LOCAL GOVERNMENT:

CRISES DECADES IN THE MAKING AND HOW TO DEAL WITH THEM

TERENCE CORRIGAN

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222 Smit Street (Virtual office),
Braamfontein Johannesburg, 2000, South Africa
PO Box 291722, Melville, Johannesburg, 2109, South Africa
Telephone: (011) 482–7221

Author: **Terence Corrigan**

Editor: **John Endres**

Typesetting: **Mbali Mayisela**

Cover design: **Bonginkosi Tekane**

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Executive summary

South Africa's system of local government is experiencing profound difficulty. Although performance varies considerably across municipalities, there is considerable evidence of long-standing institutional weakness, deteriorating infrastructure, unreliable service delivery, poor financial management and declining public trust in most towns across the land. The central lesson of the past three decades is that local government's problems are systemic and mutually reinforcing, rather than the result of isolated administrative deficiencies.

Local government is responsible for many of the services and much of infrastructure on which households and businesses depend, while municipal performance influences the conditions in which investment and economic activity take place. The failure of municipal government therefore imposes a wider economic cost. This is particularly significant as South Africa progresses through its urban transition. A growing share of the population, infrastructure and economic activity is concentrated in towns and cities, making the capacity of urban institutions an increasingly important determinant of national economic performance.

The crisis originates in a combination of political, institutional and financial factors. Municipal administrations have been designed to facilitate political intervention in administration, while patronage, weak accountability and inappropriate appointments have undermined professional capacity. Financial weakness has compounded these problems, reducing municipalities' ability to maintain infrastructure and deliver services, while declining service quality weakens payment behaviour and further erodes municipal finances. The current system also fails to recognise the substantial differences between municipalities in their economic bases, institutional capacities and functions. A uniform model of local government cannot adequately address such diversity.

The paper consequently argues for a reform programme that goes beyond conventional prescriptions for better administration. Professionalising municipal administrations, strengthening financial management, improving accountability and consequence management, and ensuring that appropriately skilled people are appointed are essential. But these measures need to be accompanied by institutional differentiation, clearer political accountability and more effective intergovernmental coordination. The objective should be to create a system in which political leaders are responsible for political decisions while professional officials are able to administer municipalities without undue interference. Where municipalities cannot perform their functions effectively, greater use should be made of alternative institutional arrangements, including partnerships with non-state providers and, where necessary, stronger forms of intervention.

The ultimate test of reform should be whether local government can become functioning and developmentally oriented rather than simply compliant. Municipalities need to provide reliable basic services, maintain and expand infrastructure, manage their finances responsibly and create conditions in which residents and businesses can prosper. For an increasingly urban South Africa, this means creating cities and towns capable of supporting productive economic activity and capturing the benefits of urban economies.

Introduction

"Urban areas now house half of the world's population, and within twenty-five years, that proportion will surpass two-thirds – yet cities continue to receive far less attention than they deserve, including in rapidly urbanising parts of Africa and Asia. With cities driving economic growth, proactive investment and strengthening urban governance must become a national priority."

- Victoria Delbridge, Oliver Harman and Juliana Oliveira-Cunha, "Why cities are the engine of growth in developing countries", International Growth Centre, 25 February 2026.[1]

Concerns abound in South Africa about the state of governance, and none more so than as it relates to the local level. Local government is the arm of the state that sits closest to the people. It is at this level that responsibility resides for administering the services that make day-to-day life possible. These are not the glamorous or weighty matters of policy or geopolitics; they are the matters that a functioning society takes for granted.

Precisely for this reason, local government matters for quality of life, and particularly so for the less affluent. Well-maintained roads, reliable provision of water and electricity, expeditious removal of refuse are the cornerstones of modern life. Equally, local government exercises an outsized influence on the functionality and prospects of business enterprises. Taken together, meeting the twin imperatives of assuring liveability and business viability means that local government exercises a decisive influence on a community's economic and developmental prospects; collectively, they do much the same for a country as a whole. This is particularly the case where common pathologies are widespread across individual jurisdictions.

These matters attract considerable attention worldwide given increasing urbanisation and its association with successful economic take-off. Globally, some 58% of the world's population now lives in urban areas.[2] The largest of these, which is what is understood by the term "cities", generally increase productivity, provide a forum for expanding complex and value-adding activities, and offer people the socio-economic mobility that promises tomorrow will be an improvement on today. Properly achieved and managed, they are engines of economic growth and innovation.

For South Africa, these are all deeply relevant matters. Economic growth has been anaemic for close to two decades, and only in three years (2005-2007) since 1994 has the rate exceeded 5%. The unemployment rate, at 32.7%,[3] is among the highest in the world, and the proportion of the country's population living in poverty is estimated at some 38% (those living below the so-called lower-bound poverty line of R1 300 a month in 2023 prices), or at as much as 67% if a higher income bar is used.[4] The population is also now, at some 64%, an urban one.[5] By 2050, this is projected to rise to around 78%.[6]

That South Africa's drive to address its numerous socio-economic failings will need to deal with its governance failings is common cause. The idea that South Africa could operate as a "developmental" state has long exercised an attraction to the country's authorities. *The National Development Plan* of 2013 noted the failings of the state and called for the creation of a "capable and developmental state".[7] President Cyril Ramaphosa made creating a "capable" state a key objective of his government,[8] a goal that was carried over into the Government of National Unity.[9]

Correcting the country's governance pathologies will need to account for the state of local government and the urban transition that the country is undergoing. Indeed, it is arguably at this level that correction is most urgently needed.

The significance of South Africa's already advanced transition goes beyond the migration of populations, and the shift of its weight from rural to urban areas. It changes the administrative demands on local government, and consequently the influence it exercises on economic prospects. It means that a growing share of its population, economic activity and infrastructure is concentrated in municipalities that must manage increasingly complex urban systems. This makes the quality of municipal government not only a question of local service provision and quality of life, but a determinant of South Africa's capacity to attract the investment that underwrites economic growth. The urban transition therefore raises the cost of municipal failure: where an urban economy is large and interconnected, failures in water, electricity, transport, sanitation or land management can have consequences well beyond the immediate municipal boundary. A central question is consequently not whether South Africa can make its municipalities function better, but whether its system of local government is capable of governing the urban future that awaits.

The economic outcomes of urbanisation, moreover, should not be assumed to follow automatically from the concentration of population in cities. Economists have posited a distinction between "consumption cities" and "production cities". The former exist around economies that tend to service local demand, usually with limited productivity. This has been the dominant form in Africa, often drawing off resource rents. "Production cities" by contrast are linked to wider value chains, and characterised by higher-productivity activities like manufacturing. This is characteristic of the cities of the industrialising countries in Asia.[10] The distinction is relevant to South Africa because the country's urban transition needs to be assessed not simply by how many people live in cities, but by what its cities enable them to do. The objective should be to ensure that growing urban populations are accompanied by expanding productive activity, investment and economic opportunity, rather than by an increasing dependence on consumption and transfers.

In 2026, South Africa is approaching its seventh round of local elections since the transition to democracy.[11] They mark over three decades of post-apartheid local governance. And they speak to a state of profound crisis for the country.

In a commentary in early 2026, Professor Daniel Meyer of the University of Johannesburg wrote: "The overall state of local government in SA is one of uneven performance, with a few well-performing municipalities, but the majority are sub-standard. In most municipalities, basic service delivery has become unreliable. Water interruptions, sewage spills, electricity outages and crumbling roads have become common features of daily life. These are not isolated failures; they are symptoms of long-term under-maintenance and institutional weakness."[12]

This analysis explores the origins and nature of the problems confronting local government in contemporary South Africa – and makes some recommendations for their resolution.

Background

Local government has proven a perennial challenge for South Africa since its transition to democracy. The 1996 Constitution recognised it as a distinct "sphere" of government and accorded it extensive developmental responsibilities. These include the democratic and accountable governance of local communities, sustainable service provision, "social and economic development", safeguarding the environment and fostering popular participation in governance.[13] At the time the Constitution was enacted, local government was undergoing a turbulent process of establishment. The fragmented system that had previously existed combined functional and capable municipal structures that had existed in formerly "white" areas with various models that had existed to cater for other groups. Most of these lacked the revenue bases to be successful, and had been fiercely contested during the uprisings that had taken place since the 1970s. In addition, a system of local government was to be introduced across the country, including in the former homelands, which had distinct and limited systems, and across areas where traditional leaders held sway.

The establishment of the system

The *White Paper on Local Government* in 1998 set out a vision of local government in post-apartheid South Africa. Very little in the overall vision of the document would be particularly controversial now. It envisaged a system that would expand the provision of services and infrastructure, while also promoting the rapid economic growth with widespread societal benefits that South Africa in the late 1990s hoped for. It would also be a system designed to enhance democracy and citizen participation. It expounded a vision "for empowered and capacitated municipalities to play a transformational and developmental role in building viable human settlements which meet the needs and aspirations of local communities."[14] This is termed "Developmental Local Government".

The *White Paper* did not ignore the considerable challenges local governments were facing and could be expected to face in future. These included the higher-level challenges of building new and durable institutions with a new management ethos based on democratic participation, and also the more pedestrian ones such as the scale of demand for services, overstretched budgets, and insufficient unevenly distributed capacity. These weaknesses overlapped one another, as was illustrated in a comment on the stewardship of finance: "Some municipalities have inadequate financial management capacity, and as a result budgeting, accounting, credit control and financial reporting systems are weak. The budget process is often not properly linked to municipal planning, and is not always open to community participation. In some cases, revenue is overstated, resulting in unrealistic budgets."

The document was a fundamentally optimistic one. Its underlying assumption was that with proper resourcing, with training for the workforce, with cooperation among state institutions and with the adoption of a new ethos, it would be able to grow into the system that was envisaged.

From this came the legislation that defined the local government system. These were:

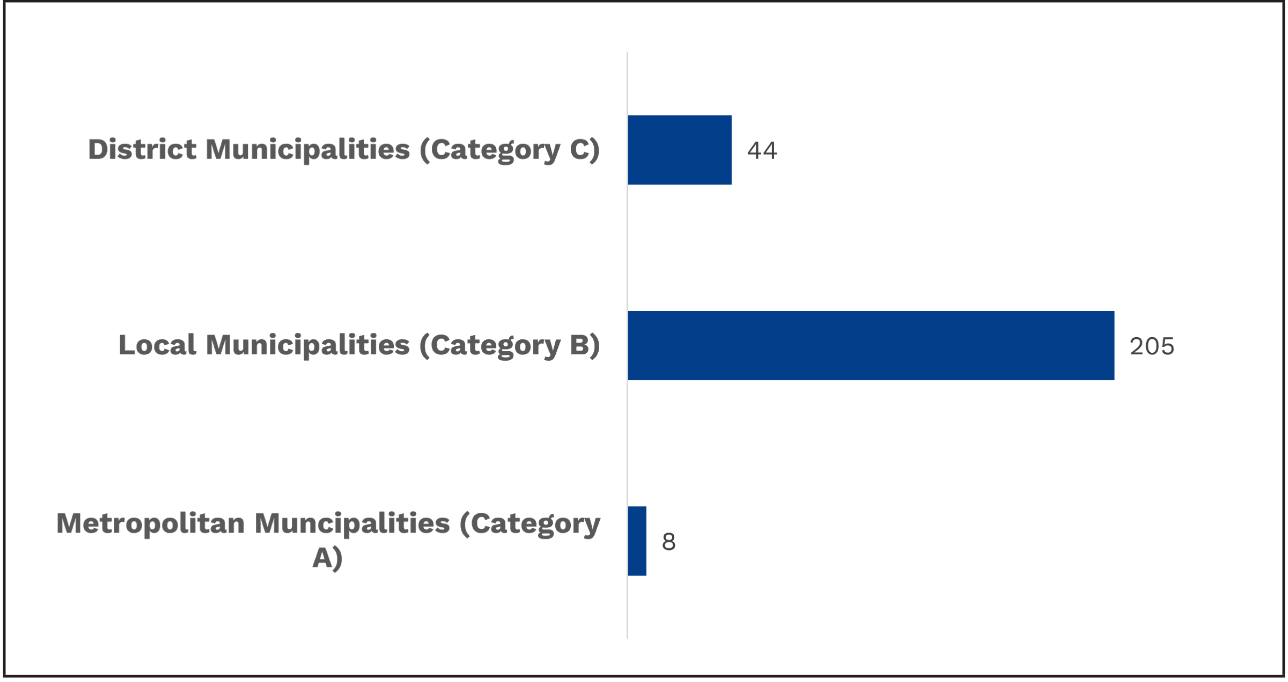
- **The Municipal Structures Act of 1998:** this established the forms of local government. Large metropolitan areas would exist as standalone entities (Category A, or Metropolitan Municipalities). Smaller towns and settlements would exist as Local Municipalities (Category B) and be grouped under District Municipalities (Category C), the latter assisting in carrying out some duties, and coordinating the Local Municipalities within them.

- **The Municipal Systems Act of 2000:** this clearly defined municipalities as a part of the governmental system with their own powers and responsibilities, although enjoined to work with others (the idea of co-operative governance). It set out the framework for municipal operations, emphasising service provision, planning, performance management and reporting. It mandated policies on tariffs, credit control and debt collection (a municipality must “collect all money that is due and payable to it”). It also required high ethical and professional standards for municipal employees. An amendment in 2011 sought to tighten the staffing criteria, such as refining appointment criteria, limiting the appointment of party office holders to senior municipal office, and restricting the employment of dismissed officials in other municipalities.
- **The Municipal Finance Management Act of 2003:** this set out a uniform system for management of municipal finances, defining the roles of various officeholders, conditions for assuming debt, requirements for credit control, reporting obligations and the consequences for delinquent behaviour.
- **Municipal Property Rates Act of 2004:** this regulated the powers of municipalities to impose property rates, making provision for the exclusion of certain properties from being liable for them, set out criteria for valuations, and for objections.
- **Intergovernmental Relations Framework Act of 2005:** this created legislative and institutional arrangements for cooperation among the various spheres of government.

