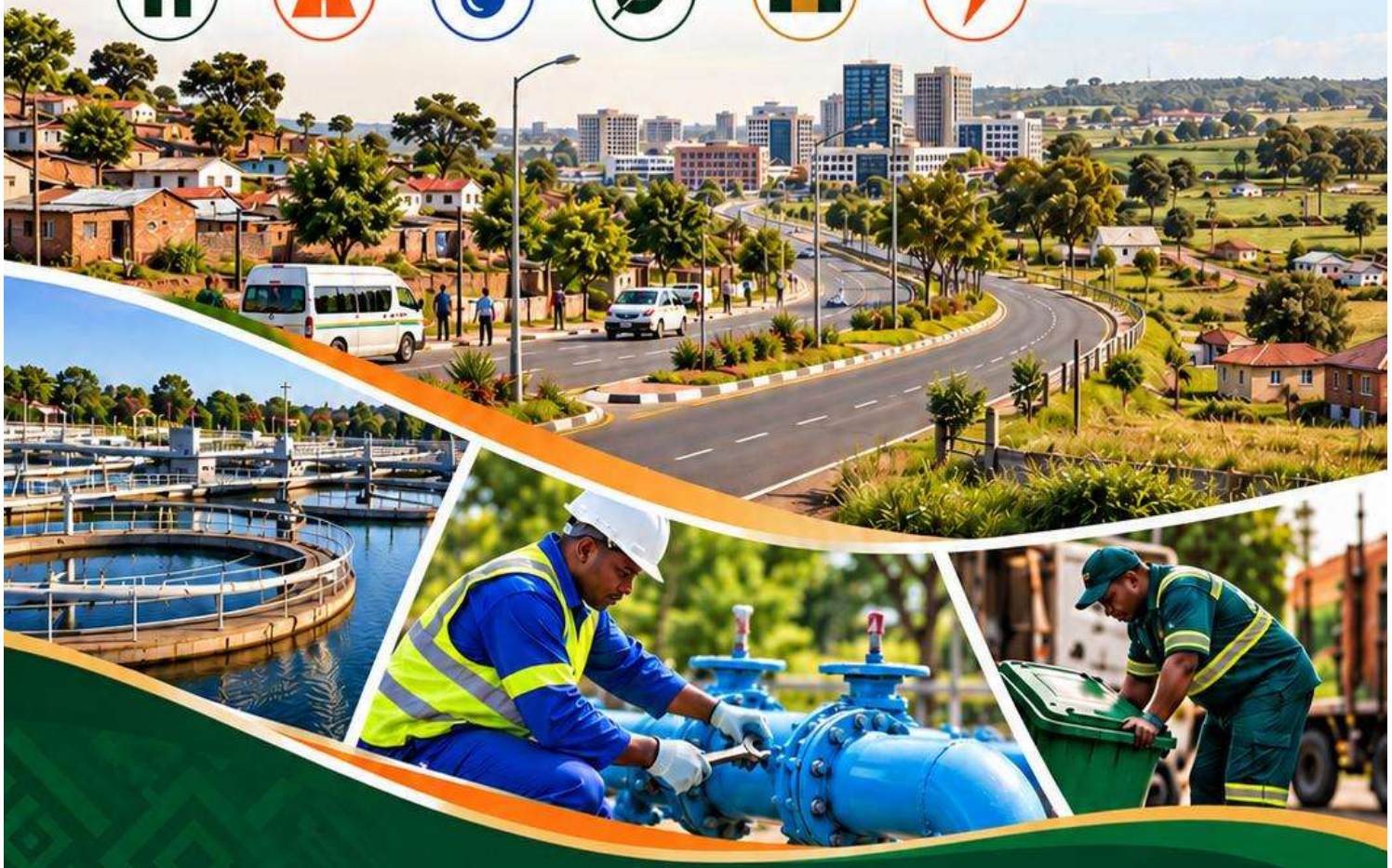
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Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

RESEARCH COMPENDIUM

White Paper on Local Government 2026

Inclusive, capable municipalities delivering quality services to every community.



WPLG Research Compendium | September 2026

Department of Cooperative Governance | Republic of South Africa

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LIST OF ACRONYMS

Acronym	Full Term
AGO	Anticipatory Governance Office
AGSA	Auditor-General (of South Africa)
BNG	Breaking New Ground
CoGTA	Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus Disease 2019
DBSA	Development Bank of Southern Africa
DDM	District Development Model
DCoG	Department of Cooperative Governance
DPME	Department of Planning, Monitoring and Evaluation
DRR	Disaster Risk Reduction
DWS	Department of Water and Sanitation
FBS	Free Basic Services
GIS	Geographic(al) Information System
ICT	Information and Communications Technology
IDP	Integrated Development Plan(ning)

Acronym	Full Term
IFISA	Infrastructure Finance and Implementation Support Agency
IGR	Intergovernmental Relations
IMF	International Monetary Fund
IUDF	Integrated Urban Development Framework
JET	Just Energy Transition
KZN	KwaZulu-Natal
LED	Local Economic Development
MAPS	Methodology for Assessing Procurement Systems
MFMA	Municipal Finance Management Act
MFRS	Municipal Financial Recovery Service
MP	Member of Parliament
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTCC	Municipality–Traditional Council Compact
MTDP	Medium-Term Development Plan
NCOP	National Council of Provinces
NDP	National Development Plan
PARI	Public Affairs Research Institute

Acronym	Full Term
PDG	Palmer Development Group
PGDS	Provincial Growth and Development Strategy
PMO	Project Management Office
PPP	Public-Private Partnership
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDF	Spatial Development Framework
SMME	Small, Medium and Micro Enterprise
SOE	State-Owned Enterprise
SPLUMA	Spatial Planning and Land Use Management Act
TASP	Traditional Areas Service Partnership
TKC	Traditional and Khoi-San Council
TKLA	Traditional and Khoi-San Leadership Act
WPLG	White Paper on Local Government
WPLG98	White Paper on Local Government, 1998
WPLG26	White Paper on Local Government, 2026

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The development of this WPLG Review Knowledge Series: Research Compendium would not have been possible without the commitment, expertise and contribution of the many individuals who supported the review of the White Paper on Local Government. Our sincere appreciation goes to the Departmental WPLG Team, comprising: **Maphuti Leta**; **Mr Richard Plank**, **Mr Koena Mokgotho**, **Ms Avhavhudzani Khangale** and **Ms Chemone Van der Westhuizen** whose leadership and coordination provided the institutional foundation for the review process. Special acknowledgement is extended to **Ms Joanne Murphy**, who was commissioned to undertake the development of this Research Compendium, for consolidating the body of research and knowledge generated through the review into this important resource.

We gratefully acknowledge the White Paper Research Team, comprising **Prof Andrew Boraine**, **Ms Lindiwe Ndlela**, **Mr Themba Fosi**, **Ms Malijeng Ngqaleni**, **Ms Nosipho Hlatshwayo** and the **RESEARCHERS and policy contributors** whose papers are the basis of this compendium. We extend our gratitude to the **UNIVERSITY OF PRETORIA** and the **GIZ (DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT)** through its research programme that seconded the majority of the researchers to conduct this foundational work.

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EXECUTIVE SUMMARY

The White Paper on Local Government

The revised White Paper represents the most significant national reckoning with local government performance since the original 1998 White Paper. The review was initiated by Cabinet in 2022 and publicly launched by the Minister of Cooperative Governance and Traditional Affairs, Mr Velenkosini Hlabisa, in May 2025. On 7 May 2026, the Reviewed Draft White Paper was gazetted for public comment.

The review was prompted by an accumulating evidence base: South Africa built the architecture of a developmental local government system, but performance has become increasingly uneven and, in too many municipalities, is in sustained decline. The review was guided by a clear purpose – to protect what works, to address what does not, and to set a credible direction for reform – with the revised vision being of ethical, democratic, accountable, capable, financially sustainable and climate-resilient municipalities that deliver inclusive growth, sustainable services, spatial justice, and a safe and healthy environment in every community.

The White Paper contains approximately 70 policy change recommendations and about 139 priority projects spanning governance, institutional design, intergovernmental relations, municipal finance, service

delivery, spatial transformation, traditional leadership, and implementation. It proposes the establishment of a time-bound Local Government Transition Management Body jointly led by CoGTA, the Presidency and National Treasury to coordinate and guide system change over time, reflecting the White Paper's central conviction that implementation must be treated as both structural and behavioural, and as a whole-of-government task.

About this Compendium

This Compendium brings together structured, accessible summaries of the 19 research papers commissioned by DCoG to support the White Paper review. These papers were not peripheral inputs; they were commissioned at the outset of the review to respond to the areas of concern raised by the public consultation process on the Discussion Document. Eight research areas were developed to inform the research papers, and these are:

Research Area 1: The structure of local government system

- National legislation and regulation
- The impact of Case Law and Legal Precedent on municipal operations
- Powers and functions

Research Area 2: Local government in intergovernmental relations

- National and Provincial supervision of the sphere of local government: Regulation and Monitoring
- National and Provincial supervision of the sphere of local government: Support and capacity building
- National and Provincial supervision of the sphere of local government: Interventions

Research Area 3: Leadership, management and administration of municipalities

- Governance and Administration
- Overview study on the state of local public administration
- The politics of local government.
- The culture of local government:

Research Area 4: Fiscal and financial reform

- Financing system

Research Area 5: Provisioning, financing, operating and maintenance of infrastructure

- Services and infrastructure

Research Area 6: Citizen responsive local government

- Responsiveness and accountability

Research Area 7: Local government in growth and development

- Development
- Coordination of development plans
- Redefining LED

Research Area 8: Traditional governance systems and local government

- The role of traditional and Khoi-San leaders in development

These papers were processed through 5 reference groups, each led by a core member of the review team, comprising subject matter experts. Many of their findings, analytical frameworks and recommendations served as a basis for the drafting of the White Paper's chapters. Researchers engaged with the review team iteratively, attending workshops and in several cases producing supplementary outputs as policy proposals developed.

The Compendium is designed for a broad audience such as policymakers and officials implementing the White Paper; practitioners at national, provincial and local level; academics, researchers and civil society organisations; journalists and policy analysts; and members of the public who wish to engage with the evidence behind the White Paper's proposals. Each summary presents background and context, the study's objective, its methodology, key

findings, policy implications, recommendations, and the paper's relevance to the White Paper. These summaries are faithful to each author's work. They present, rather than evaluate or reinterpret. Readers are encouraged to engage with the full papers for depth of methodology, evidence and theoretical framing.

The Research Programme

The commissioned research papers span the full landscape of local government: institutional structure, governance, administration, intergovernmental relations, spatial planning, human settlements, local economic development, environmental and climate management, support and oversight systems, traditional and Khoi-San leadership, national regulation, and the affordability of basic services.

The research was conducted by leading South African authorities in their respective fields: Prof Jaap de Visser (Dullah Omar Institute, University of the Western Cape); Ms Nazreen Kola (Palmer Development Group); Prof Zwelinzima Ndevu (Stellenbosch University); Prof Mashupye H. Maserumule (Tshwane University of Technology); Prof John Mafunisa (University of Venda); Dr Robynne Jean Hansmann (Durban University of Technology); Dr Nobukhosi Ngwenya; Prof TK Pooe (University of the Witwatersrand); Prof Nedson Pophiwa (University of Johannesburg); Dr DM Powell; the Public Affairs Research Institute (PARI); Mr Nick Graham, Ms

Nonhlakanipho Tau and Mr Kevin Wall; National Treasury; Dr Sarah Meny-Gibert, Prof Jonathan Klaaren and Ryan Brunette (PARI); Dr Tracy Ledger (PARI); Prof Christa Rautenbach (North-West University), Prof Mashau Takalani (University of Venda) and Mr Basil Sikhakhane; Mr Jugal Mahabir, supported by Mr Phillip van Ryneveld; and Mr MC Greatwood. Many papers span multiple chapters of the White Paper, reflecting the deeply interconnected nature of local government challenges.

What the Research Tells Us: Cross-Cutting Findings

Across the nineteen papers addressing very different domains, several findings recur with consistency.

- **South Africa has built the form of developmental local government but not its substance.** The Longitudinal Review traces 25 years of widening divergence between the constitutional vision and actual outcomes, documenting how repeated reform efforts have stalled without structured implementation capacity. The system has generated compliance without performance, and audits without accountability.
- **Governance failure is the root cause, not a symptom.** Across papers on governance, administration, longitudinal trends and citizen relations, the consistent finding is that the blurring of political and administrative roles, political interference in appointments, procurement and operations, is the

primary driver of institutional decay. Where accountability runs upward to political principals rather than downward to communities, performance deteriorates and correction becomes structurally difficult.

- **The one-size-fits-all model has set many municipalities up to fail.** The mismatch between a standardised policy framework and a diverse municipal landscape (ranging from large metropolitan centres to tiny rural municipalities with negligible revenue bases and limited professional staff), produces neither equity nor performance. Differentiation must become a governing principle of the system, not an exception.
- **Fiscal deterioration is both cause and consequence.** Weak governance drives fiscal failure; fiscal failure then prevents governance recovery. Municipalities that cannot sustain themselves financially cannot maintain infrastructure, attract capable staff or restore public trust. The Affordability paper adds a further dimension: the current Free Basic Services thresholds represent survival access, not developmental access, and the subsidy framework is inadequate to address the structural fiscal pressure that serving poor households generates.
- **Intergovernmental relations and regulatory fragmentation constrain local performance.** Many of the failures in local government do not originate in

municipalities alone. National regulatory authority is dispersed across multiple departments and statutory bodies operating in silos. Provincial oversight has been inconsistent and poorly resourced. The corrective intervention system, designed to prevent persistent failure has been activated too late and too infrequently to reverse decline.

- **Climate resilience is a present and intensifying challenge, not a future one.** Most municipalities lack the technical capacity to integrate climate considerations into planning, infrastructure or disaster management. The consequences for infrastructure, service reliability and fiscal sustainability compound existing stress and require a fundamental reorientation of municipal priorities.
- **Implementation is where reforms succeed or fail.** South Africa's history of local government reform includes many well-designed policies that have not translated into practice. The research programme as a whole point to the same conclusion: the gap between policy and implementation is not accidental, and closing it requires dedicated institutional capacity, sequenced change management, and sustained political will at every level of government.

Research Contribution to the White Paper

The 2026 White Paper was developed through an extensive process that drew on multiple forms of evidence

and engagement. Alongside the commissioned research programme, the review drew on stakeholder engagement with municipalities, provincial governments, national departments, civil society, traditional authorities, the private sector and communities; analysis of a decade of performance data; public consultation; technical workshops; and iterative engagement with practitioners and officials across government. The White Paper reflects this full body of input, and no single research paper or set of papers is solely responsible for any particular proposal. The commissioned research was one important contribution to this process, a substantive one developed specifically to support the review, and it contributed meaningfully to several of the White Paper's key analytical and policy directions.

A Note on Scope and Use

The summaries in this Compendium are the work of the commissioned researchers and represent their analytical conclusions and recommendations. They do not constitute official departmental positions and should not be read as such. Where the White Paper's proposals differ from or go further than a researcher's recommendations, the White Paper is the authoritative policy document. These summaries are structured to be accessible and navigable, but they are necessarily abridged. They are intended to make the research legible and usable, not to replace it. Readers who wish to engage with the full methodology, data, or theoretical frameworks

should consult the original papers, referenced in Annexure A.

The Compendium reflects the research programme as constituted at the time of publication. Engagement with researchers and with the White Paper review process was ongoing and iterative; in some cases, research questions evolved as policy work progressed. Some nuance and development that occurred through that process is not fully captured in the summaries.

How to Use this Document

Section 4 of the Compendium presents eleven cross-cutting themes that run through the research programme as a whole. These themes are:

- differentiated local government
- governance and accountability
- intergovernmental relations
- municipal capacity
- fiscal sustainability
- citizen and community relations
- spatial transformation
- transition management
- climate resilience
- traditional and Khoi-San leadership; and
- affordability

Section 5 presents structured summaries of all 19 individual research papers, organised to allow rapid navigation. Each paper is treated as a standalone contribution and can be read independently. The summaries are indexed to the relevant chapters of the White Paper, enabling readers to move between the research evidence and the White Paper's specific proposals.

Full references to the original research papers are contained in Annexure A.

1. INTRODUCTION

This Compendium serves as an accessible research repository, bringing together in structured and readable form the body of research commissioned to support the White Paper review. Its primary purpose is to make the research base visible and usable. The full research papers are detailed and are intended for specialist audiences. The Compendium translates this body of work into structured summaries that allow any reader to understand quickly what each paper covers, what it found, what it recommends, and how it connects to the White Paper. Each summary refers to the full research paper for readers who wish to engage with the original work in depth. Links to the full research papers are contained in the annexure at the end.

The Compendium is intended for a broad audience that includes:

- Policymakers and senior government officials engaged in implementing or responding to the White Paper, who need a rapid orientation to the research evidence underpinning specific proposals.
- Practitioners and implementers at national, provincial and local level, who need to understand the research context for the reforms they are asked to lead.
- Academics, researchers and civil society organisations wish to engage critically with the White Paper's proposals and their evidentiary foundations.

- Members of the public and community stakeholders who want to understand what the research says about the challenges facing local government and the proposed solutions.
- Journalists, commentators and policy analysts tracking the White Paper process.

The summaries are faithful to the work of each author or research team. They do not reinterpret or evaluate the research; they present it accessibly and consistently. Where authors use specific terminology or advance particular conceptual frameworks, these are retained. Each paper is treated as a standalone contribution from its author.

2. THE WHITE PAPER REVIEW PROCESS

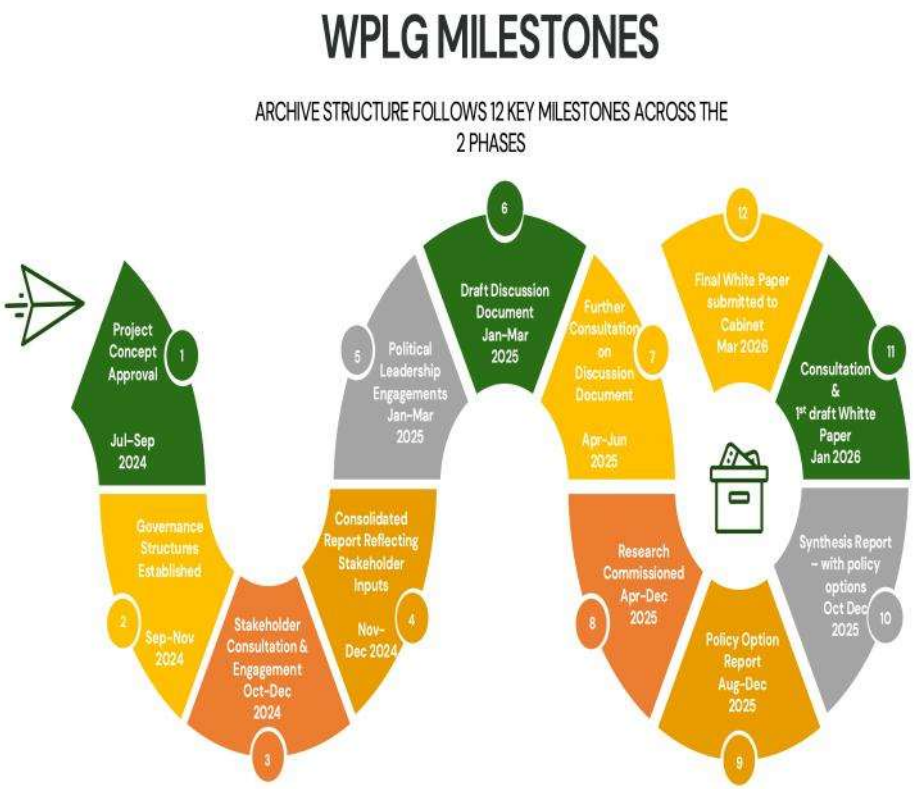
The White Paper review was conducted in two phases.

