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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF CO-OPERATIVE GOVERNANCE

NO. 7971 **29 September 2026**

CONSOLIDATED ANNUAL LOCAL GOVERNMENT PERFORMANCE REPORT 2024/25 FY

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 2024/2025, in the schedule hereto.



MR VELENKOSINI HLABISA, MP
MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
DATE: 23/09/2026

DEPARTMENT OF COOPERATIVE GOVERNANCE

SECTION 48 REPORT

CONSOLIDATED ANNUAL LOCAL GOVERNMENT PERFORMANCE REPORT

2024/25

cooperative governance

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

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LIST OF ACRONYMS

Acronym	Definition
AFS	Annual Financial Statement
AGSA	Auditor-General South Africa
AI	Artificial Intelligence
AET	Adult Education and Training
ARPL	Artisan Recognition of Prior Learning
ATR	Annual Training Report
CFO	Chief Financial Officer
CoGHSTA	Provincial Departments of Cooperative Governance, Human Settlements and Traditional Affairs
CoGTA	National Department of Cooperative Governance, Human Settlements and Traditional Affairs
CWP	Community work Programme
DCoG	Department of Cooperative Governance
DDM	District Development Model
DM	District Municipality
EC	Eastern Cape Province
EPWP	Expanded Public Works Programme
FRP	Financial Recovery Plan
FS	Free State Province
G4J	Growth For Jobs
GIS	Geographic Information System
GP	Gauteng Province
HR	Human Resources
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
JDMA	Joint District and Metro Approach
KPA	Key Performance Area

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Acronym	Definition
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 Scheme
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Metropolitan Municipality
MISA	Municipal Infrastructure Support Agent
MP	Mpumalanga
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTDP	Medium-Term Development Plan
MTREF	Medium Term Revenue and Expenditure Framework
NC	Northern Cape
NDP	National Development Plan
NR	Not Reported
NSDP	National Skills Development Plan
NT	National Treasury
NW	North West Province
NWSKS	National Water Services Knowledge System
OHS	Occupational Health and Safety
PDMC	Provincial Disaster Management Centre
PMS	Performance Management System
PWD	Persons with Disabilities

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Acronym	Definition
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
SDL	Skills Development Levy
SDF	Spatial Development Framework
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SMME	Small, medium, and micro enterprises
SPLUMA	Spatial Planning and Land Use Management Act
Stats SA	Statistics South Africa
UIFW	Unauthorised, Irregular, Fruitless and Wasteful expenditure
WC	Western Cape Province
WSIG	Water Services Infrastructure Grant
WSP	Workplace Skills Plan

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FOREWORD BY THE MINISTER

It is my privilege to present the **Consolidated Annual Local Government Performance Report for the 2024/25 Financial Year**, prepared in accordance with Section 48 of the Local Government: Municipal Systems Act, 2000. This report provides a national assessment of municipal performance and serves as an important instrument for accountability, oversight and continuous improvement across the local government sphere. The report reflects a local government sector that continues to operate under challenging conditions marked by growing service delivery demands, infrastructure backlogs, financial pressures and institutional capacity constraints. Despite these challenges, municipalities have demonstrated resilience and commitment in advancing their developmental mandate.

The findings reveal a mixed performance picture. Encouraging progress has been recorded in areas such as access to sanitation and electricity, improvements in audit outcomes, and the strengthening of governance and planning systems in many municipalities. The decline in disclaimed audit opinions and the continued institutionalization of performance management, integrated development planning and oversight structures demonstrate that important foundations for improved municipal performance have been established. However, the report also highlights persistent challenges that continue to undermine the effectiveness and sustainability of local government. These include weaknesses in financial management, infrastructure maintenance, debt collection, consequence management and municipal capacity. High vacancy rates in critical management positions, declining fiscal health in several municipalities, and disparities in service delivery outcomes across provinces and municipalities remain matters of concern.

A key message emerging from this report is that the existence of policies, plans and governance structures does not automatically translate into improved outcomes for communities. The challenge before us is to close the gap between compliance and performance by ensuring that municipal systems are translated into reliable services, sustainable infrastructure, sound financial management and improved quality of life for all citizens. The report also identifies examples of good practice across provinces and municipalities that demonstrate what can be achieved through stable leadership, accountable governance, effective administration and disciplined implementation. These lessons provide valuable opportunities for learning and replication throughout the local government sector.

As government advances the priorities of the Seventh Administration and the Medium-Term Development Plan, we remain committed to building capable, ethical and developmental municipalities. The findings and recommendations contained in this report will guide targeted support, oversight and intervention efforts aimed at strengthening municipal performance and improving service delivery outcomes. I wish to thank all municipalities, provincial departments, organized local government structures, oversight institutions and stakeholders who contributed to the compilation of this report. Their efforts continue to strengthen transparency, accountability and performance within the local government system.

Together, we must use the insights contained in this report to build municipalities that are responsive, sustainable and capable of meeting the needs and aspirations of our communities.

Honourable V Hlabisa
Minister of Cooperative Governance and Traditional Affairs
Date: 17 September 2026

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FOREWORD BY THE DEPUTY MINISTER

The 2024/25 Consolidated Annual Local Government Performance Report provides an important overview of the state of local government and offers valuable evidence on the achievements, challenges and risks shaping municipal performance across South Africa. As prescribed by Section 48 of the Municipal Systems Act, the report consolidates provincial assessments and other authoritative sources to present a national picture of municipal performance and governance.

The report confirms that local government continues to operate within a challenging environment characterized by growing service delivery demands, infrastructure pressures, financial constraints, governance weaknesses and uneven institutional capacity. Nevertheless, municipalities across the country continue to demonstrate commitment and resilience in fulfilling their developmental responsibilities under often difficult circumstances.

A key finding emerging from this year's assessment is that institutional arrangements have become increasingly established across the local government sphere. Integrated Development Plans, Local Economic Development strategies, governance structures and performance management systems are now widely present in municipalities. However, the report highlights that the greatest challenge facing local government is ensuring that these systems translate into measurable improvements in services, economic opportunities, financial stability and accountability.

The report identifies encouraging areas of progress. Access to sanitation and electricity improved nationally, electricity supply became significantly more reliable, and audit outcomes improved substantially, particularly through the reduction of disclaimed audit opinions. Several municipalities and provinces continue to demonstrate commendable performance in planning, governance, financial management and local economic development.

At the same time, serious concerns remain. Water service reliability, infrastructure maintenance, high vacancy rates in key management positions, financial distress, weak debt collection, poor consequence management and inconsistent implementation of planning and performance systems continue to undermine municipal effectiveness in many parts of the country. The report also highlights significant disparities between municipalities, provinces and urban-rural areas, reinforcing the need for differentiated and targeted support interventions.

The findings further demonstrate the importance of strengthening municipal performance monitoring and reporting systems. Persistent gaps and inconsistencies in Section 46 and Section 47 reporting continue to limit the development of a complete and comparable national performance picture. The ongoing implementation of standardized indicators, including those associated with MFMA Circular 88, provides an important opportunity to improve the quality of municipal performance information and strengthen evidence-based decision-making.

As the Department continues to advance the professionalization of local government, support municipal capacity development and strengthen intergovernmental coordination, this report provides a valuable foundation for identifying emerging risks and prioritizing corrective actions. The lessons contained herein will assist all spheres of government in focusing attention where it is most needed and in promoting sustainable improvements across the local government sector.

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I extend my appreciation to municipalities, provincial departments, organized local government, oversight institutions and departmental officials who contributed to the preparation of this report. Their work supports transparency, accountability and continuous improvement within local government.

It is my hope that the findings of this report will encourage municipalities and stakeholders alike to build on existing strengths, address persistent weaknesses and work collectively towards the achievement of capable, accountable and developmental local government, as envisaged in our Constitution and the Medium-Term Development Plan.



Dr ND Masemola
Deputy Minister: Cooperative Governance
Date: 17 September 2026

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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 an annual consolidated report on municipal performance in terms of Section 48(1). This report reflects progress against the prescribed indicators in Section 43(3) and provides Parliament and citizens with an assessment of the overall state of local government performance. It is structured around five Key Performance Areas (KPAs) and includes cross-cutting issues that affect service delivery and governance.

The 2024/25 report shows a local government system in which formal compliance and institutional structures are largely in place, but substantive quality, implementation and enforcement remain weak. This gap was the defining pattern across the KPAs and the cross-cutting themes. Integrated Development Plans were adopted almost everywhere they were reported yet seldom translated to better service delivery. Local economic development strategies were widely established, but implementation and translating strategies into measurable economic outcomes remained a binding constraint. Access to basic services improved in sanitation and electricity, yet water access stalled or reversed in several provinces, service quality lagged reported access, and infrastructure deteriorated faster than it was renewed. Audit opinions improved at the weakest end of the scale, with disclaimers falling from 35 to eight, yet the underlying finances of many municipalities weakened. Governance structures were generally established, but oversight recommendations were frequently ignored and enforcement declined. Across the board, adoption, establishment and compliance are not, on their own, translating into credible plans, sound finances, reliable services or effective accountability.

Underlying these patterns were persistent institutional and financial weaknesses, unevenly distributed across provinces and municipalities. Institutional capacity remained a major impediment, with 413 senior-management posts reported vacant and performance-management systems that were established but not consistently functioning. Financial stress deepened, with 45% of municipalities adopting unfunded budgets, R62.12 billion in consumer debt written off as unrecoverable, and accumulated misconduct left largely unaddressed through weak consequence management. Performance was also highly uneven: metropolitan municipalities and provinces such as Gauteng, the Western Cape and Limpopo generally performed more strongly, while rural municipalities, particularly in North West, the Northern Cape and parts of the Eastern Cape, carried the sharpest service, capacity and financial deficits, with North West recurring across the Key Performance Areas from senior-management vacancies to service access and financial misconduct. A recurring constraint throughout was the absence of standardised indicators and consistent Section 46 and 47 reporting, most acute for the cross-cutting themes but evident across the other KPAs, which limited comparison and the assembly of a complete national picture.

KPA 1: Municipal Transformation and Organisational Development

Institutional capacity remained uneven, marked by persistent senior-management vacancies and weaknesses in performance management. Nationally, 413 senior-management posts were reported vacant, with the highest levels in the Northern Cape and North West, where the overall rate reached 29.5%. Ditsobotla (83.3%), Kgetlengrivier (66.7%) and Maquassi Hills (60%) in North West were municipalities with significantly higher vacancy rates. Performance-management systems were widely established but did not consistently function as effective controls, with the Auditor-General finding them inadequate or not maintained in 84 of the 255 audited municipalities (33%). Female representation in senior management remained below the 50% target in every province. Some provinces demonstrated stronger practice, with Gauteng reporting a 15.3% senior-management vacancy rate and no Chief Financial Officer vacancies. Limpopo reporting Workplace Skills Plans from all 27 municipalities, and North West and Limpopo

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introducing more active recruitment and professionalisation support. Reporting nonetheless remained a cross-cutting limitation, with Workplace Skills Plans, disability and youth representation, training outcomes and disciplinary cases not reported on a consistent provincial basis, limiting assessment of the KPA.

KPA 2: Basic Service Delivery

Basic service delivery improved in several areas in 2024/25, but the gains were uneven. Access to improved sanitation rose to 84% of households and electricity connection reached 90.6%. Electricity reliability improved markedly, with the share of households experiencing loadshedding or an unscheduled outage in a given week falling from 92.1% in 2023 to 31% in 2025. Water and refuse removal were the sharpest weaknesses: piped or tap water access was flat at 87.4% nationally and reversed in four provinces, falling to 63.2% in Limpopo, while refuse removal reached only 62.9% of households at least weekly and 24.3% in Limpopo. Service quality lagged reported access, with high distribution losses, including a 53.6% non-revenue water rate in KwaZulu-Natal, and infrastructure deteriorating faster than it was renewed. Municipalities spent only 3% of asset value on repairs and maintenance against the 8% norm despite national infrastructure-grant expenditure of 96%. The most acute deficits were concentrated in several North West municipalities, with Kagisano-Molopo reporting 64% water access, 27% sanitation and no refuse removal despite fully spending its Municipal Infrastructure Grant, while the City of Johannesburg offered a stronger example, exceeding its electricity-connection target and removing 13 118 illegal connections. Reporting remained uneven, with repairs-and-maintenance spending stated for only five of the nine provinces.

KPA 3: Local Economic Development

Local economic development was widely institutionalised, and a central finding was that the key challenge is no longer establishing strategies and structures, but strengthening the capacity to implement them and to translate them into measurable and sustainable economic outcomes. Strategy adoption was extensive, with all municipalities in Limpopo and Mpumalanga and most in Gauteng (91%) and North West (86%) reporting approved Local Economic Development (LED) strategies, although the Northern Cape reported only 58%. Implementation nonetheless remained constrained by under-capacitated LED units, inadequate funding, weak coordination between LED, planning and infrastructure functions, and LED forums that were not consistently functional. Employment opportunities remained heavily concentrated in the Expanded Public Works Programme and the Community Work Programme, with limited evidence of progression to sustainable livelihoods, enterprise growth or investment. Some provinces showed stronger practice, with Limpopo combining full strategy coverage with initiatives such as the Musina-Makhado Special Economic Zone and the Northern Cape pursuing place-based development linked to the Namakwa Special Economic Zone and Boegoebaai Port. Institutional risk was most acute in several North West municipalities, including Kagisano-Molopo and JB Marks with no approved strategy. Weak and inconsistent measurement of economic outcomes, particularly investment attracted and LED-specific job creation, remained a persistent constraint on assessing performance.

KPA 4: Municipal Financial Viability and Management

The financial viability record for 2024/25 moved in two directions: audit opinions improved at the weakest end of the scale, while the underlying finances of many municipalities deteriorated. Disclaimed audit opinions fell from 35 to eight, with three provinces eliminating them, reflecting sustained and coordinated support at the weakest end of the scale. At the same time, unfunded budgets rose to 45% of municipalities, and 77 municipalities had planned to overspend for four consecutive years. Irregular expenditure of R40.14 billion and unauthorised expenditure of R36.05 billion were incurred in a single year, with the majority of the irregular amount arising from procurement non-compliance. Two in five municipalities spent more than they earned, more than half failed to pay suppliers within the legislated

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30 days (averaging 113 days) and a quarter carried a going-concern uncertainty. Collection from consumers slowed to 129 days on average, up sharply from 73 the previous year, and R62.12 billion in debt was written off as unrecoverable. The improvement in audit opinions was therefore not matched by an improvement in financial health, and the gap between the two was the main financial viability challenge for the period. Reporting gaps compounded the picture, with revenue indicators reported by five of the nine provinces and comparable creditor days by only four, which reinforced the case for a uniform provincial reporting framework.

KPA 5: Good Governance and Public Participation

Most governance structures were in place in 2024/25, but their enforcement weakened, and the central challenge was acting on the findings of accountability structures that already existed. Municipalities had generally established internal audit units, audit committees, municipal public accounts committees, systems of delegation and disciplinary boards, and ward committees were established in most areas where they were measured. Their effect was undermined, however, by weak follow-through: in every metro municipality except the City of Cape Town, internal audit and audit committee processes did not provide sufficient assurance, and municipal public accounts committees failed to execute their role effectively at 47% of the 60 municipalities assessed directly, while the provincial legislatures in the Western Cape, KwaZulu-Natal and Gauteng did not deal with municipalities' 2023/24 oversight reports. Enforcement recorded the sharpest decline, with criminal referrals to the South African Police Service falling in both categories tracked by the Auditor-General, and municipalities responding to R268.13 billion in accumulated financial misconduct mainly through write-offs rather than recovery or discipline. That balance was heavily concentrated, with North West alone carrying R71.14 billion, more than a quarter of the national total, and its balance growing even as six of the nine provinces reduced theirs. The national record shows that 36 municipalities across eight provinces were under a section 139 intervention during the year. The Section 47 reports account for only eight of them. Weak consequence management compounded this, with the City of Tshwane metro and Mangaung Metro not having implemented a Consequence Management Framework. The City of Cape Town offered the clearest counter-example, showing how these controls can support clean administration when recommendations are implemented and consequence management is applied.

Cross-cutting issues and planning

The cross-cutting themes are not underpinned by standardised indicators, and reporting varied widely across Section 47 reports. **Integrated Development Plan (IDP) adoption was near-universal where reported, covering 188 of the 257 municipalities across seven provinces reporting.** IDP credibility remained the more demanding measure, with KwaZulu-Natal including multi-year credibility scores for all municipalities. However, these recorded a decline in its average credibility score to 74.3% and 46 of its 54 municipalities regressing. **Spatial planning was the most consistently reported theme**, with Spatial Development Frameworks in place in 157 municipalities, although 12 KwaZulu-Natal municipalities and 11 Free State municipalities had none and the Eastern Cape and Western Cape did not report. Land use schemes, administered only by metropolitan and local municipalities, stood at 101 of the 120 municipalities expected to hold them. **Disaster management was reported substantively by only five of the nine provinces**, down from 2023/24, and reporting noted weak capacity and declining disaster management centre functionality. Climate resilience remained the least developed theme, and future cycles will need to reflect the climate change needs and response assessments and response implementation plans that the Climate Change Act, 2024 requires. Across all four themes, the absence of standardised indicators under Sections 46 and 47 limited comparison and prevented a complete national picture.

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Conclusion

The 2024/25 findings confirm that the Section 46, Section 47 and Section 48 reporting process remains a critical statutory mechanism for identifying municipal underperformance, proposing remedial action and strengthening accountability across local government. The evidence points to a persistent gap between institutional aspirations and effective performance: municipalities often have plans, policies, structures and expenditure mechanisms in place, yet service reliability, financial sustainability, operational controls and consequence management remain weak. Stronger performance is evident where institutional systems are translated into disciplined implementation, operational control, accountability and learning, while weaker municipalities are characterised by reinforcing service-delivery, capacity, financial and governance failures. To strengthen the oversight value of the Section 48 report, upstream improvements to the Section 47 and Section 46 processes need to occur, including more consistent performance indicators, identify underperforming municipalities more explicitly, and set out targeted and differentiated remedial actions. This would enable earlier identification of emerging risks, more comparable assessment across provinces and municipalities, and better-directed support to improve the effectiveness and sustainability of municipal performance.

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1. INTRODUCTION

Local government in South Africa plays a central role in providing essential services, promoting local development and enabling participatory democracy. The effectiveness of municipalities directly affects the quality of life of communities and the achievement of the developmental objectives of government. Effective, accountable and financially sustainable municipalities are therefore essential to strengthening public confidence and improving service delivery.

The Consolidated Annual Local Government Performance Report, prepared in terms of Section 48 of the *Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)*, provides a national assessment of municipal performance across the country. It consolidates provincial assessments of municipal performance and draws on other relevant sources to identify trends, challenges and areas of progress across local government.

The Section 48 Report is an important **accountability, monitoring and performance improvement instrument**. It provides Parliament, government and other stakeholders with evidence on the state of local government, supports the identification of municipalities and areas requiring intervention, and highlights examples of stronger performance and good practice that can inform learning across the sector. In this way, the report contributes to strengthening oversight, targeting support and promoting continuous improvement in municipal performance.

1.1 PURPOSE OF THE REPORT

The purpose of the Section 48 Report is to inform Parliament, government, municipalities and the public about progress in achieving the objectives of developmental local government and the overall state of municipal performance.

The report seeks to:

- assess municipal performance across the five Key Performance Areas (KPAs);
- identify trends, areas of progress and persistent or emerging challenges;
- provide an early warning of municipalities or areas requiring intervention and support;
- highlight good practices and lessons that can be shared across municipalities; and
- strengthen evidence-based oversight, accountability and continuous improvement in local government.

The report serves an accountability and improvement function. By bringing together municipal and provincial performance information at national level, it provides a basis for identifying systemic challenges, informing targeted support and monitoring progress over time. This role is particularly important given the uneven performance of municipalities and the persistence of institutional, financial, governance and service delivery challenges identified in previous reporting cycles. At the same time, evidence of resilience and stronger performance in some municipalities and provinces demonstrates that improvement is possible and provides opportunities for peer learning.

The value of the report depends on the quality, completeness and timeliness of information submitted through the municipal and provincial reporting process. Delays, data gaps and inconsistencies in municipal and provincial reporting can constrain national comparison and reduce the timeliness of the report as a monitoring and response mechanism. These limitations are therefore considered in interpreting the findings and in identifying opportunities to strengthen the reporting process.

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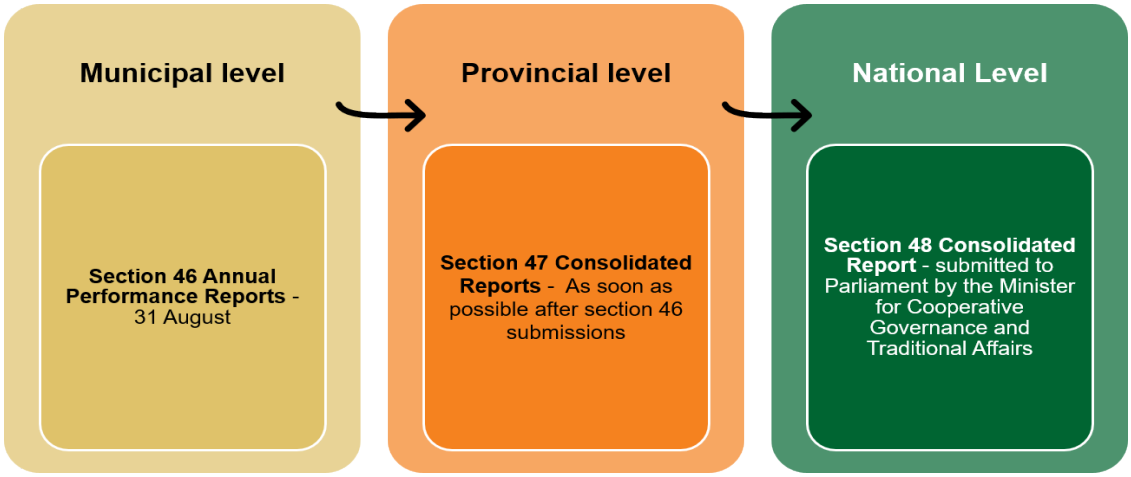
1.2 REPORTING PROCESS

The Section 48 Report forms the final stage of a statutory local government performance reporting cycle established through the Municipal Systems Act. The process begins with municipal performance reporting under Section 46, progresses through the consolidation of municipal information into provincial Section 47 reports, and culminates in the national Section 48 Report, depicted in Figure 1.1.

This reporting architecture is important because it creates a formal mechanism for linking performance information generated at municipal level with provincial and national oversight. It also provides an opportunity to identify whether challenges are isolated to individual municipalities or reflect broader provincial, sectoral or systemic patterns.

The 2024/25 report illustrates this reporting chain and notes that the Section 48 Report is compiled from Section 47 reports and supplemented by other authoritative sources before being tabled in Parliament.

Figure 1.1: Municipal, Provincial and National reporting cycle stages



Source: Section 48 Report 2022/23 and 2023/24

1.2.1 Municipal Reporting

The Municipal Systems Act requires municipalities to monitor and measure their performance through their performance management systems. Quarterly and mid-year performance monitoring processes contribute to the preparation of the annual **Section 46 Annual Performance Report**.

The Section 46 report provides information on:

- the municipality's performance during the financial year;
- performance compared with the preceding financial year; and
- measures adopted to improve future performance.

The Section 46 report, together with the municipality's financial statements and other prescribed information, is subject to the relevant audit and oversight processes before being submitted to the municipal council and the Member of the Executive Council (MEC) responsible for local government.

Municipal reporting is the foundation of the wider performance reporting chain. The quality, completeness and reliability of municipal performance information directly affect the quality of provincial and national reporting.

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1.2.2 Provincial Reporting

Section 47 of the Municipal Systems Act requires the MEC responsible for local government in each province to compile a consolidated report on municipal performance in the province.

The provincial **Section 47 report** consolidates information from municipalities and provides a provincial assessment of performance, challenges, interventions and support measures. It is intended to identify both municipality-specific and province-wide issues and to inform provincial oversight and support.

Provincial reports draw primarily on Section 46 Annual Performance Reports but may also incorporate Integrated Development Plan information, audit outcomes, financial information and other sectoral or administrative data.

The Section 47 reporting stage is particularly important because it provides the first level at which municipal performance can be considered comparatively across a province and where common risks and support requirements can be identified.

1.2.3 National Reporting

Section 48 of the Municipal Systems Act requires the Minister responsible for local government to compile and submit a consolidated national report on municipal performance.

The national **Section 48 Report** consolidates the nine provincial Section 47 reports and supplements these with information from other authoritative sources, including the Department of Cooperative Governance, Auditor-General South Africa, National Treasury, Statistics South Africa and other relevant government departments and institutions. The 2024/25 report exemplifies this multi-source approach.

At this level, the value of the reporting process lies in moving beyond individual municipal and provincial assessments to identify national trends, systemic risks, performance disparities and opportunities for coordinated action.

The Section 48 Report contributes to strengthening local government in several ways:

- **National oversight:** providing Parliament and other oversight institutions with consolidated evidence on municipal performance;
- **Early intervention:** identifying municipalities and functional areas requiring closer monitoring or support;
- **Targeted support:** helping national and provincial departments differentiate support according to the nature and severity of municipal challenges;
- **Accountability:** providing evidence against which political and administrative leadership can be held accountable;
- **Peer learning:** identifying municipalities and interventions demonstrating stronger performance;
- **Policy learning:** identifying systemic constraints that may require changes to policy, regulation, funding or support models; and
- **Performance improvement:** enabling findings from one reporting cycle to inform planning, support and corrective action in the next.

The national report thus has a role in connecting performance measurement with performance improvement.

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1.3 STRUCTURE OF THE REPORT

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

Table 1.1: Report structure

Section	Title	Content
1	Introduction	Introduction, purpose and reporting process
2	Background	Legislative and policy context; methodology and approach
3	KPA 1: Municipal Transformation and Organisational Development	Workforce stability; employment equity; skills development; performance management; disciplinary procedures
4	KPA 2: Basic Service Delivery	Access to services; service reliability; infrastructure investment and maintenance
5	KPA 3: Local Economic Development	LED strategy and planning; job opportunities; types of LED initiatives
6	KPA 4: Municipal Financial Viability	Revenue; expenditure; cash management and liquidity; audit outcomes
7	KPA 5: Good Governance and Public Participation	Ward committees; council structures; anti-corruption and fraud prevention; IGR
8	Cross-cutting Issues & Planning	Integrated development planning; spatial planning and land use management; disaster management; climate resilience
9	Synthesis & Conclusion	Provincial challenges, good practices and support interventions
10	References	Sources used in the report; Municipalities at greater risk

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2. BACKGROUND

2.1 LEGISLATIVE & POLICY CONTEXT

The assessment of municipal performance takes place within a comprehensive constitutional, legislative and policy framework that defines the role of local government, establishes its developmental mandate and sets expectations for municipal governance, planning, financial management, service delivery and community participation.

This framework is important to the Section 48 assessment. Firstly, it establishes the standards and responsibilities against which municipal performance should be assessed. Secondly, it defines the respective responsibilities of national, provincial and local government in supporting municipalities and responding when municipalities are unable to fulfil their constitutional and legislative obligations.

The Section 48 Report should therefore be understood as an assessment of the extent to which municipalities are building and maintaining the institutional, governance, financial and service-delivery capabilities required to fulfil their developmental mandate.

2.1.1 The Constitution

The Constitution of the Republic of South Africa, 1996 establishes local government as a distinct, interdependent and interrelated sphere of government. Chapter 7 provides the constitutional foundation for developmental local government and establishes the responsibilities and objectives that underpin municipal performance.

Section 152 identifies the objects of local government as including:

- providing democratic and accountable government for local communities;
- ensuring the provision of services to communities in a sustainable manner;
- promoting social and economic development;
- promoting a safe and healthy environment; and
- encouraging communities and community organisations to participate in local government matters.

Section 153 requires municipalities to structure and manage their administration, budgeting and planning processes to give priority to the basic needs of communities and promote social and economic development.

These provisions establish the fundamental basis against which municipal performance should be considered. Municipal performance is therefore ultimately concerned not only with administrative compliance, but with whether municipalities have the institutional and financial capacity to fulfil these constitutional objectives.

Section 154 further places a responsibility on national and provincial governments to support and strengthen municipalities through legislative and other measures to enable them to manage their own affairs, exercise their powers and perform their functions effectively.

The Section 48 Report consequently has relevance beyond municipal accountability: it provides information that can help national and provincial government fulfil their own constitutional responsibilities to support and strengthen local government.

2.1.2 White Paper on Local Government (1998)

The White Paper on Local Government (1998) provides the policy foundation for developmental local government. It envisages municipalities as institutions that work with communities to address social, economic and material needs and improve the quality of life of residents.

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The White Paper identifies developmental local government as requiring municipalities to:

- maximise social development and economic growth;
- integrate and coordinate development initiatives and service delivery;
- democratise development by empowering citizens and promoting equity; and
- operate as adaptive and learning institutions capable of responding to changing circumstances.

It identifies key developmental outcomes including improved access to basic services, liveable and integrated settlements, local economic development and community empowerment.

Importantly, the White Paper identifies integrated development planning and budgeting, performance management, and collaboration with citizens and partners as key mechanisms for achieving these outcomes.

These principles remain central to the Section 48 assessment because they reinforce the understanding that municipal performance should be assessed in terms of both outputs and institutional capability: municipalities need appropriate systems, resources, leadership and accountability arrangements to sustain developmental outcomes.

At the close of the 2024/25 financial year of local government, the process to review the White Paper on Local Government was underway. Although this process had no influence on this reporting period, it is expected to precipitate formative policy shifts which will inform revisions to the framework for consolidated performance assessment in the future.

2.1.3 Organised Local Government

Organised local government, represented nationally by the South African Local Government Association (SALGA), plays an important role in supporting municipalities and representing the collective interests of the local government sphere. SALGA contributes to policy and legislative processes, intergovernmental relations, collective bargaining, municipal capacity development, research, training, advice and knowledge sharing.

This role is particularly relevant to the Section 48 process because the report identifies both performance challenges and examples of good practice that can inform peer learning and capacity development across municipalities. Stronger-performing municipalities can provide practical examples of approaches that may be adapted elsewhere, while common challenges can inform coordinated support by national, provincial and organised local government structures.

2.1.4 Medium-Term Development Plan (MTDP) (2024–2029)

The Medium-Term Development Plan (MTDP) 2024–2029 is the implementation framework for the seventh administration and gives effect to the National Development Plan (NDP): Vision 2030 and the Government of National Unity's Statement of Intent. It sets out three strategic priorities: driving inclusive growth and job creation; reducing poverty and tackling the high cost of living; and building a capable, ethical and developmental state.

Local government features prominently under Strategic Priority 3: Build a Capable, Ethical and Developmental State, which identifies improved service delivery in the local government sphere as a specific outcome. The MTDP recognises that declining municipal performance is linked to governance failures, financial mismanagement, instability in the political-administrative interface, corruption and inadequate institutional capacity. It therefore calls for interventions to strengthen local government institutions and legislation, improve municipal stability and financial sustainability, professionalise municipal appointments and administrations, and strengthen the coordination and delivery of basic services.

The MTDP's emphasis on stability, institutional capability, professionalisation, financial sustainability and improved service delivery provides an important policy context for the 2024/25 Section 48 assessment. Its

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focus on strengthening local government also reinforces the importance of effective monitoring, oversight and evidence-based interventions to identify performance risks and support municipalities to improve.

The MTDP further emphasises that effective implementation requires strong leadership and governance, institutional capacity, public participation and trust, prioritisation of interventions, and robust monitoring. These priorities are closely aligned with the areas of municipal performance assessed in this report and provide a basis for considering progress and persistent challenges during the first year of the 2024–2029 planning period.

2.1.5 The National Development Plan

The National Development Plan: Vision 2030 provides the longer-term strategic framework for addressing South Africa's developmental challenges and strengthening the capability of the state.

For local government, the National Development Plan (NDP) highlights weaknesses in institutional capability, political-administrative relationships, skills, accountability and coordination as important constraints to effective government.

The NDP emphasises the need to:

- build a capable and professional public administration;
- recruit, retain and develop appropriate skills;
- strengthen technical and specialist capacity;
- improve accountability and performance management;
- strengthen coordination across government; and
- improve intergovernmental relations.

These priorities remain directly relevant to the Section 48 assessment. Persistent challenges identified in previous reports (including leadership instability, senior management vacancies, weak performance management, inadequate technical capacity, poor financial controls and weak accountability) are not isolated operational problems. They affect the ability of municipalities to fulfil their constitutional mandate.

The Section 48 Report therefore provides an important mechanism for assessing progress against these longer-term institutional objectives and for identifying where additional support, reform or intervention is required.

2.2 METHODOLOGY AND APPROACH

The Section 48 Report is primarily based on the consolidation and analysis of the nine provincial Section 47 reports, supplemented by relevant information from authoritative national and sectoral sources. These include audited national sources where available, Section 47 reports for provincial/municipal detail, Stats SA for household-level service outcomes, and other administrative sources.

The methodology follows the approach established in previous Section 48 reports, while recognising that the quality and comparability of information submitted through the Section 47 process varies across provinces.

The approach for the 2024/25 report combined:

1. **Comparative analysis:** Where indicators are sufficiently consistent across provinces, comparative analysis is used to identify national and provincial trends, variations and areas of relative strength or weakness.
2. **Province-specific analysis:** Where information is not sufficiently standardised to support reliable national comparison, provincial findings are presented separately. This ensures that important

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evidence on municipal challenges, support interventions and good practice is not excluded simply because it cannot be expressed as a standardised national indicator.

3. **Thematic synthesis:** The report synthesises evidence across the five KPAs to identify relationships between institutional capacity, financial viability, governance and service delivery. Municipal performance challenges are often interconnected rather than attributable to a single factor.
4. **Triangulation with supplementary evidence:** Provincial Section 47 findings are supplemented, where relevant, with information from Auditor-General South Africa (AGSA), National Treasury (NT), Department of Cooperative Governance (DCoG), Statistics South Africa (Stats SA) and other administrative sources. This strengthens the evidence base and enables reported performance to be considered alongside financial, audit and other sectoral information.

In the preparation of the report artificial intelligence (AI) tools were used selectively, including in document review, synthesis of information, identification of trends and inconsistencies, and editorial refinement. AI-generated outputs were treated as analytical support only and were subject to human review, verification against source documents, and professional judgement. The findings, interpretations and conclusions presented in the report remain the responsibility of the authors.

2.2.1 Limitations and implications for data interpretation

The assessment considers not only whether municipalities achieved specified performance levels, but also the nature of the challenges identified, the interventions implemented, and evidence of improvement or deterioration**.** This supports the broader purpose of the Section 48 Report as an instrument for early warning, oversight, targeted support and continuous improvement.

This approach is imperative given the limitations in the current local government performance information environment. As in the 2023/24 report, delays in data collection and consolidation, data gaps and inconsistencies between provincial reports are constraints to the effective use of the Section 48 Report as a timely monitoring and response mechanism.

The methodological implication is that reported absence of information should not automatically be interpreted as evidence of non-performance**.** Where information is incomplete, inconsistent or not directly comparable, this is treated as a limitation of the evidence rather than as evidence of municipal failure.

At the same time, these reporting weaknesses are themselves relevant to the assessment of local government performance. Reliable performance information is fundamental to effective planning, monitoring, oversight and accountability. Strengthening the quality and standardisation of Section 46 and Section 47 reporting is therefore not only a technical improvement to the reporting process, but rather is part of strengthening the broader local government performance-management system.

2.2.2 Progress implementing Municipal Finance Management Act (MFMA) Circular 88 standardised indicators for local government

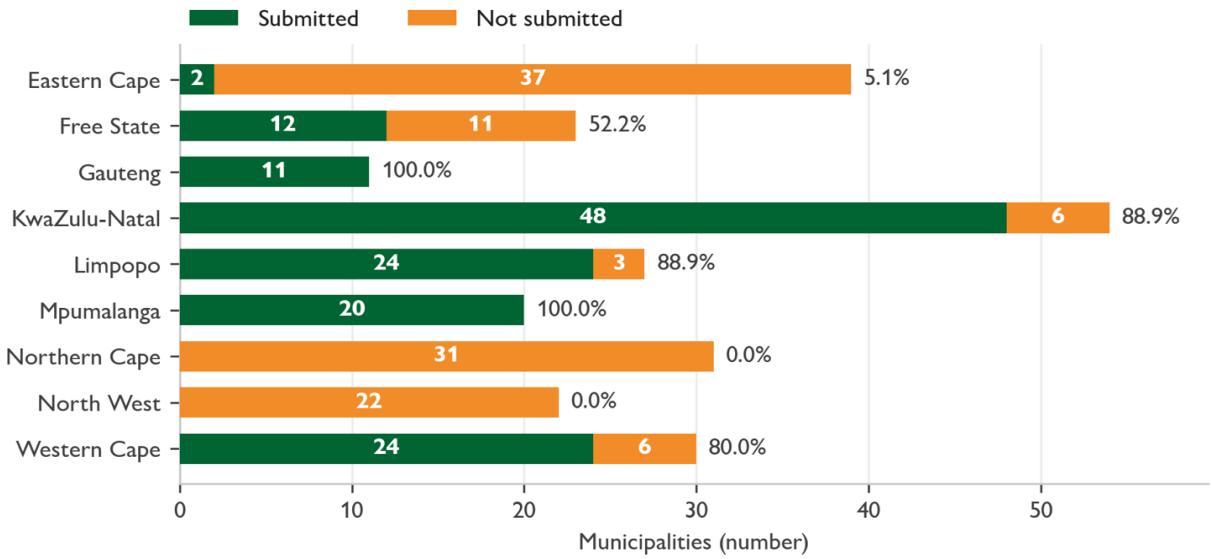
As stated previously in several successive Consolidated Annual Local Government Performance Reports for 2023/24 to 2021/22 (DCoG, 2025a-c), the lack of standardised local government performance indicators with common definitions limits the extent to which a consolidated view of local government can be determined across the country's 257 municipalities. The absence of shared indicators for planning, monitoring and reporting makes direct comparisons difficult and results in unexplained gaps in administrative and service delivery performance information that should be supplied by municipalities and provinces for the purposes of statutory oversight and accountability.

Although this performance information cannot be retrospectively sourced from municipalities that did not plan to report on it, the Department of Cooperative Governance has taken steps to rationalise, standardise

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and coordinate the supply of a common set of indicators for local government as part of the Joint Planning, Budgeting & Reporting Reform initiative with the National Treasury and the Department of Planning, Monitoring & Evaluation, as set out in Municipal Finance Management Act (MFMA) Circular 88 and its annual addendums.

Figure 2.1: Municipal reporting submissions of MFMA Circular 88 reporting through Quarter 4 2024/25



Source: Department of Cooperative Governance, MFMA Circular 88 Quarter 4 submission data, 2024/25.

In the 2024/25 financial year, the Department of Cooperative Governance continued piloting a set of indicators from MFMA Circular 88 in the 249 District and Local Municipalities as part of supplementary planning, monitoring and reporting. This was in addition to the 8 Metropolitan Municipalities who have already integrated the standardised indicator set into their statutory planning and reporting.

This year (2024/25) established a baseline for reporting on the MFMA Circular 88 standardised indicators for all of local government. The above figure 2.1 shows that 141 of 257 municipalities were submitting quarterly reports for MFMA Circular 88 at the close of the 2024/25 financial year, representing 54.9% of all municipalities. In Gauteng and Mpumalanga, all municipalities (100%) have submitted standardised reporting in the 4th quarter. In North West Province and the Northern Cape, none of the municipalities (0%) were reporting against the MFMA Circular 88 standardised indicators or making quarterly reporting submissions. Limpopo, KwaZulu-Natal, Western Cape, Free State and the Eastern Cape, all had some reporting submissions, but could stand to improve the proportion of municipalities reporting.

Even among municipalities reporting on MFMA Circular 88, data quality issues, system limitations and incomplete reporting remain a barrier to consolidated analysis. The Department of Cooperative Governance, with reform partners in the National Treasury, Department of Planning, Monitoring & Evaluation and provincial officials, will continue to support the improvement in municipal reporting submissions with intentions to utilise data for performance analysis in the 2025/26 financial year.

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3. MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

3.1 OVERVIEW

Well-capacitated municipal organisations are essential for effective service delivery. This requires the appointment of qualified personnel, promotion of employment equity, and continuous staff development. Section 47 reports document the institutional readiness of municipalities to meet their constitutional and developmental responsibilities as outlined in the Constitution and the White Paper on Local Government.

The Municipal Systems Act provides the legislative foundation for this Key Performance Area (KPA). Chapter 7 requires municipalities to adopt appropriate policies and systems, while Section 51 guides organisational transformation. Within available resources, municipalities must structure administrations to: respond to community needs; foster accountability and a culture of service; align with constitutional performance objectives; reflect Integrated Development Plan (IDP) priorities; promote coordination between political and administrative structures; remain adaptable to changing demands; and operate through efficient or decentralised mechanisms. Clear assignment of responsibilities, accountability of the municipal manager, effective delegation, inclusive decision-making, and fair, non-discriminatory working environments are also required.

These measures aim to ensure municipalities are responsive, accountable, and performance-driven in delivering services. In 2014, government gazetted the Regulations on the Appointment and Conditions of Employment of Senior Managers to strengthen professionalisation. These regulations set uniform standards for the appointment and employment of senior managers and their direct reports, thereby improving consistency, accountability, and professionalism across municipalities.

The following areas are reported on in this section, drawing from the Section 47 reports:

1. Workforce stability
2. Employment equity
3. Capacity building and skills development
4. Performance management
5. Disciplinary procedures

3.2 WORKFORCE STABILITY

Workforce stability refers to the continuity of employees within an organisation, characterised by low turnover and minimal disruption. It underpins the retention of institutional knowledge, operational efficiency, and the effectiveness of service delivery.

In municipalities, stability is assessed through key metrics such as the number of approved versus appointed Municipal Managers and Section 54 and 56 positions, vacancy rates, and the number of senior managerial posts against the approved organogram. These indicators reveal the municipality's ability to fill leadership roles critical for governance and service delivery. Approved versus appointed figures reflect recruitment efficiency, while vacancy rates highlight gaps that could undermine operational stability. Tracking senior management posts against the organogram further ensures alignment with strategic staffing plans and resource allocation.

Together, these measures provide a clear picture of workforce capacity and the municipality's ability to maintain stable, effective leadership structures.

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3.2.1 Senior Management 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.

Tables 3.1, Figures 3.1 and 3.2 present the 2024/25 workforce stability data for Section 54/56 managerial posts across all nine provinces. It shows the total number of approved posts, how many of these remained vacant, and the resulting vacancy rates[1].

According to the Auditor-General South Africa (AGSA) Consolidated General Report on Local Government Audit Outcomes 2024/25, the key findings on vacancy rates and acting appointments of Municipal Managers (MMs) and Chief Financial Officers (CFOs) are:

- Senior-management vacancies remain a significant institutional weakness. Although there was some improvement nationally in filling critical senior-management posts, 9% of critical senior-management positions remained vacant and a further 6% were occupied in an acting capacity at 30 June 2025.
- Municipal Manager positions showed some improvement in permanent appointments, but acting appointments increased. Of the 215 municipalities that provided information, 186 had appointed MMs, compared with 183 in 2023/24. Despite more permanent appointments, the number of municipalities relying on acting MMs increased.
- AGSA highlights the increase in acting accounting-officer positions and identifies a correlation between acting positions and poor or regressed audit outcomes, including increased audit findings.
- There are concerns about prolonged acting appointments. Twenty municipalities had acting accounting officers at year-end, and in six municipalities the acting appointment had continued for more than three months without the required MEC approval for an extension.
- CFO appointments improved, but instability persists. The number reporting an acting CFO fell from 34 to 29, while the number without an appointed CFO fell from 16 to 13.
- CFO vacancies remain concentrated in municipalities with persistent performance problems. Free State had the highest number of CFO vacancies, with four municipalities, followed by Eastern Cape with three.
- The report observes that municipalities with stable senior management generally achieve better outcomes, while instability contributes to weaknesses in oversight, financial reporting and the control environment. AGSA's discussion of uMvoti local municipality, for example, links instability in the CFO position and reliance on an acting incumbent to poor-quality financial reporting, inadequate review of financial information, procurement non-compliance and regression from a clean audit.

[1] It is important to note that for several roles no data was reported, this includes senior management positions in Technical services/engineering, Corporate services, Town/development planning, Community services, Other senior managers and totals reported in section 54A/56 posts. Specifically, Free State has 5 positions, Gauteng has 6 positions, KwaZulu-Natal has 5 positions, Limpopo has 1, Mpumalanga has 5, and Western Cape has 6 with no reported vacancy data. This may refer to 0 vacancies in the position or an underreporting of vacancies.

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Table 3.1: Vacancy rates in senior management posts, 2024/25

Senior management position	EC	FS	GP	KZN	LP	MP	NC	NW	WC
Municipal manager	5.1%	17.4%	18.2%	16.7%	7.4%	15.0%	14.3%	22.7%	4.2%*
Chief financial officer	5.1%	20.0%*	0.0%	16.7%	14.8%	20.0%	31.8%	22.7%	4.2%*
Technical services/engineering	12.8%		10.0%	12.9%	40.7%	15.0%	38.1%	28.6%	
Corporate services	23.7%		0.0%	12.0%	29.6%	20.0%	61.9%	40.9%	
Town/development planning	10.7%		9.1%	25.0%	22.2%	25.0%	50.0%	40.0%	
Community services	5.9%		9.1%	26.1%	18.5%	5.0%	76.9%	22.7%	
Other senior managers	12.5%	24.0%	26.1%	14.2%		50.0%	50.0%	31.8%	
All reported section 54A/56 posts	**10.8%**	**22.8%**	**15.3%**	**14.3**	**22.2%**	**18.5%**	**42.3%**	**29.5%**	

Source: Section 47 reports; National Treasury, 2024/25 MFMA Compliance Report. Figures sourced from the MFMA Compliance Report are marked with an asterisk (*).
Grey cells indicate that a comparable role-level figure was not reported.
Red Cells indicate vacancies higher than 30%

The following Table 3.2 provides consolidated comments and key reporting points related to vacancy rates across all provinces.

Table 3.2: Provincial information on vacancy rates and acting positions

Province	Summary of vacancy rate and acting positions reporting
Eastern Cape	The province noted that the rural nature of the province creates a challenge for municipalities to attract and retain skilled and competent personnel. Eastern Cape reported the **lowest overall senior management vacancy rate** (10.8%) among provinces with comparable data. However, across municipalities, **Corporate Services vacancies were high at 23.7%.** Three municipalities, Great Kei LM, Koukamma LM and Joe Gqabi DM recorded weak performance in filling section 54A and section 56 posts, indicating vacancy rates above 30%. Another 3 municipalities, Sundays River Valley LM, Ngqushwa LM and Alfred Nzo DM, failed to submit the required information. The province identifies delays in recruitment processes as the cause of the vacancies. It intends to support the six municipalities during recruitment, analyse recruitment submissions and report to the MEC and Minister on compliance with the Municipal Systems Act and related regulations. The specific form of recruitment support is not outlined.
Free State	Four of its 23 municipal manager posts were vacant, **a vacancy rate of 17.4%.** National Treasury's 2024/25 MFMA Compliance Report also found that four of the 20 responding municipalities[2] had vacant CFO posts, equivalent to 20%. Three municipalities did not provide CFO information. To address vacancies in critical posts, the province issued formal non-compliance letters to municipalities that had failed to fill them. It also provided hands-on administrative and technical assistance to underperforming local municipalities undergoing organisational alignment and supported the implementation of accelerated recruitment plans.
Gauteng	Overall senior management **vacancy rate of 15.3%** in 2024/25, placing it among the provinces with the lower vacancy rates in the comparison. The Municipal Manager vacancy rate was 18.2%, with one Municipal Manager post vacant, while no CFO posts were vacant, resulting in a **0% CFO vacancy rate**. Other Senior Management posts recorded a higher vacancy rate of 26.1%, indicating that staffing gaps remain in some management functions. The provincial report does not provide a specific explanation or remedial intervention for the 2024/25 senior management vacancies in the information reported. This represents an improvement from the

[2] The report relies on responses from municipalities regarding their performance. Not all municipalities responded, therefore this report cannot be relied on as providing a picture across the whole province.

