

# NPC Response to the 2026 Local Government White Paper Discussion Document

## 1 Introduction

The National Planning Commission (NPC) welcomes the opportunity to comment on the White Paper on Local Government discussion document.

The submission builds on the foundational principles of the 1998 White Paper on Local Government (WPLG98) and the constitutional mandate for developmental local government. It is produced with the aim of ensuring that the 2026 Updated White Paper on Local Government is a coherent, implementable, and future-oriented framework for local government, which is aligned with the National Development Plan Vision 2030's (NDP) 2030 goals and responsive to South Africa's changing socio-economic and environmental realities.

In preparing this response, the NPC has incorporated perspectives from its ongoing work in various areas, including NPC official position papers on

- Service Delivery Research Report - June 2025
- NPC Advisory on Professionalisation of the Public Service
- Advisory on Migration Governance - February 2025
- Advisory on the Implementation of the Integrated Crime and Violence Prevention Strategy (ICVPS) - November 2024
- Climate Change Legislation Advisory Note - 20 January 2025
- Digital Futures: South Africa's Digital Readiness for the Fourth Industrial Revolution
- Position Paper: Capable, Professional and Ethical Developmental State - September 2021
- Research on the Limited Success of Entrepreneurial Activity by Locals in Townships and Rural Areas
- Review of Economic Progress - December 2020
- Social Compact Report - January 2015
- Trends in the Cost of Living in South Africa Between 2011 and 2023 – May 2025
- Vision and Pathways for a Just Transition to a Low-Carbon Climate – May 2019
- Youth Labour Market Transitions Paper – June 2019

## 2 The Importance of Local Government in the Implementation of the NDP

Local government is central to achieving the objectives of the NDP. It is the sphere of government closest to communities and is directly responsible for delivering basic services, enabling local economic development, and fostering social cohesion. The NDP recognises that developmental local government is essential for transforming spatial patterns, addressing poverty and inequality, and promoting sustainable growth. Without effective, capable, and accountable municipalities, the NDP's vision of inclusive development cannot be realised.

Municipalities translate national policies and strategies into tangible outcomes on the ground. They are critical in implementing integrated human settlements, expanding infrastructure, improving public transport, and supporting climate resilience. The NDP therefore emphasises the need for strong intergovernmental coordination, adequate fiscal resources, and skilled personnel at local level to ensure that national priorities are effectively localised. Strengthening local government is not an optional reform; it is a prerequisite for delivering the NDP's commitments to all South Africans.

## 3 Foundational Concepts and System Design

The NDP sets out a developmental path for South Africa focused on full employment, greater equality, and the elimination of poverty, supported by a growing and inclusive economy.<sup>1</sup> Local government is envisaged as a key driver of development, that is responsive and accountable to communities, and capable of delivering high-quality services.<sup>2</sup>

The 1998 White Paper on Local Government introduced key concepts, such as developmental local government, cooperative governance, differentiated institutional arrangements, capable political leadership, effective administration, and sustainable financial systems. The NPC believe that these remain valid but have not been fully realised in practice<sup>3</sup> and progress towards them has been uneven.<sup>4</sup> The complexity of the local government system, combined with capability and resource constraints, has further contributed to inefficiencies.<sup>5</sup>

The NPC notes that urgent reforms, especially in financial management, are essential for municipalities and that performance measurement should go beyond "clean audits" to include service delivery and developmental outcomes.<sup>6</sup>

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<sup>1</sup> *Review of Economic Progress NPC Dec 2020*

<sup>2</sup> *NDP*

<sup>3</sup> *Social Compact Report 1 2015.; Position Paper Capable, Professional and Ethical Developmental State\_ September 2021.*

<sup>4</sup> *Review of Economic Progress NPC Dec 2020*

<sup>5</sup> *Draft Service Delivery Research Report -June 2025*

<sup>6</sup> *Position Paper Capable, Professional and Ethical Developmental State*

Key elements for system redesign include:

- Retaining the developmental local government model but ensuring it is implemented through targeted capacity-building, institutional reform, and performance accountability.<sup>7</sup>
- Considering moving towards a more differentiated or asymmetrical model that recognises the varying conditions and capacities of municipalities.<sup>8</sup>
- Strengthening cooperative governance mechanisms to align planning, budgeting, and implementation across spheres of government.<sup>9</sup>
- Reviewing institutional design to improve functionality, possibly through a more flexible framework for municipal categories and powers.<sup>10</sup>
- Embedding climate resilience, technological capability, and spatial transformation objectives into local government planning and operations.<sup>11</sup>