- Phase 1 (April 2024-March 2025): Conducted diagnostic work to understand key issues affecting local government policy. This included reviewing existing research, analysing data from the past ten years, and engaging stakeholders to inform and shape a Discussion Document for national policy dialogue.
- Phase 2 (April 2025–June 2026): Focused on developing policy options and drafting the new White Paper. This involved targeted research, coordination across government, and public consultations,

culminating in a Gazetted White Paper that underwent public comment and revision for final gazetting.

The White paper process followed clear and logical milestones designed to gather information, engage in broad consultation, conduct deep research, draft policy options, iterate with stakeholders and finally reach a transformative set of policy options in a new White Paper presented to Cabinet. The figure below illustrates the 12 milestones in the WPLG journey. The archive folders mirror these 12 milestones. Therefore, the logic of the archive follows the substantive thinking around process and content that informed the completion of the White Paper.

Figure 1: WPLG Milestones



BUILDING ON PREVIOUS LOCAL GOVERNMENT REVIEWS

The WPLG26 review does not begin from a blank slate. It builds on a substantial body of reflection and review undertaken by Government over the life of democratic local government, including the 2009 review of the local government system and subsequent 20-year and 25-year reviews, alongside other assessments of municipal performance and reform. These processes have repeatedly identified many of the structural, governance,

capacity, fiscal and service delivery challenges that continue to confront the sector and have generated important recommendations for strengthening the system. The persistence of many of these challenges points not to an absence of diagnosis or policy intent, but to the difficulty of translating reform into coherent, sustained implementation.

WPLG26 therefore draws on and acknowledges this earlier body of work while seeking to respond differently to the implementation challenge, with greater emphasis on prioritisation, sequencing, institutional coordination, transition management and accountability for delivery. In this sense, the current review represents both continuity with the lessons of previous reviews and a deliberate effort to strengthen the mechanisms through which policy reform is translated into practice.

3. HOW THE RESEARCH INFORMED AND SUPPORTED THE WHITE PAPER

The Department commissioned specialised research papers to support the White Paper review. Researchers were selected for their subject matter expertise, track record, and standing in their respective fields. The papers span the full thematic landscape of local government, from institutional structure and governance to service delivery, spatial transformation, finance, climate resilience, and the role of traditional and Khoi-San leadership.

Each paper was summarised into a consistent format: background and context, objective of the study, key findings, policy implications, recommendations, and relevance to the White Paper. This standardised structure allows the reader to move quickly across papers and locate the information most relevant to their needs. The summaries are descriptive in nature and stay true to the authors' own arguments, framings and conclusions.

Each summary is accompanied by a reference to the full research paper. Readers who wish to engage in depth with any paper's methodology, evidence base, or theoretical framing are encouraged to consult the original work directly. The 19 papers included in this Compendium are set out in the table below.

Table 1 List of Research Papers

No.	Research Paper	Author(s)
1	Municipal Tiers, Powers and Functions	Prof Jaap de Visser
2	Local Government Powers and Functions	Ms Nazreen Kola
3	25-Year Longitudinal Review of Local Government	Prof Zwelinzima Ndevu
4	Municipal Governance and Administration	Prof Mashupye H. Maserumule
5	Governance, Institutions, Administration and Citizen Relations	Prof John Mafunisa
6	Planning and Spatial Transformation	Dr Robynne Jean Hansmann
7	Human Settlements	Dr Nobukhosi Ngwenya

No.	Research Paper	Author(s)
8	Local Economic Development	Prof TK Pooe
9	Environment, Climate and Disaster Management	Prof Nedson Pophiwa
10	National Regulation of Local Government	Dr DM Powell
11	Affordability of Basic Services for South African Households	Public Affairs Research Institute
12	Infrastructure and Service Delivery	Mr Nick Graham, Ms Nonhlakanipho Tau & Mr Kevin Wall
13	Review of WPLG Alternative Funding Mechanisms	National Treasury
14	The 1998 Local Government White Paper review as a catalyst for conditional grant reforms	National Treasury
15	Inefficiencies in Supply Chain Management in Local Government	Dr Sarah Meny-Gibert; Prof Jonathan Klaaren, and Ryan Brunette (PARI)
16	Support, Monitoring and Intervention	Dr Tracy Ledger
17	Traditional and Khoi-San Leadership in Local Government	Prof Christa Rautenbach, Prof Mashau Takalani, Mr Basil Sikhakhane
18	A Critical Assessment of Local Government Revenues	Mr Jugal Mahabir, supported by Mr Phillip van Ryneveld
19	Navigating the Water Services Amendment Bill: Implications, Risks, and Strategic Responses	Mr MC Greatwood

The research papers were integral to the White Paper process, not peripheral to it. They were commissioned at the outset of the review, and their findings, analytical frameworks and recommendations fed directly into the drafting of the White Paper's chapters. The relationship was iterative: researchers engaged with the review team, attended workshops and engagements, and in several cases produced supplementary outputs as the White Paper's policy proposals developed.

4. KEY CROSS-CUTTING THEMES

4.1. DIFFERENTIATED LOCAL GOVERNMENT

- **What it is:** Differentiated local government refers to the recognition that municipalities vary enormously in size, population, geography, economic base, and institutional capacity and that a single uniform set of powers, responsibilities and compliance requirements cannot serve all of them effectively.
- **Why it matters for the White Paper:** The one-size-fits-all model has set many municipalities up to fail. Requiring the same of a large metropolitan municipality and a small rural one with a tiny revenue base and limited professional staff produces neither equity nor performance. Addressing this is one of the White Paper's most fundamental structural proposals.

- **What the research says:** The Longitudinal Review documents how the post-1998 system, designed around a standardised model, has produced widening divergence in performance. De Visser's work on tiers, powers and functions argues that differentiation has been undermined by incoherent assignment processes and legislative fragmentation, resulting in paralysis rather than thoughtful allocation. The Support, Monitoring and Intervention paper demonstrates that differentiation must extend to oversight and intervention the same triggers and remedies cannot apply uniformly across a system of municipalities with such divergent profiles. The Affordability and Human Settlements papers show that the consequences of undifferentiated policy are felt most acutely by poor households in municipalities with the least capacity to deliver.
- **What the White Paper says:** The White Paper proposes a differentiated local government system that retains two tiers where appropriate while expanding the use of single-tier municipalities where justified. It introduces broader Category A options and a more differentiated approach to municipal categories. Over the longer term, further movement towards a single-tier system may be considered in light of implementation experience. Differentiation is treated not as an exception but as a governing principle of the system.

4.2. GOVERNANCE AND ACCOUNTABILITY

- **What it is:** Governance and accountability refer to the quality of decision-making, ethical conduct, and the mechanisms that hold political and administrative leaders to account, not only upwards through compliance reporting, but downwards to communities.
- **Why it matters for the White Paper:** Governance failure is at the heart of local government's most severe performance problems. Where accountability is weak or inverted (tilted towards political parties and compliance auditors rather than communities) the result is a system that performs for the report rather than for residents.
- **What the research says:** The Longitudinal Review charts the arc of governance deterioration over 25 years, linking it to cadre deployment, coalition instability, and the erosion of professional management norms. Maserumule's work on Municipal Governance and Administration and Mafunisa's research on Governance, Institutions and Citizen Relations both find that the blurring of political and administrative roles has been particularly damaging: political interference in administration produces poor hiring, poor financial management, and an absence of consequence management. Both papers call for a stronger, legally protected boundary between elected leadership and professional administration. The Support, Monitoring and Intervention paper

documents how accountability inversions enable persistent failure to go uncorrected for years.

- **What the White Paper says:** The White Paper treats governance reform as foundational. It proposes to restore and enforce the boundary between council and administration, strengthen consequence management, address cadre deployment, and rebalance accountability, making downward accountability to communities the primary reference point, supported by structured community engagement and meaningful performance transparency.

4.3. INTERGOVERNMENTAL RELATIONS AND COORDINATION

- **What it is:** Intergovernmental relations (IGR) refers to the working relationships, coordination mechanisms and accountability arrangements between the three spheres of government: national, provincial and local. Coordination refers to how these spheres align plans, funding and delivery in specific places.
- **Why it matters for the White Paper:** Many of the failures in local government do not originate in municipalities alone. Fragmented national regulation, poorly coordinated provincial oversight, competing sector priorities, and underfunded intergovernmental mandates all undermine local performance. IGR reform is therefore a prerequisite for meaningful local government reform.

- **What the research says:** Powell's National Regulation paper provides the most detailed treatment of this theme, documenting how regulatory authority over local government is dispersed across multiple national departments, ministries and statutory bodies, each operating in silos, with no transversal clearing house for cross-sector implications. The result is that major reforms affecting municipalities proceed without coherent coordination, as illustrated by the electricity sector. The Longitudinal Review and the Support, Monitoring and Intervention paper both find that intergovernmental support and corrective intervention are episodic, poorly institutionalised, and ineffective at scale. The Traditional Leadership paper and Hansmann's work on planning both highlight how IGR failures show up in specific functional areas, where lines of responsibility between spheres are blurred and contested.
- **What the White Paper says:** The White Paper's Chapter 3 is dedicated to cooperative governance, intergovernmental relations and planning for collective impact. It proposes to strengthen IGR forums, improve intergovernmental planning in local spaces, and establish clearer accountability for delivery across spheres. It also responds to Powell's arguments by proposing improved transversal coordination of national regulation of local government.

4.4. MUNICIPAL CAPACITY AND CAPABILITY

- **What it is:** Municipal capacity refers to the human, institutional, technical and systemic capability of municipalities to perform their constitutional functions, which include to plan, procure, manage, deliver and account for services over time.
- **Why it matters for the White Paper:** Capacity deficits are both a cause and a consequence of poor performance. Without capable people, systems and institutions, even well-designed policies and adequate funding cannot translate into reliable services. This is one of the most persistently raised issues across the entire body of research.
- **What the research says:** Capacity problems appear across nearly every commissioned paper. The Longitudinal Review links them to political interference in hiring and retention, the loss of institutional memory, and inadequate investment in professional development. Maserumule and Mafunisa both find that the political-administrative interface is the primary driver of capability erosion: where appointments are made on political rather than professional grounds, skills gaps widen and accountability disappears. Powell's National Regulation paper identifies data and analytical capability as a specific gap at national level, the absence of a national data centre for local government means that early warning signals are missed and interventions are reactive. The Environment, Climate and Disaster Management

paper notes that specialist technical capacity is severely lacking in most municipalities, limiting their ability to respond to climate and disaster risks.

- **What the White Paper says:** The White Paper proposes depoliticising the administrative system as a prerequisite for capability improvement. Chapters 4 and 5 together address political-administrative relations, with proposals to professionalise administration, protect key administrative appointments, and strengthen training and development. The White Paper also proposes digital transformation as a lever for capability, reducing reliance on individual discretion and improving systems reliability.

4.5. FISCAL SUSTAINABILITY

- **What it is:** Fiscal sustainability refers to a municipality's ability to generate sufficient revenue, manage expenditure responsibly, service its debt obligations, and fund infrastructure investment and maintenance over the long term.
- **Why it matters for the White Paper:** Fiscal deterioration is both a symptom and an accelerant of broader governance failure. Municipalities that cannot sustain themselves financially cannot maintain infrastructure, cannot attract capable staff, and cannot restore public trust. The fiscal crisis in local government is a national crisis.

- **What the research says:** De Visser's work on tiers and functions identifies fiscal imbalances between district and local municipalities as a structural design flaw, one that creates grant dependency and limits redistribution. The Local Economic Development paper argues that weak local economies and limited revenue bases trap many municipalities in a low-investment, low-capacity equilibrium. The Support, Monitoring and Intervention paper, authored by Dr Tracy Ledger, documents how the mechanisms designed to prevent fiscal collapse have consistently failed, with national and provincial intervention powers under section 139 of the Constitution used too late and too rarely. The Affordability paper links fiscal sustainability directly to service affordability: municipalities that cannot collect revenue from poor households without adequate subsidy frameworks face structural fiscal pressure that cannot be resolved through expenditure cuts alone.
- **What the White Paper says:** Chapter 8 on Municipal Finance addresses revenue, expenditure, debt, and the intergovernmental fiscal framework. The White Paper proposes reforms to tariff-setting, revenue collection, conditional grants, and the oversight of municipal financial management. It links fiscal sustainability explicitly to governance quality, recognising that financial recovery requires institutional reform, not only technical interventions.

4.6. CITIZEN AND COMMUNITY RELATIONS

- **What it is:** Citizen and community relations refers to the nature of the relationship between municipalities and the people they serve, whether that relationship is genuinely participatory, trust-based and accountability-generating, or merely compliance-driven and ceremonial.
- **Why it matters for the White Paper:** Communities are not only the recipients of municipal services; they are a critical source of accountability. Where the relationship between citizens and government is thin, conflictual or absent, it is not only democracy that suffers, but service delivery does also too. Protest and conflict become a default communication channel when structured participation fails.
- **What the research says:** Both Maserumule and Mafunisa find that public participation has become largely procedural, a compliance exercise rather than a genuine forum for community voice. The Longitudinal Review documents rising public cynicism and the weakening of the social contract, linking this directly to decades of participatory rituals without substantive responsiveness. The Human Settlements paper notes that communities, particularly in informal settlements, are excluded from planning decisions that directly affect them. The Traditional Leadership paper highlights how, in many rural municipalities, the absence of effective integration of traditional and Khoi-San leadership into local governance has

created parallel systems that weaken rather than strengthen community representation.

- **What the White Paper says:** Chapter 6 proposes a shift from participation to genuine collaboration and partnering, institutionalising structured, ongoing relationships with communities, traditional authorities, business and civil society. It rebalances accountability, making downward accountability to communities the primary reference point, and proposes practical mechanisms for community oversight that go beyond the IDP and public meetings cycle.

4.7. SPATIAL TRANSFORMATION

- **What it is:** Spatial transformation refers to the deliberate reshaping of inherited apartheid spatial patterns, the separation of residence from economic opportunity, the concentration of poverty in peripheral areas, and the under-investment in rural and peri-urban spaces to create more equitable, efficient and sustainable human settlements.
- **Why it matters for the White Paper:** South Africa's spatial landscape is not a neutral backdrop to service delivery; it is one of the deepest constraints on equitable development. Without spatial transformation, municipalities will continue to be asked to serve populations in locations that make service provision prohibitively expensive and economic participation structurally difficult.

- **What the research says:** Hansmann's Planning and Spatial Transformation paper argues that planning frameworks are fragmented across spheres and sectors, and that spatial planning in most municipalities lacks the analytical rigour, political commitment and implementation capacity to drive real change. The Human Settlements paper focuses on the specific challenge of informal settlements, where incremental upgrading approaches have been inconsistent, and where community participation in planning decisions has been limited. The LED paper connects spatial patterns directly to local economic underperformance, arguing that peripheral and fragmented settlement patterns raise the cost of doing business and reduce the potential for agglomeration.
- **What the White Paper says:** Chapter 10 on Spatial Transformation, Economic Growth and Climate Resilience places spatial justice at the centre of the local government agenda. The White Paper proposes to strengthen spatial planning capacity in municipalities, align land use, housing and economic development planning, and integrate climate resilience into spatial decision-making.

4.8. TRANSITION MANAGEMENT AND IMPLEMENTATION

- **What it is:** Transition management refers to the dedicated institutional and programmatic capacity required to move from one system of government to

another to manage the complex, multi-stakeholder, long-duration process of implementing fundamental reform.

- **Why it matters for the White Paper:** South Africa's history of local government reform includes many well-designed policies that have not translated into practice. The gap between policy adoption and implementation is not accidental. It reflects the absence of structured, sustained transition management capability. This White Paper explicitly sets out to address that pattern.
- **What the research says:** The Longitudinal Review provides the clearest historical account of implementation failure, tracing how successive rounds of reform since 1998 have stalled due to inadequate implementation support, shifting political priorities, and the absence of a dedicated national programme. Powell's National Regulation paper makes the strongest analytical case for a national clearing house for local government and a dedicated transition management framework, arguing that writing policy is the easy part, and that managing transition is where reforms succeed or fail. The Support, Monitoring and Intervention paper echoes this, documenting how the corrective intervention system was designed to prevent persistent failure but has consistently been activated too late and without coordination.
- **What the White Paper says:** Chapter 11 on Implementation, Sequencing and Transition

Management is dedicated to this theme. The White Paper proposes the establishment of a time-bound Local Government Transition Management Body jointly led by CoGTA, the Presidency and National Treasury to coordinate, oversee and guide system transitions for a defined period. It treats implementation as both structural and behavioural, requiring whole-of-government commitment rather than departmental administration.

4.9. CLIMATE RESILIENCE

- **What it is:** Climate resilience refers to the capacity of municipalities to anticipate, absorb and adapt to climate-related risks, including extreme weather events, water scarcity, flooding, heat stress and infrastructure failure, while continuing to deliver services and support community wellbeing.
- **Why it matters for the White Paper:** Climate change is not a future risk for South African municipalities, it is a present and intensifying one. Municipalities are at the frontline of climate impacts, in disaster response, infrastructure resilience, water security, and planning, yet most lack the capacity to integrate climate considerations into core functions.
- **What the research says:** Pophiwa's paper on Environment, Climate and Disaster Management provides the dedicated treatment of this theme, documenting severe gaps in municipal capacity for environmental management, climate adaptation and

disaster risk reduction. It finds that disaster management functions are chronically under-resourced, that environmental compliance is weak, and that climate considerations are largely absent from municipal planning and infrastructure investment decisions. The paper argues for a fundamental reorientation of how municipalities conceptualise their environmental and climate responsibilities.

- **What the White Paper says:** Climate resilience is embedded across the White Paper rather than confined to a single chapter, reflecting the understanding that it is a cross-cutting concern. Chapter 10 on Spatial Transformation, Economic Growth and Climate Resilience provides the most direct treatment, proposing that municipalities integrate climate risk into spatial planning, infrastructure and service delivery decisions. The White Paper also connects climate resilience to the financial sustainability agenda, recognising that climate-related infrastructure failure has fiscal consequences that compound existing municipal stress.