In addition, the **Public Service Act of 1994**, one of the foundational laws of post-apartheid South Africa, set the parameters for the staffing of government. Concerned at the prospect of being undermined by the officials appointed prior to the transition, the ANC wanted to ensure political control. The Act gave political heads extensive powers over the appointment of public servants.[15] While municipal employees are typically not regarded as part of the public service, and while municipal employees are governed principally through the local-government legislative framework – including the Municipal Systems Act and municipal staff regulations. The Public Service Act does, however, remain relevant as background to the wider post-1994 public-administration model, and the outsized role that politics plays in it.

South Africa’s municipal jurisdictions are distributed as follows. Note that these numbers have changed a little over the lifespan of the system. For example, Mangaung Local Municipality, which included Bloemfontein, was reclassified as a metropolitan municipality in 2011.

Figure 1: Municipalities, 2026



Source: Department of Cooperative Governance and Traditional Affairs, *Municipalities in South Africa*, *Explainer*, 1 August 2022. https://www.cogta.gov.za/index.php/2022/08/01/municipalities-in-south-africa/.

The legislation was in theory a solid foundation for a durable system of local governance. In addition, to deal with the thorny issue of financing, local governments – in contrast to their provincial counterparts – had considerable revenue raising powers. Seven principal streams of income have been made available to them.

- **Equitable share:** the Constitution entitles local (and provincial) government to a share of revenue raised by the national fiscus. This is intended to ensure that local governments are able to fulfil their obligations. The amount transferred to a given municipality depends to a significant extent on the prevalence of poverty and service backlogs.
- **Conditional grants:** these are funds passed on to local governments for defined purposes, such as particular capital projects.
- **Property rates:** these are taxes that local governments levy on fixed property (land, houses and so on). This provides a source of funds that is not linked to specific service or charge, and is a particularly important element of funding in urban and more developed areas.
- **Service charges or tariffs:** these are charged for specific services on the principle of "user pays". These are applied primarily to water, electricity and sanitation, though such services as the approval of building plans are included here.
- **Investments:** these are standard returns on investments that some municipalities make.
- **Fines:** these relate to penalties for traffic violations, bylaw infringements and zoning violations, as well as sundry matters like fines for late returns of books to a municipal library.
- **Fuel Levy allocations:** South Africa's metropolitan councils receive a portion of the General Fuel Levy.

In addition to these revenue streams, local governments were empowered to take out loans, while options existed for forming public-private partnerships to finance projects.

Cumulatively, this was a substantial revenue and funding base. It provided the country's local governments with the capacity to exercise a large degree of genuine autonomy in action. Even those jurisdictions enduring extensive deprivation and the most extensive backlogs were to benefit from funds from the national fiscus. This would contribute towards both operational and capital expenditure. In broad theory, local government would have had the resources to drive the developmental agenda that the 1998 *White Paper* had foreseen.

Challenges grow

However, by the mid-2000s, it was apparent that local government as a whole was not living up to the initial expectations. Financing, particularly as it related to raising funds through rates and service charges, was an early concern. "Non-payment" was endemic, a hangover from the boycotts of the latter part of the apartheid era. Attempts to leverage the new legitimacy of the state to reverse this (for example, through the Masakhane Campaign, a government supported initiative to encourage civic pride and community participation in development – along with paying for services)[16] were unsuccessful. In addition, there was resistance from residents of more affluent areas. The most visible of these was in the Northern suburbs of Johannesburg, where rates adjustment (in the order of 300%) after the amalgamation of previously disparate municipalities sparked a rates revolt in 1996, which endured into 1998.[17]

An initiative to support municipalities in this era – Project Viability – reported that by September 1998, debt to the country's municipalities as a proportion of rates and service charges stood at 37%, while 71% of payers were paying their accounts regularly. Project Viability's reports repeatedly emphasised concerns about the levels of payment and the ability of local governments to institute credit controls.[18]

It rapidly became apparent that the resource problem at local government level was intimately linked to political and governance problems. In 2004, another initiative – Project Consolidate – was launched to extend support by national and provincial governments to their local counterparts, the goal being to bring the latter up to meeting the requirements of the newly passed legislation. Reporting on his in 2006, the Department of Provincial and Local Government said summarised its lessons: "Clearly, the two main problems that underlie the performance of municipalities is poor capacity and inadequate accountability mechanisms."[19]

Mention needs to be made at this point of the role played by party politics. As noted, the post-1994 South African public service had been designed to permit extensive political involvement in staff decisions. At municipal level, the line between political authority and the functioning of the administration was especially tenuous; councils and councillors had statutorily direct influence over elements of administration.

For the greater part of this period, the ANC was the dominant political force in South Africa. Organizationally, the ANC is structured along the lines of South Africa's provinces. Provincial leadership has tended to be concentrated in provincial governments and hold elevated party positions over their "regional" counterparts (in the case of the metropolitan municipalities at least, regions broadly correspond to cities). Provincial governments, with relatively limited powers in South Africa's governance system, have in this way been politically dominant over municipalities. This has undermined the relative autonomy and capacity that local government was designed to exercise.[20]

Moreover, the ANC in the 1990s introduced a party programme of cadre deployment, placing its loyalists in positions of authority in the state. The imperatives of party control ("hegemony"), and the subsequent growth of politically-connected patronage networks ultimately contributed to overwhelming the capacity of the state and skewing the lines of authority.[21] In 2008, a court judgement found cadre deployment to be impermissible, as it amounted to the unwarranted influence of an outside body on an arm of the state.[22]

An academic discussion of the matter in 2014 placed a large share of the blame for the state of local government on cadre deployment: "The structural challenges – including financial mismanagement, lack of strategic planning, poor human resource strategies and ineffective labour regulations, among others – result from the practice of cadre deployment and its negative influences on performance management and service delivery."[23]

Moreover, fissures ("factionalism") within the organization rapidly emerged, with state institutions and resources being used for patronage. Together, this created an environment in which local government became embroiled in debilitating intra-party conflicts. At this writing, such a situation has arisen in Johannesburg, where the city's mayor and its deputy mayor (a position apparently specifically created to accommodate the preferred representative of a party faction) have been in in conflict.[24] City governance has been embroiled in party intrigues, which owe as much if not more to provincial and national politics as to the fate of the city.

Attempted remediation – and deepening crisis

In 2009, the newly constituted Department of Cooperative Governance and Traditional Affairs published a document entitled the *State of Local Government in South Africa: An Overview Report*. It drew together assessments from around the country, and painted a troubling picture of what was happening across South Africa's municipalities. If earlier concerns might be contextualized as the inevitable challenges of creating a new system, by this point, the system was meant to be functioning. The reality was different.

It stated bluntly: "From evidence to date, it is clear that much of local government is indeed in distress, and that this state of affairs has become deeply-rooted within our system of governance."[25] This was despite significant resources having been committed by national government towards it.

It specifically drew attention of failings in service provision (eradicating backlogs in water, sanitation and so on); in democratic relationships (poor communication and accountability loops between communities and councils); and above all in governance. Among the latter, it discussed pathologies such as corruption; skills deficits, which had a particularly serious impact on financial management, and the considerable damage that politics was inflicting.

It described a situation in which municipalities effectively lacked the capacity to manage their affairs, and in which political interference in what should be apolitical administrations was distorting the systems that were meant to guide their operations. "A culture of patronage and nepotism is now so widespread in many municipalities that the formal municipal accountability system is ineffective and inaccessible to many citizens," the report commented.[26] No longer speaking in the language of building, viability or consolidation, the report proposed a "turnaround strategy".

Shortly thereafter, in 2013, the *National Development Plan* called for a revised and strengthened system of local government, as part of its envisaged "capable and developmental state". Its diagnosis of the problems was by now familiar, and it put forward a suite of proposals to address them. These included capacitation (tailored to the needs of municipalities), better and more clearly defined coordination between the various spheres of government, and recognising the need for differentiation among municipalities. The latter point was an important one, acknowledging that there were significant differences in the capabilities of different municipalities, and in the role they needed to play – and could be expected to play. "A coherent approach to local government cannot be a one-size-fits-all approach."[27]

This incorporated the insights from the *State of Local Government* report and recognised the diversity of South African local government (different jurisdictions experienced different challenges) and looked to municipalities to develop turnaround plans of their own, along with community input. National and provincial interventions would support these efforts to build longer-term capacity. Together, it was hoped that this would steer local government in the country towards sustainability and would recapture the "developmental" promise.[28]

The impact of this was unimpressive. Research conducted for the 2014 twenty-year review of democracy in South Africa argued that local government, was still "in the process of transformation", and continued to face many difficulties. These were substantively the same as those raised in the previous diagnostic reports, although a new urgency was discernible in respect to maintenance of existing assets. There was also an acknowledgement that public confidence in local government was showing a marked decline, evidenced by a rising tide of protest action.[29] Boycotts of rates and service charges by middle class communities were also making a reappearance, fuelled by anger at the deterioration of municipal services.[30]

More perilously, it became apparent that corruption was increasingly not opportunistic but systemic. Political connections were leveraged for extraction, and criminal syndicates were taking advantage of municipal dysfunction. A prominent example of this was in Nelson Mandela Bay, a matter chronicled in a book by long-standing ANC-aligned official Dr Crispian Olver.[31]

Indeed, by this time, frustration with local government failings were being identified as a significant hindrance to doing business. In a 2013 report on small business growth prospects, business environment think tank SBP reported that municipal issues were as one of the five top regulatory concerns for small operators, while municipal rates and services were the top hindrance to future growth.[32] Iraj Abedian, a prominent economist and public intellectual, remarked: "It appears as if [local governments] have no clue of how much damage they do to business and job creation and how much they contribute to job destruction."[33]

Another approach, *Back to Basics*, was adopted in 2014. It was based on an analysis that found that a third of the country's municipalities were operating well, another third were functional but could be improved, while the remaining third were "frankly dysfunctional". It reiterated the concerns previously raised about incapacity, political pathologies and alienation of communities, and also the imperatives of bringing local government into line with the goals of the *White Paper* and the existing legislation. Measures to support remedial measures were to be put in place at national and provincial level, with a designated "war room" at the Department of Cooperative Governance and Traditional Affairs to monitor them.[34] Again, none of this seemed to make much of an impact.

Mention should also be made of the political changes that took place at this time. Most notably, the ANC took a number of serious losses in the 2016 local government elections. These included losing majorities in Nelson Mandela Bay, Johannesburg, Tshwane and Ekurhuleni. But the ANC was not displaced by clear successors. This meant that diverse parties had to find one another to form governments. As one observer put it: "The lack of a clear definitive win rendered the doors of political evolution open for South African local politics, ushering an unfamiliar, but refreshing era of coalitions."[35]

The "New Dawn", and a local government turnaround?

President Ramaphosa took office in 2018 and pledged that his incumbency would restore integrity to public life, and made the creation of a "capable state" a priority. There was no longer much dispute about either the scale or manifestation of the problems afflicting local government (or for that matter, the state as a whole). These problems commanded frequent media attention, not least in the visibly decayed state of municipal infrastructure, interruptions in the water and electricity systems (even as the country was exiting years of loadshedding caused by the national utility, Eskom), and also the political instability in many councils as a result of long-term misgovernance or unstable working relationships in coalitions of convenience that had formed as the political dominance of the ANC declined. President Ramaphosa was moved to remark that the state of Johannesburg – the country's commercial capital, and at that point, soon to be host city of a G20 summit – was "not a pleasing environment".[36]

Much of the government efforts in this period centred on dealing with the wider problems afflicting South Africa as a whole, such as the electricity crisis or dealing with corruption; other efforts were directed specifically towards local government.

Interventions and proposals

One set of interventions focused on the staffing of local government. Initiatives to support councillors' operations were introduced, as were tighter rules on spending and restrictions on senior officials holding political party office. More broadly, the government introduced a programme to "professionalise" the state in 2022, stressing upskilling, refocusing on merit-based recruitment and management, and removing undue political influence (remarkably, it specifically referred to cadre deployment).[37]

Later, Operation Vulindlela was launched to champion structural reforms to remove blockages to economic growth. Its remit was national and largely technocratic in character – it focused on such areas as electricity supply, transport and logistics, digital systems and the visa regime. In its second phase, launched in 2025, attention turned to local government.

An official in the Presidency described the imperative as follows: "It's widely understood that the deteriorating performance of local government is a major constraint on growth, and you can solve, say, the energy supply problem. But if you still have interruptions, because [of] ailing distribution networks or failures in service delivery that affect businesses, it holds back investment."[38]

In this second phase of the initiative, all metropolitan areas would be expected to establish utilities with ring-fenced budgets to handle water, electricity and sanitation, ensure that Municipal Managers and Chief Financial Officers met minimum standards, review the system of revenue and expenditure and ensure that incentives act to enhance service provision, and to complete an updated White Paper on Local Government (this is discussed below).

The *White Paper* put forward recommendations that reflected policy choices that had been emerging for some years. Arguably the key elements here concerned spatial connectedness and the District Development Model (these too are dealt with below). These speak to matters of coordination across boundaries, pooling resources and generating economies of scale.