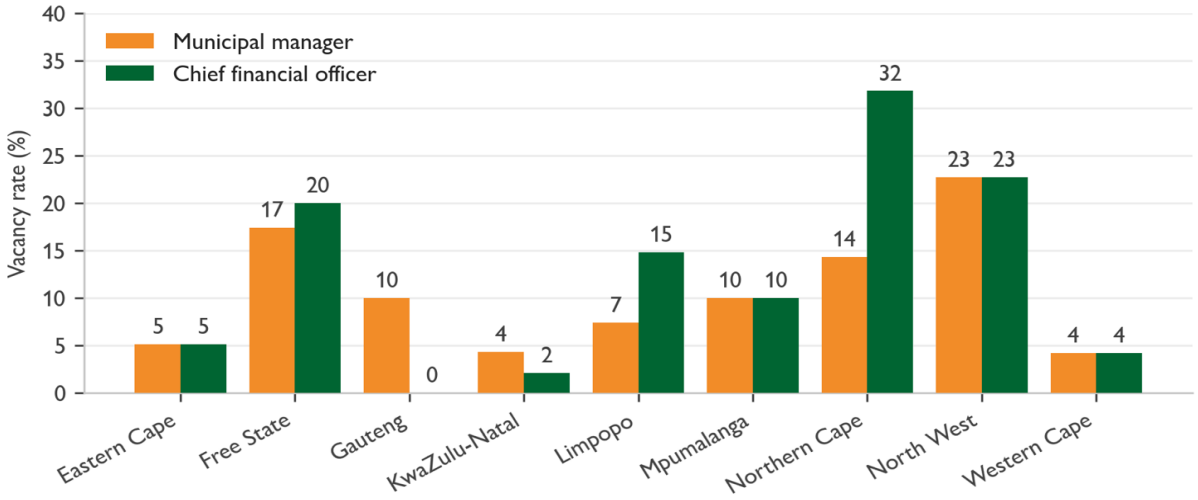
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Province	Summary of vacancy rate and acting positions reporting
	22% overall vacancy rate reported for Gauteng in 2023/24, although the comparison should be treated cautiously given differences in the underlying reporting.
KwaZulu-Natal	Comparatively low overall senior management vacancy rate of 14.3%**.** However, **11 municipalities had vacancy rates above 30%.** These comprised two district municipalities, one metropolitan municipality and eight local municipalities. The province also recorded a sharp increase in vacancies in community services, from 10.2% in 2023/24 to 29.7% in 2024/25. Vacancies in planning services increased from 14.7% to 25.0%. The province intends to support six municipalities where posts have remained vacant for longer than six months. This includes engagement between the MEC and the relevant mayors, as well as continued provincial monitoring and support to fill critical senior management posts.
Limpopo	Relatively low vacancies in municipal manager posts, with two of the 27 posts vacant. Vacancy levels were higher across several of the other five critical senior management roles. **Technical services/engineering had the highest vacancy rate, at 40.7%, followed by corporate services, at 29.6%**. Both rates improved from 2023/24, when vacancies stood at 44.4% and 40.7%, respectively. The provincial department supported municipalities through recruitment workshops and individual engagement sessions, ongoing monitoring of recruitment processes, and guidance on the categorisation of senior-manager remuneration packages. The quarterly MEC–Mayors Forum was also used to discuss appointments.
Mpumalanga	Overall vacancy rate of 18.5%. This represents an improvement from the 22% reported in 2023/24. Vacancy rates were highest among **other senior managers, at 50%.** The province attributes the vacancies mainly to delays in appointing senior management personnel. Provincial support includes continued monitoring of vacant posts and capacity-building on the Regulations governing the appointment and conditions of service of municipal senior managers.
Northern Cape	Significant vacancies across senior management. Three of the province's 21 municipal manager posts were vacant. **Vacancy rates exceeded 30% across every other reported senior management category**. The province acknowledges the extent of the problem and aims to fill vacant posts and reduce the overall vacancy rate to below 10%.
North West	Despite providing municipalities with support, including recruitment workshops and assessments of senior management recruitment processes and outcomes, North West has the second-highest overall vacancy rate among provinces with comparable data, at 29.5%. This represents a modest improvement from 30.8% in 2023/24. **Five of the province's 22 municipal manager posts are vacant**. The province identified particularly high overall vacancy rates in Ditsobotla (83.3%), Kgetlengrivier (66.7%) and Maquassi Hills (60.0%). It plans to prioritise recruitment in these municipalities. Each municipality must submit a recruitment plan, with implementation monitored quarterly, alongside the other support initiatives already under way.
Western Cape	No data on vacancies in senior management provided. The National Treasury's 2024/25 MFMA Compliance Report did find that **4.2% vacancy rate in the Municipal Manager and Chief Financial Officer roles**, which is comparably low.

Source: Section 47 Reports, 2024/25

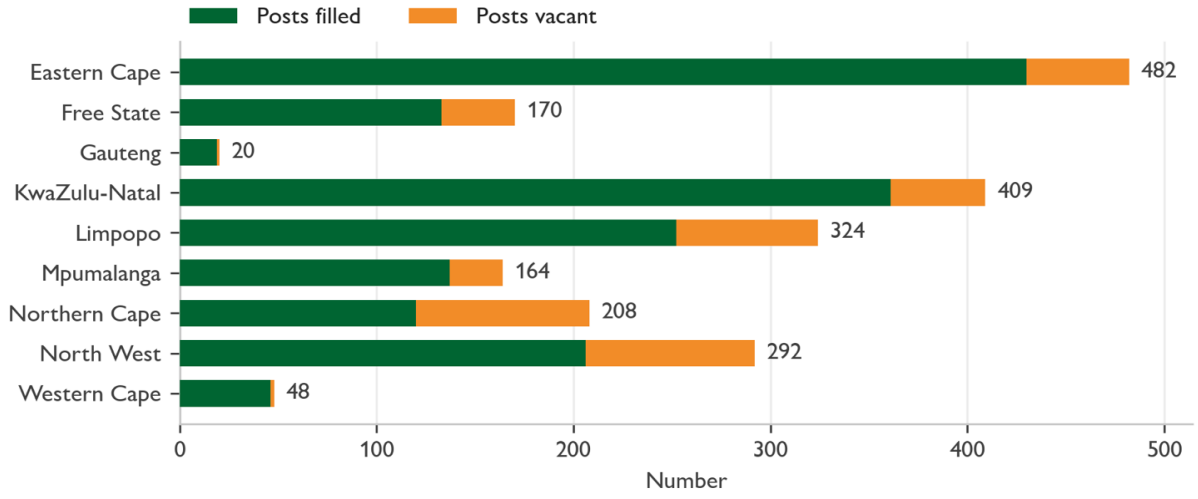
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Figure 3.1: Number of vacant posts in senior management posts by province, 2024/25



Source: AGSA and National Treasury, MFMA Compliance Report 2024/25. National average: municipal manager 13.4%; chief financial officer 18.6%.

Figure 3.2: Approved posts: filled and vacant by province, 2024/25 (number)



Source: Section 47 reports, 2024/25

3.3 EMPLOYMENT EQUITY

The Employment Equity Act 55 of 1998 identifies women and persons with disabilities as designated groups. Municipalities are designated employers under the Act. They must identify underrepresentation, remove employment barriers and implement affirmative-action measures to ensure the equitable representation of suitably qualified people from designated groups across occupational categories and levels. These measures must also support recruitment, retention, development and training. Youth are not identified as a designated group under the Act, however some provinces continue to report on their representation in their Section 47 reports.

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3.3.1 Female Representation in Senior Management

The White Paper on the Transformation of the Public Service, 1995 established a minimum target that women should comprise 30% of new recruits at management level by 1999. Cabinet subsequently increased the target to 50% women at all levels of the Senior Management Service, with the target intended to be achieved by March 2009. These targets applied to national and provincial public-service institutions and did not formally extend to municipal section 54A and section 56 posts. **The 50% target is therefore used here as a broader gender-parity comparator rather than a binding municipal target.**

Government Notice 6 124, published on 15 April 2025 under the amended Employment Equity Act, introduced five-year sectoral numerical targets. For the public administration sector, it specifies female representation targets of 41.9% at top-management level and 46.1% at senior-management level. The targets became operative on the date of publication. They were therefore introduced late in the 2024/25 municipal financial year and should be incorporated into future Section 47 and Section 48 reporting.

Table 3.3:Female representation in senior management positions (%), 2024/25

Senior management position	EC	FS	GP	KZN	LP	MP	NC	NW	WC
Municipal manager	13.5%						22.2%	17.6%	
Chief financial officer	21.6%						46.7%	23.5%	
Technical services/engineering	26.5%						15.4%	26.7%	
Corporate services	37.9%						100%	38.5%	
Town/development planning	60.0%						50.0%	22.2%	
Community services	15.6%						33.3%	23.5%	
Other senior managers	19.0%						0.0%	33.3%	
Overall reported female representation in senior management	**26.5%**	**29.6%**	**25.5%**	**30.0%**	**33.0%**	**38.6%**	**38.3%***	**26.2%**	**32.4% ****

Source: Section 47 reports, 2024/25

* The Northern Cape figure is calculated from the detailed management profile provided in a table In the report. However, the executive summary states that female representation in leadership was 17%. It is unclear which positions the 17% refers to, thus the detailed figure was used.

** The Western Cape figure combines women reported at the "top management" and "senior management" occupational levels. These occupational categories are broader than, and not necessarily equivalent to, section 54A and section 56 posts.

Grey cells indicate that a comparable role-level figure was not reported.

As shown in Table 3.3, **no province reached 50% female representation across senior management positions**. Mpumalanga recorded the highest overall representation, at 38.6%, followed by the Northern Cape at 38.3%.

Some individual management categories met or exceeded 50%, but most provinces did not report to this level of detail. Women occupied 60% of reported town and development-planning posts in the Eastern Cape. In the Northern Cape, women occupied 100% reported corporate-services posts and 50% of town and development-planning posts.

3.3.2 Representation of People Living with Disabilities

The White Paper on the Transformation of the Public Service, 1995 committed government to achieving **a minimum of 2% representation of persons with disabilities** in the Public Service by 2005. Although this target was formulated for the Public Service, several provincial Section 47 reports used it as a benchmark for assessing municipal performance.

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Government Notice 6124 subsequently introduced a five-year target of 3% for employees with disabilities across all sectors, including public administration. The new target took effect on 15 April 2025, during the final quarter of the 2024/25 municipal financial year. The 2% benchmark used in the provincial reports therefore remains a reasonable basis for assessing the year under review. Future Section 47 and Section 48 reports should assess municipal performance against the updated 3% target.

Reporting on the representation of persons with disabilities was incomplete and inconsistent. Disability employment remains poorly standardised as a provincial performance indicator.

Table 3.4: Provincial information on people living with disabilities targets

Province	Summary of disability employment reporting
Eastern Cape	The province reported a decrease in employment of people with disabilities and states that the majority of municipalities do not comply with the indicator. The province uses employment-equity plans with targets for people with disabilities, and a five-category rating system: highest category, "excellent", applied where a municipality met or exceeded the 2% benchmark. **Only one municipality, Raymond Mhlaba Local Municipality, achieved 2% representation in 2024/25.** This was a significant decline from six municipalities in the previous financial year. However, 17 of the 38 municipalities assessed did not disclose the required disability information. The province identified poor implementation of Employment Equity Plans as a continuing challenge.
Free State	The report identified employment-equity compliance and underrepresentation as challenges, but provides limited evidence of specific interventions.
Gauteng	Reporting on actual disability employment remains limited; no consolidated provincial performance against the 2% benchmark is reported.
KwaZulu-Natal	The report recognised disability inclusion as an employment-equity issue, but does not provide a consolidated provincial achievement against the disability target.
Limpopo	Reporting does not provide sufficient information to assess provincial achievement against the 2% benchmark.
Mpumalanga	The province reported 152 municipal posts were occupied by persons with disabilities in 2024/25, a small increase from 149 in 2023/24. This was equivalent to **0.7%** of the 23,023 approved posts reported across the province. The province intends to monitor and support municipalities in implementing the Employment Equity Act. The province has historically provided the strongest evidence of actual disability employment, and the 2024/25 employment-equity framework continues to identify people with disabilities as a target group.
Northern Cape	The report emphasised inclusion of vulnerable groups but provides no consolidated disability-employment result against the 2% target. The province's public employment programmes explicitly target people with disabilities. In 2024/25, the province reports 2 418 PWD work opportunities within the 81 414 public-employment opportunities reported across the province
North West	The report acknowledged the need to strengthen compliance with employment-equity requirements but provides no consolidated 2024/25 provincial result. Disability inclusion is incorporated into the Municipal Staff Regulations and employment-equity framework. The province also supported all 22 municipalities to comply with the Municipal Systems Act Regulations and Municipal Staff Regulations, contributing to professionalisation and institutional capacity.
Western Cape	The report provided considerably more granular data than most provinces. The province provided municipal-level counts from which an indicative representation rate could be calculated. 28 out the 30 municipalities provided usable information on employees with disabilities. Based on the figures reported, persons with disabilities accounted for approximately **1.6% of employees** across these municipalities. Three municipalities reported representation of at least 2%: City of Cape Town MM, West Coast DM, Matzikama and Prince Albert.

Source: Section 47 Reports, 2024/25

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3.3.3 Representation of Youth (35 years and under) Employment

Youth are not a designated group under the Employment Equity Act. No binding national target was identified for youth as a proportion of municipal employees. Youth representation is therefore assessed descriptively rather than against a statutory municipal workforce target.

Mpumalanga provided the only clear provincial count. In 2024/25, 2,126 of the province's 23,023 approved municipal posts were occupied by employees aged 35 or younger. This represents **9.2% of approved posts**. It was a slight improvement from 2 096 of 24 110 approved posts, or 8.7%, in 2023/24. However, youth representation varied across Mpumalanga's municipalities, ranging from 3% (City of Mbombela and Bushbuckridge) to 43% (Nkangala). The province noted that municipalities failing to appoint youth to positions that are entry level as a challenge, and plans continue to capacitate municipalities on the Municipal Staff Regulations as an intervention.

The **Eastern Cape** did not provide employee totals from which a provincial rate could be calculated. Instead, it used the following provincial performance categories: Excellent: 20% or more; Very good: 15%-20%; Good: 10% or more; Weak: 9% or less; Disclaimer: No information reported. **Only four municipalities achieved an excellent rating in 2024/25**, which is a significant **decline from 9** municipalities in 2023/24. However, 25 out of the 38 municipalities did not provide required youth employment information.

Table 3.5: Provincial information on youth (35 years and under) employment in municipalities

Province	Summary of youth employment reporting
Eastern Cape	The province reported a continuous decrease in youth employment with only four municipalities achieving an "Excellent" rating. The province urges municipalities to prioritise youth appointments to reduce youth unemployment.
Free State	Youth underrepresentation and limited recruitment pathways for young professionals remain concerns.
Gauteng	The report provided insufficient information on provincial youth employment.
KwaZulu-Natal	The province identified the importance of youth inclusion but does not provide a consolidated provincial percentage or number of municipal employees aged 35 or younger.
Limpopo	Municipalities are expected to address youth through employment-equity planning, but the report does not allow assessment of achievement.
Mpumalanga	The report recognised youth employment as part of municipal employment equity, indicating that 2 126 of the province's 23 023 approved posts are filled by youth.
Northern Cape	Limited reporting makes it difficult to assess progress towards youth employment objectives.
North West	The province has used graduate deployment as an intervention to improve youth representation, but no consolidated 2024/25 youth employment result is reported.
Western Cape	The report identifies youth within its broader employment-equity/skills-development framework but does not provide a consolidated number or percentage of municipal employees aged 35 or younger.

Source: Section 47 Reports 2024/25

3.4 MUNICIPAL CAPACITY BUILDING AND SKILLS DEVELOPMENT

In line with the Skills Development Act, 1998 (Act No. 97 of 1998) and the Municipal Systems Act (MSA), municipalities are legally required to provide training that builds their human resource capacity. 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. Information from the Section 47 reports show that compliance is uneven, workplace skills plans (WSP) submission does not necessarily translate into implementation and training delivery remained below desired targets.

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3.4.1 Workplace Skills Plans

Workplace Skills Plans (WSPs) provide the formal mechanism through which municipalities identify skills needs and plan workplace training and capacity development. These plans are informed by skills audits, personal development plans, and organisational needs identified through the Integrated Development Plan (IDP). Municipalities must submit WSPs and implementation reports to the Local Government Sector Education and Training Authority (SETA) at the end of each financial year. The WSP functions as the primary planning instrument for workplace training, career development, and employment equity. It outlines the training priorities for the year together with the associated budget allocation.

Previous Section 48 reporting has shown that WSP submission does not necessarily translate into implementation. The 2024/25 Section 47 reports provide considerably less consistent information on WSP submission, as presented in Figure 3.3 and Table 3.6.

Only **Limpopo** provides a clear provincial submission figure, reporting that **all 27 municipalities submitted WSPs** to Local Government Sector Education and Training Authority (LGSETA). Other provinces refer to WSPs, skills development or capacity-building activities, but do not report the number or proportion of municipalities submitting WSPs. For example, North West reports that training interventions were aligned to WSPs, while KwaZulu-Natal links WSP and Annual Training Report submission to eligibility for LGSETA grants.

The 2024/25 reports nevertheless provide some evidence of actual training delivery relative to planned or targeted training, although the measures are not standardised, provided in 3.7. In **Mpumalanga**, 3,353 employees were trained against 5 778 approved/planned for training, representing approximately 58% delivery against the training plan. **KwaZulu-Natal** reports training against municipal targets and shows considerable variation: **several municipalities exceeded 100% of their employee-training targets**, while others achieved substantially less than their targets. The report records extreme values of 1 006% for uMlalazi LM and 850% for uMzimkhulu LM and cautions that these may reflect data anomalies, expanded participation or underestimation of targets.

Other provinces report the volume or coverage of training without a directly comparable target. **Gauteng** reports **9 881 employees trained, equivalent to approximately 12%** of its reported 82 068 employees. **Limpopo** reports 3 223 employees trained and links this directly to WSP submission and training expenditure.

Overall, the 2024/25 evidence therefore suggests that the key issue: planned skills development is not implemented at the required scale and is not targeted towards identified institutional and service-delivery skills gaps. Reporting remains insufficiently standardised to assess this consistently across all nine provinces. Where data are available, there are indications of significant under-delivery against training plans in some municipalities, alongside instances where reported training exceeds targets.

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Figure 3.3: % WSPs submitted, 2024/25

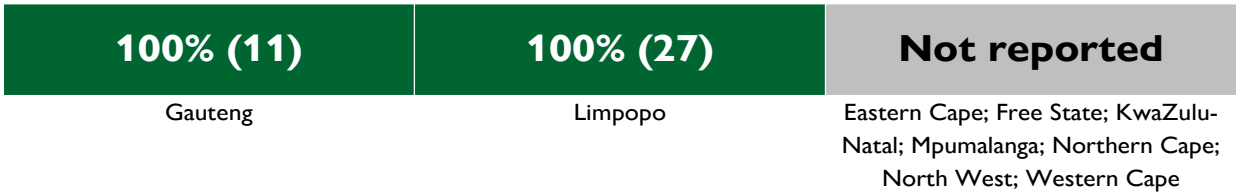


Table 3.6: Workplace Skills Plans information

Province	Summary of WSP Reporting
Eastern Cape	Workplace skills plans are defined in the Section 47 report but no data reported. There is reference made to municipal capacity building. It also notes that municipalities provided limited critical information, constraining the province's ability to assess and strengthen capacity.
Free State	Workplace skills plans are defined in the Section 47 report but no data reported.
Gauteng	The Section 47 report refers to skills development plans, indicating that all municipalities have developed, approved and implemented the plans,
KwaZulu-Natal	Workplace skills plans are defined in the Section 47 report but no data reported. Training and Skills Development of Municipal Staff and Skills Development Levy Recovered are mentioned. The employee-training data are identified as coming from the Capacity Building report. KZN also explicitly states that municipalities must submit a WSP and Annual Training Report (ATR) to LGSETA to qualify for grants.
Limpopo	Section 47 report indicates that all (27) municipalities submitted their WSPs to LGSETA for 2024/25.
Mpumalanga	Workplace skills plans are defined in the Section 47 report but no data reported. The report discusses municipal training and capacity building.
Northern Cape	Workplace skills plans are defined in the Section 47 report but no data reported. The report refers to training/capacity-building interventions, but no province-wide WSP/skills-plan submission measure is provided.
North West	The report stated that municipalities implemented training interventions aligned to Workplace Skills Plans, but it does not state how many municipalities submitted WSPs.
Western Cape	Workplace skills plans are defined in the Section 47 report but no data reported. The report provides 2024/25 training data, but there is no indication of the number of municipalities with WSPs. The report also refers to targeted capacity-building programmes and technical assistance.

Source: Section 47 Reports, 2024/25

Employee training reporting varies considerably across provinces, with only some providing consolidated figures – Figure 3.4. **Gauteng** reported the highest consolidated number identified, with 9 881 employees trained out of a reported workforce of 82 068 (12%). **Limpopo** reported 3 223 employees trained, while **Mpumalanga** trained 3 353 of 5 778 employees planned for training, equivalent to approximately 58% of the planned training places. **Western Cape** reported 25 698 employees trained, based on municipality-level data; however, these figures should be treated cautiously as the report notes that the information was still awaiting verification from municipalities.

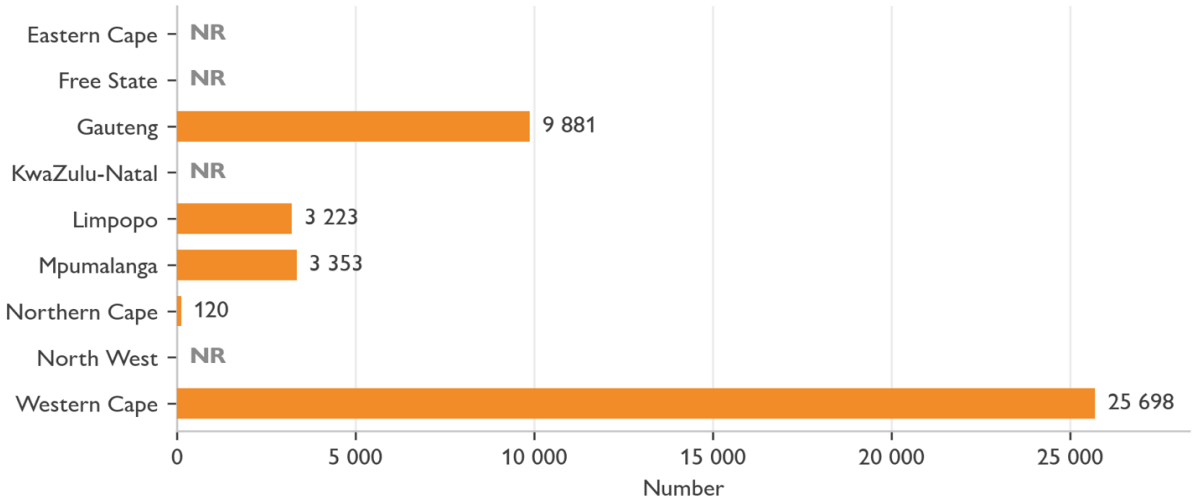
KwaZulu-Natal reported training performance as percentages of municipal targets rather than a consolidated provincial total, with substantial variation, including reported achievement of 1 006% in uMlalazi LM and 352% in uMfolozi LM, suggesting that target-setting and data quality should be considered when interpreting the results.

Northern Cape reported a targeted intervention in which 120 Process Controllers received SETA-accredited training, but this does not represent a province-wide employee-training total. **Eastern Cape,**

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Free State and **North West** did not report consolidated employee-training totals, although all three reports discuss skills development, training or municipal capacity-building initiatives. Overall, the 2024/25 reporting demonstrates uneven measurement of training delivery and limited comparability between provinces, particularly because only some provinces report training against defined targets.

Figure 3.4: Employees trained where reported by province, 2024/25 (number)



Source: Provincial Section 47 reports, 2024/25. NR means not reported; the Northern Cape value is a specific intervention, not a provincial total.

Table 3.7: Provincial Comments on Skills Development

Province	Key skills-development / capacity-building points reported	Key challenges identified
Eastern Cape	Capacity building is linked to strengthening municipal institutional capacity. The Section 47 report identifies the need for skills development and capacity-building programmes in LED units, particularly where funded posts remain vacant. It also refers to professionalisation and strengthening municipal capacity more broadly.	Unfilled funded posts; institutional capacity constraints; limited critical information submitted by municipalities, which constrains the province's ability to assess and support municipalities.
Free State	Skills development is primarily presented as a response to municipal capacity shortages, including shortages of technical specialists. Capacity support includes specialist deployment, structured training and technical support to municipalities.	Severe shortages of technical skills and specialist capacity, including planning and technical functions; need for targeted capacity building and technical training.
Gauteng	Employee training is reported as part of municipal workforce and institutional capacity development. Training covers municipal staff and is intended to strengthen institutional performance.	Uneven workforce development and persistent skills gaps, with training data providing limited evidence on the relevance, quality or impact of training.

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Province	Key skills-development / capacity-building points reported	Key challenges identified
KwaZulu-Natal	Skills development is a formal indicator under Municipal Transformation and Organisational Development. Training includes technical, soft and professional skills, learnerships, SETA-accredited training and workplace experiential learning. WSP and ATR submission is linked to access to LGSETA grants.	Uneven training delivery; extreme target-achievement outliers; possible data anomalies or under-estimated targets; inconsistent councillor training; 13 municipalities recorded 0% SDL recovery.
Limpopo	Skills development is explicitly linked to the statutory requirement to develop municipal human-resource capacity. The report links WSP submission, employee training and training expenditure in its municipal-level capacity-building table.	Persistent human-resource capacity and staffing constraints, despite high WSP compliance and substantial training activity.
Mpumalanga	Municipal training is reported as part of institutional capacity development. Training is planned through municipal skills-development processes and covers municipal staff.	Under-delivery against planned training, together with implementation challenges around training provision, procurement and participation.
Northern Cape	Skills development is strongly linked to technical/service-delivery capacity, particularly water services. The province also reports training for Process Controllers.	Severe shortages of technical/operator capacity; only about one-third of required human resources were available for water-system operations. Skills constraints therefore directly affect service delivery.
North West	Dedicated Capacity Building and Skills Development section. Municipalities implemented interventions aligned to WSPs and institutional development priorities. Interventions include senior-manager regulatory training and bursary support, among others.	Need to strengthen capable municipal administrations, professionalisation and alignment between training interventions and institutional priorities.
Western Cape	Extensive skills-development reporting, including learnerships, skills programmes, short courses, ARPL, OHS, management/leadership, apprenticeships, AET and minimum competency training. The report also identifies critical/scarce skills and links training to service-delivery impacts.	Critical shortages in technical, engineering and financial/MFMA skills; uneven training coverage; need to build and retain critical institutional capacity; data verification concerns.

Source: Section 47 Reports, 2024/25

3.5 PERFORMANCE MANAGEMENT

The White Paper on Local Government (1998) identified performance management as one of the key instruments for ensuring developmental local government as enshrined in the Constitution. Thus Chapter 6 of the Municipal Systems Act mandates performance management as a critical part of municipal management. It is supplemented by the of Local Government: Municipal Planning and Performance Management

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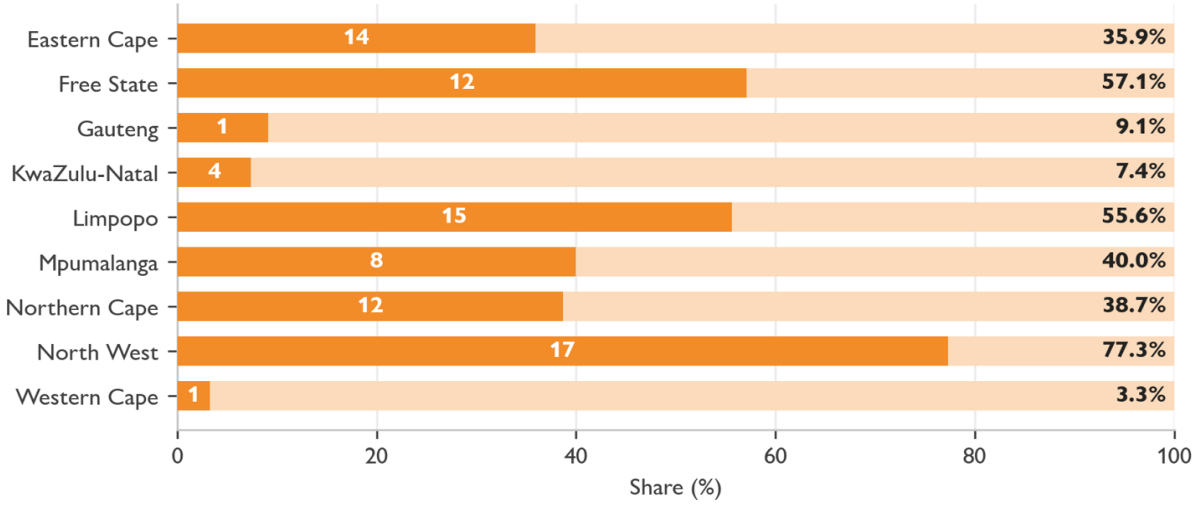
Regulations, 2001 to provide the comprehensive basis on which municipalities should establish, manage and maintain their performance management systems.

3.5.1 Performance Management System Establishment and Implementation

Sections 38 and 40 of the Local Government: Municipal Systems Act 32 of 2000 require every municipality to establish a performance management system (PMS) that is appropriate to its circumstances and available resources. Section 41 further requires municipalities to set appropriate key performance indicators and measurable targets linked to the priorities and objectives in the Integrated Development Plan. Performance against these indicators and targets must be monitored, measured and reviewed at least annually. Municipalities must also take steps to improve performance and establish a process for regular reporting. Additionally, the systems must be devised in such a way as to provide early warning of underperformance. In terms of section 45, the results of performance measurements must be audited through the municipality's internal audit processes and annually by the Auditor-General. Together, these provisions are intended to support regular monitoring, corrective action and accountability for municipal performance.

However, despite these requirements, the Auditor-General South Africa's Consolidated General Report on Local Government Audit Outcomes 2024/25 found that **performance management systems or related controls were not maintained or were inadequate at 84 municipalities**. This represented **33% of the 255[3] municipalities.** The finding indicates that the challenge extends beyond the formal adoption of a PMS. A substantial proportion of municipalities do not maintain the systems and controls needed to monitor performance, produce credible performance information and identify underperformance in time for corrective action.

Figure 3.5 Number and share of Municipalities where performance management systems or related controls were inadequate, 2024/25



Source: AGSA's Consolidated General Report on Local Government Audit Outcomes 2024/25

As shown in Figure 3.5, **weaknesses were most widespread in the North West**, where 17 of the province's 22 municipalities, or 77.3%, had inadequate or poorly maintained performance management systems or related controls. **More than half of municipalities were also affected in Limpopo** and

[3] 2 Municipalities, Nala and Maluti-a-Phofung, were excluded because their audits had not been completed by the report's cut-off date.

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the **Free State**, at 55.6% and 52.2%, respectively. The percentage was significantly **lower in Gauteng**, **KwaZulu-Natal** and the **Western Cape** compared to other provinces.

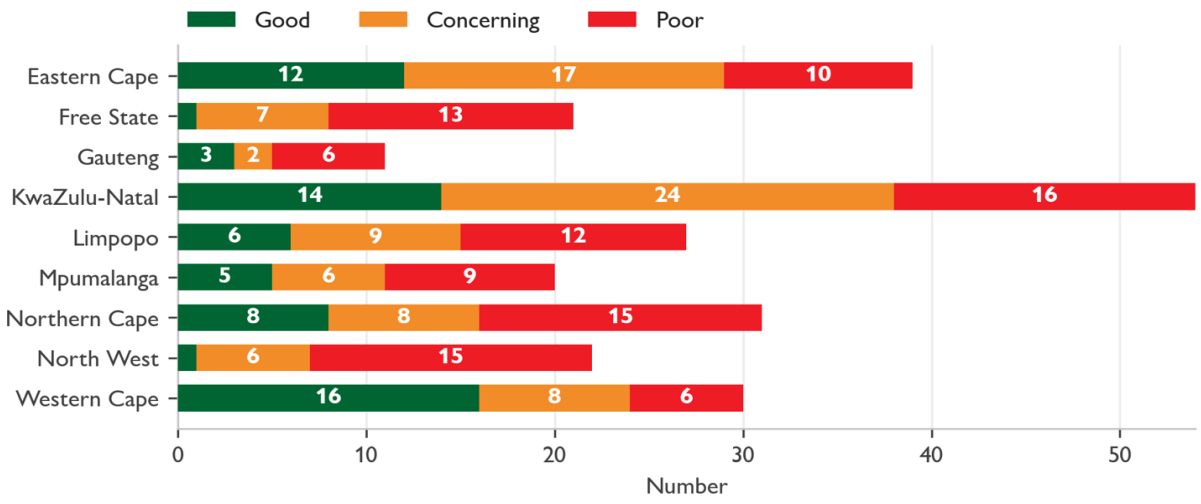
Additionally, the report found **that no performance system was established and or adopted in 6 municipalities**: Letsemeng and Masilonyana (Free State), Bojanala Platinum District Municipality and Kgetlengrivier (North West), and Renosterberg and Phokwane (Northern Cape).

3.5.2 Performance Reporting

While section 41 of the Municipal Systems Act requires municipal performance to be measured and reviewed at least annually, it also requires a process of regular reporting. The Municipal Planning and Performance Management Regulations require performance to be reported to the municipal council at least twice a year. Section 72 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) further requires a formal mid-year assessment of performance against the service delivery and budget implementation plan.

The Auditor-General South Africa (AGSA) assesses in-year and year-end reporting as one of the key controls supporting financial and performance management. Its published guidance explains that these controls include the preparation of regular and credible performance reports. Performance information should be collected at intervals appropriate for monitoring, assessed against service-delivery targets and milestones, and validated before it is reported. Senior management should also prepare regular, accurate and complete performance reports that are supported by reliable information.

Figure 3.6 Provincial status of in-year and year-end performance reporting, 2024/25



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25.

The AGSA classified in-year and year-end performance-reporting controls at the 255 municipalities with completed audits as good, concerning or poor. These classifications represent qualitative assessments of the status of controls at the time of the audit. The AGSA does not publish the detailed thresholds used to distinguish between the three ratings. However, its guidance indicates that the assessment considers whether reporting controls are adequately designed and implemented to produce regular, credible and reliable performance information.

The **Western Cape** was the only province in which more than half of municipalities were assessed as having good reporting controls, at 16 of 30 municipalities, or 53.3%. **North West and the Free State had the weakest results**. Only one municipality in each province had good reporting controls. Poor controls were

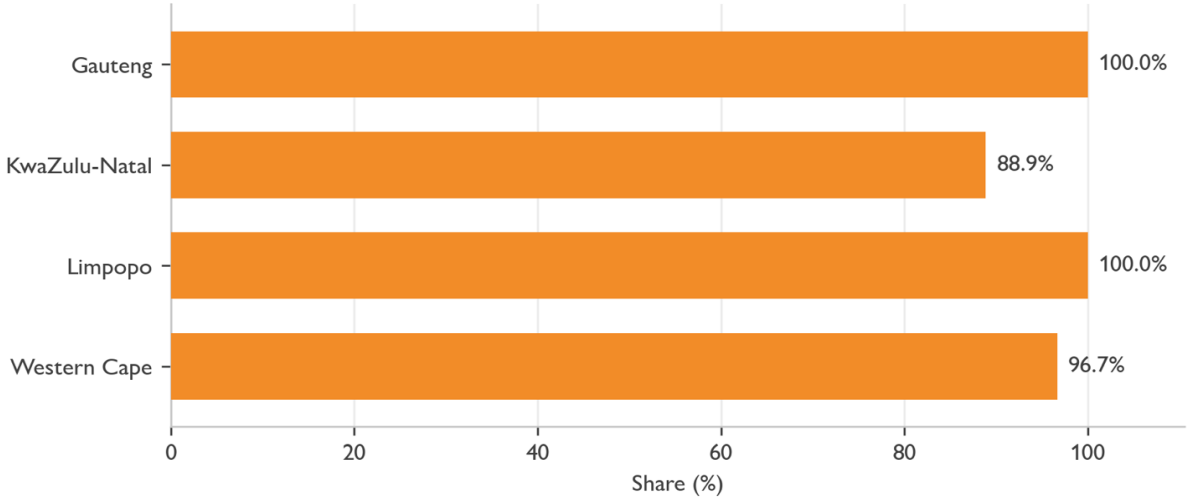
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recorded at 15 of the 22 municipalities in North West and 13 of the 21 municipalities with completed audits in the Free State. **Gauteng also had a relatively high proportion of poor controls,** affecting six of its 11 municipalities.

3.5.3 Senior Management with Performance Agreements

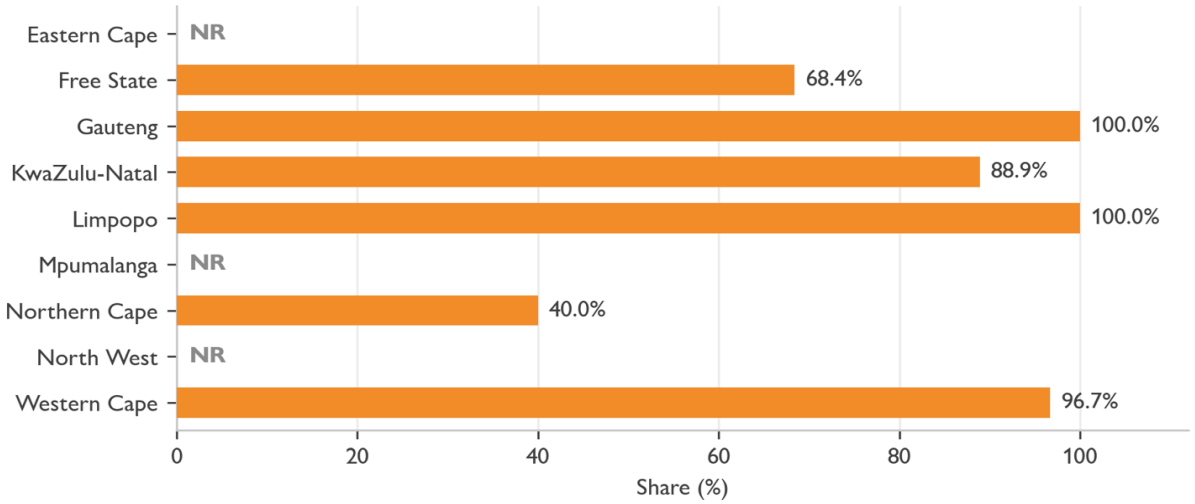
Another key component of performance management is the signing of performance agreements. The Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 requires municipal managers and managers directly accountable to them to conclude a performance agreement for each financial year. 6 out of the 9 provinces reported on this.

Figure 3.7: Municipalities complying with senior-management performance agreement requirements, 2024/25 (%)



Source: Section 47 reports, 2024/25

Figure 3.8: Individual senior-management performance agreements signed, 2024/25 (%)



Source: Section 47 reports, 2024/25. Three provinces did not report a comparable figure and are shown as NR.

Provincial reporting was not standardised. Gauteng, Limpopo and KwaZulu-Natal reported municipality-level compliance with the signing or submission of senior management performance agreements. The Western

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Cape reported whether municipalities signed agreements within the required timeframe. As shown in Figure 3.7**Error! Reference source not found.**, **Gauteng and Limpopo reported full compliance, while the Western Cape reported 96.7% and KwaZulu-Natal 88.9%.** These results are broadly comparable, although the Western Cape applies an additional timeliness requirement and KwaZulu-Natal measures submission rather than signing.

Free State and the Northern Cape, on the other hand reported the number of individual senior management performance agreements signed, rather than the number of compliant municipalities. Figure 3.8 shows that **Free State** reported that 67 of 98 filled senior management posts had signed agreements, equivalent to **68.4%.** In the **Northern Cape,** 48 of the 120 required agreements were signed, equivalent to **40.0%.** These results are presented separately because their unit of analysis and denominators differ from the municipality-level figures.

3.6 DISCIPLINARY PROCEDURES

Disciplinary procedures and consequence management remain a significant weakness in municipal institutional governance. Previous Section 48 reporting identified persistent delays in investigating and resolving disciplinary matters, inconsistent reporting of cases, weak enforcement of disciplinary regulations and instances where UIFW matters were written off without consequences.

The 2024/25 Section 47 reports provide some evidence of progress, particularly in **KwaZulu-Natal**, where several senior-management cases carried over from previous years were finalised through dismissal, resignation, withdrawal, reinstatement following court rulings or mutual separation agreements. **North West** reported that all municipalities had disciplinary policies in place, but also found that most cases were not finalised within the required timeframes, demonstrating that policy adoption has not necessarily translated into effective case management. The Western Cape provides the most extensive case-level reporting, including cases carried over, new cases and finalised cases, but the information remains subject to municipal verification and shows lengthy resolution periods in some municipalities.

Overall, the 2024/25 evidence suggests some improvement in the finalisation of disciplinary matters in selected provinces, but persistent weaknesses in timely resolution, consistent application of consequence management and standardised reporting continue to limit assessment of the effectiveness of municipal disciplinary systems, presented in Table 3.8.

Table 3.8: Provincial information on Disciplinary Measures

Province	Disciplinary matters reported	Municipalities with disciplinary policy confirmed	Summary of disciplinary procedures reported
Eastern Cape	4 municipalities with disciplinary consequences reported	NR	The 2024/25 report provides examples of consequence-management action, including suspensions and dismissals of senior managers in several municipalities. However, implementation is not consistent across municipalities; Makana, for example, reported no action despite identified issues. Sundays River Valley (CFO disciplinary action; Corporate Services Director dismissed), Mhlontlo (CFO dismissed), Emalahleni (CFO dismissed), and Makana (no action) where disciplinary procedures are in process. This is not a total of all disciplinary cases.

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Province	Disciplinary matters reported	Municipalities with disciplinary policy confirmed	Summary of disciplinary procedures reported
Free State	NR	NR	Report does not provide a consolidated disciplinary-case table in the material identified. The limited reporting of disciplinary cases and outcomes makes it difficult to assess whether cases are being investigated and concluded timeously.
Gauteng	NR	NR	No reliable, consolidated disciplinary-case count identified in the Section 47 report.
KwaZulu-Natal	At least 7 senior-management matters/actions	NR	There appears to be greater finalisation of previously outstanding senior-management cases. Cases included dismissals, resignations, withdrawals, reinstatement following court rulings and mutual separation agreements. However, most municipalities reported no consequence-management cases. Cases/actions include Msunduzi, uThukela, Amajuba, Dannhauser, Nongoma (2 officials), KwaDukuza and Greater Kokstad; some are resolutions of earlier cases rather than new cases.
Limpopo	NR	NR	The province reports challenges with municipalities' compliance with the requirement to submit quarterly disciplinary-case status reports under Regulation 19, but does not provide a consolidated case number.
Mpumalanga	NR	NR	No consolidated disciplinary-case number could be reliably extracted from the report.
Northern Cape	NR	NR	The report does not provide a comparable consolidated disciplinary-case count.
North West	NR	22	All municipalities reported that disciplinary policies are in place. All also reported carried-over and new cases, but no numerical totals are provided. Some cases were finalised, but most were not finalised within the required timeframes.
Western Cape	450 new cases	19	Provides relatively detailed case-management information, including new, carried-over and finalised cases. 19 municipalities with "Yes" for reported disciplinary policy, 1 "No", and 10 with no information. The report cautions that the information was still awaiting verification.

Source: Section 47 reports, 2024/25. NR = not reported in Section 47 report

3.7 CHALLENGES

Municipal transformation and organisational development challenges remain closely linked to the ability of municipalities to attract and retain appropriately skilled personnel, fill critical senior-management and technical positions, implement employment-equity commitments, and maintain effective performance-management and accountability systems. The 2024/25 Section 47 reports indicate that, although provinces have established regulatory and institutional mechanisms for addressing these areas, implementation remains uneven. Persistent vacancies, shortages of specialised skills, delays in recruitment and disciplinary processes, weak or inconsistent performance-management practices, and incomplete reporting continue to constrain municipal institutional capacity. The challenges also vary considerably across provinces and municipalities,

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with some provinces demonstrating stronger systems and targeted interventions while others continue to experience significant capacity and compliance gaps.

Vacancy Rates

Key challenges include:

- Persistent vacancies in senior management and critical technical posts, with particularly high vacancy rates in some provinces and occupational categories.
- Shortages of scarce and specialised skills, particularly in engineering, technical services, finance, planning and other professional functions.
- Difficulty attracting and retaining suitably qualified personnel, particularly in rural and geographically dispersed municipalities.
- Delays in recruitment and appointment processes, resulting in prolonged vacancies in critical positions.
- Uneven vacancy patterns across municipalities, with provincial averages sometimes masking substantially higher vacancy rates in individual municipalities.
- Weak or incomplete reporting, which limits the ability to establish a consistent national picture of municipal vacancies.

Section 54A and 56 Positions

Key challenges include:

- Continued vacancies in Municipal Manager and other Section 56 senior-management positions, affecting institutional leadership and continuity.
- Delays in filling vacant posts, including extended recruitment processes and, in some cases, repeated or unsuccessful recruitment attempts.
- Non-compliance or weak compliance with prescribed appointment and reporting requirements in some municipalities.
- Reliance on acting appointments, which can create uncertainty around accountability, authority and continuity.
- Weaknesses in recruitment and selection processes, including difficulties securing appropriately qualified candidates.
- Inconsistent consequence management where critical positions remain vacant, limiting the effectiveness of provincial oversight.

Employment Equity

Key challenges include:

- Low representation of people with disabilities, with many municipalities falling below the 2% benchmark and some failing to report disability-employment information.
- Declining or insufficient representation of youth within municipal workforces, particularly in municipalities where recruitment does not sufficiently support generational renewal.
- Uneven implementation of Employment Equity Plans and targets across municipalities.
- Limited evidence of targeted recruitment and retention measures for underrepresented groups.
- Incomplete employment-equity reporting, which makes it difficult to assess progress against provincial and national targets.
- A gap between policy commitments and implementation, with employment-equity requirements not consistently translating into improved workforce representation.