4.10. TRADITIONAL AND KHOI-SAN LEADERSHIP

- **What it is:** This theme concerns the constitutional recognition of traditional and Khoi-San leadership structures and their relationship to democratic local governance, specifically how traditional institutions and elected municipalities can work together

constructively in areas where their jurisdictions overlap.

- **Why it matters for the White Paper:** Traditional and Khoi-San leadership institutions exercise significant authority in rural and peri-urban areas, and their relationship with municipalities directly affects service delivery, land governance, and community cohesion. Where this relationship is poorly defined or conflictual, both systems are weakened.
- **What the research says:** The paper by Rautenbach, Takalani and Sikhakhane provides a comprehensive examination of the legislative and constitutional framework governing traditional and Khoi-San leadership, finding it to be fragmented, contradictory and out of step with constitutional requirements. It documents significant variation in how municipalities engage with traditional councils, ranging from genuine partnership to active conflict. The paper argues for clearer, constitutionally aligned frameworks for cooperation, structured integration of traditional councils into municipal planning and oversight processes, and dedicated support for Khoi-San leadership integration.
- **What the White Paper says:** Chapter 7 on Improved Relationships Between Elected and Traditional and Khoi-San Leadership Institutions responds directly to this research. The White Paper proposes a clearer, more coherent framework for cooperation between municipalities and traditional councils, moving beyond

symbolic recognition toward structured developmental partnerships. It also proposes to address the specific integration challenges facing Khoi-San leadership, which remains less institutionally settled than traditional leadership.

4.11. AFFORDABILITY AND ACCESS TO BASIC SERVICES

- **What it is:** Affordability refers to whether households can meaningfully access and pay for basic services such as water, sanitation and electricity, without sacrificing other essential needs. It encompasses not only tariff levels but the design of subsidy frameworks, indigent registration systems, and the reliability of service provision.
- **Why it matters for the White Paper:** The constitutional and developmental promise of local government, to improve quality of life for all residents, cannot be fulfilled if the services municipalities deliver are priced beyond what poor households can afford, or are so unreliable as to be effectively inaccessible. Affordability is therefore one of the most direct tests of whether local government is working for South Africans.
- **What the research says:** The Affordability of Basic Services paper, authored by PARI, is the primary treatment of this theme. It demonstrates, using a residual-income methodology, that the current Free Basic Services allocations of 6 kilolitres of water and

50 kWh of electricity per month represent survival access, not developmental access. Developmental thresholds of 13 kilolitres of water and 350 kWh of electricity are required for households to participate meaningfully in economic and social life. The paper also documents that indigent policy coverage is severely limited, that service unreliability compounds unaffordability, and that municipalities under fiscal stress face structural pressure to raise tariffs in ways that exacerbate poverty. The Human Settlements paper reinforces this from the perspective of informal settlements, where service access is most fragile.

- **What the White Paper says:** The White Paper takes up the affordability agenda in Chapter 8 on Municipal Finance and Chapter 9 on Service Delivery and Infrastructure. It proposes a review of Free Basic Services allocations, reform of indigent registration and targeting systems, and the development of a conditional grants framework linked to service reliability. The White Paper endorses the conceptual shift from survival to developmental access as the normative standard for affordability policy.

5. INDIVIDUAL PAPER SUMMARIES

5.1. MUNICIPAL TIERS, POWERS AND FUNCTIONS

Prof Jaap de Visser, Dullah Omar Institute, University of the Western Cape

5.1.1 Background

This paper examines three major structural issues in South Africa's local government system:

- the municipal tier system (district and local municipalities),
- the number and boundaries of municipalities, and
- the assignment of municipal powers and functions.

The paper responds to growing concerns that the current local government system is overly complex, costly, and insufficiently differentiated to respond to varying municipal realities. It argues that many of the current governance and service delivery challenges are rooted not only in municipal capacity constraints, but also in weaknesses in the institutional design of local government itself.

A particular focus of the paper is the functioning of the two-tier district-local system outside metropolitan municipalities, the continued debate around municipal amalgamations and financial viability, and the absence of a coherent framework for differentiated municipal powers and responsibilities.

The paper also engages with broader constitutional and governance questions, including whether aspects of the current local government framework should be amended or whether substantial reform is possible within the existing constitutional architecture.

5.1.2 Objective of the Study

The study aimed to:

- Assess whether the current two-tier local government system remains fit for purpose
- Examine whether reducing or restructuring municipalities would improve efficiency, coordination, and financial sustainability.
- Analyse weaknesses in the current framework for assigning municipal powers and functions.
- Explore constitutional and legislative options for reform
- Provide practical policy and legislative recommendations to inform the White Paper on Local Government.

5.1.3 Methodology

The paper is primarily a legal and policy analysis drawing on:

- Constitutional and legislative review.
- Analysis of the Municipal Structures Act, Demarcation Act, and related legislation.
- Review of policy frameworks, including the 1998 White Paper on Local Government.

- Comparative reflections on differentiated local government systems.
- Institutional and governance analysis of district-local relationships.
- Review of policy debates and implementation experience relating to amalgamations, assignments, and municipal restructuring.

The paper combines legal interpretation with institutional analysis to assess how the current system operates in practice and where reform opportunities exist.

5.1.4 Key Findings

- The district-local system is structurally weak and internally inconsistent. District municipalities are expected to coordinate, support, and provide bulk services, while legislation also enables them to deliver services directly to households. This creates duplication, confusion, and weak accountability.
- District municipalities are often too small and fragmented to perform meaningful coordinating functions effectively. District councils also tend to reproduce party-political dynamics rather than functioning as mechanisms for intergovernmental coordination between municipalities.
- The asymmetrical system for dividing functions between district and local municipalities has become overly politicised and unpredictable. Frequent

changes in responsibilities undermine institutional stability and long-term investment.

- The assumption that municipal amalgamations automatically improve efficiency and financial sustainability is not supported by experience. In many cases, amalgamations simply create larger municipalities with the same underlying financial and governance weaknesses.
- Rural municipalities are likely to remain structurally grant-dependent due to limited revenue bases. The paper argues that this should not automatically be viewed as institutional failure and should instead be addressed through stronger fiscal support arrangements.
- South Africa lacks a coherent mechanism through which municipalities can “graduate” into greater responsibilities based on demonstrated performance and capacity. Municipal powers and assignments remain heavily dependent on national and provincial discretion.
- The constitutional and legislative framework for differentiated assignments already exists but is largely unused in practice. Instead, responsibilities are often transferred through fragmented sector-specific arrangements that create uncertainty and contribute to unfunded mandates.
- Current understandings of municipal “capacity” are too narrow and overly focused on technical sector-

specific readiness rather than broader institutional capability, governance, and financial management.

5.1.5 Policy Implications

Implication for policy direction

The paper argues that the current "one-size-fits-all" model of local government is increasingly misaligned with the realities of municipalities that differ significantly in capacity, geography, and economic context. It calls for a more differentiated and flexible approach to local government design and assignment of powers.

The paper also suggests that substantial reform is possible within the current constitutional framework and cautions against assuming that large-scale constitutional restructuring is the only solution.

Implication for implementation

Effective implementation will require:

- Clearer institutional roles and responsibilities between district and local municipalities.
- More predictable and objective systems for assigning and adjusting municipal functions.
- Stronger policy guidance to the Municipal Demarcation Board.

- Improved mechanisms for assessing municipal capacity and performance.
- Better alignment between fiscal arrangements and the realities of rural municipalities.
- Greater government-wide coordination around differentiated local government reform.

5.1.6 Recommendations

- Redefine the role of district municipalities around coordination, support, district-wide services, and service delivery in rural and semi-urban areas.
- Reduce the number of district municipalities to create fewer, larger, and more viable districts.
- Reform district council composition so that district councils are more directly accountable to local municipalities.
- Review the system of authorisations and adjustments to improve predictability, objectivity, and institutional stability.
- Avoid if municipal amalgamations automatically improve efficiency or financial sustainability.
- Broaden the definition of “financial viability” beyond a narrow focus on own-source revenue.
- Recognise the structural grant dependence of many rural municipalities and strengthen fiscal support arrangements accordingly.

- Develop a government-wide policy framework for differentiated local government.
- Create mechanisms through which municipalities can “graduate” or be “demoted” based on objective assessments of performance and capacity.
- Operationalise the constitutional framework for assignments, particularly section 156(4) of the Constitution.
- Strengthen independent and objective mechanisms for assessing municipal performance and resolving disputes.

5.1.7 Relevance to the White Paper

This paper directly informs the White Paper on Local Government by examining whether South Africa’s current local government architecture remains appropriate for contemporary governance and developmental challenges.

The research contributes to White Paper discussions on:

- Reform of the district-local system.
- Differentiated local government and asymmetrical assignment of powers.
- Municipal financial sustainability and viability.
- Governance reform and institutional redesign.
- Intergovernmental coordination and accountability.

- The role of the Municipal Demarcation Board.
- Clarifying the constitutional and legislative framework for local government reform.

The paper supports a move toward a more differentiated, coherent, and flexible local government system that better reflects the varying realities and capacities of municipalities across South Africa.

5.2. LOCAL GOVERNMENT POWERS AND FUNCTIONS

Ms Nazreen Kola, Palmer Development Group (PDG)

5.2.1. Background

This paper focuses on Theme 3 of the White Paper review: the legal and institutional architecture governing municipal executive authority (powers) over local government matters (functions). The Constitution defines local government as a distinct, interdependent sphere of government with original legislative and executive authority, rather than a mere administrative tier.

The paper argues that the core failure of the local government system lies not simply in a lack of powers, but in the inability of most municipalities to effectively exercise the constitutional powers they already hold and to fulfil their developmental duties. This inability manifests through chronic service delivery failures, infrastructure

deterioration, and a withdrawal from the constitutional imperative to promote social and economic development.

The Constitution's Schedules 4 and 5 create three categories of functional areas, concurrent national/provincial functions, exclusive provincial functions, and local government matters (Parts B), alongside residual functions that default to national government. The paper examines how these schedules, together with the mechanisms of assignment, delegation and agency, and the division of functions between district and local municipalities under the Municipal Structures Act, have become a constraint on, rather than an enabler of, the developmental mandate of local government.

5.2.2. Objective of the Study

The study aimed to:

- Analyse the current legal and regulatory framework governing the allocation of powers and functions to local government, with a focus on its fragmentation and lack of a central, coherent structure.
- Evaluate past research and reviews on this topic through a review of existing documents and reports.
- Synthesise insights from key stakeholders, including sector departments, practitioners and experts, through interviews and direct engagement, to understand long-standing experiences and perspectives on the system's shortcomings.

- Develop a position paper proposing a new, coherent regulatory mechanism for the intergovernmental allocation of powers and functions to local government, based on rational criteria such as a municipality's financial capacity, technical resources, economic context and performance.

5.2.3. Methodology

The paper is a qualitative study relying on secondary sources. It synthesises and builds on the substantial body of existing research, reviews and consultations on local government powers and functions, drawing insights from the White Paper Review Group's broader engagements and cross-cutting insights from other research groups. The research was structured around five guiding questions covering: legal and constitutional foundations; principles for allocation and efficiency; intergovernmental clarity and dispute resolution; differentiation and decentralisation; and the impact of demarcation and institutional structure.

5.2.4. Key Findings

- The functional areas listed in Schedules 4B and 5B of the Constitution largely reflect what municipalities were already doing before 1996, and do not equip municipalities with the instruments needed to achieve the far-reaching objectives of developmental local government. This mismatch is a structural flaw, not a minor technical issue.

- The mismatch between mandate and constitutional powers has two major consequences: municipalities lack the policy-making and financial authority to lead in high-impact areas such as housing and spatial transformation, and functions are transferred through ad hoc "creeping decentralisation" (delegation, agency, sector-specific instruments) rather than formal assignment, which frequently leaves municipalities with unfunded mandates.
- Concerns that devolving more powers to local government would be too risky given limited municipal capacity underappreciate the extensive oversight, standard-setting and intervention powers that national and provincial government already hold under sections 155(6)(a), 155(7) and 139(1) of the Constitution.
- The minimalist and often vague wording of the Constitution's functional schedules produces significant overlap and ambiguity between spheres of government — including supervisory overlap, functional overlap (e.g. "provincial roads" versus "municipal roads") and inclusion overlap — which drives service duplication or failure, cost-shifting, unfunded mandates and compromised accountability.
- Within the local sphere, the division of functions between district (Category C) and local (Category B) municipalities under section 84 of the Municipal Structures Act is a persistent source of duplication and confusion. The 2000 "status quo" transitional

arrangement, together with uneven and inconsistently applied MEC authorisations and adjustments, has entrenched capacity disparities rather than resolved them.

- District municipalities are overwhelmingly grant-dependent (relying on transfers for around 90% of revenue), and fiscal arrangements do not consistently follow functional responsibilities, undermining both service delivery and accountability.
- There is no national database of which functions each district and local municipality actually performs, and no valid municipal capacity assessments have been conducted since 2009, making it difficult for MECs to justify further adjustments on the legally required evidentiary basis.
- The intergovernmental system relies too heavily on cooperation without sufficient incentives for accountability, and existing mechanisms for detecting and correcting service delivery malfunctions act too late, after failure has already become entrenched.

5.2.5. Policy Implications

The paper sets out five guiding principles for reform of the powers and functions framework:

- **Principle 1 – Recognise asymmetry and implement differentiation:** Recognise the asymmetry that already exists across municipalities

and move away from a uniform "one-size-fits-all" approach towards genuine differentiation in how services are assigned and provided.

- **Principle 2 – Rational distribution of functions:** Distribute functions rationally between the three spheres based on which sphere is best placed to perform them, prioritising devolution of high-impact functions such as housing and public transport that are central to spatial transformation.
- **Principle 3 – Clear authority, accountability and role clarification:** Establish clear lines of decision-making authority, resolve national–provincial concurrency, clarify the division of functions between district and local municipalities, and address weak provincial accountability to voters.
- **Principle 4 – Coherent malfunction detection and correction:** Consolidate and strengthen the dispersed regulatory framework for monitoring, early warning, support and intervention, shifting the focus from procedural compliance to whether functions are actually producing intended outcomes.
- **Principle 5 – Align powers and fiscal frameworks:** Apply the existing constitutional and legislative assignment framework consistently, ensuring that any transfer of functions is accompanied by an assessment of financial, administrative and capacity implications and by the funding and authority needed to perform it.

5.2.6. Recommendations

The paper proposes three (not mutually exclusive) options for reforming the powers and functions system, to be considered alongside a cross-cutting overhaul of the authorisation and adjustment process and the local government fiscal framework:

- **Option A – 'As is', with better devolution of powers and functions:** Retain the current constitutional and legislative architecture but improve how functions are devolved in practice — including a clearer devolution framework, more objective criteria for determining powers and functions for metros, secondary cities, and district and local municipalities, and addressing known weaknesses in the Municipal Structures Act.
- **Option B – Expanding a single tier of local government:** Introduce a new Category A2 classification for a single tier of local government in areas that meet measurable criteria (economic activity, population size and density, institutional capacity and financial viability), while retaining differentiated district municipalities — reshaped to focus on coordination, integrated planning, regulation and support — elsewhere.
- **Option C – A utility-based approach to trading services:** Shift high-impact trading services functions — water and sanitation, electricity and solid waste management — from local government to national or provincial government through a utility-based

approach, where this is warranted by persistent delivery failure.

- Revise the authorisation and adjustment process under sections 84 and 85 of the Municipal Structures Act to provide greater clarity, stability and certainty about which sphere or category of municipality is responsible for particular functions.
- Align the equitable share, conditional grants, own-revenue instruments and other funding arrangements with whatever allocation of functions is ultimately adopted.
- Reform district governance, including constituting district councils entirely from representatives of constituent local municipalities (removing the current directly elected component), to strengthen the district's role as a coordinating rather than parallel political structure.
- Target capacity-building and transitional support — including transitional grants and technical assistance — at municipalities facing persistent socio-economic, fiscal and institutional disadvantage.
- Establish a Local Government Reconfiguration Panel or designated Cabinet Commission to oversee the legislative, fiscal, functional and boundary-related changes, implemented in sequenced phases rather than all at once.

5.2.7. Relevance to the White Paper

This paper speaks directly to the White Paper's treatment of the constitutional and institutional architecture of local government, complementing the companion research on municipal tiers, powers and functions. It contributes to White Paper discussions on:

- Clarifying and rationalising the constitutional and legislative framework for assigning powers and functions.
- Differentiated local government and the case for a single-tier option in appropriately capacitated areas.
- Reform of the division of functions between district and local municipalities.
- Alignment of the intergovernmental fiscal framework with functional responsibilities.
- Strengthening intergovernmental monitoring, early warning and support and intervention mechanisms.

The paper supports the White Paper's broader direction towards a more differentiated, rationally allocated and adequately funded system of local government powers and functions, while cautioning that constitutional amendment should not be treated as an automatic requirement and that most reform is achievable through legislative and regulatory change.

5.3. 25-YEAR LONGITUDINAL REVIEW OF LOCAL GOVERNMENT

Prof Zwelinzima Ndevu, Stellenbosch University

5.3.1. Background

This research presents a 25-year review (2000–2025) of South Africa's local government system, examining the growing gap between the constitutional vision for developmental local government and the realities experienced across municipalities.

The report argues that many municipalities are facing a deep and systemic governance crisis reflected in weak accountability, financial mismanagement, collapsing infrastructure, declining public trust, and persistent service delivery failures. While South Africa developed an ambitious and progressive local government framework after 1994, implementation outcomes have deteriorated over time despite repeated reform efforts.

The study focuses particularly on the relationship between governance and accountability systems, administrative and institutional capacity, political and organisational culture, intergovernmental relations, and the developmental local government model established in the 1998 White Paper.

The paper argues that municipal dysfunction cannot be explained only by individual corruption or poor

management. Instead, it reflects deeper structural and institutional problems, including political interference, weak accountability systems, fragmented oversight, compliance-driven administration, and the persistence of patronage networks.

5.3.2. Objective of the Study

- Analyse the evolution of South African local government between 2000 and 2025.
- Examine the gap between constitutional mandates and actual governance outcomes.
- Assess how organisational culture, accountability systems, and institutional arrangements affect municipal performance.
- Explore the relationship between compliance systems, governance effectiveness, and service delivery.
- Analyse how municipalities interact with citizens, provincial and national government, and other stakeholders.
- Provide policy and institutional reform recommendations to inform the White Paper on Local Government.

5.3.3. Methodology

The research used a qualitative, document-based analytical approach combining review of legislation and

constitutional provisions, analysis of local government policy frameworks, review of Auditor-General reports and parliamentary oversight findings, analysis of academic literature, and review of municipal reports and governance assessments covering 2000–2025.

The study combined historical analysis with institutional and governance analysis to identify long-term trends, recurring governance failures, and structural weaknesses within the local government system.

