public facilities, and protection of infrastructure corridors and ecological buffers. This includes stronger proactive land management in high-risk locations and ensuring that upgrading and development reduce future risk rather than reproduce vulnerability.

10.4.9 Strengthen early warning, shared technical capability and operational readiness through shared services

Early warning must be multi-channel, localised and integrated across spheres, supported by shared provincial capability in GIS, climate analysis and disaster management, especially for rural municipalities. This must be paired with practical operational readiness tools, including multi-hazard tactical plans, standard alert protocols, joint training and exercises, and clear responsibilities for dissemination and response.

10.4.10 Treat ecological infrastructure as core municipal infrastructure and embed stewardship in asset management and budgeting

Ecological systems underpin settlement viability, resilience and long-term affordability, but are still treated as peripheral. This proposal reframes ecological infrastructure such as wetlands, rivers, floodplains, catchments, coastal systems and urban green networks as core municipal infrastructure that reduces long-term risk and cost.

Planning instruments must identify, protect and integrate ecological assets as spatial structuring elements. Because ecological systems do not follow municipal boundaries, catchment and coastal management require structured cross-boundary coordination. The One Plan compact and area compacts should therefore include shared ecological infrastructure priorities and joint maintenance and rehabilitation actions where rivers, wetlands, floodplains and coastal systems span municipal areas, supported by provincial and national stewardship capacity where needed.

Land use schemes must prevent inappropriate development while enabling compatible uses. Stronger protection of ecological buffers and risk areas must be paired with a credible alternative land supply and densification strategy in well-located areas. Without this, enforcement can unintentionally push low-income households into more precarious land or deepen overcrowding.

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Area compacts should therefore link ecological protection to practical actions that expand well-located, serviced land and upgrading opportunities, including in situ upgrading where feasible and better use of well-located public land. Asset management must recognise ecological systems as assets requiring maintenance and investment, including rehabilitation and invasive species control. Nature-based solutions must be assessed alongside engineered solutions based on long-term cost, resilience and co-benefits. Fiscal frameworks and grant criteria should recognise and reward ecological infrastructure investment and climate adaptation, supported by partnerships that mobilise stewardship capacity.

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Chapter 11. Implementation, Sequencing and Transition Management

11.1 Implementing successful transitions

This chapter addresses the central risk to the success of the revised White Paper on Local Government: that strong policy proposals do not translate into coordinated action, sustained implementation and measurable improvement in how local government functions and how communities experience it. As Chapter 1 makes clear, South Africa's local government system has not suffered from a shortage of analysis, recommendations, laws or regulations. The deeper pattern is implementation failure: previous reforms have been uneven, fragmented and slow, and the system has repeatedly struggled to convert policy intent into consistent delivery, early correction and cumulative learning. Implementation must therefore be treated as a primary reform task, not as a downstream administrative step.

> *The deeper pattern is implementation failure: previous reforms have been uneven, fragmented and slow, and the system has repeatedly struggled to convert policy intent into consistent delivery, early correction and cumulative learning.*

Chapters 2 to 10 translate the White Paper's vision into specific reforms across powers and functions, oversight and intervention, integrity and capability, finance, service delivery, and citizen and community relations. These reforms are interdependent and cannot be implemented chapter by chapter or department by department. They require sequencing, shared timelines, and clear accountabilities across the three spheres of government, as well as alignment with organised local government and key social partners. They will also require leadership and institutional behavioural and cultural shifts, such as moving away from siloed "mandatism" and compliance-driven engagement towards collaborative problem-solving and shared responsibility for system performance.

This chapter therefore consolidates the sequencing and transition arrangements across the White Paper into a single implementation pathway, structured around short-, medium- and long-term actions. Its purpose is practical: to set out the governance arrangements for implementation and point to a consolidated transition pathway (Appendix B) with timeframes, dependencies, responsibilities and milestones. It recognises that implementation success depends on not only getting agreement on "what must change" but also "who must work together to make change happen" and "how the system will coordinate, track, learn and correct as reforms roll out".

11.2 Motivation for establishing a local government transition management body

A clear lesson from previous reform efforts is that good recommendations are not enough. Implementation has too often depended on personality-driven coordination and fragmented

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departmental programmes, rather than a shared platform that holds the centre of implementation across institutions and over time. In practice, reforms that cut across mandates tend to stall when there is no single mechanism to convene cross-sector meetings, sequence actions, resolve interdependencies, remove blockages, and make progress visible and accountable. In this context, a dedicated *local government transition management body* is required to ensure that the White Paper's reforms move rapidly from adoption to implementation and that early momentum is not lost.