## 4 The Legislative and Constitutional Framework for Local Government

The constitutional mandate for developmental local government remains sound. It positions municipalities as an equal sphere of government to ensure democratic and accountable governance, sustainable service provision, and community involvement.<sup>12</sup> The WPLG98 gave rise to a suite of legislation, including the Municipal Demarcation Act, Municipal Structures Act, Municipal Systems Act, Municipal Finance Management Act (MFMA), and others, intended to operationalise this vision. However, the effectiveness of this legislative framework has been hampered by weak implementation, insufficient oversight, and a lack of enforcement.<sup>13</sup> Many interventions have lacked follow-through, resulting in limited impact.<sup>14</sup>

The NPC believes that:

- **There is a need to review, amend, and harmonise legislation to support professionalisation and ethical conduct in the public service.<sup>15</sup>**
- **The link between local skills development programmes and national 4IR/digital economy priorities must be strengthened.<sup>16</sup>**

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<sup>7</sup> Draft Service Delivery Research Report June 2025

<sup>8</sup> Draft Service Delivery Research Report -June 2025.pdf.

<sup>9</sup> Social Compact Report 1 2015.pdf.

<sup>10</sup> Draft Service Delivery Research Report June 2025

<sup>11</sup> Climate Change Legislation Advisory Note\_20 January 2025

<sup>12</sup> Climate Change Legislation Advisory Note\_20 January 2025

<sup>13</sup> Draft Service Delivery Research Report -June 2025

<sup>14</sup> Review of Economic Progress NPC Dec 2020

<sup>15</sup> State Capacity Position Paper.

<sup>16</sup> Skills for the Future Economy.

- Strategic partnerships with higher education institutions and professional bodies should be strengthened to build a talent pipeline and continuous professional development.<sup>17</sup>
- Climate change adaptation should be integrated into municipal mandates through legislative and policy reform, supported by dedicated funding and technical capacity.<sup>18</sup>
- Legislative change should be coordinated with broader institutional reforms to avoid piecemeal and contradictory measures. This includes ensuring the 2026 Local Government White Paper review is aligned with ongoing amendments to the MFMA, Municipal Structures Act, and Intergovernmental Relations Framework Act<sup>19</sup> as well as other recent pieces of legislation.

## 5 Root Causes of Dysfunction

Persistent challenges in local government performance arise from various interlinked causes:

- **Institutional culture and leadership:** A bureaucratic, inward-looking culture has displaced outward accountability to citizens.<sup>20</sup> Unethical conduct, corruption, and political interference undermine professional management.<sup>21</sup>
- **Capability deficits:** Many municipalities lack skilled personnel, especially in technical and financial roles.<sup>22</sup> Skills shortages also extend to integrating climate planning and using modern technology effectively.<sup>23</sup>
- **Financial distress:** Poor revenue collection, mismanagement, and corruption have eroded municipal finances, limiting their ability to deliver services and maintain infrastructure.<sup>24</sup>
- **Systemic design constraints:** The current local government model does not account for the differing realities of metropolitan, urban, and rural municipalities.<sup>25</sup>

The NPC stresses that systemic reform must address governance culture, leadership quality, fiscal management, and citizen engagement simultaneously.<sup>26</sup> Policy interventions should:

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<sup>17</sup> State Capacity Position Paper

<sup>18</sup> Climate Change Advisory

<sup>19</sup> Legislative Reform.

<sup>20</sup> Social Compact Report 2015

<sup>21</sup> Position Paper Capable, Professional and Ethical Developmental State 2021

<sup>22</sup> Service Delivery Research Report -June 2025

<sup>23</sup> Climate Change Advisory.

<sup>24</sup> Review of Economic Progress Dec 2020

<sup>25</sup> Draft Service Delivery Research Report -June 2025

<sup>26</sup> Position Paper Capable, Professional and Ethical Developmental State

- **Strengthen ethical leadership** and stabilise the political–administrative interface.<sup>27</sup>
- **Professionalise administration**, ensuring merit-based appointments.<sup>28</sup>
- **Prioritise long-term planning**, especially for urban growth, infrastructure resilience, and climate adaptation.<sup>29</sup>
- **Promote public-private partnerships** and community-driven development approaches.<sup>30</sup>
- **Target the needs of the most vulnerable**, particularly rural communities and those in informal settlements, to rebuild trust and deliver equitable services.<sup>31</sup>

## 6 Fiscal Sustainability and Revenue Reform

Municipal finances are in a precarious state, threatening the sustainability of service delivery.<sup>32</sup> Many municipalities cannot collect adequate revenue, rely heavily on national transfers, and suffer from poor financial management and corruption.<sup>33</sup>

Debt owed to municipalities continues to rise, with households responsible for 74% of outstanding amounts.<sup>34</sup> The erosion of electricity-related revenues due to bulk cost increases and supply constraints has further weakened financial stability.