5.3.4. Key Findings

South African local government is experiencing systemic governance failure. Many municipalities are no longer facing isolated governance challenges but a broader systemic crisis involving financial management, infrastructure maintenance, service delivery, accountability, and institutional capability.

Key indicators of decline include:

- Only 4% of municipalities achieved clean audits in 2022–2023.
- Irregular expenditure exceeds R36 billion annually.
- Multiple municipalities and metros have required provincial intervention.
- Infrastructure systems such as water, electricity, roads, and waste management are deteriorating.

- Consequence management for misconduct remains extremely weak.

The study identifies three phases of local government decline:

- Institutionalisation and optimism (2000–2009)
- Crisis emergence (2010–2019)
- Systemic collapse and paradigm questioning (2020–2025)

The report identifies an “accountability inversion”, where municipalities focus more on reporting upward to provincial and national government than being accountable downward to citizens and communities.

Additional findings include:

- Weak and compliance-driven accountability systems.
- Political interference and blurred political-administrative roles.
- Organisational cultures focused on audit survival rather than developmental outcomes.
- Weak community participation and declining public trust.
- Capacity problems that are institutional and systemic, not only technical.
- Fragmented and ineffective intergovernmental relations.

5.3.5. Policy Implications

Implication for policy direction

The report argues that incremental reform is no longer sufficient. The White Paper ultimately retains the developmental local government model while updating how it should operate in practice.

The current “one-size-fits-all” approach does not adequately recognise the major differences between municipalities in terms of capacity, geography, revenue base, and governance realities.

The study calls for more differentiated governance approaches, stronger accountability systems, professionalisation of administration, and a clearer balance between developmental ambition and realistic institutional capacity.

Implication for implementation

Effective implementation will require stronger horizontal and downward accountability, reduced political interference, better consequence management, long-term institutional and capacity development, clearer intergovernmental coordination, improved fiscal support systems, and stronger oversight institutions.

5.3.6. Recommendations

Institutional and governance reform

- Reconsider and redesign aspects of the developmental local government model.
- Differentiate governance models and responsibilities based on municipal realities and capacity.
- Prioritise core service delivery functions where municipalities lack broader developmental capability.
- Clarify the political-administrative interface and strengthen professional administration.
- Establish stronger and more independent accountability mechanisms.

Accountability and oversight reform

- Strengthen councils and Municipal Public Accounts Committees (MPACs).
- Institutionalise consequence management linked to audit findings.
- Improve citizen participation and public accountability processes.
- Strengthen provincial and parliamentary oversight mechanisms.

Capacity and institutional development

- Implement long-term municipal capacity development programmes.
- Professionalise municipal administration and protect technical appointments from political interference.
- Improve organisational systems, knowledge management, and institutional learning.

Anti-corruption and transparency measures

- Fast-track corruption investigations and prosecutions.
- Strengthen whistleblower protections.
- Improve procurement transparency and oversight.
- Use technology and digital systems to improve transparency and monitoring.

Intergovernmental and fiscal reform

- Improve coordination across spheres of government.
- Simplify grant systems and reduce fragmented compliance demands.
- Reform fiscal arrangements and support for distressed municipalities

5.3.7. Relevance to the White Paper

This research directly informs the White Paper on Local Government by providing a comprehensive assessment of how the local government system has evolved over the

past 25 years and why many municipalities are experiencing deep governance and service delivery crises.

The paper contributes evidence and analysis relevant to developmental local government reform, accountability and governance systems, municipal professionalisation, intergovernmental relations, fiscal sustainability, political-administrative relations, community participation, and institutional redesign.

The study argues that the White Paper review process presents an important opportunity for fundamental reform rather than incremental adjustment and emphasises the need for governance systems that are more realistic, differentiated, accountable, and institutionally sustainable.

5.4. MUNICIPAL GOVERNANCE AND ADMINISTRATION

Prof Mashupye H. Maserumule, Tshwane University of Technology

5.4.1. Background

This paper contributes to the review of the 1998 White Paper on Local Government and focuses on municipal governance and administration in South Africa. It examines why, despite nearly three decades of reform and democratisation, many municipalities continue to

experience governance failure, weak accountability, corruption, maladministration, and declining service delivery capacity.

The paper argues that the crisis in local government is rooted not only in technical or managerial weaknesses, but in deeper structural and political problems, particularly the politicisation of municipal administration, blurred boundaries between political and administrative authority, weak oversight systems, and the unresolved tension between the constitutional vision of a developmental local government and the actual institutional capacity of municipalities.

The research situates these governance challenges within broader debates on developmental local government, the developmental state, intergovernmental relations, accountability systems, coalition politics, and municipal institutional design. It argues that South Africa now faces a critical opportunity to fundamentally reimagine local government through the White Paper review process.

5.4.2. Objective of the Study

- Analyse the governance and administrative causes of municipal dysfunction in South Africa.
- Examine the politicisation of municipal administration and the blurring of political-administrative boundaries.

- Explore how governance systems, oversight arrangements, and accountability mechanisms affect municipal performance.
- Assess the relationship between developmental local government and institutional capability.
- Investigate corruption, patronage, nepotism, and weak professionalisation within municipalities.
- Examine the effectiveness of provincial interventions and intergovernmental relations systems.
- Provide policy and institutional reform recommendations to inform the review of the White Paper on Local Government.

5.4.3. Methodology

The research used a qualitative and document-based analytical approach combining:

- Literature review of scholarly and policy research on local government.
- Analysis of Auditor-General reports and audit outcomes.
- Review of White Paper discussion documents and public submissions.
- Analysis of policy reviews and ongoing government reforms.

- Examination of parliamentary reports and governance assessments.
- Comparative and historical analysis of local government development since 1994.
- Data triangulation across multiple sources to improve credibility and validity of findings.

5.4.4. Key Findings

The following key findings are contained in the paper:

- Local government in South Africa is experiencing a deep governance and institutional crisis characterised by weak accountability, financial mismanagement, corruption, poor oversight, declining public trust, and deteriorating service delivery.
- Political interference in appointments, procurement, and administration has undermined professionalism, institutional stability, and ethical governance.
- Municipal councils, MPACs, audit committees, and provincial oversight systems are often ineffective.
- Accountability systems prioritise upward compliance to auditors and political parties rather than downward accountability to communities.
- Overregulation and audit-driven governance have produced a culture focused on compliance rather than developmental outcomes.

- Municipalities were assigned broad developmental responsibilities without sufficient institutional capability or long-term capacity-building.
- Coalition politics has intensified governance instability in many municipalities.
- Provincial interventions are often short-term, compliance-driven, and ineffective in building institutional capability.
- Intergovernmental coordination remains fragmented and weak.
- Many municipalities struggle to attract and retain skilled professionals due to political instability and weak professionalisation systems.

5.4.5. Policy Implications

Implication for policy direction

The paper argues that incremental reform is no longer sufficient and that South Africa needs a deeper reconsideration of the developmental local government model. The current “one-size-fits-all” approach does not adequately recognise the major differences between municipalities in terms of capacity, geography, revenue base, and governance realities. The study calls for more differentiated governance approaches, stronger accountability systems, professionalisation of administration, and a clearer balance between

developmental ambition and realistic institutional capacity.

Implication for implementation

Effective implementation will require stronger horizontal and downward accountability, reduced political interference, better consequence management, long-term institutional and capacity development, clearer intergovernmental coordination, improved fiscal support systems, and stronger oversight institutions.

5.4.6. Recommendations

- Separate politics from municipal administration.
- Reconsider the concentration of executive and legislative powers in municipal councils.
- Criminalise patronage and nepotism in municipal appointments.
- Strengthen anti-corruption enforcement and procurement oversight.
- Professionalise municipal administration and protect technical appointments from political interference.
- Strengthen municipal councils, MPACs, audit committees, and provincial oversight.
- Reform provincial intervention systems to focus on institutional capability-building.

- Introduce clearer coalition governance agreements and accountability mechanisms.

5.4.7. Relevance to the White Paper

This paper directly informs the White Paper on Local Government review by providing a comprehensive analysis of the governance and administrative causes of municipal dysfunction in South Africa.

The research contributes particularly to discussions on developmental local government, political-administrative relations, municipal professionalisation, accountability systems, ethical governance, coalition politics, intergovernmental relations, provincial interventions, and institutional capability-building.

The paper argues that the White Paper review presents a critical opportunity to rethink the governance architecture of local government and align developmental ambitions with realistic institutional capability and accountability systems.

5.5. GOVERNANCE, INSTITUTIONS, ADMINISTRATION AND CITIZEN RELATIONS

Prof John Mafunisa, University of Venda

5.5.1. Background

This paper reviews the governance, political leadership, administrative systems, and citizen relations dimensions

of South African local government as part of the broader review of the 1998 White Paper on Local Government (WPLG98).

The report argues that while the White Paper established an ambitious vision for democratic, developmental, accountable, and participatory local government, many municipalities have regressed over the past 30 years due to governance failures, political instability, corruption, weak accountability, ineffective oversight, and declining community trust.

A central concern throughout the paper is the increasing "over-politicisation" of local government. The report highlights the blurred boundaries between political parties and municipal administration, political interference in appointments and procurement, coalition instability, weakened oversight systems, and declining ethical leadership.

The study also examines the deterioration of relationships between municipalities and communities. Although participatory governance structures such as ward committees and Integrated Development Planning (IDP) processes were intended to deepen local democracy, many have become compliance-driven, politicised, or ineffective in practice.

The paper positions local government reform as essential to restoring service delivery, rebuilding public trust,

strengthening accountability, and stabilising municipal governance.

5.5.2. Objective of the Study

- Assess the governance and political leadership challenges facing local government.
- Examine the extent to which local government has become over-politicised.
- Analyse the political-administrative interface and the impact of political interference on municipal performance.
- Explore coalition instability and governance challenges in hung municipalities.
- Assess the effectiveness of accountability and oversight systems.
- Examine the effectiveness of citizen participation and community engagement mechanisms.
- Explore how confidence and trust in municipal governance can be rebuilt.
- Provide policy and legislative recommendations to inform the revised White Paper on Local Government.

5.5.3. Methodology

The research used a qualitative research approach drawing on:

- Constitutional and legislative analysis.
- Review of local government policy and reform documents.
- Auditor-General reports and National Treasury datasets.
- Review reports from DCoG, DPME, SALGA, and the National Planning Commission.
- Academic literature and journal articles.
- Public submissions and stakeholder engagements.
- Consultations with local government experts and practitioners.

The study combined historical review, governance analysis, policy review, and stakeholder perspectives to assess the current state of governance, administration, and citizen relations in local government.

5.5.4. Key Findings

Governance and political leadership are in crisis. The report concludes that unethical political leadership, weak accountability, corruption, and political instability are major contributors to municipal dysfunction. Local government is increasingly characterised by corruption and procurement irregularities, political interference in administration, factionalism and patronage, weak consequence management, and declining professional integrity.

The paper argues that cadre deployment and politically driven appointments have significantly weakened municipal capability by placing underqualified individuals in key positions. Political office is often linked to patronage networks and control over jobs, contracts, and resources.

The report also highlights increasing tensions within the political-administrative interface. Politicians and administrators frequently interfere in each other's roles, particularly around procurement, staffing, and operational matters, creating instability, conflict, and weakened service delivery.

Although municipalities have oversight structures such as Municipal Public Accounts Committees (MPACs), these are often under-resourced, politicised, or ineffective. Audit findings and misconduct frequently go unpunished, contributing to a culture of impunity.

Coalition instability is identified as one of the most significant recent governance challenges. Since the 2021 local elections, many municipalities have experienced frequent changes in mayors and executives, policy instability, stalled decision-making, factional conflict, and weakened governance continuity.

The paper argues that South Africa lacks a formal legislative framework for managing coalition governments. Existing coalition agreements are often vague, unstable, non-binding, and not publicly transparent.

Citizen participation systems have largely become procedural “tick-box” exercises rather than meaningful forms of democratic engagement. Ward committees are often politicised or inactive, IDP participation processes seldom influence final decisions, and trust between communities and municipalities has deteriorated.

The report identifies declining public confidence in municipalities as a major concern. Weak responsiveness, poor service delivery, corruption, instability, and inaccessible leadership have weakened the legitimacy of local government institutions.

5.5.5. Policy Implications

Implication for governance reform

The report argues that local government reform must focus not only on technical administration but also on political culture, ethics, accountability, and institutional integrity. It calls for stronger separation between political parties and municipal administration and a clearer definition of roles and responsibilities within municipalities.

The study also highlights the need to stabilise coalition governance and reduce political interference in operational matters.

Implication for institutional design and accountability

The paper suggests that oversight structures require substantial strengthening, including professionalised MPACs, stronger whistleblower protection, independent oversight support structures, and more consistent consequence management.

Implication for citizen participation and legitimacy

The study argues that municipalities must move beyond compliance-based participation models toward more meaningful, continuous, and empowering forms of community engagement. This includes strengthening ward committees, improving transparency and communication, introducing participatory budgeting and community monitoring mechanisms, and improving responsiveness to community concerns.

5.5.6. Recommendations

Governance and political reform

- Depoliticise municipal administration through independent, merit-based appointment systems.
- Introduce and enforce minimum competency requirements for senior managers and councillors.
- Clarify the separation between legislative and executive powers.
- Stabilise coalition governance through formal legislative frameworks and binding coalition agreements.

- Introduce cooling-off periods and constructive votes of no confidence for coalition governance.
- Strengthen regulation of political funding at local government level.

Accountability and ethics reform

- Strengthen and professionalise MPACs and municipal oversight structures.
- Introduce stronger consequence management systems.
- Establish professional councils or regulatory bodies for senior municipal administrators.
- Protect whistleblowers and strengthen anti-corruption mechanisms.
- Introduce lifestyle audits and blacklisting mechanisms for corrupt officials.
- Publish sanctions and disciplinary outcomes more transparently.

Political-administrative reform

- Clarify and regulate the political-administrative interface.
- Protect municipal managers from arbitrary political dismissal.

- Reduce political interference in procurement and staffing.
- Establish independent panels for senior municipal appointments.

Citizen participation and community relations reform

- Strengthen and depoliticise ward committees.
- Introduce more representative community participation structures where appropriate.
- Ensure community inputs meaningfully influence municipal planning and budgeting.
- Improve access to information and communication with communities.
- Introduce participatory budgeting and social accountability mechanisms.
- Improve complaints management and customer feedback systems.
- Expand the use of digital participation and communication tools.

5.5.7. Relevance to the White Paper

This paper directly informs the revised White Paper on Local Government by examining how governance, political leadership, administration, ethics, and citizen participation have evolved since 1998. The research contributes to broader White Paper debates on over-

politicisation of local government, coalition governance, accountability and ethics, political-administrative relations, citizen participation, municipal legitimacy, institutional reform, and democratic local governance. The report argues that rebuilding trust, accountability, professionalism, and citizen confidence will require both legislative reform and deeper changes in political and governance culture.

5.6. PLANNING AND SPATIAL TRANSFORMATION

Dr Robynne Jean Hansmann, Durban University of Technology

5.6.1. Background

This paper examines the role of planning and spatial transformation in South African local government, focusing on why post-apartheid spatial inequality remains deeply entrenched despite three decades of policy reform and progressive planning legislation.

The report argues that South African cities, towns, and rural settlements continue to reflect colonial and apartheid spatial patterns characterised by fragmented urban form, peripheral low-income settlements, unequal access to services and opportunities, and uneven infrastructure investment. Although planning instruments such as Integrated Development Plans (IDPs), Spatial Development Frameworks (SDFs), SPLUMA, and the Integrated Urban Development Framework (IUDF) were

intended to promote spatial transformation, implementation has largely failed to produce integrated and inclusive spatial outcomes.

The study identifies systemic barriers including fragmented planning systems, weak intergovernmental coordination, limited municipal capacity, regulatory complexity, weak alignment between planning and budgeting, unresolved traditional land governance issues, and the persistence of exclusionary land-use systems.

A key argument throughout the paper is that spatial transformation cannot be achieved through planning instruments alone. Spatial outcomes are shaped by the interaction between planning systems, infrastructure investment, land markets, urbanisation, informality, traditional governance systems, and broader political and economic dynamics.

The paper positions spatial planning as both a governance and developmental tool that should guide infrastructure investment, support inclusive economic growth, improve intergovernmental coordination, and address historical spatial injustice.

5.6.2. Objective of the Study

- Assess the barriers and enablers to spatial transformation in South African local government.

- Examine the effectiveness of current planning instruments and planning systems.
- Analyse fragmentation and misalignment across planning systems and spheres of government.
- Assess the relationship between planning, budgeting, infrastructure investment, and implementation.
- Explore how planning can better support inclusive growth, urbanisation, and socio-economic development.
- Examine the relationship between municipal planning systems and traditional land governance systems.
- Identify reforms required to simplify, align, and strengthen planning systems.
- Develop solution-oriented recommendations to inform the revised White Paper on Local Government.

5.6.3. Methodology

The research used a qualitative and policy-oriented research approach drawing on:

- Systematic literature review of academic and policy research (1994–2025).
- Review of legislation and policy frameworks including the Constitution, SPLUMA, MSA, IUDF, and NDP.
- Thematic analysis of planning barriers and enablers.
- Review of precedent studies and planning practices.

- Analysis of planning instruments such as IDPs, SDFs, land use schemes, and Capital Investment Frameworks.
- Selected interviews with planning practitioners and academics.
- Review of public submissions and stakeholder inputs related to the White Paper review process.

The study focused particularly on the relationship between spatial planning, land-use management, intergovernmental coordination, investment decisions, and implementation outcomes.

5.6.4. Key Findings

Spatial transformation has largely failed despite progressive planning legislation. Post-apartheid spatial inequality remains deeply entrenched and planning reforms have not fundamentally altered fragmented urban form, peripheral settlement patterns, or unequal access to opportunity.

Planning systems remain overly bureaucratic, fragmented, and insufficiently responsive to complex urban realities such as informality, rapid urbanisation, climate risks, and traditional land governance systems.

- Fragmented planning systems undermine implementation. Key barriers include:
- Multiple approval systems and overlapping legislation.

- Weak coordination between municipal, provincial, and national planning systems.
- Poor alignment between planning and infrastructure investment.
- Weak integration between spatial planning and land-use management.
- Fragmented environmental and land-use authorisation processes.
- Weak alignment between plans, budgets, and implementation.
- Intergovernmental coordination remains weak despite frameworks such as the IUDF and DDM. National and provincial investments often bypass municipal spatial priorities.
- Many municipalities lack the technical, financial, and institutional capacity required to implement complex planning responsibilities assigned through SPLUMA and related legislation.
- Traditional land governance systems remain poorly integrated into municipal planning systems, particularly in provinces such as KwaZulu-Natal.

The report highlights the importance of linking SDFs, IDPs, Capital Investment Frameworks, public land release, transit-oriented development, inclusionary housing, strategic densification, and infrastructure investment to achieve spatial transformation.

Community participation processes are frequently compliance-driven and insufficiently responsive to local realities and community priorities.