The White Paper's reform package is also different in scale and operating logic from many past initiatives: it is deliberately cross-cutting, multi-sphere and cycle-dependent. Many of the proposed shifts require aligned changes to policy instruments, regulations, budgets, grant conditions, institutional arrangements and enforcement practices across national, provincial and municipal actors, and they must be timed to planning, budgeting and electoral cycles to be feasible. Without a mechanism to sequence interdependent actions, resolve disputes quickly, and align decisions across spheres and social partners, implementation will default to parallel programmes, uneven uptake and delayed impact. The transition management body therefore exists to impose practical sequencing discipline, secure cross-sphere alignment, and keep the reform pathway on track through a predictable cadence of planning, budgeting, reporting and course correction.

> *Without a mechanism to sequence interdependent actions, resolve disputes quickly, and align decisions across spheres and social partners, implementation will default to parallel programmes, uneven uptake and delayed impact.*

It is recommended that Cabinet mandate the establishment of a local government transition management body with the adoption by Cabinet of the White Paper, for an initial period of two years, with its term thereafter renewed based on a structured assessment of progress and continuing coordination needs. Such a body should have a small core membership (suggested maximum 8-10 members) drawing appropriate expertise from the three spheres of government and SALGA, and key social partners, with broader inclusivity achieved through the workstreams (see below) and structured stakeholder engagements.

Its mandate should be to: (1) translate White Paper reforms into an agreed implementation plan with timeframes and dependencies; (2) track delivery against milestones and publish regular progress reports; (3) identify and resolve cross-institutional blockages, including where legal, fiscal or capacity constraints delay implementation; (4) support cooperative implementation by clarifying roles, strengthening mutual accountability and promoting problem-solving across spheres; (5) mobilise additional technical capacity and resources where gaps are evident; and (6) communicate clearly with citizens and stakeholders to build legitimacy, maintain momentum and sustain trust.

The transition management body would convene a small number of focused, cross-cutting work streams to drive implementation in an integrated way. These could include: (1) system architecture, oversight and enforcement, to align intergovernmental roles, monitoring, early

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support and consequence management; (2) political, integrity and accountability reforms, to embed ethical leadership, enforce codes of conduct and stabilise governance; (3) administrative capability and digital reform, covering professionalisation, skills pipelines, institutional stability and the rollout of fit-for-purpose digital systems; (4) finance and fiscal reform, including municipal financial stabilisation, grant reform, revenue measures, affordability and indigent targeting; (5) service delivery and infrastructure stabilisation and renewal, focused on restoring basic services, asset management, alternative delivery mechanisms and climate-resilient infrastructure; and (6) community partnering and local democracy, to operationalise ward-level collaboration, participation, and partnerships with communities, traditional and Khoi-San leadership and civil society. Each workstream would bring together the relevant national, provincial and local actors and social partners, operate against a clear set of milestones, and report into a single, system-wide transition plan to ensure coherence, accountability and momentum.

> *Importantly, the transition management body is not intended to take over statutory mandates, duplicate departmental functions, or create a new centre of authority.*

Importantly, the transition management body is not intended to take over statutory mandates, duplicate departmental functions, or create a new centre of authority. Its value lies in enabling coherence, discipline and transparency during the transition so that responsibilities remain where they belong, but implementation is coordinated, progress is visible, and corrective action happens early. In short, it acts as an implementation steward and integrator, focused on turning the White Paper's reforms into measurable improvements in functionality, governance, service delivery and accountability.

Note: The proposed local government policy coordination centre, set out in Chapter 3 as part of the intergovernmental system architecture reforms, is a permanent mechanism intended to improve long-term coherence in how national policy, legislation, regulation, oversight and support affecting municipalities are aligned and managed. The local government transition management body, by contrast, is a time-bound vehicle focused on the "how" of implementation: sequencing the reform package, driving early delivery, resolving blockages, tracking progress, and sustaining collaboration during the transition from the current system to the reformed one. In effect, the coordination centre is part of the end-state architecture for an improved IGR system, while the transition body is the short-term implementation mechanism that helps the system move from adoption to disciplined execution and embedded reform.

11.3 Sequencing, implementation implications and transition arrangements

Appendix B sets out a high-level transition pathway for implementing the White Paper reforms across the local government system as a basis for the work of the local government transition management body. The approach is to secure early credibility and stabilisation for the commencement of the next term, to institutionalise routine practice in year one, to scale and consolidate reforms during 2027–2031, and to finalise remaining policy shifts and legislative and

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regulatory changes for introduction at the commencement of the following term in 2031. Sequencing reflects a consistent logic across chapters: prioritise usable instruments and institutional readiness first, consolidate through implementation and support next, and lock in legislative refinements only once practice has matured and evidence is available.

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Annexure A: Summary of legal and constitutional implications per chapter

Chapter 2: Institutional system: Revised categories and differentiated powers and functions

Proposed end state: single-tier local government with new categories

This approach requires two constitutional amendments. The first is to allow for the introduction of single-tier municipalities across South Africa. The second is to empower an organ of state to determine which Schedule 4B/5B function a municipality is responsible for and thereby to shift functions to the national and/or provincial government.

