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DEPARTMENT OF CO-OPERATIVE GOVERNANCE

NO. 6684 **30 September 2025**

CONSOLIDATED ANNUAL LOCAL GOVERNMENT PERFORMANCE REPORT 2021/2022

I, Mr Velenkosini Hlabisa, Minister of Cooperative Governance and Traditional Affairs, in terms of section 48(2) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), hereby publish the Consolidated Annual Local Government Performance Report 2021/2022, in the Schedule hereto.



MR VELENKOSINI HLABISA, MP

MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

DATE: 19 September 2025

cooperative governance
Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

SECTION 48 REPORT:

Consolidated Annual Local Government Performance Report For 2021/22

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LIST OF ACRONYMS

AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General South Africa
B2B	Back to Basics
CAPEX	Capital Expenditure
CDW	Community Development Worker
CEF	Capital Expenditure Frameworks
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIBD	Construction Industry Development Board
COVID 16	Corona Virus Disease 2016
DCOG	Cooperative Governance and Traditional Affairs
CSIR	Council for Scientific and Industrial Research
CWP	Community Work Programme
DBSA	Development Bank of Southern Africa
DCoG	Department of Cooperative Governance
DDM	District Development Model
DED	Department of Economic Development
DESTEA	Department of Small Business Development, Tourism and
EA	Environmental Affairs
DIMAFO	District Mayors' Forum
DLG	Department of Local Government
DM	District Municipality
DOC	Disaster Operations Centre
DoR A	Division of Revenue Act
DPME	Department of Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DRR	Disaster Riks Reduction
DWS	Department of Water and Sanitation
EC	Eastern Cape Province
ECD	Early Childhood Development
EEDSM	Energy Efficiency and Demand Side Management
ESECC	Eastern Cape Socio-Economic Consultative Council

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EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FBE	Free Basic Electricity
FBO	Faith-Based Organisation
FBR	Free Basic Refuse
FBS	Free Basic Services
FBW	Free Basic Water
FM	Financial Management
FS	Free State Province
FRP	Financial Recovery Plan
GCR	Gauteng City Region
GHS	General Household Survey
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GP]	Gauteng Province
HH	Household
HOD	Head of Department
HR	Human Resources
IDP	Integrated Development Plan
IEC	Independent Electoral Commission
IGR	Intergovernmental Relations
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
KZN	KwaZulu-Natal Province
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
LP	Limpopo Province
LUMS	Land-Use Management Systems
MEC	Member of the Executive Council
MFMA	Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
MINMEC	Ministers and Members of Executive Council
MIT	Municipal Interface Team
MM	Metropolitan Municipality
MP	Mpumalanga Province
MPAC	Municipal Public Accounts Committee

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MPT	Municipal Planning Tribunal
MSA	Municipal Systems Act, 2000 (Act No. 32 of 2000)
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal Systems Improvement Grant
MTSF	Medium Term Strategic Framework
NC	Northern Cape Province
NDMC	National Disaster Management Centre
NDP	National Development Plan
NGO	Non-Governmental Organisation
NT	National Treasury
NQF	National Qualifications Framework
NW	North West Province
NWSKS	National Water Services Knowledge System
OPEX	Operating Expenditure
PDMC	Provincial Disaster Management Centre
PMS	Performance Management System
PMU	Project Management Unit
PPsE	Property, Plant and Equipment
PPE	Property, Plant and Equipment
PPGI	Public-Private Growth Initiative
PROVJOINTS	Provincial Joint Operational and Intelligence Structures
RBIG	Regional Bulk Infrastructure Grant
RRAMS	Rural Roads Access Management System
SA	South African
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SETA	Sector Education Training Authority
SIP	Strategic Infrastructure Projects
SMME	Small, Medium and Micro enterprise
SoLGF	State of Local Government Finance and Financial Management
SPLUMA	Spatial Planning and Land Use Management Act
SRT	Small Town Regeneration Strategy
Stats SA	Statistics South Africa

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UIF	Unemployment Insurance Fund
UIFW	Unauthorized, fruitless andwasteful expenditure
UPM	Unemployed Peoples Movement
WBP	Ward Based Planning
WC	Ward Committee
WC	Western Cape Province
WCWDM	Water Conservation/Water Demand Management
WSDP	Water Services Development Plan
WSIG	Water Services Infrastructure Grant
WSP	Workplace Skills Plan

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FOREWORD BY THE MINISTER

This report represents the Consolidated Local Government Performance Report for the 2021/2022 financial year, in terms of Section 48 of the Local Government Municipal Systems Act. The report consolidates the reports submitted by the MECs responsible for local government as required by Section 47 of the Systems Act and includes other relevant information.

During 2021/22, restrictions in terms of COVID-16 were gradually eased and finally terminated in April 2022. The unintended consequences of job losses, business closures and disruption of government services, had a negative impact across the country. To facilitate the process of recovery, especially at local government-level, the Department of Cooperative Governance (DCoG) directed all Metropolitan and District municipalities to develop localised post-COVID-16 Economic Recovery Plans.

The District Development Model (DDM), directs government cooperation in all aspects of local government development, namely, socio-economic development, infrastructure development, financial development, spatial governance and governance. The approach aims to improve developmental Local Government and Cooperative Governance, ensuring local-level partnership with communities, citizens and social stakeholders.

The Eastern Seaboard Development project was launched in November 2021. This project will connect villages, towns and cities of the Wild Coast Corridor comprising unique ecological zones and tourism routes with provincial, national and continental economies through transportation infrastructure and information technology. The project will further contribute towards the creation of new regional nodes that will attract investment and create jobs and other opportunities for communities.

In preparation for the 2021 Local Government Elections, the Minister determined formulae for the determination of the number of councillors for municipal councils. All provinces subsequently determined the exact number of councillors for each municipality, based on the formulae. These determinations enabled the Municipal Demarcation Board to delimit ward boundaries in local and metropolitan municipalities. The number of wards increased from 4362 in 2016 to 4468 in 2021.

Due to the COVID-16 pandemic, the Independent Electoral Commission (IEC) approached the Constitutional Court to postpone the local government elections to February 2022. However, the Court ruled that the elections had to be held by 1 November 2021. The Inter-Ministerial Committee on Municipal Elections held four meetings in preparations for the 2021 Local Government Elections between June and October 2021. There was an increased interest in both the number of political parties and candidates that participated in the 2021 elections. A total of 323 registered political parties contested the elections, compared to 205 in 2016. The number of candidates increased from 66 014 in 2016 to 65 427 in 2021. A total of 10 400 councillors were elected.

The number of registered voters was 24 204 576, comprising 67.6% of the estimated voting population of 31 million people. Of these registered voters, 55% were female and 45% male. The voter turnout was 45.87%, which was the lowest of all the five local government elections since 2000. According to the IEC, concerns around COVID-16 played a role, despite all the measures implemented by the Commission. The elections were nevertheless held successfully and were among the most peaceful and violence-free in the country's history.

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The high number of hung councils and coalition formations confirms the need to strengthen guidance in the formation and management of coalition councils, especially considering how coalition governments at times can be difficult to manage. Capacity building and empowerment programmes will continue to be offered to support the newly elected local government leaders in partnership with key stakeholders such as the South African Local Government Association (SALGA).

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FOREWORD BY THE DEPUTY MINISTER

The Consolidated Annual Local Government Performance Report of 2021/22 provides an overall perspective of the Section 47 reports on municipal performance consolidated by the Provincial Departments responsible for local government. By analysing municipal performance and comparing it across provinces and nationally, it is possible to identify good practices, as well as weaknesses that require more focused support and intervention.

Over the period of reporting, the local sphere of government continued to be instrumental in the advancement of the social welfare agenda through the Free Basic Services Policy, which caters for indigent households. Many municipalities still have challenges with having systems in place to identify indigent households or mechanisms to target households in need of free basic services. The department' partnership with stakeholders such as the South African Revenue Services is helping municipalities move towards developing efficient and effective indigent identification and screening systems.

The Department promulgated two sets of the Regulations for Senior Managers and Municipal Staff below the management echelon. The Regulations introduce uniform standards and procedures for staff establishments, recruitment and appointments, as well as performance management and transfers.

As part of ensuring the implementation of the Integrated Urban Development Framework, the department has in the financial year under review identified and designated three municipalities as pilot sites for a Small Town Regeneration Strategy (STR). The municipalities are: Modimolle-Mokgophong LM in Limpopo, Setsotso LM in the Free state and Bergrivier LM in the Western Cape. The aim of the STR is to revive, restore and fulfil the economic potential of underperforming small towns, as well as to embrace the value of small towns and their central position in larger hierarchical settlements. This strategy will be rolled out to other small towns in phases.

In an effort to strengthen our developmental orientation, through this Department, government introduced the Community Works Programme to provide skills and meaningful employment to the unemployed, with an emphasis on women, young people and persons with disabilities. The programme has thus far served as a safety net to the poor, unemployed and underemployed by providing them with regular and predictable work opportunities, enabling them to earn a monthly stipend.

For the 2021/22 financial year, 273 848 people participated in the programme and were afforded employment and training opportunities in capacity building programmes on construction, roadworks and environmental practice, improving their future employment and economic prospects. Six training partnerships were established with the National Youth Development Agency (NYDA), Department of Women Youth and Persons with Disability, Wits University, Commission for Gender Equality, Local Government Sector Education and Training Authority (LGSETA) and the Centre for the Study of Violence and Reconciliation (CSVR).

To improve its impact, the CWP has undergone a remodelling process, introducing a new implementation model to replace the old one, stressing the need for government, business and communities to work together in the cause of fighting poverty, unemployment and inequality, and that large scale economic projects must have a real and tangible benefit to local communities because economic development that does not prioritise the needs of the community is unsustainable.

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EXECUTIVE SUMMARY

The Section 48 Report for 2021/22 is a statutory requirement of the Municipal Systems Act (Act no 32 of 2000) (MSA), consolidating the nine provincial Section 47 reports into a single national overview of municipal performance. It is designed both to ensure accountability to Parliament and citizens and to serve as an early warning tool to identify municipalities requiring intervention. The report is structured around an assessment of submission rates of municipal Section 46 reports, analysis across the five Key Performance Areas (KPAs), and a review of audit outcomes before concluding with a view of reported municipal underperformance and provincial support interventions to address such challenges. Municipal submissions of Section 46 reports remain uneven. Persistent gaps in compliance and reporting continue and late and inconsistent submissions continue to hamper timely consolidation of the national report.

The legislative foundation of the Section 48 process is rooted in the Constitution, Act 108 of 1666, which assigns municipalities the developmental mandate to deliver services, drive socio-economic development, and promote citizen participation. This mandate was elaborated by the 1668 White Paper on Local Government, which introduced integrated development planning and performance management. The MSA gives statutory force to these requirements. The National Development Plan (NDP) of 2012 emphasised professionalisation and capacity-building for local government, while the current Medium-Term Strategic Framework (2016–2024) provides the planning lens for implementation of national priorities.

Across the Key Performance Areas, the report identifies both progress and persistent challenges.

Institutional Transformation and Organisational Development

On institutional transformation and organisational development, performance was assessed in terms of senior management stability, employment equity, skills development, and performance management. The national vacancy rate for municipal managers, chief financial officers and other section 54A/56 posts rose from the previous year. Nearly one-third of municipal managers and more than a quarter of CFOs were serving in acting capacities. Female representation in senior management posts remained at 30 percent, well below the 50 percent target, and municipalities performed poorly in employing youth and people with disabilities. Weaknesses included persistent vacancies, underfunded skills development plans, and poor follow-through on misconduct cases.

Service Delivery

In relation to service delivery, measurement focused on access to water, sanitation, electricity, refuse removal, free basic services, and municipal infrastructure investment. Water access stood at 88.5 percent nationally, but less than half of households (46%) had piped water in their homes. Water losses were extremely high, averaging 41.7 percent. Nationally, 83.2% of households had access to improved sanitation in 2022, but only 61% had access to flush toilets connected to a sewerage system, which represents the higher standard of sanitation. The percentage of South African households that were connected to the mains electricity supply increased from 76,7% in 2002 to 86,6% in 2022. Nationally, about two-thirds (62,6%) of households had their refuse removed on a weekly basis, or less often, while 28,8% had to use their own refuse dumps. Rural areas continue to receive the least regular service. Municipal Infrastructure Grant spending reached nearly 60 percent of its allocation, but expenditure on repairs and maintenance remained well below the 8 percent benchmark, leaving ageing infrastructure under severe strain.

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Local Economic Development

On local economic development, assessment centred on the presence of LED strategies and units, the functioning of LED forums, and job creation through programmes such as the EPWP and CWP. Many municipalities lacked up-to-date strategies or had severely under-resourced LED units. Some provinces, such as Limpopo and Mpumalanga, reported fully functional forums, while others lagged behind. Over 200,000 work opportunities were created nationwide, though reporting on outcomes was inconsistent. Challenges included poor investment readiness, weak alignment with private sector initiatives, and limited monitoring capacity.

Financial Viability

Financial viability remains one of the most pressing concerns. In 2021/22, 112 municipalities adopted unfunded budgets, up from 106 in the previous year. Service charges, especially electricity, continue to underpin municipal revenue, but declining collection rates eroded financial health. Nearly half of municipalities had cash coverage of less than one month, with several metropolitan municipalities also under stress. Widespread disclaimer audit opinions and escalating debt levels placed many municipalities in financial distress, often triggering Section 136 interventions. The main challenges were rising debtor levels, persistent cash flow crises, weak revenue collection, and growing dependence on grants.

Good Governance and Public Participation

On good governance and public participation, assessment focused on the functioning of ward committees, municipal councils, oversight bodies, and anti-corruption mechanisms. While most municipalities had established ward committees, their functionality was inconsistent. Oversight structures such as MPACs and audit committees varied widely in strength, with some provinces reporting regression. Anti-corruption frameworks were in place but poorly implemented. Intergovernmental forums often lacked effectiveness, and accountability mechanisms remained weak, with many municipalities failing to act on audit findings.

Section 134 Audit Report

The Section 134 audit report underscores systemic weaknesses in financial management. A high incidence of disclaimer opinions was recorded, particularly among smaller municipalities. Common issues included poor record-keeping, non-compliance with supply chain management requirements, and inadequate internal controls. Leadership instability and insufficient financial management skills compounded the problem, and there was little evidence of consequence management. Irregular, fruitless, and wasteful expenditure remained widespread, and national and provincial interventions have so far produced uneven results.

Despite the many challenges identified, the report also reflects areas of progress. Access to basic services such as water, sanitation and electricity continued to expand, with national coverage levels above 80 percent in most categories. Several provinces reported fully functional local economic development forums, and job creation through EPWP and CWP initiatives contributed over 200,000 work opportunities nationwide. Municipal Infrastructure Grant expenditure reached nearly 60 percent of the allocation, demonstrating improved utilisation of national transfers, and some municipalities have shown commitment to stabilising governance structures through functional ward committees and audit

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committees. These gains, while uneven, provide a foundation on which to build stronger, more accountable and developmental local government.

In conclusion, however, the Section 48 report paints a picture of fragile municipal performance. Gains in extending basic services have been offset by serious weaknesses in infrastructure reliability, institutional stability, and financial viability. Leadership vacancies, declining maintenance, unfunded budgets, and weak accountability mechanisms continue to undermine municipalities' ability to fulfil their constitutional mandate. Addressing these systemic issues will require urgent professionalisation of management, strengthened financial discipline, and sustained investment in both infrastructure and institutional capacity.

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1 INTRODUCTION

Local government in South Africa plays a vital role in delivering basic services, promoting development, and ensuring participatory democracy at the local level. Its performance directly affects the quality of life for communities, making it essential for local municipalities to operate efficiently, transparently, and accountably. When local governments underperform—whether through mismanagement, financial irregularities, or service delivery failures—it undermines public trust, worsens inequality, and hampers socio-economic progress.

The Section 48 Report, an annual requirement of Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) aims to highlights trends in governance, financial management, and service delivery, enabling stakeholders to monitor progress, identify systemic weaknesses, and take corrective action to uphold the public good.

1.1 PURPOSE OF THE REPORT

This report is intended to provide an account to Parliament and the citizens of South Africa on the progress made by municipalities in realising the goal of developmental local government. The Section 48 Report, submitted annually in accordance with the Municipal Systems Act of 2000, serves two key functions:

- It acts as an early warning mechanism to identify municipalities experiencing challenges that may require intervention.
- It highlights examples of good practice, showcasing successful approaches that can be shared and replicated across municipalities to promote mutual learning and improvement.

Currently, several challenges hinder the effectiveness of the Section 48 Report in fulfilling its intended role. These challenges are highlighted throughout the report, and include the following:

- **Delays in Data Collection:** Significant lags in receiving Section 46 reports from municipalities and Section 47 reports from provinces delay the overall process.
- **Extended Compilation Timelines:** The time required to compile and consolidate these reports limits the ability of the Section 48 Report to function as a timely and effective monitoring, reporting, and response mechanism.
- **Data Gaps and Inconsistencies:** Incomplete data and inconsistent reporting practices across provinces make it difficult to conduct meaningful national comparisons in several key areas.

Potential areas for improvement are identified and discussed later in the report.

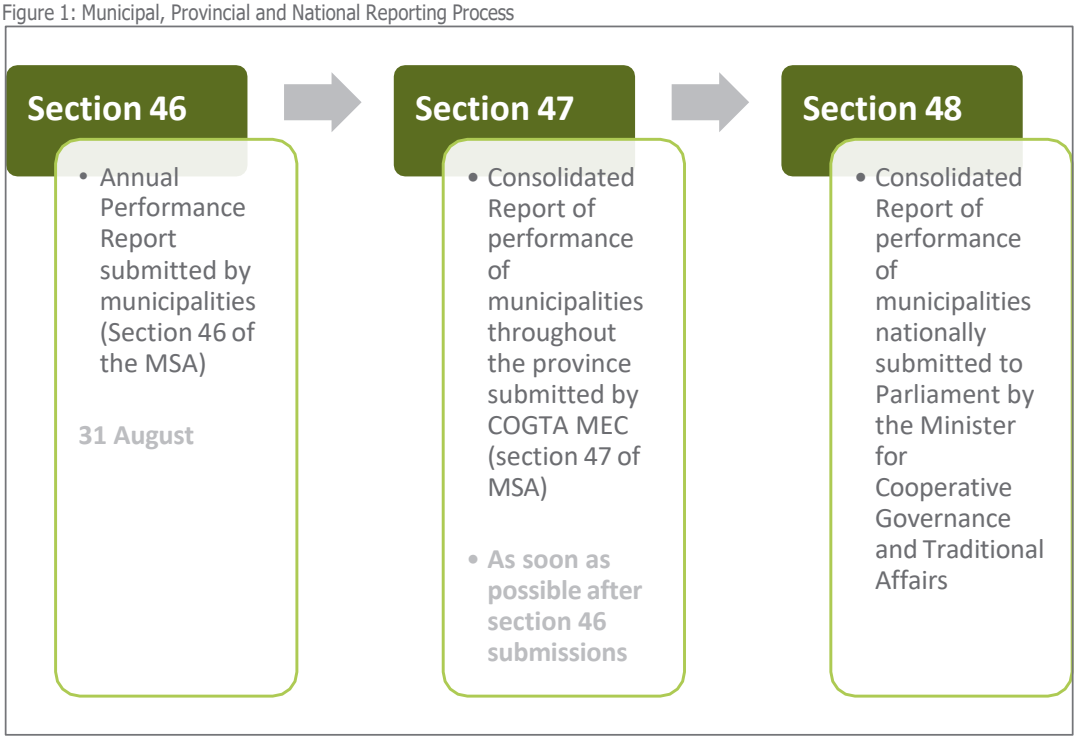
1.2 REPORTING PROCESS

The figure below depicts the reporting cycle based on the submission of Section 46 reports from municipalities to provinces, who compile a consolidated provincial report on the form of the Section 47 report. This in turn is compiled into a Section 48 report that is tabled to Parliament.

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Section 48 Report: 2021/22

Figure 1: Municipal, Provincial and National Reporting Process



Source: Section 48 report 2020/2021

1.2.1 Municipal Reporting

The MSA mandates municipalities to monitor performance via quarterly and mid-year reports that inform the annual performance reports (Section 46 reports). These reports, along with financial statements, are submitted for auditing by 31 August. All municipalities must submit audited Section 46 reports to their Councils and MECs for Local Government, detailing:

(a) Performance during the financial year; (b) A comparison to the previous year; and (c) Measures taken to improve performance.

1.2.2 Provincial Reporting

Section 47 of the MSA requires all provinces to submit consolidated municipal performance reports to the Department of Cooperative Governance. These reports should cover the five Key Performance Areas (KPAs) of the Five-Year Local Government Strategic Agenda, address cross-cutting issues like integrated development planning, and outline key challenges, interventions, and support mechanisms with clear recommendations. Provinces primarily use Annual Performance Reports (based on S46), IDP reports, audit outcomes, and audited financial statements as data sources. Some provinces did not fully meet submission requirements. KZN, MP, and WC did not specify the number of Section 46 reports submitted. Eastern Cape had three municipalities with missing reports due to delayed audits and political instability. Free State had six non-compliant municipalities: Kopanong, Mohokare, Lejweleputswa, Maluti-a-Phofung, Nketoana, Mafube.

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1.2.3 National Reporting

The Section 48 report is a consolidated assessment of municipal performance, compiled in line with the Municipal Systems Act (MSA). It draws on multiple sources, including provincial Section 47 reports, the Department of Cooperative Governance (DCoG) Annual Report, the Auditor-General's reports, Section 134 reports, National Treasury reports, and data from Statistics South Africa. Once compiled, the Section 48 report is tabled in Parliament and shared with the MECs in each province. The 2021/2022 Section 48 report was delayed because the final Section 47 submission from the Free State province was only received in July 2025.

1.3 STRUCTURE OF THE REPORT

The structure of the Section 48 Report is set out in the table below:

Table 1: Report Structure

Section	Title	Covers
1	Introduction	• Introduction, purpose, reporting process
2	Background	• Legislative and policy context • Audit findings and state of Section 47 reporting, • Methodology and approach • Municipal response rates and submission
3	KPA1: Municipal Transformation and Organisational Development	• Workforce Stability • Employment Equity • Skills Development • Performance management s compliance • Disciplinary procedures
4	KPA2: Basic Service Delivery	• Access to services • Service Reliability • Infrastructure investment and maintenance
5	KPA 3: Local Economic Development	• LED Strategy s Planning • Facilitated job opportunities • Types of LED initiatives
6	KPA 4: Municipal Financial Viability	• Financial Distress Indicator • Budget Funding Status (unfunded vs funded) • Revenue • Operating Expenditure • Cash Management and Liquidity • Audit Outcomes
7	KPA 5: Good Governance and Public Participation	• Ward committees • Functionality of Council Structures • Anti-corruption and fraud prevention
8	Cross Cutting Planning Issues	• Spatial planning • Disaster Management • Climate resilience
6	Conclusion	
10	References	

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2 BACKGROUND

2.1 LEGISLATIVE & POLICY CONTEXT

2.1.1 The Constitution

The Constitution of South Africa (Act 108 of 1666) establishes three interdependent spheres of government that must work together through cooperative governance, recognising that development challenges cannot be addressed by one sphere alone. The Intergovernmental Relations Framework Act (2005) was introduced to support this collaboration.

Sections 152, and 153 of the Constitution define local government as developmental, with responsibilities including service delivery, promoting social and economic development, and encouraging community involvement. Municipalities are required to prioritise community needs and align their operations with national and provincial development programmes. Section 154 further obliges national and provincial governments to support and strengthen municipal capacity to perform their functions effectively.

2.1.2 White Paper on Local Government (1GG8)

The White Paper on Local Government gives effect to the constitutional obligations of the local government sphere. It defines *developmental local government* as municipalities committed to working with communities to find sustainable ways to meet social, economic, and material needs while improving quality of life. It sets out guiding principles, characteristics, outcomes, and mechanisms for achieving these goals. The White Paper sets out the characteristics of developmental local government, which are that municipalities should work innovatively and cooperatively with communities to:

- **Maximise** social development and economic growth
- **Integrate and coordinate** services and initiatives
- **Democratise development**, empower citizens, and promote redistribution
- **Lead and learn** through adaptive governance

The White Paper sets out the following developmental outcomes:

- Provision of household infrastructure and services
- Creation of liveable, integrated cities, towns, and rural areas
- Promotion of local economic development
- Community empowerment and redistribution

Mechanisms for Implementation are:

- Integrated development planning and budgeting
- Performance management
- Collaboration with citizens and partners

National and provincial governments must actively support municipalities in building strong local governance. Municipalities, in turn, must work collaboratively with other spheres of government to enhance service delivery and development.

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2.1.3 Organised Local Government

The Constitution allows municipalities to form associations. The South African Local Government Association (SALGA) serves as the national voice of local government, with six main functions:

1. Representation, advocacy, and lobbying
2. Employer representation in collective bargaining (SALGBC)
3. Capacity building for councillors and officials
4. Support and advice on policy and legislation
5. Strategic profiling of local government nationally and internationally
6. Knowledge and information sharing

SALGA represents local government in legislative processes, intergovernmental forums, and labour relations structures, while also providing specialised services, research, peer learning, and training to municipalities.

2.1.4 Medium-Term Strategic Framework (MTSF) 201G-2024

The MTSF 2016–2024 serves as a five-year implementation plan and integrated monitoring framework. It is based on the seven priorities of the sixth administration, with interventions to achieve each priority. Progress is tracked through outcomes, indicators, and targets.

The MTSF promotes alignment and coordination across all development planning instruments, integrating them into a single results-driven framework. It seeks to avoid duplication, role conflict, and contradictory initiatives, with improved delivery through the district-based model.

Priority 5: Spatial Integration, Human Settlements and Local Government

This priority addresses the constitutional right to access basic services, in line with South Africa's commitment to the Sustainable Development Goals, including clean water, sanitation, electricity, and related services. Effective spatial planning is key to achieving these rights. Although service delivery has improved over time, many municipalities face difficulties in operating and maintaining infrastructure sustainably. This leads to asset deterioration, frequent disruptions, and negative impacts on social and economic development. Functional municipalities are essential for creating safe, healthy, and economically sustainable environments.

Key departments responsible for improving and monitoring basic services:

- Department of Mineral Resources and Energy – electricity
- Department of Water and Sanitation – water and sanitation
- Department of Forestry, Fisheries and the Environment – waste management

2.1.5 The National Development Plan

In 2012, the National Planning Commission identified uneven capacity across local, provincial, and national government as the main obstacle to building a capable and developmental state. This unevenness stems from factors such as political–administrative tensions, instability in leadership, skills shortages, weak accountability, poor organisational design, and low staff morale.

The NDP proposes targeted actions to address these challenges:

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- **Stabilise the political-administrative interface** – Build a professional, politically impartial public service with clear separation between political and administrative roles.
- **Make public service a career of choice** – Recruit and develop skilled professionals at all levels.
- **Develop technical and specialist skills** – Strengthen the state's capacity to produce and retain critical expertise.
- **Strengthen delegation and accountability** – Promote consistent delegation supported by oversight systems.
- **Improve interdepartmental coordination** – Resolve most issues through day-to-day cooperation between officials.
- **Enhance intergovernmental relations** – Devolve responsibilities where capacity exists and build capacity where it is lacking.
- **Strengthen local government** – Provide long-term skills development, a professional ethos, and stronger citizen participation.

For local government specifically, the NDP recommends:

- Strengthening recruitment systems, operational guidelines, and staffing frameworks.
- Linking municipal skills plans to Integrate Development Plans (IDPs).
- Improving national and provincial support and oversight.
- Focusing IDPs on core priorities, led by municipal staff.
- Ensuring community participation in IDPs is deliberative and takes place in community spaces.

2.2 METHODOLOGY AND APPROACH

The Section 48 report was developed through the consolidation and analysis of the nine provincial Section 47 reports, which provide provincial assessments of the state of municipalities. These reports were supplemented with additional sources such as the Non-Financial Census of Municipalities (Statistics South Africa, 2021/22), the State of Local Government and Financial Management (2021/22), and the DCoG Annual Report (2021/22), Reports from National Treasury and the Section 134 Report for 2021/2022. Together, these sources offered both quantitative and qualitative insights into governance, financial management, service delivery, and institutional capacity across municipalities.

However, the process was not without challenges. The nine provinces did not provide data in a uniform format, making direct comparisons difficult in many cases. In addition, provinces did not report consistently on issues, and in several instances the reporting was either unclear or inadequate. These limitations affected the ability to generate a fully standardised national overview.

In response to these challenges, a flexible and pragmatic approach was adopted that included:

1. **Comparative analysis where possible:** Where data were comparable across provinces, direct comparisons were made, even if this was possible for fewer than nine provinces.
2. **Province-specific reporting:** In instances where no common basis for comparison existed, the report presents provincial-level explanations of initiatives, interventions, and challenges to ensure that important information is not omitted.
3. **Thematic synthesis with supplementary sources:** To strengthen reliability, secondary sources such as Stats SA, the DCoG State of Local Government and Financial Management, Annual Report, Section 134 report and National Treasury reports were integrated. These sources provided a broader national perspective and helped triangulate findings.

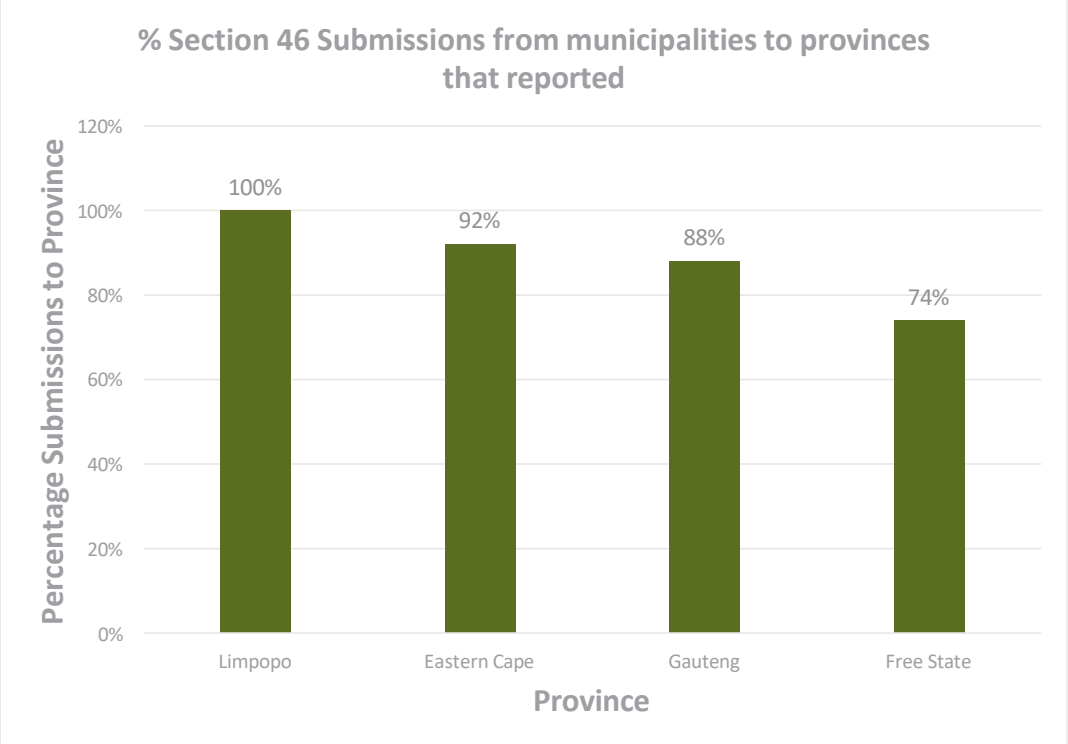
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This mixed approach allowed the Section 48 report to provide a consolidated national perspective while still acknowledging variations in provincial reporting. It ensured that the report reflects both cross-cutting trends and province-specific circumstances, thereby offering a more accurate and balanced assessment of the state of local government.

2.3 MUNICIPAL RESPONSE RATES IN SUBMITTING SECTION 46 REPORTS

Five provinces did not report on the response rate of their municipalities required to submit Section 46 reports. The figure below shows that for the four that did report, Limpopo had the highest rate with 100% of municipalities submitting the report. This was followed by Eastern Cape on 62% and Gauteng with an 88% response rate. Free Sate reported that 74% if its municipalities submitted Section 46 reports.

Figure 2: Percentage submission of Section 46 reports



Source: Section 47 reports 2021/2022

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3 MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

3.1 OVERVIEW

Well-capacitated municipal organisations are essential for effective service delivery. To achieve this, municipalities must appoint appropriately qualified personnel, promote employment equity, and invest in staff development. This key performance area evaluates what the Section 47 reports state about their municipalities institutional readiness and capacity to fulfil their constitutional and developmental responsibilities, as outlined in the Constitution and the White Paper on Local Government.

Chapter 7 of the Municipal Systems Act directs municipalities to develop and adopt appropriate policies and systems (consistent with the regulations setting uniform norms). Section 51 guides organisational transformation in local government. It requires municipalities, within their available resources, to structure their administrations in ways that:

- Respond to community needs.
- Foster a culture of public service and accountability.
- Align with the performance objectives in Sections 152 and 153 of the Constitution.
- Ensure roles and responsibilities reflect the municipality's Integrated Development Plan (IDP).
- Promote coordination and communication between political and administrative structures, and with the local community.
- Maintain flexibility to adapt to changing priorities.
- Operate through efficient administrative units or decentralised mechanisms as needed.
- Clearly assign and manage responsibilities within the organisation.
- Hold the municipal manager accountable for overall performance.
- Maximise internal communication and decision-making efficiency.
- Delegate responsibility effectively within the administration.
- Involve staff in management decisions where practical.
- Provide a fair, equitable, and non-discriminatory working environment.

These principles aim to ensure that municipalities are responsive, accountable, and performance-driven in fulfilling their service delivery mandate. Additionally, to support the professionalisation of local public administration, government gazetted the *Regulations on the Appointment and Conditions of Employment of Senior Managers* on 17 January 2014. These regulations set clear standards for the appointment and employment conditions of senior municipal managers and their direct reports.

The following indicators are reported on:

1. Workforce stability (number of approved posts, filled posts and vacancy rate in senior management)
2. Employment equity
3. Capacity building and skills development
4. Performance management

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3.2 WORKFORCE STABILITY

3.2.1 Overview

Workforce stability refers to the consistency and continuity of employees within an organisation over time, with low turnover and minimal disruption. It is a key factor in maintaining institutional knowledge, operational efficiency, and service delivery effectiveness.

The metrics "number approved, number appointed, and vacancy rate" for Municipal Managers and Section 54 and 56 positions, along with the "number of senior managerial positions against the approved organogram," are critical indicators for assessing workforce stability within a municipality. These metrics provide a clear picture of the municipality's ability to fill key leadership roles essential for effective governance and service delivery. The comparison between approved and appointed positions highlights the municipality's recruitment efficiency, while the vacancy rate reveals potential gaps that may impact operational stability. Additionally, tracking senior managerial positions against the approved organogram ensures alignment with the municipality's strategic staffing framework, allowing for informed planning and resource allocation. Together, these measures offer a comprehensive view of organizational capacity and stability in the municipal workforce.

3.2.2 National Vacancy Rates

In line with Section 66 of the MSA (Act No. 32 of 2000), municipalities must establish and maintain an approved staff structure and regularly assess vacancy rates. Once approved by the municipal council, it is the Municipal Manager's responsibility to ensure timely filling of posts.

Table 2 shows that according to the non-financial census of municipalities for the year ended 30 June 2022 by Statistics South Africa, there was a national vacancy rate amongst Section 54A and 56 positions of 24% with the lowest being 11% in the Eastern Cape and Free State having a vacancy rate in this category of 37%[1]. There is a significant increase in vacancies from a vacancy rate of 16% in June 2021 and 18% in June 2020. A good vacancy rate for senior management in government is generally considered to be below 10%. Rates above this threshold may indicate challenges in recruitment, retention, or organisational stability, and can negatively impact governance and service delivery. In the South African context, high vacancy rates in senior positions have been repeatedly highlighted by the Department of Cooperative Governance and the Auditor-General as a concern affecting municipal performance. Many municipalities continue to struggle with high vacancy rates. While some have addressed this by requesting seconded officials from the provincial departments, this approach presents challenges and places additional strain on both the department and municipalities.

Table 2: Number of managerial positions by province according to Section 54A and 56

Province	Total Posts	Vacant Posts	Vacancy Rate
Western Cape	165	32	16%
Eastern Cape	254	26	11%
Northern Cape	145	36	27%
Free State	126	48	37%

[1] Statistics South Africa: Statistical Release: Non financial census of municipalities for the year ended 30 June 2022

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Section 48 Report: 2021/22

Province	Total Posts	Vacant Posts	Vacancy Rate
KwaZulu-Natal	306	52	17%
North West	136	36	28%
Gauteng	122	43	35%
Mpumalanga	126	36	30%
Limpopo	172	46	28%
Total South Africa	**1 564**	**370**	**24%**

Source: Stats SA non-financial census of municipalities ending June 2022

3.2.3 Vacancy Rates of Municipal Managers (MM) and Chief Financial Officers (CFO)

To encourage stability at municipalities, the National Treasury has embedded a compulsory requirement that the positions of both the MM and CFO should not be vacant for more than six months during the financial year that a roll-over is requested. The table below shows that as of June 2022 30% of MM positions across provinces were in acting positions, 27 of CFOs were acting and in 12% of municipalities both the MM and the CFO were acting.[2] The number of acting Municipal Managers (MMs) rose from 70 in 2020/21 to 77 in 2021/22, with Gauteng, Northern Cape, and North West showing the largest increases. Acting Chief Financial Officers (CFOs) also grew from 56 to 70 over the same period, with the highest vacancy rates recorded in North West (54.5%), Gauteng (45.5%), Limpopo (44.4%), and Northern Cape (38.7%). Municipalities where both the MM and CFO were in acting positions increased from 25 to 32.

High levels of acting Municipal Manager (MM) and Chief Financial Officer (CFO) positions undermine workforce stability because acting officials often lack the authority and continuity needed for long-term planning, sound financial management, and accountability. With 30% of MMs and 27% of CFOs in acting roles—and 12% of municipalities having both positions vacant—many municipalities face leadership instability that threatens service delivery and compliance with Treasury requirements.

Table 3: Number and % of Acting MM and CFOs

Province	Total MM and CFO Positions	Acting MM Positions		Acting CFO Positions		Both Acting	
		No	%	No	%	No	%
Eastern Cape	36	5	13%	7	18%	2	5%
Free State	23	8	35%	3	13%	0	0%
Gauteng	11	6	55%	5	45%	4	36%
KwaZulu-Natal	54	23	43%	12	22%	4	7%
Limpopo	27	1	4%	12	44%	1	4%
Mpumalanga	20	2	10%	2	10%	1	5%
North West	22	11	50%	12	55%	6	41%
Northern Cape	31	15	48%	12	36%	7	23%

[2] Departrment of National Treasury: State of Local Government Finances and Financial Management as at June 2022

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Section 48 Report: 2021/22

Province	Total MM and CFO Positions	Acting MM Positions		Acting CFO Positions		Both Acting	
Western Cape	30	6	20%	5	17%	4	13%
	257	**77**	**30%**	**70**	**27%**	**32**	**12%**

Source: Stats SA non-financial census of municipalities ending June 2022

3.2.4 Vacancy rates for managerial positions (Excluding Section 54A and 56 posts)

The following comments were made by provinces around the worsening senior managerial vacancy rates:

- Gauteng reported that most senior managerial vacancies exist within the service delivery and technical units, which has contributed to the loss of water and electricity services.
- The Eastern Cape highlighted financial constraints and the rural nature of the province as key challenges in attracting and retaining skilled personnel. Due to these persistent issues, the province considers a 15% vacancy rate to be acceptable.

Provinces reported several forms of support as effective in assisting municipalities to fill vacant senior manager positions:

- **Issuing Directives:** Circulating notices, circulars, or guidelines to municipalities outlining the required steps for filling senior management posts.
- **Monitoring Compliance:** Preparing reports on municipal compliance with the Regulations on the Appointment and Conditions of Employment of Senior Managers.
- **Capacity-Building Forums:** Providing ongoing support through quarterly forums and bi-annual workshops to help municipalities interpret and apply the regulations.
- **Targeted Interventions:** Acting where municipalities fail to comply, such as the KwaZulu-Natal MEC's directives to five municipalities with posts vacant for six months to a year—a measure reported as effective.
- **Reviewing Appointments:** Evaluating senior manager appointment reports and advising the MEC on enforcement actions or remedies where necessary.

Table 4: Managerial positions by province according to organogram (excluding Section 54A and 56 managers)

Province	Total Posts	Vacant Posts	Vacancy Rate
Western Cape	1 262	177	14%
Eastern Cape	1 410	256	18%
Northern Cape	437	52	12%
Free State	887	61	7%
KwaZulu-Natal	2 163	270	12%
North West	670	55	8%
Gauteng	5 805	623	16%
Mpumalanga	834	154	18%
Limpopo	766	150	20%
Total South Africa	**14 267**	**2 0G8**	**15%**

Source: Stats SA non-financial census of municipalities ending June 2022

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3.3 EMPLOYMENT EQUITY

This indicator measures the extent to which municipalities have met the employment equity targets outlined in their Employment Equity Plans, as approved by their respective municipal councils. It aligns with the general key performance indicator (KPI) prescribed by the Minister under Regulation 10(e) of the Municipal Performance Management Regulations, 2001, which states:

> *Number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's employment equity plan.*

Employment equity performance is assessed in three key areas:

- Employment of women
- Employment of persons with disabilities, and
- Employment of youth (35 years and under).

3.3.1 Female representation in managerial positions (Section 54 and 56)

The figures to depict female representation are calculated against actual appointments at the time (warm bodies), not against the approved organogram, which includes vacant posts. This is the correct method for assessing female representation because:

- **Vacant posts distort the denominator**: If representation is calculated against an organogram that includes unfilled posts, female percentages are artificially deflated.
- **Warm bodies reflect reality**: By only counting employees who are in posts, the calculation accurately reflects the proportion of women currently holding leadership positions.
- **Policy and reporting standards**: Many workforce equity and compliance frameworks require reporting based on incumbents (actual employees), since representation is meant to capture the existing workforce structure, not hypothetical or unfilled capacity.

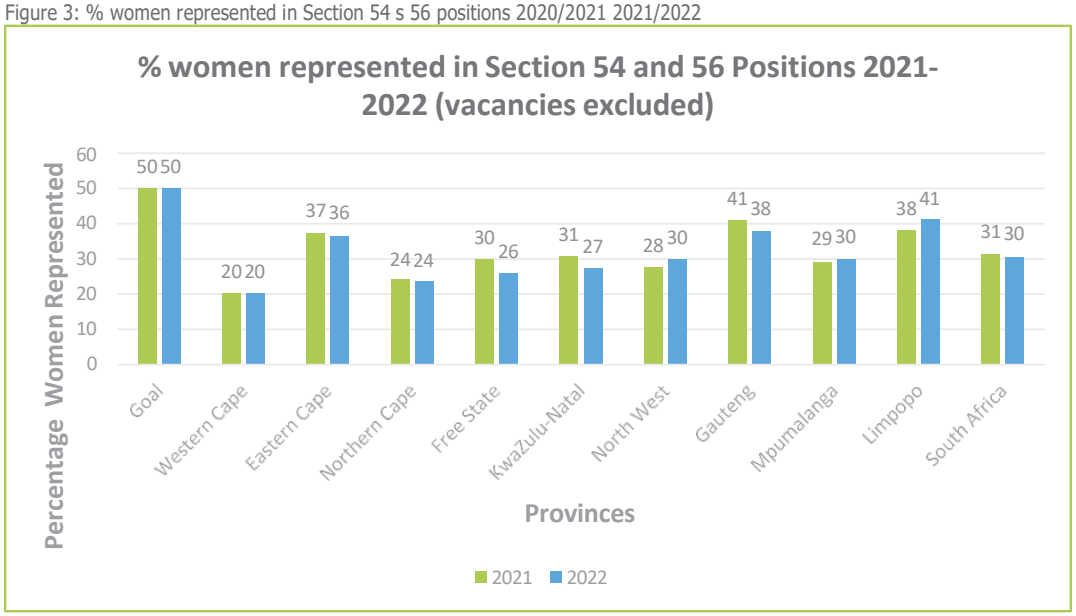
Therefore, using "warm bodies" gives the most accurate picture of gender representation at senior management level.

Figure 3 below shows that in 2021/2022, women's representation in Section 54 and Section 56 managerial positions showed mixed progress across provinces. All provinces, however, were below the target of 50%. The national average for female representation in section 54 and 56 positions was 30%. This is a slight decrease from 31% in 2021/2022. The provinces that improved were the North West (28% to 30%), Mpumalanga (26% to 30%), and Limpopo (38%-41%). Western Cape (20%) and Northern Cape (24%) stayed the same, whilst Eastern Cape (37% to 36%), Free State (30%-26%), KZN (31%-27%), Gauteng (41%-38%) decreased.

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Figure 3: % women represented in Section 54 s 56 positions 2020/2021 2021/2022



Source: Stats SA non-financial census of municipalities ending June 2022

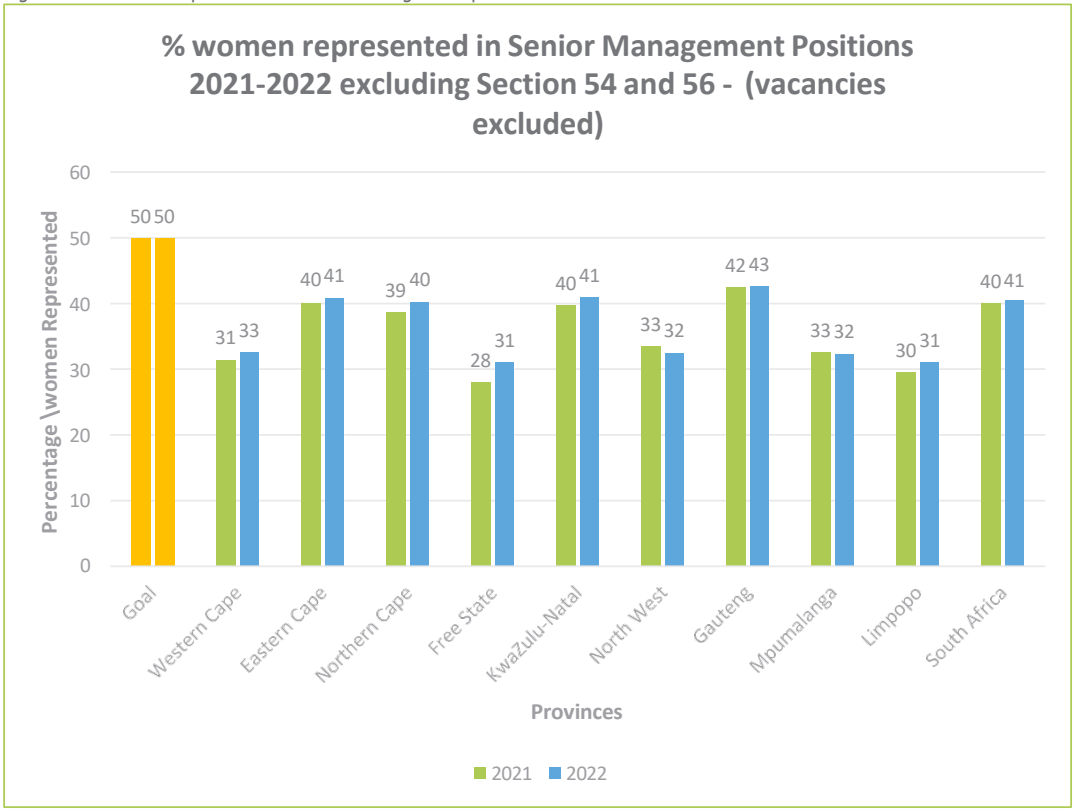
3.3.2 Female representation in managerial positions (excluding Section 54 and 56)

The national average for female representation in managerial positions excluding section 54 and 56 positions increased from 40% to 41% from 2021 to 2022. Six provinces showed improvement. They were KwaZulu-Natal (40% to 41%), Western Cape (31% to 33%), Eastern Cape (40% to 41%), Northern Cape (36%-40%), Gauteng (42%-43%) and Limpopo (30%-31%). Although the improvements are marginal, the trend is in the right direction. North West and Mpumalanga both declined slightly (33%-32%).

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Figure 4: % women represented in senior management positions 2021-2022[3]



Source: Stats SA non-financial census of municipalities ending June 2022

The Section 47 reports describe the numbers or percentages achieved but do not offer analysis as to the barriers or challenges they face in reaching the 50% target for managerial positions. A deeper understanding of this analysis at both the provincial and national levels would allow for improved strategies to address the challenge. Both description and analysis when reporting on disability and youth targets are worse than the female targets.

Six provinces—KwaZulu-Natal, Free State, Limpopo, Northern Cape, North West, and Western Cape—did not provide any information regarding the achievement of disability or youth employment targets in their municipal reports. The remaining three provinces provided limited information, summarized as follows:

- **Gauteng**: Reports that municipalities did not provide data on the appointment of youth or persons with disabilities. This lack of reporting poses a challenge in meeting employment equity targets.

[3] The data for the graph is taken from Stats SA non financial census for municipalities for 2021-2023. The Free State is an exception as the Free State figures in that report appear to be erroneous. The report states the FS women representation is 60% in 2021 and 2022. The Section 48 report of 2020/2021 reports that the FS has 28% of women in senior managerial positions. The Section 47 report of 2021/2021 reports the Free State has 31% of women in senior managerial positions. These figures have been used in the graphical reporting as they appear to be more accurate.

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- **Eastern Cape**: Notes a concerning decline in the employment of youth and persons with disabilities. However, the data provided is unclear and difficult to interpret.
- **Mpumalanga**: States that all municipalities across its three districts have filled posts with persons with disabilities over the past three financial years. A total of 144 such appointments have been made to date. However, the level of these positions and the percentage of the workforce they represent were not disclosed.

3.3.3 Representation of people living with disabilities

Across all nine provinces, municipalities consistently fail to meet the 2% national target for employing people with disabilities (PWDs). The table below shows that In most cases quantitative data is not available and where it is actual representation is below 1%, with many municipalities reporting no employees with disabilities at all. While equity plans exist in most provinces, implementation remains weak. Reports highlight the need for dedicated recruitment strategies, reasonable accommodation, improved HR capacity, and stronger monitoring and enforcement by MECs.

Table 4: Provincial information on people living with disabilities targets

Province	Findings on Employment of People with Disabilities
Gauteng	Very low representation of PWDs, well below the 2% target. Calls for targeted recruitment, accommodation measures, and stronger monitoring.
Eastern Cape	Municipalities struggle to comply with equity obligations. PWD employment remains negligible, with little improvement reported.
Free State	Equity targets for PWDs not met; many municipalities failed to submit credible equity reports. Representation consistently below 1%.
KwaZulu-Natal	Underperformance across municipalities; most report zero or near-zero representation of PWDs.
Limpopo	Municipalities fall short of the 2% target; only a handful report employing PWDs, and in very low numbers.
Mpumalanga	Dedicated section shows only 0.27% of municipal employees are PWDs – flagged as major non-compliance.
Northern Cape	Equity planning includes PWDs, but implementation weak. Actual representation minimal, with most municipalities employing none or very few.
North West	Persistent non-compliance: municipalities report little to no PWD representation despite equity plans.
Western Cape	Stronger planning: municipalities have equity targets for PWDs, but actual representation still falls short of the 2% benchmark.

Source: Section 47 Reports from provinces 2021/2022

3.3.4 Representation of youth (35 years and under) employment

Across provinces, municipalities face persistent challenges in achieving equitable youth representation in their workforce. Table 5 highlights that while some provinces report modest progress, the majority note that employment of youth (35 years and under) is below expectations, particularly in senior and technical roles. Most municipalities continue to employ predominantly older staff, with limited opportunities for younger professionals. A few provinces (e.g., Mpumalanga) provide exact figures, which reveal that youth employment remains disproportionately low relative to the broader demographic profile. Reports stress the need for targeted youth recruitment strategies, internship programmes, and succession planning to build future municipal capacity.

Table 5: Provincial information on youth (35 years and under) employment in municipalities

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Province	Findings on Employment of Youth (≤35 years)
Gauteng	Reports low youth representation in municipalities. Senior management posts are rarely filled by people under 35. Youth inclusion is limited, with calls for internship and graduate recruitment programmes.
Eastern Cape	Youth employment in municipalities is low, especially in skilled and managerial positions. Municipalities struggle to attract and retain younger talent.
Free State	Employment equity reports show very few employees under 35, with municipalities relying heavily on older staff. Capacity gaps for future leadership are noted.
KwaZulu-Natal	Acknowledges limited youth employment in municipal structures. Most critical and senior posts remain occupied by older staff. Greater emphasis is needed on youth empowerment and training.
Limpopo	Municipalities fall short in attracting youth to municipal jobs. Senior management posts are rarely filled by candidates under 35, pointing to succession planning weaknesses.
Mpumalanga	Provides exact data: only 10.62% of municipal employees are aged 35 or younger, far below national expectations. Identified as a major area for intervention.
Northern Cape	Notes very low youth participation in municipal employment. Municipalities lack strategies to integrate youth, especially in technical roles.
North West	Youth employment remains minimal. Municipalities are urged to strengthen internship pipelines and graduate placement initiatives to address ageing staff profiles.
Western Cape	Municipalities have equity plans, but youth employment is still below desired levels. Calls for stronger recruitment and skills development programmes targeting youth.

Source: Section 47 Reports from provinces 2021/2022

3.4 MUNICIPAL CAPACITY BUILDING AND SKILLS DEVELOPMENT

3.4.1 Overview

Effective service delivery depends on strong institutional capacity within municipalities. Human Resource Management plays a central role in ensuring administrative efficiency and promoting skills development. In line with the Skills Development Act, 1668 (Act No. 67 of 1668) and the Municipal Systems Act, municipalities are legally required to provide training that builds their human resource capacity.

3.4.2 Workplace Skills Plans

Municipalities must develop and review Workplace Skills Plans (WSPs) annually, as required by the Skills Development Act. These plans are based on skills audits, personal development plans, and organisational needs identified through the Integrated Development Plan (IDP).

To fulfil this requirement, municipalities must submit WSPs, and implementation reports to the Local Government SETA at the end of each financial year. The WSP serves as the key planning tool for workplace training, career development, and employment equity, outlining the training priorities and associated budget for the financial year.

However, it remains unclear whether provinces are consistently monitoring and reporting on the adoption of WSPs by municipalities. Four of the nine provinces did not report anything on the status of

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WSP adoption. The following provinces submitted some information which is summarized in table 6 below. From the information that is available one can observe that training budgets and participation have declined sharply in some provinces, while reporting remains inconsistent. Skills development outcomes are uneven, with some municipalities showing no training activity at all.

Table 6: Workplace Skills Plans information for 5 provinces

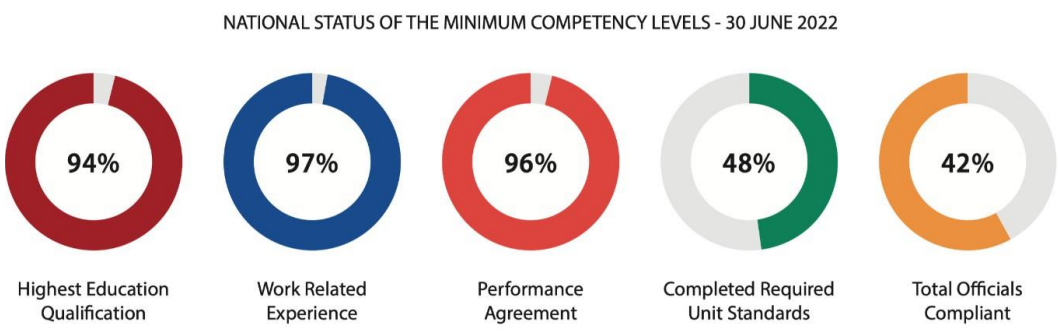
Province	Key Findings
Western Cape	• 24 municipalities submitted WSPs. This was 6 less than the previous year when 30 were submitted. • There was a sharp decrease in spending in the training budget. Only 46% of the training budget was spent compared to 77% in the 2020/2021 year. The reasons are not stated as to why. • The number trained fell from roughly 28,000 in the past two years to just over 7000 in 2021/2022. There is no analysis as to why this happened
KwaZulu-Natal	• 23 of 51 municipalities reported that no officials were trained in 2021/22. There is no information on the other municipalities.
Gauteng	• Reported that on average, 13% of employees were trained. • The reports lack analysis of targets, spending patterns and outcomes.
Mpumalanga	• Reported that 4,664 employees were approved for training and 2,646 trained in 2021/22. There is no analysis for the low delivery rate. • These figures consistent with previous year.
Eastern Cape	• Reported that most municipalities adopted a WSP (no number provided). • No report on actual training

Source: Section 47 Reports from provinces 2021/2022

3.4.3 Competency Framework

The institutionalisation of minimum competency levels in municipal recruitment, training, development, and retention has been a 16-year process, guided by MFMA Circulars 6, 17, 24, 47, and 60. These reforms have been reinforced through regular MFMA joint meetings, CFO forums, and other stakeholder engagements, which have strengthened advocacy, implementation, and compliance. Most municipalities now treat compliance to this framework as a prerequisite for appointments, in line with Gazette 41666. National Treasury, supported by provincial treasuries, monitors and reports on compliance in this area twice yearly, with reporting deadlines in January and July. Figure 5 presents the overall status of minimum competency levels as of 30 June 2022.

Figure 5: High level status on minimum competency levels as a June 2022



Source: National Treasury State of Local Government Finances and Financial Management as at end June 2022

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3.5 PERFORMANCE MANAGEMENT AND COMPLIANCE

Performance management is a key tool for achieving developmental local government, as outlined in the Constitution. To effectively implement its Integrated Development Plan (IDP), each municipality must have a functional performance management system (PMS).

3.5.1 Performance management s compliance

In terms of sections 38 and 40 of the Municipal Systems Act (MSA), municipalities are required to establish a performance management system that promotes a culture of performance across political and administrative structures. This system must align with available resources, the IDP, and be tailored to the specific context of each municipality.
According to the MSA and the Municipal Planning and Performance Management Regulations (2001), municipalities must:

- Develop a performance management system
- Set targets, and monitor and review performance based on IDP-linked indicators
- Include an annual performance report as part of their annual report, as required by the MFMA
- Incorporate general indicators prescribed by the Minister of Local Government
- Conduct ongoing internal audits of performance measures
- Have the annual performance report audited by the Auditor-General
- Involve the community in setting targets, indicators, and reviewing performance
- Compile an annual report that includes the performance report in line with the MSA

Under the Municipal Performance Regulations (2006), all section 57 managers (municipal managers and their direct reports) must sign annual performance agreements within one month of the start of the financial year—by 31 July each year. Their performance is measured annually against agreed key performance indicators (KPIs) and targets aligned with the IDP. Performance bonuses are based on these assessments.

Despite these requirements, many municipalities face capacity challenges, particularly in human resources, finances, and institutional strength. These challenges vary significantly between municipalities, especially between urban and rural areas, and raise ongoing concerns about the state's ability to deliver services effectively. The data reported on in terms of the status of performance management was not consistent. What exists is summarised below:

Table 7: Level of adoption of organisational and individual performance management measures

Indicator	Information Reported
Council approval of IDPs	• 5 provinces (Gauteng, Limpopo, Mpumalanga, Western Cape and KZN) reported that 100% of their councils had submitted council approved IDPs. • 4 provinces did not report on this indicator
% municipalities with Performance Management framework for individual (employees) adopted by Councils	• 4 provinces (Gauteng, Limpopo, Mpumalanga and Western Cape) report that 100% of their municipalities achieved this indicator. • Eastern Cape reported that 78% of its municipalities achieved this indicator • 4 provinces did not report on this indicator

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Indicator	Information Reported
Signed performance agreements for senior management	• 3 provinces (Gauteng, Limpopo and Western Cape) reported 100% • Northern Cape reported that 88 performance agreements of senior managers were signed but is not clear what % of total senior managers that is • Free State did not report on the number of % of performance contracts signed but indicated that there was lack of implementation of Performance management system. All senior management performance agreements not signed and that performance agreements not aligned to SDBIP or budgets • 4 provinces (Eastern Cape, KZN, Limpopo and North West) did not report any information on this indicator
Report on annual individual performance reviews being conducted	• 2 provinces (Gauteng and Mpumalanga) reported that 100% of performance reviews were completed. • The other 7 provinces did not report on this.

Source: Section 47 Reports from provinces 2021/2022

3.6 DISCIPLINARY PROCEDURES

Across provinces, a common finding is that disciplinary measures are weak or inconsistently applied in municipalities. Reports frequently highlight non-compliance with disciplinary regulations, delays in finalizing labour-related cases, and a lack of consequence management for officials responsible for irregular, fruitless, and wasteful expenditure. While some provinces report the existence of policies and committees (fraud prevention, ethics, anti-corruption), the actual enforcement of disciplinary action remains limited. MECs have raised concerns about municipalities' failure to submit required reports on disciplinary cases, and there are repeated calls for stronger monitoring, accountability, and alignment with the Local Government Disciplinary Regulations for Senior Managers. Key Themes Across Provinces

- **Weak enforcement**: Many municipalities do not act on misconduct or audit findings.
- **Delays**: Labour-related disciplinary cases take too long to resolve.
- **Non-compliance**: Municipalities often fail to submit required quarterly reports on disciplinary cases (e.g., Limpopo).
- **Structural gaps**: While anti-corruption and ethics policies exist, implementation and follow-up remain poor.
- **Need for tools**: Several provinces recommend the development of consequence management systems to ensure accountability (e.g., Mpumalanga).

Table 8: Provincial information on Disciplinary Measures

Province	Findings on Disciplinary Measures
Gauteng	Some municipalities (e.g., Midvaal) established ethics and disciplinary committees to investigate councillor misconduct. However, province-wide, enforcement of anti-corruption and disciplinary frameworks remains uneven.
Eastern Cape	Reports delays in finalising labour-related cases and poor implementation of Employment Equity and HR plans. Corruption prevention frameworks exist but with declining performance in effectiveness.
Free State	Notes poor compliance with labour relations obligations. Disciplinary cases are slow, and consequence management for irregular expenditure is weak. General emphasis on need for stronger enforcement.

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Province	Findings on Disciplinary Measures
KwaZulu-Natal	Does not talk about employee disciplinary measures. Highlights limited enforcement of corrective and disciplinary measures by Speakers against councillors who fail to comply with ward committee and community meeting obligations.
Limpopo	Explicitly reports challenges in compliance with Section 16 of the Local Government Disciplinary Regulations for Senior Managers, requiring municipalities to submit quarterly reports on disciplinary cases. Compliance remains poor.
Mpumalanga	Observes that municipalities fail to take disciplinary steps against councillors who disregard ward committee codes of conduct. Recommends development of consequence management tools.
Northern Cape	Notes weak enforcement of consequence management. Municipalities struggle with disciplinary follow-up on misconduct, labour cases, and irregular expenditure.
North West	Identifies a lack of consequence management for officials failing to address Auditor-General findings and irregular expenditure. Oversight and audit action plans are poorly monitored.
Western Cape	Focuses more on governance frameworks. While performance agreements for managers are in place, actual references to disciplinary enforcement are limited. Reports highlight regression in compliance with performance management regulations.

Source: Section 47 Reports from provinces 2021/2022

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3.7 SUMMARY OF CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Municipalities continue to face persistent human resource and institutional challenges, with rural areas being particularly affected. These issues undermine governance, weaken service delivery, and limit municipalities' ability to meet legislative and developmental mandates.

3.7.1.1 Vacancy Rates

- Vacancy rates remain high across most municipalities.
- Despite interventions to assist in filling long-vacant posts, most municipalities continue to exceed acceptable vacancy thresholds.

3.7.1.2 Section 54 and 5C Positions (Municipal Managers and Senior Managers)

- The filling of strategic leadership positions remains a challenge.
- There is a decline in performance in this area, with fewer municipalities achieving top ratings.
- Support from national departments is required to address leadership gaps.
- Data gaps persist regarding municipalities operating without appointed Municipal Managers.

3.7.1.3 Employment Equity

- Reporting on employment equity remains inconsistent and incomplete.
- Female representation in senior management remains significantly below the national target.
- Data on youth employment and representation of people with disabilities is often not submitted.
- Despite ongoing support from the department, many municipalities fail to comply with reporting requirements.

3.7.1.4 Performance Management

- Most municipalities report having approved IDPs and submitting annual reports.
- Performance Management Systems are only partially implemented in many cases.
- Implementation is inconsistent across provinces.
- Cascading PMS to lower levels remains a challenge due to structural and employment constraints.

3.7.1.5 Key Institutional and Human Resource Challenges

- Workplace Skills Plans are generally adopted but poorly implemented due to funding delays and financial constraints.
- LGSETA mandatory grants are often redirected to non-training programmes.
- Many municipalities lack HR plans or have outdated and misaligned plans that are not implemented effectively.
- Delays in finalising labour-related cases continue to impact operations.
- Organisational structures remain misaligned or outdated, despite departmental support.
- Employment Equity Plans are poorly implemented and lack measurable impact.

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4 BASIC SERVICE DELIVERY

4.1 INTRODUCTION

According to the Constitution of the Republic of South Africa (Part B of Schedules 4 and 5), municipalities hold responsibility for the provision and regulation of key public services and goods. A core set of essential services is mandated for all local authorities across the country. These include:

- Water and sanitation services (restricted to potable water supply, domestic wastewater, and sewage systems);
- Refuse removal and solid waste management; and
- Electricity and gas reticulation.

The *White Paper on Local Government* (1668) sets out principles that municipalities must apply in delivering these services. Municipal services are required to be:

- Accessible, with communities guaranteed at least a minimum level of service as a constitutional obligation;
- Easy and convenient for users;
- As affordable as possible; and
- Of a predetermined standard, meaning services must be fit for purpose, delivered timeously, safe, and continuously available.

Further, Section 73 of the *Municipal Systems Act* (No. 32 of 2000, as amended) defines a "basic municipal service" as one that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health, safety, or the environment. The Act also places explicit duties on municipalities to:

- Give priority to the needs of local communities;
- Promote local development; and
- Ensure all community members have access to at least a minimum level of basic services.

This section, therefore, focuses on the following areas of municipal service delivery:

- Access to basic services;
- Indigent policy management and the provision of free basic services; and
- Performance of the Municipal Infrastructure Grant (MIG).

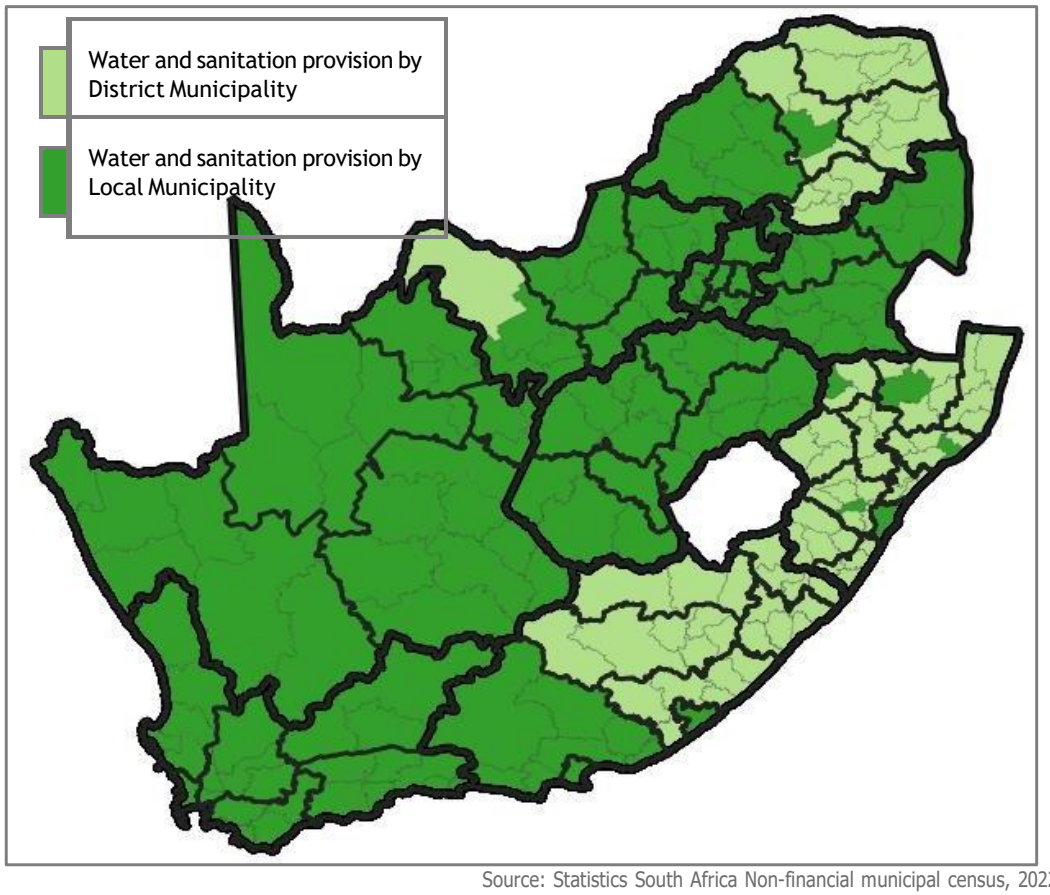
4.2 WATER

According to Part B of schedule 4 of the Constitution, the provision of water services is a municipal responsibility. However, not all municipalities are authorised to provide water. The two-tiered local government system requires that powers and functions be divided between category B and C municipalities to avoid duplication and coordination problems. Authorisation is granted to all category A (metros) municipalities while category B (local) municipalities are authorised in certain instances and category C (district) municipalities in others.

In practice most local municipalities are responsible for water provision within their boundaries, however there are 80 municipalities across the Eastern Cape, KwaZulu-Natal, Limpopo and North West, where water is provided by the district municipality (see figure 6).

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Figure 6: Municipalities that receive water and sanitation from local municipality or district municipality



Source: Statistics South Africa Non-financial municipal census, 2022

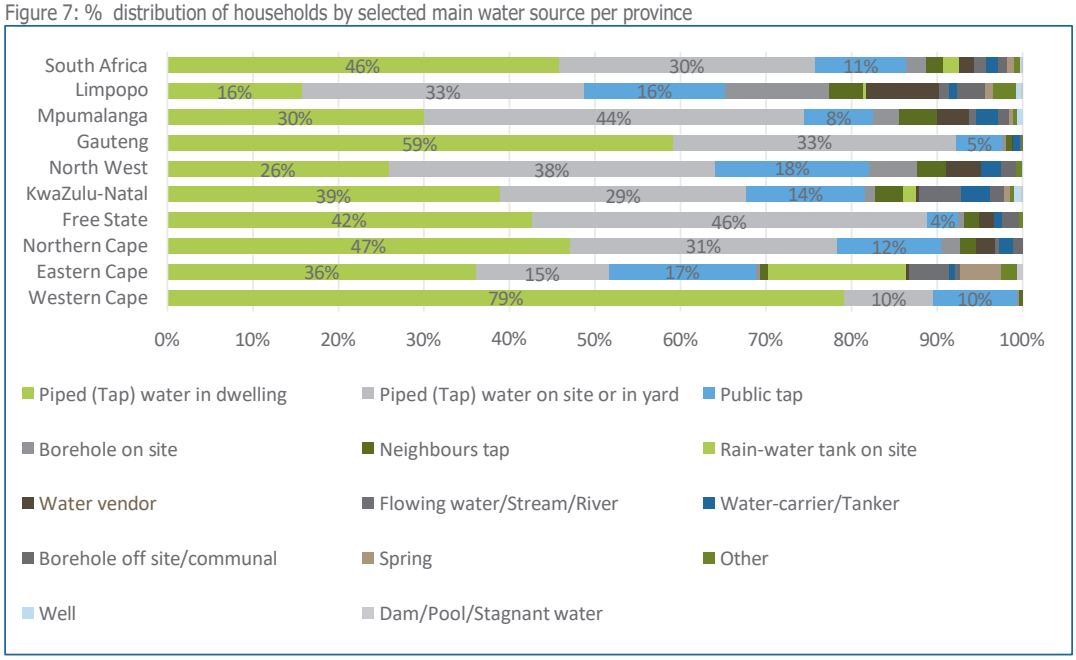
4.2.1 Access to services

The National Development Plan states that one of the enabling milestones to ensuring its goal of eliminating poverty and reducing inequality by 2030 is ensuring that all South Africans have access to clean running water in their homes. Whilst the percentage access to basic water is 88.5%, **Error! Reference source not found.** shows that only 46% of households have piped water in their dwelling. Further, only Gauteng, Northern Cape and Western Cape perform above this average.

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Figure 7: % distribution of households by selected main water source per province



Source: Statistics South Africa General Household Survey 2022

Figure 8 shows that tap water inside their dwellings, off- site or on-site was most common among households in Western Cape (66,3%), Gauteng (68,3%), and Free State (64,1%) and least common in Limpopo (66,1%) and Eastern Cape (66,8%). Although, nationally, access to that tap water inside their dwellings, off-site or on- site improved by 4,1% between 2002 and 2022, it is notable that access declined in six provinces during this period. Declines were observed in Limpopo (-4,7%), Mpumalanga (-3,8%), Free State (-1,5%), Northern Cape (-0,5), Gauteng (0,5%) and North West (-0,2 percentage points).

Figure 8: % distribution of household with access to piped or tap water in their dwellings

	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022
WC	98.9	99.2	99.4	98.6	98.8	98.9	98.9	98.7	98.7	98.5	99.3
EC	56.1	63.4	70.4	70.8	74.9	79.2	78.7	76.4	75.1	72.1	69.8
NC	92.5	93.2	95.4	90.7	94.1	95.7	96	96	95.3	91.8	92
FS	95.6	95	97.4	97.6	96.9	96.6	95.2	93.2	91.1	93.3	94.1
KZN	75.4	79.4	81.4	82.1	84.1	87.8	87	84.2	86.6	86.9	84.8
NW	85.6	88.5	89.8	90	91	91.2	87.6	85.2	87.2	87.3	89.3
GP	98.7	98.9	98	97.1	97.2	97.2	96.5	97.5	97.1	98	98.3
MP	90.5	88.1	89.7	88.3	88.1	87.6	87.2	85.4	86.5	87.9	88.9
LP	73.8	75.4	80.7	82.5	84	80.1	79.6	75.1	74.1	71.3	69.1
National	84.4	86.5	88.8	88.7	90	90.9	90.1	89	89	89.1	88.5

Source: Statistics South Africa General Household Survey 2022

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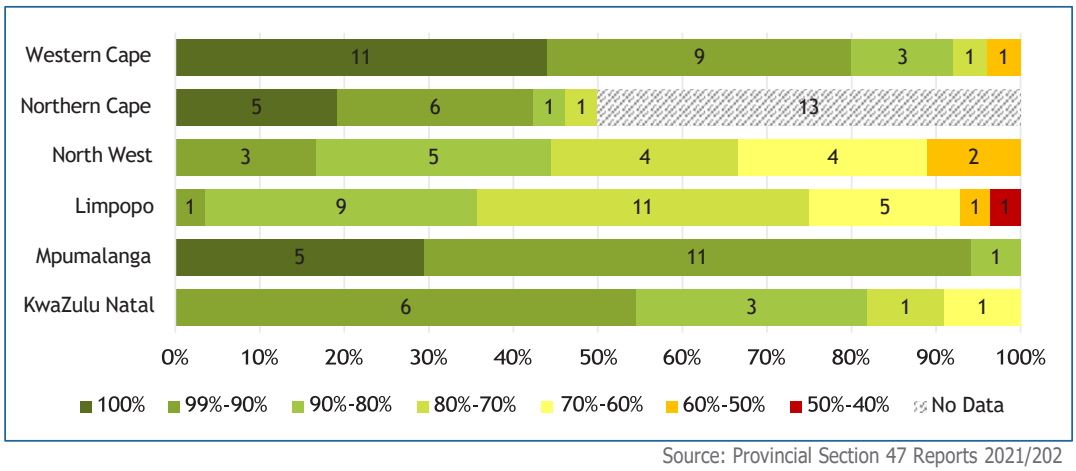
The Section 47 reports provide additional municipal-level insights for Western Cape, Northern Cape, North West, and Limpopo. These show significant variation within provinces. These insights are summarized in the table below.

Table 6: Additional insights on municipal services provided by 6 provinces

Province	Performance Overview	High Access (≥G0%)	Mid Access (8G-70%)	Low Access (<70%)	Data Gaps / Notes
Western Cape	Strong performance, consistent across urban s rural areas.	11/25 municipalities at 100%; most above 60%.	4 municipalities below 60%.	Witzenberg at 57% (outlier).	Mature, stable system.
Northern Cape	Generally high performing, but incomplete reporting.	5 municipalities at 100%; most above 60%.	Kheis (82.24%), Joe Morolong (78.46%).	None reported <70%.	13/26 municipalities did not provide data. Differentiates minimum vs. below minimum service levels.
North West	Mixed results; lower average than StatsSA (76% vs. higher StatsSA figure).	3 municipalities >60%.	7 municipalities 88–73%.	6 municipalities 66–55%.	Range: 55–64%.
Limpopo	Average 75.75% (slightly higher than StatsSA).	1 municipality >60%.	Majority in 70–60% range.	Lowest: 41.7%.	Range: 41.7–61.3%.
Mpumalanga	Strong performance, aligned with StatsSA.	5 municipalities at 100%; 11 between 66–60%.	1 municipality in 60–80% range.	None below 80%.	No municipality <60%.
KwaZulu-Natal	Generally high access.	6 districts in 66–60% range.	3 municipalities in 60–80% range; 1 in 80–70%.	1 municipality in 70–60%.	No municipality <60%; no missing data.

Figure 10 shows the number of municipalities in each water access percentage bracket by province for the 6 provinces where data was provided.

Figure 6: Number of Municipalities in Each Water Access Percentage Bracket, by Province



Source: Provincial Section 47 Reports 2021/202

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Eastern Cape: The Eastern Cape report measures municipal performance on access to potable water and free basic water, assessing how well yearly targets are achieved. Performance is rated as excellent when at least 60 percent of the target is met, very good between 70 and 86 percent, good between 50 and 66 percent, weak when less than 50 percent is achieved, and a disclaimer is given if no data is provided.

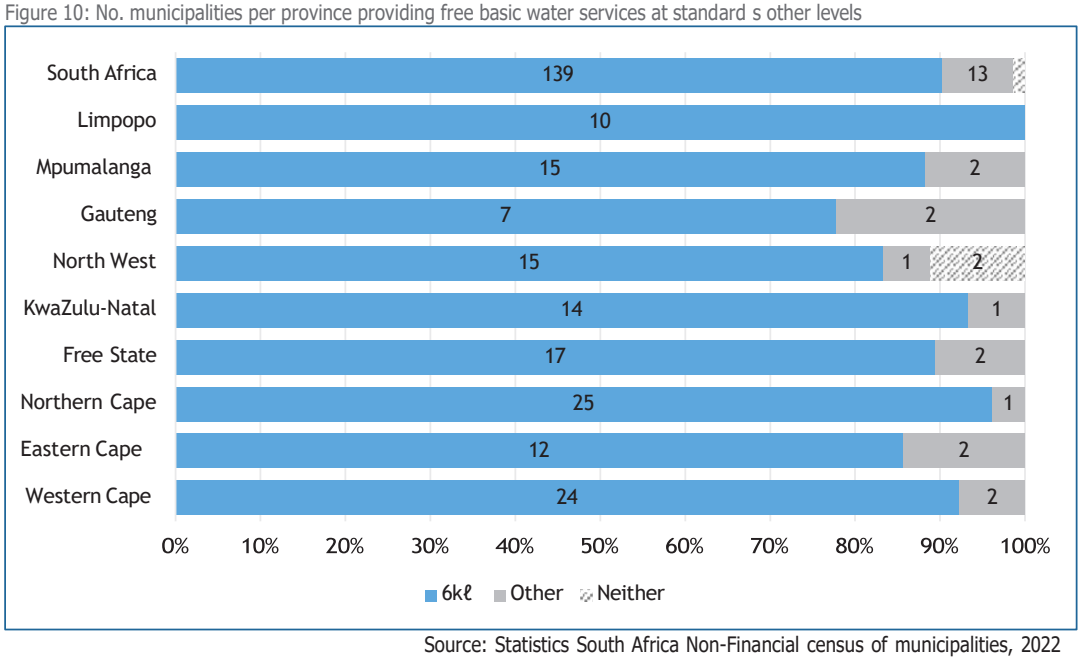
Four of the five districts in the province supply water within their areas, while in Sarah Baartman District Municipality, all local municipalities supply their own water. This results in a total of 14 municipalities being assessed. Of these, five municipalities were reported as performing Excellent, two as Weak, and five as Disclaimer. Two municipalities were not reported on, and no municipalities received Very Good or Good ratings. This represents a decline in performance compared to the previous year, when seven municipalities achieved an Excellent rating.

Gauteng provided a brief overview of their performance stating that municipalities reported to have on aggregate achieved 100% and 66% at formal and informal households against the set targets, respectively.

4.2.2 Free Basic Water

The minimum service level for Free Basic Water (FBW) supply is 6 kilolitres per month for households with yard or in-house connections. According to the Statistics South Africa Non-Financial Municipal Census (2022), 61% of municipalities provide FBW at the minimum standard. Nine (6%) percent of municipalities supply FBW at another level other than the minimum standard. Only Limpopo has all municipalities providing free basic water services at the standard.

Figure 10: No. municipalities per province providing free basic water services at standard s other levels



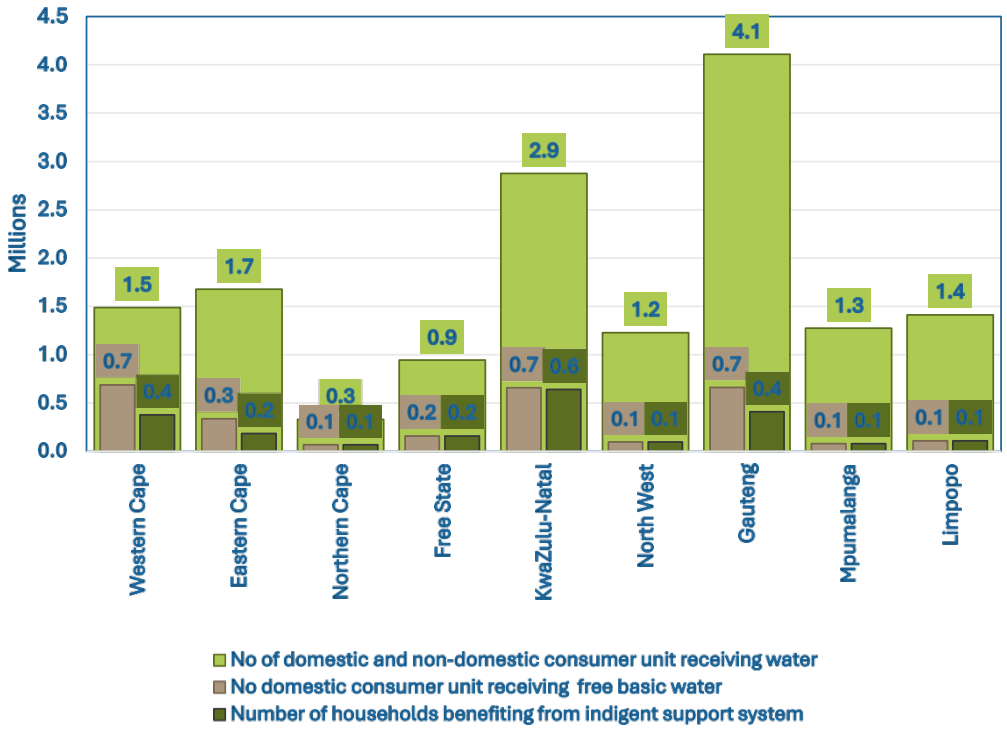
Source: Statistics South Africa Non-Financial census of municipalities, 2022

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Figure 11 compares the number of domestic and non-domestic consumer units[4] receiving water, the number receiving Free Basic Water (FBW), and the number of households benefiting from indigent support systems. The Western Cape has the highest proportion of consumer units receiving FBW, at almost half (46%) of all units. In contrast, Limpopo, despite serving a similar number of consumer units overall, provides FBW to only 8%. Gauteng, with the highest total number of consumer units nationally, provides FBW to about 16% of them. Mpumalanga performs worst, with just 6% of consumer units receiving FBW.

Figure 11: Number of consumer units receiving water services and free basic services



Source: Statistics South Africa Non-Financial census of municipalities, 2022

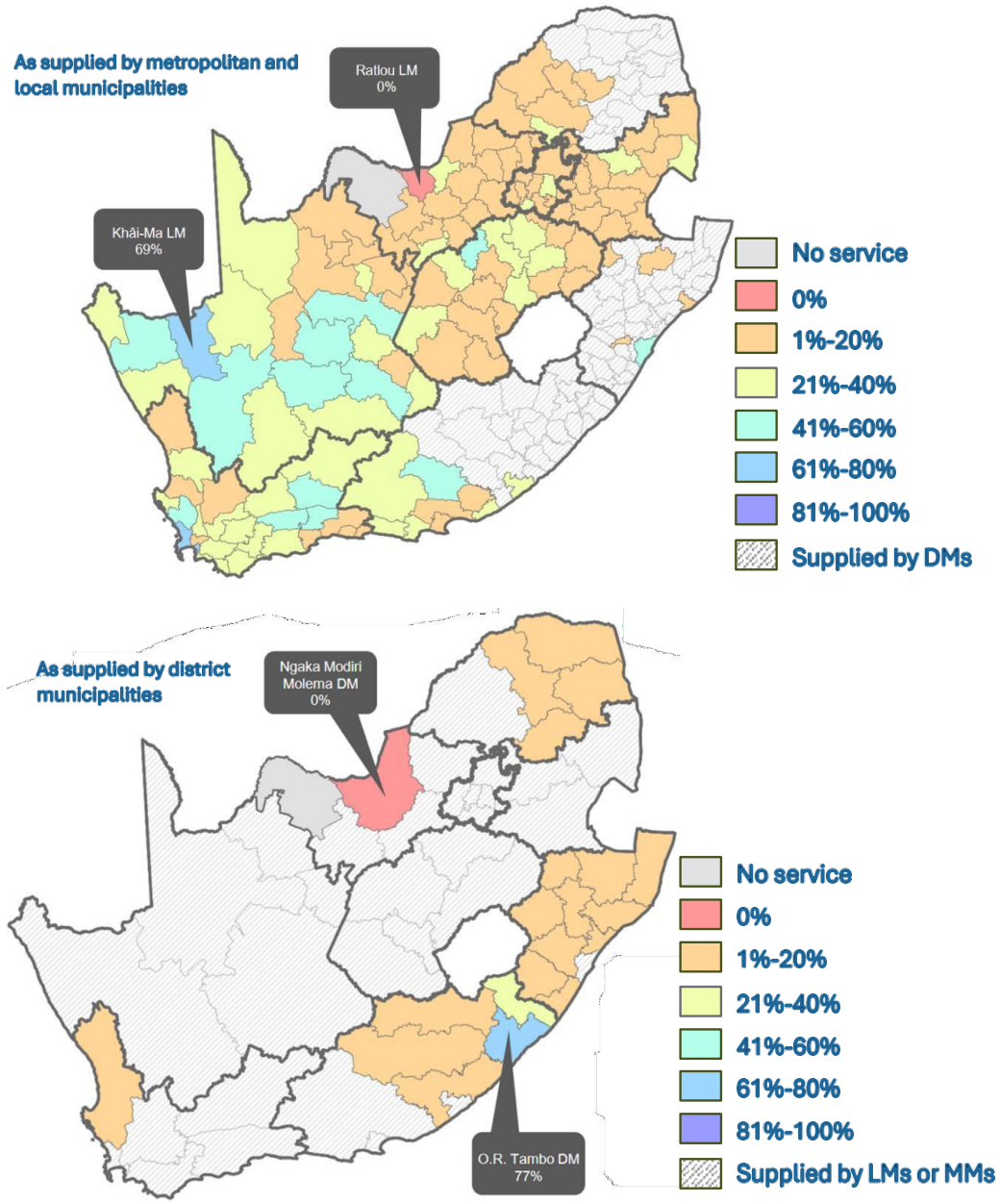
Figure 12 below shows the percentage of consumer units benefit from FBW per municipality. It shows that most municipalities provide FBW to 1% - 20% of consumer units. Western and Northern Cape stand out as the municipalities generally showing higher percentage levels. There are 2 outliers in North West, Ratlou LM and Ngaka Modiri DM, which report providing zero consumer units. O.R Tambo DM (EC) and Khai-Ma LM (NC) on the other and report particularly high percentages of 77% and 66% respectively.

[4] Consumer Unit: An entity to which the service is delivered, and which receives one bill if the service is billed. Also known as a delivery point. Households and consumer units do not always coincide one-to-one, particularly in blocks of flats, on stands where there are multiple households in the same dwelling, or in the case of public taps

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Figure 12: Percentage of consumer units benefiting from FBW



Source: Statistics South Africa Non-Financial census of municipalities, 2022

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4.2.3 Service Reliability

4.2.3.1 Water Losses

South Africa records some of the highest levels of water losses globally, with the national average estimated at 41.7%. This means that nearly half of all treated water either fails to reach end users or goes unbilled, leading to significant annual revenue shortfalls for municipalities.

Systemic causes of water losses include:

- Ageing infrastructure: Deteriorating pipelines, valves, and bulk supply systems are common. Frequent pipe bursts and collapses reflect decades of insufficient maintenance, refurbishment, and renewal.
- Theft and vandalism: Illegal connections, equipment theft at pumping stations, tampering with pipelines, and unauthorized consumption raise both physical and non-revenue water losses.
- Administrative and technical weaknesses: Inaccurate billing systems, bypassed or faulty meters, poor data handling, and the absence of comprehensive water loss control systems or master plans worsen the problem.
- Budget and capacity constraints: Most municipalities allocate far less than the recommended 8% of budgets for maintenance. Limited technical skills and weak planning capacity reduce their ability to conduct timely repairs and leak detection.

Impacts of high-water losses include:

- Revenue shortfalls and weakened cash flows.
- Increased bulk water purchase costs.
- Diminished capacity to sustain service quality.
- Heightened resource risks in water-scarce provinces, particularly the Northern Cape.

Overall, high water losses reflect the convergence of structural, operational, financial, and governance weaknesses across the municipal water sector.

The Department of Water and Sanitation (DWS) manages the National Water Services Knowledge System (NWSKS), which provides data on water losses at national, provincial, and municipal levels. Reported averages for 2021/22 show significant variation.

Table 10: DWS Report on Water Losses for 2021/2022

Province	Average Water Loss (%)	Range (Lowest - Highest)	Notable Outliers / Observations
Eastern Cape	36.11%	23.44% (Nelson Mandela Bay) – 48.5% (Kouga)	Most municipalities fall in the mid-to-high 30% range.
Free State	40.84%	18% (Ngwathe) – 75.3% (Kopanong)	Several municipalities above 50%; Kopanong the highest at 75.3%.
Gauteng	33.60%	23% (Lesedi) – 48.8% (Emfuleni)	Johannesburg, Ekurhuleni, Rand West, and Emfuleni exceed 40%.
KwaZulu-Natal	37.33%	26.7% (uMhlathuze) – 48.5% (Msunduzi)	eThekwini sits close to the provincial average.
Limpopo	35.78%	14.1% (Lephalale) – 44.4% (Mogalakwena)	Most municipalities are in the 30–40% range.
Mpumalanga	44.47%	20.7% (Govan Mbeki) – 77.1% (Dr JS Moroka)	Bushbuckridge, Chief Albert Luthuli, Nkomazi, and Thembisile Hani all at 58%; highest average nationally.
Northern Cape	35.38%	13.28% (Karoo Hoogland) – 73.8% (Dikgatlong)	Extremes at both very low and very high ends.

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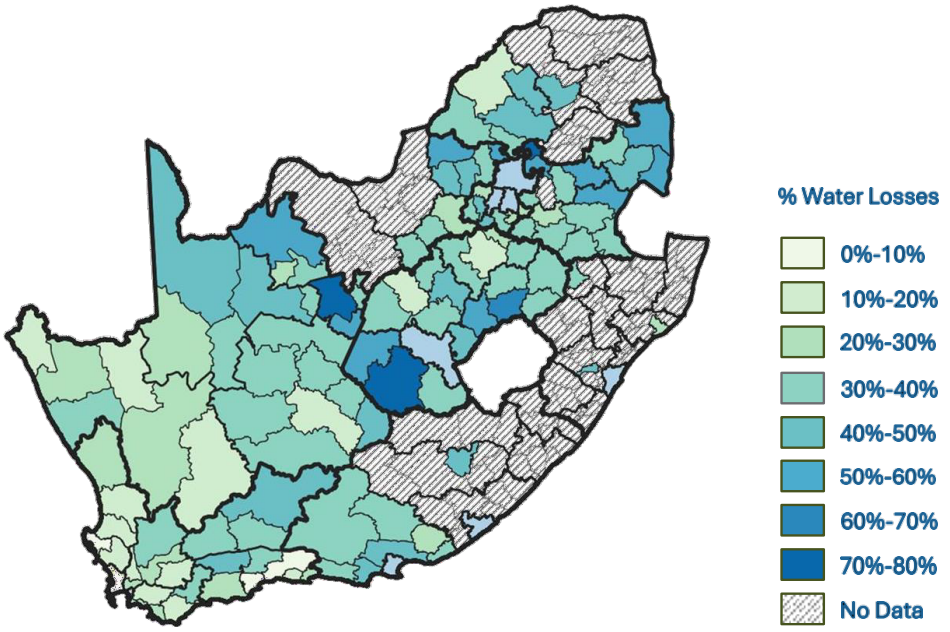
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Province	Average Water Loss (%)	Range (Lowest - Highest)	Notable Outliers / Observations
North West	42.83%	21.17% (JB Marks) – 58% (Moretele)	Moses Kotane and Kgetlengrivier also ≥50%.
Western Cape	22.68%	3.1% (Saldanha Bay) – 47.6% (Beaufort West)	Most municipalities under 30%; lowest-loss province overall.

Source: DWS National Water Services Knowledge System

The figure below depicts the percentage water loss per municipality.

Figure 13: % Water Loss Per Municipality



Source: DWS National Water Services Knowledge System

Data from Section 47 reports

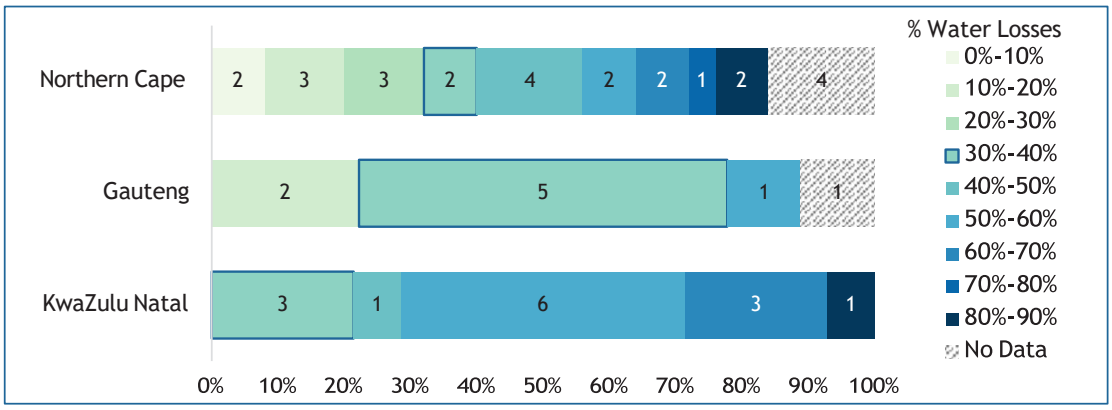
Three provinces provided data on water losses in their Section 47 reports: Northern Cape, Gauteng, and KwaZulu-Natal (see Figure 14)

- **KwaZulu-Natal**: The Section 47 average was 54.61%, much higher than the 37.33% in NWSKS. This likely reflects that Section 47 data cover all water service providers in the province. Losses range from 30.4% in Harry Gwala to 85.8% in Zululand, with most municipalities between 50–65%.
- **Gauteng**: The Section 47 average was 33.25%, aligning closely with the 33.6% in NWSKS. However, the range was wider, from 12% in Mogale City to 57% in Emfuleni. Mogale and Rand West (18%) reported significantly lower losses than their peers.
- **Northern Cape**: Section 47 data echoed the NWSKS pattern of sharp disparities. The provincial average was 41.42% (slightly higher than the 35.38% in NWSKS). The range

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stretched from 6.4% in Karoo Hoogland to 82% in Magareng, highlighting stark variation within the province.

Figure 14: % Water Loss Per municipality NC, GP, s KZN



Source: Section 47 Reports

4.2.3.2 Water Interruptions

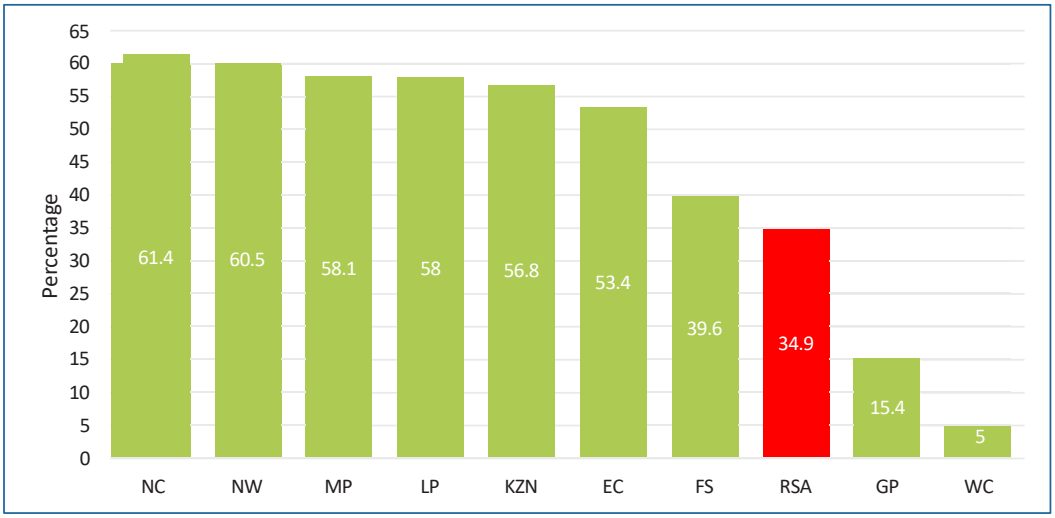
The factors that contribute to South Africa's high levels of water losses are also responsible for the frequency and length of water interruptions in many communities. These interruptions are not only disruptive to daily life but also fuel social tensions, with some areas experiencing consecutive days or even weeks without water supply. The effects are severe: community protests and non-payment for services have increased, reliance on emergency measures such as water tankers and Jojo tanks has grown, and municipalities face mounting financial pressure due to the high costs of providing emergency supply.

According to the General Household Survey (StatsSA), interruptions are measured as those lasting more than two consecutive days, or more than 15 days in total during the reporting period. The data shows that households in Northern Cape (61.4%), North West (60.5%), Mpumalanga (58.1%) and Limpopo (58.0%) reported the highest levels of interruptions. By contrast, the Western Cape (5.0%) and Gauteng (15.4%) experienced the lowest. At a national level, around one-third of households (34.6%) reported some form of dysfunctional water supply service in 2022, highlighting the scale and seriousness of the problem.

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Figure 15: % distribution of households that reported water interruptions that lasted at least 2 days



Source: Statistics South Africa General Household Survey 2022

4.3 SANITATION

Similarly to water, municipalities have responsibility for providing wastewater/ sanitation services within their boundaries. In practice most local municipalities are responsible for sanitation provision within their boundaries, however there are 80 municipalities across Eastern Cape, KwaZulu-Natal, Limpopo and North West, sanitation is provided by the district municipality (see Figure 6 above).

4.3.1 Access to services

The National Development Plan sets a goal of universal access to affordable, reliable, and hygienic sanitation by 2030. In line with the National Sanitation Policy of 2016, a basic sanitation facility must be safe, particularly for children, private, ventilated, easy to clean, and able to prevent disease. Basic sanitation also requires environmental sustainability, proper operation and maintenance, and continuous hygiene education supported by community monitoring.

National data shows steady progress in household access to improved sanitation, rising from 61.7% in 2002 to 83.2% in 2022. Access is highest in the Western Cape (65.6%), Gauteng (60.5%) and Eastern Cape (60.0%), while Limpopo (63.1%) and Mpumalanga (63.8%) record the lowest levels. The Eastern Cape made the most significant gains, with access increasing by 56.6 percentage points over two decades, from 33.4% in 2002 to 60.0% in 2022. Over the same period, Limpopo recorded an increase of 36%, and KwaZulu-Natal showed an improvement of 30%.