5.6.5. Policy Implications

Implication for policy direction

The report argues that spatial transformation requires a shift from fragmented, compliance-driven planning systems toward integrated, adaptive, and implementation-oriented planning systems. Key policy directions include strengthening municipal planning authority, simplifying planning systems, integrating planning and budgeting, improving intergovernmental coordination, strengthening municipal capacity, and embedding spatial transformation within infrastructure investment and land-use systems.

The study also argues for more differentiated and context-sensitive planning systems that respond to urban, rural, informal, and traditional governance realities.

Implication for implementation

Effective implementation will require integrated approvals systems, stronger intergovernmental planning compacts, improved alignment between budgets and plans, simplified and digitised planning systems, stronger spatial data systems, enhanced municipal planning capacity, and

stronger coordination between municipal and traditional governance systems.

5.6.6. Recommendations

Planning system reform

- Simplify and integrate fragmented planning and approvals systems.
- Introduce integrated or “one-window” planning approval systems.
- Align environmental, land-use, heritage, and infrastructure approvals.
- Simplify planning instruments for smaller and rural municipalities.
- Introduce differentiated planning frameworks based on municipal context and capacity.

Intergovernmental coordination reform

- Strengthen district and “One Plan” intergovernmental planning systems.
- Bind infrastructure investment and SOE investment to municipal spatial priorities.
- Strengthen spatial investment compacts across spheres of government.
- Improve alignment between planning, budgeting, and infrastructure investment.

Municipal capacity and governance reform

- Strengthen municipal planning and land-use management capacity.
- Establish shared planning and technical support hubs for smaller municipalities.
- Improve GIS and spatial data systems.
- Strengthen digital planning and e-planning systems.
- Improve monitoring, turnaround times, and planning transparency.

Spatial transformation and land reform

- Promote inclusionary housing and mixed-use development.
- Strengthen transit-oriented development and strategic densification.
- Improve public land release and land value capture systems.
- Align infrastructure investment with transformation priorities.
- Introduce place-based and corridor-focused investment strategies.

Traditional governance and participation reform

- Formalise municipal-traditional governance compacts.
- Improve land recording and cadastre integration in traditional areas.
- Strengthen community participation and local visioning processes.
- Promote co-produced and community-responsive planning approaches.
- Improve planning communication and engagement systems.

5.6.7. Relevance to the White Paper

This paper directly informs the revised White Paper on Local Government by examining the relationship between planning systems, spatial transformation, intergovernmental coordination, land governance, infrastructure investment, and local government capability.

The research contributes to broader White Paper debates on developmental local government, spatial transformation, planning reform, municipal planning powers, intergovernmental coordination, infrastructure-led development, traditional governance, land-use management, and differentiated local governance systems.

The paper argues that achieving meaningful spatial transformation will require not only legislative reform but also more integrated planning systems, stronger implementation capability, coordinated infrastructure investment, and adaptive governance approaches that respond to South Africa's diverse spatial realities.

5.7. HUMAN SETTLEMENTS

Dr Nobukhosi Ngwenya

5.7.1. Background

This paper examines human settlements as a central lever for spatial transformation in post-apartheid South Africa. It argues that although democratic government has made major gains in housing delivery and basic service expansion since 1994, these gains have not fundamentally altered apartheid spatial patterns or produced sufficiently integrated, opportunity-rich settlements.

The paper situates contemporary human settlements challenges within the enduring legacies of apartheid spatial planning, rapid urbanisation, migration, infrastructure inequality, informal settlement growth, and weak intergovernmental coordination. It traces the policy shift from the 1994 Housing White Paper's focus on mass housing delivery toward the more holistic "sustainable human settlements" approach reflected in Breaking New

Ground (BNG) and the 2024 White Paper on Human Settlements.

The study highlights several interconnected challenges:

- persistent peripheral location of low-income housing.
- fragmented urban form.
- rising transport burdens for poor households.
- increasing informal land occupation.
- splintering urbanism driven by both peripheral subsidised housing and gated communities.
- rapid urbanisation of peri-urban and rural areas.
- limited municipal capacity to manage integrated planning and land use.

The paper argues that the review of the White Paper on Local Government presents an important opportunity to better align local government spatial planning, infrastructure and service-delivery mandates with the goals of integrated, inclusive and climate-resilient human settlements.

5.7.2. Objective of the Study

- Assess changes and continuities in South Africa's human settlements between 1994 and 2025.
- Examine the relationship between housing delivery, spatial transformation and socio-economic inclusion.

- Analyse the persistence of apartheid spatial patterns and fragmented urban development.
- Assess the impacts of urbanisation, migration and informal settlement growth.
- Examine intergovernmental planning and coordination challenges.
- Evaluate Spatial Planning and Land Use Management Act (SPLUMA) and broader spatial planning reforms.
- Explore the relationship between spatial planning, economic opportunity and transport access.
- Analyse the role of informal settlements, backyarding and small-scale rental housing in the urban housing system.
- Identify governance, financing and municipal capacity constraints.
- Develop proactive policy and implementation recommendations for the revised White Paper.

5.7.3. Methodology

The research used a mixed-methods approach drawing on:

- Systematic literature review.
- Review of legislation, policies and planning frameworks.

- Analysis of census, household survey and municipal performance data.
- Desktop research and grey literature review.
- Interviews with stakeholders across government, academia and civil society.
- Review of human settlements, urbanisation and spatial planning case studies.
- Comparative analysis of housing delivery, upgrading and urban development trends since 1994.

5.7.4. Key Findings

- Government has delivered more than 5 million housing opportunities and expanded access to water, sanitation and electricity since 1994, but many settlements remain spatially marginalised and poorly integrated into economic opportunity areas.
- Apartheid spatial patterns remain deeply entrenched, with peripheral townships, long commuting distances and fragmented urban forms continuing to shape South African cities.
- Large-scale subsidised housing delivery on cheaper peripheral land has often reproduced urban sprawl and apartheid spatial logics.
- Informal settlements remain a major and growing feature of South African urbanisation due to migration, declining rates of formal housing delivery and unaffordable housing markets.

- Research consistently shows that participatory in-situ upgrading produces better social and economic outcomes than relocation to distant peripheral sites.
- Backyard housing and small-scale affordable rental developments are increasingly important in accommodating urban growth and supporting densification.
- The paper highlights how both peripheral subsidised housing and expanding gated communities contribute to fragmented and unequal urban development patterns.
- The study identifies a growing trend of self-building and migration into peri-urban and rural areas, driven by affordability pressures, congestion and changing work patterns following COVID-19.
- SPLUMA significantly expanded municipal planning and land-use responsibilities, but municipalities often lack the technical and institutional capacity to implement integrated planning effectively.
- Municipal planning systems remain fragmented, with multiple silo-based plans contributing to a separation between planning and implementation.
- Many informal settlements and peripheral developments are in hazard-prone areas vulnerable to floods, fires and environmental risks.
- The study draws on examples relating to Cape Town commuting patterns, eThekwini informal settlement growth, gated communities, peri-urban development,

informal rental markets, and SPLUMA implementation challenges to demonstrate how spatial inequality and fragmentation continue to evolve in practice.

5.7.5. Policy Implications

Implications for policy direction

The paper argues that human settlements policy must move beyond a narrow focus on housing unit delivery toward a broader spatial transformation agenda centred on access, inclusion, livelihoods and integration.

The study strongly critiques the continued use of “houses delivered” as the dominant success metric, arguing that locational outcomes, transport access, tenure diversity, livelihood opportunities and resilience should become central measures of success.

The paper also calls for a stronger shift toward:

- integrated spatial planning.
- in-situ upgrading.
- infill and densification strategies.
- tenure diversity and affordable rental housing.
- more coherent intergovernmental planning and financing systems.

Implication for implementation

Effective implementation will require:

- stronger municipal planning and technical capacity.
- better integration between housing, transport and economic planning.
- reform of subsidy and grant frameworks to support infill and upgrading.
- integrated data and monitoring systems.
- improved land assembly and land-release mechanisms.
- stronger support for rental housing and tenure diversity.
- resident-centred upgrading approaches.
- clearer alignment between SPLUMA and broader human settlements objectives.
- greater integration of climate resilience and livelihood considerations into settlement planning.

5.7.6. Recommendations

- Reframe success metrics away from housing unit counts toward locational access, livelihoods, transport affordability and resilience outcomes.
- Prioritise integrated, opportunity-rich and economically connected settlements.

- Strengthen infill, densification and transit-oriented development strategies.
- Reform land-use and zoning instruments to support mixed-use and affordable development.
- Make participatory in-situ upgrading the default approach, with relocation used only where unavoidable.
- Embed livelihood protection, climate resilience and service integration into upgrading programmes.
- Strengthen tenure security and incremental tenure approaches.
- Strengthen municipal planning, GIS and integrated infrastructure capacity.
- Improve integration between housing, transport, infrastructure and economic development planning.
- Reduce fragmentation across municipal planning instruments.
- Adapt subsidy and grant frameworks to support infill, densification and integrated projects.
- Expand support for social housing, affordable rental housing and tenure diversity.
- Prioritise strategic land release and land-banking mechanisms for well-located development.
- Develop integrated longitudinal data systems and monitoring frameworks.

- Integrate climate adaptation and disaster-risk considerations into human settlements planning.

5.7.7. Relevance to the White Paper

This paper directly informs the review of the White Paper on Local Government by examining the relationship between human settlements, spatial transformation, urbanisation, municipal planning and socio-economic inclusion. The research contributes particularly to White Paper discussions on spatial transformation, integrated planning, housing and human settlements, informal settlement upgrading, municipal planning reform, SPLUMA implementation, differentiated urbanisation pressures, transport and economic access, municipal capacity, land-use management, climate resilience, and intergovernmental coordination.

The paper argues that the revised White Paper should move beyond a delivery-oriented model of human settlements toward a more integrated developmental approach focused on spatial justice, economic inclusion and long-term urban sustainability.

5.8. LOCAL ECONOMIC DEVELOPMENT

Prof TK Pooe, University of the Witwatersrand

5.8.1. Background

The paper reviews 25 years of Local Economic Development (LED) policy and implementation in South Africa following the 1998 White Paper on Local Government. It argues that while the policy vision for developmental local government was progressive, implementation has failed because LED became disconnected from the real economy, core municipal functions, and differentiated local realities. The report situates LED failure within broader national economic stagnation, infrastructure decline, weak intergovernmental coordination, and institutional fragmentation.

5.8.2. Objective of the Study

- Assess the evolution and effectiveness of LED policy and implementation from 1998–2025.
- Examine how municipalities across Categories A, B, and C have approached LED.
- Identify structural, operational, and governance barriers preventing municipalities from enabling economic growth.
- Develop practical policy reforms to reposition LED as a whole-of-government outcome linked to infrastructure reliability, investment facilitation, and economic intelligence.

5.8.3. Methodology

The research used:

- Longitudinal policy and content analysis (1998–2025).
- Comparative case-study analysis across 24 municipalities.
- Review of IDPs, SDFs, audit reports, Treasury documents, and LED frameworks.
- International benchmarking (Brazil, Rwanda, Colombia, UK).
- Cross-case triangulation.

5.8.4. Key Findings

- Municipalities increasingly understand LED as linked to infrastructure, planning, and service reliability, but implementation remains fragmented and compliance-driven.
- Reliable electricity, water, roads, and digital connectivity are the strongest determinants of local economic performance.
- The same LED frameworks are applied across metros, secondary cities, and districts despite radically different economic realities and institutional capacities.
- Slow approvals, weak land pipelines, paper-based systems, and fragmented decision-making

significantly reduce private investment and economic expansion.

- National departments, provinces, SOEs, and municipalities operate in silos. The District Development Model remains largely non-binding and lacks enforceable coordination mechanisms.
- The paper traces a shift from compliance-driven LED project lists toward growing recognition that LED depends on service reliability, investment facilitation, and integrated governance.
- Case examples from Cape Town, Johannesburg, eThekwini, Drakenstein, Rustenburg, Polokwane, and West Coast illustrate how local economic outcomes are shaped by infrastructure reliability, corridor logistics, permitting systems, and economic specialisation.

5.8.5. Policy Implications

Implication for policy direction

LED should no longer be treated as a stand-alone municipal programme. It should be reframed as a measurable outcome of the entire municipal operating system, especially infrastructure management, approvals, planning, and intergovernmental coordination.

The paper argues for a differentiated local government system where policy, funding, mandates, and support

mechanisms vary according to municipal type and local economic context.

The study further identifies several priority reform shifts required to reposition LED:

- treating infrastructure reliability and service delivery as the foundation of economic growth;
- embedding LED across the whole municipality rather than within isolated LED units;
- strengthening economic intelligence and business engagement;
- reducing regulatory delays and improving investment facilitation;
- promoting regional and corridor-based economic coordination;
- improving alignment between municipalities, provinces, SOEs and national government; and
- preparing municipalities for digital transformation and changing economic conditions.

Implication for implementation

Implementation reforms should:

- embed LED into municipal operations and performance systems.

- prioritise infrastructure reliability and economic uptime.
- streamline development approvals and land processes.
- strengthen intergovernmental compacts and coordination.
- institutionalise adaptive governance and experimentation approaches.
- strengthen support for SMMEs, informal businesses and localisation strategies.

5.8.6. Recommendations

- Adopt “Differentiated Municipalism” with tailored policy and support approaches for metros, secondary cities, and districts.
- Reposition LED as a whole-of-municipality outcome rather than a project-based function.
- Link municipal performance systems directly to service reliability and economic uptime.
- Create empowered “single front door” investment facilitation systems with enforceable turnaround times.
- Establish Anticipatory Governance Offices (AGOs) to run rapid experimentation and adaptive governance processes.

- Transform the DDM into binding delivery compacts with joint PMOs, shared budgets, and shared economic outcome indicators.
- Rationalise district municipalities where mandates overlap and capacity remains weak.
- Strengthen economic intelligence, regional coordination, and corridor-based development approaches.
- Expand targeted support for SMMEs, informal businesses, and localisation procurement.

5.8.7. Relevance to the White Paper

The paper directly informs key White Paper reform debates around differentiated local government systems, developmental local government, municipal capability, economic inclusion, infrastructure reliability, intergovernmental coordination, spatial development, adaptive governance, and accountability for outcomes.

It strongly argues for moving away from compliance-driven administration toward municipalities that function as economically enabling institutions focused on service reliability, investment facilitation, and measurable development outcomes.

5.9. ENVIRONMENT, CLIMATE AND DISASTER MANAGEMENT

Prof Nedson Pophiwa

5.9.1. Background

This paper forms part of the review of the 1998 White Paper on Local Government and focuses on how municipalities should respond to escalating environmental, climate and disaster risks. It argues that the original White Paper was developed before climate change, environmental degradation and disaster resilience became central governance concerns and therefore provides limited guidance on municipal responsibilities in these areas.

The study highlights how municipalities increasingly operate on the frontline of climate shocks, including droughts, floods, wildfires, pandemics and infrastructure failures, while simultaneously facing fiscal stress, institutional weakness and uneven capacity. It argues that climate resilience, disaster management and environmental stewardship can no longer be treated as peripheral municipal functions but must be embedded into local government itself.

The paper uses examples such as the 2018 Cape Town “Day Zero” drought, the 2022 KwaZulu-Natal floods, COVID-19, and recurring wildfire disasters to demonstrate how climate and environmental risks are undermining service delivery, infrastructure, local economies and community wellbeing. It also highlights the growing policy significance of the Climate Change Act (2024), the Just Energy Transition (JET), and disaster risk financing reform.

5.9.2. Objective of the Study

- Assess the status quo of environment, climate and disaster management within local government.
- Analyse the implications of climate change, environmental degradation and disaster risks for municipalities.
- Examine municipal preparedness for pandemics and future systemic shocks.
- Explore how disaster management capacity and institutional coordination can be strengthened.
- Assess municipal roles in the Just Energy Transition (JET).
- Evaluate municipal readiness to comply with the Climate Change Act (2024).
- Examine infrastructure resilience, informal settlement vulnerability and early warning systems.
- Identify institutional, fiscal and governance barriers to implementation.
- Develop practical policy and institutional recommendations for the revised White Paper.

5.9.3. Methodology

The research used a qualitative desktop and policy review approach drawing on:

- Review of legislation and policy frameworks, including the Disaster Management Act (2002) and Climate Change Act (2024).
- Academic and policy literature review.
- Analysis of municipal case studies and comparative examples.
- Review of public submissions to the 2025 White Paper Discussion Document.
- Review of climate resilience, DRR and infrastructure literature.
- Limited stakeholder engagement and expert consultation.
- Comparative international examples relating to resilience and adaptation governance.

5.9.4. Key Findings

- The 1998 White Paper did not anticipate climate change, large-scale disaster risk, pandemic preparedness or municipal climate governance responsibilities.
- Municipalities increasingly confront overlapping droughts, floods, infrastructure collapse, pandemics, fires, water insecurity and environmental degradation while operating under fiscal and institutional strain.

- Disaster management remains overly focused on post-disaster relief rather than prevention, preparedness and resilience-building.
- Large metros are increasingly developing climate units, adaptation strategies and renewable energy initiatives, while many smaller municipalities lack even basic environmental or disaster management capacity.
- The Climate Change Act (2024) creates significant new obligations, but many municipalities lack the technical expertise, funding and institutional readiness to comply.
- Ageing infrastructure, weak maintenance and outdated design standards leave water systems, roads, drainage and public facilities increasingly exposed to climate hazards.
- Informal settlements face disproportionate climate and disaster risks, as demonstrated during the 2022 KwaZulu-Natal floods.
- Community participation in climate resilience and disaster preparedness remains weak, despite the developmental local government model.
- National forecasting systems have improved, but communication to vulnerable communities remains inconsistent, particularly in informal settlements and rural areas.

- Climate resilience and disaster governance continue to suffer from overlapping mandates, fragmented funding and weak intergovernmental coordination.
- Municipalities are central to the Just Energy Transition but most lack the fiscal and technical capacity to participate meaningfully.
- The paper draws on examples including Cape Town's drought response, eThekwini's climate programmes and flood experiences, KZN flood recovery failures, community adaptation initiatives, and international climate-resilience approaches to illustrate implementation lessons.

5.9.5. Policy Implications

Implication for policy direction

The paper argues that environmental resilience, climate adaptation and disaster preparedness must become core pillars of developmental local government rather than stand-alone or secondary functions. The study calls for a shift from reactive disaster response toward preventative, resilience-based governance embedded within IDPs, SDFs, infrastructure planning and municipal budgeting systems.

The paper also argues strongly for differentiated implementation approaches. Larger metros may lead on innovation and mitigation, while smaller and lower-

capacity municipalities require phased compliance, targeted fiscal support and shared technical capacity.

Implication for implementation

Effective implementation will require:

- clearer institutional mandates and role differentiation.
- stronger integration of DRR and climate planning into municipal systems.
- climate-responsive infrastructure planning and retrofitting.
- dedicated resilience financing mechanisms.
- strengthened intergovernmental coordination.
- improved municipal technical capacity.
- expanded early warning and communication systems.
- stronger community participation and locally led adaptation.
- targeted support for informal settlements and vulnerable municipalities.
- practical implementation support for compliance with the Climate Change Act (2024).