Trends in the cost of living show sustained increases in household expenditure on food, energy, and transport between 2011 and 2023, with the poorest households disproportionately affected.<sup>35</sup> This reduces the ability of residents to pay for municipal services, contributing to lower collection rates and widening fiscal gaps. Revenue reforms must consider affordability constraints and strengthen targeted support for vulnerable households.

The NPC recommendations include:

- **Reform of the Local Government Equitable Share (LGES) formula** to reflect actual needs and costs while addressing governance and performance issues.<sup>36</sup>
- **Institutional reform of municipal trading services**, especially water and electricity, to ensure ring-fenced, professionally managed utilities with adequate maintenance budgets.<sup>37</sup>

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<sup>27</sup> *Position Paper Capable, Professional and Ethical Developmental State*

<sup>28</sup> *Position Paper Capable, Professional and Ethical Developmental State*

<sup>29</sup> *Climate Change Advisory*

<sup>30</sup> *NDP*

<sup>31</sup> *NDP, Ch 13 Progress*

<sup>32</sup> *Service Delivery Report*

<sup>33</sup> *Review of Economic Progress NPC Dec 2020*

<sup>34</sup> *Review of Economic Progress NPC Dec 2020*

<sup>35</sup> *Cost of Living Trends, 2025.*

<sup>36</sup> *Service Delivery Report*

<sup>37</sup> *NDP*

- Diversifying revenue streams and strengthening municipal debt management practices, including greater use of public–private partnerships.<sup>38</sup>
- Incentive-based fiscal arrangements to reward improved service delivery, revenue collection, and infrastructure maintenance.<sup>39</sup>
- Ensure that the District Development Model (DDM) addresses weak fiscal coordination, including the absence of aligned infrastructure investment plans and revenue strategies, as these limit fiscal sustainability<sup>40</sup> Intergovernmental fiscal frameworks must ensure synchronised investment and equitable resource allocation
- Integrating climate-proofing into infrastructure maintenance budgets to reduce long-term costs and improve resilience.<sup>41</sup>

## 7 Institutional Capacity and Skills

Capacity limitations, such as human, institutional, and technical, remain a key barrier to municipal performance.<sup>42</sup> Many senior positions are filled by individuals without the required qualifications or experience, undermining policy implementation and service delivery.<sup>43</sup> Capacity gaps also extend to integrating cross-cutting priorities such as climate adaptation, spatial transformation, and digital innovation into municipal planning and operations.<sup>44</sup> Municipalities also continue to face chronic capacity shortages in engineering, planning, financial management, and programme coordination.<sup>45</sup>

The ICVPS has illustrated the difficulties in implementing cross-sectoral programmes without adequate project management capacity, data systems, and skilled facilitation.<sup>46</sup> Building institutional capability requires integrating these lessons into municipal human resource planning.

The NPC identifies several priority actions:

- Professionalise the public service, introducing professional certifications and bodies for municipal officials to ensure merit-based recruitment and oversight.<sup>47</sup>
- Implement skills planning that integrates climate change and the digital economy into workplace skills plans and councillor training.<sup>48</sup>

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<sup>38</sup> Review of Economic Progress

<sup>39</sup> Service Delivery Report

<sup>40</sup> DDM Advisory, 2024.

<sup>41</sup> Climate Change Advisory

<sup>42</sup> Climate Change Advisory

<sup>43</sup> Review of Economic Progress

<sup>44</sup> Climate Change Advisory

<sup>45</sup> DDM Advisory

<sup>46</sup> NPC Advisory – ICVPS, 2024.

<sup>47</sup> State Capacity Position Paper

<sup>48</sup> Climate change advisory and Skills for Future Economy

- **Forge partnerships** with universities, research organisations, and professional bodies to build a robust talent pipeline.<sup>49</sup>
- **Ensure skills transfer from consultants to municipal staff** to strengthen internal capacity.<sup>50</sup>
- **Target capacity-building interventions** that go beyond generic training to address specific skills gaps.<sup>51</sup>
- **Strengthen training and capacity building** (including the work of LGSETA) to deliver targeted, future-oriented training.<sup>52</sup>
- **Build technical expertise** in Geographic Information System (GIS), infrastructure maintenance, and data analytics to modernise service delivery and planning.<sup>53</sup>
- **An integrated approach to capacity building** should link recruitment, training, and professional development with performance accountability to ensure that skills investment translates into tangible improvements in municipal performance.