Figure 16: % distribution of households that have access to improved sanitation per province 2002-2022

	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022
WC	92.2	91.8	95.2	93.7	96.7	95.5	94.5	94.3	93.8	93.9	95.9
EC	33.4	38.5	49.4	54.9	63.8	70	78.2	85.1	88	92.7	90
NC	75.5	75.9	76.9	76.2	83.7	84.6	83.9	82.6	90	86.9	83.9
FS	64.7	69.7	71.8	76.4	83.4	83.3	83	83.2	85.5	85.6	87.4
KZN	50.9	58.5	63	62.8	72.7	68	75.9	77.2	81.4	81.2	81.2

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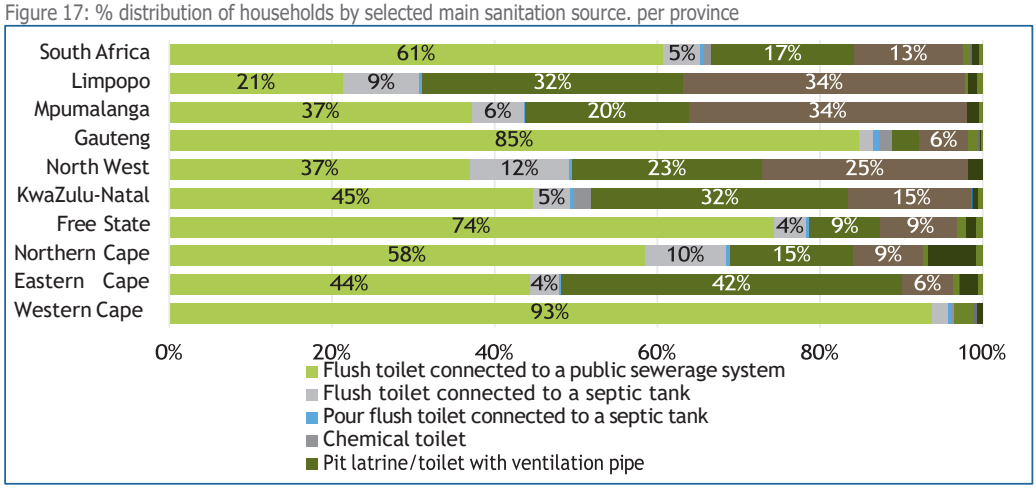
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NW	54.1	57.8	54.4	58.1	68.5	72.2	67	69	70.8	78.3	72.7
GP	88.9	89.8	89.1	91.3	91.2	91.1	90.9	90.5	91.8	90.5	90.5
MP	50.7	55.3	53.1	54.4	55.1	62.4	64.4	67.5	58.9	58.7	63.1
LP	26.9	34.6	33.9	32.1	41.1	49.8	54	57.1	58.9	63.1	63.1
National	61.7	65.9	68.3	70	75.4	77	79.5	81	83	83.2	83.2

Source: Statistics South Africa General Household Survey 2022

Although household access to basic sanitation facilities has improved over time, major disparities remain. Nationally, 83.2% of households had access to improved sanitation in 2022, but only 61% had access to flush toilets connected to a sewerage system, which represents the higher standard of sanitation. Gauteng, Free State and Western Cape were the only provinces to perform above the national average in this regard. By contrast, provinces such as Limpopo, Mpumalanga and North West continue to lag behind, with most households relying on pit latrine systems, both ventilated and unventilated. In the Eastern Cape, ventilated pit toilets also make up a large share of sanitation provision. This continued reliance on pit systems reflects the more rural character of these provinces.

Figure 17: % distribution of households by selected main sanitation source. per province



Source: Statistics South Africa General Household Survey 2022

The Section 47 reports provide additional municipal-level insights for Western Cape, Northern Cape, North West, and Limpopo. These show significant variation within provinces, as illustrated in .

Western Cape's data Western Cape confirms what was presented in the StatsSA data: there is a high level of sanitation access, with most municipalities reporting above 60%. Twelve out of twenty-five municipalities report 100% access, while only six municipalities fall below 60%. Witzenberg (56%) and Theewaterskloof (60%) are notable outliers.

The **Northern Cape** is generally a high-performing province in terms of reported water access; however, data gaps are significant, with 13 out of 26 municipalities not providing information. Of those that did, most exceeded 60%, except Joe Morolong (88.7%), Khai-Ma (86.7%), Dawid Kruis (87.8%). The high proportion of non-reporting municipalities makes it difficult to fully assess provincial performance, and may mask more serious service delivery challenges.

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The Northern Cape also differentiates between minimum service level and below minimum service level provision. The percentages reported here reflect minimum service level access, which is defined as:

- Flush toilet (connected to sewerage)
- Flush toilet (with septic tank)
- Chemical toilet
- Pit toilet ventilated
- Other toilet provision (above minimum service level)

Below minimum service level provision includes:

- Bucket toilet
- Other toilet provision (below minimum service level
- No toilet provisions

North West shows mixed results, with sanitation access ranging from as low as 16% in Moretele to 66% in Lekwa-Teemane. Ratlou (21%), Greater Taung (28%), Kagisano Molopo (27%), Moses Kotane (33%), and Ramotshere-Moiloa (40%) highlight significant under-provision. Only three municipalities exceed 60% (City of Matlosana, Lekwa-Teemane, Kgetlengrivier), with the provincial average well below 80%.

Limpopo[5] performs relatively poorly overall, with the Section 47 data reaffirming the StatsSA data, with an average % access of 53.1% compared to the 63.1% reported in the StatsSA report The lowest coverage is recorded in Makhuduthamaga (21.6%), Elias Motsoaledi (28.0%), and Sekhukhune (33.7%), while the highest levels are in Bela-Bela (62.6%), Musina (86.1%), and Lephalale (75.8%). Most municipalities cluster between 45% and 75%.

The province disaggregates its data across 6 categories in its Section 47:

a) Flush toilet connected to sewerage system
b) Flush toilet connected to septic tank
c) Chemical toilet
d) Pit toilet with ventilation pipe
e) Pit toilet without ventilation pipe
f) Bucket toilet collected by municipality
g) Bucket toilet emptied by HH
h) Other
i) None

Access sanitation was thus, calculated as categories a-d as a % of the total.

Mpumalanga reflects strong performance, with many municipalities recording very high levels of access. Five municipalities report 100% (Chief Albert Luthuli, Steve Tshwete, Victor Khanye, among others), and 11 municipalities are in the 60–66% range. Only one municipality falls in the 80–60% range (Mkhondo at 81.7%), and only two municipalities are outlying: City of Mbombela at 57.5%, and Dipaleseng at 118.4%, which likely reflects a data anomaly. However, the 60.2% average access reported in the Section 47 report contradicts the StatsSA numbers, which suggested that the province is underperforming at an average access of 63.1%.

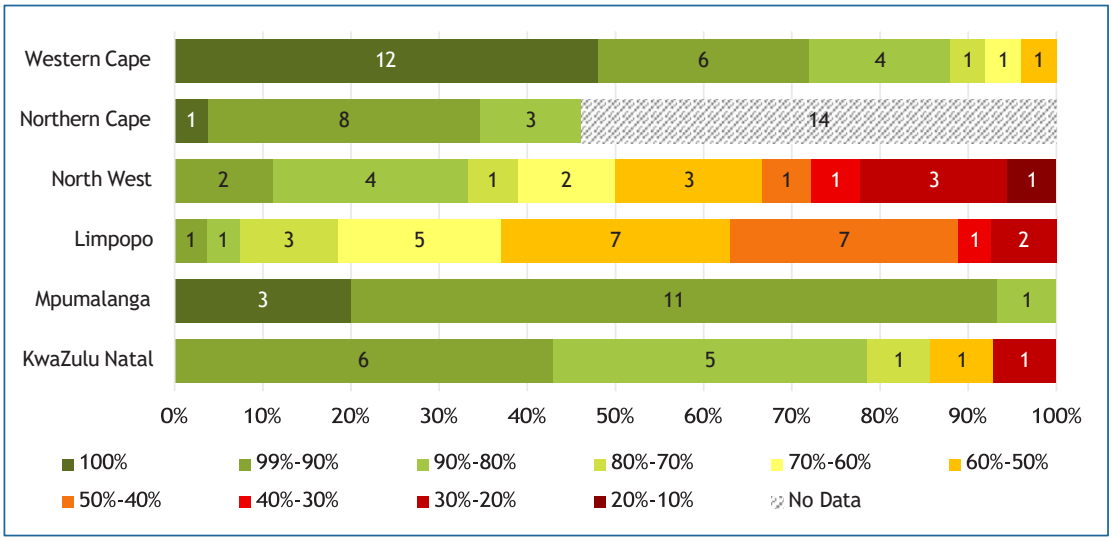
[5] Limpopo report includes local and district municipalities, which is valid in the light of the fact that sanitation provision is at the district level

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KwaZulu-Natal[6] shows a generally high level of access. Several municipalities exceed 60% (Umzinyathi 63%, Amajuba 68%, Newcastle 66%, Ugu 62%, King Cetshwayo 66%, Umkhanyakude 66%), but others report much lower access: Umgungundlovu (25%), Msunduzi (51%), eThekwini (73%).

Figure 18: Number of municipalities in each sanitation access percentage bracket by Province



Source: Section 47 Reports

Eastern Cape The Eastern Cape report measures municipal performance on access to potable water and free basic water, assessing how well yearly targets are achieved. Performance is rated as excellent when at least 60 percent of the target is met, very good between 70 and 86 percent, good between 50 and 66 percent, weak when less than 50 percent is achieved, and a disclaimer is given if no data is provided. Eight (8) municipalities were reported as performing Excellent, and Two municipalities were reported as failing to disclose information. This represents an increase in performance compared to the previous year, when six municipalities achieved an Excellent rating.

Gauteng provided a brief overview of their performance stating that municipalities reported to have on aggregate achieved s achieved 100% provision of sanitation services to formal households and 61% to informal households against set annual targets

4.3.2 Free Basic Sanitation

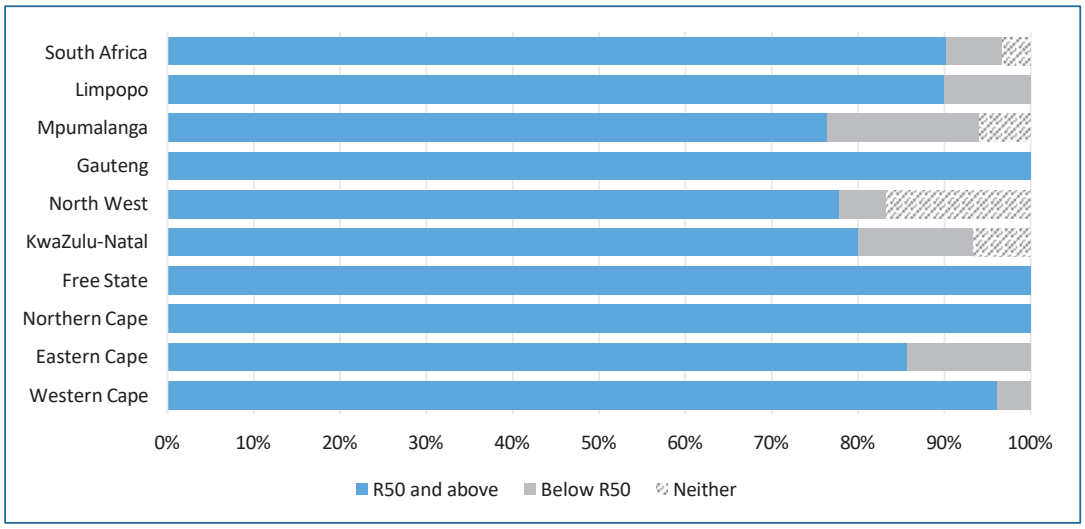
The minimum service level for Free Basic Sanitation (FBSan) is set at a R50 subsidy per month. Data from the Statistics South Africa Non-Financial Municipal Census (2022) shows that 60% of municipalities provide FBSan at this standard, while 6% offer it at a different level. Only Gauteng, Free State and Northern Cape have all municipalities delivering free basic sanitation services at the set standard.

[6] KwaZulu-Natal's reports data for its districts and metropolitan municipalities, which is valid in the light of the fact that sanitation provision is at the district level .

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Figure 16 No .municipalities per province providing free basic sanitation services at standard s other levels



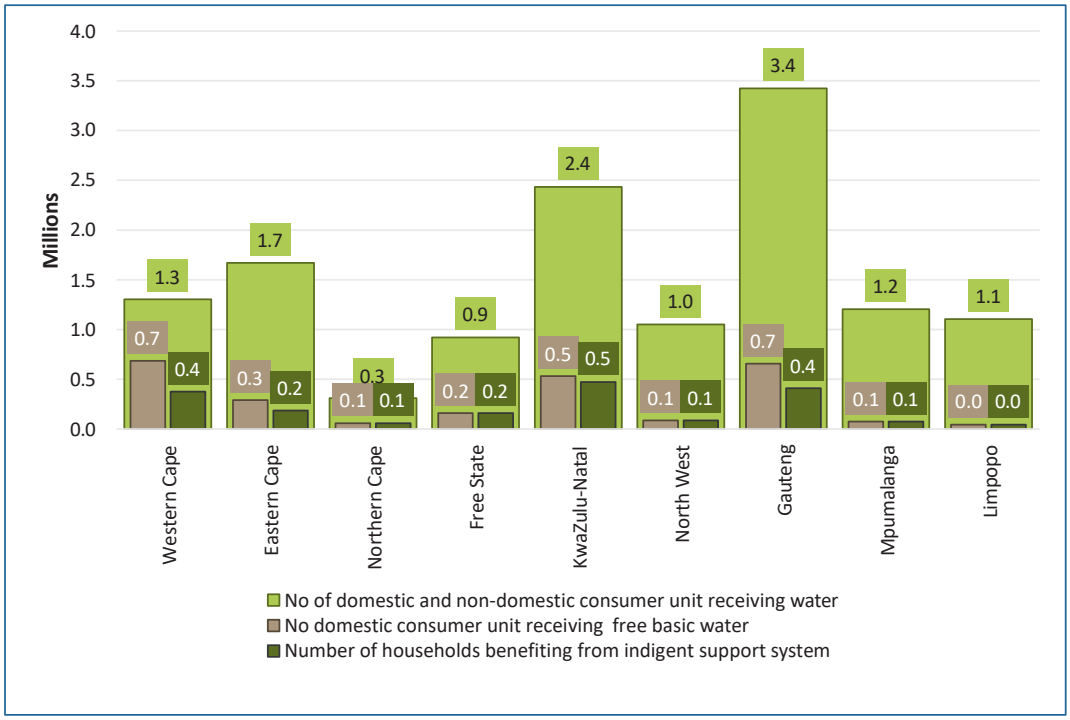
Source: Statistics South Africa Non-Financial census of municipalities, 2022

Figure 20 compares the number of domestic and non-domestic consumer units receiving sanitation, the number receiving Free Basic Sanitation (FBSan), and the number of households benefiting from indigent support systems. The Western Cape has the highest proportion of consumer units receiving FBSan, at more than half (53%) of all units. In contrast, Limpopo, despite serving a similar number of consumer units overall, provides FBSan to only 4%. Gauteng, with the highest total number of consumer units nationally, provides FBSan to about 16% of them, which is the average across South Africa.

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Figure 20 : Number of consumer units receiving sanitation services and free basic services



Source: Statistics South Africa Non-Financial census of municipalities, 2022

Figure 21 shows the percentage of consumer units benefiting from Free Basic Sanitation (FBSan) per municipality. The majority of municipalities provide FBSan to between 1%–20% and 21%–40% of their consumer units. The Northern Cape stands out, as municipalities in the province generally report higher coverage levels compared to the national trend.

There are also clear outliers:

- Ratlou LM and Ngaka Modiri Molema DM in the North West, and
- Umkhanyakude DM in KwaZulu-Natal,

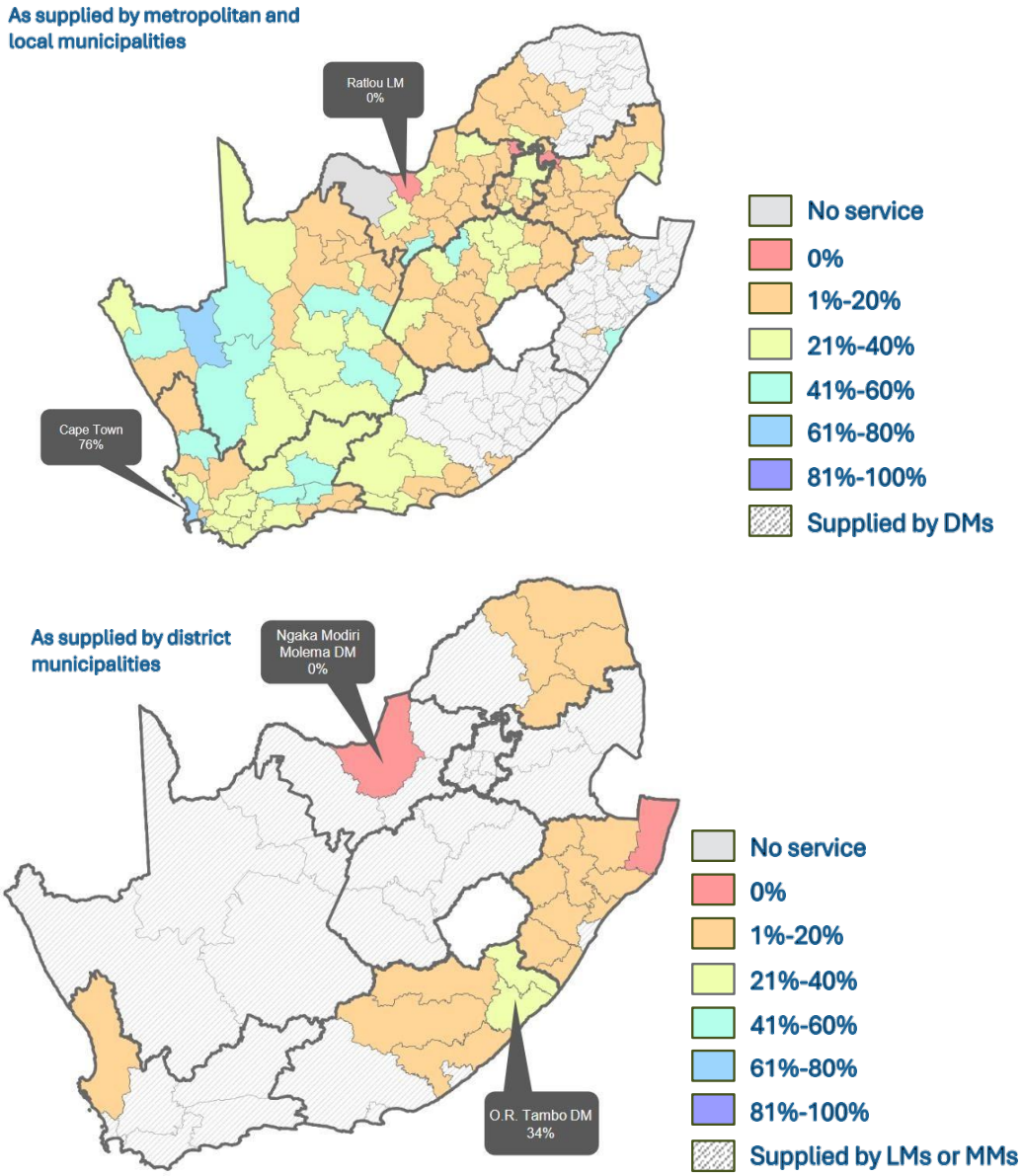
which all report providing zero consumer units with FBSan.

By contrast, the City of Cape Town is a significant positive outlier, reporting a particularly high coverage level of 76% of consumer units.

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Figure 21: % consumer units benefiting from FBSan



Source: Statistics South Africa Non-Financial census of municipalities, 2022

4.4 ELECTRICITY

According to Part B of Schedule 4 of the Constitution, municipalities are responsible for the provision of electricity reticulation. In practice, however, not all municipalities are authorised to carry out this function because of differences in capacity and resources. Legislation distinguishes between authority

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and provider, with provider status dependent on holding a distribution licence, which requires compliance with specific conditions.

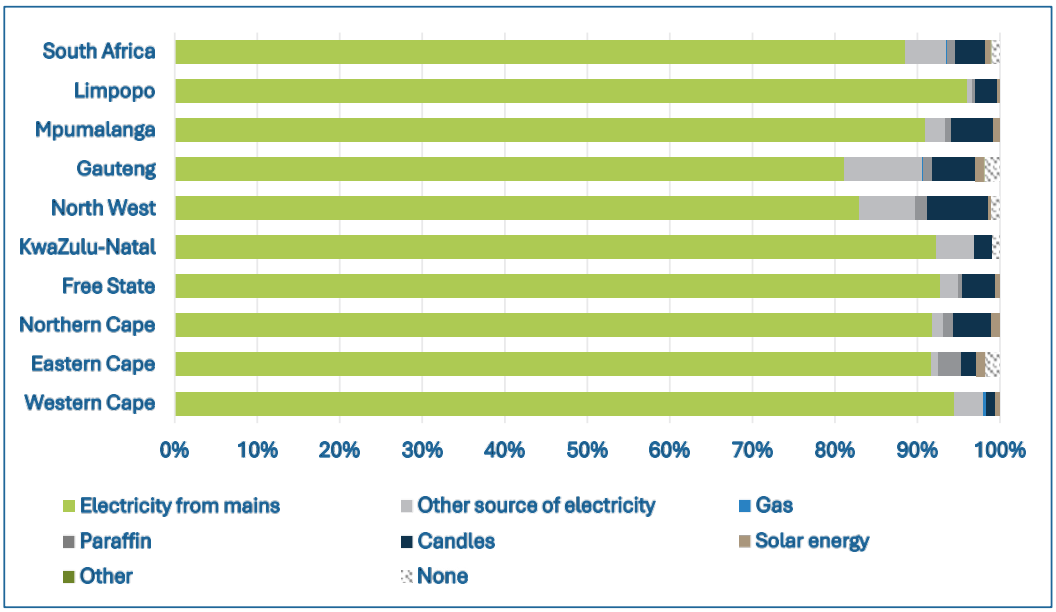
Metropolitan municipalities are generally licensed to distribute electricity throughout their territories, but outside the metros only some local municipalities have been authorised and licensed. Of South Africa's 228 local municipalities, 165 hold distribution licences, while the rest rely fully on Eskom. Even in the case of municipalities that do hold licences, Eskom still distributes electricity in parts of their jurisdiction.

Overall, municipalities distribute about 40% of electricity generated nationally, mainly to households and small businesses, while Eskom distributes the remaining 60%, largely to large industrial users and areas without municipal networks. This dual distribution system reflects the practical situation in the country: most municipalities distribute electricity directly, but in rural areas across nearly all provinces, Eskom remains the primary distributor.

4.4.1 Access to services

The NDP commits South Africa to achieving universal access to electricity by 2030. At present, most households (88.46%) use mains electricity for lighting, while reliance is lower for cooking (76.52%) and considerably lower for heating (51.08%).

Figure 22: % distribution of households by energy source for lighting

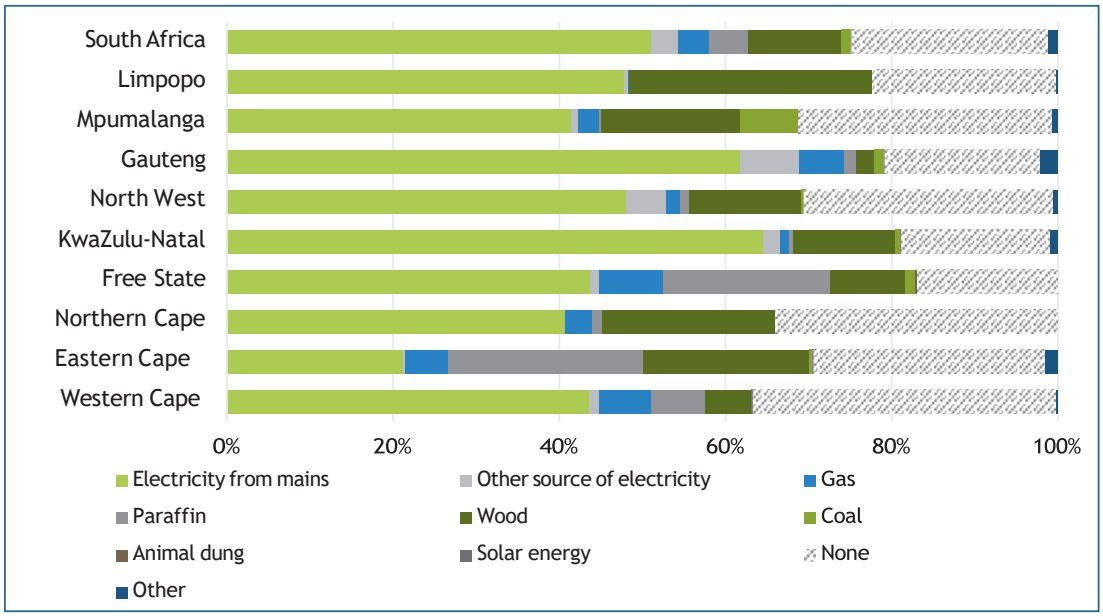


Source: Statistics South Africa General Household Survey 2022

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Figure 23: % distribution of households by energy source for heating



Source: Statistics South Africa General Household Survey 2022

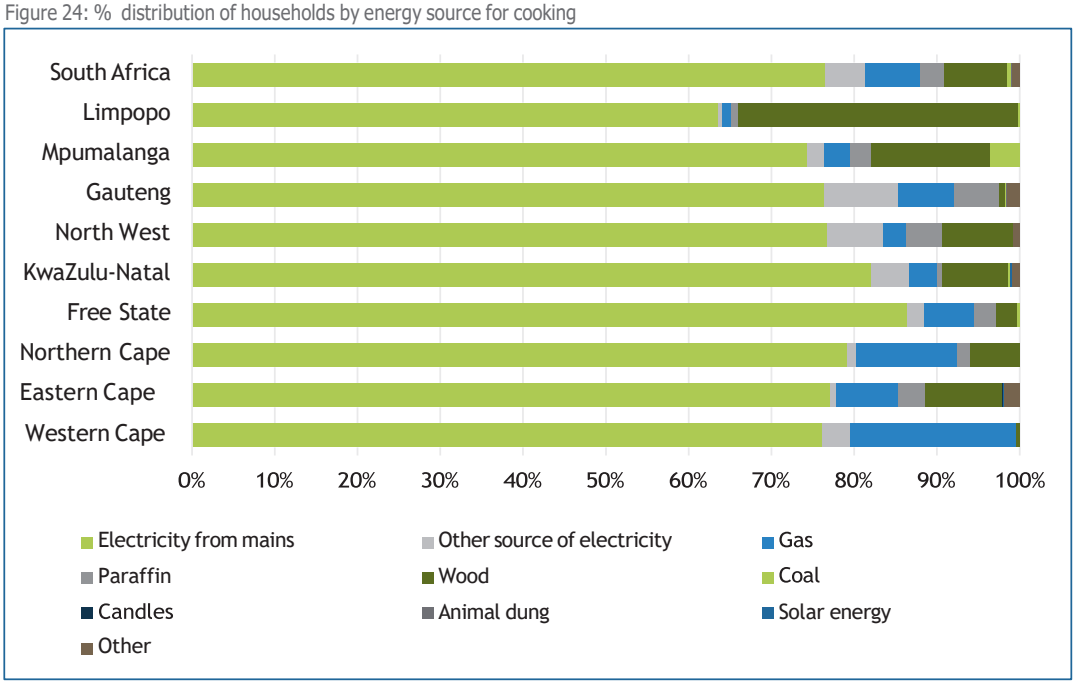
The percentage of South African households that were connected to the mains electricity supply increased from 76,7% in 2002 to 86,6% in 2022. Figure 22 shows that households with access to mains electricity were most common in Limpopo (66,4%), Western Cape (65,5%), and Free State (63,4%), and least common in Gauteng (83,1%) and North West (83,5%).

The largest increases between 2002 and 2022 were observed in Eastern Cape (+36,7%), KwaZulu-Natal (+24,2%), and Limpopo (+23,8%). The percentage of households with access to mains electricity actually declined in Gauteng (-4,1 %) during the same period. This decline can be associated with the rapid in-migration experienced by the province and a rapid increase in household numbers.

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Figure 24: % distribution of households by energy source for cooking



Source: Statistics South Africa General Household Survey 2022

Figure 25: % distribution of households connected to the mains electricity supply by province

	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022
WC	88.5	90.9	93.4	93.5	86.6	90.4	87	86.6	87.9	93.1	95.5
EC	55.3	60.4	69.5	67	73.1	80.5	83.6	83.8	87.4	92.9	92
NC	81.6	83	87.7	87.5	88.4	91.7	90.3	91.8	91.7	97.3	92.6
FS	85.1	88	88.4	89.8	92.8	91.5	92.1	88.3	91.2	90.7	93.4
KZN	68.6	72.9	75	73.7	77.2	79.5	82.1	81.5	83.5	92.6	92.8
NW	82	88.9	85.7	80.8	83.8	85.4	87.7	81.2	83.7	83.7	83.3
GP	87.2	88.3	79	87.1	83.3	84.3	83.4	79.6	77.7	83.4	83.1
MP	76	83.7	83.3	82.8	87.1	88.5	89.9	87.1	90.7	92	90.9
LP	72.6	77	83.4	81.8	87.9	90.4	92	94	92.7	97.2	96.4
National	76.7	80.6	80.7	81.9	82.8	85.2	85.9	83.9	84.7	90	89.6

Source: Statistics South Africa General Household Survey 2022

The Section 47 reports provide additional municipal-level insights for Western Cape, Northern Cape, North West, and Limpopo. The figure shows that across all provinces the highest reliance for energy is electricity for mains. Limpopo has a far higher reliance on wood, and the Western Cape is the leader on the use of gas and alternative forms of energy. Table 11 presents a comparative summary of municipal electricity access as reported in the 2021/22 Section 47 reports by these provinces. It highlights provincial performance, distribution of municipalities across access levels, and key data gaps or notes.

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Table 11: Comparative summary of municipal electricity access reported by WC, NC, NW and Limpopo

Province	Performance Overview	High Access (≥G0%)	Mid Access (8G-70%)	Low Access (<70%)	Data Gaps / Notes
Western Cape	High level of access, consistent with StatsSA.	12/25 municipalities at 100%; most above 60%.	5 municipalities below 60%.	Witzenberg at 50% (outlier).	Strong, stable system overall.
Northern Cape	Generally high-performing, but incomplete reporting.	8 municipalities at 100%; most others above 60%.	Kareeberg (61.15%) and Khai-Ma (66.68%).	None reported <60%.	13/26 municipalities did not provide data. Province distinguishes between minimum and below minimum service levels.
North West	Lower access than StatsSA average; Section 47 average = 70%.	None above 60%; 1 municipality >80%.	10 municipalities between 80–70%.	Range: 58–70%.	Confirms StatsSA's lower provincial performance.
Limpopo	Comparatively high access, using disaggregated categories (conventional, prepaid, solar, generator, etc.).	Average 64.34% access; most in 60–66% range.	Lowest reported 72.73%.	None below 70%.	Range: 72.73–67.84%; categories a–g counted as access.

Mpumalanga data confirm the strong performance noted in the StatsSA data, with 3 municipalities achieving 100% access and a further 12 municipalities in the 66–60% bracket. Only 2 municipality sits in the 80–70% range, none falling below this level of access.

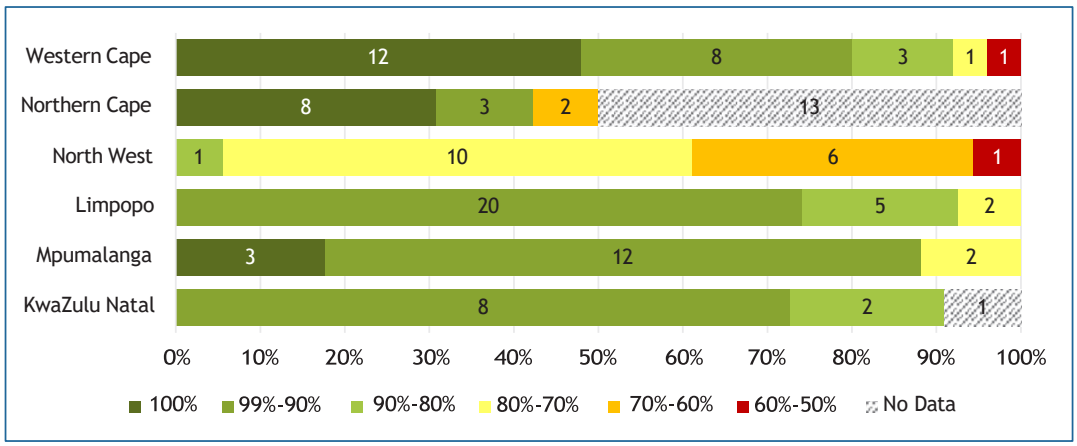
KwaZulu-Natal[7] shows a generally high level of access, with 8 district municipalities in the 66–60% range and 2 district municipalities in the 60–80% range.

[7] KwaZulu-Natal's reports data for its districts and metropolitan municipalities,

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Figure 26: Number of municipalities in Each Electricity Access Percentage Bracket by Province



Source: Section 47 Reports

Eastern Cape reports electricity The Eastern Cape report measures municipal performance on electricity based on a set of indicators. Performance is rated as excellent when at least 60 percent of the target is met, very good between 70 and 86 percent, good between 50 and 66 percent, weak when less than 50 percent is achieved, and a disclaimer is given if no data is provided. Fifteen (15) municipalities were reported as performing Excellent and eight (8) as Disclaimer. This represents an increase in performance compared to the previous year, with a greater number of municipalities classified as excellent, and fewer classified as disclaimer.

Gauteng reported that on aggregate, municipalities achieved 65% of electricity provision to formal households during the 2021/22 financial year. However, the majority (78%) of municipalities reported not providing this service to informal settlements, largely because these settlements are often on privately owned, inhabitable, or geologically challenging land.

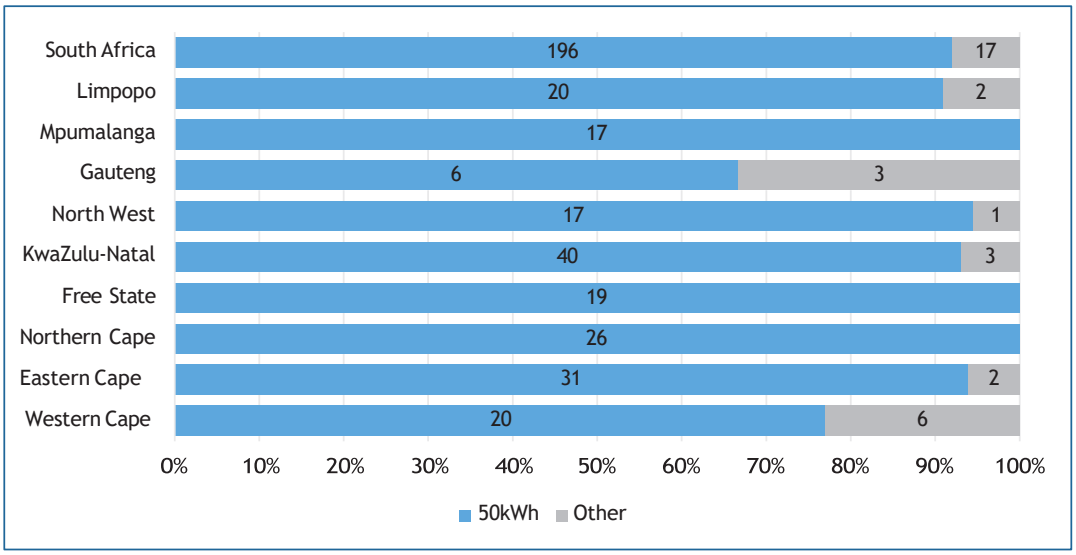
4.4.2 Free Basic Electricity

The Department of Energy has set the basic level of energy provision for Free Basic Electricity (FBE) to poor households at 50 kilowatts per month, for an average poor household. According to the Statistics South Africa Non-Financial Municipal Census (2022), 62% of municipalities provide FBE at the minimum standard (see). Eight percent (8%) of municipalities supply FBE at another level other than the minimum standard. Only Mpumalanga, Free State and Northern Cape have all municipalities providing free basic energy services at the standard.

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Figure 27: No. municipalities in each province providing free basic electricity services at standard s other levels



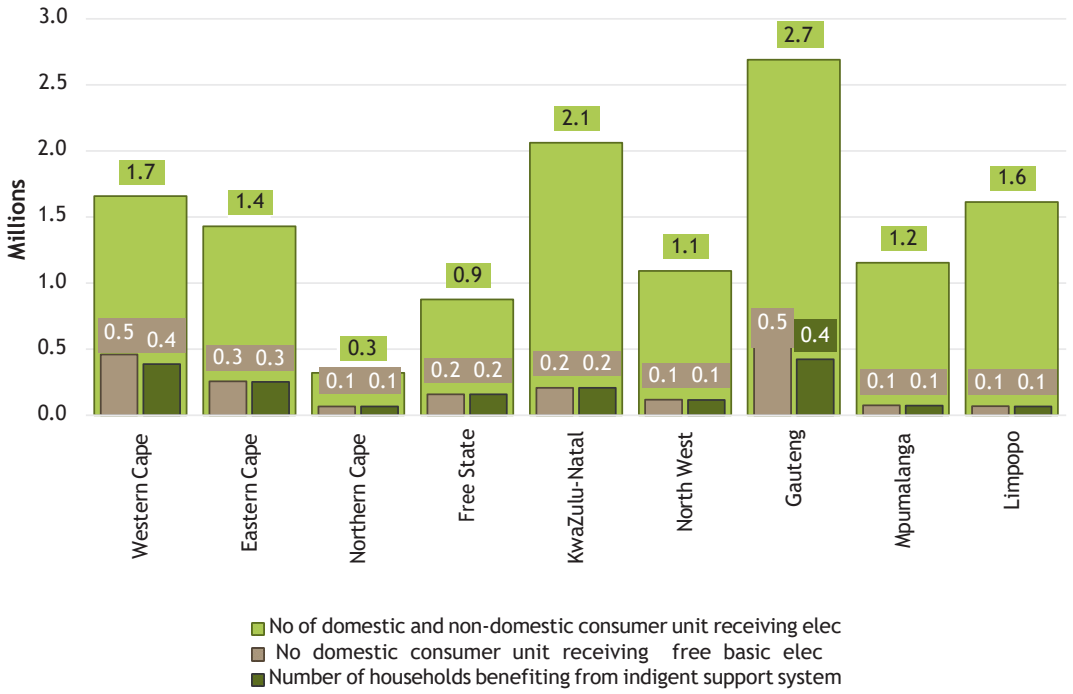
Source: Statistics South Africa Non-Financial census of municipalities, 2022

Figure 28 compares the number of domestic and non-domestic consumer units receiving electricity, the number receiving FBE, and the number of households benefiting from indigent support systems. The Western Cape has the highest proportion of consumer units receiving FBE at more than half (28%) of all units. In contrast, Limpopo, despite serving a similar number of consumer units overall, provides FBE to only 4%.

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Figure 28: No. of domestic and non-domestic consumer units receiving electricity.



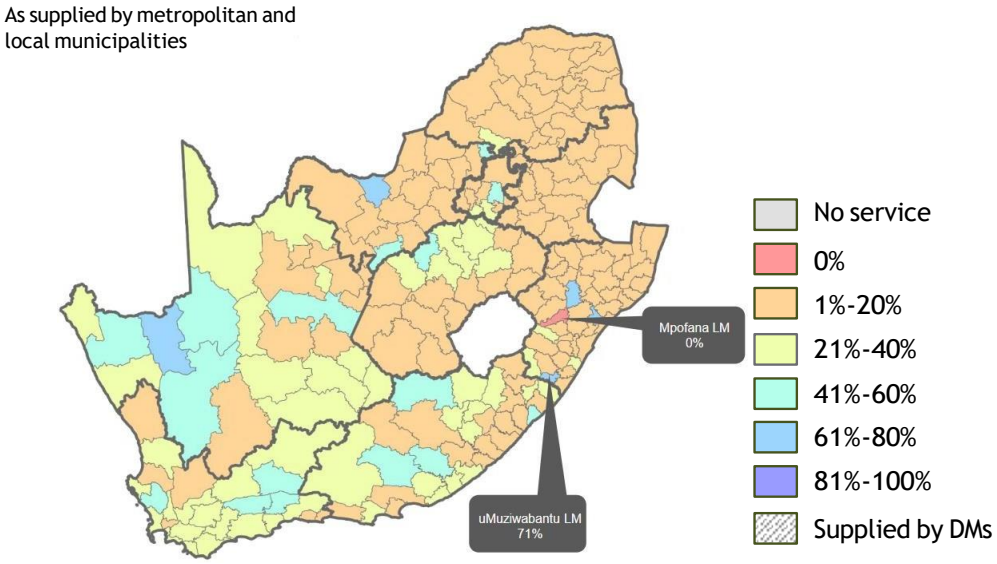
Source: Statistics South Africa Non-Financial census of municipalities, 2022

Figure 26 shows the percentage of consumer units benefiting from FBE per municipality. The majority of municipalities provide FBE to between 1%–20% of their consumer units. The Northern Cape and Western Cape stand out, as municipalities in these provinces generally report higher coverage levels compared to the national trend.

Figure 26: Percentage of consumer units benefiting from FBE

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Source: Statistics South Africa Non-Financial census of municipalities, 2022

4.4.3 Service Reliability

4.4.3.1 Electricity Losses

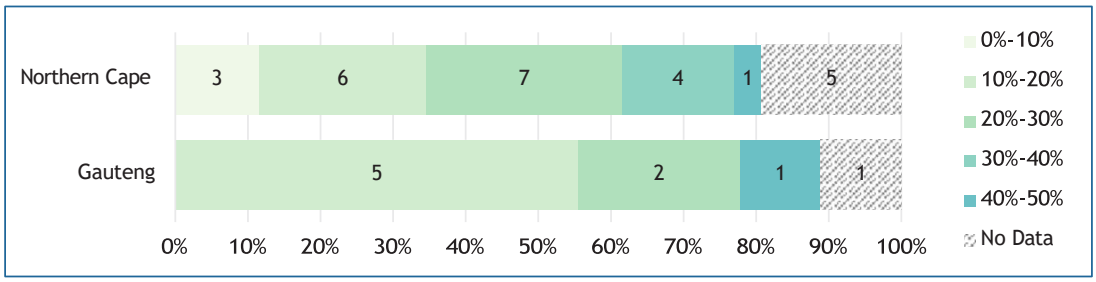
The State of Local Government and Finances and Financial Management by National Treasury (SoLGF) notes that distribution losses remains high due to ageing infrastructure. Many municipalities are experiencing revenue losses in water and electricity due to ageing and poor condition of their infrastructure assets. Two provinces provided data on percentage (%) electricity losses in their Section 47 reports: Northern Cape and Gauteng).

- **Gauteng**: Average losses across the province was 21.25%, ranging from 13% to 43%, however most municipalities sit at the 10-20% range.
- **Northern Cape**: Average losses across the province was 22.5%, ranging from 11% to 46%.

Figure 30: Percentage (%) Water Loss per municipality: NC s GP

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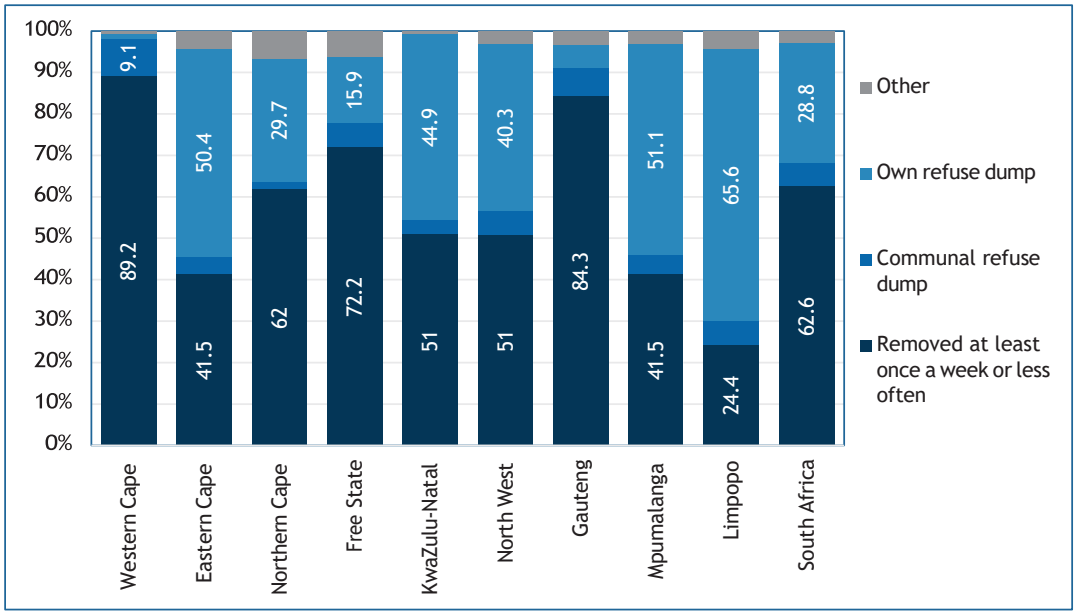
Source: Section 47 Reports

4.5 REFUSE REMOVAL

4.5.1 Access to services

Figure 31 shows that nationally, about two-thirds (62,6%) of households had their refuse removed on a weekly basis, or less often, while 28,8% had to use their own refuse dumps. Refuse removal was most common in Western Cape (86,2%) and Gauteng (84,3%), and least common in Limpopo (24,4%). Compared to urban area, refuse removal took place much less often in rural areas. **Error! Reference source not found.** shows that refuse removal was least common in the rural areas of Eastern Cape (1,0%) and Limpopo (7,0%). Overall, 76,0% of households in rural areas discarded refuse themselves compared to only 6.7% of households in urban areas.

Figure 31: Household refuse removal by province, 2022

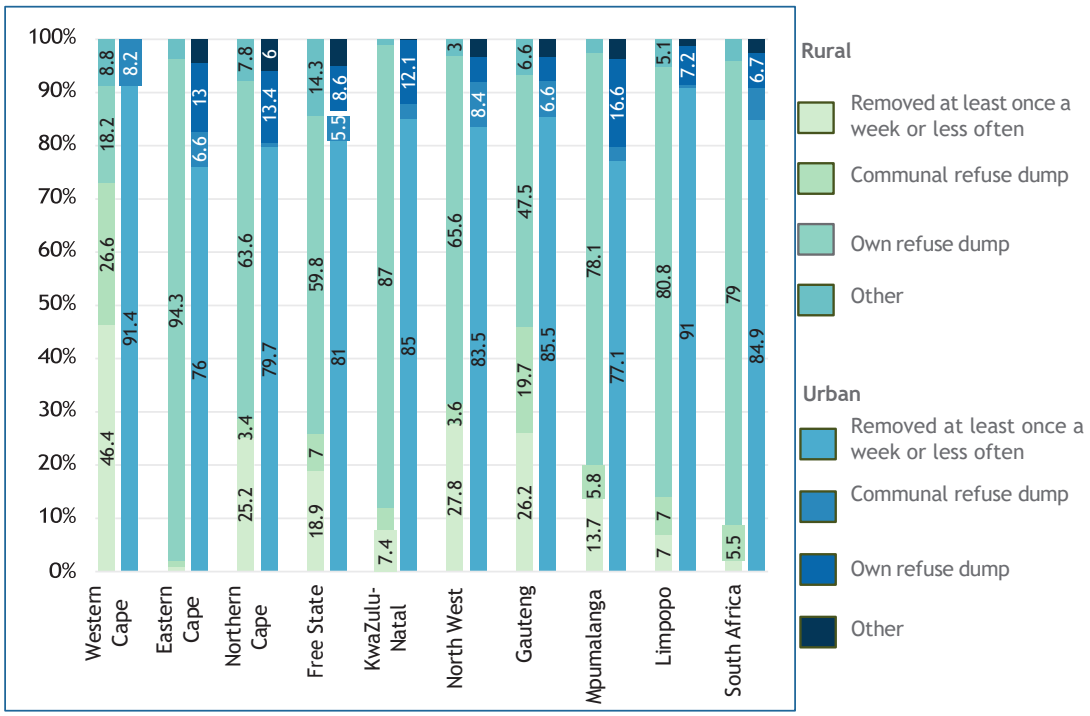


Source: Statistics South Africa General Household Survey 2022

Figure 32: Household refuse removal by province and urban/rural status

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Source: Statistics South Africa General Household Survey 2022

The Section 47 reports provide additional municipal-level insights for Western Cape, North West, Limpopo, and Mpumalanga. These show significant variation within provinces.

Western Cape shows consistently high levels of refuse removal, aligning with the generally strong service delivery trends observed in the province. Of the 25 municipalities, 16 report coverage of 65% or higher, with 12 municipalities at 100%. Notable outliers are Knysna (51%), Witzenberg (55%), and Laingsburg (62%), which fall well below the provincial average. A few municipalities exceed 100% (Theewaterskloof at 103% and Kannaland at 114%), which likely reflects reporting or categorisation anomalies.

North West presents a more mixed picture. Several municipalities perform very strongly, with seven (7) municipalities reporting 100%. Others show severe under-provision, including Ratlou (0.1%), Kagisano Molopo (1%), and Ditsobotla (40%). Most municipalities fall between 60–65%.

Limpopo continues to underperform relative to national trends. The provincial average is very low, with most municipalities below 30%. Extreme cases of limited access include Makhuduthamaga (1.3%), Collins Chabane (2.3%), and Maruleng (5.2%). Only Bela-Bela (47.1%) and Polokwane (45.0%) exceed 40%, but these remain low compared to national and provincial averages elsewhere. This pattern underscores severe challenges in waste management provision across the province.

The province disaggregates its data across 6 categories in its Section 47:

a) Removed by local authority/private once a week
b) Removed by local authority/private less than once a week
c) Communal refuse dumps
d) Communal container
e) Own refuse dump

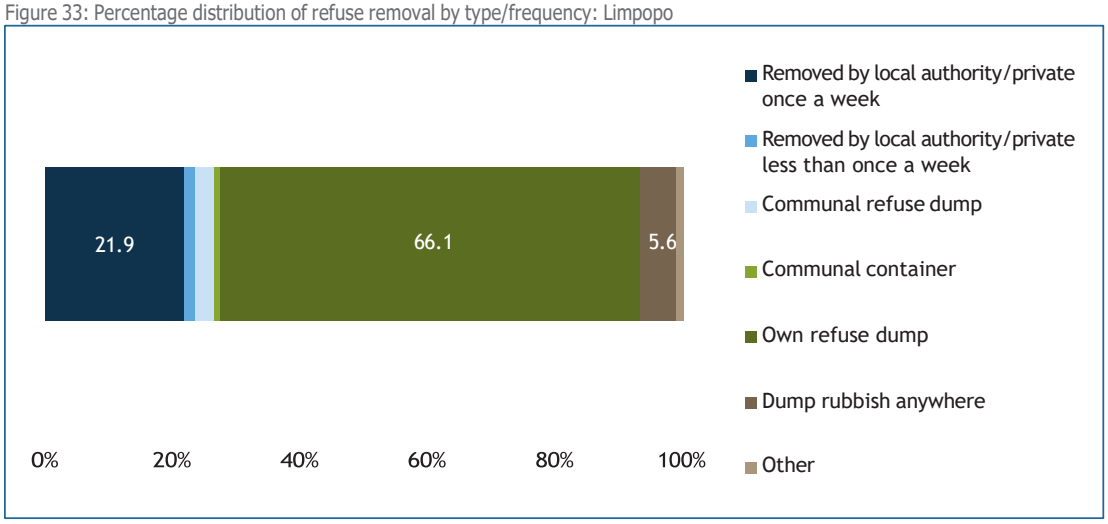
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f) Dump rubbish anywhere
g) Other

Looking at the data in totality, most households across the province rely on their own refuse dump.

Figure 33: Percentage distribution of refuse removal by type/frequency: Limpopo

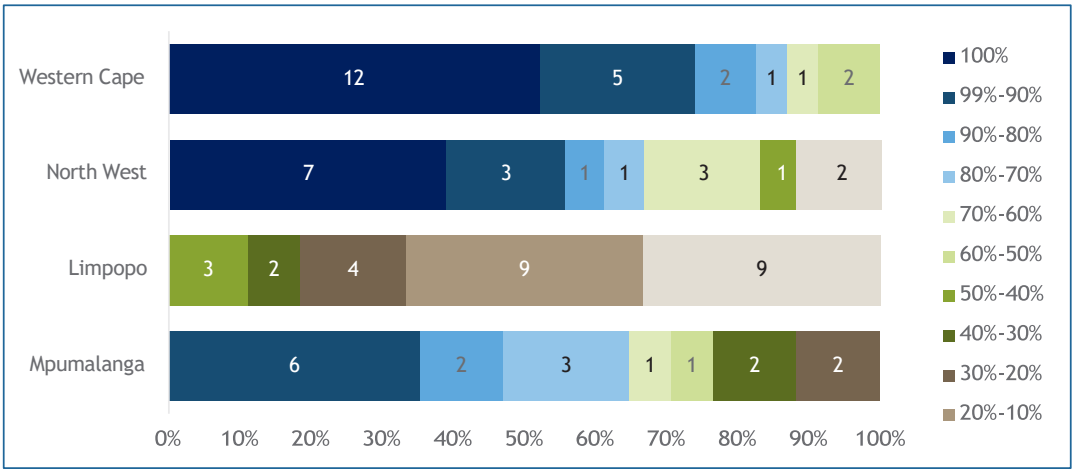


Source: Limpopo Section 47 Report

Mpumalanga demonstrates strong performance overall, though with notable variation. Eleven (11) out of seventeen municipalities record above 70%, with the six (6) exceeding 60% access. Only three municipalities fall well below the average: City of Mbombela (34.7%), Bushbuckridge (33.2%), and Dr JS Moroka (23.7%). The provincial average is thus skewed by these outliers, but the bulk of municipalities are performing very well.

Figure 34: No. municipalities in Each Refuse Removal Access Percentage Bracket by Province: WC, NW, LP, MP

Source: Section 47 Reports

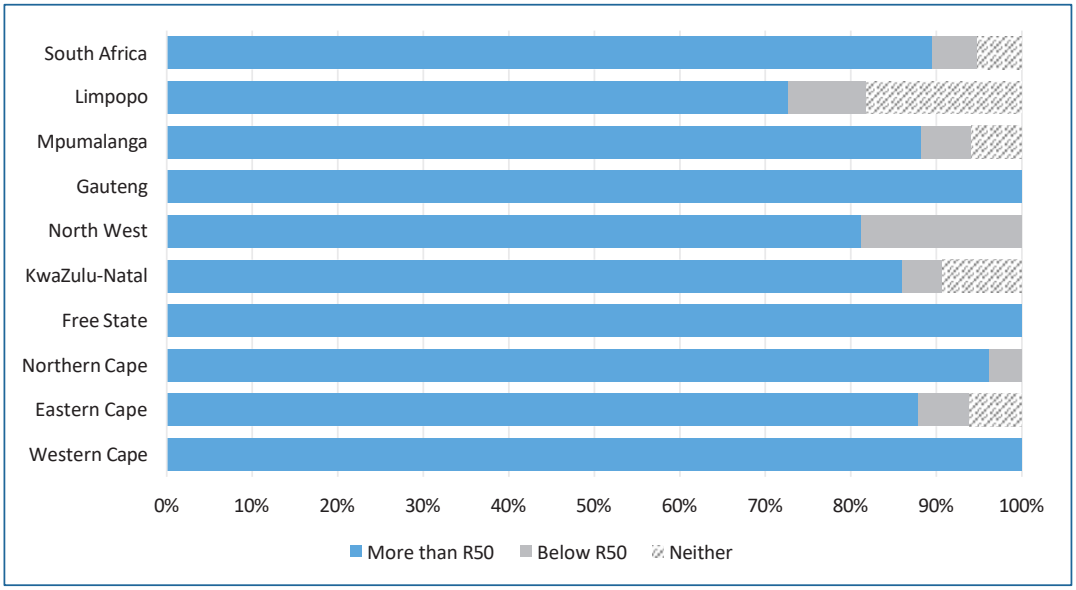


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4.5.2 Free Basic Refuse

The minimum service level for Free Basic Refuse (FBR) is a R50 subsidy per month. According to the Statistics South Africa Non-Financial Municipal Census (2022), 60% of municipalities provide FBR at the minimum standard (see **Error! Reference source not found.**). Five percent (5%) of municipalities supply FBR at another level. Only Western Cape, Gauteng and Free State are providing FBR services to standard.

Figure 35: No. municipalities per province providing free basic sanitation services at standard s other levels



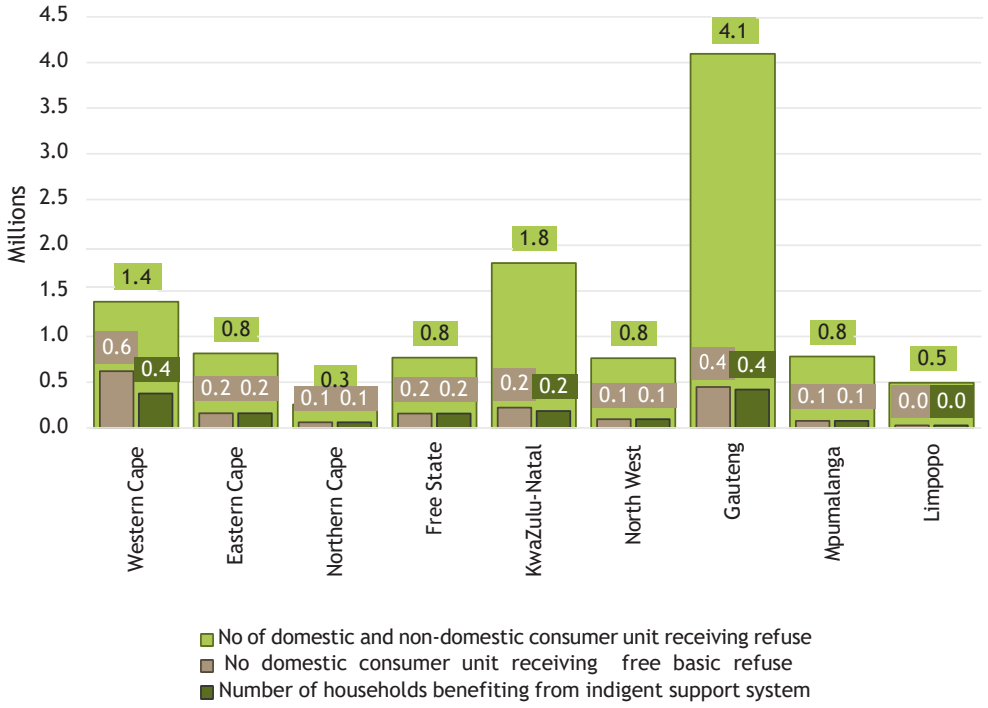
Source: Statistics South Africa Non-Financial census of municipalities, 2022

Figure 36 compares the number of domestic and non-domestic consumer units receiving refuse, the number receiving FBR, and the number of households benefiting from indigent support systems. The Western Cape has the highest proportion of consumer units receiving FBR, at 45% of all units. In contrast, Limpopo, despite serving a similar number of consumer units overall, provides FBR to only 5%.

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Figure 36: Number of domestic and non-domestic units receiving refuse, FBR and indigent support



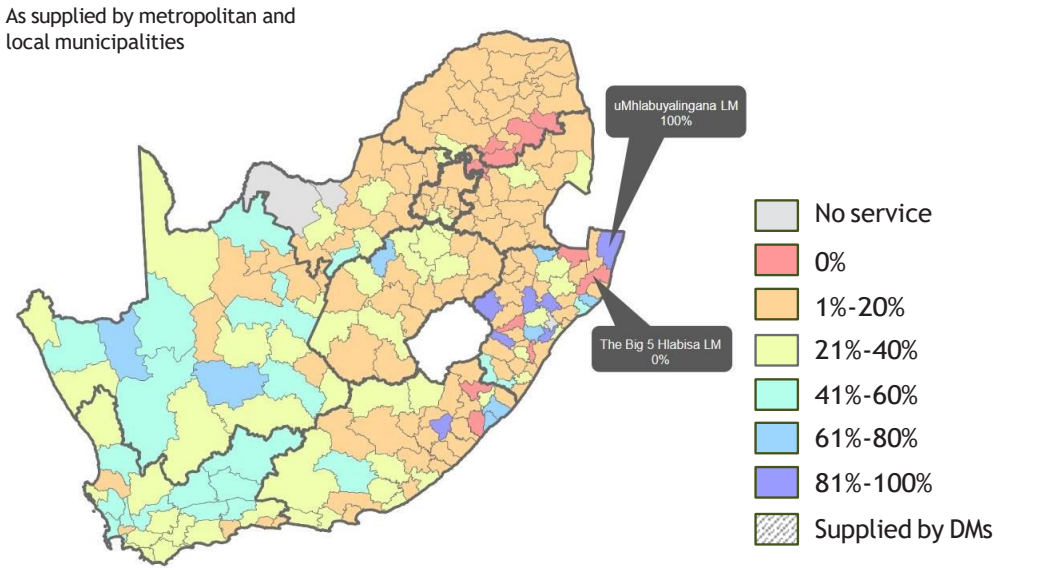
Source: Statistics South Africa Non-Financial census of municipalities, 2022

Figure 37 shows the percentage of consumer units benefiting from FBR per municipality. The majority of municipalities provide FBE to between 1%–20% of their consumer units. The Northern Cape, KwaZulu-Natal and Western Cape stand out, as municipalities in these provinces generally report higher coverage levels compared to the national trend. Limpopo, KwaZulu-Natal and Eastern Cape also have a number of municipalities that provide no FBR to any consumer units.

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Figure 37: Percentage of consumer units benefiting from FBR



Source: Statistics South Africa Non-Financial census of municipalities, 2022

4.6 INFRASTRUCTURE INVESTMENT AND MAINTENANCE

4.6.1 Municipal Infrastructure Grant (MIG) expenditure

The Municipal Infrastructure Grant (MIG) Programme provides grant funding to municipalities to implement infrastructure projects that enable them to deliver at least a basic level of service to poor households. It was introduced as part of broader government reforms to improve service delivery in a coordinated way across all spheres of government. DCoG manages the programme in line with its mandate to promote cooperative governance and strengthen capacity within the local government sector.

The MIG Policy Framework (2004) sets out the programme's objectives. These include fully subsidising the capital costs of providing basic services to poor households, which requires prioritising appropriate bulk, connector, and internal infrastructure in key service areas. The programme is also designed to distribute funding for municipal infrastructure equitably, transparently, and efficiently, supporting a coordinated approach to local development and maximising developmental outcomes. In addition, it aims to build the developmental capacity of municipalities by supporting multi-year planning and budgeting, and to provide a mechanism for the coordinated pursuit of national policy priorities in municipal infrastructure, while avoiding duplication and inefficiencies linked to fragmented sectoral grants.

The MIG supports both the development of new infrastructure and the upgrading of existing facilities to provide basic services such as water, sanitation, refuse removal, roads, and social infrastructure for poor households in all non-metropolitan municipalities. It also covers the renewal of infrastructure that services poor communities and the maintenance of roads identified through the Rural Roads Access

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Management System (RRAMS). The grant is transferred to supplement municipal capital budgets and to help eradicate backlogs in infrastructure delivery.

According to DCoG, MIG expenditure in the reporting year amounted to R13.6 billion, representing 86.73% of available funds. This reflects a slight decline compared to the 61.28% expenditure achieved in the previous financial year.

Table 12: National Overview of MIG Expenditure

Province	Allocated (R'000)	Transferred to date (R'000)	Transfers as % allocation	Expenditure to date (R'000)	Expenditure as % allocation (excl roll-overs)	Expenditure as % transferred (excl roll-overs)	Unspent Balance (R'000)
Eastern Cape	3 150 667	3 150 667	100,00%	2 604 123	82.65%	82,65%	546 544
Free State	779 352	779 352	100,00%	618 398	79.35%	79,35%	160 954
Gauteng	281 652	281 652	100,00%	204 420	72.58%	72,58%	77 232
KwaZulu Natal	3 585 280	3 585 280	100,00%	3 563 584	99.39%	99,39%	21 696
Limpopo	3 100 822	3 100 822	100,00%	2 861 588	92.28%	92,28%	239 234
Mpumalanga	1 889 630	1 889 630	100,00%	1 832 322	96.96%	96,96%	57 398
Northern Cape	472 148	472 148	100,00%	346 371	73.36%	73,36%	125 777
North West	1 878 769	1 878 769	100,00%	1 525 171	81.18%	81,18%	353 598
Western Cape	454 428	454 428	100,00%	436 195	95.99%	95,99%	18 233
TOTAL	**15 5G2 748**	**15 5G2 748**	**100,00%**	**13 GG2 082**	**8G.73%**	**8G,73%**	**1 600 666**

Source: Department of Cooperative Governance and Traditional Affairs Annual Report, 2022

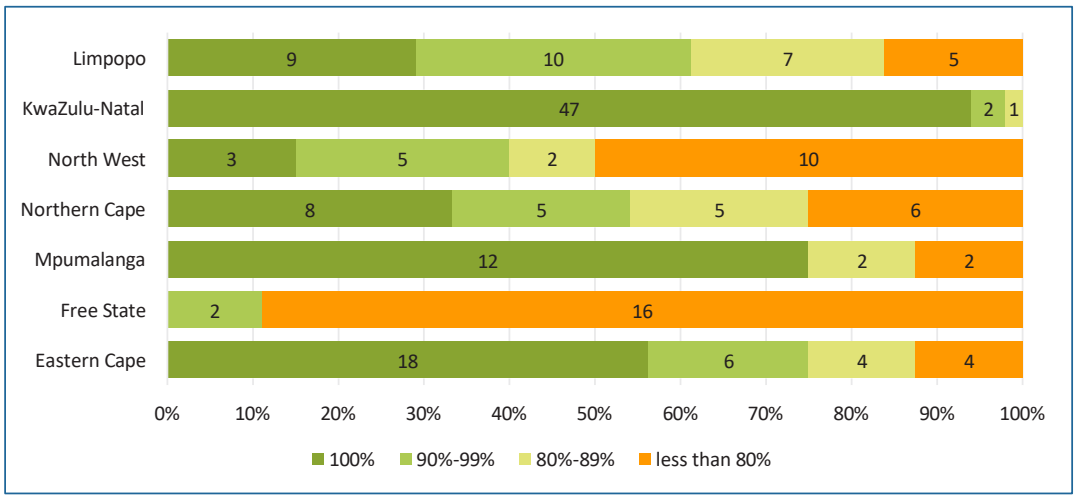
From the above table it can be seen that five provinces (Eastern Cape, Free State, Gauteng, North West and Northern Cape) had less than 60% expenditure. The highest expenditure reported by municipalities against the provincial allocation was by municipalities in KwaZulu- Natal that spent R3.5 billion (66.36%) of their R3.6 billion 2021/22 MIG allocation.

affirms Free State and North West's poor performance. In both provinces the majority of municipalities used less than 80% of the MIG allocation. Further, Only 3 municipalities in KwaZulu-Natal did not use 100% of their allocation, affirming the provinces good performance noted above.

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Figure 38: Percentage distribution/no of municipalities and % expenditure of MIG allocation

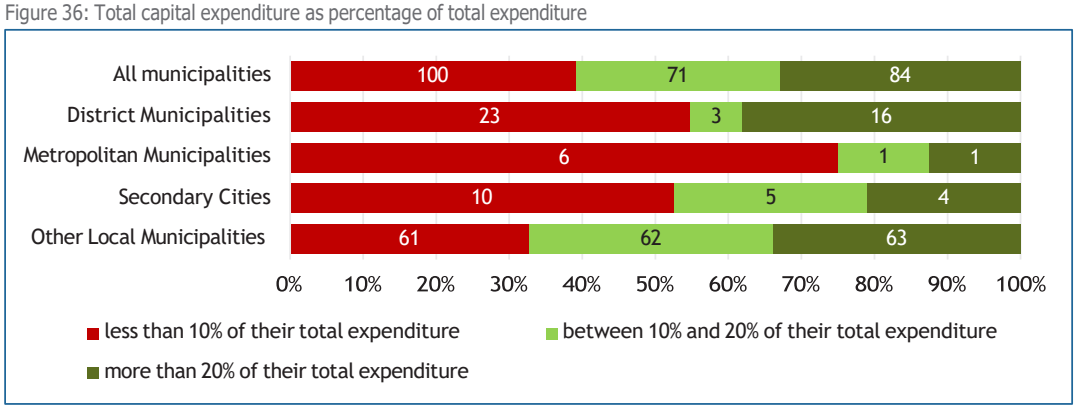


Source: Section 47 Reports

4.6.2 Capital Expenditure

The State of Local Government Finances and Financial Management Report by National Treasury highlights that many municipalities continue to face significant challenges in funding capital infrastructure. Insufficient investment in infrastructure undermines their ability to reduce service delivery backlogs and limits the potential to stimulate faster economic growth. In 2021/22, a total of 100 municipalities allocated less than 10 percent of their total expenditure to infrastructure, well below the accepted norm of between 10 and 20 percent of the municipal budget.

Figure 36: Total capital expenditure as percentage of total expenditure



Source: National Treasury: State of Local Government Finances and Financial Management Report

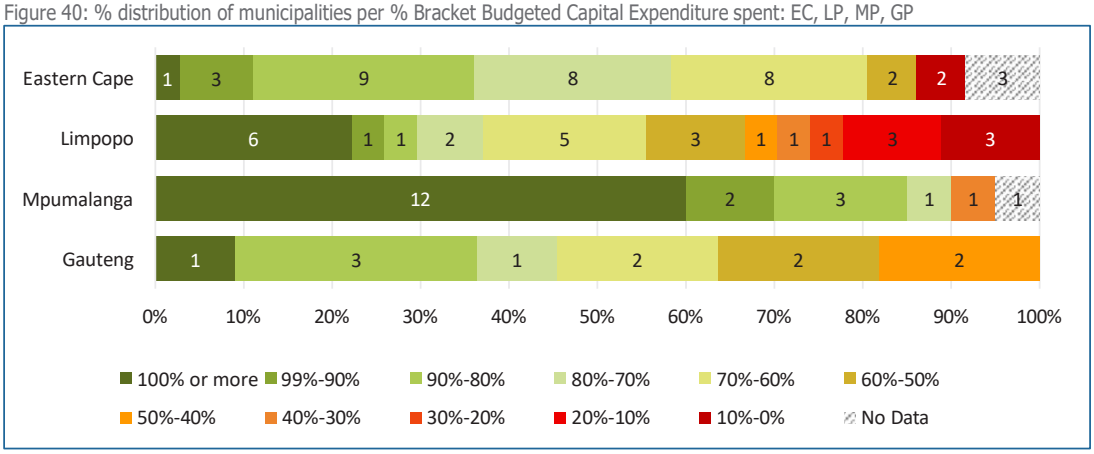
Four (4) provinces reported on the percentage capital expenditure spent: Eastern Cape, Limpopo, Mpumalanga, Gauteng. Capital expenditure performance varies significantly, with some municipalities spending well below 50% of their adjusted budgets while others report over 100%, indicating over-expenditure. Several municipalities show extremely low performance (0–10%), while a few outliers show very high or questionable results.

- Eastern Cape has majority of municipalities falling in the 70–60% range, suggesting relatively stable but not fully optimal spending. There were 2 particularly poor performers: Umzimvubu (6%) and Sarah Baartman DM (7%). Kouga (124%) stands out as a high performer.

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- Limpopo stands out for the widest disparities, with some municipalities delivering almost nothing and others exceeding 100%. There were 6 municipalities that were below 20% and 7 municipalities that exceed 60%. There is also an extreme outlier, Greater Tzaneen (1226%), which likely indicates data/reporting anomaly or major project reclassification.
- Mpumalanga shows the strongest and most consistent delivery across municipalities, with many municipalities reporting close to or above 100%. There were 4 municipalities that exceed 100% performance: Lekwa (130%), Msukaligqa (128%), Dipaleseng (122%), Emakhazeni (140%). Nkangala DM (30%) stands out as an outlier, performing particularly poorly.
- Gauteng: expenditure performance varies across the province. Two metros severely underperformed: Johannesburg (58%) and Tshwane (43%), whilst one municipality, West Rand, overperformed (167%) which may be due to reallocation or underperforming.

Figure 40: % distribution of municipalities per % Bracket Budgeted Capital Expenditure spent: EC, LP, MP, GP

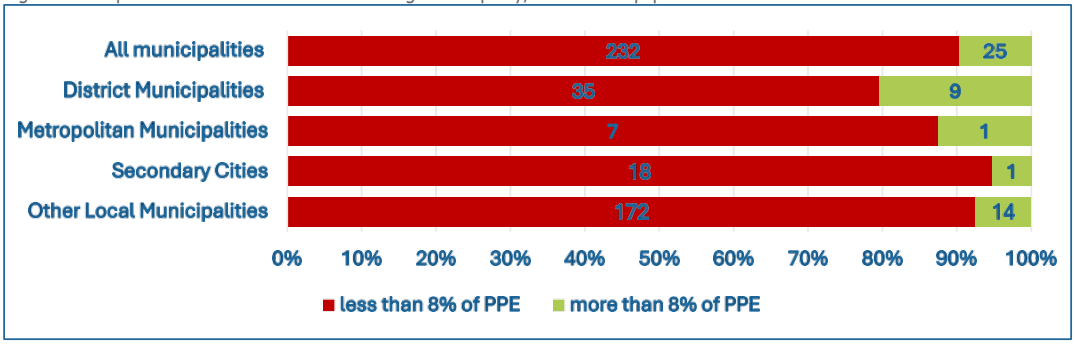


Source: Section 47 Reports

4.6.3 Repairs and Maintenance

The Section 47 reports show persistent underspending on repairs and maintenance of existing infrastructure. More than 60 percent of municipalities spent below the 8 percent norm on repairs and maintenance of their assets. Asset maintenance is fundamental to prevent breakdowns of infrastructure assets and to avoid interruptions to service delivery. A total of 235 municipalities spent less than 8 percent of repairs and maintenance on assets while only 25 municipalities have met the target of 8 percent.

Figure 41: Repairs and Maintenance as Percentage of Property, Plant and Equipment

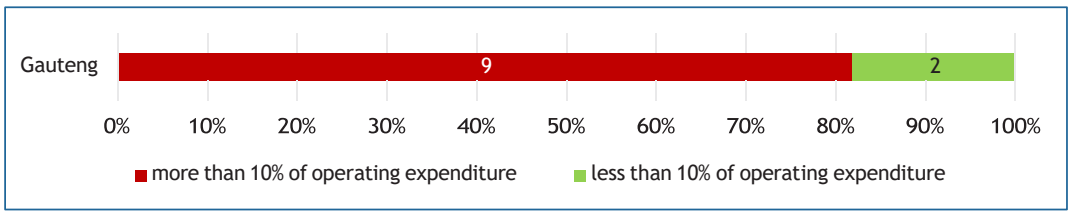


Source: National Treasury: State of Local Government Finances and Financial Management Report

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Gauteng is the only province that reported on repairs and maintenance. In the figure below you can see the number of municipalities that have spent greater than 10% of operating expenditure on repairs and maintenance, which is the NT norm. Only 2 municipalities reached this benchmark.

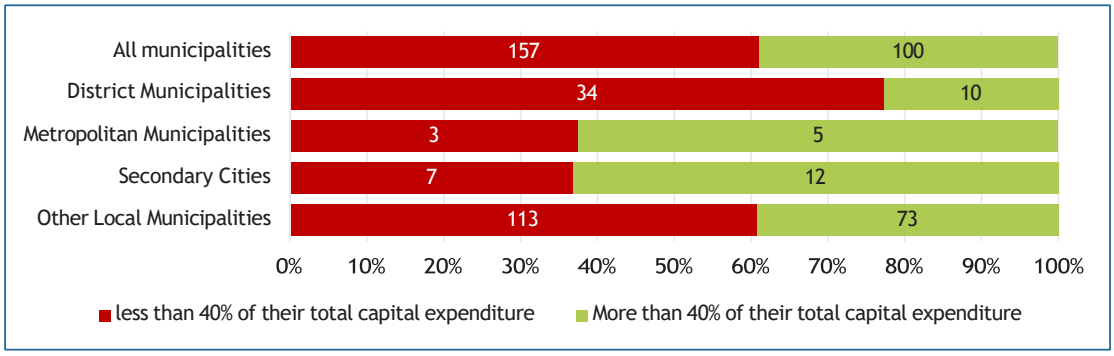
Figure 42: Repairs and Maintenance GP



Source: National Treasury: State of Local Government Finances and Financial Management Report

Similarly, spending on renewal and upgrading of existing assets remains substantially low. A total of 157 municipalities under invested in asset renewal below the recommended 40 percent of the capital budget. This is an indication that municipalities are not prioritising asset management to ensure sustainability of services beyond the initial or original useful life of the asset. Another concerning factor is that many of these infrastructure assets have decreased in value and others have become obsolete. Therefore, underspending on asset renewal increases the risk of future asset deterioration.

Figure 43: Asset renewal/rehabilitation expenditure level



Source: National Treasury: State of Local Government Finances and Financial Management Report

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5 LOCAL ECONOMIC DEVELOPMENT

5.1 INTRODUCTION

Local Economic Development (LED) is a fundamental component of South Africa's National Spatial Development Strategy. It promotes place-based, collaborative efforts among local government, the private sector, and civil society to drive economic growth at the district level and improve the quality of life in communities. LED is designed to attract and coordinate investment—public, private, and non-profit—through inclusive planning processes guided by joint district implementation plans. These plans aim to align local resources and actions to support sustainable, locally driven economic development.

The DCoG Annual Report of 2021/2022 notes that Local Economic Development (LED) is presented as a place-based strategy integral to national spatial development.[8] It brings together local governments, the private sector, and civil society to grow local economies and improve living standards.

The Ministry of Cooperative Governance and Traditional Affairs developed the South Africa Economic Recovery Plan for Municipalities in response to COVID-16, with eight pillars:

1. Social and solidarity economic reforms in municipalities.
2. Building a labour-intensive economy.
3. Developmental infrastructure financing.
4. A developmental agenda for local government.
5. Competitive economies supporting SMMEs and cooperatives.
6. Inclusive agrarian reform.
7. Community cohesion through mining.
8. Mitigating COVID-16's impact on the construction industry.

Districts and metros were supported in preparing Economic Recovery Plans. In the DCoG Annual Report of 2021/2022 it is stated that the District Development Model (DDM) has become the main institutional mechanism for coordinating economic regeneration. The District Development Model (DDM) was identified as a mechanism for integrating regional and local economic development. Challenges existed due to the complexity of multi-stakeholder environments, requiring innovative partnerships and collaborative governance approaches.

To address inequality, exclusion, and poverty, municipalities are encouraged to:

- Use robust data and analysis to identify local economic assets and challenges.
- Build consensus among stakeholders and define local understandings of inclusive economies.
- Prioritise partnerships with anchor institutions as key role players in local economic development.

All districts and metros developed localised post-COVID-16 Economic Recovery Plans. The Eastern Seaboard Development Project was launched in November 2021 to link towns and villages along the

[8] Department of Cooperative Governance Annual Report 2021/22, pp26-27

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Wild Coast, attract investment, and create jobs. The project follows a polycentric planning approach to overcome apartheid spatial planning legacies and strengthen economic linkages between provinces.

The Small-Town Regeneration Strategy (SRT) was piloted in three municipalities: Modimolle-Mokgophong (Limpopo), Setsotso (Free State), and Bergrivier (Western Cape). The SRT aims to revive and restore the economic potential of underperforming small towns, with phased roll-out to additional towns in the future.

5.2 LEGISLATIVE AND POLICY FRAMEWORK

LED is mandated in the Constitution of South Africa, which outlines the responsibilities of local government in promoting social and economic development:

- **Section 152(c)**: Requires municipalities to promote social and economic development.
- **Section 153(a)**: Directs municipalities to structure and manage their administration, budgeting, and planning processes to give priority to the basic needs of the community and to promote social and economic development.

The **1GG8 White Paper on Local Government** reinforces this mandate by emphasizing the developmental role of municipalities. It highlights the need to address poverty and support local economic growth through municipal powers and functions.

Following the introduction of the first National Framework for LED in 2006, significant progress was made. This includes the:

- Development of LED strategies by many municipalities, integrated into their Integrated Development Plans (IDPs).
- Allocation of dedicated municipal budgets for LED activities.
- Establishment of LED support programmes in all provinces.
- Creation of over 30 Local Economic Development Agencies (LEDAs).
- Increased investment in LED from national departments and academic institutions, including funding, training, and formal education.
- Contributions from civil society and donors towards capacity building and development initiatives.

5.3 INDICATORS REPORTED FOR 2021/2022

The following indicators were extracted from the Section 47 reports that provide insight into the success and challenges in the LED:

1. LED strategy and planning (number of municipalities with council approved strategies and plans)
2. Municipal capacity to plan and implement LED (LED units approved and filled posts and presence of LED forums
3. Job creation through municipal LED initiatives (EPWP, CWP and LED programmes)
4. Types of LED programmes and initiatives being implemented.

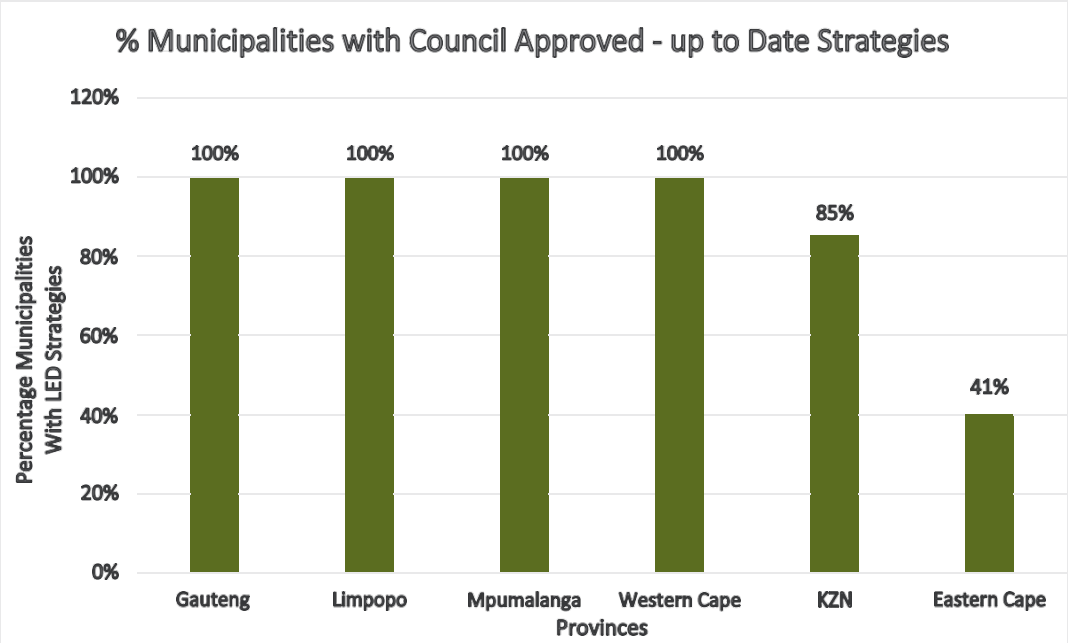
During the 2021/2022 financial year, municipal performance in reporting LED indicators remained poor. Many municipalities failed to report adequately on key indicators, particularly on investment attracted to their jurisdictions. District and local municipalities were the most affected by underreporting. Despite continued efforts to improve, the quality and completeness of LED reporting have not shown significant improvement from the 2020/2021 report.

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5.3.1 LED Strategy

The presence of a Council-approved LED strategy and implementation plan is critical for guiding a municipality's economic development efforts in a structured and coordinated manner. It ensures political buy-in, aligns local initiatives with broader development goals, and provides a clear framework for resource allocation, stakeholder engagement, and measurable outcomes. The table below shows data from 6 provinces where they record the % of municipalities with Council approved LED Strategies and Plans.

Figure 44: Municipalities with Council Approved LED Strategy and Plan



Source: Section 47 Reports

3 provinces that did not report on a percentage but shared the following:

- **Free State** did not say how many municipal strategies and plans are approved. They do report on supporting 4 municipalities in developing the plans and that seven were being reviewed. There is no mention of others.
- **North West** stated that municipalities are reviewing their LED strategies to align with economic recovery plans. They noted that the District Development Model (DDM) approach has enabled engagement with the private sector and higher education institutions. District municipalities have coordinated economic stakeholders to align resources for sustainable interventions, but alignment of government programmes remains weak, and Rural Development Plans are not aligned with LED strategies.
- **Northern Cape** did not report on this indicator.

5.3.2 Municipal capacity to plan and implement LED (LED units approved and filled posts)

Well-resourced LED units, particularly those with dedicated and skilled staff, are essential for driving effective local economic development in municipalities. Staffed units can plan, implement, and monitor LED strategies more efficiently, ensuring that projects are aligned with community needs and

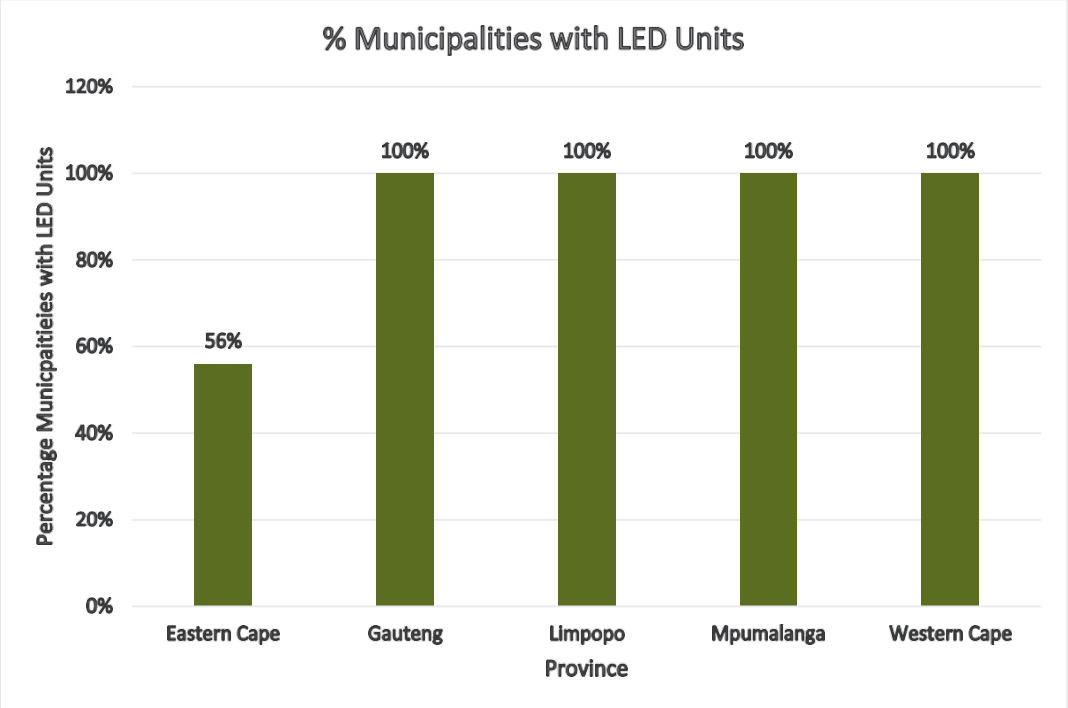
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development priorities. They also play a key role in supporting SMMEs, facilitating investment, and coordinating with stakeholders. Without adequate human resources, LED efforts often lack direction, capacity, and impact.

Five provinces reported on the percentage of municipalities that had fully fledge LED units. The Eastern Cape reported that of the 56% of municipalities in the province that had LED units, most were severely understaffed. Gauteng cited a vacancy rate of 31% in its LED units. The number of approved posts had also reduced in Gauteng. All 6 provinces, including those that did not report figures reported a trend of minimally resourced units, or no units to support LED strategies.

Figure 45: Municipalities with an LED unit



Source: Section 47 Reports

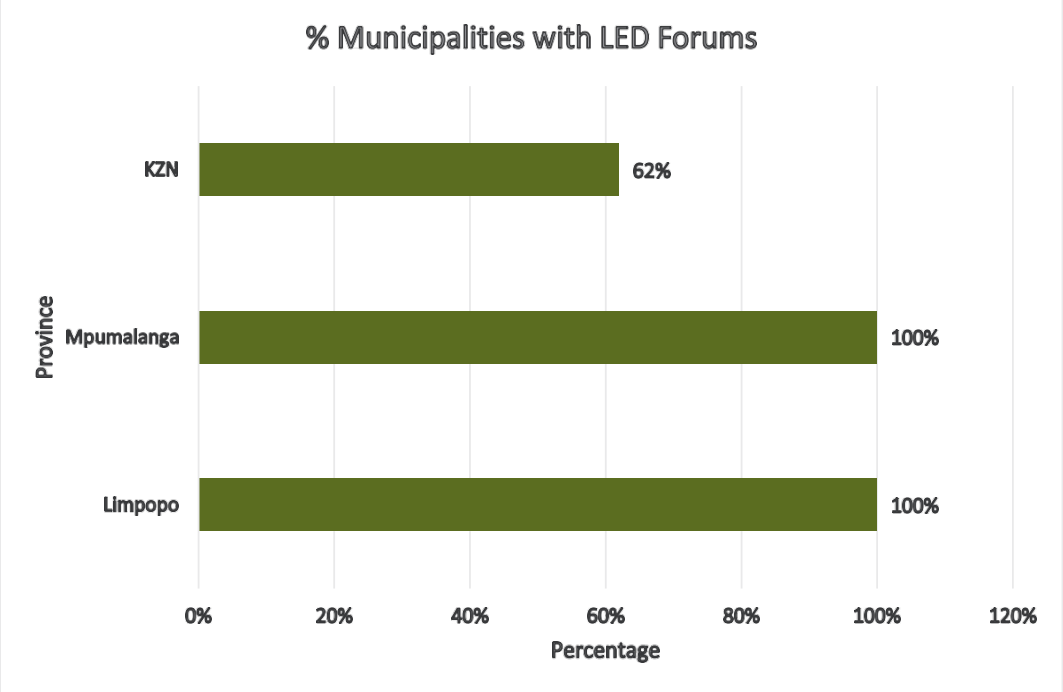
5.3.3 Municipalities with LED forums

LED forums in South African municipalities serve as platforms for collaboration between government, business, and community stakeholders. They help coordinate and align local economic initiatives with municipal and broader development plans. These forums also identify local opportunities and challenges to inform project planning and implementation. Additionally, they support SMMEs and cooperatives by connecting them to resources, training, and economic opportunities. This indicator is not widely reported on in provinces (Gauteng, Eastern Cape, Free State, North West, Northern Cape and Western Cape did not report. The table below shows that Mpumalanga and Limpopo have functioning LED forums in all their municipalities. 56% of municipalities in KwaZulu -Natal have LED forums.

Figure 46: Percentage of Municipalities with LED forums: MP, LP, KZN

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Source: Section 47 Reports

5.3.4 Job creation through municipal LED initiatives (EPWP, CWP and LED programmes)

The Expanded Public Works Programme (EPWP) and the Community Work Programme (CWP) are national initiatives designed to create short- to medium-term employment opportunities while also delivering community services and infrastructure. The EPWP focuses on labour-intensive projects in areas such as road maintenance, environmental management, social services, and community infrastructure, providing temporary jobs and skills training for unemployed people. The CWP, in turn, offers regular, part-time work opportunities that guarantee a minimum number of days of employment per year, often in community-based projects such as food gardens, care services, and local environmental initiatives. Alongside these, municipalities also implement other LED, such as support for small enterprises, cooperatives, and local industries, all of which aim to stimulate local economies and expand job opportunities.

These programmes are particularly important at the municipal level because they provide immediate relief in communities with high unemployment and limited access to formal jobs. They also build skills and work experience, which can improve participants' chances of finding longer-term employment. In addition, they contribute to social stability by engaging unemployed residents in productive work that benefits their own communities, such as maintaining public spaces or supporting vulnerable households. By linking short-term job creation with local service delivery and development priorities, municipalities can strengthen local economies, reduce poverty, and foster greater community participation in development.

Six provinces reported job opportunity creation figures that emanated from EPWP, CWP or other LED initiatives. Mpumalanga, Eastern cape and North West provinces did not provide data. The data that was provided is represented in the table below

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Table 13: Job Opportunities created through EPWP, CWP s LED Initiatives

	GP	KZN	LP	MP	NC	NW	WC
EPWP	26880	-	21762	7176	2624		50000
CWP	8254	-	13895		-		
LED Initiatives	10512	-	4152		-		-
Total	**45646**	**24442**	**3G80G**	**7176**	**2624**	**222G2**	**50000[G]**

Source: Section 47 Reports

5.3.5

5.3.6 Types of LED programmes and initiatives being implemented.

All nine reports refer to the types of LED initiatives or programmes that were undertaken in the financial year. The image below reflects the most common activities cited

Figure 47: Types of LED Initiatives Reported by Provinces 2021/2022



Source: Section 47 Reports

Additionally, the successful implementation of LED projects relies heavily on adequate capital investment and efficient budget use, which indicates municipal commitment to economic development. Encouraging targets that were met this year include:

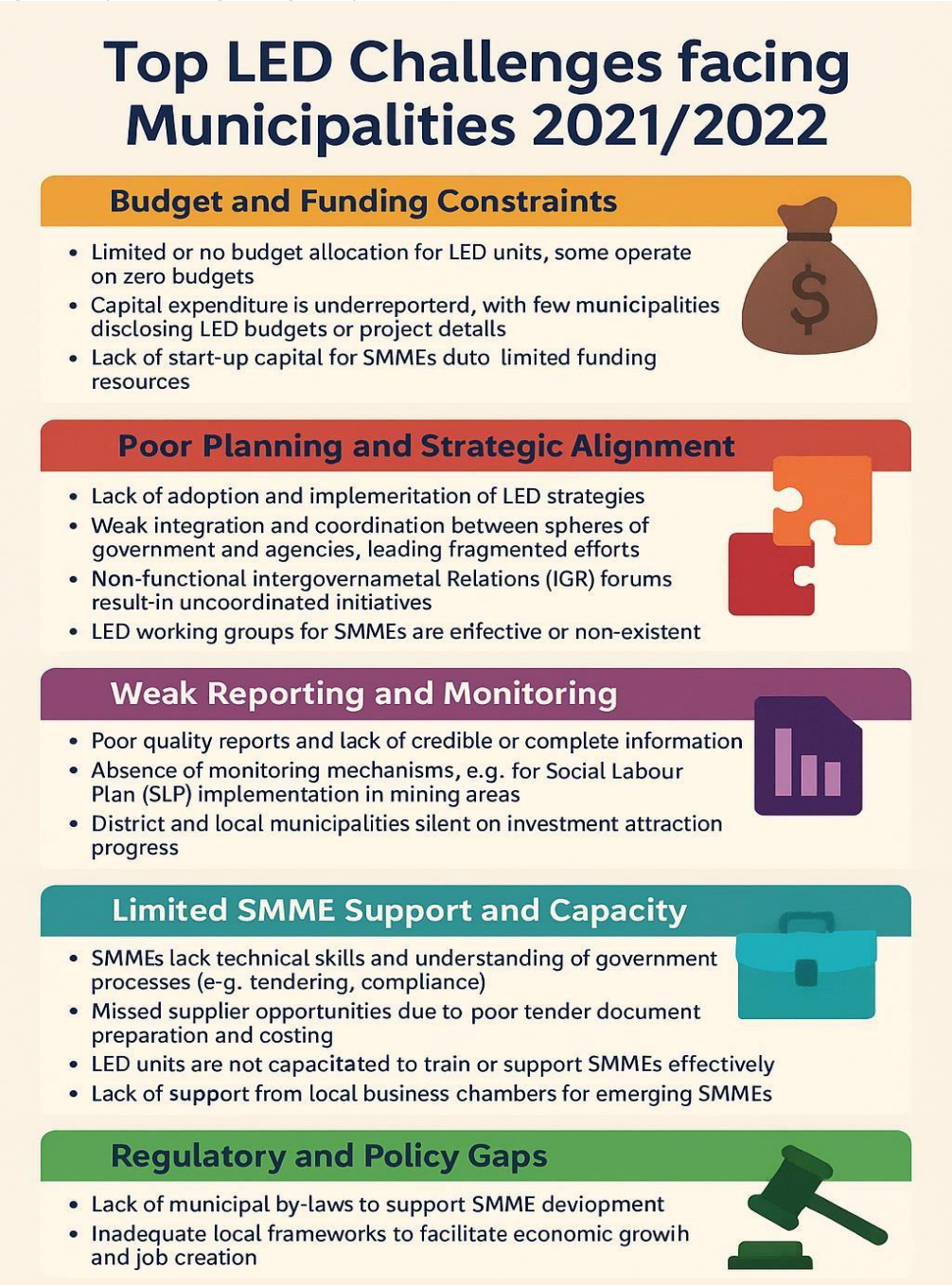
- The Northern Cape reported that R28.6 million in grants were allocated to 23 municipalities and 95.41% of this was spent.
- In Gauteng, over R34 billion investment was attracted by the Cities of Johannesburg and Ekurhuleni.

[6] This figure is an estimate as the graph in the section 47 report does not show the exact number. But it is in this region of 50 000

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5.4 TOP CHALLENGES FACING MUNICIPALITIES WITH RESPECT TO LED

Figure 48: Top LED Challenges facing Municipalities 2021/2022



Source: Section 47 Reports

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5.5 CONCLUSION

Since 2006, South Africa has made notable progress in institutionalizing Local Economic Development (LED). However, several challenges continue to affect its overall impact. These include difficulties with implementation, poor reporting, and weak monitoring systems. To improve the effectiveness of LED, municipalities need to become more investment-ready, provide stronger support to small enterprises, and build closer partnerships between the public and private sectors. These steps are key to unlocking the full economic potential of local areas.

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6 MUNICIPAL FINANCIAL VIABILITY

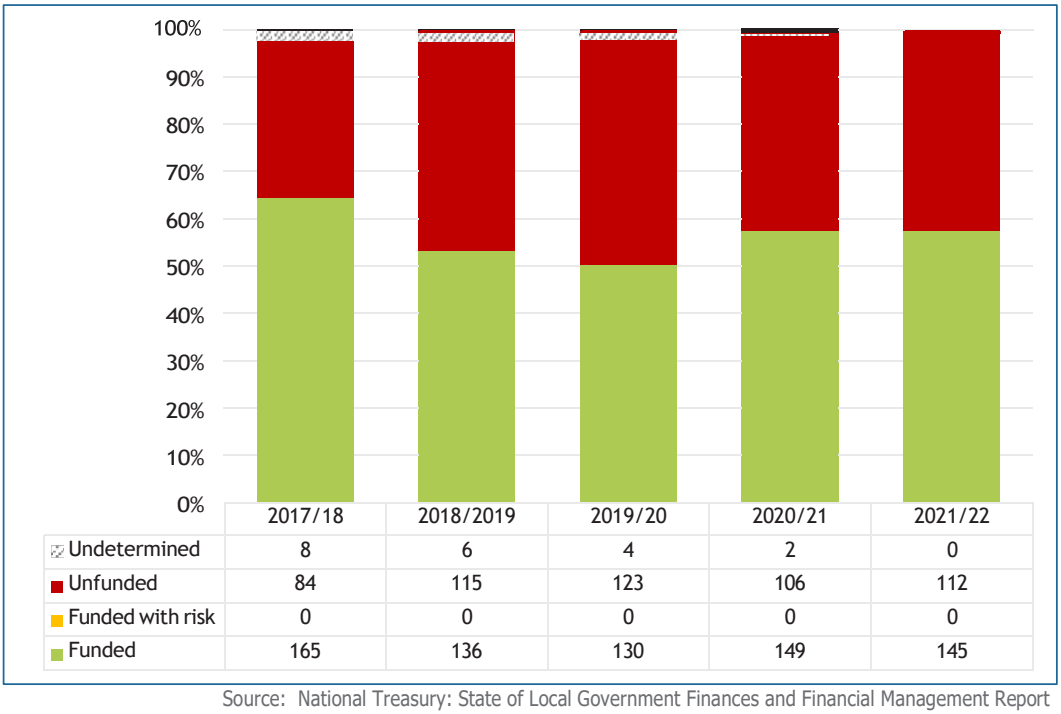
6.1 REVENUE

6.1.1 Funded/Unfunded Budgets

The State of Local Government Finances and Financial Management Report published by National Treasury states that a total of 112 municipalities adopted unfunded budgets in 2021/22, an increase compared to 106 municipalities in 2020/21. Unfunded budgets contravene the provisions of Section 18 of the MFMA and this indicates that municipalities are overestimating their anticipated revenue and plan excessive spending, which often results in a financial crisis.

Figure 48 below shows funded and unfunded budgets information between 2017/18 and 2021/22. Over a five-year budget period, unfunded budgets have significantly increased, from 84 in 2017/18 to 112 in 2021/22. The unfunded budgets suggest that municipalities are still experiencing challenges with aligning expenditure with anticipated revenue and are living beyond their means.

Figure 46: 5 Year trend Funded and Unfunded Budgets



	2017/18	2018/2019	2019/20	2020/21	2021/22
Undetermined	8	6	4	2	0
Unfunded	84	115	123	106	112
Funded with risk	0	0	0	0	0
Funded	165	136	130	149	145

Source: National Treasury: State of Local Government Finances and Financial Management Report

These unfunded budgets are predominantly in smaller or rural municipalities who are confronted with internal capacity challenges, weak governance and high levels of institutional and operational inefficiencies. All the metros adopted funded budgets in the 2021/22 financial year while ten out of 16 secondary cities adopted unfunded budgets.