The expanded menu of categories, as well as the substantive and procedural rules for determining them, can be defined in the Municipal Structures Act and/or the Municipal Demarcation Act. Introducing a single-tier system will result in the removal of Chapter 5 of the Municipal Structures Act (providing for the division of powers between district and local municipalities).

A legislative system for assignment is in place in the Municipal Systems Act, complemented by the Intergovernmental Fiscal Relations Act and the Financial and Fiscal Commission Act. Where needed, these statutes can be amended to adjust to requirements of sectors when it comes to assignment to local government.

Alternative or transitional approach: maintain two tiers outside of urban areas and build a firm framework for differentiation

This approach does not require a constitutional amendment. Expanding the current definition of Category A to include both metropolitan and urbanised municipalities can be done by amending the Municipal Structures Act. The same applies to removing directly elected councillors from the district council. This can be achieved by amending the Municipal Structures Act and relevant electoral legislation.

Changing the approach to the division of powers between district and local municipalities (i.e., expanding the definitions of Category B and C and revisiting authorisations and adjustments) requires amendment of Chapter 5 of the Municipal Structures Act.

Chapter 3: Cooperative governance, intergovernmental relations and planning for collective impact in local geographies

These proposals are grounded in the constitutional design of cooperative government, which defines municipalities as a distinct sphere within one system of government. Section 154 requires national and provincial government to support and strengthen municipal capacity, and section 155 requires provinces to monitor and support local government and promotes municipal

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capacity. Section 155(7) further authorises national and provincial government to regulate the exercise of municipal executive authority to help ensure the effective performance of municipal functions, subject to the constitutional protection that other spheres may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

Most reforms in Chapter 3 can be implemented within the existing constitutional framework through ordinary legislation, regulations, norms and standards, directives and intergovernmental agreements. This includes establishing the national coordination centre as a policy and regulatory clearing house; adopting an authoritative powers-and-functions map and single inter-sphere calendar; setting binding cooperative governance protocols and standardised intergovernmental development agreements; strengthening rules-based planning, reporting and performance management; and consolidating a differentiated system of support and capacity building. A targeted review of contradictory laws and unnecessary reporting requirements is also required, with amendments to streamline local government regulation and reduce duplication.

Reforms to performance reporting and oversight can be advanced through amendments to the Municipal Planning and Performance Management Regulations and related guidance to standardise priority indicators, align definitions and improve the sequencing of quarterly and annual reporting across spheres in terms of sections 46 to 48 of the Municipal Systems Act.

There may be constitutional implications for the intervention system. The White Paper proposes strengthening statutory duties, triggers, timelines and reporting to enable earlier, more predictable support and escalation, and to clarify a national step-in role in defined circumstances when provincial systems fail or where risk is systemic. Whether this can be fully achieved through legislation alone or requires a targeted constitutional clarification should be tested through legal advice, and any options should be set out transparently, including the implications for cooperative governance and municipal autonomy.

Chapter 4: Political system, leadership, ethics, anti-corruption and accountability

Most proposals in chapter 4 can be implemented within the current constitutional framework through amendments to ordinary legislation, regulations, and enforceable norms and standards. The Constitution anchors democratic accountability by vesting municipal executive and legislative authority in the council and by setting democratic and accountable government and community involvement as core objects of local government. This creates constitutional space to strengthen council discipline and oversight, standardise MPAC and audit committee requirements, protect oversight budgets, and require quarterly public tracking of audit action plans and Auditor-General material irregularities, provided these measures support effective municipal performance and do not compromise municipal autonomy.

The Constitution also supports more inclusive internal governance arrangements because council members are entitled to participate in council and committee proceedings in a manner that allows parties and interests reflected in the council to be fairly represented, and this participation may be

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regulated by national legislation. Stronger downwards accountability can likewise be enacted through the Municipal Systems Act and related instruments, including a national Local Government Ombud Office, metro ombud offices, uniform complaint and grievance standards, and requirements for a single municipal complaints system with timelines, public dashboards, and written council feedback on community inputs.

Any national or provincial legislation affecting the status, institutions, powers or functions of local government must be published for public comment before introduction, which is material for proposals that reshape executive arrangements, strengthen oversight architecture, or establish new accountability mechanisms such as an ombud system. National and provincial governments also carry a constitutional duty to support and strengthen municipal capacity, which underpins phased implementation, shared platforms, and targeted support for weaker municipalities. Electoral reforms require additional constitutional testing: because municipal elections must result, in general, in proportional representation, and the Constitution vests executive authority in the council, measures such as direct election of mayors or any redesign that materially undermines proportionality and location of executive authority may require constitutional amendment.