5.9.6. Recommendations

- Clarify disaster management mandates and responsibilities between district and local municipalities.
- Mainstream climate resilience and DRR into IDPs, SDFs, infrastructure planning and municipal budgeting.
- Establish differentiated implementation and compliance models based on municipal capacity.
- Strengthen intergovernmental coordination through climate and disaster governance structures.
- Create a Resilience Financing Framework linked to DoRA.
- Introduce resilience grants, contingency funds and risk-pooling mechanisms.
- Establish a Climate Resilience Support Facility for low-capacity municipalities.
- Support municipal compliance with the Climate Change Act (2024).
- Clarify municipal roles within the Just Energy Transition.
- Launch municipal infrastructure retrofitting and climate-proofing programmes.
- Prioritise informal settlement upgrading and risk reduction.

- Strengthen community participation and locally led adaptation.
- Improve early warning communication and “last mile” systems.

5.9.7. Relevance to the White Paper

This paper directly informs the review of the White Paper on Local Government by arguing that climate resilience, environmental governance and disaster management must become central components of developmental local government.

The research contributes particularly to discussions on climate governance, disaster risk reduction, municipal infrastructure resilience, differentiated local government capacity, environmental sustainability, Just Energy Transition governance, intergovernmental coordination, community participation, informal settlement upgrading, municipal finance and resilience funding, and institutional preparedness for systemic shocks and climate risk.

The paper argues that the revised White Paper should move municipalities from a reactive disaster-response model toward a proactive, decentralised and resilience-oriented governance system capable of protecting development gains in an increasingly climate-unstable environment.

5.10. NATIONAL REGULATION OF LOCAL GOVERNMENT

Dr DM Powell

5.10.1. Background

South Africa's three-sphere constitutional system gives national government broad authority to regulate local government across a wide range of functional areas. However, in the nearly thirty years since the 1998 White Paper on Local Government, this regulatory authority has developed in a fragmented way, dispersed among numerous specialised national departments, statutory organs, and ministries, each operating within its own vertically structured functional sector. The review of the 1998 White Paper creates a critical opportunity to reassess how national government organises and exercises this regulatory power, and to address structural weaknesses that have accumulated over decades.

5.10.2. Objective of the Study

This body of work analyses the structural organisation of national regulatory authority over local government, identifies systemic weaknesses, particularly the imbalance between strong sector-specific (vertical) regulation and weak transversal (cross-sector) cooperation, and proposes principles and institutional reforms to achieve coherent, effective national regulation of local government as a constitutional sphere. It also

examines the specific case of electricity sector reform to illustrate the consequences of coordination failure, and considers how the White Paper's reforms can be implemented through effective transition management.

5.10.3. Methodology

Constitutional and policy analysis drawing on a review of the legislative and institutional machinery governing national regulation of local government across multiple sectors. The research includes: schematic analysis of the problem statement (silo effects and transversal coordination failures); case study analysis of the electricity sector reforms (Electricity Regulation Amendment Act, 2024); and a review of lessons from the implementation of the 1998 White Paper to inform transition management planning.

5.10.4. Key Findings

Regulatory authority over local government is dispersed among multiple national organs, ministries, departments, and statutory bodies, each with its own legislation, political head, and sector-specific mandate. This produces strong 'silo effects' where vertical sector regulation is well-institutionalised but transversal (cross-sector) cooperation is informal, episodic, and poorly institutionalised.

Five structural weaknesses characterise the current system. First, there is no transversal clearing house for

national policy about local government, any sector can introduce reforms affecting local government without assessing cross-sector impacts. Second, the mechanism for assigning powers and functions to local government is incoherent and fragmented across multiple statutes with no overarching rationalisation process. Third, corrective intervention machinery is unresponsive, haphazard, and spread across multiple regulators and nine provinces, with no comprehensive national policy on corrective remediation. Fourth, there is no cross-sector enforcement capability, compliance enforcement remains sector-specific with gaps in whole-of-government enforcement. Fifth, national data and data-analytics capabilities for regulating and monitoring local government are underdeveloped.

The electricity sector case illustrates the systemic risk. The Electricity Regulation Amendment Act (2024), which redefines local government's role in electricity reticulation, is proceeding to implementation simultaneously with the White Paper review through a separate process. A major structural reform to local government's electricity function is advancing without coherent transversal transition management, and its constitutionality with respect to local government's Schedule 4B rights remains under legal challenge by SALGA.

Finally, lessons from implementing the 1998 White Paper show that structural reforms to local government are complex, multi-actor, polycentric, and span multiple administrations. Transition management, the directed

process of replacing one system of government with another, requires dedicated capability, regulatory authority, clear measurable objectives, and a well-conceived national process. Writing policy is the easy part; managing transition is where reforms succeed or fail.

5.10.5. Policy Implications

The constitutional integrity of local government as a sphere requires national regulation to be coherent across sectors, not siloed sector by sector. The failure to balance strong sectors with strong transversal institutions produces fragmented, contradictory, and ineffective regulation that undermines local government's capacity to function as a sphere of government. Reforms to national regulatory architecture must precede or accompany White Paper implementation, not follow it. The electricity case demonstrates that major sectoral reforms affecting local government are already proceeding outside the White Paper review process, making urgent coordination mechanisms a policy priority. Effective transition management requires treating the implementation of the White Paper as a long-term national programme requiring extraordinary governmental capacity, not routine administration.

5.10.6. Recommendations

The research proposes five institutional reforms together with a transition management framework:

Standing inter-ministerial clearing house. Establish a statutory inter-ministerial committee as a transversal clearing house for national policy about local government. Any proposed reform affecting local government must be tabled before this body to assess cross-sector implications before introduction, ensuring no sector can trigger change that affects local government as a sphere without collective national deliberation.

Specialised mechanism for assigning powers and functions. Create a statutory mechanism to rationalise the existing fragmented legislative machinery governing the assignment of powers and functions to local government, linking assignment explicitly to financial and administrative capacity.

Data-driven oversight and corrective intervention. Reform oversight and intervention machinery to be data-driven, including automated triggers for corrective intervention referenced to a national barometer of municipal capacity, a statutory integrated recovery and intervention service, rationalised intervention legislation, and a national local government data centre as the central repository for monitoring and planning.

Cross-sector enforcement capability. Establish a specialised statutory local government comptroller with authority to enforce cross-sector compliance with national regulations, addressing the current gap where no single organ manages whole-of-government enforcement for local government.

Transition management framework. Develop a dedicated transition management plan for implementing White Paper reforms, with clear measurable objectives, dedicated institutional capability, multi-year programmes of action, and coordinated management of concurrent sectoral reforms, including electricity and water, proceeding in parallel with the White Paper implementation process.

5.10.7. Relevance to the White Paper

This body of work is directly foundational to Section C of the revised White Paper, 'Local Government in Cooperative Governance and Intergovernmental Relations'. It provides the analytical basis for restating and refining national government's policy on how local government fits into the national system of IGR, given the constitutional structure of the three-sphere system. The five institutional reforms proposed constitute a practical reform agenda for the post-White Paper period. The electricity case study grounds the analysis in a live reform, demonstrating why the White Paper cannot treat national regulation as a settled matter. The transition management perspective ensures that the White Paper's aspirations translate into implementable, time-bound programmes of action that can survive the life of multiple administrations.

5.11. AFFORDABILITY OF BASIC SERVICES FOR SOUTH AFRICAN HOUSEHOLDS

Public Affairs Research Institute (PARI)

5.11.1. Background

South Africa's post-apartheid government made universal access to basic services – water, sanitation and electricity – a constitutional and developmental priority. The Free Basic Services (FBS) policy, introduced in the early 2000s, provides 6 kilolitres of water and 50 kWh of electricity per household per month at no cost. However, nearly thirty years on, the FBS framework has become outdated. More than half of all South African households live below the upper-bound poverty line (less than R6,536 per month for a family of four in 2024), 25 per cent live below the food poverty line, and the expanded unemployment rate stands at 42 per cent. Against this backdrop of deep poverty, the current survivalist definition of affordability is failing millions of households who receive services in name but cannot afford them in practice.

5.11.2. Objective of the Study

This body of work has two complementary objectives. PARI's primary research (2025) establishes a developmental-access framework for affordability, distinguishing survival access from developmental access, and demonstrates empirically the gap between what the current FBS provides and what households need to achieve meaningful socioeconomic participation. The supplementary synthesis report consolidates this and related evidence to inform the White Paper on Local Government review, evaluate the effectiveness of existing

FBS and indigent policy mechanisms, and propose a four-pillar policy reform agenda that embeds affordability within a developmental framework linking rights, fiscal sustainability, and service reliability.

5.11.3. Methodology

The primary research employed an empirical analysis of household poverty data, service cost structures, and consumption patterns, drawing on Stats SA household surveys, National Treasury Section 71 reports, the Water Research Commission's Water Services Barometer (2022), and PARI's own household data. PARI applies a residual-income methodology, measuring affordability by what households have left after paying for services, rather than the conventional income-ratio approach. The supplementary synthesis applied three analytical lenses: affordability ratio analysis, residual-income assessment (following PARI's methodology), and fiscal and institutional sustainability assessment, cross-referencing findings against civil society research (Black Sash), DWS data, and National Treasury fiscal frameworks.

5.11.4. Key Findings

The current Free Basic Services allocations, 6 kL of water and 50 kWh of electricity per household per month, ensure no more than survival. PARI's research demonstrates that developmental access requires 13 kilolitres of water and 350 kWh of electricity per household monthly: quantities needed for cooking, cleaning,

sanitation, refrigeration, lighting, and participation in the digital economy. The gap between survival and developmental provision is substantial, and it is the poor who bear it.

Six compounding problems characterise the status quo. First, current affordability measures rely on crude income ratios that understate real hardship: households constrained by low income appear to 'afford' services simply because they reduce consumption below adequate levels. Second, indigent policy coverage is severely limited: large numbers of poor households are not registered as indigent and receive no targeted subsidy, due to inconsistent national eligibility criteria and administrative barriers. Third, municipalities face significant fiscal stress – low collection rates, weak revenue bases and high debt – that limits their capacity to expand subsidies without compromising financial sustainability. Fourth, service unreliability compounds unaffordability: frequent water outages, poor water quality, and load-shedding force households to purchase expensive substitutes (bottled water, generators, candles), effectively increasing the real cost of services beyond the tariff. Fifth, the intersection of high service costs and food poverty creates dangerous household trade-offs between paying for services and feeding children. Sixth, price reactions and behavioural responses, where households cut consumption below adequate levels when tariffs rise, mean that access statistics overstate effective affordability.

5.11.5. Policy Implications

Affordability must be understood as both a social justice imperative and a fiscal design challenge. The current survivalist definition of affordability in the FBS framework is a first-order policy failure: it measures the wrong thing and therefore produces the wrong outcomes. Redefining affordability as developmental access, capable of supporting human capability and socioeconomic participation, and not limited to biological survival, requires changes at three levels. At the conceptual level, the White Paper must embed a new normative standard. At the institutional and fiscal level, funding mechanisms must be restructured to deliver targeted developmental entitlements sustainably. At the operational level, indigent registration systems and data infrastructure must be modernised. Critically, affordability reforms cannot succeed independently of service reliability: a subsidy for a service that is intermittent, unavailable, or unsafe does not deliver developmental value.

5.11.6. Recommendations

The research advances four interlinked policy recommendations:

Adopt developmental service thresholds. Replace the current FBS allocations (6 kL water; 50 kWh electricity) with developmental thresholds of 13 kL water and 350 kWh electricity per household per month, phased in over five to seven years beginning with targeted pilots. These

thresholds should be integrated into sectoral regulations, National Treasury frameworks, and municipal performance contracts.

Implement a tiered, targeted subsidy framework. Introduce a three-tier subsidy structure: full subsidy up to the developmental threshold for households below the food poverty line; 50-75% subsidy for households between the food and upper-bound poverty lines; cost-reflective tariffs for middle-income and above. Eligibility should be determined through data-matching of social grant and tax records, replacing the current inconsistent municipal indigent registration systems.

Introduce conditional grants linked to service reliability. Transform unconditional FBS transfers into performance-linked conditional grants, tying allocations to measurable reliability indicators (frequency and duration of interruptions, water quality compliance, billing accuracy). Municipalities that maintain reliable services and effectively target indigent households should be rewarded; those that do not should not receive expanded affordability funding. Develop a National Service Reliability Framework jointly by DWS, CoGTA, and National Treasury.

Institutionalise residual-income affordability testing. Replace crude income-ratio affordability measures with residual-income testing, evaluating whether households retain sufficient income after paying for services to meet other essential needs. National Treasury and Stats SA

should develop and annually update an affordability reference basket. Tariff-setting submissions should include mandatory residual-income analysis, and outcomes should feed directly into subsidy eligibility and intergovernmental transfer frameworks.

5.11.7. Relevance to the White Paper

Affordability is one of the most direct expressions of whether local government is working for poor South Africans. The revised White Paper on Local Government has an opportunity, and an obligation, to redefine the affordability standard from survival to developmental access, setting a new normative foundation aligned with constitutional rights and the National Development Plan. This research provides the empirical baseline, the conceptual framework, and the policy instruments to do so. The four recommendations are designed to be fiscally credible, institutionally feasible, and phased for implementation across multiple administrations. They also directly address the intergovernmental coordination problem, requiring DWS, National Treasury, and CoGTA to operate as a coherent system rather than in the fragmented way that has allowed the affordability crisis to deepen over three decades.

5.12. INFRASTRUCTURE AND SERVICE DELIVERY

Mr Nick Graham, Ms Nonhlakanipho Tau & Mr Kevin Wall

5.12.1. Background

This research examines the state of municipal infrastructure and service delivery in South Africa to inform the 2026 White Paper on Local Government. It reviews whether the assumptions underpinning the 1998 White Paper have held over the past 25 years and identifies the root causes of declining infrastructure performance and service delivery.

The paper argues that although access to basic services has expanded significantly since 1994, municipalities are increasingly unable to sustain infrastructure, maintain assets or finance service delivery. The deterioration of infrastructure is driven by persistent underinvestment in asset renewal and maintenance, inadequate operating revenue, shortages of technical skills, fragmented institutional arrangements, and regulatory systems that prioritise compliance over delivery.

The study concludes that many of the challenges are systemic rather than isolated, requiring reforms to funding, institutional arrangements, technical capacity and service delivery models.

5.12.2. Objective of the Study

- Assess the adequacy of municipal infrastructure funding and financing.

- Examine the causes of declining infrastructure condition and service delivery.
- Analyse technical skills shortages and institutional capacity within municipalities.
- Review the effectiveness of current service delivery mechanisms.
- Identify policy principles and options to inform the 2026 White Paper on Local Government.

5.12.3. Methodology

The study combines literature review, analysis of national municipal financial and infrastructure datasets, government reports, Auditor-General findings, SALGA and DBSA research, engineering assessments, and policy analysis. It also reviews infrastructure funding models, municipal institutional arrangements, technical capacity and alternative service delivery mechanisms to identify systemic causes of infrastructure decline.

5.12.4. Key Findings

- Municipal infrastructure is deteriorating because capital investment, particularly in asset renewal and maintenance, has consistently fallen below required levels.
- Current funding arrangements are insufficient to sustain municipal infrastructure, even if municipalities improve efficiency and reduce waste.

- Maintenance expenditure is substantially below accepted benchmarks, creating a cycle of asset deterioration, premature replacement and rising long-term costs.
- Technical skills shortages reflect institutional and governance problems rather than simply a lack of engineers, with many municipalities unable to attract, retain or effectively utilise technical professionals.
- Rural municipalities face structural constraints that make it difficult to maintain adequate technical capacity independently.
- Existing procurement, reporting and regulatory systems impose significant compliance burdens that reduce municipalities' ability to focus on infrastructure delivery.
- Alternative service delivery arrangements, including regional public entities and private-sector partnerships, can improve delivery where municipal capacity is weak but require stronger contract management and oversight capability.
- Municipal service delivery models should be differentiated according to municipal context rather than applying a uniform approach across all municipalities.

5.12.5. Policy Implications

Implications for policy direction

The research argues that municipal infrastructure policy must shift from expanding infrastructure alone towards protecting, renewing and sustaining existing assets. Funding models, institutional arrangements and governance systems should recognise differences in municipal capacity and support differentiated approaches to infrastructure delivery.

Implications for implementation

Effective implementation will require improved infrastructure asset management, stronger technical capacity, simplified regulatory and reporting systems, better economic regulation of municipal services, sustainable funding arrangements, and greater flexibility for municipalities to adopt service delivery models suited to their local context.

5.12.6. Recommendations

- Eliminate unfunded mandates and align fiscal transfers with the actual cost of providing basic services.
- Increase investment in infrastructure renewal and maintenance, supported by mandatory infrastructure asset management systems.
- Introduce differentiated institutional models, including regional service delivery arrangements where municipalities cannot sustain technical capacity independently.

- Strengthen technical leadership, professional autonomy and long-term engineering capacity within municipalities.
- Simplify procurement, reporting and compliance requirements to focus on service delivery outcomes.
- Improve tariff regulation, credit control and municipal revenue systems to strengthen long-term financial sustainability.
- Establish a coordinated national technical support and capacity-building programme tailored to different municipal contexts.

5.12.7. Relevance to the White Paper

This research provides direct evidence for reforms relating to municipal infrastructure, fiscal sustainability, institutional capacity and service delivery. It supports a differentiated model of local government, emphasises the need to prioritise infrastructure renewal and maintenance, and highlights reforms to funding, technical capacity, procurement and governance required to improve long-term municipal performance. The findings provide an evidence base for redesigning municipal infrastructure policy within the 2026 White Paper.

5.13. REVIEW OF WPLG ALTERNATIVE FUNDING MECHANISMS

National Treasury

5.13.1. Background

This paper examines how South African municipalities can strengthen infrastructure investment by making greater use of alternative financing mechanisms. While municipalities have significant infrastructure investment needs to expand, upgrade and maintain services, traditional funding sources, including municipal revenues, conditional grants and borrowing, are increasingly insufficient.

The paper argues that many municipalities struggle to finance infrastructure because of weak revenue bases, declining national fiscal transfers, limited borrowing capacity and growing service delivery demands. It explores both existing and emerging financing mechanisms that could mobilise private capital, improve financial sustainability and accelerate infrastructure delivery.

5.13.2. Objective of the Study

- Examine the legislative framework governing municipal infrastructure financing.
- Assess the effectiveness of existing and emerging alternative financing mechanisms.
- Identify barriers preventing municipalities from making greater use of these mechanisms.
- Recommend policy reforms to improve municipal access to infrastructure finance.

5.13.3. Methodology

The paper reviews the legislative and policy framework governing municipal finance, analyses existing municipal financing practices, and assesses the strengths, limitations and implementation challenges associated with a range of alternative financing mechanisms. It also considers recent policy reforms and international financing approaches applicable to municipal infrastructure investment.