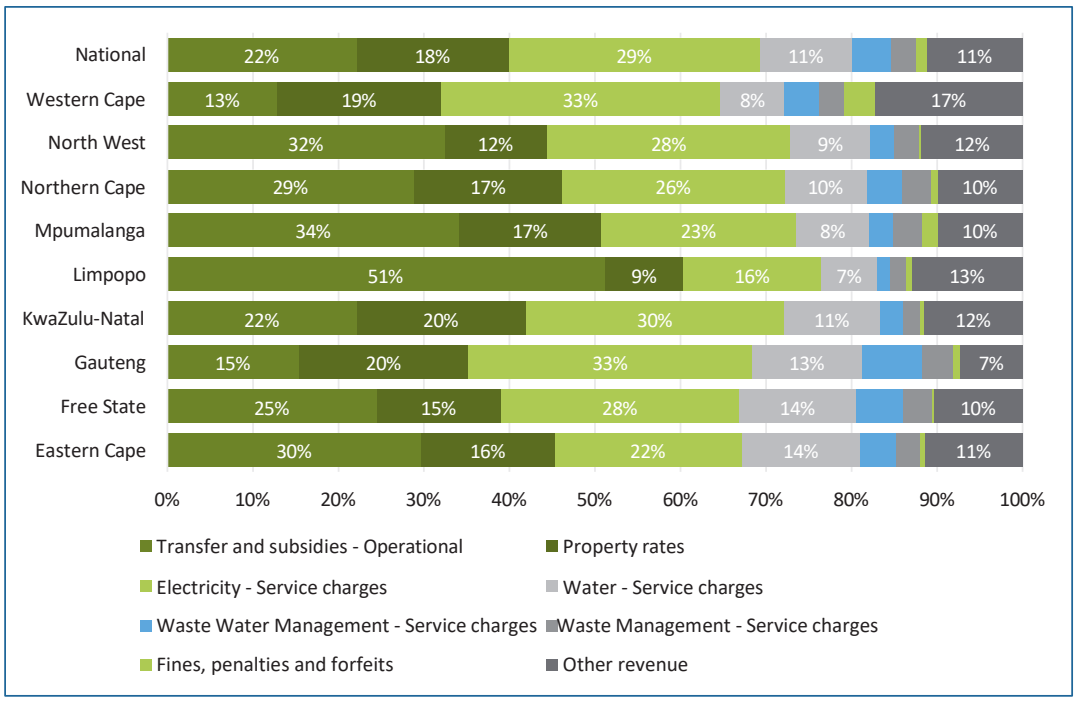
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6.1.2 Total municipal own revenue as a percentage of the actual budget

6.1.3 Total Operating Revenue by Type

Figure 50: Breakdown of municipal revenue



Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

Electricity service charges are the largest single revenue stream in most provinces, particularly Gauteng and the Western Cape, where they contribute more than a third of total income. By contrast, in provinces such as North West and Mpumalanga, transfers account for roughly a third of revenue, while in Limpopo they make up more than half, reflecting a weaker own-revenue base. Property rates constitute a consistent source of municipal income across provinces, contributing close to one-fifth nationally, with the highest shares in Gauteng (20%) and KwaZulu-Natal (20%). Water charges contribute more modestly overall, with the largest shares recorded in the Free State (14%) and Eastern Cape (14%).

When combined, service charges for electricity, water, wastewater and waste management contribute just under half of municipal revenue nationally. Gauteng records the highest reliance at 57%, while six provinces (Free State, Western Cape, KwaZulu-Natal, North West, Northern Cape and Eastern Cape) fall between 40% and 50%. Mpumalanga (38%) and Limpopo (26%) are the lowest, the latter reflecting its high dependence on transfers and limited revenue base. The Western Cape records the highest relative share from fines (4%), although this remains small in absolute terms. Other revenue streams together account for just over a tenth of total municipal income nationally.

6.1.4 % Growth from previous year

Table 14: Annual growth in revenue from different service charges (2020/2021-2021/2022)

Province	Electricity	Water	Waste Water Management	Waste Management
Eastern Cape	7%	2%	6%	11%

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Province	Electricity	Water	Waste Water Management	Waste Management
Free State	11%	11%	15%	11%
Gauteng	-16%	-16%	-6%	-20%
KwaZulu-Natal	11%	2%	18%	7%
Limpopo	13%	-36%	0%	6%
Mpumalanga	7%	5%	3%	7%
Northern Cape	8%	10%	17%	10%
North West	16%	-2%	1%	8%
Western Cape	14%	13%	12%	4%
Nationally	**-1%**	**-7%**	**2%**	**-5%**

Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

Nationally, revenue from electricity service charges decreased by 1% and waste management service charges by 5%, while wastewater service charges increased by 2% and water service charges decreased by 7%. Gauteng recorded decreases across all four categories, with electricity decreasing by -16%, water by -16%, wastewater by -6% and waste management by -20%. By contrast, Eastern Cape, Free State, KwaZulu-Natal, Mpumalanga, Northern Cape and Western Cape all recorded increases in revenue across each of the service charges. Limpopo showed mixed results, with a significant decrease in revenue from water service charges of -36%, while the other were either increased or remained the same. North West also reflected a varied picture with increases in electricity (16%) and waste management (8%) service charges, but a decrease in water (-2%) and marginal growth in wastewater management (1%) service charges.

The decline in water revenue nationally was driven primarily by large decreases in Gauteng and Limpopo, despite increases in most other provinces. Wastewater charges showed a modest national increase, with several provinces recording significantly higher growth, notably the Free State (15%) and Northern Cape (17%), while Gauteng recorded a decrease.

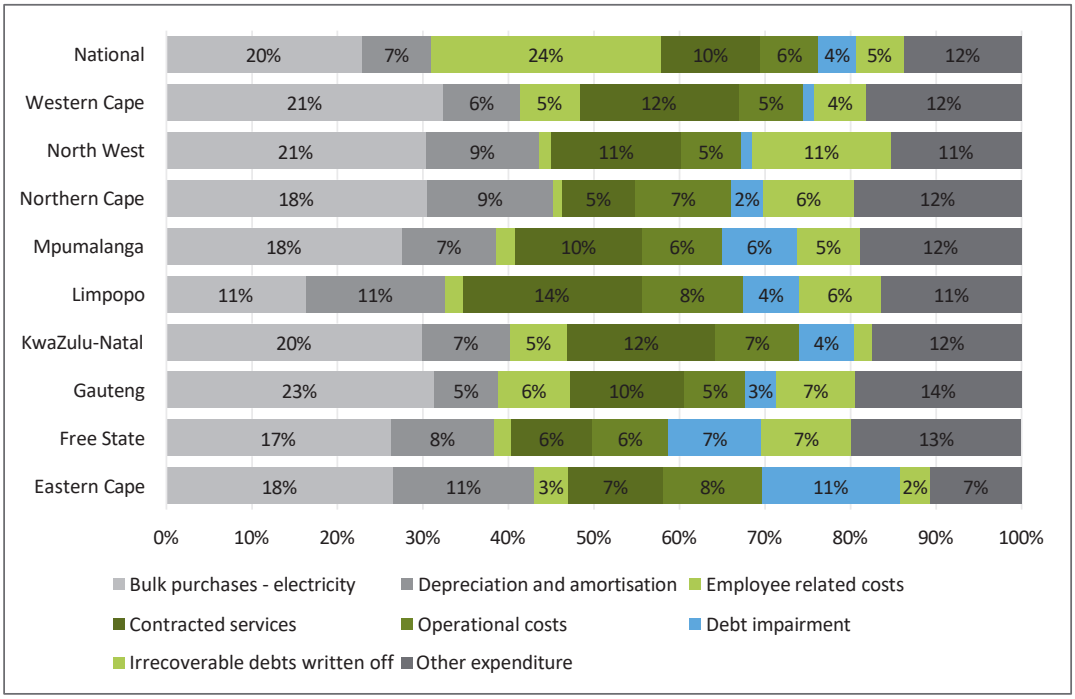
6.2 OPERATIVE EXPENDITURE

Operative expenditure (often called operating expenditure or OPEX) refers to the day-to-day costs of running an organisation or government entity. These are recurring short-term expenses necessary to keep operations going, such as salaries, utilities, maintenance, fuel, and administrative costs. Unlike capital expenditure (CAPEX), which funds long-term assets or infrastructure, operative expenditure does not create future value but instead reflects the ongoing cost of service delivery and business operations. Understanding operative expenditure indicators is important because they provide a clear measure of how effectively a municipality is managing its resources, ensuring that funds are directed towards maintaining services, controlling costs, and sustaining financial health over time.

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Figure 51: Breakdown of municipal expenditure



Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

Employee-related costs account for just under a quarter of municipal operating expenditure nationally (24%), making them the single largest item across the country. Gauteng records the highest relative share (6%), while most other provinces allocate between 1% and 5%. Bulk purchases, mainly for electricity, constitute the next largest category at 20% nationally, with shares highest in Gauteng (23%), North West (21%) and Western Cape (21%). Depreciation and amortisation makes up 7% nationally, with provincial shares generally clustered between 5% and 11%.

Contracted services account for 10% nationally, with Limpopo (14%) and Western Cape (12%) recording the highest proportions. Operational costs and other expenditure each contribute around 6–12% across provinces, without large variation. Debt impairment (4% nationally) and irrecoverable debts written off (5% nationally) are smaller items overall, but show some volatility across provinces, with Free State (7% debt impairment, 7% irrecoverable debts) and North West (11% irrecoverable debts) recording relatively higher shares.

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6.2.1 % Growth from previous year

Table 15: Annual growth in expenditure from different service charges (2021/2021-2021-2022)

	Employee related costs	Bulk purchases - electricity	Debt impairment	Depreciation and amortisation	Contracted services	Irrecoverable debts written off	Operational costs	Other expenditure
EC	3%	6%	122%	6%	-4%	-43%	15%	31%
FS	7%	6%	61%	-6%	2%	10%	25%	23%
GP	-28%	-13%	-50%	-22%	-10%	16%	-36%	-31%
KZN	1%	15%	-1%	5%	12%	11%	18%	2%
LP	2%	12%	-42%	1%	16%	30%	6%	3%
MP	5%	15%	10%	-4%	6%	-21%	4%	26%
NC	2%	16%	-33%	8%	5%	-34%	22%	20%
NW	-2%	26%	-47%	7%	14%	1%	-10%	16%
WC	1%	18%	-18%	8%	8%	-1%	26%	86%
National	**-8%**	**4%**	**-6%**	**-4%**	**3%**	**2%**	**-7%**	**-3%**

Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

Nationally, employee-related costs decreased by 8%, bulk purchases increased by 4%, debt impairment decreased by 6%, and depreciation and amortisation decreased by 4%. Contracted services increased slightly by 3%, while irrecoverable debts written off rose by 2%. Operational costs decreased by 7% and other expenditure by 3%

Gauteng recorded decreases across almost all categories, including employee-related costs (−28%), bulk purchases (−13%), debt impairment (−50%), depreciation and amortisation (−22%), contracted services (−10%), operational costs (−36%) and other expenditure (−31%). The only category to increase was irrecoverable debts written off (16%). By contrast, the Eastern Cape, Free State, KwaZulu-Natal, Mpumalanga, Northern Cape and Western Cape all recorded a mix of increases across most categories, although with variation by item. Notable examples include the Eastern Cape's large increase in debt impairment (122%), the Free State's similar rise (61%), and Limpopo's increase in irrecoverable debts written off (30%).

Several provinces recorded growth in specific expenditure categories well above the national picture. Northern Cape reported the highest increase in bulk purchases (16% compared to the national 4%), while North West recorded an even larger increase (26%). Western Cape reflected the highest growth in other expenditure (86%), far exceeding the national trend. At the same time, some provinces experienced decreases in categories where the national average increased, such as Limpopo's decline in debt impairment (−42%) and Mpumalanga's decrease in irrecoverable debts written off (−21%).

6.3 CASH MANAGEMENT AND LIQUIDITY

The most common indication of financial distress in a municipality is liquidity challenges. Municipalities with liquidity challenges fail to collect the money owed and lack the resources to pay their short-term obligations. As a result, their outstanding debtors' book are increasing, and because of lack of resources, the creditors are also rising. These municipalities are consequently unable to maintain positive cash flows to pay creditors within the legislated time frame of 30-days.

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6.3.1 Cash Balance

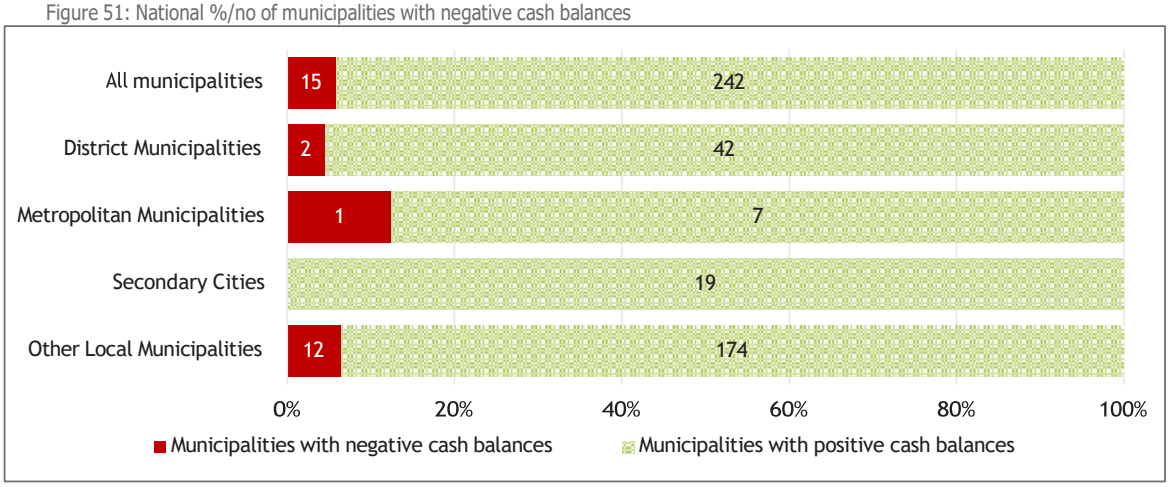
Understanding the cash liquidity of municipalities is important because it shows their ability to meet financial commitments and continue operations. Poor cash flow management and weak liquidity risk strategies often result in serious financial problems, which can escalate into crises and lead to municipal dysfunction. According to Section 45 of the MFMA, municipalities may not close a financial year with short-term borrowing or an overdraft. A negative cash balance at year-end is therefore an indication of financial distress.

For 2021/22, only Gauteng and North West reported on municipal cash balances. In Gauteng, five out of nine municipalities ended the year with negative balances: City of Johannesburg, Ekurhuleni, West Rand DM, Mogale City LM, and Emfuleni LM. In North West, four out of 22 municipalities reported negative balances: Moretele LM, Tswaing LM, Ramotshere Moiloa LM, and JB Marks LM. North West did not report on the cash balances of its District Municipalities.

Gauteng also noted that some municipalities with positive cash balances were still experiencing cash flow difficulties, meaning their budgets were not fully cash-backed. Mpumalanga raised similar concerns about municipal budgets not being cash-backed, although no specific municipalities were identified.

To understand the national picture, one can refer to the SoLGF report . As shown in **Error! Reference source not found.**, only 15 of the 257 municipalities closed the year with a negative cash balance, most of which were local municipalities.[10]

Figure 51: National %/no of municipalities with negative cash balances



Source: National Treasury: State of Local Government Finances and Financial Management Report

6.3.2 Cash Coverage Ratio

The cash coverage ratio is a key indicator of a municipality's ability to meet its monthly fixed operational costs. It measures how many months of expenses can be covered by the cash on hand. MFMA Circular 71 sets the benchmark norm for this ratio at 1 to 3 months. A ratio below one month signals

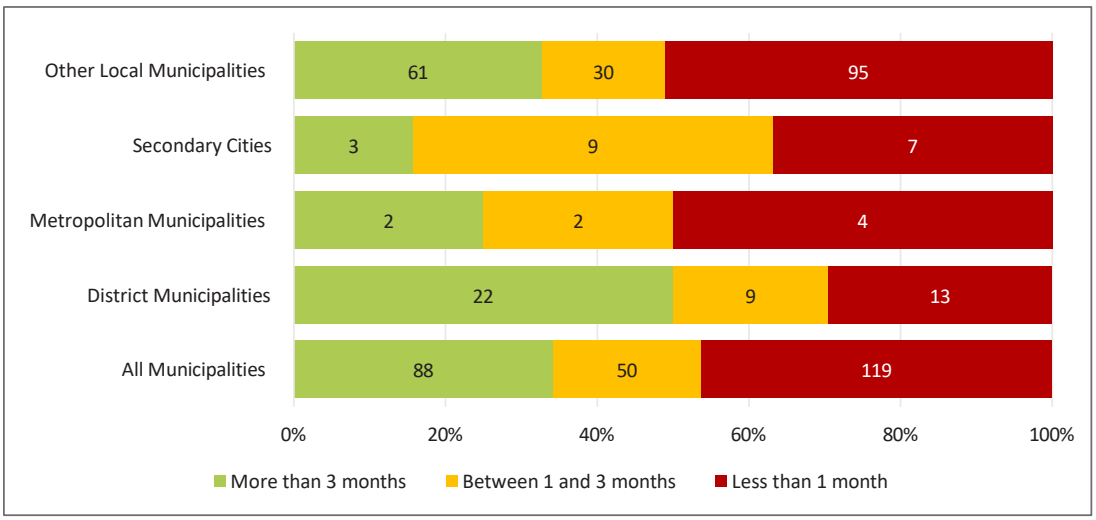
[10] National Treasury's calculations differ from those of Gauteng and may also differ from those of North West. For example, neither the City of Johannesburg nor Ekurhuleni were flagged in the Treasury report as closing with a negative cash balance, despite being listed by Gauteng.

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potential financial distress, indicating that a municipality's ability to provide basic services or meet its financial commitments is at risk.

According to SoLGF Report, at the end of 2021/22, nearly half (46.3 %) of municipalities had a cash coverage ratio of less than one month. On the other hand, just over a third (34.2%) had ratios exceeding three months of operational expenditure.

Figure 52: %/no of Cash Coverage per Municipality Type



Source: National Treasury: State of Local Government Finances and Financial Management Report

6.3.3 Current Ratio

The current ratio is used to assess whether a municipality has enough current assets to cover its current liabilities, such as debt and accounts payable. A higher current ratio reflects a stronger ability to meet short-term obligations and to continue functioning as a going concern. In terms of MFMA Circular 71, the benchmark norm for this ratio is set between 1.5 and 2.0.

A current ratio of less than 1 indicates that a municipality may not be able to meet all of its short-term obligations if they fall due at the same time. This points to serious financial difficulties and potential liquidity constraints.

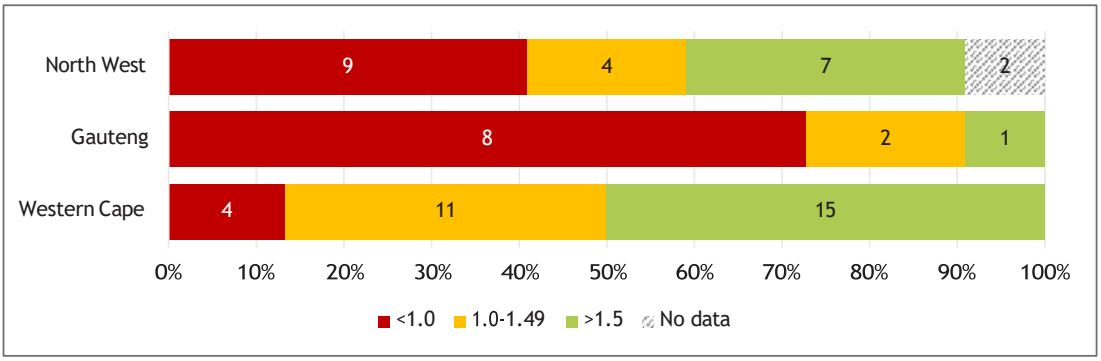
Only three provinces reported the current ratios of their municipalities: North West, Gauteng, and Western Cape. The figure below shows that across all provinces at 50% or more municipalities fall below the National Treasury Norm. Gauteng is particularly concerning, with over 70% of municipalities having a current ratio below 1, a clear indication of financial strain.

When comparing this to SoLGF data, we observe a similar trend, just under half (46.8%) of municipalities nationally have a current ratio below 1. Furthermore, unlike other indicators, Metros emerge as the worst performers for current ratio, with 5 out of 8 municipalities (62.5%) reporting a current ratio below 1.

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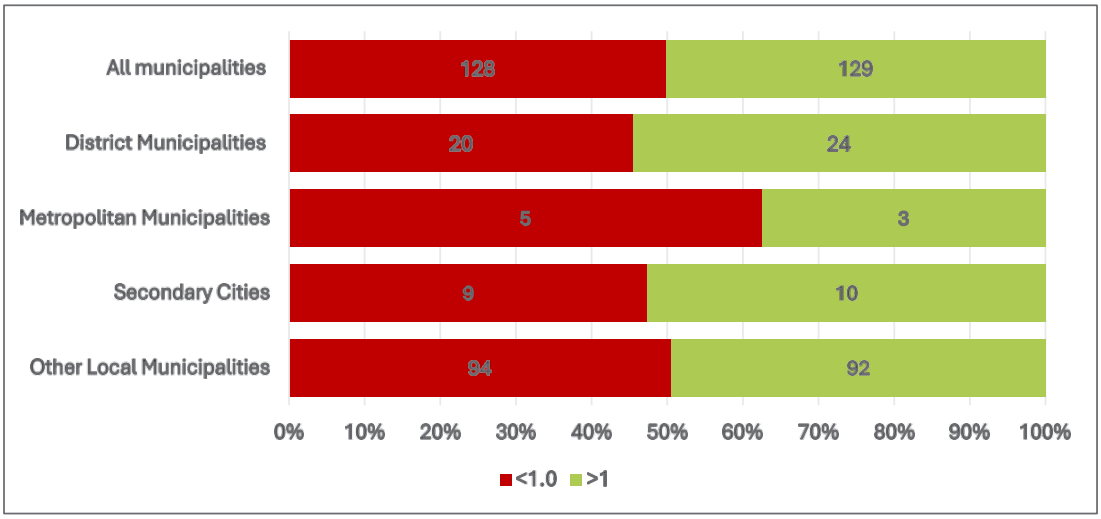
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Figure 53: %/no of municipalities by current ratio category for provinces: NW, GP, WC



Source: Section 47 Reports

Figure 54: %/no of municipalities by current ratio category, by municipality type



Source: National Treasury: State of Local Government Finances and Financial Management Report

6.3.4 Liquidity Ratio

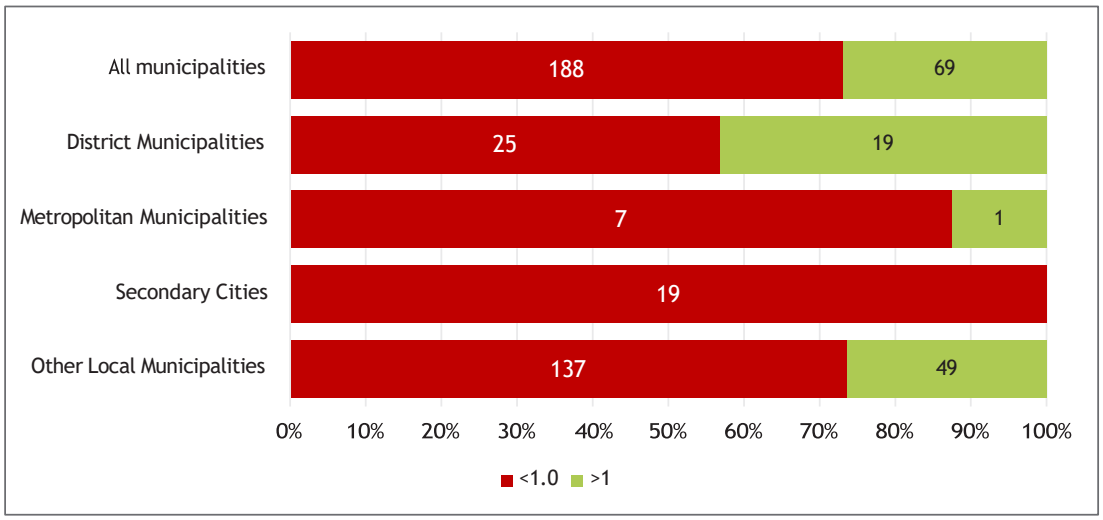
While the current ratio assesses whether a municipality has enough current assets to cover its short-term liabilities, the liquidity ratio focuses specifically on the most liquid assets, namely cash and investments. This ratio is an important indicator of a municipality's ability to meet its debt obligations using readily available resources, without relying on external funding. This difference is evident in the SoLGF: while 48.6% of municipalities had a current ratio below 1, a much higher 73.1% had a liquidity ratio below 1.

From the Section 47 reports, only Limpopo reported the liquidity ratios of its municipalities. In Limpopo, 44.4% of municipalities had a liquidity ratio below 1 a better result than the national average in the SoLGF data, but still a concerningly high proportion.

Figure 55: %/no of municipalities by liquidity ratio category, by municipality type

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Source: National Treasury: State of Local Government Finances and Financial Management Report

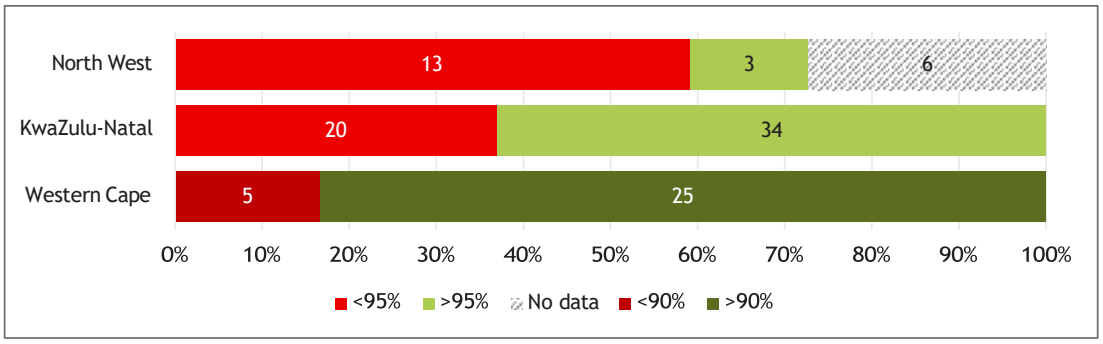
6.3.5 Debt Collection

The municipality's ability to collect revenue and recover debt has a significant impact on its cash flow management. One key metric for measuring this is the collection rate: the percentage of billed revenue collected. MFMA Circular 71 sets the benchmark norm for the collection rate at 65%. MFMA Circular 71 sets the benchmark norm for the collection rate at 65%. Only three provinces reported the collection rates of their municipalities: North West, KwaZulu-Natal, and Western Cape.

The Western Cape applied a lower norm of 60% in its calculations. Figure 58 shows that the North West records a high proportion (56%) of municipalities below the norm for collection rate. KwaZulu-Natal shows a lower, but still notable, proportion (37%) of municipalities below the norm. There is no information on the other municipalities.

Western Cape reports that 5 municipalities (20%) fall below its 60% threshold. While this appears better than the other two provinces, it does not capture those municipalities achieving between 60% and 65%, a range that, although less concerning, still falls short of the MFMA benchmark.

Figure 56: %/no of municipalities with collection rate less than 65%: NW, KZN, WC



Source: Section 47 Reports

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Another important metric for assessing a municipality's revenue and cash flow management capabilities is Debtor Days (or Debt Collection Period), which measures the average number of days it takes for a municipality to receive payment from consumers for bills or invoices issued. MFMA Circular 71 sets the benchmark norm at 30 days. Ratios above this level indicate that the municipality is exposed to significant cash flow risk.

The provinces reported on Debtor Days/Debt Collection Period in varying formats. To allow for comparison, the data has been converted into percentages, for the four provinces that reported and displayed from figures 56 to . The other 5 provinces did not report.

- **Western Cape** reported that 68% of municipalities have debtor days exceeding 60 days. This data does not show the municipalities exceeding 30 days, which might reveal an even more concerning picture(see).

Gauteng reported that 61% of municipalities exceed 30 debtor days, and 55% exceed 60 days (see Figure 58: %/no of municipalities per debtor's days category) . The province also reported that 85% of the debt owed across all the municipalities is over 60 days (see

Figure 56: MP s GP: Debtors Age Analysis - % per age analysis across all municipalities in the province

-).

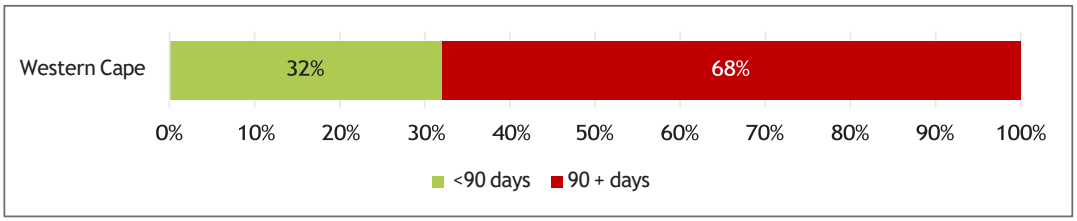
Mpumalanga reported 61% of debt owed by Organs of State is over 60 days (see

Figure 56: MP s GP: Debtors Age Analysis - % per age analysis across all municipalities in the province

-).
- **Free State** reported that 66% of outstanding debts exceed 30 days, and 88% are older than 120 days, (see Figure 60: Percentage distribution of outstanding debtors).

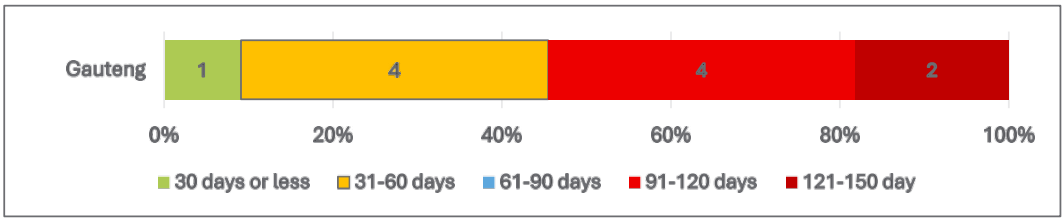
Across these provinces, the evidence points to poor revenue and debt collection performance, with persistent challenges in curbing the growth of outstanding debt.

Figure 57: WC % municipalities with Debtors days exceeding 60 days



Source: Section 47 Reports

Figure 58: %/no of municipalities per debtor's days category

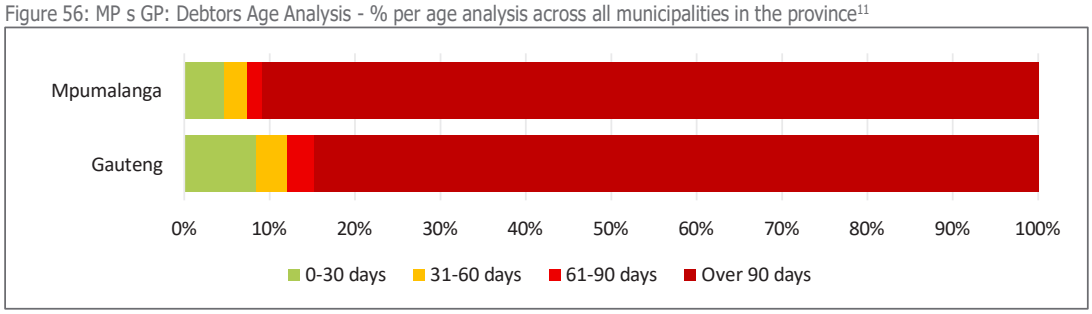


Source: Section 47 Reports

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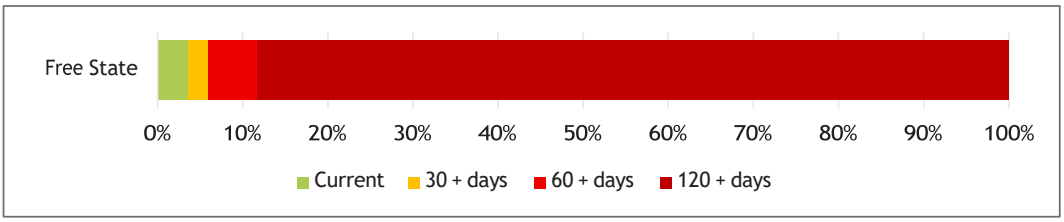
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Figure 56: MP s GP: Debtors Age Analysis - % per age analysis across all municipalities in the province[11]



Source: Section 47 Reports

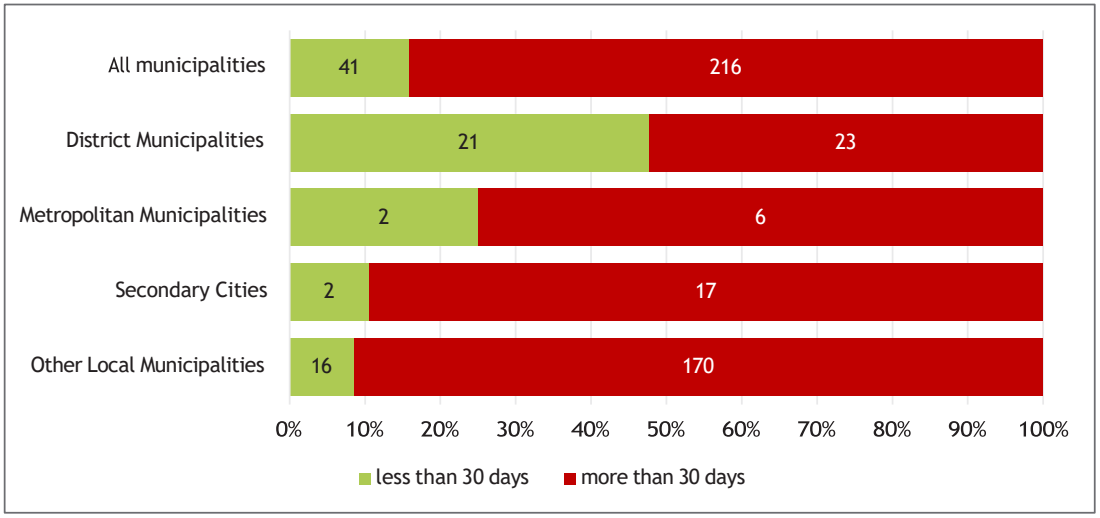
Figure 60: Percentage distribution of outstanding debtors



Source: Section 47 Reports

When comparing this to SoLGF data, we observe that 84% of municipalities nationally debtors' days exceed 30 days (see Figure 64). This data cements the reality that municipalities across the country struggle with debt collection. This provides some reason for the cash flow management issues highlighted earlier.

Figure 61 %/no. municipalities with Debtors Days exceeding 30 days per municipality type



Source: National Treasury: State of Local Government Finances and Financial Management Report

[11] Mpumalanga's analysis is of debt owed by organs of the state only

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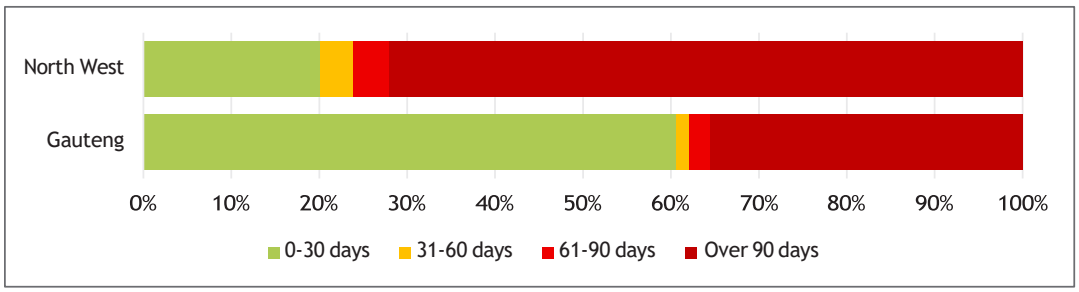
Further Mpumalanga noted an overall 6% increase in consumer debt, with 88.2% of municipalities recording an increase. Eastern Cape reported that 67% of municipalities experienced an increase in consumer debt.

6.3.6 Creditors

The creditors payment period reflects a municipality's payment patterns and provides insight into how effectively its cash flow is being managed. It is closely linked to other liquidity indicators. A payment period of less than 30 days shows that creditors are being paid on time, suggesting that the municipality has effective expenditure and internal control systems in place. By contrast, a payment period exceeding 30 days may indicate cash flow challenges or weaknesses in controls to ensure prompt payment. In terms of Section 65(2)(e) of the MFMA, the accounting officer of a municipality is required to ensure that all amounts owed are settled within 30 days of receiving the relevant invoice or statement.

Two provinces provided a Creditor Age Analysis for their municipalities: North West and Gauteng. In the North West, municipalities are struggling to meet the 30-day requirement, with 76.8% of debt exceeding this period. Gauteng, on the other hand, shows a more positive trend, with 60.65% of debt owed being younger than 30 days. However, a substantial proportion of debt in the province still exceeds the 30-day limit. Furthermore, when examining the Creditor Payment Period, all municipalities in Gauteng take longer than 30 days to repay their debts, with an average payment period of a staggering 386 days.

Figure 62: NW s GP: Creditor Age Analysis

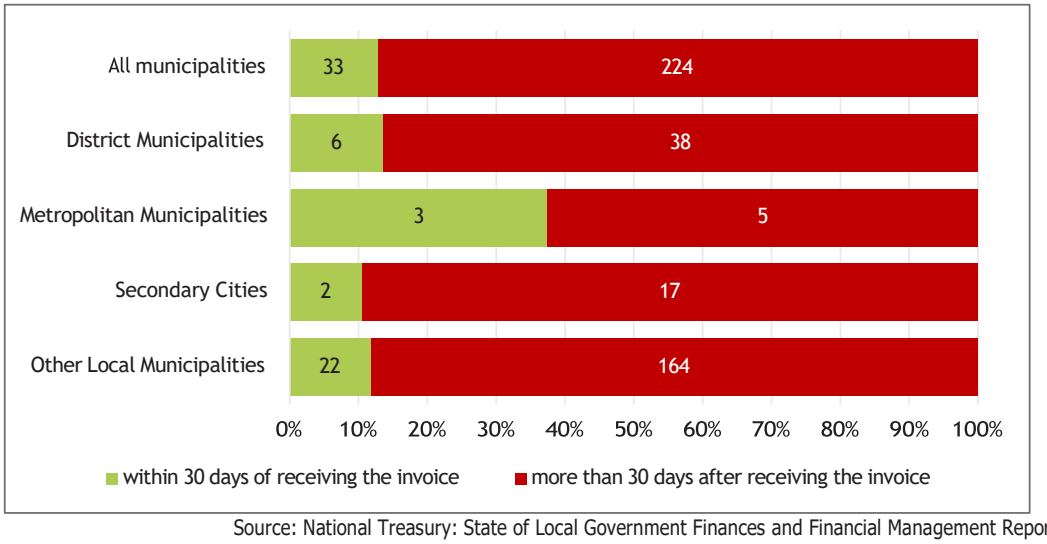


Source: Section 47 Reports

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Figure 63: %/no of municipalities that pay creditors within 30 days of receiving invoices per municipality type

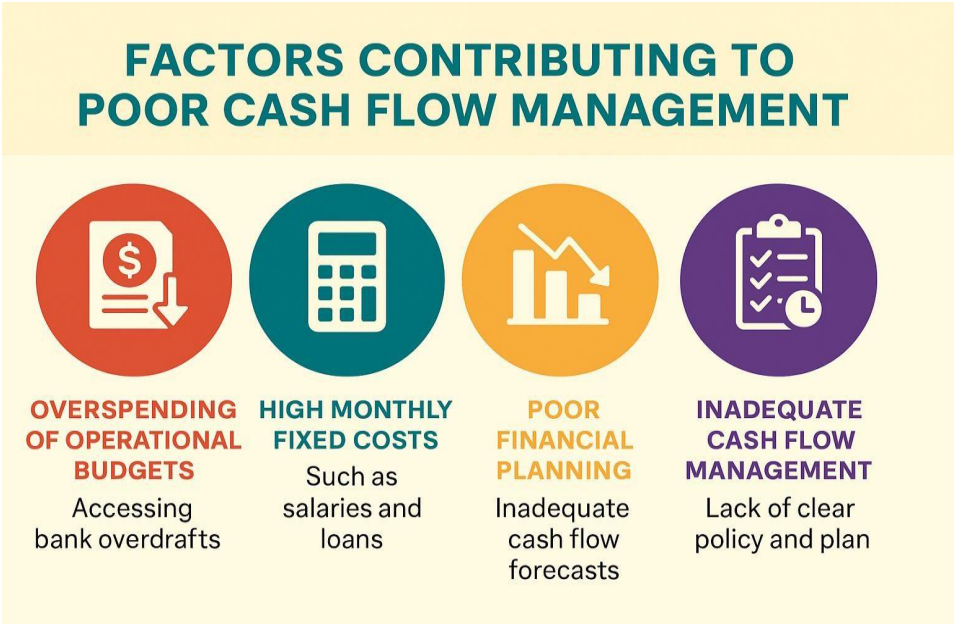


Source: National Treasury: State of Local Government Finances and Financial Management Report

6.3.7 Challenges

The SoLGF report further highlights the following factors contributing to poor cash flow management:

Figure 64: Factors contributing to poor cash flow management



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6.4 AUDIT OUTCOMES

6.4.1 Overview

The purpose of the Section 134 report is to provide an overview of actions taken to address issues raised by the AGSA and support interventions to strengthen municipalities to improve compliance, internal controls, reporting and provision of sustainable service delivery. The actions taken in response to external audit findings is crucial for promoting good governance, ensuring financial accountability, transparency, and on-going improvement of local government operations. The report serves as a tool to demonstrate the efforts by sector departments and illustrate the collaborative approach adopted to resolve the challenges in local government and improve financial and non-financial performance. The Se Section 134 report was used to develop that section on audit outcomes in this Section 48 Report.

The MFMA Section 134 report provides an overview of actions taken to address issues raised by the Auditor-General of South Africa (AGSA), including assessments by provincial MECs for Local Government on the extent to which municipalities have adequately responded to AGSA findings, as well as support interventions by the Department of Cooperative Governance (DCoG). The report must be considered alongside the Section 48 report of the Municipal Systems Act, in line with Section 134 of the Municipal Finance Management Act (MFMA), No. 56 of 2003.

Section 131 of the MFMA requires MECs for Local Government to review municipal annual financial statements, the related audit reports, and the responses to these audits, and to assess whether issues raised by the Auditor-General have been addressed. This requirement aligns with Section 47 of the Municipal Systems Act, which obliges MECs to submit a consolidated annual report on municipal performance in the province to the provincial legislature and the Minister. Section 134 of the MFMA further requires the national Minister responsible for local government to report annually to Parliament, as part of the Section 48 report of the Municipal Systems Act, on the actions taken by MECs to address AGSA findings. To support this process, the Minister of Cooperative Governance and Traditional Affairs issued letters to MECs requesting submission of their Section 131 reports, which in turn formed the basis for the consolidated MFMA Section 134 report.

Section 154 of the Constitution of the Republic of South Africa (Act 108 of 1666) empowers national and provincial government, through legislative and other measures, to support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions. The role of the Department of Cooperative Governance and its provincial counterparts is therefore to provide support to municipalities in implementing and maintaining effective systems of governance, financial management, performance management, infrastructure delivery, service provision and compliance with local government legislation and prescripts.

The Municipal Finance Management Act, the Municipal Systems Act and related prescripts facilitate compliance with this constitutional duty by ensuring that municipalities' priorities, plans, budgets and reporting are properly aligned. The action plans and strategies in local government aim to improve municipal performance to secure good governance, sound financial management and sustainable service delivery. Provincial reports, developed in response to ministerial requests, provide an assessment of the actions taken to address AGSA findings and lay the foundation for the MFMA Section 134 report, which consolidates the extent to which municipal remedial action plans are effective.

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6.4.2 Timely submission of Annual Financial Statements

A total of 236 municipalities (62%) submitted the 2021/22 AFS to the Auditor-General, while 20 municipalities failed to submit the AFS by legislated date (8%). This is a significant improvement as compared to prior year submission of 211 municipalities as shown in t

Figure 66: Comparison in non-submission 2021/2022 from previous year

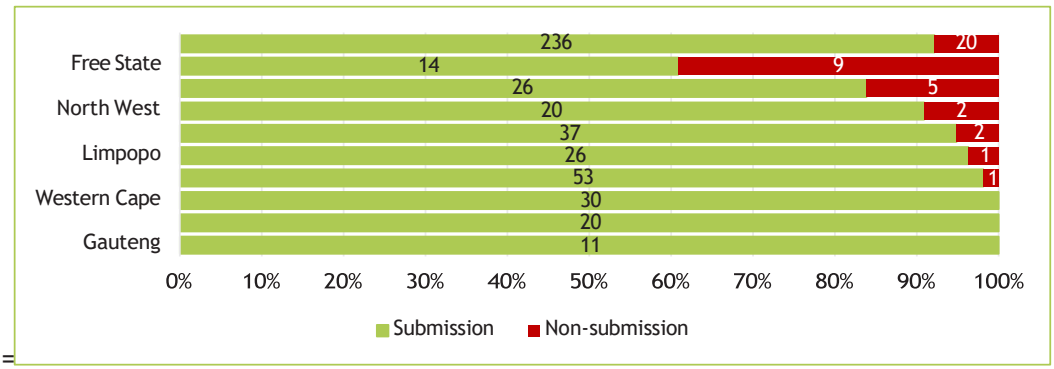
. Although the figure of late submission is decreasing, and some municipalities have improved and submitted within the legislative timeframe, the majority of the municipalities who submitted late are repeat offenders. Five (5) of the twenty (20) municipalities are new offenders.

The largest number (6) of non-submissions in 2021/22 came from Free State, which had almost half (45%) of the municipalities that did not submit their AFS nationally. Northern Cape also had a significant number (5) of municipalities that did not submit. However, it is noted that some of the municipalities were late on submission by only a few minutes. Other reasons given for non-submission were related to verification and reconciliation of principal vs agent transactions, governance challenges (leadership instability at both political and administration, change of senior management, employees embarked on a protest and let closure of offices), correction of cashflow statement and reconciliation of accounting records.

Figure 65: Submission of 2021/22 Municipal AFS to Auditor General 2021/2022

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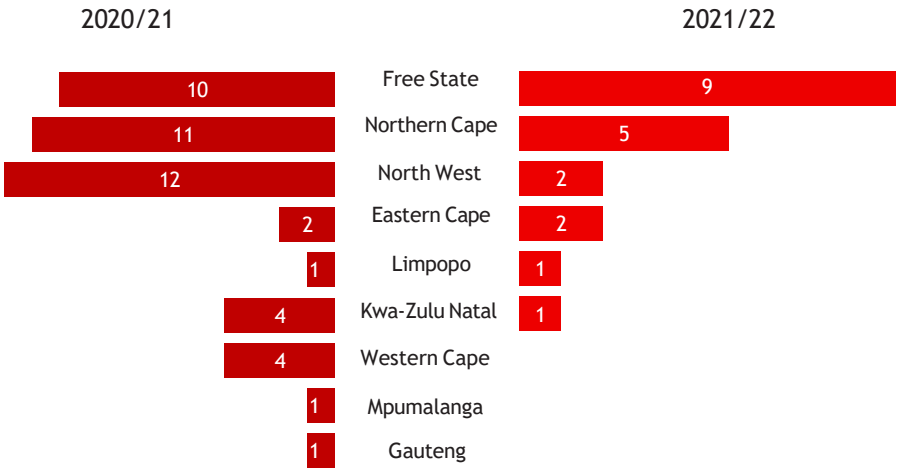


Source: MFMA Section 134 Report

Figure 66: Comparison in non-submission 2021/2022 from previous year

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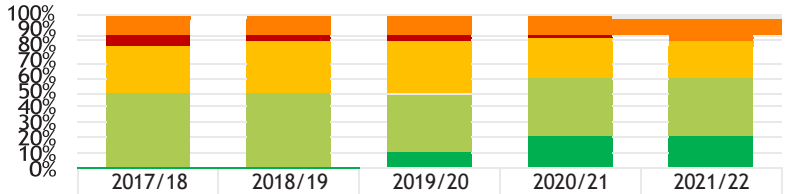
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Source: MFMA Section 134 Report

6.4.3 6.4.3 Movement in Audit Opinions

Figure 67: 5-year trend in Movement of Audited Opinions



	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	2	5
Disclaimer	34	41	35	27	21
Adverse	12	6	7	4	6
Qualified	89	95	87	83	81
Unqualified with findings	104	95	97	100	106
Unqualified with no findings	18	20	31	41	38

Source: MFMA Section 134 Report

In 2021/22 financial year, there has been a slight decrease in the number of clean audits from 41 to 38 and municipalities that managed to maintain their clean audit status amount to 33. The trend analysis of the audit outcomes is a mixed bag, some municipalities improved, some regressed and some are unable to sustain improvements. The root causes for poor state of local government includes amongst others: ineffective internal controls, capacity gap (skills and vacancies), leadership instability at both political and administration, poor monitoring on the implementation of internal controls, poor implementation of the audit action plans which led to repeat audit findings, lack of accountability and consequence management, poor record keeping, poor delivery and maintenance of municipal infrastructure, UIFsW expenditure

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6.4.4 Root Causes for Poor Municipal Audit Outcomes

The analysis of municipal audit outcomes highlights several systemic weaknesses that continue to undermine governance, accountability, and financial management across municipalities. The following root causes were identified:

- **Ineffective governance structures**: Governance processes remain weak, with Municipal Public Accounts Committees (MPACs) not effectively investigating or concluding on cases of unauthorised, irregular, fruitless and wasteful (UIFW) expenditure.
- **Lack of accountability**: Poor performance and transgressions are not adequately addressed, resulting in limited consequences for non-compliance and weak enforcement of responsibilities.
- **Instability in key leadership positions**: Municipalities continue to experience delays in the appointment of senior managers and often fail to appoint competent officials in critical roles. According to the Auditor-General's preliminary report on the 2021/22 municipal audit outcomes, vacancies and instability in key positions such as municipal managers and chief financial officers (CFOs) contribute significantly to poor institutional performance and adverse audit results.
- **Weak financial management systems**: Deficiencies in financial planning, internal controls and reporting persist, undermining effective oversight and sound financial decision-making.

6.4.5 Red Flags Raised by the AGSA

The Auditor-General's preliminary report highlights several high-risk areas that require strengthened support and targeted interventions from the department and other stakeholders. The key red flags include:

- **Financial planning and reporting**: Unfunded budgets and unauthorised expenditure of R25,47 billion across 175 municipalities (68%); inadequate provision for infrastructure maintenance in 203 municipalities; going concern challenges at 70 municipalities (26%); water losses amounting to R11,61 billion; payments for goods and services not received (38 material irregularity findings); weak revenue management (22 material irregularity findings); and widespread unfair or uncompetitive procurement practices. Other issues include material misstatements in annual financial statements, ineffective prevention of unauthorised, irregular, fruitless and wasteful (UIFW) expenditure, poor procurement and contract management, weak consequence management, and deficiencies in expenditure, strategic and performance management.
- **Unfair and uncompetitive procurement practices**: 200 municipalities (83%) were involved in irregular procurement processes. Findings include limitations on auditing of awards, prohibited awards to employees and councillors, and three material irregularities linked to procurement practices.
- **Emerging ICT risks**: Despite significant investment in information systems, key controls were not enabled. Payments were made for licenses without agreements (17 material irregularity findings), while projects worth R45,2 million (2020/21: R1,62 billion) failed to meet expectations. Contracts valued at R330,6 million (2020/21: R464 million) did not yield intended benefits. Weak project and IT contract management, poor requirements determination, and unnecessary license purchases resulted in widespread failures and fruitless expenditure.
- **Service delivery failures**: Poor planning and unreliable reporting led to incomplete service delivery plans, weak indicators, low targets, delayed or ineffective MEC support, and a lack of common performance indicators. Evidence to substantiate reported achievements was often missing, inconsistent or inaccurate, highlighting major weaknesses in performance reporting systems.
- **Crumbling municipal infrastructure**: Ineffective infrastructure management and maintenance practices led to incomplete projects, escalating costs due to replacing contractors and poor

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build quality, frequent project delays, and redesigns or scope changes. These failures continue to undermine service delivery and cause harm to communities.

- **Ineffective use of consultants for financial reporting**: Heavy reliance on consultants persisted, with 81% of municipalities (178) appointing them for asset management, preparation of financial statements, and accounting services, at a cost of R1,61 billion (up from R1,36 billion). However, inadequate oversight, missing records, late or poor-quality delivery, and over-reliance on consultants resulted in limited value for money. Sixty-two percent of financial statements (137 municipalities) still contained material misstatements in areas where consultants were used, with 11 material irregularities identified.

6.4.6 Material Irregularity

The number of auditees tested for material irregularities increased, which in turn resulted in a higher number of material irregularity findings raised by the Auditor-General of South Africa (AGSA). It is important to note that such findings are considered resolved only once the municipal manager and council have fulfilled their legislative responsibilities in terms of the applicable legislation. These responsibilities include the recovery of all financial losses, the implementation of consequence management measures, and the introduction of preventative controls to mitigate the risk of further losses.

Despite these requirements, 51 municipalities (28%) failed to take appropriate action to address or resolve the identified material irregularities. Consequently, these matters were referred to the relevant public bodies for further investigation.

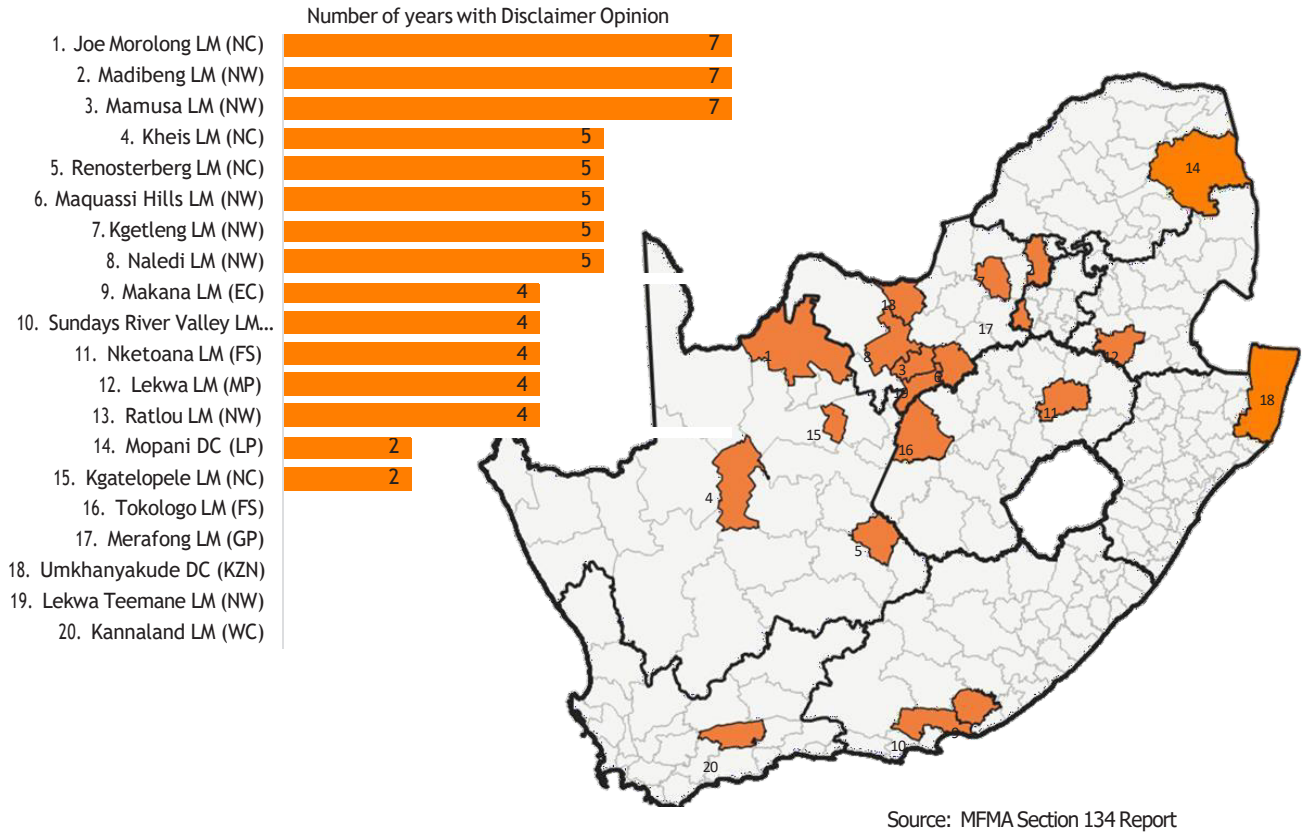
6.4.7 Municipalities with disclaimer audits

The municipalities with disclaimer audits across the country are listed below. Twenty (20) municipalities are shown as having obtained disclaimer audit opinions. Subsequent to the release of the general report, the number of municipalities with disclaimer audit opinions increased to twenty-one (21). 15 of the 21 municipalities (71%) have a history of discalimer audit opinions. According to AGSA's report the interventions in these municipalities did not focus on improving the control environment by ensuring that action plans address the root causes of the matters reported and by strengthening record management. The instability in key positions and the council level were observed. Some of the municipalities have been classified as dysfunctional, placed under intervention. The instability and poor governance had an impact on the implementation of the audit action plans and other strategies to improve municipal performance. 10 of the 20 municipalities shown above are under section 136 intervention, signifying an encreased level of dysfunction.

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Figure 68: Municipalities with disclaimer audit opinions



Source: MFMA Section 134 Report

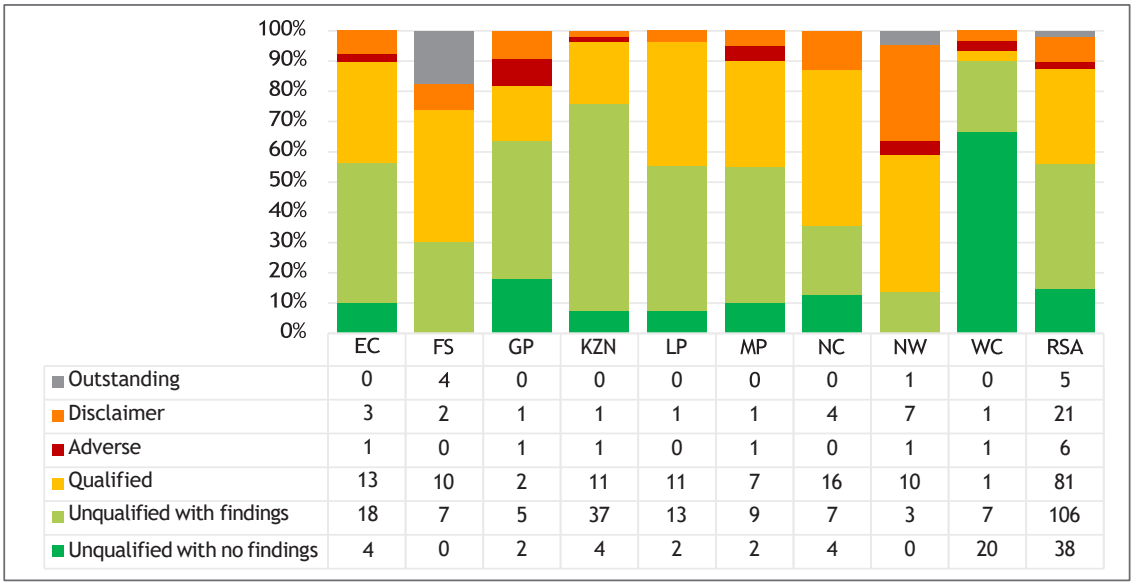
6.4.8 Provincial Overview

This section highlights some of the issues raised by the AGSA, provinces' responses and actions taken on issues raised by AGSA and the support to municipalities to improve the audit outcomes in line with section 131 of the MFMA. The table below illustrate the 2021/22 audit outcomes per province.

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Figure 66: Provincial Overview of Municipal Outcomes



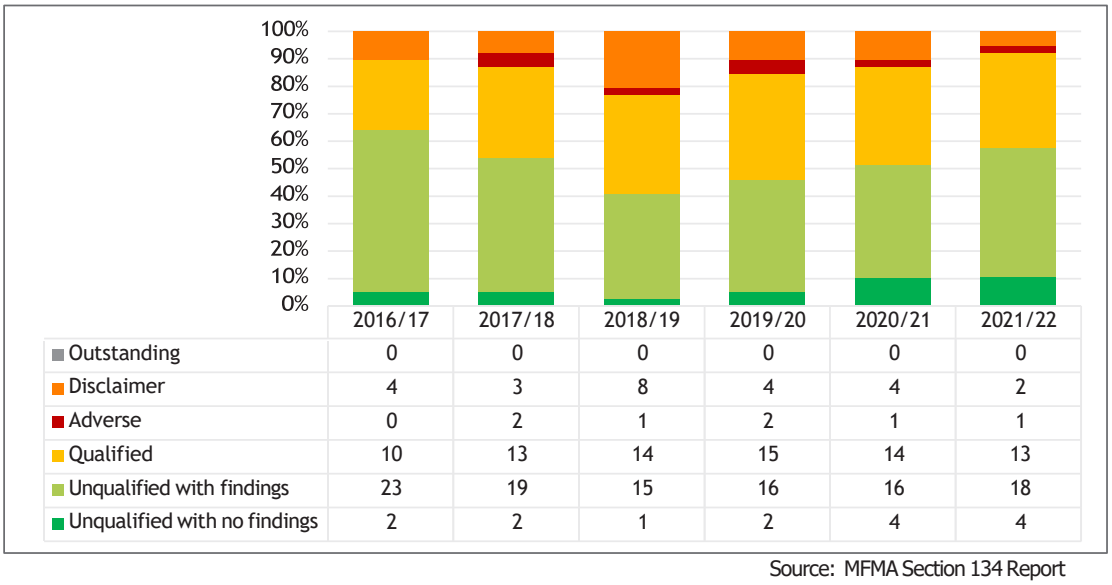
	EC	FS	GP	KZN	LP	MP	NC	NW	WC	RSA
Outstanding	0	4	0	0	0	0	0	1	0	5
Disclaimer	3	2	1	1	1	1	4	7	1	21
Adverse	1	0	1	1	0	1	0	1	1	6
Qualified	13	10	2	11	11	7	16	10	1	81
Unqualified with findings	18	7	5	37	13	9	7	3	7	106
Unqualified with no findings	4	0	2	4	2	2	4	0	20	38

Source: MFMA Section 134 Report

C.4.8.1. Eastern Cape Province

The chart below shows the trends in municipal audit outcomes. The province has 36 municipalities, 4 municipalities obtained clean audits, 18 unqualified audit opinions with findings and number of municipalities with disclaimer audit opinions decreased to 2. The Eastern Cape province raised concerns about a weak control environment, resulting in unsustainable interventions and limited improvements. Key issues include municipal liquidity challenges, non-compliance with Section 32 of the MFMA in addressing unauthorised, irregular, fruitless and wasteful (UIFsW) expenditure, and the continued reliance on consultants.

Figure 70: Six-year trend in Eastern Cape Municipal audit outcomes



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	0	0
Disclaimer	4	3	8	4	4	2
Adverse	0	2	1	2	1	1
Qualified	10	13	14	15	14	13
Unqualified with findings	23	19	15	16	16	18
Unqualified with no findings	2	2	1	2	4	4

Source: MFMA Section 134 Report

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Reflection by the province on recurring issues and common challenges were:

- Material misstatement on financial statements. Despite 62% of the municipalities using consultants for preparation of the AFS there has been no significant improvement.
- Increase in UIFsW expenditure and non-compliance with laws and regulations.
- Slow/inaction in implementing consequence management relating to UIFsW expenditure.
- Disciplinary boards have been established, and no case has been concluded.
- Inability to pay creditors i.e. AGSA, Eskom, SARS and various creditors.
- No records management systems and information to support financial and nonfinancial reports (performance management report)
- Contravening of SCM policies - award made to service provider in employ of state), on award below the threshold of R200 000 and construction contracts in contravention with CIDB.
- Distribution losses (both technical and non-technical loses)

Support interventions by the Eastern Cape Province:

The province assessed municipal audit action plans, provided feedback to address gaps, and will monitor implementation quarterly while supporting municipalities in resolving shortcomings. Key support measures include:

- **Reducing reliance on consultants**: Collaboration with SARS to train municipal officials on VAT returns.
- **Strengthening oversight**: Establishment of an internal audit and risk management forum to share best practices, with MAAP implementation as a standing agenda item.
- **Addressing UIFsW expenditure**: Capacitating MPACs to deal with unauthorised, irregular, fruitless and wasteful expenditure, and supporting the UIFsW reduction strategy.
- **Enhancing preventative controls**: Encouraging municipalities to develop standard operating procedures (SOPs) and incorporate the Auditor-General's guide on preventative controls.

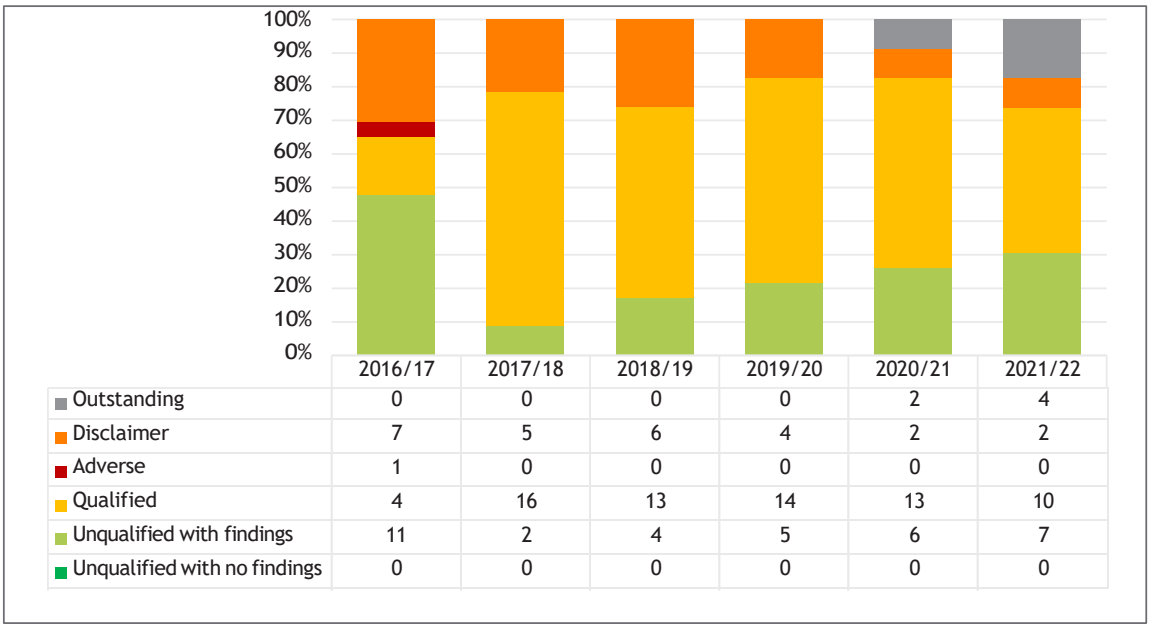
C.4.8.2. Free State Province

The province has 23 municipalities. Over the past six years, no municipality has achieved an unqualified audit opinion with no findings. Only seven municipalities managed to obtain unqualified audit opinions, while the majority of municipalities received predominantly qualified audit opinions. The province has a history of late submission of the AFS and as a result it has impact on the finalization of the audits and submission of the AFS in the next reporting cycle. Four audits in 2021/22 financial year are still outstanding. Two municipalities obtained disclaimer audit opinions.

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Figure 71: Six-year trend municipal audit outcome



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	2	4
Disclaimer	7	5	6	4	2	2
Adverse	1	0	0	0	0	0
Qualified	4	16	13	14	13	10
Unqualified with findings	11	2	4	5	6	7
Unqualified with no findings	0	0	0	0	0	0

Source: MFMA Section 134 Report

The Section 134 Report emphasizes that Municipalities in the Free State show persistent non-compliance with key legislation, particularly in procurement, financial reporting, expenditure controls, consequence management and creditor payments. These failures escalate during the year, inflating the cost of preparing annual financial statements and undermining their quality, accuracy and timely submission to the Auditor-General.

Reflection by the province on recurring issues and common challenges:

- The province demonstrated that the municipal leadership, senior management and officials failed to develop, implement and monitor effective systems and processes of internal control including corrective action, not implement repeated recommendations made by the Auditor General.
- Key officials lack appropriate skills and competencies in financial reporting, which led to over-reliance on consultants.
- Vacancies and instability in key positions
- Inadequate implementation of action plans to address the previous year's external audit findings.
- No/inadequate systems and processes to collate and report credible
- performance information.

Support interventions by the Free State Province:

The Provincial Treasury has established district forums to support municipalities in the implementation of audit action plans, with participation from the provincial Department of Cooperative Governance and Traditional Affairs (CoGTA). The forums focus on:

- Progress on the implementation of Audit Action Plans.
- Progress on the preparation of Annual Financial Statements (AFS).
- Progress on Audit Readiness Plans.

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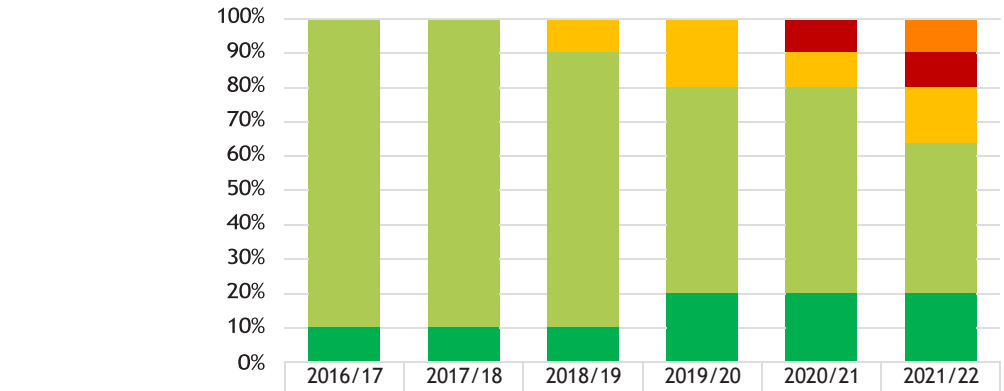
- The status of unauthorised, irregular, fruitless and wasteful (UIFW) expenditure.

In addition, National Treasury has introduced a web-based platform for audit action plans, which the province now uses to monitor implementation. The province also tracks whether municipalities have developed and uploaded their audit action plans onto the system, and whether these plans have been formally tabled and considered by council.

C.4.8.3. Gauteng

The province has 11 municipalities and five obtained unqualified audit opinions with Mid Vaal managing to sustain clean audit for 6 consecutive years, Merafong obtained disclaimer audit opinion and City of Tshwane obtained adverse audit opinion. Ekurhuleni remains the only metropolitan municipality that obtained clean audit in the country. The chart below illustrates trend analysis of the municipal audit outcomes for the past six years.

Figure 72: Six-year trend on Gauteng municipal audit outcome



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	0	0
Disclaimer	0	0	0	0	0	1
Adverse	0	0	0	0	1	1
Qualified	0	0	1	2	1	2
Unqualified with findings	10	10	9	7	7	5
Unqualified with no findings	1	1	1	2	2	2

Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Noncompliance with laws and regulations remains a concern in the majority of Gauteng municipalities.
- Some of the irregular, fruitless and wasteful expenditure increases as a result of ever-growing deviations from poor contract management and the lack of competitive bidding processes for goods and services and interest on overdue accounts.
- The preparation of the quality of the financial statements remains a challenge in the province.
- The municipality demonstrated a two-year trend of the audit of predetermined objectives
- (AoPO) and summary of the audit findings. The negative outcomes are attributes to:
    - poorly prepared performance reports,
    - poor monitoring and corrective action throughout the year contribute to municipalities being unable to achieve their performance targets,

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- the information provided to AGSA was not reliable: the main reason for the unreliable performance reports was that manual process were used to gather data, which are prone to human error that may not be detected and corrected in time.

Support Interventions:

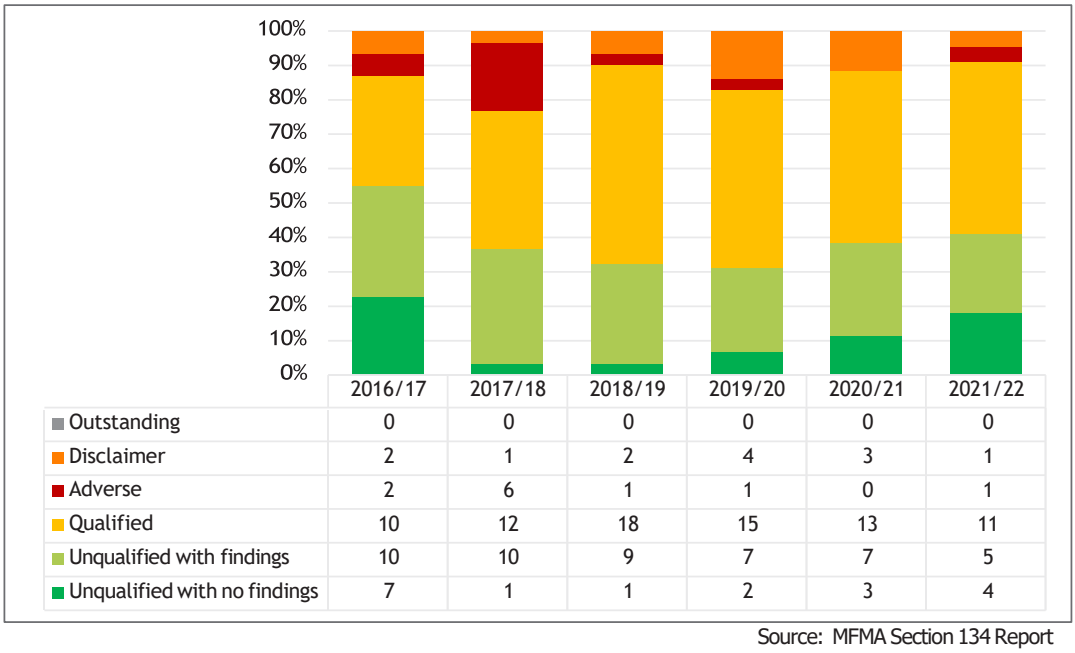
DCOG leads the Operation Clean Audit Provincial Coordinating Committee, a monitoring and support structure comprising government and key finance professional bodies across Gauteng.

- The committee meets quarterly to review and workshop municipal audit response plans.
- With the support AGSA, it monitors on a quarterly basis the assessment of key controls and the implementation of corrective actions to address identified control deficiencies.
- Together with AGSA, SALGA and the Treasuries, DCOG provides advisory support through participation in municipal Operation Clean Audit steering committees, chaired by municipal managers or chief financial officers, which oversee the implementation of audit response plans. at municipal level.

C.4.8.4. KwaZulu-Natal

The province attained four (4) unqualified with no audit issues (clean) audit opinions during the 2021/2022 financial year. Thirty-seven (37) municipalities received unqualified audit opinions. Eleven (11) municipalities received qualified audit opinions, one (1) municipality received an adverse audit opinion and one (1) municipality received a disclaimer audit opinion for the 2021/2022 year of Audit. A total of five-hundred and sixty-seven (567) matters were raised as findings across fifty four (54) municipalities in 2021/2022 as compared to six hundred and nineteen (616) in 2020 /2021, reflecting a decrease of fifty-two (52) audit issues or a decrease of eight percent (8%). This indicates a progressive improvement in technical capacity and the overall impact of support provided by the Department to municipalities.

Figure 73: Six-year trend in KZN Municipal Audit Outcome



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	0	0
Disclaimer	2	1	2	4	3	1
Adverse	2	6	1	1	0	1
Qualified	10	12	18	15	13	11
Unqualified with findings	10	10	9	7	7	5
Unqualified with no findings	7	1	1	2	3	4

Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

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- Material debt impairment
- Annual Financial Statements
- Procurement and Contract Management
- Material adjustment of Performance Information
- Unauthorised, Irregular, Fruitless and Wasteful expenditure
- Restatement of Corresponding figures
- Consequence management
- Material losses- Water and Electricity
- Internal Control Management oversight; and
- Non-compliance with 30 days' payment period

The Department of Cooperative Governance and Traditional Affairs DCOG, together with Provincial Treasury and SALGA, developed an audit outcomes turnaround plan based on municipal audit outcomes. The interventions set out in this plan define the Department's priority actions in supporting municipalities to achieve improved audit results. These commitments were incorporated into the Department's Annual Performance Plan for the 2022/2023 financial year and are subject to audit by the AGSA.

6.4.G Support Interventions

During the 2022/2023 provincial financial year, DCOG implemented a wide range of support measures to strengthen municipal financial management and governance:

- Implementation and monitoring of audit response plans, including technical audit support.
- Assistance in developing post-audit action plans through technical advice and guidance.
- Support for audit readiness in preparing annual financial statements.
- Review of draft annual financial statements at municipal level.
- Payment voucher audits at targeted municipalities.
- Assessments of the functionality and effectiveness of Audit Committees.
- Evaluation and monitoring of Internal Audit and Municipal Audit Improvement Plans.
- Support to reduce unauthorised, irregular, fruitless and wasteful (UIFW) expenditure by March 2023.
- Assistance to targeted municipalities in developing revenue enhancement strategies.
- Support to improve the collection of government debt.
- Alignment of IDPs, SDBIPs and organisational scorecards.
- Quarterly performance assessment reviews.
- Reduction in AG findings on the usefulness and reliability of municipal performance information, including adjustments of material misstatements in Annual Performance Reports.
- Support to municipalities with negative audit outcomes from the 2020/2021 financial year in filling key posts, in line with legislation, to strengthen administrative leadership and stability.
- Monitoring of consequence management against senior managers, in terms of the Local Government: Disciplinary Regulations for Senior Managers, in municipalities with negative audit outcomes.
- Monitoring and enforcement of the implementation of forensic report recommendations tabled in councils to promote accountability and good governance.
- Coordination of capacity building interventions tailored to the needs of the local government sector.
- Facilitation of municipal debt payments to Eskom and Water Boards by reviewing financial recovery plans and Eskom payment arrangements for municipalities in financial distress.
- Provision of technical support in financial management, performance management and compliance at intervention municipalities, including the deployment of financial experts at 16 municipalities to assist those capable of achieving unqualified audit outcomes with no findings.

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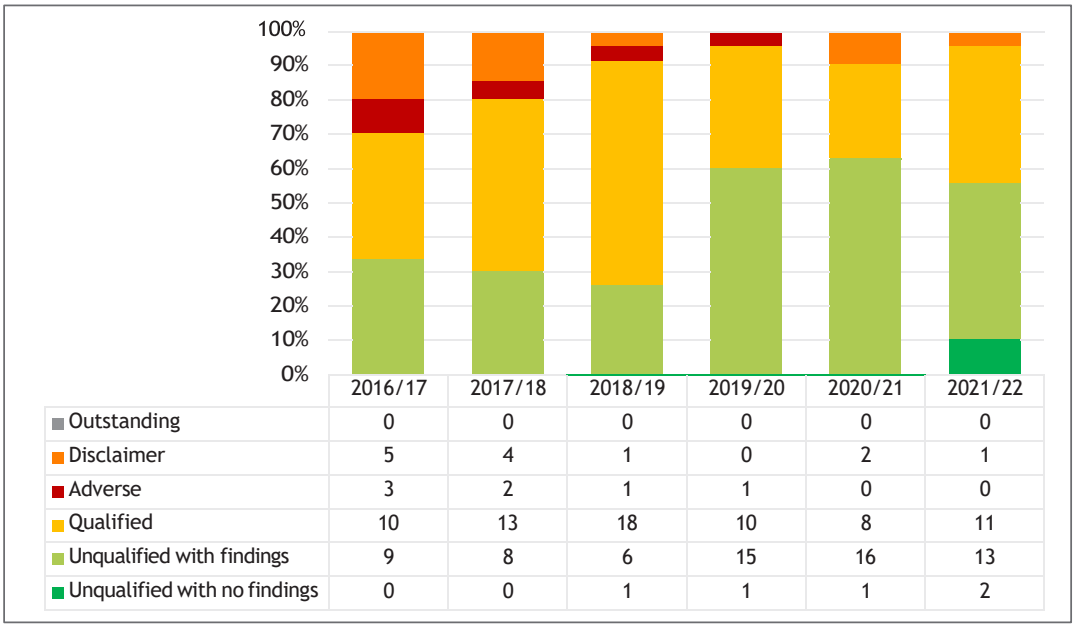
- **Audit War Rooms:** An assessment of institutional arrangements across municipalities indicated that:
- 20 municipalities established Audit War Rooms.
- 20 municipalities established Audit Steering Committees.
- 14 municipalities used other platforms (such as MANCO, Budget and Treasury Office, or Governance Committees) to address audit issues.
- **Financial Experts:** To influence audit outcomes for the 2021/2022 financial year, the Department funded and deployed financial experts to 11 municipalities: Ugu District, Mpofana, Uthukela, Alfred Duma, Amajuba District, Abaqulusi, Umkhanyakude District, Msunduzi, Inkosi Langalibalele, Umzinyathi District and Nquthu.
- **Stakeholder Engagement:** DCOG emphasised the importance of collaboration and engagement with key stakeholders to ensure the effective implementation of the MFMA Audit Action Plan.

Through these coordinated interventions, the Department seeks not only to improve short-term audit outcomes but also to build sustainable systems of financial management, governance, and accountability in municipalities.

C.4.8.5. Limpopo

The province has 27 municipalities, 2 municipalities obtained clean audit, 13 obtained unqualified opinions with findings, 11 obtained qualified audit opinions and one municipality maintained disclaimer audit opinion. The chart below illustrates the movement of the municipal audit outcomes for the past six years.

Figure 74: Six-year trend in Limpopo Municipal Audit Outcome



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	0	0
Disclaimer	5	4	1	0	2	1
Adverse	3	2	1	1	0	0
Qualified	10	13	18	10	8	11
Unqualified with findings	9	8	6	15	16	13
Unqualified with no findings	0	0	1	1	1	2

Source: MFMA Section 134 Report

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Reflection by the province on recurring issues and common challenges

- Concerns on overreliance and financial pact of the use of consultants by municipalities for preparation and review of annual financial statements, 10 municipalities compiled AFS in house and 17 outsourced preparations of the AFS.
- Municipalities submitted draft AFS to the province for review, however, draft AFS were submitted late, audit file was not submitted, which limited the adequacy of the assessment. Some risk identified during review include incomplete statement of financial performance and position, incomplete disclosure
- Common areas affecting quality of the AFS relate to disclosure on revenue, receivables, payables, and PPE
- Some of the improvements were attributed by political oversight during audit steering committee meetings.
- Strengthening of the internal controls and compliance are areas that require attention to realise improvement.
- Overall compliance with legislation remains a challenge, which calls for effective monitoring of preventative controls. Though the compliance remains a challenge, the
- AGSA reflected a slight reduction in procurement and contract management

Support Interventions

- The Department engaged with municipalities that experienced audit regressions, including Mopani Municipality, which received a disclaimer audit opinion, with the objective of supporting improvements in audit outcomes.
- Provincial departments participated in municipal Audit Steering Committee meetings to monitor the implementation of audit action plans.
- Support was provided to municipalities to expedite the recruitment of critical posts, including Chief Financial Officers (CFOs).
- Municipalities were encouraged to implement preventative controls to address unauthorised, irregular, fruitless and wasteful (UIFsW) expenditure, enforce consequence management, and invest in capacity building to reduce reliance on consultants.

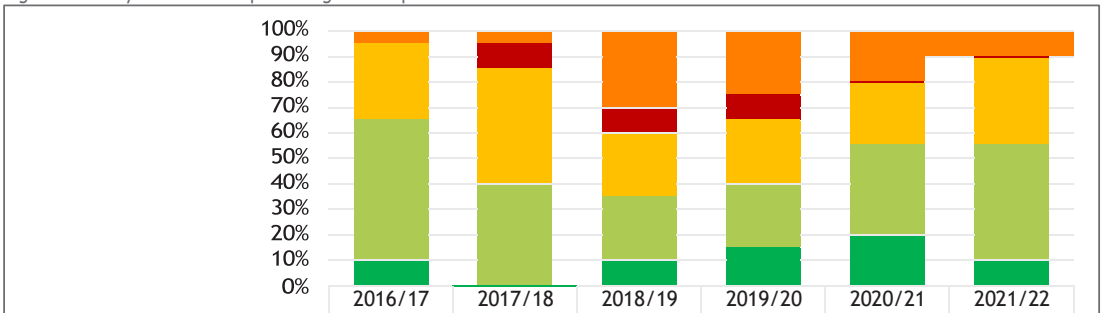
C.4.8.C. Mpumalanga

The province has 20 municipalities, 2 municipalities obtained clean audits, 6 unqualified audit opinions with findings, 7 qualified audit opinions, 1 adverse audit opinion and 1 disclaimer audit opinion. The chart below illustrates the movement of the municipal audit outcomes for the past six years. The number of disclaimer audit opinion has decreased from 3 to 1. At the time of publishing the Section 134 report for 2021/2022, province had not submitted the MFMA section 131 report. A letter, signed by the Minister, was issued to the province and several follow-ups were made. Through engagement with the province, the report is waiting for signature.

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Figure 75: Six-year trend in Mpumalanga Municipal Audit Outcome



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	0	0
Disclaimer	1	1	6	5	3	1
Adverse	0	2	2	2	1	1
Qualified	6	9	5	5	5	7
Unqualified with findings	11	7	5	5	7	9
Unqualified with no findings	2	1	2	3	4	2

Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Inaccurate billing and incorrect tariff application
- Irregular, fruitless and Wasteful Expenditure
- Misstatement of financial statements was rated as the highest concern with 701 or 46%
- Internal control deficiencies rated as second, non-compliance with laws and regulations
- rated as the third highest especially SCM and misstatement of annual report rated
- An overall increase (185 or 30%) was recorded in the number of audit findings reported
- and repeated in the previous years across 20 municipalities. The most repeated findings
- relate to revenue from exchange transactions, SCM property plant and equipment

Support Interventions

Joint Audit Support Plan: The Provincial CoGTA, in collaboration with Provincial Treasury, District Municipalities and SALGA, developed a joint audit support plan to improve municipal governance and financial management. Specific attention was given to municipalities with adverse or disclaimed audit opinions, including Dr JS Moroka, Lekwa, Emakhazeni and Dipaleseng. Key weaknesses identified for targeted support included lack of oversight, poor quality of annual financial statements and internal controls, unfunded budgets, incomplete revenue baselines, and weak record management systems.

Strategic Focus of Support: The joint support plan focuses on:

- Establishment and functionality of all key governance structures.
- Reduction of unauthorised, irregular, fruitless and wasteful (UIFsW) expenditure.
- Adoption of credible policies and by-laws.
- Filling of critical vacancies, including Section 56 positions.
- Adoption of effective systems of delegation.
- Strengthened oversight over administration to ensure accountability.
- Engagement of strategic partners (e.g. DBSA, Sasol).
- Close monitoring of municipalities by Heads of Department.
- Alignment with the District Development Model.

Preconditions for Support: Municipalities receiving support are required to:

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- Enforce performance management for Section 54 and 56 managers, with contracts including clauses on audit outcomes.
- Implement consequence management for transgressions.
- Ensure functionality of governance structures.
- Engage Provincial Treasury and CoGTA in the appointment of consultants to ensure skills transfer and value for money.
- Adopt effective systems of delegation and strengthen oversight.
- Develop UIFsW reduction plans approved by council.
- Approve credible and realistic audit action plans.

Support Interventions and Activities:

- Training for MPAC and Disciplinary Board members on roles and responsibilities.
- Assessment of the functionality of assurance providers (Internal Audit, Risk Committees).
- Capacity building for oversight structures based on functionality assessments.
- Development of guidelines for Risk Management Committees to establish key performance indicators.
- Issuing reports with recommendations to Accounting Officers and monitoring follow-up at Risk Management meetings.
- Support in reviewing draft Annual Financial Statements before submission.
- Development of a reconciliation checklist and quarterly compliance monitoring of reconciliations.
- Strengthening of municipal Standard Operating Procedures.

Financial and Technical Support

- Provincial Treasury support on mSCOA compliance, monthly analysis of municipal data strings, and training on asset management and GRAP compliance.
- Assistance with unfunded budgets, including assessment of draft budgets, review of budget funding plans, monitoring of implementation, assessment of mid-year budget performance, and training on the budgeting tool.
- Support with reconciliations between valuation rolls and billing files, and training on tariff setting and service costing.
- Ongoing audits of prepaid system controls and improvements in prepaid vendor management.
- Revenue management support, with DBSA providing a service provider (April 2022 – June 2023) to address electricity and water meter audits, data cleansing, tariff reviews, restructuring, and updating indigent registers. Progress was monitored through a Revenue Enhancement Steering Committee.
- Improvements in record-keeping and document management systems, along with capacity building initiatives.

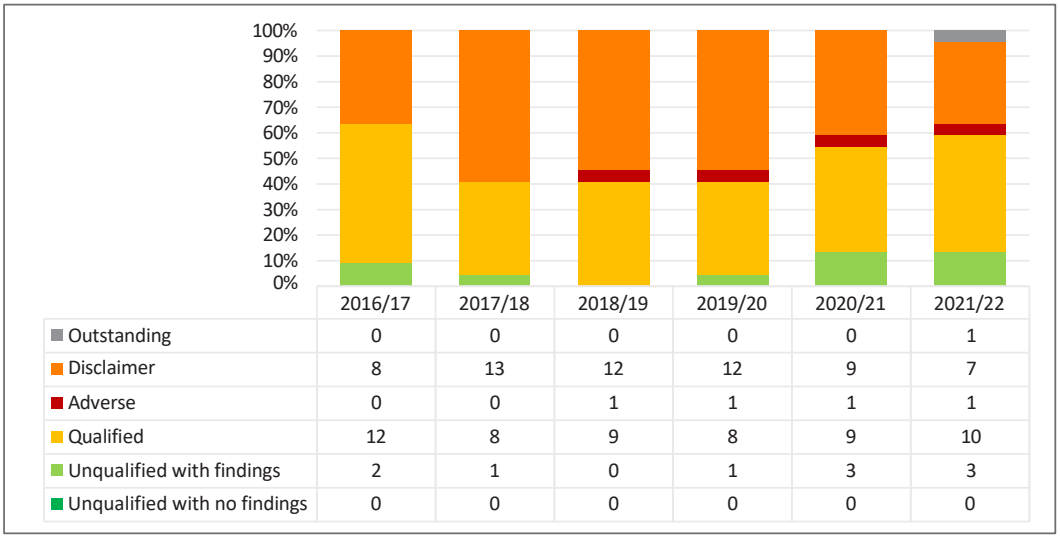
C.4.8.7. North West

The province has 22 municipalities, no municipality obtained clean audit in the past six years, three municipalities obtained unqualified audit opinion with findings, 10 qualified audit opinions, 1 adverse audit opinions and 7 disclaimer audit opinions and 1 is outstanding. North West is the leading province with disclaimer audit opinions of 32% and the number may increase as the outstanding municipality has history of disclaimer audit opinion. The chart below illustrates the movement of the municipal audit outcomes for the past six years.

Figure 76: Six-year trend in North West Municipal Audit Outcomes

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	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	0	1
Disclaimer	8	13	12	12	9	7
Adverse	0	0	1	1	1	1
Qualified	12	8	9	8	9	10
Unqualified with findings	2	1	0	1	3	3
Unqualified with no findings	0	0	0	0	0	0

Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- Inadequate monitoring of post audit action plan by governance structures such as management, Internal audit, Audit Committee and Section 76 Committee.
- Lack of commitment and accountability regarding the assigned responsible officials to ensure that management proposed audit action plan are addressed timeously.
- Lack of consequence management regarding those failing to address the AGSA finding from the Accounting Officer.
- Lack of consequence management and investigation of UIFsW expenditures has led to excessive increases of the expenditures.
- Ditsobotla and Mamusa LM did not submit their PAAPs to the department, hence they are not assessed.

Support interventions

- The province reviewed the audit action plans for adequacy and proposed remedial actions.
- Municipalities were encouraged to implement the following recommendations:
  - The Accounting Officer to ensure that audit action plans are incorporated in the performance agreements of All the Senior Managers including that of the Accounting Officer.
  - The post audit action plan should be a standing agenda item at all internal governance structures in terms of the combined assurance model
  - The Mayor of the Municipality shouldcertify that findings as raised are addressed.
  - The resolution when the report was tabled in council should be recorded in the post audit action plan.

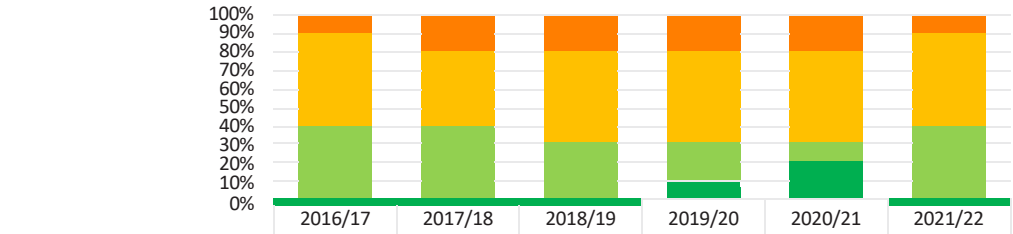
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C.4.8.8. Northern Cape

The municipality has 31 municipalities, 1 obtained clean audits, 10 unqualified audit opinions with findings, 16 qualified audit opinions, 4 disclaimer audit opinions. The province recorded a decrease in the number of clean audits from 5 to 1. The chart below illustrates the movement of the municipal audit outcomes for the past six years.

Figure 77: Six-year trend in Northern Cape Municipal Audit Outcomes



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	0	0
Disclaimer	4	7	7	5	5	4
Adverse	0	0	0	0	0	0
Qualified	15	13	15	16	16	16
Unqualified with findings	11	10	8	7	5	10
Unqualified with no findings	1	1	1	3	5	1

Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

The province had not submitted the MFMA section 131 report when the section 134 report was published. A letter signed by the Minister was issued to the province and several follow-ups were made. Through engagement with the province, the report is waiting for signature. No support interventions were cited in the report

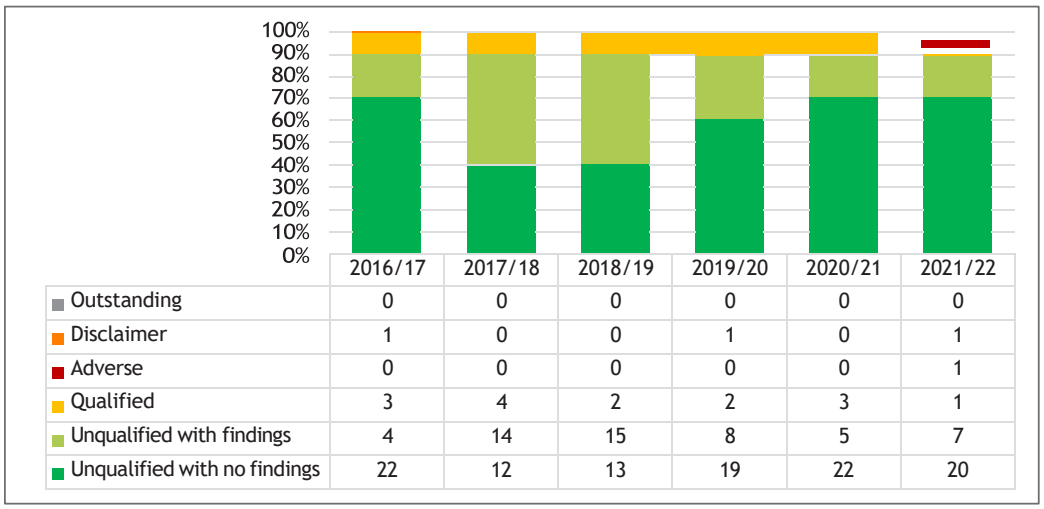
C.4.8.3. Western Cape

The province has 30 municipalities, 20 obtained clean audits, 7 unqualified audit opinions with audit findings, 1 qualified, 1 adverse and 1 disclaimer audit opinions. The Western Cape is the leading Province with 60% of the unqualified audit opinions. The chart below illustrates the movement of the municipal audit outcomes for the past six years.

Figure 78: Six-year trend in Western Cape Municipal Audit Outcomes

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	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Outstanding	0	0	0	0	0	0
Disclaimer	1	0	0	1	0	1
Adverse	0	0	0	0	0	1
Qualified	3	4	2	2	3	1
Unqualified with findings	4	14	15	8	5	7
Unqualified with no findings	22	12	13	19	22	20

Source: MFMA Section 134 Report

Reflection by the province on recurring issues and common challenges

- The general decline of services is not only playing itself out in the media, community reaction and investor trust, but is now also starting to filter through in the findings of the Auditor General. These challenges reflect strongly in findings relating to non-compliance, internal control measures and other processes but its route cause can be attributed to either, a lack of strong leadership or alternate agendas within certain groupings inside the Councils and Administrations.
- In view of the maturing democracy in South Africa, new political dispensations, and coalition arrangements, specifically at a local government level, have systematically emerged. However, the current systems, processes and governance arrangements have not sufficiently matured to accommodate the natural challenges that are associated with this new type of political arrangement. Oversight structures have been designed to cater for stable democracies and therefore the lack in effectively fulfilling this responsibility in an unstable environment.
- The continued and increasing focus on compliance and the over-regulation of the local government space is hindering service delivery and inhibiting innovation due to fear of sanction and negative audit outcomes.
- Matters classified as irregular expenditure may be misleading and can on face-value be construed as corrupt practices. However, many cases of reported irregular expenditure are later found to be misreported.

Other Issues

The current legal framework does not empower the Provincial Executive to intervene timeously in municipalities facing oversight, governance, or service delivery failures, or those unable to discharge their executive obligations. In addition, the municipal environment struggles to attract and retain suitably qualified senior managers, particularly municipal managers. A disjuncture between upper salary limits and task levels has created instability, with senior managers often earning more than municipal managers. To address this, upward adjustment of municipal manager and senior manager salaries is required.

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Misalignment between the financial years of national/provincial government and local government also hampers project implementation and budget expenditure, particularly in rolling out cross-sectoral, multi-year projects.

Factors Contributing to Positive Audit Outcomes

Several initiatives and support mechanisms have contributed to improved municipal audit outcomes and governance:

- Strengthened intergovernmental relations between provincial government and municipalities, supported by strategic fora such as the Premier's Coordinating Forum (PCF) and MINMAY, chaired by the Premier and Minister of Local Government respectively.
- A dedicated Provincial Government Committee (PGC) was established to promote discourse and consultation with the City of Cape Town.
- Extended Cabinet meetings include all Mayors and Municipal Managers, enabling inclusive participation and contributions.
- Strong partnerships with stakeholders such as Eskom and the Auditor-General, with regular strategic meetings to strengthen governance, systems and processes.
- A provincial focus on collaboration to enhance vertical and horizontal co-planning, budgeting and implementation in shared geographic spaces.
- Active prioritisation of monitoring and oversight responsibilities by the Provincial Executive.
- A dedicated investigative unit within the Department of Local Government to address allegations of fraud, corruption and maladministration, working closely with the NPA and the Hawks.
- Targeted support packages tailored to the specific challenges of municipalities, aimed at improving systems, processes, and ultimately community service delivery. These initiatives have been benchmarked nationally (e.g., Back-to-Basics programme).
- Establishment of a knowledge management hub and digital municipal status reporting platform, enabling real-time monitoring of municipal performance and informing decision-making, budgeting and support strategies.
- Technical working groups institutionalised across provincial departments, fostering peer learning and coordination. Examples include the Legal and Legislative Constitutional Task Team led by the Department of Local Government.
- A Memorandum of Understanding between the Department of Local Government and Provincial Treasury to strengthen financial oversight, supported by a Joint Working Group that meets quarterly.
- Vetting and monitoring of municipal audit action plans submitted to National Treasury to ensure corrective actions are implemented.
- Development of a consolidated municipal management reports database, serving as a library of audit issues with practical examples of how municipalities have responded.

6.4.10 DCOG Response to AGSA's Considerations

The table below sets out the AGSA's recommendations and the DCOG's response to this as expressed in the Section 134 report.

Table 16: DCOG Response to AG in Section 134 Report

Recommendations	Departmental Response
1. Improved Coordination	

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Recommendations	Departmental Response
The MOU between NT and DCoG should be fast-tracked and signed for it to be enforceable and ensure that CoGTA and NT improve coordination between all role players within all 3 spheres of government. This will lead to improvement in the state of local government.	DCOG has provided NT with its written views in relation to the conclusion of an MoU. Since the communication from the DCoG DG to the Acting DG of NT, no response has been forthcoming. The department will however continue to perform its legislative oversight responsibilities consistent with its mandate in collaboration with the relevant stakeholders which includes the NT and SALGA. In fact, engagements with SALGA were held at a technical level and this will soon lead to a collaboration being agreed upon. A similar engagement with NT will soon be initiated to have a similar kind of collaborative discussion.
2. Implementation of initiatives	
• DCOG to ensure that the framework on municipal support and interventions developed for the benefit of the municipalities is adopted and implemented by all municipalities, specifically the distressed and dysfunctional municipalities DCoG to timeously monitor implementation of intervention plans to identify performing and non- performing municipalities and identify alternative measures to ensure that intervention plans are implemented • DCoG must engage MECs to also assist to implement consequence management for failure to implement approved intervention plans • DCoG to ensure that the initiatives are also centered around providing solutions and not only identifying issues • Provinces with unresolved matters arising from section • 131 and 47 reports tabled should be prioritised. Tabling of these reports must be done in a timely manner to enable swift corrective action • Provinces with no plans to reduce over-reliance of consultants should commit to do so and COGTA should regularly monitor progress on commitments	• The department is in the process of looking at ways to strengthen the s154 support packages implemented at Municipalities. This includes consultation with senior legal counsel for a legal opinion on how the MSIPs can be enforced. • The department is working towards the finalization of a DCOG intervention approach document which will outline when and how a section 154 support package needs to migrate to a section 136 constitutional intervention. This we believe will bring about the seamless integration of the various processesbut alsoensure timeous intervention where impact is still possible. • Urgent synchronization of strategic priorities between is needed to ensure alignment between support initiatives between national and provincial DCoGs. It is suggested that a technical and political discussion be initiated in this regard.
3. Multi- stakeholder approach in supporting local government	

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Recommendations	Departmental Response
• DCoG must ensure that the Integrated • Monitoring Framework for DDM reporting is finalized to assist with the DDM implementation, monitoring and enforcing accountability on the other role players • The alignment of the IDPs and the finalization of the District and Metro One plans must be concluded and approved • The Integrated monitoring system (IMS) must be fast- tracked • DCoG to address root causes hampering implementation of the DDM	• The department will need to develop an IGR framework document which must be used to engage all 3 spheres of government. This framework needs to unpack why the need for coordination and alignment of plans to bring about integrated service delivery and demonstrate how this will happen and role clarification for each sphere. • This can then inform a national dialogue where it will be discussed. The DDM concept has been conceptualized for far too long now. We need to move towards a direction where it is implementation and some level of enforcement to ensure that government resources are being used for its intended purposes and exhausted 100%.
4. Role Players	
• The DCoG should assist MECs to implement the Municipal Structures Amendment Act across municipalities and interventions monitored at the MinMEC, especially around professionalization of local government • The process for compiling S131 and S47oversight reports must be strengthened and focus on the key challenges faced by municipalities at a root cause level • Where steps are not taken by the municipal leadership to respond to interventions, the MEC's should make use of applicable legislation in the MFMA and MSA to enforce consequence management. Support to strengthen structures such as disciplinary boards and MPACs should be provided to councils	• The department will develop a strategy to empower provincial DCoG around their legislative responsibilities to improve understanding to enable consistent implementation on the ground. There is also a need for amuch bigger policy debate around the powers of provincial MECs for LG and an analysis of the impact thereof on the current of affairs. • Provinces need to strengthen their monitoring and evaluation of the implementation of audit action plans to support municipalities to eradicate audit findings. This will require a stronger collaborative approach and hence engagement with strategic partners will be key in this regard. • The functionality of MPACs and DC Boards will be given extensive attention by the department working with NT. Similar effort is however required when it comes to dysfunctional councils. The comment above around a total overhaul of the sections 154 and 136 interventions is urgently needed to identify where things has gone wrong. We have the IMSI Bill in the pipeline as a legislative response to the extent of the problem but our problem is not just legislative in nature, it is also strongly related to implementation of the design of the system and this needs to be examined.