The urban transition makes the question of coordination particularly important. Economic and social activity does not conform to municipal boundaries. As towns and cities expand, the infrastructure and services on which they depend have effects on adjoining jurisdictions, while the movement of people, goods and investment links municipalities into wider economic areas. This strengthens the case for effective coordination where it can generate economies of scale, while also making it important that coordination does not become a pretext for weakening functional local government – or overlooking the reality that coordination assumes competence among all parties to such an arrangement and this frequently does not exist.

Coalitions

Besides the structural and administrative matters, increasing attention has been given to the political dimensions of the problems facing local government. Foremost here has been the decline of single-party governance and the rise of coalition governments. According to the South African Local Government Association, in 2016, there were 27 local government coalitions across the country, while after the 2021 elections, there were 81.[39]

These have been a particular feature of the metropolitan municipalities, which are of great importance given the roles they play in South Africa's economy, the sheer scale and complexity of the areas and populations within their jurisdictions, and the growth they will experience with ongoing urbanisation. Six of South Africa's eight metropolitan municipalities are governed through coalitions.

This is of particular importance because South Africa's metropolitan municipalities are where its urban transition is concentrated. Their responsibilities extend across large and economically interconnected areas, where population growth, infrastructure demands and economic activity interact. Effective metropolitan government carries outsized consequences: failure in a major city is not readily contained within its boundaries. The aphorism that "if Johannesburg fails, South Africa" fails is true, but insufficient – governance failures in any of its cities will be felt beyond them. Conversely, well-functioning metropolitan governance can generate benefits sizeable benefits for the country as a whole. The deterioration of metropolitan governance should consequently be understood not only as a local political problem, but as a national economic problem in an urban country.

It has become common cause that the coalition arrangements have often proven vulnerable and fractious. The largest parties – the ANC and DA – invariably declining to cooperate, the strategy has been to turn to smaller organisations to make up a majority. This produced difficult-to-manage multiparty coalitions and gave marginal actors substantial leverage to demand concessions, making the resulting arrangements inherently unstable. By way of illustration, Johannesburg has had 10 mayors in the period since the 2016 elections.

One review, by a group of academics from the Universities of Pretoria and Johannesburg, identified six broad pathologies that coalitions associated with coalitions in local government in South Africa.[40]

- Delays in decision making, as different parties fought for their own interests and priorities;
- Policy uncertainty as the formal policy positions of constituent parties, or the perceived interests of their supporters, might not be aligned;
- Political instability, owing to the demands that competing interests make, and the sometimes-wilful collapse of coalition arrangements;
- Poor human resource processes, manifesting in politicised and crony appointments – although this comes on top of established practices of using municipal administrations for the purposes of politically-driven patronage;
- Perpetuation of corruption, with various interests seeking access to municipal resources; and
- Subverting the electoral will, as coalitions are negotiated among parties, and they often turn to minor parties to make up the necessary numbers – giving these parties an outsized influence on the municipality in question.

In a 2021 article, Dr Crispian Olver addressed the particularly political aspects of coalition challenges, remarking: "The changes that have taken place in metros run by coalition governments need to be understood against the broader background of local government in South Africa. Regardless of whether municipalities are run by coalitions or majority parties, the interface between municipal administration and council politics is vexed – political instability in council has a deleterious effect on administrative performance, and political interference in administrative appointments and procurement is one of the primary drivers of corruption in local government. The inherent instability of municipal coalitions, and the trade-offs that are required to keep coalition partners together, have combined to accentuate their impact on municipal administrations."[41]

Review of the White Paper on Local Government

The 2026 *White Paper* defined the problems facing local government as systemic and structural in nature; with failures in governance, management, finance, service provision and relationships between the various spheres being interconnected and mutually reinforcing. "Too many municipalities are trapped in reinforcing cycles of decline: governance weaknesses undermine administration; weak administration undermines finance; weakened finances accelerate infrastructure decay; decaying services erode trust and payment behaviour; and these then feed back into poorer governance."[42]

It emphasised the damage that political instability and political interference in administrative matters had caused. This created an "accountability inversion" where municipalities answered to political party hierarchies – and, through compliance demands, to oversight bodies, and to national and provincial governments – rather than to the communities they were meant to serve. Much of the South African public felt disengaged from local government. The participatory processes that were originally envisaged had not properly materialised, participation and consultation were often perfunctory and compliance-driven, and there was a severe trust deficit towards local government.

In terms of systems design, the *White Paper* argued that the current arrangement was not working optimally. Municipalities across the country had large differences in resources, capacities and potential. A one-size-fits-all approach was not feasible. The two-tier arrangement for non-metropolitan municipalities was not performing the coordination function that it was intended to do, and was duplicating and confusing functions between local and district councils.

Considerable attention was paid to the state of intergovernmental relations. Although national and provincial governments had tried to provide their local governments with support and oversight, this has not been effective; there was also overlap and a lack of coordination between the responsibilities exercised by National Treasury and the Department of Cooperative Government and Traditional Affairs.

On municipal finances, the *White Paper* framed things as a well-structured system (conceptually) marred by the practical realities, for many municipalities, of being unable to raise and manage funds, with consequences for municipal performance and for the business environment. Legislation had accorded responsibilities to municipalities that they could not afford (so-called "unfunded mandates"). Escalating costs for bulk water and electricity purchases, along with rising wage levels have squeezed income from the sale of services and also the value of intergovernmental grants, leading to a growing reliance on property rates (at least for those with a viable rates base). While the *White Paper* noted: "While the property rates system continues to function quite well, especially in the face of these increases, there is increasing evidence of strain."

Discussing intergovernmental grants, the *White Paper* pointed out that these constitute a majority of revenue for many municipalities, and are thus a critical fiscal lifeline. But they often come with prescriptive conditionalities relating to matters that might more productively be dealt with at local level; simultaneously, national government had little ability to ensure that such funds are used prudently. Moreover, they had the unintended effect of distorting incentives, particularly as regards infrastructure spending: the construction of new assets is prioritised over the maintenance of the existing (the resultant deterioration imposes additional future costs).

In view of these analyses, the *White Paper* stressed the need for a "whole-of-government, all-of-society" approach. In the spirit of the original White Paper and the developmental impulses it embodied, the *White Paper* envisaged that each of the various stakeholders – municipalities, other spheres of government, residents – would evolve a new way of interacting with one another and build a more resilient system. "The policy intent of this *White Paper* is therefore to renew the local government system, not only to 'fix municipalities'."[43]

One element of this was the professionalisation and depoliticization of municipal administrations, more functional accountability systems and "consequence management" for malfeasance. This accorded with the general policy of the government with respect to the civil service.

Closely tied to staffing and management issues, the *White Paper* stressed the use of digital systems. These would provide for more data-driven monitoring, would contribute to control of resources, and would expedite attending to service matters.

More profoundly, the *White Paper* advocated a significant change to the structure of local government. The current two-tier system (outside the metropolitan areas), should be dispensed with in favour of a single-tier system. Part of this would be implementing the District Development Model,

The details of this were not spelled out in detail, but it added that such a system would need to accommodate significant differentiation. The implication is that powers entrusted to particular municipalities, as well as their fiscal autonomy would also not be uniform, but structured according to the capacity and context of individual municipalities. To make this workable, in turn, a policy of such differentiation would need to be developed.

The *White Paper* reiterated the importance of municipalities generating their own revenue. Collecting what was owed more efficiently was emphasised, and developing "new revenue instruments", although again, what these would be was not specified. A suggestion was floated that a portion of VAT receipts might be passed on to local governments, which would incentivise municipalities to pursue economic growth. The paper warned that simply assuming larger intergovernmental transfers was not feasible since fiscal space was limited and there was a dearth of capacity to use it productively in any event.

In respect of finances, the *White Paper* added that the legislative systems were complex and this placed significant burdens on the least capacitated municipalities. These needed to be reviewed and simplified. Similarly, the *White Paper* proposed a finance model based on the principle of "finance follows function".[44] This would mean that financing needed to be properly aligned with responsibilities, with this being sourced ideally from own-revenue sources rather than grants.

The District Development Model

The District Development Model was announced in 2019 in an attempt to enhance the performance of government. The DDM introduced the idea of "one plan" across district and metropolitan municipalities; this would align the activities of the various local municipalities within an area with one another, and also with other spheres of government. Local plans would need to be coordinated with other entities, and this would have important budget implications.

The DDM's explanatory document was emphatic about what this meant: "The national, provincial and local government shall no longer be allowed to develop their individual plans and projects in isolation to the expected policy outcomes and impacts on the district and metropolitan spaces." A system of coordinating structures were to be established to improve coherence across the various participating institutions.

Notably, the DDM model implied significantly enhanced capacity: this would be relevant to managing the transition to the new system, managing the new system of intergovernmental relationships, designing the plans and implementing them.

The policy has been controversial as it further implies the diminution of local powers, and their effective concentration at the district level. In response to this, the City of Cape Town declared a dispute, arguing that the regulations around the system intruded onto the prerogatives of local government. The requirement for the One Plan (which the City argued was a duplication of existing measures, such as the Integrated Development Plan) to be approved by the COGTA minister and adopted by cabinet would amount to a usurpation of municipalities' authority.[45]

The offending provisions were subsequently removed, and new regulations stated that nothing in the One Plan "shall infringe upon the constitutional right and obligation of municipalities to adopt an IDP as the single inclusive and strategic plan for the development of municipalities".[46]

The official response to these concerns has been to affirm the importance of local autonomy, but to add that the scale of the problems is such that coordination is not only necessary, but a matter of equity. Thus, a recent statement from Minister of Cooperative Government and Traditional Affairs, Velenkosini Hlabisa, argued that the DDM was intended to reduce uneven development across municipalities, with some better capacitated and able to work towards their goals. It would allow "national and provincial governments to strategically channel resources into District and Metro spaces where capacity is weaker, improving local and national spatial equity ".[47]

Local Government today

Financial overview

The foregoing has attempted to sketch the evolution of local government in South Africa since the 1990s. This provides some background to the problems it faces. In comments made in March 2026, which were widely noted, President Ramaphosa sketched a broad overview, stating that 63% of municipalities were "at risk" (this was a reference to assessments made by Treasury on the financial state of the local government sphere). He went on: "Underfunding, lack of capacity, high debt and struggling revenue generation models are just some of the challenges. At the same time, many municipalities are practically paralysed by poor governance, financial mismanagement and corruption."[48]

Such problems are often expressed in terms of municipal finances. Before looking at prospective solutions, an overview of the financial data is necessary.

The table below sets out the broad contours of municipal revenue for 2025/26 and projection for the coming two years, according to information produced by National Treasury. They represent budgeted and anticipated revenue, rather than cash-in-hand.

Table 1: Municipal Revenue, 2025/26 - 2027/28

	2025/26		2026/27		2027/28	
	(Rm)	%	(Rm)	%	(Rm)	%
Property Rates	107 982	16,0	113 572	15,9	118 907	15,7
Service Charges	318 435	47,1	345 257	48,3	373 425	49,4
Investment Revenue	5 972	0,9	6 210	0,9	6 481	0,9
Other own revenue	75 395	11,1	76 675	10,7	79 701	10,5
Transfers and subsidies (Operational)	120 091	17,7	122 545	17,1	127 501	16,9
Transfers and subsidies (Capital)	48 893	7,2	50 327	7,0	49 818	6,6
Total	**676 770**	**100,0**	**714 586**	**100,0**	**755 833**	**100,0**

Source: National Treasury, "Local Government Adopted Operating and Capital Budgets for 2025/26 MTREF", Annexure B, Media Statement, 1 December 2025. https://mfma.treasury.gov.za/Publications%20and%20Media%20Releases/Municipal%20Budget%20Information/2025%20MTREF/2025%20Municipal%20MTREF%20Information/; Minister of Finance, Response to Parliamentary Question NW1219, 16 April 2026. https://pmg.org.za/committee-question/37080/.

True to the design intention of the local government system as a whole, it generates around three-quarters of its revenue from its own sources. Transfers from the national fiscus account for the rest, roughly two-thirds of this being for operational expenses, and a third for capital projects.

In terms of municipalities' own revenue, it is notable that nearly half comes from the sale of services, although it must be remembered that much of this covers the costs of bulk purchase and supply. The principal tax instrument is property rates, at around 16% of the total.

"Other" own revenue includes fines and fees. All of this is dependent on local governments being able to collect what they are owed – this is particularly the case for service charges, since providing them incurs costs.

The table below sets out the equivalent data for expenditure – in other words, showing how the revenue is being deployed.

Table 2: Municipal Expenditure, 2025/26 - 2027/28

Rm	2025/26 (Rm)	%	2026/27 (Rm)	%	2027/28 (Rm)	%
Employee Costs	167 225	24,0	175 834	24,1	185 046	24,2
Remuneration of councillors	5 593	0,8	5 822	0,8	6 079	0,8
Depreciation and amortisation	40 793	5,8	42 517	5,8	44 742	5,9
Finance Charges	11 848	1,7	12 456	1,7	12 604	1,6
Inventory Consumed and Bulk Purchases	216 704	31,0	232 309	32,0	251 419	32,9
Transfers and Subsidies	4 428	0,6	4 130	0,6	4 321	0,6
Other expenditure	172 563	24,7	178 732	24,5	184 887	24,2
Capital expenditure	78 879	11,3	76 507	10,5	74 850	9,8
Total	698 034	100,0	728 306	100,0	763 947	100,0

Source: National Treasury, "Local Government Adopted Operating and Capital Budgets for 2025/26 MTREF", Annexure B, Media Statement, 1 December 2025. https://mfma.treasury.gov.za/Publications%20and%20Media%20Releases/Municipal%20Budget%20Information/2025%20MTREF/2025%20Municipal%20MTREF%20Information/.