Chapter 5. Administrative system: depoliticised, capable and digital

The proposed reforms are designed to strengthen a capable, accountable municipal administration within the current constitutional framework, not to transfer municipal executive authority away from councils. The constitutional objectives of local government include sustainable service provision and the promotion of social and economic development, and this chapter treats professionalisation and digitalisation as practical means to achieve those objectives. The cooperative governance provisions in the constitution provide a clear basis for shared platforms and district-led shared services that support local municipalities with technical capacity and infrastructure, provided the arrangements strengthen municipal capability rather than substitute for municipal decision-making.

Most professionalisation reforms can be implemented through ordinary legislation and regulations, principally by strengthening and tightening the appointment, performance management and oversight provisions in the Municipal Systems Act, the Municipal Finance Management Act, and related regulations on minimum competency, recruitment and performance processes. Where the White Paper proposes structural enforceability measures, such as creating a statutory municipal professional management association with entry standards, ethics rules, CPD and disciplinary powers, this will require an Act of Parliament and careful alignment with labour law and administrative justice requirements so that entry and disciplinary processes are fair, transparent and reviewable. A membership requirement for senior municipal management posts can be constitutionally and legally defensible if it is rationally connected to the public interest in competent administration, applied consistently, and introduced with clear transitional arrangements and time-bound exemptions for scarce skills contexts.

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Digital and data governance reforms can largely be achieved through better implementation of existing policy and legal frameworks rather than wholesale new laws, but they do require clear national standards and some targeted regulatory updates. The Electronic Communications and Transactions Act provides the legal foundation for e-government services, while the Protection of Personal Information Act establishes minimum requirements for lawful processing of personal information, which means that municipal platforms must build privacy, cybersecurity and data stewardship into system design from the start.

Regulations under the Municipal Systems Act may need updating to explicitly enable digital processes for public participation, council proceedings and administrative functions, and to support open-by-default publication of non-sensitive municipal information in ways that improve transparency and accountability without compromising privacy or security. Finally, the move toward shared platforms and interoperable systems requires enforceable interoperability and data governance standards so that information can be shared across departments, municipalities and spheres for planning, oversight, early warning and disaster response, while still protecting residents' rights and preventing misuse of data.

Chapter 6. Citizen and community relations: from participation to collaboration and partnering

Most proposals in Chapter 6 can be implemented within the current constitutional framework, and give practical effect to the constitutional objects of local government, including democratic and accountable government for local communities and encouraging the involvement of communities and community organisations in local government matters. Key legal implications include:

- Municipal Systems Act amendments to strengthen the community participation framework, moving from narrow procedural requirements to enforceable minimum standards for inclusion, feedback, transparency by default, and year-round engagement, with clear differentiation so requirements are realistic across municipal types and do not become compliance theatre.
- Municipal Structures Act amendments and municipal by-laws to provide a clearer legal basis for ward-level participation and monitoring platforms, including the option to reform ward committees where functionality exists or to establish ward forums or assemblies where replacement is justified, and to clarify their relationship to councillors, council committees and oversight processes, including minimum safeguards against capture, representativity requirements, and documented follow-through.
- National norms and standards, with aligned guidance, to define transparency-by-default information categories, dashboard requirements, and basic citizen care service standards, and to set minimum features for digitally enabled accountability tools, including accessibility requirements, records management, data governance and cybersecurity guardrails, linked to constitutional requirements for open council business and public accessibility of municipal by-laws and governance outputs.

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Some stronger “direct citizen power” ideas raised in submissions, such as recall rights or broad citizen-initiated legal triggers, require careful assessment in relation to electoral legislation, administrative justice, privacy, and the risk of destabilising governance in already fragile municipalities. Where measures such as citizen-trigger requests for investigations or audits are considered, they should be designed first as governance practices routed through existing oversight institutions, with clear thresholds and evidence standards, and introduced through piloting and legal review before any consideration of statutory entitlements. More information on oversight and accountability mechanisms, both internal to municipalities and external institutions like provincial government and legislatures, should be provided to citizens and communities.

Chapter 7: Improved relationships between elected and traditional and Khoi-San leadership institutions

The proposed policy shifts can be implemented within the existing constitutional framework, provided they reinforce (rather than weaken) the “wall-to-wall” principle of elected local government and locate traditional and Khoi-San participation within municipal governance instruments and cooperative arrangements. The Constitution already recognises traditional leadership (subject to the Constitution) and establishes municipalities as elected institutions responsible for local government functions, within a system of cooperative governance.

No change to the wall-to-wall principle

This White Paper does not propose removing any part of the country from the elected local government system. It is important to note, however, that any proposal to demarcate areas outside elected local government and assign municipal functions directly to traditional leadership institutions would require constitutional amendment. This is because the Constitution requires that municipalities be established for the whole territory of the Republic, that municipal legislative and executive authority vests in the municipal council, and that councils are elected (sections 151(1), 151(2) and 157). Traditional leadership can support or perform aspects of local government functions only through delegation, agency arrangements, or other cooperative mechanisms within the authority of the municipality, not as a parallel sphere exercising original municipal powers.