Source: Section 134 Report 2021/2022

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6.4.11 Support Interventions by National Government

Below is a summary of support interventions by national government that are set out in the Section 134 report for 2021/2022:

- **Departmental Support Interventions**
  - Interventions address AGSA-identified risks: governance, administration, financial management, service delivery.
  - Aim: strengthen governance, improve municipal performance and audit outcomes, ensure sustainable service delivery.
- **Strengthening Governance and Accountability**
  - Audit outcomes and CoGT's State of Local Government and Financial Management show governance failures drive poor performance and weak finances.
  - Municipal Support and Intervention Plans (MSIPs) Framework developed with Provinces, SALGA, and National Treasury to guide support.
  - Municipal Structures Amendment Act strengthens oversight by empowering MPACs to address AGSA findings.
  - GIZ and DCoG developing a web-based MPAC monitoring and reporting tool.
  - Post-2021 local elections, MPAC induction and training delivered with National Treasury, SALGA, and provincial partners.
- **Implementation of Audit Action Plans**
  - Department and provinces support municipalities to develop and implement audit action plans.
  - Assess adequacy of plans and alignment to AGSA root causes.
  - Provide technical support to municipalities with negative audit outcomes:
    - Records management.
    - Data management (revenue) to improve billing accuracy and reduce audit findings.
  - Engage AGSA on material irregularities, data-sharing, and collaboration for proactive interventions.
- **Records and Data Management**
  - Records Management: service providers supporting 30 municipalities to improve compliance with NARSSA and address repeat disclaimer audit opinions.
  - Revenue Data: panel of service providers working in 8 municipalities to improve billing accuracy, completeness, and reduce leakages.
  - Cost of Supply Study: conducted in 10 municipalities to design cost-reflective water tariffs.
- **Improving Service Delivery Infrastructure**
  - Through MISA:
    - 73 engineers deployed across provinces to assist municipalities in infrastructure planning, operation, and maintenance.
    - Focus on weak municipalities lacking technical capacity.
    - Capacity-building programmes implemented to develop municipal skills pipelines across the infrastructure value chain.
- **Strengthening Institutional Capacity**
  - Municipal capacity gaps lead to weak financial management and reliance on consultants.
  - Municipal Staff Regulations prescribe minimum competency requirements for non-senior staff.
  - Prototype staff establishment project underway to improve organograms.
  - Additional support:
    - Advisory support on valuation rolls (MPRA compliance).
    - Assistance with skills audits and senior management recruitment.

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        - Strengthening of MPACs and council committees, including establishment of MPAC Forum.
        - MPAC Forum supports investigations into UIFsW expenditure, review of AGSA issues, and oversight committee functionality.
        - Code of Conduct for Councillors Regulations promulgated to improve council stability and address misconduct.
        - Development of Integrated Local Government Capacity Building Strategy to reduce consultant dependency.
        - Review of support strategy, including use of MSIG to strengthen internal controls.
        - Consideration of appointing governance and audit specialists in dysfunctional municipalities for onsite support.
- **Results Management Office**
    - New office to be established with multidisciplinary experts in finance, governance, and service delivery.
    - Objectives:
        - Ensure functional and effective governance structures.
        - Drive capacity building to improve municipal performance.
        - Embed accountability across municipalities.
- **Collaboration with Strategic Partners**
    - Effective reform requires partnerships and political will.
    - MOU with Cigfaro concluded in July 2023.
    - MOUs being finalized with National Archives, SALGA, and AGSA to strengthen municipal records management.

6.5 FINANCIAL DISTRESS

6.5.1 Financial Distress Indicator

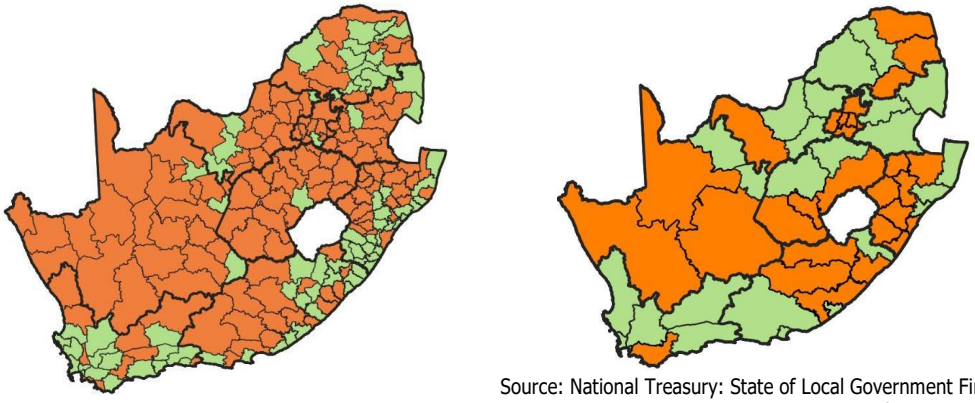
The State of Local Government and Financial Management (SoLGF) identifies 157 municipalities as being in a state of financial distress based on key financial indicators used in the report. Financial distress in this context is defined as a municipality's ongoing failure to control finances necessary to fulfil its constitutional obligations to deliver basic services as well as providing other needs to communities.

These financial problems are typically characterised by poor cash flow management, increasing debtors' books and creditors, as well as inadequate repairs and maintenance on infrastructure. Even worse, some of these municipalities have repeated disclaimed audit opinions and unfunded budgets. This has significant implications for the political, social and economic state of affairs in a municipality.

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Figure 76: Metropolitan, District and Local Municipalities that are in Financial Distress per the SOLGF report



Source: National Treasury: State of Local Government Finances and Financial Management Report

6.5.2 Section 13G Interventions

The Constitution of the Republic of South Africa allows in Section 136 for the relevant provincial executive to intervene should a municipality not be able to fulfil an executive obligation in terms of the Constitution or legislation.

The subsections of Section 136 outline different forms of intervention:

- Section 136(1)(b) – The provincial executive may assume responsibility for the relevant obligation, taking over certain functions of the municipality to ensure the obligation is met. This is generally applied in cases of governance or administrative failure.
- Section 136(5) – Where a municipality is in a serious financial crisis, the provincial executive is obliged to impose a Financial Recovery Plan (FRP) to restore the municipality's ability to provide basic services and meet its financial commitments.
- Section 136(7) – The national executive may intervene if the provincial executive fails to act adequately in terms of Section 136(1) or (5). This shifts the intervention from provincial to national oversight.
- Section 136(7)(c) – The national executive may approve and enforce a Financial Recovery Plan if the provincial plan required under Section 136(5) is inadequate. This typically occurs in more severe or persistent cases of municipal failure.

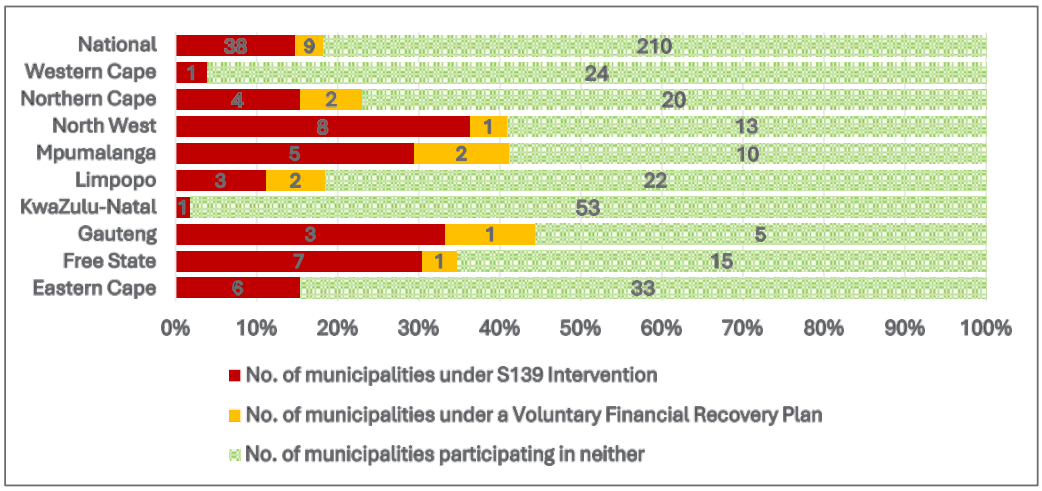
According to the State of Local Government Finances and Financial Management Report (SoLGF) published by National Treasury, there are 38 municipalities that are under the Section 136 interventions (see Figure 83). 7 these municipalities received a disclaimer audit opinion according to the MFMA Section 136 2021/22 Local Government Audit Outcomes Report. Additionally, among the municipalities that are under the Section 136 intervention, 14 municipalities have a been imposed with a mandatory FRP and; 12 municipalities are in the process of having FRPs developed (see Figure 84). There are also 6 municipalities that have been supported by voluntary FRPs (see Figure 85)

Section 7 on public participation shares the list of these interventions, their status and type

Figure 80: Number of Municipalities under S136 intervention or a Voluntary Financial Recovery Plan

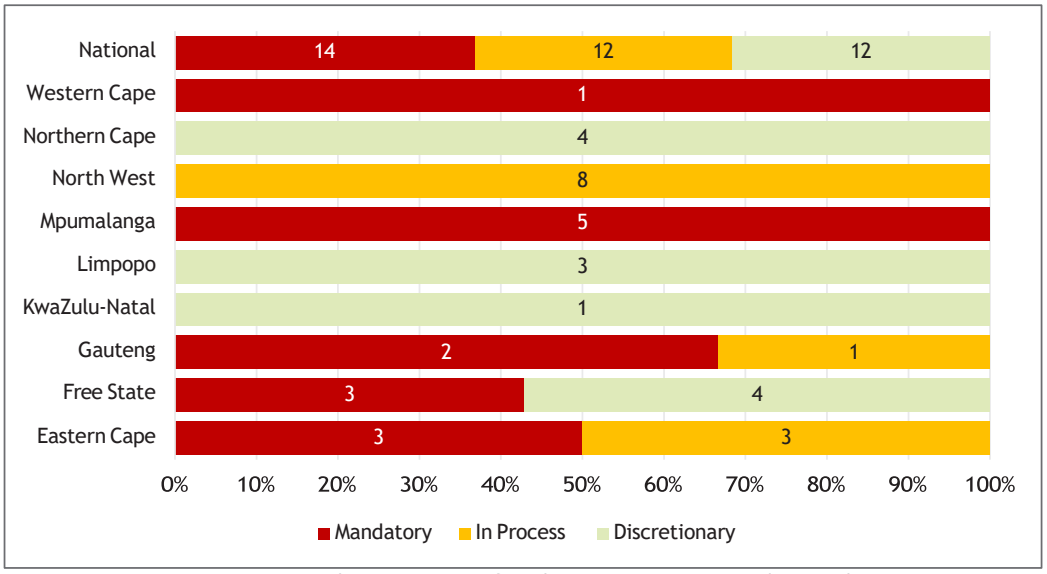
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Source: National Treasury: State of Local Government Finances and Financial Management Report

Figure 81: Status of FRP for municipalities under S136 intervention



Source: National Treasury: State of Local Government Finances and Financial Management Report

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7 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

7.1 OVERVIEW

Municipal governance and public participation are central pillars of a capable and developmental local government system. Governance structures – including councils, council committees, oversight bodies, and intergovernmental relations forums – provide the framework within which municipalities make decisions, exercise oversight, and manage resources. Public participation processes ensure that communities can influence these decisions, hold leadership accountable, and guide municipal priorities through mechanisms such as ward committees, Integrated Development Plan (IDP), and consultations.

The strength of municipal governance and participation is directly linked to municipal performance. Where councils are stable, oversight committees are functional, and communities are actively involved, municipalities are more likely to deliver services effectively, maintain financial discipline, and respond to local needs. Conversely, when councils are unstable, committees are dysfunctional, or community voices are excluded, municipalities face greater risks of poor audit outcomes, weak service delivery, and declining public trust. Reporting on governance and participation therefore provides critical insight into the ability of municipalities to fulfil their developmental mandate and sustain accountability to the communities they serve.

This section looks at indicators around:

- **Ward committees and public participation**
  - the establishment of ward committees
  - functionality of ward committees
  - Number of wards where councillors have convened community meetings
  - The presence of operational plans
  - The number of community development workers that were deployed
- **Functionality of Council Structures, Oversight and Accountability**
  - Functionality of Municipal Public Accounts Committees (MPACs)
  - Functionality of Audit committees and internal audit units
  - Functionality of other committees (Section 79 and 80)
  - Anti-corruption and fraud prevention (existence of policy and strategy)
- **Intergovernmental Relations**
  - Section 139 interventions
  - Functionality of IGR forums

7.2 WARD COMMITTEES AND PUBLIC PARTICIPATION

In terms of Section 16 of the MSA (as amended) and Section 72 of the Municipal Structures Act, 117 of 1998 municipalities must establish ward committees that will serve as vehicles for community participation in municipal affairs. The table below sets out the number of ward committees established in each province according to the 2021/2022 Section 47 reports. The Northern Cape, Limpopo and Mpumalanga stated that ward committees had been established in all of its wards. The North West reported that only 63% of wards had established ward committees. Free State reported that it had established ward committees in all but one ward 5 Intabazwe in Maluti A Phofung. The Western Cape also had just one ward where a ward committee was not established (Beaufort West). The North West

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stated that only 63% of its wards established ward committees. All of these are functional. In Gauteng 80% of wards have ward committees as Tshwane had not developed its ward committees. The Eastern Cape's rating scale revealed that in 29 municipalities between 80%-100% of wards had established ward committees. The functionality is report in the table below. Very few provinces said anything about ward operational plans.

Table 17: Ward Committees Established and % Functional with Operational Plans

Province	Ward Committees Established	Functional Ward Committees	% Operational Plans submitted
Northern Cape	232 (100%)	232 (100%)	84%
Free State	307 out of 308 (66,6%)	Varying levels, not described	Most do not have approved strategies or plans
Mpumalanga	400 (100%)	318 (80%)	Number not reported says that generally they do not have strategies or plans
Western Cape	404/405 (66,7%)	311/404 (77%)	Not reported
North West	252 /403 (63%)	252 /403 (63%)	Not reported
Gauteng	422/526 (80%)	216 (52%)	100%
Limpopo	565/565 (100%)	100%	Not reported but stated all requirements were met
Eastern Cape	• 26 established 100% of ward committees • 2 established 60% of ward committees • 1 weak or disclaimer meaning less than 80% of ward committees formed • 2 report says municipality did not provide information • 7- no information provided in EC report	27 good to excellent functionality 1weak functionality, but functioning 3 disclaimers I report 8 – no information provided in report	Not reported
KwaZulu-Natal	733/866 (82%)	733 (100%)	Not reported

Community Development Workers (CDWs) are there to improve the government's capacity to fight poverty and foster development. They are a link between communities and local government. Therefore, CDWs should work with communities to facilitate access to social grants and identity documents. Gauteng was the only province to provide a figure, reporting 340. The Western Cape confirmed that the CDW programme is active but did not specify a number. The remaining provinces did not report on this.

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7.3 FUNCTIONALITY OF COUNCIL STRUCTURES, OVERSIGHT AND ACCOUNTABILITY

7.3.1 Comparison of MPAC Functionality Across Provinces (2021/22)

The Municipal Public Accounts Committee (MPAC) is a council committee established in all municipalities to strengthen oversight and accountability in local government. It is similar in role to the Standing Committee on Public Accounts (SCOPA) in Parliament.

MPAC's primary responsibility is to scrutinise the financial and performance management of municipalities, ensuring that public funds are spent lawfully, effectively, and for their intended purpose. The committee reviews annual reports, audit outcomes, and instances of unauthorised, irregular, fruitless, and wasteful (UIFW) expenditure, and makes recommendations to the municipal council.

The importance of MPACs lies in their role of promoting transparency, accountability, and good governance. Where they function effectively, MPACs help improve service delivery, strengthen financial discipline, and restore public trust in municipalities. Weak or non-functional MPACs, on the other hand, undermine accountability and contribute to recurring governance and audit failures. The table below provides a provincial comparison on the functionality of MPACs by looking whether a functional MPAC exists, the number of meetings held and the submission of MPAC reports to Council.

The 2021/2022 Section 47 reports highlight variations in how Municipal Public Accounts Committees (MPACs) performed across provinces. As with the 2022/2023 findings, the provinces can be grouped into three categories:

Table 18: Status and Functionality of Provincial MPACs

Province	MPAC Status	MPAC meetings	MPAC Reports	MPAC Oversight
Northern Cape	31(100%) committees Established but functionality very mixed	Not reported	Not Reported	Not reported
Free State	16 Functional (70%) 7 Not functional	Take place quarterly in functional units	Online system where all 16 have signed onto	Good oversight training has taken place
Mpumalanga	20 established (100%)	Take place quarterly	Irregular	Has challenges, capacity, understanding
Western Cape	30 established (100%)	Take place quarterly	Submitted	Good
North West	22 established (100%)	Take place quarterly	13/22 (56%) submitted	Moderate
Gauteng	11 Established	Take place quarterly	100% submitted	. Moderate with challenges
Limpopo	27 Established (100%)	Take place quarterly	Not reported	Not reported
Eastern Cape	Not reported	Not reported	Not reported	States their importance
KwaZulu Natal	54 (100%)	Take place quarterly 274 held in the year	Reported tabled for all meetings	Good but with challenges

Source: Section 47 Reports

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The provinces reported the following on MPAC oversight and functionality:

- **Gauteng** – MPACs exist but face persistent weaknesses, including limited capacity, poor attendance, and lack of effective oversight over finances and performance reports; strengthening training, resources, and independence is recommended.
- **Limpopo** – MPACs are tasked with monitoring audit action plans, debt recovery, and compliance; they must play a central role in quarterly "Back to Basics" engagements, with stronger operational planning required.
- **Free State** – Committees exist in most municipalities but are ineffective due to lack of skills, resources, and support; oversight reports are often delayed or incomplete, weakening accountability.
- **KwaZulu-Natal** – MPACs are generally functional, but performance is uneven; many municipalities did not meet required sittings, especially after 2021 elections, with recommendations to multiply support and capacity.
- **Mpumalanga** – All municipalities have MPACs, but their effectiveness varies; emphasis is placed on empowering them through capacity building, training, and better resources to follow up on audit findings and financial viability issues.
- **Northern Cape** – MPACs form part of good governance mechanisms, but functionality is inconsistent; they often fail to enforce consequence management, and operational planning plus integration with Audit Committees are recommended.
- **North West** – Only 13 of 22 municipalities submitted oversight reports, reflecting poor MPAC functionality; weak quality of reports undermines decision-making, and strengthening operational planning and training is urged.
- **Western Cape** – MPACs show relatively strong functionality compared to other provinces, being well integrated into audit processes, risk management, and anti-corruption frameworks, though challenges remain in a few municipalities.
- **Eastern Cape** – Most municipalities have MPACs, but capacity constraints, political instability, and resource shortages undermine their effectiveness; some failed to submit oversight reports, and stronger provincial support and alignment with Auditor-General findings are needed

7.3.2 Audit Committees and Internal Audit Units

Internal auditing serves as an independent assurance and advisory function aimed at strengthening governance and improving service delivery. By applying a structured and disciplined approach, it helps municipalities assess and enhance the effectiveness of internal controls, risk management, and compliance with laws and regulations.

As required by **section 165(2) of the MFMA**, every municipality and municipal entity must:

- Develop a risk-based audit plan each year; and
- Provide guidance to the accounting officer and report to the audit committee on internal audit matters, financial controls, accounting practices, risk and performance management, loss control, and compliance with the MFMA, DoRA, and related legislation (such as the Water Services Act and Electricity Regulation Act).

The **Audit Committee**, established in terms of **section 166 of the MFMA**, is an independent advisory body of the council. Its mandate is to:

- Offer advice to council, management, and political leaders on risk management, financial controls, audit outcomes, performance management, governance, and compliance.

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- Examine annual financial statements to give council or the parent municipality an authoritative assessment of financial health, effectiveness, and compliance.
- Address issues raised by the Auditor-General.
- Conduct investigations into municipal or entity financial matters when instructed by the council or board.

Overall, the functionality of audit committees and internal audit units remains uneven across provinces. Gauteng and the Western Cape demonstrate stronger performance, with well-functioning committees and units that meet regularly and provide effective oversight. In contrast, provinces such as Limpopo, Free State, and North West reflect persistent weaknesses, including irregular meetings, lack of independence, and resource or skills shortages.

A common trend across most provinces is the presence of structures in name, but limited effectiveness in practice. Capacity gaps, inadequate resourcing, and weak independence undermine both audit committees and internal audit units, reducing their ability to strengthen governance, accountability, and financial management at municipal level.

Table 16: Status of Audit Committees and Internal Audit Units

Province	Audit Committees	Internal Audit Units
Gauteng	Functional (100%) and met regularly	Functional (100%), supported with reports
Western Cape	Functional (100%) with strong performance	100% Well-resourced and functional
KwaZulu-Natal	Established (100%) Committees established but varied effectiveness	Established 100% - some constrained by capacity challenges
Eastern Cape	Committees existed, limited independence/expert	Weak functionality, under-resourced
Mpumalanga	All 27 municipalities have (100%), meetings irregular	100% established but, but effectiveness inconsistent
Northern Cape	27 municipalities have (87%), 4 do not have	28 municipalities have, 3 do not have
Limpopo	Weak committees, irregular meetings	Limited functionality
Free State	Have audit committees in most municipalities	Audit units established in all municipalities
North West	Weak, limited impact	Poorly functional, capacity gaps

7.3.3 Mayoral, Executive, Section 7G and Section 80 Committees

Functioning Section Mayoral Committees, Executive Committees as well as section 79 and 80 structures are critical for strengthening municipal performance. These oversight and advisory committees enable councillors to scrutinise executive decisions, monitor service delivery, and hold officials accountable. Where Section 79 committees provide political oversight, Section 80 committees offer specialised technical support to the executive, ensuring more informed decision-making. When these structures operate effectively, they promote transparency, improve governance, and enhance the quality-of-service delivery, ultimately building public trust in local government. The table below describes what is reported in terms of the various committees.

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Table 20: Functionality of other Committees and Structures (Mayco, Exco, /Section 76 and 80

Province	Mayco/Exco	Section 7G	Section 80
Gauteng	100% established and functional	100% established and functional	100% established and functional
Western Cape	100% established and functional	100% established and functional	100% established and functional
KZN	100% established, function but capacity constrained	100% established, function but capacity constrained	100% established, function but capacity constrained
Eastern Cape	100% established, function but capacity constrained	100% established, function but capacity constrained	100% established, function but capacity constrained
Limpopo	Established, many weakened and varied functionality due to capacity constraints	Established, many weakened and varied functionality due to capacity constraints	Established, many weakened and varied functionality due to capacity constraints
Northern Cape	Established but weak functioning	Not reported	Not reported
Free State	Not reported	Not reported	Not reported
North West	Established, many weakened and varied functionality due to capacity constraints	Established, many weakened and varied functionality due to capacity constraints	Established, many weakened and varied functionality due to capacity constraints
Mpumalanga	Not reported	20 established and functional	15 established (75%)

Section 76 committees, such as MPACs and other oversight committees, exist in all provinces but their functionality varies significantly. In Gauteng and the Western Cape, these committees are strong and provide effective oversight that supports governance. KwaZulu-Natal and the Eastern Cape have established structures, but their effectiveness is often constrained by capacity limitations and political dynamics. In Limpopo, the Free State, Northern Cape, North West, and Mpumalanga, committees are present, but their functionality is weak and inconsistent, which reduces their overall impact. The trend across provinces shows that while Section 76 committees are universally established, their effectiveness depends heavily on political stability, available capacity, and adequate resources.

Section 80 committees, which provide support to executive structures such as EXCO and Mayco, are present in municipalities that operate under the executive committee system. The strongest performance is found in Gauteng and the Western Cape, where Section 80 committees actively support decision-making and contribute meaningfully to governance. In KwaZulu-Natal and the Eastern Cape, committees are functional, but their effectiveness is uneven, largely due to political instability. In provinces such as North West, Limpopo, Free State, Mpumalanga, and Northern Cape, Section 80 committees exist but their performance is undermined by political infighting and lack of consistent support. The overall trend indicates that these committees' function best where leadership is stable, while political instability often limits their effectiveness.

Other committees, including audit, risk, performance, and disciplinary boards, have been established across all provinces, but capacity and performance vary widely. Gauteng and the Western Cape again show the strongest performance, with well-functioning committees that contribute positively to governance and accountability. In KwaZulu-Natal, the Eastern Cape, Mpumalanga, and Northern Cape, these structures are in place, but their work is constrained by limited resources and skills shortages. In the Free State, North West, and Limpopo, these committees are often weak or ineffective, and they contribute minimally to accountability or improved performance.

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7.4 ANTI-CORRUPTION AND FRAUD PREVENTION

Anti-corruption measures are a critical component of strengthening governance within municipalities and play an important role in encouraging whistleblowing against unethical conduct. To intensify efforts in combating corruption, the Department of Cooperative Governance (DCoG) revised the Local Government Anti-Corruption Strategy and introduced the Integrity Management Framework, with a strong emphasis on promoting integrity across the municipal sphere. The strategy provides municipalities with clear strategic objectives aimed at preventing and addressing corruption.

An anti-corruption and fraud policy is vital for municipal performance because it protects limited resources from misuse and ensures they are directed toward service delivery. Effective policies strengthen accountability, improve governance, and build public trust in local institutions. The analysis of provincial reports shows that while most municipalities have adopted such policies, their effectiveness depends on consistent implementation, strong monitoring, and political stability. Where policies exist but are weakly enforced, municipalities continue to struggle with financial mismanagement and service delivery failures.

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Figure 82: Provincial Status of Fraud and Anti-Corruption Strategies



7.5 INTERGOVERNMENTAL RELATIONS

7.5.1 Overview

Measuring indicators such as Section 139 interventions and the functionality of Intergovernmental Relations (IGR) forums is important because they directly reflect the health of municipal governance and the capacity of municipalities to fulfil their responsibilities. Section 139 interventions signal serious failures in governance, finance, or service delivery, where provincial or national government must step in to restore stability. Tracking the frequency and type of interventions provides insight into systemic weaknesses in local government, the

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sustainability of municipal performance, and whether municipalities are improving or regressing over time. Our experience shows that while interventions are necessary to stabilise distressed municipalities, prolonged or repeated use often reflects deeper structural problems that are not being resolved.

Similarly, IGR forums are vital for ensuring coordination across spheres of government and aligning local, provincial, and national priorities. When these forums function effectively, they strengthen accountability, improve planning, and enable municipalities to pool resources and address service delivery challenges more coherently. Weak or dysfunctional forums, on the other hand, often result in duplication, fragmented responses, and missed opportunities to address community needs. By assessing both Section 139 interventions and the functionality of IGR forums, we gain a more complete picture of governance performance and the capacity of municipalities to deliver on their developmental mandate.

7.5.2 Section 13G Interventions

Section 139 of the Constitution empowers a province to intervene when a municipality cannot or does not fulfil its executive obligations. Interventions may take several forms: 139(1)(a) directive; 139(1)(b) provincial assumption of responsibility; 139(1)(c) dissolution of council; 139(4) failure to approve a budget; and 139(5) failures to meet financial commitments requiring a financial recovery plan. (write about our experience). The table below sets out the types of Section 139 intervention carried out by provinces in 2021/2022.

Table 21: Section 136 interventions

Province	Cat	Code	Name	S13G Intervention (current)	S13G Intervention (current)	FRP Status
Eastern Cape	B	EC104	Makana	S136 Intervention (current)	S136(5) (a)	Mandatory
Eastern Cape	C	DC12	Amathole	S136 Intervention (current)	S136(5) (a)	Mandatory
Eastern Cape	B	EC136	Enoch Mgijima	S136 Intervention (current)	S136(7)	Mandatory
Eastern Cape	C	DC13	Chris Hani	S136 Intervention (current)	S136(5) (a)	In Process
Eastern Cape	B	EC145	Walter Sisulu	S136 Intervention (current)	S136(5) (a)	In Process
Eastern Cape	C	DC15	O R Tambo	S136 Intervention (current)	S136(5) (a)	In Process
Free State	A	MAN	Mangaung	S136 Intervention (current)	S136(7)	Mandatory
Free State	B	FS181	Masilonyana	S136 Intervention (current)	S136(1)(b)	Discretionary
Free State	B	FS182	Tokologo	S136 Intervention (current)	S136(5) (a) s (c)	Mandatory

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Province	Cat	Code	Name	S13G Intervention (current)	S13G Intervention (current)	FRP Status
Free State	B	FS163	Nketoana	S136 Intervention (current)	S136(1)(b)	Discretionary
Free State	B	FS164	Maluti-a-Phofung	S136 Intervention (current)	S136(1)(b)	Discretionary
Free State	B	FS165	Phumelela	S136 Intervention (current)	S136(1)(b)	Discretionary
Free State	B	FS166	Mantsopa	Voluntary	Voluntary	Voluntary
Free State	B	FS205	Mafube	S136 Intervention (current)	S136(5) (a) s (c)	Mandatory
Gauteng	A	TSH	City of Tshwane	Voluntary	Voluntary	Voluntary
Gauteng	B	GT421	Emfuleni	S136 Intervention (current)	S136(5)	Mandatory
Gauteng	B	GT484	Merafong City	S136 Intervention (current)	S136(5) (a)	In Process
Gauteng	C	DC48	West Rand	S136 Intervention (current)	S136(5) (a)	Mandatory
KwaZulu-Natal	B	KZN225	Msunduzi	S136 Intervention (current)	S136(1)(b)	Discretionary
Limpopo	B	LIM334	Ba-Phalaborwa	S136 Intervention (current)	S136(1)(b)	Discretionary
Limpopo	B	LIM341	Musina	Voluntary	Voluntary	Voluntary
Limpopo	B	LIM361	Thabazimbi	S136 Intervention (current)	S136(1)(b)	Discretionary
Limpopo	B	LIM367	Mogalakwena	S136 Intervention (current)	S136(1)(b)	Discretionary
Limpopo	B	LIM368	Modimolle-Mookgopong	Voluntary	Voluntary	Voluntary
Mpumalanga	B	MP305	Lekwa	S136 Intervention (current)	S136(7)	Mandatory
Mpumalanga	B	MP306	Dipaleseng	Voluntary	Voluntary	Voluntary
Mpumalanga	B	MP307	Govan Mbeki	S136 Intervention (current)	S136(5) (a) s (c)	Mandatory
Mpumalanga	B	MP321	Thaba Chweu	S136 Intervention (current)	S136(5) (a) s (c)	Mandatory

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Province	Cat	Code	Name	S13G Intervention (current)	S13G Intervention (current)	FRP Status
Mpumalanga	B	MP326	City of Mbombela	Voluntary	Voluntary	Voluntary
Mpumalanga	B	MP302	Msukaligwa	S136 Intervention (current)	S136(5) (a) s (c)	Mandatory
Mpumalanga	B	MP312	Emalahleni	S136 Intervention (current)	S136(5) (a) s (c)	Mandatory
Northern Cape	B	NC071	Ubuntu	S136 Intervention (current)	S136(1)(b)	Discretionary
Northern Cape	B	NC075	Renosterberg	S136 Intervention (current)	S136(1)(b)	Discretionary
Northern Cape	B	NC082	!Kai! Garib	Voluntary	Voluntary	Voluntary
Northern Cape	B	NC084	!Kheis	Voluntary	Voluntary	Voluntary
Northern Cape	B	NC062	Dikgatlong	S136 Intervention (current)	S136(1)(b)	Discretionary
Northern Cape	B	NC064	Phokwane	S136 Intervention (current)	S136(1)(b)	Discretionary
North West	B	NW372	Madibeng	S136 Intervention (current)	S136(5) (a) s (c)	In Process
North West	B	NW374	Kgetlengrivier	S136 Intervention (current)	S136(5) (a) s (c)	In Process
North West	B	NW382	Tswaing	S136 Intervention (current)	S136(5) (a) s (c)	In Process
North West	B	NW383	Mafikeng	S136 Intervention (current)	S136(5) (a) s (c)	In Process
North West	B	NW384	Ditsobotla	S136 Intervention (current)	S136(5) (a) s (c)	In Process
North West	B	NW385	Ramotshere Moiloa	S136 Intervention (current)	S136(5) (a) s (c)	In Process
North West	C	DC38	Ngaka Modiri Molema	Voluntary	Voluntary	Voluntary
North West	B	NW362	Naledi (NW)	S136 Intervention (current)	S136(5) (a) s (c)	In Process
North West	C	DC36	Dr Ruth Segomotsi Mompati	S136 Intervention (current)	S136(5) (a) s (c)	In Process
Western Cape	B	WC053	Beaufort West	S136 Intervention (current)	S136(5) (a)	Mandatory

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The pattern of Section 136 interventions highlights both the persistence of governance and financial failures in many municipalities and the uneven application of oversight mechanisms across provinces. Provinces such as North West, Free State, Eastern Cape, and KwaZulu-Natal reported high levels of interventions, often under sections 136(1)(b) and 136(5), reflecting deep-rooted financial crises, governance instability, and repeated failures to approve budgets or implement financial recovery plans. In North West in particular, the widespread use of interventions points to systemic collapse in parts of the province, where provincial authorities had to assume municipal functions and enforce recovery measures on a large scale.

By contrast, Gauteng, Limpopo, Mpumalanga, and the Northern Cape experienced more selective interventions. Gauteng's prolonged 136(1)(b) intervention in Emfuleni underscores persistent fiscal and governance challenges in certain municipalities, while other interventions were more occasional. Limpopo, which had seen a historic wave of interventions in earlier years, reported fewer cases in 2021/22, although underlying fiscal pressures remained. Mpumalanga and Northern Cape municipalities also required interventions, particularly around financial distress, but these were less extensive and not as entrenched.

The Western Cape stands out as the only province with limited or no reported interventions. This reflects generally stronger governance systems and greater municipal compliance with constitutional and legislative obligations, reducing the need for provincial assumption of responsibilities.

Nationally, the analysis confirms that Section 136 interventions are an essential safety net when municipalities fail to meet their executive responsibilities, but their widespread use in provinces such as North West and Free State suggests deeper structural governance weaknesses. Where interventions are prolonged or repeated, as seen in Emfuleni and parts of North West, they may indicate that provincial support is failing to address underlying problems. This underscores the importance of coupling interventions with broader capacity building, leadership stability, and stronger financial management systems to ensure sustainable improvements in municipal performance.

7.5.3 Intergovernmental Relations Forums

Intergovernmental Relations (IGR) forums are essential platforms for coordination between municipalities, provinces, and national departments. They help resolve disputes, align priorities, and prevent duplication in service delivery. These forums allow municipalities to raise challenges, share practices, and coordinate responses to issues such as infrastructure, financial management, and disaster relief. At the provincial level, Premier's Coordinating Forums (PCFs) and district IGR forums align municipal IDPs with provincial priorities, while at municipal level, Mayoral and District Technical Forums improve cooperation and accountability. When functional, IGR forums strengthen governance, promote policy coherence, and ensure resources are used more effectively to meet community needs.

IGR forums were established across all provinces, but their functionality is uneven. They are most effective in Western Cape, Gauteng, and KwaZulu-Natal, where coordination supports planning and delivery. In North West, Free State, and Limpopo, forums exist but have limited impact due to poor implementation and follow-through. Strengthening IGR forums nationally is crucial for coherent governance and effective service delivery.

.Table 22:Provincial Comparison of IGR Functionality (2021/22)

Province	Functionality of IGR Forums
Gauteng	PCF functional; active IGR forums at district level; effectiveness varies but generally stronger in metros.

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Province	Functionality of IGR Forums
Limpopo	District IGR forums in place; functionality reported as inconsistent, with limited follow-through on decisions.
Mpumalanga	IGR forums exist at both district and provincial levels; functionality weak due to political instability and poor attendance.
Free State	IGR forums established but poorly functional; weak follow-up and limited provincial–municipal coordination.
Northern Cape	PCF and district forums in place; constrained by capacity and resources, especially in smaller municipalities.
KwaZulu-Natal	PCF and Mayoral Forums functional; strong IGR culture historically, though affected by political tensions in some districts.
Eastern Cape	IGR forums established; functionality variable, with some districts performing better than others.
North West	Forums exist but are generally dysfunctional, reflecting broader governance collapse in the province.
Western Cape	Strongest functionality of IGR forums; PCF and Mayoral Forums are well-established and effectively used for coordination.

8 CROSS-CUTTING ISSUES & PLANNING

8.1 INTEGRATED DEVELOPMENT PLANNING

8.1.1 Integrated Development Plan (IDP)

Integrated Development Plans (IDPs) are the cornerstone of municipal planning in South Africa, providing a single, inclusive, and strategic framework to guide development and service delivery. The requirement for municipalities to prepare, adopt, and review IDPs is grounded in national legislation, most notably the Municipal Systems Act (MSA), 2000 (Act 32 of 2000) and the Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003), which collectively set the parameters for municipal planning, budgeting, and accountability.

The MSA establishes the legal obligation for municipalities to adopt IDPs. Section 25(1) specifies that each municipal council must adopt a "single, inclusive and strategic plan" for the development of the municipality. Such a plan must:

- Link, integrate, and coordinate sectoral plans and development proposals.
- Align the municipality's resources and capacity with implementation priorities.
- Form the policy framework and general basis for annual budgets.

Comply with national legislative requirements and remain compatible with provincial and national development frameworks.

Furthermore, Section 34 of the MSA requires municipalities to review their IDPs annually, ensuring that priorities and programmes remain relevant, performance is assessed, and adjustments are made in line with changing circumstances or resource availability. This annual cycle anchors the IDP as a living, iterative plan rather than a static compliance document. Section 32 of the MSA also requires municipalities to submit their adopted IDPs annually to the MEC for Local Government for assessment of legal compliance and alignment with broader government strategies.

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The MFMA reinforces the centrality of the IDP by explicitly linking it to the municipal budget process. Section 21(1)(a) obliges the mayor to coordinate the preparation of the annual budget and the review of the IDP, ensuring that these processes are mutually consistent and credible. Section 21(2)(a) further requires that, in preparing the annual budget, the mayor must take the IDP into account. In practice, this ensures that municipal budgets are firmly rooted in the strategic priorities of the IDP and that IDPs are realistically costed within the Medium-Term Revenue and Expenditure Framework (MTREF).

To strengthen this system, DCOG developed an IDP credibility framework and facilitates intergovernmental IDP engagement processes. These mechanisms enable provinces to assess and support municipalities, ensuring that IDPs are not only legislatively compliant but also credible, implementable, and aligned with the priorities of all three spheres of government.

8.1.1.1 Provincial Reporting

In the **Eastern Cape**, municipalities generally complied with the requirement to adopt IDPs, but weaknesses remain in alignment with provincial and national priorities. Many IDPs lacked updated sector plans, which undermined the quality of integrated planning, and public participation processes varied in quality. The provincial report stresses the need for continued capacity-building support to improve the credibility of IDPs.

The **Free State** conducted provincial IDP assessment sessions in July 2022, which revealed recurring issues. Many municipalities failed to meet legislated timeframes, relied on outdated sector plans, and struggled to demonstrate alignment with higher-level priorities. Several municipalities did not include complete SDBIPs with baselines and targets, and the overall user-friendliness of some IDPs was questioned.

In **Gauteng,** the province determined that all IDPS were legislatively compliant, credible, and implementable. However, gaps were noted in their alignment with provincial and national priorities. Intergovernmental coordination was highlighted as a concern because sector department participation in IDP processes remains voluntary and inconsistent.

KwaZulu-Natal reported on their credibility assessment of provincial IDPS. There was aa improvement in the provincial average score from 72.27% in 2020/21, to 73.86% in 2021/22.

Similarly, **Limpopo**, reported on the IDP credibility ratings it assigned municipalities, in line with the IDP Framework. The rating scale is High, Medium and Low. IDPs maintained high credibility ratings in 2020/21 and 2021/22, with no municipalities rated low. Further the province reported on the alignment of SDBIP with the IDP Budget. While 21 municipalities successfully aligned their IDPs with their SDBIPs, five municipalities did not, and one achieved only partial alignment, highlighting uneven implementation across the province.

Mpumalanga also reported on the credibility and legal compliance of municipal IDPs. It noted an improved in the average provincial score from 82% in 2020/21 to 86% in 2021/22. The province also reported on IDP responsiveness to community priorities, falling from 81% in 202/21 to 76% in 2021/22. The province also noted protests, poor attendance, and community resistance undermined consultation in several wards in 5 local municipalities. Additionally, the provinces note that there is consistent failure in sector plans, due to the plans being outdated or a lack of funds to review them.

In the **Northern Cape**, weak intergovernmental integration was reported as a challenge, due mainly to limited participation from sector departments in municipal planning. Municipal planning capacity was also described as low, with many municipalities lacking dedicated planning departments and IDPs often being driven by junior officials rather than leadership. These shortcomings undermine the credibility and effectiveness of IDPs in the province.

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The **North West** province reported that many municipalities did not cover all nine core components of Section 26 of the MSA, and sector plans were often missing or outdated. Public participation was poorly documented, indicating a failure to address community need and priorities. IDPs were also criticised utilizing outdate policy imperatives, and lacking clear strategic development vision or mission of the municipality.

Across the provinces, Section 47 reports highlight a set of recurring issues:

- Timeframes: Many municipalities across provinces miss legislative deadlines for IDP adoption.
- Sector Plans: Outdated or incomplete sector plans remain a widespread challenge.
- Alignment: Weak linkage between IDPs, SDBIPs, and national/provincial priorities.
- Community Participation: Inconsistent quality of participation, sometimes undermined by protests or poor structures.
- Capacity: Both municipal and provincial capacity constraints limit IDP quality and oversight.
- Integration: Sector departments often fail to participate actively, weakening the "integrated" nature of IDPs.

8.2 SPATIAL PLANNING

8.2.1 Overview

Spatial Development Frameworks (SDFs) are statutory planning instruments that play a critical role in guiding the spatial form and sustainable development of municipalities. In terms of the Constitution of the Republic of South Africa, 1666 (Section 152 and 153), municipalities are mandated to promote social and economic development, ensure sustainable service delivery, and structure their administration and planning to give priority to community needs. The Municipal Systems Act, 2000 (Act 32 of 2000) requires that every Integrated Development Plan (IDP) must include an SDF as a core component, while the Spatial Planning and Land Use Management Act, 2013 (SPLUMA, Act 16 of 2013) further strengthens this by requiring municipalities to prepare, adopt and implement SDFs as the principal strategic tool for spatial planning and land use management. SDFs are therefore essential not only for addressing spatial injustices and integrating land use with infrastructure investment, but also for guiding economic development, environmental management, and human settlement planning. They serve as the blueprint through which municipalities align local priorities with provincial and national development objectives, ensuring coherent and sustainable spatial transformation.

8.2.1.1 Provincial Reporting

In the report, while **Gauteng** stated that municipalities have formally complied with SPLUMA by adopting and implementing SDFs, the province found gaps in regional integration, environmental planning, and climate response, alongside opportunities to deepen TOD and transport-linked spatial transformation.

KwaZulu Natal reported compliance. Several municipalities have outdated SDFs older than five years. Others are partially compliant with SPLUMA while some are not compliant at all. Furthermore, 13 municipalities have yet to adopt a single Land Use Scheme (LUS).

In **Mpumalanga**, all municipalities have maintained a good record of approving, submitting, and implementing SDFs over the past three years. However, challenges include weak alignment of IDP projects with SDF interventions, outdated sector plans, and inconsistent linkages with the Provincial SDF.

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Northern Cape notes that most municipalities have established the necessary SPLUMA structures, including MPTs, Appeals Authorities, and by-laws. Overall, the province shows improving compliance, but capacity challenges remain.

North West reports uneven progress. In 2022, some municipalities had reviewed and adopted SDFs, while others had stalled reviews due to non-performance of service providers. There were also older SDFs were still under review. SPLUMA implementation was supported across municipalities, but gaps remain in planning capacity and effective alignment.

Across the provinces, Section 47 reports highlight a set of recurring issues:

- Outdated SDFs: Many municipalities continue to use SDFs older than five years, which do not reflect new policy imperatives or emerging priorities.
- SPLUMA Compliance: Municipalities often struggle to ensure their SDFs, and Land Use Schemes (LUSs) are aligned with SPLUMA requirements, resulting in uneven compliance.
- Alignment with IDPs and Budgets: SDF interventions are not always linked to projects in IDPs or resourced through budgets, weakening their role in guiding implementation.
- Intergovernmental Coordination: SDFs frequently lack integration with provincial and national spatial frameworks, compounded by poor participation of sector departments.
- Capacity Constraints: Limited technical planning capacity within municipalities, and in some cases reliance on junior officials or underperforming service providers, undermines the quality and timeliness of SDF reviews.

Weak LUS Adoption and Enforcement: Several municipalities have yet to adopt SPLUMA-compliant Land Use Schemes, and even where they exist, enforcement remains inconsistent.

8.3 DISASTER MANAGEMENT

There are sections in the Constitution of the Republic of South Africa that provide for disaster management. Further provisions are included in the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005), the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), the Disaster Management Act, 2002 (Act No. 57 of 2002) and the National Disaster Risk Management Policy Framework of 2005.

The aim of the Disaster Management Act, 2002 (Act No. 57 of 2002) is to ensure a uniform approach to disaster risk management in each sphere of Government. The Disaster Management Act provides for disaster prevention and risk reduction, mitigation of severity and consequences of disasters, emergency and preparedness, and a rapid and effective response to disasters leading to restoration of normal conditions.

The Disaster Management Amendment Act, 2015 (Act No. 16 of 2015) commenced on 1 May 2016. The Disaster Management Amendment Act makes provision for the expansion of the contents of disaster management plans to include conducting risk assessments and mapping of risks, allocation of disaster management responsibilities to local municipalities, as well as the strengthening of the representation of stakeholders in Disaster Management Advisory Forums amongst others. The legislation provides for:

- The establishment, implementation and maintenance of an integrated rapid and effective disaster response system, post-disaster recovery and rehabilitation.
- The identification, assessment, classification and prioritisation of hazards and vulnerable elements.

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- The development, implementation, monitoring and evaluation of disaster risk reduction (prevention, mitigation and preparedness) programmes, projects and measures; and
- The establishment, implementation and maintenance of systems and structures through and across the three spheres of Government, state-owned enterprises, the private sector, non-governmental organisations, communities and individuals.

Disaster Management policies require that metropolitan and district municipalities:

- Establish a fully functional disaster management centre.
- Appoint a head of the centre.
- Establish disaster management forums; and
- Finalise disaster management plans.

The Sendai Framework for Disaster Risk Reduction 2015-2030 (Sendai Framework) advocates for the substantial reduction of disaster risk and losses in lives, livelihoods, and health, as well as for the economic, physical, social, cultural, and environmental assets of persons, businesses, communities, and countries. The Sendai Framework recognises that the State has the primary role to reduce disaster risk, but that responsibility should be shared with other stakeholders including local government, the private sector, and other stakeholders.

Disaster risk reduction (DRR) is already a central focus of the Disaster Management Act and the National Disaster Management Centre, together with those centres established at provincial and municipal level, is assuming the role of coordinating, promoting, and facilitating DRR.

8.3.1.1 Provincial Reporting

In **Free State**, a provincial fire services unit has not yet been established, with a disaster management official performing the fire management function on an interim basis due to a lack of dedicated and qualified personnel. Furthermore, while some municipalities have developed disaster management plans (or drafts), others have not, and their participation in district forums varies

Gauteng, reported on the status of Disaster Management Framework and Plans, stating that all districts and metropolitans were in place except West Rand Distract municipalities. However, across all municipalities, except Ekurhuleni, the plans are only partially compliant.

Western Cape notes that all district and metropolitan municipalities have established Disaster management advisory forums and committees that are functional.

The **KwaZulu-Natal** Provincial Disaster Management Centre (PDMC) conducts assessments using indicators from the Disaster Management Act and National Disaster Management Policy Framework. They found 4 districts and metropolitan municipalities as 'Satisfactory', and 7 districts as 'Moderate'. Additionally, the province found disaster management in 6 district municipalities non-functional.

Common challenges identified across districts include: inadequate capacity, insufficient budget for disaster management and fire s rescue services, lack of dedicated/skilled personnel, non-compliant or incomplete disaster management centres, outdated plans, and non-compliance with legislation on establishing fire s rescue services (e.g., lack of Chief Fire Officers or MOUs)

Mpumalanga notes in the report also notes that all district municipalities are performing their function as required by the act and have established the necessary disaster satellite offices. While all districts have disaster management frameworks in line with the provincial and national frameworks, and all municipalities have disaster management plans in place, most disaster management plans were developed in 2017 and need to be reviewed.

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Common challenges include Insufficient human resources for implementing disaster management projects and integrating Disaster Risk Reduction (DRR) into IDPs and the District Development Model (DDM)

North West indicated that disaster management policy frameworks are being implemented across all district municipalities. The province further notes that the district disaster management forums are fully functional. However, the province also notes that 4 municipalities do not have disaster management plans, and across all 22 municipalities, there is a need to strengthen the plans so they align with developmental issues.

Common challenges include shortage in capacity at disaster rick management centres, limited senior management, limited funding, inconsistent representation at forums and committees.

8.4 CLIMATE RESILIENCE

Climate change poses one of the greatest long-term risks to sustainable development in South Africa, with municipalities at the frontline of its impacts. Rising temperatures, prolonged droughts, floods, storms, wildfires, and resource scarcity increasingly disrupt service delivery, damage infrastructure, and threaten livelihoods. Municipalities play a critical role in building climate resilience by integrating adaptation and mitigation measures into spatial planning, disaster management, infrastructure investment, and service delivery systems.

Across provinces, the treatment of climate change and resilience is uneven. Gauteng, Mpumalanga, and North West explicitly reference climate change in their reports, linking it to disaster management, spatial planning, and municipal risk reduction. The Western Cape demonstrates implicit alignment through comprehensive risk assessments and preparedness systems, even if the term 'climate resilience' is not used directly. By contrast, the Eastern Cape, Free State, Limpopo, Northern Cape, and KwaZulu-Natal make little or no explicit mention of climate change in their reports, pointing to a significant gap in mainstreaming climate considerations across municipalities.

The overall picture suggests that while some provinces are beginning to incorporate climate resilience into municipal planning, there remains a lack of consistency and standardisation, highlighting the need for clearer national guidelines to ensure that climate change adaptation and mitigation are systematically integrated into local government planning and reporting. The following summary provides information on what provinces reported:

Gauteng - explicitly links climate change to disaster management, noting that recent floods were described as a stark reminder of the natural disasters associated with climate change. Municipal disaster management centres were urged to strengthen their plans and capacity to respond. In addition, some municipalities indicated that their ongoing Spatial Development Framework (SDF) revisions would specifically address natural resource scarcity and the multi-dimensional impacts of climate change. The report also recommended the development of a single provincial Environmental Management Framework to create a uniform approach to climate change, resource scarcity, and environmental management.

Mpumalanga - highlights climate resilience as a key dimension of disaster management. The Provincial Disaster Management Centre (PDMC) is required to monitor and guide municipalities to align their disaster management plans with frameworks and ensure projects and programmes are adaptive to climate change. The report also references participation in global climate change initiatives and integrated disaster risk reduction campaigns designed to build resilience in local communities.

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North West - confirms that the Provincial Disaster Management Centre has supported municipalities in strengthening their disaster management plans, explicitly requiring that these plans address current realities within their respective areas, including the impacts of climate change. This demonstrates an effort to mainstream climate considerations into municipal planning.

Western Cape - does not mention climate resilience directly in the surfaced excerpts, but the province's Disaster Management Framework and risk assessments for all municipalities implicitly address climate change adaptation. Preparedness for wildfires, droughts, and other climate-related hazards, combined with strong intergovernmental cooperation, highlights an embedded approach to resilience.

The Eastern Cape - did not provide explicit references to climate resilience or climate change in the extracted text.

Free State, Limpopo, Northern Cape and KwaZulu Natal did not report on climate resilience.

9 CONCLUSION

In accordance with the provisions of Section 47(2)(a) of the Municipal Systems Act (MSA), the Member of the Executive Council (MEC) is required to identify municipalities that have demonstrated underperformance. Furthermore, in terms of Section 47(2)(b), the MEC must propose appropriate remedial actions to address such deficiencies. During the assessment, it was observed that while some municipalities were specifically identified as underperforming, in other instances only broad areas of poor performance were highlighted without reference to individual municipalities. Similarly, in certain cases, specific remedial measures were outlined; however, in many cases, only generic or non-specific solutions were provided.

The introduction and consistent application of standardized local government performance indicators would significantly strengthen this process. Such indicators would allow for the identification of underperformance in a more systematic and comparable manner across municipalities, thereby enabling more targeted and effective remedial interventions. This section takes a province by province view, across the 5 KPAs considered in this report and sets out where municipalities have been noted in terms of underperformance and remedial actions that have been put in place.

9.1 GAUTENG

Challenges Cited	Support Provided
1. Institutional Transformation and Organisational Development	
• Municipalities indicated that most vacancies are concentrated within technical units. • Challenges in filling senior management positions also persist across municipalities. Vacancy rates have shown a consistent upward trend over three financial years • Employment equity remains an ongoing challenge in the transformation of the municipal workforce.	• Support to Merafong City LM with organisational structure and institutional review • Deployment of 4 experts (2 OD s Design, 1 Labour, 1 Legal) to support service delivery • Assistance to all municipalities in complying with MSA (Sections 54A s 56) and filling critical technical posts • Support to all municipalities in institutionalising the Performance Management System.
2. Service Delivery	

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Challenges Cited	Support Provided
• Rand Water repeatedly enforced Stage 2 (30%) restrictions in Johannesburg, Tshwane, and Ekurhuleni. • Poor maintenance, theft, and vandalism weakened infrastructure resilience • Power blackouts persisted, driven by poor upkeep, ongoing repairs, and cable theft (notably in Ekurhuleni and Emfuleni). • Municipal reports link electricity losses to cable theft, illegal meter bypassing, poor billing, deteriorating infrastructure, and generator theft. • Emfuleni LM advanced waste policies but faced truck shortages, limited manpower, and underfunded operations/WDF maintenance. • Illegal dumping and littering in Ekurhuleni, Emfuleni, Midvaal, and Merafong disrupted curbside collection.	• Partnerships improved sanitation services, particularly in informal settlements, including: (Emfuleni LM with the Department of Water and Sanitation, Lesedi LM with the Department of Human Settlements ,Midvaal LM with Sedibeng DM) • 6 local and 3 metropolitan municipalities supported with implementation of infrastructure service delivery programmes (MIG and other grants). • Department of Human Settlements partnered with Lesedi LM to provide sanitation services to informal households. • 6 municipalities monitored on water security interventions with identified projects underway. • Gauteng CoGTA completed a study on the State of Energy Outlook. • 6 municipalities supported with technical skills capacity through multi-disciplinary teams (engineering and town planning).
3. Local Economic Development	
• 3 municipalities (Ekurhuleni MM, Sedibeng DM, and Merafong City LM) reported on capital expenditure. • Metropolitan municipalities (City of Johannesburg and Ekurhuleni) collectively attracted over R34 billion in investment to advance the local economy, while districts and local municipalities remained silent on investment attraction and continue to face challenges in creating a conducive environment for economic growth.	• Gauteng Department of Economic Development supported **200** small enterprises in the West Rand and Sedibeng Regions through business development support interventions.
4. Financial Viability	
• **Revenue budgets:** pressure from unemployment, slow growth, inflation. West Rand, Sedibeng, Emfuleni, Merafong, Mogale, Rand West worst affected; metros also impacted. • **Capital expenditure:** Low due to poor planning and halted projects → more service delivery protests. • **Grants:** Underspending common; unspent funds returned; risk of Treasury withholding allocations. • **Cash flow:** Insufficient balances, many not cash-backed; weak revenue collection, non-cost-reflective tariffs	• **Debt Management Committee:** Enabled payments in 10 municipalities; focus on Human Settlements, Transport, Health, Education, Infrastructure, and Public Works. • **Revenue collection:** "Top 500" business accounts and "Top 100" residential debtors initiatives improved collections. • **Tariff models:** Implemented for Rand West, Lesedi, Emfuleni, Mogale, Merafong to ensure cost-reflective, sustainable tariffs. • **Mogale City:** Guided on above-inflation property rate hike; relief measures for affected categories. • **Rate randages:** CoGTA reviewing 6 municipalities' 2023/24 increases; advised

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Challenges Cited	Support Provided
• **Debtors:** Rising arrears from non-payment, unemployment, downturn. • **Internal audit:** Structures functional but undermined by vacancies, weak accountability. • **Audit outcomes:** Regressions from recurring findings, weak leadership, poor reporting. • **Supply chain:** Widespread non-compliance; MFMA regression; past recommendations ignored. • **Property rates:** Mogale proposed 6.6% hike (2023/24); few municipalities reported changes. • **VABs:** Remuneration challenges; mayoral consultations ongoing; performance progress uneven, Rand West s Merafong lag. • **Rates resolutions:** Non-compliance in Rand West, Tshwane (late publication).	using GVR averages to adjust tariffs/apply relief. • **MPRA workshops:** Municipalities to submit valuation project plans, quarterly progress, using standard template. • **Remuneration policies:** Required by March 2023, per Sept 2022 workshop. • **VAB appointments:** Mayors consulted for expiring terms (CoJ, Mogale, Midvaal, Lesedi). • **CoJ GVR (2023):** 634,652 properties worth R1.5bn; base up 12% since 2018. Extensions granted for Midvaal, Mogale; Tshwane expected to apply. •
5. Good Governance and Public Participation	
• City of Tshwane: only municipality without ward committees. • 2020/21 vs 2021/22: only 18% of ward committees fully functional. • Ward committee meetings: downward trend; 2021/22 recorded lowest sittings due to Covid-16 and local government elections.	• Emfuleni LM and Mogale City LM: supported to promote community participation through ABCD approach. • 6 municipalities: supported to resolve community concerns; 2 traditional councils assisted with legislative compliance. • 6 municipalities: supported to maintain functional ward committees; 3 municipalities supported with public participation initiatives. • 66 Civic Awareness Campaigns supported during the financial year. • 47 Voter Education Stakeholder Engagement Sessions implemented in provincial regions. • IGR structures functional in line with IGR Framework. • Interventions/campaigns conducted for traditional leadership under NSP Pillar 2 (Prevention and Restoration of Social Fabric).

9.2 MPUMALANGA

Challenges Cited	Support Provided
1. Institutional Transformation and Organisational Development	
• PMS (Gert Sibande, Nkangala and Ehlanzeni): ○ 12 Municipalities assessed are not cascading PMS to all lower levels.	• PMS (Gert Sibande, Nkangala and Ehlanzeni): ○ All municipalities are required to cascade Performance Management System to lower levels as required by

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Challenges Cited	Support Provided
○ Limited resources (human and financial) to perform the function in municipalities. ○ Delay in the finalisation of Job Evaluation hence job descriptions not signed in most municipalities. ○ Location of Individual Performance Management System (PMS vs HR).	the MSA Municipal Staff Regulation as from the 1st July 2023. ○ Municipalities to review their PMS Frameworks to include the requirement of MSA Municipal Staff Regulation.
2. Service Delivery	
• Water (Gert Sibande, Nkangala and Ehlanzeni): ○ Aged, collapsing infrastructure systems. ○ Vandalism, illegal connections, and pipe drilling → excessive water losses. ○ Inconsistent water supply from limited bulk infrastructure and pipe leakages. ○ Inadequate repair/maintenance budgets (Treasury requires 8% of asset value). ○ Limited technical capacity → poor planning and project implementation. ○ Absence of municipal water master plans • Sanitation: ○ Slow implementation of bulk sanitation infrastructure ○ Sewer spillages/overflowing Waste Water Treatment Works in Govan Mbeki, Msukaligwa, Lekwa, Emalahleni (Industrial Park), and Dr Pixley Ka Isaka Seme (Amersfoort). • Electricity: ○ High Eskom debts in Govan Mbeki, Lekwa, Mkhondo, Msukaligwa, Dipaleseng, Emalahleni, Victor Khanye, Thaba Chweu, and City of Mbombela municipalities. ○ Electricity demand exceeds allocated notified maximum demand. ○ Widespread illegal connections and tampering with electrical infrastructure. ○ Poor maintenance and reliance on obsolete electrical infrastructure	• Water (Gert Sibande, Nkangala and Ehlanzeni): ○ Enforce bylaws to curb illegal connections; strengthen infrastructure security against vandalism/theft. ○ Develop water master plans and management plans to reduce non-revenue water. ○ Budget for operations s maintenance in line with 8% norm. ○ Appoint qualified artisans and process controllers; build municipal capacity. ○ Prioritise 10% MIG allocation for water and sanitation repairs/maintenance. ○ Implement water conservation and demand management to reduce losses. • Sanitation: ○ Prioritise bulk sanitation infrastructure to expand community access. • Electricity: ○ Apply for Eskom debt relief as per MFMA Circular No. 124. ○ Develop and adopt repayment plans for Eskom debts. ○ Develop Electricity Master Plans to address future bulk demand. ○ Develop, adopt, and enforce electricity by-laws to curb illegal connections and theft. ○ CoGTA, with Provincial Treasury, to continue mediating between Eskom and municipalities. ○ Explore alternative funding sources for infrastructure repairs/maintenance to supplement 6% NERSA guideline.
3. Local Economic Development	
LED Strategy (all districts); • Municipal organograms not reviewed to address current socio-economic challenges.	LED Strategy (all districts):

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Challenges Cited	Support Provided
• LED units lack sufficient human and financial resources to drive local economic development. Weak LED governance and low business confidence hinder investment and job creation. Lekwa LM had no LED Stakeholder Forums during the year under review.	• Budget for LED initiatives in line with Section 153(a) of the Constitution; set aside funds for LED planning and implementation. • SALGA and CoGTA to strengthen LED units and political LED heads through capacity building. • Establish partnerships with private sector to
4. Financial Viability	
• Audit Outcomes: o 3 Municipalities (Chief Albert Luthuli , Gert Sibande , and Steve Tshwete) regressed from the prior year. • Government Debt: o National Department of Rural Development and Land Reform: highest debt at **R43G.5 million** o National Department of Public Works: debt of **R75.3 million.** o SANPARKS (Kruger National Park): highest debt among Organs of State at **R46.2 million.** o Water Boards/Affairs: debt of **R2.7 million.**	• Audit Outcomes: o Provincial Treasury to support municipalities in developing guidelines for risk management committees. o Internal Audit plans to be submitted to Provincial Treasury for review and feedback. • Government Debt: o PT to assist municipalities in improving revenue base. o Escalate government debt monthly to respective departments via MEC's office.
5. Good Governance and Public Participation	
• Good Governance: o Most municipalities refuse to provide CoGTA with minutes due to the confidentiality of their meetings. This hampers effective monitoring.	• Good Governance: o Troika members to adhere to Troika guidelines. o Submit Troika quarterly reports to the MEC. o Ensure compliance with Municipal Structures Amendment Act No. 3 of 2021, clarifying roles and responsibilities of the Council Whip.

9.3 LIMPOPO

Challenges Cited	Support Provided
1. Institutional Transformation and Organisational Development	
• Compliance challenges with Section 16 of the Local Government Disciplinary Regulations for Senior Managers; municipalities not submitting quarterly disciplinary case reports to the MEC. • Low representation of women in senior management: 27% in 2016/20, 28% in 2020/21, unchanged at 28% in 2021/22. • Many municipalities failed to achieve SDBIP key performance area targets; none achieved 100% of planned targets.	• MEC issued letters to Executive Mayors/Mayors requesting expedited filling of vacant senior manager posts and submission of required plans, ensuring compliance with regulations and institutional stability. • Department continues to support and monitor senior manager recruitment processes in municipalities.

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Challenges Cited	Support Provided
	• Municipalities assisted with framework for determining categorisation of senior manager remuneration packages. • Support provided to municipalities on Audit of Predetermined Objectives.
2. Service Delivery	
• Conditional grant spending challenges due to procurement delays and non-responsive bids; SCM processes need closer attention and committee training. • Electricity and water losses across all municipalities, caused by ageing infrastructure, vandalism, and illegal connections. • Poor grant expenditure deprived communities of services, contributing to poor/non-performance and community protests. • Delays in processing landfill site licences in some districts.	• Municipalities encouraged to improve forward planning to expedite appointment of service providers. • Ongoing reminders and support to municipalities to update indigent registers. • MISA provided continuous technical support to municipalities.
3. Local Economic Development	
• Understaffing of LED units a major challenge for municipalities. • LED initiatives and cooperatives inadequately supported due to budget/financial constraints. • Non-alignment of IDP and SDBIP in some municipalities; led to implementation of projects outside plans and audit queries on predetermined objectives/performance information.	• Need to capacitate municipalities to enhance implementation of LED initiatives and programmes. • Municipalities should create a conducive environment to build and attract investor confidence. • Department continues supporting municipalities struggling to align SDBIPs with IDPs.
4. Financial Viability	
• Slow implementation of audit remedial plans. • Shortage of technical capacity in Budget and Treasury Office. • Key staff unavailable during audit process. • Skills shortages and understaffing in asset management units. • Non-compliance with laws/regulations, especially SCM and MFMA reporting on UIFW expenditure. • Inconsistencies between reported objectives/targets and planned objectives. • Delays in appointing service providers → poor capital project implementation. • Late registration of MIG projects • Recurrence of unauthorised, irregular, fruitless, and wasteful expenditure. • Weak enforcement of debt control processes.	• Provincial Debt Forum and one-on-one engagements helped reduce debt owed by sector departments and SOEs. • CoGHSTA and Limpopo Provincial Treasury monitored full implementation of audit remedial action plans. • Department provided hands-on support to municipalities to achieve unqualified audits without matters of emphasis. • Quarterly MEC/Mayors Forum ensured consistent political oversight and financial management viability. • Back-to-Basics quarterly engagements supported monitoring of progress. • Provincial MsE Forum serves as a catalyst for municipal monitoring and reporting compliance.

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Challenges Cited	Support Provided
5. Good Governance and Public Participation	
• Inadequate resources and incentives for ward committee members. • Lack of appropriate skills, especially contextual understanding of tasks. • Poor enforcement of MSA Schedule 2 (Code of Conduct for Municipal Staff), leading to challenges in discipline and consequence management.	• Department conducted capacity-building sessions for all ward committee members. • Engagement sessions with municipalities highlighted need to enforce discipline and apply consequence management per legislation.

9.4 KWAZULU NATAL

Challenges Cited	Support Provided
1. Institutional Transformation and Organisational Development	
• Vacancies: Vacancies remain fluid due to resignations, dismissals, promotions, and deaths. • By end of 4th LG term, Ugu, Edumbe, and King Cetshwayo had not filled posts despite directives. • As of Sept 2021: 41 senior management vacancies across 27 municipalities; overall vacancy rate 13.5%. • Employment Equity: o Local Government Assessments: only 8 of 54 municipalities (2.5%) complied, employing 50% women in senior management. o 7 municipalities reported **0% women representation** in senior management. o Greater Kokstad and Ubuhlebezwe exceeded 50% female representation in senior • Skills Development: o Need to determine councillors' education, experience, employment history, years in local government, and training needs. o Skills audit required tools accessible in different formats (online/electronic, English hard copy, IsiZulu hard copy). o Some municipalities required direct, hands-on support to complete the audit process	• MEC issued directives to municipalities with positions vacant for 6–12 months: • Ugu (CFO, GM: Economic Development) • Ray Nkonyeni (CFO) • Newcastle (Municipal Manager) • Edumbe (Municipal Manager, CFO) • King Cetshwayo DM (Head of Corporate Services) • MEC directive issued encouraging 50/50 gender representation in senior management. • Skills Development: o Councillor Skills Audit conducted (Nov 2021–Mar 2022); municipalities supported, with direct assistance to eThekwini, iLembe, and Umhlabuyalingana. o 1,606 councillors audited (82%); report compiled and presented to relevant structures. o Integrated Capacity Building Plan developed post-Local Government Elections. o Integrated Councillor Induction Programme (ICIP) coordinated by SALGA (Dec 2021–Mar 2022). o All 54 municipalities participated; 1,614 councillors (83%) attended. o 5-day programme covered 10 modules:
2. Service Delivery	
• Water: o Water losses big issue everywhere • Electricity: **Access to Electricity - Key Findings**	• Water: o 13 water source projects under construction (boreholes, springs, dam rehabilitation) to augment supply in

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Challenges Cited	Support Provided
○ Highest electrification backlogs: uMkhanyakude (25.60%) and uThukela (14.61%). • Waste Management: ○ Umgungundlovu, Zululand, and uMkhanyakude districts (and LMs) have **no compliant landfill sites.**	hotspot districts (Amajuba, uThukela, Ugu, Msunduzi, Harry Gwala, Zululand). ○ 15 water reticulation projects under construction (up to 85% completion). • **Electricity:** ○ PGDP target: reduce electrification backlog to 10% by 2020 (assumed achieved; to be confirmed by 2022 Census).
3. Local Economic Development	
• Weak LED units; need to strengthen capacity, update competency requirements, and improve research/data capabilities. • Outdated LED strategies in 4 municipalities (uPhongolo, Umuziwabantu, Ugu, Harry Gwala DM); reviews not yet started.	• Key support projects include: (Small Town Rehabilitation (STR), Local production, Partnerships, COGTA Partnership Strategy, Investment facilitation, DDA Review, KZN Export Week, Rural development s DDM, Amakhosi RLED Programme). • **Social Compacts:** ○ *Umgungundlovu*: UMEDA drafted agreement; partners chosen; Service Delivery Agreement populated. ○ *Ugu*: Draft Social Compact prepared; MANCO approved; partner selection underway. ○ *iLembe*: COGTA engaging directly with AMM. ○ *Harry Gwala*: Agency CEO driving process; report to be tabled at EXCO for council approval. **Service Delivery Improvement:** 4 districts supported to conclude Social Compact Agreements under the DDM framework by March 2023.
4. Financial Viability	
Does not summarize	• MFMA Turnaround Plan support interventions for 2022/2023 listed • Department funded and deployed financial experts to 11 municipalities to influence 2021/22 audit outcomes: Ugu District, Mpofana, uThukela, Alfred Duma, Amajuba District, Abaqulusi, uMkhanyakude District, Msunduzi, Inkosi Langalibalele, uMzinyathi District, and Nquthu.
5. Good Governance and Public Participation	
• Weak ward committee reporting quality; low functionality linked to attendance and feedback. • Political instability and disruptions due to coalition governance (Mthonjaneni, Umvoti, Umuziwabantu, KwaDukuza, eThekwini).	• Ward functionality assessed on meetings, attendance, reports (per legislation/NDP) • Ward orientation programmes conducted for new committees. • Training of ward secretaries on minutes and report writing.

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Challenges Cited	Support Provided
• Oversight meetings (Council, ExCo, MPAC, Portfolio Committees) disrupted by councillor conflicts/walkouts. • Dysfunctionality in councils/structures at uMkhanyakude, Nquthu, Mtubatuba, eDumbe, Emadlangeni. • Many municipalities not formalising participation of traditional leaders in council committees. • No reimbursement provision for traditional leaders' expenses under Section 81(7).	• Cluster engagements (11–21 Nov 2022) and Provincial Speakers Forum used for remedial actions. • Stability noted in Umdoni and Umngeni municipalities. • CoGTA facilitated council meeting (May) to elect office bearers → restored political stability. • MEC requested councils to invite traditional leaders to committees on community matters (per Section 81(7)). • Municipalities persuaded to comply with legislation and consider expense reimbursement per Section 81(13).

9.5 FREE STATE

Challenges Cited	Support Provided
Institutional Transformation and Organisational Development	
• Poor implementation of the Performance Management System. • Delays in filling posts beyond legislated 3-month timeframe. • Non-compliance with MSA Regulations: late/non-submission of appointment reports. • Non-compliance with signing and submission of employment contracts and performance agreements. • Misalignment of performance agreements with the SDBIP, undermining performance management. • Prototype staff establishment not yet finalised.	• Actions/Support Interventions – Administrators and Secondments as well as technical advice was provided to several municipalities
Service Delivery	
• Internal capacity within COGTA is critical to supporting and strengthening municipalities • Service delivery Unit faces a 60% vacancy rate, limiting optimal human resource use	• Department's capacity constraints restrict support to only Xhariep and Lejweleputswa Districts • Support focuses on infrastructure operation and maintenance • Assistance is delivered mainly through the Basic Services Coordinating Forum, in partnership with sector departments • Participating in MAP LM Water Intervention Steering Committee, established 04 October 2021 by Water and Sanitation Minister • Committee addresses water and sanitation challenges in MAP LM • Participating in Matjhabeng LM Steering Committee on water, sanitation, and infrastructure vandalism • Matjhabeng committee meets monthly

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Challenges Cited	Support Provided
	• COGTA provided R3.5 million to Moqhaka LM for refurbishment of Kroonstad Waste Water Treatment Works (project ongoing) • COGTA provided R5 million to Thabo Mofutsanyana District for Water Testing Laboratory operations, run by District and supported by COGTA and Department of Water and Sanitation • Conducted electricity supply assessments in Matjhabeng LM and Masilonyana LM through MISA • Urged municipalities during quarterly service delivery forums to apply for skills funding via National Treasury's ISDG (Infrastructure Skills Development Grant)
Local Economic Development	
• Capacity constraints in LED Units due to lack of skills, budget, and understanding of LED • Poor planning from outdated and non-credible LED strategies • Weak coordination among stakeholders and inconsistent approaches to LED • Implementation of inputs from IDP assessments on LED Development and enforcement of LED-related by-laws • Management of foreign traders in the informal economy • Unclear roles and responsibilities between DESTEA and COGTA at provincial level	• Updated LED strategies: Mohokare, Masilonyana, Fezile Dabi, Moqhaka • Reviewing strategies: Setsoto, Dihlabeng, Nketoana, Phumelela, TMDM, Tokologo, Tswelopele, Kopanong, Xhariep, Mafube, Metsimaholo, Ngwathe • Supported establishment of Business Forums (Xhariep, Lejweleputswa, Fezile Dabi, Phumelela, Masilonyana, Moqhaka) • Partnerships with SALGA, sector depts, business chambers, FS Agriculture, STATSA, SEDA, etc. • Workshops to capacitate LED officials • Supported District/Metro Economic Recovery Plans aligned with LED strategies post-COVID-16
Financial Viability	
• Severe state of financial instability and deterioration • Considering the advanced deterioration in the financial situation of most intervention municipalities and the department's own limited financial and human resources, skill and capacity it is not always possible to extent support of this nature to more than a few vulnerableandembattled municipalities.	• Reporting on functionality of MPACs and other Committees of Council as requested by DCoG • Clarifying roles between Intervention Unit, Municipal Finance, and Municipal Administration/Legal Services in interventions • Involving other divisions in Municipal Audit Steering Committees on predetermined objectives • Involving other divisions in Audit Committee Meetings where non-financial matters are discussed
Good Governance and Public Participation	

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Challenges Cited	Support Provided
• COVID-16 regulations limited community meetings and public participation (Izimbizo) • Most municipalities lack public participation plans/strategies • Poor coordination for involvement of vulnerable groups in municipal processes • No procedures for handling community concerns/complaints • Municipalities still use manual complaints systems (boxes/registers) that are outdated and not effectively applied • Lack of follow-up on IGR Forum resolutions and poor attendance by primary members • Fezile Dabi and Xhariep Districts did not convene IGR meetings • Ward 5 (Intabazwe, Maluti A Phofung) has no ward committee established • Ward committees have varied levels of functionality	• Sector efforts to strengthen involvement of vulnerable groups using social platforms • Introduction of GovChat platform (with USSD for non-smartphone users), piloted in Free State (Matjhabeng and Dihlabeng) • Department support for District IGR Forums, especially Technical IGR Forums • Ward committees central in COVID-16 social relief interventions • Department road-shows urging municipalities to include ward committees and Public Participation Officers in Workplace Skills Plans • Department support to municipalities in developing and implementing Batho Pele Service Standards and charters

9.6 NORTH WEST

Challenges Cited	Support Provided
Institutional Transformation and Organisational Development	
• Underperforming municipalities with vacancy rate of 50%+ at senior management level: Ditsobotla, Maquassi Hills, Madibeng, Ratlou, Tswaing, Mamusa	**Current Support** • Circulars/guidelines issued to municipalities on filling senior manager positions • Reports developed on compliance with appointment regulations • Support through quarterly forums and bi-annual workshops on applying regulations • Interventions where municipalities do not comply • Evaluation of appointment reports and advice to MEC on enforcement
Service Delivery	
• Underperforming – below 80% on Water (Moretele, Madibeng, Rustenburg, Kgetlengrivier, Moses Kotane, Ratlou, Tswaing, Mahikeng, Ditsobotla, Ramotshere Moiloa, Naledi, Mamusa, Greater Taung, Lekwa-Teemane, Kagisano Molopo, Matlosana, Maquassi Hills, JB Marks) • Performance – below 50% on Sanitation (Moretele, Madibeng, Rustenburg, Kgetlengrivier, Moses Kotane, Ratlou, Tswaing, Mahikeng, Ditsobotla, Ramotshere Moiloa, Naledi, Mamusa, Greater Taung, Lekwa-	CoGTA support: • Collect and collate statistical data on FBS access in line with indigent policies • Coordinate collection and assessment of municipal indigent policies for compliance • Conduct quarterly district engagements with municipalities • Strengthen intra-coordination of FBS within municipalities • Address deficiencies in municipal indigent policies

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Challenges Cited	Support Provided
Teemane, Kagisano Molopo, Matlosana, Maquassi Hills, JB Marks) • Performance – below 80% on Roads (Moretele, Madibeng, Rustenburg, Kgetlengrivier, Moses Kotane, Ratlou, Tswaing, Mahikeng, Ditsobotla, Ramotshere Moiloa, Naledi, Mamusa, Greater Taung, Lekwa-Teemane, Kagisano Molopo, Matlosana, Maquassi Hills, JB Marks) • Performance – below 80% on Waste Management (Moretele, Madibeng, Rustenburg, Kgetlengrivier, Moses Kotane, Ratlou, Tswaing, Mahikeng, Ditsobotla, Ramotshere Moiloa, Naledi, Mamusa, Greater Taung, Lekwa-Teemane, Kagisano Molopo, Matlosana, Maquassi Hills, JB Marks)	• Agree on targets for awareness campaigns and registration drives • Support establishment of structures to coordinate FBS ,
Local Economic Development	
• Few LED units have capacity to coordinate with town planning and infrastructure • Many municipalities have only 1–2 officials, limited budgets, or no structured forums with stakeholders • Poor alignment of government programmes and rural development plans with LED strategies • District Economic Recovery Plans had poor participation from local municipalities and private sector • Municipalities not utilising 5% MIG for economic infrastructure, causing project disruptions and service delivery delays • Local Reference Committees (LRC) for CWP not functional in all municipalities (Bojanala Platinum LRC dysfunctional)	• Engagements with MPACs and LED Portfolio Committees to strengthen oversight capacity • Department supports 5% MIG allocation for LED economic infrastructure projects • Six municipalities implemented MIG economic infrastructure projects (Madibeng, Rustenburg, Tswaing, Lekwa-Teemane, Matlosana, JB Marks) • Community Work Programme (CWP) adopted by all 18 municipalities with 21,200 participants, supporting schools, ECDs, and food gardens • COGTA assists dysfunctional LRCs and monitors CWP performance through site visits and forum • National Department of Public Works supports CWP participant training • Technical support to municipalities for reviewing LED strategies and planning economic infrastructure to benefit SMMEs
Financial Viability	
• Some municipalities needed assistance with tariff determination (Tswaing, Lekwa-Teemane, Kagisano Molopo • Ditsobotla LM rates policy not reviewed due to lack of response • Four municipalities reported negative cash balances (Moretele, Tswaing, Ramotshere Moiloa, JB Marks) • Ten municipalities collected below the 65% revenue collection norm (Moretele, Madibeng, Rustenburg, Moses Kotane, Mahikeng, Naledi,	• Assisted all municipalities with review of rates policies, by-laws, and promulgation of tariffs • Sent reminder letters to municipalities (Mahikeng, Lekwa-Teemane) on curbing excessive property rate increases • Assessed municipalities' credit control and debt collection policies before adoption • Facilitated payments of outstanding government debts by engaging affected departments

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Challenges Cited	Support Provided
Lekwa-Teemane, Kagisano Molopo, City of Matlosana, JB Marks)	• Monitored implementation of credit control and debt collection policies through monthly reporting templates
Good Governance and Public Participation	
• Late establishment of ward committees due to new council term • Some municipalities had ward committees not established because of disputes, governance, or logistical challenges • Inadequate resources, lack of tools of trade, and poor staffing arrangements to support ward committee	• Local municipalities providing administrative support, stipends, and in some cases dedicated funding for ward committees • Provincial monitoring and support of ward committee establishment, • District Cogta and Offices of the Speaker held workshops to assist municipalities in establishing ward committees

9.7 NORTHERN CAPE

Challenges Cited	Support Provided
Institutional Transformation and Organisational Development	
Not reported	Not reported
Service Delivery	
• Poor reporting on service delivery due to non-submission of annual report or failure to report on water, electricity or sanitation supply in the following municipalities: (Sol Plaatje, Ga-Segonyana Dikgatlong, Phokwane, Tsantsabane, Kai !Garib, Kgatelopele, Richtersveld, and Kamiesberg). Khai-Ma Municipality reported backlogs in their electricity services within the district. •	• No support cited • Makes reference to grants from National Government
Local Economic Development	
Not reported	Not reported
Financial Viability	
Financial dysfunctionality of some municipalities	After the adoption of the State of Local Government by National Cabinet on 31 July 2021, the Provincial Executive Council adopted the Municipal Support and Intervention Plan (MSIP) to support the nine (6) municipalities that had been classified as dysfunctional (Ubuntu LM, Renosterberg LM, Siyancuma LM, Kai !Garib LM, Tsantsabane LM, Sol Plaatje LM, Phokwane LM, Joe Morolong LM, and Gamagara LM).

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Challenges Cited	Support Provided
Good Governance and Public Participation	
• Some ward committee members do not understand their roles, leading to conflict with Councillors. • The Ward Committee secretary position is a challenge, as meeting minutes must be recorded and recommendations forwarded to Council. • The department does not have a dedicated training and capacity building budget. • Capacity building and training fall under a different directorate, limiting direct support.	• Not reported

9.8 EASTERN CAPE

Challenges Cited	Support Provided
Institutional Transformation and Organisational Development	
• Delays in filling critical strategic positions. • Late submission of organograms for compliance checks. • Workplace Skills Plans adopted but poorly implemented due to funding and financial constraints. • Mandatory LGSETA grants diverted to other programmes. • HR Plans absent, outdated, or misaligned with IDPs. • Difficulty cascading PMS implementation to lower levels. • Delays in resolving labour-related cases. • Organisational structures require urgent attention. • Poor implementation of Employment Equity Plans.	• Workshops conducted for officials and Councillors on organogram review and implementation. • Support provided for filling senior management vacancies, including compliance with recruitment regulations. • HR plan workshops scheduled • Assistance given to align organograms with IDPs. • Help provided to resolve labour disputes and conduct section 106 investigations. • Support with submission and compliance checks of senior managers' contracts. • Department fulfilling mandate to strengthen municipal capacity.
Service Delivery	
• Inadequate funding for infrastructure backlogs. • Poor utilization of capital grants. • Lack of technical capacity in municipalities. • Poor performance of service providers causing project delays. • Inaccurate information in municipal annual reports. • Non-submission of annual reports by some municipalities. • Inconsistent setting and reporting of targets and achievements.	• MISA deployed skilled personnel to municipalities • Training s bursary support for technical staff • War-on-leaks programme to reduce water losses • Support for ISD guideline institutionalisation • MIG allowed for rural road maintenance (Revised DoRA) • CoGTA cost reimbursement strategy for struggling municipalities • SPLUMA implementation via SDFs s Land Use Schemes support

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Challenges Cited	Support Provided
• Low prioritization of spatial planning and land use policies. • Limited maintenance budgets leading to dilapidated infrastructure.	• Alignment of municipal SDFs/LUSs with provincial s national tools • Bilateral engagements s project steering committee participation • Secondment of town planners for land development applications
Local Economic Development	
• Poor quality reports with insufficient/credible info • Low adoption of LED strategies s limited budgets block implementation • Non-functional LED IGR forums → uncoordinated initiatives • LED units operating on zero budget	• Dept supports municipalities in LED strategy implementation via funding coordination • Collaborates with Stats SA s ECSECC to review municipal LED strategies • Works with National DCOG s SETAs on business plans s meaningful work opportunities • Developed Urban s Small-Town Development Framework with Master s Precinct Plans
Financial Viability	
• Weak municipal leadership undermining good governance • Non-compliance with reporting formats • Missing key info (AFS, annexures, appendices) in reports	• Training municipal officials on VAT returns (with SARS) • Support via Chief Audit Executive s Risk Management Forum • Monitoring municipalities with disclaimer/adverse audit opinions (with Treasury s SALGA) • Capacitation of MPACs on UIFWE s reduction strategy • Support use of National Treasury's web-based Audit Action Plan tool • Encourage SOPs s implementation of AG's preventative controls guide
Good Governance and Public Participation	
• Lack of municipal support s monitoring for CDW Programme • Continuous underreporting on annual report assessment tool • Absence of IGR strategies s TORs for District Mayors Fora • Weak or absent communication strategies s resourcing • Mayoral Imbizos replaced by IDP roadshows • Limited corruption-prevention mechanisms s awareness campaigns	• Not reported

9.9 WESTERN CAPE

Challenges Cited
Institutional Transformation and Organisational Development

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Challenges Cited
• Difficulty filling senior management vacancies (MM, CFOs, Technical Directors) • Limited awareness/implementation of Municipal Staff Regulations and Guidelines • Rising cyber-attacks; weak ICT controls and combined assurance systems
Service Delivery
• Stage 6 load shedding disrupting data systems • Limited technical skills s capacity; unmonitored maintenance backlogs • Underfunded operations s maintenance → water system failures • Vandalism s theft of critical infrastructure
Local Economic Development
Not reported
Financial Viability

• SCM governance problems
• Budget/procurement/mSCOA misalignment → slow spending
• Lack of data standardisation across municipalities
• Asset management shortcomings
• Weak alignment of maintenance plans/budgets
• Revenue s expenditure challenges:
  ○ Rising operational costs from energy crisis
  ○ revenue losses from load shedding s customers shifting to alternative energy
  ○ Reduced electricity surpluses → less cross-subsidisation of other services
  ○ Local economic slowdown harming businesses s investment
• Capital budget underspending → delayed projects s growth
• Weak MSDF integration into IDPs and CAPEX frameworks

Good Governance and Public Participation
• Council instability spilling into administrations, harming service delivery

Support Interventions:

The Western Cape reports on the following support interventions that cut across the KPAs:

- **Technical Integrated Municipal Engagement (TIME):**
  - Joint review of municipal performance and challenges with WCG, PT, DLG, DEAsDP
  - Integrated Municipal Governance Assessment, mid-year budget/performance review, MTREF budget readiness, audit outcomes
  - Platform for collective responses to risks/challenges
- **Joint District and Metro Approach (JDMA):**
  - Institutionalised collaboration across provincial, district, local, and national departments
  - Co-planning and co-budgeting via district JDMA Teams
  - Strengthened intergovernmental structures (vertical s horizontal alignment)
  - Provincial participation in municipal structures and vice versa
  - Identification and delivery of catalytic projects for community development

The 2021/2022 Section 48 Report demonstrates that while South Africa's local government sector continues to make strides in extending basic services, strengthening governance systems, and improving levels of accountability, progress remains uneven across provinces and between urban and rural municipalities. Positive developments include gradual improvements in access to water, sanitation, and electricity, as well as evidence of municipalities that have achieved clean or unqualified audits, reflecting stronger financial controls and governance oversight. Initiatives such as the Expanded Public Works Programme and Community Work Programme have also contributed meaningfully to job creation and social stability, particularly in communities with high unemployment.

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At the same time, the report underscores persistent systemic challenges that undermine the sector's ability to deliver on its developmental mandate. Rising numbers of unfunded budgets, weak revenue bases in smaller municipalities, poor contract management, irregular expenditure, and capacity shortfalls — especially in technical and financial management — continue to strain municipal viability. In many areas, weaknesses in performance management, skills development, and land use planning remain pressing concerns, while political instability and inadequate oversight exacerbate risks of service delivery failures. Compounding these issues is the generally poor quality of the Section 47 reports from provinces, which are intended to inform the Section 48 process. Many of these reports were inconsistent, incomplete, or lacked sufficient analysis, which weakens the credibility of the consolidated national picture. To address this gap, it is recommended that clear national guidelines be issued to provinces for the preparation of Section 47 reports, ensuring standardised indicators, stronger analysis, and timely submission. This would not only improve the quality of the Section 48 report but also enhance the value of the process as a reliable monitoring and accountability tool.

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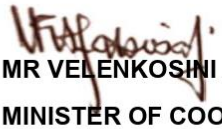
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DEPARTMENT OF CO-OPERATIVE GOVERNANCE

NO. 6685 **30 September 2025**

CONSOLIDATED ANNUAL LOCAL GOVERNMENT PERFORMANCE REPORT 2022/2023

I, Mr Velenkosini Hlabisa, Minister of Cooperative Governance and Traditional Affairs, in terms of section 48(2) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), hereby publish the Consolidated Annual Local Government Performance Report 2022/2023, in the Schedule hereto.



MR VELENKOSINI HLABISA, MP

MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

DATE: 19 September 2025

cooperative governance
Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

SECTION 48 REPORT:

Consolidated Annual Local Government Performance Report For 2022/23

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ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General South Africa
B2B	Back to Basics
CAPEX	Capital Expenditure
CEF	Capital Expenditure Frameworks
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIBD	Construction Industry Development Board
COVID-16	Corona Virus Disease 2016
CSIR	Council for Scientific and Industrial Research
CWP	Community Work Programme
DBSA	Development Bank of Southern Africa
DCoG	Department of Cooperative Governance
DDM	District Development Model
DED	Department of Economic Development
DESTEA	Department of Small Business Development, Tourism and Environmental Affairs
DIMAFO	District Mayors' Forum
DLG	Department of Local Government
DM	District Municipality
DOC	Disaster Operations Centre
DoRA	Division of Revenue Act
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DRR	Disaster Risk Reduction
DWS	Department of Water and Sanitation
EA	Environmental Affairs
EC	Eastern Cape Province
ECD	Early Childhood Development
EEDSM	Energy Efficiency and Demand Side Management
ESECC	Eastern Cape Socio-Economic Consultative Council
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FBE	Free Basic Electricity
FBO	Faith-Based Organisation

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FBR	Free Basic Refuse
FBS	Free Basic Services
FBW	Free Basic Water
FM	Financial Management
FRP	Financial Recovery Plan
FS	Free State Province
GCR	Gauteng City Region
GHS	General Household Survey
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GP	Gauteng Province
HH	Household
HOD	Head of Department
HR	Human Resources
IDP	Integrated Development Plan
IEC	Independent Electoral Commission
IGR	Intergovernmental Relations
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
KZN	KwaZulu-Natal Province
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
LP	Limpopo Province
LUMS	Land-Use Management Systems
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MINMEC	Ministers and Members of Executive Council
MIT	Municipal Interface Team
MM	Metropolitan Municipality
MP	Mpumalanga Province
MPAC	Municipal Public Accounts Committee
MPT	Municipal Planning Tribunal
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal Systems Improvement Grant

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MTSF	Medium Term Strategic Framework
NC	Northern Cape Province
NDP	National Development Plan
NDMC	National Disaster Management Centre
NGO	Non-Governmental Organisation
NQF	National Qualifications Framework
NT	National Treasury
NW	North West Province
NWSKS	National Water Services Knowledge System
OPEX	Operating Expenditure
PDMC	Provincial Disaster Management Centre
PPGI	Public-Private Growth Initiative
PMS	Performance Management System
PMU	Project Management Unit
PROVJOINTS	Provincial Joint Operational and Intelligence Structures
RBIG	Regional Bulk Infrastructure Grant
RRAMS	Rural Roads Access Management System
SA	South Africa / South African
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SETA	Sector Education Training Authority
SIP	Strategic Infrastructure Projects
SMME	Small, Medium and Micro Enterprise
SoLGF	State of Local Government Finances and Financial Management Report
SPLUMA	Spatial Planning and Land Use Management Act
SRT	Small Town Regeneration Strategy
Stats SA	Statistics South Africa
TOR	Terms of Reference
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, Irregular, Fruitless and Wasteful expenditure
UPM	Unemployed Peoples Movement

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WBP	Ward-Based Planning
WC	Western Cape Province
WCWDM	Water Conservation / Water Demand Management
WSDP	Water Services Development Plan
WSIG	Water Services Infrastructure Grant
WSP	Workplace Skills Plan

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FOREWORD BY THE MINISTER

I am honoured to present the 2022/23 Municipal Performance Report, which consolidates provincial insights and reflects our commitment to strengthening local government in line with Section 152 of the Constitution.

This report is published at a time when municipalities continue to face significant service delivery challenges. In 2022, 66 municipalities were classified as dysfunctional due to poor governance, financial mismanagement, and political instability. These systemic issues have impacted the delivery of essential services such as water, sanitation, electricity, and roads.

To address these challenges, national government implemented Section 136(7) interventions in municipalities including Lekwa (Mpumalanga), Mangaung Metro (Free State), and Enoch Mgijima (Eastern Cape), in collaboration with National Treasury and sector departments. These interventions have helped stabilise governance and improve service delivery outcomes.

We have made progress in institutionalising the District Development Model (DDM), supported by legislative reforms such as the Intergovernmental Monitoring, Support and Intervention (IMSI) Bill and the review of the Intergovernmental Relations Framework Act. The rollout of Presidential DDM Izimbizo across all provinces has strengthened citizen engagement and accountability.

Disaster management remains a priority. The National Disaster Management Centre (NDMC) responded to major flood disasters in KwaZulu-Natal, Mpumalanga, North West, and the Eastern Cape in April 2022, demonstrating our commitment to resilience and risk reduction.

The Community Work Programme (CWP) continues to empower communities and foster inclusive development. Its reconfiguration under the DDM framework will enhance coordination and private sector engagement to address poverty, inequality, and unemployment.

We remain committed to ethical leadership and good governance. The Department has intensified consequence management and implemented recommendations from oversight bodies. Partnerships with MISA, SALGA, and other institutions have been instrumental in driving progress.

Future Plans

Looking ahead, our focus will be on:

- **Accelerating legislative reforns** to strengthen municipal accountability and enforce compliance with planning and reporting cycles.
- **Expanding the DDM footprint**, with targeted support for municipalities in distress and improved integration of One Plans into budgeting and implementation.
- **Enhancing digital governance**, including the rollout of smart city initiatives and automated reporting tools to improve transparency and efficiency.
- **Strengthening disaster resilience**, with investment in early warning systems and climate adaptation strategies.
- **Inproving service delivery outcones**, through targeted infrastructure investment, capacity building, and performance monitoring.

These plans reflect our unwavering commitment to building vibrant, resilient, and climate-smart communities. I commend all stakeholders for their dedication and reaffirm our shared vision for inclusive governance and sustainable development.

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FOREWORD BY THE DEPUTY MINISTER

It is my honour to present the 2022/23 Municipal Performance Report, which consolidates provincial insights into the state of local governance across South Africa.

This report reflects our ongoing commitment to strengthening municipalities as the cornerstone of service delivery and development. Through the District Development Model (DDM), we have achieved notable milestones, including the submission of 50 intergovernmental One Plans and the rollout of five Presidential DDM Imbizos

Municipal performance data for the year reveals both progress and persistent challenges:

- **Service Delivery**: 66 municipalities were classified as dysfunctional, primarily due to governance failures, financial mismanagement, and political instability.
- **Governance Support**: Section 136(7) interventions were implemented in municipalities such as Lekwa (Mpumalanga), Mangaung Metro (Free State), and Enoch Mgijima (Eastern Cape), in collaboration with National Treasury and sector departments.
- **Capacity Building**: Municipal Infrastructure Support Agent (MISA) supported 65 municipalities with technical expertise, while 1,000 ward committees received training and financial support to improve functionality.
- **Urban Developnent**: The Integrated Urban Development Framework (IUDF) continued to guide spatial transformation, and the Smart Cities Framework (SCF) was developed to promote innovation and sustainability

Despite these achievements, challenges remain. Incomplete submissions, limited capacity in some provinces, and gaps in disability and intervention reporting highlight the need for stronger coordination and accountability.

I commend all stakeholders for their dedication and reaffirm our commitment to building resilient, responsive, and accountable municipalities. Together, we will continue to advance inclusive governance and sustainable development.

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EXECUTIVE SUMMARY

The Municipal Systems Act, 2000 (Act No. 32 of 2000), requires the Minister of Cooperative Governance to compile and submit to Parliament and provincial MECs an annual consolidated report on municipal performance (Section 48(1)). This report must reflect progress against the general key performance indicators prescribed in Section 43(3), namely: access to basic services; provision of free basic services to poor households; capital budget expenditure; job creation through local economic development initiatives; employment equity in senior management; implementation of workplace skills plans; and financial viability ratios (cost coverage, debt coverage, and outstanding service debtors).

The purpose of the Consolidated Annual Local Government Performance Report is to account to Parliament and the citizens of South Africa on municipal progress towards the overarching goal of *"a better life for all."* It remains an important accountability tool for assessing the overall state of local government performance.

The report is structured around five municipal Key Performance Areas (KPAs), as well as cross-cutting issues:

- **KPA 1:** Municipal transformation and organisational development
- **KPA 2:** Basic service delivery
- **KPA 3:** Local economic development
- **KPA 4:** Municipal financial viability and management
- **KPA 5:** Good governance and public participation

Drawing on these reports, together with findings from the Auditor-General South Africa (AGSA) and the State of Local Government Finances and Financial Management Report 2022/23 (SoLGF), this consolidated review highlights both achievements and ongoing challenges across the KPAs.

The evidence confirms that while some municipalities continue to demonstrate relatively stable performance, the majority face serious institutional, financial, and service delivery challenges. These challenges, coupled with declining audit outcomes and weak financial management, threaten the sustainability of local government and undermine its developmental mandate.

Headline Findings

- Local government remains under severe strain, with persistent weaknesses in **financial nanagenent, governance, and service delivery**.
- The overall trajectory is one of **systenic decline**, despite pockets of resilience in certain metros and provinces (notably Gauteng and the Western Cape).
- **Service backlogs and infrastructure failures** continue to compromise the quality and reliability of basic services.
- **Institutional instability, weak capacity, and poor HR nanagenent** undermine governance and service delivery.
- **Audit outcones confirn systenic non-conpliance** with the MFMA, while SoLGF findings highlight entrenched financial distress.
- Cross-cutting systems, such as disaster management, remain largely reactive, with little evidence of proactive planning or readiness.

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KPA 1: Municipal Transfornation and Organisational Developnent

Persistent weaknesses in institutional capacity remain a defining challenge. High vacancy rates, particularly in Municipal Manager, CFO, and technical posts, undermine municipal performance and stability. Almost a fifth (16%) of municipal managers, over a quarter (26%) of CFOs were serving in an acting capacity and there is a 17% vacancy rate for senior managerial posts across the country. Female representation in senior management posts is also dissatisfactory at 32%, well below the 50% target, and municipalities either performed poorly in employing youth and people with disabilities or failed to sufficiently report on their employment at all. Additionally, skills development and performance management systems are unevenly applied. While stronger municipalities, especially metros, maintain functional administrations, many municipalities continue to struggle with instability, poor HR practices, and weak labour relations.

KPA 2: Basic Service Delivery

Service delivery outcomes remain deeply uneven across provinces and municipalities. Access to water slightly regressed nationally, from 88.5% in 2021/22 to 87% in 2022/23. Fewer than half (45%) reported piped water inside their dwellings. Water losses remain critically high, averaging 41.7%, reflecting serious inefficiencies in municipal water systems.

Access to sanitation reached 83.3% of households, but only 61% had flush toilets connected to a sewerage system, which is the higher standard of sanitation. Electricity access continues to improve, with 86.8% of households connected to the mains supply in 2023 compared to 78.3% in 2002. In terms of refuse removal, 62.6% of households nationally received weekly or less frequent collection, while 28.6% relied on their own refuse dumps, reflecting deep urban–rural disparities.

On infrastructure investment, Municipal Infrastructure Grant (MIG) spending reached nearly 60% of allocations, showing strong absorption. However, expenditure on repairs and maintenance remained far below the recommended 8% benchmark, leaving ageing municipal infrastructure under significant strain and raising concerns about sustainability of service delivery.