Performance Management

Key challenges include:

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- Inconsistent implementation of municipal performance-management systems, including weaknesses in linking individual performance to institutional priorities.
- Delays and weaknesses in performance assessments, particularly for senior managers.
- Inadequate use of performance information to inform management decisions, capacity development and accountability.
- Weak alignment between performance management, organisational priorities and service-delivery outcomes in some municipalities.
- Inconsistent application of consequence management where performance requirements are not met.
- Limited monitoring and reporting of performance-management outcomes, reducing the effectiveness of provincial oversight.
- Capacity constraints among municipalities to implement performance-management processes consistently, particularly where HR and management functions are already understaffed.

Institutional and HR Challenges

The cross-cutting institutional and human-resource challenges include:

- Insufficient institutional capacity to fulfil core municipal functions, particularly where vacancies and scarce skills coincide.
- Difficulty attracting, developing and retaining skilled personnel, particularly in rural and smaller municipalities.
- Weak implementation of skills-development plans, despite continued references to WSPs, capacity building and employee training.
- Training delivery below planned or targeted levels in some municipalities, indicating a gap between skills-development planning and implementation.
- Inconsistent reporting of WSPs, employee training and capacity-development activities, limiting comparative assessment across provinces.
- Weak disciplinary and consequence-management systems, including delays in investigations and finalisation of cases.
- Persistent gaps in employment-equity implementation, particularly disability and youth representation.
- Fragmented HR information and reporting, making it difficult for provinces to identify and respond systematically to municipal capacity constraints.
- Weak institutional continuity where senior-management positions remain vacant or are occupied by acting officials.
- Limited evidence that HR interventions are consistently linked to identified institutional and service-delivery skills gaps, rather than being implemented as stand-alone compliance activities.

3.8 CONCLUSION

Municipal transformation and organisational development remain constrained by uneven institutional capacity, persistent senior-management vacancies, limited progress on employment equity, inconsistent disability and youth reporting, and skills-development systems that are not yet translating consistently into improved municipal capability. While some provinces demonstrate stronger practice in areas such as lower vacancy rates, Workplace Skills Plan submission, targeted recruitment support and employee training, these gains are not sufficiently consistent across the local government system. The findings point to the need for more deliberate action to fill critical posts, strengthen performance management systems, improve the quality and comparability of workforce data, and ensure that capacity-building interventions are targeted to the technical, managerial and governance gaps that most affect municipal performance and service delivery

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4. BASIC SERVICE DELIVERY

4.1 OVERVIEW

Section 48 of the Municipal Systems Act requires the Minister to report to Parliament on the performance of municipalities against the general key performance indicators prescribed under section 43 of the same Act. Water, sanitation, electricity and refuse removal are the services against which that performance is most visible, and they are the services on which this chapter reports.

Household access is measured through the Statistics South Africa (Stats SA) General Household Survey (GHS) of 2025, which tracks the progression over time of the share of households that receive each service by province. The service performance data related to the aforementioned access measures, including reliability, distribution losses and the provision of free basic services to indigent households, is extracted from the nine provincial Section 47 reports for 2024/25.

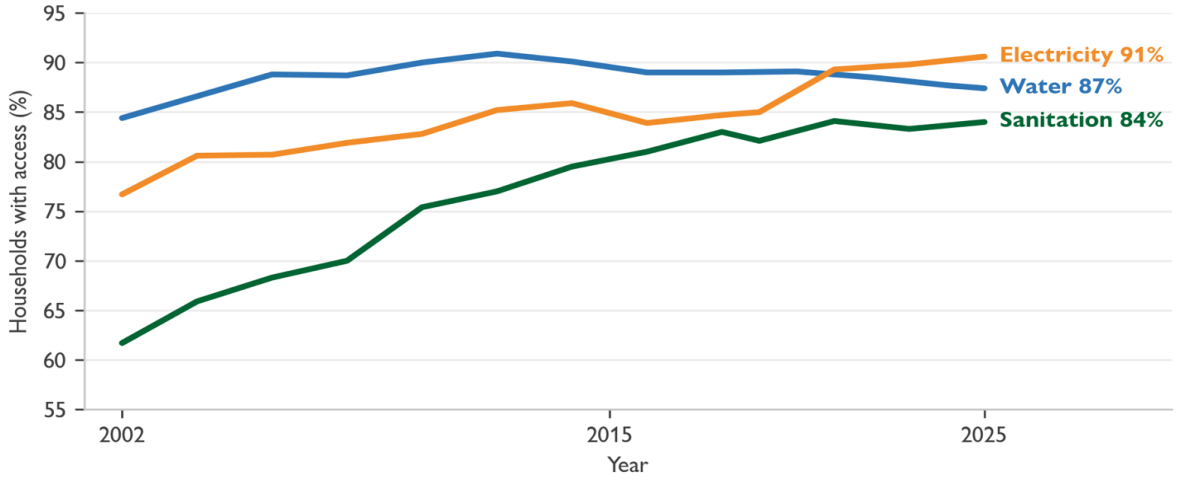
Reporting against the basic services indicators varied considerably between provinces, both in presentation and level of detail, and in several cases the underlying data were incomplete or absent. Where a province did not report a metric, the missing metric is stated as "NR" and shown as unavailable in visualisations. The unevenness of Section 47 reporting is a finding that addressed in the summary of challenges.

4.2 WATER

4.2.1 Access to Water Services

In 2025, 87.4% of South African households had access to piped or tap water either in their dwellings, on site, or off site.[4] This national figure has moved within a narrow band for two decades, rising from 84.4% in 2002 to a peak of 90.9% in 2012 before decreasing to its current level. While more households receive water in 2025 (20,1 million) than in 2002 (11,2 million), the proportion of households reached has not improved materially since 2012. Figure 4.1 places the national trend for water alongside those for sanitation and electricity over the same period.

Figure 4.1: National household access to basic services



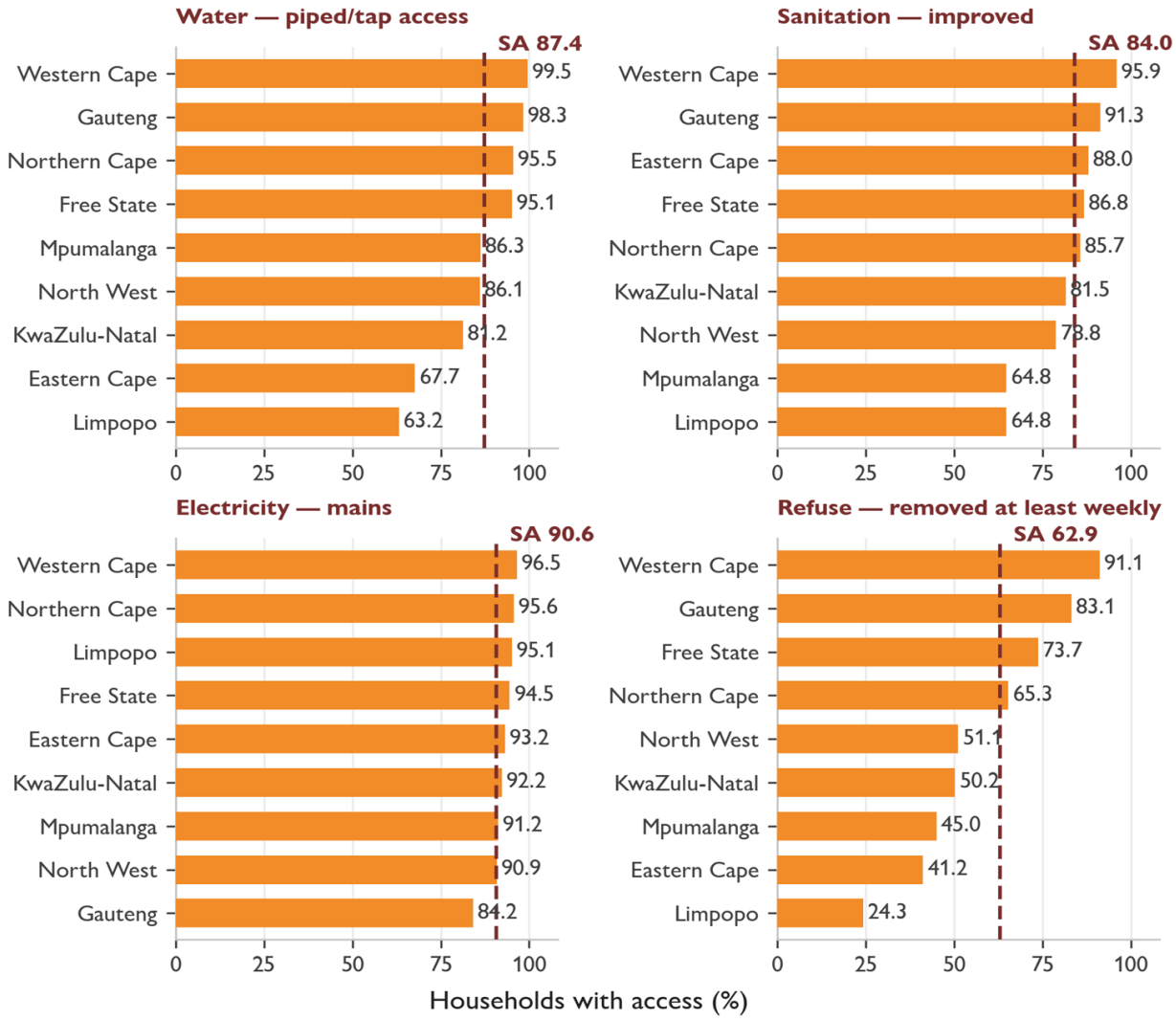
Source: Statistics South Africa, General Household Survey 2025 (P0318).

[4] **Access to drinking water on-site**: Water accessed in the dwelling or in the yard
Access to drinking water off-site: Water accessed outside the yard using a neighbour's tap, public or communal taps (Source: Stats SA. General Household Survey, 2025.)

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The national average conceals a wide provincial range. As shown in Figure 4.2, access was nearly universal in the **Western Cape at 99.5%** and in **Gauteng at 98.3%,** and remained high in the **Northern Cape at 95.5%** and the **Free State at 95.1%**. It was lowest in **Limpopo at 63.2%** and the **Eastern Cape at 67.7%**. The gap between the best and worst served provinces was therefore 36 percentage points.

Figure 4.2: Household access to basic services by province

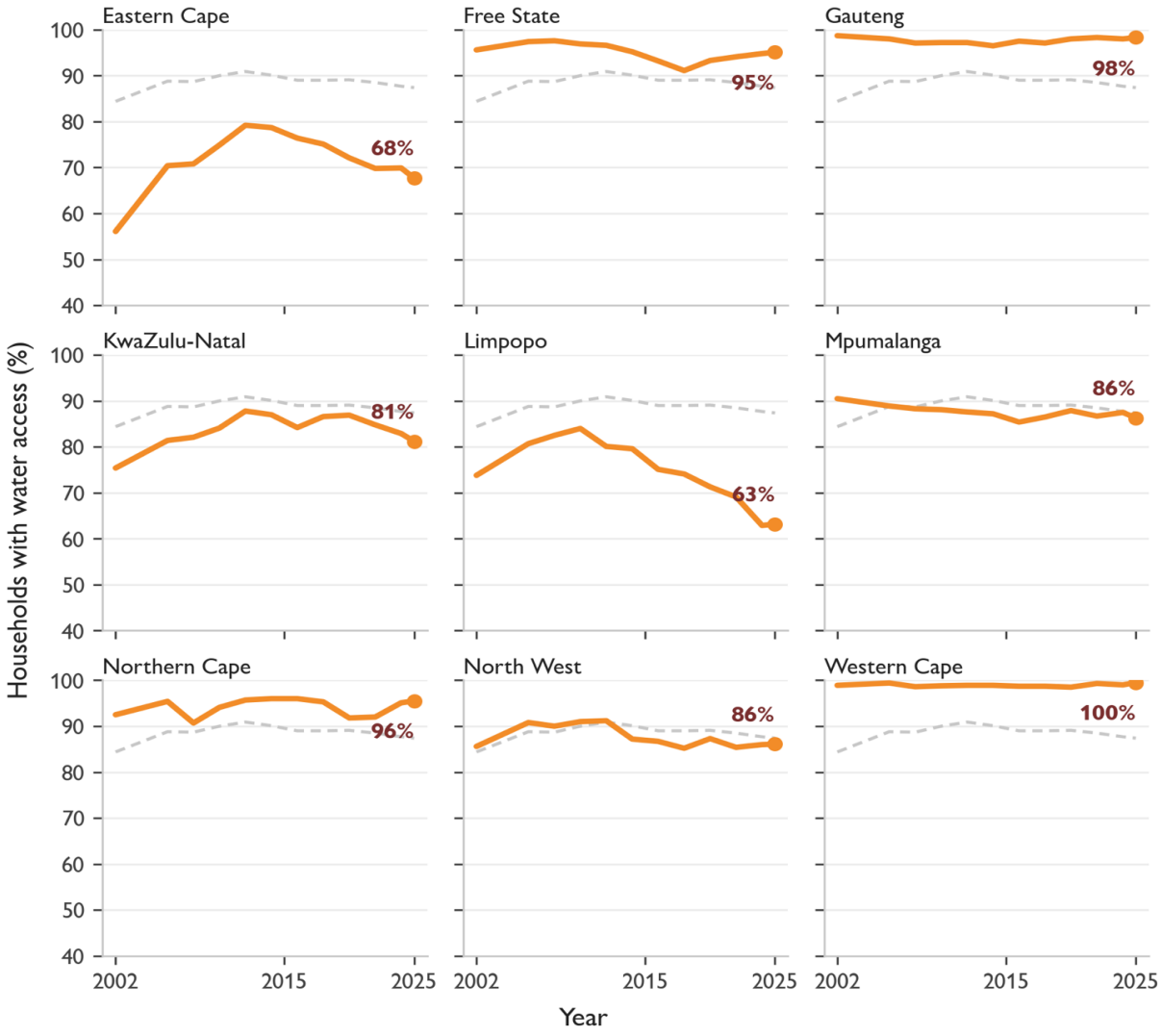


Source: Statistics South Africa, General Household Survey 2025 (P0318).

Figure 4.3 illustrates the trend in household access to water by province, with notable **declines in four provinces between 2002 and 2025.** The **largest decline was in Limpopo**, where access dropped by 10.6 percentage points, from 73.8% in 2002 to 63.2% in 2025, having reached 84.0% as recently as 2010. Smaller declines were recorded in **Mpumalanga**, the **Free State** and **Gauteng**. The **Eastern Cape** improved by 23.1 percentage points to 2012 but subsequently reversed most of that gain, decreasing to 67.7% in 2025. Against these reversals, **KwaZulu-Natal** recorded a gain of 5.8 percentage points over the period, reaching 81.2%.

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Figure 4.3: Household access to water by province



Source: Statistics South Africa, General Household Survey 2025 (P0318).

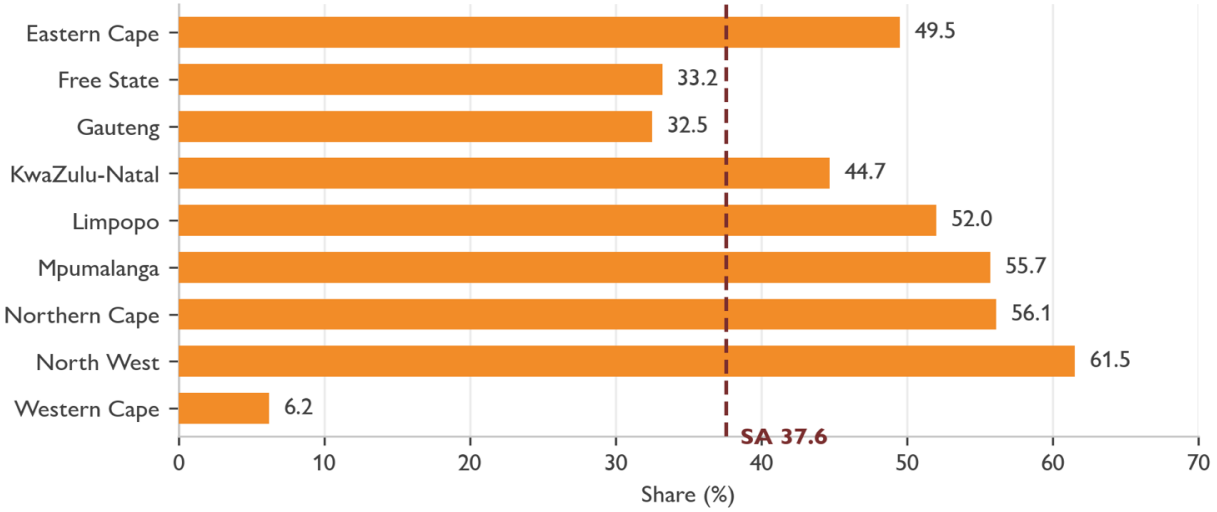
Of all households in 2025, 45.1% had piped water inside the dwelling and a further 31.2% had piped water on site or in the yard. The remaining households relied on less secure sources: 8.6% used a communal tap, 2.5% a neighbour's tap, and 2.4% drew water from rivers, streams, dams, wells or springs. Reliance on communal and neighbours' taps means that some households counted as served still have to carry water over a distance.

4.2.2 Water service interruptions

Access to an improved water source does not guarantee a continuous supply. In 2025, 56.8% of households that received municipal water reported at least one interruption during the year, and 37.6% reported an interruption that lasted two days or longer, which the survey classifies as a dysfunctional water service. Figure 4.4 shows the share of households reporting an interruption of two days or longer by province.

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Figure 4.4: Households reporting water interruptions of two days or longer by province, 2025 (%)



Source: Statistics South Africa, General Household Survey 2025 (P0318). Higher values indicate less reliable supply

Interruptions of two days or longer were **most common in North West**, at 61.5% of households, the **Northern Cape** at 56.1% and **Mpumalanga** at 55.7%, and **least common in the Western Cape** at 6.2%. Households in the **Free State** and **Gauteng** reported 33.2 and 32.5% respectively. The Northern Cape best illustrates the gap between access and reliability, combining near-universal access, at 95.5%, with one of the least reliable supplies in the country.

A household counted as served may therefore still face frequent and extended interruptions. Access depends on reliability as much as on reach, and on this measure the service is weakest in the same provinces that carry the highest water losses.

4.2.3 Water Losses

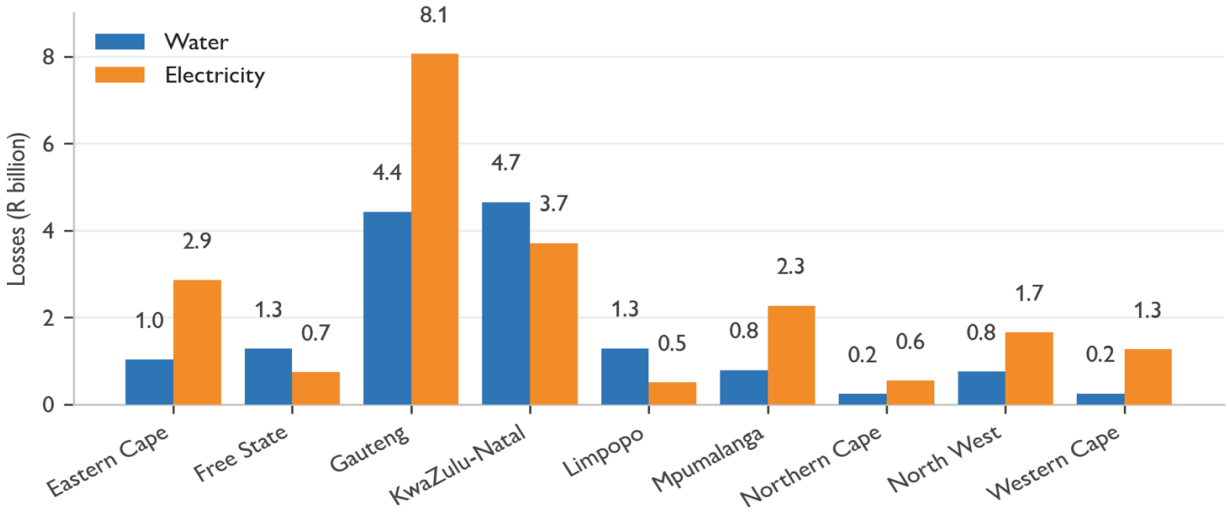
Non-revenue water measures the share of water produced but not billed because of physical leaks, metering failures or weaknesses in billing and collection. The Revised Compulsory National Water and Sanitation Services Standards, issued in terms of the Section 9(1) of the Water Services Act of 1997, prescribes internationally accepted standards of 20-30% non-revenue water. Figure 4.5 shows the water (and electricity) distribution losses reported by service providers in 2024/25. **KwaZulu-Natal** reported provincial non-revenue water of 53.6% for 2024/25, meaning that more than half of the water entering the provincial system did not generate revenue.

Gauteng municipalities reported water losses ranging from 19% in Mogale City to 57% in Emfuleni and 58% in Rand West City, with most losing between a third and a half of the water they produced. The **Northern Cape** reported provincial non-revenue water above 55%, with most of its municipalities near 45%, and set a target to reduce it to 40% through a provincial water task team. Losses at this level connect the reliability problem above to the revenue problem discussed in Chapter 6 on financial viability because municipalities cannot recover the cost of water that is lost.

The Auditor-General estimated national municipal water distribution losses at R14.7 billion in 2024/25. **Across the eight metros, water losses averaged 39% of the purchased bulk water and were worth R9.9 billion.** Not every province reported comparable percentage.

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Figure 4.5: Distribution losses by province, 2024/25 (Billions of Rand)



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. Percentages refer to providers that disclosed a loss figure.

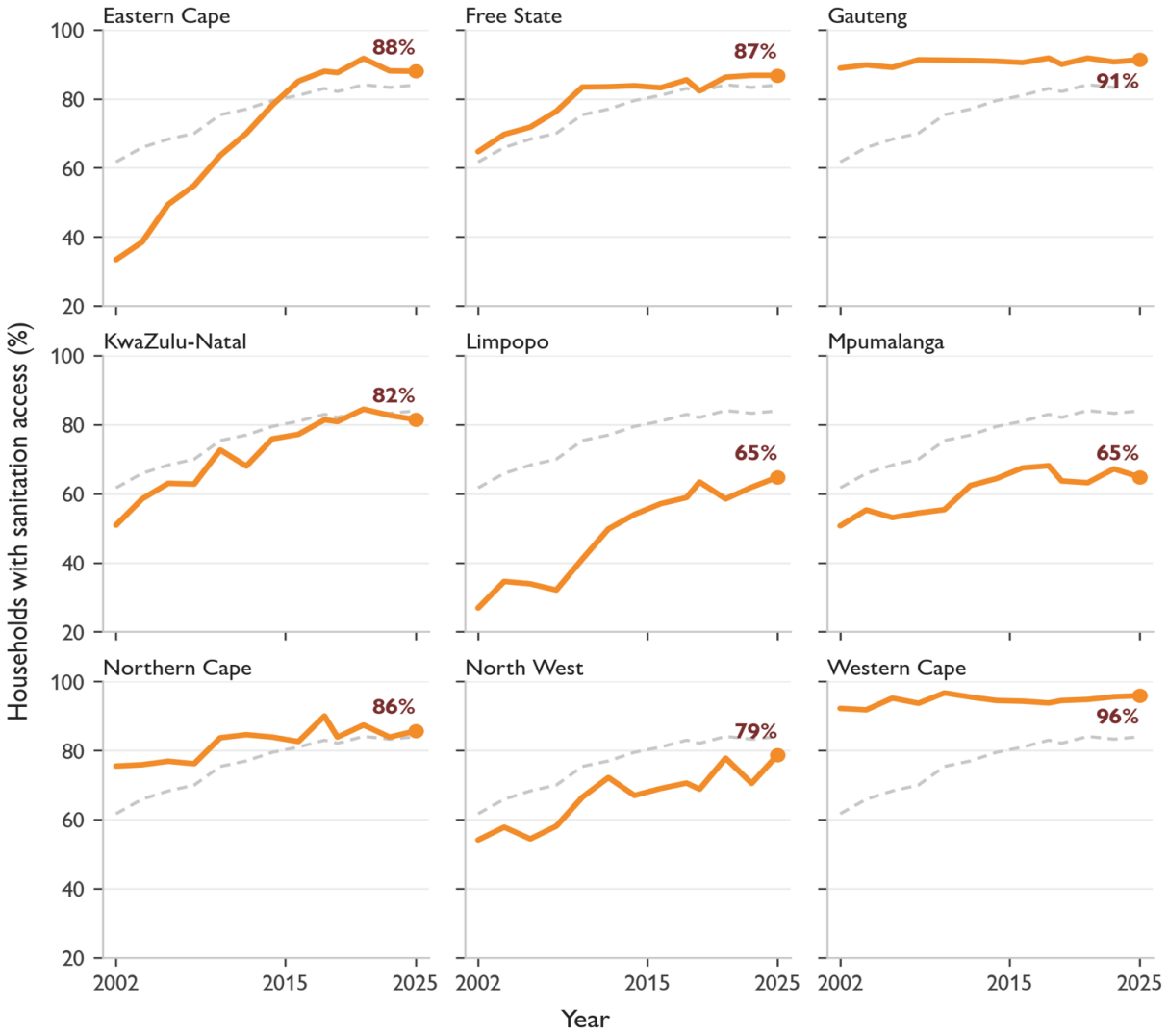
4.3 SANITATION

4.3.1 Access to Sanitation Services

Improved sanitation recorded the largest long-term gain among the basic services since 2002 as shown by Figure 4.6. The share of households with access rose from 61.7% in 2002 to 84.0% in 2025, a gain of 22.3 percentage points. The **Eastern Cape recorded the largest gain** of any province on any service over the period, moving from 33.4% in 2002 to 88.0% in 2025, an increase of 54.6 percentage points. Much of that improvement came from the installation of ventilated pit toilets. **Limpopo** improved by 37.9 percentage points and **KwaZulu-Natal** by 30.6 percentage points over the same period. In 2025, **access was highest in the Western Cape at 95.9% and Gauteng at 91.3%**, and **lowest in Limpopo and Mpumalanga, both at 64.8%**.

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Figure 4.6: Household access to improved sanitation by province compared to national rate, 2002 to 2025



Source: Statistics South Africa, General Household Survey 2025 (P0318).

The type of facility varies by province and shapes the quality of the service. Nationally, 67.3% of households used flush toilets connected to a public sewer or a septic tank in 2025, while 16.8% used ventilated pit toilets and 13.0% used pit toilets without ventilation. **Flush toilets were most common in the Western Cape at 95.7% and Gauteng at 87.8%.** In **Limpopo**, **only about a third of households used a flush toilet** of any kind, and two thirds relied on pit latrines, the majority without ventilation. The provincial gains in improved sanitation therefore rest to a large degree on ventilated pit systems rather than on waterborne sanitation.

4.3.2 Sanitation Quality and Treatment Performance

The General Household Survey also recorded how many households had ever had their septic tank or pit chamber emptied. Nationally, only 10.7% of households reported that their tank or chamber had been emptied. The figure ranged from **91.5% in the Western Cape to 2.2% in Limpopo**, with **Gauteng** at 42.2%, the **Free State** at 36.8% and the **Eastern Cape** at 3.5%. Because most households in Limpopo and the Eastern Cape rely on pit latrines rather than a sewer or septic connection, a chamber that is never

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emptied eventually fills, at which point a facility still counted as improved access but has in practice stopped functioning as one.

A small number of households sit outside any improved facility altogether. Statistics South Africa's 2025 addendum tables record 155 000 households nationally practising open defecation, a figure the agency rates as statistically reliable, concentrated in the Eastern Cape (44 000), KwaZulu-Natal (33 000) and Mpumalanga (20 000). A further 120 000 households nationally used a bucket toilet collected by the municipality and 35 000 emptied their own bucket, though Statistics South Africa flags both bucket-toilet figures for use with caution given the small number of households sampled in this category.

Household access also depends on sanitation infrastructure. The Auditor-General's performance audit teams examined 34 sanitation projects in 2024/25 and identified delivery findings against 28 (82%). Delayed projects ran an average of 31 months behind schedule. The AGSA identified cost problem in 23 projects (68%), and found procurement or contract management non-compliance in every project sampled in that audit.

For wastewater treatment, 22 of the 35 wastewater treatment works the Auditor-General inspected, almost two thirds, discharged effluent that did not meet the required standard, so sewage reaching the environment from municipal works is often substandard even where the household connection feeding it is recorded as functioning.

KwaZulu-Natal's Section 47 report adds a province-specific view of treatment performance through the Green Drop assessment. Six of its water services authorities, Newcastle, Msunduzi, King Cetshwayo, Amajuba, uThukela and Umzinyathi, received a critical Green Drop score in 2024, and a further four were rated poor. Only four of the province's water services authorities improved their scores since 2021; more authorities recorded static or deteriorating performance than improvement.

4.4 ELECTRICITY

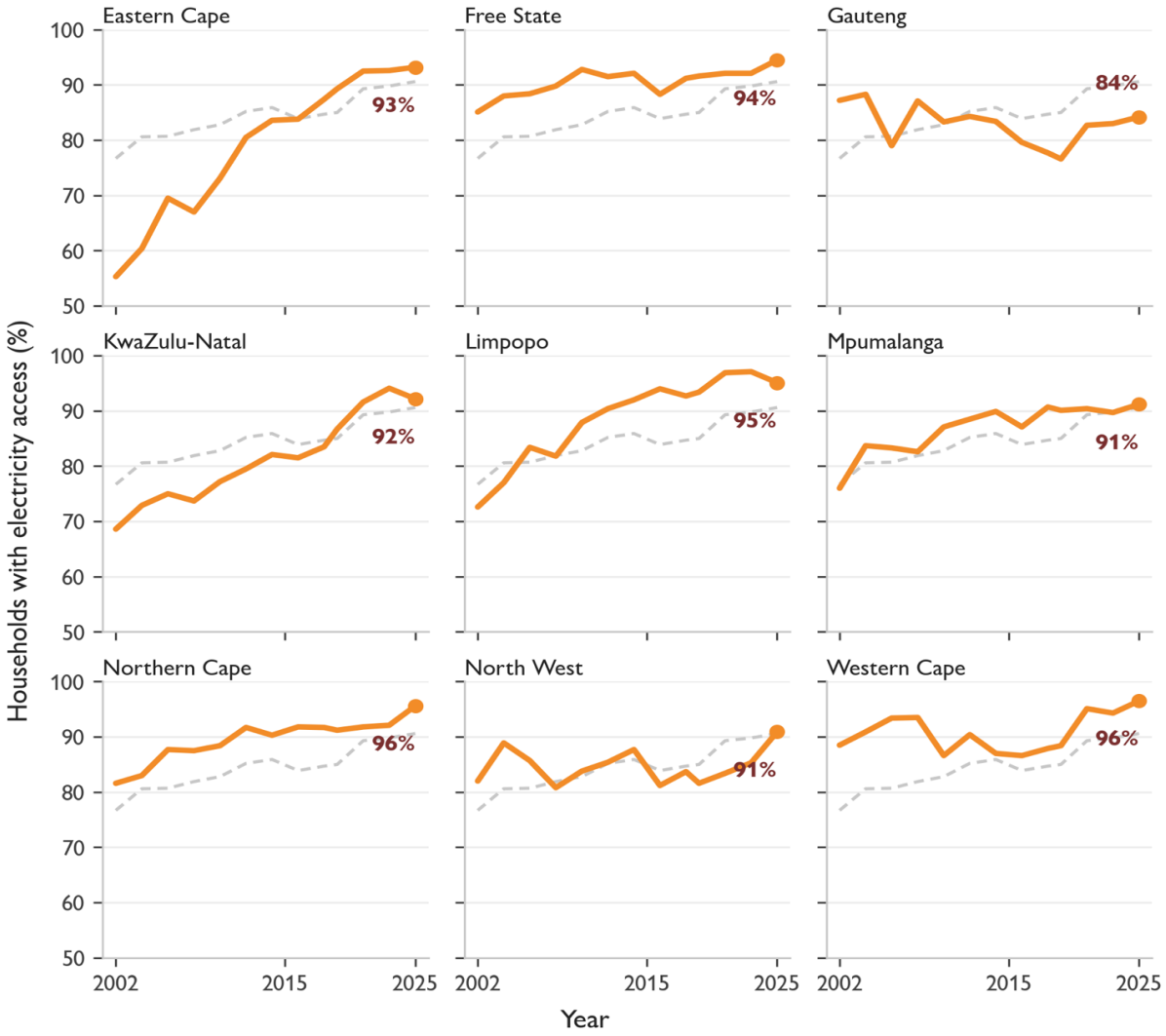
4.4.1 Access to Electricity Services

Mains electricity had the highest national household access rate of the four basic services in 2024/25. The share of households connected rose from 76.7% in 2002 to 90.6% in 2025, a gain of 13.9 percentage points. As shown in Figure 4.7, provincial access was high across the board in 2025, **ranging from 96.5% in the Western Cape to 84.2% in Gauteng**. The **Northern Cape, at 95.6%, and Limpopo, at 95.1%,** were among the best served, which is notable given that Limpopo was the least served province for water.

Gauteng records the lowest connection rate despite being the most urbanised province. This is because informal settlements are concentrated in the province, where formal connections lag household formation. Consistent with this, 16.0% of Gauteng households obtained electricity from a source other than a direct municipal connection, such as a neighbour or a landlord, against a national figure of 8.3%.

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Figure 4.7: Household access to mains electricity by province, compared to national rate, 2002 to 2025



Source: Statistics South Africa, General Household Survey 2025 (P0318).

Of connected households, 80.7% used pre-paid meters in 2025 and 11.0% were billed on conventional meters. The prevalence of pre-paid metering shapes municipal revenue, since it front-loads payment and limits the accumulation of consumer debt on the electricity account.

4.4.2 Electricity Distribution Losses

Gauteng provided the most complete account of electricity distribution losses. Municipal results ranged from 7% in Midvaal to 56% in Merafong City LM, worth R309 million, and 41% in Rand West City, worth R469 million. Lesedi recorded 35%, worth R110 million; Emfuleni recorded 25%, worth R608 million; and City of Tshwane MM recorded 21%, worth R3.3 billion. City of Tshwane MM had the largest rand loss despite its lower percentage.

As with water, reported losses are high. They comprise electricity purchased from Eskom but not billed to consumers because of technical losses or unmetered use. These losses reduce the revenue available to pay bulk electricity accounts and add to the Eskom arrears discussed in the financial viability chapter. The Auditor-

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General estimated national municipal electricity distribution losses at R21.6 billion in 2024/25. Across the eight metros, losses averaged 20% and were worth R17.3 billion.

Losses of this scale are one reason municipalities fall into arrears with Eskom, which reached R70.1 billion across 96 municipalities at year end. Gauteng carries a disproportionate share of this debt: its municipalities owed Eskom R34.5 billion as at 30 June 2025, and eight of them exceeded the statutory threshold of 2% of the operating budget set by section 140(2)(c) of the Municipal Finance Management Act.

Five Gauteng municipalities, Emfuleni, Rand West City, Mogale City, Lesedi and Merafong City LM, were approved for National Treasury's three-year Eskom debt relief programme, which writes off a portion of historical arrears against a commitment to pay current accounts in full. KwaZulu-Natal reported a smaller but still material Eskom debt of approximately R3.1 billion, with Msunduzi, at R983.5 million, and Mpofana, at R617 million, its largest contributors..

Not every provincial Section 47 report states a comparable loss percentage. This chapter presents the available figures below. Gauteng disclosed R8.1 billion in electricity losses, the highest provincial total and well above KwaZulu-Natal's R3.7 billion. In every province except the Western Cape, most electricity service providers that disclosed a figure exceeded the 10% norm. Table 4.1 provides the full provincial breakdown for both services.

4.4.3 Electricity Reliability and Infrastructure Delivery

Electricity supply in South Africa was more reliable in 2024/25 than in the previous two years. The General Household Survey shows that the share of households experiencing loadshedding or an unscheduled outage in the week before the interview fell from 92.1% in 2023 to 35.9% in 2024 and 31.0% in 2025. By 2025, 69.0% of households experienced no interruption during the reference week, while 3.8% experienced one every day.

Daily interruptions were concentrated in Mpumalanga, at 13.2% of households, and Limpopo, at 6.6%, and were rare in the Northern Cape, at 0.6%, and the Western Cape, at 0.7%. The survey did not publish a daily-interruption figure for the remaining five provinces in a form this report could extract, so the provincial picture behind the national improvement remains partial.

Where access is measured administratively rather than through a household survey, the picture can differ. KwaZulu-Natal's monitoring puts total provincial households at 2 853 743, of which 95 507, 3.4%, remained without electricity, an electrification rate of 96.7%. Eradicating the remaining backlog would cost an estimated R1.9 billion, according to the province's costing.

The backlog is unevenly spread: eThekwini MM carries the largest number of unserved households in absolute terms, at 16 478, yet the lowest rate in the province, at 1.5%, because it is by far the largest metro, while Umkhanyakude has the highest rate, at 10.0%. This administrative backlog measure and the household survey's KwaZulu-Natal access figure are built on different methods, a municipal connection register against a household interview, and should be read as complementary rather than treated as confirming one another.

The Auditor-General also examined the infrastructure used to deliver electricity. The Auditor-General examined 12 electricity infrastructure projects in 2024/25, a smaller sample than for water or sanitation, and raised delivery findings against ten of them, 83%, with four projects delayed by an average of 17 months. Three projects, a quarter of the sample, showed poor build quality.

Gauteng illustrated the consequence of this at the connection level as much as the project level: the City of Johannesburg exceeded its household connection target in 2024/25, providing 3 522 new connections against a target of 3 200 and rolling out smart prepaid meters to a further 3 207 households, while also removing

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13 118 illegal connections from its network. The City of Tshwane MM added 849 new connections over the same period, taking its total household access to 1 208 024.

4.5 REFUSE REMOVAL

4.5.1 Access to Refuse Removal Services

Refuse removal is the weakest of the four basic services and the one with the widest provincial spread. Nationally, 62.9% of households had their refuse removed at least weekly by the local authority in 2025. A further 28.3% relied on their refuse dumps. Access ranged from **91.1% in the Western Cape and 83.1% in Gauteng down to 24.3% in Limpopo**, a spread of 66.8 percentage points, the widest of any basic service.

The national average hides a sharp divide between urban and rural areas. In urban areas, 84.9% of households received weekly removal, against 13.0% in rural areas. In the **rural Eastern Cape, only 1.9% of households received the service**, followed by **rural Limpopo** at 6.7% and **rural KwaZulu-Natal** at 7.7%. Refuse removal is delivered where settlement is dense and formal, and it is largely absent where it is not. The pattern closely follows the reach of the municipal revenue base because removal is funded from rates and service charges that rural households rarely pay.

4.6 FREE BASIC SERVICES

Free basic services give registered indigent households a minimum quantity of water, electricity, sanitation and refuse removal at no charge. The 2024/25 Section 47 reports used different measures and provided uneven coverage which is summarised in **Error! Reference source not found.**.

Gauteng reported that 130 012 of 131 459 registered indigent households received free basic services in 2024/25, a **coverage rate of 98%**. **Mpumalanga** reported that all its registered indigents received free basic water, with 38 542 registered in the Ehlanzeni District and 35 059 in Gert Sibande, and that free basic electricity coverage rose from 8.1% to 9.1% of households. The **Eastern Cape** reported that free basic sanitation was subsidised in full for indigent households across all its municipalities.

Other provinces reported policy status and the condition of their indigent registers instead of a consistent count of households served. Incomplete indigent registers remain a constraint on this indicator and appear in the summary of challenges.

Table 4.1: Provincial basic services coverage headlines, 2024/25

Province	Provincial coverage headlines
Eastern Cape	Water and refuse removal lag: Water 67.7%; sanitation 88.0%; electricity 93.2%; refuse removal 41.2%.
Free State	Access is high across all four services: Water 97.6%; sanitation 96.3%; electricity 95.4%; refuse removal 75.8%.
Gauteng	Electricity access is the main gap: Water 98.2%; sanitation 95.6%; electricity 82.9%; refuse removal 87.6%.
KwaZulu-Natal	Water and refuse removal remain uneven: Water 79.2%; sanitation 89.7%; electricity 94.0%; refuse removal 54.2%.
Limpopo	Refuse removal is the clearest constraint: Water 76.0%; sanitation 85.8%; electricity 96.3%; refuse removal 24.9%.
Mpumalanga	Refuse removal trails the other services: Water 81.0%; sanitation 91.1%; electricity 94.5%; refuse removal 48.0%.

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Province	Provincial coverage headlines
Northern Cape	Coverage is broad but refuse removal is lower: Water 97.9%; sanitation 92.4%; electricity 91.4%; refuse removal 68.7%.
North West	Sanitation and refuse removal are the weaker services: Water 84.9%; sanitation 82.4%; electricity 91.6%; refuse removal 51.3%.
Western Cape	The province records consistently high access: Water 98.4%; sanitation 96.9%; electricity 93.8%; refuse removal 91.3%.

Source: Section 47 Reports 2024/25

4.7 INFRASTRUCTURE INVESTMENT AND MAINTENANCE

4.7.1 Conditional Grant Performance

The services described in this chapter depend on infrastructure that must be built, extended and maintained. Performance depends on whether municipalities spend their conditional grants, fund repairs and maintenance from operating budgets, and direct enough capital expenditure towards renewing existing assets.

The Auditor-General reported that unspent conditional grants across municipalities totalled R5.2 billion at year end, and that at 35 municipalities there was not enough cash to repay the unspent amounts to the National Treasury. A total of 21 municipalities materially failed to comply with the Division of Revenue Act in the use of their infrastructure grants, including the Municipal Infrastructure Grant, the regional bulk infrastructure grant and the water services infrastructure grant, by spending them on operational costs or outside their approved business plans.

The national picture behind these compliance failures is one of sustained under-investment against National Treasury's budget norms. Municipalities spent on average only 3% of the value of their fixed and movable assets on repairs and maintenance in 2024/25, against a norm of 8%, and 238 municipalities, 93% of those assessed, spent below the norm. Capital expenditure was closer to target, at 12% of total expenditure against a 10% norm, though 90 municipalities, 35%, still spent below 10% and 17, 7%, spent below 1%. Of that capital expenditure, 48% went to renewing or rehabilitating existing assets rather than building new ones, within the 40% norm nationally, yet 136 municipalities, 53%, individually fell short of it, and the renewal spending that did occur covered only 86% of the year's depreciation and asset impairment. **Municipal assets are losing value and functionality faster than they are being renewed.** The Auditor-General links this pattern directly to the ageing, unreliable water and electricity networks described earlier in this chapter.

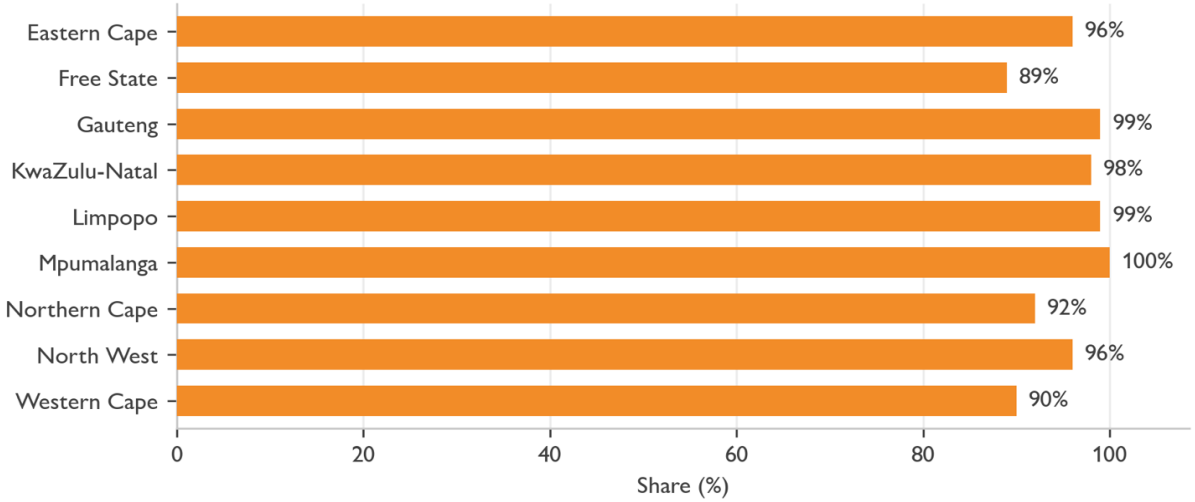
4.7.2 Municipal Infrastructure Grant (MIG) expenditure

The same pattern is evident across the eight metros against a combined asset value of R418.3 billion, **metros spent only 4% on repairs and maintenance, and all eight showed some indication of under-investment in asset maintenance and renewal.** Metro capital expenditure came to R34.4 billion, 9% of a combined R380.6 billion in total expenditure, just under the 10% norm, and of that only R12.1 billion, 35%, went to renewing existing assets, against R20.1 billion in annual depreciation and impairment. The shortfall between what metros renew and what their assets lose in value each year is wider than the national municipal average, despite metros carrying the country's oldest and most heavily used infrastructure.

Grant expenditure was high in every province as seen in Figure 4.8. This shows that under-investment arises mainly from low spending on maintenance and renewal from operating revenue, not from failure to draw down infrastructure grants. **Mpumalanga spent its full allocation** of R3.4 billion, and **Gauteng, Limpopo and KwaZulu-Natal each spent 98%** or more of grants worth R7.6 billion, R5.1 billion and R7.5 billion respectively.

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Figure 4.8: Municipal infrastructure grant expenditure by province



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. Main infrastructure-related conditional grants; no comparable national percentage is stated.

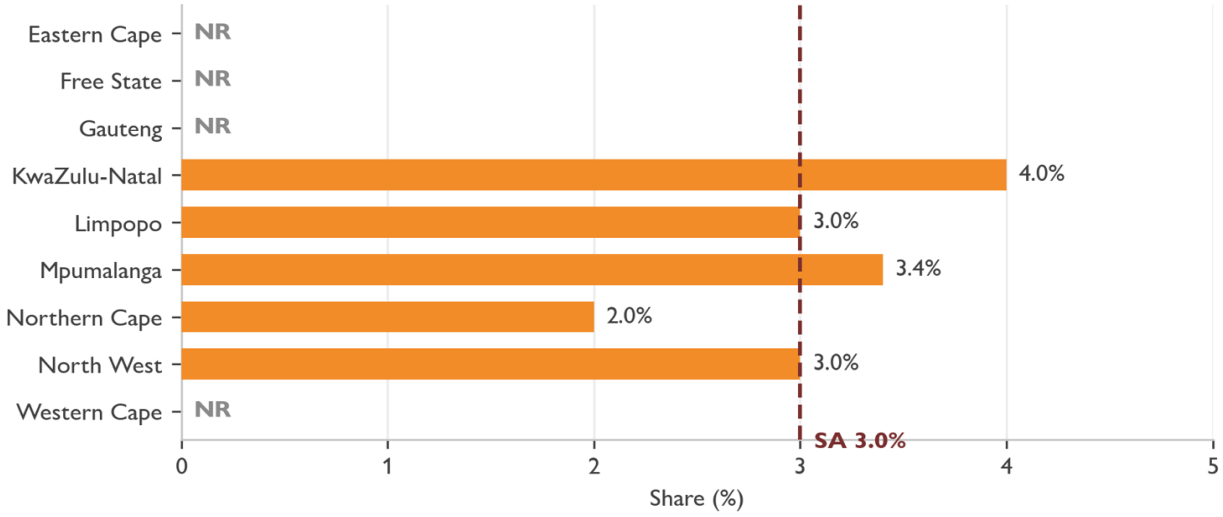
The lowest rate, 89% of R2.2 billion, was recorded in the Free State. **High spending rates do not guarantee good outcomes:** Gauteng reported material weaknesses at 18 of the 25 infrastructure projects it audited, 72%, and both KwaZulu-Natal and Mpumalanga reported specific cases, at uThukela and Nkomazi respectively, where infrastructure grant funding was diverted to cover operational costs despite high overall spending rates.