The largest single item of expenditure, close to a third of the total, is bulk purchases. This refers largely to purchases of water and electricity. This is followed by employee costs (salaries and wages) and "other expenditure", each at close a quarter of the total. A large part of the "other expenditure" is the engagement of contractors and consultants to perform work for the municipality.

It is noteworthy that over this period, the overall projection, for operational revenue and expenditure, is for a modest surplus. In theory, this points to broadly adequate financial resources being available. However, this will depend on collecting revenue due and managing expenditure, and Treasury has explicitly warned of "dire consequences" if municipalities fail to collect the revenue for which they have budgeted.[49]

This problem – "the culture of non-payment" – has dogged local government since before the transition to democracy. Treasury put aggregate consumer debts at some R467.2 billion as at the end of December 2025. Of this, R406.8 billion (87%) has been owed for more than 90 days – to a large degree, this is uncollectable. The largest share of debtors are private households at 71.8% of the total, with businesses owing 20.3% and state organs at 5.9%.[50]

In this respect, the words of President Ramaphosa in his 2020 State of the National Address are worth noting: "The days of boycotting payments are over. This is now the time to build it is the time for all of us to make our own contribution."[51] This sort of rhetoric has long been voiced, but with little effect, as the numbers testify.

On the expenditure side, municipalities owe R160.8 billion (R127.9 billion reported in the second quarter of the 2024/25 financial year), over 70% of which is for bulk purchases of electricity and water. Of the total, R135.9 billion (84.5%) was outstanding for more than 90 days.[52] This has negative consequences for suppliers, and makes potential suppliers reluctant to contract with these municipalities in future. It also has deleterious effects on instructions such as water boards and Eskom, which has potential knock-on effects non other municipalities. The same issue has been flagged by the Auditor General, whose report for 2023/24 said: "By year-end, municipalities owed R55,4 billion in arrears (including interest) to Eskom and R21,24 billion to water boards."[53]

Capital spending is of particular importance, as this represents the hard assets that local governments build and maintain to facilitate societal life. The table below, is the state of municipal assets and expenditure as at the end of June 2025 (figures provided by Treasury for release in December 2025).

Table 3: Assets and Capital Expenditure, 2025/26 – 2027/28

	2025/26 R(m)	2026/27 R(m)	2027/28 (Rm)
Total Asset Register	812 721	791 135	810 932
Total New Assets	45 663	43 184	41 543
Total Renewal of Existing Assets	14 857	14 417	14 725
Total Upgrading of Existing Assets	18 359	18 905	18 582
Total Capital Expenditure	78 879	76 507	74 850
Depreciation	40 504	42 222	44 439
Repairs and Maintenance	38 283	40 563	42 736
Renewal and upgrading of Existing Assets as % of Total Capital Expenditure	*42,1%*	*43,6%*	*44,5%*
Renewal and Upgrading of Existing Assets as % of Depreciation	*82,0%*	*78,9%*	*75,0%*
Repairs and Maintenance as a % of Asset Register	*4,7%*	*5,2%*	*5,3%*
Renewal and Upgrading and Repairs and Maintenance as a % of Asset Register	*8,9%*	*9,4%*	*9,5%*

Source: National Treasury, "Municipal Budget Information 2025", Schedule A9, 1 December 2025. https://mfma.treasury.gov.za/Publications%20and%20Media%20Releases/Municipal%20Budget%20Information/2025%20MTREF/2025%20Municipal%20MTREF%20Information/.

South Africa's local governments cumulatively dispose over an asset base in the region of R800 billion. This is substantial. However, the data on depreciation, renewal and upgrading are noteworthy. Spending on renewal and upgrading falls far short of depreciation and is projected to decline over time. National Treasury notes the implication: "Municipalities are consuming their assets at a higher rate than what they are providing for renewal and upgrading. The impact of this under provision will result in failing infrastructure performance due to obsolescence. This highlights a need for municipalities to reprioritise and focus on renewal and upgrading of existing assets before considering investing in new assets." [54]

In the current environment, this speaks directly to public concerns about potholes, broken water pipes and unreliable electricity supply systems.

Another important perspective on the expenditure trajectory is in the patterns of expenditure across the various municipal categories. This is illustrated in the table below. (Note that although from the same source, the totals are slightly different from those shown earlier, although not materially so.)

Table 4: Capital and operating expenditure by municipal category, 2025/26-2027/28

	2025/26 (Rm)			2026/27 (Rm)			2027/28 (Rm)		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Category A (Metro)	39 245	371 168	410 414	40 764	394 522	435 285	39 150	420 546	459 696
Category B (Local)	29 347	215 674	245 021	25 254	224 313	249 568	24 868	234 173	259 041
Category C (District)	10 287	32 363	42 650	10 489	33 020	43 510	10 832	34 441	45 273
Total	78 879	619 206	698 085	76 507	651 855	728 362	74 850	689 160	764 010
% of Expenditure									
Category A (Metro)	5,6	53,2	58,8	5,6	54,2	59,8	5,1	55,0	60,2
Category B (Local)	4,2	30,9	35,1	3,5	30,8	34,3	3,3	30,7	33,9
Category C (District)	1,5	4,6	6,1	1,4	4,5	6,0	1,4	4,5	5,9
Total	11,3	88,7	100,0	10,5	89,5	100,0	9,8	90,2	100,0

Source: National Treasury, "Local Government Adopted Operating and Capital Budgets for 2025/26 MTREF", Annexure B, Media Statement, 1 December 2025. https://mfma.treasury.gov.za/Publications%20and%20Media%20Releases/Municipal%20Budget%20Information/2025%20MTREF/2025%20Municipal%20MTREF%20Information/.

Capital spending is set to account for just over 11.3% in 2025/26 but will fall notably over the coming years, both in proportional and even in nominal terms. This further demonstrates the dominance of the country's major urban centres in control of resources, and thus of spending, both in operational and capital terms. The eight metropolitan municipalities cumulatively account for some 59% of total municipal spending. This will rise in the coming years. It is an indication of the role that cities play in the life of the country – they produce well over half of South Africa's GDP and employment (57% for the former and 53% for the latter in 2023). [55] This helps to illustrate the geography of South Africa's economy. As urban centres and their populations expand, it is in them that South Africa's economic success or failure take place. South Africa's future is therefore not merely urban in demographic terms; it is increasingly urban in economic terms as well. The quality of governance in its major urban centres will consequently have a disproportionate bearing on national growth and employment.

Interestingly, metropolitan municipalities spend a slightly smaller proportion of their funds on capital than either local municipalities or district municipalities. The latter refers to transfers from national and provincial government to provide water services.

Treasury draws attention to the overall deficiencies in capital spending: "While the spending between 10 and 20 per cent of total expenditure on capital projects is the suggested norm, the consistent decline in infrastructure investment over the years means that municipalities are at risk of service delivery failures because of deteriorating infrastructure. This will have dire consequences for the citizenry."[56]

Furthermore, the distinction between production and consumption cities is relevant here. The economic importance of the major urban centres does not mean that their ability to generate growth is assured. Cities command substantial public and private resources. The question is therefore not only whether South Africa's economic activity is becoming concentrated in cities, but whether those cities are successfully able to connect firms and workers to wider markets and value chains. This places particular importance on the quality of infrastructure and municipal administration. Reliable electricity, water, sanitation, roads and other urban systems are not ends in themselves: they form part of the conditions that allow businesses to invest, expand and participate in productive economic activity.

Governance Crisis

The financial failings are, however, symptoms of a multifaceted governance crisis. Probably more than any other part of government, the local sphere has been vulnerable to the full range of pathologies that afflict the country. Ratings Africa noted in 2019: "The current political leadership in control of the majority of municipalities has demonstrated over the last five years and more to not being capable of sound governance. This is the main cause of the deteriorating financial sustainability of the municipal sector in SA."[57] These sentiments remain valid today.

While local government is diverse, and equally the governance experiences across the 257 jurisdictions (which include a number of those that are competently managed and well-functioning), the main features of the crisis can be discerned.

The **first** is a basic structural and contextual factor. Establishing the system of local government across the full extent of the country meant doing so in areas with no preexisting municipal institutions. These needed to be built from scratch. In numerous cases, this was done on a foundation of few revenue options, scant economic opportunities, and limited available skills. The foundations of the system were in this respect not promising. Such municipalities have been heavily dependent on support from intergovernmental transfers, while employment in such institutions provides rare opportunities for a steady income and wealth extraction. Conversely, they can offer few inducements to attract the skilled professionals that would be necessary to make administrations function fully.

On top of this, there is the functioning of the intergovernmental system. A number of pieces of legislation assign responsibilities to local government, typically in cooperation with the national and provincial spheres without providing the resources to fund them (or indeed, without adequate regard for the capacity of local government to execute these duties). These include health services, vehicle testing and licencing and libraries. According to the South African Local Government Association, these cost local government across the country R31.4 billion annually.[58]

In addition, there remain unresolved issues in the country's rural parts about the relationship of traditional leaders to the formal local government structures. The establishment of the existing local governance system was inherently disruptive to the powers of South Africa's traditional leaders. This created the potential for tensions between the two systems, which was frequently expressed in the early years. Unclear demarcations between their responsibilities, and a misalignment of municipal borders with those of traditional jurisdictions provided grounds for confusion and conflict.[59]

The **second** is a failure to adopt the practices and behaviour upon which the legislation is premised. The entire edifice of South Africa's governance system assumes responsive, merit-based administration that would operate within strict and fair rules, prioritise the interests of residents, prudently manage resources and strive towards ever-improving governance and developmental outcomes.

In reality, municipalities have often employed staff without due regard for technical or professional skills and allowed party political considerations to overwhelm the imperatives of sound administration. For example, a recent analysis by Dr Tigere Muringa and Dr Elvin Shava of the University of KwaZulu-Natal found that there was widespread if not pervasive circumvention of the demands of South Africans public service and local government legislation (reflecting a pattern across the public service as a whole). A failure to sufficiently keep political and administrative functions distinct has compromised the ability to implement policy, and distorted resource allocation, potentially prioritising short-term visibility over long-term impact and sustainability.

"The findings suggest," the study comments in its conclusion, "that political interference, unqualified appointments, misaligned priorities, and inadequate accountability mechanisms significantly impede municipal governance. This study has demonstrated that political dominance in administrative processes leads to inefficiencies and disrupts service delivery. A key driver is the legacy of cadre deployment, a practice rooted in the post-apartheid state construction project, which seeks to consolidate political authority by deploying party-loyal cadres in key administrative positions." [60]

This issue has been on display in relation to the enduring crisis in the Nelson Mandela Bay Metropolitan Municipality, which has seen frequent changes in leadership, turmoil in administrative positions and poor management of its resources. Dr Zweli Mkhize, chairperson of the Parliamentary Portfolio Committee on Cooperative Governance and Traditional Affairs, has said that at its root, this comes down to political factionalism. With an unstable politics, positions in the council and its administration have become tools in political battles.[61]

Despite repeated exposure of these problems in various individual settings, and attempts by other spheres of government to intervene, and admonitions from the Auditor-General, there has been limited remediation of these problems. The Auditor General has written on this matter: "The success of local government rests on the ability of the whole accountability ecosystem to work together – for all role players to not operate only in silos, but function collaboratively with an awareness of how their respective roles influence and complement each other. If any part of the ecosystem fails to effectively play its unique legislated role, this reduces the effectiveness of the ecosystem as a whole. It also means, in the case of poor audit outcomes, that the entire accountability ecosystem has failed – up to executive and oversight levels."[62]

The **third** is criminality. Corruption has been a persistent burden on South African governance for generations. In local government it sits at the intersection of the previous two elements of its governance crisis: a combination of structural issues, opportunities for enrichment and a failure to develop a suitable political culture to support it. Compromised structures and flexible norms create incentives and opportunities for corruption.[63] A 2021 report by the NGO Corruption Watch described having received thousands of reports from purported whistleblowers in local government (with a stress on the metros – this should not be taken as necessarily representative of the distribution of corruption). These dealt with allegations of bribery (28%), irregularities in procurement (24%), employment irregularities (11%), the abuse of power (9%) and the embezzlement of funds (8%). These take various forms: traffic officers harassing motorists driving under the influence of alcohol, male officials demanding sexual favours from female applicants for providing services, and officials accepting kickbacks for facilitating access to plots of land or contracting with firms doling substandard work.[64]

Such corruption may be individualistic and opportunistic. However, it is also an expression of broader, systemic pathologies. Said the report: "Whistle-blowers allege that there are business syndicates with major influence in municipal processes. These apparent criminal structures, by virtue of their deep pockets and willingness to pay 10% kickbacks, have been guaranteed tenders for many years. Yet community members have seen no development in their environments and there is little to no maintenance of roads, parks and municipal buildings."[65]

Concerns about systemic, organised corruption were taken up in a report produced by the Institute for Security Studies in 2025. It argued that corruption in local government was often marked by the coordinated actions of corrupt interest groups inside and outside the formal local government system, frequently exploiting opportunities for enrichment that flow directly from state dysfunction and sometimes linked by ties of political or familial affiliation. This, for example, has been seen in the "water mafias" that step in to supply water when the fixed infrastructure fails. Functional infrastructure would undermine the business model, while alternative suppliers (such as charitable bodies) need to be kept at bay through intimidation.