KPA 3: Local Econonic Developnent

Municipal LED strategies are often outdated, underfunded, and poorly aligned to provincial and national frameworks. LED Units are generally under-capacitated, with limited skills, budgets, or integration into broader planning. Over 250 000 job opportunities were created nationally, but reporting on job creation and LED project outcomes is often weak, reducing accountability. While some municipalities pursue partnerships and infrastructure investment that support local economic activity, the overall impact of LED remains limited.

KPA 4: Municipal Financial Viability and Managenent

In 2022/23 there was a decrease in the number of municipalities with unfunded budgets to 65 from 112 in 2021/22. However, the financial position of municipalities remains precarious, as National Treasury identified 168 municipalities (65.8%) in financial distress. Liquidity challenges are widespread: nearly half of municipalities report current ratios below benchmark, and three-quarters have liquidity ratios below 1. Poor debt collection, ballooning arrears, and delayed payment of creditors undermine working capital and disrupt local economies. Provinces such as Free State, Eastern Cape, and North West face the highest levels of financial distress, while Gauteng and Western Cape record comparatively stronger performance.

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Section 134 Audit Report

In 2022/23, the number of municipalities receiving disclaimer audit opinions declined from 22 to 12. However, this improvement saw a concurrent increase in outstanding audits, which rose from 2 to 10. The number of clean audits also decreased, falling from 38 to 34, with 20 of these in the Western Cape. Notably, Limpopo, Free State, and North West recorded no municipalities with clean audits. The Section 134 audit report underscores systemic weaknesses in financial management, with this downward trajectory highlighting the difficulty municipalities face in sustaining improvements, even where progress has been made.

The number of auditees tested for material irregularities increased, leading to a rise in findings from 268 to 360. Alarmingly, 78 municipalities (22%) failed to take appropriate actions to address or resolve these findings. To strengthen oversight, National Treasury has established a Web-Enabled Audit Action Plan System that allows municipalities to track progress on the implementation of their audit action plans. Provinces with the highest number of findings include Eastern Cape (2,028), Northern Cape (1,870), and North West (1,866), while those with the lowest are Western Cape (476), Gauteng (733), and KwaZulu-Natal (811). Progress in addressing findings is most evident in Mpumalanga, Limpopo, Gauteng, and the Western Cape, whereas KwaZulu-Natal, Free State, and Northern Cape show significant numbers of unresolved or unaddressed findings.

The root causes of the poor state of municipal financial management remain consistent: ineffective internal controls; capacity gaps due to skills shortages and vacancies; leadership instability at both political and administrative levels; weak monitoring of internal control implementation; poor execution of audit action plans, leading to repeat findings; lack of accountability and consequence management; weak record-keeping; poor delivery and maintenance of municipal infrastructure; and persistent irregular, fruitless, and wasteful (UIFW) expenditure.

KPA 5: Good Governance and Public Participation

Formal governance and participation structures exist across municipalities, but functionality varies widely. Ward committees and Community Development Workers are unevenly integrated, with irregular meetings, weak follow-up, and poor logistical support. Oversight structures (MPACs, Audit Committees, and internal audit units) are more effective in Gauteng and Western Cape, but generally weak elsewhere. Anti-corruption frameworks exist but are inconsistently enforced, leaving many municipalities vulnerable. Section 136 interventions remain lengthy and rarely address systemic issues, underscoring gaps between formal oversight and practical governance.

Cross-Cutting Issues and Planning

Many cross-cutting components, such as disaster management and spatial planning, are intended to be pre-emptive and strategic, yet municipalities remain largely reactive. Weak readiness, inadequate institutionalisation, and insufficient resourcing undermine their effectiveness. The absence of standardised data and empirical reporting, particularly on disaster management, limits comparability and hampers targeted support. These weaknesses reduce accountability and obscure the level of risk municipalities face in areas critical to long-term resilience.

Conclusion

Despite persistent institutional and financial challenges, the 2022/23 Section 48 report also highlights areas of progress that reflect resilience within the local government sphere. Access to basic services such as water, sanitation, electricity, and refuse removal remains comparatively high, with most provinces sustaining coverage levels above 80% in core services. The implementation of Local

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Economic Development (LED) initiatives, particularly through EPWP and CWP programmes, created significant short-term employment opportunities, with provinces such as Gauteng, KwaZulu-Natal, Limpopo, and the Western Cape generating the highest numbers. Several municipalities have updated or aligned their LED strategies with provincial frameworks, and functional LED forums are reported in provinces like Limpopo and Mpumalanga. On infrastructure, Municipal Infrastructure Grant (MIG) expenditure reached close to 60% of allocations nationally, signalling better absorption of conditional grants, while some municipalities have begun to strengthen systems of consequence management and performance oversight. Governance structures such as ward committees, audit committees, and municipal public accounts committees were reported as functional in many municipalities, contributing to improved accountability. Though uneven across provinces, these gains provide a platform for strengthening municipal capacity and embedding a more developmental and accountable local government system.

Overall, the Section 48 report paints a picture of fragile municipal performance. Gains in extending basic services have been offset by serious weaknesses in infrastructure reliability, institutional stability, and financial viability. Leadership vacancies, declining maintenance, unfunded budgets, and weak accountability mechanisms continue to undermine municipalities' ability to fulfil their constitutional mandate. Addressing these systemic issues will require urgent professionalisation of management, strengthened financial discipline, and sustained investment in both infrastructure and institutional capacity.

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1 INTRODUCTION

In South Africa, municipalities play a vital role in improving the everyday lives of citizens by delivering essential services, fostering local development, and enabling active participation in democracy. The way these institutions perform has a direct bearing on citizens' well-being, which is why effective, transparent, and accountable governance is critical. When municipalities fail—whether through poor administration, financial mismanagement, or breakdowns in service delivery—the consequences are severe, eroding public confidence, deepening inequality, and slowing social and economic progress.

The Section 48 Report, produced annually in line with the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), serves as a key monitoring and oversight tool. It tracks patterns in governance, finances, and service delivery, providing stakeholders with evidence to assess performance, detect structural weaknesses, and implement measures that safeguard the public interest.

This Section 48 Report for 2022/23 is a publication by the Department of Cooperative Governance, as a statutorily required publication that the Minister must annually compile and submit to Parliament and Members of Executive Committees (MECs) for local government. It is submitted here to adhere to the provisions of the Municipal Systems Act.

1.1 PURPOSE OF THE REPORT

This report serves to update Parliament, MECs for local government and the South African public on local government performance in terms of general key performance indicators. Prepared in line with the Municipal Systems Act 32 of 2000 the Section 48 Report allows for measuring and comparing the performance across the country that helps to identify municipalities facing difficulties that may require intervention. It also showcases positive examples of municipal performance, encouraging the sharing and replication of successful practices to drive collective improvement.

Despite its critical role, the Section 48 Report faces obstacles that reduce its overall effectiveness. These include:

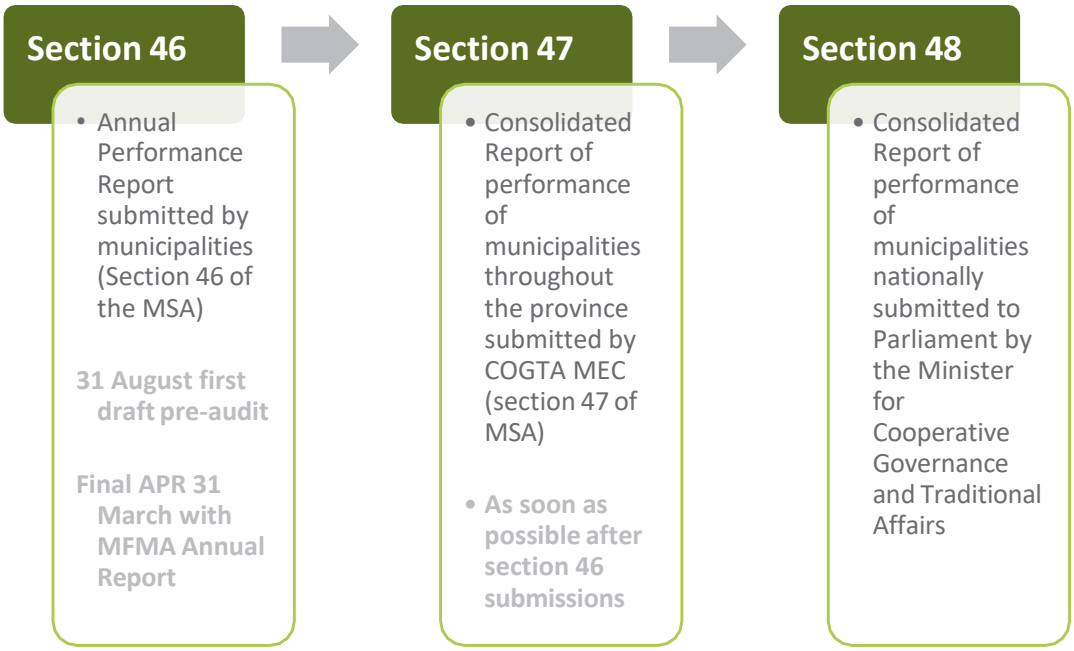
- **Delays in reporting subnissions:** Late submission of Section 46 reports from municipalities and Section 47 reports from provinces slows down the reporting cycle. Part of the difficulty is that the Section 46 municipal report must first be audited by the Auditor-General. Following this there is no time frame in legislation determining when the Section 47 provincial report must be submitted other than it must be submitted "annually".
- **Prolonged conpilation processes:** The extended time needed to collate and finalize information limits the report's ability to act as a real-time monitoring and response mechanism. The reliance on finalised Section 46 and Section 47 reports leaves DCoG waiting on submissions that are of limited performance insight given the time lags between the performance they describe and the current situation.
- **Lack of coordination and standardisation of reports:** There remain significant differences across provinces in Section 47 reports and across sectors as to what key performance indicators are used. For indicators that are reported, there is a lack of standardisation in the data supplied, making comparability difficult.
- **Data quality issues:** Inconsistent and incomplete reporting within and across provinces produces data of variable quality, raising questions of both validity and reliability and ultimately hampers the ability to draw meaningful performance comparisons at the national level.

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1.2 REPORTING PROCESS

Figure 1 the reporting process: municipalities first submit their Section 46 reports to provinces, which then compile these into a consolidated Section 47 report. These provincial reports are subsequently combined to produce the Section 48 report that is presented to Parliament.

Figure 1: Municipal, Provincial and National Reporting Process



Source: Section 48 Report 2020/21

1.2.1 Municipal Reporting

In terms of the Municipal Systems Act (MSA), municipalities are required to monitor their performance through quarterly and mid-year assessments, which culminate in the preparation of annual performance reports (Section 46 reports). These reports, together with financial statements, must be submitted for auditing by 31 August each year. Once audited, all municipalities are obliged to present their Section 46 reports to their Councils and the MECs for Local Government. Each report must include:

a) the municipality's performance during the financial year;
b) a comparison with performance in the preceding year; and
c) measures were adopted to improve future performance.

1.2.2 Provincial Reporting

Section 47 of the MSA requires provinces to compile and submit consolidated reports on municipal performance to the Department of Cooperative Governance. These reports are expected to cover the five Key Performance Areas (KPAs) of the Five-Year Local Government Strategic Agenda, incorporate cross-cutting themes such as integrated development planning, and set out key challenges,

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interventions, and support measures with clear recommendations. The main data sources used by provinces include municipal Annual Performance Reports (based on Section 46), Integrated Development Plan (IDP) reports, audit outcomes, and audited financial statements.

1.2.3 National Reporting

At national level, for Section 48 of the MSA, DCoG has relied upon the provincial Section 47 submissions to prepare a consolidated report on municipal performance, based on. This Section 48 Report is tabled in Parliament. Its compilation draws on multiple sources, including Section 47 reports, the Department of Cooperative Governance and Traditional Affairs (CoGTA) Annual Report, the Auditor-General's findings, the State of Local Government Finances and Financial Management Report 2022/23 from National Treasury and data from Statistics South Africa.

1.3 STRUCTURE OF THE REPORT

The structure of the Section 48 Report is set out in Table 1 below:

Table 1: Report Structure

Section	Title	Covers
1	Introduction	• Introduction, purpose, reporting process
2	Background	• Legislative and policy context • Audit findings and state of Section 47 reporting, • Methodology and approach • Municipal response rates and submission
3	KPA1: Municipal Transformation and Organisational Development	• Workforce Stability • Employment Equity • Skills Development • Performance management s compliance • Disciplinary procedures
4	KPA2: Basic Service Delivery	• Water • Sanitation • Electricity • Refuse Removal • Indigent Policy Management • Infrastructure Investment and Maintenance
5	KPA 3: Local Economic Development	• LED Strategy s Planning • Facilitated job opportunities • Types of LED initiatives
6	KPA 4: Municipal Financial Viability	• Revenue

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		• Expenditure • Cash Management and Liquidity • Audit Outcomes • Financial Distress Indicator
7	KPA 5: Good Governance and Public Participation	• Ward committees • Functionality of Council Structures • Anti-corruption and fraud prevention
8	Cross Cutting Planning Issues	• Integrated Development Planning • Spatial Planning • Disaster Management • Climate Resilience
6	Conclusion	
10	References	

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2 BACKGROUND

2.1 LEGISLATIVE & POLICY CONTEXT

2.1.1 The Constitution

South Africa's Constitution establishes three distinct but interdependent spheres of government, designed to work together through a system of cooperative governance. This approach recognises that development challenges cannot be resolved by any one sphere in isolation. To reinforce this principle, the Intergovernmental Relations Framework Act (2005) was enacted, providing a framework to strengthen collaboration.

Chapters 7, 152, and 153 of the Constitution define local government as developmental in nature. Municipalities are entrusted with key responsibilities such as delivering services, promoting social and economic development, and enabling meaningful community participation. They are required to prioritise the needs of their communities while aligning their functions with broader national and provincial development objectives. In addition, Section 154 places a duty on national and provincial governments to provide support and build municipal capacity so that municipalities can effectively carry out their mandates.

2.1.2 White paper on Local Governnent (1GG8)

The 1668 White Paper on Local Government gives practical effect to the constitutional vision of developmental local government. It defines this concept as the commitment of municipalities to work with communities in finding sustainable solutions that address social, economic, and material needs, while also enhancing quality of life.

The White Paper outlines four key characteristics of developmental municipalities, namely their ability to:

- Maximise social development and economic growth;
- Integrate and coordinate services and development initiatives;
- Democratise development by empowering citizens and promoting equity;
- Act as adaptive, learning institutions that lead change.

It also identifies four developmental outcomes:

- Delivery of household infrastructure and basic services;
- Building inclusive and well-integrated human settlements across urban and rural areas;
- Supporting local economic development;
- Advancing citizen empowerment and redistribution.

To achieve these goals, the White Paper highlights three main implementation mechanisms:

- Integrated development planning and budgeting;
- Performance management systems;
- Partnerships and collaboration with communities and other stakeholders.

The policy also makes clear that national and provincial governments must actively support municipalities in strengthening local governance, while municipalities must, in turn, cooperate with other spheres of government to enhance service delivery and promote development.

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2.1.3 Organised Local Governnent

The Constitution provides for municipalities to establish associations that represent their collective interests. At national level, this role is fulfilled by the South African Local Government Association (SALGA). SALGA is recognised as the unified voice of local government and performs six main functions:

1. Representation, advocacy, and lobbying;
2. Acting as the employer body in collective bargaining processes (through the South African Local Government Bargaining Council, SALGBC);
3. Building the capacity of councillors and officials;
4. Providing guidance and advice on policy and legislation;
5. Enhancing the profile of local government domestically and internationally;
6. Facilitating knowledge exchange and information sharing.

Through these functions, SALGA plays an active role in legislative processes, intergovernmental forums, and labour relations structures, while also offering municipalities specialised services, research, training, and opportunities for peer learning.

2.1.4 Mediun Tern Strategic Franework 201G-2024

The Medium-Term Strategic Framework (MTSF) 2016–2024 serves as a five-year programme of implementation and a monitoring tool. It is structured around the seven priorities of the sixth administration, each supported by interventions, outcomes, indicators, and targets to measure progress.

The MTSF is designed to integrate and coordinate the various planning instruments used across government, consolidating them into a single, results-driven framework. Its aim is to eliminate duplication, clarify roles, and prevent conflicting initiatives, while promoting more effective service delivery through the district-based development model.

Priority 5: Spatial Integration, Hunan Settlenents and Local Governnent

This priority addresses the constitutional right of all citizens to access basic services, aligning with South Africa's obligations under the Sustainable Development Goals. These include universal access to clean water, sanitation, electricity, and related services. Effective spatial planning is emphasised as central to achieving these rights.
Although there has been progress in service delivery, many municipalities continue to face significant challenges in sustaining infrastructure. Weak operations and maintenance result in deteriorating assets, frequent service interruptions, and negative consequences for both social and economic development. Functional municipalities are therefore critical to creating safe, resilient, and economically viable communities. The departments responsible for overseeing and improving the delivery of basic services include:

- Department of Mineral Resources and Energy – electricity;
- Department of Water and Sanitation – water and sanitation;
- Department of Forestry, Fisheries and the Environment – waste management.

2.1.5 The National Developnent Plan

The National Development Plan (NDP), released in 2012, identified uneven capacity across the three spheres of government as the main barrier to establishing a capable and developmental state.

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Contributing factors include political-administrative tensions, leadership instability, shortages of skills, weak accountability systems, poor institutional design, and low morale among staff.

To address these challenges, the NDP recommends a set of targeted interventions, including:

- Stabilising the political-administrative interface by professionalising the public service and clearly distinguishing political from administrative roles;
- Making public service an attractive career path through structured recruitment and professional development;
- Building technical and specialist expertise to strengthen state capacity;
- Promoting consistent delegation of authority with robust accountability mechanisms;
- Enhancing interdepartmental coordination by encouraging routine cooperation among officials;
- Improving intergovernmental relations by devolving responsibilities where capacity exists and strengthening it where it does not;
- Strengthening local government by investing in long-term skills development, professional conduct, and citizen participation.

For municipalities specifically, the NDP proposes:

- Strengthening recruitment processes, staffing frameworks, and operational guidelines;
- Linking municipal skills development plans with Integrated Development Plans (IDPs);
- Enhancing national and provincial support and oversight of municipalities;
- Focusing IDPs on core developmental priorities, with clear leadership from municipal staff;
- Ensuring community participation in IDPs is deliberative, inclusive, and rooted in community spaces.

2.2 METHODOLOGY AND APPROACH

The Section 48 report was developed through the consolidation and analysis of the nine provincial Section 47 reports, which provide provincial assessments of the state of municipalities. These reports were supplemented with additional sources such as the Non-Financial Census of Municipalities (Statistics South Africa, 2022/23), the State of Local Government Report (2022/23), and the DCoG Annual Report (2022/23). Together, these sources offered both quantitative and qualitative insights into governance, financial management, service delivery, and institutional capacity across municipalities.

However, the process was not without challenges. The nine provinces did not provide data in a uniform format, making direct comparisons difficult in many cases. In addition, provinces did not report consistently on issues, and in several instances the reporting was either unclear or inadequate. These limitations affected the ability to generate a fully standardised national overview.

In response to these challenges, the methodology adopted a flexible and pragmatic approach:

1. Comparative analysis where possible: Where data were comparable across provinces, direct comparisons were made, even if this was possible for fewer than nine provinces.
2. Province-specific reporting: In instances where no common basis for comparison existed, the report presents provincial-level explanations of initiatives, interventions, and challenges to ensure that important information is not omitted.
3. Thematic synthesis with supplementary sources: To strengthen reliability, secondary sources such as Stats SA, the State of Local Government Report, and the DCoG Annual Report were integrated. These sources provided a broader national perspective and helped triangulate findings.

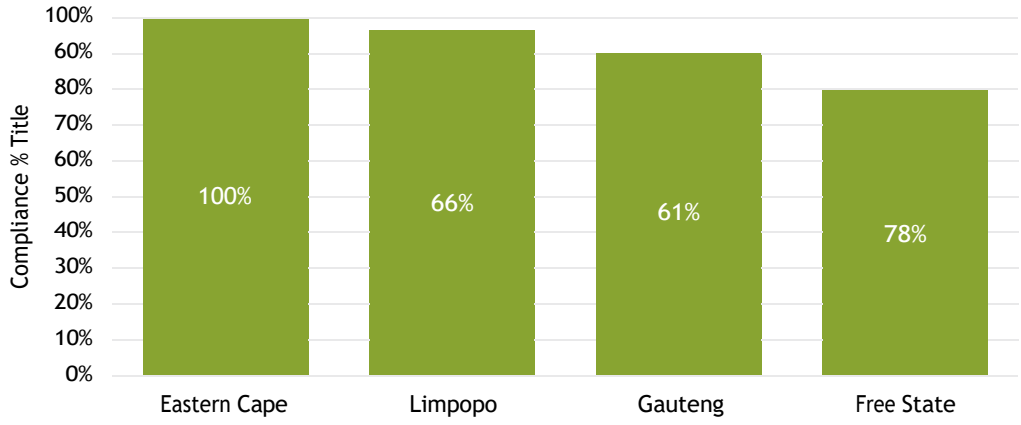
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This mixed approach allowed the Section 48 report to provide a consolidated national perspective while still acknowledging variations in provincial reporting. It ensured that the report reflects both cross-cutting trends and province-specific circumstances, thereby offering a more accurate and balanced assessment of the state of local government.

2.3 MUNICIPAL SUBMISSION RATES OF SECTION 46 REPORTS

Five provinces did not report on the response rate of their municipalities required to submit Section 46 reports. The figure below shows that for the four that did report, Eastern Cape had the highest rate with 100% of municipalities submitting the report. This was followed by Limpopo on 66% and Gauteng with an 61% response rate. Free Sate reported that 78% of its municipalities submitted Section 46 reports.

Figure 2: Percentage submission of Section 46 reports (2022/23)



Source: Section 47 Reports 2022/23

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3 MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

3.1 OVERVIEW

Well-capacitated municipal organisations are fundamental to achieving effective service delivery. Building such capacity requires municipalities to appoint suitably qualified staff, implement employment equity, and prioritise ongoing staff development. The assessment of this performance area in Section 47 reports highlights the extent to which municipalities are institutionally prepared to meet their constitutional and developmental responsibilities, as set out in the Constitution and the White Paper on Local Government.

The Municipal Systems Act provides important guidance on how municipalities should structure themselves to achieve these objectives. Chapter 7 directs municipalities to establish and adopt policies and systems aligned with uniform norms and standards. Section 51 outlines principles for organisational transformation within local government. It requires that municipalities, within available resources, structure their administrations in a way that responds effectively to community needs, fosters a culture of service and accountability, and aligns with the developmental objectives contained in Sections 152 and 153 of the Constitution. The legislation further calls for municipalities to ensure that roles and responsibilities are integrated with the municipality's Integrated Development Plan (IDP), and that coordination and communication are promoted between political and administrative leadership and with local communities.

Other principles emphasise the importance of flexibility to adjust to changing priorities, establishing efficient administrative structures, assigning and managing responsibilities clearly, and holding the municipal manager accountable for overall performance. Municipal administrations are also expected to encourage effective delegation, improve internal communication and decision-making processes, involve staff in management decisions where possible, and create a fair, equitable, and non-discriminatory work environment.

Together, these principles are designed to ensure that municipalities operate in a responsive, accountable, and performance-driven manner while delivering on their service mandates. To further strengthen professionalism in local governance, the government gazetted the Regulations on the Appointment and Conditions of Employment of Senior Managers on 17 January 2014. These regulations set uniform standards for the recruitment and employment of senior municipal managers and their direct reports, thereby supporting more consistent leadership and improved institutional performance in local government.

The following areas of performance are reported on for the 2022/2023 financial year:

1. Workforce stability (number of approved posts, filled posts and vacancy rate in senior management)
2. Employment equity
3. Municipal capacity building and skills development
4. Performance management and compliance
5. Disciplinary procedures

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3.2 WORKFORCE STABILITY

3.2.1 Overview

Workforce stability refers to the ability of an organisation to retain staff consistently over time, with limited turnover and minimal disruption. Stable staffing is vital for preserving institutional memory, ensuring operational efficiency, and sustaining effective service delivery.

In municipalities, key indicators of workforce stability include the number of posts approved versus those filled, the vacancy rate for municipal manager (Section 54) positions as well as individual posts directly reporting to the municipal manager (Section 56), and the tally of senior management roles compared with the approved organogram. These measures collectively provide insight into a municipality's success in securing and retaining leadership and management capacity critical for governance and service delivery. The alignment between approved and appointed positions reflects the effectiveness of recruitment processes, while vacancy rates highlight gaps that may undermine organisational stability. At the same time, monitoring senior management positions against the organogram ensures that staffing structures remain consistent with strategic priorities, supporting better planning and resource management. Taken together, these metrics create a comprehensive picture of institutional capacity and the stability of the municipal workforce.

3.2.2 National Vacancy rates

In line with Section 66 of the Municipal Systems Act (Act No. 32 of 2000), municipalities must establish and maintain an approved staff structure and regularly assess vacancy rates. Once approved by the municipal council, it is the Municipal Manager's responsibility to ensure timely filling of posts.

Table 2 below presents the 2022/23 workforce stability data for Section 54/56 managerial posts across all nine provinces.[1] It shows the total number of approved posts, how many of these remained vacant, and the resulting vacancy rates. The figures highlight varying levels of stability: provinces such as KwaZulu-Natal and Eastern Cape recorded relatively low vacancy rates (14.2% and 17.3% respectively), while Northern Cape (38.6%) and Free State (35.7%) experienced the highest levels of unfilled senior leadership posts. Overall, Table 2 provides a clear picture of municipal capacity to fill key management roles critical for governance and service delivery.

[1] Statistics South Africa: Non-financial census of municipalities for the year ended June 2023

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Table 2: Number of managerial positions by province according to Section 54A and 56 of Local Government Municipal System Act, 2000 (Act No.32 of 2000)

Province	Total Approved Posts	Vacancies	Vacancy Rate (%)
Western Cape	166	36	21.7
Eastern Cape	255	44	17.3
Northern Cape	144	56	38.6
Free State	126	45	35.7
KwaZulu-Natal	306	44	14.2
North West	140	53	37.6
Gauteng	122	35	28.7
Mpumalanga	124	38	30.6
Limpopo	173	44	25.4

Source: Statistics South Africa, non-financial census of municipalities 2022/2023

3.2.3 Vacancy Rates of Municipal Managers and Chief Financial Officers

To encourage stability at municipalities, the National Treasury has embedded a compulsory requirement that the positions of both the Municipal Managers (MM) and Chief Executive Officer (CFO) should not be vacant for more than six months during the financial year that a roll-over is requested.

As stated in the 2022/23 State of Local Government Finances and Financial Management (SoLGF) by National Treasury, there are high levels of acting MM and CFO positions. This undermines workforce stability because acting officials often lack the authority and continuity needed for long-term planning, sound financial management, and accountability. With 16% of MMs and 26% of CFOs in acting roles, and 11% of municipalities having both positions vacant, many municipalities face leadership instability that threatens service delivery and compliance with Treasury requirements (see Table 3).

The same report highlights that the number of acting MMs decreased from 70 in the 2021/22 financial year to 46 in the 2022/23 financial year. The highest reduction was in Gauteng, Limpopo and Mpumalanga. The Free State vacancy rate for MMs was 56.5%, which makes it the highest in the country. The North West showed no improvement from 2021/22 with the current vacancy rate at 31.8%.

Further there was a significant increase in acting CFOs from 56 in 2021/22 to 75 in 2022/23 with the following provinces recording the highest acting rates: Northern Cape (52%), North West (50%), Free State (47.8%) and Limpopo (37%). The number of municipalities who had both MM and CFO acting increased marginally from 25 to 27.

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Table 3 Number and Percentage of Acting MMs and CFOs

Province	Total MM and CFO Positions	Acting MM Positions		Acting CFO Positions		Both Acting	
	No	No	%	No	%	No	%
Eastern Cape	36	4	10%	6	15%	1	3%
Free State	23	13	57%	11	48%	8	35%
Gauteng	11	0	0%	1	6%	0	0%
KwaZulu-Natal	54	7	13%	13	24%	4	7%
Limpopo	27	3	11%	10	37%	1	4%
Mpumalanga	20	1	5%	4	20%	1	5%
North West	22	7	32%	11	50%	5	23%
Northern Cape	31	6	26%	16	52%	5	16%
Western Cape	30	5	17%	3	10%	2	7%
	257	**4G**	16%	**75**	26%	**27**	11%

Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

3.2.4 Vacancy Rates for Managerial Positions (Excluding Section 54A and 56 posts)

Table 4 below shows that in 2022/2023, the vacancy rates in senior management positions outside of S54A and 56 posts, across provinces, reveal notable variations. The Free State recorded the highest vacancy rate at 24%, while the Western Cape had the lowest at 11%. When comparing 2022/2023 against 2021/2022, several shifts emerge. The province that showed the most improvement was the Western Cape, where the vacancy rate decreased from 14% in 2021/2022 to 11% in 2022/2023, alongside a reduction in vacant posts from 177 to 141. In contrast, the Free State worsened most significantly, with its vacancy rate rising steeply from 7% to 24%, and vacant posts increasing more than threefold from 61 to 163. At the national level, there was a deterioration: total vacancies increased from 2,068 to 2,368, and the overall vacancy rate rose from 15% to 17%. This indicates that while some provinces managed to address vacancies effectively, others experienced significant setbacks, contributing to the higher national vacancy rate.

Table 4: Number of managerial positions by province according to organogram (excluding Section 54A and 56 managers)

Province	Total Posts	Vacant Posts	Vacancy Rate
Western Cape	1 271	141	11%
Eastern Cape	1 627	252	15%
Northern Cape	437	80	18%
Free State	816	163	24%

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KwaZulu-Natal	2 237	403	18%
North West	703	66	10%
Gauteng	5 471	1014	16%
Mpumalanga	833	116	14%
Limpopo	800	130	16%
Total South Africa	14 168	2 368	17%

Source: Statistics South Africa, non-financial census of municipalities 2022/2023

3.3 EMPLOYMENT EQUITY

In 2022/2023, this indicator measured the extent to which municipalities fulfilled the employment equity targets outlined in their Employment Equity Plans, as approved by their respective municipal councils. The indicator is aligned with the general key performance indicator (KPI) prescribed by the Minister under Regulation 10(e) of the Municipal Performance Management Regulations, 2001. Specifically, it tracks the number of people from designated employment equity groups employed in the three highest levels of management, in compliance with each municipality's employment equity plan.

Employment equity performance is assessed in three priority areas. The first relates to the representation of women in senior management positions, reflecting efforts to advance gender equity in decision-making structures. The second focuses on the inclusion of persons with disabilities, highlighting the commitment to accessibility and diversity in leadership roles. The third considers the representation of youth, defined as individuals aged 35 years and under, underscoring the importance of promoting generational renewal and creating pathways for younger professionals into municipal leadership.

These three equity indicators enable municipalities to monitor progress towards building more inclusive and representative leadership structures. It also highlights areas where additional focus is required to achieve the intended outcomes of employment equity policies.

3.3.1 Fenale Representation in Managerial Positions (Section 54 and 56)

Figure 3 depicts female representation and the values are calculated against actual appointments at the time not against the approved organogram, which includes vacant posts[2]. Therefore, using actual appointments gives the most accurate picture of gender representation at senior management level.

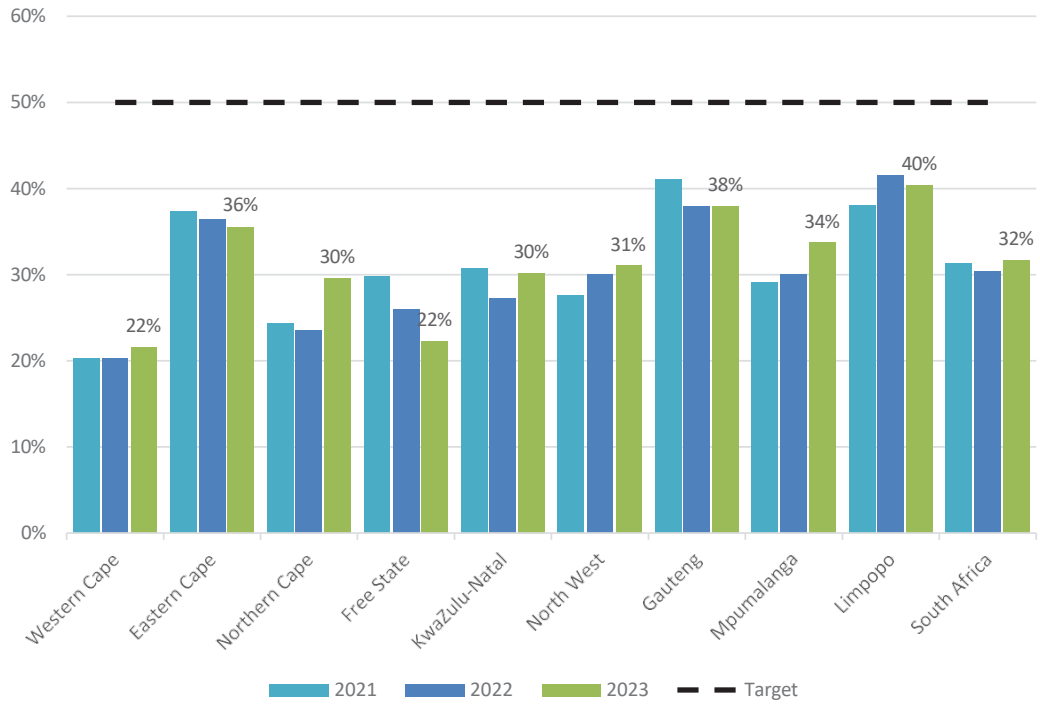
In 2022/2023, women's representation in Section 54 and Section 56 managerial positions showed mixed progress across provinces. All provinces, however, were below the target of 50%. The national average for female representation in section 54 and 56 positions was 32%. This is an increase from 30% in 2021/2022. The provinces that improved include the Northern Cape (24% to 30%), KwaZulu-Natal (27% to 30%), Mpumalanga (31% to 34%), as well as smaller gains in the Western Cape (20% to 22%)

[2] This is the correct method for assessing female representation because: **Vacant posts distort the denoninator**: If representation is calculated against an organogram that includes unfilled posts, female percentages are artificially deflated. **Warn bodies reflect reality**: By only counting employees who are in posts, the calculation accurately reflects the proportion of women currently holding leadership positions. **Policy and reporting standards**: Many workforce equity and compliance frameworks require reporting based on incumbents (actual employees), since representation is meant to capture the existing workforce structure, not hypothetical or unfilled capacity.

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and the North West (30% to 31%). The provinces that declined are the Free State (26% to 22%) and Limpopo (41% to 40%), while Gauteng (38%) and the Eastern Cape (36%) remained unchanged.

Figure 3: Trend showing % increase or decrease in female representation in managerial positions (Section 54 and 56) from 2020/2021 to 2022/2023



Source: Statistics South Africa, non-financial census of municipalities 2022/2023

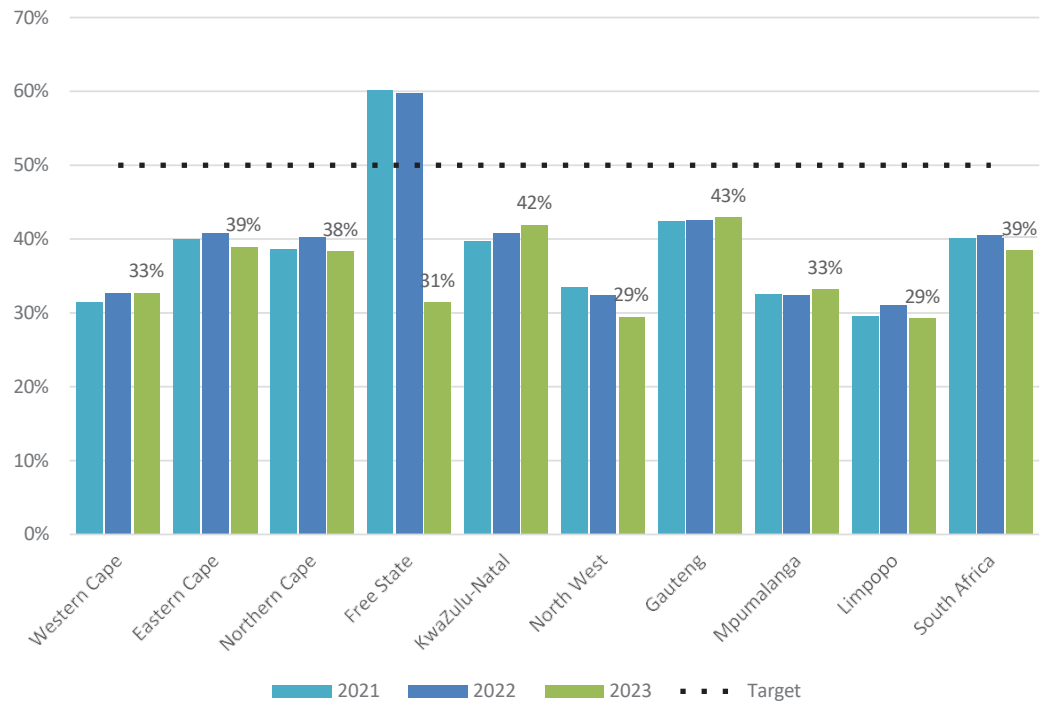
3.3.2 Fenale Representation in Managerial Positions (Excluding Section 54 And 56)

Figure 4 shows that national average for female representation in managerial positions excluding section 54 and 56 positions decreased from 41% in 2022 to 36% in 2023. The provinces that improved include KwaZulu-Natal (41% to 42%) and Mpumalanga (32% to 33%). Gauteng (43%) and Western Cape (33%) stayed the same. The provinces that declined are the Eastern Cape (41% to 36%), Northern Cape (40%-38%), Limpopo (31% to 26%), and North West (32-26%). Free State figures appear to be an anomaly showing a decrease from (60%-31%). This information was not submitted in the Free State Section 47 report, therefore could not be checked. [3]

[3] The data for the graph is taken from Stats SA non-financial census for municipalities for 2021-2023. The Free State is an exception as the Free State figures in that report appear to be erroneous. The report states the FS women representation is 60% in 2021 and 2022. The Section 48 report of 2020/2021 reports that the FS has 28% of women in senior managerial positions. The Section 47 report of 2021/2021 reports the Free State has 31% of women in senior managerial positions. These figures have been used in the graphical reporting as they appear to be more accurate.

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Figure 4: % women represented in Senior Management Positions 2021-23 excluding Section 54 and 56 - (vacancies excluded)



Source: Statistics South Africa, non-financial census of municipalities 2022/2023

The Section 47 reports should move beyond presenting numbers and percentages to also examine the barriers and challenges that prevent municipalities from reaching the 50% target for managerial positions. Incorporating deeper analysis at both the provincial and national levels is essential for developing strategies that can more effectively address these gaps. Furthermore, reporting on disability and youth targets requires significant strengthening, as both the descriptive information and the accompanying analysis currently fall short compared to gender targets. As a practical example where a lack of standardised reporting and poor data quality hampers the analysis, the report is not able to produce comparable graphs of youth and disability representation at this time.

3.3.3 Enployment of People with Disabilities and Youth

The inclusion of persons with disabilities (PLWD) in the municipal workforce forms an important part of South Africa's employment equity and transformation agenda. The White Paper on the Rights of Persons with Disabilities (2015) established a Cabinet-approved target that at least 2% of the public service workforce should be persons with disabilities. This benchmark was reinforced by the Public Service Regulations, 2016, issued under the Public Service Act of 1664, which require all spheres of government to give effect to this target.

- Eastern Cape: The provincial report indicates a decline in disability employment. Only three municipalities in 2023 reported achieving the 2% benchmark, compared to five municipalities in 2022.

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- Mpumalanga: The number of PLWD employed fell from 172 in 2021/22 to 146 in 2022/23. Although the province did not provide the total number of employees, comparing these figures with Stats SA's *Non-Financial Census of Municipalities (2023)* suggests that PLWD represent only 1% of full-time municipal employees. The report highlights that municipalities lack strategies to attract and recruit PLWD.

Other provinces make little or no reference to disability employment. Gauteng noted that municipalities did not report on PLWD at all, while in the remaining provinces reporting focused largely on vacancies, senior management, female representation, and governance or ICT matters, with no specific data on disability. This points to inconsistent and often absent reporting on PLWD, despite national policy requirements.

While there is no legislated quota for youth employment, municipalities are expected to align with broader government priorities set out in the National Youth Policy (2020–2030) and the National Development Plan (NDP 2030), which emphasise youth inclusion in employment and skills development. Municipal workforce data shows mixed progress.

- Eastern Cape: Youth employment showed improvement, with 14 municipalities in 2023 reporting that at least 20% of their staff were aged 35 or younger, up from 11 in 2022. However, 21 municipalities provided no information on this indicator, underscoring gaps in reporting.

- Mpumalanga: The percentage of municipal staff aged 35 or younger declined slightly from 17% in 2021/22 to 15% in 2022/23. The range is significant, 7% in Steve Tshwete compared to 44% in Nkangala, highlighting disparities across municipalities. The province emphasised the need to appoint more youth into entry-level positions.

Other provinces did not report on youth employment at all, with Gauteng explicitly noting this gap. The lack of consistent reporting across provinces points to a limited institutional focus on youth employment, despite its prominence in national development priorities.

Taken together, the provincial reports reveal limited evidence suggesting weak progress in advancing employment equity for people with disabilities and youth under 35. While gender equity remains better reported and marginally more advanced, these two groups continue to experience systemic exclusion from senior municipal positions. The lack of detailed analysis and meaningful strategies within the Section 47 reports highlights a missed opportunity to identify and address the root causes of underrepresentation. Nationally, the challenge is not only one of compliance with equity plans but of institutional commitment to building inclusive, representative local government structures. Unless provinces strengthen monitoring, invest in targeted recruitment, and implement sustained capacity-building measures, the gap in disability and youth representation is likely to persist or even worsen.

3.4 MUNICIPAL CAPACITY BUILDING AND SKILLS DEVELOPMENT

3.4.1 Overview

Effective service delivery depends on strong institutional capacity within municipalities. Human Resource Management plays a central role in ensuring administrative efficiency and promoting skills development. In line with the Skills Development Act, 1668 (Act No. 67 of 1668) and the Municipal Systems Act, municipalities are legally required to provide training that builds their human resource capacity.

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3.4.2 Workplace Skills Plans

Municipalities are required, in terms of the Skills Development Act, to prepare and review Workplace Skills Plans (WSPs) on an annual basis. These plans are informed by skills audits, individual development plans, and organisational priorities identified through the Integrated Development Plan (IDP).

To comply with this requirement, municipalities must submit both the WSP and an implementation report to the Local Government SETA at the close of each financial year. The WSP functions as the primary planning instrument for workplace training, career development, and employment equity, setting out the training priorities and corresponding budget allocations for the year.

For 2022/23, several provinces (e.g., Free State, Limpopo, Northern Cape, North West), WSPs were not referenced at all, highlighting weak monitoring. Provinces that did report (e.g., Gauteng, Western Cape, KwaZulu-Natal, Eastern Cape, Mpumalanga) revealed a mixed picture: while compliance with submission requirements is relatively high, implementation is uneven. Common weaknesses include delays in accessing LGSETA grants, limited budget allocations, diversion of training funds, poor alignment with IDPs and personal development plans, and inadequate monitoring of training outcomes.

Table 5: Workplace Skills Plans information for 5 provinces

Province	Sunnary of Workplace Skills Plan (WSP) Reporting
Gauteng	All municipalities submitted Workplace Skills Plans, but training uptake declined, with only 5,266 employees trained in 2022/23 compared to 6,253 previously. Training focused mainly on leadership, finance (including MFMA compliance), and customer care, yet several reports lacked detail on spending or the tangible benefits of these initiatives.
Limpopo	No mention of Workplace Skills Plans or skills development
North West	No mention of Workplace Skills Plans or skills development
Western Cape	All municipalities submitted Workplace Skills Plans, except Kannaland. An average of 3% of the municipal personnel budgets are spent on skills development over the past 3 years. There has been a significant increase in the number of employees trained from 35 355 in 2021/22 to 54 648 in 2022/23
Eastern Cape	Most municipalities have adopted Workplace Skills Plans (WSPs), but implementation is only partial. This is mainly due to delays in accessing LGSETA grants, limited training budgets, and broader financial constraints.
Free State	No mention of Workplace Skills Plans or skills development

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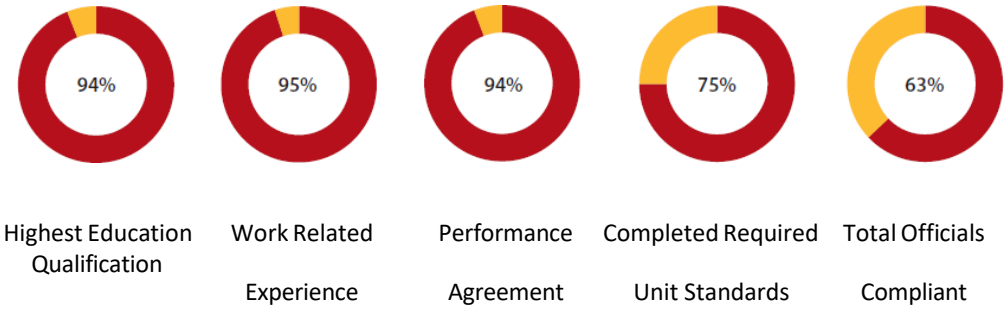
KwaZulu-Natal	Only 24 out of 54 municipalities (44%) spent their allocated Workplace Skills Plan (WSP) budgets in 2022/23, enabling them to recover at least 75% of their Skills Development Levy.
Mpumalanga	The province refers to Integrated Capacity Building Plans instead of the Workplace Skills Plans. Out of the 4767 staff member approved for training per the ICBP, only 2653 (61.6%) were trained. However, this is a 304 increase compared to the previous year. Most of the increase occurred in the Nkangala District (855 to 1,353 trained), with the other two seeing decreases. Challenges included poor or inconsistent attendance by councillors and senior managers, slow procurement processes for training providers, diversion of training funds to other priorities, and whilst trainings are conducted per the needs of the municipalities, they do not align with the employees' personal development plans.
Northern Cape	No mention of Workplace Skills Plans or skills development

Source: Section 47 Reports

3.4.3 Conpetency Franework

The institutionalisation of minimum competency levels within municipal recruitment, training, development, and retention has unfolded over a period of 16 years, under the guidance of MFMA Circulars 6, 17, 24, 47, and 60. This process has been further reinforced through MFMA joint meetings, CFO forums, and other stakeholder engagements, which have played a critical role in strengthening advocacy, implementation, and compliance. In practice, most municipalities now regard compliance as a non-negotiable prerequisite for appointments, in accordance with Gazette 41666. Monitoring and reporting of compliance is undertaken by National Treasury, with the support of provincial treasuries, on a biannual basis in January and July. Figure 5 illustrates the overall status of minimum competency levels as at 30 June 2023.

Figure 5: High level status on the minimum competency levels as at 30 June 2023



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

As it relates to highest education qualification, work related experience and performance agreements, upwards of 64% of all appointees met the minimum competency requirements associated with the positions. However, when considering the required unit standards, 1 out of 4 appointees had not met the required unit standards and more than 1 in 3 officials was non-compliant in one or another area.

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3.5 PERFORMANCE MANAGEMENT AND COMPLIANCE

Performance management is a key tool for achieving developmental local government, as outlined in the Constitution. To effectively implement its Integrated Development Plan (IDP), each municipality must have a functional performance management system (PMS) that links the performance assessment of individuals to wider municipal policy and strategy.

3.5.1 Perfornance Managenent s Conpliance

Sections 38 and 40 of the Municipal Systems Act (MSA) require municipalities to establish a performance management system that promotes a culture of accountability and improved performance across both political and administrative structures. Such a system must be aligned to available resources, integrated with the municipality's Integrated Development Plan (IDP), and adapted to the specific context of each municipality.

In line with the MSA (S38, S41-S43 s S45-S46) and the Municipal Planning and Performance Management Regulations (2001) (Reg 1-4 s Reg 6-8), municipalities are required to:

- Develop and implement a performance management system
- Set performance targets and monitor progress against IDP-linked indicators
- Include an annual performance report as part of the municipality's annual report, as prescribed by the MFMA
- Incorporate the general performance indicators determined by the Minister of Local Government
- Conduct continuous internal audits of performance measures
- Ensure the annual performance report is audited by the Auditor-General
- Facilitate community participation in the setting of targets, indicators, and performance reviews
- Compile and submit an annual report that includes the performance report, in accordance with the MSA

The Municipal Performance Regulations (2006) require the municipal manager (s54A) and managers directly accountable to the municipal manager (s56), collectively referred to in the Act as section 57 managers, must conclude annual performance agreements within one month of the start of the financial year, i.e., by 31 July. Their performance is assessed annually against agreed key performance indicators (KPIs) and targets aligned with the IDP, with performance bonuses determined on the basis of these evaluations.

Although a comprehensive regulatory framework is in place, municipalities continue to experience capacity limitations in critical areas such as human resources, financial management, and institutional stability. The extent of these challenges differs markedly between urban and rural municipalities, reinforcing ongoing concerns about the effectiveness of service delivery. In addition, reporting on the status of performance management remains inconsistent, which constrains efforts to monitor compliance and assess overall progress.

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Table 6: Level of adoption and implementation of organisational and individual performance management measures

Indicator	Sunnary of Provincial Reporting (G Reports)
Council approval of IDPs	All provinces confirm that IDPs are formally approved by councils as required. However, quality and timeliness vary: • Gauteng and Western Cape report higher levels of compliance and stronger alignment with strategic priorities • Free State, Limpopo, and Eastern Cape note delays and weak integration with budgets. • Rural municipalities (e.g., North West, Northern Cape) often lack capacity for credible IDP development.
% municipalities with Performance Management Framework (PMF) for individuals adopted by Councils	Adoption of PMFs remains inconsistent. • Gauteng reports full adoption of PMS frameworks in all municipalities, with monitoring mechanisms in place, but notes inconsistencies in performance reporting. • Eastern Cape shows broad adoption, with most municipalities rated "very good" or "excellent," though cascading PMS to lower staff levels remains a challenge. • Limpopo confirms adoption in all municipalities with functional PMS units. • Mpumalanga also reports full adoption, but weak implementation capacity and resistance to staff regulations hinder effectiveness. • Northern Cape municipalities have approved policies, but many are outdated or ineffectively implemented. • Western Cape, Free State, KwaZulu-Natal and North West reports lack detail on PMS adoption, suggesting weak monitoring and limited progress.
Signed performance agreements for senior management	Compliance is mixed. • Gauteng confirms that senior managers sign performance agreements, but inconsistencies in performance reporting weaken oversight. • Western Cape notes a governance concern where not all Municipal Managers and Section 57 managers submitted agreements to the MEC. • Eastern Cape shows varied compliance: some municipalities are rated "excellent" (fully implemented, agreements in place), while many are only partially compliant. • Limpopo reports that all agreements were submitted. • Northern Cape reports of the 145 senior management posts (including vacancies), 63 (64.1%) performance agreements have been signed. However, the province notes that some municipalities may not have submitted their concluded performance agreements to the department or placed them on their website. • Mpumalanga reports that of the 125 approved s54A and s56 post, 62 (73.6%) managers have signed performance agreements across the municipalities. • Kwa-Zulu Natal, North West and Free State does not provide information on the status of agreements.

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Reports on annual individual performance reviews being conducted	This is the weakest-performing indicator across provinces. • Limpopo reports that 13 municipalities failed to conduct individual performance assessments in 2022/23, despite having adopted PMS frameworks. • Eastern Cape shows some progress, with seven municipalities rated "excellent" which signifies that their Performance Management System is fully implemented for both institutional and individual performance. This implies that annual reviews were conducted in these municipalities. • Northern Cape, Gauteng, Mpumalanga, Free State, KwaZulu-Natal and North West provide no detail on reviews, indicating a lack of reporting in this area.

Source: Section 47 Reports

The challenges of supplying relevant, reliable and complete performance information for the purpose of individual performance management and organisational service are cross-cutting across municipalities. Recent reform initiatives such as MFMA Circular 88 are addressing this and jointly coordinated by the National Treasury, Department of Cooperative Governance and Department of Planning, Monitoring s Evaluation (DPME). The intention is that the development of a single, standardised catalogue of indicators available for differential application across local government may assist. However, as at the end of the 2022/23 financial year, still less than 50% of all municipalities were fulfilling basic compliance reporting.

Overall, the provincial reports demonstrate that while council approval of IDPs is a generally well-established practice, the other three indicators reflect persistent weaknesses in municipal performance management. Adoption of performance management frameworks for individuals remains inconsistent and signed performance agreements for senior management are often irregular or delayed, particularly in provinces facing leadership instability. There remain challenges nationally in the design, planning, conducting and accountability for individual performance assessments, particularly as they relate to integration with overall municipal planning and reporting. This pattern highlights a need for strengthened monitoring, capacity-building, and accountability mechanisms to ensure that performance management becomes an effective driver of municipal service delivery.

3.6 DISCIPLINARY PROCEDURES

Reporting on disciplinary cases is uneven. KwaZulu-Natal stands out as the only province to provide detailed data.

Table 7: Summary of provincial reports on disciplinary procedures

Province	Sunnary of Reporting on Disciplinary Procedures
Gauteng	No mention of disciplinary procedures
Limpopo	Reports highlight that municipalities face challenges in complying with Section 16 of the Local Government Disciplinary Regulations for Senior Managers. This regulation requires municipalities to submit quarterly reports to the MEC on the status of disciplinary cases involving senior managers
North West	No mention of disciplinary procedures
Western Cape	No mention of disciplinary procedures
Eastern Cape	The report for the Eastern Cape notes that delays in finalising labour-related cases or matters in some municipalities lead to litigations

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Free State	
KwaZulu-Natal	The province reported 140 active suspensions lasting longer than three months in 2022/23. Msunduzi LM accounted for the highest number (26 cases), followed by Pongola (16) and uMzinyathi DM (14).
Mpumalanga	No mention of disciplinary procedures
Northern Cape	No mention of disciplinary procedures

Source: Section 47 Reports

In summary, significant backlogs, weak compliance, and the absence of standardised provincial reporting continue to undermine the integrity of disciplinary processes. The inconsistency in monitoring and disclosure across provinces further highlights the need for uniform reporting requirements and stronger enforcement of existing regulations.

3.7 SUMMARY OF CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Municipalities continue to face persistent human resource and institutional challenges, with rural areas being particularly affected. These issues undermine governance, weaken service delivery, and limit municipalities' ability to meet legislative and developmental mandates.

- **Workforce Stability**: High vacancies in senior management posts undermine leadership stability. Provinces such as Northern Cape (38.6%) and Free State (35.7%) have especially high vacancy rates, while many municipalities rely on acting Municipal Managers and CFOs, weakening accountability and continuity.
- **Enployment Equity**: Representation of women in senior positions remains low, with national levels at 24% in Section 54/56 posts and 32% outside these posts. Some provinces (e.g., Free State) show dramatic regressions. Reporting on youth and persons with disabilities remains inconsistent and often absent. Where reported, persons with disabilities remain far below the 2% Cabinet target, and youth inclusion in the workforce varies widely.
- **Skills Development**: Workplace Skills Plans (WSPs) are submitted, but in many cases treated as compliance exercises rather than strategic tools. Weak alignment with IDPs, delays in accessing LGSETA grants, limited budget allocations, and poor monitoring of outcomes restrict their developmental impact.
- **Performance Managenent**: While most municipalities approve IDPs, the institutionalisation of performance management remains weak. Frameworks are not consistently cascaded to lower staff levels, performance agreements for senior managers are irregular or incomplete, and annual performance reviews are the weakest-performing indicator nationally. This undermines accountability and fails to embed a performance-driven culture.
- **Disciplinary Procedures**: Reporting on disciplinary cases is highly inconsistent. KwaZulu-Natal is the only province to provide detailed data, including 140 suspensions longer than three months.

Thus, the section highlights a pattern of fragile institutional capacity across municipalities, where instability in senior management, weak accountability systems, and uneven progress on equity and skills development combine to undermine governance. Rather than being embedded as strategic levers, many HR and performance management instruments are applied superficially, creating a compliance-driven culture that fails to address systemic weaknesses.

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4 BASIC SERVICE DELIVERY

4.1 INTRODUCTION

According to the Constitution of the Republic of South Africa (Part B of Schedule 4 and 5), municipalities are responsible for the provisioning and regulation of key services and public goods. There remains a core set of essential services intended for all local authorities across the country. These essential services should include the following: water and sanitation services (limited to potable water supply and domestic wastewater and sewage systems); refuse removal and solid waste removal; and electricity and gas reticulation.

The White Paper on Local Government (1668), prescribes that municipalities should conform to certain basic principles in terms of service delivery. Municipal services should be:

- accessible and communities should have access to at least a minimum level of
- services as a constitutional obligation;
- easy and convenient to use;
- as affordable as possible; and
- Of a predetermined standard, meaning that services should be suitable for their purpose, be timeously provided, be safe and be available on a continuous basis.

Section 73 of the Municipal Systems Act (No.32 of 2000 as amended) defines a basic municipal service' as a municipal service that 'is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health, safety, or the environment'. This Act further determines specific duties and requirements for all municipalities, which include giving priority to the needs of the local community; promoting the development of the local community; and ensuring that all members of the local community have access to at least the minimum level of basic services. The following areas of municipal service delivery are considered in this report:

- Access to basic services (e.g. water, sanitation, electricity and solid waste);
- Indigent policy management; and
- Infrastructure Investment and management.

This is by no means an exhaustive list of municipal service delivery. However, this is another area where the absence of a common set of performance measures limits the extent to which any meaningful aggregate or provincial analysis can be undertaken from the available service delivery data either at a national level, or on a provincial comparative basis.

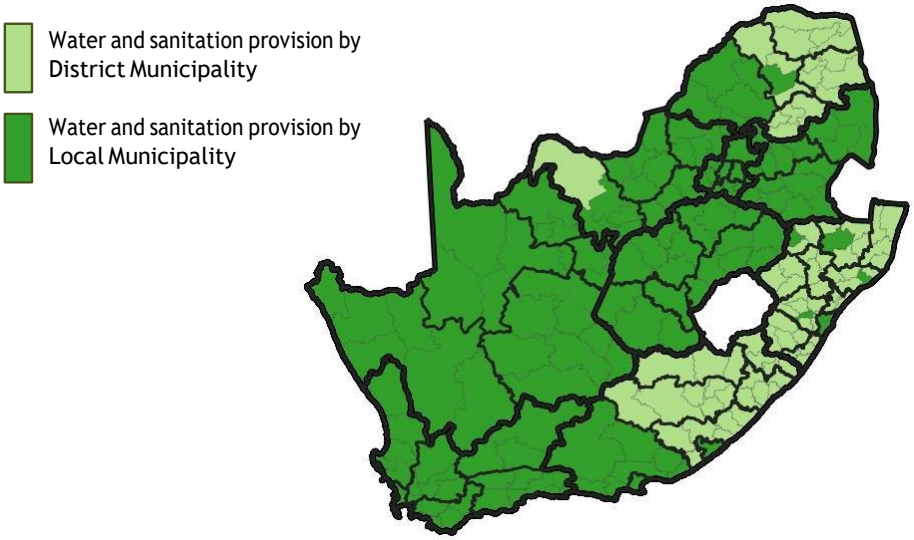
4.2 WATER

According to Part B of schedule 4 of the Constitution, the provision of water services is a municipal responsibility. Not all municipalities are authorised to provide water. The two-tiered local government system requires that powers and functions be divided between category B and C municipalities to avoid duplication and coordination problems. Authorisation is granted to all category A (metros) municipalities while category B (local) municipalities are authorised in certain instances and category C (district) municipalities in others.

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Across the 205 local municipalities, the majority (125 local municipalities) are directly responsible for providing water within their boundaries. In the remaining 80 local municipalities this responsibility rests with the relevant district municipality. As show in Figure 6 these 80 municipalities are concentrated in the Eastern Cape, KwaZulu-Natal, Limpopo and North West.

Figure 6: Municipalities that receive water and sanitation from local municipality or district municipality



Source: Mapping exercise by author based on Table 2 from Statistics South Africa Non-financial municipal census, 2023

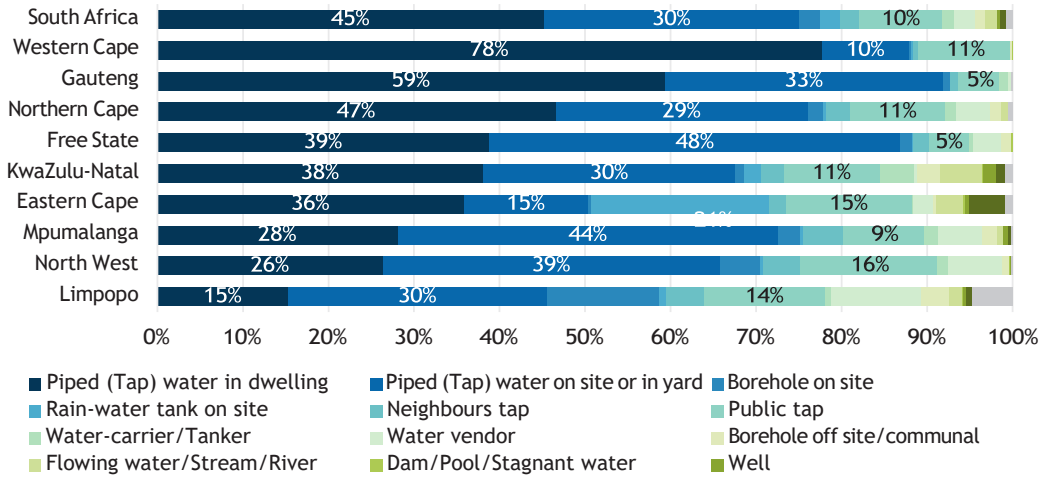
4.2.1 Access To Services

The National Development Plan identifies universal access to clean running water in households as one of the enabling milestones for eliminating poverty and reducing inequality by 2030. However, as reported in the Statistics South Africa General Household Survey, access has shown signs of decline. The percentage of households with access to improved water sources[4] decreased from 88.5% in the previous year to 87%. Moreover, Figure 7 shows that only 45% of households have piped water in their dwelling, reflecting a further 1% decrease compared to the previous year. At a provincial level, only Gauteng, Northern Cape, and Western Cape perform above this national average, underscoring inter-provincial inequalities in household water access.

[4] Improved water sources refer to piped water inside the dwelling or in the yard. Water obtained from a neighbour's tap or a public/communal tap is also classified as improved, provided the source is located within 200 metres of the household.is less than 200 metres

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Figure 7: Percentage distribution of households by selected main water source per province



Source: Statistics South Africa General Household Survey, 2023

Figure 7 shows the breakdown of water service provision by main source. In Western Cape (78%), Gauteng (56%) and Northern Cape (47%), access is predominantly through piped water inside the dwelling. By contrast, in Free State, Mpumalanga, North West, and Limpopo, a larger share of households rely on piped water on site or in the yard rather than inside the dwelling. In Eastern Cape, water service provision is more evenly distributed, with 36% of households accessing piped water in the dwelling, 15% from piped water on site or in the yard, 21% from rainwater tanks on site, and 15% from public taps.

This disaggregation has been eliminated in the following table, which reflects overall household access to basic water services over time.

Table 8: Percentage distribution of households with access to piped or tap water in their dwellings, off-site or on site by province: 2002 – 2023

	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022	2023
WC	98.9	99.2	99.4	98.6	98.8	98.9	98.9	98.7	98.7	98.5	99.3	99.3
GP	98.7	98.9	98	97.1	97.2	97.2	96.5	97.5	97.1	98	98.3	97.6
FS	95.6	95	97.4	97.6	96.9	96.6	95.2	93.2	91.1	93.3	94.1	93.3
NC	92.5	93.2	95.4	90.7	94.1	95.7	96	96	95.3	91.8	92	90.1
MP	90.5	88.1	89.7	88.3	88.1	87.6	87.2	85.4	86.5	87.9	88.9	86.6
NW	85.6	88.5	89.8	90	91	91.2	87.6	85.2	87.2	87.3	89.3	86.2
KZN	75.4	79.4	81.4	82.1	84.1	87.8	87	84.2	86.6	86.9	84.8	81.5
EC	56.1	63.4	70.4	70.8	74.9	79.2	78.7	76.4	75.1	72.1	69.8	67.2
LP	73.8	75.4	80.7	82.5	84	80.1	79.6	75.1	74.1	71.3	69.1	64.2
National	84.4	86.5	88.8	88.7	90	90.9	90.1	89	89	89.1	88.5	87

Source: Statistics South Africa General Household Survey 2023

Table 8 shows that tap water inside their dwellings, off-site or on-site was most common among households in Western Cape (66,3%), Gauteng (67,6%), and Free State (63.3%) and least common in Limpopo (64,1%) and Eastern Cape (67,2%).

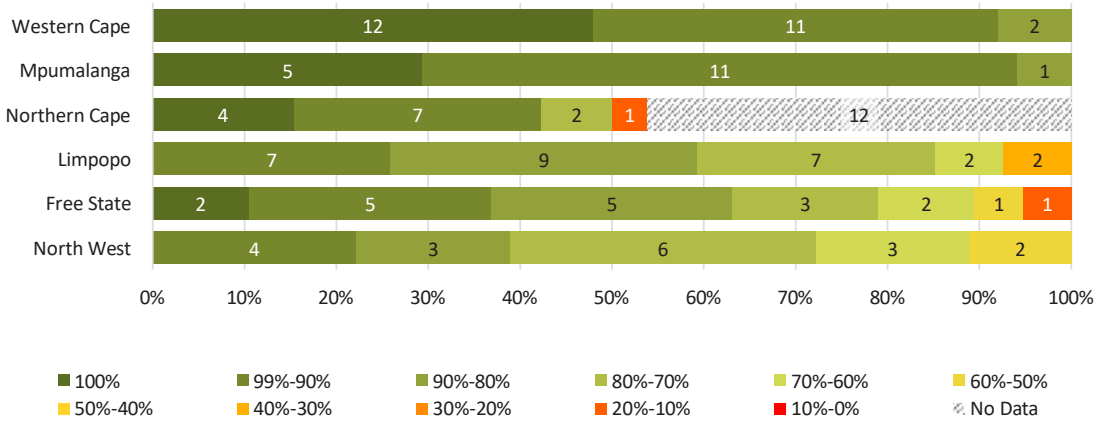
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Although, nationally, access to that tap water inside their dwellings, off-site or on-site improved by 2.6 percentage points between 2002 and 2023, there is some variation observed. Nationally, the figure shows a steady increase in access between 2002 – 2010 from 84.4% to 60%. From 2010 – 2014 there is somewhat of a plateau at around 60% and since then a gradual decline down to 87%. This decline is driven primarily by Eastern Cape and Limpopo where losses are sharpest after 2012, however KwaZulu-Natal, Northern Cape and North West also witnessed a notable decline.

Further, compared to 2022, there has been decline in access in 2023 across almost all provinces, except Western Cape which saw a plateau. Notable declines were observed in Limpopo (-4.6 percentage points), North West (-3.1 percentage points), KwaZulu-Natal (-3 percentage points, Eastern Cape (-2.6 percentage points) Mpumalanga (-2.3 percentage points) and Northern Cape (-1.6 percentage points).

The Section 47 reports provide additional municipal-level insights for Western Cape, Northern Cape, North West, and Limpopo. These show significant variation within provinces, as illustrated in Figure 8 .

Figure 8: Number of Municipalities in Each Water Access Percentage Bracket, by Province



Source: Section 47 Reports

Western Cape's data from their Section 47 confirms their strong performance, with an average 67% basic water access. Most municipalities provide more than 60% of their population basic water access, except Cederberg (86%) and Stellenbosch (86%).

Mpunalanga reported a stronger performance in its Section 47 report than shown in the StatsSA data, with an average access of 65.6%. 16 out of 17 municipalities have an exceeded 60% access.

The **Northern Cape** is generally a high-performing province in terms of reported water access; however, data gaps are significant, with 12 out of 26 municipalities not providing information. Of those that did report, 11 municipalities exceed 60% access. Kheis! exists as an outlier with a particularly low percentage access of 17.14%.

The Northern Cape also differentiates between minimum service level and below minimum service level provision. The percentages reported here reflect minimum service level access, which is defined as:

- Piped water inside dwelling
- Piped water inside yard
- Piped water on a community stand within 200m of dwelling

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- Piped water on a community stand between 200m and 500m from the dwelling
- Other water supply within 200m of dwelling

Below minimum service level provision includes:

- Piped water on a community stand between 500m and 1000m from dwelling
- Piped water on a community stand greater than 1000m from dwelling
- Other water supply more than 200m from dwelling
- No access to piped water

Linpopo[5] reported an average (76.47%) that is higher than StatsSA' s figure. There is a wide range of performance across the municipalities, with access ranging from 33.1% to 63.6%. The majority of municipalities in the province fall in the mid-range of 70–86% access.

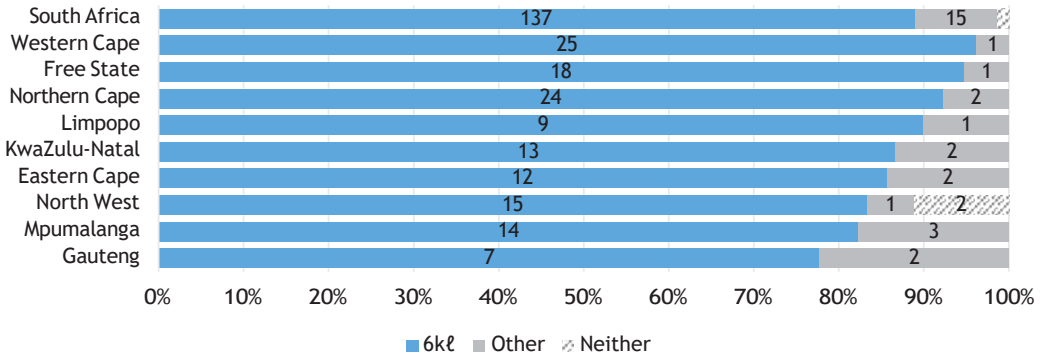
In contrast, **Free State's** reported average (80.1%) access is 13% lower than StatsSA's figure. The province reported a similarly wide range in performance across municipalities, ranging from 17% - 100%, however the majority of municipalities exceed 70% access.

North West also reported more mixed results, with access ranging from 55% to 66%. The Section 47 report's average (78%) is notably lower than StatsSA's reported figure. Only 4 of the 18 municipalities exceeded 60%, with most municipalities falling between 70%-86%

4.2.2 Free Basic Water

The minimum service level for Free Basic Water (FBW) supply is 6 kilolitres per month for households with yard or in-house connections. According to the Statistics South Africa Non-Financial Municipal Census (2023), 86% of municipalities provide FBW at the minimum standard (see Figure 6)[6]. This represents a decline from 61% in the previous year.

Figure 6: Number of municipalities in each province providing free basic water services at standard and other levels



Source: Statistics South Africa Non-Financial census of municipalities, 2023

[5] Limpopo report includes local and district municipalities, which is valid in the light of the fact that water provision is at the district level

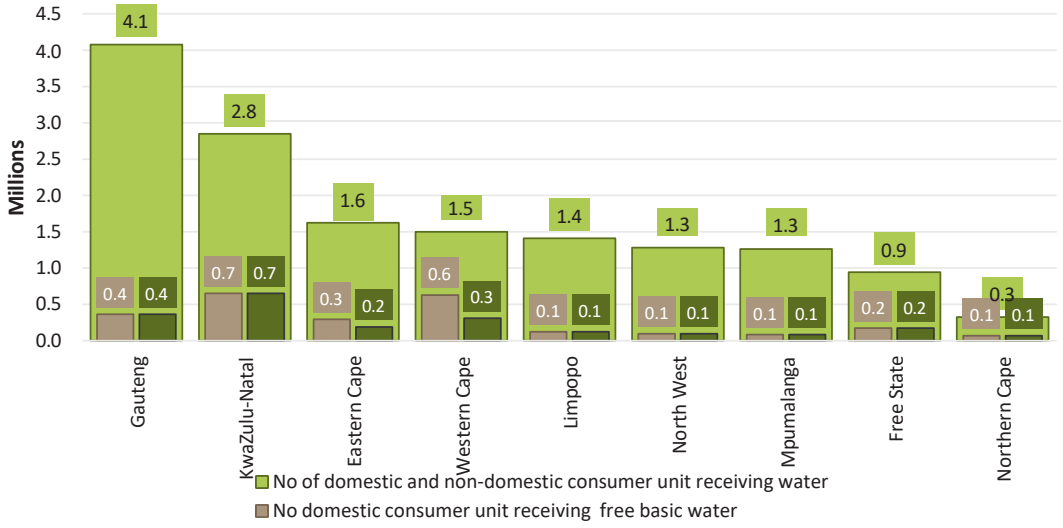
[6] This figure only refers to municipalities that provide water, not all municipalities within the province/country.

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Figure 10 compares the number of domestic and non-domestic consumer units receiving water, those receiving Free Basic Water (FBW), and the households benefiting from indigent support systems. Overall, the number of domestic units supplied with FBW declined from 2.6 million to 2.5 million, driven by reductions in all provinces except Mpumalanga, Limpopo, and the Free State.

Nationally, 16% of all consumer units receiving water are supplied with FBW. The Western Cape has the highest proportion, with 42% of units benefiting from FBW. In contrast, North West (4%), Mpumalanga (7%), Limpopo (6%), and Gauteng (6%) report comparatively low proportions. The remaining provinces fall within the range of 18% to 23% of consumer units served with FBW.

Figure 10: Number of consumer units receiving water services and free basic services



Source: Statistics South Africa Non-Financial census of municipalities, 2022

4.2.3 Service Reliability

4.2.3.1 Water Losses

South Africa experiences high overall water losses, with the national average estimated at 41.7%. This means that nearly half of treated water never reaches end users or goes unbilled. Annually, municipalities suffer significant revenue shortfalls owing to these losses.

Insights from Section 47 reports indicate that the causes of water losses are systemic and recurring across provinces. The most prominent factor is ageing and deteriorating infrastructure, compounded by insufficient maintenance, refurbishment, and renewal. Frequent pipe bursts, valve failures, and collapsing bulk supply systems reflect the poor state of critical assets in many municipalities.

In addition, the SoLGF 2022/23 Report notes that illegal connections, theft, and vandalism are widespread. These include theft of equipment at pumping stations, tampering with pipelines, and unauthorized consumption, all of which increase both physical and non-revenue water losses. Administrative and technical weaknesses further exacerbate the challenge, such as bypassed meters, poor billing systems, inaccurate data handling, and the absence of robust water loss control systems or master plans.

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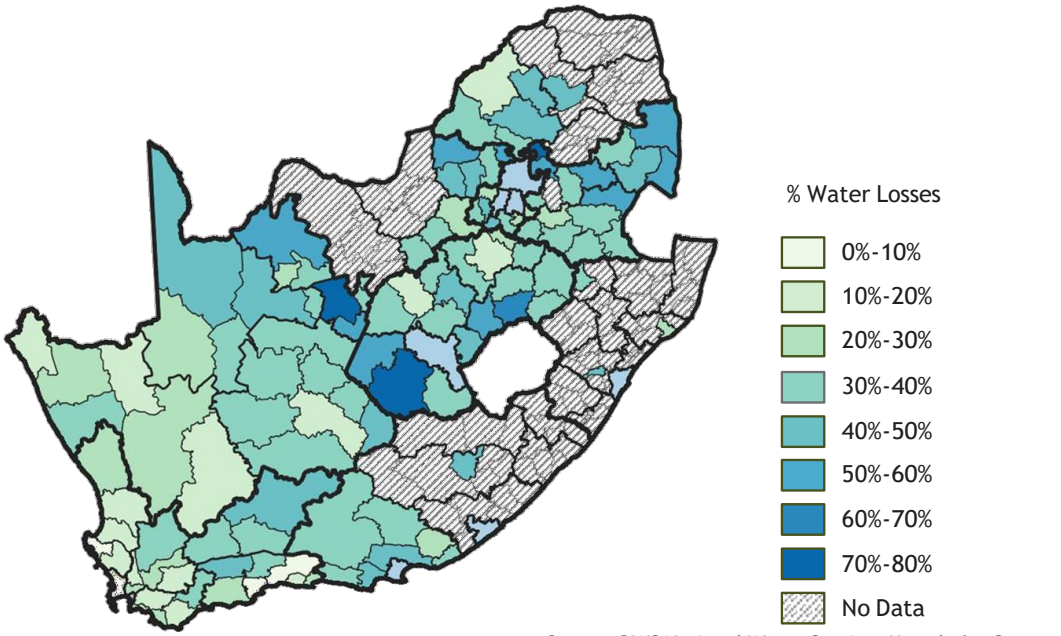
The same report states that budgetary and capacity limitations are also key drivers. In many municipalities, allocations for maintenance fall well below the recommended 8% of total budgets, while limited technical expertise and planning capacity hinder effective repair and leak detection.

The impacts of these losses are severe. Municipalities face revenue shortfalls, weakened cash flows, and higher bulk water purchase costs, reducing their ability to maintain service quality, at risk of a spiralling decline in water service provision. In water-scarce provinces such as the Northern Cape, high levels of water loss also heighten concerns over resource availability and sustainability. Overall, the evidence points to a convergence of structural, operational, financial, and governance weaknesses as the drivers of high-water losses nationally.

Data Fron DWS National Water Services Knowledge Systen

The Department of Water and Sanitation (DWS) has developed a website that contains data on the national, provincial and water services level regarding water loss amongst other data called the National Water Services Knowledge System (NWSKS). Figure 11 shows that that there is a large range in water losses across the country [7].

Figure 11 Percentage (%) Water Loss per municipality



Source: DWS National Water Services Knowledge System

- In **Eastern Cape** the average water loss was 36,11%, it ranged from 23.44% (Nelson Mandela Bay) to 48.5% (Kouga). Most municipalities are in the mid-to-high 30% range.

[7] There are notable data gaps in Eastern Cape, KwaZulu-Natal, Limpopo, and North West. This aligns with earlier findings that Statistics South Africa recorded some district municipalities as the water services authority instead of local municipalities.

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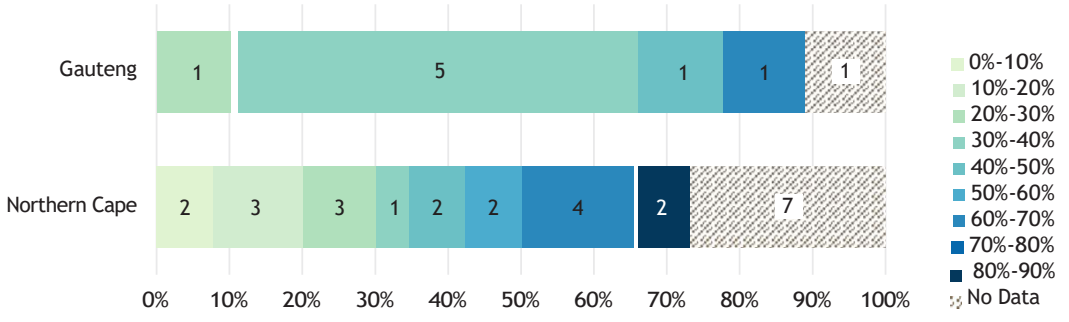
- In **Free State** the average water loss was 40.84%, ranging from 18% (Ngwathe) to 75.3% (Kopanong). The province has multiple municipalities above 50%.
- In **Gauteng** the average water loss was 33.60%, ranging from 23% (Lesedi) to 48.8% (Emfuleni). Johannesburg, Ekurhuleni, Rand West, and Emfuleni all exceed 40%.
- In **KwaZulu-Natal** the average water loss was 37.33%, ranging from 26.7% (uMhlathuze) to 48.5% (Msunduzi). Ethekwini sits close to the provincial average.
- In **Linpopo** the average water loss was 34.58%, ranging from 14.1% (Lephalale) to 44.4% (Mogalakwena). Most municipalities are in the 30% - 40% range.
- In **Mpunalanga** the average water loss was 44.76%, ranging from 20.7% (Govan Mbeki) to 77.1% (Dr JS Moroka). Bushbuckridge, Chief Albert Luthuli, Nkomazi, and Thembisile Hani are all at 58%. The province had the highest average losses nationally.
- In **Northern Cape** the average water loss was 35.38%, ranging from 13.28% (Karoo Hoogland) to 73.8% (Dikgatlong). The province has extremes at both very low and very high ends.
- In **North West** the average water loss was 42.84%, ranging from 21.12% (JB Marks) to 58% (Moretele). Moses Kotane and Kgetlengrivier are also at or above 50%.
- In **Western Cape** the average water loss was 22.68%, ranging from 3.1% (Saldanha Bay) to 47.6% (Beaufort West). Most municipalities are under 30%, making it the lowest-loss province overall.

Data Fron Section 47 Reports

Two provinces provided data on water losses in their Section 47 reports: Northern Cape and Gauteng, (see Figure 11).

- **Gauteng**: The Section 47 average was 37.53%, which is a 4% increase from the previous year. The range is from 27% in Rand West to 62% in Emfuleni.
- **Northern Cape**: Section 47 data was 41.66%, which is a .5% increase from the previous year. The range stretched from 6.4% in Karoo Hoogland to 82% in Magareng, highlighting stark variation within the province.

Figure 12: Percentage (%)/no distribution of municipalities per Water Loss percentage bracket: NC s GP



Source: Section 47 Reports

4.2.3.2 Water Interruptions

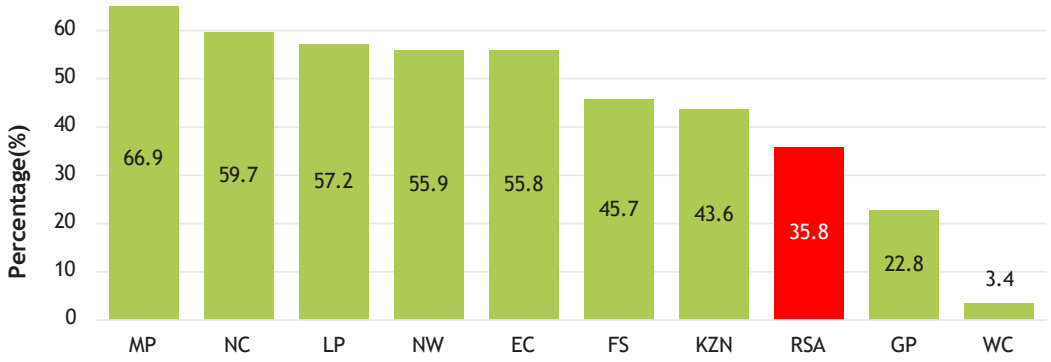
The circumstances that result in the large water losses in South Africa also contribute to the frequency and duration of water interruptions experienced by communities. Interruptions are not only disruptive but also exacerbate social tensions, with some areas experiencing consecutive days or even weeks without supply. The consequences include increasing community protests and service non-payment, growing reliance on emergency measures such as water tankers and Jojo tanks, and financial strain on municipalities, who incur high costs to provide emergency supply.

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The General Household Survey (StatsSA) reports on interruptions lasting more than two consecutive days, or more than 15 days in total during the reporting period. As shown Figure 12 shows that households In Mpumalanga (66.6%) reported the most interruptions, while households in Western Cape (3.4%) experienced the least interruptions. Nationally, approximately one-third (35.8%) of households reported some form of dysfunctional water supply service in 2023, underscoring the scale of the challenge.

Overall, there has been a 0.6% increase in interruptions from the previous year. Northern Cape (+8.8%), KwaZulu Natal (+2.4%), Eastern Cape (+6.1%) and Gauteng (+7.4%) all contributed to this increase. All other provinces saw a decrease year on year in interruptions.

Figure 13: Percentage (%) distribution of households that reported water interruptions that lasted at least two days



Source: Statistics South Africa General Household Survey 2023

4.3 SANITATION

Similar to water service provision, across the 205 local municipalities, the majority (125 local municipalities) are directly responsible for providing wastewater/sanitation services within their boundaries. In the remaining 80 local municipalities this responsibility rests with the relevant district municipality. As shown above, in Figure 6 these 80 municipalities are concentrated in the Eastern Cape, KwaZulu-Natal, Limpopo and North West.

4.3.1 Access to Services

The NDP envisages universal access to affordable, reliable, and hygienic sanitation by 2030. According to the National Sanitation Policy (2016), a basic sanitation facility must be safe (especially for children), private, ventilated, easy to clean, and capable of safely mitigating disease. A basic sanitation service further requires environmental sustainability, operational maintenance, and ongoing hygiene education and community monitoring.

Table 6 shows that access to adequate sanitation facilities was most common among households in the Western Cape (65.6%), Gauteng (60.7%), and Free State (86.8%) in 2023, and least common in Limpopo (61.6%) and Eastern Cape (88.1%).

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Table 6: Percentage distribution of households that have access to improved sanitation per province by province: 2002 – 2023

	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022	2023
WC	92.2	91.8	95.2	93.7	96.7	95.5	94.5	94.3	93.8	93.9	95.9	95.6
GP	88.9	89.8	89.1	91.3	91.2	91.1	90.9	90.5	91.8	90.5	90.5	90.7
EC	33.4	38.5	49.4	54.9	63.8	70	78.2	85.1	88	92.7	90	88.1
FS	64.7	69.7	71.8	76.4	83.4	83.3	83	83.2	85.5	85.6	87.4	86.8
NC	75.5	75.9	76.9	76.2	83.7	84.6	83.9	82.6	90	86.9	83.9	83.9
KZN	50.9	58.5	63	62.8	72.7	68	75.9	77.2	81.4	81.2	81.2	82.7
NW	54.1	57.8	54.4	58.1	68.5	72.2	67	69	70.8	78.3	72.7	70.5
MP	50.7	55.3	53.1	54.4	55.1	62.4	64.4	67.5	58.9	58.7	63.1	67.2
LP	26.9	34.6	33.9	32.1	41.1	49.8	54	57.1	58.9	63.1	63.1	61.9
National	61.7	65.9	68.3	70	75.4	77	79.5	81	83	83.2	83.2	83.3

Source: Statistics South Africa General Household Survey 2023

Nationally, access to sanitation has improved markedly over the long term, increasing from 61.7% in 2002 to 83.3% in 2023. The figure shows a consistent upward trend between 2002 and 2010 (from 61.7% to 75.4%), followed by more gradual gains until 2016. Thereafter, progress plateaued, with national access remaining stable around 83% since 2016.

However, the aggregate trend conceals important provincial variation. The largest improvements since 2002 have been recorded in the Eastern Cape (+54.7%, from 33.4% to 88.1%) and KwaZulu-Natal (+31.8 % from 50.6% to 82.7%). Limpopo, while showing early gains, has experienced stagnation and even decline in recent years, with access falling from 63.1% in 2020 to 61.6% in 2023.

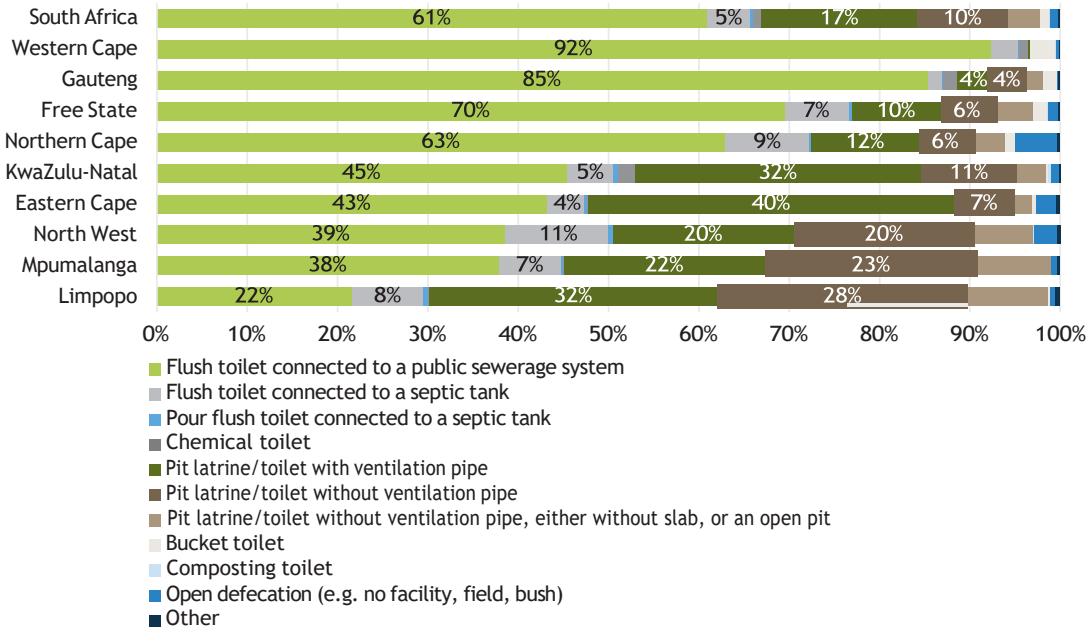
Compared to 2022, there was a notable, albeit marginal, decline in 2023 across six provinces: North West (-2.2%), Eastern Cape (-1.6%), Limpopo (-1.2 %), Free State (-0.6 %), Gauteng (-0.2 %), and Western Cape (-0.3%). In contrast, Mpumalanga (+4.1 %) recorded the most significant improvement.

Overall, the national picture suggests that while long-term progress in sanitation access has been substantial, recent trends reflect a plateau nationally and even reversals in some provinces.

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While the percentage of households with access to basic sanitation facilities has improved over time, disparities remain stark (see Figure 13). Despite national data indicating that 83.3% of households had access to improved sanitation only 61% have access to flush toilets connected to a sewerage system, which is considered the higher standard of sanitation.

Figure 14: Percentage distribution of households by selected main sanitation source per province



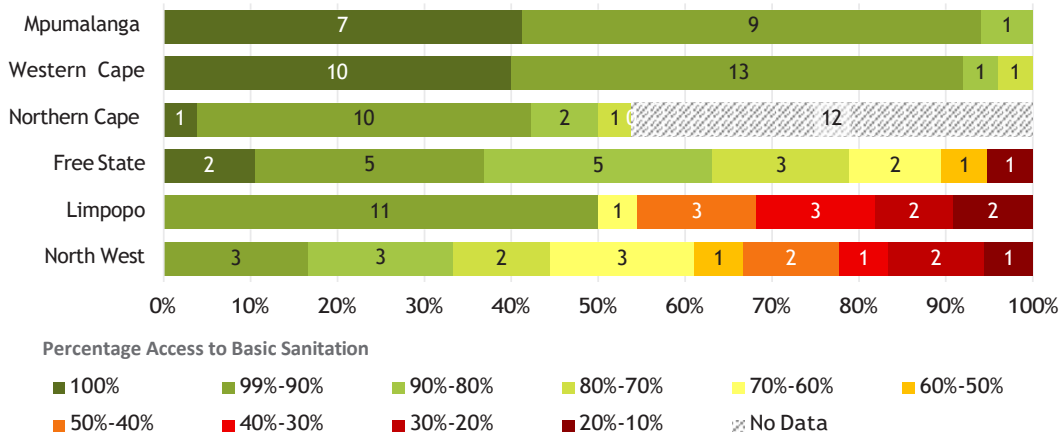
Source: Statistics South Africa General Household Survey 2022

Western Cape, Gauteng, Free State and Northern Cape performed above the national average with regards to flush toilets, while provinces such as Limpopo, Mpumalanga and North West continue to lag behind, relying on pit latrine (ventilated and unventilated systems) to provide majority of sanitation. Eastern Cape also relied heavily on ventilated pit toilets to provide improved sanitation services. This reliance may be reflective of the rural nature of the provinces.

The Section 47 reports provide additional municipal-level insights for Mpumalanga, Western Cape, Northern Cape, Free State, Limpopo and North West. These show significant variation within provinces, as illustrated in Figure 14 .

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Figure 15: Number of Municipalities in Each Sanitation Access Percentage Bracket, by Province



Source: Section 47 Reports

Mpunalanga reflects strong performance, with many municipalities recording very high levels of access. Seven municipalities report 100% coverage (including City of Mbombela, Bushbuckridge, Thaba Chweu, Chief Albert Luthuli, Steve Tshwete, Dipaleseng, and Victor Khanye), while a further nine municipalities fall in the 60–66% range. Only Mkhondo (81.7%) records access between 80–60%. Overall, the provincial profile suggests almost universal access, with only minor variation, and confirms a much stronger performance than what is reflected in StatsSA household survey averages.

Western Cape's data Western Cape confirms what was presented in the StatsSA data: there is a high level of sanitation access, with most municipalities reporting above 60%. Ten (10) out of twenty-five municipalities report 100% access, while only two municipalities fall below 60%.

The **Northern Cape** is generally a high-performing province in terms of reported water access; however, data gaps are significant, with 12 out of 26 municipalities not providing information. Of those that did, most exceeded 60%, except Joe Morolong (77.7%), Khai-Ma (86.7%). The high proportion of non-reporting municipalities makes it difficult to fully assess provincial performance and may mask more serious service delivery challenges.

The Northern Cape also differentiates between minimum service level and below minimum service level provision. The percentages reported here reflect minimum service level access, which is defined as:

- Flush toilet (connected to sewerage)
- Flush toilet (with septic tank)
- Chemical toilet
- Pit toilet ventilated
- Other toilet provision (above minimum service level)

Below minimum service level provision includes:

- Bucket toilet
- Other toilet provision (below minimum service level
- No toilet provisions

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The **Free State** shows variable outcomes, with municipalities like Dihlabeng, Mantsopa, and Mafube at or near 100%, while others like Metsimaholo (17%), Moqhaka (63%), and Mangaung (50%) indicate persistent challenges. Overall, provincial performance shows strong municipalities alongside serious underperformers, lowering the provincial average.

Linpopo[8] shows very uneven results, with some municipalities reporting extraordinarily high or anomalous percentages (e.g., Blouberg at 124%, Lepelle Nkumpi at 122%, Capricorn at 106%, and Waterberg at 167%). These likely reflect data anomalies or reporting inconsistencies. Excluding outliers, most municipalities sit between 40% and 75% access. The lowest levels are observed in Polokwane (10%), Mogalakwena (26%), Modimolle-Mookgophong (27%), and Bela-Bela (14%). At the same time, several municipalities (e.g., Mopani, Maruleng, Greater Letaba, Greater Tzaneen) report high performance above 60%. Overall, the data suggest strong variation, with pockets of good practice alongside very poor or anomalous results.

Limpopo disaggregates its data across 6 categories in its Section 47:

a) Flush toilet connected to sewerage system
b) Chemical toilet
c) Pit toilet
d) Bucket toilet
e) Other
f) None

Access sanitation was thus, calculated as categories a-c as a % of the total.

North West continues to demonstrate mixed outcomes, with sanitation access ranging from just 16% in Moretele to 64% in Lekwa-Teemane. Several municipalities highlight severe under-provision, including Ratlou (21%), Kagisano Molopo (27%), Moses Kotane (33%), and Ramotshere-Moiloa (40%). Only three municipalities exceed 60% coverage (City of Matlosana, Lekwa-Teemane, Kgetlengrivier). The provincial average remains well low at 62.5%, with wide intra-provincial disparities.

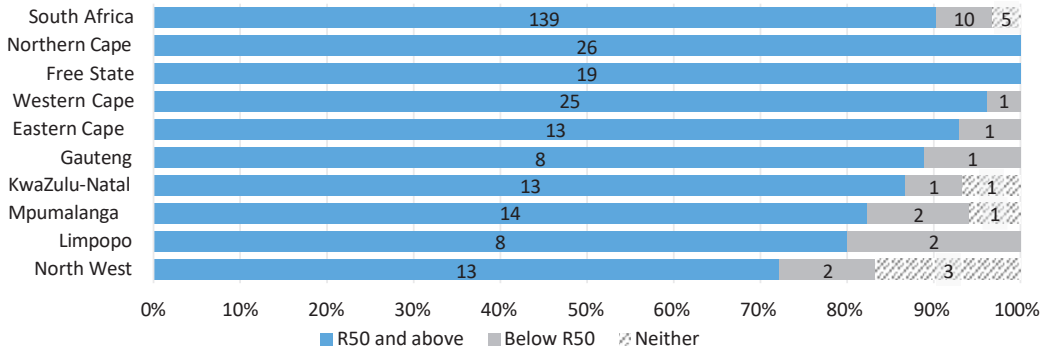
4.3.2 Free Basic Sanitation

The minimum service level for Free Basic Sanitation (FBSan) is a R50 subsidy per month. According to the Statistics South Africa Non-Financial Municipal Census (2022), 60% of municipalities provide FBS at the minimum standard (see Figure 16).

[8] Limpopo report includes local and district municipalities, which is valid in the light of the fact that sanitation provision is at the district level

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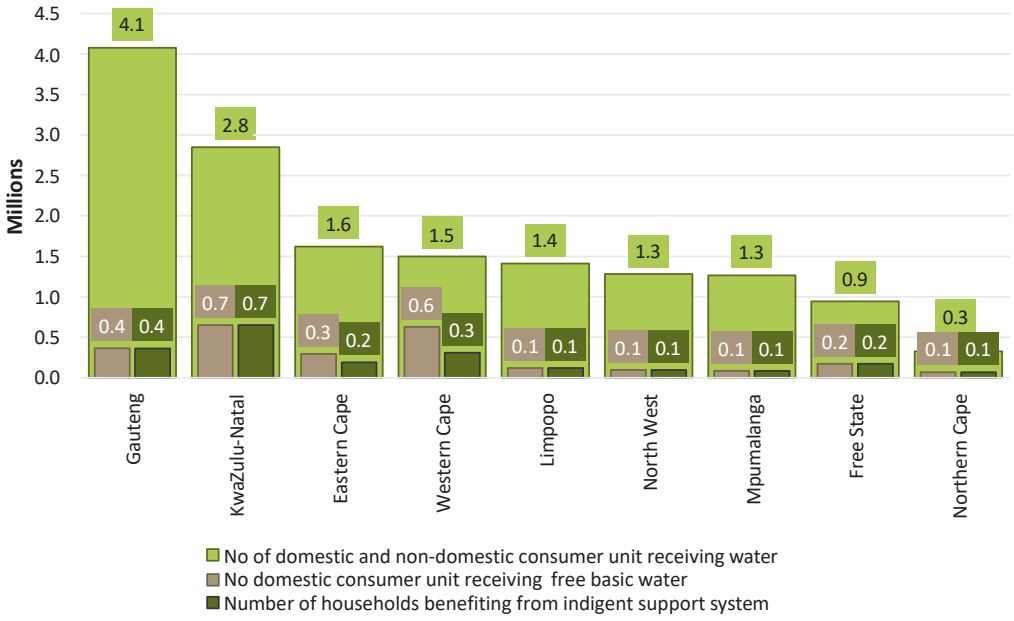
Figure 16: Number of municipalities in each province providing free basic sanitation services at standard and other levels



Source: Statistics South Africa Non-Financial census of municipalities, 2022

Figure 17 compares the number of domestic and non-domestic consumer units receiving sanitation, the number receiving Free Basic Sanitation (FBSan), and the number of households benefiting from indigent support systems (in the millions). The Western Cape has the highest proportion of consumer units receiving FBSan, at less than half (46%) of all units. In contrast, Limpopo, despite serving a similar number of consumer units overall, provides FBSan to only 5%. Gauteng, with the highest total number of consumer units nationally, provides FBSan to about 10% of them, which is the average across South Africa.

Figure 17: Number of consumer units receiving sanitation services and free basic service



Source: Statistics South Africa Non-Financial census of municipalities, 2022

4.4 ELECTRICITY

According to Part B of Schedule 4 of the Constitution, the provision of electricity reticulation is a municipal responsibility. However, due to differing capacities and resources, not all municipalities are

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authorised to perform this function. While all municipalities are recognised as electricity service authorities in constitutional terms, there is a distinction between *authority* and *provider* in the legislation. Provider status is determined by holding a distribution licence, which implies compliance with the associated requirements.

Metropolitan municipalities are generally licensed and empowered to distribute electricity across their territories. Beyond the metros, only a portion of local municipalities have been authorised and licensed to distribute electricity. Out of South Africa's 257 municipalities, 1 district municipality, all 8 metropolitan municipalities and 156 local municipalities have licenses to distribute electricity, the remainder relying entirely on Eskom (NERSA, 2022). It should be noted that even within the 165 municipalities that do hold licences, Eskom continues to distribute electricity in certain parts of their areas of jurisdiction (van der Merwe & Waters, 2024).

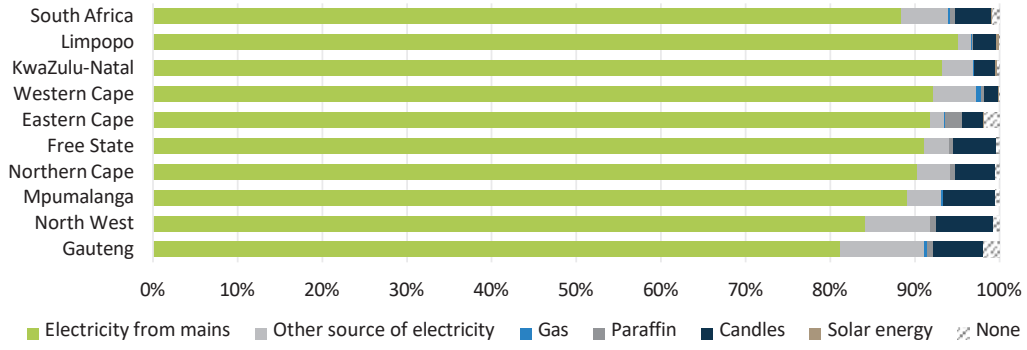
Broadly, municipalities account for the distribution of about 40% of the electricity generated nationally, primarily supplying households and small businesses. Eskom distributes the balance of roughly 60%, largely to large industrial users and areas without municipal networks (van der Merwe & Waters, 2024). This dual-distribution framework reflects practical realities: while most municipalities distribute electricity directly, in pockets of rural municipalities across almost all the provinces, Eskom remains the primary distributor.