Legislative and regulatory amendments likely required

Most reforms are implementation-oriented and can be achieved through clearer norms, enforceable minimum standards, and targeted amendments to existing legislation and regulations. Key areas include:

Municipal participation framework (Municipal Structures Act and Municipal Systems Act).

The move from symbolic participation to enforceable partnership will likely require refinements to the participation provisions that currently enable traditional leader participation in municipal affairs (including section 81 arrangements), so that minimum standards of participation are defined (for example, documentation, timing, committees, feedback, and integration into ward and council systems). Complementary Systems Act alignment may be needed so that compacts are formally integrated into IDP, SDBIP-linked coordination, and section 46 performance reporting.

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Compacts as enforceable cooperative instruments (Municipal Systems Act and related regulations/guidance).

Establishing Municipality–Traditional and Khoi-San Council Compacts as standardised instruments annexed to the IDP and implementation plans can largely be done through national norms, guidelines, and ministerial regulations under existing framework powers. Limited legislative amendments may be needed to: (a) standardise minimum content; (b) clarify accountability, dispute resolution and reporting requirements; and (c) confirm how compact obligations are reflected in municipal performance management and annual reporting.

Spatial planning and land-use management (SPLUMA norms/regulations and municipal by-laws).

The proposal to require documented advisory inputs from Traditional and Khoi-San Councils on customary land, and to permit oral representations before Municipal Planning Tribunals, can be enabled through amendments to SPLUMA regulations and or national norms and standards. Municipal decision-making authority remains intact, but procedures would be clarified so that advisory inputs are predictable, recorded, and capable of being tested against planning law, safety directives, and approved municipal instruments.

Traditional and Khoi-San institutional readiness (Traditional and Khoi-San Leadership Act).

Where the policy shift assigns structured ward-level roles (for example, ward-level committees or designated representatives for compact implementation and land-use coordination), enabling provisions may be required in the traditional and Khoi-San governance framework to support consistent establishment, representation (including women and youth requirements), and functional interfaces with municipal ward systems, without creating parallel executive authority.

Grant-linked incentives for compacts (DORA frameworks and grant conditions).

If compact compliance is linked to access to elements of infrastructure grants, this will require careful design through grant frameworks and conditions (rather than constitutional change). The legal work here is to ensure conditions are lawful, proportionate, and do not undermine life and safety critical investment. The framework should also provide remedial support and dispute resolution pathways where compacts are contested or capacity is weak.

Chapter 8: Municipal Finance

The only area where constitutional change may be required is in relation to interventions (Proposal 2). Current understanding of the Constitution combined with interpretation of existing laws means that intervention tends to be quite short and limited.

Several other policy changes are linked to changes discussed in other sections that will require legislative or even constitutional change. For example, restructuring the current two-tier system

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outside metros will require legislative change. However, any changes to municipal finance to facilitate this would require minimal legislative change, if any.

The legislative impact of implementing new revenue sources depends on the revenue source. An origin-based revenue-sharing arrangement for VAT would require minimal, if any, legislative change. The greater challenge is around developing credible rules for geographic assignment of revenue. Other revenue source options could require significant new legislation.

Changes to the grant system do not require legislative change. New regulations could be useful in enabling electricity to be used effectively as a mechanism for credit control and are probably necessary for extending the system to Eskom areas.

Addressing personnel costs can probably be done without legislative change but depends on the solutions developed. Significant expenditure efficiency improvements can be made without legislative changes. However, amendments are going to be needed to the Municipal Finance Management Act, the Systems Act and the Structures Act and associated regulations to simplify the system and streamline processes.

Chapter 9: Service Delivery and Infrastructure

Constitutional amendments may be required to enable some of the core reforms proposed in this chapter. However, the Constitution already establishes municipalities as a sphere of government responsible for basic services within a system of cooperative governance, and it provides an enabling basis for regulation, support and intervention through national and provincial legislation. Most proposals can be implemented through targeted amendments to existing legislation and regulations, stronger norms and standards, and improved enforcement. In particular:

- **Service delivery mechanism reform and partnerships.** Streamlining shifts between internal and external delivery mechanisms will require amendments to the Municipal Systems Act, including the service delivery mechanism provisions and related processes. These reforms should be aligned with the MFMA framework for municipal contracting and affordability, and supported by simpler, clearer guidance on municipal public-private partnerships.
- **Regionalised and shared service delivery.** The current framework already enables inter-municipal cooperation and a range of delivery vehicles. However, additional legislative or regulatory provisions may be needed to make regional and shared delivery arrangements easier to establish and govern in practice. This includes clearer rules for joint decision-making and oversight, risk allocation, and contract management where more than one municipality exercises authority over a single provider.
- **Economic regulation of trading services.** Establishing, or designating, independent economic regulators for water services and the private-good element of solid waste management will require enabling legislation, or amendments to sector legislation. This should define mandates, tariff methodologies, appeals and dispute mechanisms, data requirements, and safeguards for institutional independence. In the case of water, policy

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work on a national water services economic regulator has already been explored as an institutional option.