In extreme cases, this has manifested itself in murder. The South African Local Government Association has long expressed concerns about this phenomenon.[66] In 2024, the Global Initiative Against Transnational Organized Crime produced a report on political assassinations in South Africa. It recorded 488 political assassinations between 2000 and 2023. It found that local elections tended to give greater impetus to kills than national ones This was attributed to "fierce competition for local government positions and access to municipal finances", with assassinations undertaken to maintain or seize control of these resources.[67]

As the 2026 election approaches, there have been several assassinations linked to local government. Over one weekend in late June, for example, three politicians – one candidate each from the DA and Build One South Africa, and a councillor from the ANC – were murdered.[68]

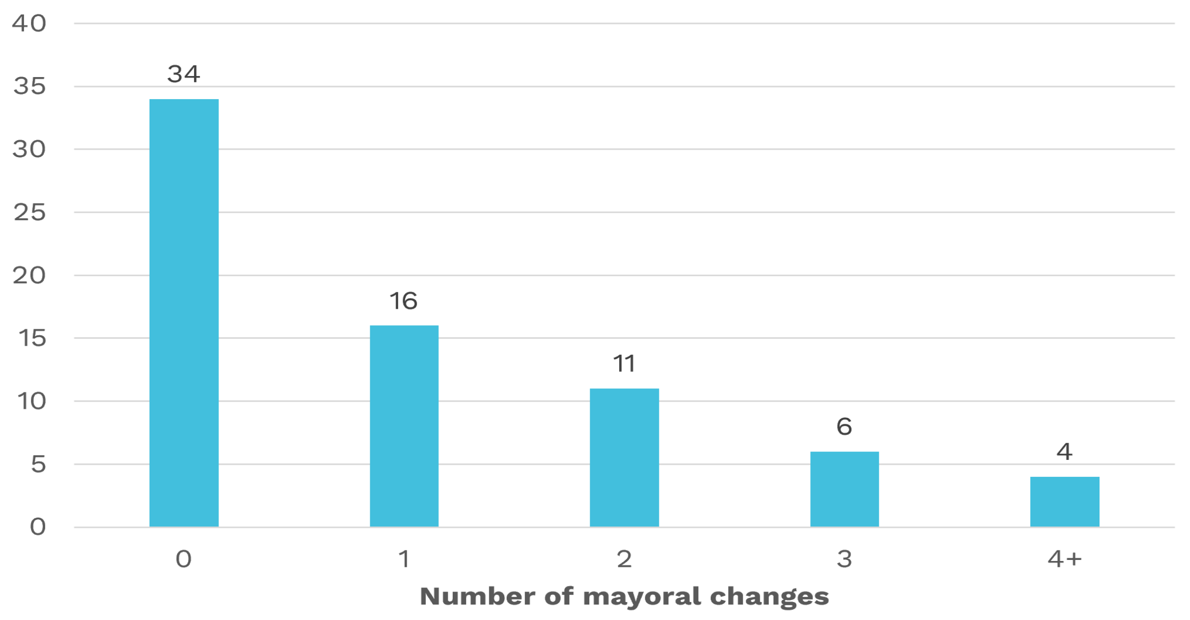
Over time, such criminality erodes the foundations of local government. As the ISS report comments: "The more organised, normalised and profitable in the short term a corrupt way of conducting the business of local government becomes, the less incentive and muscle memory there will be for good governance."[69]

The **fourth** is political instability. This has multiple dimensions. One is the cumulative impact of the first three elements outlined above. A properly functioning system of governance has not taken root in many municipalities, leaving them to operate as platforms for patronage and extraction, with political influence being decisive. Intra-party contestation, particularly in the hitherto dominant ANC, has played an important role here.[70] Professionalism in administration has been undermined, and maintaining a predictable environment for community life and business activity is impossible to sustain.[71]

Since 2016, another dimension has gained prominence with the decline of the ANC's electoral fortunes and the rise of a more competitive politics, expressed through coalition arrangements. The difficulties have become apparent in the experience of some of South Africa's metros. Tenuous agreements typically formed around one of the larger parties (the ANC or DA), with smaller parties necessary to create working majorities. The effect of this is to give minor (and even marginal) actors enormous leverage. This has encouraged an element of transactionalism, and allowed for repeated efforts to undermine existing coalitions.

In the 2021 local government elections, 71 municipalities returned results in which no single party held a majority, and this required some form of coalition or cooperation agreement to form a government. Since changes in the mayor are a major indicator of a shift in political alignment, the graph below uses this as an indicator of coalition stability.

Figure 2: Mayoral changes in coalitions since 2021



Source: Accord, *Coalitions Tracker*. https://coalitions.accord.org.za/. (Calculations by author)

It is important to note that half of the coalition governments have not seen a change of mayor. These may be viewed as stable politically (although this does not necessarily imply that governance is proceeding successfully). Around one in five has seen a single change of mayor, and a little short of a third have seen two changes or more. These have been pronounced in the larger urban centres, where politics has become especially competitive. In Ekurhuleni and Tshwane, there have been three mayoral changes, In Johannesburg, South Africa's commercial centre, there have been five, two of these were from the Al Jama-ah party, which had only three seats of the 270 in the council.

A handful of jurisdictions have seen even more extreme shifts. In one case, Beaufort West, there have been seven such changes. These can be traced to the municipality's unique dynamics including the long-term influence of local politicians and political parties,[72] the emergence of the Patriotic Alliance and its internal politics,[73] as well as the controversial conduct of individuals.[74]

The Consequences

The cumulative result of all of this is illustrated in the Auditor General's reports on local government. The most recent, for the 2024/25 paints a concerning picture of the intersection of governance and finance.

Table 5: Auditor General's findings, 2024/25

	Clean audit	Unqualified with findings	Qualified withfindings	Adverse with findings	Disclaimed with findings	Outstanding audit	Total
Number of municipalities	39	117	86	5	8	2	257
%	*15*	*46*	*33*	*2*	*3*	*1*	*100*

Source: Auditor-General of South Africa, *Consolidated General Report on Local Government Audit Outcomes 2024-25,* Pretoria: Auditor-General of SA, 2026, p. 27. https://www.agsa.co.za/reports/mfma-reports.

Only 39 of South Africa's municipalities had "clean" audits. This means they were able to produce good quality financial statements along with consonant performance reports, and compliance with legislation. These outcomes indicate sound financial and performance reporting and compliance, but do not by themselves establish effective governance or service delivery. These account for a modest 8% of total local government expenditure. More than half of these municipalities (21) are located in the Western Cape, eight in the Eastern Cape, four in Kwazulu-Natal, two in Gauteng, two in Limpopo, and one each in Mpumalanga and the Northern Cape.

A further 117 were ranked as "unqualified with findings", meaning they could produce financial statements, though they might struggle with performance reports or legislative compliance. These accounted for some 50% of local government expenditure.

From this, it's possible to say that 156 municipalities, or 61% of the total meet at least a minimum standard or administrative performance, although does not necessarily imply effective governance. Serious problems with water and effluent management have been reported in some municipalities that have achieved clean audits.[75]

The 86 municipalities ranked "qualified with findings" produced financial statements with serious problems and had problems with performance reporting and legislative compliance. They acclunted for 40% of local government expenditure.

Five municipalities were ranked “adverse with findings”, while a further 8 were “disclaimed”. These were jurisdictions in which the auditors were confronted with so many misstatements that disagreed with most of the information before them, or found they were unable to assess what they were presented with. Both bespeak extreme failure. Finally, two municipalities failed to submit material for auditing (one was subsequently completed, producing a qualified opinion with findings, although it was not recorded in the composite figures). Together, these represented particularly severe dysfunction, accounting for 6% of the total. Their combined expenditure represented just under 3% of the total.

Overall, then, just under four in ten municipalities suffered sufficient incapacity to undermine their ability to meet the basic requirements of resource stewardship.

This can be further be understood by looking at the distribution of audit outcomes across the categories of municipality.

Table 6: Auditor-General findings by municipal category

	Clean audit	Unqualified with findings	Qualified with findings	Adverse with findings	Disclaimed with findings	Outstanding audit
Metropolitan municipalities	0	3	5	0	0	0
Intermediate cities	4	21	13	0	0	1
District municipalities	12	19	13	0	0	0
Local municipalities	23	74	55	5	8	1

Source: Auditor-General of South Africa, *Consolidated General Report on Local Government Audit Outcomes 2024-25*, Pretoria: Auditor-General of SA, 2026, p. 28. https://www.agsa.co.za/reports/mfma-reports.

It is notable that no metro achieved a clean audit. This speaks to a troubling failure to reach optimal performance standards, despite having, in theory, access to resources and deep pools (by South African standards) of skills – and being the economic nerve centres of the country. More than half (including all those in Gauteng) were not submitting accurate financial records.

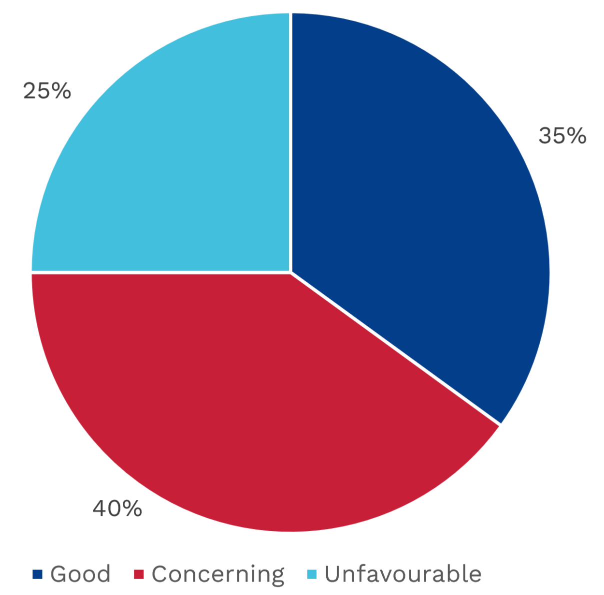
Intermediate cities, larger urban centres hat act key economic hubs (such as Newcastle in KwaZulu-Natal, Rustenburg in the North West, and Tzaneen in Limpopo), and district municipalities show considerable variation, though a comfortable majority are clean or unqualified, meeting the minimum standards described above. A little under a third are unable to do so.

The weight of the problem lies in local municipalities, typically jurisdictions built around small towns and settlements, often with large rural hinterlands and frequently with neither the economic bases nor the skills profile for their viability. Some 42% of these register qualified audits, adverse audits, or disclaimers (an in one case had not undergone an audit).

Nevertheless, the diversity of audit outcomes across the different categories suggests that it is not necessarily a jurisdiction's size or designation that determines its capacity. This has implications for any possible solutions.

Across the country, the Auditor-General had a generally pessimistic view of financial health of local government. The report assessed the financial health of 89 as "good", of 102 as "concerning", and of 64 as "unfavourable".[76]

Figure 3: Financial health of muncipalities



Source: Auditor-General of South Africa, *Consolidated General Report on Local Government Audit Outcomes 2024-25*, Pretoria: Auditor-General of SA, 2026, p. 51. https://www.agsa.co.za/reports/mfma-reports.

Moreover, for nearly a quarter of municipalities, this posed a threat to their very viability. "In 2024-25, the financial position of almost a quarter of municipalities (62 municipalities – 24% of completed audits) was so dire that 54 disclosed a going concern uncertainty in their financial statements, while eight received modified audit opinions on their financial statements due to a lack of disclosure thereof. Of the 62 municipalities, 33 (53%) had this going concern uncertainty for four years or more. This means that although these municipalities continued to operate, their financial position has prevented them from being fully operational for many years."[77]

Moreover, 123 municipalities were in a fiscally precarious position, lacking sufficient current assets to cover their liabilities; 174 municipalities did not have enough cash to pay their creditors on time.[78] In addition, 116 municipalities adopted unfunded budgets, totalling R288.2 billion (equivalent to some 42% of the composite local government budget). Of these municipalities, 77 had adopted unfunded budgets for four successive years.[79]

The report also looked at municipal projects, finding extensive delays in their completion, fraud, and non-compliance in procurement processes. This was undermining infrastructure, which carried broader societal costs.

In the face of a numerous indicators of failure, the Auditor-General referred to a generally unsatisfactory level of remediation and consequence management. The report noted: “Consequence management remained inadequate, with this most evident in the slow responses to investigating allegations of financial and procurement misconduct and fraud indicators; and not investigating and/or not properly dealing with unauthorised, irregular, and fruitless and wasteful expenditure balances. This has resulted in recurring non-compliance and delays in financial loss recoveries, disciplinary processes and referrals to law-enforcement agencies. These delays stall the entire accountability cycle and may result in financial losses becoming irrecoverable. Councils also continued to write off rather than investigate and recover unauthorised, irregular, and fruitless and wasteful expenditure – disposing of accountability obligations as accounting entries rather than enforcing them as governance requirements.”[80]

Finally, in in early July 2026, the National Treasury took the unprecedented step of withholding the transfer of equitable share grants to 69 municipalities as a result of their poor financial management. To put the extent of the problem into perspective, Treasury supplied the following statistics:

- Since 2021/22, municipalities have incurred R24.1 billion in fruitless and wasteful expenditure;
- Since 2021/22, municipalities and municipal entities (these include such bodies and City Power in Johannesburg) have engaged in irregular expenditure of R145.2 billion. Of this, R40.1 billion was incurred in 2024/25; and
- Since 2021/22, some R118.1 billion in unauthorised expenditure has been incurred;
- By the end of 2024/25, municipalities owed R3.4 billion in interest to Eskom and R1.2 billion to water boards.