4.7.3 Repairs and Maintenance

Five provinces reported repairs and maintenance as a share of asset value. **KwaZulu-Natal recorded 4%, Mpumalanga 3.4%, Limpopo and North West approximately 3%, and the Northern Cape 2%. Every reported figure fell below the 8% norm**. The Auditor-General did not state a comparable provincial percentage for the Eastern Cape, Free State, Gauteng or the Western Cape. The Eastern Cape's Section 47 report provides municipal results instead. Only Koukamma and Ngqushwa met the 8% norm. The province rated the other 36 municipalities as weak on this measure.

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Figure 4.9: Repairs and maintenance spending



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. The national average is 3%; the reference norm is 8%.

The Western Cape's report tracks capital expenditure rather than repairs and maintenance, and shows a provincial capital expenditure rate of 81.5% against an adjusted budget of R17.8 billion in 2024/25, an improvement on 75.4% the year before, using a published methodology that divides actual expenditure by the adjusted capital budget. **Error! Reference source not found.** summarises the data available across all nine provinces for losses and for repairs and maintenance respectively; a cell with **NR** means no comparable figure could be sourced.

Table 4.2: Repairs and maintenance spending by province, 2024/25 (%)

Province	Repairs and maintenance (%)	Note
Eastern Cape	NR	Not stated as a province-level percentage; see the municipal-level finding above
Free State	NR	Not stated as a province-level percentage
Gauteng	NR	Not stated as a province-level percentage
KwaZulu-Natal	4	
Limpopo	3	AGSA states "approximately 3%"
Mpumalanga	3.4	
Northern Cape	2	
North West	3	AGSA states "less than 3%"
Western Cape	NR	Not stated as a province-level percentage; see the capital-expenditure finding above
South Africa	3	National average, all municipalities; the norm is 8%

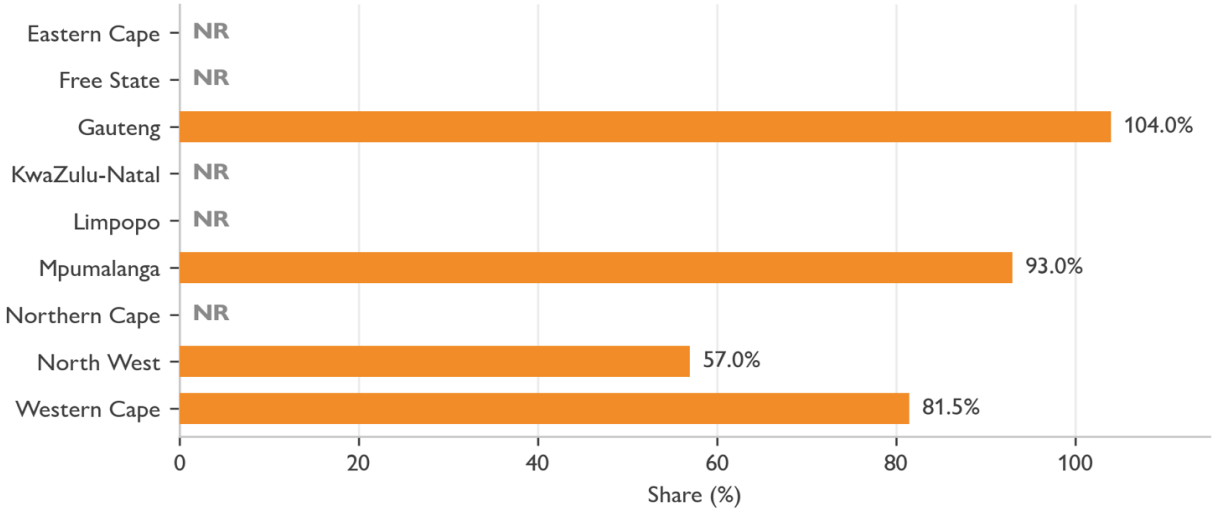
Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25.
Note: "NR" indicates a 2024/25 figure not stated as a province-level percentage in the Auditor-General's general report.

The wider capital-budget expenditure rate was stated as a single province figure in only four Section 47 reports. **Mpumalanga** spent 93% and the **Western Cape** 81.5% of their whole capital budgets, while **North West** spent 57%. **Gauteng's** source table reports 104% for capital and operating expenditure

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combined, rather than for capital alone, and Figure 4.10 retains that published value with the distinction made explicit rather than treating it as directly comparable.

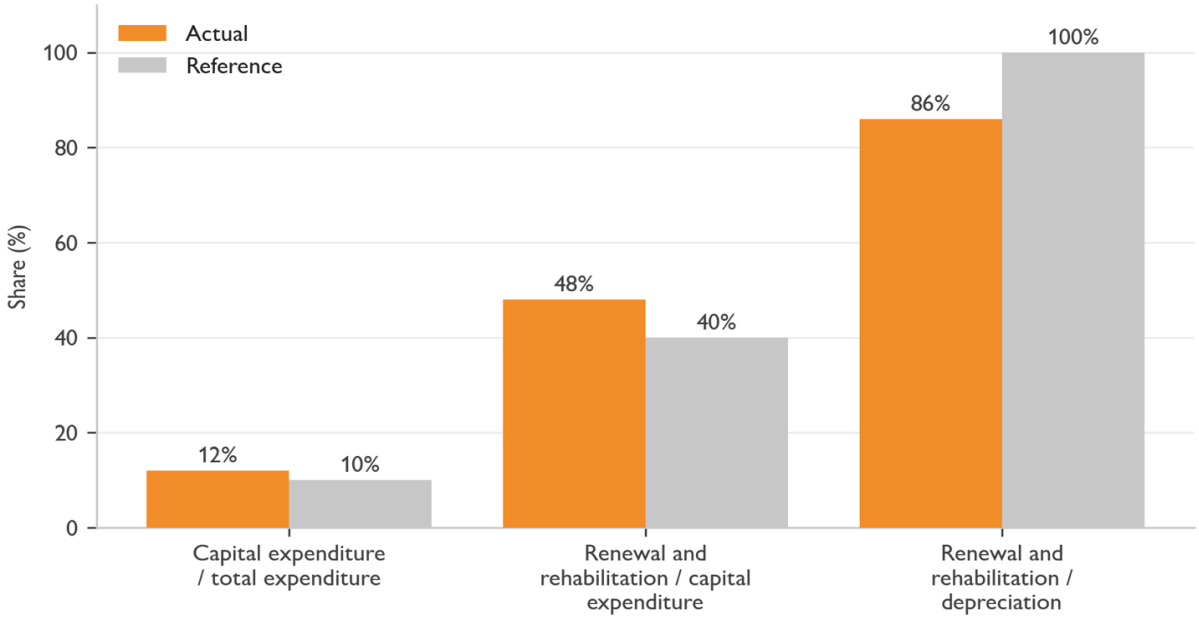
Figure 4.10: Whole capital-budget expenditure where reported, 2024/25 (%)



Source: Provincial Section 47 reports, 2024/25. Only stated provincial totals are plotted; NR means not reported.

Figure 4.10 returns to the nationally comparable measures. Capital expenditure and the share directed to renewal were above their reference levels, but renewal covered only 86% of annual depreciation and impairment. **Municipalities therefore cleared the spending-share benchmarks without replacing the value their assets lost during the year.**

Figure 4.10: Capital expenditure and asset renewal against reference levels, 2024/25 (%)



Source: Provincial Section 47 reports, 2024/25. Only stated provincial totals are plotted; NR means not reported.

The Auditor-General also examined the condition of infrastructure projects directly. Across the 129 infrastructure projects the Auditor-General audited nationally in 2024/25, worth an estimated R14.2 billion,

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101, 78%, had delivery findings and the average delay where a project ran late was 25 months. Water projects were the largest single category, 42 of the 129, of which 31,74%, had delivery findings and 20,48%, were delayed; sanitation and electricity are discussed in their respective sections above.

The audit also covered housing and roads projects, which fall outside the scope of this chapter but show the same pattern: 11 of 13 housing projects, 85%, and 21 of 28 road projects, 75%, had delivery findings, with roads showing the highest rate of poor build quality of any category audited, at 43%. A related but separate finding concerns planning rather than delivery: 31 of the 154 municipalities that are water services providers, 20%, had no water infrastructure maintenance plan in 2024/25, leaving a fifth of the country's water infrastructure without the basic planning document needed to manage it.

4.8 CHALLENGES

Access to basic services has improved over time, but the gains are uneven. In 2024/25, access stalled or fell in some services and often said little about the reliability or quality of the service households received. Municipalities struggled to maintain ageing infrastructure, limit distribution losses and turn grant funding into working assets. Inconsistent reporting made it harder to assess their performance. Recorded access and actual service delivery therefore often differed substantially.

The main challenges were:

- **Water and refuse access stalled or declined.** Access to piped or tap water remained at 87.4% nationally and fell in four provinces. It reached only 63.2% in Limpopo, while the Eastern Cape lost most of its gains since 2002. Weekly refuse removal reached 62.9% of households nationally but only 24.3% in Limpopo. Sanitation and electricity continued to improve, so the decline was concentrated in water and refuse removal.
- **The urban-rural gap remained wide.** Differences between settlement types were greater than those between provinces. Weekly refuse removal reached 84.9% of urban households but only 13.0% of rural households. The service was almost absent in the rural Eastern Cape.
- **Reported access overstated service quality.** Much of the improvement in sanitation came from ventilated pit systems. Only 10.7% of households had ever had a septic tank or pit chamber emptied, which means the access figures include facilities that are not maintained.
- **Distribution losses remained high.** KwaZulu-Natal recorded a non-revenue water rate of 53.6%, meaning its distribution systems lost more water than they billed. Electricity losses also remained substantial. Half of North West's water service providers did not disclose information on water losses.
- **Infrastructure deteriorated faster than municipalities renewed it.** Municipalities spent 3% of asset value on repairs and maintenance against the 8% norm, and 93% fell short of that norm. Capital renewal covered only 86% of annual depreciation. The Auditor-General linked these shortfalls directly to the water and electricity losses reported elsewhere in this chapter.
- **High grant spending did not always produce better services.** Six of the nine provinces spent at least 96% of their infrastructure grant allocations. Spending reached 98.6% in Limpopo and 99% in both North West and the Eastern Cape. Yet Kagisano-Molopo in North West spent its Municipal Infrastructure Grant in full while reporting water access of 64%, sanitation access of 27% and no refuse removal. Twenty-one municipalities materially failed to comply with the Division of Revenue Act when using infrastructure grants. KwaZulu-Natal and Mpumalanga also reported cases in which grant funding was diverted to operating costs.

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- **Incomplete indigent registers limited access to free basic services.** Because the registers were incomplete, municipalities did not consistently reach all qualifying households. The 2024/25 submissions did not contain enough information for a full provincial comparison.
- **Reporting remained incomplete and inconsistent.** Provinces used non-comparable measures for reliability, losses and maintenance, or did not report them at all. Even the Auditor-General's report gives repairs and maintenance spending for only five of the nine provinces. The household survey provides a provincial breakdown of electricity reliability for only four. A common reporting framework would make provincial results easier to compare.

4.9 CONCLUSION

Basic service delivery improved in several areas in 2024/25, however, the gains were uneven. Access to improved sanitation continued to rise, reaching 84.0% of households nationally, with the Eastern Cape gaining more than 54 percentage points since 2002. Connection to mains electricity reached 90.6%, and access to water, while flat, still reached a larger number of households than in any previous year. Electricity supply became markedly more reliable: the share of households experiencing loadshedding or an unscheduled outage in a given week fell from 92.1% in 2023 to 31.0% in 2025, and six of the nine provinces spent 96% or more of their infrastructure grant allocations.

Water access has stopped improving nationally and has reversed in four provinces; Limpopo now serves fewer than two thirds of households, while the Eastern Cape has lost most of its earlier gains. Refuse removal reaches fewer than one in seven rural households and is close to absent in the rural Eastern Cape. Service quality also lags behind reported access: much of the sanitation gain rests on ventilated pit systems, only 10.7% of households have ever had a septic tank or pit chamber emptied, and KwaZulu-Natal's 53.6% non-revenue water rate means its distribution systems lose more water than they bill. Incomplete indigent registers constrain the provision of free basic services.

Infrastructure is also deteriorating faster than it is renewed: municipalities spent 3% of asset value on repairs and maintenance against an 8% norm, 93% fell short of the norm, and capital renewal covered 86% of annual depreciation.

Reporting against the basic services indicators in the nine Section 47 reports was uneven, and for free basic services a complete provincial comparison could not be assembled from the 2024/25 submissions. The household survey fills part of the gap for water by providing a complete provincial picture of access and reliability. It does so only partly for electricity: the national loadshedding trend is well established, but the provincial breakdown covers four of the nine provinces.

The Auditor-General's general report fills most of the remaining gap for distribution losses and infrastructure grant spending, in rand and provider-count terms rather than as the percentage series missing from the Section 47 reports. Repairs-and-maintenance spending remains stated for five of the nine provinces even in that report. A uniform reporting framework, applied consistently across provinces, would close the remaining gaps and strengthen the national picture this report is required to present.

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5. LOCAL ECONOMIC DEVELOPMENT

5.1 OVERVIEW

Local Economic Development (LED) is a key component of local government performance and the developmental mandate of municipalities. It is a place-based approach that brings together local government, the private sector and civil society to stimulate local economic growth, create employment and improve community wellbeing. LED seeks to align public, private and non-profit investment with local opportunities, resources and comparative advantages through integrated planning and implementation.

Municipalities play an important role in creating an enabling environment for economic development through effective planning, infrastructure provision, investment facilitation, SMME development and partnerships with local stakeholders. This is particularly important in addressing poverty, inequality and unemployment, which remain key national development priorities. The Department of Cooperative Governance (DCoG) Annual Report 2024/25 places economic growth and job creation among the central priorities of government and emphasises the role of local government in supporting these objectives.

The assessment of LED performance in 2024/25 is drawn from Section 47 reports and focuses on municipal LED strategies and planning, institutional capacity, LED forums, job opportunities created and the types of LED initiatives implemented. These indicators build on those assessed in the previous Section 48 reports and provide an indication of the extent to which municipalities are contributing to local economic development.

5.1.1 Legislative and Policy Framework

The constitutional mandate for LED remains unchanged. The Constitution of South Africa outlines the responsibilities of local government in promoting social and economic development:

- 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 1998 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.

5.2 LED STRATEGY, PLANNING AND CAPACITY

5.2.1 LED Strategy

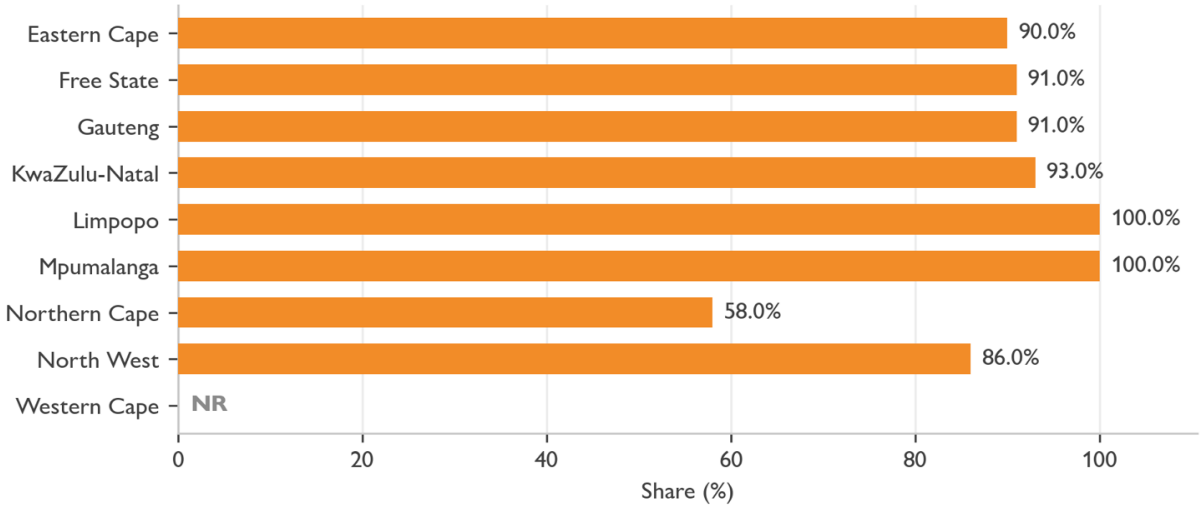
Having a Council-approved LED strategy and implementation plan is essential for steering a municipality's economic development in a coordinated and structured way. It secures political support, links local initiatives

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to wider development priorities, and sets out a framework for how resources will be allocated, how stakeholders will be engaged, and how results can be measured.

Figure 5.1 and Table 5.1 below reflects data from eight provinces, showing the percentage of municipalities that have Council-approved LED strategies and plans, and examples of initiatives implemented.

Figure 5.1: Municipalities with council-approved LED strategies by province, 2024/25 (%)



Source: Section 47 reports, 2024/25. NR = not reported

Table 5.1: Municipalities with Council Approved LED Strategy and Plan

Province	Summary of LED strategy and plans reported	Examples of LED initiatives
Eastern Cape	35 of 39 municipalities fall in the Excellent, Very Good or Good categories; 3 were disclaimers/no information. The province also notes that some strategies are outdated or that adoption is not clearly reported.	PWP and CWP employment initiatives; Development and use of Local Economic Development Agencies (LEDAs) to strengthen implementation capacity; Urban and small-town development, including Master Plans and Precinct Plans; Development of site business plans and CWP smart partnerships aimed at creating more meaningful work opportunities.
Free State	21 of 23 municipalities have a strategy date recorded; Nala and Ngwathe have no strategy recorded.	SMME development and support; EPWP and CWP as public employment programmes
Gauteng	Ten of 11 municipalities reported approved strategies; West Rand District was the only municipality without an approved strategy.	SMME development and support; EPWP and CWP as public employment programmes
KwaZulu-Natal	Four municipalities (Umdoni, Ray Nkonyeni, Ilembe and Ndwedwe) lacked adopted strategies in 2024/25.	EPWP and CWP as public employment programmes - the report records 41 417 municipal EPWP opportunities and 34 082 CWP/other opportunities in 2024/25; Initiatives aimed at creating a conducive business environment,

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Province	Summary of LED strategy and plans reported	Examples of LED initiatives
		attracting investment, supporting local business growth and entrepreneurship
Limpopo	All municipalities reported LED strategies and plans.	Agricultural development as a local economic development and job-creation priority; Development of the Musina-Makhado Special Economic Zone (SEZ) to stimulate economic growth and employment; The province reported 5 609 jobs through LED initiatives, 13 679 through EPWP and 28 080 through CWP
Mpumalanga	All municipalities had Council-approved LED strategies; all except Dipaleseng had reviewed them.	Agricultural and tourism-related local economic development; Employment creation through EPWP, CWP and other LED initiatives; LED stakeholder forums and partnerships.
Northern Cape	The report explicitly states that 18 municipalities had LED strategies and 13 did not. Nine had been approved within the preceding two years.	SMME workshops, capacity building, machinery and equipment support; Local exhibitions and LED expos; Tourism campaigns and development of tourism products; Arts and crafts centres and creative-economy development; Renewable-energy development; Namakwa SEZ, Boegoebaai Port and Green Hydrogen Hub; Namakwa Digital Hub for knowledge-economy incubation; Revitalisation of Port Nolloth and Alexander Bay harbours.
North West	Two municipalities had no strategy (Kagisano-Molopo and JB Marks) and Ditsobotla had a draft strategy.	SMME support and 5% MIG economic infrastructure as dedicated LED interventions.
Western Cape	The Section 47 report does not provide a consolidated municipal LED-strategy adoption indicator comparable to the other provinces.	Implementation through the Growth for Jobs (G4J) Strategy and Joint District and Metro Approach (JDMA); the province reported 40 053 EPWP opportunities in City of Cape Town MM alone, with additional opportunities across local municipalities.

Source: Section 47 Reports, 2024/25

5.2.2 Municipal Capacity to Plan and Implement LED (LED units approved and filled posts)

Effective LED implementation depends on municipalities having appropriately structured, staffed and resourced LED units. Functional units provide the institutional capacity to translate LED strategies into programmes, coordinate stakeholders and support local economic opportunities.

The 2024/25 results indicate some improvement in the establishment of LED units, but continued weaknesses in staffing capacity. In the **Eastern Cape**, 36 of 39 municipalities assessed had effective staffed LED arrangements. **Limpopo** reported LED units in all 27 municipalities, although the province continues to identify vacancies and delays in filling LED posts as a constraint.

Where quantitative staffing data are available, significant vacancies remain evident. **Gauteng** reported 1 144 approved LED posts, of which 767 (67%) were filled, while **Mpumalanga** reported 26 approved posts and 15 (57.7%) filled. Although Mpumalanga's position represents an improvement from the approximately 49% filled reported in 2022/23, substantial staffing gaps remain. **North West** reported LED staffing arrangements

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across its municipalities, but the information is primarily qualitative and does not support a consolidated vacancy rate.

Overall, the available evidence suggests that municipal LED institutional structures are increasingly in place, but the capacity to implement LED remains constrained by unfilled posts and uneven reporting. Five provinces did not provide a consolidated measure of approved and filled LED posts, limiting national comparison and assessment of staffing adequacy. The findings reinforce the concern raised in previous Section 48 reports that the existence of an LED unit alone is insufficient; municipalities require adequately staffed and appropriately resourced units to move from LED planning to effective implementation.

Table 5.2: Municipalities with an LED unit

Province	LED units / staffing position	Summary of municipal capacity to plan and implement LED
Eastern Cape	36 municipalities with effective staffed LED units; 2 weak	The assessment defines Excellent/Very Good/Good as having an LED unit with approved/budgeted and filled posts. The 36 comprise 3 Excellent; 8 Very Good; 25 Good. The 2 Weak municipalities have inadequate/non-filled arrangements.
Free State	NR	The report records LED staffing fields (Manager, Officer, Clerk and Total) but the consolidated table does not populate the staffing values.
Gauteng	11 municipalities; 1 144 approved posts, 767 filled	67.0% filled, with 378 vacancies (33%). All municipalities have an LED staffing structure recorded, although capacity varies substantially.
KwaZulu-Natal	NR	No consolidated LED-unit staffing measure is reported.
Limpopo	27/27 LED units in place	All municipalities have LED units, but the report does not provide a consolidated number of approved versus filled LED posts.
Mpumalanga	20/20 LED units; 26 approved posts, 15 filled	57.7% filled. The report explicitly states that all municipalities have LED units, although not all positions are filled.
Northern Cape	NR	The report discusses LED institutional capacity but does not provide a province-wide approved/filled LED-post total.
North West	22 municipalities with LED unit/staffing arrangements	The municipal table provides qualitative staffing profiles, including vacancies, but not a standardised province-wide approved/filled-post total.
Western Cape	NR	No consolidated LED-unit staffing measure reported.

Source: Section 47 Reports, 2024/25

5.2.3 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 quantitatively reported on in provinces. Figure 5.2 and Table 5.3 summarises what provinces report about the functionality of LED forums.

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Figure 5.2: Functional LED Forums, 2024/25

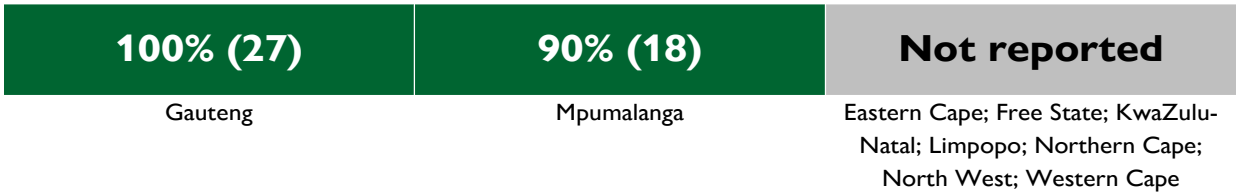


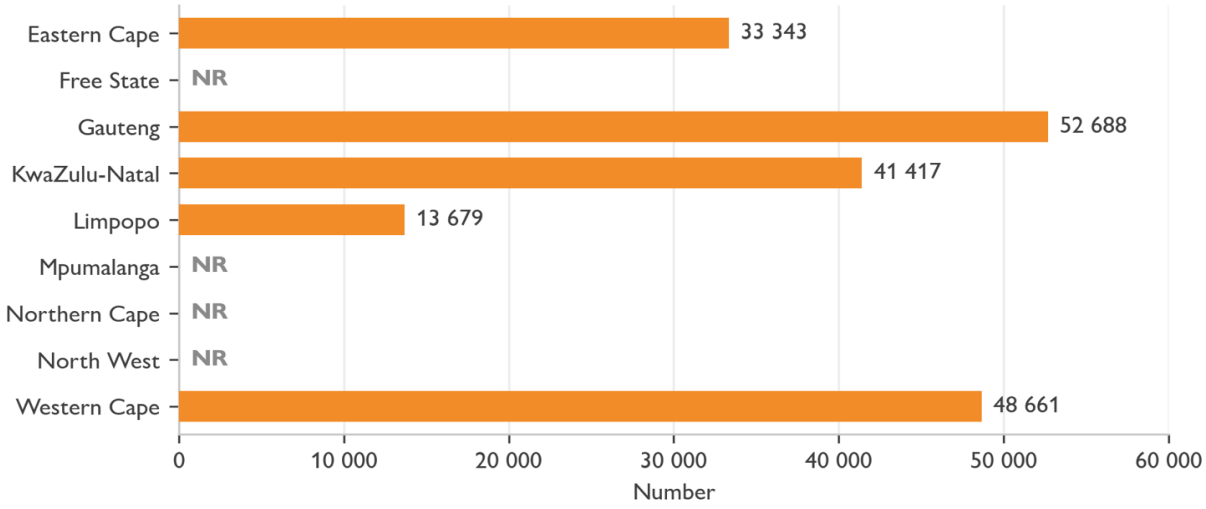
Table 5.3: Municipalities with an LED unit

Province	Status of functionality of LED Forums
Eastern Cape	LED forums are referenced as part of the LED institutional arrangements, but the 2024/25 report does not provide a consolidated provincial functionality measure. The province identifies non-functionality of LED IGR Forums as a challenge resulting in uncoordinated LED initiatives.
Free State	LED forums are recognised as part of LED institutional arrangements, but no province-wide number or functionality assessment is reported for 2024/25.
Gauteng	LED forums are referenced in relation to stakeholder coordination and LED implementation, but no consolidated provincial measure of establishment or functionality is reported.
KwaZulu-Natal	The province explicitly identifies non-functional LED forums as a challenge, together with poor participation by the private sector and traditional authorities. Provincial support includes the resuscitation of LED forums.
Limpopo	100% functional; all municipalities reported functional LED stakeholder forums and regular meetings.
Mpumalanga	90% functional; Lekwa and Msukaligwa forums were not functional because of LED governance problems. The province also reports challenges with private-sector participation and interference by groups purporting to represent local business interests.
Northern Cape	The report refers to various LED forums established under. However, no province-wide functionality measure is provided.
North West	The report does provide functionality for CWP Local Reference Committees, not LED Forums. It reports 13 functional CWP LRCs and five non-functional, which should not be conflated with LED forums. The province calls for functional District LED forums to be strengthened to coordinate resources across the three spheres of government and the private sector.
Western Cape	LED forums are referenced as part of municipal stakeholder engagement and economic development arrangements, but the 2024/25 consolidated report does not provide a province-wide numerical functionality measure.

Source: Section 47 , 2024/25

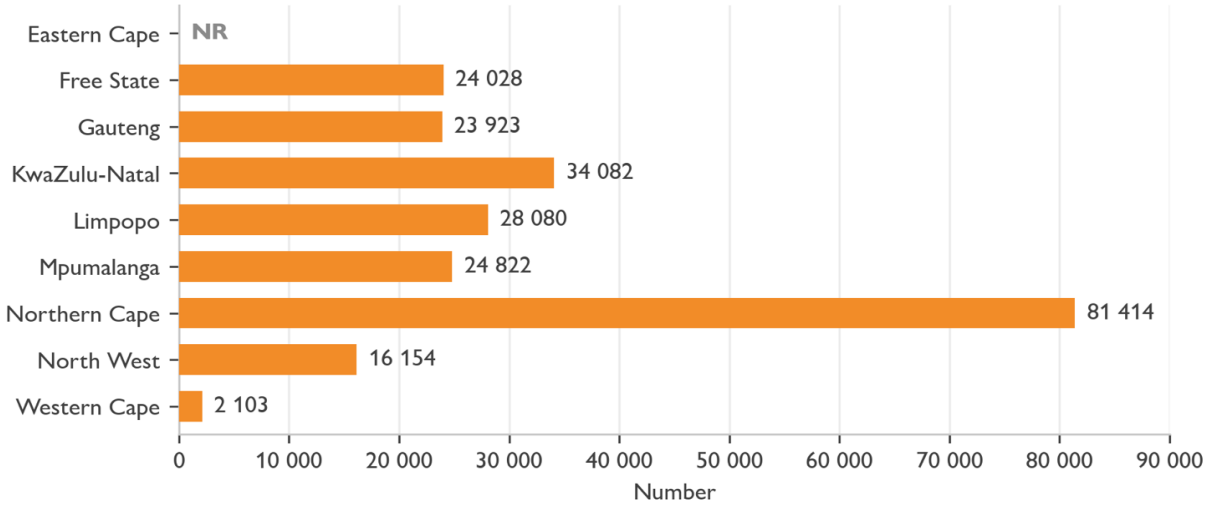
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Figure 5.3: EPWP work opportunities reported by province, 2024/25 (number)



Source: Section 47 reports, 2024/25

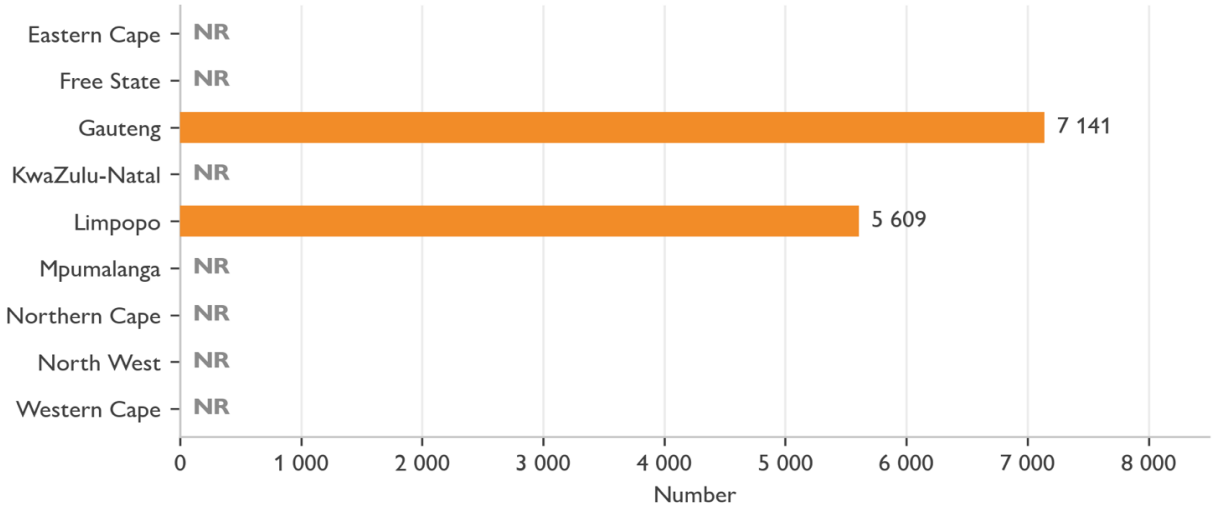
Figure 5.4: CWP or other public-employment opportunities reported by province, 2024/25 (number)



Source: Section 47 reports, 2024/25

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Figure 5.5: Jobs created through LED initiatives were reported by province, 2024/25 (number)



Source: Section 47 Reports, 2024/25

5.2.4 Job Creation through LED Initiatives

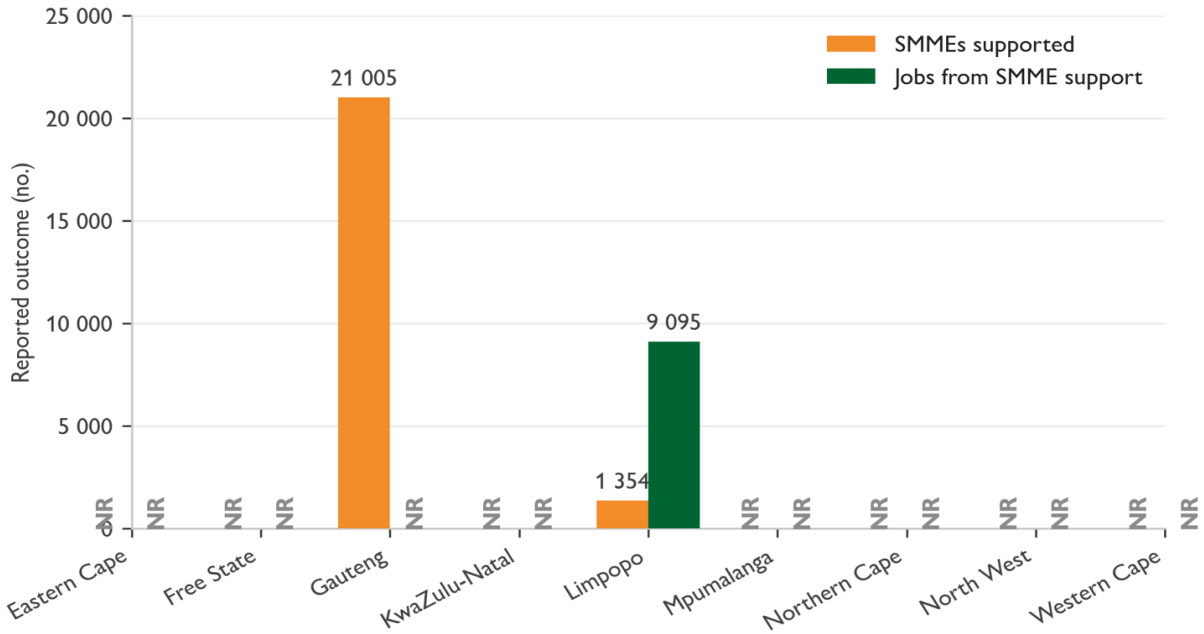
Municipalities contribute to employment creation through a combination of LED initiatives and national public employment programmes, particularly the Expanded Public Works Programme (EPWP) and Community Work Programme (CWP). These programmes provide important short-term work opportunities while supporting community services and local development.

The 2024/25 provincial reports continue to show substantial contributions to employment creation, although the scale and nature of reporting vary considerably – as presented in Figures 3, 4 and 5 – totalling **more than 400 thousand jobs** in 2024/25.

Overall, the 2024/25 results demonstrate the continued importance of municipalities in providing short-term employment and livelihood support, particularly through EPWP and CWP. However, the limited reporting of employment generated specifically through municipal LED initiatives, together with differences in definitions and reporting between provinces, makes it difficult to assess the extent to which LED is contributing to sustained employment and local economic growth. This remains consistent with previous Section 48 findings that, while employment opportunities are being generated at significant scale, reporting does not consistently demonstrate longer-term economic outcomes.

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Figure 5.6: Enterprise-support outcomes reported by province, 2024/25 (number)



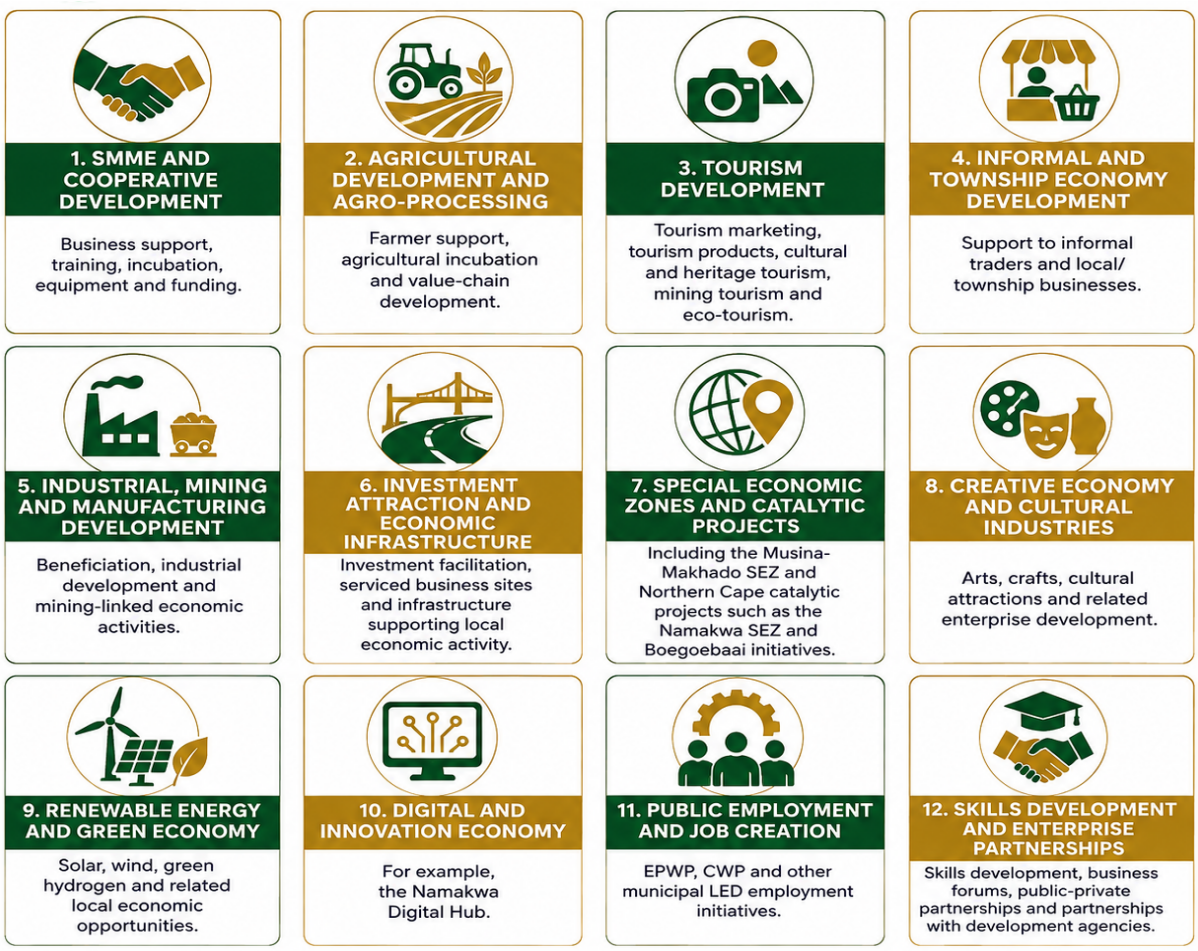
Source: Section 47 Reports, 2024/25

5.2.5 Types of LED Programmes and Initiatives Implemented

All nine reports refer to the types of LED initiatives or programmes that were undertaken in the financial year. The diagram, Figure 5.6. reflects the most common activities cited across municipalities.

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Figure 5.6: Types of LED programmes and initiatives being implemented, 2024/25



Source: Section 47 Reports, 2024/25

5.3 CHALLENGES

Municipalities continue to face a range of institutional, strategic and operational constraints that limit the effectiveness and impact of LED. While LED strategies, units, forums and initiatives are present in many municipalities, the 2024/25 provincial reports indicate that implementation capacity, coordination, resourcing and the translation of strategies into measurable economic outcomes remain significant challenges. These challenges are broadly consistent with those identified in the 2022/23 and 2023/24 Section 48 reports.

Key challenges identified include:

- **Institutional capacity and vacancies**: LED units in some municipalities remain understaffed, with shortages of appropriately skilled personnel, inadequate budgets and limited understanding of LED concepts and implementation. These constraints reduce municipalities' ability to plan, coordinate and implement LED interventions effectively.
- **Outdated or weak LED strategies**: Some municipalities continue to operate with outdated, incomplete or non-credible LED strategies, while others have yet to adopt or adequately implement their strategies. The gap between strategy adoption and actual implementation remains a persistent concern.

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- **Weak implementation and coordination**: LED interventions are often fragmented, with insufficient coordination between LED, planning, infrastructure and supply chain management functions within municipalities, as well as between municipalities and other government and development partners. Weak follow-through on IDP recommendations further limits implementation.
- **Limited stakeholder and private-sector participation**: LED forums and other stakeholder platforms are not consistently functional, with irregular participation and weak private-sector involvement in some municipalities. This constrains partnerships and the ability to mobilise investment and economic opportunities.
- **Inadequate funding for LED implementation**: Limited municipal financial resources constrain implementation of LED strategies, SMME and cooperative support, economic infrastructure and other local economic initiatives. Some municipalities also do not fully utilise available opportunities, such as the 5% MIG allocation for economic infrastructure.
- **Weak regulatory and enabling environment**: Some municipalities lack appropriate by-laws and regulatory mechanisms to support local economic activity, while challenges in managing informal trading and other local economic activities can constrain inclusive economic development.
- **Implementation delays and disruptive factors**: Delays in procurement and project implementation, community disruptions, and construction mafias and related demands have delayed or stopped some LED-related projects, limiting support to the informal sector and potential local revenue generation.
- **Limited sustainability of employment initiatives**: Municipal employment opportunities remain heavily concentrated in EPWP, CWP and other short-term public employment programmes. Reporting provides limited evidence of progression from temporary employment to sustainable livelihoods, enterprise development or longer-term employment.
- **Weak measurement of economic outcomes**: Provincial reporting remains inconsistent, particularly regarding investment attracted, LED-specific job creation and the economic impact of initiatives. This limits the ability to assess whether LED interventions are translating into sustained poverty reduction, employment, investment and local economic growth. North West, for example, explicitly notes that the overall impact of LED remains limited and that municipalities need to strengthen monitoring and tracking of economic outcomes.

5.4 CONCLUSION

The 2024/25 assessment indicates that municipalities continue to recognise LED as an important component of their developmental mandate, with progress evident in the establishment of LED units, strategies, stakeholder forums and a range of initiatives supporting SMMEs, agriculture, tourism, investment and employment. Overall, the findings reinforce the conclusion from previous reports that the key challenge for LED is no longer establishing strategies and structures, but strengthening municipalities' capacity to implement credible, coordinated and adequately resourced interventions that produce measurable and sustainable economic outcomes. Greater attention is therefore required to updating and implementing LED strategies, strengthening LED units and forums, improving partnerships with the private sector and other stakeholders, aligning LED with spatial and infrastructure planning, and strengthening monitoring and reporting of outcomes. This will be essential if LED is to make a more substantive contribution to addressing poverty, unemployment and inequality and to the national objective of inclusive economic growth.

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6. MUNICIPAL FINANCIAL VIABILITY

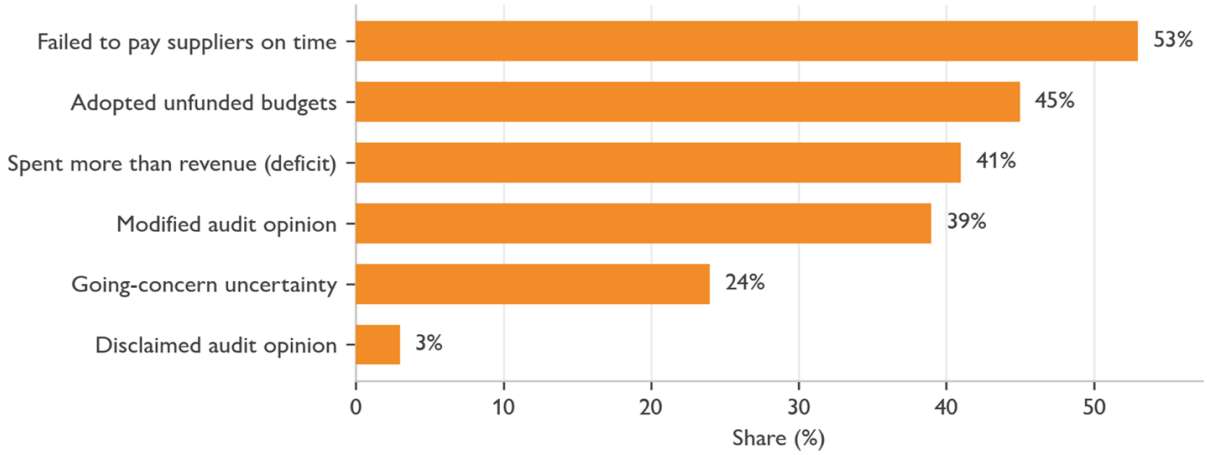
6.1 OVERVIEW

Financial viability determines a municipality's ability to fund its operations, maintain its infrastructure and deliver services without accumulating debt that it cannot service. Section 48 of the Municipal Systems Act requires this report to assess municipal performance on financial management, and the general key performance indicators for the financial viability key performance area concern revenue, expenditure, cash management and the credibility of financial reporting.

The primary evidence for this chapter is the Municipal Finance Management Act general report of the Auditor-General of South Africa for 2024/25, supported by the Auditor-General's compliance report for the same year. These sources audit every municipality against a common standard, which allows a national assessment that the Section 47 reports, taken alone, cannot provide. The provincial reports are used where they add revenue, expenditure and liquidity detail that the audit reports do not carry.

Audit opinions improved at the worst end of the scale in 2024/25, but the underlying finances of many municipalities deteriorated. Figure 6.1 shows the share of municipalities affected by each of the main stress indicators, and the sections that follow examine revenue, expenditure, liquidity and audit outcomes in turn.

Figure 6.1: Share of municipalities by financial-viability stress indicator, 2024/25



Source: Auditor-General of South Africa, MFMA General Report 2024/25

A complete provincial series is not available for all six indicators in Figure 6.1. Comparable province breakdowns are available for unfunded budgets and audit-opinion status; the remaining indicators are not reported on a consistent province basis. Table 6.1 records the evidence boundary and directs readers to the two province figures that can be used safely.