- **Support, intervention and "step-in" tools for service failures.** Several measures in this chapter rely primarily on more consistent use, and clearer interpretation, of existing legal tools rather than new constitutional powers. In the water sector, for example, the Water Services Act already provides a statutory basis for national intervention in defined circumstances, including the use of section 63 powers where failures require urgent corrective action. If management contracts are to be used more systematically as a stabilisation instrument, related amendments and safeguards may be required in the Water Services Act and associated frameworks to clarify triggers, due process, accountability and exit criteria.

Overall, the legal work is largely implementation-oriented. It should tighten and simplify procedures so they are usable, enable credible regulation so tariffs and standards are evidence-based and enforceable, and strengthen cooperative governance instruments so that alternative delivery arrangements and support measures can be deployed predictably where municipal capability is weak, without undermining democratic accountability for service outcomes. Potential constitutional amendments to enable more effective intervention by national government where a service provider fails to meet norms and standards are addressed in Chapters 2 and 3.

Chapter 10. Spatial transformation, economic growth and climate resilience

Most proposals can be implemented within the existing constitutional framework through clearer norms, enforceability and improved intergovernmental alignment. The Municipal Systems Act supports strengthening the IDP as an executable instrument and embedding delivery commitments within municipal planning and performance systems. SPLUMA provides the platform for wall-to-wall land use management and can be refined to support integrated approvals, clearer concurrence mechanisms and stronger alignment between spatial plans, land use decisions and infrastructure pipelines. Environmental and heritage legislation must retain substantive protections, but should be implemented through improved sequencing, strategic assessment where appropriate, and predictable response norms that reduce avoidable delays.

To support enforceability, national and provincial departments and public entities should be required, through norms and standards and where necessary regulations, to demonstrate alignment of their relevant plans and capital pipelines to municipal spatial priorities adopted through the IDP and the One Plan compact. This should include minimum requirements for shared pipeline information, response-time norms for concurrence or inputs, and a standard dispute-resolution and escalation pathway linked to the Chapter 3 IGR system.

Fiscal realignment will require adjustments to grant frameworks, conditionality, reporting requirements and maintenance incentives, aligned to the capability ladder and to outcomes in One Plan and area compacts. Climate and disaster reforms can be strengthened through

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implementation-oriented refinement that makes climate-risk integration and early-warning responsibilities more enforceable and supports predictable resilience financing instruments.

No constitutional amendments are required for the core shifts proposed in this chapter. The reforms strengthen municipal-led, wall-to-wall planning and delivery through cooperative governance instruments and aligned accountability, and do not create parallel spheres or relocate executive authority.

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Annexure B: High-level transition roadmap

The following actions, once approved, will need to be assigned to the appropriate sphere of government and department and translated into funded implementation plans. Departments and entities will need to amend annual performance plans and intergovernmental delivery agreements to incorporate the priorities emerging from the revised White Paper and will be held accountable for delivering on their mandates in a collaborative manner under the aegis of the local government transition management body.

The transition pathway also assumes disciplined differentiation: well-performing municipalities should face fewer procedural burdens and greater flexibility within clear outcome parameters, while weak and distressed municipalities should face tighter conditions, earlier support and correction, and credible escalation where persistent failure threatens service outcomes and public safety.

Short-term policy proposals

Fast-track reforms, and enabling or stabilising steps for commencement of the next term of municipal office (early 2027)

- Establish a local government transition management authority
- Establish an intergovernmental coordination capability to drive system coherence, including an authoritative powers-and-functions map and a single inter-sphere calendar aligning key planning, budgeting, reporting, grant and support milestones.
- Initiate a rapid regulatory and reporting burden review to eliminate duplication and contradictory requirements, with interim controls to prevent further fragmentation and to rationalise core reporting to a small set of usable indicators.

Year one of the next term of municipal office (2027–2028)

Year one is pivotal for building momentum. Reforms must move from frameworks and pilots to routine practice embedded in council and administrative systems, with measurable improvements in financial discipline, service reliability and responsiveness.

Operationalise system coherence in routine instruments

- Publish and apply the first full version of the powers-and-functions map and align sector requirements, grant rules and reporting expectations accordingly.

- Pilot enforceable cooperative governance protocols and standardised intergovernmental delivery agreements in priority geographies, including dispute-resolution and escalation mechanisms, and publish lessons to support scaling.