This, in turn, impacts on the functional role that need to play in South Africa’s socio-economic development.

Distressed municipalities are likely to struggle to provide the communities within their jurisdictions with the infrastructure and services that enable modern life. The state of the country’s infrastructure (much of it linked to local government) has been extensively documented.[81] In recent months, this has been given prominence with substantial media attention on Johannesburg.[82] This has been amplified by the election campaign of DA mayoral candidate Helen Zille, although the concerns were entrenched beforehand.

The case of water is instructive, given that the City is not located near a major body of water – water is both precious and scarce. The Auditor-General reported that Johannesburg had lost some R10.3 billion in potable water in the four years to 2024/25, as a result of leaks and poorly maintained infrastructure.[83] The City’s mayor, Dada Morero, told Parliament that the City was losing just under 45% of its water.[84] Civil society watchdog groups have raised the alarm that despite this, Johannesburg’s spending on what infrastructure had been falling in proportional terms over the past five years, and it was apparently underspending its budget.[85]

Roads and transport infrastructure present a similar picture. Many of these assets were built decades ago to cater for smaller volumes of traffic, and have not been satisfactorily maintained. Potholes have become emblematic of the problem. Avi Menon, Vice-President of the South African Institution of Civil Engineering, summed up public sentiment in a radio interview: “I don’t think there’s a street here in Joburg without a pothole. There are potholes everywhere.”[86] Close to 1,000 are reported to the Johannesburg Roads Agency every week, while an indeterminate number are reported to private initiatives like the Pothole Patrol.[87]

Equally seriously, the city’s bridges are aging, and have been undermined by people tunnelling into their foundations and by erosion, some of which is due to the blockages of stormwater drains. The Member of the Mayoral Committee for Transport, Kenny Kunene, has said that 98% of the city’s bridges now have structural problems, and collapses are likely.[88] In late June, this was compounded by the extraordinary announcement that the Johannesburg Roads Agency would be unable to preform repairs and servicing because it had run out of money to fuel its vehicles.[89]

The city’s power distribution network has experienced similar strains. While formal load-shedding may largely have ended, power outages continue to afflict the city as a result of old infrastructure, vandalism and theft, and budget allocations that fail adequately to provide for maintenance and upgrading.[90]

Outspoken academic and public intellectual, Professor William Gumede, has written: “Johannesburg is on the verge of becoming a failed city, almost like a failed state, like many African failed states at the country level, but in the case of Johannesburg, a failed city, beset by systemic corruption, lawlessness, infrastructure collapse, and the informalisation and deindustrialisation of the city economy.”[91]

As well as degrading the quality of life of people in Johannesburg, these failures have made Johannesburg an increasingly unattractive place to do business. Firms such as Growthpoint Properties[92] and Dickon Hall Foods[93] have chosen to reduce their investments in or quit Johannesburg entirely, citing the state of the city and its infrastructure. Businesspeople – a group typically given to caution and diplomacy in dealing with the state – have publicly added their voices to complaints about state of the city, and offered their expertise to deal with it, stating that the decline of a city of Johannesburg’s importance will have disastrous consequences for the country as a whole.[94] Even a member of the city’s Mayoral Committee has decried the decay of the city’s infrastructure and its adverse impact on its investment proposition.[95]

These issues are by no means unique to Johannesburg. Examples abound. Tourism to eThekwini in KwaZulu-Natal, usually to enjoy its beaches, has been hit by pollution from the overburdened sewer system and general urban decay.[96] In a particularly well-publicised case, Astral Foods had to obtain the right to draw and process raw water after Lekwa Local Municipality in Mpumalanga was unable to do so.[97] Lichtenburg in the North West saw its Clover cheese factory shut down in the face of municipal dysfunction.[98] Emfuleni in Gauteng, once an industrial centre, was reported to be seeing dozens of business closures every month as infrastructure and services has broken down.[99]

A real danger is arising that South Africa’s towns and cities will become increasingly unable to sustain themselves, relying on shrinking rates bases. Unable to fund themselves, services and infrastructure will degrade further and the economic foundations will steadily erode, driving a cycle of decline that will become ever more difficult to arrest.

President Ramaphosa has summed up the issue: "Without fixing governance, we cannot fix service delivery and without fixing service delivery, we cannot unlock local economic development."[100]

Under these circumstances, it is unsurprising that local government is viewed with distrust by most South Africans. Afrobarometer's 2025 survey found that around 82% thought that members of council never or only sometimes listen to them, 73% evinced no or "just a little" trust towards local government, 70% disapproved of the performance of their local councillor, and 67% felt that most or all people in local government were corrupt.[101]

Finally, these dynamics must also be seen in relation to ongoing urbanisation. Already two-thirds urbanised, by 2050, it is projected that 80% of the country's population will live in its cities, which will ever more comprehensively dominate its economic landscape. The challenges of managing larger populations, the dynamics of densification or urban sprawl, resource allocations (particularly urban land), and productively adopting new administrative tools, will grow. Government policy recognises this, and acknowledges the this will demand well-functioning urban centres, with efficient administrations and functioning infrastructure to deal with them.[102]

South Africa is not only becoming an ever more urban society; it is becoming more dependent on the capacity of its urban institutions. The larger the urban population becomes, the greater the consequences of failure in the systems that support it. Infrastructure deterioration, weak planning and ineffective administration undermine the quality of life of established communities and constrain the ability of towns and cities to accommodate new residents and businesses, to support investment and to realise the productivity benefits associated with economic concentration. The urban transition therefore creates both an opportunity and a risk. Well-governed cities can support greater economic activity and productivity; poorly governed cities can see the advantages of agglomeration dissipated through congestion, infrastructure failure, informality and declining investment.

Here, the distinction between "consumption" and "production" cities is important. This distinction helps to emphasise what is at stake in the urban transition: what kind of urban economy will accompany that transition. Population concentration alone does not produce prosperity. If cities are unable to maintain infrastructure, govern effectively and provide an environment conducive to investment and productive activity, a growing urban population will generate increasing demands on the state without a corresponding expansion of productive capacity. Prolonged economic stagnation and municipal dysfunction will push them further towards the consumption model.

Conversely, if municipal governance can provide reliable infrastructure, support appropriate land use and development, and create conditions in which businesses can operate and expand, the concentration of people and economic activity can strengthen the advantages of urban scale. This is why the distinction between consumption and production cities is relevant to the local-government crisis. Municipal reform is not merely about restoring services that have deteriorated. It is also about ensuring that South Africa's urban centres can perform the economic functions on which the country's future depends.

A future for local government

Although local government in South Africa is diverse and generalisations can be misleading, it is now common cause that local government in South Africa has, as a whole, not lived up to its mandate or the ambitions invested in it. As circumstances exist, it remains one of South Africa's central strategic governance and economic challenges.

This study has set out the main elements of the crises, its origins, and its effects. It has also shown that over the lifespan of the local government system, these have been recognised and various remediation strategies implemented to attempt to deal with them. Success has been mixed, and often elusive.

There has been no shortage of proposals to deal with the problems facing South Africa's local government system and its individually challenged municipalities. As the study has set out, these date back to the 2000s, to within the first decade of the introduction of the current local government system. These have tended to stress institutional and technocratic solutions: better leadership, engaging appropriately skilled people and so on.

These are without qualification essential. But the message of the past three decades is that such an approach fails to take into account the totality of the crises facing local government in South Africa. The proposals set out below propose the interventions and reforms that will be needed to establish a functioning, developmentally oriented local government system. Conceptually, these can be divided into municipal-level interventions (in other words, things to be done by individual municipalities to deal with their specific challenges), and systems-level interventions (required to address problems inherent in the design of the system). In practice, when seen thematically, as presented below, it is difficult to separate them out.

Administrative and technical reform

As noted, this is the most common and intuitive – "obvious" – set of interventions. Conceptually, it is also the most uncontentious, since it merely calls for the existing system to be properly operationalised. They also reflect broader failings in the South African state system as a whole.[103]

The Auditor General's latest report sets out a number of priorities for the country's municipalities that are essential counters to the pathologies that have taken hold. They are as follows: [104]

- **Build capable institutions through coordinated intergovernmental support:** Support from all spheres of government – through coordinated and collaborative efforts in partnership with municipal leadership – is needed to promote strong governance within municipalities.
- **Professionalise and capacitate local government:** Accounting officers, councils and provincial leadership must ensure compliant appointments and targeted skills development to professionalise municipal administrations, retain scarce skills and position local government as a sustainable career of choice for skilled professionals.
- **Instil a culture of ethics and accountability:** A shared commitment to responsiveness, consequence management, accountability and ethical conduct is essential to ensure timely action and that individuals are held accountable for their actions, or inaction.

It is worth noting that these recommendations have previously been made by the Auditor General, to little effect.[105] The office has bemoaned the "lacklustre" approach in dealing with governance failings and dealing with malfeasance.[106] In this, the Auditor General is not alone. For decades, public figures have expressed exasperation about the failure of local government to take seriously what are in effect the foundational elements of governance. For example, in 2012, Pravin Gordhan, then Minister of Finance, remarked: "We know that hiring people without the right experience and skills is going to debilitate us, but we go on hiring these people." He added: "We have to decide as a country as to whether we want to walk the right road or play to our own weakness and make a mess of ourselves."[107]

Superficially, what needs to be done is fairly obvious. Staff need to be appointed with suitable skills, qualifications and aptitude to their positions, and mentored in them by senior officials. Firm, expeditious consequence management needs to follow where misgovernance occurs. In essence, this is about adhering to the demands of the legislation governing the local government system and about managers directing their staff. The Institute of Race Relations has produced extensive analyses of what is required to deal with this.[108]

In common with the state as a whole, this will require removing undue party-political influence over appointments and career progression (about which, more is discussed below). It will also demand reforming appointment and promotion practices to reflect meritocratic and technical imperatives. Firmer criteria for specialised positions, and the involvement of professional associations in monitoring performance would assist in improving professional competence.

There has been substantial official recognition of the need for professionalising the public service. But any initiative to advance this is likely to run up against the limitations inherent in an approach to staffing that places inordinate emphasis on demographic representivity. In an environment in which skills and experience are at an extreme premium, this approach cannot be sustained. Similarly, restrictions on upper-limit age hiring need to be rethought. Particularly for hard, technical skills, such as engineering, hiring option such as fixed term, multi-year contracts should be introduced to attract retired and semi-retired professionals.

Local government public service reform

While the principle of professionalisation is accepted, its practicalities are contested. One of the most serious issues confronting local government is the influence of factional politics. South African state institutions bear the imprint of decades of deliberate and intentional politicisation. This was most visibly instituted though cadre deployment. This has created a set of conditions that will be resistant to reform. Firstly, it has created an administration in which many interests will be set against change for reasons of both ideology and self-interest. Secondly, it has prevented a strong institutional ethos from emerging, since lines of authority have run outside formal municipal channels. Thirdly, by undermining the integrity of formal institutions, it has allowed corruption to flourish.

Minister Hlabisa recently voiced his discontent at the outcome, telling a meeting of the Cape Town Press Club: "We are elevating this thing of cadre deployment. We are flushing it down the toilet to just go away because cadre deployment, employing people on the basis of political association, is what has made our municipalities fail to perform... Because sometimes you will find that a cadre is a leader outside. If you dismiss him, you will be accounting to him on the outside."[109]

However, there remains substantial ambiguity on the part of the ANC about the matter. Cadre deployment remains something spoken about as a standard, uncontroversial and even positive feature of democratic politics. A report that a mayor of a Free State municipality had been removed for defying a party instruction on her mayoral committee (admittedly, a political rather than administrative post) illustrates that the machinery of this system remains in place.[110]

A strong view thus persists that cadre deployment is uncontentious and can be done "better". Any attempt to retain such a system, or to continue in any other way to exercise political influence in the administration will ensure continuing failure.

However, any perspective on this issue needs take into account the legislative environment that has made this possible. The structural overlap in the system of the system, which allows a council's political leadership to intervene in administrative matters. The issue had received some attention through revisions to legislation dealing with the public service (that is, at national and provincial level), and in enhancing the role of the Public Service Commission.[111]

These amendments have not had a direct bearing on local government, but they do suggest some ideas for a new model of staffing. In seeking to deal with the politicisation of the public service as a whole, giving the PSC greater authority – and ultimately placing it in charge of the public service – has been a recurrent proposal. The PSC has no powers over municipalities, for the moment, this is not an avenue that can be pursued.

The government has proposed creating a single public service, and thus bringing local government under the PSC's remit. For reasons set out below, this approach should be viewed with scepticism. The alternative would be to establish a PSC-analogue institution for local government.

Another idea, given the technical nature of much municipal work is endorsed by this study, would be to involve professional associations – those dealing with engineering, law and planning, for example – in the appointment and oversight of particular municipal posts. As a report produced by the Public Affairs Research Institute put it: "These associations are independent and regulated by statute. They have considerable experience with local government and appropriate expertise."[112] In senior appointments, such as those for municipal managers, these bodies would take an active role in convening and managing selection panels, and be responsible for submitting shortlists of candidates for submission to council for final selection. These professional associations would also be available to assist deal with complaints against senior officials and to handle serious disciplinary matters.

For positions down the organisational hierarchy in local government, the process should be managed by and answerable to line managers, and ultimately to the municipal manager.

The goal of this is to develop administrations within municipalities that are suitable to the tasks facing them, and that operate according to robust, professional internal systems, that are accountable and subject to the strictures of the constitution and the law.