5.13.4. Key Findings

- Municipal infrastructure investment requirements substantially exceed the funding available through traditional revenue sources and grants.
- South African legislation already permits a wide range of financing mechanisms, including municipal borrowing, public-private partnerships (PPPs), project finance and development charges, but these remain underutilised.
- Alternative financing mechanisms such as pooled financing, land value capture, revenue bonds, blended finance and the pledging of future conditional grants offer additional opportunities to mobilise capital.
- Municipal implementation is constrained by weak institutional capacity, limited understanding of financing instruments, poor municipal

creditworthiness, governance instability and complex procurement processes.

- Public-private partnerships have considerable potential but remain uncommon because approval processes are lengthy, technically demanding and perceived as costly.
- Smaller municipalities require greater institutional support to prepare bankable projects and access private finance.

5.13.5. Policy Implications

Implication for policy direction

Municipal infrastructure financing policy should move beyond reliance on grants and conventional borrowing towards a broader portfolio of financing mechanisms that leverage private investment, improve financial sustainability and distribute infrastructure costs more appropriately over the life of assets.

Implication for implementation

Successful implementation will require clearer guidance on financing mechanisms, simplified regulatory frameworks, strengthened municipal financial and technical capacity, improved project preparation, and greater support from national institutions and development finance institutions.

5.13.6. Recommendations

- Finalise reforms to the municipal Public-Private Partnership regulatory framework, including simplified approval processes for lower-value projects.
- Develop practical implementation guidelines for each approved alternative financing mechanism.
- Establish the Infrastructure Finance and Implementation Support Agency (IFISA) to provide municipalities with advisory services, project preparation and transaction support.
- Review legislation to increase flexibility for municipalities to utilise innovative financing mechanisms.
- Strengthen the role of the DBSA and other development finance institutions in providing blended finance, credit enhancement, project preparation and long-term infrastructure finance.
- Build municipal capacity to develop bankable infrastructure projects and improve understanding of long-term financing options.

5.13.7. Relevance to the White Paper

This paper supports the White Paper's consideration of sustainable municipal financing by identifying practical mechanisms that can supplement traditional funding sources for infrastructure investment. It highlights the importance of strengthening municipal borrowing

capacity, expanding partnerships with the private sector, improving project preparation, and creating an enabling policy and institutional environment that allows municipalities of different capacities to access appropriate financing instruments.

5.14. THE 1998 LOCAL GOVERNMENT WHITE PAPER REVIEW AS A CATALYST FOR CONDITIONAL GRANT REFORMS

National Treasury

5.14.1. Background

This paper reviews the evolution of South Africa's conditional grant system since the 1998 White Paper on Local Government and considers how the White Paper review can catalyse future reform. While conditional grants have played a critical role in funding infrastructure, reducing service delivery backlogs and advancing national priorities, the system has become increasingly complex, fragmented and administratively burdensome.

The paper argues that conditional grants should return to their original purpose as targeted, strategic funding instruments that complement rather than replace the equitable share. It proposes reforms to strengthen grant design, improve accountability, incentivise better performance, support municipal capability building, and improve long-term infrastructure sustainability.

5.14.2. Objective of the Study

- Review the historical evolution of conditional grants since the 1998 White Paper.
- Assess the effectiveness of the current conditional grant system and identify key challenges.
- Examine recent evidence and stakeholder feedback on grant performance.
- Develop principles and policy proposals to improve the design, implementation and governance of conditional grants.

5.14.3. Methodology

The paper draws on a review of legislation, policy documents, recent conditional grant reviews, stakeholder engagement, and evidence from intergovernmental fiscal analysis. It synthesises findings from previous research, policy reviews and practitioner experience to identify reforms that could strengthen the conditional grant system.

5.14.4. Key Findings

- Conditional grants have contributed significantly to infrastructure development and service delivery but have become increasingly fragmented, complex and compliance-driven.

- The growing number of grants, reporting requirements and oversight mechanisms has increased administrative burdens and diverted capacity away from service delivery.
- Many grants have lost their original purpose, with temporary grants continuing indefinitely and new grants being introduced without clear rationale or sunset clauses.
- Infrastructure maintenance has been neglected because grant systems continue to incentivise new infrastructure rather than lifecycle asset management and stewardship.
- Conditional grants should better differentiate between infrastructure and operational funding, with different design principles applying to each.
- Better integration between conditional grants and Public-Private Partnerships could leverage private investment and improve infrastructure delivery.
- Performance incentives linked to measurable service delivery and asset functionality could improve outcomes if supported by reliable data and integrated monitoring systems.

5.14.5. Policy Implications

Implication for policy direction

The conditional grant system should be simplified, rationalised and re-centred around the constitutional

principle that the equitable share remains the primary funding mechanism. Conditional grants should be used selectively to advance national priorities, strengthen municipal capability and support sustainable infrastructure development.

Implication for implementation

Implementation should focus on simplifying grant frameworks, reducing compliance burdens, strengthening asset management, integrating planning and reporting systems, introducing performance-based incentives, improving monitoring and evaluation, and tailoring grant design to differing municipal capacities.

5.14.6. Recommendations

- Rationalise and simplify the conditional grant system by reducing unnecessary grants and strengthening the rationale for new grants.
- Restore the primacy of the equitable share, with conditional grants used only where clearly justified.
- Differentiate infrastructure and operational grants, including predictable multi-year infrastructure funding and time-bound operational grants.
- Introduce stronger lifecycle asset management requirements and make maintenance a prerequisite for future infrastructure funding.

- Improve integration between conditional grants and Public-Private Partnerships, including the use of grants as viability gap funding where appropriate.
- Introduce performance-based grant incentives supported by stronger data systems, independent evaluation and measurable service delivery outcomes.
- Strengthen capability-building through grant design, ensuring grants support long-term institutional development rather than short-term compliance.

5.14.7. Relevance to the White Paper

This paper provides a comprehensive framework for reforming South Africa's conditional grant system as part of the White Paper review. It reinforces the importance of simplifying intergovernmental fiscal transfers, strengthening municipal accountability and capability, improving infrastructure stewardship, and creating a more strategic, differentiated and performance-oriented grant system that supports sustainable developmental local government.

5.15. INEFFICIENCIES IN SUPPLY CHAIN MANAGEMENT IN LOCAL GOVERNMENT

Dr Sarah Meny-Gibert, Prof Jonathan Klaaren and Ryan Brunette, Public Affairs Research Institute (PARI)

5.15.1. Background

This paper examines public procurement (supply chain management, or SCM) in South African municipalities, commissioned under the Finance and Infrastructure Stream to support the WPLG review. It argues that local government occupies a distinctive position in the procurement system: municipalities carry constitutional responsibility for built-environment infrastructure such as water, sanitation, electricity distribution, roads and housing; the developmental challenges they face vary far more widely across urban and rural contexts than is typical of national or provincial functions; and section 153(a) of the Constitution places a direct duty on municipalities to address community needs and promote local economic development, which should shape how preferential procurement is exercised locally. The paper notes that the more open, competitive procurement system introduced in the early 2000s initially supported a period of service delivery expansion, but that declining municipal finances and more entrenched patronage networks have since made procurement inefficiencies far more damaging.

5.15.2. Objective of the Study

PARI was asked to diagnose the underlying factors and drivers in SCM and procurement that contribute to expenditure inefficiencies and bottlenecks in service delivery in local government. The authors interpret this brief as covering both low output from resources allocated

to SCM, including delays, and the reasons for sub-optimal developmental outcomes from procurement, given the constitutional developmental mandate of municipalities under section 153. Particular attention is given to infrastructure procurement, given the centrality of the built environment to almost all local government functions.

5.15.3. Methodology

Given a very tight production timeline, the paper draws on a focused review of the relatively limited academic and grey literature on public procurement in South Africa generally and in local government specifically. This is supplemented with statistics on SCM compliance drawn primarily from Auditor-General (AGSA) MFMA consolidated reports and secondary sources, including the 2024 Methodology for Assessing Procurement Systems (MAPS) diagnostic assessment of South Africa's procurement system and a 2023 IMF study. The authors note that a fuller statistical analysis was constrained by limited access to National Treasury's underlying procurement datasets and by the fragmented, incomplete state of procurement data across individual municipalities.

5.15.4. Key Findings

The SCM process shows inefficiencies at every stage, though the pattern varies considerably across municipalities. Planning and demand management is weakened by poor market analysis and underdeveloped specifications. Tendering timelines are not especially slow

by international comparison, though anecdotal evidence suggests they are lengthening as institutions respond to tighter audit scrutiny. The most severe and well-documented inefficiencies occur at award and contracting stage, where uncompetitive purchasing and unjustified deviations are common, and in contract management, where weak specifications and poor monitoring allow delays, disputes and sub-standard delivery to accumulate, especially for infrastructure and asset maintenance.

Auditor-General data shows persistently high rates of non-compliance: 83% of municipalities had findings on uncompetitive or unfair procurement in 2021/22 (62% material) and 77% in 2022/23 (58% material); nearly half had contract-management findings in both years. Irregular expenditure has remained substantial, with much of it attributable to non-compliance with process requirements rather than fraud alone, and roughly R4.5 billion in 2021/22 was awarded under 'buy local' rules that were not properly met.

Infrastructure delivery is particularly troubled. AGSA site visits in 2022/23 found findings at 77% of the 113 projects reviewed, with an average delay of 21 months, commonly caused by incomplete feasibility work, design changes, contractors abandoning sites due to cash-flow problems, and municipalities failing to pay contractors on time. Capital budgets are chronically underspent, by R27 billion in 2023/24, a R7 billion increase on the previous year, a

pattern linked to SCM capacity constraints as well as wider financial distress.

Four structural drivers underlie these patterns: extensive political interference and corruption pressure, including politicised appointments that weaken internal checks and oversight; a complicated, fragmented and rigidly procedural regulatory regime that treats procurement as a clerical function rather than a strategic one, with particularly acute effects for infrastructure; uneven and generally weak procurement capacity across municipalities, worst in smaller and more remote municipalities; and a thinly resourced centre, with the Office of the Chief Procurement Officer only 80 of 140 approved posts filled as of March 2023, alongside fragmented, non-interoperable digital systems that limit transparency and oversight. The new Public Procurement Act, assented to in 2024, is not yet operational, and its eventual effect will depend on the content of forthcoming regulations and the outcome of pending constitutional litigation.

5.15.5. Policy Implications

Local government procurement reform cannot be treated as a scaled-down version of national and provincial procurement policy. The scale of municipalities' built-environment responsibilities, the wide variation in capacity and risk across the sector, and the direct constitutional developmental mandate in section 153(a) call for distinct treatment in the WPLG, with particular

emphasis on infrastructure procurement and a differentiated approach to regulation. Because the Public Procurement Act is not yet operational, the WPLG review offers a timely opportunity to shape how its regulations and implementation address local government's particular circumstances, and to ensure that appointment reform, oversight and capacity-building proceed alongside the new procurement architecture rather than as an afterthought.

5.15.6. Recommendations

The paper proposes that a redrafted WPLG position local government public procurement in five ways:

Position infrastructure procurement as a strategic driver of service delivery. Given that the quality of the built environment underpins almost all local government services, the WPLG should embed lifecycle-aligned procurement principles in municipal legislation and practice, link disbursements to enforceable delivery schedules, and align the review with the Public Procurement Act and its regulations as they are developed.

Introduce a differentiated regulatory regime for local government procurement. Municipalities would be categorised into procurement maturity tiers based on financial management and operational capacity indicators, with additional approval steps for less mature categories and a roadmap for moving into higher tiers. No

municipality's procurement function would be removed under this model, consistent with the differentiated approach already provided for in Chapter 2, Section 5 of the Public Procurement Act.

Position public oversight of procurement as a central mechanism of local government accountability. This includes affirming the state's commitment to an end-to-end digital procurement environment linking the national portal to municipal practice, and piloting civil-society oversight mechanisms such as accredited 'civic witnesses' at key tender milestones and community-based social audits of service contracts, with clear guardrails on scope, timelines and confidentiality.

Position appointment reform as integral to procurement integrity. The WPLG should address political interference in the appointment and dismissal of municipal managers, senior officials and municipal entity boards through statutory, independent checks on selection processes, potentially involving the Public Service Commission or professional associations, while leaving final appointment decisions with council.

Position public procurement as central to local government's developmental objectives, experimenting with 'creative procurement'. Redress-focused procurement has broadened access for historically disadvantaged suppliers but has been insufficiently developmental, in the sense of building the long-term capabilities of small and emerging firms. The WPLG

should support municipalities to pilot more flexible procurement approaches, drawing on National Treasury's City Support Programme work on creative procurement.

5.15.7. Relevance to the White Paper

This paper's recommendations are grounded in sections 217 and 216 of the Constitution, which govern public procurement and National Treasury's norm-setting role, and in sections 152 and 153, which set out local government's developmental objects and duty to prioritise community needs. It positions the WPLG review as a significant platform for elevating the strategic importance of public procurement, and calls for the White Paper to be developed in close relation to the Public Procurement Act and its regulations, still under development at the time of writing, so that local government's distinctive circumstances are properly reflected in the emerging national procurement architecture.

5.16. SUPPORT, MONITORING AND INTERVENTION

Dr Tracy Ledger, Public Affairs Research Institute (PARI)

5.16.1. Background

This paper reviews one of the core assumptions of the 1998 White Paper on Local Government (WPLG98): that municipalities would require extensive support, monitoring and intervention mechanisms to fulfil their expanded developmental mandate. The paper argues

that while the post-1994 local government system successfully expanded democratic local governance and basic services, overall municipal performance has significantly deteriorated over time despite extensive investment in support and capacity-building systems.

The report situates current municipal dysfunction within broader governance, financial, institutional and intergovernmental weaknesses. It examines both the large-scale system of municipal support and monitoring developed since 1998, and the operation and effectiveness of Section 139 interventions, particularly financial interventions under sections 139(5)–(7).

A major theme throughout the paper is that support and intervention mechanisms have become fragmented, compliance-driven and overly focused on activity rather than impact. Despite approximately R10 billion annually being spent on municipal support and capacity-building, aggregate municipal performance continues to decline, with large numbers of municipalities financially distressed and many interventions repeatedly failing to produce sustainable recovery.

The paper also notes that WPLG98 pre-dated the later development of the Section 139 intervention framework and therefore provides limited guidance on how interventions should be structured, triggered, managed and exited.

5.16.2. Objective of the Study

- Assess whether the original intentions of WPLG98 around support, monitoring and intervention were effectively implemented.
- Examine whether the assumptions underlying the original White Paper were incomplete or flawed.
- Analyse why municipal support and capacity-building systems have produced limited long-term impact.
- Assess the effectiveness of Section 139 interventions in improving municipal performance and financial sustainability.
- Examine the interrelationship between monitoring, support and intervention systems.
- Review the legislative and institutional framework governing municipal supervision and support.
- Identify the causes of repeated municipal failure despite extensive support expenditure.
- Develop recommendations for reforming support, monitoring and intervention systems within the revised White Paper framework.

5.16.3. Methodology

The research drew on several large-scale studies conducted over approximately seven years and used a mixed-methods approach including:

- Literature and legislative review.
- Review of domestic and international capacity-building literature.
- Analysis of support and monitoring programmes across government.
- Expenditure analysis of municipal support systems.
- Interviews with 65 stakeholders across national, provincial and local government institutions.
- Detailed desktop analysis of Section 139 interventions.
- Financial and governance analysis of intervention municipalities.
- Case studies of selected municipalities.
- Review of NCOP, CoGTA and Treasury intervention documentation.
- Institutional and political analysis of intervention implementation and outcomes.

5.16.4. Key Findings

- Despite approximately R9–10 billion annually being spent on municipal support and capacity-building, municipal financial and operational performance has continued to deteriorate.
- Most support programmes are evaluated based on activities such as workshops, training sessions and

reports rather than measurable improvements in municipal functionality and governance outcomes.

- Multiple departments and programmes operate simultaneously with weak integration, resulting in duplication, fragmentation and excessive administrative burden.
- Municipal monitoring has increasingly become a compliance and reporting exercise rather than a strategic process focused on diagnosis and tailored support.
- International and local evidence shows that effective capability development is long-term, context-specific and organisational rather than purely individual.
- Current programmes over-emphasise individual training and short-term fixes rather than broader institutional capability and systems reform.
- Section 139 interventions are commonly initiated too late, often only once municipalities have already collapsed financially or institutionally.
- Analysis of nearly 200 interventions found that many produced only marginal or unsustainable improvements, with repeat interventions common.
- There is major inconsistency between provinces in how interventions are triggered, justified, structured and managed.

- Existing legislation and institutional arrangements remain fragmented, particularly across CoGTA and Treasury mandates.

5.16.5. Policy Implications

Implication for policy direction

The paper argues that the current model of municipal support, monitoring and intervention requires fundamental redesign rather than incremental improvement. It strongly critiques compliance-driven approaches that prioritise reporting, training activity and programme expenditure over measurable improvements in municipal functionality and developmental outcomes.

The study argues for:

- more diagnostically robust and context-specific support approaches.
- stronger integration between monitoring, support and intervention systems.
- earlier and more predictable intervention triggers.
- outcome-focused rather than activity-focused support systems.
- a clearer constitutional understanding that municipal autonomy does not extend to prolonged dysfunction and governance collapse.

Implication for implementation

- Effective implementation will require:
    - integrated and streamlined support systems.
    - clearer intervention legislation and governance arrangements.
    - stronger coordination between CoGTA, Treasury and provinces.
    - improved institutional capability within support entities themselves.
    - reduced reporting burdens on municipalities.
    - measurable impact reporting; and
    - stronger oversight and accountability mechanisms.

5.16.6. Recommendations

- Shift from activity reporting to impact and outcome reporting.
- Design support programmes around deep diagnostic assessment of municipal problems.
- Replace generic support models with tailored, municipality-specific approaches.
- Focus on long-term organisational capability rather than short-term fixes.

- Reduce fragmentation across support programmes and entities.
- Streamline municipal reporting requirements and data collection systems.
- Improve coordination across national, provincial and municipal actors.
- Develop integrated overarching legislation governing the full intervention framework.
- Establish clearer and more objective intervention triggers.
- Initiate interventions earlier before municipal collapse occurs.
- Clarify standards for intervention termination and post-intervention support.
- Strengthen NCOP and MFRS capacity and resourcing.

5.16.7. Relevance to the White Paper

This paper directly addresses one of the foundational governance questions of the White Paper review process: how a developmental local government system should be supported, supervised and corrected when municipalities fail.

The research contributes particularly to White Paper discussions on developmental local government, state capability, differentiated municipal support,

intergovernmental relations, accountability and supervision, municipal financial sustainability, intervention governance, constitutional oversight, institutional fragmentation, monitoring systems, and municipal recovery mechanisms.