Institutionalise spatial transformation delivery routines

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- Adopt One Plan compacts and priority area-based compacts as routine instruments linked to municipal planning, budgeting and performance management, with defined delivery governance, reporting and review rhythms.

- Expand one-window approvals pilots into routine practice in participating municipalities, supported by workflow redesign, capacity-building and transparent tracking.

Institutionalise early warning, support and consequence management

- Implement the revised outcomes-focused monitoring approach so that upward reporting loops close reliably and trigger timely support, correction and escalation.

- Institutionalise time-bound consequence management for persistent non-performance and non-compliance, supported by standard processes and transparent reporting.

Embed ward-level practice, transparency and citizen care

- Make ward engagement predictable and enforceable through published schedules, minimum meeting standards and tracked feedback loops that link ward priorities into IDP and budget decisions.

- Implement transparency by default through practical public reporting (plans, budgets, performance, procurement and projects), with accessibility measures and non-digital channels.

- Embed citizen care as a management and council oversight routine, including monthly monitoring of backlogs and recurring failures and tested escalation pathways.

Finance reforms that support sustained service outcomes

- Begin implementing the graduation approach to capital grant conditionality, with clearer rules for flexibility versus tighter conditions, linked to outcome monitoring.

- Apply capital grant conditions that explicitly protect asset renewal and require resilience and life-cycle costing where feasible, including alignment to One Plan/area compact investment pipelines where applicable.

- Advance affordability definition and objective indigent targeting approaches in priority municipalities, including practical mechanisms that allow households to restrict consumption to free basic levels where feasible and require charging for consumption above free basic thresholds, with internal cross-subsidies to smooth tariff impacts.

- Where a structural road maintenance funding gap can be demonstrated in very poor municipalities, begin the technical work required to motivate equitable share adjustments.

Improve the financial viability of trading services

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- Implement trading services cost transparency as a routine requirement and strengthen tariff-setting discipline so that tariffs move toward credible cost recovery while protecting the indigent framework.

- Begin interim tariff-setting guidance that balances affordability and sustainability across the value chain and prepares the ground for independent economic regulation where required.

- Implement a practical “confidence package” pathway for distressed municipalities, linking governance and revenue improvements to improved access to finance where appropriate.

Deploy early digital integrity and delivery components

- Roll out high-impact digital components that improve integrity and performance (e-procurement transparency, workflow digitisation and audit trails, customer and revenue management, integrated complaint tracking), supported by shared services for smaller and rural municipalities.

- Begin practical rollout of integrated asset management and real-time fault reporting in priority service areas where failures are chronic.

Embed professionalised appointments and performance management

- Apply the appointment architecture to all municipal manager and senior management appointments during the year, supported by standard templates and compliance verification.

- Implement credible performance evaluation arrangements linked to IDP and budget outcomes, with clear consequences for persistent non-performance.

Embed Traditional and Khoi-San Compacts in municipal instruments

- Adopt compacts as annexures to the IDP and SDBIP with named projects, milestones, budgets and responsible persons, and implement minimum participation standards (agenda packs, minutes and feedback).

- Prioritise high-impact outcomes in year one (land-use management on customary land, settlement expansion management, protection of infrastructure corridors), supported by structured two-way capacity-building and early mediation where disputes are emerging.

- Introduce minimum accountability safeguards for high-stakes economic development and private-sector engagements where relevant, including disclosure, conflict-of-interest declarations and strengthened consent and consultation safeguards required by law and policy.

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Medium-term policy proposals

During the remainder of the next term of municipal office (2027–2031)

The medium term is the consolidation period during which reforms must be scaled across the system, differentiated by municipal context and capability, and supported by strengthened provincial and national capacity.

Consolidate rules-based coordination and simplify regulation

- Scale cooperative governance protocols and delivery agreements and progressively align all sector requirements and reporting to the single system logic.
- Complete successive rounds of simplification to reduce compliance burden, remove duplication and improve usability of regulation in both strong and weak municipalities.

Scale spatial transformation and regional economic delivery instruments

- Scale One Plan compacts and area-based compacts across municipalities on a differentiated basis, supported by the capability ladder and targeted support to strengthen core competencies.
- Institutionalise functional regional economic delivery agreements in priority corridors and nodes using the same IGR delivery-agreement machinery.
- Roll out one-window approvals as routine practice, supported by workflow redesign, capacity-building and transparent tracking.
- Consolidate the cross-sphere public land release framework into routine pipelines aligned to spatial outcomes and area-based priorities.

Strengthen support capacity and make it accountable

- Build national and provincial support capability with clear support plans, performance expectations and reporting, and ensure support is evaluated against measurable improvements in service delivery and institutional performance, not inputs or activity alone.
- Reformulate municipal infrastructure support so that technical, financial and governance expertise can be deployed consistently in municipalities where risks are high or failures are persistent.