Combating criminality

While altering systems is of critical importance to revitalising local government, this will mean very little if malign actors are able to exploit or suborn governance systems. South Africa's prospects for a local government reset depend substantially on whether criminality can be brought under control.

This has multiple dimensions. The central issue is to deal with corruption within local government institutions. Where this involves organised crime, it presents a particularly serious challenge. Organised criminal networks have gained a foothold in administrations under the protection of crooked politicians. The threat of violent retaliation is a disincentive for many otherwise honest officials to call out malfeasance.

This means that standard administrative action against corruption will likely not be sufficient. It demands proactive action from law enforcement in both the detection of offences and the successful and expeditious prosecution of offenders; and the ability to protect those willing to stand up to these pathologies. The potential costs of crime need to be raised to disincentivise it, and to give managers and whistleblowers the confidence to tackle wrongdoing when it arises.

Local governments themselves will not be able to handle this by themselves, and success will depend on the efficacy of the security services. Claims made before the Madlanga Commission indicate extensive penetration of the police by organised crime (police corruption has been a long-standing concern); it is by no means clear that South Africa's police are at present in a position to undertake the work required. Local government's future is thus closely bound up with the reform and rehabilitation of the police.[113]

Ideally, local government needs the attentions of a dedicated and independent unit that can build complex cases and take them to trial. This was the model of the Directorate of Special Operations (the Scorpions), which was disestablished for essentially political reasons. Something comparable would be of great value.

Proper law enforcement is also an important component of delivering a satisfactory quality of life and an attractive business environment. This is especially true for large urban centres, which face the pressures of growing populations and require expanding opportunities to cater for them. Vandalism inflicts huge and unnecessary costs – according to the Gauteng Department of Roads and Transport, in 2023, theft and damage to traffic lights totalled R30 million.[114] Repairing and replacing these assets – assuming this is in fact done – consumes resources that might productively have been used elsewhere. There is also evidence that "mafias" deliberately damage infrastructure to ensure the continuation of contracts that are nominally intended to provide temporary relief.[115]

Crime against persons and property – whether premeditated or opportunistic – undermines the liveability and investability of localities. This imposes both financial burdens and opportunity costs on households and businesses, and a reputational cost on the places in which it occurs. As with corruption, crime of this nature is a long-standing problem, with no obvious strategy for resolution.

The expansion of local police forces is one avenue to be explored, although it is only viable for appropriately resourced municipalities, and comes with the caution related to policing for the country as a whole, i.e. that criminal elements have penetrated some such institutions. The City of Cape Town has been pursuing investigative powers for its metropolitan police force.[116] This could make a valuable addition to crime fighting, by expanding the detective capacities of the state as a whole – provided, again, the integrity of these institutions can be assured.

Getting finances on a firm footing

The poor use of municipal funds has been central to the problems confronting local government. It must be stated at the outset that some municipalities will likely not have the economic base for the foreseeable future to underwrite their financial health. This prompts consideration of the design of local government and is addressed below in the discussion of structural reforms.

For those with the potential to make themselves financially viable, fiscal prudence is non-negotiable. Municipalities are governed by an intricate system established under the Municipal Finance Management Act that, in theory, should ensure responsible management. In reality, it is not uncommon to disregard its structures, as the prevalence of unfunded budgets shows.

Beyond appealing to errant municipalities to improve their performance and providing support for them in doing so, the tools available to enforce consequences tend to be blunt ones: withholding funds, placing municipalities under administration, and attempting to recover funds. In the latter case, this may extend to holding individual political or administrative leaders personally liable.

Support initiatives have produced varied, though disappointing results. Greater use could be made of measures against individuals (it has been used, as in a case involving expenditure of R7.6 million in the Nelson Mandela Metropolitan Municipality[117]). Ultimately, though, where the necessary skills are absent, or where the imperative of politics and patronage override those of responsible fiscal stewardship, it is difficult to imagine substantive improvement. Indeed, Treasury's recent suspension of transfers to 69 municipalities was a particularly strong statement of disapproval, but the release of the funds showed the limits of this strategy – Treasury could not withhold funds for more than 30 days without parliamentary endorsement, and it is highly unlikely that with an election approaching this would have been possible.

The response to deep rooted problems in municipal capacity and behaviour will need to be fundamentally political and structural.

Nevertheless, a number of generalised options present themselves to improve the financial standing of stressed municipalities.

The most obvious intervention relates to collecting the revenue owed. This begins with acknowledging that the failure to do so reflects a pattern that is now generations old. Successive attempts to encourage households to pay for services have not addressed the problem, while institutional users have done likewise.

Approaching this, municipalities and the local government system as a whole need to decide whether non-payment is something to be institutionalised or a phenomenon to be combated properly. For decades, this behaviour has been denounced, but effectively tolerated in some places – though not in others. Enforcement has been decidedly uneven. This is particularly the case regarding service charges, given constitutional entitlements, which restrict the ability of municipalities to effect credit control.

If the political will and administrative capacity to enforce credit controls are lacking, it would make sense to be candid about this and work it into budgets. In other words, rather than levying service charges, funds collected from other sources would be committed for covering the entire scope of service provision, "free" to consumers. Note also that formally excusing non-paying consumers would inevitably mean that paying consumers would have to be exempted too.

This is not workable as a national policy, although in certain defined local circumstances it might be feasible. Non-payment aside, close to half of municipal funds come from service charges. This means that cost recovery and credit control needs to be undertaken, which will be a tough political choice to make. It will encounter strong resistance, and create openings for exploitation by populist politicians. (It must be understood that elements of populist economic thinking exists de facto within the state;[118] the effectively unfunded provision of services is an expression of this.)

Many municipalities are compounding their difficulties through reckless and negligent financial and budgetary practices.

Unfunded budgets need to be treated as a serious failure of responsible administration. Municipalities that repeatedly pass unfunded budgets – those without realistic prospects of raising suitable revenue – should be put on notice by Treasury and COGTA. This can take the form of withholding funds from the fiscus (this would need parliamentary buy-in to be successful), or by placing them under administration. A fixed set of responses would follow annual reassessments by Treasury and COGTA. Graduated responses would move from initial budget correction, to financial recovery plans with defined targets and restrictions on discretionary spending, and finally escalation to intervention – the goal is to guide those capable of viability to this state. Note that this would operate alongside the proposed reconfiguration of the entire systems, as discussed below.

Unreliable revenue systems have in many instances been burdened by inaccurate billing and record keeping. This is a grave disservice to consumers and a disincentive to businesses while undermining the financial management of municipalities.[119] Where incorrect bills are accompanied by aggressive collection measures, they engender warranted hostility from those so targeted.

There are numerous reasons for such errors: losses due to broken infrastructure, flaws in computer programmes, miscalculations, long term reliance on "estimated" usage, as well as corruption and extortion schemes. These need effectively to be remedied, which demands committed management.

Losses of water and illegal usage of electricity incur costs that must either be recovered from paying customers or effectively subsidised from other sources. Where infrastructural failings are substantial and losses are substantial, the result is invariably escalating tariffs on consumers. Service charges are frequently treated as an undifferentiated stream of revenue, rather than one dedicated to the upkeep of the associated infrastructure.

As Dr Ferrial Adam of the NGO WaterCAN put it in reference to Johannesburg: "You cannot repair, refurbish and stabilise a collapsing system when JW's [Johannesburg Water's] revenue is treated as a floating pool for other needs."[120] (Note here that water is a particularly important issue, since a steady supply is critical for human life, and South Africa is a water scarce country. Growing cities need reliable water provision for their very existence. Constrain the supply, and life becomes impossible.)

Funds derived from the sale of services need to be ringfenced for their own use and upkeep. This is the case whether services are provided by municipalities directly, or by dedicated municipal entities. The latter model is a good one, and where it is established, they should have operational control of the revenue they generate. Irrespective of the model adopted, they need cost-of-service tariffs, reliable billing and collection, explicit maintenance and renewal funding and transparent technical and financial reporting.

An associated lesson is the centrality of **asset maintenance** to the health of a municipality's finances. Not only is this essential to keeping up the provision of services (and thus to keeping service revenues flowing), but the costs of rehabilitating infrastructure that has been allowed to fall into disrepair are invariably orders of magnitude in excess of what it might have cost to keep those assets in a serviceable condition. As a starting point, municipalities should be required to meet National Treasury's repairs-and-maintenance benchmark, assessed against the municipal PPE asset base, alongside explicit renewal and rehabilitation targets, with performance monitored by National Treasury and the Auditor-General.

Finally, there is the question of **value for money**. Excessive spending is a matter common to all organs of state, justified by preferential procurement requirements. In effect, this put a premium on state spending over and above what might be obtained if a strict value for money test were to be applied. Empowerment premiums divert resources away from the needs of the broader community of residents to the benefit of individual suppliers. This is not justifiable where municipalities are in distress, nor where municipal failure is undermining the overall business environment. The IRR has previously called for the scrapping of preferential procurement.[121] At a minimum, distressed municipalities should be exempt from (if not prohibited from) any obligation to levy preferential procurement demands on suppliers. Ultimately, the goal should be to abolish the current preference regime.

Fresh thinking on service provision

Intimately linked to the state of municipal finances is the manner in which they discharge their responsibilities to their residents. As was noted previously, the model of municipal utilities is a good one, if implemented proficiently. However, given the extent of the challenges facing local government, in some instances more imaginative or radical alternatives will be necessary.

Private sector involvement in service provision has an uneven history in South Africa. While it was regarded favourably by government in the 1990s, the basic position settled on has been an iteration of the so-called "developmental state": government places itself at the helm of servicing the public, with some partnerships with private providers being undertaken. In some instances, the failure of state systems has required the contracting of non-state providers. This has not been an unqualified good, as the exploitation of infrastructural failures by the various "mafias" has shown. (Professor Ivor Chipkin has linked this to the so-called New Public Management theories of the 1990s, which envisaged market style service provision; it had the effect of embedding business interests in the ANC's patronage networks.[122])

It must, therefore, be recognised that non-state provision is optimised where the government is minimally competent to enter into and manage contracts. This cannot be separated from imperative of combating criminality. Where even this cannot be achieved, there are serious questions about the role that a given municipality is able to play – and decisions on these matters might better be passed on appointed administrators.

For new investments, a **Build-Operate-Transfer** model could be envisaged. Private contractors would construct assets, manage them for a determined period of time with defined outputs, with ownership (and possibly operational control) reverting to the municipality when the contract expires. If it has been run successfully, there should be no reason for the contractor not to continue operating the asset. Where rehabilitation of an existing asset is necessary, something analogous would be possible, with the capital costs being provided in exchange for a concession to manage it for a period.

There is also scope for significantly more **voluntarism**. Many businesses and communities have come to the conclusion that the municipalities under which they live are incapable of (if not disinterested in) maintaining themselves. This has led to a profusion of initiatives to clean up open spaces, paint road markings, and even repair infrastructure. In the town of Frankfort in the Free State, a community was mitigating loadshedding through a solar park.

This has received a mixed reaction. While government and state agencies at all levels theoretically welcomes the involvement of business and civic initiatives, it tends to demand ultimate control. Repairing potholes, for example, requires written approval,[123] while Eskom forced the shutdown of the Frankfort electricity project.[124]

Local government as a whole and municipalities individually need to recognise such activism as a resource and an opportunity.

Getting the politics rights

Over three decades of post-transition local governance, it has become apparent that the functioning of local government cannot be divorced from the political practice and culture that accompanies it. This theme has been raised in relation to political influence on municipal administrations. Factional conflicts have proven destabilising, and over the past decade, the instability associated with multiparty coalitions has been a focus of concern.

The design of the local government system has not been entirely conducive to this, and neither has the behaviour of political actors within it. While changes to the legislative framework are required, unless there is some reorientation in political practice, it is difficult to see local government living up to its responsibilities.

A workable local government system demands proper respect for institutions and their integrity. The pattern thus far has often been for political leaders to treat municipalities as political power bases and handy sites for patronage and extraction. This is a mode of thinking that has no place in a constitutional state, and has taken a severe toll on the functionality of local government.

Practices such as cadre deployment need to be disavowed; municipal staff need to be held to strict professional standards and partisanship in their duties treated as a violation of their responsibilities and grounds for disciplinary action.

Along with this is a reset in the relationship between communities and local government. This is a complex issue, and one with any number of local specificities. However, two pathological currents run in this relationship. The first is a failure on the part of municipalities to enforce particular obligations owed by communities towards the state – such as paying accounts. The other is an increasing alienation of communities as a result of municipal mismanagement. Both of these will need to be addressed. Politics marked by populism (declining to implement the law evenly) or by indifference (ignoring government's duties) are equally toxic and antithetical to effective governance.

Similarly, political commitment to the functioning of local government must come from the political system as a whole. Elected representatives at provincial and national level must be prepared to take hard decisions to ensure that their local government counterparts undertake their work prudently. As noted above, this is germane in regard to such matters as freezing transfers to municipalities. Parliamentarians would be aware that voting for such measures would carry potential political costs, in relation to their standing within their own parties and with their constituents.

Finally, there is the question of coalitions. This is becoming an increasingly important matter, and one that South Africa will have to wrestle with for the foreseeable future. The record has been mixed. The data presented in this study suggests that around half of South Africa's local coalitions are stable, but that extensive costs have been associated with some of the more unstable ones.