The paper argues that the revised White Paper must move beyond a narrow "capacity-building" framing toward a much more integrated model of municipal supervision, support, organisational development and early intervention grounded in measurable outcomes and constitutional functionality.

5.17. TRADITIONAL AND KHOI-SAN LEADERSHIP IN LOCAL GOVERNMENT

Prof Christa Rautenbach – Faculty of Law, North-West University; Prof Mashau Takalani – University of Venda; Mr Basil Sikhakhane

5.17.1. Background

This paper examines the relationship between municipalities and Traditional and Khoi-San Councils (TKCs) within South Africa's system of democratic local government. It argues that, although traditional leadership is constitutionally recognised, integration into municipal governance, planning and service delivery remains fragmented, inconsistent and largely symbolic.

The study highlights persistent governance tensions in rural and communal areas, particularly around land administration, planning authority, participation in municipal structures, infrastructure delivery, and fiscal arrangements. While traditional leaders often enjoy strong legitimacy within communities and play important roles in social cohesion, dispute resolution and development mobilisation, their participation in municipal systems is uneven and poorly institutionalised.

The paper situates these challenges within broader debates about cooperative governance, constitutional authority, developmental local government, communal land governance, and the District Development Model (DDM). It argues that the White Paper review process presents an important opportunity to move from "recognition without integration" toward clearer, structured and accountable cooperation between municipalities and TKCs.

5.17.2. Objective of the Study

- Analyse the constitutional, legislative and institutional relationship between local government and Traditional and Khoi-San leadership.
- Assess how TKCs currently participate in municipal governance, planning and service delivery.
- Examine legislative overlaps and ambiguities between the Traditional and Khoi-San Leadership Act (TKLA),

Spatial Land Use Management Act (SPLUMA) and local government legislation.

- Identify barriers to effective cooperation between municipalities and TKCs.
- Explore partnership models and case studies of good practice.
- Develop practical policy and legislative recommendations to strengthen cooperative governance in traditional areas.
- Propose sustainable institutional, funding and accountability models for collaboration.

5.17.3. Methodology

The research used a qualitative legal and policy analysis approach drawing on:

- Constitutional and legislative review.
- Analysis of court judgments and jurisprudence relating to traditional leadership and communal land governance.
- Review of the White Paper on Local Government discussion documents.
- Analysis of government reviews, including the 20-Year and 21-Year Local Government Reviews and NDP Review.

- Review of provincial guidelines and municipal practices.
- Case studies of existing municipal–traditional authority partnerships.
- Institutional and governance analysis of planning, representation and service-delivery arrangements.

5.17.4. Key Findings

- Recognition of traditional leadership exists in law, but meaningful integration into municipal governance remains weak and inconsistent.
- Legislative overlaps and ambiguities between SPLUMA, the TKLA and municipal legislation create uncertainty and “parallel centres of authority”, especially in communal land areas.
- Traditional leaders retain significant legitimacy in rural communities and continue to play important roles in social cohesion, dispute resolution and development mobilisation.
- Section 81 participation and consultation mechanisms are unevenly implemented and often remain symbolic rather than substantive.
- Traditional Councils lack sustainable funding, administrative support and technical capacity.
- Khoi-San communities remain particularly marginalised despite statutory recognition under the TKLA.

- The Mohlaba Constitutional Court judgment clarified that traditional councils may not impose compulsory levies or taxes, reinforcing the need for constitutionally compliant funding arrangements.
- Case studies from Rustenburg/Royal Bafokeng Nation, Amathole, eThekwini, uMkhanyakude and Sekhukhune demonstrate that structured cooperation can improve planning alignment, infrastructure delivery and community participation.
- Many governance failures arise not only from legal gaps, but also from mistrust, poor communication, inconsistent participation and weak mutual understanding between municipalities and TKCs.

5.17.5. Policy Implications

Implication for policy direction

The paper argues that South Africa requires a more coherent and institutionalised model of cooperative governance between municipalities and Traditional and Khoi-San Councils. The current system creates uncertainty around roles, planning authority, land governance and accountability, particularly in communal and rural areas. The study calls for clearer legislative alignment, structured participation mechanisms, stronger institutional integration and differentiated governance approaches that recognise the realities of traditional governance systems.

The paper also argues that traditional leadership should function as a structured developmental partner within constitutional and municipal governance frameworks rather than as a parallel system of government.

Implication for implementation

Effective implementation will require:

- clearer legislative alignment between the TKLA, SPLUMA and local government legislation.
- mandatory and standardised participation mechanisms for TKCs in municipal governance structures.
- formalised Municipality–Traditional Council Compacts (MTCCs).
- improved funding and administrative support for TKCs.
- stronger integration into IDP, DDM and service-delivery processes.
- joint planning, monitoring and dispute-resolution systems.
- sustained relationship-building and capacity-development programmes.
- differentiated support for Khoi-San leadership structures.

5.17.6. Recommendations

- Require municipalities in traditional areas to establish Municipality–Traditional Council Compacts (MTCCs).
- Clarify advisory, operational and non-delegable roles within legislation and align the TKLA, SPLUMA and municipal legislation.
- Strengthen integration of TKCs into municipal councils, committees, IDP forums and DDM structures.
- Embed TKCs in spatial planning, infrastructure delivery, LED and service-delivery oversight processes.
- Develop a Traditional Areas Service Partnership (TASP) funding model linked to existing conditional grants.
- Provide administrative support, ICT infrastructure and shared district-level technical capacity for TKCs.
- Institutionalise joint training programmes for municipal officials and TKCs.
- Include TKC participation indicators in Section 46 municipal performance reporting.
- Create dedicated support mechanisms for Khoi-San leadership integration and participation.
- Promote relationship-building forums, conflict-resolution mechanisms and non-partisanship

safeguards within municipal–traditional cooperation agreements.

5.17.7. Relevance to the White Paper

This paper directly informs the White Paper on Local Government review by examining how Traditional and Khoi-San leadership structures can be more effectively integrated into democratic local governance.

The research contributes particularly to discussions on cooperative governance, differentiated governance models, communal land governance, municipal planning and service delivery, developmental local government in rural areas, intergovernmental relations, public participation, social cohesion, DDM implementation, traditional leadership reform, and institutional coordination and accountability.

The paper argues that the White Paper review presents an opportunity to establish a clearer, more coherent and constitutionally aligned framework for cooperation between municipalities and TKCs, moving beyond symbolic recognition toward structured developmental partnerships.

5.18. A CRITICAL ASSESSMENT OF LOCAL GOVERNMENT REVENUES

Mr Jugal Mahabir, supported by Mr Phillip van Ryneveld

5.18.1. Background

The 1998 White Paper on Local Government (WPLG) established the foundations of the local government fiscal framework, building on the 1996 Constitution's assignment of property rates and service-tariff surcharges as municipalities' primary own-revenue instruments. The 1998 WPLG assumed that own revenues, led by electricity sales (around 41%), property rates (around 20%) and water sales (around 12%), should fund roughly 90% of municipal operating expenditure. Since then, structural shifts in the economy and in the electricity and water supply industries, new legislation such as the Municipal Property Rates Act (2004) and the Municipal Fiscal Powers and Functions Act (2007), and the abolition of the RSC and JSB levies have altered the fundamentals of several of these revenue sources, even as many municipalities continue to experience significant financial distress and service delivery failures.

5.18.2. Objective of the Study

The research undertakes a comprehensive, long-term assessment of local government's own revenue instruments from a structural (exogenous) rather than a performance (endogenous) perspective. Rather than asking whether local government is underfunded, the study aims to determine whether changes in the base, rate and administration of individual revenue instruments – particularly property rates, service charges and the fuel levy share – mean that the revenue mix envisaged in the

1998 WPLG remains sustainable, applicable and cumulatively viable, and to quantify the fiscal capacity and fiscal effort of key revenue sources.

5.18.3. Methodology

The study combines descriptive financial and budget trend analysis, using two decades of National Treasury Section 71 municipal financial data supplemented with audited financial statements to correct missing and erroneous entries, with formal statistical estimation. Stochastic frontier analysis (SFA), a variant of the representative tax system approach, is used to estimate the fiscal capacity and fiscal effort of property rates, using property values and ability-to-pay variables such as real gross value added per capita, unemployment and disposable income. A separate fixed-effects panel model is used to identify the exogenous and endogenous factors driving the growth of debt owed to municipalities for services.

5.18.4. Key Findings

- Electricity sales remain the largest single source of municipal operating revenue (28.7% in 2023/24), but their share of both own revenue and operating expenditure has declined markedly since 2010/11 as the electricity supply industry has changed.
- Government grants have grown faster than any other revenue source over the past 20 years (7.5% real per

capita growth, against roughly 3% for property rates and service charges), increasing local government's aggregate reliance on transfers.

- Revenue structures vary sharply by municipal type: metros and secondary cities depend most on own revenues such as property rates and service charges, while rural and district municipalities are heavily grant dependent, with water-and-sanitation-excluded district municipalities around 70% grant dependent.
- Statistical modelling of property rates suggests most municipalities are collecting below their estimated fiscal capacity, pointing to scope for improved collection efficiency and tariff design, although larger local municipalities already collect close to their estimated potential.
- Municipal water and electricity trading services are increasingly running operating deficits. Water losses have exceeded 20% of revenue in places, with evidence that municipalities may be compensating for these shortfalls through higher property rates.
- The replacement of the RSC/JSB levies with a shared general fuel levy for metros and a replacement grant for districts has not proven as buoyant as anticipated: real fuel levy allocations have stagnated as fuel sales have declined since 2018/19.
- Debt owed to municipalities for electricity is closely correlated with municipalities' own debt to Eskom for bulk electricity purchases, while water debt shows a

weaker relationship, suggesting much of it is longstanding and difficult to recover; higher bulk electricity costs, weaker local economic conditions and poorer audit outcomes are all statistically associated with higher debt levels.

5.18.5. Policy Implications

The paper's central implication is that several of the exogenous assumptions underpinning the 1998 WPLG's own-revenue funding model no longer hold uniformly across all revenue instruments and municipal types. Electricity revenue can no longer be relied on at previous levels, dependence on grants has structurally increased for smaller and rural municipalities, and rising cost pressure on trading services risks being absorbed silently into general revenues such as property rates rather than being transparently priced or funded. This suggests the White Paper review needs to reassess the sustainability of the revenue mix instrument-by-instrument and municipal-category-by-category, rather than assuming a single funding model applies uniformly across all of local government.

5.18.6. Recommendations

The paper points to several areas the White Paper review should consider in reforming local government's revenue framework:

- Extend the research to assess sources of capital finance, including trading surpluses and borrowing capacity, which fall outside the scope of this draft but are closely linked to the sustainability of operating revenues.

5.18.7. Relevance to the White Paper

This paper directly informs the WPLG review's finance and infrastructure reference group by testing whether the 1998 WPLG's assumptions about local government's own-revenue funding mix – electricity sales, property rates and water sales - remain valid more than 25 years later.

The research contributes to broader White Paper debates on local government fiscal sustainability, the design and buoyancy of revenue instruments, the role of intergovernmental grants in addressing genuine versus performance-related fiscal gaps, and the financial viability of municipal trading services.

The paper argues that the White Paper review presents an opportunity to reassess the local government revenue framework in light of structural changes since 1998, rather than assuming the original funding assumptions still hold, and to strengthen the evidence base, particularly financial reporting quality, needed to monitor municipal fiscal health going forward.

5.19. NAVIGATING THE WATER SERVICES AMENDMENT BILL: IMPLICATIONS, RISKS, AND STRATEGIC RESPONSES

Mr MC Greatwood Pr Eng FIMESA

5.19.1. Background

South Africa's water services sector is undergoing its most far-reaching restructuring since the 1997 Water Services Act, driven by the Water Services Amendment Bill, revised national Norms and Standards, and Operation Vulindlela. These reforms respond to deteriorating municipal performance and widespread non-compliance – the 2022 Green Drop and 2023 Blue Drop assessments found more than 100 Water Services Authorities (WSAs) classified as high-risk or dysfunctional. The reforms unfold against ageing infrastructure, skills shortages and weak revenue systems, creating a direct tension between municipalities' constitutional obligation to provide safe, reliable water (Sections 24, 27, 156 and 160) and the Municipal Finance Management Act's (MFMA) requirement that they spend only what is affordable.

5.19.2. Objective of the Study

The paper sets out to provide a rigorous assessment of the implications, risks and strategic responses arising from the Amendment Bill, examining how the Water Services Act, National Water Act, Municipal Systems Act,

MFMA and new Norms and Standards intersect to create obligations many municipalities are structurally unable to meet – using Msunduzi Municipality as a representative case study of the pressures facing all 144 WSAs nationally.

5.19.3. Methodology

This is a legal and policy analysis rather than an empirical study. It examines the constitutional and legislative architecture governing water services, traces the sector's regulatory evolution over three decades – from the 1997 Water Services Act through the 2000/2003 decentralisation reforms to Operation Vulindlela and the 2024 Norms and Standards – and tests this analysis against a single representative case study, Msunduzi Municipality, drawing on Blue Drop and Green Drop compliance findings.

5.19.4. Key Findings

- Four structural contradictions run through the legislative framework: the constitutional right to water versus MFMA affordability rules; municipalities' tariff-setting autonomy under the Municipal Systems Act versus prescriptive new tariff Norms and Standards; the Water Services Act's obligations versus many WSAs' lack of capacity, since licensing enforces compliance but does not create capacity; and unresolved overlaps between the National Water Act and the Water Services Act.

- The WSA/WSP institutional split envisaged in 1997 was never really implemented – most municipalities run internal WSPs that both regulate and operate, and the Bill now attempts to enforce a separation that exists on paper only.
- Operation Vulindlela did not create the sector's capacity crisis but exposed it, generating the political momentum behind the Amendment Bill.
- Mandatory licensing of all Water Services Providers, including internal municipal units, centralises regulatory power in a new DWS Licensing Authority, raising constitutional questions given municipalities' constitutionally protected executive authority over water services.
- Licensing obligations for staffing, infrastructure and monitoring require investment that the MFMA's affordability constraints may not permit, a structural non-compliance risk built into the reform itself.
- New professionalisation requirements, such as WSA Managers needing to be professionally registered engineers or technologists with at least fifteen years' experience, are necessary but assume financial and organisational capacity many municipalities do not have, amid recruitment difficulty, salary disparities and anticipated labour resistance.
- Msunduzi Municipality's own position illustrates these pressures directly: ageing infrastructure, high non-revenue water, technical vacancies, tariff affordability

constraints, and a WSA function incorrectly placed within its organisational structure.

- The Bill provides no mechanism for maintaining service continuity if a WSP licence is suspended or revoked, particularly where external WSP interest is limited, creating a risk of service collapse.
- The paper introduces “Material Adverse Government Action” (MAGA) as a contractual risk category – covering regulatory change, tariff decisions, licensing conditions and administrative delay – that it argues should be built into WSP agreements.

5.19.5. Policy Implications

The paper’s central implication is that legislative ambition and municipal capability are misaligned, and that regulation alone cannot resolve a capacity crisis. Unless the MFMA is reconciled with the obligations the Amendment Bill and Norms and Standards impose, the reforms risk formalising existing contradictions rather than resolving them, deepening rather than easing the sector’s cycle of non-compliance, fiscal distress and declining service levels.

5.19.6. Recommendations

The paper’s “Strategic Way Forward” section sets out several proposed actions:

- Align the MFMA with the Constitution and the Water Services Act so that municipalities can fund the obligations the Amendment Bill imposes.
- Accompany the new Norms and Standards with funding, training and institutional support rather than treating them as unfunded mandates.
- Implement the licensing regime in a way that explicitly accounts for municipalities' capacity constraints.
- Support municipalities to restructure WSA and WSP functions, professionalise staff, and strengthen planning, regulatory and revenue-management capacity.
- Require credible budgets, performance management systems, and contractual risk protections, including MAGA, Change in Law, Tariff Determination Risk and Government Default clauses, in WSP agreements.
- Engage organised labour and secure political support before restructuring, given anticipated resistance to regrading and competency enforcement.
- Shift from reactive, compliance-driven crisis management toward coordinated, proactive institutional strengthening across spheres of government.

5.19.7. Relevance to the White Paper

This paper directly tests whether the constitutional division of authority between national government and

municipalities, and the municipal fiscal framework, can support the scale of national regulatory intervention now being introduced in the water sector through licensing and enforceable Norms and Standards.

The research contributes to broader White Paper debates on the tension between municipal executive authority and national oversight, unfunded mandates, and the practical limits of compliance-driven reform where institutional capacity does not exist.

The paper argues the White Paper review is an opportunity to confront this misalignment directly, and to ensure that sector-specific legislation such as the Amendment Bill is coherent with the broader local government fiscal and governance framework.

6. ANNEXURE A

The full research papers commissioned to support the White Paper on Local Government review are listed below in the order in which they appear in this Compendium. Each paper title links to the folder containing the full research paper.

1. Prof Jaap de Visser, Dullah Omar Institute, University of the Western Cape. *Municipal Tiers, Powers and Functions.*

2. Ms Nazreen Kola, Palmer Development Group (PDG). *Local Government Powers and Functions.*

3. Prof Zwelinzima Ndevu. *25-Year Longitudinal Review of Local Government.*

4. Prof Mashupye H. Maserumule, Tshwane University of Technology. *Municipal Governance and Administration.*

5. Prof John Mafunisa, University of Venda. *Governance, Institutions, Administration and Citizen Relations.*

6. Dr Robynne Jean Hansmann, Durban University of Technology. *Planning and Spatial Transformation.*

7. Dr Nobukhosi Ngwenya. *Human Settlements.*

8. Prof TK Pooe, University of the Witwatersrand. *Local Economic Development.*

9. Prof Nedson Pophiwa. *Environment, Climate and Disaster Management.*

10. Dr DM Powell. *National Regulation of Local Government.*

11. Public Affairs Research Institute (PARI). *Affordability of Basic Services for South African Households.*

12. Mr Nick Graham, Ms Nonhlakanipho Tau & Mr Kevin Wall. *Infrastructure and Service Delivery.*

13. National Treasury. *Review of WPLG Alternative Funding Mechanisms.*

14. National Treasury. *The 1998 Local Government White Paper review as a catalyst for conditional grant reforms.*

15. Dr Sarah Meny-Gibert, Prof Jonathan Klaaren and Ryan Brunette, Public Affairs Research Institute (PARI). *Inefficiencies in Supply Chain Management in Local Government.*

16. Dr Tracy Ledger, Public Affairs Research Institute (PARI). *Support, Monitoring and Intervention.*

17. Prof Christa Rautenbach (Faculty of Law, North-West University), Prof Mashau Takalani (University of Venda) & Mr Basil Sikhakhane. *Traditional and Khoi-San Leadership in Local Government.*

18. Mr Jugal Mahabir, supported by Mr Phillip van Ryneveld. *A Critical Assessment of Local Government Revenues.*

19. Mr MC Greatwood Pr Eng FIMESA. *Navigating the Water Services Amendment Bill: Implications, Risks, and Strategic Responses.*



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