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Figure 6.2: Summary of key indicators of financial viability 2024/25

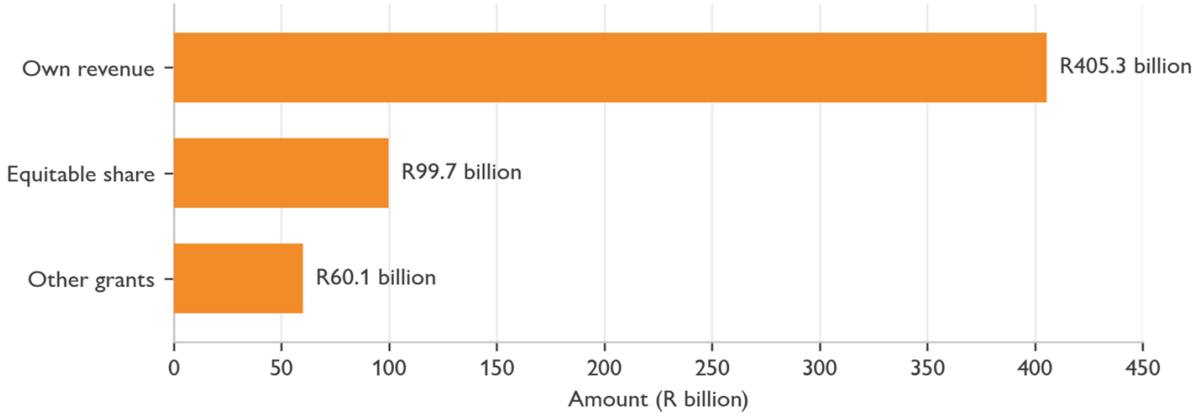
Indicator in Figure 6.1	National share	Province breakdown	Report presentation
Failed to pay suppliers on time	53%	NR	No comparable province series
Adopted unfunded budgets	45%	Available	Figure 6.4
Spent more than revenue (deficit)	41%	NR	No comparable province series
Modified audit opinion	39%	Available	Figure 6.16 shows the complementary unqualified share
Going-concern uncertainty	24%	NR	No comparable province series
Disclaimed audit opinion	3%	NR	Province narratives are partial and do not form a reconciled series

Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25 for the national shares; the province-breakdown column records if a section 47 reports data breakdown was available. Note: NR means not reported. National shares use the completed-audit population and should not be added together.

6.2 REVENUE

Municipal revenue nationally totalled R565.1 billion in 2024/25. Own revenue, the rates and service charges billed to property owners and consumers, made up R405.3 billion of this, 71.7%, with the equitable share allocated to fund indigent households contributing R99.7 billion, 17.6%, and other grants the remaining R60.1 billion, 10.6%. Figure 6.3 shows this composition. Municipalities that rely on own revenue for most of their income bear more of the financial risk described in this chapter because equitable share and grant funding are set nationally and do not fluctuate with local collection performance.

Figure 6.3: Municipal revenue by source, 2024/25 (R billion and share of total)



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25.

6.2.1 Funded/Unfunded Budgets

A funded budget is one that a municipality can finance from realistically anticipated revenue and cash reserves. Budget credibility continued to weaken in 2024/25. A total of 116 municipalities, or 45%, adopted unfunded budgets, up from 113 municipalities in the previous year. These municipalities committed to R288.2 billion

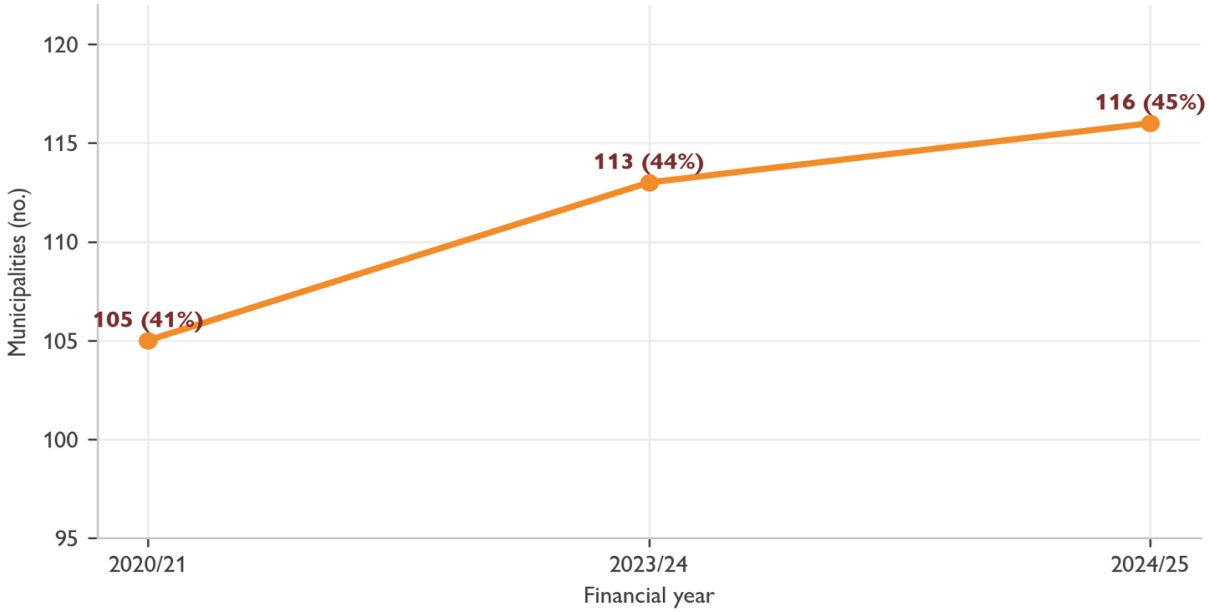
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in expenditure for which they had no identified means of payment. The problem is entrenched rather than occasional: 77 of the 116 municipalities, two thirds of the group, had adopted unfunded budgets for four consecutive years.

An unfunded budget commits a municipality to spend beyond its means before the financial year begins. It signals that revenue projections have been inflated, that expenditure has not been contained, or both, and it commits the municipality to a shortfall that later appears as unpaid creditors and depleted cash.

National Treasury monitoring places the current level in a longer trend. The number of municipalities adopting unfunded budgets fell from 115 in 2018/19 to 95 in 2022/23, a period of improvement, before rising again to 116 in 2024/25. The gain of the intervening years has been reversed, and the position is now worse than it was six years earlier. The comparable points stated in the audit evidence are shown in Figure 6.4; the intervening years are not interpolated.

Figure 6.4: Municipalities adopting unfunded budgets, available trend points, 2020/21 to 2024/25

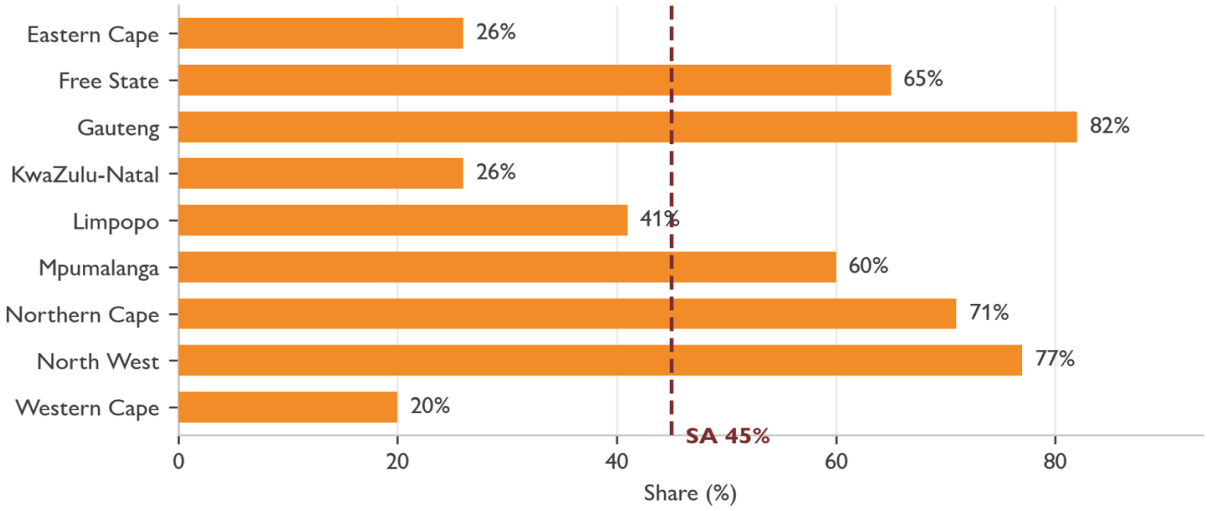


Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. Only stated trend points are shown; missing years are not interpolated.

The burden falls unevenly across provinces, and incidence and value tell different stories. **Gauteng adopted unfunded budgets in nine of its 11 municipalities (82%), the highest incidence in the country**, and these nine municipalities alone accounted for R164.9 billion, 57% of the national unfunded total. **North West** adopted them in 17 of 22 municipalities (77%), the **Northern Cape** in 22 of 31 (71%), and the **Free State** in 15 of 23 (65%). **Incidence was lowest in the Western Cape, six of 30 municipalities (20%), the Eastern Cape, ten of 39 (26%), and KwaZulu-Natal, 14 of 54 (26%).** Figure 6.5 sets out the complete province distribution. The Northern Cape shows that incidence and value diverge: its unfunded proportion is among the highest in the country, yet the rand value involved, R6.4 billion, is a fraction of Gauteng's, which has fewer affected municipalities but far larger budgets.

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Figure 6.5: Municipalities with unfunded budgets by province, 2024/25 (number and percentage)



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. The national share is 45%.

6.2.2 Own Revenue and the Section 47 Record

The nine Section 47 reports did not provide total operating revenue by type or own-revenue management on a consistent basis, so a comparable national series could not be compiled from the 2024/25 provincial submissions. The available detail is presented in the provincial sections.

6.2.3 Total Operating Revenue by Type

Neither the Auditor-General's reports nor any of the nine Section 47 reports decomposes municipal revenue into rand-quantified categories such as property rates, service charges by type, rental of facilities, interest earned, or licences and permits. The Auditor-General describes revenue only as a two-way split, money earned from property rates and municipal services on one side and the equitable share and other grants on the other, the same two-way distinction used above, without a more detailed breakdown.

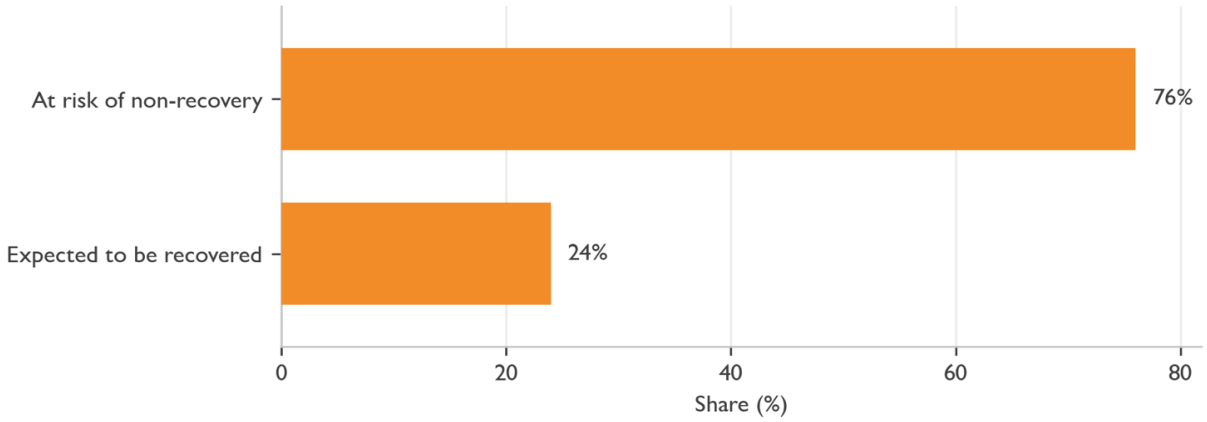
Where a Section 47 report states a revenue figure, it is almost always a single total per municipality. The Northern Cape's report, for example, gives total revenue, total expenditure and the operating surplus or deficit for each municipality, but for thirteen of its roughly twenty-nine municipalities even this single total is left blank. No province's report separates its total into the categories a revenue-by-type table would need.

6.2.4 Management of Municipal Own Revenue as a Percentage of the Actual Budget

The Auditor-General's indicator of own-revenue management measures recoverability rather than performance against budget: on average, municipalities expected to recover only 24%, R97.2 billion of their 2024/25 own revenue, leaving R308.1 billion at risk of not being recovered. Figure 6.6 shows the scale of the recoverability. No comparable national percentage of budget is stated anywhere in the Auditor-General's reports.

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Figure 6.6: Expected recoverability of municipal own revenue, 2024/25 (%)



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. R97.2 billion was expected to be recovered and R308.08 billion was at risk of non-recovery.

At provincial level, total municipal own revenue as a percentage of the actual budget is a standard indicator in the Section 47 report template, and five of the nine provinces populated it, each in a different form. Table 6.2 sets out what each province reported.

Mpumalanga is the only province to state a single, clean province total: own revenue collected in 2024/25 was 93% of the actual budget, R31.5 billion against an original budget of R31.3 billion and an adjusted budget of R33.8 billion. This is a fall from 102% in 2023/24, though still above 96% in 2022/23, so the province's own revenue performance against budget has been volatile rather than steadily improving or declining. Within the province, Ehlanzeni district's five municipalities each stayed close to their budgets in 2024/25, from Nkomazi at 95% to Bushbuckridge at 90%.

The **Eastern Cape** and **Limpopo** both report a full municipality-level distribution but no province total. In the Eastern Cape, three municipalities, 8%, reached the excellent band of 80% or more, Raymond Mhlaba and Sundays River Valley at 83% each and Kouga at 82%, while 21 municipalities, 55%, fell into the weak band of under 40%, including Port St Johns at 12% and Mbhashe at 19%. In **Limpopo**, values for 2024/25 ranged from Greater Letaba at 17% and Vhembe district at 19% up to Capricorn district, Blouberg and Molemole, each at 100%, and several municipalities moved sharply from one year to the next, Musina from 50 to 96% and Lephalale from 56 to 99%.

The **Western Cape** reports the same underlying question in a different form, an aggregate budget-versus-actual revenue table rather than an own-revenue percentage. Actual revenue collected across the province's 30 municipalities was R94.5 billion in 2024/25, up 8.7% from R86.9 billion in 2023/24. Against the National Treasury benchmark of 95% collection, Hessequa exceeded its target by the widest margin, 4.7 percentage points, while Garden Route district municipality fell furthest short, at 90.3%. **North West** reports only a pass or fail count against the same 95% benchmark: five of its 18 local municipalities, Kgetlengrivier, Mahikeng, Ramotshere Moiloa, Greater Taung and Kagisano-Molopo, met it, and the other 13 did not.

The **Free State, Gauteng, KwaZulu-Natal** and the **Northern Cape** did not report this indicator in a usable form. KwaZulu-Natal's list of tables promises two relevant tables, a debt collection rate and a creditors collection rate, but both are broken cross-references in the source document, and neither table exists in its body text. This points to a drafting gap in that province's report rather than a gap in this review.

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Table 6.1: Functional LED Forums, 2024/25

Province	Own revenue, % of actual budget	Detail
Eastern Cape	NR	Full municipality-level distribution; no province total. 8% "excellent" (80%+), 55% "weak" (under 40%).
Free State	NR	Not stated in this province's Section 47 report.
Gauteng	NR	Not stated in this province's Section 47 report.
KwaZulu-Natal	NR	Not stated. Two directly relevant tables are named in the report's list of tables but never delivered in the body text.
Limpopo	NR	Full municipality-level distribution; no province total. Range 17% to 100%, several municipalities moving sharply year on year.
Mpumalanga	93	Full province total, three-district table. Down from 102% in 2023/24, up from 96% in 2022/23.
Northern Cape	NR	Not stated in this province's Section 47 report.
North West	NR	5 of 18 municipalities (28%) met the National Treasury 95% collection norm; no Rand total or province percentage stated.
Western Cape	NR	Different framing: aggregate revenue collected R94.5 billion (+8.7% on 2023/24), not an own-revenue percentage.
South Africa	NR	Municipalities expected to recover only 24% (R97.18bn) of 2024/25 revenue; no comparable % of budget stated.

Source: the provinces' Section 47 reports 2024/25, as individually cited above; national figure from the AGSA MFMA General Report 2024/25.

Note: Mpumalanga's figure is the only single, clean province total identified. The Eastern Cape, Limpopo and the Western Cape carry rich municipality-level detail but no province average; averaging their municipality figures would not represent the same measure their reports state, so none is calculated here. NR refers to not reported data.

6.2.5 Information from Section 47 Reports on Revenue Management

Each province's Section 47 report touches on revenue management, although the depth of reporting and the concerns identified vary widely. Four themes recur: billing and credit control, property rates and tariff-setting, indigent registers and free basic services, and revenue-enhancement support provided by provincial treasuries.

North West provides the most direct operational account. Its revenue-management subsection identifies poor billing accuracy, outdated customer information, weak meter reading systems, ineffective debt collection, limited enforcement of credit control measures and insufficient monitoring of payment arrangements. The province links this directly to its collection-rate shortfall (section 6.2.4) and calls for revenue-enhancement strategies to be monitored monthly by senior management and council.

Gauteng's account is similar in substance if less concentrated: its debtors age-analysis narrative attributes a 93% share of overdue debtors to ineffective debt collection mechanisms, possible billing inaccuracies, and affordability challenges linked to high unemployment, and a separate finding on councillor arrears, which fell 49% over the year, credits the improvement to strengthened enforcement of credit control policies. The evidence points to weak enforcement as the underlying problem, rather than the absence of policy.

KwaZulu-Natal's material irregularities register gives the same weakness in concrete, quantified form rather than narrative: Msunduzi's failure to implement its credit control and debt collection policy on

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consumer debtors was flagged as a R100.20 million material irregularity, unresolved at the time of reporting, and Umgungundlovu district municipality's failure to collect long-outstanding debtors, R436.42 million, was the largest single revenue-management loss recorded in any of the nine provinces.

Property rates and tariff-setting compliance is reported unevenly. **Gauteng** assessed its municipalities' rates policies against the Municipal Property Rates Act and found full alignment at Merafong City LM and Mogale City but partial or weak alignment at City of Tshwane MM, Emfuleni and Lesedi, citing misaligned property categories and inconsistent application of relief measures.

The **Northern Cape** reported compliance with the Act's rates-resolution requirement district by district: full compliance in the Namakwa and John Taolo Gaetsewe districts, but three municipalities failing to comply in Pixley ka Seme district and all but two failing to comply in ZF Mgcawu district. **North West** reported that all 18 of its local municipalities complied with the same resolution requirement, though it flagged continuing weaknesses in valuation-roll management and in aligning rates policies with revenue strategy more broadly.

Indigent registers and free basic services surface as a revenue-management concern in the **Free State's** account of its challenges, which lists low and delayed registration, poor database maintenance, the inclusion of unqualified households, and a bias toward households with formal municipal accounts that excludes backyard dwellers and informal-settlement residents. The same account notes that some financially distressed municipalities continue to provide free basic water above the standard six kilolitre baseline, which strains their finances further, and that delays in submitting updated indigent lists to Eskom disrupt free basic electricity delivery.

The Free State's report is otherwise thin on revenue management: its challenges-and-remedial-actions table leaves the financial-management row for its financial viability chapter entirely blank, and its only concrete indicator related to revenue is a debtor-collection table measured in days, not rand or percentage, on which only two of its municipalities collected payment within 30 days.

Provincial treasuries describe revenue-enhancement support they have funded or facilitated, which is a measure of programme activity rather than of the municipalities' own revenue performance and is reported here on that basis. The Northern Cape's Project Management Unit funded named revenue-enhancement strategies for individual municipalities, including a R50.33 million programme for Sol Plaatje and a R4.00 million contract for Thembelihle, both delivered through appointed consultants. Gauteng's provincial support similarly lists prepaid meters, simplified revenue plans and audits of large users among its interventions, and its key recommendations call for expanded prepaid metering and the enforcement of credit control alongside the write-off of verified irrecoverable debt.

The **Western Cape's** report differs from this pattern. Its Section 47 report gives extensive municipality-level revenue and budget data (section 6.2.4) but contains no operational narrative on billing systems, meter reading, credit control or arrears management anywhere in its financial viability chapter; the province's only comparable content is a short, generic passage on revenue sustainability risk located in its cross-cutting and concluding sections rather than its financial chapter. The Northern Cape's report provides still less detail on this theme beyond the rates-compliance and revenue-enhancement material above, and neither its report nor KwaZulu-Natal's mentions billing systems or meter reading.

6.3 EXPENDITURE

6.3.1 Drivers of Operating Expenditure

Expenditure management recorded the weakest compliance in 2024/25. Municipalities incurred R40.1 billion in irregular expenditure during the year, and 87% of this arose from non-compliance with procurement and

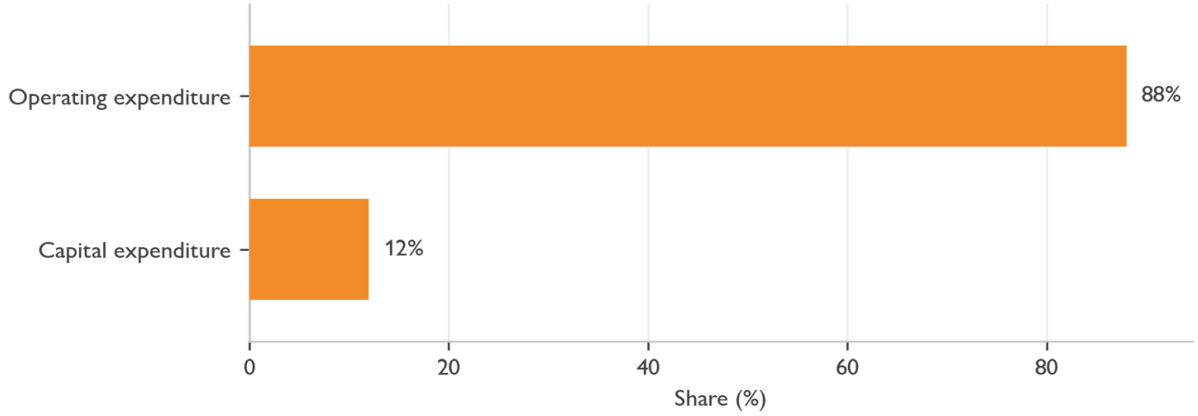
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contract management legislation. Since 2021/22, cumulative irregular expenditure has reached R145.2 billion. The Auditor-General audited 10 830 awards worth R65.1 billion, and found that 216 municipalities, 85% of those audited, did not comply with procurement legislation in making them. Breaches of the requirement that procurement be fair, transparent, competitive and cost-effective translated directly into R32.0 billion of irregular expenditure.

Unauthorised expenditure, which is spending in excess of the approved budget or outside its purpose, was incurred by 177 municipalities, 69% of the total, and amounted to R36.1 billion in 2024/25. The cumulative balance since 2021/22 stands at R118.1 billion. Fruitless and wasteful expenditure reached R6.4 billion in the year, and 83% of it took the form of interest and penalties charged because municipalities did not pay their suppliers on time. The cumulative fruitless and wasteful balance has grown to R24.1 billion since 2021/22.

These balances matter because they reveal persistent control failures. Their continued growth over four years shows that preventive systems are not working and that consequences are not being applied to those responsible.

Figure 6.7: Municipal expenditure by operating and capital type, 2024/25 (%)



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. Capital expenditure was 12% of total expenditure.

6.3.2 Capital Expenditure and Cost Containment

Investment in infrastructure and the management of day-to-day operating costs are the two levers behind the expenditure figures above. Nationally, capital expenditure represented 12% of total municipal expenditure in 2024/25, within the National Treasury norm of 10%, though 90 municipalities, 35%, spent less than the norm and 17, 7%, spent less than 1%. Of the capital budget spent, 48% went to renewing and rehabilitating existing assets rather than acquiring new ones, again within the 40% norm, but more than half of municipalities, 136, spent less than 40% on renewal, and spending on renewal and rehabilitation nationally covered only 86% of annual depreciation, so municipal infrastructure is ageing faster than it is being replaced. Repairs and maintenance spending, the day-to-day counterpart to capital renewal, remained far below its norm: municipalities spent an average of 3% of the value of their fixed and movable assets against an 8% norm, and 238 municipalities, 93%, spent less than the norm. The by-province detail on repairs and maintenance is in Table 4.2.

The five main infrastructure-related conditional grants together disbursed R42.6 billion in 2024/25, of which municipalities spent 96%, R41.0 billion, up from 94% the year before. Underspending of more than 10%

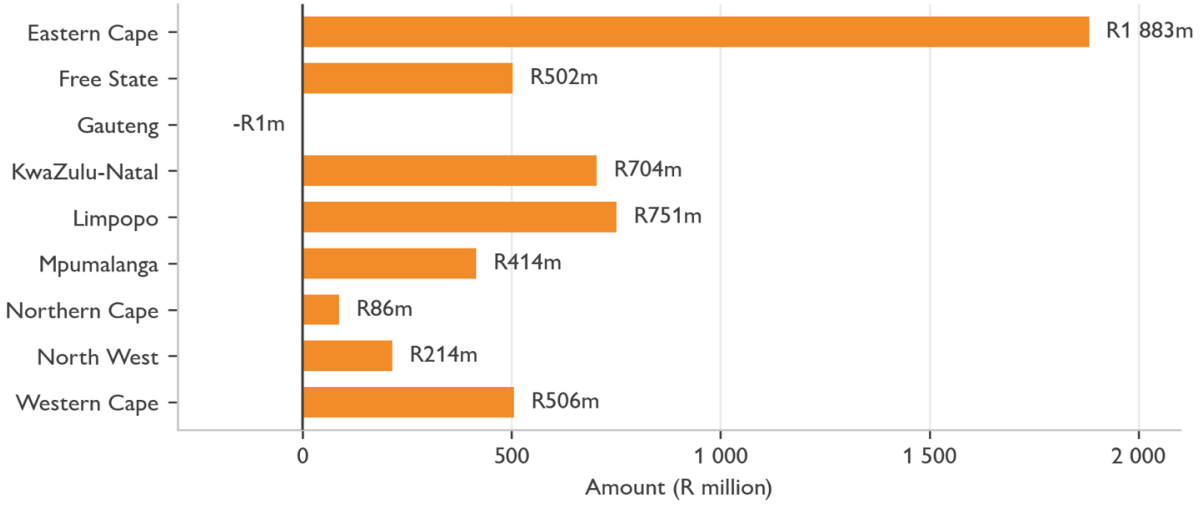
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affected 71 municipalities, concentrated in the **Northern Cape**, 14 municipalities, and the **Free State**, 13, generally caused by delays in appointing contractors, community unrest, or contractor underperformance once work began.

Cost containment concerns restraint in non-essential spending rather than investment in assets. Municipalities collectively achieved R5.1 billion in cost-containment savings in 2024/25 against their original budgets, led by a R2.5 billion reduction in consultant spending and a R1.3 billion reduction in other related expenditure. Overtime moved in the opposite direction: overtime expenditure overspent its budget by R316.6 million nationally, the only category in deficit, which the Auditor-General attributes to weak verification of overtime claims and flags as a risk to future audit outcomes.

Figure 6.7 shows these savings by province. The **Eastern Cape** achieved the largest savings of any province, R1.9 billion, driven by an aggressive R826.3 million reduction in consultant spending, but it also recorded the country's largest overtime overspend, R396.6 million, concentrated at eight named municipalities This shows that lower consultant spending did not translate into payroll discipline. **Gauteng** was the only province with a net overspend rather than a saving, a position the Auditor-General attributes almost entirely to a single municipality, the City of Ekurhuleni MM, whose overtime overspend outweighed savings recorded elsewhere in the province. Four provinces, the **Free State, Mpumalanga, North West** and the **Western Cape**, achieved a positive overtime saving rather than an overspend.

Figure 6.7: Cost-containment savings by province, 2024/25 (R million)



Source: AGSA and National Treasury, MFMA Compliance Report 2024/25. National total: R5.06 billion. Gauteng recorded a net overspend rather than a saving.

6.3.3 Information from Section 47 Reports on Expenditure

The nine Section 47 reports use two different measures of capital spending: a narrower infrastructure-grant spend rate, which every province reports in some form, and a broader whole capital-budget spend rate, which only four provinces report. Table 6.3 sets out both.

On the grant-specific measure, most provinces spent close to or above their allocation. Limpopo's Municipal Infrastructure Grant spend rose to 98.6% in 2024/25, continuing an improvement from 88.3% in 2022/23 and 94% in 2023/24, and North West's rose to 99% from 97%. KwaZulu-Natal's combined water services and

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regional bulk infrastructure grants reached 95.7% of the adjusted allocation. The Northern Cape's report gives no province total, only a five-district table; summing the table's rows gives approximately 86.4%, a figure this report has calculated rather than one the source states directly.

On the broader whole capital-budget measure, the picture is more uneven. The Western Cape's capital-budget spend rose to 81.5% in 2024/25 from 75.4% the year before, with six municipalities above 97% and seven below 78%, Garden Route district municipality lowest at 25.5%. Mpumalanga's fell to 93% from 100%. North West recorded the widest gap between its two measures of any province: a 99% infrastructure-grant spend rate against only 57% of its whole capital budget, R2.3 billion, which shows that strong performance on one conditional grant does not guarantee strong capital delivery overall. The Eastern Cape does not state a single province rate for either measure, reporting instead in bands: 7 municipalities, 18%, achieving 95% or more of their capital budget, and 29, 76%, below it.

Table 6.2: Capital and infrastructure-grant expenditure by province, 2024/25

Province	Infrastructure-grant spend (%)	Whole capital-budget spend (%)	Detail
Eastern Cape	99	NR	Grant figure is a revised-budget rate. Whole-budget measure reported in bands: 18% of municipalities at 95% or more, 76% below.
Free State	93	NR	Target was 100%; 7 municipalities reached it.
Gauteng	NR	104	Table total (capital and operating combined); see report text for three inconsistent aggregate-deficit figures in the same source.
KwaZulu-Natal	95.7	NR	Water services and regional bulk infrastructure grants combined, of the adjusted allocation.
Limpopo	98.6	NR	Up from 94% (2023/24) and 88.3% (2022/23).
Mpumalanga	99	93	Grant figure includes 100% of the Integrated Urban Development Grant. Whole-budget rate down from 100% in 2023/24.
Northern Cape	86.4	NR	This report's sum of a five-district table; no province total is stated in the source.
North West	99	57	Up from 97% (grant). Whole capital budget, R2.3 billion, is markedly below the grant-specific rate.
Western Cape	NR	81.5	Up from 75.4% in 2023/24. Grant spend not isolated from the whole-budget figure.
South Africa	96	NR	Five main infrastructure grants: R42.55bn received, 96% spent, up from 94% the prior year. No comparable national whole-budget rate is stated.

Source: Section 47 reports, 2024/25. The two spend measures are not comparable and must not be combined; NR means not reported.

The management of compensation of employees against the National Treasury benchmark of 25 to 40% of operating expenditure is reported by five provinces, each differently. The **Western Cape's** province-wide ratio was stable, 31.2% in 2024/25 against 31.4% the year before, with Kannaland the clearest outlier, rising to 48.7% from 31.1%, attributed to falling expenditure rather than rising staff costs. The Free State's report

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gives a full municipality table against the same benchmark and states plainly that all four of its district municipalities and one local municipality, Setsoto, do not comply.

The **Eastern Cape** uses its three-band scale rather than the national benchmark, and five municipalities, 13%, fell into its strictest band, 25% or below, led by Sarah Baartman district municipality at 17%. Gauteng's report does not give a single ratio but pairs employee costs with bulk purchases directly: nine municipalities reported bulk purchases exceeding employee-related costs, and five, including Emfuleni and the City of Ekurhuleni MM, recorded bulk purchases at 40% or more of operating expenditure while their employee costs sat well below the National Treasury benchmark, as low as 13% at Emfuleni.

KwaZulu-Natal's report gives a table of roughly 36 municipalities against the same benchmark, though its narrative text names four municipalities above the norm while the table i shows only one, an inconsistency in the source that is noted rather than resolved here. **Limpopo, Mpumalanga, the Northern Cape** and **North West** did not report a compensation-of-employees ratio in a usable form.

Over-expenditure detail beyond the national picture in section 6.3.1 exists for only a few provinces, and **Gauteng's** report is internally inconsistent about the scale of it: one table gives an aggregate deficit of R7.83 billion, 4% of the adjusted budget; the narrative text beside the same table states the same rand figure as 3%; and a separate passage elsewhere in the report gives aggregate expenditure as 97% of a differently stated adjusted budget. All three figures are the source's own, and none is resolved here in favour of another.

The **Northern Cape's** report gives municipality-level over-expenditure in rand for the municipalities it covers, though several rows in its table are blank or not usable. KwaZulu-Natal's water and bulk-infrastructure grants show both directions at once within the province: iLembe overspent its allocation by 0.5%, while uThukela and Newcastle underspent by 20.2 and 13.3% respectively.

6.4 CASH MANAGEMENT AND LIQUIDITY

6.4.1 Cash Balance

The Auditor-General's balance-sheet summary does not isolate a single national cash figure. Municipal current assets, which combine cash and short-term investments with amounts owed by debtors, totalled R247.87 billion at year end, and total liabilities reached R417.26 billion, of which R289.32 billion was short-term debt owed mainly to creditors, Eskom and the water boards, and R79.07 billion was long-term borrowing. No source reviewed for this report states municipalities' cash and cash equivalents alone, separated from debtors, at national level.

At province level, only Gauteng's Section 47 report states a clean cash and cash equivalents balance: R9.01 billion held across its 11 municipalities at 30 June 2025. Mpumalanga's report gives a cash balance for each of its 17 municipalities individually but no province total, and no other province's report gives a cash balance in any form. Two other figures could be mistaken for a cash balance but measure something different: the cash-flow figures the Auditor-General publishes for individual municipalities with long-running disclaimed audit opinions record cash moving in and out over the year rather than the amount held at year end, and the metro-wide cash-to-creditor ratio of 0.22:1 described in section 6.4.5 is a ratio rather than a rand balance.

6.4.2 Cash Coverage Ratio

On average, municipalities held enough cash at year end to cover 1.5 months of fixed monthly operating costs, in line with National Treasury's recommended range. Twenty-eight municipalities, 12% of the total, did not have sufficient cash to cover even one month of these costs, mostly in the Free State and Mpumalanga; the Auditor-General describes these municipalities as typically operating month to month, prioritising salaries and paying what is possible.

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Three provinces' Section 47 reports carry a comparable indicator, and a fourth confirms its existence without populating it. Gauteng states a full province total, 0.83 months, calculated across its 11 municipalities, against a National Treasury norm of one to three months. None of its three metros held even one month of cover: City of Ekurhuleni MM had the lowest metro ratio, 0.36 months. Among its district municipalities, West Rand held the lowest cover of any municipality in the province, 0.12 months, against Sedibeng's 1.32 months, and among local municipalities Midvaal held the highest cover in the province, 3.81 months, against Rand West City's 0.15 months.

Mpumalanga's report gives a cash coverage ratio for each of its 17 municipalities but states no province total; values range from close to zero up to several months. KwaZulu-Natal's report carries a coverage-ratio column covering roughly 51 of its municipalities, but does not state the unit of measurement, and the values recorded do not sit on the same zero-to-several-months scale as Gauteng's and Mpumalanga's figures, so they are not compared directly here. The Western Cape's report names cash coverage ratio as a standard indicator in its template section but leaves it entirely unpopulated, The omission leaves the indicator recognised but unreported. Table 6.5 in section 6.6 gives Gauteng's 0.83 months alongside the other eight provinces, shown as not available.

A related liquidity measure, cash and short-term investments as a share of current liabilities, stood at an adverse 0.19:1 nationally: local government as a whole did not hold enough cash and near-cash assets to cover its current liabilities, a position that affected 174 municipalities, 72% of the total.

6.4.3 Current Ratio

Nationally, current assets were insufficient to cover current liabilities, giving an adverse current ratio of 0.86:1, and 123 municipalities, 51% of the total, were individually in this position. This means that even if local government collected every amount owed to it, it would still not hold enough to pay what it owes.

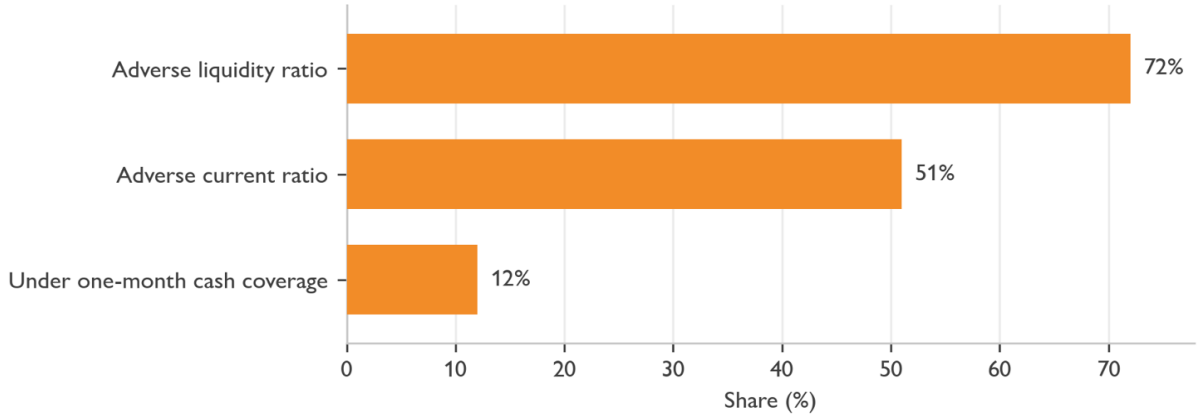
The Western Cape's Section 47 report gives the most complete province-level picture identified for this indicator: a two-year current-ratio table covering close to all 30 of its municipalities, against National Treasury's benchmark range of 1.5:1 to 2.0:1. Most Western Cape municipalities improved on the previous year, City of Cape Town MM from 1.52:1 to 1.76:1 and Kannaland from 0.21:1 to 0.77:1 among them, though several remained below the benchmark, Matzikama at 0.62:1 and Beaufort West at 0.66:1. A handful of smaller municipalities recorded ratios well above the benchmark, Swartland at 6.48:1 and West Coast district at 6.25:1, These high ratios reflect low current liabilities relative to current assets and are not directly comparable with the position of larger municipalities near the benchmark. KwaZulu-Natal's report gives a current-ratio column for a similarly near-complete set of municipalities, ranging from Umshwathi at 4.10:1 to Jozini at 0.13:1.

Gauteng's report gives the indicator in narrative rather than a full table: all of the province's municipalities reported current ratios below the 1.5:1 to 2:1 benchmark except Midvaal, at 2.84:1, and Rand West City recorded the lowest current ratio in the province, 0.18:1. Limpopo's report does not carry a current-ratio table as extractable text, but a related indicator, the quick or acid-test ratio, which excludes inventory from current assets, was reported for all 27 of its municipalities, and the province recorded zero municipalities classified as insolvent in June 2025, down from one in June 2024. Among the metros profiled individually in the Auditor-General's report, the Auditor-General's source for Table 6.3 in section 6.4.4, Mangaung MM's current ratio was 0.91:1 and City of Tshwane MM's was 0.72:1, both below the benchmark.

The Eastern Cape, Free State, Mpumalanga, the Northern Cape and North West did not report a current ratio or an equivalent liquidity ratio in a form usable for this section. Figure 6.8 brings the three nationally comparable liquidity indicators together: the shares of municipalities with an adverse current ratio, an adverse liquidity ratio and less than one month of cash coverage.

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Figure 6.8: Municipalities with adverse liquidity indicators, 2024/25 (%)



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. The indicators use different assessed denominators and must not be summed.

6.4.4 Debt Collection

Nationally, municipalities took an average of 129 days to collect the amounts owed to them in 2024/25, up from 73 days in 2023/24, and wrote off R62.12 billion in debt as unrecoverable during the year, up from R53.37 billion the year before. The collection period exceeded 90 days at 132 municipalities, 55% of the total, and at 98 municipalities, 41%, more than 80% of total debt was considered irrecoverable, most prevalently in the Free State, Limpopo and North West. No source reviewed states this 129-day figure, or the irrecoverable-debt share, broken down by province in numeric form.

Three provinces' Section 47 reports state a province-wide consumer-debt total in rand rather than days. Gauteng's debtors rose 18% over the year, from R129.9 billion to R153.2 billion, with 93% of the total outstanding for more than 30 days; Emfuleni and Mogale City recorded the sharpest increases, 22% each, while Sedibeng was the only municipality to reduce its debtor book, by 35%. Mpumalanga's total municipal debt rose from R28.64 billion in 2023/24 to R32.38 billion in 2024/25. North West's outstanding debtors totalled approximately R37 billion, of which R34 billion was older than 90 days; by the province's breakdown, households accounted for 76% of the total, commercial accounts 11% and organs of state 6%, figures that sum to 93% rather than 100 in the source . North West's foreword states the household share as 77% elsewhere in the same report, a minor internal inconsistency noted rather than resolved here.

The Eastern Cape reports a related but distinct indicator, the reduction achieved in consumer debtors rather than the level of debt . Three municipalities, Dr A.B. Xuma, Chris Hani district and Elundini, reduced consumer debtors by more than 31%, the province's excellent band, matching the previous year, while consumer debtors increased rather than fell at 30 municipalities, 79% of the total, up from 26 the year before; the largest recorded increase was 543%, at Kumkani Mhlontlo. Where the province reports the age of municipal debt by district, the pattern is concerning: in the districts covered, 77 to 81% of debt owed to municipalities was more than 120 days old.

Table 6.4 gives the Auditor-General's financial-health assessment for South Africa's eight metros. The liquidity ratio, creditor days and debtor days are drawn from individual metro profiles published alongside the general report. Figure 6.9 sets the two payment-speed indicators against each other directly. In five of the eight metros, debtor days exceeded creditor days, meaning the metro paid its suppliers faster than it collected

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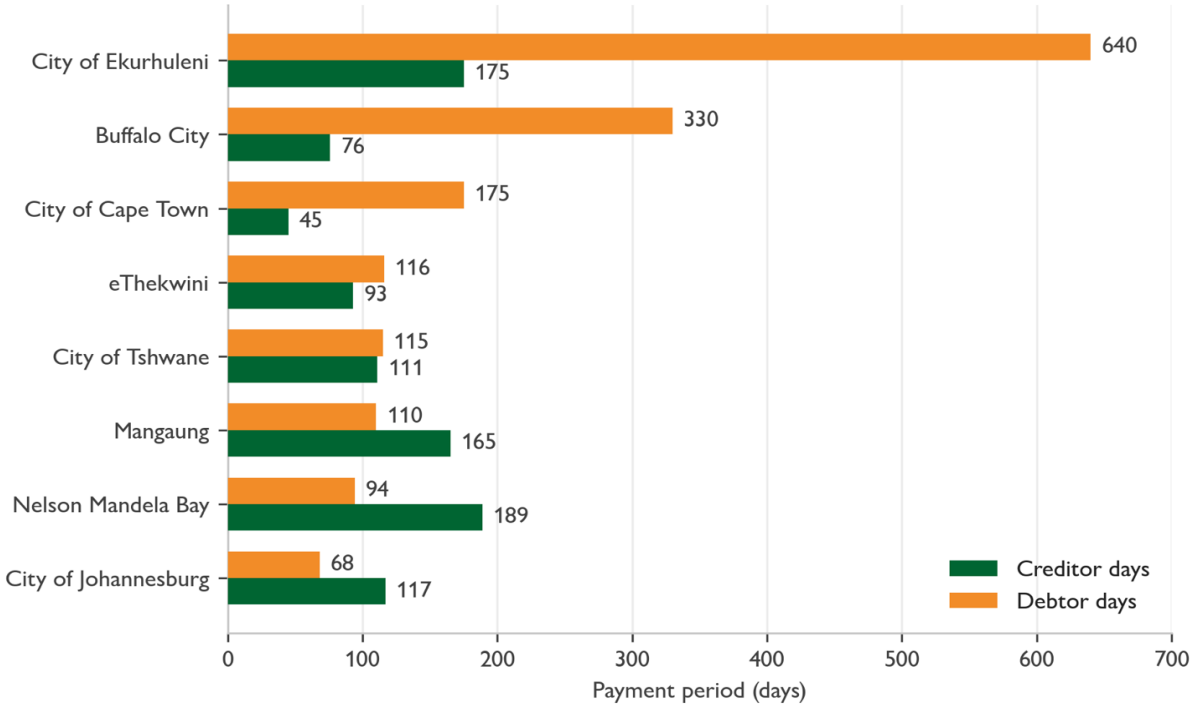
from its consumers and government debtors, a gap most extreme at City of Ekurhuleni MM, 640 debtor days against 175 creditor days. The reverse held at the City of Johannesburg, Mangaung MM and Nelson Mandela Bay, each of which paid suppliers more slowly than it collected. The metro-wide average debtor collection period was 144 days, above the 129-day all-municipality figure above, and metros alone wrote off R39.33 billion in debt during 2024/25, a subset of the R62.12 billion national total rather than an amount additional to it.

Table 6.3: Financial health indicators for South Africa's metros, 2024/25

Metro	Province	Liquidity ratio	Creditor days	Debtor days
Buffalo City	Eastern Cape	0.31	76	330
Nelson Mandela Bay	Eastern Cape	0.58	189	94
City of Cape Town	Western Cape	0.81	45	175
City of Ekurhuleni	Gauteng	NR	175	640
City of Johannesburg	Gauteng	0.13	117	68
City of Tshwane	Gauteng	0.10	111	115
eThekwini	KwaZulu-Natal	0.27	93	116
Mangaung	Free State	0.23	165	110

Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25, from the individual metro profiles published alongside the general report.
Note: City of Ekurhuleni MM's liquidity ratio is not usable, garbled in the source document ; shown as not available/reported (NR), not zero.

Figure 6.9: Creditor and debtor payment days for South Africa's metros, 2024/25



Source: AGSA, Consolidated General Report on Local Government Audit Outcomes 2024/25. The City of Ekurhuleni liquidity ratio is discussed in the report text and is not plotted here.

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6.4.5 Creditors

Municipalities are required to pay creditors within 30 days, but many continued to miss this requirement in 2024/25: **136 municipalities, 53%, did not pay their creditors on time, and 129 municipalities, 54%, had creditors outstanding for more than 90 days**. On average, it took municipalities 113 days to pay their creditors nationally. The Auditor-General names four provinces with the longest average payment periods: the Free State, 174 days, Gauteng, 165 days, Mpumalanga, 146 days, and the Northern Cape, 144 days. No comparable average is stated for the other five provinces.

Where a province's Section 47 report goes further, the detail is rich but not uniform in what it covers, so the figures below are not combined into a single series. The **Eastern Cape's** report gives creditor days for close to all of its 38 municipalities: six, 16%, paid within the legislated 30 days, led by Mbhashe at four days, while 26, 68%, recorded weak performance, led by Inxuba Yethemba at 997 days. Its Eskom and water-board arrears totalled R6.7 billion, of which R5.3 billion was owed by eight named municipalities and Enoch Mgijima's R1.7 billion was the largest. The Free State's report gives a full two-year creditor-days series for 21 of its 23 municipalities and a stated province total: creditors owed rose from R22.47 billion in 2023/24 to R26.24 billion in 2024/25, with Matjhabeng recording the highest creditor days of any municipality identified in this review, 2,194, up from 2,076 the year before. Mpumalanga's report gives creditor days for all 17 of its municipalities, from seven at Thembisile Hani and Steve Tshwete to 1,205 at Lekwa, without a stated province total.