Coalition politics has gained a partly justified reputation as having been marked by opportunism. As Professor Susan Booysen has written: “In SA coalition culture style, parties will construct coalitions unperturbed by (often overstated) policy differences, Struggle histories and governance records. It will be about the power of the magical number that delivers a majority of council seats, whether it is four or 136, proportionate to council size. Governance will be a secondary thought as parties wheel and deal to construct a majority out of whichever line-up of the willing and greedy presents itself.”[125]

It is positive that there is a public dialogue on this matter, and the prospect of legislation on the matter is an indication of the earnestness with which it is approached. This is to be welcomed if it is able to introduce predictability and stability into coalition governance. Certainly, there are overarching issues that could productively be amended. The Municipal Structures Amendment Bill contains some promising provisions:[126]

- extending the available time to negotiate coalition agreements. At present, only fourteen days is permitted before councils convene to elect the mayor. The Bill provides that the election of office bearers must happen within 30 days. This could counter poorly thought-out agreements, although it remains to be seen whether this is adequate;
- It would be compulsory for coalition agreements need to be agreed to in writing, and the text submitted to municipal manager and the relevant MEC. The minister is empowered to provide for dispute resolution mechanisms. This would give them a contractual aspect;
- The municipal public accounts committee should be chaired by a councillor who is not a member of the governing party or coalition; and
- Motions of no confidence should be limited to one a year, to promote a measure of stability.

Such changes would alter the incentives in managing coalitions, pushing them towards greater stability. They could be fortified with other ideas, such as the establishment of a specialised court to adjudicate coalition disputes.

Whatever is legislated will, however, not be fully decisive in stabilising governance. Ideological hostility between competing parties and the determination to maintain patronage resources would still exercise a powerful influence on the day-to-day operation of politics. Agreed-upon coalition arrangements protected by restrictions on no confidence motions might be secure in office for a defined period, but this would not stop opposition parties from attempting to attract minority coalition partners to defect when the opportunity arises – and the latter from using their insider positions to frustrate the existing government. The record of transactional coalition forming at local level suggests this is probably an inevitability.

So here again, the operative political change will need to be in the sphere of political culture, and the emergence of a general acknowledgement that stable governance – even under a party with which one might disagree – is a precondition for successful municipal management.

Rethinking the structure of local government

"It seems fairly obvious that the model of post-apartheid local government has failed," Professor Ivor Chipkin has observed, "The current system is too generic, imposing 'wall-to-wall' municipalities across the country, all cookie cut-outs of each other."[127] In this observation, Professor Chipkin is far from alone. Local government has run up against some of its inevitable structural limitations. Scholarship on the municipal malaise has for years warned that one size does not fit all, and therefore solutions need to recognise the enormous diversity of the conditions under which individual municipalities exist and function – or fail to function. The municipal system was based on an assumption that substantive standardisation is possible, and that a level of viability can be attained. It is hard to sustain that view now.

As the Auditor-General has argued: "There is a lacklustre approach in dealing with recoveries and consequences in local government, which creates a culture that lacks responsiveness, consequences and accountability. Without confronting and rectifying this behaviour, progress will not be made."[128]

The reality is that many jurisdictions lack the rates base, the skills profile or (at least for now) the economic potential to sustain local government as its design envisaged. Some may never be viable, requiring ongoing support for little return. Perhaps unwittingly, Minister Hlabisa alluded to precisely this when discussing the criticism that municipalities were receiving, telling his audience: "If you do not take into account all these factors, you will blame municipalities, saying they're not performing – how are they going to perform? If there is no revenue base … and the assumption that they will collect 90% is not working – how are they going to perform?" [129]

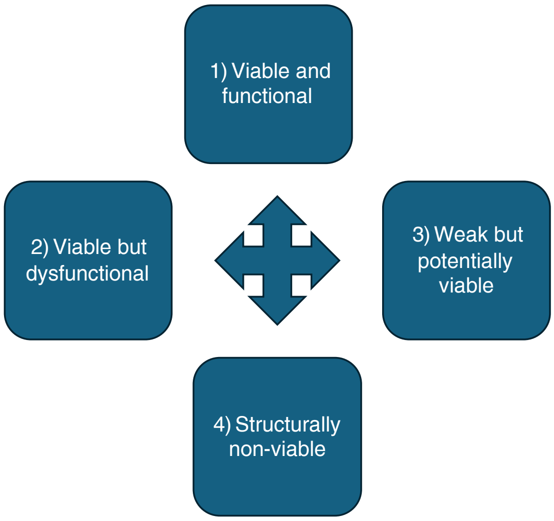
Here again, there is some official recognition of this, through the recent *White Paper*. Its prescriptions, however, point to another round of consolidation and centralisation. The idea seems to be (it is not explicitly spelt out) to move from a two-tier system that exists in the non-metropolitan areas to a one-tier model. Local councils would be abolished and their functions and resources concentrated in large district level institutions.

This risks compounding rather than ameliorating the problems, since such an arrangement would likely entail aggregating functional and dysfunctional jurisdictions, stretching already limited financial and human resources. The probable outcome would be that dysfunction rather than competence is redistributed. This is aside from the increased distance from local communities that such larger units will create. This plan should therefore be rejected.

Rather, a revised system should be founded on recognition that municipalities operate with various levels of competence and with various degrees of viability. The broad contours would be to retain what is working; that cities need to function under their own authority; local municipalities that are operating passably should be retained; structurally non-viable ones should have their status reconsidered.

The basic set of considerations is illustrated in the graphic below, showing a four-part delimitation of the viability of the country's municipalities.

Figure 4: Schematic of municipal viability



The starting point would be to undertake an assessment of the current municipal demarcation, jointly by Treasury, COGTA and the Municipal Demarcation Board. This would involve examining the economic viability of local and district municipalities as they are constituted at present, with a mandate to propose a new system that will reflect the differentiation of capacities and realistic future roles of each. The process would field input from stakeholders, including, particularly, from those in distressed municipalities as to options for their individual futures.

Cities, both metropolitan municipalities and the wider circle of "intermediate cities", fit in categories 1 and 2. They must be retained, their governance reach largely confined to the urban centres, and perhaps elements of the rural hinterlands that are tightly functionally linked to them. In some instances – such as Ekurhuleni, which was formed from amalgam of separate pre-existing centres, it might make sense to break up the existing municipality into smaller functional parts, or at least to devolve functions to local areas, on the "subcouncil" model. Cities in this conception would be required to achieve a basic standard of governance, to fund most of their spending from the revenues they are entitled to collect and to become viable entities. Where ongoing misgovernance occurs, they need to be placed under administration. Where corruption or criminality has gained a foothold in them, it needs to be ruthlessly investigated and prosecuted. There will be instances where the path to viability will begin with proper law enforcement.

Viable local councils, spanning categories 1, 2 and to an extent 3, must be retained. These can be defined as those outside the city category whose financial health is "good" and which have demonstrated the rudiments of governance competence through clean or unqualified audits; in addition, there may be those that have not attained this status, but whose economic fundamentals might suggest potential viability. These would have shown, or could reasonably be expected to show, a capacity to perform meaningful municipal functions. Possible indicators include funded-budget status, cash coverage, collection performance, creditor days, service reliability, infrastructure condition, critical technical vacancies, economic/revenue base and transfer dependence.

District councils, provided they are not inherently in category 4, can potentially serve a coordinating and redistributive role, provided they and the local municipalities they cover are functional. They are, however, not suited to the type of city and town level management that local governance needs. While the District Development Model is flawed, where existing district councils are fulfilling a useful role, and where the existing local governments within them are operating competently, they may be retained, subject to the agreement of those municipalities, and the approval of Treasury and COGTA.

Nonviable municipalities – both local councils and district councils, which would Incorporate those in category 4 and in practice a substantial number in category 3 – could be dealt with in a number of ways. Some might simply be abolished. If they are unable to provide services, to collect revenue meaningfully, and if they do not preside over a satisfactory economic base, basic service functions – water, electricity supply and road maintenance – could be passed on to bulk providers, such as Eskom or water boards. In some instances, this could be undertaken by private contractors.

There might also be a case for retaining core district administrations. Interestingly, this might have some resemblance to a limited version of the District Development Model, since what is envisaged could result in several contiguous local councils being abolished and some of their functions being subsumed into geographically larger units. These would, however, have reduced responsibilities.

The outstanding question is what would become of local democracy in those municipalities that are abolished. Effectively, communities that had been living under elected governments (however imperfect) would now find themselves under what approaches a long-term form of administrative government. This requires careful consideration, as it would strip millions of South Africans of a key expression of citizenship.

One possibility is that local assemblies might still be elected for these reconstituted administrative areas, though with reduced powers. They would have a deliberative role in the affairs of the area, and would be able to make representations to the service provision agencies, to the provincial administrations, and to traditional authorities who retain considerable influence on functions such as land administration. Their role would be predominantly advisory, articulating local concerns and advocating for particular developmental projects. Funding for such assemblies would be modest, and they would crucially lack the power of the purse.

The prospect of re-establishing a full municipality could be on offer in the event that certain conditions (such as sufficient taxable economic activity) could be shown to exist. Such a situation could be envisaged where civic and business organisations wish to take charge of their local management, draw and demonstrate how they might be able to fund and manage it.

This would produce a system that is variegated, with a variety of forms, geared towards making the country's urban nodes perform their functions effectively and shaping systems appropriate to the capacities of its other localities. The principle here is that form follows function.

It would probably require a constitutional change. This is not to be undertaken lightly. But the scale of the problem and the costs it is imposing on South Africa demand that extraordinary options be open to consideration.

Conclusion – what future for local government?

The world over, local governance – particularly that of cities – is recognised as an essential link in the systems that make stable societies and prosperous economies. They are even stepping into roles that in a previous era would have been reserved for their national counterparts. This is as true for South Africa as for any other aspirant society.

Local government in South Africa is the site of profound and complex challenges. The argument made in this study is that restoring the local government system demands the interplay of a number of reforms.

These may be understood as belonging to two broad categories. The first is the systems level. This relates to the local government system as a whole, suggesting structural deficiencies that require broad policy revisions and changes to the design of the system. The second involves municipality level interventions. The latter group, in other words, refers to the actions that affected municipalities need to take individually. In brief, the first group is about altering the context, the second group is about the choices.

The reforms suggested typically depend on action at both the systems and municipal level. They also require the coordination of different arms and spheres of governance.

Thus, for example, while national policy will be required to provide a policy framework to disentangle the confused lines between the political leadership and local administrations, it will take the acceptance and commitment of municipal level politicians to respect it. It will take national level reform and resourcing of South Africa's police and prosecuting authorities to begin to crack down on corruption, but the political will of local leaders to see this implemented. This, incidentally, was central to the conception of intergovernmental relations laid out in South Africa's constitution ("cooperative governance").

Another way in which this can be understood – with particular reference to the experience of administrators and interventions – this is about the interplay of ideas and execution. Professor Alex van den Heever, Chair of Social Security Systems Administration and Management Studies at the University of the Witwatersrand, captures this: "Experts cannot turn around a municipality where the source of the problem is not ignorance but perverted incentives. Experts can identify broken systems, recommend reforms and convene stakeholders. What they cannot do is advice a patronage network into integrity. If the leadership layer that benefits from, tolerates or protects procurement abuse remains in place, expert advice becomes little more than reform theatre."[130]

Or, as Matthew Glasser and Dr Johandri Wright have argued: "There are legal tools available to leaders who are determined to fix the problems. One should emphasise, however, that political will is necessary to drive these processes. The implementation of these legal tools in any municipality rests on the three pillars that constitute a municipality: the administration, the municipal council, and the community, all of which exist in a broader system of responsive public governance, co-operative government and good intergovernmental relations."[131]

Such reform will not be easy, but the costs of inaction will be ruinous. It deserves to be remembered that cities in successful developing countries provide the locus of economic activity. South Africa, attracting investment at a rate half of its middle-income peers, and living with a growth rate of around 1% per annum – as those peers routinely manage 5% – cannot afford the costs that failing local governance is imposing on it. This is all the more important because – as this analysis has emphasised – South Africa is well into its urban transition. A country that is already predominantly urban, and in which the urban share of the population is expected to rise substantially further, will depend on the capacity of its towns and cities to provide the infrastructure, services and institutional environment on which economic activity depends. The urban transition consequently raises the stakes of local government reform: municipal failure is not a factor at the margins of the South African economy, but is well and truly at its centre.

The concepts of production and consumption cities provide a useful framework for thinking about this challenge. The risk is that municipal dysfunction is creating cities in which deterioration forces economic activity into increasingly informal and consumption-oriented directions. The task of local-government reform is therefore not simply to make municipalities function administratively; it is to ensure that the country's urban economy has institutions capable of supporting productive activity.

Indeed, municipal functionality and available and measurable service standards – reliable infrastructure capacity information, predictable tariffs and development charges, efficient land-use/building approvals, and measurable service standards – will be a driver of confidence for residence, investors and businesses. They will be a contributor to the economic growth that South Africa needs.

This is why the future of local government cannot be considered separately from the future of South Africa's cities. The objective must be to ensure that urbanisation produces functioning, productive and economically connected towns and cities rather than larger concentrations of infrastructure failure, informality and economic stagnation. The reforms proposed in this study – stronger administration, clearer accountability, better financial management, appropriate differentiation, more effective intergovernmental coordination and greater political responsibility – are therefore not simply measures to repair municipalities. They are part of the institutional response required to govern an increasingly urban country.

Minister Hlabisa has referred to the need to "reimagine" local government.[132] This is an inspiring call. It's also an existential one.

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IRR

South African Institute of Race Relations

www.irr.org.za

info@irr.org.za

(011) 482 7221