Stabilise leadership, deepen capability and scale digital maturity

- Institutionalise measures that reduce politically driven churn, improve merit-based recruitment and performance management, and strengthen the integrity and stability of the administrative system.

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- Scale the digital backbone from early integrity components to mature, interoperable platforms that support planning, delivery, asset management, revenue and system learning, aligned to administrative and cybersecurity capability.

Trading services regulation, creditworthiness and investment

- Establish or designate competent independent economic regulation approaches where required, including tariff methodologies, appeals mechanisms and data requirements.

- Expand creditworthiness programmes and structured improvement pathways, especially for smaller and distressed municipalities, to unlock investment while strengthening discipline in governance, planning and revenue.

Service delivery flexibility and regionalisation

- Scale regionalised service delivery and alternative delivery arrangements where they demonstrably improve service outcomes and value for money, with clear safeguards for accountability, pricing transparency and contract performance.

- Introduce stability rules for external delivery mechanisms (including minimum periods and disciplined exit criteria) to reduce churn, improve accountability and enable credible performance evaluation.

Indigent targeting, affordability and redistribution improvements

- Consolidate objective and differentiated indigent targeting approaches, improve affordability measurement and costing, and refine redistributive instruments (including equitable share refinements where justified by evidence).

Infrastructure renewal, resilience and technology

- Consolidate fiscal realignment so finance follows function, reliability and maintenance are rewarded, and climate-proofing standards are applied across the infrastructure lifecycle.

- Strengthen predictable resilience instruments, including contingency arrangements and appropriate risk pools where feasible.

- Embed enforceable climate-risk integration into planning and land governance and strengthen upgrading standards that reduce risk and improve serviceability.

- Mainstream nature-based solutions and ecological infrastructure stewardship where appropriate, supported by robust data governance and improved asset management.

Deepen partnering and social accountability

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- Expand partnering frameworks and citizen-based monitoring approaches, ensuring that learning loops translate into standard practice and that communities can see what was raised, what was done and why.

Mature Traditional and Khoi-San partnership practice

- Consolidate compact implementation through tools, training, consistent provincial facilitation and inter-departmental alignment so that relationships become predictable, documented and outcome-focused rather than personality-driven.

- Institutionalise a system-level dispute-resolution role for Provincial Houses, working with provincial CoGTA, supported by consistent mediation guidelines to reduce escalation, stoppages and litigation.

Long-term policy proposals

Finalise new policies, legislative amendments and regulations for introduction at the commencement **of the following term of municipal office (2031)**

By 2031, mature practice should be sufficiently established to lock in the remaining policy and legal reforms required to sustain the new system as the default operating model for the following term.

Lock in system coherence, oversight and enforcement as required

- Finalise legislative and regulatory amendments needed to embed the coordination and oversight framework, including enforceable cooperative governance protocols, the assignment framework, the aligned inter-sphere calendar and the data-driven oversight and escalation system.

- Finalise any remaining legal clarifications required to ensure interventions and escalation mechanisms are predictable, usable and consistent with constitutional roles, including where service-delivery failures require “step-in” measures within the existing constitutional framework.

Consolidate mature spatial transformation and resilience reforms into the next-term default

- By the commencement of the 2031 term, embed as default: an executable IDP with a binding One Plan compact; a small number of functioning area-based compacts delivering measurable outcomes; predictable one-window approvals; and routine, safeguarded public land release pipelines aligned to spatial outcomes.

- Lock in fiscal incentives and grant rules that reward reliability, maintenance and resilience, with explicit protections for asset renewal, resilience and lifecycle costing.

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- Consolidate climate-risk integration and build-better requirements as routine practice across planning, investment and recovery, supported by durable resilience financing instruments where adopted.

- Institutionalise ecological infrastructure stewardship as standard practice in spatial planning and asset management systems, and embed clarified governance arrangements in customary land areas enabling wall-to-wall planning, service delivery and risk reduction.

Consolidate mature finance and services reforms into the next-term default

- Lock in the matured grant conditionality and graduation model, including explicit protections for asset renewal, resilience and life-cycle costing.

- Finalise the longer-run fiscal framework reforms required to strengthen own-revenue sustainability and redistribution, based on evidence from the preceding term, and consolidate the national approach to affordability measurement and indigent targeting.

- Embed the full regulatory model for trading services where required, ensuring tariffs and standards are evidence-based, transparent and enforceable.

Consolidate mature models into the next-term operating system

- By the commencement of the 2031 term, the expected default should include professionalised appointments, routine citizen care, transparency by default, functioning ward systems, embedded partnering mechanisms (including Traditional and Khoi-San compacts where relevant), a strengthened support and intervention capability, and a scaled digital backbone supporting integrity and delivery.

- Ensure reforms are embedded in routine planning, budgeting, performance management, oversight and consequence management so that implementation no longer depends on personalities, ad hoc campaigns or discretionary cooperation.

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