Gauteng and KwaZulu-Natal report Eskom and water-board arrears in rand rather than days. Gauteng's Eskom arrears alone totalled R34.5 billion, and total creditors across the province reached R50.8 billion, of which City of Johannesburg MM, R19.7 billion, and Emfuleni, R11.7 billion, together accounted for 62%; Emfuleni's overdue Eskom debt equalled 108% of its operating expenditure budget. KwaZulu-Natal's Eskom arrears totalled approximately R3.09 billion, Msunduzi's R983.5 million the largest single balance, and its water-board arrears approximately R1.79 billion, Msunduzi and Ugu district again the largest. North West's report gives a single province total without a days breakdown: R7.3 billion in creditors, of which 75%, R5.5 billion, was outstanding for more than 90 days.

Table 6.3 in section 6.4.4 gives creditor days for South Africa's eight metros; the range there, 45 days at City of Cape Town MM to 189 at Nelson Mandela Bay, is consistent with the national pattern in the provincial figures above. The metro-wide short-term debt totalled R120.58 billion, and the total cash metros held at year end was insufficient to cover it, a cash-to-creditor ratio of 0.22:1.

Table 6.5 sets out creditor days and each province's arrears detail together. The **Northern Cape**, **Western Cape** and **Limpopo's** reports gave no creditor days, Eskom arrears, water-board arrears or general creditor total in any form.

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Table 6.4: Financial health indicators for South Africa's metros, 2024/25

Province	Creditor days	Eskom / water-board arrears and detail
Eastern Cape	NR	Eskom and water-board arrears R6.7 billion, of which R5.3 billion owed by 8 named municipalities.
Free State	174	Total creditors R26.24 billion (2024/25), up from R22.47 billion (2023/24).
Gauteng	165	Eskom arrears R34.5 billion; total creditors R50.8 billion (City of Johannesburg MM R19.7bn, Emfuleni R11.7bn the largest).
KwaZulu-Natal	NR	Eskom arrears approximately R3.09 billion; water-board arrears approximately R1.79 billion.
Limpopo	NR	Not stated in this province's Section 47 report.
Mpumalanga	146	Not stated as a Rand total; see section 6.4.5 text for the 17-municipality days range.
Northern Cape	144	Not stated in this province's Section 47 report.
North West	NR	Total creditors R7.3 billion, of which 75% (R5.5 billion) more than 90 days overdue.
Western Cape	NR	Not stated in this province's Section 47 report.
South Africa	113	129 municipalities (54%) had creditors outstanding for more than 90 days.

Source: Auditor-General of South Africa, MFMA General Report 2024/25; the provinces' Section 47 reports 2024/25.

Note: creditor days are stated by the Auditor-General for only the four provinces shown; the remaining five report different, non-comparable categories of arrears in their Section 47 reports, or nothing (noted as NR in table). Figures across provinces should not be summed or compared as if they were the same measure.

6.4.6 Financial Challenges

These five indicators point to a common liquidity weakness. Only one province reports a clear year-end cash balance. Where cash is measured against monthly costs, the national average of 1.5 months' cover conceals 28 municipalities without even one month, and Gauteng, the only province with a full picture, shows its metros holding less cover than its smaller municipalities. The national current ratio confirms the weakness: it stood at an adverse 0.86:1, and 123 municipalities were individually below 1:1, with the Western Cape and KwaZulu-Natal's data showing that even a comprehensive province-level picture still leaves several municipalities well below the National Treasury benchmark.

Slow debt collection and late creditor payments compound the same shortfall. Nationally, municipalities took 129 days to collect what they were owed and 113 days to pay what they owed, with much longer periods at the worst-performing municipalities: the Free State's Matjhabeng took 2,194 days to pay its creditors, and the City of Ekurhuleni MM took 640 days to collect from its debtors. Three provinces' reports, the Eastern Cape, the Free State and Mpumalanga, gave enough detail to show that this is not a uniform position within a province either, since a small number of the worst-performing municipalities carry debts and arrears far beyond their province's average.

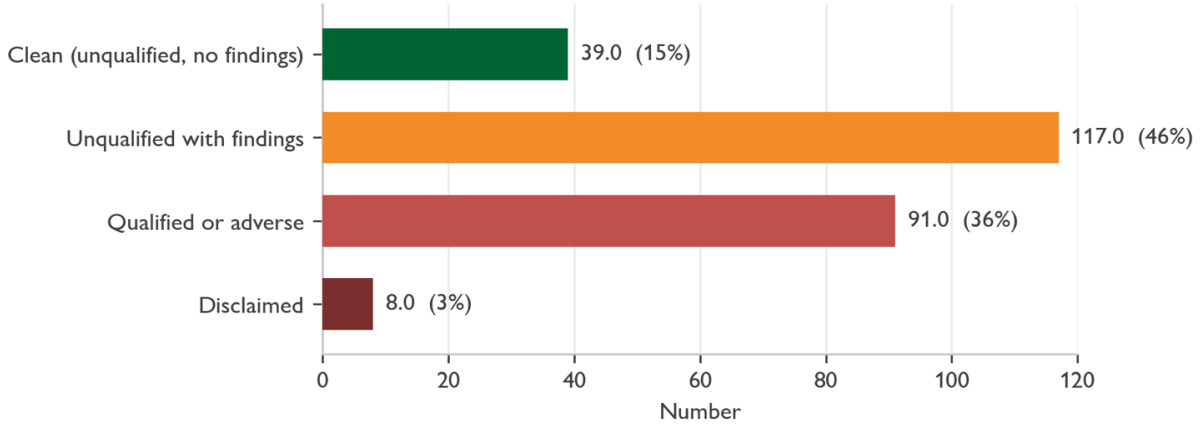
Reporting gaps limit this assessment. The two indicators the Section 47 report template most consistently prompts for, revenue as a percentage of the actual budget and creditor or debtor collection rates, were populated by only five and four of the nine provinces respectively, and KwaZulu-Natal's list of tables promises two of these indicators that were never delivered in the body of its report.

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6.5 AUDIT OUTCOMES

Audit outcomes provide the clearest progress in this chapter, although the improvement has limits. **Of the 257 municipalities in the country, 255 had a completed audit at the reporting cut-off.** The audits of Nala and Maluti-a-Phofung LM, both in the **Free State**, remained outstanding, held up by the late and non-submission of financial statements, and the figures in this chapter are stated against the 255 completed audits unless noted otherwise. Of the municipalities audited, 39, or 15%, achieved clean audits, and they administered R52.60 billion, about 8% of the total local government expenditure budget. A further 117 municipalities received an unqualified opinion with findings, which is an opinion on credible financial statements accompanied by material findings on compliance or performance. Taken together, 156 municipalities, 61%, received unqualified opinions. The remaining 99 municipalities, 39%, received modified opinions, meaning a qualified, adverse or disclaimed opinion. Figure 6.10 sets out the distribution.

Figure 6.10: Municipal audit outcomes, 2024/25 (number of municipalities)



Source: Auditor-General of South Africa, MFMA General Report 2024/25

The credibility of the reporting behind these opinions remains weak. A total of 195 municipalities, 76%, submitted financial statements that contained material misstatements. Without the corrections that the Auditor-General permitted during the audit, only 24% would have received unqualified opinions, against the 61% that ultimately did. The unqualified rate therefore rests substantially on corrections made during the audit rather than on financial statements that were accurate when submitted.

6.5.1 Timely submission of Annual Financial Statements

The quality of financial statements submitted for audit improved in 2024/25. The number of municipalities submitting good-quality financial statements for auditing rose to 60 nationally, though this remains only 24% of the total, and the range across provinces was wide. The **Western Cape** submitted good-quality statements in 77% of cases, while **North West** did so in none.

6.5.2 Movement in Audit Outcomes

Measured against 2020/21, the final year of the previous administration, 145 municipalities, 57%, held the same audit outcome in 2024/25. A total of 72 municipalities, 28%, improved, and 38 municipalities, 15%, regressed. The regressions carry disproportionate weight, since the 38 municipalities that regressed account for 24% of the total local government expenditure budget, and they include three metros and municipalities that had previously achieved clean audits.

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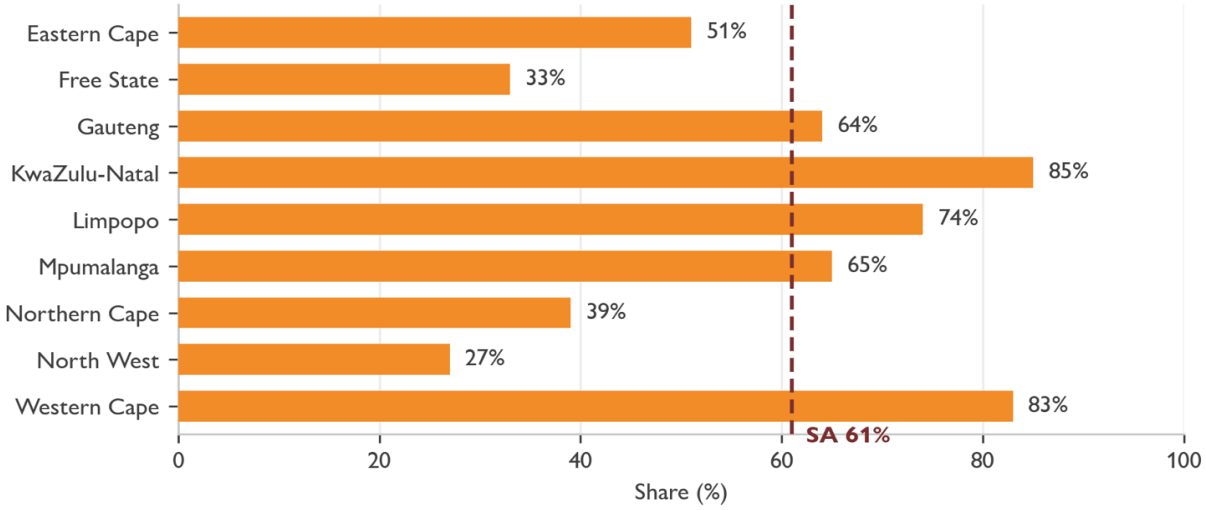
The most substantial improvement was the reduction in disclaimed opinions, from 35 municipalities in 2019/20 to eight in 2024/25. **KwaZulu-Natal, Limpopo and Mpumalanga eradicated disclaimed opinions entirely,** and **North West reduced the number of disclaimers** from nine to one since 2020/21. The improvement reflects sustained work by municipalities, provincial governments and national government.

The gain is not complete. **Seven municipalities have received disclaimed opinions for periods ranging from three to ten years. Three of the seven are in the Free State and two are in the Eastern Cape**. A disclaimer sustained over this length of time reflects an accountability failure that annual audit attention alone has not corrected.

6.5.3 Audit Outcomes by Province

The provincial pattern in audit outcomes is wide. Figure 6.11 shows the share of municipalities in each province that received unqualified opinions in 2024/25. KwaZulu-Natal, at 85%, and the Western Cape, at 83%, were well above the national average of 61%. Limpopo followed at 74%. North West, at 27%, and the Free State, at 33%, were furthest below the national average, and these two provinces also carry the repeat disclaimers noted above.

Figure 6.11: Municipalities with unqualified audit opinions by province, 2024/25 (%)



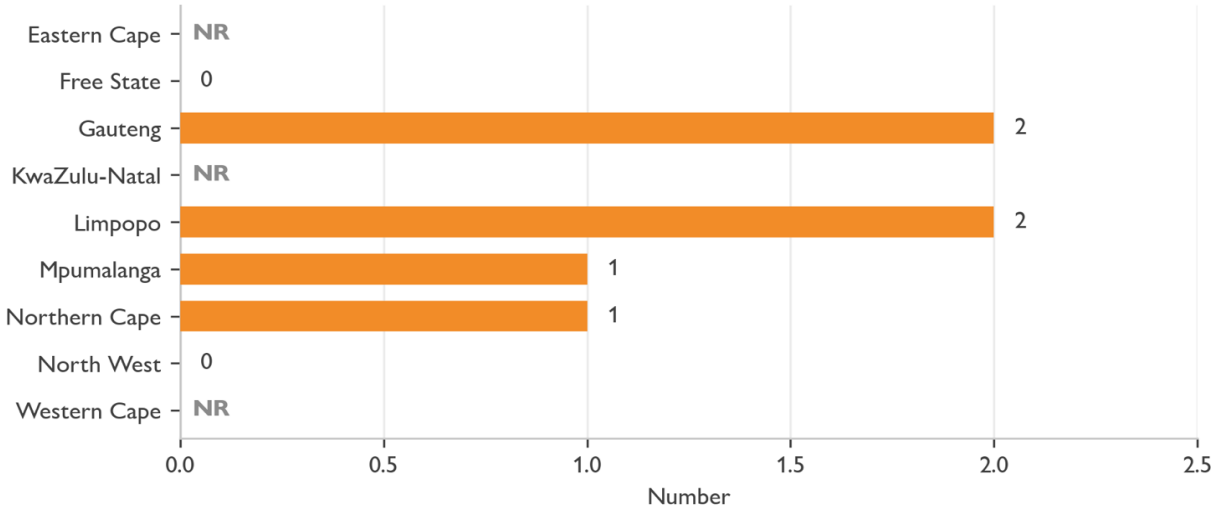
Source: Auditor-General of South Africa, MFMA General Report 2024/25

Clean audits, the strongest audit outcome, follow a different pattern from the unqualified rate. **Gauteng and Limpopo each achieved clean audits in only two municipalities**, **Mpumalanga and the Northern Cape in one each, and the Free State and North West recorded none**. Gauteng's two clean audits sit against an unqualified rate of 64%, and Limpopo's two against 74%, which shows that a comfortable unqualified rate does not carry through into a comparable number of audits entirely free of findings.

Clean-audit counts for the Eastern Cape, KwaZulu-Natal and the Western Cape could not be confirmed from the sources available for this report, and Figure 6.12 retains those three gaps rather than showing them as zero.

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Figure 6.12: Clean Audits by province, where stated, 2024/25 (number)



Source: Auditor-General of South Africa, MFMA General Report 2024/25

6.5.4 Material Irregularities and Root Causes

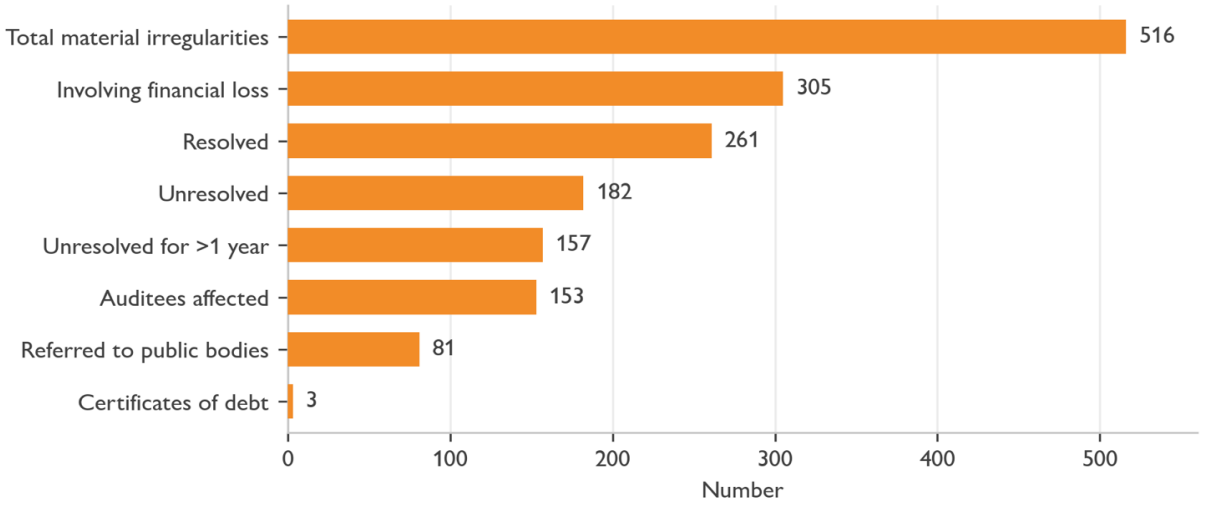
Material irregularities are instances of non-compliance, fraud or breaches of duty that have caused or are likely to cause material financial loss. Since 1 April 2019, the Auditor-General has identified 516 material irregularities across 153 auditees, of which 305 involve material financial loss. By the most recent assessment, 261, just over half, had been resolved, and an estimated R1.69 billion had been recovered, was in the process of recovery, or had been prevented; 81 material irregularities had been referred to public bodies for investigation and three certificate-of-debt processes had commenced.

The unresolved cases are concentrated and slow to close: 157 of the 182 material irregularities still open have been unresolved for more than a year. The **Free State carries the largest share, 104 material irregularities**, a fifth of the national total, while the **Western Cape is the only province in single figures, with seven.**

Their resolution remained slow in 2024/25, and delays in dealing with them, together with limited monitoring and oversight, were recorded as a persistent weakness. Figure 6.13 separates the principal status measures and the number of affected auditees. These measures use different denominators and are not components of a single total. The root causes of poor financial outcomes were consistent across provinces: inadequate institutional capability, weak governance within the accountability ecosystem, and consequence management that was not applied to those responsible for irregular, unauthorised and fruitless expenditure.

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Figure 6.13: Material irregularities, national case status since 1 April 2019 (number)



Source: Auditor-General of South Africa, MFMA General Report 2024/25

6.5.5 Audit Action Plans and Repeat Findings

Audit outcomes and material irregularities describe the position at the end of the year. Audit action plans measure whether that position is improving from one year to the next, because they record whether a municipality has developed a response to an AGSA finding and whether that response has been approved through the municipality's governance structures. A total of 13,323 findings from the 2023/24 audit were uploaded to the national action-plan system, and only 14% were recorded as completed and 11% confirmed as addressed by internal audit, both down from 19% and 21% for the 2022/23 audit. Nationally, the system meant to track whether findings recur is recording less resolution than it did a year earlier.

The provincial pattern divides into three groups. Mpumalanga showed the clearest improvement: the share of its developed action plans reaching council approval rose to 65%, up from 43% for the 2022/23 audit. The **Northern Cape** and **North West** also improved, though from a low base and unevenly: council approval in the Northern Cape rose from zero in the 2022/23 audit to 32%, and in North West the share of findings developed into action plans rose from 71 to 81%, though only 13% were approved by council. **Gauteng, Limpopo and the Western Cape regressed.**

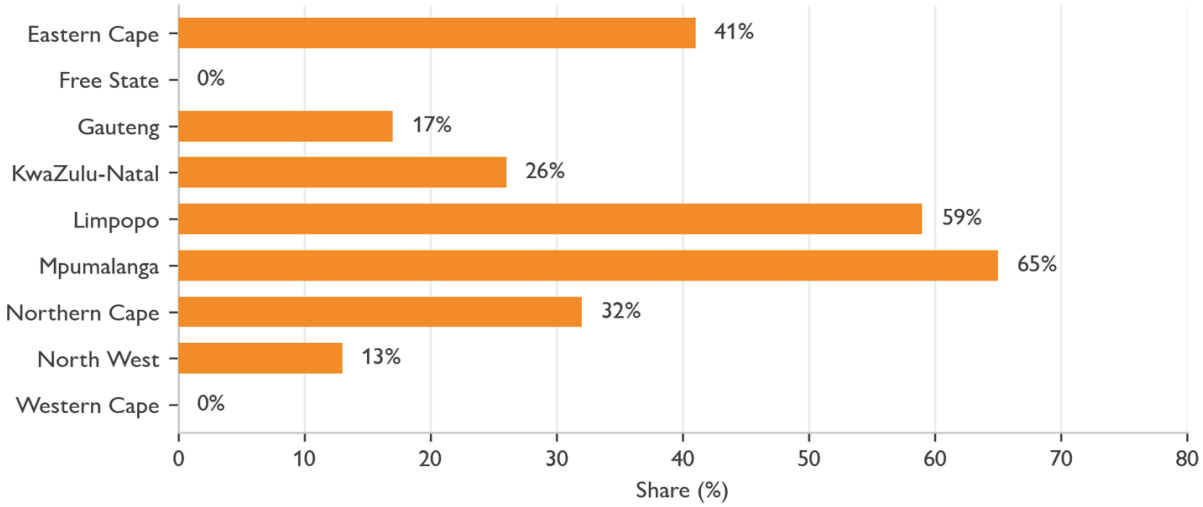
The share of findings developed into action plans fell from 90 to 70% in Gauteng and from 98 to 91% in Limpopo, and in the Western Cape it fell from 48 to 35% while the share of findings not yet started or still under development rose from 52 to 65%; none of the Western Cape's developed action plans reached council approval. The Eastern Cape and KwaZulu-Natal present a different concern: no comparable prior-year figure is stated for either, but the Auditor-General records that the Eastern Cape's 41% council-approval rate leaves a high possibility of recurring findings, and that KwaZulu-Natal's developed action plans have stagnated at audit-committee approval, a pattern made worse by a fall in the number of municipalities using the tracking system, from 27 to 15.

The **Free State** illustrates why this indicator and the literal count of repeat findings are not the same thing. On the governance-process measure above, the Free State shows no improvement: none of its developed action plans reached council approval in 2024/25, and the Auditor-General records a regression in prioritising the resolution of AGSA findings. Yet Free State's Section 47 report is the only one of the nine provincial reports to carry a direct, municipality-level count of repeat findings, and on that measure the province shows a substantial improvement: across the 20 municipalities for which comparable figures exist, repeat findings

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fell from 1,327 in 2023/24 to 661 in 2024/25, a fall of just over half, with 17 of the 20 municipalities improving. Read together rather than in isolation, the two results describe different stages of the same process: the formal approval of action plans through council has stalled, even as the underlying number of issues that recur from one audit to the next has fallen sharply at the municipal level.

Figure 6.14: Share of 2023/24 audit findings with action plans approved by council, by province, 2024/25 (%)



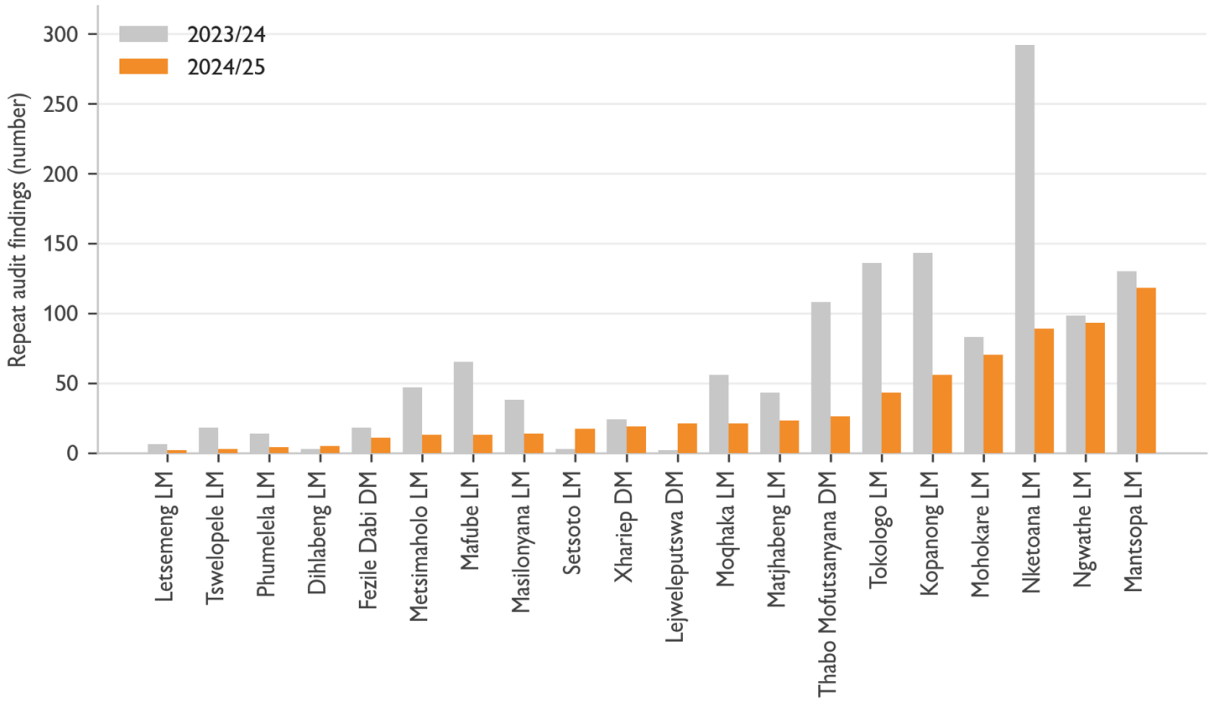
Source: Auditor-General of South Africa, MFMA General Report 2024/25

Figure 6.15 shows the municipality-level movement behind the Free State total. Municipalities without comparable values in both years are omitted, and the chart should therefore be read as the distribution of the 20 comparable municipalities rather than as a full 23-municipality province total.

No single percentage comparable across all nine provinces exists for the literal recurrence of specific findings; Free State's repeat-findings table is unique to that province's Section 47 report and should not be generalised to the other eight. Neither the Northern Cape's nor Limpopo's Section 47 report carries repeat or recurring-finding language, though both provinces are still covered by the council-approval measure above.

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Figure 6.15: Free State Province audit findings by municipality



Source: Auditor-General of South Africa, MFMA General Report 2024/25

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6.6 FINANCIAL VIABILITY BY PROVINCE

Table 6.5 summarises the province-level position and identifies figures that remain unavailable for the current year. The audit and unfunded-budget columns are complete, or complete where the source states a figure, for 2024/25 from the Auditor-General's general report. The financial distress column carries the most recent National Treasury classification, for 2022/23, from the State of Local Government Finances report. Cash coverage is now populated for Gauteng, the only province with a stated 2024/25 figure (section 6.4.2); debtor days remains unpopulated, since no province states this indicator (section 6.4.4).

Table 6.5: Financial viability indicators by province

Province	Unqualified audit opinions 2024/25 (%)	Good-quality financial statements 2024/25 (%)	Municipalities in financial distress 2022/23 (no.)	Unfunded budgets 2024/25 (no.)	Cash coverage 2024/25 (months)	Debtor days 2024/25
Eastern Cape	51	26	19	10	NR	NR
Free State	33	5	19	15	NR	NR
Gauteng	64	27	10	9	0.83	NR
KwaZulu-Natal	85	28	31	14	NR	NR
Limpopo	74	11	15	NR	NR	NR
Mpumalanga	65	5	16	NR	NR	NR
Northern Cape	39	13	29	22	NR	NR
North West	27	0	16	17	NR	NR
Western Cape	83	77	13	6	NR	NR
South Africa	61	24	168	116	NR	NR

Source: Auditor-General of South Africa, MFMA General Report 2024/25. Note: NR indicates a 2024/25 figure not individually stated by province in the source, not a zero.

Unfunded-budget counts for Limpopo and Mpumalanga were not stated individually in the Auditor-General's provincial table. Cash coverage is stated at province level only for Gauteng; Mpumalanga, KwaZulu-Natal and the Western Cape carry a related indicator without a usable province total or a stated unit (section 6.4.2). Debtor days is not stated at province level in any 2024/25 source reviewed, including the nine Section 47 reports (section 6.4.4). Financial distress counts are for 2022/23, the most recent National Treasury classification available.

The table suggests that audit outcomes and financial distress are related across provinces. **The Western Cape and KwaZulu-Natal combine the highest unqualified rates with relatively low distress, while North West, the Free State and the Northern Cape combine the lowest unqualified rates with the highest distress.** The Northern Cape carried 29 of its municipalities in financial distress in 2022/23, the Free State 19 and North West 16, set against the weakest audit outcomes in the country. Gauteng is the exception to this pattern: financial distress there is comparatively low, at 10 municipalities, yet it carries the highest incidence of unfunded budgets of any province and the only stated cash coverage figure, 0.83 months, well short of the National Treasury norm. This indicates that unfunded budgets and the SoLG distress classification measure different aspects of financial weakness.

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6.7 CHALLENGES

Municipal finances presented a mixed picture in 2024/25. Disclaimed audit opinions fell from 35 to eight, and three provinces eliminated them. At the same time, the underlying finances of many municipalities weakened. They continued to approve budgets that exceeded collectable revenue, incur substantial irregular and unauthorised expenditure, collect revenue slowly and pay suppliers late. Many also underfunded asset maintenance. Better audit opinions did not translate into better financial health.

The main challenges were:

- **Many budgets were not backed by collectable revenue.** The share of municipalities with unfunded budgets rose to 45%. In total, 116 municipalities adopted unfunded budgets worth R288.2 billion, and 77 planned to overspend for a fourth consecutive year. This practice carries weak revenue assumptions and unresolved spending pressures into the financial year.
- **Municipalities billed revenue that they did not recover.** They generated R405.3 billion in own revenue but expected to collect only 24%, leaving R308.1 billion at risk. During the year, they wrote off R62.12 billion as unrecoverable. The average collection period rose from 73 to 129 days.
- **Irregular and unauthorised expenditure remained substantial.** Municipalities incurred R40.14 billion in irregular expenditure and R36.05 billion in unauthorised expenditure in a single year. Most irregular expenditure arose from non-compliance in procurement and contract management.
- **Municipalities paid creditors late and held too little cash.** More than half did not pay suppliers on time, taking an average of 113 days against the legislated 30 days. A total of 123 municipalities lacked enough current assets to cover their current liabilities. Gauteng reported cash coverage of 0.83 months against a norm of one to three months, and none of its three metros held enough cash to cover one month.
- **Going-concern uncertainty persisted.** A quarter of municipalities had a going-concern uncertainty. A third of this group had carried it for at least four years, pointing to structural rather than temporary financial distress.
- **Many municipalities did not produce credible statements before the audit.** Although 61% received unqualified opinions, 76% submitted financial statements with material misstatements. Auditors corrected many of them because municipal controls had not produced reliable information before the audit.
- **Municipalities underinvested in their assets.** National capital expenditure remained within the National Treasury norm, but 136 municipalities directed less than 40% of it to renewal and rehabilitation. Repairs and maintenance averaged 3% of asset value against the 8% norm. The resulting deterioration in municipal infrastructure will raise future replacement costs.
- **Municipalities did not consistently act on audit findings.** Completion rates for audit action plans fell, as did the rate at which internal audit units confirmed completion. As a result, findings from one audit cycle carried into the next.
- **Provincial reporting was inconsistent.** Only five provinces reported revenue as a percentage of the actual budget, and each used a different format. Just four supplied a comparable series for creditor days. KwaZulu-Natal listed two revenue and creditor indicators in its table of contents but did not include them in the body of the report. These omissions suggest weaknesses in both the template and provincial reporting practice.

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6.8 CONCLUSION

The financial position of local government weakened in 2024/25, although audit outcomes improved at the most adverse end of the scale. Disclaimed opinions fell from 35 municipalities in 2019/20 to eight in 2024/25, and 61% of completed audits resulted in unqualified opinions. These gains indicate progress in addressing the most serious financial reporting failures. They do not show that municipalities have become financially sustainable.

Municipalities generated R405.3 billion in own revenue but expected to recover only 24%, leaving R308.1 billion at risk of non-recovery. Procurement and contract management failures accounted for most irregular expenditure. Municipalities took an average of 129 days to collect amounts owed to them and 113 days to pay creditors, against the legislated payment period of 30 days. More than half failed to pay suppliers on time, and 123 municipalities held insufficient current assets to cover their current liabilities. Infrastructure spending carries the same pressure forward: national capital expenditure remained within the National Treasury norm, and 136 municipalities directed less than 40% of that spending to renewal and rehabilitation, while repairs and maintenance averaged 3% of asset value against the 8% norm. Financial weakness is therefore being converted into the condition of municipal infrastructure, and into higher repair and replacement costs later.

Although 61% of municipalities received unqualified opinions, 76% submitted financial statements containing material misstatements, and audit action plans recorded lower completion and internal audit confirmation rates than the previous year. The audit process corrected many statements; the underlying controls did not consistently produce credible information before the audit began. Provincial results show the same distinction. The Western Cape and KwaZulu-Natal combined high unqualified rates with relatively lower financial distress, the Free State, North West and the Northern Cape recorded weak audit outcomes alongside widespread distress, and Gauteng had a comparatively low distress count with the highest incidence and value of unfunded budgets and cash coverage of 0.8 months.

The chapter therefore finds a widening distance between improved audit opinions and the financial capacity required to maintain operations and deliver services. Closing it requires municipalities to budget on collectable revenue, control procurement and operating expenditure, improve debt collection, pay creditors within the required period and fund asset maintenance adequately. Councils must act on audit findings and monitor recovery measures during the year rather than after it. Consistent provincial reporting would allow that progress to be assessed on the same basis across all nine provinces.

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7. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

7.1 OVERVIEW

Good governance comprises the arrangements through which a municipality is held to account: the council and its committees, internal audit and the audit committee, systems for preventing and sanctioning financial misconduct, and resident participation through ward committees. When these arrangements function, audit and financial findings lead to corrective action. When they do not, poor performance persists.

This chapter draws on two sources. The Auditor-General's compliance and general reports for 2024/25 assess consequence management, internal audit, audit committees and systems of delegation across all municipalities. The nine Section 47 reports carry the provincial detail on ward committees, municipal public accounts committees and Section 139 interventions. As with the financial viability chapter, the audit reports provide the national picture and the provincial reports provide the local detail, although the reporting is uneven.

Enforcement weakened in 2024/25. Most structures required by law were in place, but municipalities frequently failed to implement their recommendations, and fewer municipalities referred financial misconduct for criminal investigation.

7.2 WARD COMMITTEES AND PUBLIC PARTICIPATION

Ward committees are the primary structure for participation by residents in municipal affairs. Provinces reported ward committee functionality more fully than the other governance structures, though they measured it in different ways. The status of these structures in each province is presented in Table 7.1.

Table 7.1: Status of ward committees established and functioning

Province	Summary of ward committees established and functioning
Eastern Cape	Ward committees established in every municipality and rated 93.8% of the supporting documentation for this indicator as excellent in 2024/25, up from 90.6% the year before.
Free State	Did not report the total number of ward committees established. However, out of 319 wards, 198 ward committees were reported as having held meetings at least once. The province that "ward committees across multiple municipalities are severely dysfunctional, failing to serve as effective statutory platforms.
Gauteng	529 ward committees established, all functional except the 107 in the City of Tshwane MM (none of which were functional).
KwaZulu-Natal	Most KwaZulu-Natal municipalities were at or near full functionality and recorded gains over the previous year, against exceptions such as Nongoma at zero.
Limpopo	568 ward committees established and 559 functioning satisfactorily, with functional committees in 22 of its municipalities.
Mpumalanga	355 of its 400 ward committees, or 89%, were functional, an improvement from 327 the year before.
Northern Cape	232 ward committees across its 26 local municipalities, most established during the year.
North West	Measured a related but different indicator, the share of scheduled ward committee meetings held, which ranged from 93% in Kagisano-Molopo to 22% in Naledi, with Kgetlengrivier and Mamusa regarded as dysfunctional because no meeting records were available.

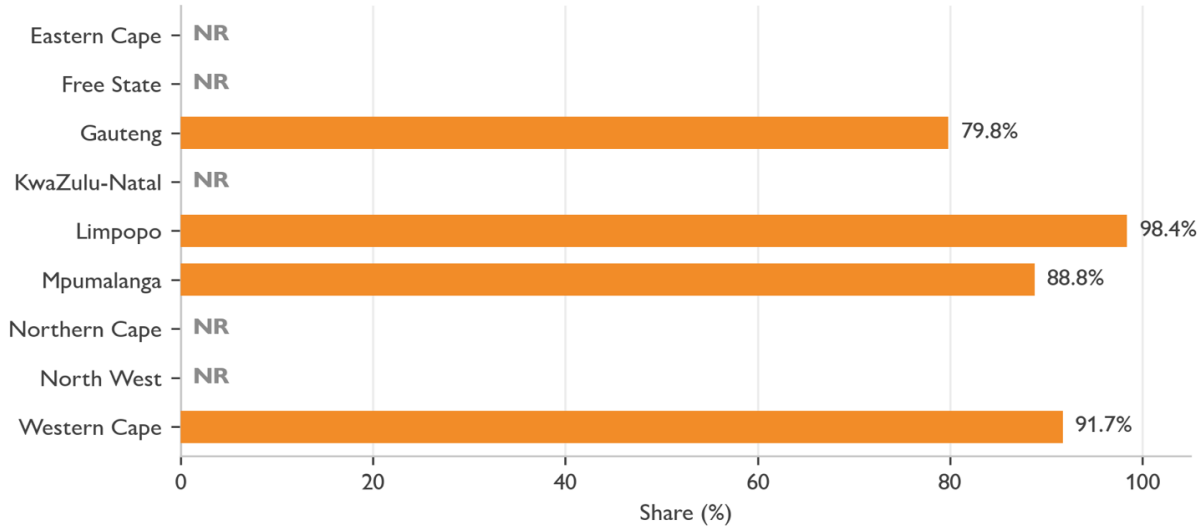
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Province	Summary of ward committees established and functioning
Western Cape	343 of 374 wards in the Western Cape and its local municipalities reported a functional committee, 91.7%; four municipalities reported no comparable information and are excluded from that total.

Source: Section 47 Reports 2024/25

Figure 7.1 presents the province-level percentages that could be calculated on a comparable basis and leaves the remaining provinces unavailable. The reports agree that ward committees are largely in place, and that the challenge is sustaining their functioning and acting on the issues they raise.

Figure 7.1: Reported functional ward committees by province, 2024/25 (%)



Source: Section 47 reports, 2024/25. Provinces without a comparable functional share are shown as NR.

Public participation beyond ward committees was reported by only two provinces on a sufficiently comparable basis. The **Eastern Cape** rated councillor-convened ward meetings at 50% excellent, 31.5% weak and 18.8% disclaimer across its municipalities. **North West** reported the share of scheduled community meetings held alongside its ward committee figures, ranging from 100% in Kagisano-Molopo to zero in Ratlou. No other province reported a comparable measure of public participation, and none reported petition or complaint counts, or a resident satisfaction survey, in a form this report could use.

7.3 FUNCTIONALITY OF COUNCIL STRUCTURES, OVERSIGHT AND ACCOUNTABILITY

7.3.1 Municipal Public Accounts Committees

Municipal public accounts committees oversee municipal spending and review audit findings on the council's behalf. Establishment was widely reported, but functionality lagged behind it. The Auditor-General assessed effectiveness directly at 60 municipalities nationally, a risk-based sample covering every metro, every intermediate city and every municipality that had received a disclaimed opinion in 2023/24, and found that the committees did not effectively execute their role at 28 of them, 47%.

Each of the eight metros had established a committee, but only the City of Cape Town MM's committee discharged its responsibilities effectively. This repeats the pattern of near-universal establishment but uneven execution found in the provincial accounts. Two provincial legislatures, in the

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Western Cape and KwaZulu-Natal, together with Gauteng's, did not deal with municipalities' 2023/24 oversight reports, and the Free State's legislature dealt with Mangaung MM's only in August 2025, without reaching a resolution.

Gauteng reported that all 11 of its municipalities had established a committee, but that by June 2025 only 8 had a council-approved annual plan and 10 had approved terms of reference. North West reported that 12 of its 22 municipalities did not submit a 2024/25 oversight report. Limpopo reported that the committees were established in all its municipalities and held 363 meetings during the year, while noting a failure to investigate unauthorised, irregular, fruitless and wasteful expenditure in time; however, the province's account of Thabazimbi records no performance audit committee, which conflicts with the province-wide claim of universal establishment.

Mpumalanga reported functional committees across its municipalities. The Northern Cape reported that all its committees were established and functional, although the Auditor-General questioned their effectiveness. **KwaZulu-Natal identified Dannhauser as a governance risk**, with its executive, portfolio and public accounts committees all recorded as not functional. Establishment is nearly universal, but the depth of oversight varies, as the national assessment confirms.

7.3.2 Audit Committees and Internal Audit Units

Internal audit units and audit committees independently assess whether financial and performance systems are working and report to the accounting officer and council. In 2024/25, most municipalities had established these structures, but their influence on outcomes was limited. A total of 189 municipalities, 73%, reported that their internal audit unit submitted quarterly reports to the audit committee on the implementation of its recommendations. Only 62% reported that the audit committee tracked the implementation of the internal audit's recommendations, and 56 municipalities in North West, Limpopo and the Northern Cape did not complete the evaluation. Table 7.2 sets out the province figures behind these two national totals, drawn from the same Auditor-General analysis. **Reporting was weakest in North West, at 36%, and strongest in Mpumalanga, at 100%.**

Table 7.2: Internal audit and audit committee effectiveness by province, 2024/25 (%)

Province	Internal audit reporting to audit committee	Audit committee tracking recommendations
Eastern Cape	95	NR
Free State	65	43
Gauteng	82	82
KwaZulu-Natal	76	67
Limpopo	59	NR
Mpumalanga	100	95
Northern Cape	58	45
North West	36	27
Western Cape	83	67
South Africa	73	62

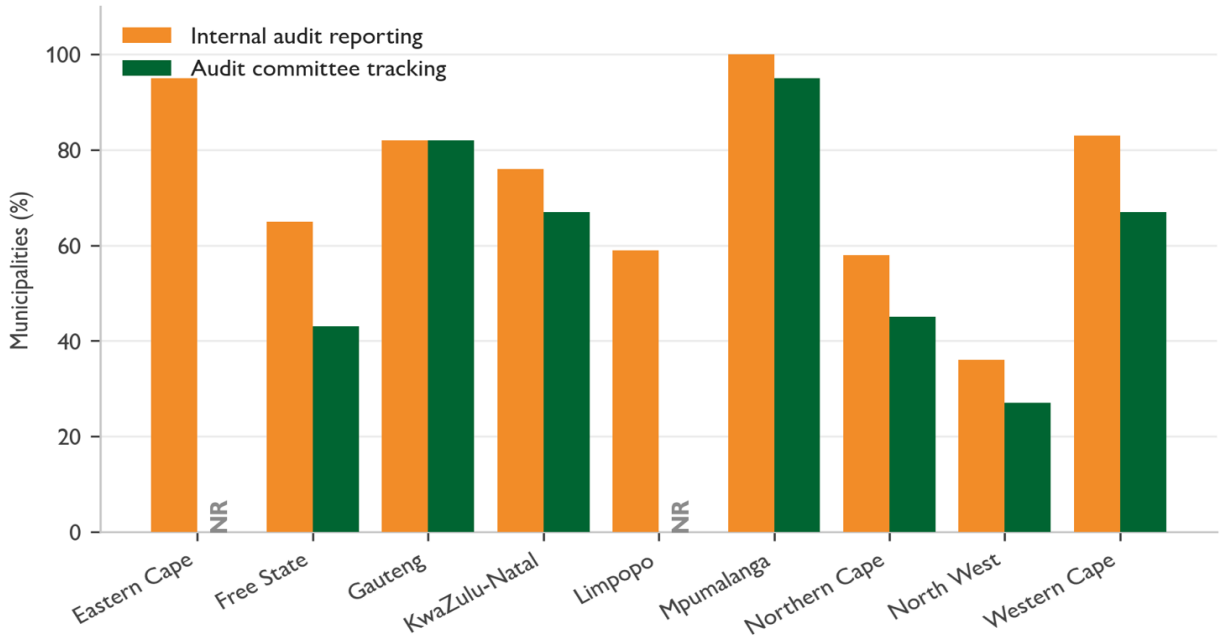
Source: Auditor-General of South Africa / National Treasury, MFMA Compliance Report 2024/25, provincial analysis.
Note: NR means the figure is not stated on the same basis as the other provinces. Limpopo's tracking figure is recorded

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in the source as 15 of 16 respondents rather than a share of all municipalities, so it is not converted to a percentage here.

Figure 7.2 makes the gap between internal-audit reporting and audit-committee follow-through visible. **Mpumalanga and Gauteng were strongest across both measures, while North West was weakest**; the Eastern Cape and Limpopo tracking values remain unavailable because their source figures were not stated on the same denominator.

Figure 7.2: Internal-audit reporting/audit committee effectiveness by province, 2024/25 (%)



Source: AGSA and National Treasury, MFMA Compliance Report 2024/25. Limpopo's tracking measure uses a different base.

A related but distinct measure comes from the Auditor-General's audit work rather than from municipalities' self-reported compliance returns. Of 215 municipalities with compliance findings in 2024/25, internal audit was assessed as not effective as a governance control at 125 of them, 70%, and the audit committee at 126, 68%. This is a narrower, more targeted sample than the reporting and tracking figures above, and the two should not be added together or treated as the same measurement.

The provinces reported the committees themselves as largely functional, with **KwaZulu-Natal recording all its audit committees as fully functional** in both 2023/24 and 2024/25, and Limpopo reporting that its performance and audit committees were effective and held 346 meetings during the year.

The structures exist, but municipalities often do not act on their findings. The Auditor-General found that the reports and recommendations of internal audit units and audit committees were often ignored, which reduces their effect to the point of formality. In every metro other than the City of Cape Town MM, internal audit and audit committee processes did not provide sufficient assurance over critical risk areas. By contrast, the **City of Cape Town MM** implemented audit recommendations and applied consequence management, contributing to a disciplined control environment and a clean audit.

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7.3.3 Mayoral, Executive, Section 79 and Section 80 Committees

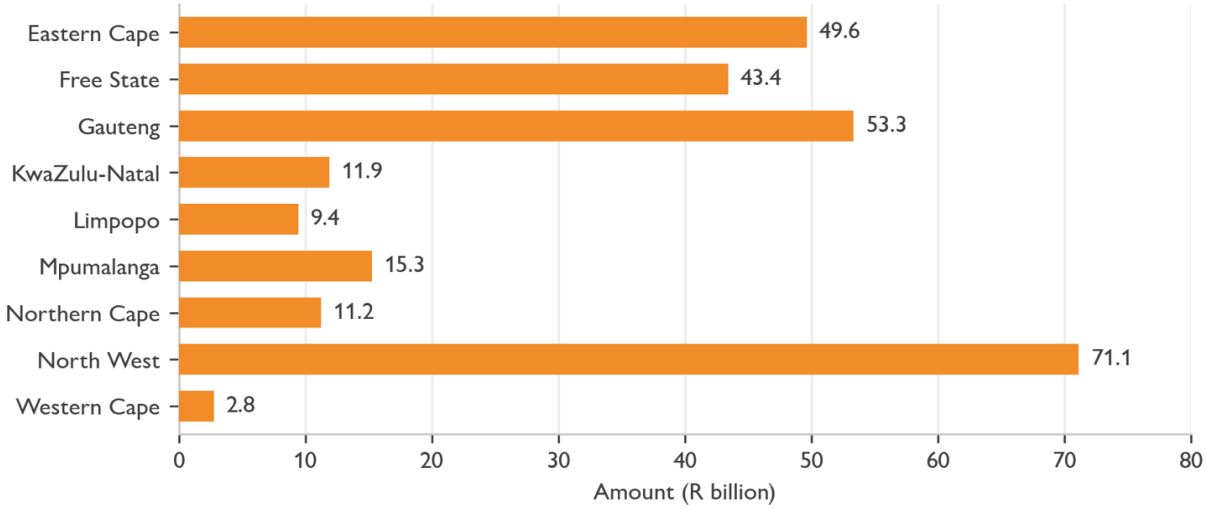
The functionality of mayoral committees, executive committees and section 79 and section 80 committees was reported most fully by Mpumalanga, which recorded that its section 80 committees were functional across the province, while its section 79 committees were not established or not fully functional in some municipalities, including Nkomazi and Govan Mbeki. **KwaZulu-Natal's** monitoring, the same source behind the Dannhauser finding above, names two further municipalities with a non-functional executive committee, Endumeni and Abaqulusi, against a provincial picture that is otherwise functional. Gauteng reported that these committees generally operated in line with their mandates, without a functional or non-functional count.