4.4.1 Access to Services

The NDP commits South Africa to achieving universal access to electricity by 2030. At present, most households (88.35%) use mains electricity for lighting, while reliance is lower for cooking (76.52 and considerably lower for heating (46.85%)

With regards to lighting, across all provinces greater than 80% of households rely on electricity as their main energy source for lighting. Gauteng has the lowest percentage at 81%, and Limpopo the highest at 65%.

Figure 18: Percentage distribution of households by energy source for lighting

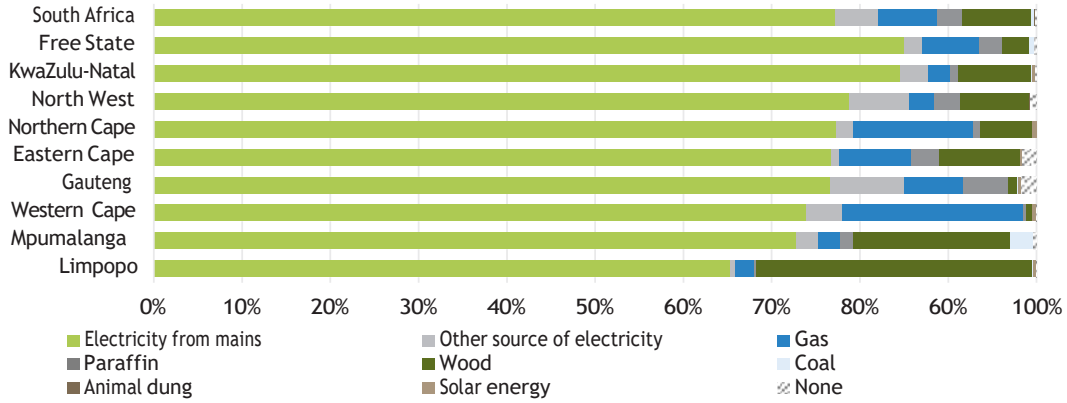


Source: Statistics South Africa General Household Survey 2023

Whilst electricity is the most widely used energy source for cooking (76.5%), wood is the second most common (7.7%), followed by gas (6.7%). Notably, Limpopo, despite recording the highest proportion of households using electricity for lighting, has a relatively low share (65%) of households cooking with electricity, with wood remaining popular at 31.3%. Mpumalanga also records an above-average reliance on wood for cooking (17.8%), while the Western Cape has the highest proportion of households using gas (20.4%).

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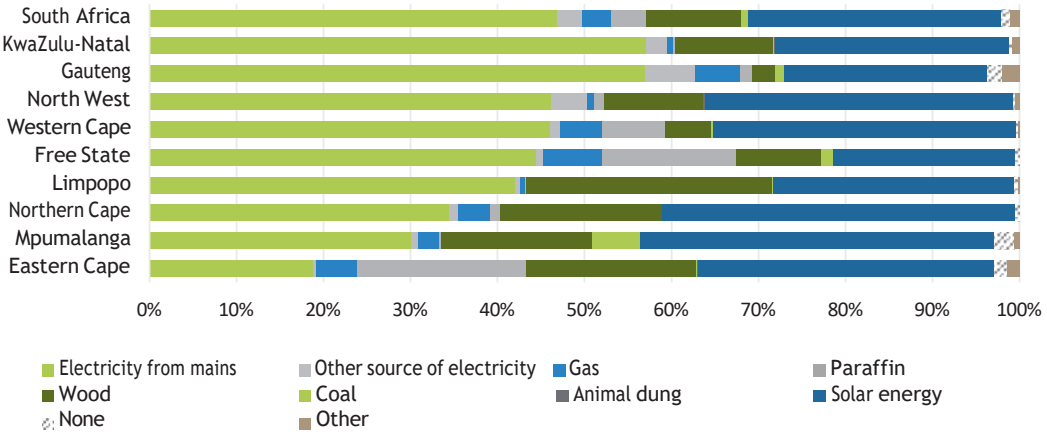
Figure 16: Percentage distribution of households by energy source for cooking



Source: Statistics South Africa General Household Survey 2023

Whilst electricity remains the dominant source of heating nationally (46.6%), solar energy (26.1%) and wood (10.6%) are also widely used. In Gauteng and KwaZulu-Natal, the majority of households (57% in both provinces) rely on electricity for heating, whereas in the Eastern Cape fewer than one in five households (18.6%) use electricity. In this province, slightly more households rely on gas and wood (both at 16.4%). Wood also remains a common source of heating in Limpopo, where it accounts for 21% of households. Notably, in three provinces, Eastern Cape (34%), Mpumalanga (41%), and Northern Cape (41%), solar energy is a more common source of heating than electricity.

Figure 20: Percentage distribution of households by energy source for heating



Source: Statistics South Africa General Household Survey 2023

The percentage of South African households that were connected to the mains electricity supply increased from 78.3% in 2003 to 86,8% in 2022. Growth was strongest between 2003–2011, when access climbed by 5.3 percentage points. Since then, progress has slowed, with access hovering around 85–86% from 2013 onwards. Table 10 shows that households with access to mains electricity were most common in Limpopo (67.1%), followed by KwaZulu-Natal (64.1%) and the Western Cape (64.3%). The lowest access was recorded in Gauteng (83.0%) and the North West (85.3%).

The largest increases between 2003 and 2023 were observed in Eastern Cape (+34.3 percentage points), KwaZulu-Natal (+23.8 percentage points), and Limpopo (+21.7 percentage points). The

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percentage of households with access to mains electricity actually declined in Gauteng (-4,2 percentage points) during the same period. This decline can be associated with the rapid in-migration experienced by the province and a rapid increase in household numbers, particularly those concentrated in informal settlements or in areas not fit for upgrading and formalisation. North West also shows weak progress, with a marginal decrease (-0.1 percentage points) over 20 years, and a fluctuating trajectory with declines after 2013.

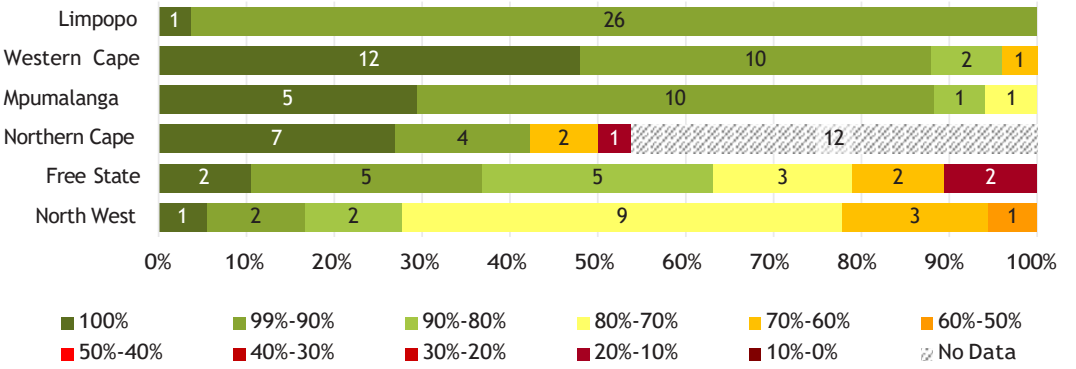
Table 10: Percentage distribution of households connected to the mains electricity supply by province

	2003	2005	2007	200G	2011	2013	2015	2017	201G	2021	2023
LP	75.4	82.7	86.5	84.3	90.9	90.2	92.8	90.8	93.4	96.9	97.1
WC	89.2	92.5	96.1	89.3	85.9	88.9	89.8	86.6	88.4	95.1	94.3
KZN	70.3	72.6	75.9	76.3	78.4	80	81.9	82.9	86.7	91.6	94.1
EC	57.8	68.1	70	69.9	76.6	81.6	82.7	85.4	89.3	92.5	92.6
NC	79.4	88.6	88.8	89.6	91.3	89.7	92.4	92	91.2	91.8	92.1
FS	84.4	88.6	88	92	93.8	91.6	89	90.5	91.6	92.1	92.1
MP	81.1	81.7	85.3	85.9	87.7	89.4	87.8	88.8	90.1	90.4	89.7
NW	85.4	85	85.2	81.2	86.5	88.4	84.1	80.9	81.6	83.4	85.3
GP	87.3	83.4	80.3	86	81.8	83.1	82.6	80	76.6	82.7	83
National	78.3	80.8	82	82.6	83.6	85.2	85.3	84.4	85	89.3	89.8

Source: Statistics South Africa General Household Survey 2023

The Section 47 reports provide additional municipal-level insights for Limpopo, Western cape, Mpumalanga, Northern Cape, Free State and North West. These show significant variation within provinces, as illustrated in Figure 21.

Figure 21: Number of Municipalities in Each Electricity Access Percentage Bracket, by Province



Source: Section 47 Reports

Linpopo[G] disaggregates its data across 4 categories:

a. Electricity to Mains
b. Solar home system
c. Other

[6] Limpopo report includes local and district municipalities,

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d. No access to electricity

The province reported average 67.64 % access to electricity via mains, signifying a comparatively high level of access, and affirms the province's top performance shown in the StatSA data. Access ranges from 65,15% to 100%. The majority of municipalities fall in the high-range of 60–66% access. A possible reason for the relative high performance

Western Cape's data confirms what was presented in the StatsSA data, there is a high level of access with a provincial average of 65%. Most municipalities reported above 60% access, and 12 out of 25 municipalities achieving 100%. Only three municipalities reported below 60%: Oudtshoorn (87%), Bitou (60%) and Laingsburg (84%).

Mpunalanga data demonstrates a stronger performance than what is shown in the StatsSA data, with provincial average of 64%. Five (5) municipalities achieved 100% access and a further 10 municipalities in the 66–60% bracket. Only 2 municipality sits below this range, with no municipalities falling below 70%.

The **Northern Cape** is generally a high-performing province in terms of reported electricity access; however, data gaps are significant, with 12 out of 26 municipalities not providing information. Of those that did report, seven municipalities recorded 100% access, and most others exceeded 60%, with the exceptions of Kareeberg (61.15%), Khai-Ma (66.68%) and Tsantsabane (17.58%). The absence of data from half the municipalities makes it difficult to fully assess provincial performance and may mask serious service delivery challenges.

The **Free State** shows variable outcomes, with a lower provincial average (84.8%) than reported in the StatsSA data (62.1%). The access ranges from as low as 11% (Mangaung) and 17% (Metsimaholo) and 100% (Dihlabeng s Mantsopa). However, the figures for Mangaung and Metsimaholo are questionable as StatsSA reports that 61.4% of households in Mangaung and 86.4% in Metsimaholo use electricity as their primary lighting source.

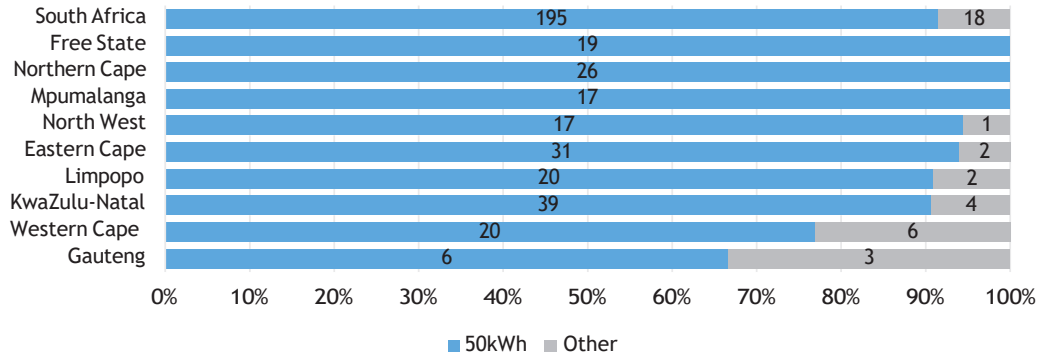
North West affirms the StatsSA data indicating they are low performing. The report indicates a 76% level of access, which is almost 10% lower than the StatsSA data. Access across the province ranges from 58% to 100%.

4.4.2 Free Basic Electricity

The Department of Energy has set the basic level of energy provision for Free Basic Electricity (FBE) to poor households at 50 kilowatts per month, for an average poor household. According to the Statistics South Africa Non-Financial Municipal Census (2022), 62% of municipalities provide FBE at the minimum standard (see Figure 22). Only Mpumalanga, Free State and Northern Cape have all municipalities providing free basic energy services at the standard.

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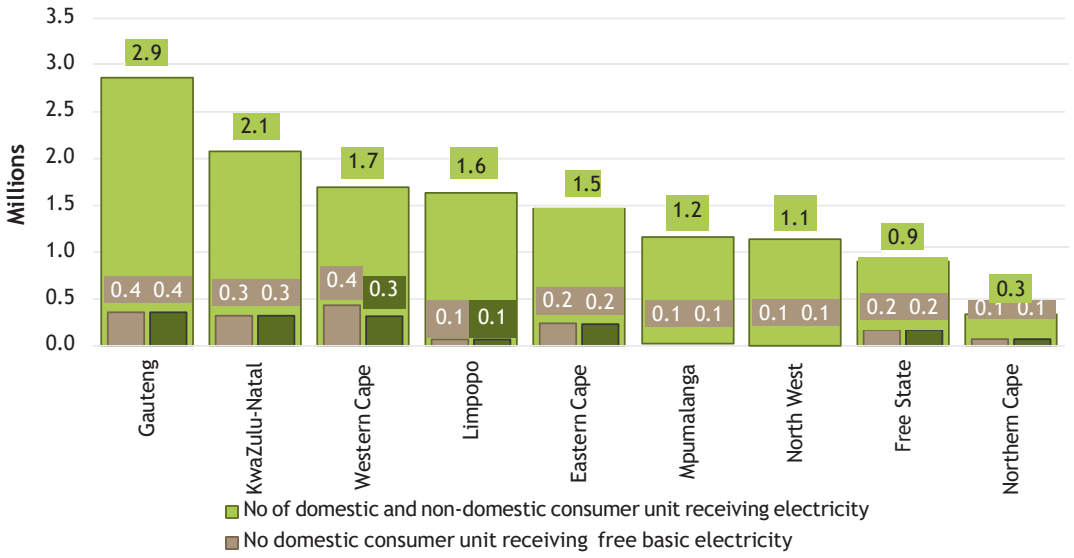
Figure 22: Number of municipalities in each province providing free basic electricity services at standard and other levels



Source: Statistics South Africa Non-Financial census of municipalities, 2023

Figure 23 compares the number of domestic and non-domestic consumer units receiving electricity, the number receiving FBE, and the number of households benefiting from indigent support systems. The Western Cape has the highest proportion of consumer units receiving FBE at more than a quarter (26%) of all units. In contrast, Limpopo, despite serving a similar number of consumer units overall, provides FBE to only 4%.

Figure 23: Number of consumer units receiving electricity services and free basic service



Source: Statistics South Africa Non-Financial census of municipalities, 2023

4.4.3 Service Reliability

4.4.3.1 Electricity Losses

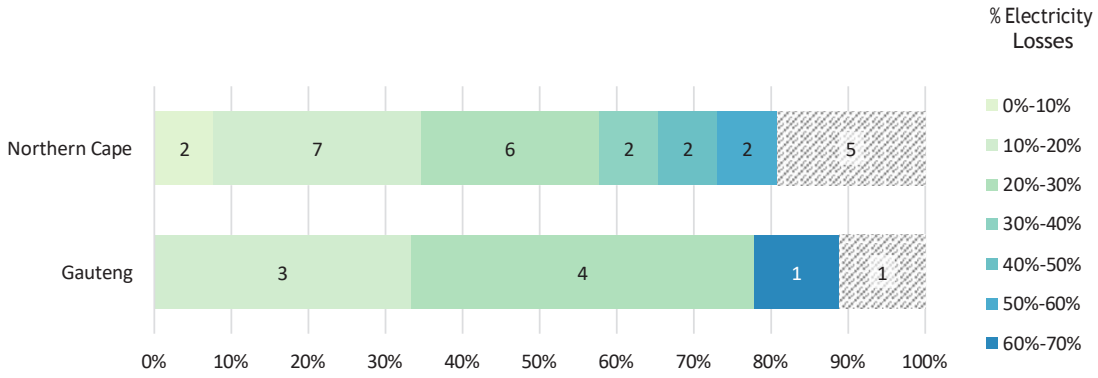
The State of Local Government Finances and Financial Management Report 2022/23 by National Treasury notes that distribution losses remains high due to ageing infrastructure. Many municipalities are experiencing revenue losses in water and electricity due to ageing and poor condition of their

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infrastructure assets; Two provinces provided data on percentage (%) electricity losses in their Section 47 reports: Northern Cape and Gauteng (see Figure 24).

- **Northern Cape**: Average losses across the province were 22.4%, ranging from 8.2% to 57%.
- **Gauteng**: Average losses across the province were 25.84%, with most municipalities falling below 30%. Merafong stands out as an outlier at 64% electricity losses.

Figure 24: Percentage (%) Electricity Loss per municipality: NC s GP



Source: Section 47 Reports

Considering the aforementioned report states that electricity losses are significant across municipalities, it is concerning that only two provinces reported on this indicator, underscoring a serious gap in municipal reporting.

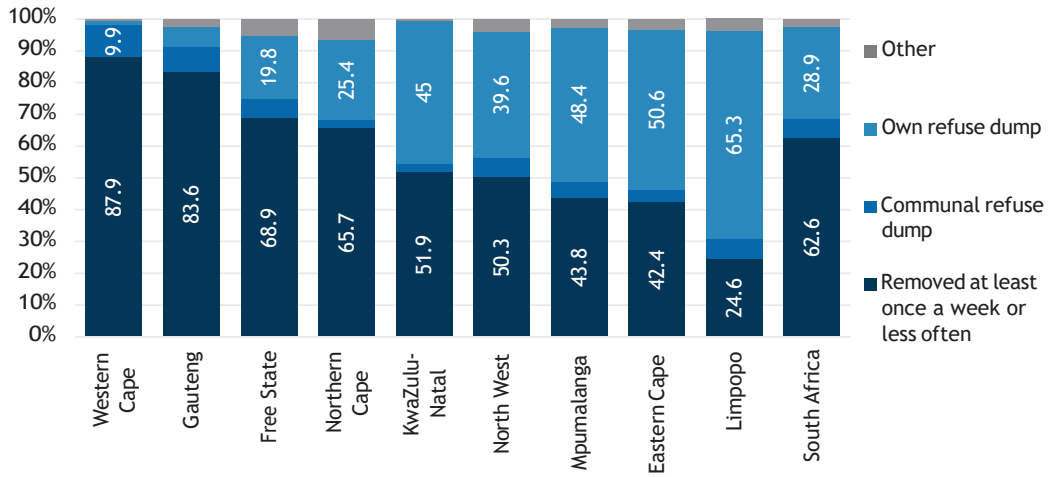
4.5 REFUSE REMOVAL

4.5.1 Access to Services

Figure 25 shows that, nationally, about two-thirds (62,6%) of households had their refuse removed on a weekly basis, or less often, while 28,6% had to use their own refuse dumps. Refuse removal was most common in Western Cape (87.6%) and Gauteng (83.6%), and least common in Limpopo (24,6%). Compared to urban area, refuse removal took place much less often in rural areas. Figure 26 shows that refuse removal was least common in the rural areas of Eastern Cape (2.6,0%) and Limpopo (7,8%). Overall, 78,8% of households in rural areas discarded refuse themselves compared to only 7.2% of households in urban areas.

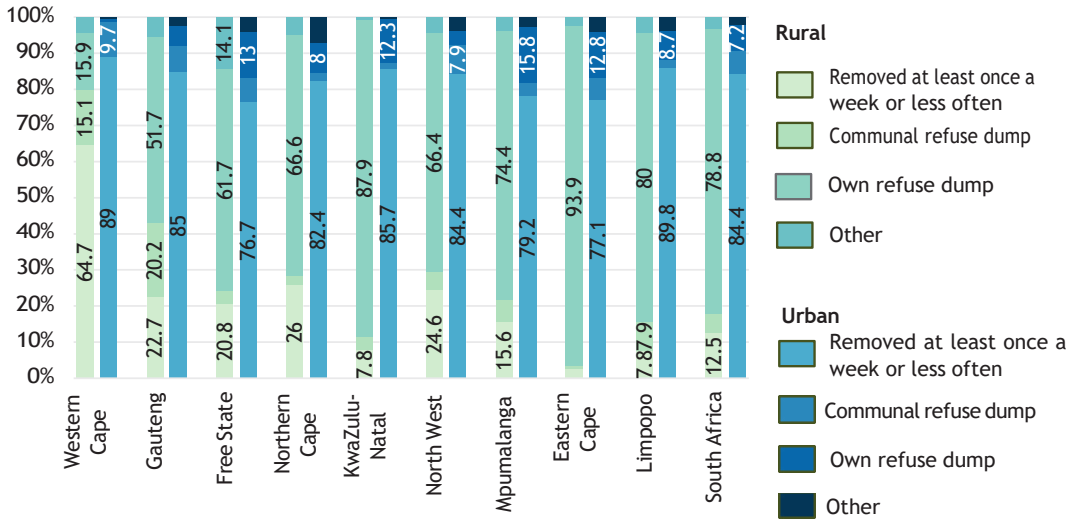
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Figure 25: Household refuse removal by province, 2023



Source: Statistics South Africa General Household Survey 2023

Figure 26: Household refuse removal by province and urban/rural status, 2023

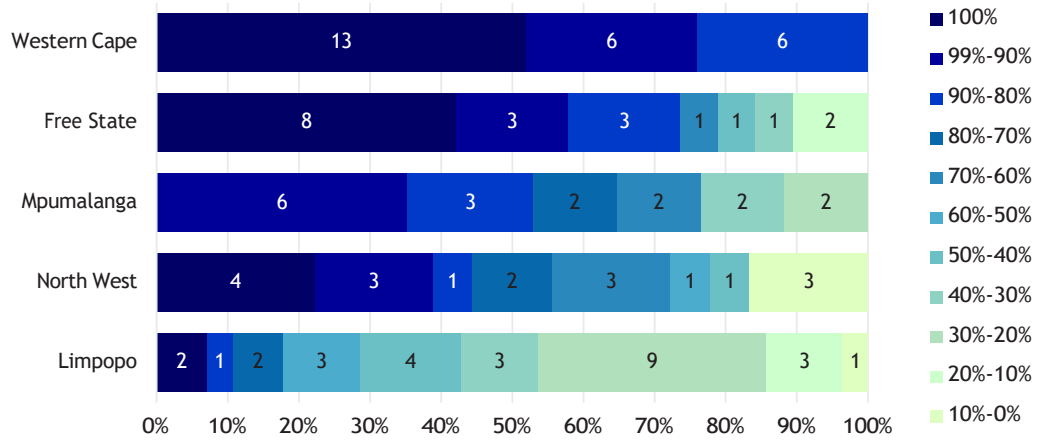


Source: Statistics South Africa General Household Survey 2023

The Section 47 reports provide additional municipal-level insights for Western Cape, Free State, Mpumalanga, North West and Limpopo. These show significant variation within provinces, as illustrated in Figure 27.

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Figure 27: Number of Municipalities in Each Refuse Removal Access Percentage Bracket, by Province



Source: Section 47 Reports

Western Cape continues to demonstrate consistently high levels of refuse removal, aligning with its strong overall service delivery record. Of the 25 municipalities, 16 report coverage above 65%, with 15 municipalities at 100%. The lowest-performing municipalities are Kannaland (82%), Swartland (83%) and Hessequa and Stellenbosch (87%). Only one municipality, Bitou (101%), exceeds 100%, which likely reflects a data or reporting anomaly. Overall, the province reports near-universal provision of weekly refuse removal services.

The **Free State** presents one of the strongest provincial performances. Of its 21 municipalities, 13 report 100% coverage while a further four exceed 60%. Only three municipalities are reported having access below 40%: Mangaung (11%), Kopanong (16%), and Moqhaka (36%). However these may be reporting errors, as StatsSA reports that 78.6% of households in Mangaung, 76.5% in Kopanong and 84.6% in Moqhaka, have their refuse removed weekly by the municipality or a private company. This points to persistent reporting issues on the part of municipalities in Free State.

Mpunalanga reports strong performance overall, though with notable variation. Six municipalities exceed 60%. A further five municipalities fall between 70–86%. However, several municipalities drag down the provincial average: City of Mbombela (34.6%), Bushbuckridge (38.1%), Dr JS Moroka (23.7%) and Chief Albert Luthuli also show unusually low coverage (27.3%). Despite these outliers, the bulk of municipalities in Mpumalanga are achieving relatively high levels of service delivery based on Section 47 reporting.

North West reflects highly uneven performance. Six municipalities report 100% coverage. By contrast, Ratlou (0.1%) and Kagisano Molopo (1%) show near-total lack of access, while Ditsobotla (40%) and Maquassi-Hills (58%) also indicate low levels of access. The significantly low percentages in Ratlou and Kagisano Molopo may indicate reporting errors.

Linpopo continues to underperform relative to national trends. The provincial average remains low, with most municipalities between 20–50% coverage. The lowest performers include Thulamela (6.6%), Makhuduthamaga (16.6%), and Fetakgomo Tubatse (21.3%). In contrast, Mogalakwena reports an unlikely 100% coverage, suggesting a reporting issue. Other relatively better performers include Bela-Bela (81.4%), Modimolle-Mookgophong (77.5%), and Thabazimbi (72.7%).

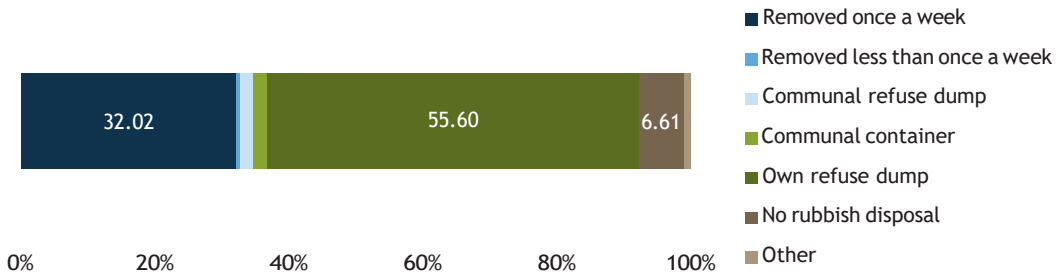
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The province disaggregates its data across 7 categories in its Section 47 report:

a) Removed once a week
b) Removed less than once a week
c) Communal refuse dump
d) Communal container
e) Own refuse dump
f) No rubbish disposal
g) Other

Looking at the data in Figure 27 from Limpopo, most households across the province rely on their own refuse dump.

Figure 28: Percentage distribution of refuse removal by type/frequency: Limpopo



Source: Limpopo Section 47 Report

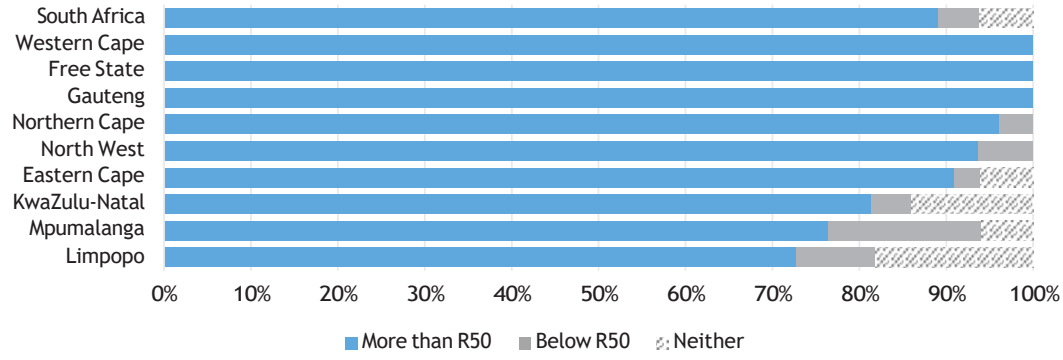
Overall, the data underscores stark provincial and municipal disparities in refuse removal. While provinces such as Western Cape and Free State demonstrate near-universal coverage, many municipalities in Limpopo, North West, and parts of Mpumalanga continue to fall far below national averages, with some reporting implausibly low or inconsistent figures. These variations highlight both persistent service delivery backlogs and the ongoing problem of unreliable municipal reporting, which together obscure an accurate picture of household access to refuse removal.

4.5.2 Free Basic Refuse

The minimum service level for Free Basic Refuse (FBR) is a R50 subsidy per month. According to the Statistics South Africa Non-Financial Municipal Census (2023), 86% of municipalities provide a minimum of R50 subsidy per month on Basic Refuse Removal (see Figure 26).

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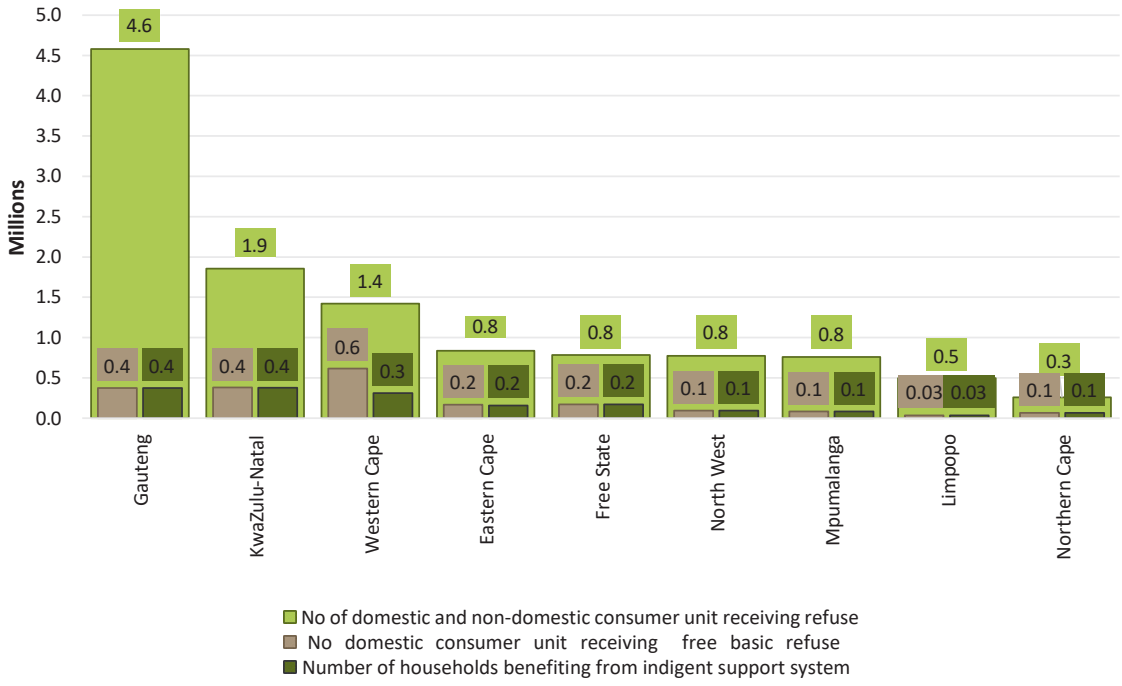
Figure 26: Number of municipalities in each province providing free basic sanitation services at standard and other levels



Source: Statistics South Africa Non-Financial census of municipalities, 2023

Figure 30 compares the number of domestic and non-domestic consumer units receiving refuse, the number receiving FBR, and the number of households benefiting from indigent support systems. The Western Cape has the highest proportion of consumer units receiving FBR, at 43% of all units. In contrast, Limpopo, despite serving a similar number of consumer units overall, provides FBR to only 7%.

Figure 30: Number of consumer units receiving refuse removal services and free basic service



Source: Statistics South Africa Non-Financial census of municipalities, 2023

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4.6 INDIGENT POLICY MANAGEMENT

The National Framework for Municipal Indigent Policies provides guidance to municipalities in developing their own indigent policies and outlines the role of national government in supporting municipalities to fulfil their constitutional mandate of ensuring access to basic services. It defines an indigent household as one "lacking the necessities of life", including sufficient water, basic electricity, basic sanitation, and refuse removal.

The Local Government Equitable Share (LGES) is an unconditional allocation from national revenue to municipalities envisaged in Section 214 of the Constitution. This grant is intended to support municipalities in meeting their developmental obligations through targeted budgeting. As described by National Treasury in a briefing to the Select Committee on Appropriations, "This allocation supplements municipal revenue by funding free basic services for poor households and by providing for the administrative and institutional capacity of municipalities, especially those with weak revenue bases." (National Treasury, 2021)

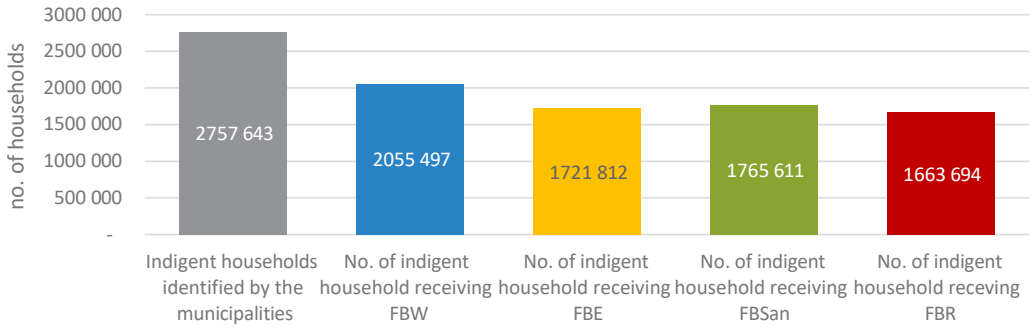
Municipalities are required to develop indigent policies to ensure access to free basic services for poor households. While criteria for qualifying households vary across municipalities and depend on available resources, the intent is to align with the national goal of improving the lives of indigent communities. A key requirement is the establishment of credible indigent registers; however, many municipalities, especially those with limited capacity, struggle to create and manage these effectively.

In most municipalities, benefitting from the FBS subsidy is linked to households having a municipal account, which then implies that a majority of those intended to benefit are not benefiting from the programme due to the lack of such an account. The majority of the poor live in informal settlements or deep rural areas and are not municipal account holders and are therefore excluded from the indigent registers. The fluctuations on the indigent registers of municipalities were the manifestation of many challenges such as changes in targeting methods, annual registrations, and lack of awareness raising campaigns.

According to 2022/2023 financial year estimates, there were 2,8 million indigent households as identified by municipalities, an increase of 5,2% from 2021/2022 financial year. Of the 2,8 identified indigents, 2,1 million indigent households (75%) benefited from the indigent support system on water, while 1,7 million (62%) benefited from indigent support on electricity provided by municipalities. Furthermore, 1,8 million indigent households (64%) benefited from the indigent support system on sewerage and sanitation and 1,7 million indigent (60%) households benefited from the indigent support system on refuse removal (see Figure 31). These gaps indicate that despite the expansion of indigent registers, municipalities continue to face significant challenges in ensuring comprehensive support across all basic services.

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Figure 31 Indigent Households: Identified vs. Beneficiaries of Free Basic Water, Electricity, Sanitation and Refuse Removal



Source: Statistics South Africa Non-Financial census of municipalities, 2023

Further, Stats SA's *2023 Non-financial Census of Municipalities* highlights a decline in free service coverage across most services, with the exception of refuse removal. In 2022, municipalities provided water to 15,3 million consumer units, of which 17% received the service at no charge (or at a subsidised rate). By 2023, this number had risen to 15,8 million units, yet the share benefiting from free basic water dropped to 16% (Stats SA, 2025).

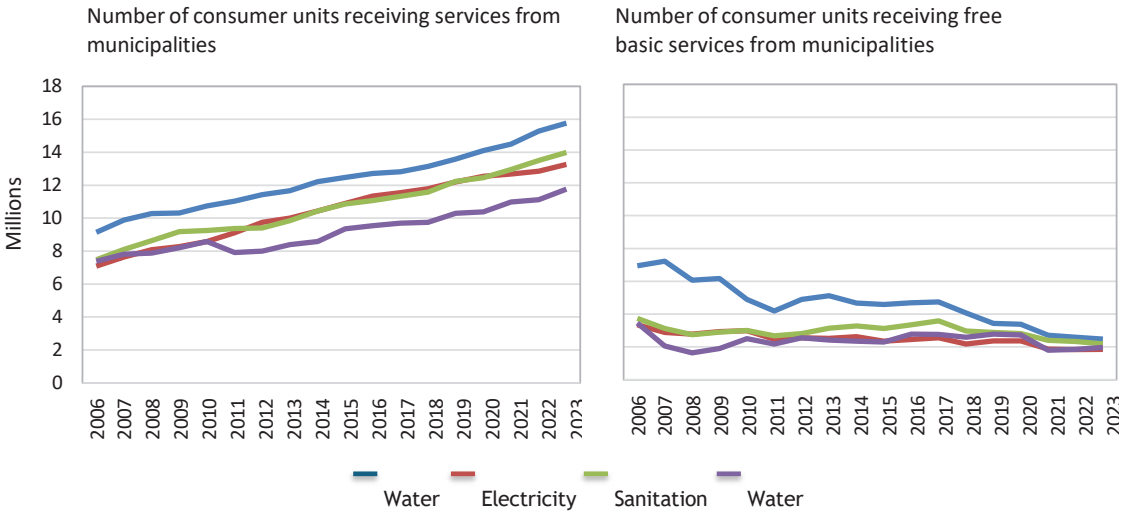
A similar pattern was recorded for electricity and sewerage s sanitation. The only exception was solid waste removal, where the number of consumer units increased from 11,1 million to 11,8 million, alongside a marginal rise in free coverage from 16,6% to 16,8% (Stats SA, 2025)..

These trends reflect a broader decline since 2006 (see Figure 32). Stats SA notes that municipalities, once extending subsidised services to all households within their jurisdictions, have increasingly restricted access to only the poorest households due to budget constraints. Rapid growth in informal settlements has further strained already limited municipal resources (Stats SA, 2025).

Finally, awareness and registration processes remain a challenge. Households must apply and regularly renew their indigent status—often annually—to qualify for free basic services. In many communities, limited awareness of these requirements results in eligible households missing out on benefits (Stats SA, 2025).

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Figure 32 Services by municipalities across South Africa, 2006-2023



Source: Statistics South Africa Non-Financial census of municipalities, 2023

4.6.1 Provincial reporting

KwaZulu-Natal reports that all municipalities, apart from the Amajuba and uMkhanyakude District Municipalities have identified and registered indigents in their Indigent Registers, guided by municipal indigent policies. Most municipalities have indicated that it does spend a portion of its operating budget on Free Basic Services, with eight municipalities not providing any or providing incomplete data. Furthermore, some of the data seems questionable. Some municipalities report spending as low as 1% of their operating budget on FBS, whereas as other report 100%.

Eastern Cape reports that all municipalities were supported in developing their indigent policies in line with national guidelines, showing positive results. The province classifies half the municipalities as "Excellent" [10] in terms of their progress with regard to adoption of indigent policy. Only 7.86% of municipalities were classified as weak[11], but 21.05% of municipalities did not provide data.

In **Free State** all municipalities provide FBS to qualifying households, and the Department monitors their implementation of indigent policies and registers. However, issues arose where Eskom removed indigent households from its system in several municipalities (e.g., Mafube, Mantsopa, Tokologo, Kopanong, Mangaung) due to municipal non-payment of FBS accounts.

Further Free State acknowledges that municipalities face several challenges in managing indigent registers and providing Free Basic Services. These include households failing to update their indigent status, lengthy registration processes, and difficulties in securing authority for child-headed households. Many indigent policies are not aligned with national guidelines, while access to free services is

[10] Excellent is defined by the province as: If the municipality report at least 60% achievement of their yearly target.

[11] Weak is defined by the province as: If the municipality report at less than 50% achievement of their yearly target.

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particularly constrained for households on privately owned land, in backyard dwellings, and in rural areas such as QwaQwa and parts of Thaba 'Nchu.

Gauteng reports that municipalities have registered indigents in their databases and provided FBS as planned.

Linpopo reported that free basic services were provided in varying ways and quantities by municipalities.

Mpunalanga reported, a total of 150,636 households were registered as indigents in the province in 2022/23, all receiving FBS for water, sanitation, electricity, and refuse removal, marking an improvement of 6,474 households for electricity and 6,110 for refuse removal compared to the previous year. Increases in registered indigents were often linked to municipal awareness campaigns on indigent policy.

Northern Cape reported that all municipalities had adopted Free Basic Services (FBS) policies and implemented indigent registers by the end of 2022/23, with annual updates in place. However, many registers remain inaccurate, and reported figures often fail to reflect the actual level of support provided to households.

North West reported that all municipalities have approved indigent policies, but significant challenges remain in their coordination and management:

- Policies are outdated, referencing previous financial years without proper review or alignment to budget processes.
- Coordination is ad hoc under finance, with no dedicated officials or clear accountability.
- Municipal billing systems capture only account holders, excluding many indigent households.
- Limited participation from service directorates, causing inconsistent application (households may qualify for one service but not others).
- Capacity constraints, including lack of policy development expertise and weak municipal-level resourcing.
- Discrepancies between municipal indigent registers and DoRA provisions.
- Political instability disrupts administration, including delays in signing service-level agreements (SLAs).

Western Cape municipalities continue to provide the nationally mandated free basic services to registered indigent households. In addition, several municipalities have expanded their policies beyond the minimum requirements of the National Indigent Policy, enabling residents to access a higher level of support than prescribed nationally. The province stated that municipal free basic service provision is undermined by both internal compliance gaps and external disruptions. In George, past neglect of legislative requirements has limited water access, requiring interventions to meet Blue Drop standards. In Theewaterskloof, persistent cable theft diverts scarce resources from service delivery.

Overall, while all provinces report the existence of indigent policies and some progress in extending Free Basic Services, the quality and reliability of implementation remain uneven. Persistent weaknesses include inaccurate or outdated indigent registers, misalignment with national guidelines, exclusion of

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vulnerable groups such as households on private land or in informal dwellings, and external factors such as non-payment to Eskom or theft of infrastructure. At the same time, positive practices in provinces like Mpumalanga, such as awareness campaigns to expand registration, demonstrate that well-designed interventions can significantly improve access. The contrast underscores the need for greater standardisation, stronger oversight, and targeted capacity support to ensure that indigent households across the country benefit equitably.

4.7 INFRASTRUCTURE INVESTMENT AND MAINTENANCE

4.7.1 Municipal Infrastructure Grant (MIG) Expenditure

The Municipal Infrastructure Grant (MIG) is allocated to municipalities as a conditional grant under the Division of Revenue Act (DoRA). It was introduced as part of broader reforms to improve coordinated service delivery across the three spheres of government. The grant is administered by the Department of Cooperative Governance (DCoG), which oversees its implementation in line with its mandate to foster cooperative governance and build municipal capacity.

According to the Division of Revenue Act No. 24 of 2024, the objectives of the MIG are

To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities; to provide specific funding for the development of asset management plans for infrastructure servicing the poor.

In 2022/23, municipalities spent R13,6 billion of the R15,6 billion MIG allocation (86.7%), a slight decline from the 61.3% expenditure recorded in the previous financial year.

Table 11: National Overview MIG Expenditure at June 2022

Province	Allocated (R'000)	Transferred to date (R'000)	Transfers as % allocation	Expenditure to date (R'000)	Expenditure as % allocation (excl roll-overs)	Expenditure as % transferred (excl roll-overs)	Unspent Balance (R'000)
Eastern Cape	3 150 667	3 150 667	100,00%	2 604 123	82.65%	82,65%	546 544
Free State	779 352	779 352	100,00%	618 398	79.35%	79,35%	160 954
Gauteng	281 652	281 652	100,00%	204 420	72.58%	72,58%	77 232
KwaZulu Natal	3 585 280	3 585 280	100,00%	3 563 584	99.39%	99,39%	21 696
Limpopo	3 100 822	3 100 822	100,00%	2 861 588	92.28%	92,28%	239 234
Mpumalanga	1 889 630	1 889 630	100,00%	1 832 322	96.96%	96,96%	57 398
Northern Cape	472 148	472 148	100,00%	346 371	73.36%	73,36%	125 777
North West	1 878 769	1 878 769	100,00%	1 525 171	81.18%	81,18%	353 598
Western Cape	454 428	454 428	100,00%	436 195	95.99%	95,99%	18 233
TOTAL	**15 5G2 748**	**15 5G2 748**	**100,00%**	**13 GG2 082**	**8G.73%**	**8G,73%**	**1 600 666**

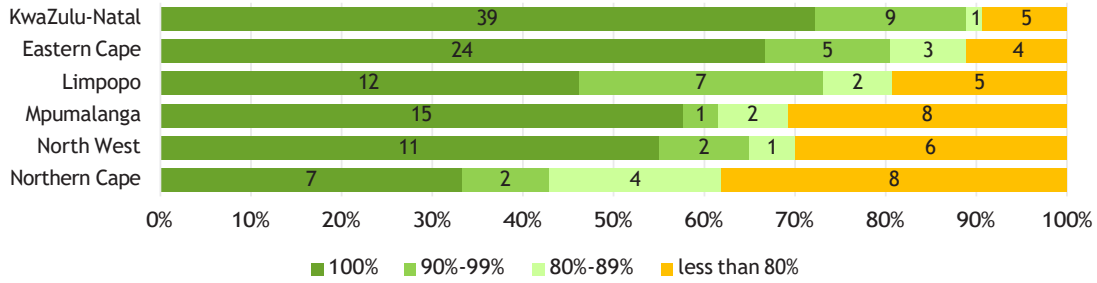
Source: Department of Cooperative Governance and Traditional Affairs Annual Report, 2022/2023

From Table 11 above, five provinces (Eastern Cape, Free State, Gauteng, North West and Northern Cape) had less than 60% MIG expenditure against total allocation. The highest expenditure reported by municipalities against the provincial allocation was by municipalities in KwaZulu-Natal that spent R3.5 billion (66.36%) of their R3.6 billion MIG allocation.

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Figure 33 affirms North West and Northern Cape's poorer relative performance. In both provinces the majority over ¼ of municipalities spent less than 80% of their MIG allocation.

Figure 33: Percentage distribution/no of municipalities and % expenditure of MIG against allocation



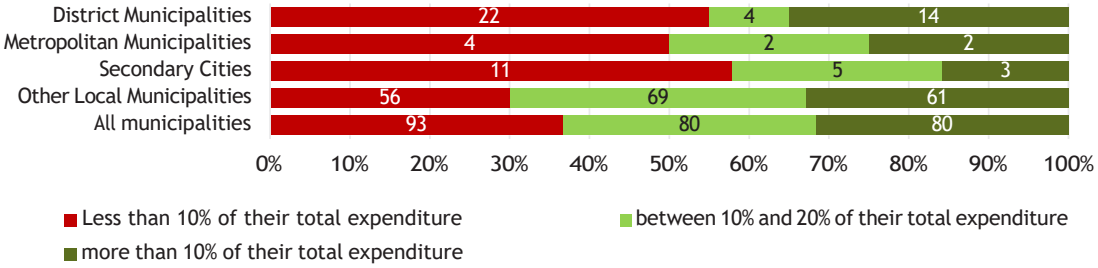
Source: Section 47 Reports

Overall, while the MIG programme continues to play a critical role in addressing infrastructure backlogs and enabling municipalities to extend basic services to poor households, expenditure performance remains uneven across provinces. High performers such as KwaZulu-Natal, Limpopo, Mpumalanga, and the Western Cape demonstrate that full utilisation of allocations is achievable, whereas persistent underspending in provinces like the Free State, Northern Cape, North West, and Gauteng points to capacity and implementation challenges that undermine the developmental impact of the grant.

4.7.2 Capital Expenditure

The State of Local Government Finances and Financial Management Report 2022/23 by National Treasury notes that funding for capital infrastructure remains an ongoing challenge for many municipalities. Lack of infrastructure investment deters the ability of municipalities to address service delivery backlogs and to support more rapid economic growth. A total of 63 municipalities spent less than 10 per cent of their total expenditure on infrastructure in 2022/23, while the norm is between 10 to 20 per cent of the total budget of the municipality.

Figure 34: Total capital expenditure as a percentage of total expenditure



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

Four (4) provinces reported on the percentage of adjusted budgets actually spent on capital expenditure: Eastern Cape, Limpopo, Mpumalanga, and Gauteng. MFMA Circular 71 sets the benchmark norm for this ratio as 65% - 100%. The data continues to show very wide variation across municipalities, ranging from severe under-spending (0-10%) to significant over-expenditure above 100%, which may reflect data quality issues, reporting anomalies, project rollovers, or reclassifications.

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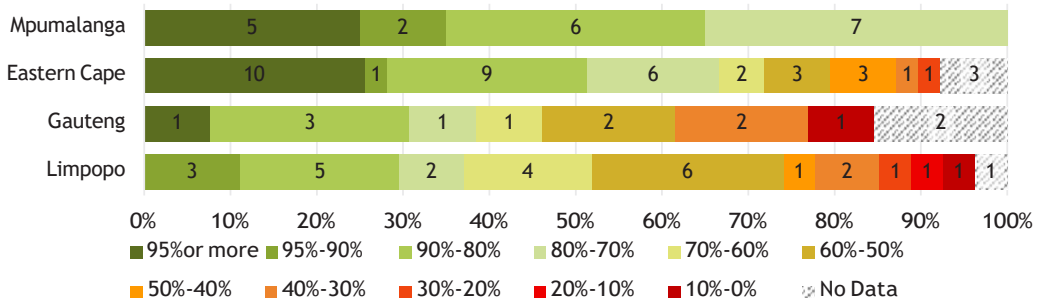
- Mpumalanga shows the strongest and most consistent delivery across municipalities. Many municipalities report close to or above 100% expenditure, including Msukaligwa (100%), Dr JS Moroka (112%), Thembisile Hani (152%), and Dipaleseng (307%); the latter being an extreme outlier likely due to reporting or classification anomalies. Most other municipalities cluster between 70-65%, showing generally variable degrees of under-performance. Only one notable underperformer appears: Nkangala DM (75%) relative to its peers.

- Eastern Cape has the majority of municipalities falling in the 70-60% range, suggesting relatively stable under-spending. There were 1 particularly poor performers: Sundays River Valley (34%) and Sarah Baartman DM (22%).

- Gauteng: expenditure performance varies across the province Johannesburg (80%), Tshwane (57%), and Ekurhuleni (65%) show weaker outcomes relative to budget. Severe underperformance is observed in West Rand DM (3%) and Sedibeng DM (36%). By contrast, Rand West City (115%) overspent, and Midvaal (81%) and Lesedi (76%) performed reasonably well.

- Limpopo stands out for the widest disparities. Six municipalities reportedly delivered below 20% of expenditure. Conversely, seven municipalities exceeded 60%.

Figure 35: Percentage distribution of municipalities per Percentage (%) Bracket Budgeted Capital Expenditure spent: MP, EC, GP, LP



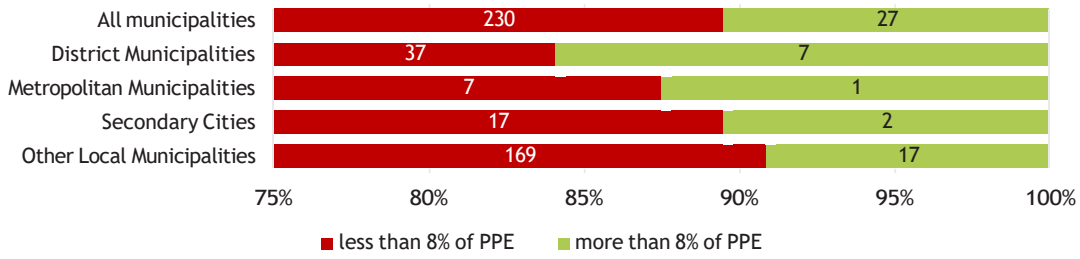
Source: Section 47 Reports

4.7.3 Repairs and Maintenance

Persistent underspending on repairs and maintenance of existing infrastructure is a common challenge across local government. Almost 60 percent of municipalities spent below the 8 percent norm on repairs and maintenance of their assets. Asset maintenance is fundamental to prevent breakdowns of infrastructure assets and to avoid interruptions to service delivery. A total of 230 municipalities spent less than 8 percent of repairs and maintenance on assets while only 27 municipalities have met the target of 8 percent.

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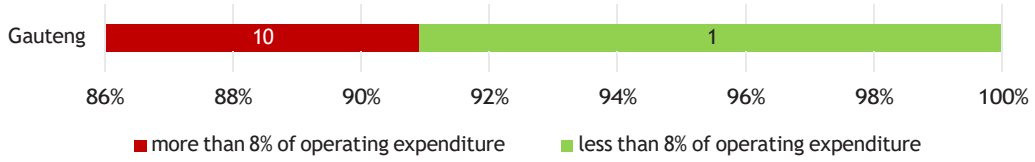
Figure 36: Repairs And Maintenance As A Percentage of Property, Plant and Equipment



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

Gauteng is the only province that reported on repairs and maintenance in the Section 47 report. In the figure below you can see the number of municipalities that have spent greater than 8% of operating expenditure on repairs and maintenance, which is the NT norm. Only 1 municipality reached this benchmark.

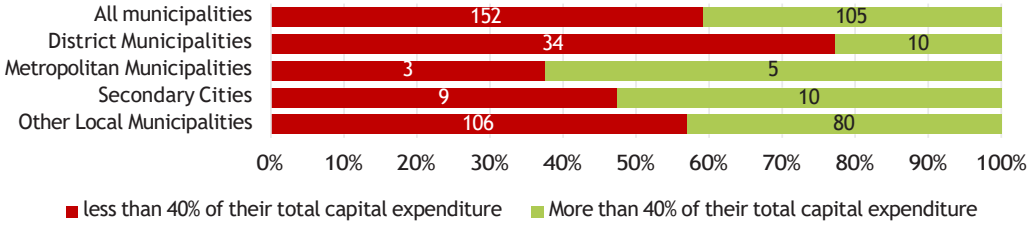
Figure 37: Repairs and Maintenance: GP



Source: Gauteng Section 47 Report

Similarly, spending on renewal and upgrading of existing assets remains substantially low. A total of 152 municipalities under invested in asset renewal below the recommended 40 per cent of the capital budget. This is an indication that municipalities are not prioritising asset management to ensure sustainability of services beyond the initial or original useful life of the asset. Another concerning factor is that many of these infrastructure assets have decreased in value and others have become obsolete. Therefore, underspending on asset renewal increases the risk of future asset deterioration.

Figure 38: Asset renewal/rehabilitation expenditure level



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

4.8 SUMMARY OF CHALLENGES – BASIC SERVICE DELIVERY

Municipalities continue to struggle to deliver basic services across their core service areas, and this reflects across their infrastructure spending as well. While some provinces do perform better than others, there remain stark differences in basic service access as reflected in Section 47 reports and among nationally collated datasets.

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- Water access: While long-term national access to basic water services has improved since 2002 (growing from 84,4% to 87,0%), recent years show a plateau and even declines in provinces such as Limpopo and Eastern Cape. Section 47 reports highlight wide intra-provincial disparities, data gaps, and in some cases implausible outliers. High levels of water loss (averaging 41.7% nationally). Only Western Cape's (22.68%) provincial average sits below the international standard of 25%, while all other provinces fail, Mpumalanga (44.76%) is the worst performer. Water losses alongside frequent interruptions further undermine reliability and sustainability. 35.8% of households Nationally reported water interruptions lasting longer than two days, with all provinces (except Gauteng and Western Cape exceeding this percentage. Once again, Mpumalanga (66.6%) is highlighted as the worst performing province, which may demonstrate the link between the issues that cause high water losses and water interruptions.

- Sanitation access: National access improved steadily from 61.7% in 2002 to 83.3% in 2023, but progress has stagnated since 2016. Provinces such as Western Cape, Gauteng, and Free State maintain higher access levels, while Limpopo and North West lag behind. Whilst access to flush toilets is 66%, there are still, many households still rely on pit latrines, ventilated and non-ventilated (27%). Whilst Eastern Cape has a high level of access, there is heavy reliance on pit latrines (40%) compared to other provinces. Section 47 reports highlight strong municipal-level performance in provinces like Mpumalanga and Western Cape, but data gaps in the Northern Cape make it difficult to make thoughtful analysis of the province's performance.

- Electricity access: National access rose from 78.3% in 2003 to 86.8% in 2023, but progress has slowed, and Gauteng and North West have seen stagnation or decline due to rapid in migration, or perhaps the growth of informal settlements. Reliability remains compromised by high electricity losses. In the two provinces that reported, losses exceed international norm of 10%, 25.8% in Gauteng's and 22.4%, in Northern Cape's, with extremes such as Merafong (GP) at 64%, and Emthanjeni (NW) and Phokwane (NW) at 57%. Such high losses affect the viability of the municipalities' electricity business.

- Refuse removal access: Nationally, 62.6% of households have weekly refuse removal while 28.6% use own refuse dumps. Urban–rural divides are stark: 78.8% of rural households self-dispose compared to only 7.2% in urban areas. Provincial disparities are significant: Western Cape (87.6%) and Gauteng (83.6%) show high coverage, while Limpopo (24.6%) lags far behind, with rural Limpopo (7.8%) among the lowest.

Noteworthy is what seems to be data gaps/anomalies in reporting on basic services. Across provinces, particularly Free State, the data is implausible and contradicts StatsSA figures. In the cases of reporting on percentage water/electricity losses, only two provinces reported, though all provinces should be able to track this data.

- Indigent policy management: While all municipalities report having indigent policies in place, implementation remains inconsistent. Nationally, 2.8 million indigent households were identified in 2022/23 (up 5.2% from 2021/22), yet only 60–75% benefitted from free basic services across water, electricity, sanitation, and refuse removal. Section 47 reports highlight outdated or inaccurate registers, misalignment with national guidelines, and exclusion of households without municipal accounts, particularly in informal settlements and rural areas. Stats SA confirms a declining share of households receiving free basic water, electricity, and sanitation, with only refuse removal showing marginal improvement. Mpumalanga demonstrates stronger practice through awareness campaigns that boosted registration, but overall indigent management remains weak, with persistent data and coordination gaps undermining equitable access.

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- Infrastructure Investment and Maintenance: MIG remains an important vehicle for expanding access, but expenditure is uneven. Provinces such as KwaZulu-Natal and Mpumalanga spend close to 100% of allocations, while Free State (76.35%), Northern Cape (73.35%) and Gauteng (72.58%) underperform. Capital expenditure rates vary widely, with more than a third of municipalities (36.1%) spending less than 10% of budgets, far below the 10–20% norm. Repairs and maintenance are chronically underfunded, with 60% of municipalities spending below the 8% norm, increasing the risk of asset failure and service disruption.

Despite notable progress over the past two decades, basic service delivery in South Africa remains uneven, with stark provincial and municipal disparities. Gains in access are undermined by declining reliability, systemic infrastructure underinvestment, high technical and non-revenue losses, and persistent data quality issues. This combination of service backlogs, weak maintenance, and inconsistent reporting threatens the sustainability of basic services and highlights the urgent need for stronger municipal capacity, improved financial management, and a more consistent national performance measurement framework.

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5 LOCAL ECONOMIC DEVELOPMENT

5.1 INTRODUCTION

Local Economic Development (LED) continues to be a cornerstone of local government performance. When good performance is realised, it fosters collaborative efforts between local government, private sector, and civil society to stimulate inclusive economic growth at the district and local levels. The aim is to align public, private, and non-profit investments to improve quality of life through integrated planning and implementation of localised economic development opportunities that catalyse the opportunities, resources and contextual advantages of an area. In 2022/2023, LED continued to be informed by the District Development Model (DDM), with its spatial and relational orientation to regionalised economic opportunity and coordination.

5.2 LEGISLATIVE AND POLICY FRAMEWORK

The constitutional mandate for LED remains unchanged:

- Section 152(c): Municipalities must promote social and economic development.
- Section 153(a): Municipalities must structure planning and budgeting to prioritise community needs and development.

The **1GG8 White Paper on Local Governnent** reinforces this mandate by emphasizing the developmental role of municipalities. It highlights the need to address poverty and support local economic growth through municipal powers and functions.

Following the introduction of the first National Framework for LED in 2006, significant progress was made. This includes the:

- Development of LED strategies by many municipalities, integrated into their Integrated Development Plans (IDPs).
- Allocation of dedicated municipal budgets for LED activities.
- Establishment of LED support programmes in all provinces.
- Creation of over 30 Local Economic Development Agencies (LEDAs).
- Increased investment in LED from national departments and academic institutions, including funding, training, and formal education.
- Contributions from civil society and donors towards capacity building and development initiatives.

5.3 INDICATORS FOR 2022/2023

In the preceding financial year of 2021/2022, municipal performance in reporting LED indicators was poor. Many municipalities failed to report adequately on key indicators, vary few with any reliable estimate on investment attracted to their jurisdictions. Even fewer made the linkages between where declining and unreliable basic services were failing to provide an enabling environment for social and economic development. District and local municipalities were the most affected by underreporting. Municipal reporting of LED indicators in 2022/2023 showed only marginal improvement compared to 2021/2022. Many municipalities still struggled with underreporting, particularly on investment attraction and LED job creation outcomes. District municipalities, especially in rural provinces, remain the most affected.

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Key indicators covered in this section include:

- LED strategy and planning (council-approved strategies and plans)
- Municipal capacity (LED units, posts filled, and forums)
- Job creation (through EPWP, CWP, and LED programmes)
- Types of LED initiatives implemented

5.3.1 LED Strategy

Council-approved LED strategies continue to be uneven across provinces. There seems to have been a slowing down in the updating of LED strategies. Across the provinces there are reports of strategies dating back to a decade ago. Table 12 below describes the status of LED strategies within the province.

Table 12: Status of LED strategies in provinces

Province	Status / Progress
Eastern Cape	54% of municipalities have updated strategies, and implementation remains weak.
Free State	7 municipalities have approved LED strategies. There are some under review, and others not reported on.
Gauteng	All municipalities have LED strategies, except Tshwane
KwaZulu-Natal	53 LED strategies approved an up to date. Pongola is outstanding.
Limpopo	The report does not mention LED strategies
North West	The report does not mention LED strategies
Northern Cape	Limited reporting on LED strategies. There Section 47 report summarizes what each municipality is doing but one cannot tell from these initiatives whether an approved strategy is in place. There are only 7 clear up to date Council approved strategies.
Mpumalanga	16 municipalities reported approved to have LED strategies.
Western Cape	Strong alignment of LED strategies with provincial economic planning frameworks. However, it is not explicitly stated that the strategies are Council approved and up to date in most cases.

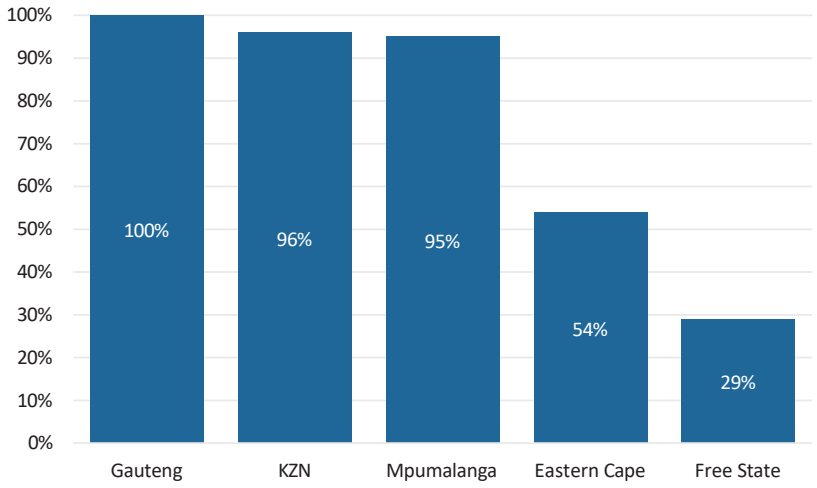
Source: Section 47 Reports

Figure 36 below shows the percentage of up-to-date approved strategies for provinces where it was clearly reported. Gauteng (100%), KZN (66%) and Mpumalanga (65%) all show a high percentage of approved and current strategies. Whilst the Eastern Cape (54%) and Free State (26%) have much lower rates of approved strategies, they are clear in their reports about the numbers that have been developed

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and are awaiting Council approval. This highlights ongoing disparities across provinces in strategic readiness.

Figure 36: % Municipalities with Council Approved - up to Date Strategies



Source: Section 47 Reports

A key point to note is that LED Strategies and Plans are used here as a proxy and leading indicator for potential implementation. It is considered a policy and administrative prerequisite, but not sufficient condition for achieving local economic development. The data here suggests that excepting Gauteng, KZN, Mpumalanga and to some extent the Western Cape, even the basic policy and administrative conditions are not present.

5.3.2 Municipal Capacity to Plan and Inplenent LED

The functionality of LED units within municipalities is a critical measure of their capacity to implement Local Economic Development plans effectively. These units act as the operational arms of municipalities, ensuring that LED strategies move beyond policy documents into tangible action. A functional LED unit provides the institutional infrastructure necessary to coordinate stakeholders, manage resources, and monitor progress. It also signals credibility to external partners such as investors, government departments, and development agencies by demonstrating that the municipality has the internal systems and skills to deliver on development initiatives. Without such a unit, LED plans often remain aspirational, with little practical impact on local economies.

Functional LED units also ensure integration of LED plans into broader municipal strategies, such as the Integrated Development Plan and sectoral frameworks, while serving as a bridge between the municipality and local stakeholders. They are essential for mobilizing resources, packaging funding proposals, facilitating partnerships, and ensuring that communities are actively engaged in development processes. In this way, they enable municipalities to foster inclusive growth, create jobs, and support local enterprises. The presence of a functional LED unit therefore reflects a municipality's readiness to drive economic transformation, while the absence of one severely undermines the implementation and sustainability of LED initiatives. Only a few provinces state that an LED unit exists in their municipalities, thus the implication is that they are under-resourced or non-existent.

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Across provinces, capacity challenges persist:

- Gauteng: Vacancy rate in LED units stands at 23%.
- Eastern Cape: not all municipalities have standalone LED units, and they are sometimes combined with other departments like Spatial Planning. Only 11 of 36 municipalities reported "Excellent"[12] and 6 are "Very Good"[13] . Therefore, across the 22 other municipalities their either is not a LED unit and/or there are unfilled positions. Furthermore, the report flags that there is a lack of funding for LED units.
- Mpumalanga: 35 of the 71 approved LED-related posts are filled, translating to a 50.7% vacancy rate.
- Free State: Capacity constraints within LED Units due to lack of skilled human resources, budget and understanding of LED
- North West: LED units largely under-resourced.
- Northern Cape: The data is mostly narrative. LED units are mentioned in 3 municipalities narratives, and a fourth mentioned the need to establish and LED unit, which may indicate limited uptake of LED units in the province.
- Western Cape: report provides extensive detail on comprehensive, multi-faceted LED strategies that are developed and being implemented but fails to make a direct mention of the presence of LED units in municipalities.

5.3.3 Municipalities with LED Foruns

An LED forum serves as a structured platform where municipalities, local businesses, community representatives, government agencies, and other stakeholders come together to discuss, plan, and coordinate Local Economic Development initiatives. Its purpose is to create a space for dialogue, collaboration, and joint decision-making, ensuring that development strategies reflect local needs and opportunities while avoiding duplication of efforts. encouraging shared responsibility, an LED forum is intended to enhance the effectiveness, legitimacy, and sustainability of LED plans, making it a vital mechanism for local economic growth and development. Despite these stated intentions, there is little evidence to suggest these forums actively contribute to those intentions in practice.

The presence of LED forums remains uneven, and they are mostly not reported on in the Section 47 reports. For those that did, the conceptualisation of functionality was inconsistent. What can be gleaned is:

- Western Cape: The data is mostly narrative. LED Forums are mentioned in 2 municipal summaries. In Hessequa, the forum is being established, and in Matzikama the forum is described as having diverse membership form various sectors
- Free State: In 6 (36.1%) of the 23 municipalities have functional LED stakeholder forums.
- Mpumalanga: Most municipalities (18 out of 20) reported having functional LED stakeholder forums. However, there is limited participation of private sector in LED stakeholder Forums. Further, in some of the municipalities, there would be disruptions of projects by people purporting themselves as local business forums and thus undermining the Municipal inclusive LED Stakeholder forums.

[12] Excellent performance: The municipality must have an LED unit in the organogram; approved budget for posts; all approved posts must be filled and have adequate resource allocation.

[13] Very Good performance: An LED unit is in place; approved posts have been budgeted for and filled but without provision of adequate resources.

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- Limpopo: All municipalities have functional LED forums and meetings held regularly.
- Northern Cape: 2 Districts and 2 Local Municipalities noted the establishment of various forums, under the LED banner, namely: Youth Economic Development Forums, Business Forums, Transformations and job creation Implementation Forum, and Economic Collaborative Forum alongside standard LED Forums. This indicates some presence of LED Forums, but not large scale adoption.
- Other provinces: No quantitative data reported on this indicator.

It is also interesting to note that provinces with disproportionate contributions to the economy do not appear to correlate their economic performance with the presence or existence of these structures.

5.3.4 Job Creation through LED Initiatives

The Expanded Public Works Programme (EPWP) and the Community Work Programme (CWP) are national employment initiatives designed to provide work opportunities while supporting service delivery and community development. The EPWP creates short-term jobs through labour-intensive projects such as road construction and maintenance, waste management, social services, and community infrastructure. The CWP complements this by offering guaranteed part-time employment days each year, often through community-based initiatives like agricultural projects, home-based care, and environmental services.

At municipal level, these programmes are crucial because they deliver both social and economic benefits. They help to ease unemployment in the short term while also providing participants with work experience and basic skills that improve employability. They are intended to strengthen community resilience by involving local residents in projects that directly benefit their areas, such as public works and care services. Importantly, they also support municipal service delivery and development priorities, linking job creation to tangible improvements in communities. In this way, municipalities can use these programmes as tools to reduce poverty, enhance livelihoods, and promote inclusive local growth.

Table 13 below presents the number of participants or beneficiaries involved in different employment and development initiatives across provinces during 2022/2023. It shows figures for the Expanded Public Works Programme (EPWP), the Community Work Programme (CWP), and other LED initiatives, with a total calculated for each province.

Table 13: Job opportunities created through EPWP, CWP and LED initiatives

	GP	KZN	LP	MP	NC	FS	NW	WC
EPWP	27540	25648	21403	7176	2624	-	-	50000
CWP	8660	28885	16817		-	24605	22,262	-
LED Initiatives	10210	-	8331		-	-	-	-

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Total	**46,710**	**54533**	**4G551**	**7176**	**2624**	**24605**	**22,2G2**	**50000**[14]

Source: Section 47 Reports

The table highlights both the scale and distribution of these programmes, illustrating how provinces vary in their reliance on and implementation of employment and development opportunities. Gauteng, KZN, Limpopo and the Western Cape have the highest overall participation, followed by Free State and North West The provinces break down the job opportunities created in different ways; thus, the total figures are the ones that likely provide the most holistic picture. The Eastern Cape did not provide a figure and simply states that all municipalities reported on job opportunities created through EPWP and CWP.

5.3.5 Types of LED Programmes and Initiatives

All nine reports highlighted a wide range of LED initiatives and programmes implemented during the 2022/23 financial year. The most common types of initiatives reported included:

- Support to SMMEs and cooperatives
- Business incubation and development services
- Small-scale farmer support and agricultural initiatives
- Township and small-town revitalisation projects
- Tourism development, including cultural and eco-tourism
- Entrepreneur mentorship and contractor training
- Support for informal trading
- Integration of EPWP projects with LED objective

5.4 SUMMARY OF CHALLENGES – LED CHALLENGES

Municipalities continue to experience recurring challenges in the implementation of Local Economic Development. While strategies, units, forums, and employment initiatives are in place across many provinces, their effectiveness remains uneven. The Section 47 reports point to constraints in strategy readiness, institutional resourcing, functionality of forums, and the sustainability of employment programmes, all of which are influenced by broader service delivery and infrastructure conditions.

- LED strategies: M Council-approved and up-to-date strategies remain uneven across provinces. Gauteng (100%), KwaZulu-Natal (66%), and Mpumalanga (65%) reported the highest levels of coverage, while the Eastern Cape (54%) and Free State (26%) showed far lower rates. Limpopo and North West did not report on LED strategies, and the Northern Cape provided mostly narrative descriptions, making it unclear whether approved strategies are in place. The uneven updating of strategies, with some dating back a decade, reflects significant disparities in strategic readiness.

- Institutional capacity: LED units are frequently under-resourced, with high vacancy rates, limited skills, and in some provinces an almost absent footprint. Vacancy rates of 23% in Gauteng and over 50% in Mpumalanga were noted, while the Eastern Cape reported that many municipalities do not have standalone LED units and face funding shortages. Free State, North

[14] This figure is an estimate as the graph in the section 47 report does not show the exact number. But it is in this region of 50 000

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West, and Northern Cape municipalities similarly struggle with inadequate staffing and budget support. Without functional LED units, strategies remain aspirational and poorly implemented.

- LED forums: Forums, intended to coordinate stakeholders and drive inclusive development, are inconsistently established and poorly reported on. Limpopo and Mpumalanga noted widespread forum coverage, but participation is uneven and sometimes undermined by conflict (e.g., disruption by local business forums in Mpumalanga). In the Free State, only 6 of 23 municipalities reported functional forums, while in the Northern Cape, forums exist only in a handful of municipalities. In most provinces, forums are either absent or lack clarity on their role and functionality.

- Job creation initiatives: Provinces reported varying levels of employment creation through EPWP, CWP, and other LED programmes. Gauteng, KwaZulu-Natal, Limpopo, and the Western Cape reflected the highest levels of participation, while Eastern Cape did not provide figures for 2022/2023. The initiatives provide temporary relief through short-term opportunities, but reporting did not consistently link them to long-term economic outcomes or sustainable livelihoods.

- Enabling environment: Section 47 reports highlighted that declining or unreliable basic services, particularly in water, electricity, and waste management, constrain the impact of LED. These conditions limit the extent to which strategies, forums, and employment programmes can achieve inclusive economic growth.

In summary, LED strategies, units, forums, and initiatives exist across municipalities, but their impact is weakened by outdated or absent strategies, capacity shortages, inconsistent stakeholder coordination, and reliance on temporary employment interventions. These weaknesses are compounded by deteriorating service delivery, meaning LED often remains compliance-driven and short-term rather than a strategic lever for inclusive economic transformation.

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6 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

6.1 INTRODUCTION

Sound financial management practices are fundamental to the long-term sustainability of municipalities and their ability to deliver services effectively. Municipal financial management spans a range of interrelated components – planning and budgeting, revenue generation, cash and expenditure management, procurement, asset management, reporting, and oversight. Together, these ensure that municipal expenditure is developmental, efficient, and accountable.

A critical starting point for financial viability lies in the strength of the municipal revenue base. The ability to bill accurately, collect revenues effectively, and safeguard key income streams such as property rates, service charges, and intergovernmental transfers determines whether municipalities can meet their service obligations. When billing systems are weak, collection rates fall, or consumer debt escalates, municipalities become increasingly dependent on external grants, undermining fiscal autonomy and predictability.

Expenditure patterns further shape financial sustainability. Municipalities must balance the developmental imperative of service delivery with strict affordability constraints, ensuring that outlays are efficient, targeted, and aligned with budgets. Rising employee costs, bulk purchases, and consumption-driven expenditure trends often crowd out investment in repairs, maintenance, and capital projects. Overspending or underspending against adjusted budgets signals weaknesses in discipline and planning, eroding both efficiency and service outcomes.

Financial viability also depends on how well municipalities manage their liquidity and cash flow. The availability of adequate and predictable funding, coupled with prudent financial management, is central to ensuring reliable service delivery. This is most clearly demonstrated by a municipality's ability to service debt from its own revenue and to collect receivables in order to fund day-to-day operations, thereby reducing reliance on external grants. In practice, viability is measured through a municipality's capacity to generate sufficient cash flows to cover operating expenditure and debt commitments, while maintaining and expanding service delivery. The 2007 Municipal Systems Act regulations set out three key performance indicators to assess this: debt coverage, outstanding consumer and service debtors to revenue, and cash flow.

Independent assurance is provided through audit outcomes, which reflect the integrity of municipal financial reporting and governance. The Auditor-General's findings on compliance, internal controls, and the accuracy of financial statements provide a window into the quality of oversight. While clean or unqualified audits signal credibility and accountability, repeated qualifications, disclaimers, or adverse outcomes expose systemic weaknesses in financial management and undermine public confidence.

Finally, patterns of financial distress provide a cross-cutting indication of viability. Municipalities struggling with chronic cash shortages, escalating debt to bulk service providers, and deteriorating creditor and debtor positions often enter distress, triggering interventions or debt relief processes. These conditions typically stem from interlinked failures in revenue collection, expenditure control, asset management, and governance. Persistent distress not only constrains the ability of municipalities to sustain basic services but also threatens the broader stability of the local government system.

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Together, these dimensions (revenue, expenditure, liquidity and cash management, audit outcomes, and financial distress) provide a comprehensive picture of municipal financial viability and the risks that shape long-term sustainability.

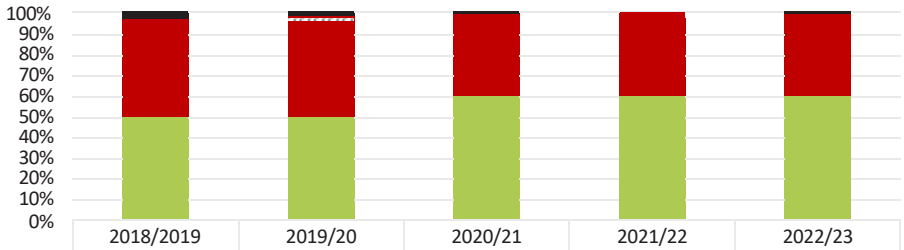
6.2 REVENUE

6.2.1 Funded/Unfunded Budgets

Funded budgets are a leading indicator of good financial management and viability. If a municipality adopts a budget that is not credible, realistic or sustainable, it runs a financial risk that may affect all areas of its operations. The State of Local Government Finances and Financial Management Report 2022/23 (SoLGF) published by National Treasury states that a total of 65 municipalities adopted unfunded budgets in 2022/23, a decline from 112 in 2021/22. This represents an improvement of 15% year-on-year. Unfunded budgets contravene the provisions of Section 18 of the MFMA and indicate that municipalities continue to overestimate their anticipated revenue and plan excessive spending, often resulting in financial strain.

Figure 40 below shows funded and unfunded budget information between 2018/16 and 2022/23. Over this five-year budget period, the number of municipalities adopting unfunded budgets decreased from 115 in 2018/16 to 65 in 2022/23, an improvement of 17%. While this trend signals some progress, the persistence of a large number of unfunded budgets suggests that municipalities are still struggling to align expenditure with realistically anticipated revenue. In addition, inefficiencies such as excessive water and electricity losses and growing unauthorised, irregular, fruitless and wasteful expenditure continue to place further pressure on municipal finances.

Figure 40: Five-year trend in Funded/Unfunded Budgets



	2018/2019	2019/20	2020/21	2021/22	2022/23
Undetermined	6	4	2	0	2
Unfunded	115	123	106	112	95
Funded with risk	0	0	0	0	0
Funded	136	130	149	145	160

Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

With respect to the metros, the City of Tshwane was the only metro that adopted an unfunded budget in 2022/23, marking the first time in the past three financial years that a metro has adopted an unfunded budget. Among the secondary cities, 10 out of 16 adopted unfunded budgets, unchanged from the previous year. The persistence of unfunded budgets in municipalities, despite ongoing support and recommendations from both National and Provincial Treasuries, suggests that systemic weaknesses in budget planning and financial governance remain entrenched. These include lack of capacity, weak governance, operational and institutional inefficiencies, and to some extent, political instability.

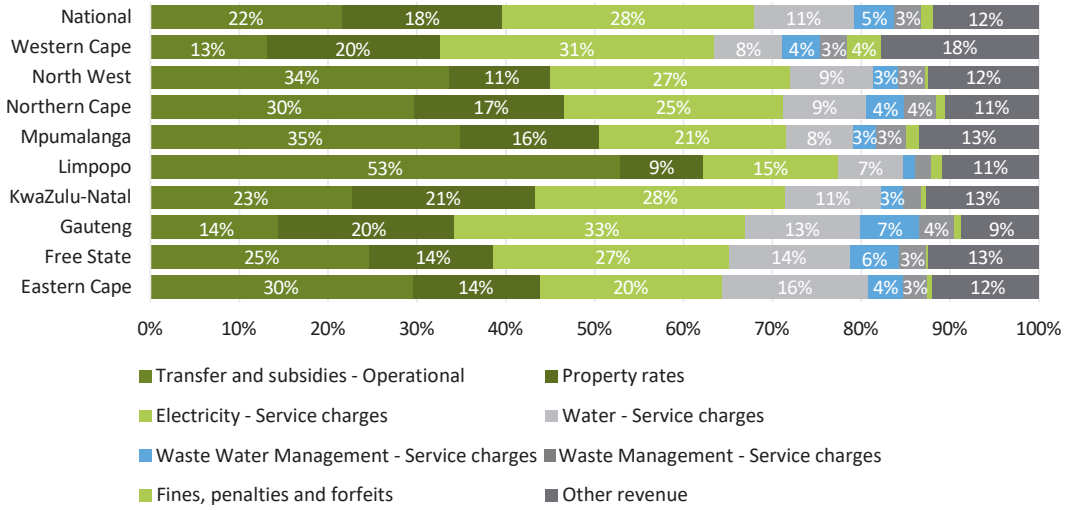
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6.2.2 Revenue by Type

As shown in Figure 41, Electricity service charges remain the largest single source of municipal revenue, contributing 28% nationally. Gauteng (33%) and Western Cape (31%) record the highest reliance, with electricity accounting for around a third of total income. In contrast, Limpopo records the lowest share from electricity (15%), with more than half of revenue instead derived from transfers (53%), highlighting its heavier dependence on national funding. Transfers also make up roughly a third of revenue in North West (34%) and Mpumalanga (35%). Property rates contribute 18% nationally, with the highest shares in KwaZulu-Natal (21%) and in Gauteng and Western Cape (20% each). Water service charges account for 11% nationally, with Eastern Cape (16%) and Free State (14%) recording the highest proportions. Wastewater and waste management charges remain smaller contributors, at 5% and 3% of national municipal revenue respectively.

When combined, service charges for electricity, water, wastewater and waste management account for just under half of total municipal revenue nationally (47%). Gauteng records the highest combined share at 57%, followed by Free State (50%), Western Cape (46%) and KwaZulu-Natal (44%). Eastern Cape, Northern Cape and North West all fall between 40% and 50%. Mpumalanga (35%) and Limpopo (26%) record the lowest reliance on service charges, reflecting their higher dependence on transfers. The Western Cape continues to record the highest relative share from fines (4%), while other revenue streams together contribute 12% of municipal revenue nationally.

Figure 41: Breakdown of municipal revenue



Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

6.2.3 % Growth fron Previous Year

Nationally, as shown in Table:14, municipal revenue from electricity service charges increased by 14%, water service charges by 22%, wastewater service charges by 20% and waste management service charges by 21%. Gauteng recorded particularly strong growth across all four categories, with electricity increasing by 37%, water by 36%, wastewater by 33% and waste management by 43%, all well above the national municipal averages. By contrast, Limpopo reflected the weakest performance, with electricity service charges increasing by only 1% and wastewater revenue remaining unchanged, while water revenue increased by 16% and waste management by 4%, all below the national averages.

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Several provinces recorded growth in specific categories that exceeded the national averages. Eastern Cape reported strong growth in water revenue (31%), higher than the national figure, while Free State exceeded the national average for wastewater revenue (6%) but recorded lower growth in the other categories. KwaZulu-Natal reflected above-average growth in property-related revenues (17%) and modest increases across the four service charges, though all remained below the national benchmarks. Northern Cape and North West also recorded growth below national levels in most categories, though both reflected stronger performance in wastewater charges (13% and 7% respectively). Western Cape recorded the lowest growth among provinces for electricity (0%), water (8%), wastewater (10%) and waste management (6%), all falling short of the national municipal averages.

The overall national increases in service charge revenue were driven primarily by Gauteng, where growth across all categories substantially lifted the national averages despite more modest results in most other provinces.

Table:14 Annual growth in revenue from service charges (2021/22-2022/23)

Province	Electricity	Water	Waste Water Management	Waste Management
Eastern Cape	4%	31%	5%	4%
Free State	2%	6%	9%	-3%
Gauteng	37%	39%	33%	43%
KwaZulu-Natal	4%	8%	7%	12%
Limpopo	1%	19%	0%	4%
Mpumalanga	2%	-2%	7%	5%
Northern Cape	3%	7%	13%	12%
North West	2%	8%	7%	8%
Western Cape	0%	8%	10%	9%
Nationally	**14%**	**22%**	**20%**	**21%**

Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

6.3 EXPENDITURE

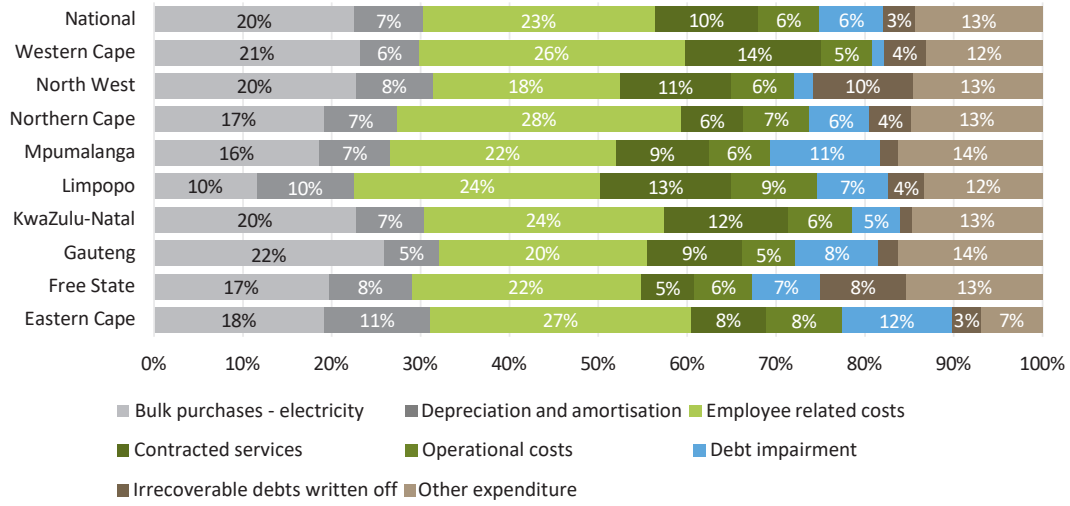
6.3.1 Expenditure by Type

As shown in Figure 42, employee-related costs remain the single largest component of municipal operating expenditure, accounting for 23% nationally. Shares range from 18% in North West to 28% in Northern Cape, with Eastern Cape (27%) and Western Cape (26%) also above the national average. Bulk purchases, primarily for electricity, make up 20% nationally. Gauteng (22%) and Western Cape (21%) record slightly higher proportions, while Limpopo is notably lower at 10%.

Among other categories, debt impairment contributes 6% nationally, with Eastern Cape (12%) and Mpumalanga (11%) recording the highest shares. Depreciation and amortisation accounts for 7%, with Eastern Cape and Limpopo at 10–11%. Contracted services make up 10% nationally, but are higher in Western Cape (14%) and Limpopo (13%). Irrecoverable debts written off account for 3% nationally, though North West (10%) and Free State (8%) stand out. Operational costs (6%) and other expenditure (13%) show less variation, with most provinces close to the national averages, except Eastern Cape which records a lower share of other expenditure at 7%.

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Figure 42: Breakdown of municipal expenditure



Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

6.3.2 % Growth fron Previous Year

Nationally, as show in Table 15, employee-related costs increased by 12%, bulk purchases by 14%, debt impairment by 62% and depreciation and amortisation by 6%. Contracted services grew by 16%, operational costs by 16% and other expenditure by 21%, while irrecoverable debts written off declined by 26%. The overall increases were strongly influenced by Gauteng, which recorded large rises across most categories, including employee-related costs (40%), bulk purchases (36%), depreciation (32%), contracted services (30%), operational costs (37%) and other expenditure (37%). Debt impairment in Gauteng rose sharply (326%), far above the national increase.

Table 15: Annual growth in expenditure (2021/22-2022/23)

	Employee related costs	Bulk purchases - electricity	Debt impairment	Depreciation and amortisation	Contracted services	Irrecoverable debts written off	Operational costs	Other expenditure
EC	1%	4%	11%	4%	9%	30%	7%	-6%
FS	1%	-2%	-9%	1%	-18%	20%	-5%	1%
GP	40%	36%	329%	32%	30%	-61%	37%	37%
KZN	3%	5%	16%	3%	12%	-12%	3%	16%
LP	4%	1%	77%	-5%	0%	-41%	15%	16%
MP	5%	1%	109%	7%	3%	-60%	11%	28%
NC	10%	2%	195%	-8%	31%	-29%	10%	23%
NW	6%	5%	111%	-7%	16%	-2%	43%	33%
WC	2%	1%	48%	4%	16%	8%	8%	2%
National	**12%**	**14%**	**G2%**	**G%**	**16%**	**-2G%**	**16%**	**21%**

Source: National Treasury Municipal MTREF A4 Budgeted Financial Performance, 2023/24, collated by author

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Other provinces also recorded notable increases in debt impairment, including Northern Cape (165%), North West (111%), Mpumalanga (106%), Limpopo (77%) and Western Cape (48%). By contrast, Free State recorded decreases across several items, including bulk purchases (2%), debt impairment (6%), contracted services (18%) and operational costs (5%). Declines in irrecoverable debts written off were widespread, with the sharpest reductions in Mpumalanga (60%), Limpopo (41%) and Eastern Cape (30%), consistent with the overall national decrease.

6.4 CASH MANAGEMENT AND LIQUIDITY

The most common indication of financial distress in a municipality is liquidity challenges. Municipalities with liquidity challenges fail to collect the money owed and lack the resources to pay their short-term obligations. As a result, their outstanding debtors' book are increasing, and because of lack of resources, the creditors are also rising. These municipalities are consequently unable to maintain positive cash flows to pay creditors within the legislated time frame of 30-days.

6.4.1 Cash Balance

Understanding the cash liquidity of municipalities provides an indication of municipalities ability to meet their financial commitments or sustain their operations. A municipality is likely to experience serious financial problems that escalate into a crisis and inevitably lead to dysfunctionality if it is without good cash flow management and a solid liquidity risk management strategy.

In terms of Section 45 of the MFMA, municipalities are not permitted to close the financial year with any short-term borrowing or overdraft. A negative cash balance at the end of the financial year is indicative of a municipality under financial stress.

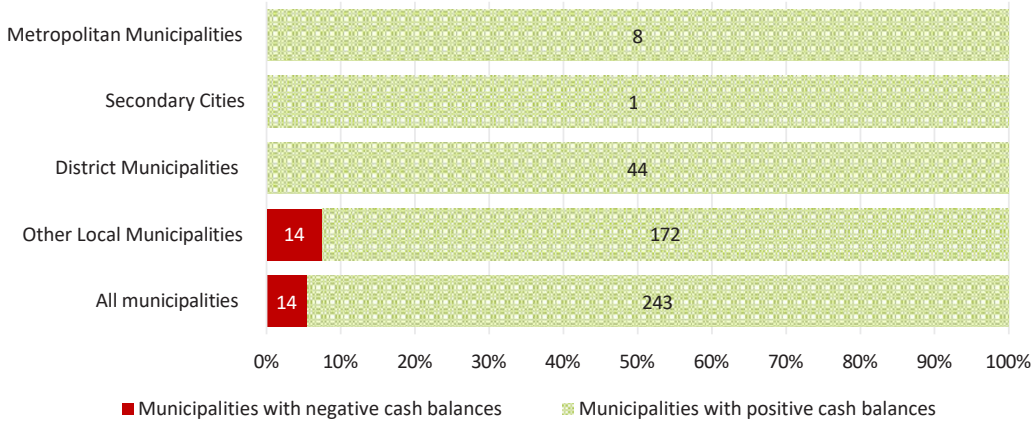
According to the 2022/23 Section 47 reports, only Gauteng and North West provided information on the cash balances of their municipalities:

- Gauteng reported that all its municipalities closed both the 2021/22 and 2022/23 financial years with positive cash balances.
- North West reported that none of its 22 municipalities had persistent negative cash balances at the end of 2022/23, an improvement from the previous year when two municipalities reported persistent negative balances.

Reliance on these reports is therefore inadequate for producing a picture of local government cash balance. To understand the national picture, one can refer to the SoLGF report. As shown in Figure 43, at the end of 2022/23 a total of 14 municipalities reported negative cash balances, the same number as in 2021/22. This indicates no overall improvement in the aggregate picture. Of these, 6 municipalities recorded recurring negative cash balances from the previous year, pointing to persistent cash flow problems.

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Figure 43: National: % /no of municipalities with negative cash balances



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

All 8 metros maintained positive cash balances for the second consecutive financial year under review. By contrast, the Free State and Northern Cape reported the highest number of municipalities with negative cash balances in 2022/23, with 4 each, followed by North West with 3. Encouragingly, all 44 district municipalities reported positive cash balances in 2022/23, compared to 2 that reported negative balances in 2021/22.

The figures suggest that while metros and district municipalities have generally managed to maintain healthy cash positions, a number of local municipalities continue to face structural cash flow challenges. These difficulties are often linked to weak revenue collection, escalating expenditure pressures, and limited capacity to manage working capital effectively.

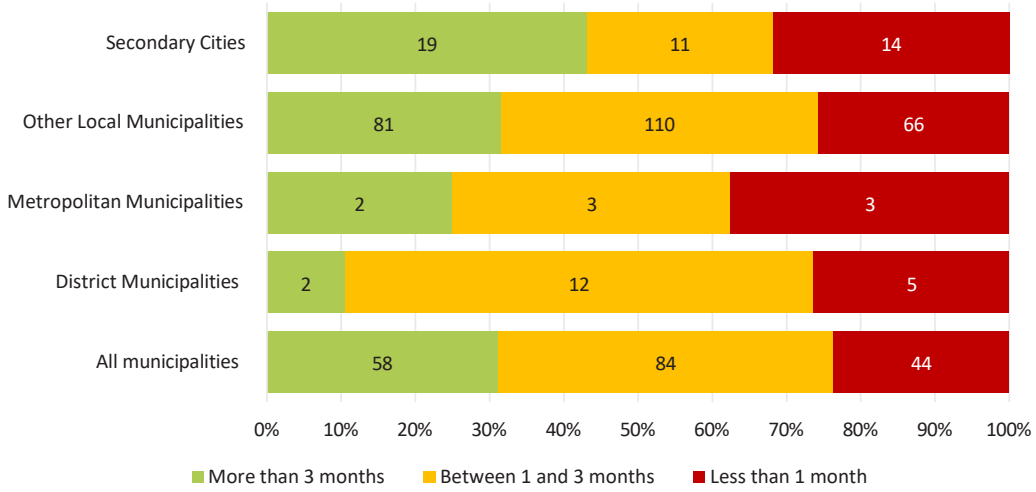
6.4.2 Cash Coverage Ratio

The cash coverage ratio is a key indicator of a municipality's ability to meet its monthly fixed operational costs, as it measures how many months of expenditure can be covered by the cash on hand. MFMA Circular 71 sets the benchmark norm for this ratio at between one and three months. A ratio below one month signals potential financial distress and indicates a heightened risk that a municipality may not be able to meet its financial commitments or sustain basic service delivery.

According to the SoLGF Report (Figure 44), at the end of 2022/23, 24% of municipalities had a cash coverage ratio of less than one month, 45% percent reported ratios of between one and three months, and 31% percent had ratios exceeding three months of operational expenditure. Compared to 2021/22, where nearly half (46.%) of municipalities had a ratio of less than one month, the 2022/23 results point to some improvement. Despite the improvement, a notable share of municipalities still remain below the benchmark.

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Figure 44: %/no. distribution of Cash Coverage per municipality category



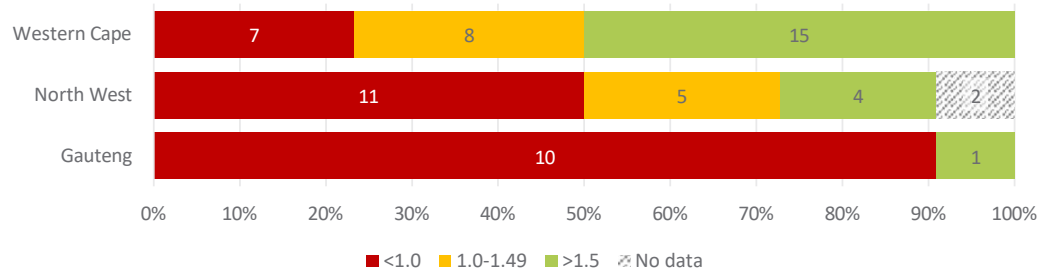
Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

6.4.3 Current Ratio

The current ratio measures whether a municipality has sufficient current assets to cover its current liabilities (such as debt and payables). A higher current ratio indicates a greater ability to meet short-term obligations and to continue operating as a going concern. MFMA Circular 71 sets the benchmark norm for this ratio at between 1.5 and 2.0. A ratio of less than 1 suggests that a municipality may be unable to pay all its short-term obligations if they fall due at the same time, highlighting serious financial challenges and likely liquidity constraints.

Only three provinces, as shown in Figure 45, reported the current ratios of their municipalities in their Section 47 reports: North West, Gauteng, and Western Cape. Each of the three provinces reported more municipalities with ratios below 1 than in 2021/22. In Gauteng, the number of municipalities with ratios below 1 increased from 8/11 to 10/11 (73% to 61%). In the Western Cape, it rose from 4/30 to 7/30 (13% to 23%), while in North West it moved from 6/22 to 11/22 (41% to 50%). These results confirm a worsening trend across all three provinces, with a greater share of municipalities unable to meet the benchmark.

Figure 45: NW, GP s WC: %/no. of municipalities by current ratio category, by Province

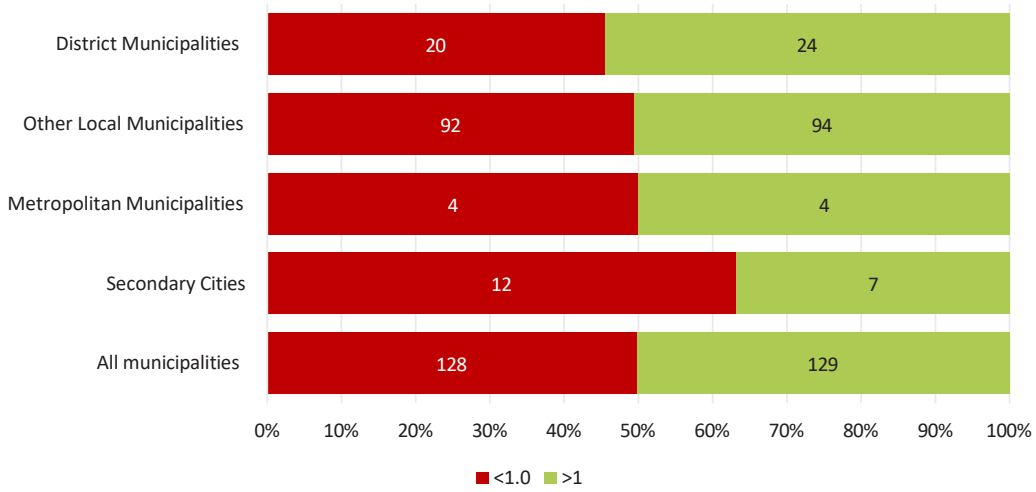


Source: Section 47 Reports

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When comparing this to SoLGF data, Figure 46 shows a similar pattern. Nationally, just under 50% of municipalities had a current ratio below 1 at the end of 2022/23. Metros remain among the weaker performers where 4 of the 8 reported a current ratio below 1, which is broadly consistent with the pattern observed in 2021/22, where metros also performed worse than other categories of municipality.

Figure 46: National: %/no. of municipalities by current ratio category, by municipality type



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

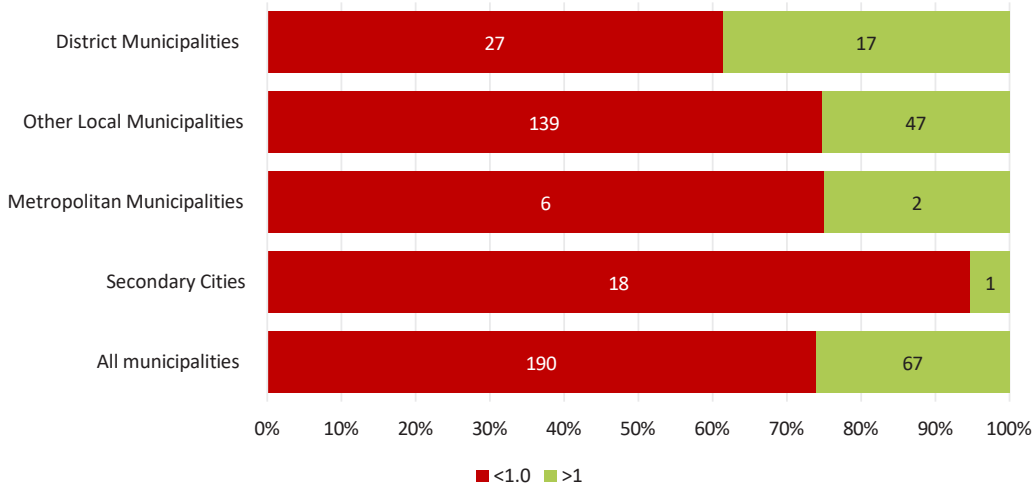
6.4.4 Liquidity Ratio

While the current ratio measures whether a municipality has sufficient current assets to cover its current liabilities, the liquidity ratio focuses only on the most liquid assets, cash and investments, in relation to its liabilities. This makes it an important measure of a municipality's ability to settle debt obligations using readily available resources, without the need for external funding.