## 8 Trust, Ethics and Political–Administrative Relations

Trust between citizens and local government has eroded, fuelled by corruption, political interference, and poor service delivery.<sup>54</sup> Irregular, fruitless, and wasteful expenditure remains high, with limited consequences for misconduct.<sup>55</sup> The developmental local government principles of the WPLG98 have been undermined by unethical behaviour, nepotism, and the use of municipal resources for political purposes.<sup>56</sup>

The NPC recommends:

- **Strengthening ethical leadership** through mandatory training, enforceable codes of conduct, and transparent appointment processes.<sup>57</sup>
- **Restoring trust by strengthening the integrity of political and administrative leadership** and building effective community partnerships.<sup>58</sup>
- **Stabilising the political–administrative interface** by clarifying roles, reducing political interference, and protecting professional managers' autonomy.<sup>59</sup>

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<sup>49</sup> *State Capacity Position paper*

<sup>50</sup> *Climate Change Advisory*

<sup>51</sup> *DDM Advisory*

<sup>52</sup> *Climate Change Advisory*

<sup>53</sup> *Climate Change Advisory*

<sup>54</sup> *Review of Economic Progress*

<sup>55</sup> *Review of Economic Progress*

<sup>56</sup> *Social Compact Report*

<sup>57</sup> *Position Paper Capable, Professional and Ethical Developmental State*

<sup>58</sup> *ICVPS Advisory*

<sup>59</sup> *Review of Economic Progress NPC Dec 2020; Position Paper Capable, Professional and Ethical Developmental State\_ September 2021*

- **Deepening anti-corruption measures**, including full use of the Public Audit Amendment Act (2018) to enforce accountability.<sup>60</sup>
- **Encouraging citizen engagement** as a means of rebuilding trust and making governance more transparent and participatory.<sup>61</sup>
- **Aligning ethical reforms with broader systemic changes**, as outlined in the NDP, by linking professionalisation, merit-based leadership, and collaborative governance to measurable improvements in service delivery and citizen satisfaction.<sup>62</sup>

## 9 Spatial Transformation and Sustainable Development

Spatial inequality continues to reinforce poverty, unemployment, and service delivery backlogs.<sup>63</sup> The NDP's vision for the spatial transformation of compact, connected, and integrated human settlements has not been fully realised.<sup>64</sup> Many municipalities still replicate apartheid-era spatial patterns, with limited focus on and investment in densification, mixed-use development, or equitable infrastructure provision.<sup>65</sup>

Rising transport costs are among the fastest-growing components of household expenditure, which highlights the urgency of spatial transformation to reduce travel distances between homes, jobs, and services.<sup>66</sup>

The NPC believes that spatial planning must:

- **Integrate climate resilience into land-use planning** to protect vulnerable communities.<sup>67</sup>
- **Align Integrated Development Plans and Spatial Development Frameworks** with long-term economic and environmental strategies.<sup>68</sup>
- **Develop mechanisms to ensure coordinated investment** in affordable housing, public transport, and mixed-use development.<sup>69</sup>
- **Incorporate rural economies and natural resource management** into spatial planning to address systemic inequalities.<sup>70</sup>

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<sup>60</sup> *Review of Economic Progress NPC Dec 2020*

<sup>61</sup> *NDP*

<sup>62</sup> *State Capacity Position Paper.*

<sup>63</sup> *Review of Economic Progress NPC Dec 2020*

<sup>64</sup> *Social Compact Report 1 2015*

<sup>65</sup> *NPC -Draft Service Delivery Research Report -June 2025*

<sup>66</sup> *NPC Advisory – Cost of Living Trends, 2025*

<sup>67</sup> *Climate Change Advisory.*

<sup>68</sup> *NDP*

<sup>69</sup> *Cost of Living Trends*

<sup>70</sup> *NPC Input – Climate Change Advisory.*

- Support intergovernmental coordination on strategic infrastructure investments.<sup>71</sup>

The NPC further recommends that the White Paper framework embed spatial justice as a guiding principle for all municipal planning instruments, with stronger enforcement mechanisms to ensure compliance.<sup>72</sup>

## 10 Intergovernmental Relations and Cooperative Governance

The constitutional framework for cooperative governance is sound but underutilised.<sup>73</sup> Weak coordination between the three spheres of government results in fragmented planning, duplication of resources, and slow implementation.<sup>74</sup>

The DDM has revealed systemic weaknesses in intergovernmental relations, including unclear roles, weak governance structures, inadequate monitoring, and poor information flows.<sup>75</sup>

The NPC emphasises the following:

- **Formalising intergovernmental structures** for joint planning and budgeting, particularly for climate adaptation, infrastructure, and service delivery.<sup>76</sup>
- **Using the DDM as a platform for integrated planning**, while addressing its current operational weaknesses.<sup>77</sup> Addressing these requires formalising joint planning and budgeting mechanisms, strengthening accountability, and ensuring data-sharing protocols between spheres.
- **Establishing shared service arrangements** for specialised technical and regulatory functions.<sup>78</sup>
- **Strengthening oversight of intergovernmental agreements** to ensure accountability for delivery.<sup>79</sup>
- **Focusing on making cooperative governance practical and results-oriented**, with clear accountability for agreed commitments.<sup>80</sup>

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<sup>71</sup> NDP

<sup>72</sup> Review of Economic Progress NPC Dec 2020

<sup>73</sup> Climate Change Legislation Advisory Note\_20 January 2025

<sup>74</sup> Review of Economic Progress NPC Dec 2020

<sup>75</sup> NPC Advisory – DDM, 2024.

<sup>76</sup> Climate Change Advisory and DDM Advisory

<sup>77</sup> DDM Advisory

<sup>78</sup> NDP

<sup>79</sup> State Capacity Position Paper.

<sup>80</sup> Social Compact Report 1 2015

## 11 Innovation, Technology and Climate Change Adaptation

Technological adoption in municipalities is inconsistent, with many lacking basic digital infrastructure.<sup>81</sup> Innovation in service delivery and data management is limited, constraining the ability to respond to citizens' needs effectively.<sup>82</sup>

The NPC identifies the following as critical priorities:

- **Integrating climate change adaptation into all municipal functions**, supported by dedicated budgets and trained personnel.<sup>83</sup>
- **Leveraging technology for improved billing, asset management, and infrastructure maintenance.**
- **Building data and GIS capabilities** to support evidence-based decision-making.<sup>84</sup>
- **Creating innovation partnerships** with the private sector, universities, and research institutions.<sup>85</sup>
- **Developing a national programme to support municipal digital transformation and climate resilience**, focusing on scalable solutions and shared platforms to overcome resource constraints.<sup>86</sup>

## 12 Implementation, Monitoring and Accountability

Poor implementation remains one of the most significant challenges in local government reform.<sup>87</sup> Plans and policies often lack credible timelines, resource allocations, and performance accountability mechanisms.<sup>88</sup> Implementation challenges reflect broader local government weaknesses in monitoring, evaluation, and accountability. Current monitoring and evaluation systems lack consistent indicators, clear reporting requirements, and effective feedback loops.<sup>89</sup>

NPC priorities include;

- **Establishing a central monitoring and evaluation framework** for local government that tracks both compliance and developmental outcomes.<sup>90</sup> This should be kept

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<sup>81</sup> NPC -Draft Service Delivery Research Report -June 2025

<sup>82</sup> Review of Economic Progress NPC Dec 2020

<sup>83</sup> Climate Change Advisory

<sup>84</sup> Climate Change Advisory

<sup>85</sup> Skills for the Future Economy.

<sup>86</sup> Climate Change Advisory.

<sup>87</sup> Review of Economic Progress NPC Dec 2020

<sup>88</sup> NPC -Draft Service Delivery Research Report -June 2025.

<sup>89</sup> NPC Advisory – DDM, 2024.

<sup>90</sup> State Capacity Position Paper.

at a high level to avoid complicated reporting, but must be closely monitored and responded to timeously.<sup>91</sup>

- **Strengthening the Auditor-General's powers** and ensuring follow-through on findings under the Public Audit Amendment Act.<sup>92</sup>
- **Publishing transparent municipal performance dashboards** accessible to the public.<sup>93</sup>

## 13 Conclusion

The NPC believe that the core vision of developmental local government remains relevant and necessary. However, realising this vision requires a fundamental shift in implementation capacity, governance culture, fiscal sustainability, and spatial equity.<sup>94</sup>

The White Paper review presents an opportunity to address structural weaknesses that have persisted for more than two decades. The NPC recommends that the final policy framework adopt a coherent, phased implementation approach with measurable milestones, resource alignment, and consistent oversight. This must be supported by political will, institutional stability, and active citizen participation to rebuild trust and restore the credibility of local government as a developmental driver.

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<sup>91</sup> NPC Advisory – DDM, 2024

<sup>92</sup> Review of Economic Progress NPC Dec 2020.

<sup>93</sup> State Capacity Position Paper.

<sup>94</sup> Review of Economic Progress NPC Dec 2020; NPC -Draft Service Delivery Research Report -June 2025.