The **Northern Cape** reported the executive system used by each municipality: seven operated a mayoral executive council and 24 a collective executive council. This is a structural classification, not a functionality rating. Other provinces reported these committees within their wider governance assessments rather than as a separate series. As with other council structures, the issue is the consistency of their functioning.

7.4 ANTI-CORRUPTION AND FRAUD PREVENTION

Consequence management turns identified misconduct into accountability. In 2024/25 the evidence points to a weakening of enforcement, even as the financial misconduct that should trigger it grew. National balances of unauthorised, irregular, and fruitless and wasteful expenditure rose to R268.13 billion, up from R264.10 billion the year before, and recovery of these amounts was minimal, with municipalities relying on write-offs rather than on recovering the money or disciplining those responsible.

Figure 7.3: Unauthorised, irregular, fruitless and wasteful expenditure balances by province, 2024/25 (R billion)



Source: AGSA and National Treasury, MFMA Compliance Report 2024/25. Unaudited balances at 30 June 2025.

North West carried the largest balance of any province, R71.14 billion, up from R66.97 billion, and remained the largest contributor to the national total in both years. G**auteng, at R53.32 billion, the Eastern Cape, at R49.63 billion, and the Free State, at R43.41 billion**, were the only other provinces above R40 billion; of the four, **only the Free State's balance fell over the year, from R45.62 billion**. The **Western Cape** carried the smallest balance nationally in both years, falling further from R3.52 billion to R2.77 billion. Provincial trends were mixed. Six provinces, the Free State, KwaZulu-Natal, Limpopo, Mpumalanga, the Northern Cape and the Western Cape, reduced their balances over the

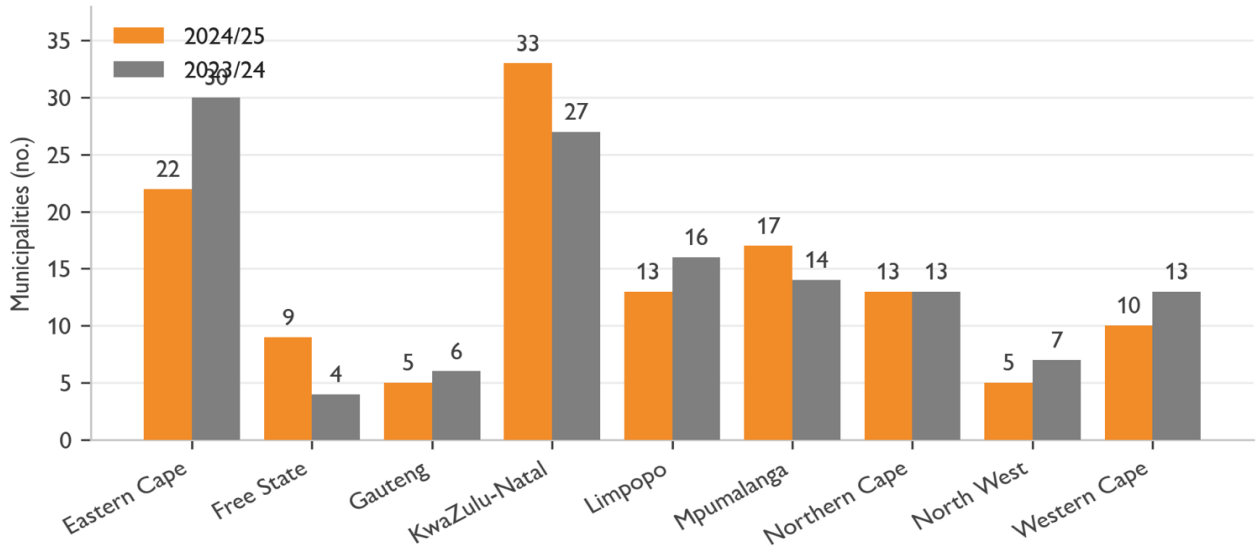
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year, but increases in the Eastern Cape, Gauteng and North West were large enough to raise the national total.

Criminal referrals provide a direct measure of enforcement. The number of municipalities that referred financial misconduct to the South African Police Service where the accounting officer was implicated declined from 37 in 2023/24 to 20 in 2024/25, and a second, larger category of referrals not implicating the accounting officer fell even more sharply, from 59 to 34. Both declines occurred despite improvements in the adoption of policies on unauthorised, irregular, and fruitless and wasteful expenditure, so the breakdown occurred at the enforcement stage rather than the policy stage. The Western Cape's referrals fell furthest in both categories, from 10 to 2 where the accounting officer was implicated and from 13 to 6 otherwise.

Systems of delegation, which underpin accountability by assigning responsibility for decisions, also weakened nationally: only 127 municipalities reported a signed system of delegations in 2024/25, down from 130 in the previous year, and non-responses rose by 23%. Signed delegations increased in KwaZulu-Natal, the Free State and Mpumalanga, to 33, 9 and 17 municipalities respectively; declined in the Eastern Cape, Gauteng, the Western Cape, Limpopo and North West; and remained unchanged at 13 in the Northern Cape. The Eastern Cape's decline, from 30 signed delegations to 22, was the sharpest fall of any province. Figure 7.4 and Figure 7.5 set out the delegation and referral patterns separately.

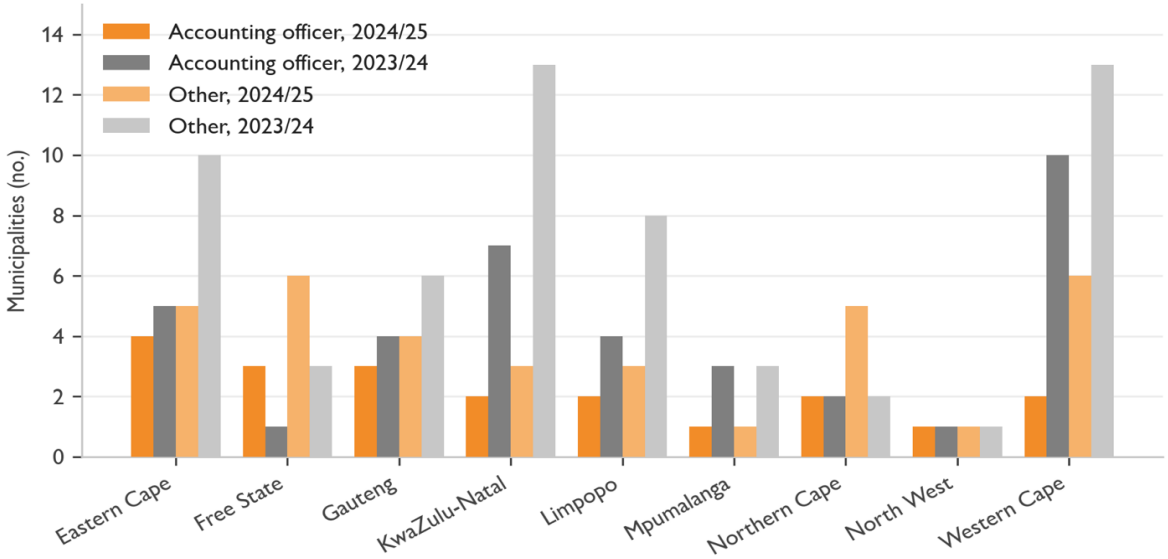
Figure 7.4: Municipalities with signed systems of delegation by province, 2023/24 and 2024/25 (number)



Source: AGSA and National Treasury, MFMA Compliance Report 2024/25.

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Figure 7.5: Municipalities referring misconduct to the South African Police Service by province, 2023/24 and 2024/25 (number)

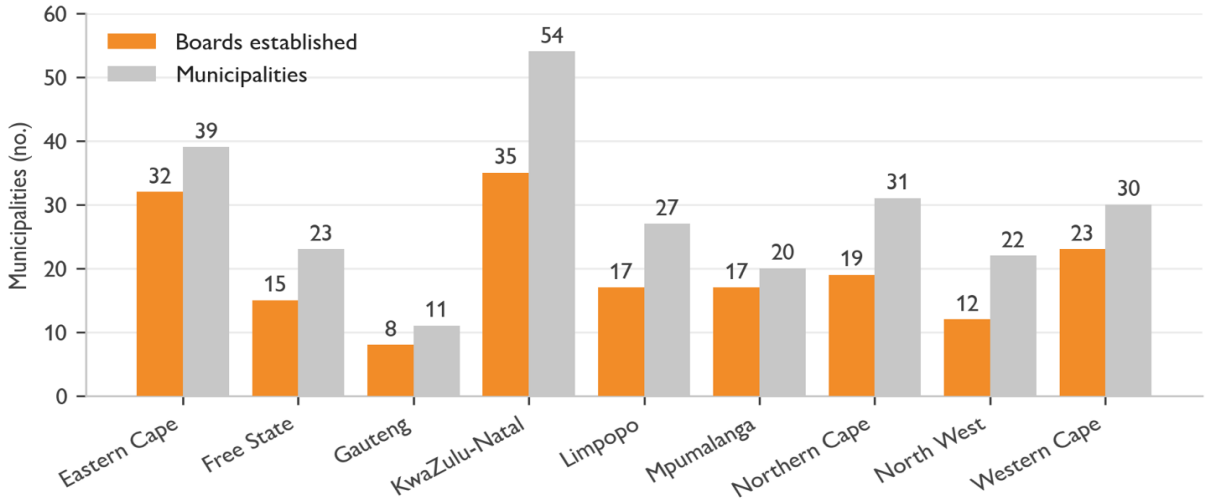


Source: AGSA and National Treasury, MFMA Compliance Report 2024/25.

7.4.1 Consequence Management and Disciplinary Action

Consequence management depends on a functioning disciplinary process once misconduct is identified. Nationally, 178 municipalities had a disciplinary board established in 2024/25, up from 147 the year before, though the number of financial misconduct allegations reported fell from 1 116 to 614 over the same period, and the number of officials formally charged with a financial offence rose 56%, to 313. **Establishment of disciplinary boards ranged from 85% of municipalities in Mpumalanga and 82% in the Eastern Cape down to 61% in the Northern Cape and 55% in North West**, so even the better-performing provinces on this measure left a meaningful share of municipalities without a board. Figure 7.6 shows both the provincial counts and the national increase.

Figure 7.6: Municipalities with disciplinary boards established by province, 2023/24 and 2024/25 (number)



Source: AGSA and National Treasury, MFMA Compliance Report 2024/25.

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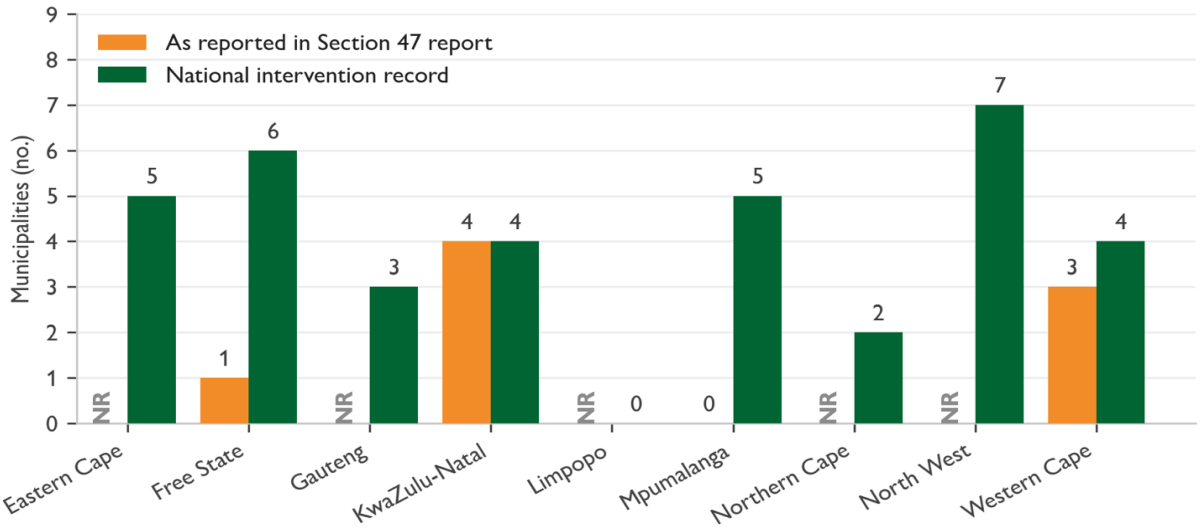
At the level of individual metros, the pattern of formal structures without effective use recurs. The City of Tshwane MM and Mangaung MM had not implemented a Consequence Management Framework by 2024/25, and disciplinary boards did not monitor proceedings at four further metros or investigate allegations at three. The City of Cape Town M is again the exception across every measure in this section: it applied consequence management where the other metros did not. The consequence of inadequate enforcement is more than financial. Where misconduct carries no consequence, the incentive to prevent it disappears, and the control environment that produces poor audit outcomes and financial distress is left intact.

7.5 SECTION 139 INTERVENTIONS

Section 139 of the Constitution allows a provincial executive to intervene when a municipality fails to fulfil an executive obligation. The available intervention measures extend up to dissolving the municipal council. However, the 2024/25 Section 47 reports did not provide information sufficient to determine the number of municipalities that were under intervention nationally. This analysis therefore compares provincial reporting with the Department of Cooperative Governance's national record, which identifies the municipality, the provision applied and the date on which each intervention began.

The national record identified 36 municipalities that were subject to section 139 intervention at some point during 2024/25. They comprised 27 local municipalities, eight district municipalities and one metropolitan municipality across eight provinces. **North West** had the largest number, with seven, followed by the **Free State** with six. The Eastern Cape and Mpumalanga each had five. **Limpopo was the only province with no recorded intervention**. Figure 7.7 compares the provincial figures with the national record, Table 7.3 summarises provincial reporting, and lists the municipalities under section 139 interventions at the end of 2024/25.

Figure 7.7: Section 139 interventions, provincial reporting against the national record, 2024/25



Source: Department of Cooperative Governance's record of Municipalities under section 139 interventions; Section 47 reports. 2024/25

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Table 7.3: Section 139 Interventions reported

Province	Summary of Section 139 Interventions reported
Eastern Cape	Named without a count. The Section 47 report names Elundini under section 139(1)(a) from 1 June 2025 but states no provincial total. Not in the national record: Elundini.
Free State	Understated. The province's report states no count; the Auditor-General identifies Mangaung MM under section 139(7).
Gauteng	Not reported. No section 139 intervention reported by the province or found in the Auditor-General's reports.
KwaZulu-Natal	Consistent. The province's report lists four municipalities under section 139 intervention for 2024/25.
Limpopo	Not reported. The province's report does not mention section 139; the Auditor-General names Thabazimbi under section 139(1)(c). Not in the national record: Thabazimbi.
Mpumalanga	Contradicted. The province's report states that no municipality was under section 139.
Northern Cape	Not reported. No section 139 count reported; nine municipalities are under a provincial Municipal Support and Intervention Plan, a different mechanism.
North West	Not reported. No section 139 intervention reported by the province or found in the Auditor-General's reports.
Western Cape	Understated. The province's report names three municipalities under mandatory Financial Recovery Plans. Not in the national record: Laingsburg.

Source: Department of Cooperative Governance's record of Municipalities under section 139 interventions; Section 47 reports. 2024/25

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Table 7.4: Municipalities under section 139 intervention, 2024/25

Municipality	Province	Type	Provision invoked	Date instituted	Status in 2024/25
Amathole	EC	District	S139(5) of the Constitution	Jan-21	Ongoing
Enoch Mgijima	EC	Local	S139(7) of the Constitution (National intervention in the stead of the provincial executive in terms of section 139(5)(a) and (c))	Apr-22	Ongoing
Makana	EC	Local	S139(5) of the Constitution	2019	Ongoing
O.R. Tambo	EC	District	S139(5) and (c) of the Constitution	08-Dec-21	Ongoing
Walter Sisulu	EC	Local	S139(5)(a) of the Constitution	23-Feb-22	Ongoing
Kopanong	FS	Local	S139(1)(b) read together with s63 of Water Service Act.	Sep-23	Ongoing
Mafube	FS	Local	S139(5)(a)&(c) Of the Constitution	Jun-22	Ongoing
Mangaung	FS	Metro	S139(7) of the Constitution (National intervention in the stead of the provincial executive in terms of section 139(5)(a) and (c)	Apr-22	Ongoing
Masilonyana	FS	Local	S139(1)(b) of the Constitution	Feb-26	Ongoing
Matjhabeng	FS	Local	S139 (5)(a)&(c) of the Constitution	Oct-24	Ongoing
Nala	FS	Local	S139(1)(b) of the Constitution	28-May-25	Ongoing
Ngwathe	FS	Local	139(5)(a) and (b)	26-Jun-26	not stated
Tokologo	FS	Local	S139(5)(a)&(c) Of the Constitution	Jun-22	Ongoing
Emfuleni	GP	Local	S139(5) of the Constitution	Jun-18	Ongoing
Merafong City	GP	Local	S139(5) of the Constitution	Sep-22	Ongoing
West Rand	GP	District	S139(5) of the Constitution	not stated	revoked, not on the August 2026 list
Impendle	KZN	Local	S139(1)(b) of the Constitution	15-Jun-26	Ongoing
Mpofana	KZN	Local	S139 of the Constitution	not stated	revoked, not on the August 2026 list
uMkhanyakude	KZN	District	S139 of the Constitution	not stated	lapsed, not on the August 2026 list
uMzinyathi	KZN	District	S139 of the Constitution	not stated	lapsed, not on the August 2026 list

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Municipality	Province	Type	Provision invoked	Date instituted	Status in 2024/25
uThukela	KZN	District	S139 of the Constitution	not stated	lapsed, not on the August 2026 list
Waterberg	LP	District	S139(5) of the Constitution	Dec-25	Ongoing
Emalahleni	MP	Local	S139(5) of the Constitution	Oct-18	Ongoing
Govan Mbeki	MP	Local	S139(5) of the Constitution	Oct-18	Ongoing
Lekwa	MP	Local	S139(7) of the Constitution (National intervention in the stead of the provincial executive in terms of section 139(5)(a) and (c))	Apr-21	Ongoing
Msukaligwa	MP	Local	S139(5) of the Constitution	Oct-18	Ongoing
Thaba Chweu	MP	Local	S139(5) of the Constitution	Oct-18	Ongoing
Phokwane	NC	Local	S139(5) of the Constitution	Jul-20	Ongoing
Renosterberg	NC	Local	S139(5) of the Constitution	Aug-20	Ongoing
City of Matlosana	NW	Local	S139(5) of the Constitution	Aug-24	Ongoing
Ditsobotla	NW	Local	S139(5) of the Constitution and on the 3 of September 2025, Cabinet approved national intervention in terms of S139(7) of the Constitution.	Aug-25	Ongoing
Dr Ruth Segomotsi Mompati	NW	District	S139(5) of the Constitution	Jan-22	Ongoing
Kgetlengrivier	NW	Local	S139(5) of the Constitution	Jan-22	Ongoing
Madibeng	NW	Local	S139(5) of the Constitution	Jan-22	Ongoing
Naledi	NW	Local	S139(5) of the Constitution	Jan-22	Ongoing
Ramotshere Moiloa	NW	Local	S139(5) of the Constitution	Jan-22	Ongoing
Tswaing	NW	Local	S139(5) of the Constitution	Jan-22	Ongoing
Beaufort West	WC	Local	S139(5)(a) of the Constitution	Aug-21	Ongoing
Garden Route	WC	District	S139(1)(a) of the Constitution	Oct-24	Ongoing
Kannaland	WC	Local	S139(5)(a) of the Constitution	Dec-23	Ongoing
Laingsburg	WC	Local	as stated in the reporting source	not stated	not stated
Theewaterskloof	WC	Local	S139(5)(a) of the Constitution	Nov-24	Ongoing

Source: Department of Cooperative Governance's record of Municipalities under section 139 interventions.

7.5.1 Reason for interventions

Section 139(5), which applies when a municipality faces a financial crisis or a serious or persistent material breach of its obligations, applied to 26 of the 36 cases. Cabinet intervened under section 139(7) in Enoch

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Mgijima in the Eastern Cape, Mangaung Metropolitan Municipality in the Free State and Lekwa in Mpumalanga. Two further interventions fell under section 139(1)(b), one under section 139(1)(a), and four were recorded without a subsection.

7.5.2 Duration of interventions

Several interventions have remained in place for years. Emfuleni in Gauteng has been under intervention since June 2018. In Mpumalanga, Emalahleni, Govan Mbeki, Msukaligwa and Thaba Chweu have been under intervention since October 2018. Makana in the Eastern Cape has been subject to intervention since 2019. These extended periods indicate that intervention has become an ongoing administrative arrangement in some municipalities, rather than a temporary measure to restore municipal administration.

7.5.3 Provincial and national reporting

The provincial reports correspond poorly with the national record. Four provinces provided no information, while Mpumalanga reported no interventions despite having five municipalities in the national record. Two provinces also named municipalities that the record does not contain. Taken together, the Section 47 reports identify only eight of the 36 municipalities under intervention during the year. Relying on these reports alone would understate the use of section 139 by more than 80%.[5]

Five municipalities entered intervention after the reporting year and appear in Table 7.4, but they are excluded from the 2024/25 total. These are Ditsobotla in North West from August 2025, Waterberg District Municipality in Limpopo from December 2025, Masilonyana in the Free State from February 2026, Impendle in KwaZulu-Natal from June 2026 and Ngwathe in the Free State from June 2026.

The reporting weakness is more serious than the difference in the totals. Section 47 requires each MEC to report on municipal performance and identify underperforming municipalities. A municipality under section 139 intervention has failed to fulfil an executive obligation and should appear clearly in the relevant provincial report. Yet four provinces omitted their interventions, and Mpumalanga incorrectly reported that it had none. Provincial reports should list every active intervention and reconcile this information with the national record before submission.

7.6 INTERGOVERNMENTAL RELATIONS FORUMS

The functionality of intergovernmental relations forums, including district and provincial structures established under the District Development Model, was reported unevenly and mostly in narrative form.

The **Eastern Cape** was the exception, rating its intergovernmental relations strategy on the same five-point scale used elsewhere in its report: the excellent category rose from 13 to 21% of municipalities and the weak category rose from 39 to 47% over the same period, so the province's institutions polarised rather than converged. Its district intergovernmental forums were separately rated: none reached the excellent or very good categories, two districts, Alfred Nzo and Chris Hani, were rated good, and four, OR Tambo, Sarah Baartman, Joe Gqabi and Amathole, were rated weak.

Limpopo reported that intergovernmental relations structures were functional across the province and that all municipalities had functional websites, though without the district-by-district detail the Eastern Cape provides. The **Free State, Gauteng, Mpumalanga and the Northern Cape** described District Development Model structures, One Plans and technical committees in narrative terms, naming approval

[5] The count is taken from the Department of Cooperative Governance list of active interventions in terms of section 139 of the Constitution (August 2026) and its Q4 2025/26 annual report on section 139 (19 March 2026). A municipality is counted if the record places it under intervention at any point between 1 July 2024 and 30 June 2025. Municipalities named only in a Section 47 report or by the Auditor-General are shown in Table 7.4 but not counted.

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dates and catalytic projects, but none attached a meeting count, attendance figure or functionality rating to that narrative. North West's account is similarly narrative only. The **KwaZulu-Natal and Western Cape** reports were not assessed in sufficient depth for this indicator, so no conclusion is drawn about their reporting.

7.7 CHALLENGES

By 2024/25, most municipalities had the structures required for good governance. These included internal audit units, audit committees, municipal public accounts committees, systems of delegation and disciplinary boards. Most areas that reported on ward committees had also established them. Yet these structures did not reliably change conduct or correct poor performance. Municipalities often failed to act on findings, misconduct accumulated faster than it was resolved, and reporting was weakest in the cases that most required scrutiny.

The main challenges were:

- **Municipalities often failed to respond to oversight findings.** Internal audit units reported on the implementation of recommendations at 73% of municipalities, while audit committees tracked them at only 62%. In the Auditor-General's targeted assessment, internal audit was ineffective at 125 of the 215 municipalities with compliance findings, and audit committees were ineffective at 126. Municipal public accounts committees did not perform their role effectively at 28 of the 60 municipalities assessed.
- **Councils and legislatures did not act on available information.** Every metropolitan municipality had a municipal public accounts committee, but only the City of Cape Town's committee discharged its responsibilities effectively. The Western Cape, KwaZulu-Natal and Gauteng legislatures did not consider municipal oversight reports for 2023/24. The Free State considered Mangaung's report late and reached no resolution.
- **Municipalities wrote off accumulated financial misconduct.** Balances for unauthorised, irregular, and fruitless and wasteful expenditure reached R268.13 billion. Municipalities dealt with these balances mainly through write-offs rather than recovery or disciplinary action. North West alone carried R71.14 billion, more than a quarter of the national total. Its balance grew even though six of the nine provinces reduced theirs.
- **Enforcement declined.** Criminal referrals to the South African Police Service fell from 37 municipalities to 20 where the accounting officer was implicated, and from 59 to 34 where the accounting officer was not implicated. This occurred even though more municipalities had adopted the required policies. The number of municipalities with signed systems of delegation also fell, from 130 to 127, weakening the assignment of responsibility for decisions and expenditure.
- **Some municipalities established disciplinary structures but did not use them.** The number of municipalities with disciplinary boards rose from 147 to 178, yet several metropolitan municipalities did not use the boards to monitor proceedings or investigate allegations. The City of Tshwane and Mangaung Metropolitan Municipality had not implemented a Consequence Management Framework.
- **The reports did not support a national assessment of public participation.** Provinces used different measures of ward committee functionality, and some counted committees established rather than those functioning. Only the Eastern Cape and North West supplied broader participation measures that allowed even limited comparison. No province reported petition volumes, complaint resolution or resident satisfaction in a form suitable for national assessment. The results that were available varied sharply. All 107 ward committees in the City of Tshwane were recorded as non-functional, while Nongoma fell from 74% to zero.

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- **Section 139 interventions were substantially under-reported.** The national intervention record shows that 36 municipalities across eight provinces were under a section 139 intervention at some point in 2024/25. The nine Section 47 reports account for only eight. Four provinces reported no interventions. Mpumalanga said it had none, although the national record lists five, while North West reported nothing despite having the highest number, at seven. Two provinces named municipalities that do not appear in the national record. A section 139 intervention means that a municipality has failed to fulfil an executive obligation, so Section 47 reports should identify these cases clearly.
- **Governance was weakest where audit and financial problems were already severe.** The provinces with the largest accumulated misconduct balances also had the weakest audit outcomes and the least complete reporting. The City of Cape Town was the exception: it implemented audit recommendations and applied consequence management. The other metropolitan municipalities did not provide sufficient assurance over major risk areas.

7.8 CONCLUSION

Most governance structures were in place in 2024/25, and their enforcement weakened. Municipalities had generally established internal audit units, audit committees, municipal public accounts committees, systems of delegation and disciplinary boards, and ward committees were established in most areas where they were measured. The City of Cape Town MM shows how these controls support clean administration when recommendations are implemented and consequence management is applied.

Municipalities frequently did not act on the recommendations those structures produced. In every metropolitan municipality except the City of Cape Town MM, internal audit and audit committee processes did not provide sufficient assurance. Municipal public accounts committees failed to execute their role effectively at 47% of the 60 municipalities assessed directly. The provincial legislatures in the Western Cape, KwaZulu-Natal and Gauteng did not deal with municipalities' 2023/24 oversight reports.

Enforcement recorded the sharpest decline. Criminal referrals to the South African Police Service fell in both categories tracked by the Auditor-General, from 37 municipalities to 20 where the accounting officer was implicated and from 59 to 34 otherwise. Signed systems of delegation declined nationally despite improvements in three provinces. Municipalities responded to R268.13 billion in accumulated financial misconduct mainly through write-offs rather than recovery or discipline. The balance was heavily concentrated: North West alone carried R71.14 billion, more than a quarter of the national total, and its balance grew even as six of the nine provinces reduced theirs. The City of Tshwane MM and Mangaung Metropolitan Municipality had not implemented a Consequence Management Framework.

Reporting on intergovernmental intervention was the weakest element of the chapter. Section 139 interventions ran at 36 municipalities during the year, and the Section 47 reports account for eight. Until provinces report their interventions completely and reconcile them against the national record before submission, the Section 47 process cannot support national oversight of the municipalities in the most serious difficulty. The wider governance challenge is the same in kind: acting on the findings of accountability structures that are already in place.

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8. CROSS-CUTTING ISSUES & PLANNING

8.1 OVERVIEW

Unlike the five Key Performance Areas (KPAs), the cross-cutting themes are not underpinned by a set of indicators against which to report. There is no common reporting template, set of definitions, or prescribed data fields for these themes in the Section 47 reporting process, and provinces consequently reported on them at their own discretion, on differing bases, and in varying depth. The result was wide variation across the nine reports, in the choice of what to report, the measures used, and the level of municipal detail provided. Some provinces reported per-municipality status against dated milestones, others reported credibility scores or ratings, and several did not report on a given theme. This variance limits direct comparison across provinces and means that a complete national picture cannot always be assembled.

The cross-cutting themes covered in this chapter comprise:

- **Integrated Development Planning**
- **Spatial Planning and Land Use Management**
- **Disaster Management**
- **Climate Resilience**

Integrated Development Planning concerns the adoption, credibility and alignment of the strategic plans that guide municipal development. Spatial planning and land use management concerns the Spatial Development Frameworks and Land Use Management Schemes through which municipalities direct and regulate land development, together with the tribunals that administer it. Disaster management concerns the centres, plans and forums through which municipalities prepare for and respond to disasters. Climate resilience relates to the integration of climate adaptation and mitigation into municipal planning. Although these themes cut across the Key Performance Areas rather than sitting within any single one, they are central to the functioning of local government, and the sections that follow report on each in turn, drawing on the provincial Section 47 reports and noting, for each theme, where reporting was sufficient and where gaps remained.

8.2 INTEGRATED DEVELOPMENT PLANNING

Integrated Development Plans (IDPs) form the foundation of municipal planning in South Africa, serving as the strategic framework that directs development and service delivery. Their preparation, adoption and annual review are mandated by national legislation, in particular the Municipal Systems Act (MSA), Act 32 of 2000 and the Municipal Finance Management Act (MFMA), Act 56 of 2003. Section 25(1) of the MSA requires every municipal council to adopt a single, inclusive and strategic plan that integrates sectoral plans, aligns local resources and institutional capacity with identified priorities, guides the municipal budget, and remains consistent with national and provincial development frameworks. Section 34 directs municipalities to review their IDPs annually so that priorities remain current and performance is evaluated, and Section 32 obliges municipalities to submit adopted IDPs to the MEC for Local Government for assessment of legal compliance and alignment with broader government strategies.

The MFMA reinforces the framework by linking the IDP to the municipal budget. Section 21 assigns the mayor responsibility for coordinating the budget process together with the annual review of the IDP, and requires that budget preparation take the IDP into account, so that budgets reflect the strategic choices set out in the plan and are costed within the Medium-Term Revenue and Expenditure Framework (MTREF). To support this system, the Department of Cooperative Governance (DCoG) maintains an IDP credibility framework and facilitates intergovernmental engagements intended to assist provinces in assessing and supporting municipal IDPs. During the period under review, the District Development Model (DDM)

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continued to shape municipal planning through district and metropolitan One Plans, which are intended to align municipal, provincial and national planning. The DDM Regulations were gazetted in 2024 under the Intergovernmental Relations Framework Act, Act No. 13 of 2005, providing for the institutionalisation of the model across district and metropolitan spaces.

The provincial Section 47 reports noted IDPs on different bases, ranging from adoption dates in the Free State and Northern Cape, credibility scores in KwaZulu-Natal, High, Medium and Low ratings in Limpopo, and process compliance in Mpumalanga and North West, to no dedicated reporting in the Eastern Cape and Western Cape. This variance in reporting basis limits direct comparison on any single measure and reinforces the need for the standardisation of Section 46 and 47 reporting in future cycles.

Each of the seven provinces reporting IDP status recorded that all of its municipalities had tabled, adopted or reviewed their 2024/25 IDPs, amounting to 188 of the 257 municipalities nationally. The **Eastern Cape and Western Cape, did not report IDP adoption or credibility status**, and a national adoption rate is therefore not established for the year. Where provinces classified adoption against the statutory timeframe, most municipalities complied, although isolated late adoptions were reported. This included three in **North West** (Tswaing, Mamusa and JB Marks) and, in respect of the process plan rather than the final IDP, one in Mpumalanga (Emalahleni, adopted on 26 September 2024). Several provinces also reported on the procedural requirements that accompany adoption, including submission to the MEC in terms of Section 32 of the Municipal Systems Act, the issuing of Section 32 recommendation letters in North West, and community consultation on the draft process. The **Northern Cape** reported community consultations as complete and **Mpumalanga** reported for eleven of its municipalities, with six not consulting. The near-universal adoption reported for 2024/25 was consistent with the pattern in 2023/24, when the provinces reported that municipalities had adopted their IDPs.

Table 8.1: IDP reporting in Section 47 reports

Province	Municipalities with IDPs (%)	Notes
Eastern Cape	NR	No dedicated IDP reporting for 2024/25. In 2023/24, IDPs were adopted across municipalities, though functionality was uneven, with weak follow-through and limited alignment to provincial and national frameworks.
Free State	100%	All 23 municipalities tabled and adopted their reviewed IDPs, with council adoption between May and June 2024 and dates of submission to CoGTA reported. No credibility rating was reported.
Gauteng	100%	All 11 municipalities reviewed their IDPs, and the report recorded consistent approval and submission of IDP frameworks to Gauteng CoGTA. Most municipalities demonstrated partial to substantial alignment with provincial growth strategies and national frameworks.
KwaZulu-Natal	100%	All 54 municipalities were assessed for IDP credibility. Eight improved and 46 regressed relative to 2023/24. The provincial IDP credibility average was 74.3% for 2024/25, down from an average of 79.1% for 2023/24. uMhlathuze was the highest rated at 93.1% and a sustained top achiever. Dannhauser (56.20%), Amajuba (57.1%), Okhahlamba (57.1%) and Mpofana (35.8%) fell below the 60% benchmark.
Limpopo	100%	All 27 municipalities approved and submitted their IDP frameworks and were rated 'High' on credibility, maintaining the 2023/24 position (from 26 of 27 in 2022/23). Greater Tzaneen, who was rated 'Medium' in 2022/23, was rated 'High' from 2023/24 onwards. IDP and SDBIP alignment was reported for 26 of 27 municipalities, with Lepelle-Nkumpi partially aligned.
Mpumalanga	100%	All municipalities adopted IDPs following the Section 29 process, and the IDP directorate monitored the review process in 20 municipalities monthly. On the adoption of process plans, 19 of 20 complied by 31

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Province	Municipalities with IDPs (%)	Notes
		August 2024, with Emalahleni adopting late, on 26 September 2024. However, six municipalities (Chief Albert Luthuli, Dipaleseng, Dr Pixley ka Isaka Seme, Lekwa, Mkhondo and Victor Khanye) did not consult communities on the draft process.
Northern Cape	100%	All 31 municipalities tabled and adopted their IDPs within the legislative timeframe, with adoption dates and council resolutions recorded, and all conducted public participation. Minimal sector-department participation and limited planning capacity were noted, with the process often driven by junior officials. No municipality was individually flagged.
North West	100%	All 22 municipalities adopted their 2024/25 IDPs; 19 within the legal timeframe and three late (Tswaing, Mamusa and JB Marks), for which Section 32 MEC recommendation letters were issued. The province's Section 32 assessment of adopted final IDPs identified gaps in the nine core components (Section 26 MSA), MFMA Circular 88 indicators, DDM One Plan integration, sector-plan annexures, public participation evidence, and IDP, budget and SDBIP alignment.
Western Cape	Not reported	No IDP adoption or credibility status was reported. The Joint District and Metro Approach (JDMA) and Technical Integrated Municipal Engagements (TIME) were cited as mechanisms for aligning strategic planning, including the review of IDPs.

Source: Section 47 Reports, 2024/25

8.2.1 Challenges

A recurring concern across Section 47 reports was **the extent to which IDPs functioned as credible, implementable strategies rather than as documents produced for compliance**. KwaZulu-Natal framed the current fifth-generation cycle as directed at the implementation of identified service-delivery priorities rather than compliance, while noting that legislative compliance would continue to be monitored to limit audit findings. Gauteng reported that IDPs provided a sound planning framework, but that the gap between planning and execution remained the principal constraint on service-delivery improvement. North West's assessment of adopted final IDPs identified gaps in the statutory core components and in alignment with budgets, SDBIPs and the DDM One Plan, which bear on the credibility of the plans. The pattern indicates that, although adoption was near-universal, it is important to distinguish between adopting an IDP and producing one that is strategic and implementable.

Planning capacity was reported unevenly and, where addressed, as a constraint. The Northern Cape reported limited municipal planning capacity, noting that the majority of its municipalities did not have planning departments, that the IDP process was often driven by junior officials, and that leadership in some municipalities did not champion the process. It further reported minimal participation by sector departments in the review process, which it linked to difficulty in planning holistically across the development mandate. The Free State structured IDP capacity by post, being IDP Manager, IDP Officer and Clerk, put did not report the posts in the Draft Section 47 report. Gauteng reported skills shortages among the pressures affecting the translation of plans into delivery.

Public participation featured as both a statutory requirement and a reported weakness. Section 28(2) of the Municipal Systems Act requires municipalities to consult communities on the draft process to be followed before its adoption. Mpumalanga reported that eleven of its municipalities consulted communities on the draft process, while six did not (Chief Albert Luthuli, Dipaleseng, Dr Pixley ka Isaka Seme, Lekwa, Mkhondo and Victor Khanye), and it emphasised the need to conclude public participation processes on time to allow for a credible situational analysis. The Northern Cape reported that all 31 municipalities engaged in public

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participation before their IDPs were approved, and identified enhanced ward-level participation as an area for improvement. North West listed insufficient evidence of public participation among the concerns identified in its assessment of adopted final IDPs. The reports therefore recorded broad compliance with the consultation requirement in most provinces, alongside specific gaps in the depth of participation and, in Mpumalanga, its completeness.

8.3 SPATIAL PLANNING AND LAND-USE MANAGEMENT

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.

Land Use Management Schemes (LUMS), also referred to as land use schemes, are the regulatory instruments through which municipalities give effect to their Spatial Development Frameworks, determining how land may be used and developed within a municipal area. The Spatial Planning and Land Use Management Act, 2013 (SPLUMA) requires each municipality with municipal planning authority to adopt and administer a single land use scheme covering its entire area, and to determine land development applications through a Municipal Planning Tribunal established under an adopted by-law. Land use schemes are a metropolitan and local government function: they are prepared and administered by metropolitan and local municipalities, and not by district municipalities, which do not hold the land use management mandate. The reporting therefore measures land use schemes against the metropolitan and local municipalities in each province and excludes district municipalities from the expected total, while Spatial Development Frameworks are measured against all municipalities, since district municipalities prepare district frameworks.

Reporting on Spatial Development Frameworks and land use schemes varied in both coverage and basis across the nine Section 47 reports. Seven provinces reported SDF status, while the Eastern Cape and Western Cape did not, confining the national SDF picture to seven provinces. The basis of reporting differed: the Free State cited Provincial Gazette references, KwaZulu-Natal reported per-municipality status for all 54 municipalities through its COGTA monitoring tool, and Limpopo reported through a provincial spatial planning table, while Gauteng, Mpumalanga, the Northern Cape and North West reported through departmental narrative.

Reporting on land use schemes was less complete. Only five provinces quantified schemes, being the Free State, KwaZulu-Natal, Limpopo, Mpumalanga and North West; Gauteng and the Northern Cape described schemes through support activity and adopted by-laws without a count; and the Eastern Cape and Western Cape did not report schemes. The variance in coverage, together with the differing reporting bases, limits direct comparison and reinforces the case for standardised Section 46 and 47 reporting on spatial planning in future cycles.

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Table 8.2: SDF and LUMS reporting across Section 47 reports, 2024/25

Province	Total Local Munis	SDFs in place (of all munis)	LUMS-expected (metros + locals)	LUMS in place (of expected)	Note
Eastern Cape	39	NR	33	NR	No SDF or LUMS status reported; departmental support only.
Free State	23	8	19	13	SDF 8 of 23; LUMS 13 of 19 (6 no entry). Gazette references.
Gauteng	11	11	9	NR	All 11 approved SDFs; land use schemes not reported as a count.
KwaZulu-Natal	54	42	44	36	From Table 28 of Section 47 report; 12 SDFs not adopted and 8 missing LUMS.
Limpopo	27	27	22	20	All 27 SDFs; 20 of 22 locals have schemes (Musina and Thabazimbi not).
Mpumalanga	20	20	17	17	All 20 SDFs; report states all 17 locals adopted SPLUMA-compliant schemes.
Northern Cape	31	31	26	NR	All 31 SDFs; schemes supported and by-laws adopted, no scheme count given.
North West	22	18	18	15	18 locals SDF-compliant; 15 locals with a gazetted scheme (Table 7.2).
Western Cape	30	NR	25	NR	
TOTAL	**257**	**157**	**213**	**101**	SDF total counts the 7 reporting provinces (157). LUMS total counts only the 5 provinces that quantify schemes (FS, KZN, LP, MP, NW).

Source: Section 47 Reports, 2024/25. NR = not reported

Reporting on Municipal Planning Tribunals, the bodies that determine land development applications under SPLUMA, was substantive in five provinces and absent in three. The **Northern Cape** reported that all of its tribunals were functional and operational, totalling nine tribunals, and that municipalities had appointed Authorised Officials and an Appeal Authority. **Limpopo** reported the establishment arrangement for all 27 municipalities, comprising 14 independent tribunals and 13 shared. **North West** reported on the establishment and functionality of tribunals alongside their capacity to process land development applications, and **Mpumalanga** reported on the tribunal, authorised officials and appeals authority, noting that some municipalities underperformed in processing applications. The **Free State** reported tribunal functionality and identified two non-functional tribunals, Nketoana and Masilonyana, the latter because its term of office had expired. The **Eastern Cape** addressed tribunals only through SPLUMA training, while Gauteng, KwaZulu-Natal and the Western Cape did not report on tribunals. The **KwaZulu-Natal** position is notable, as that province reported Spatial Development Framework (SDF) and land use scheme status for all 54 municipalities but carried no tribunal reporting.

Beyond frameworks, schemes and tribunals, three further planning matters featured, most consistently in the North West Section 47 report. Town planning capacity was reported mainly by North West, which recorded municipalities without appointed town planners, including Mamusa and Kagisano-Molopo, and linked this to weak planning capacity; the Northern Cape and Western Cape referred to planning capacity only briefly. Land development applications were reported in most depth by North West, covering the categorisation of applications, the setting of tariffs and support to municipalities in processing them, while the Northern Cape reported applications as administered through its tribunals and authorised officials, and Mpumalanga reported on application processing. The adoption of SPLUMA by-laws was reported alongside SDFs by Limpopo, which

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recorded all municipalities as having gazetted their by-laws, and by the Northern Cape. These matters were reported unevenly and by a minority of provinces, and do not support cross-provincial comparison.

Table 8.3: Reporting on Spatial Development Frameworks (SDFs) in Section 47 reports.

Province	Development and Adoption	Strengths	Challenges
Eastern Cape	Municipal SDF adoption status not reported. Departmental support reported for SDF review through Project Steering Committee engagement. *Source: departmental Spatial Planning Unit activity reporting; no municipal SDF dataset provided.*	Spatial Planning Unit delivered SDF and SPLUMA training and workshops with SALGA and the Department of Agriculture, Land Reform and Rural Development.	No municipal SDF adoption status reported, so provincial coverage cannot be established.
Free State	SDF status tabulated per municipality. Of 23 municipalities, 8 recorded adopted or gazetted SDFs (Lejweleputswa DM, Dihlabeng, Phumelela, Tokologo, Nketoana, Mantsopa, Mafube, Xhariep DM), 4 were at public-participation stage (Mangaung MM, Fezile Dabi DM, Ngwathe, Metsimaholo), and 11 recorded no gazette entry. The provincial PSDF was at public participation. *Source: Provincial Gazette references (gazette numbers and publication dates).*	Adopted SDFs supported by council resolutions and provincial gazetting.	Uneven progress; 11 municipalities recorded no gazetted SDF, most likely indicating no SDF in place.
Gauteng	All 11 municipalities approved SDFs as part of their IDPs, in compliance with the Municipal Systems Act and SPLUMA. *Source: GoOGTA review of SDFs submitted with municipal IDPs; no separate source line given.*	Comprehensive and current frameworks, including City of Johannesburg MM SDF 2040, City of Ekurhuleni MM 2025 SDF and Midvaal 2022 to 2027 SDF, supporting transit-oriented development and precinct revitalisation.	Emfuleni's new SDF was still being finalised. Other SDF-specific challenges were not reported.
KwaZulu-Natal	SDF status for all 54 municipalities reported: 42 had an SDF in place and 12 did not. *Source: KZN COGTA monitoring tool, 2024/25.*	SDFs in place in 42 of 54 municipalities, including full SDF and land use scheme coverage in eThekwini MM and across the uMzinyathi and iLembe local municipalities.	12 municipalities had no SDF: Ugu, Umdoni, Umuziwabantu, uMgungundlovu, Mpofana, Impendle, Okhahlamba, eMadlangeni, Dannhauser, eDumbe, Nkandla and uMzimkhulu.
Limpopo	All 27 municipalities developed SDFs; all adopted and gazetted their SPLUMA by-laws and SDFs. *Source: provincial spatial planning table (COGHSTA), covering MPT, land use*	Full adoption and gazetting; alignment guided by NSDP principles and provincial frameworks.	The report noted that earlier failure by some municipalities to adopt SDFs had contributed to misdirected public and

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Province	Development and Adoption	Strengths	Challenges
	scheme, SPLUMA by-law and SDF status.		private investment. No current adoption gap reported.
Mpumalanga	All 20 municipalities maintained approved SDFs and had reviewed them for SPLUMA compliance. *Source: COGHSTA reporting.*	Provincial SDF (effective 2020) and a Regional SDF guide municipal reviews; alignment with the IUDF and spatial transformation agenda.	Weak IDP-SDF integration, with IDP projects often not reflecting SDF interventions and SDF projects not budgeted in IDPs; infrastructure master plans misaligned with SDF priority development areas.
Northern Cape	All 31 municipalities adopted and gazetted SDFs. *Source: COGHSTA reporting.*	COGHSTA support for SDF preparation and review, SPLUMA Forums, and technical support to Municipal Planning Tribunals.	Some municipalities required SDF review support (Magareng and Kheis from November 2024; Joe Morolong and Emthanjeni municipal SDF reviews).
North West	All local municipalities were SPLUMA compliant on SDFs. JB Marks, Kgetlengrivier, Moretele and Rustenburg reviewed their municipal SDFs in 2024/25. *Source: departmental monitoring by COGTA and the PDMC.*	Full local SPLUMA compliance; the Provincial SDF was under review in terms of Section 15 of SPLUMA.	Some municipalities required support on GIS data, document management and regular review.
Western Cape	Municipal SDF adoption or status not reported. *Source: none; SDF status not reported.*	Not reported.	No SDF status reported, so provincial coverage cannot be established.