According to the SoLGF, Figure 47 shows at the end of 2022/23 a total of 160 municipalities (74%) had a liquidity ratio below 1, while only 67 municipalities (26%) demonstrated stable liquidity positions (see Figure 7). This represents a slight deterioration compared to 2021/22, when 188 municipalities were below 1 and 66 were above. The results confirm that liquidity remains a significant challenge for municipalities, with almost three-quarters unable to cover their short-term liabilities from cash and investments.

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Figure 47: %/no. of municipalities by liquidity ratio category, by municipality type



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

Looking across categories of municipalities, six of the eight metros reported liquidity ratios below 1, an improvement from seven in 2021/22, with the City of Cape Town maintaining a stable position and eThekwini improving. Secondary cities also showed marginal progress, with 18 of 16 below 1 compared to all 16 in 2021/22. In contrast, other local municipalities worsened, with 136 below 1 compared to 137 in 2021/22, and district municipalities also slipped from 25 to 27 below 1. Overall, the slight gains in metros and secondary cities were outweighed by deterioration in local and district municipalities, leaving the aggregate position weaker than the previous year.

6.4.5 Debt Collection

The municipality's ability to collect revenue and recover debt has a significant impact on its cash flow management. One key metric for measuring this is the collection rate: the percentage of billed revenue collected. MFMA Circular 71 sets the benchmark norm for the collection rate at 65%. MFMA Circular 71 sets the benchmark norm for the collection rate at 65%. Only two provinces reported the collection rates of their municipalities: North West and Western Cape in their Section 57 reports.

As shown in Figure 48, the Western Cape applied a lower norm of 60% in its calculations. In this figure, the North West records a high proportion (77%) of municipalities below the norm for collection rate. The Western Cape reports that 5 municipalities (17%) fall below its 60% threshold. While this appears better than the other two provinces, it does not capture those municipalities achieving between 60% and 65%, a range that, although less concerning, still falls short of the MFMA benchmark.

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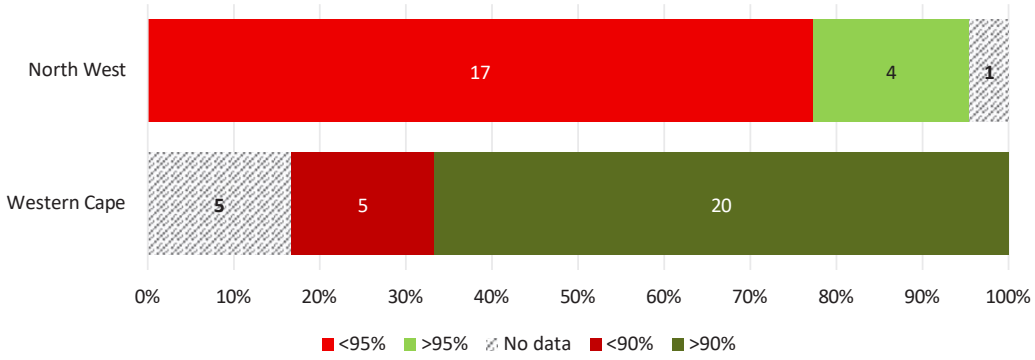
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Figure 48: NW s WC: %/no. of municipalities with collection rate >65%



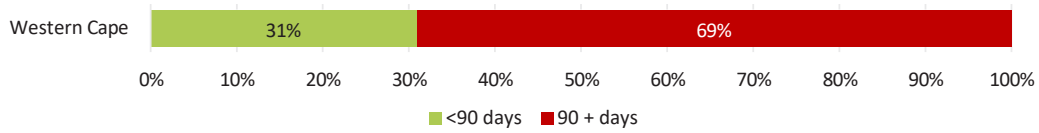
Source: Section 47 Reports

Another important metric for assessing a municipality's revenue and cash flow management capabilities is Debtor Days (or Debt Collection Period), which measures the average number of days it takes for a municipality to receive payment from consumers for bills or invoices issued. MFMA Circular 71 sets the benchmark norm at 30 days. Ratios above this level indicate that the municipality is exposed to significant cash flow risk and often reflect weak application of credit control and debt collection policies.

According to the 2022/23 Section 47 reports, only three provinces reported on Debtor Days or Debt Collection Period, and in varying formats. To allow for comparison, the data has been converted into percentages.

Figure 46 shows that 66% of municipal debt in Western Cape is older than 60 days. The data is presented only in two broad categories, less than 60 days and more than 60 days, and therefore does not show how much debt falls into the 30 to 60 or 60 to 60 day ranges.

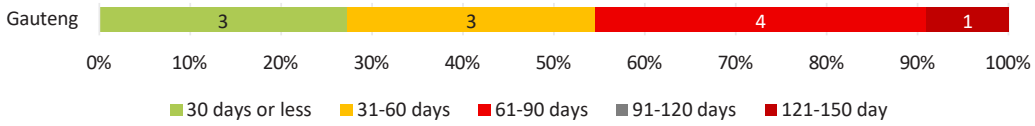
Figure 46: WC: % municipalities Debtor days exceeding 60 days



Source: Western Cape Section 47 Report

Figure 50 shows that 61% of Gauteng municipalities exceed 30 debtor days, while 6% exceed 60 days.

Figure 50: GP: %/no. of municipalities per debtors days category

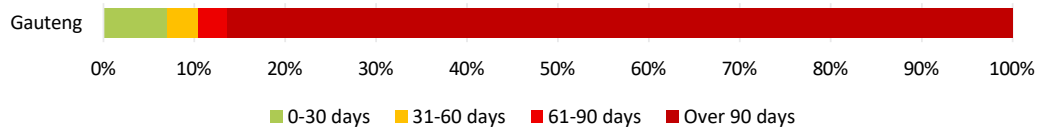


Source: Gauteng Section 47 Report

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Debt age analysis, reported by Gauteng, further indicates that 86% of the total debt owed across all municipalities in the province is older than 60 days (Figure 51).

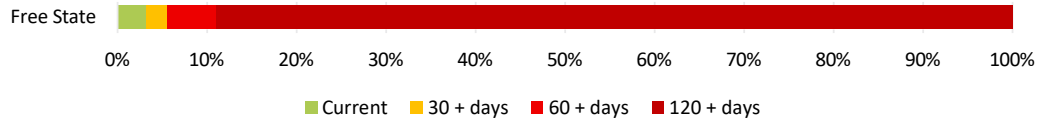
Figure 51: GP: Debtors Age Analysis - % per age analysis across all municipalities in the province



Source: Gauteng Section 47 Report

Figure 52 shows that in Free State 67% of outstanding debt exceeds 30 days, with 86% older than 120 days.

Figure 52: FS: Percentage distribution of outstanding debtors



Source: Free State Section 47 Report

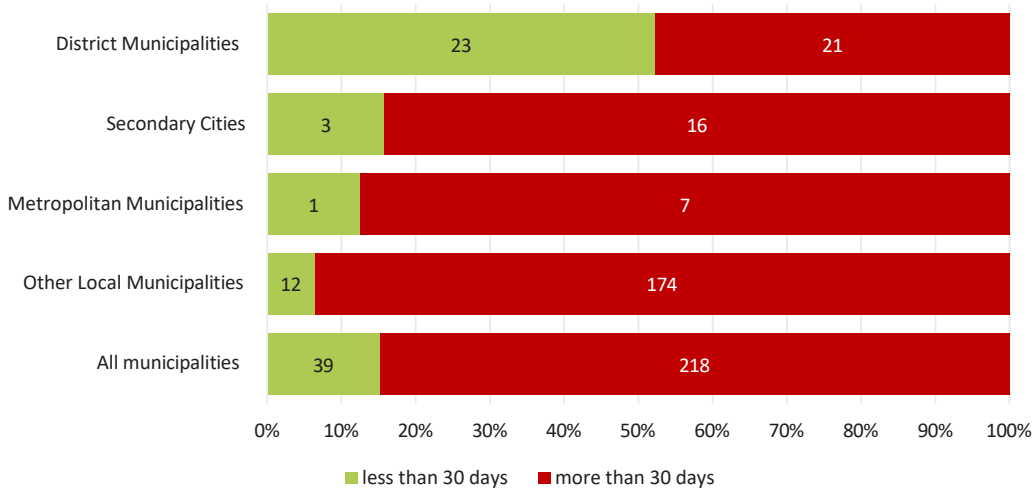
Across these provinces, the evidence points to poor revenue and debt collection performance, with arrears concentrated in long outstanding categories and persistent challenges in curbing the growth of overdue debt. Compared to 2021/22, the overall picture shows little change, confirming that persistent arrears remain a systemic challenge.

When comparing this to SoLGF data, Figure 53 shows that 218 municipalities (85%) nationally take longer than 30 days to collect debt, leaving only 36 (15%) municipalities collecting within the benchmark period. This represents a slight regression compared to 2021/22, when 216 municipalities (84%) exceeded 30 days. This confirms that municipalities across the country continue to struggle with debt collection, providing further explanation for the cash flow management challenges highlighted earlier.

Further analysis shows little improvement across municipal categories. 7 of the 8 metros now take more than 30 days to collect debt, with eThekwini the only metro collecting within the benchmark period. This represents a slight deterioration from 2021/22, when 6 metros were above 30 days. Among secondary cities, 16 of 16 (84%) take longer than 30 days, a small improvement compared to 17 (86%) in the previous year. At the local municipality level, only 12 municipalities (6%) collected debt within 30 days, down from 16 (6%) in 2021/22, continuing a year-on-year regression. District municipalities showed a minor improvement, with 23 municipalities (52%) collecting debt within 30 days compared to 21 (48%) in 2021/22.

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Figure 53: %/no. municipalities with Debtors Days exceeding 30 days per municipality type



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

Overall, national debt collection remains weak, with only marginal shifts across municipal categories between 2021/22 and 2022/23. The persistence of high debtor days underscores the systemic nature of the challenge and confirms that arrears remain a key driver of municipal cash flow constraints.

6.4.6 Creditors

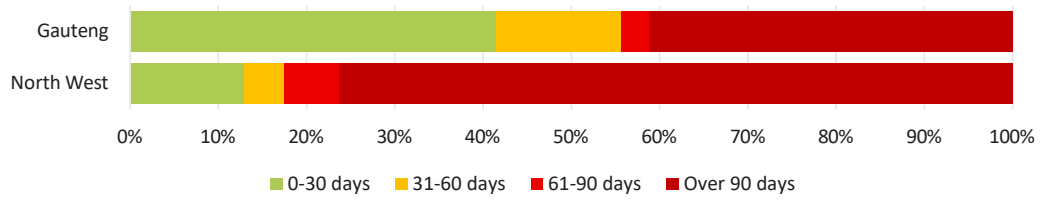
The creditors payment period provides information about a municipality's payment patterns and how well its cash flow is being managed. A shorter period of less than 30 days indicates that payments are made promptly, and creditors are prioritised. This implies that the municipality maintains an effective system of expenditure control and internal processes for the timely turnaround of creditor payments. A period longer than 30 days is an indication of cash flow pressures or ineffective internal controls. Timely payment of creditors is therefore crucial for maintaining municipal liquidity and for supporting local economies, particularly Small, Medium, and Micro Enterprises (SMMEs), which are highly vulnerable to payment delays.

The MFMA sets a clear standard. Section 65(2)(e) requires all monies owed by a municipality to be paid within 30 days of receiving an invoice or statement, unless prescribed otherwise for specific categories of expenditure. Section 65(2)(h) further requires the accounting officer to take reasonable steps to manage available working capital effectively and economically. Non-compliance with these provisions not only contravenes the MFMA but can also signal serious financial problems and trigger the conditions outlined in Section 138 and Section 140 of the Act.

According to the 2022/23 Section 47 reports, as shown in Figure 54, only Gauteng and North West provided a creditor age analysis. In the North West, 87% of creditor debt exceeded 30 days, with 76% older than 60 days, indicating a very high burden of overdue obligations. In Gauteng, as show in Figure 55, 56% of creditor debt was older than 30 days and 41% older than 60 days. More concerning, however, is that no municipality in the province paid creditors within 30 days, with the average creditor payment period recorded at 458 days. 10 of the 11 municipalities reported payment periods exceeding 120 days, with four above 400 days. These figures leave both provinces exposed to significant cash flow and compliance risks.

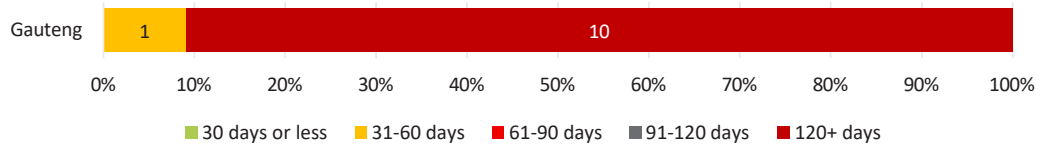
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Figure 54: NW s GP: Creditor Age Analysis



Source: Section 47 Reports

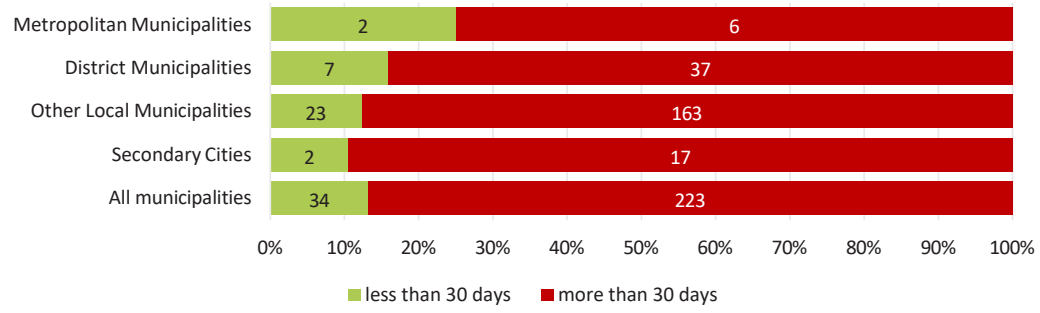
Figure 55: GP: %/no. of municipalities per Creditor Payment Period category



Source: Gauteng Section 47 Report

When these Section 47 reports are contrasted with SoLGF data, as shown in Figure 56, provides a broader view of creditor payment performance across all municipalities. In 2022/23, 223 municipalities in total (87%) took more than 30 days to pay creditors. Within this national picture, 6 metros (75%),17 secondary cities (86%), and 163 local municipalities (88%) recorded payment periods beyond 30 days. District municipalities also showed weak performance, with 37 of 44 (84%) exceeding the benchmark. This widespread non-compliance with Section 65(2)(e) of the MFMA highlights systemic weaknesses in municipal cash flow management and contributes to the financial distress experienced by many municipalities.

Figure 56: Creditor payment period: %/no of municipalities that pay creditors within 30 days of receiving the invoice, per municipality type



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

6.5 AUDIT OUTCOMES

6.5.1 Overview

The MFMA Section 134 report provides an overview of actions taken to address issues raised by AGSA, assessment conducted by respective MECs of Local Government to determine the extent which the municipalities have adequately addressed issues raised by AGSA and support interventions by the Department of Cooperative Governance to address issues raised by AGSA. The report should be

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considered during the section 48 report of Municipal Systems Act in accordance with section 134 of the Municipal Finance Management Act, No 56 of 2003. This section on the submission of financial statements and the reports of the Auditor-General is based on the MFMA Section 134 report by DCoG for 2022/23.

Section 131 of the MFMA requires the MEC responsible for Local Government to assess the annual financial statements of municipalities in the province, the audit report on such statements and any responses of municipalities to such audit reports, and whether the municipalities have adequately addressed all issues raised by the Auditor General. This section should be read together with section 47 of the Municipal Systems Act, which requires the MEC for local government to annually compile and submit to the provincial legislatures and the Minister a consolidated report on the performance of municipalities in the province.

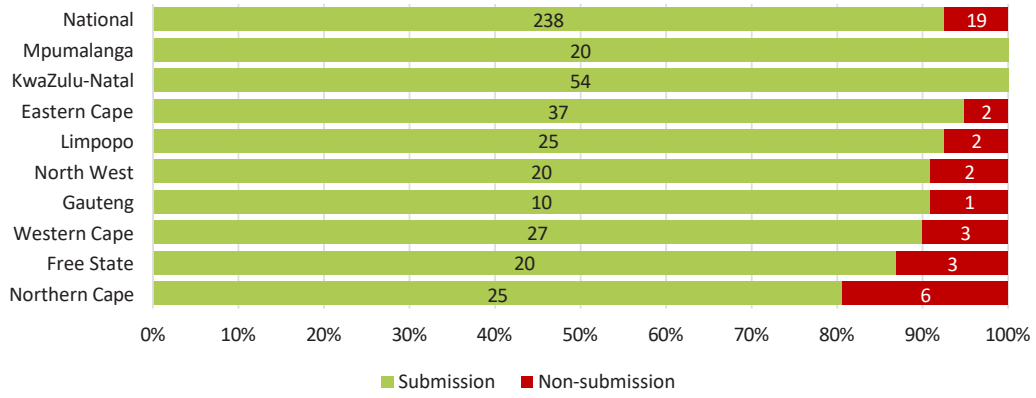
Section 134 of the MFMA further states that the Cabinet member responsible for local government must, as part of the report referred to in section 48 of the Municipal Systems Act, annually report to Parliament on actions taken by MECs for local government to address issues raised by the Auditor General in audit reports on financial statements of municipalities.

The Minister of Cooperative Governance and Traditional Affairs issued letters to MECs of Local Government to share their respective MFMA section 131 report. The provincial reports lay the foundation for the development of the MFMA section 134 report. This section finds much of its content from this Section 134 report.

6.5.2 Tinely Subnission of Annual Financial Statenents

A total of 238 municipalities (63%) submitted the 2022/23 AFS to the Auditor General, while 16 municipalities failed to submit the AFS by legislated date (7%) Figure 57. This reflects a slight improvement compared to 236 municipalities in 2021/22. Although the overall number of late submissions continues to decrease, persistent challenges remain. The majority of municipalities that failed to submit on time are new offenders, with 13 municipalities in this category submitting late for the first time. However, 5 municipalities have failed to submit their AFS within the legislated timeframe for three consecutive years, signalling entrenched non-compliance.

Figure 57: Submission of 2022/23 Municipal AFS to Auditor General

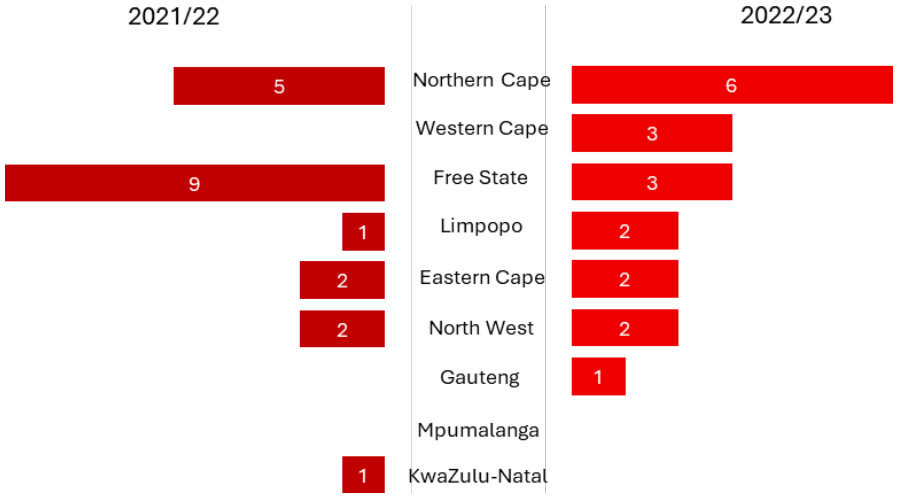


Source: MFMA Section 134 Report

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Figure 58 shows that the provincial distribution of late or non-submissions shifted compared to the previous year. Free State, which had recorded the highest number of non-submissions in 2021/22 (6 municipalities), decreased to 3 in 2022/23. Northern Cape increased from 5 to 6 municipalities, the highest number nationally. Western Cape, which had no non-submissions in 2021/22, recorded 3 in 2022/23. Limpopo increased from 1 to 2, while Gauteng, which had none in the previous year, recorded 1. Eastern Cape (2) and North West (2) remained unchanged. KwaZulu-Natal decreased from 1 municipality in 2021/22 to none in 2022/23, while Mpumalanga recorded none in both years.

Figure 58: Comparison by province in non-submission between 2021/22 and 2022/23



Source: MFMA Section 134 Report

While the Free State was the most improved, the spread of non-submission extended more widely in 2022/23. The reasons for late or non-submission of AFS were varied but point to systemic challenges. These include:

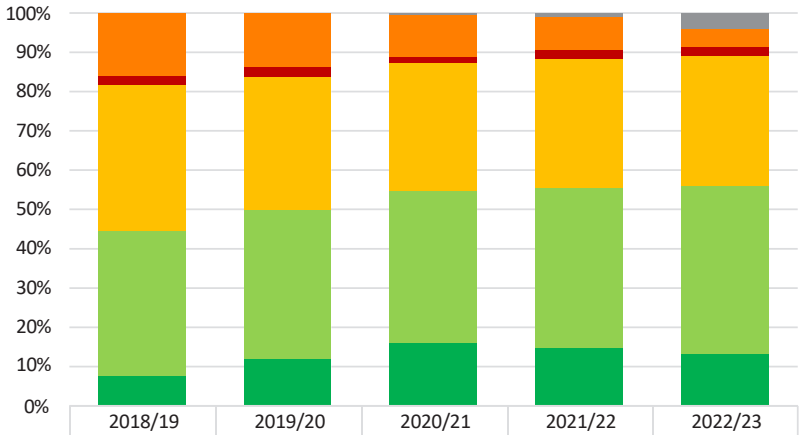
- governance instability (leadership changes, senior management turnover, labour protests and closure of municipal offices),
- suspension of financial systems due to non-payment of system administrators, and municipalities transacting outside of financial systems resulting in backlogs in capturing and reconciling records.
- withdrawal of AFS due to omitted information or reconciliation errors,
- ongoing capacity constraints and delays by consultants, and
- challenges in addressing prior-year audit issues.
- In some cases, technical difficulties meant that submissions made shortly after midnight on 1 September 2023 were deemed non-compliant.
- A few municipalities also failed to provide any explanation for their late submissions.

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6.5.3 Audit Opinions

C.5.3.1 Movement of Audit Opinions

Figure 56: Five-year trend of municipal audit outcomes



	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	1	2	10
Disclaimer	41	35	28	22	12
Adverse	6	7	4	6	6
Qualified	95	87	83	84	85
Unqualified with findings	95	97	100	105	110
Unqualified with no findings	20	31	41	38	34

Source: MFMA Section 134 Report

In the 2022/23 financial year, as shown in Figure 58, the number of clean audits decreased slightly from 38 to 34, with 32 municipalities managing to maintain their clean audit status. The trend analysis of audit outcomes remains mixed: some municipalities improved, others regressed, while a number of sustained improvements achieved in prior years. At the time of the release of the general report, 10 municipal audits were still outstanding, and the final outcomes may shift once these are concluded.

Over the past five years, the number of municipalities achieving clean audits initially improved, increasing from 20 in 2018/16 to 41 in 2020/21. Since then, however, the trend has reversed, with clean audits declining to 38 in 2021/22 and further to 34 in 2022/23. This downward trajectory highlights the difficulty municipalities face in sustaining improvements, even where progress has been made.

The underlying root causes of the poor state of local government remain largely unchanged. These include:

- ineffective internal controls,
- capacity gaps caused by skills shortages and vacancies,
- leadership instability at both political and administrative levels,
- weak monitoring of internal control implementation, and poor execution of audit action plans leading to repeat findings.
- the absence of accountability and consequence management,
- poor record keeping,

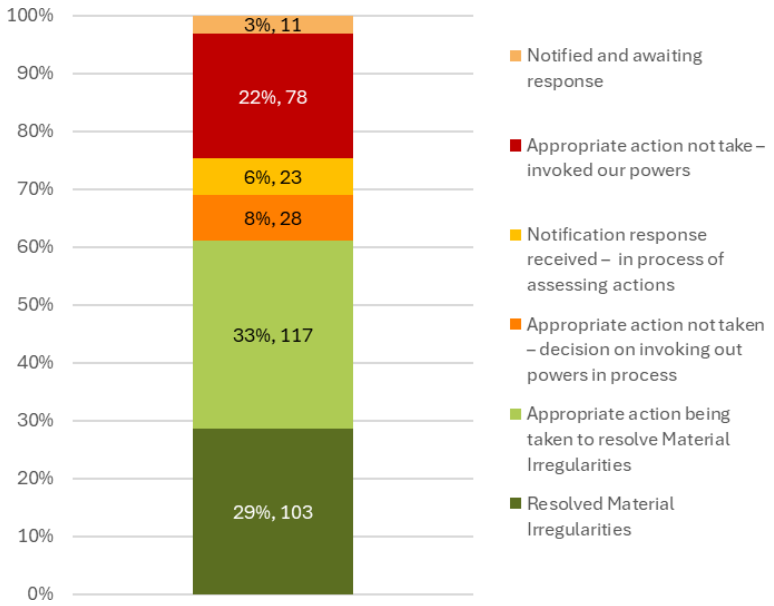
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- inadequate delivery and maintenance of municipal infrastructure, and
- persistent unauthorised, irregular, fruitless and wasteful (UIFsW) expenditure continue to undermine improvements in audit outcomes.

C.5.3.2 Material Irregularity

The number of auditees tested for material irregularity increased and resulted in an increase in the number of material irregularity findings from 268 to 360 that was raised and reported by the AGSA. Material irregularity findings raised by the AGSA are resolved when the municipal manager and council has performed their legislative responsibilities in terms of the applicable legislation which include the recovery of all financial losses, implementation of consequence management and the introduction of preventative controls to mitigate any further losses. 78 municipalities (22%) did not take appropriate actions to address or resolve the material irregularity findings and hence AGSA has invoked its powers, and these were referred to the relevant public bodies for further investigations.

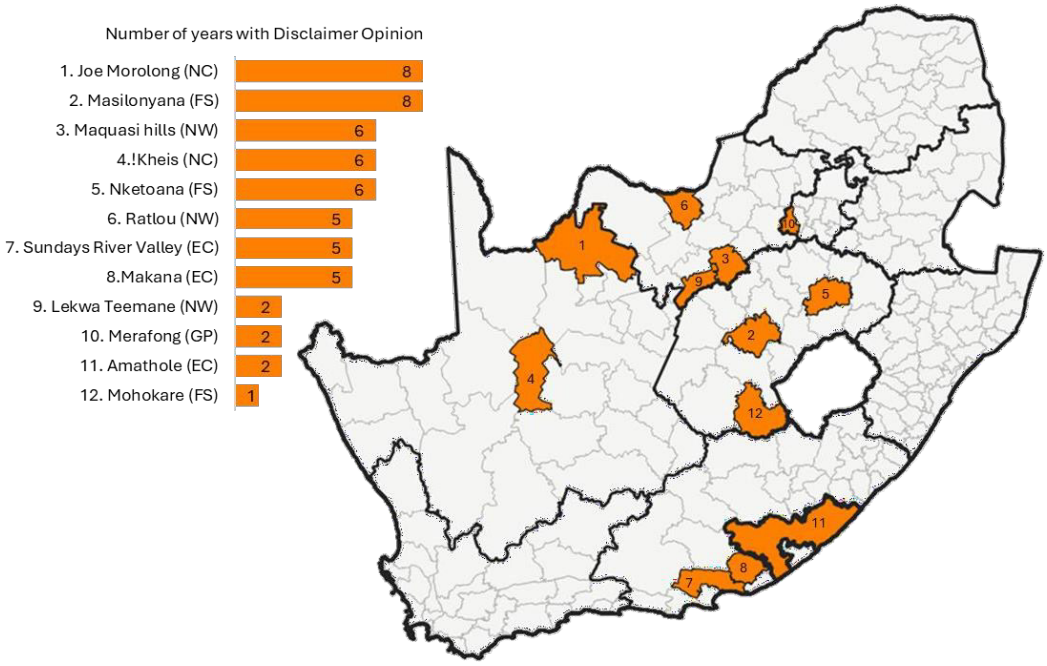
Figure 60: Status of 360 identified material irregularities



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C.5.3.3 Municipalities with Disclaimer Audits

Figure 61: Municipalities with disclaimed audit opinions



Source: MFMA Section 134 Report (number of years disclaimed as at 2022/23)

In 2022/23, 12 municipalities received disclaimed audit opinions (Figure 61), a reduction from 20 in the previous year. All 12 of the municipalities have a history of disclaimer audit opinions. Encouragingly, the 2022/23 MFMA Section 134 Report notes that, since the last year of the previous administration, 18 municipalities have moved off disclaimer status, largely in KwaZulu-Natal, Mpumalanga and North West, and that 6 of these improvements occurred in 2022/23, mostly in Northern Cape and North West. The improvements are attributed to strengthened internal controls and record-keeping, timely implementation of audit action plans, and the filling of vacancies in key positions, supported by closer provincial monitoring and stronger council oversight. Notwithstanding this progress, repeat disclaimers remain concentrated in the Eastern Cape and North West, indicating persistent governance and capacity weaknesses. 4 of the 12 municipalities shown above are under section 136 intervention, signifying sustained dysfunction that has not yet manifested in credible municipal administration

C.5.3.4 Outstanding Audits

In terms of the AGSA consolidated report, by 31 March 2024, the 2022-23 audits of 10 municipalities had not been completed. By 20 June 2024, the audits of seven of these municipalities financial statements were submitted late and had been finalised, 1 audit encountered delays during audit

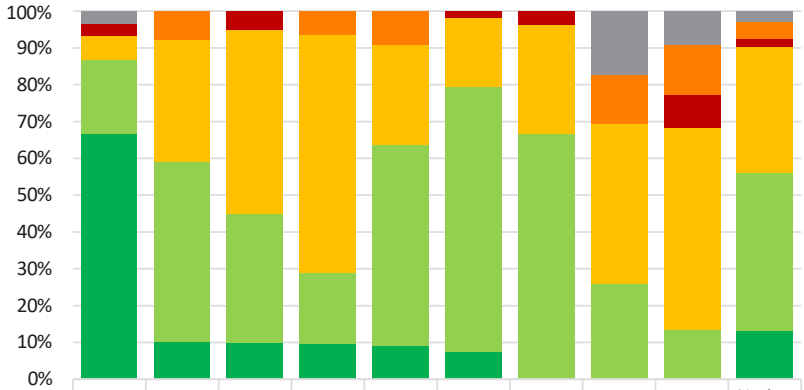
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process, due to protest actions, but subsequently signed off after cut-off date and not included in detailed analysis and 2 remained outstanding.[15]

6.5.4 Provincial Overview

This section highlights some of the issues raised by the AGSA, provinces' responses and actions taken on issues raised by AGSA and the support to municipalities to improve the audit outcomes in line with section 131 of the MFMA. Figure 62 below illustrates the 2022/23 audit outcomes per province.

Figure 62: Provincial overview of municipal audit outcomes



	WC	EC	MP	NC	GP	KZN	LP	FS	NW	National
Outstanding	1	0	0	0	0	0	0	4	2	7
Disclaimer	0	3	0	2	1	0	0	3	3	12
Adverse	1	0	1	0	0	1	1	0	2	6
Qualified	2	13	10	20	3	10	8	10	12	88
Unqualified with findings	6	19	7	6	6	39	18	6	3	110
Unqualified with no findings	20	4	2	3	1	4	0	0	0	34

Source: MFMA Section 134 Report

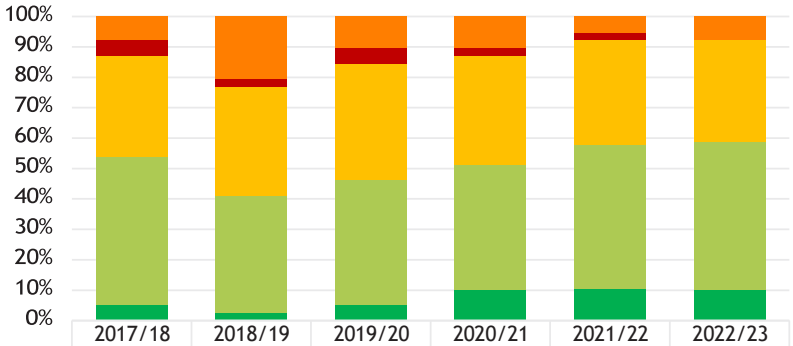
C.5.4.1 Eastern Cape

Figure 63 below illustrates the trend analysis of the municipal audit outcomes in the Eastern Cape. The province has 36 municipalities, of which 4 obtained clean audits, 16 received unqualified opinions with findings, 13 received qualified opinions, and 3 received disclaimers of opinion. While the number of clean audits remained unchanged, there was a small improvement with one additional unqualified opinion compared to the prior year.

[15] The two municipalities with audits still outstanding are Ditsobotla LM (North West) and Maluti-a-Phofung LM (Free State). Ditsobotla's 2021/22 financial statements and Maluti-a-Phofung's 2020/21 financial statements were never submitted and have therefore remained outstanding for two and three years, respectively.

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Figure 63: Six-year trend in Eastern Cape municipal audit outcomes



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	0	0	0
Disclaimer	3	8	4	4	2	3
Adverse	2	1	2	1	1	0
Qualified	13	14	15	14	13	13
Unqualified with findings	19	15	16	16	18	19
Unqualified with no findings	2	1	2	4	4	4

Unqualified with no findings Unqualified with findings Qualified Adverse Disclaimer Outstanding

Source: MFMA Section 134 Report

Reflection by the Province on Recurring Issues and Common Challenges

The province highlighted concerns regarding a weak control environment, which continues to undermine sustainable interventions and improvements. Liquidity challenges remain widespread, and unauthorised, irregular, fruitless and wasteful (UIFsW) expenditure is not being addressed in line with Section 32 of the MFMA. Municipalities continue to make extensive use of consultants for financial reporting, without translating into significant improvements.

Revenue collection is also a growing concern, particularly debts owed by government departments and state-owned entities. This has created knock-on effects, as some municipalities are unable to pay their own creditors, including water boards, Eskom, SARS, and the Auditor-General. Support is being provided to help these municipalities recover debt, but the risk to financial sustainability remains.

Recurring Findings that were Not Adequately Addressed

- Accounting officers were not appointed for the full 2022/23 financial year at 16 municipalities (48%).
- The Head of Supply Chain Management position remained vacant for more than 24 months in 6 municipalities.
- 6 municipalities (23%) did not have policies and procedures in place to monitor, measure, and evaluate staff performance.

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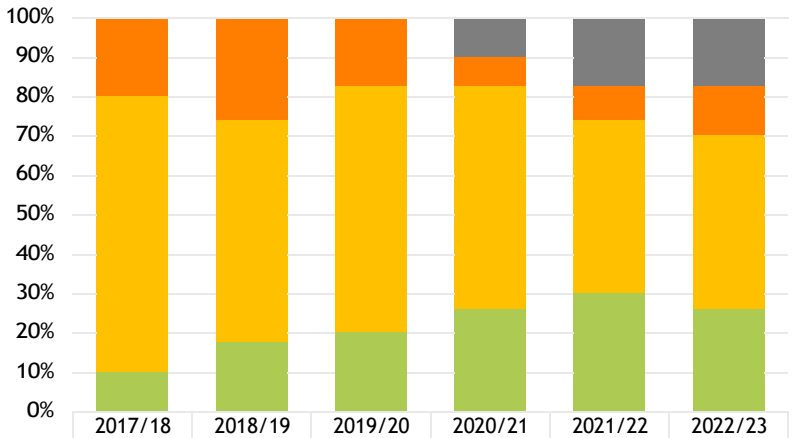
Support Intervention by EC Province:

MEC engagement sessions with all the Mayors, Speakers, MPAC Chairpersons, MMC's, Accounting Officers, Chief Financial Officers, Chief Audit Executives and all directors within the municipalities wherein the municipalities would present their Audit Findings as well as strategies/audit action plans on how to turn the situation around, that be followed by commitments to ensure realisation of the Unqualified Audit findings, collaborate with stakeholders (PT and SALGA) on all Audit Improvement Plans related issues, hold individual sharing and learning of best practices by allowing those that do not do well emulate and benchmark from those that obtained unqualified with no matters.

C.5.4.2 Free State

The province has 23 municipalities. For the past six years, no municipality has achieved a clean audit. In 2022/23, 6 municipalities received unqualified opinions with findings, 10 received qualified opinions, 3 received disclaimers of opinion, and 4 audits were still outstanding. The persistent history of late submission of the AFS continues to have a negative impact on the timely finalisation of audits and compliance with legislation.

Figure 64: Six-year trend in Free State municipal audit outcome



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	2	4	4
Disclaimer	5	6	4	2	2	3
Adverse	0	0	0	0	0	0
Qualified	16	13	14	13	10	10
Unqualified with findings	2	4	5	6	7	6
Unqualified with no findings	0	0	0	0	0	0

Source: MFMA Section 134 Report

Reflection by the Province on Recurring Issues and Connon Challenges

The province highlighted that municipal leadership, senior management, and officials failed to develop, implement, and monitor effective systems and processes of internal control, including corrective actions. Leadership has not acted on repeated recommendations or adequately addressed risks identified by the Auditor-General.

A lack of skills and competencies among key officials in financial reporting has resulted in over-reliance on consultants, who are often used for day-to-day functions rather than specialised expertise.

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Vacancies and instability in critical positions, particularly within the Budget and Treasury Office, Internal Audit, and Risk Management, continue to undermine the functioning of municipalities.

Action plans to address prior audit findings are inadequately implemented. Processes and monitoring tools to identify legislative requirements, track changes, and prevent or detect non-compliance were either absent or inconsistently applied. Similarly, municipalities lack Standard Operating Procedures to support the implementation of internal controls, and systems to collate and report credible performance information remain weak.

Non-compliance with key local government legislation is widespread, including in procurement and contract management, the preparation of quality financial statements, prevention of unauthorised, irregular, fruitless and wasteful expenditure, enforcement of consequences, timely payment of creditors, and management of assets. These issues have remained persistent, pointing to systemic governance and control failures across the province.

Support Intervention by FS Province:

An Operation Clean Audit Integrated Plan was developed by Provincial Treasury and COGTA and SALGA was identified as key role players in the process of obtaining clean audits. Some of the key deliverables are highlighted below in terms of the key focus area based on AGSA key findings, proposed actions as well as targeted.

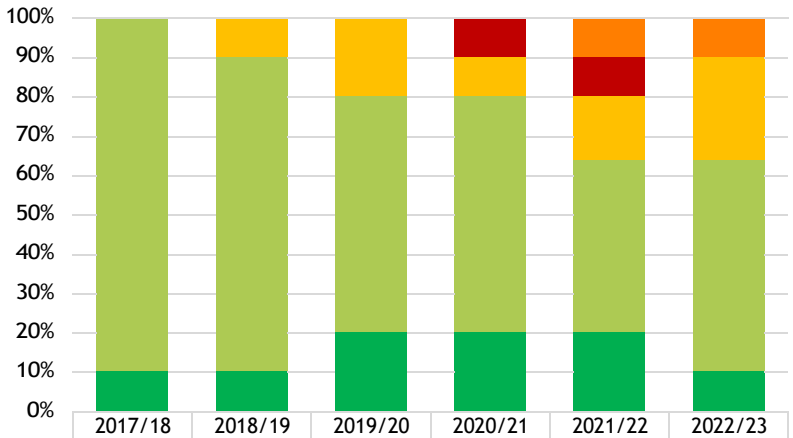
The Provincial Treasury established district forums to support municipalities in the implementation of the audit action plans. The provincial Cogta will be participating at the forums, it focuses on progress on the Audit Action Plan, Progress on the AFS Preparation Plan, Progress on the Audit Readiness Plan, and Status of unauthorized, irregular and fruitless and wasteful expenditure.

C.5.4.3 Gauteng

The province has 11 municipalities. In 2022/23, 1 municipality obtained a clean audit, 6 obtained unqualified opinions with findings, 3 obtained qualified opinions, and 1 received a disclaimer of opinion. Midvaal has sustained its clean audit for 6 consecutive years, while Ekurhuleni regressed from a clean audit in the previous year to an unqualified opinion with findings. Figure 65 below illustrates trend analysis of the municipal audit outcomes for the past six years.

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Figure 65: Six-year trend in Gauteng municipal audit outcome



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	0	0	0
Disclaimer	0	0	0	0	1	1
Adverse	0	0	0	1	1	0
Qualified	0	1	2	1	2	3
Unqualified with findings	10	9	7	7	5	6
Unqualified with no findings	1	1	2	2	2	1

Source: MFMA Section 134 Report

Reflection by the Province on Recurring Issues and Connon Challenges

The province highlighted the financial ratios of municipalities as a measure of financial health, focusing on payment of creditors, debt collection, solvency, current ratio, and revenue growth. Despite these assessments, significant concerns persist regarding compliance, financial reporting, and governance.

Non-compliance with laws and regulations remains widespread, with the Auditor-General reporting material findings across most municipalities. Material misstatements in revenue management, particularly debt impairment, were the most common, accounting for 73% of non-compliance. Eight municipalities had material misstatements in their annual financial statements, excluding only Ekurhuleni, West Rand, and Midvaal.

Non-compliance in annual performance reporting was also noted in 45% of municipalities, where reported achievements were not supported by sufficient audit evidence. Deviations from supply chain processes, weak contract management, and a lack of competitive bidding contributed to rising irregular expenditure, while fruitless and wasteful expenditure increased largely due to interest on overdue accounts owed to Eskom and Rand Water.

Expenditure management remains a critical challenge, with most municipalities unable to pay creditors within 30 days. Recurring audit issues also include weak consequence management for supply chain management transgressions, deficiencies in audits of predetermined objectives (AoPO), poor asset management, and material irregularities. These persistent issues point to limited implementation of recommendations and action plans from prior audits, demonstrating a lack of accountability and sustainable corrective measures.

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Support Intervention by Gauteng Province:

CoGTA leads the Operation Clean Audit Provincial Coordinating Committee (OPCA-PCC). The committee is a monitoring and supporting structure consisting of both government and key finance professional bodies across Gauteng (Auditor-General South Africa, CoGTA, National and Provincial Treasury, SALGA and CIGFARO). The committee meets quarterly to provide advisory support to municipalities by assessing and strengthening the municipal audit response plans.

CoGTA is providing support on performance information management to two (2) targeted municipalities (Lesedi LM and Mogale City LM), and the objective of this project is to assist these municipalities in improving their legislated organizational performance management systems, including the audit of predetermined objectives (AoPO). Once the project is implemented, it should result in improved internal controls and overall management and reporting of performance information.

CoGTA with key stakeholders, i.e., AGSA, SALGA, and National and Provincial Treasury, provides advisory support through participation in the Municipal Operation Clean Audit steering committees, chaired by Municipal Managers or Chief Financial Officers, which further monitor the implementation of audit response plans at the municipal level.

In order to support municipalities in improving the quality of financial statements, Gauteng Province (CoGTA, Provincial Treasury and SALGA) conducted in-depth technical reviews of annual financial statements (AFS) to ensure that these statements were prepared in line with all required GRAP standards. Similar reviews are conducted on interim financial statements. Additionally, these statements need to comply with the requirements of the Municipal Finance Management Act (MFMA) and other legislative transcripts from the National Treasury, including checks on the quality of the audit file as per MFMA Circular 50.

Municipalities have been supported with additional capacity through CoGTA experts to resolve unauthorised, irregular, and fruitless and wasteful (UIFsW) expenditure by identifying, preventing, and reducing UIFsW expenditure. The Department has deployed the services of skilled professionals to provide additional capacity to seven (7) municipalities to strengthen the municipal capability to develop effective and innovative controls in dealing with unauthorised, irregular, and fruitless and wasteful expenditure. Through the UIFsW expenditure project currently implemented in the municipalities, the Department trained MPAC members on how to deal with these expenditures.

The Department provides support to municipalities during the audit process by participating in the municipal audit steering committee meetings convened by the AGSA in all municipalities. The department's experts provide technical support to municipalities by assisting with requests for information (RFIs) in order to ensure that auditors are provided with the correct information in a timely manner to avoid limitation of scope.

The Department's experts also assist municipalities with responses to communication of audit findings (COAFs) based on the findings raised by the AGSA. This ensures appropriate responses are submitted to the auditors, and where management agrees with the findings, corrective measures are put in place to address internal control deficiencies in the future.

The Department will continue to support municipalities with completeness of revenue through the implementation of the simplified revenue plans and audit of large power and water users in Gauteng, and that will subsequently assist with the audit queries raised by AG on the completeness of revenue.

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The department, together with Gauteng Provincial Treasury, set up a Government Debt Management Committee. The objectives of the Committee are to fast-track payment of monies owed to municipalities by national and provincial government departments, and the committee meets on a quarterly basis.

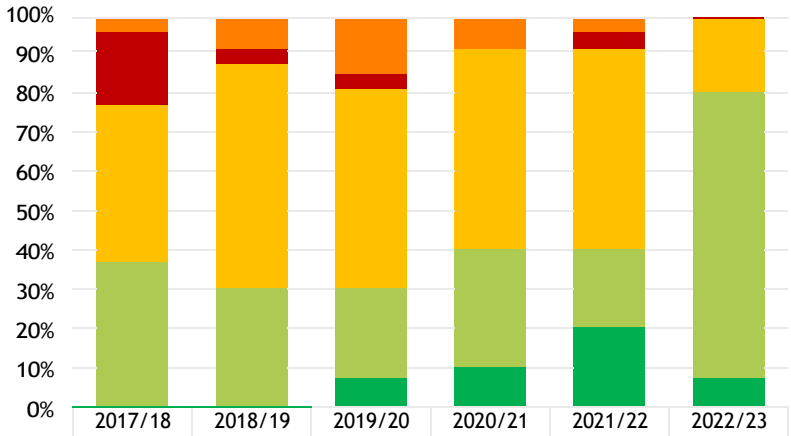
In addition, the department supports the identified municipalities with additional capacity to ensure correct and accurate billing of large power and water users. The support is intended to facilitate the collection of revenue from large water and power users. The project will result in improved revenue management and reduced municipal consumer debt for large power and water users. It is also anticipated that the project will result in the protection of municipal revenue collection potential.

National Treasury, Provincial Treasury, Accounting Standards Board (ASB) and Institute of Internal Auditors (IIA) as well as CoGTA, should coordinate a technical working team to discuss and clarify issues of misinterpretation of laws and regulations as well as standards and guidelines, e.g., MFMA circulars and the application of new Generally Recognised Accounting Practice (GRAP) standards, to ensure consistency. This will assist with the resolution of disputes or disagreements between municipalities and AGSA during the audit.

C.5.4.4 KwaZulu-Natal

The province has 54 municipalities. In 2022/23, 4 municipalities obtained clean audits, 36 received unqualified opinions with findings, 10 received qualified opinions, 1 received an adverse opinion, and no municipalities received a disclaimer. All audits were finalised within legislated timelines.

Figure 66: Six-year trend in KwaZulu-Natal municipal audit outcome



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	0	0	0
Disclaimer	1	2	4	3	1	0
Adverse	6	1	1	0	1	1
Qualified	12	18	15	13	11	10
Unqualified with findings	10	9	7	7	5	39
Unqualified with no findings	1	1	2	3	4	4

Source: MFMA Section 134 Report

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Reflection by the Province on Recurring Issues and Connon Challenges

The number of audit findings increased from 567 in 2021/22 to 652 in 2022/23, an increase of 85 issues or 15%. The rise was driven by adverse opinions, qualifications, emphasis of matter items, and a higher incidence of non-compliance with the Supply Chain Management Regulations, the Division of Revenue Act, Section 65(2) of the MFMA, and internal control deficiencies. The increase also reflects the Auditor-General's deeper analysis and the enhancement of technical standards for auditing.

The most common findings across municipalities include:

- Material debt impairment
- Weaknesses in annual financial statements
- Procurement and contract management failures
- Material adjustments to performance information
- Unauthorised, irregular, fruitless and wasteful expenditure
- Restatement of corresponding figures
- Lack of consequence management
- Material losses in water and electricity
- Weak internal control and management oversight
- Non-compliance with the 30-day payment requirement

The province also highlighted that issues remain prevalent across categories such as emphasis of matter, going concern, predetermined objectives, compliance with legislation, and internal controls. Recurring findings show that municipalities are not adequately institutionalising corrective measures, resulting in repeat audit queries year-on-year.

The lack of sufficient and appropriate audit evidence remains the root cause of negative audit outcomes. Underlying causes include poor record keeping, weak or broken information management systems, inaccurate data, weak internal controls and processes, and inadequate technical skills in the application of GRAP standards.

In 2022/23, non-compliance with legislation and GRAP standards accounted for 251 audit queries (38% of the total), increasing by 6% compared to the prior year. Internal control deficiencies also increased, with 43 more items raised compared to 2021/22.

Material irregularities also rose, with 60 identified in 2022/23 compared to 45 in the previous year. While 27 of these were resolved (up from 6 the year before), 33 remain unresolved or in progress. These irregularities could have been prevented through basic disciplines and processes. CoGTA is monitoring their resolution on a quarterly basis.

Support Intervention by Kwazulu-Natal Province:

The Department of Cooperative Governance and Traditional Affairs together with Provincial Treasury and SALGA developed an audit outcomes turnaround plan based on the 2021/2022 audit outcomes of municipalities. The support interventions provided by the Department of Cooperative Governance and Traditional Affairs sets our priority actions of the Department in support of municipalities towards the achievement of improved audit outcomes. These were included in the Department's annual performance plan for the 2022/2023 financial year and is audited by the AGSA.

The following support interventions and activities of the Department were implemented during the 2023/2024 provincial financial year.

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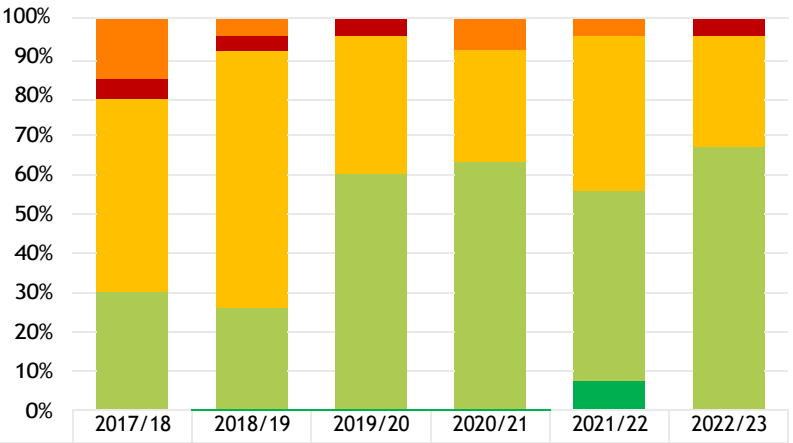
1) Implementation of Audit Response Plans and audit support.
2) Support in developing post audit action plans through provision of technical advice and guidance.
3) Audit readiness on preparation of annual financial statements.
4) Review of draft Annual Financial Statements.
5) Payment voucher audit at targeted municipalities.
6) Assessment on the functionality s effectiveness of Audit Committees.
7) Internal Audit and Municipal Audit Improvement Plans assessment and monitoring of implementation.
8) Support to reduce Unauthorized, Irregular, Fruitless and Wasteful expenditure by March 2023.
6) Revenue enhancement to targeted municipalities in developing a revenue enhancement strategy.
10) Improve collection of Government Debt
11) Supporting alignment of IDP, SDBIP and Organizational score cards
12) Quarterly performance assessment reviews.
13) Reduction in AG findings on usefulness and reliability of municipal performance information as well as
14) on the adjustment of material misstatements on the Annual Performance report
15) Support relevant municipalities that have received negative audit outcomes from AG report of 2021/2022 financial year to fill posts in terms of the applicable legislation in ensuring effective administrative leadership and stability.
16) Monitor the implementation consequence management in respect of senior management in terms of the Local Government: Disciplinary Regulations for Senior Managers in all relevant municipalities that have received negative audit outcomes from AG report of 2021/2022 financial year to improve accountability.
17) Monitor and enforce implementation of recommendations of forensic reports tabled in municipal councils to promote good governance, accountability and consequence management.
18) Co-ordinate Capacity Building Interventions to ensure that the local government sector specific needs are met.
16) Facilitate ESKOM and Water Board Debt payments owed by municipalities by reviewing of financial plans at municipalities with financial distress (Budget Funding Plans) and ESKOM payment plans.
20) Provision of technical support on financial management, performance management and compliance to improve audit outcomes at intervention municipalities and those that may obtain unqualified audit outcomes with no findings through the deployment of financial experts at 16 municipalities.
21) Support nineteen municipalities that have received negative performance audit outcomes from the Auditor General to improve performance management.
22) Monitor and support municipalities on municipal performance monitoring and reporting reforms that were introduced by DCOG and National Treasury to all municipalities.
23) Establishment of a Provincial Local Government MsE Forum which comprises of municipal senior managers responsible for performance management and sector departments as a learning platform and structure for sharing of best practice and lessons.

C.5.4.5 Limpopo

The province has 27 municipalities. In 2022/23, no municipality obtained a clean audit. Eighteen municipalities received unqualified opinions with findings, 8 received qualified opinions, 1 received an adverse opinion, and none received a disclaimer. All audits were finalised within legislated timelines. Figure 67 below illustrates the movement of the municipal audit outcomes for the past six years.

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Figure 67: Six-year trend in Limpopo municipal audit outcome



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	0	0	0
Disclaimer	4	1	0	2	1	0
Adverse	2	1	1	0	0	1
Qualified	13	18	10	8	11	8
Unqualified with findings	8	6	15	16	13	18
Unqualified with no findings	0	1	1	1	2	0

Source: MFMA Section 134 Report

Reflection by the Province on Recurring Issues and Connon Challenges

The reliance on consultants to prepare annual financial statements (AFS) and fixed asset registers remained a significant challenge due to capacity constraints within municipalities and vacant Chief Financial Officer positions. Consultants were also appointed for specialist services requiring technical expertise, such as actuarial work. While there was a slight improvement in in-house capacity, with 11 municipalities preparing their AFS internally compared to 10 in the prior year, the overall quality of financial reporting remains weak.

The Auditor-General identified recurring qualification issues affecting AFS, particularly:

- Material misstatements
- Property, plant and equipment
- Revenue from exchange and non-exchange transactions
- Payables, receivables, and accruals
- Expenditure, contingent liabilities, and commitments

Common compliance issues included:

- Poor quality of submitted AFS with material misstatements or limitations
- Procurement irregularities, including awards to providers in service of the state, unjustified deviations, failure to invite competitive bids, missing declarations of interest, and incorrect application of the preference point system
- Weak consequence management, with UIFsW expenditure not investigated to establish liability

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- Expenditure management failures, including late payments to creditors and inadequate prevention of UIFsW expenditure
- Weak revenue management, with ineffective systems of internal control

The AGSA issued 32 material irregularities (MIs) to 14 municipalities in 2022/23. Of these, 8 have been resolved, while 24 remain under corrective action. The irregularities included:

- Payments for goods and services not received, of poor quality, or outside contract terms
- Failure to safeguard assets
- Inefficient use of resources with limited or no benefit derived
- Loss of municipal investments
- Late payments to Eskom, water boards, lenders, and suppliers, resulting in interest charges
- Payroll and VAT returns not submitted or calculated correctly, leading to SARS penalties and interest
- Revenue not billed

These findings highlight persistent weaknesses in financial management, compliance, and governance. Despite some marginal progress in in-house preparation of AFS, municipalities continue to struggle with systemic control failures and poor institutional capacity.

Support Intervention by Linpopo Province:

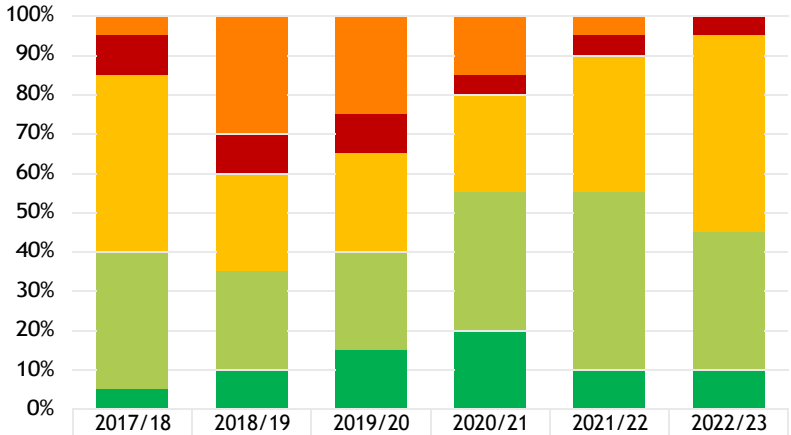
- Assist municipalities to expediate recruitment processes for filling critical vacant posts, including senior management posts.
- Municipalities to develop SLAs that require skills transfer and a Consultant Reduction Strategy. Continuous training of municipal employees.
- Continuous monitoring by Provincial Department and participate in the audit steering committee meetings. Mayors should continue chairing ASC meetings.
- Municipalities to strengthen preventative controls to ensure full compliance with legislation and where applicable, implement consequence management.
- The province has developed a comprehensive support plan to ensure that municipalities in the province are assisted and supported jointly with other stakeholders to improve audit outcomes in terms of the collaboration framework.

C.5.4.C Mpumalanga

The province has 20 municipalities. In 2022/23, two municipalities obtained clean audits. Seven received unqualified opinions with findings, ten received qualified opinions, one received an adverse opinion, and none received disclaimers. All audits were finalised within legislated timelines.

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Figure 68: Six-year trend in Mpumalanga municipal audit outcome



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	0	0	0
Disclaimer	1	6	5	3	1	0
Adverse	2	2	2	1	1	1
Qualified	9	5	5	5	7	10
Unqualified with findings	7	5	5	7	9	7
Unqualified with no findings	1	2	3	4	2	2

Source: MFMA Section 134 Report

Reflection by the Province on Recurring Issues and Connon Challenges

Audit outcomes showed overall stagnation in 2022/23: 17 municipalities recorded no movement from the previous year, one improved, and two regressed. Misstatements in annual financial statements and non-compliance with laws and regulations remain the most significant challenges, despite marginal reductions in the total number of findings.

The Auditor-General reported 1,067 findings across Mpumalanga municipalities in 2022/23, a slight decrease from 1,143 in the previous year. Key trends include:

- Misstatements in Annual Financial Statements: 533 findings (48.6% of total), though slightly down from 581 in the previous year, this remains the most prevalent issue.
- Non-compliance with laws and regulations: 314 findings (28.6% of total), primarily related to supply chain management.
- Other reported information: 150 findings (13.7%).
- Misstatements in annual performance reports: 100 findings (6.1%), up from 87 in 2021/22.

When classified, 370 findings (33.7%) were matters directly affecting the auditor's report, while 727 (66.3%) were recorded as "other important matters." While the latter may not immediately affect audit opinions, they highlight systemic weaknesses that, if left unaddressed, could escalate into material misstatements or significant non-compliance in future years.

These results demonstrate persistent weaknesses in financial management and compliance systems. Although there was a marginal reduction in the total number of findings, the continued dominance of misstatements and non-compliance underscores the need for stronger preventative controls and institutional capacity within municipalities.

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Support Intervention by Mpunalanga Province:

The Department of Cooperative Governance and Traditional Affairs together with Provincial Treasury, SALGA and District's developed an Integrated Audit Improvement Support Plan based on the 2022/2023 audit outcomes of municipalities. The support interventions provided by the Department of Cooperative Governance and Traditional Affairs sets out priority actions of the Department in support of municipalities towards the achievement of improved audit outcomes.

The following areas of support interventions are highlighted in the plan:

- Oversight
- Submission of Annual financial Statements (AFS)
- Unfunded Budgets
- Revenue enhancement
- Cost of Services I Contract Management
- Capacity of the Administration
- Infrastructure Planning
- Records management
- Anti-corruption
- Audit findings

The strategic focus of the support to municipalities related:

- Establishment of all key Governance Structures
- Support Municipalities to reduce UIFsW
- Adoption of policies and by-laws
- Filling of all critical vacancies including Section 56 positions
- Sound system of delegation must be adopted.
- Effective oversight over administration to ensure accountability.
- Involvement of strategic partners (i.e. DBSA, SASOL)
- Close engagement and monitoring of municipalities by HODs
- Support and align to the District Development Model

The support to the municipalities includes the following pre-conditions for support:

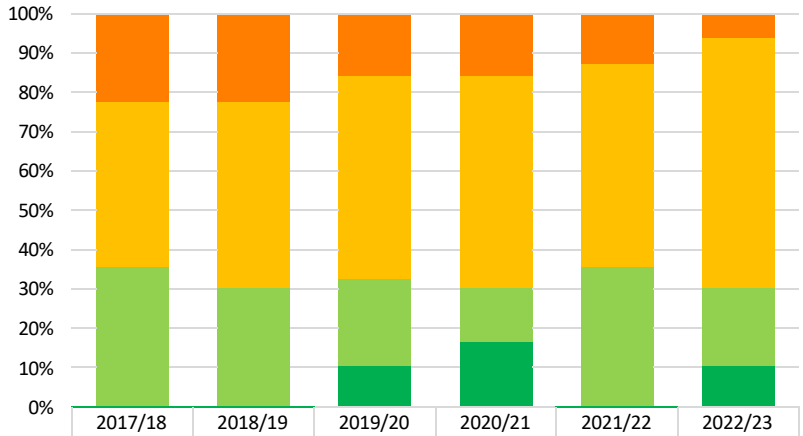
- Enforcement of performance management on sec 54 and 56
- Performance contracts should include clause that addresses audit outcomes
- Consequences management for transgressions
- Ensure functionality of key governance structures
- Municipalities to avail staff for training and technical support
- Municipalities to solicit PT, COGTA to assist in appointing suitable consultants to ensure skills transfer and value for money.
- Effective use of Finance Interns in accordance with FMG guidelines to augment support with BTO.
- Political and Administration will and buy-inn.
- Ensure sound system of delegation is in place.
- Have effective oversight over administration to ensure accountability.
- UIFsW reduction plans developed and approved by council.
- Credible and realistic audit action plans approved by council.

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C.5.4.7 Northern Cape

The province has 31 municipalities. In 2022/23, three municipalities obtained clean audits, six received unqualified opinions with findings, 17 received qualified opinions, none received adverse opinions, and two received disclaimers. Three audits remained outstanding at the legislated date.

Figure 66: Six-year trend in Northern Cape municipal audit outcome



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	0	0	0
Disclaimer	7	7	5	5	4	2
Adverse	0	0	0	0	0	0
Qualified	13	15	16	16	16	20
Unqualified with findings	10	8	7	5	10	6
Unqualified with no findings	1	1	3	5	1	3

Source: MFMA Section 134 Report

Reflection by the Province on Recurring Issues and Connon Challenges

Audit outcomes in the province have shown gradual regression in the number of clean audits over the past three years, decreasing from five in 2020/21 to four in 2021/22, and further down to three in 2022/23. While this reflects an erosion of strong financial management practices, there was an improvement in the reduction of disclaimers from four in the previous year to two in 2022/23.

Key recurring challenges identified by the Auditor-General include:

- Leadership and governance: Leadership must create an environment conducive to strong internal controls, ethical behaviour, commitment to good governance, and effective oversight. Risk management activities, functional audit committees, and well-resourced internal audit units remain underdeveloped in many municipalities.
- Capacity and skills: Weak human resource practices and insufficiently skilled officials contribute to persistent technical errors, particularly in applying GRAP standards. Poor performance management of staff further exacerbates weaknesses.
- Financial and performance reporting: Municipalities struggle with proper record keeping, inaccurate financial information, and unreliable performance reports that often cannot be supported by source documentation. Limitations of scope are frequently raised due to insufficient and inappropriate audit evidence.

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- Internal control and compliance: Daily and monthly processing and reconciliations are not consistently performed, leaving material misstatements undetected. Non-compliance with legislation, weak information systems, and poor monitoring mechanisms compound the challenges.
- Assets and revenue management: GRAP-compliant reporting of capital assets remains the main reason for qualifications and disclaimers, along with poor collection of receivables and delays in paying creditors.

Overall, the lack of reliable reporting systems, weak record-keeping, and inadequate internal controls continue to undermine audit outcomes across the province. Without urgent attention to leadership accountability, financial discipline, and technical capacity, municipalities will remain at risk of further regressions.

Support Intervention by Northern Cape Province:

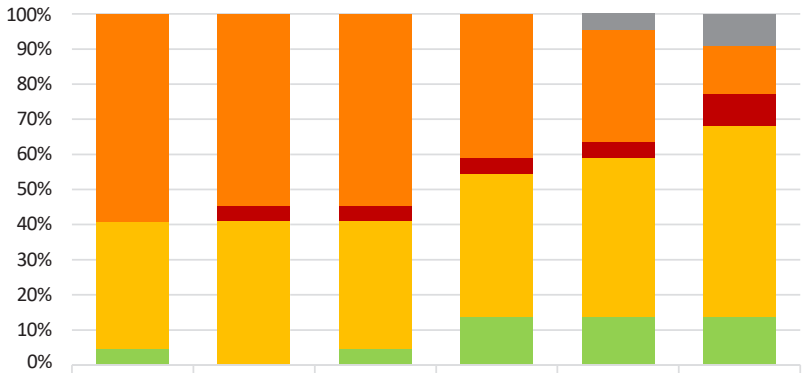
- The DG of the Province, HOD of Provincial Treasury and HOD of CoGHSTA, Office of the AG and officials of both Provincial Treasury and CoGHSTA held a MFMA Audit Workshop on the 11th of May 2023. The AG had identified areas that the province must focus on to improve the audit outcomes in municipalities. It was agreed that there was a need for shift in culture by the province in its engagements with municipalities to have an impact on the audit outcomes.
- The Operation Clean Audit Committee (OPCA) held a workshop with Office of the Auditor General on the 27 May 2023 to identify areas that needed urgent attention to improve the audit outcomes of municipalities in the province.
- OPCA had engaged the municipalities during the month of June 2023.
- A follow-up workshop was also held on 22 July 2024 to take stock of the performance of the municipalities during the 2022/23 audit cycle and chart a way forward. It was stressed that only be setting the correct tone by both the political leadership of municipalities and the provincial oversight departments that the situation will improve. The AG had identified the municipalities.
- Both Provincial Treasury and CoGHSTA must increase their capacity to be able to support the municipalities. National Treasury has digitised the Audit Action Plan to simplify its monitoring. The implementation of consequence management will also improve the situation by holding officials accountable for the actions.
- From the adopted Audit Action Plans, municipalities were addressing issues raised by the AG. Implementation of these plans will result in an improvement in the audit outcomes. Unfortunately, only few of the municipalities are implementing the adopted Audit Action Plans.
- The financial management in municipalities is being strengthened by training and supporting the Municipal Public Accounts Committees (MPACs).

C.5.4.8 North West

The province has 22 municipalities. In 2022/23, none obtained clean audits. Three municipalities received unqualified opinions with findings, 12 received qualified opinions, two received adverse opinions, and three received disclaimers. Two audits remained outstanding at the legislated date. Figure 70 below illustrates the movement of the municipal audit outcomes for the past six years.

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Figure 70: Six-year trend in North West municipal audit outcome



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	0	1	2
Disclaimer	13	12	12	9	7	3
Adverse	0	1	1	1	1	2
Qualified	8	9	8	9	10	12
Unqualified with findings	1	0	1	3	3	3
Unqualified with no findings	0	0	0	0	0	0

Source: MFMA Section 134 Report

Reflection by the Province on Recurring Issues and Connon Challenges

Overall, there has been a marginal improvement in audit outcomes: the number of disclaimers decreased significantly from seven in 2021/22 to three in 2022/23, although qualified opinions increased from 10 to 12. The continued absence of clean audits highlights deep-rooted weaknesses in governance and accountability.

Key recurring challenges include:

- Consequence management: Municipalities are not investigating unauthorised, irregular, fruitless, and wasteful (UIFsW) expenditure in line with Section 32 of the MFMA. Accounting officers also fail to compile comprehensive UIFsW expenditure reports for Municipal Public Accounts Committees (MPACs), undermining oversight and leading to escalating UIFsW expenditure.
- Slow implementation of audit action plans: Despite repeated findings, municipalities have made limited progress in addressing the Auditor-General's recommendations.
- Weak governance and oversight: Municipalities often fail to record progress on the web-enabled portal, and governance structures show inadequate follow-through.
- MPAC functionality: Many MPACs remain ineffective due to poor attendance, lack of commitment from members, and failure by administrations to submit reports. In addition, the absence of dedicated budgets hampers their ability to conduct public participation and strengthen oversight.
- Legislative non-compliance: Accounting officers are not complying with Section 126(2)(a) of the MFMA, delaying and weakening the oversight process.

These systemic weaknesses point to persistent failures in accountability, oversight, and financial discipline. Without urgent interventions to strengthen consequence management, accelerate the

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implementation of corrective action plans, and resource MPACs effectively, municipalities in the province will continue to face recurring audit findings and service delivery risks.

Support Intervention by North West Province:

The province reviewed the audit action plans for adequacy and proposed remedial actions.

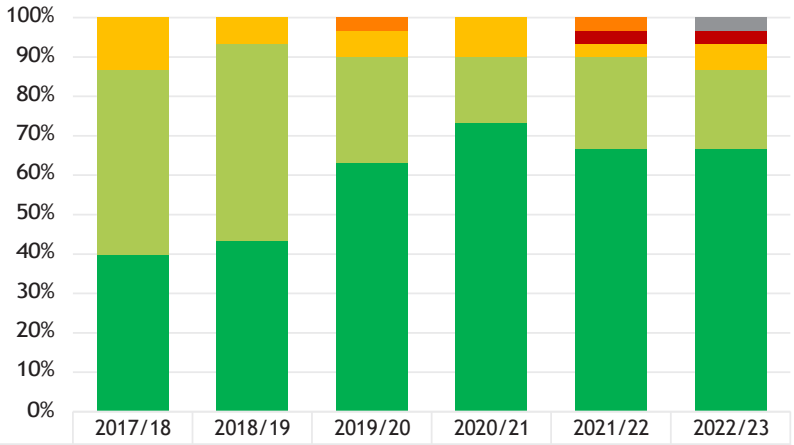
Municipalities were encouraged to implement the following recommendations:

- That follow up on implementation of PAAP be made.
- That MPACs be trained and supported regularly on UIFsW expenditure investigations.
- Accounting officers be held accountable for non-compliance with Sec 126(2)(a) and 32(4) of the MFMA.
- That all MPACs be allocated their own budget / vote, that is independent of the Speaker's budget

C.5.4.3 Western Cape

The province has 30 municipalities. In 2022/23, 20 municipalities obtained clean audits, six received unqualified opinions with findings, two received qualified opinions, one received an adverse opinion, and there were no disclaimers. One audit was still outstanding at the legislated date. The Western Cape remains the leading province, with 87% of municipalities receiving unqualified opinions. Figure 71 below illustrates the movement of the municipal audit outcomes for the past six years.

Figure 71: Six-year trend in Western Cape municipal audit outcome



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Outstanding	0	0	0	0	0	1
Disclaimer	0	0	1	0	1	0
Adverse	0	0	0	0	1	1
Qualified	4	2	2	3	1	2
Unqualified with findings	14	15	8	5	7	6
Unqualified with no findings	12	13	19	22	20	20

Source: MFMA Section 134 Report

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Reflection by the Province on Recurring Issues and Connon Challenges

Despite maintaining the strongest audit outcomes nationally, several persistent challenges have been raised:

- Service delivery and governance decline: The Auditor-General has noted that the general decline of services, visible in community dissatisfaction and reduced investor confidence, is beginning to manifest in audit findings. Root causes often relate to weak leadership and competing agendas within councils and administrations.
- Political instability: The emergence of coalition governments at local level has created governance instability. Current systems and oversight mechanisms, designed for stable democracies, have not adapted to this environment, limiting effective accountability.
- Capacity constraints: Municipalities face growing difficulties in attracting and retaining suitably qualified senior managers, particularly municipal managers, undermining governance and service delivery.
- Compliance-driven environment: Increased regulatory requirements and a strong compliance focus have discouraged innovation and constrained service delivery, as municipalities fear sanction and negative audit findings.
- Irregular expenditure reporting: Many items classified as irregular expenditure are later found to be misreported. While these are not always linked to corruption, they still create reputational risks and complicate financial reporting.
- Financial year misalignment: The misalignment between the financial years of national and provincial governments and municipalities hinders project implementation, delays budget expenditure, and negatively affects multi-year, cross-sectoral projects.
- Provincial intervention limitations: The current legislative framework restricts the Provincial Executive from intervening swiftly in municipalities facing governance, oversight, or service delivery breakdowns, prolonging crises and limiting corrective action.

Overall, while the Western Cape continues to set the benchmark for municipal audit outcomes, underlying governance, capacity, and systemic challenges present risks to the sustainability of strong financial management in the province.

Support Intervention by Western Cape Province:

- Ongoing strengthening of positive IGR Relations between the Provincial Gzovernment and Municipalities.
    - Over time, the Provincial Government, under the leadership of the Department of Local Government invested and succeeded in building and establishing strong intergovernmental relationships with municipalities.
    - Strong working relationships have been created with other key stakeholders which include, amongst others, ESKOM and the Auditor-General. Regular meetings take place where matters of strategic importance are discussed to guide and further improve processes, systems and encourage strong governance.
- A strategic focus in the province has been on collaboration as a strengthening and enabling mechanism to encourage and enhance vertical and horizontal co-planning, -budgeting and -implementation in a geographical space.
    - The Joint District and Metro Approach (JDMA) was conceptualised and adopted as operating model by the Leadership in the Province and has since been effectively implemented across all Districts. To date several projects have been successfully completed.
- The Provincial Executive prioritizes its monitoring and oversight responsibility.

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- Mechanisms and internal capacity have been established to consider, and where required, investigate any allegations of fraud, corruption and maladministration in a municipality. A dedicated team of investigators has been appointed in the Department of Local Government and who also established a close working relationship with other legal authorities such as the NPA and the Hawks.

- The Provincial Departments have adopted strategies to provide "hands-on and targeted support" to municipalities to improve and enhance their functioning and service delivery.
- The Department of Local Government have an agreement in place with the Provincial Treasury, by means of a Memorandum of Understanding (MOU), where Provincial Treasury is required to monitor and drive all financial related matters concerning municipalities and to report these matters to the MEC of Local Government on a regular basis. A Joint Working Group committee has also been established between the two departments to monitor the implementation of this agreement, that meets on a quarterly basis.
- In line with the pro-active, hands-on approach in assisting municipalities and municipal entities, National Treasury has harnessed the advantages of technology to not only increase efficiency in municipal reporting but also to accelerate the provision of real-time assistance to municipalities across the country through the introduction of the free web-enabled audit action plan system.
- The Department of Local Government provides continuous support to municipalities to institutionalise Information and Communication Technology (ICT) governance and to address ICT related Audit findings.
- The DLG in collaboration with its partners will continue to provide extensive support to municipalities towards achieving good governance, positive audit outcomes and improving the lived experience of citizens.

6.5.5 Inplenentation of the Audit Action Plans

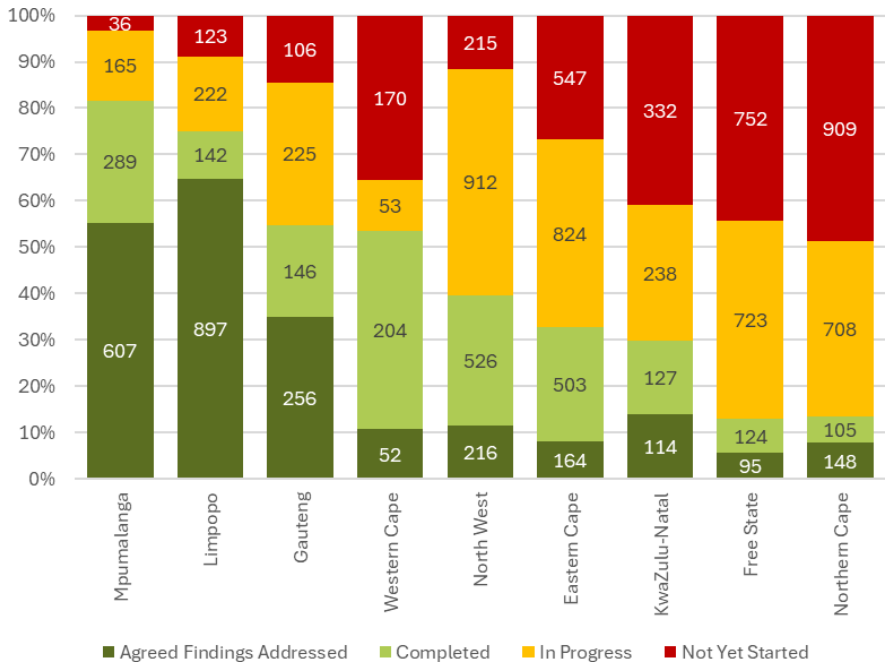
Section 131 of the MFMA requires that a municipality must address any issues raised by the Auditor-General in an audit report. Each municipality must develop an action plan that details how it will address the audit findings raised in its annual audit report (e.g. irregular expenditure, supply chain weaknesses, reporting errors, internal control deficiencies). The plan should specify corrective actions, responsible officials, and timelines for resolution.

National Treasury has issued MFMA Circular 113: Web-Enabled Audit Action Plan System (2022) and introduced a web-enabled audit action plan system to enable municipalities to report and update progress on the implementation of action plans. However, there is a slow pace at which municipalities are uploading information on the system and the accuracy or credibility thereof.

Figure 71 shows the status of the audit findings per province as recorded in the Audit Action Plan System.

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Figure 72: Audit action plan implementation status: Sept 2024



Source: MFMA Section 134 Report, 2022/23

Strong Performing Provinces:

- **Mpunalanga:** The total number of audit findings capture in the system is 1067. Mpumalanga shows the highest combined proportion of "Agreed Findings Addressed" (55%) and "Completed (26%). The province has a very low backlog, 3% "Not Yet Started"
- **Linpopo:** The total number of audit findings capture in the system is 1384, 26 of which were not assigned to any municipality. Limpopo has the highest proportion of "Agreed Findings Addressed (65%) and a relatively low backlog, 6% "Not Yet Started".
- **Gauteng:** The total number of audit findings capture in the system is 733, 82 of which were not assigned to any municipality. Gauteng findings are mainly distributed across three statuses: 35% "Agreed Findings Address", 20% "Completed", and 31% "In progress". There is a slightly higher backlog, 14% "Not Yet Started", compared to the stronger performing provinces.
- **Western Cape:** The total number of audit findings capture in the system is 476. Western Cape has the highest proportion (43%) of "Completed" findings, where as the "Agreed Findings Addressed" are relatively low, 11%, and backlog remains high, 35% "Not Yet Started"

Moderate performing Provinces:

- **North West:** The total number of audit findings capture in the system is 1866. The province has the highest proportion (46%) of findings "In Progress". Only 12% of findings are categorized as "Agreed Findings Addressed", whereas more than a ¼ of findings are "Completed" (28%).
- **Eastern Cape:** The total number of audit findings capture in the system is 2038, 38 of which were not assigned to any municipality. The province also has a relatively high proportion (40%)

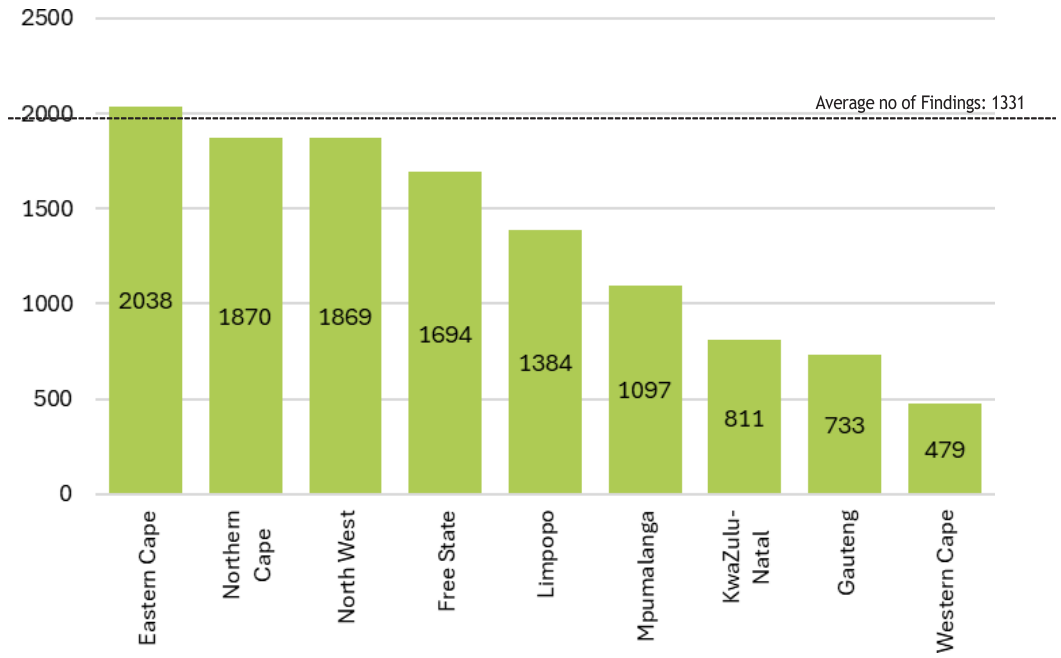
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of findings "In Progress", but the province also has more than ¼ of findings "Not Yet Started" (27%).

Weakest performing Provinces:

- **KwaZulu-Natal**: The total number of audit findings capture in the system is 811. The province has a high proportion of findings "Not Yet Started" (41%) and have just under a third findings that are "Agreed Findings Addressed" (14%) and "Completed" (16%).
- **Free State:** The total number of audit findings capture in the system is 1664, 18 of which were not assigned to any municipality. The province has a high proportion of findings "Not Yet Started" (44%) but so has an equally high proportion of findings "In Progress" (43%).
- **Northern Cape**: The total number of audit findings capture in the system is 1870. The province has a highest proportion of findings "Not Yet Started" (46%), but also has an equally high proportion of findings "In Progress" (38%).

Figure 73: No of Audit Findings per province, as of Sept 2024



Source: MFMA Section 134 Report, 2022/23

Despite having just over the average number of audit findings, Limpopo is one of two provinces that has completed/addressed above 70% of findings.

The provinces with the highest proportion of audit findings "In Progress" (Free State, North West, Northern Cape and Eastern Cape) all have an above average number of findings. While North West and Eastern Cape are classified as moderate performers, the high volume of outstanding findings is concerning. The data does not indicate how long findings have remained "In Progress," which raises

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questions about whether these provinces are taking particularly long to address their audit issues. This is a cause for concern and may require additional support.

By contrast, Mpumalanga, Gauteng and Western Cape have below-average numbers of findings, which may contribute to their ability to address and complete their findings more effectively. KwaZulu-Natal also has below-average findings, but its low percentage of addressed and completed findings, combined with a relatively high number "Not Yet Started," suggests either a lack of resources or proportionally more complex findings that are harder to resolve.

6.6 FINANCIAL DISTRESS

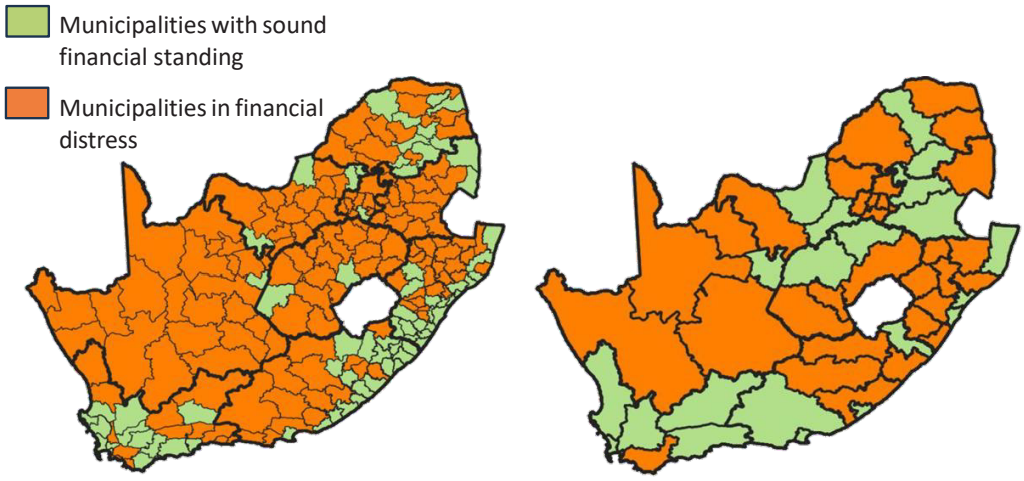
6.6.1 Financial Distress Indicator

The SOLGF Report identifies 168 municipalities (65.4%), as shown in Figure 73, as being in a state of financial distress based on key financial indicators used in the report. This represents an increase from 157 municipalities (61%) in 2021/22. Financial distress in this context is defined as a municipality's ongoing failure to control finances necessary to fulfil its constitutional obligations to deliver basic services as well as providing other needs to communities.

Municipal financial distress continues to be characterised by weak cash flow management, growing debtors' books and creditors, and inadequate investment in the repair and maintenance of infrastructure. Many of the affected municipalities also carry repeated disclaimed audit opinions and unfunded budgets, reinforcing the seriousness of their financial position. These challenges undermine the ability of municipalities to meet their financial commitments and contribute to ongoing service delivery failures.

The 2022/23 SoLGF Report further shows that financial distress persists even in municipalities with relatively strong audit outcomes. Twelve municipalities that received clean audits were nonetheless classified as financially distressed, while more than half of those with unqualified opinions with findings also fell into this category. This illustrates that compliance with reporting standards does not automatically translate into financial sustainability, reflecting persistent liquidity constraints and mounting debt. A significant number of municipalities in financial distress are also participating in the debt relief programme, underscoring the extent to which instability has become entrenched.

Figure 74: Metropolitan, Local and District Municipalities that are in Financial Distress per the SOLGF Report



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Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

6.6.2 Section 13G Interventions

The Constitution of the Republic of South Africa allows in Section 136 for the relevant provincial executive to intervene should a municipality not be able to fulfil an executive obligation in terms of the Constitution or legislation.

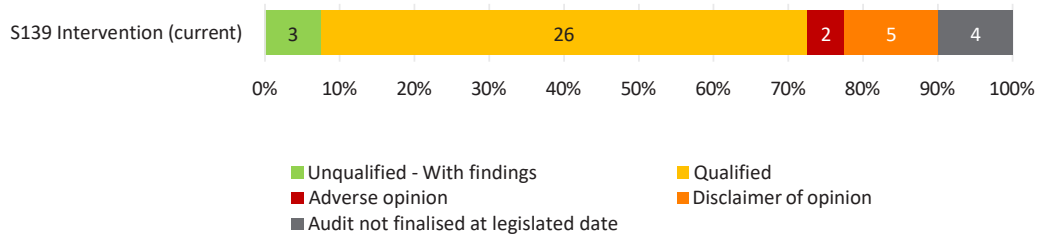
The subsections of Section 136 outline different forms of intervention:

- Section 136(1)(b) – The provincial executive may assume responsibility for the relevant obligation, taking over certain functions of the municipality to ensure the obligation is met. This is generally applied in cases of governance or administrative failure.
- Section 136(5) – Where a municipality is in a serious financial crisis, the provincial executive is obliged to impose a Financial Recovery Plan (FRP) to restore the municipality's ability to provide basic services and meet its financial commitments.
- Section 136(7) – The national executive may intervene if the provincial executive fails to act adequately in terms of Section 136(1) or (5). This shifts the intervention from provincial to national oversight.
- Section 136(7)(c) – The national executive may approve and enforce a Financial Recovery Plan if the provincial plan required under Section 136(5) is inadequate. This typically occurs in more severe or persistent cases of municipal failure.

According to the State of Local Government Finances and Financial Management Report 2022/23 (SoLGF) published by National Treasury, there are currently 40 municipalities under Section 136 interventions (see Figure 75). Audit outcomes for these municipalities, as reported in SoLGF, show a concerning picture: of the 40 municipalities, 3 received unqualified audits with findings, 26 received qualified opinions, 2 received adverse opinions, 5 received disclaimers of opinion, and for 4 municipalities the audits were not finalised within the legislated timeframe (see Figure 75).

In terms of financial recovery planning, 23 municipalities under intervention are subject to mandatory Financial Recovery Plans (FRPs), while 13 are under discretionary FRPs. An additional 3 municipalities are in the process of having FRPs developed. Beyond these 40, a further 8 municipalities have voluntarily agreed to receive a Financial Recovery Plan (see).

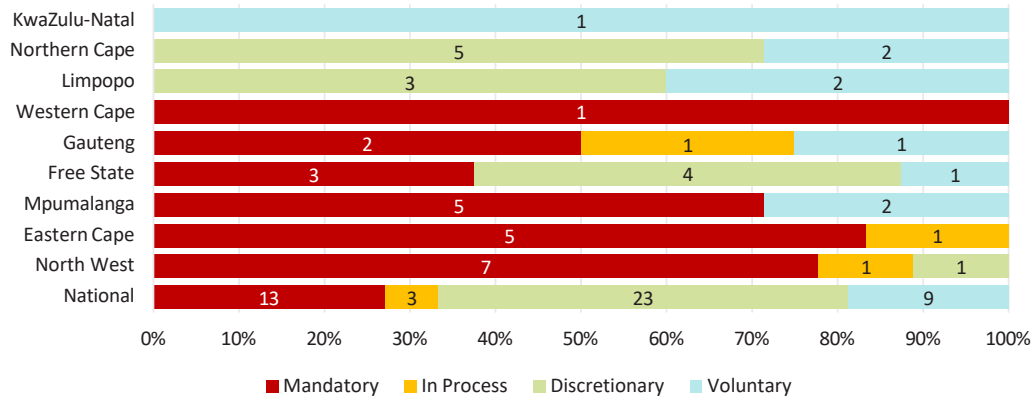
Figure 75: Audit opinions of municipalities under S136 interventions



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Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

Figure 76: Status of FRP for municipalities under S136 intervention



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

Section 7.6 will go into further detail regarding the status of these interventions.

6.7 SUMMARY OF CHALLENGES - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The 2022/23 reporting cycle paints a troubling picture of municipal financial management. While some municipalities demonstrated resilience, the overall trend is one of poor and in several cases deteriorating financial health. Key findings include:

- Revenue and Expenditure: Many (65 out 257) municipalities continue to pass unfunded or unsustainable budgets, with expenditure frequently outpacing own revenue generation. Dependence on national transfers remains high, while revenue collection from consumer debtors is weak. Growth in operating expenditure, driven by employee-related costs and bulk service purchases, outstrips revenue growth in several provinces.
- Cash Management and Liquidity: Liquidity remains the most visible sign of municipal financial distress. At the end of 2022/23, 14 municipalities reported negative cash balances, with the Free State and Northern Cape worst affected. Nearly 50% of municipalities had a current ratio below 1, meaning they cannot meet short-term obligations, while 74% recorded liquidity ratios below 1, confirming systemic vulnerability. Despite slight improvements in metros, local municipalities continue to deteriorate, with escalating arrears to creditors and suppliers.
- Municipalities continue to struggle with revenue collection, with collection rates persistently below the MFMA norm of 65%. National Treasury's SoLGF shows that 85% of municipalities take longer than 30 days to collect debt, leaving arrears concentrated in older debt (over 60 days). Section 47 reports confirm weak credit control and billing systems, with provinces such as Free State and Gauteng reporting more than 80% of debt overdue beyond 120 days.
- Audit outcomes: Audit outcomes remain generally poor, with late submission of financial statements, widespread material misstatements, and a limited number of clean audits, only 13.2% across the country. While some municipalities in better-resourced provinces (e.g. Western Cape, Gauteng) show incremental improvements, persistent disclaimers and regressions in provinces such as the Free State, Limpopo, and North West highlight systemic

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governance and accountability failures. Implementation of Audit Action Plans is weak and inconsistent.

- Financial distress: The State of Local Government Finances Report continues to flag high numbers of municipalities in financial distress. The report flagged 168 (65.4%) municipalities, noting a persistence of weak cash flow management, increasing debtors and creditors days, and limited infrastructure maintenance and investment. Further, 40 municipalities are under Section 136 interventions and 8 under voluntary Financial Recovery Plans, which amounts to 18.7% of municipalities. 13 of these municipalities are under mandatory Financial Recovery Plans, signalling a particular issue with the financial viability of the municipalities.

Additionally, it is critical to note that despite the abundance of quantifiable, public financial data (budgets, audit reports, NT publications), Section 47 provincial reports often under-report on financial management. This not only weakens oversight but also obscures the strong interdependence between financial viability and other KPAs such as service delivery, governance, and LED. The absence of a consistent, standardised reporting framework limits the ability to track progress and respond effectively.

In summary, municipal financial viability is under severe strain. Chronic weaknesses in revenue collection, cash flow management, audit compliance, and governance have left many municipalities in a state of fragility, with growing risks to their ability to sustain services. These challenges are compounded by reporting gaps that mask the depth of the problem, making financial viability the most quantifiable yet the most neglected KPA in provincial reporting.

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7 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

7.1 OVERVIEW

Municipal governance and community participation are fundamental elements of a capable and developmental system of local government. Governance is exercised through councils, council committees, oversight structures, and intergovernmental relations forums, which together create the framework for decision-making, resource management, and accountability. These structures provide the institutional backbone that allows municipalities to plan, implement, and monitor their activities in line with developmental priorities.

Public participation complements these governance mechanisms by ensuring that communities have a voice in shaping municipal decisions and priorities. Through ward committees, the Integrated Development Plan (IDP) processes, and structured consultations, residents can influence planning, hold leadership accountable, and guide service delivery priorities. Where councils are stable, oversight is functional, and participation is meaningful, municipalities are better positioned to deliver services, maintain financial discipline, and respond effectively to community needs. Conversely, instability, weak committees, or the exclusion of community voices often result in poor performance, declining trust, and weak accountability. Reporting on governance and participation therefore offers critical insight into the municipality's ability to fulfil its developmental mandate.

This section looks at indicators around:

- Ward committees and public participation
- Functionality of Council Structures, Oversight and Accountability
    - Functionality of Municipal Public Accounts Committees (MPACs)
    - Functionality of Audit committees and internal audit units
    - Functionality of other committees (Section 76 and 80)
- Anti-corruption and fraud prevention (existence of policy and strategy)
- Intergovernmental Relations
    - Section 136 interventions
    - Functionality of IGR forums

7.2 WARD COMMITTEES AND PUBLIC PARTICIPATION

In terms of Section 16 of the Municipal Systems Act, 32 of 2000 (as amended) and Section 72 of the Municipal Structures Act, 117 of 1668 municipalities must establish ward committees that will serve as vehicles for community participation in municipal affairs.

Table 16 sets out the establishment and functionality of ward committees, and the number of committee meetings that were councillor convened in each province according to the 2022/2023 Section 47 reports. All provinces report on the number of ward committees, and 7 provinces report on a level of functionality. Some reports do not provide adequate information on the number of wards where councillors have convened meetings.

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Table 16: Ward Committees s CDWs – 2022/2023 (All 6 Provinces)

Province	1. Ward Connittees Established	2. Ward Connittees Functional (No. s %)	3. Wards where Councillors convened connunity neetings	4. Ward Operational Plans in place	5. Connunity Developnent Workers (CDWs)
Gauteng	422[16]	418 (66%). This is an increase from 65% reported in 2021/22	Not reported directly; only 3225 ward committee meetings held. This is a big improvement on previous of just over 600 meetings held	10 of the 11 municipalities reported on operational plans being submitted	340 Wards have CDW deployed. Only 186 wards had CDWs actively reporting information
Linpopo	565	565 (100%)	Not reported as number of wards; only general participation noted	Operational plans in all wards	Not provided
Mpunalanga	400	265 (73%). This is a drop from 78% reported in 2021/22	Not reported – focus on ward committees only	Not reported	362 CDW deployed, with 81 vacant positions.
Free State	Report cuts off at page 60 - not reported				
KwaZulu-Natal	883	801 (61%)	3206	Operational plans in all functional wards	Not provided
Northern Cape	232	231 (66,5%)	Not reported	206 (60%)	Not provided
Eastern Cape	715	715 (100%)	Not reported as number of wards; only general	Operational plans in all wards	CDWs active across province. 6 municipalities have “excellent”

[16] Gauteng has 526 wards; this number does not include City of Tshwane which has not had ward committees since 2014

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			community participation		CDW monitoring systems, 5 "very good", 3 "good" 11 "weak", and 13 municipalities did not report.
Western Cape	405	236 (58,2%)	Not reported – focus on ward committees, not councillor meetings	Operational plans in all wards	CDWs active across municipalities, but no provincial figure given
North West	366	Not reported – say functionality improving	Not reported – councillor meetings not tracked	Not provided	Not provided

Table 16 shows that four (4) provinces (Gauteng, Limpopo, KwaZulu-Natal and Northern Cape) have 60% or more of their wards functional. The exceptions are North West, and Free State, which did not report on their ward functionality; and Mpumalanga (73%) and Western Cape (58%) who report lower functionality. The difficulty with this indicator is that functionality is not clearly defined in the report. Municipalities may be defining functionality in different ways. The National Guidelines: Framework for the Establishment of Ward Committees (2005) sets the minimum expectation of at least quarterly meetings with a quorum (50% + 1) to regard a ward committee as functional. However, municipalities may set stricter rules (e.g. monthly meetings, and functionality may not focus just on frequency of meetings, but also about documented evidence of participation, reporting, and feedback. Provinces need to be clearer on what these criteria are.

Table 16 also shows the status of Community Development Workers (CDWs). CDWs are there to improve government's capacity to fight poverty and foster development. They are a link between communities and local government. Therefore, CDWs should work with communities to facilitate access to social grants and identity document.

Gauteng and Mpumalanga were the only province to report on a number of CDWs who were actually deployed. Both provinces report significant vacancies, with Gauteng stating that of the 529 wards[17], 174 do not have CDWs, and Mpumalanga noting 81 vacant positions due to resignations, retirements, or deaths.

The Eastern Cape does not provide deployment numbers but indicates whether municipalities (i) have a database of employed CDWs, (ii) receive regular reports from CDWs, (iii) have a dedicated official for CDW matters, and (iv) provide feedback to the Provincial Department on CDW

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performance. It ranks municipalities on a scale from Excellent to Weak: six (6) municipalities are Excellent, five (5) Very Good, three (3) Good, eleven (11) Weak, and thirteen (13) did not report.

Several challenges around CDW deployment have been identified. These vary by province:

- Mpumalanga: The programme struggles with high vacancies and slow filling of posts, linked partly to austerity measures. CDWs face poor integration into municipal programmes, lack of office space, and weak responses from municipalities and departments due to ineffective complaints systems.
- Gauteng: CDWs face inadequate coordination with municipalities, unclear role definitions in relation to ward committees (leading to duplication or conflict), limited resources and logistical support, and insufficient integration into municipal programmes.
- North West: Collaboration between CDWs and ward committees is "not ideal" because CDWs are often not invited to ward-committee activities, relations with councillors are strained, and relations with the Offices of the Speaker are non-cooperative.
- Western Cape: The report outlines roles and functions but does not explicitly mention challenges.
- KwaZulu-Natal, Eastern Cape, Limpopo, Northern Cape: CDW-specific challenges are not listed.

7.3 FUNCTIONALITY OF COUNCIL STRUCTURES, OVERSIGHT AND ACCOUNTABILITY

7.3.1 Conparison of MPAC Functionality Across Provinces (2022/23)

The Municipal Public Accounts Committee (MPAC) is a structure created within every municipality to enhance oversight and strengthen accountability in local government. Its function is comparable to that of the Standing Committee on Public Accounts (SCOPA) in Parliament.

The main role of MPAC is to evaluate how municipalities manage both finances and performance, providing a key governance structural nexus between financial management and other KPAs. It ensures that public resources are used legally, efficiently, and for their intended purposes. To achieve this, MPAC examines annual reports, audit findings, and cases of unauthorised, irregular, fruitless, and wasteful (UIFW) expenditure, after which it submits recommendations to the municipal council. MPACs are significant because they promote openness, accountability, and sound governance practices. Where they operate effectively, they contribute to better service delivery, improved financial management, and renewed public confidence in municipalities. However, when MPACs are weak or non-functional, they undermine accountability and fuel ongoing governance and audit challenges.

The Section 47 reports across provinces reveal significant differences in how Municipal Public Accounts Committees (MPACs) function. The table below provides a provincial overview of how well MPACs are functioning, based on whether they are in place, the frequency of meetings, and the submission of reports to councils. The main differences between provinces can be summarised as follows:

🟢 Best Practice Provinces (Western Cape, Gauteng, KwaZulu-Natal): These provinces demonstrate consistent MPAC functionality, reports submitted, and approved. They are regarded as models of oversight and accountability.

🟡 Moderate Practice Provinces (Mpumalanga and Limpopo): MPACs exist and are partly functional,

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but challenges such as weak capacity, and poor follow-through on recommendations undermine effectiveness.

🔴 Weak Practice Provinces (Free State, Northern Cape, North West): Many MPACs are dysfunctional, fail to submit reports, and face systemic political and capacity-related challenges. Oversight is weakest here.

Table 17: Status of MPAC committees, meetings and report submissions

Province	MPAC Status	No. of MPAC Meetings Held	Submission of MPAC Report	Key Issues/ Notes
🟢 **Western Cape**	Notes that all political and governance structures are in place	No information provided	All oversight reports were approved without reservations	No information provided
🟢 **Gauteng**	All municipalities established MPACs	No information provided	All municipalities submitted reports to Council thought 4 out of 11 did not fully comply with the process, and 4 were approved without reservations	Good institutional support; UIFW oversight still a challenge
🟢 **KwaZulu-Natal**	All municipalities (except 1) had MPACs in place, though functionality varied	MPACs held meetings across all municipalities	No information provided	No information provided
🟡 **Mpumalanga**	MPACs established in all municipalities	Chairpersons not capacitated to run MPAC meetings effectively, though capacitation of council committees yielded positive results.	Delays in the tabling and adoption of Oversight Reports by municipalities	Loss of institutional knowledge upon re-deployment o MPAC chairpersons. Lack of human resources, capacity, and tools of trade to assist MPACs with administration. Administrative officials failing to

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				provide reports to MPACs for processing
Limpopo	MPACs established in all municipalities	District MPAC forums convened quarterly	66% of municipalities submitted oversight reports	Fail failure by MPAC's to investigate MFMA section 32 expenditures timeously
Free State	MPACs established, only 2 municipalities reported non-functional MPACs	No information provided	No information provided	Poor administration support to provide reports for MPAC, Insufficient tools of trace, lack of training provided to the broader council, political interference, lack of work ethic, and lack of commitment amongst MPAc members
Northern Cape	MPACs established, but AG raised concern that MPACS are ineffective, thus does not encourage accountability and consequence management	No information provided	12 of 31 municipalities adopted their Oversight Reports, and only 6 submitted them to Provincial Legislature.	The AG has highlighted the ineffectiveness of MPACs in fostering accountability and consequence management
Northern West	MPACs established, but only partly functional	No information provided	Only 13 out of 22 municipalities submitted oversight reports	A worsening trend in compliance with oversight report submission, MPACs failing to investigate UIFsW expenditures, lack

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				of consequence management
Eastern Cape	Did not offer specific details regarding the establishment, functionality, number of meetings, or submission of reports for Municipal Public Accounts Committees			

From Table 17 above, it is clear that good practice provinces for MPAC functionality are in the minority. Even in stronger provinces such as Gauteng, challenges with UIFW oversight persist. Widespread deficiencies in Mpumalanga, Northern Cape, North West, and the Free State highlight the need for targeted support, while the lack of reporting in Eastern Cape makes it difficult to assess performance.

7.3.2 Audit Connittees and Internal Audit Units

Internal auditing is an independent and objective activity that provides assurance and advice to strengthen governance and improve operations. It supports municipalities by applying a systematic approach to review and enhance risk management, internal controls, and compliance.

In terms of **MFMA section 165(2)**, every municipal internal audit unit must:

- Prepare an annual risk-based audit plan; and
- Advise the accounting officer and report to the audit committee on matters such as internal controls, accounting practices, risk management, performance management, loss control, and compliance with the MFMA, DoRA, and other legislation (e.g., Water Services Act, Electricity Regulation Act).

The **Audit Connittee**, required by **MFMA section 166**, is a council-appointed independent body. Its responsibilities include:

- Advising the council, management, and political leadership on internal financial control, audits, risk management, accounting policies, performance management, governance, and legislative compliance.
- Reviewing annual financial statements to provide a credible view of the municipality's financial position, efficiency, and compliance.
- Responding to issues raised by the Auditor-General.
- Undertaking investigations into financial affairs when requested by the council or board of directors.

Overall, the functionality of audit committees and internal audit units remains uneven across provinces. Gauteng, Western Cape, Eastern Cape and Limpopo demonstrate stronger performance, with well-functioning committees and units that meet regularly and provide effective oversight. In contrast, provinces such as Free State, and Mpumalanga reflect persistent weaknesses.

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Table 18: Audit committees and Internal Audit Units

Province	Audit Committees	Internal Audit Units
Gauteng	All municipalities had audit committees; functional and met regularly	Units functional (except in Sedibeng), supported audit committees with regular reports
Western Cape	All municipalities had functional audit committees with strong performance	Well-resourced and functional in most municipalities
KwaZulu-Natal	Committees established but effectiveness varied; capacity gaps noted	No information provided
Eastern Cape	32 of 36 municipalities reported "excellent" [18]performance of committees	No information provided
Mpumalanga	Committees in place, but inadequate implementation of audit action plans and audit committee resolutions by the municipalities was observed	Limited human resources in Internal Audit units to review all auditable areas
Northern Cape	Committees existed is most local municipalities or support service was rendered by the district. However in 5 of the 31 municipalities there was no structure	Unit existed is most local municipalities or support service was rendered by the district. However Karoo Hoogland was the only LM were the unit was not functional
Limpopo	All audit and performance committees are established and functional	All units are established and functional
Free State	6 out of 25 audit committees are not functional, and only 5% of municipalities reported having effective audit committees.	21% of municipalities reported having internal audit units.
North West	No information provided	No information provided

[18] Excellent is defined as if the municipality reports the existence, responsibilities and functionality of an Audit Committee including a report attached in the Annual Report

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7.3.3 Mayoral, Executive, Section 7G and Section 80 Connittees

Functioning Section Mayoral Committees, Executive Committees as well as section 76 and 80 structures are critical for strengthening municipal performance. These oversight and advisory committees enable councillors to scrutinise executive decisions, monitor service delivery, and hold officials accountable. Where Section 76 committees provide political oversight, Section 80 committees offer specialised technical support to the executive, ensuring more informed decision-making. When these structures operate effectively, they promote transparency, improve governance, and enhance the quality-of-service delivery, ultimately building public trust in local government. The table below describes what is reported in terms of the various committees.

Table 16: Functionality of Other Committees/Structures (Mayco, EXCO, Section 76, 80 and other committees of council

Province	Mayco/EXCO Functionality	Section 7G Connittees	Section 80 Connittees	Other Connittees
Gauteng	Mayoral Committees (Mayco) in metros functional; effectiveness tied to political stability	Established and functional across municipalities	In place to support EXCO/Mayco	Audit, risk, MPAC functional
Western Cape	Strong Mayco/EXCO functionality; stable leadership supported governance	Functional across municipalities, strong oversight	Support executive structures effectively	Audit, risk committees functional, contributed positively
KwaZulu-Natal	Mayco/EXCO established in all municipalities; functionality varied by stability	Established and functioning, varied performance	Established and functioning	Audit, risk, performance committees in place
Eastern Cape	No information provided	No information provided	No information provided	Audit, risk, performance committees functional in most municipalities
Mpunalanga	EXCOs present and functional	Present, functionality uneven	Exist in municipalities with EXCO	Audit, risk committees established but resource challenges

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Northern Cape	EXCO structures present, but small municipalities struggled with effectiveness	Present, inconsistent functionality	Exist where EXCO structures present	Audit, performance committees under capacity constraints
Linpopo	EXCO present	Established and functional	No information provided	Audit, risk, performance committees functional in all municipalities
Free State	Structures existed, but lack of records or information on functionality	11 out of 23 municipalities did not provide information on s76 committees. 8 municipalities reported having functional committees.	11 out of 23 municipalities did not provide information on s80 committees. 4 municipalities reported having functional committees.	Audit, risk, disciplinary boards weak
North West	No information provided	No information provided	No information provided	Audit, risk, disciplinary boards present but could be more effective

Across provinces, while formal structures generally exist, their effectiveness depends heavily on political stability, adequate resources, and consistent reporting. Information gaps in several provinces obscure a full picture of functionality, suggesting weaknesses in monitoring and transparency.

7.4 ANTI-CORRUPTION AND FRAUD PREVENTION

7.4.1 Fraud and Corruption Strategies/Policies (2022/23)

Strengthening governance in municipalities requires firm anti-corruption measures that also encourage whistleblowing against unethical behaviour. To advance this agenda, the Department of Cooperative Governance (DCoG) updated the Local Government Anti-Corruption Strategy and rolled out the Integrity Management Framework, which places integrity at the centre of municipal operations. Together, these instruments set out the strategic priorities for preventing and addressing corruption in local government.

Fraud and anti-corruption policies are essential for protecting scarce municipal resources from abuse and ensuring that funds are used for service delivery. Well-designed policies not only safeguard finances but also enhance accountability, reinforce governance, and help restore community confidence in municipal institutions.

The 2022/23 Section 47 reports highlight differences in the existence and effectiveness of fraud and corruption strategies across provinces.

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Table 20: Status of Fraud and Corruption Strategies/Policies

Province	Fraud and Corruption Strategies/Policies
Gauteng	Adopted fraud prevention strategies and anti-corruption policies in 6 out of 11, 5 of which are regularly review and aligned with relevant legislation amendments.
Limpopo	All municipalities have compiled and implemented anticorruption plans
Mpumalanga	16 out of 20 municipalities have Anti-Corruption measures in place
Eastern Cape	Report notes that most of the municipalities were explicit in providing information related to Corruption prevention mechanisms, only a few could not provide information reflecting whether the fraud prevention policy is available and have been adopted by the Council, but no figures were provided
Free State	The anti-corruption strategies of the only 2 out of the 23 municipalities are not in place due to non-functionality of audit committees and he council to approve policies in time
Western Cape	Municipalities had established fraud prevention and anti-corruption policies with active enforcement and monitoring.
North West	7 out of 22 municipalities do not have anti-corruption policies in place. For the remaining 15 municipalities that did have an anti-corruption policy, many still lack proper implementation plans, ethics policies, and whistleblowing mechanisms.
Northern Cape	No information provided
KwaZulu-Natal	No information provided

Evidence from provincial reports most municipalities have adopted such policies, except in North West which stands out as an outlier. However, the other provinces provided limited detail on the implementation of their policies, which may hide deeper challenges. The Western Cape is a notable exception, providing robust evidence of comprehensive policy adoption and effective implementation, with a strong governance culture.

7.5 INTERGOVERNMENTAL RELATIONS (IGR)

Measuring indicators such as Section 136 interventions and the functionality of Intergovernmental Relations (IGR) forums is important because they directly reflect the health of municipal governance and the capacity of municipalities to fulfil their responsibilities. Section 136 interventions signal serious failures in governance, finance, or service delivery, where provincial or national government must step in to restore stability. Tracking the frequency and type of interventions provides insight into systemic weaknesses in local government, the sustainability of municipal performance, and whether

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municipalities are improving or regressing over time. Our experience shows that while interventions are necessary to stabilise distressed municipalities, prolonged or repeated use often reflects deeper structural problems that are not being resolved.

Similarly, IGR forums are vital for ensuring coordination across spheres of government and aligning local, provincial, and national priorities. When these forums function effectively, they strengthen accountability, improve planning, and enable municipalities to pool resources and address service delivery challenges more coherently. Weak or dysfunctional forums, on the other hand, often result in duplication, fragmented responses, and missed opportunities to address community needs. By assessing both Section 136 interventions and the functionality of IGR forums, we gain a more complete picture of governance performance and the capacity of municipalities to deliver on their developmental mandate.

7.5.1 Functionality of IGR Foruns

For municipalities to effectively fulfil their developmental mandate, active collaboration between all three spheres of government is essential to ensure efficient and effective service delivery. Each sphere contributes to development planning, the setting of priorities, and the allocation of resources.

The Intergovernmental Relations Framework Act (2005) establishes the framework for cooperation, recognising the three spheres of government as distinctive, interdependent, and interrelated. The Act further outlines the responsibilities and institutional arrangements necessary to strengthen coordination. Building structured and formalised relationships with municipalities is particularly important to ensure alignment in planning, improved information sharing, and the promotion of sound governance practices.

The 2022/23 Section 47 reports reveal differences in the functionality of Intergovernmental Relations (IGR) forums across provinces.

Table 21: Provincial Comparison of IGR Functionality (2021/22)

Province	IGR Foruns Functionality
Western Cape	Forums are well-institutionalised, stable, and functional. Platforms such as TIME and JDMA support co-planning, co-budgeting, and co-implementation. Interface Teams prepare reports for District Coordinating Forums. Strong vertical and horizontal alignment achieved.
Gauteng	Forums (IGR Forum, Premier's Coordination, COGTA IGR, Nthirisano) are established and functional. They advise on operationalising policies and curbing duplication. However, gaps remain in intergovernmental coordination and plan alignment, with participation in IDPs being voluntary.
Mpumalanga	Provincial IGR Framework finalised in 2022/23. Forums linked with the District Development Model (DDM), established to enable cross-sphere planning, budgeting, and implementation. Alignment with DDM structures noted, but challenges the confidentiality of meetings prevents municipalities from sharing details for the purpose of this report.
Eastern Cape	Forums exist and are improving. District municipalities report on IGR structures with TORs for Technical IGR and Political DIMAFO. All local municipalities

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	participate in District and Provincial fora. However, underreporting persists, and functionality of DIMAFOs varies from excellent to weak.
Limpopo	Report simply states that IGR functions are operational across all municipalities
Northern Cape	The provincial Intergovernmental integration remains a challenge due to minimum participation of .sector departments during the municipal review process
North West	Forums referenced mainly through SPLUMA and LED processes. District economic work streams established, but coordination remains poor.
Free State	Forums functional at district level and assessed against criteria (constitution, role, mandate, operations, coordination, technical support). Seen as key for strengthening municipalities and service delivery, though effectiveness varies by district.
KwaZulu-Natal	No direct mention on IGR Forums

The functionality of IGR varies significantly across provinces. The Western Cape and Gauteng demonstrate the strongest and most institutionalised forums, with established platforms that drive alignment, though Gauteng still faces gaps in coordination and IDP participation. Mpumalanga, Eastern Cape, and the Free State have structures in place and show progress, but effectiveness is inconsistent. Limpopo reports IGR functions as operational across all municipalities, though without detail on performance. In contrast, the Northern Cape and North West struggle with weak participation, poor coordination, and minimal impact.

7.6 SECTION 139 INTERVENTIONS

As noted earlier, Section 136 of the Constitution provides provinces with the authority to intervene when municipalities are unable or unwilling to fulfil their executive obligations. These interventions are an important safeguard for governance and service delivery, but they also highlight the depth of challenges faced at local government level.

From a governance point of view, the collective experience to date shows that interventions are complex, often protracted, and not always successful in restoring stability or functionality. While in some cases they have helped to address immediate failures, such as approving a budget or developing a financial recovery plan (as reflected in the preceding section on Financial Management), in others they have struggled to produce sustainable improvements. Factors such as political instability, weak administration, and financial distress frequently limit the effectiveness of these measures.

As noted earlier the Section 136 interventions take different forms:

13G(1)(a): The province issues a directive to the municipality.

13G(1)(b): The province assumes responsibility for an executive obligation.

13G(1)(c): Dissolution of the municipal council.

13G(4): Intervention due to failure to approve a budget.

13G(5)(a): When a municipality cannot meet its financial commitments, the provincial executive must impose a financial recovery plan.

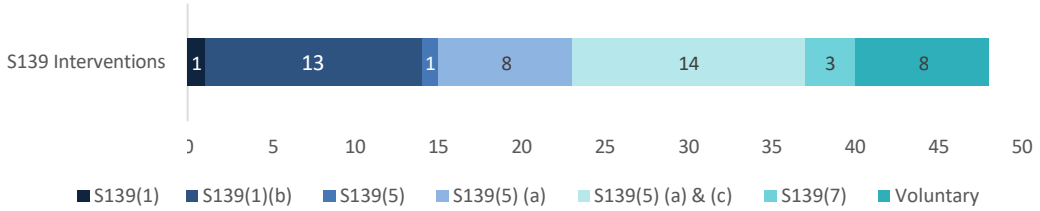
13G(5)(c): If the municipal council fails to adopt the financial recovery plan, the provincial executive must dissolve the council and appoint an administrator to approve a budget and implement the plan.

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13G(7): The national executive intervenes when a province cannot or does not fulfil its oversight role, assuming responsibility to ensure the municipality meets its obligations.

There are currently 40 active section 136 interventions and 8 municipalities who have voluntarily agreed to receive an FRP, as shown in Figure 77. The majority fall under section 136(5)(a) and (c) (14 interventions) and section 136(1)(b) (13 interventions).

Figure 77: S136 Interventions by Type



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

Table 22 provides a list the municipalities under s136 intervention **2022/2023**. There was only one new Section 136 added in this year. This is from Magareng in the Northern Cape. None were removed from the 2021/2022 list in this financial year.

Table 22: List of current Section 136 Interventions

Province	Cat	Code	Nane	S13G Intervention	FRP Status
Eastern Cape	B	EC104	Makana	S136(5) (a)	Mandatory
Eastern Cape	C	DC12	Amathole	S136(5) (a)	Mandatory
Eastern Cape	B	EC136	Enoch Mgijima	S136(7)	Mandatory
Eastern Cape	C	DC13	Chris Hani	S136(5) (a)	In Process
Eastern Cape	B	EC145	Walter Sisulu	S136(5) (a)	In Process
Eastern Cape	C	DC15	O R Tambo	S136(5) (a)	In Process
Free State	A	MAN	Mangaung	S136(7)	Mandatory
Free State	B	FS181	Masilonyana	S136(1)(b)	Discretionary
Free State	B	FS182	Tokologo	S136(5) (a) s (c)	Mandatory
Free State	B	FS163	Nketoana	S136(1)(b)	Discretionary
Free State	B	FS164	Maluti-a-Phofung	S136(1)(b)	Discretionary
Free State	B	FS165	Phumelela	S136(1)(b)	Discretionary
Free State	B	FS166	Mantsopa	Voluntary	Voluntary
Free State	B	FS205	Mafube	S136(5) (a) s (c)	Mandatory
Gauteng	A	TSH	City of Tshwane	Voluntary	Voluntary
Gauteng	B	GT421	Emfuleni	S136(5)	Mandatory
Gauteng	B	GT484	Merafong City	S136(5) (a)	In Process
Gauteng	C	DC48	West Rand	S136(5) (a)	Mandatory
KwaZulu-Natal	B	KZN225	Msunduzi	S136(1)(b)	Discretionary
Limpopo	B	LIM334	Ba-Phalaborwa	S136(1)(b)	Discretionary

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Province	Cat	Code	Nane	S13G Intervention	FRP Status
Limpopo	B	LIM341	Musina	Voluntary	Voluntary
Limpopo	B	LIM361	Thabazimbi	S136(1)(b)	Discretionary
Limpopo	B	LIM367	Mogalakwena	S136(1)(b)	Discretionary
Limpopo	B	LIM368	Modimolle-Mookgopong	Voluntary	Voluntary
Mpumalanga	B	MP305	Lekwa	S136(7)	Mandatory
Mpumalanga	B	MP306	Dipaleseng	Voluntary	Voluntary
Mpumalanga	B	MP307	Govan Mbeki	S136(5) (a) s (c)	Mandatory
Mpumalanga	B	MP321	Thaba Chweu	S136(5) (a) s (c)	Mandatory
Mpumalanga	B	MP326	City of Mbombela	Voluntary	Voluntary
Mpumalanga	B	MP302	Msukaligwa	S136(5) (a) s (c)	Mandatory
Mpumalanga	B	MP312	Emalahleni	S136(5) (a) s (c)	Mandatory
Northern Cape	B	NC071	Ubuntu	S136(1)(b)	Discretionary
Northern Cape	B	NC075	Renosterberg	S136(1)(b)	Discretionary
Northern Cape	B	NC082	!Kai! Garib	Voluntary	Voluntary
Northern Cape	B	NC084	!Kheis	Voluntary	Voluntary
Northern Cape	B	NC062	Dikgatlong	S136(1)(b)	Discretionary
Northern Cape	B	NCO64	Magareng	S136(1)(b)	Discretionary
Northern Cape	B	NC064	Phokwane	S136(1)(b)	Discretionary
North West	B	NW372	Madibeng	S136(5) (a) s (c)	In Process
North West	B	NW374	Kgetlengrivier	S136(5) (a) s (c)	In Process
North West	B	NW382	Tswaing	S136(5) (a) s (c)	In Process
North West	B	NW383	Mafikeng	S136(5) (a) s (c)	In Process
North West	B	NW384	Ditsobotla	S136(5) (a) s (c)	In Process
North West	B	NW385	Ramotshere Moiloa	S136(5) (a) s (c)	In Process
North West	C	DC38	Ngaka Modiri Molema	Voluntary	Voluntary
North West	B	NW362	Naledi (NW)	S136(5) (a) s (c)	In Process
North West	C	DC36	Dr Ruth Segomotsi Mompati	S136(5) (a) s (c)	In Process
Western Cape	B	WC053	Beaufort West	S136(5) (a)	Mandatory

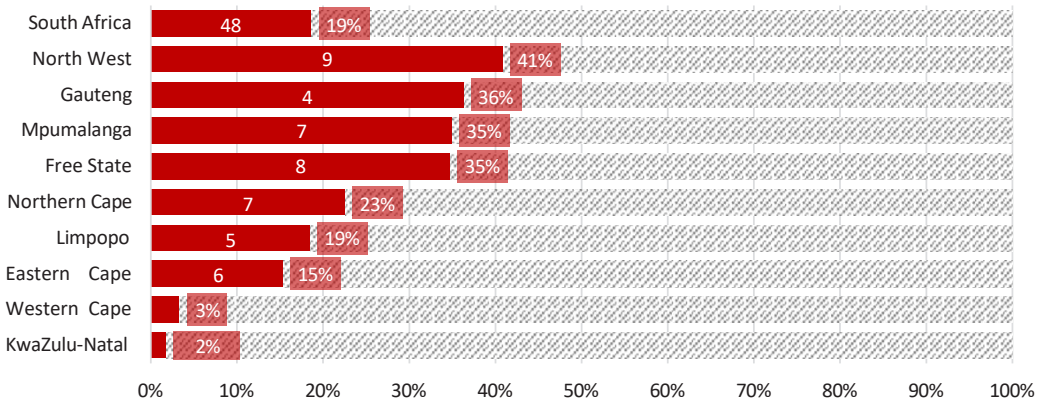
Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

Figure 77 shows that 16% of municipalities nationally are under intervention (48 of 257). North West has both the highest number (6) and share (41%) under intervention. Gauteng (36%), Mpumalanga (35%) and the Free State (35%) also have more than a third of municipalities under intervention, though Gauteng's percentage is amplified by a small base (4 of 11). At the lower end, Western Cape (3%) and KwaZulu-Natal (2%) each have only one municipality under intervention. The Northern Cape (23%),

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Limpopo (16%) and Eastern Cape (15%) sit in the mid-range. These patterns point to concentrated distress in a few provinces.

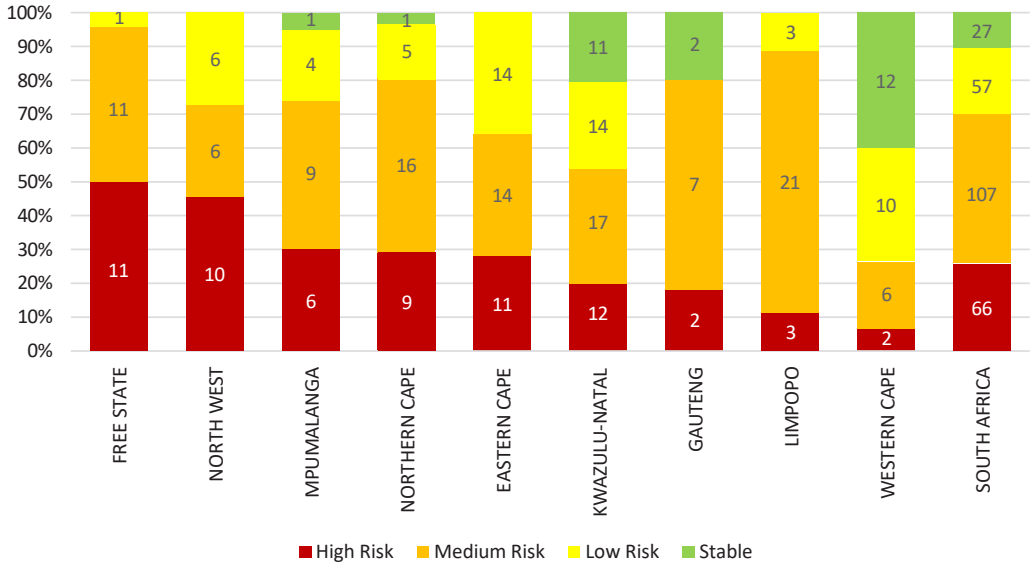
Figure 78: Number and % of municipalities under intervention per province



Source: National Treasury: State of Local Government Finances and Financial Management Report 2022/23

7.7 DYSFUNCTIONAL MUNICIPALITIES

Figure 76: Municipalities categorized according to risk/dysfunction



Source: "66 dysfunctional as of March 2023" by Department of Co-operative Governance

The 2022 State of Local Government Report highlights a mixed performance across municipalities. While the number of dysfunctional (high-risk as shown in Figure 78) municipalities increased slightly from 64 in 2021 to 66 in 2022, there has been progress elsewhere: stable municipalities nearly doubled from 16 to 27, medium-risk municipalities declined from 111 to 107, and low-risk municipalities decreased

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from 66 to 54. KwaZulu-Natal recorded the highest number of dysfunctional municipalities (12), while the Free State (48%) and North West (46%) had the highest proportions relative to their total municipalities. By contrast, Western Cape (7%), Limpopo (11%) and Gauteng (18%) reported much lower proportions. In response, Cooperative Governance and Traditional Affairs (CoGTA) has introduced a range of reforms, including amendments to the Municipal Structures Act, the rollout of Municipal Staff Regulations, Circular 88 on performance indicators, the establishment of a Results Management Office, and the strengthening of MISA. Planned measures such as the Intergovernmental Monitoring, Support and Interventions (IMSI) Bill and the Coalitions Bill are also expected to provide further support and accountability mechanisms (COGTA, 2023b; Pillay, 2023).

7.8 SUMMARY OF CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following common challenges taken from Section 47 reports of provinces are highlighted

7.8.1 Ward Connittees

- While establishment levels are high, functionality remains uneven.
- Some provinces (e.g., Gauteng, Eastern Cape) report high levels of functionality, while others (Mpumalanga and Western Cape) record lower performance.
- A critical issue is that 'functionality' is not consistently defined across municipalities, creating variation in reporting and limiting comparability.
- Weak or irregular meetings, poor community engagement, and limited follow-up on decisions reduce the effectiveness of ward committees.

7.8.2 Connunity Developnent Workers (CDWs)

- CDWs are widely recognized as vital links between municipalities and communities, but their integration into local systems is inconsistent.
- High vacancies and slow filling of posts (notably in Mpumalanga).
- Limited coordination with municipalities and ward committees, leading to duplication or conflict (noted in Gauteng and North West).
- Poor logistical support, lack of office space, and weak complaints-handling systems.
- Uneven collaboration with councillors and municipal leadership, which undermines their role in facilitating participation.

7.8.3 Oversight Structures (MPACs, Audit Connittees, Section 7G s 80 Connittees)

- MPACs: Strong in Western Cape and Gauteng, but generally weak in provinces such as Free State, Northern Cape, and North West. Problems include irregular meetings, poor resourcing, and challenges in implementing recommendations.
- Audit Committees/Internal Audit Units: Functionality differs widely. Western Cape, Eastern Cape, Limpopo and Gauteng perform well, whilst other provinces like Free State do not even have the structures established nor functional.
- Other Committees: Executive and oversight committees are more stable in Western Cape and Gauteng, but weakened by instability, poor attendance, and resource gaps in other provinces.

7.8.4 Anti-Corruption and Fraud Prevention

- Most provinces report the existence of fraud and corruption strategies/policies, but implementation is uneven.

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- Western Cape demonstrates having a stronger framework in place, whilst North West had notable struggles in implementation.

7.8.5 Intergovernnental Relations (IGR) Foruns

- Functionality varies significantly across provinces:
- Stronger in Western Cape and Gauteng, where forums are well-institutionalised, stable, and functional.
- Moderate in Mpumalanga, Eastern Cape, Free State, and Limpopo, where forums exist and show progress but effectiveness is uneven.
- Weak in Northern Cape and North West, where forums are hampered by poor participation, weak coordination, and minimal impact.
- KwaZulu-Natal provides no direct reporting on IGR forums, making functionality unclear.

7.8.6 Section 13G Interventions

- Interventions are necessary where municipalities fail to meet their obligations, but their impact is mixed.
- Many interventions are protracted and do not achieve sustainable improvements. None were resolved in this financial year and one was added.
- Key limitations include political instability, weak administration, and financial distress in affected municipalities.
- Even where interventions resolve immediate crises (e.g., approving a budget), systemic issues often persist

7.8.7 Dysfunctional nunicipalities

- The number of dysfunctional municipalities increased slightly from 64 in 2021 to 66 in 2022, despite some areas of progress.
- Stable municipalities almost doubled from 16 to 30, while medium-risk municipalities declined to 107 and low-risk municipalities to 54.
- CoGTA introduced several reforms, including amendments to the Municipal Structures Act, Municipal Staff Regulations, Circular 88, a Results Management Office, and strengthening of MISA.

7.8.8 Synthesis

Taken together, the evidence shows that while governance and participation mechanisms are in place across most municipalities, their functionality is uneven and often superficial. Provinces such as Western Cape and Gauteng demonstrate stronger institutionalisation and enforcement, but in many others weak resourcing, political instability, and administrative fragility undermine the effectiveness of structures.

A critical cross-cutting finding is the connection between governance structures and financial management outcomes. Weak oversight committees, poor enforcement of anti-corruption frameworks, and limited community participation often coincide with municipalities experiencing severe financial distress. This reinforces the interdependence between governance, accountability, and financial viability.

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8 CROSS-CUTTING ISSUES AND PLANNING

8.1 INTEGRATED DEVELOPMENT PLAN (IDP)

8.1.1 Introduction

Integrated Development Plans (IDPs) are the cornerstone of municipal planning in South Africa, providing a single, inclusive, and strategic framework to guide development and service delivery. The requirement for municipalities to prepare, adopt, and review IDPs is grounded in national legislation, most notably the Municipal Systems Act (MSA), 2000 (Act 32 of 2000) and the Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003), which collectively set the parameters for municipal planning, budgeting, and accountability.

The MSA establishes the legal obligation for municipalities to adopt IDPs. Section 25(1) specifies that each municipal council must adopt a "single, inclusive and strategic plan" for the development of the municipality. Such a plan must:

- Link, integrate, and coordinate sectoral plans and development proposals.
- Align the municipality's resources and capacity with implementation priorities.
- Form the policy framework and general basis for annual budgets.

Comply with national legislative requirements and remain compatible with provincial and national development frameworks.

Furthermore, Section 34 of the MSA requires municipalities to review their IDPs annually, ensuring that priorities and programmes remain relevant, performance is assessed, and adjustments are made in line with changing circumstances or resource availability. This annual cycle anchors the IDP as a living, iterative plan rather than a static compliance document. Section 32 of the MSA also requires municipalities to submit their adopted IDPs annually to the MEC for Local Government for assessment of legal compliance and alignment with broader government strategies.

The MFMA reinforces the centrality of the IDP by explicitly linking it to the municipal budget process. Section 21(1)(a) obliges the mayor to coordinate the preparation of the annual budget and the review of the IDP, ensuring that these processes are mutually consistent and credible. Section 21(2)(a) further requires that, in preparing the annual budget, the mayor must take the IDP into account. In practice, this ensures that municipal budgets are firmly rooted in the strategic priorities of the IDP and that IDPs are realistically costed within the Medium-Term Revenue and Expenditure Framework (MTREF).

To strengthen this system, the National Department of Cooperative Governance and Traditional Affairs (CoGTA) developed an IDP credibility framework and facilitates intergovernmental IDP engagement processes. These mechanisms enable provinces to assess and support municipalities, ensuring that IDPs are not only legislatively compliant but also credible, implementable, and aligned with the priorities of all three spheres of government.

8.1.2 Provincial Reporting

Eastern Cape's reporting on IDPs was limited. While most municipalities have HR Plans, these are often not aligned with their IDPs, suggesting that municipalities are not adequately considering the staffing needs required to implement their strategic plans.

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The **Free State** conducted provincial IDP assessment sessions in July 2023, which revealed recurring issues. Many municipalities failed to meet legislated timeframes, relied on outdated sector plans, and struggled to demonstrate alignment with higher-level priorities. Several municipalities did not include complete SDBIPs with baselines and targets, and the overall user-friendliness of some IDPs was questioned.

In **Gauteng,** the province determined that all IDPS were legislatively compliant, credible, and implementable. However, gaps were noted in their alignment with provincial and national priorities. Intergovernmental coordination was highlighted as a concern because sector department participation in IDP processes remains voluntary and inconsistent.

KwaZulu-Natal reported on their credibility assessment of provincial IDPS. There was aa improvement in the provincial average score from 73.86% in 2021/22, to 80.04% in 2022/23. Thirty municipalities scored 80% or above, a substantial increase from only 11 in 2021/22. 46 of the 54 municipalities improved the credibility of their IDPs year on year.

Similarly, **Linpopo**, reported on the IDP credibility ratings it assigned municipalities, in line with the IDP Framework. The rating scale is High, Medium and Low. IDPs maintained High credibility ratings in 2020/21 and 2021/22, but in 2022/23 one municipality dropped to Medium. Further the province reported on the alignment of SDBIP with the IDP Budget. While 22 municipalities successfully aligned their IDPs with their SDBIPs, 3 municipalities did not, and 2 achieved only partial alignment, highlighting uneven implementation across the province.

Mpunalanga also reported on the credibility and legal compliance of municipal IDPs. It noted an improved in the average provincial score from 82% in 2021/22 to 86% in 2022/23. The province also reported on IDP responsiveness to community priorities, falling from 81% in 2021/22 to 76% in 2022/23. The province also noted protests, poor attendance, and community resistance undermined consultation in several wards in 5 local municipalities. Additionally, the province notes there is consistent failure in sector plans, due to the plans being outdated or a lack of funds to review them.

In the **Northern Cape**, weak intergovernmental integration was reported as a challenge, due mainly to limited participation from sector departments in municipal planning. Municipal planning capacity was also described as low, with many municipalities lacking dedicated planning departments and IDPs often being driven by junior officials rather than leadership. These shortcomings undermine the credibility and effectiveness of IDPs in the province.

The **North West** province reported that many municipalities are not adhering to legislated time-frames, leading to perpetual noncompliance. Further, many did not cover all nine core components of Section 26 of the Municipal Systems Act, sector plans were often missing or outdated and there is poor participation of sector departments in IDP processes. Public participation was poorly documented, indicating a failure to address community need and priorities. IDPs were also criticised for relying on outdated policy imperatives and for failing to incorporate MFMA Circular 88 indicators and targets, adopt GBVF plans and budgets and integrated DDM One Plan projects and approved sector projects, despite these being emphasized in new policy directives to municipalities.

Furthermore, the province notes that there is limited time between IDP adoptions, submissions to the Department and sectors, and assessment of the IDP documents. This limits the time that the department has to provide written comments to municipalities before feedback sessions, thus reducing the effectiveness of these sessions. This is worsened by the HR constraints in municipalities, particularly in the IDP coordinating sub directorate.

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Across the provinces, Section 47 reports highlight a set of recurring issues:

- Timeframes: Many municipalities across provinces miss legislative deadlines for IDP adoption.
- Sector Plans: Outdated or incomplete sector plans remain a widespread challenge.
- Alignment: Weak linkage between IDPs, SDBIPs, and national/provincial priorities.
- Community Participation: Inconsistent quality of participation, sometimes undermined by protests or poor structures.
- Capacity: Both municipal and provincial capacity constraints limit IDP quality and oversight.
- Integration: Sector departments often fail to participate actively, weakening the "integrated" nature of IDPs.

8.2 SPATIAL DEVELOPMENT FRAMEWORKS (SDF)

8.2.1 Introduction

As set out in the MSA, the IDPs of municipalities must include Spatial Development Frameworks (SDFs). The Spatial Planning and Land Use Management Act (SPLUMA) provides a framework for all spatial planning and land use management legislation in South Africa and was implemented in July 2015.

The mechanisms provided by SPLUMA provide a good starting point for aligning spatial plans and development. The municipal Spatial Development Frameworks (SDFs) should therefore be recognised as the dominant planning and land use management framework, to which all other public landowners must align their strategies at the local level.

8.2.2 Provincial Reporting

In the report, while **Gauteng** stated that while municipalities have formally complied with SPLUMA through the adoption and implementation of SDFs, significant shortcomings remain. The province highlights weak intergovernmental relations and limited regional integration in the development and execution of these frameworks. Municipalities often fail to articulate their spatial vision in relation to the broader Gauteng City Region, and SDFs are not consistently aligned with updated provincial and national policies, legislation, and planning tools. Although some municipalities note that their SDFs address natural resource scarcity and climate change, there is a need to liaise with the relevant provincial departments to encourage uniformity in their approaches. In the metros, the conceptualisation of Transit-Oriented Development (TOD) also requires alignment with the Gauteng Integrated Transport Master Plan.

In **Mpunalanga**, all municipalities have maintained a good record of approving, submitting, and implementing SDFs over the past three years. However, challenges include weak alignment of IDP projects with SDF interventions, non-alignment of Infrastructure Master Plans with the Priority Development Areas identified in the SDFs, and the expansion of informal settlements in strategic development areas hindering spatial transformation.

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Northern Cape notes that in the 2022/23 financial year 8 municipalities had given notice of their intention to review or expand their SDFS, 5 had their draft SDF published for public comment, and 6 had their SDFs approved.

that most municipalities have established the necessary SPLUMA structures, including MPTs, Appeals Authorities, and by-laws. Overall, the province shows improving compliance, but capacity challenges remain.

North West reported that in 2023, 3 municipalities had SDFs that were not compliant. These, alongside SDFS in 2 other municipalities, were under review.

In **Free State**, several municipalities were in the process or reviewing or finalising their SDFs, with many in the awaiting public participation or council adoption. Challenges notes included the failure to fully implement SDF strategies and projects, and the reality that informal settlements were expanding in areas identifies for strategic development, therefore preventing spatial transformation.

Across the provinces, Section 47 reports highlight a set of recurring issues:

- Weak alignment and integration: SDFs are often not fully aligned with IDPs, Infrastructure Master Plans, provincial/national priorities, or updated policy and legislative frameworks.
- Limited intergovernmental coordination: Poor participation and weak collaboration between municipalities, provincial departments, and other spheres of government undermine spatial planning integration.
- Capacity constraints: Many municipalities lack sufficient technical and institutional capacity to develop, review, and implement credible SDFs.
- Inadequate spatial vision: Municipalities frequently fail to articulate their spatial role in relation to broader regional frameworks (e.g., Gauteng City Region).
- Implementation gaps: Even where SDFs exist, strategies and projects are poorly implemented or not translated into IDP interventions.
- Informal settlement growth: The expansion of informal settlements in strategic development areas directly undermines spatial transformation objectives.

8.3 DISASTER MANAGEMENT

8.3.1 Introduction

There are sections in the Constitution of the Republic of South Africa that provide for disaster management. Further provisions are included in the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005), the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), the Disaster Management Act, 2002 (Act No. 57 of 2002) and the National Disaster Risk Management Policy Framework of 2005.

The aim of the Disaster Management Act, 2002 (Act No. 57 of 2002) is to ensure a uniform approach to disaster risk management in each sphere of Government. The Disaster Management Act provides for disaster prevention and risk reduction, mitigation of severity and consequences of disasters, emergency and preparedness, and a rapid and effective response to disasters leading to restoration of normal conditions.

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The Disaster Management Amendment Act, 2015 (Act No. 16 of 2015) commenced on 1 May 2016. The Disaster Management Amendment Act makes provision for the expansion of the contents of disaster management plans to include conducting risk assessments and mapping of risks, allocation of disaster management responsibilities to local municipalities, as well as the strengthening of the representation of stakeholders in Disaster Management Advisory Forums amongst others. The legislation provides for:

- The establishment, implementation and maintenance of an integrated rapid and effective disaster response system, post-disaster recovery and rehabilitation;
- The identification, assessment, classification and prioritisation of hazards and vulnerable elements;
- The development, implementation, monitoring and evaluation of disaster risk reduction (prevention, mitigation and preparedness) programmes, projects and measures; and
- The establishment, implementation and maintenance of systems and structures through and across the three spheres of Government, state-owned enterprises, the private sector, non-governmental organisations, communities and individuals.

Disaster Management policies require that metropolitan and district municipalities:

- Establish a fully functional disaster management centre;
- Appoint a head of the centre;
- Establish disaster management forums; and
- Finalise disaster management plans.

The Sendai Framework for Disaster Risk Reduction 2015-2030 (Sendai Framework) advocates for the substantial reduction of disaster risk and losses in lives, livelihoods, and health, as well as for the economic, physical, social, cultural, and environmental assets of persons, businesses, communities, and countries. The Sendai Framework recognises that the State has the primary role to reduce disaster risk, but that responsibility should be shared with other stakeholders including local government, the private sector, and other stakeholders.

Disaster risk reduction (DRR) is already a central focus of the Disaster Management Act and the National Disaster Management Centre, together with those centres established at provincial and municipal level, is assuming the role of coordinating, promoting, and facilitating DRR.

8.3.2 Provincial Reporting

In the **Free State**, disaster management capacity is extremely weak. Nine municipalities have no disaster management plans, while most existing plans are outdated, generic, and poorly implemented. Many municipalities also lack disaster management centres, leaving them without the infrastructure to coordinate emergency response. Staffing levels are inadequate, with too few personnel dedicated to disaster management, and advisory forums are either non-existent or non-functional. Fire brigade services across the province were also found to be insufficient.

The provincial assessment concludes that the disaster management system is at a breaking point, undermined by systemic failures, a lack of accountability, and chronic under-resourcing. Municipalities are not meeting their legal obligations, and the closure of the Free State Provincial Disaster Management Centre (FS PDMC) has further deepened the crisis. Key challenges include weak coordination with municipalities operating in silos, the absence of an effective early warning and reporting system, limited access to training and preparedness exercises for disaster personnel, and severe funding constraints that hinder access to national relief and risk reduction resources. Collectively, the absence of a coherent

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provincial coordination structure has led to delays, confusion, and mismanagement, leaving the province dangerously unprepared for large-scale emergencies.

Gauteng, reported on the status of Disaster Management Framework and Plans, stating that all districts and metropolitans were in place except West Rand District Municipality, which has a Disaster Management Plan in place, but not a Disaster Management Framework.

Western Cape notes that all district and metropolitan municipalities have developed Disaster Risk Assessments.

Mpunalanga notes in the report also notes that all district municipalities are performing their function as required by the act and have established the necessary disaster satellite offices. While all districts have disaster management frameworks in line with the provincial and national frameworks, and all municipalities have disaster management plans in place, most disaster management plans were developed in 2017 and need to be reviewed.

Common challenges include: Insufficient human resources for implementing disaster management projects and integrating Disaster Risk Reduction (DRR) into IDPs and the District Development Model (DDM)

North West indicated that disaster management policy frameworks are being implemented, and district advisory forums are functional a core challenge remains, there is a lack of integration into primary planning documents like the IDP. The Provincial Disaster Management Centre assessed the link between municipal IDPs and disaster risk reduction plans and found that all of them failed to integrate the disaster risk reduction plans into IDPS, which is required by s26(g) of the Municipal Systems Act, and no progress has been made in incorporating these plans.

The province has 10 municipal disaster management centres, some operating 24 hours, and functional advisory forums that meet quarterly. Early warning systems are in place through collaboration with the South African Weather Service, but municipal communication systems remain weak and fragmented.

Further challenges include poor reporting systems and a shortage of capacity at municipal disaster centres. The report also highlighted that sector departments and municipalities view disaster management as an "added responsibility" rather than an integral part of their work and planning.

Across the provinces, Section 47 reports highlight a set of recurring issues:

- Outdated or missing disaster management plans: Provinces report several municipalities either have no plans at all, or existing plans are outdated and generic.
- Weak integration into planning: Disaster risk reduction is often not incorporated into IDPs or the DDM despite being a legal requirement.
- Capacity and resource shortages: Municipalities face critical human resource shortages, inadequate training opportunities, and insufficient funding to sustain disaster management centres or services.
- Weak coordination and oversight: Lack of coherent provincial coordination structures, poor intergovernmental collaboration, and siloed municipal operations undermine effective disaster management.

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- Poor or absent reporting and early warning systems: Weak monitoring, reporting, and communication systems compromise preparedness and response.

- Perception and prioritisation: Disaster management is often viewed as an "added responsibility" rather than a core municipal function, limiting its integration and prioritisation in practice.

8.4 CLIMATE RESILIENCE

Climate change is one of the greatest long-term risks to sustainable development in South Africa, with municipalities at the frontline of its impacts. Rising temperatures, prolonged droughts, floods, storms, wildfires, and resource scarcity increasingly disrupt service delivery, damage infrastructure, and threaten livelihoods. Municipalities therefore play a critical role in building resilience by integrating adaptation and mitigation measures into spatial planning, disaster management, infrastructure investment, and service delivery systems.

The Constitution of the Republic of South Africa enshrines the right to an environment that is not harmful to health and well-being and obliges the state to protect the broader environment. This mandate is reinforced by legislation and policy that guide adaptation and mitigation efforts in the municipal sphere. The National Climate Change Response Policy (2011) called for the mainstreaming of climate change considerations into IDPs, SDFs, and sector plans, including vulnerability assessments and adaptation planning. The National Adaptation Strategy (2017) further set out the framework for embedding climate resilience into municipal planning.

To support practical implementation, the Department of Forestry, Fisheries and the Environment developed the Let's Respond Toolkit (2012), which provides municipalities with guidance on establishing climate change forums or task teams, conducting vulnerability assessments, and integrating adaptation into IDPs.

The most significant development has been the National Climate Change Act, 2024 (Act No. 22 of 2024), which provides for a coordinated, just, and effective response to climate change through integrated planning, monitoring, evaluation, and reporting systems. The Act places clear obligations on municipalities to:

- Prepare and implement municipal climate change response plans aligned with national and provincial strategies.

- Integrate climate risk assessments, vulnerability mapping, and greenhouse gas mitigation targets into core planning instruments (IDPs, SDFs, and SDBIPs).

- Develop, monitor, and report on adaptation and mitigation programmes across key sectors such as infrastructure, human settlements, water, and energy.

- Establish systems for performance monitoring and evaluation with defined institutional responsibilities.

Despite these frameworks, Section 47 reports show limited provincial reporting on municipal climate action. With the Climate Change Act now signed into law, municipalities will be required to strengthen planning and reporting in this area, making climate resilience a growing focus for future monitoring.

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8.4.1 Provincial reporting

As noted above, in **Gauteng**, some municipalities indicated that the revision of the SDF will, amongst other things, address the natural resource scarcity and the multi-dimensional impacts of climate change. They have been urged to liaise with the Gauteng Department of Agriculture and Rural Development to develop a single Gauteng Environmental Management Framework to advance a uniform approach to environmental management, climate change, resource scarcity and waste output reduction.

The **Western Cape** explicitly acknowledges the reality and impact of climate change. The province has faced significant challenges attributed to climate change, including severe drought, heavy rains, gale-force winds, and sea surges, which have led to extensive flooding and infrastructure damage. Whilst there is no indication of mitigation efforts, the province does note some efforts to manage climate-related hazards. The Provincial Disaster Management Centre has developed a standard operating procedure for disseminating impact-based severe weather warnings, in collaboration with the South African Weather Service (SAWS), following a workshop help with the district municipalities to understand their current approach to early warning dissemination.

The **Free State** identifies several climate-related hazards as part of its risk profile. Hazards such as drought, floods, wildfires (veldfires), severe weather, cold fronts, and heatwaves are rated as having an 'Extremely High' or 'High' risk priority for the province. This indicates an awareness of significant climate-related vulnerabilities that require disaster management planning. However, as noted earlier, the department flagged that most of the Disaster Management Plans are outdated and generic, but they also fail to address these municipality-specific risks and thus municipalities are not ready to mitigate against climate related disasters.

North West through its Provincial Disaster Management Centre has supported all 22 municipalities in strengthening their disaster management plans, explicitly requiring that these plans address current realities within their respective areas, including the impacts of climate change. This demonstrates an effort to mainstream climate considerations into municipal planning.

8.5 SUMMARY OF CHALLENGES - CROSS-CUTTING ISSUES AND PLANNING

A number of cross-cutting challenges emerge across the Key Performance Areas.

- Persistent misalignment and outdated planning instruments: IDPs, SDFs, sector plans, and disaster management frameworks are frequently outdated, incomplete, or poorly aligned with each other and with national/provincial priorities. This undermines the credibility of municipal planning and weakens the basis for budgeting and service delivery.

- Capacity and resource constraints: Both municipal and provincial structures struggle with insufficient staffing, technical expertise, and funding. These constraints affect the ability to maintain disaster management centres, update plans, integrate climate resilience, and implement spatial transformation objectives.

- Weak intergovernmental coordination and integration: Sector departments often fail to participate meaningfully in IDP and SDF processes, while municipalities frequently operate in

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silos. This erodes the "integrated" character of planning and limits alignment across spheres of government.

- Implementation and monitoring gaps: Even where frameworks and plans are in place, they are often not translated into practical interventions. Weak monitoring systems, poor reporting, and the absence of reliable indicators (especially in disaster and climate resilience) further constrain accountability and progress tracking.

- Growing external pressures: The expansion of informal settlements, the increasing impact of climate change, and service delivery protests place additional stress on already fragile planning, resilience, and governance systems.

In summary, municipal planning and cross-cutting functions remain uneven and fragmented. While IDPs, SDFs, disaster management frameworks, and climate resilience strategies exist on paper, they are frequently outdated, poorly aligned, or weakly implemented. Capacity shortages, fragile intergovernmental coordination, and inadequate monitoring systems further erode their effectiveness. The result is a planning environment that is highly compliance-driven but insufficiently strategic, leaving municipalities reactive rather than proactive in addressing risks, adapting to climate change, and driving long-term developmental transformation.

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9 CONCLUSION

In accordance with the provisions of Section 47(2)(a) of the Municipal Systems Act (MSA), the Member of the Executive Council (MEC) is required to identify municipalities that have demonstrated underperformance. Furthermore, in terms of Section 47(2)(b), the MEC must propose appropriate remedial actions to address such deficiencies. It was observed that while some municipalities were specifically identified as underperforming in the Section 47 provincial reports, in other instances only broad areas of poor performance were highlighted without reference to individual municipalities. Similarly, in certain cases, specific remedial measures were outlined; however, in many cases, only generic or non-specific solutions were provided.

Therefore, the following presents an overview of the key findings per province, per KPA, drawn from Section 47 reports. It distils a summary of the challenges cited by municipalities, the support provided in response, as well as lists the poor performing municipalities identified by provincial CoGTA departments. The section concludes with a synthesized summary of the key findings on consolidated local government performance for the 2022/23 FY.

9.1 EASTERN CAPE

G.1.1 KPA 1: Municipal Transformation and Organisational Development

Challenges Cited	Support Provided
• Delays in filling critical positions, including strategic posts. • Delays in submitting organograms for MEC approval in line with Staff Regulations (2021). • Workplace Skills Plans adopted but only partially implemented (due to delays in LGSETA grants, inadequate budgets, financial constraints). • Many municipalities lack HR Plans, or plans are outdated or not aligned with IDPs and Staff Regulations. • Difficulty in cascading PMS to lower levels. • Delays in finalising labour-related cases, leading to litigation. • Weak implementation of Employment Equity Plans.	• Establishment of Eastern Cape Corporate Services Forum to capacitate and engage Corporate Services Directors, focusing on cascading PMS, GAPSKILL application, legal compliance, and HR/organogram alignment. • Workshops for officials and councillors on reviewing and implementing staff establishments/organograms. • Assistance in filling critical senior posts (advertisements, shortlisting, interviews, compliance monitoring). • Monitoring and analysis of recruitment submissions; reports to MEC/Minister with recommendations. • Assistance with resolving labour disputes and conducting section 106 investigations on maladministration. • Ongoing ad hoc support to municipalities to strengthen capacity.
Poor Performing Municipalities	
Overall KPA performance Worst performers scored under 50% average performance per Metro/DM area (5/8): • Joe Gqabi DM – 38% • Chris Hani DM – 42% • Nelson Mandela Bay Metro – 46%	

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• Buffalo City Metro – 48% • OR Tambo DM – 46%

G.1.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• Inadequate funding to address infrastructure backlogs. • Poor utilisation of capital grants. • Limited technical capacity in municipalities. • Poor performance by service providers causing project delays. • Credibility concerns in annual reports; some municipalities did not submit reports. • Inconsistent targets and achievements. • Non-prioritisation of spatial planning and land use management policies. • Insufficient budgets for maintenance leading to dilapidated infrastructure.	• MISA deployed skilled personnel; training and bursaries for municipal technical staff. • War-on-leaks programme introduced to address water losses. • Support for institutionalisation of ISD guidelines. • Allowing use of MIG funds for rural road maintenance. • Cost Reimbursement strategy to support municipalities struggling with infrastructure grant spending. • Capacity and technical support to strengthen spatial planning and land use management. • Department participation in municipal SDF and land use policy reviews as PSC members. • Training for councillors and officials (with SALGA and DALRRD) on SPLUMA, tribunals, and appeal structures to improve land development decision-making.
Poor Performing Municipalities	
Overall KPA performance Worst performers scored under 50% average performance per Metro/DM area (7/8): • Chris Hani DM – 22.45% • Joe Gqabi DM – 26.36% • OR Tambo DM – 37.86% • Sarah Baartman DM – 43% • Amathole DM – 44% • Buffalo City Metro – 44% • Nelson Mandela Bay Metro – 47%	

G.1.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
• Poor quality of reports and lack of credible information. • Non-adoption of LED strategies and plans. • Non-functionality of LED IGR forums, leading to uncoordinated initiatives.	• Guidance to municipalities in implementing LED strategies through coordination of funding institutions. • Strengthened collaboration with Stats SA, ECSECC, SALGA, and universities to assist municipalities in reviewing strategies.

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• Insufficient funding for LED units, hindering capital project implementation.	• Collaboration with National DCoG on developing meaningful work opportunities through CWP site business plan development and smart partnerships. • Development of Urban and Small-Town Development Framework to guide implementation through Master Plans and Precinct Plans.
Poor Performing Municipalities	
Overall performance Worst performing local municipalities: • Elundini LM – 46% • Dr AB Xuma LM – 46% • Makana LM – 36% • Intsika Yethu LM – 36% • Sakhisizwe LM – 18% Worst average by Metro/DM area: • Chris Hani DM – 47%	

G.1.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• Weak municipal leadership in driving good governance. • Non-compliance with reporting formats. • Missing or incomplete information in reports (e.g., AFS, annexures).	• Chief Audit Executive and Risk Management Forum used to support municipal internal audit and risk units; sharing best practices. • Capacitation of MPACs on UIFWE and development of UIFWE reduction strategies. • Joint monitoring with Provincial Treasury and SALGA of municipalities with disclaimer/adverse audit opinions or under s136(5) interventions. • Support for use of NT's web-based tool for monitoring Audit Action Plans. • Encouragement for municipalities to adopt SOPs and Auditor-General's preventative control guidelines covering financial statements, procurement, asset management, and infrastructure delivery.
Poor Performing Municipalities	
Audit outcomes (KPI) Disclaimer audit opinions: • Makana LM • Sunday's River Valley LM • Amathole DM Adverse audit opinion: • Walter Sisulu LM	**Submission of AFS (KPI)** Weak (late submissions > 1 month): • Sunday's River Valley LM • Koukamma LM

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Overall performance
Worst average by Metro/DM area: • Amathole DM – 62%

G.1.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• Some municipalities do not fully support the CDW Programme, viewing it only as a departmental function. • Continuous underreporting in annual reports, including lack of IGR strategies, weak communication strategies, limited corruption-prevention mechanisms, and confusion between Mayoral Imbizos and IDP roadshows.	• Implementation of the CDWP Improvement Plan in all municipalities. • Encouragement of monthly CDW Local Roundtables to monitor performance. • Encouragement of CDWs to submit monthly reports to municipalities to ensure service delivery gaps are addressed.
Poor Performing Municipalities	
Monitoring of CDWs (KPI) Weak (No effective monitoring of CDWs): • Nelson Mandela Bay Metro • Blue Crane Route LM • Ndlambe LM • Elundini LM • Dr Beyers Naudé LM Disclaimer (Did not provide in S46 report): • Buffalo City Metro • Matatiele LM • Raymond Mhlaba LM • Koukamma LM • Sunday's River Valley LM • Dr AB Xuma LM • Intsika Yethu LM • Inxuba Yethemba LM • Sakhisizwe LM • Mhlontlo LM • Ingquza Hill LM • Ntabankulu LM • Walter Sisulu LM	
Overall performance Worst average by Metro/DM area: • Chris Hani DM – 46%	

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9.2 FREE STATE

G.2.1 KPA 1: Municipal Transfornation and Organisational Developnent

Challenges Cited	Support Provided
• Low representation of women in senior management (30% in 2022/23, up from 28% in 2021/22). • Non-compliance with Section 16 disciplinary regulations: municipalities failed to submit quarterly reports on senior manager cases. • Inconsistent performance assessments of senior managers and poor reporting to MEC. • Skills gaps and understaffing in performance management and HR units.	• MEC letters to mayors to expedite filling of senior manager vacancies and submit compliance plans. • Ongoing support and monitoring of senior manager recruitment processes. • Assistance with framework for categorisation of senior manager remuneration packages. • Support on waivers for remuneration packages on compliant appointments.
Poor Performing Municipalities	
Note: Unless otherwise accounted for above, the challenges cited were experienced across municipalities in the province as reflected in the Province's Section 47 report.	

G.2.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• Electricity and water losses across all municipalities, attributed to ageing infrastructure, vandalism, and illegal connections. • Conditional grant spending challenges due to procurement delays and non-responsive bids; SCM processes need closer attention and training. • Poor expenditure on grants deprived communities of services and triggered protests. • Delays in processing licensing of landfill sites in some districts.	• Municipalities encouraged to undertake forward planning for appointment of service providers. • Continuous reminders and support to update indigent registers. • MISA technical support to municipalities.
Poor Performing Municipalities	
Municipalities where Eskon renoved indigent households fron the Free Basic Electricity systen due to non-paynent: • Mafube LM – since 2018 (800 households affected) • Mantsopa LM – since 2021 (2,700 households affected) • Tokologo LM – since 2020 (1,123 households affected) • Kopanong LM – since 2016 (874 households affected) • Mangaung: Wepener s Vanstadensrus – since 2018 (1,348 households affected) • Soutpan – since 2018 (436 households affected)	

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G.2.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
• Understaffing of LED units across municipalities. • LED initiatives and cooperatives inadequately supported due to budget/financial constraints.	• Need to capacitate municipalities to enhance implementation of LED initiatives and programmes. • Municipalities urged to create a conducive environment for building and attracting investor confidence.
Poor Perforning Municipalities	
Municipalities without updated LED strategies: • Mangaung • Tswelopele LM • Matjhabeng LM • Setsoto LM • Dihlabeng LM • Nketoana LM • Phumelela LM • Mantsopa LM • Kopanong LM • Ngwathe LM • Metsimaholo LM • Lejweleputswa DM • Thabo Mofutsanyana DM • Xhariep DM	

G.2.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• Delay in appointment of service providers leading to poor capital project implementation. • Capital budget expenditure below 65% norm in all municipalities. • Late registration of MIG projects. • Poor enforcement of debt and credit control processes. • Slow implementation of audit remedial plans. • Non-compliance with SCM and MFMA provisions on UIFsW expenditure. • Recurrence of unauthorised, fruitless, and wasteful expenditure.	• Provincial Debt Forum and one-on-one engagements improved debt owed by departments and SOEs. • CoGTA and Provincial Treasury monitored implementation of audit remedial action plans. • Hands-on support to municipalities to achieve unqualified audits without matters of emphasis. • Provincial MsE Forum monitoring UIFsW expenditure and compliance. • Back-to-Basics approach implemented through quarterly engagement sessions across KPAs.
Poor Perforning Municipalities	
Municipalities with disclainer audit outcones: • Mohokare LM • Masilonyana LM • Maluti-a-Phofung LM • Nketoana LM	

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G.2.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• Lack of records to confirm functionality of Troika structures. • No indication in annual reports on council sittings and Troika meetings. • Provincial COGTA lacks a unit to monitor functionality of municipal government structures. • Oversight committees (e.g., MPACs) face poor administrative support and insufficient tools of trade (secretariat, researchers). • Internal audit units understaffed. • Failure by municipalities to implement audit action plans and committee resolutions. • District municipalities struggle to convene District Coordinating Forum meetings and secure mayoral participation. • Non-attendance of meetings by municipal managers undermining sector department participation. • Expiring contracts of municipal managers negatively affecting convening of meetings.	• Support not clearly detailed for this KPA, though monitoring and capacity support implied under Back-to-Basics and MsE forums.
Poor Performing Municipalities	
Municipalities with non-functional MPACs: • Maluti-a-Phofung LM • Mafube LM • Letsemeng LM • Masilonyana LM • Tokologo LM • Nala LM	**Municipalities without anti-corruption strategies:** • Kopanong LM • Mohokare LM

9.3 GAUTENG

G.3.1 KPA 1: Municipal Transfornation and Organisational Developnent

Challenges Cited	Support Provided
• Most vacancies exist within technical units (water, electricity, waste management). • Ongoing challenges in filling critical senior management positions; City of Tshwane recorded a 60% vacancy rate; overall vacancy rate stable at 34% across three years. • Employment equity transformation remains slow; appointment of women at section 54 and 56 level below 50%; municipalities not	• Gauteng CoGTA supported Merafong City LM with organisational structure and institutional review. • Four experts placed in regional teams (two Organisational Development and Design Experts, one Labour Expert, one Legal Expert) to support municipalities on service delivery challenges. • Support to all municipalities to comply with MSA Regulations on appointment of senior

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reporting on youth and people with disabilities in senior management.	managers (Section 54A s 56) and critical technical positions. • Support to institutionalise the Performance Management System.
Poor Performing Municipalities	
Municipalities with highest vacancy rates: • Emfuleni LM (67%) • Rand West City LM (58%) • Merafong City LM (53%) • West Rand DM (52%) • Mogale City LM (45%)	**Municipalities with highest senior vacancy rate:** • Tshwane (60%) • Emfuleni LM (62%) • Merafong City LM (57%) • Sedibeng DM (50%) • Midvaal LM(43%)
Lowest % wonen in senior nanagenent: • Tshwane (0%) • Midvaal LM (0%) • Merafong City LM (0%) • Rand West City LM (0%)	**High vacancy of critical senior posts:** • City of Tshwane • Emfuleni LM • Merafong City LM • Rand West City LM • Sedibeng DM • Lesedi LM • Mogale City LM • Midvaal LM • City of Joburg

G.3.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• Rand Water implemented Stage 2 (30%) restrictions in Joburg, Tshwane, and Ekurhuleni due to infrastructure maintenance backlogs, theft, and vandalism. • Power blackouts persisted, linked to poor/ongoing maintenance and cable thefts (notably in Ekurhuleni and Emfuleni). • Water losses remain above the acceptable 15–30% norm in most municipalities. • Only two municipalities achieved their planned electricity loss reduction targets; losses driven by theft, illegal connections, poor billing, poor infrastructure, and theft of generators. • Waste management hampered by truck shortages, manpower constraints, inadequate budgets, and illegal dumping in Ekurhuleni, Emfuleni, Midvaal, and Merafong. • Weak by-law enforcement and policing of theft, vandalism, and illegal service connections.	• Multi-disciplinary team developed Water Conservation Demand Management Plans (Merafong, Lesedi, Rand West City LM), though implementation limited by funding. • Demand management projects on the IVRS 1600 initiatives (Rand Water areas) monitored. • Terms of reference developed for Electricity Master Plans and Cost of Supply studies for five LMs (except Midvaal). • Supply and demand requirements for Human Settlements Developments (HSD) projects concluded for five LMs. • Generic Developer Contribution Policy customised for Lesedi LM. • Assisted municipalities, including Lesedi, on Notified Maximum Demand (NMD) and AG reporting compliance.

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Poor Performing Municipalities	
Municipalities with water loss >30%: • Emfuleni LM (62%), • Merafong City LM (46%), • Midvaal LM (34%), • Joburg (33.4%), • Lesedi LM, (33.12%), • Ekurhuleni (30.64%), • Mogale City LM (30.76%)	**Municipalities with highest electricity losses:** • Merafong City LM (64%) • City of Joburg (26.66%)
Illegal dunping and littering disrupted curb side collection: • Ekurhuleni, • Emfuleni, • Midvaal, • Merafong	All municipalities (except Midvaal LM) spent below the 8% norm on Repairs and Maintenance. West Rand DM (0%) and Sedibeng DM (2%) reported the lowest percentage spent on repairs and maintenance.

G.3.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
• Only Ekurhuleni and Mogale City reported on capital expenditure in Economic Services; limited reporting hampers understanding of LED performance. • Districts and local municipalities largely silent on investment attraction; metros (CoJ and Ekurhuleni) recorded higher levels. • Decline in municipal support to SMMEs compared to prior year. • Non-reporting and zero achievements in EPWP, CDW, and LED initiatives, concerning amid high unemployment.	• Gauteng Department of Economic Development supported 200 small enterprises in West Rand and Sedibeng with business development support. • 160 co-operatives supported with grants and business development interventions. • Youth Accelerator Programme (Tshepo 1 Million) created 240 youth job opportunities through GEP. • GEP Pitching Booster Ideation Programme benefited 320 SMMEs with financial, business development, and mentorship support.
Poor Performing Municipalities	
Municipalities with highest vacancy rates LED Units: • Merafong City LM (62%) • Emfuleni LM (42%)	
Zero Achievenents in enployment and job creation through perfornance indicators: • Joburg, • Ekurhuleni, • Sedibeng DM, • Emfuleni LM, • Midvaal LM, • West Rand DM	**Non-reporters in enployment and job creation through perfornance indicators:** • Tshwane, • Merafong LM, • Mogale City LM • Rand West DM

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G.3.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• Financial problems linked to unfunded budgets; heightened reliance on grants risks municipalities' ability to operate as going concerns. • Escalating UIFsW expenditure highlights weak consequence management. • Low collection rates and rising consumer debt undermine cash flow and delay creditor payments. • Audit action plans not fully implemented, risking regression of audit outcomes. • VAB expenditure irregularities due to lack of prescribed remuneration rates beyond sitting fees.	• UIFsW support: service provider appointed (2021/22–2023/24) to strengthen identification, detection, and prevention. • Debt Management Committee facilitated payments of rates/services in 10 municipalities, focusing on key provincial and national departments. • Resolution of Top 100 Residential Debtors to build municipal capacity on revenue collection. • Standardised project plan template issued for valuation roll extensions; monitoring of all GVR projects. • Ongoing monitoring of VAB performance through attendance and oversight in Johannesburg, Tshwane, and Ekurhuleni.
Poor Performing Municipalities	
Lowest budget conpliance: • Emfuleni LM – 46%	**Solvency ratios below the 1.5 to 2:1 norn:** • Sedibeng DM • West Rand DM
Municipalities regressed in UIFsW expenditure balances: • Merafong City LM • Mogale City LM • Midvaal LM • Lesedi LM	**Municipalities with significant overdue creditor balances:** • Emfuleni LM • Merafong City LM • Rand West City LM
Municipalities in financial distress: • Sedibeng DM • West Rand DM • Emfuleni LM • Merafong City LM • Rand West City LM	**Municipalities at risk of financial distress:** • City of Tshwane • Mogale City LM • Lesedi LM

G.3.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• City of Tshwane has not established ward committees for three consecutive financial years. • Of 526 activated Ward-Based War Rooms (WBWRs), 174 remain outstanding. • Ward committee meetings showed an upward trend, with 2022/23 recording the highest sittings compared to prior years.	• Nine municipalities supported to maintain functional ward committees. • Support to three municipalities with public participation initiatives. • 66 Civic Awareness Campaigns supported. • 47 Voter Education Stakeholder Engagement Sessions implemented across regions. • IGR structures reported functional per IGR Framework.

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	• Traditional leadership campaigns implemented under NSP Pillar 2 (Prevention s Restoration of Social Fabric).
Poor Performing Municipalities	
The City of Tshwane remains the only municipality that has not established ward committees in three financial years.	

9.4 KWAZULU-NATAL

G.4.1 KPA 1: Municipal Transfornation and Organisational Developnent

Challenges Cited	Support Provided
• High vacancy rate in Section 54 s 56 positions impacting service delivery. • Under-expenditure in terms of Workplace Skills Plan (WSP) budget.	• CoGTA support during recruitment of Senior Managers: provision of adverts, assistance with shortlisting and interviews, monitoring of recruitment plans, supporting acting appointments, and assessing appointment documentation. • One-on-one engagements with municipalities to resolve recruitment challenges. • Quarterly monitoring of WSP and municipal engagements through MSIPs.
Poor Performing Municipalities	
Municipalities with vacancy rates > 50% (S54 s S56 posts) • Umkhanyakude DM (80.0%) • Umuziwabantu LM (66.7%) • Maphumulo LM (66.7%) • Ugu DM (60.0%) • Umzumbe LM (60.0%) • Ilembe DM (60.0%)	**Municipalities with 0% fenale representation in senior nanagenent** • Amajuba DM • Ugu DM • Umkhanyakude DM • uThukela DM • eDumbe LM • Endumeni LM • Impendle LM • Jozini LM • Nongoma LM
Municipalities with poor Skills Developnent Levy recovery (<20%) • Umhlabuyalingana LM (0%) • Abaqulusi LM (6%) • King Cetshwayo DM (10%) • Ubuhlebezwe LM (11%) • Pongola LM (11%) • Amajuba DM (12%) • Mpofana LM (16%) • Umuziwabantu LM (17%) • Ugu DM (18%)	

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G.4.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• High water losses. • Quality of water non-compliant with SANS 241 standards. • MIG expenditure and project implementation challenges.	• Launch of War on Leaks Programme (priority municipalities included eThekwini, uMzinyathi, Zululand, Ugu, Newcastle, Ilembe) valued at R14m. • Rudimentary water interventions in Maphumulo LM valued at R2.466m. • Further War on Leaks rollout planned (June 2024) in Uthukela, Ugu, Ilembe, Umzinyathi and Umlazi, including household leak repairs, faulty meter replacement, and reporting of illegal connections. • Identified municipalities incorporated into MSIPs for sector support on water quality. • Implementation of indigent policies for free basic services. • Completion of Ariadne Venus Transmission project (Richmond to Nkosi Langalibalele) valued at R1.2 billion. • R15m allocated by CoGTA for service delivery in Mandeni, Msunduzi, and Ndwedwe LMs.
Poor Performing Municipalities	
Municipalities with highest water losses • eThekwini: 240,706,835 KL (+63.6% from 2021/22) • Harry Gwala DM (+705.5%) • King Cetshwayo DM (+82.4%) • Umhlathuze LM (+78.4%) • Uthukela DM: Rand losses of R323,534,817	**Municipalities with poorest water quality (SANS 241 conpliance)** • Amajuba DM (45%) • Ugu DM (73%) • King Cetshwayo DM (88%) *Umkhanyakude DM – no report*
Municipalities with lowest MIG spending (of 15 under spenders) • Amajuba DM (44.44%) • Endumeni LM (50.00%) • Umkhanyakude DM (76.11%) • Nongoma LM (77.46%) • MpofanaLM (76.26%)	

G.4.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
• Lack of LED strategies at some municipalities. • LED strategies often lack funding.	• CoGTA LED Business Unit support to update/amend LED strategies. • Funding provided for strategic infrastructure projects, e.g.: • Construction of Ezinqoleni, Hibberdene s St Michaels Beach market stalls (R8m). • Rehabilitation of Bergville Industrial Park.

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	• Construction of trading stalls for Alfred Duma LM. • R2m sourced from EDTEA for Balele Reserve renovation in Emadlangeni to boost tourism. • ONE STOP Project driven by Enterprise Ilembe with support from CoGTA and Vuthela.
Poor Performing Municipalities	
Municipalities without valid LED strategies • UPhongolo LM (only municipality without valid strategy in 2022/23)	**Municipalities with 0 jobs created (CWP/other jobs)** • Ugu DM • Umzumbe LM • uMzinyathi DM • Dannhauser LM • King Cetshwayo DM • Ilembe DM • Maphumulo LM

G.4.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• Outstanding consumer debt. • High levels of grant dependency in municipalities. • Unauthorized, Irregular, Fruitless and Wasteful (UIFW) expenditure. • High number of Auditor-General queries. • Poor audit outcomes.	• Engagement with municipalities on citizen participation to address consumer debt. • Revenue enhancement strategy support for targeted municipalities. • UIFW interventions: development of UIFW framework and strategy, MPAC Assessment Tool, training and hands-on MPAC support, review of AFS disclosure notes. • Establishment of municipal audit war rooms, improved coordination of audit processes, robust engagement with AGSA. • Audit outcomes turnaround plan with Provincial Treasury and SALGA, tracked in MSIPs. • Appointment of financial experts to support audit action plans. • MFMA turnaround interventions: audit readiness, AFS preparation and review, revenue enhancement, UIFW reduction, Eskom and Water Board debt facilitation, technical support on financial and performance management.
Poor Performing Municipalities	
Municipalities nost reliant on grant funding (>80%) • Zululand DM (65.15%) • Umzumbe LM (61.58%) • Ndwedwe LM (88.44%)	**Municipalities that did not report on consuner debtors (21)** • Umdoni LM • Umuziwabantu LM • Umngeni LM

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• Umzimkhulu LM (87.44%) • King Cetshwayo DM (87.83%) • Harry Gwala DM (87.24%) • Umhlabuyalingana LM (86.26%) • Nongoma LM (86.05%) • Impendle LM (86.24%) • Umzinyathi DM (85.67%) • uMfolozi LM (84.18%) • Msinga LM (84.42%) • Jozini LM (83.64%) • Umkhanyakude DM(82.05%) • Amajuba DM (82.50%) • Big Five False Bay LM (80.14%)	• Impendle LM • Mkhambathini LM • Alfred Duma LM • Nkosi Langalibalele LM • uMzinyathi DM • Umvoti LM • Emadlangeni LM • Dannhauser LM • uPhongolo LM • Abaqulusi LM • Nongoma LM • Ulundi LM • KwaDukuza LM • Ndwedwe LM • Greater Kokstad LM • Ubuhlebezwe LM • uMzimkhulu LM • eThekwini
Municipalities with qualified audit opinions • Umkhanyakude DM • Mpofana LM • uThukela DM • Inkosi Langalibalele LM • Mtubatuba LM • Amajuba DM • Msunduzi LM • Endumeni LM • Jozini LM • Umzumbe LM	**Municipalities with adverse audit opinions** • uMzinyathi DM **Districts/Metros with UIFsW expenditure increases above provincial average (24%)** • Umgungundlovu (207%) • Zululand (183%) • uMzinyathi (84%) • uThukela (66%) • eThekwini (61%) • Ilembe (46%)

G.4.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• Functionality of MPAC structures. • Poor participation of Traditional Leaders in Council meetings. • Functionality of ward committees. • Finalisation delays of suspensions longer than three months.	• MPAC and Traditional Leader participation challenges addressed through MSIPs. • Ward Committees established and oriented in all municipalities; quarterly monitoring of functionality. • Technical Intervention Steering Committee meetings held quarterly to finalise suspensions.
Poor Performing Municipalities	
Municipality without functional MPAC • Dannhauser LM	
Municipalities with no participation of traditional leaders in council neetings • Umhlabuyalingana LM • King Cetshwayo DM	**Municipalities with highest nunber of long suspensions (>3 months)** • Msunduzi LM (26) • Pongola LM (16)

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• Umlalazi LM • Nkandla LM *No info reported: Dr Nkosazana Dlamini Zuma LM, Greater Kokstad LM*	• uMzinyathi DM (14) • Umhlathuze LM (12) • Mtubatuba LM (6) • Inkosi Langalibalele LM (6)

9.5 LIMPOPO

G.5.1 KPA 1: Municipal Transfornation and Organisational Developnent

Challenges Cited	Support Provided
• Low representation of women in senior management (30% in 2022/23, up from 28% in 2021/22). • Non-compliance with Section 16 disciplinary regulations: municipalities failed to submit quarterly reports on senior manager cases. • Inconsistent performance assessments of senior managers and poor submission of reports to MEC. • Skills gaps and understaffing in performance management and HR units.	• MEC letters to mayors to expedite filling of senior manager vacancies and submit compliance plans. • Ongoing support and monitoring of senior manager recruitment processes. • Assistance with framework for categorisation of senior manager remuneration packages. • Support on waivers for total remuneration packages on compliant appointments.
Poor Performing Municipalities	
District nunicipalities with highest vacancy of staff positions below Section 57: • Mopani DM – 36% • Vhembe DM – 36%	**Districts where wonen appointnents regressed:** • Sekhukhune DM • Waterberg DM

G.5.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• Lack of water master plans in municipalities. • Aged and collapsing infrastructure systems. • Inconsistent water supply due to limited bulk infrastructure and leakages. • Vandalism of existing infrastructure. • Inadequate budgets for maintenance and repairs. • Indigent households not updating their status, leading to inaccurate registers. • Complex processes for registering indigent households and child-headed households. • Indigent policies misaligned with national guidelines. • Free Basic Services not extended to households on private land, backyard households, or certain rural areas (e.g., QwaQwa, Thaba Nchu).	• All 23 municipalities supported on MIG spending for infrastructure, including project registration, PIPs, and cash flow submissions. • Approval of funding for PMUs to improve project management capacity. • Interventions with struggling municipalities to unblock challenges. • Back-to-Basics diagnostic support, encouraging forward planning and timely procurement. • Continuous reminders and support to update indigent registers. • Technical support from MISA.

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• Lack of funds for access roads, municipalities dependent on MIG funding. • Conditional grant spending challenges due to procurement delays and non-responsive bids. • Widespread electricity and water losses from ageing infrastructure, vandalism, and illegal connections. • Poor expenditure on grants, leading to community protests. • Delays in licensing landfill sites in some districts.	
Poor Performing Municipalities	
Municipalities with lowest access to safe drinking water: • Ephraim Mogale LM – 33% • Capricorn DM – 38%	**District nunicipality with lowest MIG expenditure:** • Sekhukhune DM – 66.5%

G.5.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
• Capacity constraints in LED units (skills, budget, understanding of LED). • Outdated and non-credible LED strategies. • Poor coordination between stakeholders and fragmented LED implementation. • Weak follow-through on IDP assessment inputs related to LED. • Lack of by-laws for LED-related activities. • Weak management of foreign traders in informal economy. • Community Work Programme (CWP): low youth/disabled participation, weak reference committees, budget cuts, slow procurement of tools and materials.	• Facilitation of meetings and platforms for sharing best practices. • Engagement during quarterly IDP assessments. • Establishment of a Provincial Task Team to review LED strategies. • Identification of stakeholders for Business Forums. • Hosting of biannual Provincial LED meetings. • Alignment with reviewed National LED Framework. • Collaboration with DESTEA and SALGA on LED implementation. • Engagement with municipalities on CWP, including inductions at all sites.
Poor Performing Municipalities	
Note: Unless otherwise accounted for above, the challenges cited were experienced across municipalities in the province as reflected in the Province's Section 47 report.	

G.5.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• Slow implementation of audit remedial plans. • Non-compliance with laws/regulations, particularly SCM and UIFsW expenditure.	• CoGHSTA and Provincial Treasury monitored implementation of audit remedial action plans. • Provincial Debt Forum and one-on-one engagements improved recovery of debt owed by departments and SOEs.

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• Delays in appointing service providers leading to poor capital project implementation. • Late registration of MIG projects. • Recurrence of unauthorised, irregular, fruitless, and wasteful expenditure.	• Provincial MsE Forum monitoring compliance and UIFsW expenditure. • Hands-on support to municipalities to achieve unqualified audits without matters of emphasis. • Back-to-Basics quarterly engagements used to monitor municipal performance across KPAs.
Poor Performing Municipalities	
District nunicipalities that regressed on MIG expenditure: • Sekhukhune DM • Vhembe DM	**Municipalities with adverse audit opinions:** • Mookgophong-Mookgophong LM

G.5.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• Ward committees face inadequate resources. • Lack of appropriate skills and contextual understanding among ward committee members. • MPACs failing to timeously investigate MFMA Section 32 expenditures.	• Capacity building sessions conducted for all ward committee members. • Engagement sessions with municipalities emphasising discipline and consequence management. • Training for MPACs conducted with SALGA, Provincial Treasury, AGSA, and Legislature. • Quarterly MPAC forums convened for all 27 municipalities.
Poor Performing Municipalities	
Note: Unless otherwise accounted for above, the challenges cited were experienced across municipalities in the province as reflected in the Province's Section 47 report.	

9.6 MPUMALANGA

G.6.1 KPA 1: Municipal Transfornation and Organisational Developnent

Challenges Cited	Support Provided
• Municipalities delaying the filling of senior management positions. • Municipalities not prioritising Employment Equity Plans when filling senior positions. • 12 municipalities not cascading PMS to all lower levels. • Limited resources (human and financial) to perform PMS functions. • Resistance by staff members to new Municipal Staff Regulations. • PMS Units lacking capacity to perform both PMS and IPMS functions.	• COGTA capacity-building programme on Regulations for Appointment and Conditions of Service of Senior Managers. • National and Provincial COGTA supporting municipalities to comply with the Employment Equity Act. • Hands-on support from COGTA on implementing Municipal Staff Regulations of the MSA.
Poor Performing Municipalities	

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District with highest vacancy rate in senior nanagenent: • Enhlanzeni DM – 31% *(↑ from 15% previous year; only district to increase)*	**Municipalities with 0 wonen in S54 s S56 posts:** • Thaba Chweu LM • Emalahleni LM
Municipalities with 0 enployment of people with disabilities: • Gert Sibande DM	**Municipalities with lowest proportion of posts filled by people ≤ 35 years:** • Steve Tshwete LM – 7% • Govan Mbeki LM – 6% • Thembisile Hani LM – 10% • Bushbuckridge LM – 11% • City of Mbombela LM – 11%
Municipalities not cascading PMS to all lower levels: • Dipaleseng LM • Govan Mbeki LM • Lekwa LM • Mkhondo LM • Msukaligwa LM • Dr Pixley Ka Isaka Seme LM • Victor Khanye LM • Dr JS Moroka LM • Thembisile Hani LM • City of Mbombela • Nkomazi LM • Thaba Chweu LM	

G.6.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• Load-shedding impact due to lack of backup generators. • Vandalism and theft of infrastructure. • Ageing infrastructure causing frequent failures. • Illegal connections leading to excessive water losses. • Intermittent supply due to bulk infrastructure and pipe leakages. • Limited budget allocation for OsM and asset restoration. • Lack of water master plans. • High vacancies in technical departments and inadequate process controllers. • Sewer spillages with prolonged turnaround times. • High Eskom debts and demand above notified maximum demand. • Obsolete electricity infrastructure and poor maintenance.	• Support to all 23 municipalities on MIG spending for infrastructure development. • National grants (MIG, IUDG, RBIG, WSIG) for water and sanitation projects. • COGTA support for project preparation, master planning, asset care, and revenue enhancement. • Provincial Intervention Task Teams established to address challenges with time-bound action plans. • Regular monitoring of action plan implementation by COGTA. • Integration of basic services into township establishment projects with DHS. • COGTA, DBSA, and PPMU support for master planning and sanitation infrastructure. • DWS developing provincial bulk water and sanitation master plan.

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• Lack of prioritisation of solid waste management, illegal dumping, poor compliance with licence conditions. • Road infrastructure deterioration, inadequate planning, shortage of plant and machinery, storm damage.	• Partnership with Dutch Water Authority (Blue Deal Programme). • Support from Eskom, COGTA, and Provincial Treasury on Eskom debt reduction. • Electricity project planning and monitoring through the Energy Forum. • Support for registration/approval of Solid Waste projects and Youth Waste Management/CWP. • Support for road resealing, resurfacing and paving through MIG, yellow fleet procurement, and sectoral programmes.
Poor Performing Municipalities	
Municipalities with high Eskon debts: • Govan Mbeki LM • Lekwa LM • Mkhondo LM • Msukaligwa LM • Dipaleseng LM • Emakhazeni LM • Emalahleni LM • Victor Khanye LM • Thaba Chweu LM • City of Mbombela	

G.6.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
• LED governance problems. • Project disruption by construction mafias and local business forums. • LED units not allocated sufficient resources. • Minimal private sector participation in LED forums and strategies. • Mining Social Labour Plans not aligned with community socio-economic needs.	• Relaunch of Lekwa LED Forum with COGTA intervention. • Inclusive consultations for Msukaligwa LEDF relaunch with departmental support. • LED Master Class rolled out to officials (with SALGA). • Nkangala District LED Agency launched and supported to lobby for funding and implement projects.
Poor Performing Municipalities	
Note: Unless otherwise accounted for above, the challenges cited were experienced across municipalities in the province as reflected in the Province's Section 47 report.	

G.6.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• 58% of AGSA audit findings linked to misstatements of AFS. • SCM non-compliance accounting for 23% of findings.	• Municipalities to develop and update audit action plans via web-based system. • PT review of audit action plans to ensure AG findings addressed.

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• Internal control deficiencies (11% of findings). • Misstatements of Annual Reports (8%). • Changes in departmental responsibilities affecting debt management. • Late submission of debt schedules and insufficient departmental budgets.	• Closer monitoring role by HODs of COGTA and PT. • COGTA monitoring consequence management. • Training for MPACs and disciplinary boards by COGTA, PT, and SALGA. • MFIP advisors appointed by NT in asset management, SCM, audit/AFS, revenue/budget, and mSCOA. • Additional MFIP advisors deployed to specific municipalities. • PT submitted debt status reports and verified property rates disputes with departments and SANPARKS.
Poor Performing Municipalities	
Municipalities with highest nunber of audit findings: • Dipaleseng LM – 220 (17% of total findings) • Bushbuckridge LM – 115 (6%) • Msukaligwa LM – 102 (8%) • Chief Albert Luthuli LM – 100 (8%) • Govan Mbeki LM – 66 (7%) • Nkomazi LM – 60 (7%) • Thaba Chweu LM – 84 (6%) • Dr JS Moroka LM – 81 (6%) • Pixely Ka Isaka Seme LM – 65 (5%) • City of Mbombela – 51 (4%)	

G.6.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• Municipalities refusing to provide minutes, hindering assessment. • Decline in ward committee effectiveness and commitment. • Poor engagement between councillors and communities. • Inconsistent ward committee meetings. • Ward improvement plans not implemented. • Resident concerns not addressed; weak enforcement of Code of Conduct. • Weak oversight by Speakers on councillors' attendance. • Limited resources for ward operations. • Outdated Public Participation Strategies (no social media/e-systems).	• Targeted Support Plans for ward committee functionality gaps. • Detailed municipal feedback on ward committee performance. • Refresher training for councillors and ward committee members.
Poor Performing Municipalities	
Municipalities with <50% ward connittee functionality: • City of Mbombela • Emakhazeni LM	

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• Victor Khanye LM • Mkhondo LM

9.7 NORTHERN CAPE

G.7.1 KPA 1: Municipal Transfornation and Organisational Developnent

Challenges Cited	Support Provided
• Municipalities are still struggling to achieve the 50:50 ratio on the appointment of women to senior management positions. • Whilst most municipalities have approved Performance Management Systems (PMS) Policies, there is ineffective implementation due to weak controls and lack of management oversight.	• Support through broader MSIP and secondment interventions to strengthen municipal HR and performance management systems.
Poor Performing Municipalities	
Municipalities with no wonen in senior nanagenent: • Nama Khoi LM • Kamiesberg LM • Hantam LM • Karoo Hoogland LM • Khâi-Ma -Ma LM • Namakwa DM • Umsobomvu LM • Kareeberg LM • Renosterberg LM • Thembelihle LM • Siyathemba LM • !Kheis LM • Tsantsabane LM • Kgatelopele LM	**Municipalities with high vacancy rates in senior nanagenent:** • Renosterberg LM – 100% • Frances Baard DM – 80% • Dikgatlong LM – 80% • Karoo Hoogland LM – 67% • Nama Khoi LM – 67% • Thembelihle LM – 67%

G.7.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• Water: Backlogs, growth of informal settlements, water scarcity in some areas, ageing infrastructure and poor OsM exacerbating water losses. • Sanitation: Backlogs and some WWTWs in critical risk state (per Green Drop Report). • Electricity: Backlogs in electrification. • Free Basic Services: Indigent registers not credible; reported figures not reflective of actual service provision.	• Support through WSIG and RBIG for water and sanitation. • INEP support for electrification projects. • Ongoing monitoring and corrective support on indigent registers and free basic services provision.
Poor Performing Municipalities	
Municipalities with lowest MIG expenditure (<60%):	

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• Hantam LM – 44.38% • Kamiesberg LM – 54.63% • Nama Khoi LM – 57.40% • Kgatelopele LM – 56.86%

G.7.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
Not detailed explicitly in the provincial assessment.	*Not specified in provincial report.*
Poor Performing Municipalities	
Note: The Section 47 report received from the Northern Cape omitted a list of poor performing municipalities for KPA 3.	

G.7.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• Most municipalities incur losses in provision of trading services, particularly electricity and water losses. • Financial sustainability threatened by high technical and non-technical losses. • While most municipalities had valid valuation rolls, some failed to fully comply or publish resolutions levying rates.	• Department reminded municipalities of deadlines for GVR compliance. • Specimen resolutions on levying property rates shared to assist compliance. • Multiple reminders issued to municipalities on compliance requirements.
Poor Performing Municipalities	
Municipalities with disclainer audit outcones: • Joe Morolong LM • !Kheis LM	**Municipalities that subnitted AFS late:** • Magareng LM – 1 September 2023 • Khâi-Ma LM – 1 September 2023 • Tsantsabane LM – 1 September 2023 • Phokwane LM – 30 September 2023 • Kai !Garib LM – 15 December 2023

G.7.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• Auditor-General highlighted oversight failures. • MPACs ineffective, undermining accountability and consequence management. • Ward committees established across municipalities, but many members lack understanding of roles, leading to conflicts with councillors. • Provincial IGR integration weak due to minimal sector department participation and low municipal planning capacity.	• Establishment of Provincial and District Public Participation Forums to monitor and support municipalities. • Support to municipalities for developing/adopting public participation and ward committee policies, operational plans, and complaints systems.
Poor Performing Municipalities	

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Ward connittee dissolved due to non-perfornance:
• Khâi-Ma LM (Ward 4, Aggeneys)

9.8 NORTH WEST

G.8.1 KPA 1: Municipal Transfornation and Organisational Developnent

Challenges Cited	Support Provided
• Municipalities continue failing to fill senior manager positions. • Municipalities fail to implement Chapter 4 of the Municipal Staff Regulations and ignore remedial actions on appointments.	• 22 municipalities supported to comply with MSA regulations on senior manager appointments and conditions of employment. • Circulars/guidelines issued to municipalities detailing steps for filling senior manager positions. • Reports developed on municipal compliance with appointment regulations. • Workshops on MSA Amendments conducted for all councillors. • Interventions where municipalities did not comply, with support provided. • Evaluation of appointment reports with advice to MEC on remedies.
Poor Performing Municipalities	
Municipalities with high vacancy rates (>50%) in senior nanagenent posts: • Ditsobotla LM • Maquassi Hills LM • Madibeng LM • Ratlou LM • Tswaing LM • Mamusa LM	

G.8.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• Water: Ageing infrastructure, bulk supply shortages, high water losses, financial constraints, weak planning/coordination. • Sanitation: Ageing sewer infrastructure, non-functioning treatment plants, inadequate rural services, poor OsM, environmental and health risks. • Electricity: Ageing/overloaded infrastructure, theft and illegal connections, frequent outages, reliance on Eskom, slow adoption of renewables. • Waste: Inadequate collection in rural/informal areas, illegal dumping, non-	• Monthly district progress meetings for planning and coordination across programmes. • Project site visits to monitor implementation. • Quarterly project appraisals and registration with technical support. • Pre-approval inspections of projects to ensure compliance with cross-cutting conditions. • Monitoring and approval of PMU business plans (20 approved in 2022/23).

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compliant landfill sites, ageing fleet, lack of recycling programmes. • MIG: Late appointment of providers, dysfunctional BID Committees, political/admin instability, unrest, lowest-cost tenders, delayed payments, reprioritisation, preferential procurement issues.	• One-on-one engagements with municipal MMs, CFOs, Technical Units, and PMUs to address blockages. • Focused engagement with slow-spending municipalities to unblock bottlenecks. • Interventions with accounting officers on under-expenditure to prevent withholding of MIG funds. • Municipalities below 40% expenditure issued with letters of intention to stop funds; interrogated during DCoG engagements.
Poor Performing Municipalities	
Note: Unless otherwise accounted for above, the challenges cited were experienced across municipalities in the province as reflected in the Province's Section 47 report.	

G.8.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
• Weak commitment to address LED human and financial capacity challenges. • Lack of reporting on projects through Lekwa-Teemane Development Agency. • Poor coordination limiting integration with SDFs and weakening investment attraction and SMME development. • Weak use of 5% MIG allocation for LED in secondary cities and smaller municipalities. • Procurement delays affecting LED projects. • District municipalities lack support from stakeholders in developing regional programmes. • CWP implemented but weak coordination with national clean cities initiatives. • Poor coordination in DDM district economic work streams.	• LED plans assessed for alignment with National LED Framework; feedback given via IDP processes. • Municipalities encouraged to align programmes with LED Framework, identify catalytic projects, and coordinate stakeholders through DDM. • Emphasis on utilisation of 5% MIG allocation for LED projects, integrated into IDPs.
Poor Performing Municipalities	
Note: Unless otherwise accounted for above, the challenges cited were experienced across municipalities in the province as reflected in the Province's Section 47 report.	

G.8.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• Non-submission of Section 71 MFMA reports. • Late/non-submission of invoices to government departments. • Failure by Ditsobotla LM to publish rates resolutions due to financial and system constraints.	• Review of municipal credit control and debt collection policies for compliance with legislation. • Assistance to municipalities in facilitating government debt payments. • Monitoring of credit control implementation, including disconnections and restrictions.

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• UIFsW expenditure not investigated per MFMA Sec 32, no consequence management, slow audit action plans, weak MPAC processes.	• Development of reporting templates to guide policy implementation. • Assisted all 18 municipalities with reviewing and adopting property rates policies and by-laws. • Provided inputs and guidance on promulgating rates resolutions in line with legislation. • Monitored 18 municipalities on 2022/23 rates tariff promulgation. • Ensured adoption and publication of reviewed rates policies and by-laws. • Oversight and support for municipalities with disclaimer/adverse audit outcomes and high UIFsW expenditure balances.
Poor Performing Municipalities	
Municipalities with Disclainer Audit Outcones: • Ratlou LM • Lekwa-Teemane LM • Mamusa LM • Maquassi Hills LM	**Municipalities with Adverse Audit Outcones:** • Madibeng LM • Naledi LM
Municipalities with highest UIFsW expenditure balances: • Ngaka Modiri Molema DM – R14.8 billion • City of Matlosana LM – R7.6 billion • Madibeng LM – R7.3 billion • Rustenburg LM – R6.5 billion • JB Marks LM – R4.5 billion • Dr Ruth Segomotsi Mompati DM – R2.64 billion	**Municipality that did not subnit AFS:** • Ditsobotla LM

G.8.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• Limited funding for ward committee training, competing with service delivery needs. • Vacancies in the provincial Public Participation Unit limiting departmental support. • Allocation of anti-corruption functions to inappropriate offices. • Weak political and administrative commitment to anti-corruption measures. • Slow responses from municipalities in providing anti-corruption information.	• Ward committee training funded and provided post-establishment. • Technical support for ward committees on roles and functions. • Ongoing engagements to improve municipal responsiveness to anti-corruption strategies.
Poor Performing Municipalities	

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Municipalities with worst inplenentation of anti-corruption strategies (cases reported and solved): • Ditsobotla LM • Mahikeng LM • JB Marks LM • Kgetlengrivier LM • Tswaing LM • Mamusa LM	**Municipalities where ward connittees were not fully inducted:** • Kagisano Molopo LM (Ward 12 unestablished) • Moses Kotane LM (Ward 18 unestablished) • Mamusa LM • City of Matlosana LM • Mahikeng LM • Madibeng LM

9.9 WESTERN CAPE

G.G.1 KPA 1: Municipal Transfornation and Organisational Developnent

Challenges Cited	Support Provided
• Not all Municipal Managers and managers directly accountable to them have signed and submitted performance agreements to the MEC for Local Government. • Senior management vacancies persist (MMs, Technical Directors, CFOs).	• Addressed through transversal support interventions (TIME and JDMA).
Poor Performing Municipalities	
Non-conpliance with Workplace Skills Plans: • Kannaland LM	

G.G.2 KPA 2: Basic Service Delivery

Challenges Cited	Support Provided
• High demand for basic and free basic services due to in-migration and rapid population growth. • Land invasions, urbanisation, vandalism, illicit electricity connections, and immigration increase service delivery pressures. • Service delivery instability and backlogs caused by: insufficient OsM budgets, vandalism and theft of infrastructure, slow capital budget spending. • Service delivery affected by wider socio-economic and global factors.	• Addressed through transversal support interventions (TIME and JDMA).
Poor Performing Municipalities	
Lowest access to water: • Cederberg LM (86%) • Stellenbosch LM (86%)	**Lowest access to sanitation:** • Cederberg LM (76%)
Lowest access to electricity: • Bitou LM (60%)	**Lowest access to refuse renoval:** • Kannaland LM (82%)

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	• Swartland LM (83%)
Lowest performers in access to free basic services: • Overstrand LM • Matzikama LM • Bergrivier LM • George LM	

G.G.3 KPA 3: Local Econonic Developnent

Challenges Cited	Support Provided
Not specifically detailed in provincial assessment.	Addressed through transversal support interventions (TIME and JDMA).
Poor Performing Municipalities	
Note: The Section 47 report received from the Western Cape omitted a list of poor performing municipalities for KPA 3.	

G.G.4 KPA 4: Municipal Financial Viability and Managenent

Challenges Cited	Support Provided
• Revenue underperformance in 27 municipalities. • Underperformance in service charges, particularly electricity revenue, due to load-shedding. • Culture of non-payment by debtors. • Fewer municipalities achieving clean audits. • Higher operational costs due to energy crisis. • Revenue losses from reduced electricity sales as customers shift to alternatives. • Decline in electricity surpluses, reducing subsidies for other services. • Negative economic impacts on businesses and investor confidence. • Procurement challenges: misalignment of budgets and procurement plans, unclear procurement methods, poor data quality, lack of standardisation, weak linkage of suppliers to commodities, load-shedding impacts on systems. • Asset management challenges: policies limited to financial prescripts, asset data in Excel, ERP systems not integrated, lack of CMMS, weak monitoring of backlogs, emergency repairs and deviations common.	• Addressed through transversal support interventions (TIME and JDMA).
Poor Performing Municipalities	
Municipalities with deficit budgets: • Theewaterskloof LM • Kannaland LM • Knysna LM	**Municipalities with highest debtors >G0 days (>80%):** • Garden Route DM • Kannaland LM

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• Garden Route DM • Laingsburg LM	• Beaufort West LM
Municipalities with current ratio below 1 (financial risk): • Matzikama LM • Cederberg LM • Theewaterskloof LM • Kannaland LM • Knysna LM • Laingsburg LM • Beaufort West LM	**Municipalities with poor audit outcones:** • Adverse opinion: Laingsburg • Regressed outcomes: Knysna, Prince Albert, Swellendam, Theewaterskloof

G.G.5 KPA 5: Good Governance and Public Participation

Challenges Cited	Support Provided
• All 405 wards have ward committees, but only 236 are fully functional. • ICT governance structures exist in most municipalities, but effectiveness varies. • Over 80% of municipalities have risk management strategies, but financial/capacity challenges limit effectiveness. • Major discrepancies in effectiveness of Business Continuity Plans due to leadership and financial resource gaps.	• Implementation of the Municipal Corporate Governance of ICT Policy Framework (2015) to guide oversight and accountability.
Poor Performing Municipalities	
Municipalities with poor ICT governance conpliance: • Prince Albert LM • Kannaland LM • Laingsburg LM • Central Karoo DM • Cederberg LM	**Municipalities that have not custonised/adopted the 2015 MCGICTPF:** • Prince Albert LM • Kannaland LM
Municipality with annual report approved with reservations: • Matzikama LM	**Municipalities with no infornation on tabling/adoption of annual reports:** • Beaufort West LM • Prince Albert LM • Central Karoo DM • Knysna LM • Bitou LM

G.G.6 Transversal Support Interventions (All KPAs)

Support Provided
Technical Integrated Municipal Engagenent (TIME): • Joint review of municipal performance and challenges with WCG, PT, DLG, DEAsDP • Integrated Municipal Governance Assessment, mid-year budget/performance review, MTREF budget readiness, audit outcomes

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• Platform for collective responses to risks/challenges
Joint District and Metro Approach (JDMA):
• Institutionalised collaboration across provincial, district, local, and national departments • Co-planning and co-budgeting via district JDMA Teams • Strengthened intergovernmental structures (vertical s horizontal alignment) • Provincial participation in municipal structures and vice versa • Identification and delivery of catalytic projects for community development

9.10 SUMMARY

The 2022/23 Section 48 Report demonstrates that while South Africa's local government sector continues to play a vital role in extending basic services, fostering local development, and strengthening governance systems, performance remains uneven and fragile. Progress is evident in municipalities that sustain higher levels of access to water, sanitation, electricity, and refuse removal, or where stronger financial management and oversight structures have been institutionalised. Isolated examples of innovation, such as awareness campaigns to expand indigent registers or proactive infrastructure audits to improve compliance with sector standards, further underscore that improvement is possible when leadership, resources, and accountability align. These instances highlight the potential for a more developmental and responsive local government system.

At the same time, the report underscores systemic weaknesses that undermine the sector's sustainability. Persistent financial distress, high vacancy rates in senior management, weak performance management systems, deteriorating infrastructure, and poor audit outcomes remain widespread across municipalities. Service delivery challenges are compounded by high water and electricity losses, unreliable refuse removal, and uneven provision of free basic services to indigent households. Cross-cutting systems such as disaster management remain largely reactive, with little evidence of forward planning or readiness. These challenges highlight the urgent need for standardised provincial reporting, stronger oversight mechanisms, and targeted capacity support to municipalities most at risk. Importantly, the unevenness and inconsistency of reporting in provincial Section 47 reports — largely due to the absence of a uniform reporting framework — remains a critical constraint. This not only compromises the accuracy of the national consolidated picture but also limits the usefulness of the Section 48 process as a monitoring and accountability tool. Without decisive reforms to standardise reporting, professionalise administration, strengthen oversight, and ensure sustainable financial management, the developmental mandate of local government will remain compromised, with the poorest households bearing the greatest cost.

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