Source: Section 47 Reports, 2024/25. SDF source information relied on by reports is noted in Development and Adoption column.

8.3.1 Challenges

Several challenges recurred across the reporting provinces. **The integration of spatial plans with other municipal instruments was weak**: Mpumalanga reported that IDP projects often did not reflect SDF interventions and that SDF projects were not budgeted for in IDPs, and that infrastructure master plans were misaligned with SDF priority development areas. Compliance and capacity gaps affected land use schemes: **North West** reported that JB Marks and Madibeng were not yet SPLUMA compliant, that several municipalities required support with GIS data, document management and regular review, and that some municipalities lacked appointed town planners. The **Free State** reported six local municipalities without a gazetted scheme and two non-functional tribunals, and Limpopo reported that Musina and Thabazimbi had not developed schemes. The **Northern Cape** reported limited municipal planning capacity, with the process often driven by junior officials, and that several municipalities required support to review their SDFs.

The most consistent challenge lay in the reporting. Four provinces did not report land use scheme status as a count, and two, the Eastern Cape and Western Cape, reported neither SDF nor scheme status, so a complete national picture could not be assembled for either instrument. The differing reporting bases, from gazette references to monitoring tools to departmental narrative, further limited comparison. These gaps

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reinforce the case for **standardised reporting on spatial planning and land use management** under Sections 46 and 47 reports in future cycles.

8.4 DISASTER MANAGEMENT

South Africa's approach to disaster management is shaped by several pieces of legislation, including the Constitution, the Intergovernmental Relations Framework Act, 2005, the Municipal Systems Act, 2000, and the Disaster Management Act, 2002 (Act 57 of 2002), as amended by the Disaster Management Amendment Act, 2015 (Act 16 of 2015). Together these establish a uniform system for disaster prevention, preparedness, response and recovery across all three spheres of government. The Act requires organs of state to prevent and reduce the risk of disasters, to prepare for emergencies, and to respond rapidly and effectively when disasters occur, and the 2015 amendments strengthened these provisions by requiring disaster risk assessment and mapping, assigning clearer responsibilities to local municipalities, and broadening participation in disaster management advisory forums. Section 26(g) of the Municipal Systems Act reinforces this framework by making an applicable disaster management plan a compulsory component of every Integrated Development Plan, and the National Veld and Forest Fire Amendment Act, 2023 (Act 13 of 2023) amended the National Veld and Forest Fire Act of 1998, which falls within the fire-services dimension of the function.

Disaster management policy is set nationally through the National Disaster Management Framework, first issued in 2005 and reviewed and reissued in 2023, which remains the operative national framework. Within this framework, metropolitan and district municipalities are expected to establish disaster management centres, appoint heads of those centres in terms of Section 45 of the Disaster Management Act, convene disaster management advisory forums, and adopt and maintain disaster management plans, while the National Disaster Management Centre, together with the provincial and municipal centres, coordinates and facilitates disaster risk reduction across the country. During the 2024/25 financial year, the Department of Cooperative Governance and Traditional Affairs, through the National Disaster Management Centre, initiated a comprehensive review of the country's disaster management system, covering all phases of disaster management; the review was ongoing during the reporting period.

Reporting on disaster management was markedly uneven and less complete than in the 2023/23 reporting cycle. **Five provinces reported substantively for 2024/25: the Free State, Gauteng, KwaZulu-Natal, Mpumalanga and North West**. The remaining four provided little or no dedicated disaster management status. The Eastern Cape referred to disaster management only through Disaster Recovery Grant support for its two metropolitan municipalities; Limpopo and the Northern Cape referenced only the Provincial Disaster Management Centre; and the Western Cape addressed the function only through fire and emergency-services training capacity. This represents a reduction in coverage relative to 2023/24, when all nine provinces reported on disaster management, including Limpopo, the Northern Cape and the Western Cape, which had then recorded adopted plans and functional structures. A complete national picture therefore cannot be assembled for 2024/25, and the reporting below is confined to the five provinces that reported. The basis of reporting also differed, from KwaZulu-Natal's centre-functionality percentages to Gauteng's plan-level classifications and North West's institutional and fire-readiness reporting, which limits direct comparison.

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Table 8.4: Disaster management centres, plans and forums

Province	Disaster management centres	Plans	Forums	Notes
Eastern Cape	Not reported.	Not reported.	Not reported.	Referenced only through Disaster Recovery Grant support for Buffalo City and Nelson Mandela Bay.
Free State	Functional at Mangaung MM and the four district municipalities; only Mangaung MM met the minimum infrastructure requirements. Reported as functioning as administrative units rather than operational centres.	Updated plans reported for most municipalities, with review dates. A majority of local municipalities lacked comprehensive plans, with those in place being generic Level 1.	Functional; convened in the districts during 2025 (Xhariep; Fezile Dabi and Lejweleputswa); Mangaung MM's forum not convened. Statutory coordination mechanisms largely dormant.	Structures present but under-resourced; plan depth and coordination flagged as challenge.
Gauteng	The Provincial Disaster Management Centre monitored and evaluated municipal plans; municipal centre functionality was not reported.	All 11 municipalities submitted plans and all were approved (100%). City of Tshwane MM and City of Ekurhuleni MM submitted Level 2 plans; City of JHB MM, West Rand District and Sedibeng District submitted Level 1 plans.	Not reported.	Full plan approval and two Level 2 metros. A Disaster Management and Fire Services Support Grant funded firefighting infrastructure, with a three-year humanitarian relief contract. Three municipalities held foundational Level 1 plans.
KwaZulu-Natal	Functionality reported by district, 2023/24 to 2024/25. eThekwini MM rose from 82% to 91%; uMgungundlovu fell from 68% to 55%; Ugu, uMzinyathi and King Cetshwayo declined; Amajuba, Umkhanyakude and iLembe improved; uThukela, Zululand and Harry Gwala were stable.	Not reported.	Not reported.	Mixed and, in parts, declining centre functionality; capacity uneven and in need of targeted intervention.
Limpopo	Not reported.	Not reported.	Not reported.	Referenced only the Provincial Disaster Management Centre.
Mpumalanga	The Provincial Disaster Management Centre coordinated support through the Provincial Joint Operations and	All municipalities complied with the Act and submitted plans; the Centre advised all to review them for	The Provincial Disaster Management Advisory Forum was active for coordination.	Provincial coordination in place and all plans submitted. Challenges:

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Province	Disaster management centres	Plans	Forums	Notes
	Flood Coordination Committees; district-level centre status was not detailed.	alignment with the national guidelines. Ehlanzeni, Gert Sibande and Nkangala district frameworks were aligned.		inadequate human resources; disaster risk reduction not integrated into IDPs and the DDM One Plan; systems incompatible with the National Centre.
Northern Cape	Not reported.	Not reported.	Not reported.	Referenced only the Provincial Disaster Management Centre.
North West	Heads of Centres appointed four district municipalities (Section 45); several local municipalities lacked appointed disaster management coordinators or personnel.	Disaster management policy frameworks implemented across the 22 municipalities; plans supported by the Provincial Centre.	Functionality monitored under Section 48; specific forum status was not detailed.	District-level institutional arrangements in place, but local capacity thin. Challenges: limited funding, skills shortages, weak coordination, poor reporting, and non-compliance with fire service readiness standards.
Western Cape	Not reported.	Not reported.	Not reported.	Referenced only through fire and emergency-services training capacity at the City of Cape Town MM.

Source: Section 47 Reports, 2024/25

8.4.1 Challenges

The most consistent challenge across the reporting provinces was **weak institutional capacity, particularly at local level**. North West reported that several local municipalities lacked appointed disaster management coordinators or adequate personnel, which it described as a major risk to local readiness, and cited limited funding and skills shortages. The Free State reported that disaster management centres functioned as administrative units rather than fully developed operational centres, and that only Mangaung MM met the minimum infrastructure requirements. Mpumalanga reported inadequate human resources to carry out disaster management initiatives, and KwaZulu-Natal characterised centre capacity as uneven across the province. Capacity constraints were therefore reported across staffing, funding and infrastructure alike.

While plan submission was high where reported, the **depth and currency of plans, and the functionality of centres**, were weaker. The Free State reported that a majority of local municipalities lacked comprehensive plans, with those in place being generic Level 1 plans that did not address localised vulnerabilities. Gauteng, although reporting full plan approval, recorded three municipalities holding foundational Level 1 plans. Mpumalanga reported that all municipalities had submitted plans but that the Provincial Disaster Management Centre had advised all of them to review their plans for alignment with the national guidelines. Centre functionality was uneven and, in parts, declining, with KwaZulu-Natal reporting a

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fall in several districts between 2023/24 and 2024/25, most notably in uMgungundlovu LM, from 68% to 55%. Submission and adoption therefore did not, on their own, reflect the quality of plans or the operational readiness of centres.

Coordination structures and the integration of disaster management into wider municipal planning were reported as weak. The Free State reported that statutory coordination mechanisms, including interdepartmental committees and municipal advisory forums, remained largely dormant or were not convened. Mpumalanga reported that disaster risk reduction was not adequately integrated into Integrated Development Plans and the District Development Model One Plan, notwithstanding that Section 26(g) of the Municipal Systems Act makes a disaster management plan a core component of the IDP, and that its information systems were not compatible with those of the National Disaster Management Centre. North West similarly reported weak coordination and poor reporting systems. These gaps constrained the flow of information between spheres and the alignment of disaster management with development planning.

Fire services, reported as part of the disaster management function, presented a further challenge. North West reported non-compliance with prescribed fire service readiness standards among its municipalities. Gauteng addressed this dimension by establishing a Disaster Management and Fire Services Support Grant directed at firefighting infrastructure, together with a humanitarian relief contract, which was among the few proactive funding responses reported.

8.5 CLIMATE RESILIENCE

Climate change is among the most serious long-term threats to South Africa's development, and municipalities are at the forefront of its impacts. Rising temperatures, recurring droughts, floods, storms, fires and resource pressures disrupt service delivery, damage infrastructure and undermine livelihoods. Local government has a central role in strengthening resilience by integrating adaptation and mitigation into spatial planning, disaster management, infrastructure investment and service delivery.

The policy framework for this role changed materially during the reporting period. The Climate Change Act, 2024 (Act 22 of 2024) was assented to on 23 July 2024, and its commencement was proclaimed on 17 March 2025, although the provisions dealing with provincial and municipal climate change responses were not among those brought into force. Once in force, the Act will require each province and each metropolitan or district municipality to undertake a **climate change needs and response assessment** within one year of the publication of the National Adaptation Strategy and Plan, and, within two years of that assessment, to develop and implement a **climate change response implementation plan**, reviewed at least every five years. Because the National Adaptation Strategy and Plan had not been published, these obligations had not yet been triggered during 2024/25 reporting period.

The treatment of climate change in the Section 47 reports remained uneven and, for most provinces, limited. Gauteng provided the most developed reporting, though framed through disaster risk reduction: its Provincial Disaster Management Centre implemented a capacity-building, advocacy and public-awareness plan targeting winter fires, flooding, informal settlement vulnerabilities and climate-related extreme weather, and linked disaster risk reduction to child-centred adaptation and youth participation. North West framed its disaster management reporting within increasing climate-related risks such as floods, fires and severe storms, and Mpumalanga recorded that its Provincial Disaster Management Centre coordinated global climate change programmes. KwaZulu-Natal referred to climate change resilience as a consideration in the assessment of IDP credibility. The Western Cape reflected an indirect focus, with climate-related risks embedded in its risk assessments and preparedness systems and climate adaptation addressed through environmental training, while the Northern Cape referred to climate change only as an external risk factor. The Eastern Cape, Free State and Limpopo did not report on climate change.

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As in 2023/24, climate change was not consistently mainstreamed across municipal planning and performance reporting, and where it appeared it was most often embedded within disaster management rather than addressed as a distinct resilience agenda. The arrival of the Climate Change Act, together with the assessment and planning duties it places on municipalities, is likely to call for more structured reporting on climate resilience in future cycles, and provides a basis for standardising that reporting under Sections 46 and 47.

8.6 CHALLENGES

- **Absence of standardised reporting.** The cross-cutting themes are not underpinned by common indicators, definitions or a reporting template, which produced wide variance across the nine reports and gaps that prevent a complete national picture from being assembled for any theme.
- **IDP adoption without credibility.** IDP adoption was near-universal where reported, but plans were often produced for compliance rather than as credible, implementable strategies, and the gap between planning and execution was identified as a principal constraint on service delivery.
- **Weak alignment between planning instruments.** Alignment between IDPs, budgets, Spatial Development Frameworks and the DDM One Plan was repeatedly flagged, including SDF projects not budgeted for in IDPs and IDP projects not reflecting SDF priorities.
- **Limited planning capacity.** Provinces reported shortages of planning departments, appointed town planners and skills, with the IDP process in some municipalities driven by junior officials and not championed by leadership.
- **Uneven SPLUMA compliance and land use scheme coverage.** Several municipalities had no gazetted land use scheme or were not yet SPLUMA compliant, and support needs around GIS data, document management and regular review were common.
- **Weak disaster management capacity and readiness.** Centres often functioned as administrative rather than operational units, local municipalities lacked appointed disaster management coordinators, plans were frequently generic Level 1 documents, centre functionality declined in parts of KwaZulu-Natal, and fire-service readiness standards were not met in North West.
- **Weak coordination and integration.** Statutory coordination structures were dormant in places, disaster risk reduction was not integrated into IDPs and the DDM One Plan, and information systems were reported as incompatible between spheres.
- **Climate resilience not mainstreamed.** Climate change was largely absent from municipal planning and reporting, and where it appeared it was embedded within disaster management rather than addressed as a distinct resilience agenda, with the duties under the Climate Change Act not yet triggered.

8.7 CONCLUSION

Taken together, the cross-cutting themes describe a local government planning system in which formal compliance is largely achieved but substantive quality, capacity and integration remain uneven. Where provinces reported, the adoption of IDPs and the establishment of spatial development frameworks were near-universal, yet credibility, alignment between planning instruments, planning capacity and the operational readiness of disaster management structures were consistently weaker, and climate resilience was barely mainstreamed. These patterns are difficult to compare or aggregate because the themes are not supported by standardised indicators, and several provinces did not report on them, most notably in disaster management and climate resilience, where coverage fell relative to 2023/24. The central conclusion is therefore twofold: that municipal planning needs to move beyond adoption towards credible, integrated and implementable plans supported by adequate capacity, and that standardised indicators and a common reporting template under Sections 46 and 47 would be required for the cross-cutting themes to be monitored and compared meaningfully in future cycles.

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9. SYNTHESIS & CONCLUSION

The final chapter synthesises the key findings across the five Key Performance Areas (KPAs) covered in this report. It brings together the provincial evidence to highlight the principal areas of municipal underperformance, risks and stronger performance or emerging best practices, while also considering the challenges reported by municipalities and the support and remedial measures provided by provinces. The synthesis provides an overall assessment of the state of municipal performance in 2024/25 and identifies cross-cutting issues that require continued attention to strengthen local government performance, institutional capacity and service delivery. **Municipalities identified as at greatest risk across KPAs are provided in Annex 1.** The chapter closes with a concluding statement.

9.1 PROVINCIAL SYNTHESIS

9.1.1 EASTERN CAPE

The Eastern Cape presents a **mixed institutional and service-delivery picture**. Senior-management vacancies are comparatively contained and ward committees are widely established, while LED structures are relatively well institutionalised. However, these institutional foundations have not translated consistently into service-delivery or financial-management outcomes. Water access has lost much of its earlier gains, rural refuse removal is exceptionally weak, and the province has a particularly uneven revenue position. The large savings achieved in expenditure are also qualified by the very high overtime overspend, suggesting that expenditure restraint is not uniformly translating into stronger financial discipline.

Institutional compliance and weak implementation is an important cross-KPA insight. The province has mechanisms in place, but weak employment-equity implementation, inconsistent PMS cascading, revenue weaknesses and high UIFW expenditure remain. The Section 48 Report also identifies the Eastern Cape's decline from 30 to 22 municipalities with signed systems of delegation as the sharpest provincial deterioration.

The following table summarises the key challenges identified across KPAs and the actions reported:

Table 9.1: Key challenges identified and actions reported by Eastern Cape Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• Skills audits and HR plans not consistently implemented • PMS difficult to cascade • Labour matters delayed • Weak Employment Equity implementation	• Quarterly Corporate Services Forum • Support for organograms and staff establishments • Recruitment support for critical senior posts • Labour-dispute support and Section 106 investigations
KPA 2	• Infrastructure backlogs and inadequate funding • Weak service delivery in some municipalities • Technical and maintenance constraints	• Risk-adjusted support • Infrastructure/MIG monitoring • Technical support and intervention in municipalities with service-delivery weaknesses
KPA 3	• LED capacity and funding constraints • Uneven institutionalisation • Limited evidence of employment outcomes	• Support to LED structures and municipal capacity • Alignment of LED initiatives with broader development programmes
KPA 4	• Uneven revenue performance	• Financial-management support

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	• High debt and weak collection • Weak financial controls • Persistent UIFW and audit issues	• Audit-action-plan support • Revenue/debt-management interventions • Monitoring of financial performance
KPA 5	• Governance structures generally established but capacity constrained • Declining signed delegations • Isolated non-functional council structures.	• Governance monitoring, capacity building and support to council structures • Consequence-management and oversight interventions.

9.1.2 FREE STATE

The Free State draws attention to how **institutional and financial weakness are reinforcing each other**. Senior-management vacancies are relatively contained, but performance-management weaknesses remain substantial. Basic-service access is generally high in aggregate, yet water access has declined and service quality remains uneven. LED strategies are reported positively, but employment outcomes are poorly evidenced. The much more serious concern is financial: 65% of municipalities adopted unfunded budgets, the province has among the weakest audit outcomes, and underspending remains substantial.

The governance picture is particularly affected by **weak evidence as well as weak practice**. The Section 47 report identifies failures to convene ward and public-feedback meetings and inadequate documentary evidence. This places the Free State municipalities at high performance-risk and high reporting-risk. The large fall in repeat audit findings is a positive development, but the absence of council-approved audit action plans means that this improvement has not yet translated into a stronger accountability process.

The following table summarises the key challenges identified across KPAs and the actions reported:

Table 9.2: Key challenges identified and actions reported by Free State Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• Senior-management vacancies • Competency and recruitment concerns • Weak PMS implementation.	• Targeted municipal capacity building • Recruitment support • Training and operational forums for underperforming municipalities
KPA 2	• Water-service decline and uneven service performance • Infrastructure constraints • Grant underspending	• MIG/infrastructure monitoring • Targeted technical support and remedial action.
KPA 3	• LED implementation and employment outcomes poorly evidenced • Capacity/resource constraints.	• LED planning support and capacity-building • Public-employment initiatives.
KPA 4	• High unfunded-budget incidence • Underspending • Weak audit outcomes • Creditor/liquidity problems • Matjhabeng creditor days	• Financial recovery and targeted support • Improved budget preparation • Audit-action-plan support and remedial engagements
KPA 5	• Failure to convene ward/public-feedback meetings • Poor documentary evidence	• Strategic training workshops • Operational forums with poor-performing municipalities • Remedial action roadmaps • Strengthened Speakers' oversight framework

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9.1.3 GAUTENG

Gauteng data suggests a **disconnect between administrative capacity and underlying financial and service risks**. It has relatively low senior-management vacancies, full WSP reporting, good PMS performance and relatively strong LED institutionalisation. Yet the province has the highest incidence of unfunded budgets (82%), poor revenue-management performance, significant electricity distribution losses and a particularly large water-loss burden. The 0.83-month cash coverage reported for the province reinforces the underlying financial vulnerability.

The metro concentration is important. Strong provincial averages can obscure serious municipal-level problems, most notably City of Tshwane MM's non-functional ward committees and City of Ekurhuleni MM's extreme debtor position. Gauteng therefore illustrates that **institutional establishment and administrative capacity do not automatically produce financial sustainability or service reliability**, particularly where infrastructure losses, revenue collection and large metropolitan expenditure pressures interact.

The following table summarises the key challenges identified across KPAs and the actions reported:

Table 9.3: Key challenges identified and actions reported by Gauteng Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• Persistent employment-equity gaps • Skills gaps despite relatively strong institutional systems	• Workforce and skills-development programmes • Professionalisation and recruitment monitoring
KPA 2	• High water/electricity losses and interruptions • Ageing infrastructure and illegal connections • Waste-management weaknesses	• Smart/prepaid metering • Removal of illegal connections and infrastructure maintenance • Eskom debt-relief programme for qualifying municipalities
KPA 3	• LED units established but staffing capacity uneven • Employment reporting dominated by public programmes.	• LED institutional support • SMME, township and enterprise initiatives
KPA 4	• Weak revenue management • High electricity losses and Eskom exposure • Overspending	• Eskom debt-relief programme • Financial recovery and revenue-management interventions
KPA 5	• Severe City of Tshwane MM ward-committee dysfunction • Weak consequence management in City of Tshwane MM	• Governance monitoring and support • Strengthening of consequence-management and public-participation structures

9.1.4 KWAZULU-NATAL

KwaZulu-Natal combines **relatively strong institutionalisation and audit performance with significant operational and financial risks**. It has a high unqualified audit rate (85%), good PMS performance, strong LED strategy coverage and generally functional governance structures. At the same time, water losses are exceptionally high, Green Drop performance has regressed, electricity losses remain substantial, and rural refuse removal remains weak.

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The relationship between the KPAs is particularly clear around **service losses, creating revenue pressure, and exacerbating financial distress**. The Section 47 report identifies more than R3 billion in Eskom debt and approximately R1.79 billion in water-board debt, while 14 municipalities are subject to material water-loss concerns. Four municipalities were under Section 139 intervention and five under intensified Section 154 support. Thus, KwaZulu-Natal's relatively strong audit outcomes should not be interpreted as evidence that the underlying municipal operating model is uniformly sustainable.

The following table summarises the key challenges identified across KPAs and the actions reported:

Table 9.4: Key challenges identified and actions reported by KwaZulu-Natal Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• Critical senior-management vacancies • Weak PMS evidence in selected municipalities • Uneven consequence management.	• Monitoring/filling critical vacancies • Targeted PMS/Internal Audit support • Quarterly performance reviews • Monitoring of senior-manager consequence management
KPA 2	• Material water and electricity losses • Green Drop regression • Delayed infrastructure projects • Rural service gaps	• Leakage audits and repairs • Metering/billing enforcement • Technical-service partnerships • Energy Forums and smart meters
KPA 3	• Uneven LED staffing and limited LED-specific employment evidence	• LED support and municipal economic-development initiatives
KPA 4	• Material errors in AFS • Inadequate internal controls • Recurring UIFW • Poor audit-action-plan implementation • Eskom and water-board debt	• Audit-improvement war rooms • AFS review and cash-flow/funded-budget support • UIFW register and MPAC support, quarterly engagements with major UIFW contributors.
KPA 5	• Wide variation in ward functionality • Nongoma collapse and political instability in Umvot LM	• Section 154 support • Intensified support for priority municipalities

9.1.5 LIMPOPO

Limpopo has a **strong institutional and planning structures, yet conversion into service outcomes is weak**. All 27 municipalities submitted WSPs, all reported LED strategies and LED units are established throughout the province. Ward committees also show very high functionality. Yet Limpopo has the lowest water access in the country at 63.2%, the largest long-term decline in water access, very low refuse-removal access and significant electricity interruptions.

This creates an important cross-KPA insight: **formal planning and institutional compliance are ahead of operational service performance**. The same distinction appears in performance management: formal PMS activity is reported, but AGSA found inadequate or poorly maintained PMS controls in 55.6% of municipalities. LED is similarly well institutionalised, including substantial agricultural and SEZ activity, but the available evidence remains much stronger for structures and public employment than for sustained economic outcomes.

The following table summarises the key challenges identified across KPAs and the actions reported:

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Table 9.5: Key challenges identified and actions reported by Limpopo Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• Persistent HR capacity constraints despite universal WSP submission • PMS-control weaknesses • Disciplinary reporting gaps	• WSP-linked training • Recruitment/professionalisation support • Monitoring of municipal capacity and performance.
KPA 2	• Very low water and refuse access • Declining water access • Poor sanitation quality • Electricity interruptions • Technical capacity constraints.	• Infrastructure and MIG support • Technical capacity development • Service-delivery monitoring and intervention.
KPA 3	• LED institutionalisation strong but staffing and sustainable economic outcomes remain insufficiently evidenced	• Agricultural development, SEZ and SMME initiatives • LED units/forums and public employment programmes
KPA 4	• Weak revenue/collection evidence • Financial-management weaknesses • Audit-action-plan regression	• Financial-management and audit support • Monitoring of audit action plans and municipal financial performance
KPA 5	• Governance structures generally established, but internal-audit/audit-committee effectiveness and disciplinary reporting remain uneven	• Governance capacity building and monitoring

9.1.6 MPUMALANGA

Mpumalanga municipalities presents **institutional profiles with significant service-reliability weaknesses**. Vacancies, female representation, training and performance management show some progress, while LED strategies, units and forums are strongly established. Ward committee functionality improved materially to 89%. However, water access has declined, water and electricity interruptions remain high, and the province records the highest share of electricity providers above the loss norm at 93%.

The key challenge is therefore less one of formal institutional absence, and more so related to **capacity and operational effectiveness**. Training delivery was only around 58% of approved staff training, while LED staffing was only 57.7% of approved posts. The improvement in ward committees demonstrates that targeted monitoring can work, but the service-delivery evidence suggests that similar attention is required for technical capacity, infrastructure maintenance and revenue protection.

The following table summarises the key challenges identified across KPAs and the actions reported:

Table 9.6: Key challenges identified and actions reported by Mpumalanga Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• Low disability representation • Under-delivery against training plans • Technical capacity constraints	• Municipal training and skills-development interventions • Professionalisation and capacity-building support.
KPA 2	• Water access decline • High water and electricity interruptions • High electricity distribution losses • Maintenance constraints	• Infrastructure investment • MIG support • Technical and maintenance interventions.
KPA 3	• LED units and strategies established but staffing remains weak	• LED forums and institutional support

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	• LED employment outcomes poorly consolidated	• Agricultural, tourism and enterprise initiatives
KPA 4	• Financial-management weaknesses • Uneven revenue performance • Audit-action-plan implementation remains a concern despite improvement	• Financial-management and audit support • Stronger audit-action-plan monitoring.
KPA 5	• Some council-committee functionality gaps • Ward functionality still uneven despite strong improvement	• Monitoring and support to ward committees and governance structures

9.1.7 NORTHERN CAPE

The Northern Cape is an example of a **high-access/low-reliability paradox**. Water access is 95.5%, yet 56.1% of households reported water interruptions lasting two days or longer. Electricity access is also high, while electricity distribution losses are among the highest in the country. Severe technical/operator shortages (only around one-third of required water-system human resources) provide a plausible institutional explanation for this gap.

Financially, the province remains highly vulnerable: 71% of municipalities adopted unfunded budgets and 39% achieved unqualified audit outcomes. LED is also comparatively weak on strategy adoption, with only 58% reporting approved strategies. The province nevertheless has potentially strong place-based economic opportunities through the Namakwa SEZ, Boegoebaai, green hydrogen and digital initiatives. The key challenge is therefore converting **strategic economic opportunity and relatively high service access into reliable service systems and financially sustainable municipal institutions**.

The following table summarises the key challenges identified across KPAs and the actions reported:

Table 9.7: Key challenges identified and actions reported by Northern Cape Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• High senior-management vacancy • Severe technical/operator shortages, especially in water	• Process-controller training • Recruitment/capacity support • Technical assistance through MISA and related programmes
KPA 2	• Major gap between service access and reliability • High non-revenue water • Poor Blue Drop performance • Infrastructure O&M weaknesses.	• Corrective action plans • RBIG/WSIG/MIG infrastructure investment • Process-controller training • IRIS monitoring and district technical support
KPA 3	• Low LED-strategy adoption • Institutional capacity gaps.	• Place-based LED linked to Namakwa SEZ, Boegoebaai, green hydrogen and digital initiatives • SMME/tourism support
KPA 4	• High unfunded-budget incidence • Underspending • Weak audit outcomes • Financial distress	• Financial-management and audit support • Budget and expenditure monitoring
KPA 5	• Uneven ward functionality • Weak evidence on wider council-structure functionality	• Public-participation and governance support • Municipal capacity building

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9.1.8 NORTH WEST

North West has a **pronounced combined institutional, service-delivery and financial risk profile**. It has a high PMS weakness (77.3%), a 29.5% senior-management vacancy rate and severe municipal-level vacancy outliers. Basic-service deficits are acute in several municipalities, while electricity losses remain high. Financially, 77% of municipalities adopted unfunded budgets and only 27% achieved unqualified audit outcomes.

The relationship across KPAs present that **weak institutional capacity, weak PMS, poor service delivery and weak financial management are reinforcing one another**. The particularly important finding is that some municipalities achieved almost complete Municipal Infrastructure Grant (MIG) expenditure while continuing to have severe service-access deficits. This suggests that the primary constraint is not only grant absorption but the capacity to translate expenditure into functioning assets and sustainable services.

The following table summarises the key challenges identified across KPAs and the actions reported:

Table 9.8: Key challenges identified and actions reported by North West Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• Severe senior-management vacancies • Weak PMS • Professionalisation and skills gaps.	• Senior-manager recruitment support • Regulatory training • Accelerated recruitment and quarterly monitoring
KPA 2	• Severe water, sanitation, electricity and refuse deficits in some municipalities • High interruptions • Infrastructure-maintenance constraints	• MIG/infrastructure monitoring; technical support; targeted interventions in severely underperforming municipalities.
KPA 3	• Some municipalities lack approved LED strategies • Staffing gaps • Weak strategic institutionalisation	• LED planning support • Strategy development • Municipal capacity-building.
KPA 4	• 77% unfunded budgets • Low audit outcome • Poor revenue management • Large UIFW balance	• Financial recovery and audit support • Budget/revenue interventions • Intensified municipal monitoring.
KPA 5	• Weak ward-meeting functionality • Governance/reporting gaps • Oversight-report non-submission	• MEC compliance letters • MPAC support • Standardised templates • Quarterly monitoring and corrective-action support

9.1.9 WESTERN CAPE

The Western Cape maintains high audit performance, strong service access and reliability, comparatively low unfunded-budget incidence and strong governance. Water access is 99.5%, water interruptions are low, sanitation performance is strongest, and electricity losses are substantially below those of other provinces. The province also has a high proportion of good-quality financial statements at 77%.

However, **provincial strength does not eliminate localised risk**. Kannaland remains financially distressed, capital-spending implementation is uneven, technical and financial skills shortages persist, and the province has significant gaps in LED and other non-financial reporting. Governance is strong overall, but the

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decline in audit-action-plan development and lack of council approval of developed plans shows that even strong systems require continued attention.

The following table summarises the key challenges identified across KPAs and the actions reported:

Table 9.9: Key challenges identified and actions reported by Western Cape Province

KPA	Key challenges reported	Reported actions/support
KPA 1	• Critical technical/engineering and financial skills shortages • Retention concerns	• TIME and JDMA support • Skills-development programmes; recruitment and retention of scarce skills.
KPA 2	• Localised infrastructure and capital-delivery constraints despite strong service access • Some maintenance/procurement delays.	• Accelerated infrastructure delivery • Technical support • Capital-project monitoring
KPA 3	• Reporting gap on LED strategy/staffing/employment outcomes	• LED and economic-development initiatives, but evidence remains insufficient for comparable provincial assessment.
KPA 4	• Small number of financially distressed municipalities • Localised revenue/liquidity pressures • Capital-spending variation	• Financial recovery plans • Targeted financial support • Enhanced revenue-management strategies
KPA 5	• Localised functionality and oversight gaps • Weak audit-action-plan progression	• Stronger consequence management • Oversight strengthening • Continued intergovernmental support

9.2 KPA SYNTHESIS

9.2.1 KPA 1. Municipal Transformation and Organisational Development

Institutional capacity remains uneven, with persistent senior-management vacancies and weaknesses in performance management. Nationally, 413 senior-management posts were reported vacant, with particularly high vacancy levels in the Northern Cape and North West. North West recorded an overall senior-management vacancy rate of 29.5%, while Ditsobotla, Kgetlengrivier and Maquassi Hills had overall vacancy rates of 83.3%, 66.7% and 60.0%, respectively.

Performance-management systems are widely established but are not consistently functioning as effective management controls. AGSA found that PMS or related controls were inadequate or not maintained in 84 of 255 audited municipalities (33%), limiting the ability of municipalities to identify and address underperformance early.

The following information boxes provides insight into examples of emerging good practices, municipalities at risk and data gaps for this KPA.

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Emerging Good Practices

Workforce and skills systems - Gauteng reported a relatively low 15.3% senior-management vacancy rate and no CFO vacancies, while Limpopo reported that all 27 municipalities submitted Workplace Skills Plans. These examples point to the value of systematic provincial monitoring of recruitment and compliance with skills-development requirements.

Targeted recruitment and professionalisation support is emerging as a more active intervention model, including recruitment workshops, assessment of appointment processes, accelerated recruitment plans and quarterly monitoring in provinces such as North West and Limpopo.

Municipalities at greater KPA risk

Examples relevant to KPA 1 are:

- North West – Ditsobotla Local Municipality: 83.3% overall senior-management vacancy rate, indicating severe institutional capacity constraints.
- Free State - Maluti-a-Phofung Local Municipality: no Municipal Manager; senior-management vacancies.
- Western Cape – Kannaland Local Municipality: 41% staff vacancy rate, 0% employees trained

Municipal Data Gaps

There are widespread reporting gaps, with WSPs, disability/youth representation, training outcomes and disciplinary cases not reported on a consistent provincial basis – including Eastern Cape, Free State, KwaZulu-Natal, Northen Cape, Nort West, and Western Cape. The report identifies fragmented Human Resources (HR) information and inconsistent reporting as a cross-cutting constraint. Due to the extent of reporting gaps, municipalities at risk are limited to the availability of KPA indicator data.

9.2.2 KPA 2. Basic Service Delivery

Access to basic services remains highly unequal, with water and refuse removal presenting the most pronounced national and rural disparities. In 2025, household access to piped/tap water was 87.4%, but ranged from 98.3% in Gauteng and 99.5% in the Western Cape to only 63.2% in Limpopo and 67.7% in the Eastern Cape. Refuse removal was substantially weaker, with only 62.9% of households receiving municipal removal at least weekly; coverage fell to 24.3% in Limpopo.

Infrastructure operating efficiency remains a major constraint despite strong grant spending. National infrastructure-grant expenditure reached 96%, but 57% of water service providers and 74% of electricity service providers that reported losses exceeded the relevant loss norms. Repairs and maintenance remained well below the 8% benchmark in provinces where comparable data were available.

The following information boxes provides insight into examples of emerging good practices, municipalities at risk and data gaps for this KPA.

Emerging Good Practices

The City of Johannesburg provides an emerging example of **combining infrastructure expansion with revenue-protection measures**, exceeding its household electricity-connection target, rolling out smart prepaid meters and removing more than 13,000 illegal connections.

High infrastructure-grant absorption demonstrates that some municipalities can **translate conditional grant allocations into expenditure**. Limpopo reached 98.55% MIG expenditure, up from 94% in 2023/24, while North West reached 99% and Eastern Cape 99%. However, noting that high grant expenditure does not necessarily translate into high service outcomes, e.g. Kagisano-Molopo spent its MIG allocation fully but continued to have severe service-access deficits.

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Municipalities at greater KPA risk

Examples relevant to KPA 2 are:

- Free State – Tokologo Local Municipality: Persistent service-delivery/infrastructure and financial-management concerns.
- North West – Ratlou Local Municipality: water access of 56%, sanitation access of 21%, electricity access of 63% and refuse-removal access of only 0.1%, indicating widespread basic-service deficits.
- North West - Kagisano-Molopo LM: Very low water (64%) and sanitation (27%) access.

Municipal Data Gaps

The largest gap is in asset maintenance and capital expenditure reporting. Only five provinces provide a usable province-level repairs-and-maintenance percentage, while only four provide a comparable whole-capital expenditure measure. In North West, although province-level loss figures are available, half of its water service providers did not disclose water-loss information. Due to the extent of reporting gaps, Municipalities at greater risk are limited to the availability of KPA indicator data.

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9.2.3 KPA 3. Local Economic Development

LED institutionalisation has improved, but implementation capacity and the quality of economic outcomes remain weak. All municipalities in Limpopo and Mpumalanga reported approved LED strategies, while 91% of Gauteng and 86% of North West municipalities had approved strategies. However, Northern Cape reported only 58% adoption, with 13 municipalities without strategies.

LED remains heavily reliant on public employment programmes rather than sustainable economic opportunities. Substantial numbers of opportunities continue to be created through EPWP and CWP, but municipal reporting provides limited evidence of sustained employment, enterprise growth, investment attraction or local economic multipliers.

The following information boxes provides insight into examples of emerging good practices, municipalities at risk and data gaps for this KPA.

Emerging Good Practices

Limpopo demonstrates strong **LED institutional coverage combined with strategic economic-development initiatives**, including agricultural development and the Musina-Makhado Special Economic Zone; all 27 municipalities reported LED strategies and the province reported 5,609 jobs through LED initiatives, alongside substantial EPWP and CWP opportunities.

The Northern Cape provides an emerging example of **place-based LED linked to major investment opportunities**, including the Namakwa SEZ, Boegoebaai Port, Green Hydrogen Hub, Namakwa Digital Hub and harbour revitalisation, alongside SMME and tourism initiatives.

Municipalities at greater KPA risk

Examples relevant to KPA 3 are:

- Gauteng - Merafong City Local Municipality: LED capacity weaknesses.
- North West – JB Marks Local Municipality: no approved LED strategy, creating a risk that local economic-development interventions are not adequately coordinated or institutionalised.
- Western Cape – No consolidated municipal LED-strategy adoption indicator comparable to the other provinces reported.

Municipal Data Gaps

Western Cape is the data-gap outlier, while Free State, KwaZulu-Natal, Northern Cape, North West and Mpumalanga have significant gaps across staffing, forums and/or LED-specific employment outcomes. Five provinces do not provide a consolidated LED staffing measure and that LED employment reporting is dominated by inconsistent definitions. Due to the extent of reporting gaps, Municipalities at greater risk are limited to the availability of KPA indicator data

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9.2.4 KPA 4. Municipal Financial Viability and Management

Audit outcomes improved substantially at the weakest end, but this has not translated into stronger underlying financial health. Of 255 completed audits, 61% received unqualified opinions and 15% achieved clean audits; disclaimed opinions declined from 35 in 2019/20 to eight in 2024/25. However, 45% of municipalities adopted unfunded budgets and 76% submitted financial statements containing material misstatements.

Liquidity, debt collection and creditor management remain critical risks. Municipalities took an average of 129 days to collect debt and 113 days to pay creditors, while R62.12 billion in debt was written off as unrecoverable. The most extreme municipal examples were Matjhabeng, which took 2,194 days to pay creditors, and City of Ekurhuleni MM, which took 640 days to collect debt.

The following information boxes provides insight into examples of emerging good practices, municipalities at risk and data gaps for this KPA.

Emerging Good Practices

The Western Cape, and particularly the City of Cape Town MM, provides an emerging model of stronger financial governance, combining **high audit performance with stronger internal audit, audit committee and consequence-management practices.** The Western Cape achieved an 83% unqualified rate and 77% good-quality financial statements, while the City of Cape Town MM was the only metro whose internal audit and audit committee processes provided sufficient assurance.

Municipalities at greater KPA risk

Examples relevant to KPA 4 are:

- Free State – Matjhabeng Local Municipality: took 2,194 days to pay creditors, indicating an extreme deterioration in creditor management and liquidity.
- Gauteng – City of Ekurhuleni Metropolitan Municipality: recorded 640 debtor days, alongside significant electricity losses and Eskom-related financial exposure, highlighting the interaction between revenue-management weaknesses and financial sustainability.
- Western Cape – Kannaland Local Municipality: current ratio improved from 0.21 to 0.77 but remained below the National Treasury benchmark; employee costs reached 48.7% of operating expenditure and the municipality remained subject to a Financial Recovery Plan.

Municipal Data Gaps

Revenue, liquidity and debtor/creditor indicators are not consistently reported. Revenue-as-a-percentage-of-actual-budget was populated by only five provinces and comparable creditor-days data by only four. Due to the extent of reporting gaps, municipalities at greater risk are limited to the availability of KPA indicator data.

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9.2.5 KPA 5. Good Governance and Public Participation

Most governance structures are established, but functionality and enforcement remain the critical weakness. AGSA found that MPACs did not effectively execute their responsibilities in 28 of 60 municipalities assessed (47%). Internal audit and audit committees were also often ineffective in providing assurance, despite being formally established.

Ward committees are generally established, but functionality varies substantially. Mpumalanga reported 89% functionality, while the Western Cape recorded 91.7%; however, all 107 ward committees in the City of Tshwane were reported as non-functional, and Nongoma in KwaZulu-Natal recorded zero functionality.

The following information boxes provides insight into examples of emerging good practices, municipalities at risk and data gaps for this KPA.

Emerging Good Practices

The City of Cape Town MM provides a **governance good-practice example**, being the only metro where internal audit and audit committee processes provided sufficient assurance and where recommendations were acted upon alongside consequence management.

Mpumalanga demonstrates measurable improvement in ward committee functionality, increasing from 327 functional committees in 2023/24 to 355 of 400 (89%) in 2024/25. This suggests that **systematic monitoring and support can strengthen participatory structures.**

Municipalities at greater KPA risk

Examples relevant to KPA 5 are:

- Gauteng – City of Tshwane Metropolitan Municipality: all 107 ward committees were reported as non-functional, while the municipality had also not implemented a Consequence Management Framework.
- KwaZulu-Natal – Nongoma Local Municipality: ward committee functionality declined from 74% to 0%, and the municipality was identified for intensified Section 154 support.
- KwaZulu-Natal – Dannhauser Local Municipality: its executive, portfolio and public accounts committees were all recorded as non-functional, pointing to significant weaknesses in council oversight and accountability.

Municipal Data Gaps

Only two provinces provide a sufficiently comparable measure of public participation beyond ward committees, while internal-audit/audit-committee tracking is incomplete in North West, Limpopo and the Northern Cape. Due to the extent of reporting gaps, early warnings are limited to the availability of KPA indicator data.

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9.2.6 CROSS-CUTTING ISSUES & PLANNING

Among the cross cutting issues, it is evident that **formal planning compliance is relatively strong, but plan credibility and implementation remain uneven**. There is weak alignment between IDPs, budgets, SDBIPs, SDFs and the DDM One Plan. Spatial development frameworks and land-use management systems are established in most municipalities, but planning capacity and quality remain uneven. Similarly so, disaster-management systems are established in most metros and districts, but with varying levels of functionality reported. In contrast, climate resilience is poorly mainstreamed into municipal planning and remains the least developed and least consistently reported cross-cutting theme.

The following information boxes provide insight into examples of emerging good practices, municipalities at risk and data gaps for Cross-Cutting Areas.

Emerging Good Practices

Limpopo – provides the strongest example of **systematic IDP credibility monitoring**, with all municipalities rated "High" in 2024/25. IDP–SDBIP alignment was also reported for 26 of 27 municipalities, with Lepelle-Nkumpi partially aligned.

Kwazulu-Natal - applied **COGTA's IDP credibility rating** to all 54 municipalities against a 60% benchmark, providing a systematic, comparable measure of plan quality beyond adoption.

Mpumalanga – provincial IDP monitoring: the **IDP directorate monitored the review process monthly** across all 20 municipalities, providing a more structured oversight mechanism than simple annual compliance monitoring.

Northern Cape – all municipalities were reported as having **appointed the required SPLUMA decision-making bodies**, including Municipal Planning Tribunals and Appeal Authorities, adopted/gazetted SPLUMA by-laws, and all nine MPTs were reported as functional and operational. This represents the strongest example of comprehensive formal SPLUMA institutionalisation.

Mpumalanga – all municipalities have **SPLUMA compliant SDFs** in place and all relevant municipalities have LUMS systems in place. Furthermore, province was able to report on municipal performance on land use management.

Municipalities at greater risk

Examples relevant to this area:

- KwaZulu-Natal – Mpofana Local Municipality: IDP credibility fell to 35.8%, the lowest score among the 54 municipalities and well below the 60% benchmark.
- KwaZulu-Natal – Dannhauser Local Municipality: credibility of 56.2%, below the 60% benchmark, indicating a significant planning-quality concern.
- North West – three municipalities (Tswaing, Mamusa and JB Marks) adopted their IDPs late.
- Free state – only 8 of 23 municipalities have gazetted SDFs
- KwaZulu-Natal – 12 municipalities had no SDF in place
- North West – JB Marks Local Municipality: its SDF was under review, lacked GIS-format data, and its development-charge policy was outdated; delays in council consideration of its Land Use Scheme were also affecting implementation.
- North West – Kagisano-Molopo Local Municipality: identified as one of the municipalities without an appointed town planner, creating a direct capacity risk to processing land-use applications and implementing SPLUMA. It also ranked near the bottom of the provincial SPLUMA assessment.

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Municipalities at greater risk contd.

- Eastern Cape, Free State and Limpopo: no climate-change reporting in 2024/25 Section 47 reports. Given that climate risks are increasingly affecting municipal infrastructure and service delivery, the absence of reporting should be treated as a monitoring and mainstreaming early warning, rather than evidence that climate risk is absent.

Municipal Data Gaps

The absence of standardised indicators and reporting requirements prevents a complete national assessment of cross-cutting planning performance.

9.3 CONCLUDING STATEMENT

Section 46(1)(b) of the Municipal Systems Act requires each municipality to prepare a performance report reflecting a comparison between targets and actual performance, while Section 46(1)(c) requires the municipality to reflect on measures taken to improve performance. Section 47(2)(a) of the Municipal Systems Act requires the MEC for Local Government to identify municipalities that are underperforming, while Section 47(2)(b) requires the MEC to propose remedial steps to address identified shortcomings. The municipal Section 46 and provincial Section 47 reports therefore provide important mechanisms for identifying areas of municipal underperformance and documenting the support and remedial measures required to strengthen performance. Despite this, there remain significant gaps and it is clear that the steps taken are not yet adequate to drive the necessary improvements, and these deficiencies are well captured in this Section 48 report.

The 2024/25 evidence increasingly points to a gap between institutional aspirations and effective municipal performance. Provinces and municipalities may have policies, plans, structures, trained personnel and even high levels of grant expenditure in place, while service reliability, revenue sustainability, performance controls and accountability remain weak. The strongest-performing provinces are those where institutional systems are more consistently translated into operational control and consequence management; the weakest are characterised by mutually reinforcing capacity, service-delivery, financial and governance failures.

The 2024/25 reports, however, reflect varying approaches to identifying and responding to underperformance. While some provinces identify specific municipalities and set out targeted remedial actions, others focus primarily on broader areas of weakness or provide more general descriptions of the support required. This variation limits the consistency and comparability of performance assessment across municipalities and provinces. The use of more uniform local government performance indicators would strengthen the Section 46 and Section 47 processes by enabling underperformance to be identified more consistently, supporting earlier identification of municipalities at risks and facilitating more targeted and differentiated interventions.

The findings reinforce the need to strengthen the Section 46 and Section 47 processes as a proactive performance-management mechanism, using consistent indicators and evidence to identify emerging risks, target remedial support and ultimately improve the effectiveness and sustainability of municipal performance.

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